

FW Capital grows NE team

FW Capital has strengthened its team with the appointment of a new investment executive.

Keith Charlton brings to the role more than 12 years' experience of the venture capital and investment markets. A qualified chartered accountant, he will be responsible for making investments from the Finance for Business North East Growth Plus Fund, which has been managed by FW Capital since 2010.

"I'm pleased to join the company at an exciting time and I'm looking forward to working with my contacts to ensure even more businesses make the most of the funding and expertise on offer from FW Capital."

Keith will use his extensive experience to identify and structure debt, mezzanine and equity investments from the fund, which is one of seven funds in the groundbreaking FFBNE programme. Based in FW Capital's Newcastle office, he will work closely with Michael Vassallo who has been promoted to senior investment executive.

Keith said: "FW Capital is now a well-regarded and award-winning fund manager in the North East. Over the last five years, it has backed numerous businesses throughout the region, significantly boosting their prospects. It has also backed them through tough times and established a reputation for adopting a flexible approach.

"I'm pleased to join the company at an exciting time and I'm looking forward to working with my contacts to ensure even more businesses make the most of the funding and expertise on offer from FW Capital."



Keith Charlton

New investment for Sedgefield tech firm



Dr Gary Gibson, founder of IBEX (photo courtesy of the Gazette in Middlesbrough)

The company behind a revolutionary X-ray detector has secured a £1.2m investment from the Finance for Business North East Technology Fund (NETF).

IBEX Innovations will use the money to drive the commercial adoption of its X-ray detectors in the

medical and industrial markets. The technology could radically improve patient safety during CT scans by significantly reducing radiation doses.

The Sedgefield-based firm is now focused on developing applications for other markets, including medical imaging and food inspection,

where its technology has the potential to improve the detection of impurities and defects at significantly lower X-ray doses.

"We are delighted to welcome the NETF and IP Group plc as shareholders. Having the support of a FTSE-250 listed company gives us a real confidence boost to push forward and maximise the value of our technology in multiple markets."

The investment was part of a £1.9m funding package provided by the NETF and IP Group plc alongside an existing strategic investor.

Dr Neil Loxley, chief executive of IBEX, said: "We are delighted to welcome the NETF and IP Group plc as shareholders. Having the support of a FTSE-250 listed company gives us a real confidence boost to push forward and maximise the value of our technology in multiple markets.

"We are also very grateful for the continued support of our existing strategic investor, which I believe demonstrates the great progress made in translating our world-leading technology into market-ready products."

Duncan Lowery, senior investment manager at IP Group, said: "IBEX has demonstrated an opportunity to approach new markets with its existing technology. We believe the business has great potential due to the nature of the approach to a market pain combined with a seasoned management team. We are very pleased to be able to support the company through this next phase of development."

Judicious investments oil wheels of economy

By Andrew Mitchell, chief executive of North East Finance

Last year the UK economy grew at its fastest pace since 2007. The 2.6% rise comfortably outstripped the 1.7% increase in 2013 and meant that the UK out-performed the majority of EU countries.

Several factors drove this growth, namely a strong performance by the service sector and judicious venture capital and private equity-based investments that created wealth and jobs in the North East. That growth has continued in 2015 and looks set to be sustained throughout the rest of the year.

Recently the Finance for Business North East Growth Fund invested a six-figure sum of money in Newcastle recruitment firm Exclusive, which will use the cash as working capital and to create local jobs. Meanwhile, the £250,000 that communications wholesaler UC&C received from the Accelerator Fund will be used to scale up the company's Sunderland office.

There have been many other examples of judicious investments in the region – far too many to mention here. But generally levels of investment are on the up.

Venture capitalists across the region have lauded the last twelve months as a positive year, with pages of the media littered with notable small to mid-market investments in local firms. Northstar



Andrew Mitchell

Ventures, which manages the Finance for Business Accelerator and Proof of Concept funds, has highlighted strong growth and investment opportunities in the digital and IT sector.

