

December 26, 2011

## **2011 Survey Results on Trends in Venture Capital Investment (Preliminary)**

Venture Enterprise Center

This survey covers the status of venture capital funding between April 1, 2010 and March 31, 2011. It incorporates the responses from 112 companies which are based in Japan received during the period from July through September.

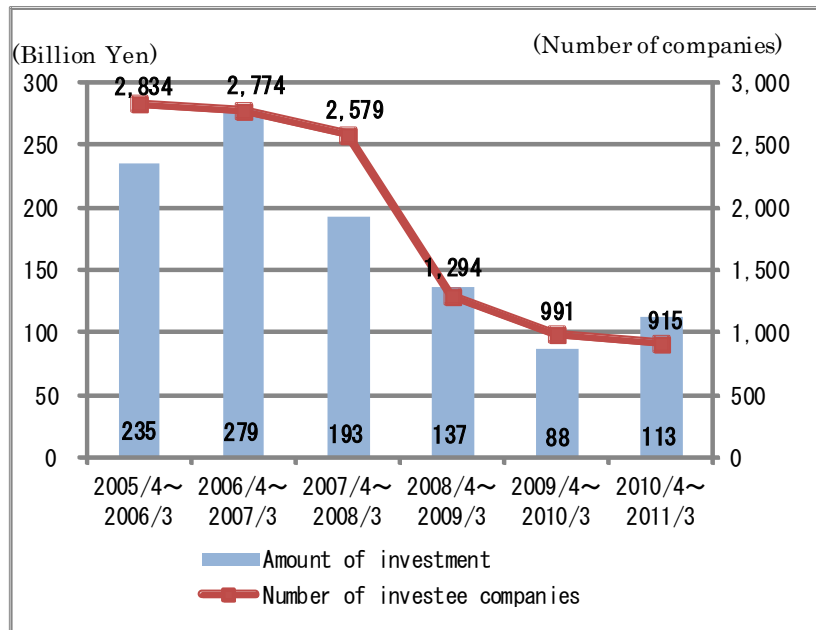
### Summary

Between April 2010 and March 2011, 113.2 billion yen in venture capital (VC) was financed to 915 startup companies. Compared to a year ago, the amount of financing increased by 43.5%, while the number of companies receiving funding was roughly unchanged. (Figure 1)

As seen in our past surveys, after peaking at 279 billion yen in fiscal year 2006, the total amount of venture capital financing decreased for three years in a row, starting in April 2006 and falling below the 100 billion yen mark in fiscal year 2009. Showing some positive signs the trend seems to have bottomed out in fiscal year 2010. Still, the number of newly established funds stayed at a lackluster 13 with a total amount of 52.5 billion yen. The continuing difficulty in securing new cash appears to be hindering the expansion of venture capital investments. (Figure 2) In this context, even though the amount of total investment turned upward in fiscal year 2010, much of the increase appears to be attributed to a small number of larger venture capital firms. Moreover, it is estimated that funding was still disproportionately directed toward later-stage firms in traditional industries such as manufacturing and service, or to overseas entities especially in Asia. (Figures 3 and 4)

Investments by venture capital firms in the United States and Europe also marked a sharp decline in 2009, while showing signs of rebound the following year in the United States. Still, a full recovery appears to be some way off, reflecting the tough conditions in advanced economies. (Figure 5)

Figure 1. Annual Investment Amount



(Note) Figures in the graph are based simply on the sum of the survey results of each year.

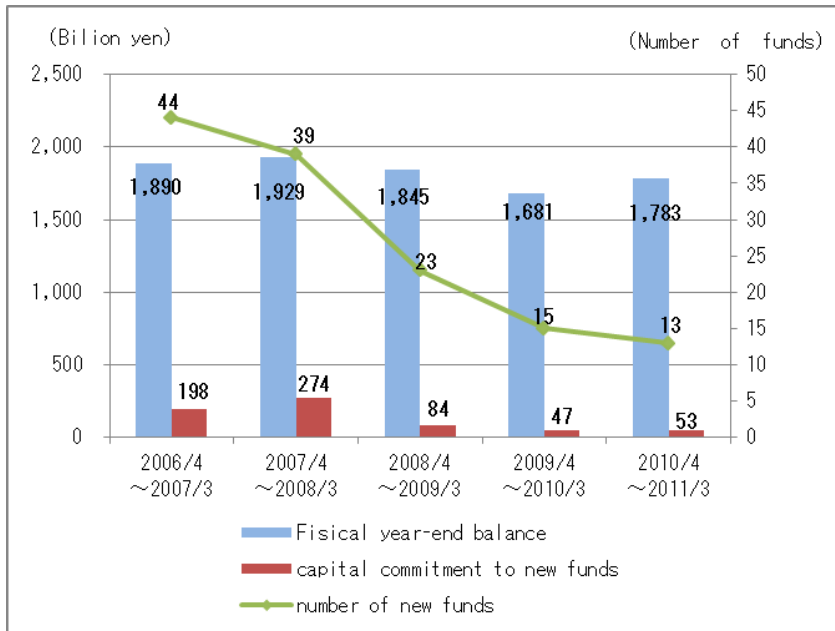
(Reference)

	Amount of investment (Billion yen)		Number of Investee companies	
		Y/Y change		Y/Y change
2005/4~2006/3	235	45.7%	2,834	13.4%
2006/4~2007/3	279	14.2%	2,774	-1.2%
2007/4~2008/3	193	-33.2%	2,579	-7.9%
2008/4~2009/3	137	-29.7%	1,294	-50.4%
2009/7~2010/3	88	-36.8%	991	-25.9%
2010/4~2011/3	113	43.5	915	-0.1%

(Note 1) Investment amounts and numbers of companies are based simply on the sum of the survey results of each year.