Growth Fund manager NEL has trumpeted greater economic stability as the catalyst for a rise in deal completions, while Rivers Capital hailed 2014 as one of its busiest years in terms of the number of investments from its Finance for Business North East Angel Fund.

This mood of optimism has continued in 2015, especially with VCs showing appetite for

investment and steady economic growth predicted by respected forecasters.

PwC's latest UK economic outlook says the UK will expand by 2.5% this year and 2.3% in 2016, while the CBI has upgraded its 2015 forecast from 2.5% to 2.7% after inflation fell to a record low.

These predictions, combined with healthy investment levels in the VC market, suggest that 2015 will be another year of growth for the regional and national economy. Businesses and policymakers will say cheers to that.

The route to growth



Kevin Tokell

NatWest international trade director Kevin Tokell says exporting can play a key role in unlocking regional growth...

With the North East economy enjoying GDP growth of 2.7%* in 2014 and the wider national and global picture also improving, many local businesses are feeling increasingly confident about seeking out export opportunities.

This can be a great way for North East companies to open up new markets, find new customers and build economies of scale – all of which should help to create jobs and stimulate inward investment into the region. But international trade can also present challenges, and not always the more obvious ones of language and culture. What's often overlooked is the extra funding needed. Even on the most basic level, the further away your customers are, the longer the payment cycle is likely to be and the less certainty you may have about getting paid on time. Overseas companies may also demand performance bonds – an internationally recognised way of ensuring buyers and sellers keep their promises – which can tie up working capital. To overcome these barriers you need the right support, tailored to address your specific challenges.

One North East company that has benefited from such support is South Shields-based MCPS, which designs, manufactures and supplies corrosion protection equipment for the offshore oil and gas industry. When MCPS won a new €1.4m export contract they had to provide bonds

to their customer, Spanish engineering company Dragados Offshore. MCPS managing director, Glenn English, and financial controller, David Bennett, approached their Newcastle-based NatWest relationship manager Paul Blakey for help. Paul worked with government-supported UK Export Finance and together they were able to provide overseas bonding facilities worth more than €200,000. The funding allowed MCPS to provide the required bonds without a cash outlay, freeing up the working capital they needed to purchase the raw materials essential for fulfilling the contract.

UK Export Finance's Bond Support Scheme is just one of the options available to North East firms such as MCPS. From helping to fund trade to mitigating its risks, there is a 'toolbox' of solutions that can be tailored to meet specific needs. By making full use of them, companies can take on new opportunities with confidence and help the region seize the opportunities ahead.

*RBS Regional Tracker: <http://www.rbs.com/news/2015/february/regional-growth-tracker-q4-2014.html>



Left to right, PMC Pharmaceuticals shareholders Paul Hasley and Paul McCourt with UNW corporate finance manager Mark Simpson, who advised on the deal.

Pharma firm gears up for growth

A Northumberland pharmaceutical company is going for growth after securing £250,000 from the Finance for Business North East Growth Plus Fund.

PMC Pharmaceuticals will use the cash injection to start wholesaling drugs from its warehousing facilities on the South Nelson Industrial Estate.

For the full story, turn to page 3.

FFBNE reaches triple milestone

The Finance for Business North East fund has hit three notable milestones as local firms continue to demonstrate their appetite for expansion.

The programme has provided £125m of debt and equity funding to SMEs – its original target – with a further £138m of private sector cash leveraged to support deals from venture capital firms, business angels and other investors. In doing so, it has achieved other significant milestones of creating or safeguarding 5,000 jobs and supporting 700 SMEs.

The seven hundredth beneficiary was wholesale dessert and cake maker Sweet Art Patisserie, which secured a five-figure investment from the Microloan Fund. The Marske-based firm is using the money to expand into the ice cream market.

Director David Wrigley said: "We spotted a gap in the market for high-quality ice cream and decided to buy equipment that would enable us to manufacture it in-house. The Microloan

investment has enabled us to kick on with these plans as we embark on the next phase of our expansion."

Other recent beneficiaries of FFBNE include County Durham clothing brand I Sunk Your Battleship, which secured almost £100,000 from the Proof of Concept Fund. Meanwhile Gateshead-based mobile app specialist Loginincident received £200,000 from the Accelerator Fund to develop its risk and claims management tool for businesses.

Andrew Mitchell, chief executive of North East Finance, said: "FFBNE is designed to boost the growth of local companies and oil the wheels of the regional economy. The fact that we have reached these significant milestones highlights a growing confidence and appetite for investment in the business community.

"Money is still available from the programme and could provide the ideal boost for businesses that require additional investment in 2015."

First word

By Andrew Mitchell, chief executive of North East Finance

It was a great moment when the Finance for Business North East programme reached the significant milestone of investing £125m in North East firms. That was the original target before an agreement was reached to extend the fund to £142.5m.

It's likely that the full amount will be invested by the end of the year, such is the current appetite for expansion in the corporate world. Growth has been on the business agenda for the last few years after the recession sapped the confidence of many chief executives and MDs. Now, though, that confidence has returned and companies are looking to invest in new equipment, systems and staff as part of their expansion plans.

Naturally, that has wider consequences for the North East economy. Funds such as FFBNE can create and safeguard jobs, get people back into work and generate wealth which can then be re-invested back into local companies.

The success and impact of FFBNE is demonstrated by the impressive figures: 700 SMEs assisted, 5,000 jobs created or safeguarded, £125m of direct investment in local firms and a further £138m of private sector investment leveraged.

These eye-catching statistics show why it's so important to secure additional funding after this year so that more money is available to SMEs that need it. It's encouraging that the two local enterprise partnerships and other key partners have backed the idea in principle and are now discussing how best to take it forward. That can only be a good thing for the North East economy. For more information about FFBNE, please visit www.northeastfinance.org

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Funds in focus

The Finance for Business North East Fund has helped more than 700 SMEs since it was launched in 2010. To find out which fund could benefit your business, take a look at the summaries below.

Finance for Business North East Growth Fund

GROWTH FUND - MANAGED BY NEL FUND MANAGERS
The Growth Fund assists relatively mature companies at the development and growth stages. Companies that benefit from the fund are mostly revenue generating and seeking growth capital of up to £750,000.

A significant proportion of the money from this fund is invested in quasi-equity type deals or as quasi-equity instruments within mixed deals. It is managed by the NEL fund, which has invested in more than 200 regional companies in the last five years.

For further information, please visit www.nel.co.uk.

Finance for Business North East Accelerator Fund

ACCELERATOR FUND - MANAGED BY NORTHSTAR VENTURES
One of two FFBNE funds managed by Northstar Ventures, the Accelerator Fund invests in high-growth early stage businesses with investments ranging from £100,000 to £750,000.

Investments are generally equity-based and are often syndicated with private sector investors. Debt or quasi-equity investments are made where appropriate.

Northstar has been inspiring local entrepreneurs with financial backing and the expertise of a highly experienced team since 2004, investing in more than 200 pioneering, high-potential enterprises.

For further information, please visit www.northstarventures.co.uk.

Finance for Business North East Angel Fund

ANGEL FUND - MANAGED BY RIVERS CAPITAL PARTNERS

The Angel Fund is managed by Rivers Capital Partners and invests in start-ups and existing businesses with growth potential. It is not biased towards any specific sector. The fund generally invests between £10,000 and £150,000 but has the ability to attract

significantly more capital from co-investors. The fund is actively engaged with investors, both institutional and business angels, in the North East as well as London and the South.

Rivers Capital Partners brings together more than 50 years of direct investment experience in the creation and growth of companies in markets from technology to design.

For further information, please visit www.riverscap.com.

Finance for Business North East Technology Fund

TECHNOLOGY FUND - MANAGED BY IP GROUP

The North East Technology Fund is managed by IP Group and is aimed specifically at the technology and innovation sectors. The fund supports technology businesses at any stage of their development with investments made principally to address the demand for seed and development stage finance.