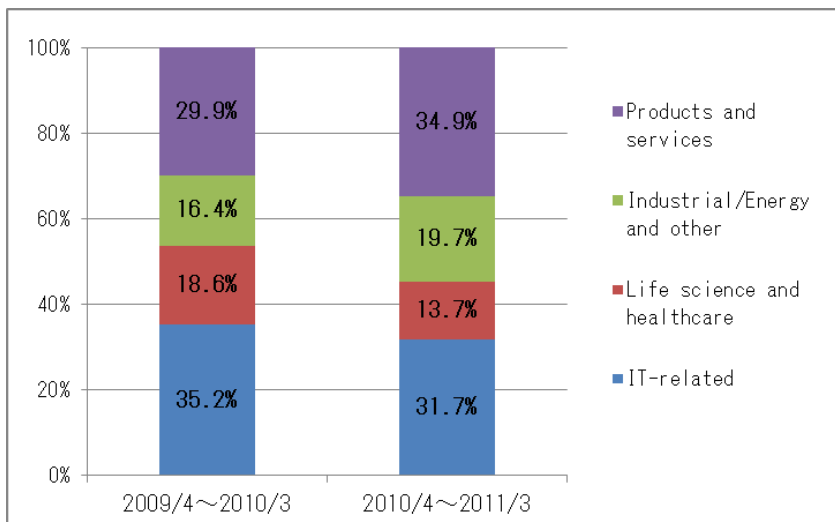
(Note 2) Year-on-year changes are based on companies which in respective fiscal years provided data for two consecutive years.

Figure 2. Total balance of funds, number of fund establishments, and amount of investment



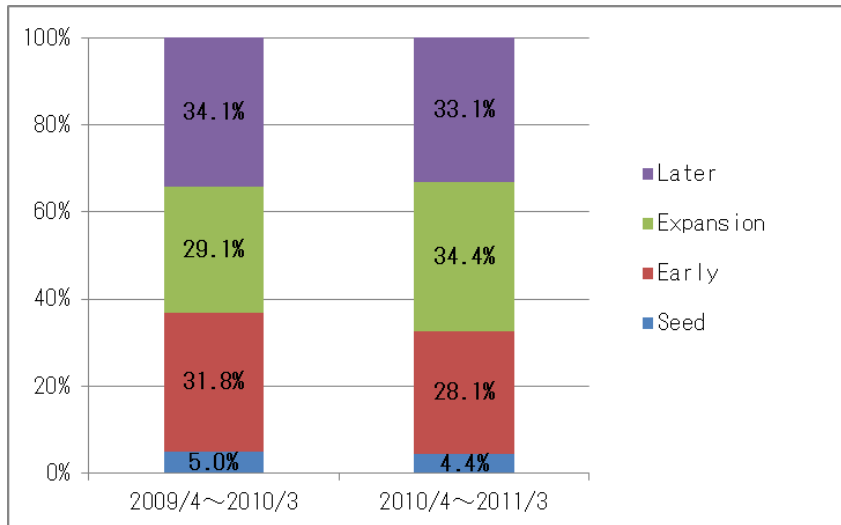
(Note) Figures in the graph are based simply on the sum of the survey results of each year.

Figure 3. Breakdown of initial and follow-on investment by industry



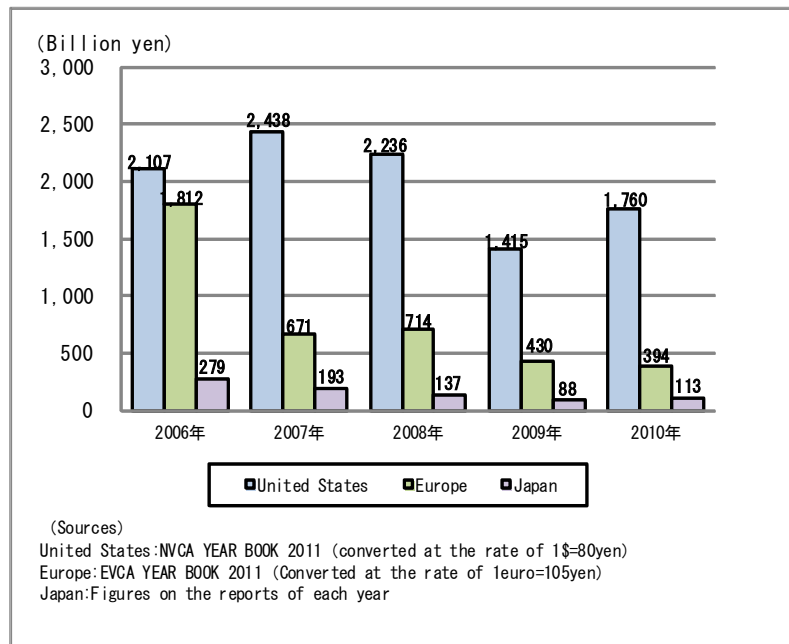
(Note) Figures in the graph are based simply on the sum of the survey results of each year.

Figure 4. Breakdown of initial and follow-on investment by investee stage



(Note) Figures in the graph are based simply on the sum of the survey results of each year.

Figure 5. Changes in annual investment in Japan, the United States and Europe



(Note) Figures are based on the fiscal year (April to March of the following year) for Japan and the calendar year for the United States and Europe