Funding is available up to a maximum of £1.25m with the fund also securing private finance from co-investors, business angels and venture capital institutions. The fund also invests in more mature companies seeking mezzanine finance.

IP Group offers more than traditional venture capitalists by providing its companies with access to business building expertise, networks, recruitment and business support.

For further information, please visit www.ipgroupplc.com.

Finance for Business North East Growth Plus Fund

GROWTH PLUS FUND - MANAGED BY FW CAPITAL

Targeted at mature companies, the Growth Plus Fund deals with businesses across most sectors looking for development and growth funding, dealing specifically with those needing a significant cash injection to facilitate a step change in their business. These companies are mostly revenue generating.

The Growth Plus Fund typically provides larger funding packages than the North East Growth Fund – investing in the region of half a million pounds in each business up to a ceiling of £1.25m.

For further information, please visit www.fwcapital.co.uk.

Finance for Business North East Microloan Fund

MICROLOAN FUND - MANAGED BY RIVERS CAPITAL PARTNERS

This fund is designed to support small firms looking for funding to expand their operations and start-ups.

The fund works exclusively with businesses that have been struggling to secure mainstream finance. Loans vary from anywhere between £1,000 and £25,000 and in exceptional cases up to £50,000.

For further information please visit www.riverscap.com

Finance for Business North East Proof of Concept Fund

PROOF OF CONCEPT FUND - MANAGED BY NORTHSTAR VENTURES

The Proof of Concept Fund invests at the seed stage in the technology sector – particularly in high-growth areas such as clean-tech, digital and healthcare.

Initial investments made are up to £100,000 with follow-on funding available where appropriate. Northstar works closely with entrepreneurs, regional universities, technology start-ups and networks to develop new high-growth businesses.

Northstar's experienced team is always keen to hear from entrepreneurs looking to develop their businesses and succeed.

For further information, please visit www.northstarventures.co.uk.

For more information on any of these funds, please visit our website at www.northeastfinance.org

Pharma firm gears up for growth

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The funding boost will allow the Cramlington-based company to grow the business and create 25 jobs.

PMC's Paul McCourt and Paul Healey, who between them have over 30 years' experience in the pharmaceutical sector, approached UNW to help it secure the crucial investment following the successful receipt of key licences and permits.

Paul McCourt, sales director at PMC, said: "Securing this level of funding has enabled us to commence trading with state-of-the-art software and distribution systems. We expect to create 25 jobs in the next couple of years and deliver a level of service to our customers that will make us their automatic first choice regional supplier."

UNW senior corporate finance manager Mark Simpson, who worked on the deal with executive Leon Cassidy, added: "This massively experienced management team has used UNW

in the past for various financing, acquisitions and tax advice in relation to previous companies and they approached us to help them with this recently established business.

"We produced a financial model and approached various potential funders that we highlighted as relevant from our extensive network. Once we had received offers of funding we selected FW Capital as their team demonstrated a good knowledge of the sector, which meant they understood this business really well and they structured investment to facilitate our growths plans."

FW Capital is responsible for managing the Growth Plus Fund, which typically invests in the region of half a million pounds in each business up to a ceiling of £1.25m.

Michael Vassallo, senior investment executive at FW Capital, said: "The pharmaceutical sector

is growing strongly year-on-year and PMC Pharmaceuticals has set up its wholesale business to capitalise on this.

"The pharmaceutical sector is growing strongly year-on-year and PMC Pharmaceuticals has set up its wholesale business to capitalise on this."

"The company's experienced management team has a proven track record in the sector and FW Capital's investment has provided them with the working capital to set up the operation and fund their stock costs. We were pleased to work with PMC Pharmaceuticals and their advisers, UNW, to complete this deal within tight timescales."

Investment fires growth of digital agency



Left to right, Jon Leighton and Neil Armstrong of iResources with Rebecca Roberts of Northstar

A Newcastle-based digital agency is proving its worth after receiving an investment from a North East venture capitalist.

iResources, which was founded in 2009, secured £75,000 from Northstar Ventures' Proof of Concept Fund – a move which enabled the firm to recruit four extra staff and develop its new online business intelligence and reporting tool.

The tool, Neatly.io, enables users to integrate

data from multiple sources – such as Facebook, Magento and Google Analytics – and collate it into one platform.

Neil Armstrong, business development director at iResources, said: "We have been working really hard on getting Neatly.io ready for launch, and are excited that the launch is now imminent.

"We pride ourselves on being a customer-enthusiastic organisation, and are really looking

forward to being able to offer our customers an easier way to manage multiple accounts by grouping their business intelligence into one platform."

Rebecca Roberts, investment manager at Northstar, added: "The team at iResources has shown real progress since receiving the investment and has a clear plan that will help them to bring a much-needed product to market."

Year of success for Rivers Capital

Last year was the most successful year in the history of the Finance for Business North East Angel Fund.

The fund has invested more than £7.5m into around 55 businesses since it was launched back in 2010 – including over £1m in 2014 alone. Having already created or safeguarded almost 500 jobs, it has been extended until the end of this year due to continued high demand from local businesses.

"The continued interest in the Angel Fund is evidence of the determination of North East entrepreneurs and investors to make the most of the improving economy."

Fund manager Rivers Capital Partners, which also looks after the FFBNE Microloan Fund, held 26 events last year to educate North East business leaders about the sources of finance available in the region. The company also opened a new office in Teesside to improve its service offering to clients in the southern part of the region.

Dr Michael Dickens, fund manager at Rivers,



The Rivers Capital Partners investment team (from left to right): Nikita Bazko, James Holloway, Kristine Murans, Dr Michael Dickens and Jonathan Gold

said: "The North East Angel Fund is recognised as the flexible fund for growing innovation. It offers a tailored investment solution, whether it be pure equity, pure loan, or anything in between, to best suit the needs of the business."

Jonathan Gold, director and founder at Rivers, said: "The continued interest in the Angel Fund is

evidence of the determination of North East entrepreneurs and investors to make the most of the improving economy."

The £9m Angel fund will typically invest between £50,000 and £150,000 in any one funding round.

It can invest initially on its own but seeks to involve private investors whenever appropriate.

Northumberland firms hit £30m milestone



Left to right, Dason Dunn of North East Finance; William Johnson of Aartoft; Chris Parker of NEL Fund Managers at Aartoft's Lynemouth manufacturing facility

Northumberland firms have benefited from more than £30m of investment from the Finance for Business North East funds.

Companies in the county have received £13.8m from the FFBNE programme since it launched in 2010. A further £18.5m of private sector cash has been

raised to support deals from venture capital firms, business angels and other investors – taking the overall investment figure to £32.3m.

The 75 Northumberland-based beneficiaries of the fund include Cramlington-based PMC Pharmaceuticals, which is using the £250,000 it received from FFBNE's Growth Plus Fund to grow the business and begin wholesaling drugs from its warehousing facilities on the South Nelson Industrial Estate.

"Companies in the county have received £13.8m from the FFBNE programme since it launched in 2010."

Meanwhile, concrete pre-fabricated bathroom maker Aartoft secured a second tranche of money from the North East Growth Fund, which is managed by NEL Fund Managers, to kick-start the next phase of its expansion. The Lynemouth-based firm, which previously received £300,000 from the fund in 2013, was backed late last year by a further £200,000, which will allow the firm to grow its workforce and strengthen its hand in the UK market.

William Johnson, director and head of UK sales and manufacturing at Aartoft, said: "The recent FFBNE investment marks the next phase of our growth and will allow us to offer a wider range of products and services. Programmes such as FFBNE are vital for businesses that need additional finance to expand, especially with funding from mainstream banks still hard to come by."

Jason Hobbs, finance director at North East Finance, said: "Companies such as Aartoft and PMC Pharmaceuticals are creating wealth and jobs on the back of the FFBNE investments, which is exactly what the programme was designed to achieve. Venture capital is playing a major role in driving forward the economic recovery, which has started to gain momentum after a very challenging few years."