

Yortech Instruments boosted by Fund



INVESTMENT MANAGER MATTHEW MALE WHO ASSISTED ON THE £150,000 DEAL, EXPLAINS WHY THE FUND WAS PREPARED TO INVEST IN THE HIGH-TECH COMPANY.

During the last year we have invested in a diverse range of industries in the South Yorkshire region. Thanks to our growing knowledge of the area we have been able to help companies in sectors including manufacturing, medical and new technology.

One such company is award winning Yortech Instruments Ltd - a research, development and manufacturing company, which enhances environmental performance by improving process control. Their product range of innovative and unique gas flow measuring systems provides on line data in any environment where gas flow is present, even in the harshest of applications.

We provided this high-tech company with a £150,000 investment which will be used to develop the manufacturing and sales functions. This will be followed by an additional investment of up to £100,000 within the next 12 months.

Yortech approached the Fund after originally failing to secure the necessary funding they needed due to the high tech high risk nature of their business. But we soon realised at the Fund that the company had huge potential - matched by the determination of the management team and its workforce. Based at Shaw Wood Business Park, the company was born out of Yortech R&D - founded by co-director John Hyde in 1998. Employing five people the company hopes to grow rapidly and become a major player in its field.

Originally working as a high-tech contract design house the fledging business developed several successful products and as a result won a prestigious DTI Smart Innovation Feasibility award. The company was restructured as Yortech Instruments Ltd with design and manufacturing operations in the UK and Denmark. It was presented with the Technology

Award at the regional business awards in 2000 and in the following year received a DTI Smart Innovation Development Award.

John Hyde said: "Our business is a high-tech high risk business and many high street banks didn't want to know. SYIF provided the only route for us to develop the company in the way we wanted to. We aim to achieve rapid growth in the flow monitoring market."

Producing a variety of instruments through innovation and high tech skills one of the company's key instruments is the Basilisk IR4 which is targeted at high temperature, aggressive gas flow measurement.

Joint founder of the new company, Hans-Jorgen Nielsen targets new European customers, well known and respected in the industry he has reinforced the technical excellence of the company and helped promote it across Europe.

The company now has distributors across the world in the United States, Mexico, Canada and Northern and Central Europe.

We were particularly impressed with the technology the company has developed and there is a huge opportunity for generating substantial sales from the company's portfolio of home-grown products.

We have every confidence that Yortech will reach its full potential - offering new employment opportunities for the future and bringing further assistance to the South Yorkshire region.

At SYIF we are always ready to discuss ideas with entrepreneurs, either at established or start-up companies, and to investigate how we can help finance their long-term business ambitions.

Phone us on 01709 386377.



INVESTMENT MANAGER NIGEL FEIRN

LOANS UP TO £500k (EQUITY LINKED PACKAGES):

For loans of £50k to £500k the Fund will consider equity linked packages usually in the form of a loan with an option to subscribe for a minority shareholding in the business.

The option taken will typically be exercised by the Fund or bought out by the business within a three to five year period depending upon how the business is performing.

This form of loan is attractive to companies looking to fund growth opportunities, such as a small acquisition, new product line or additional capital expenditure, but are constrained by the existing levels of senior debt and do not want to relinquish large amounts of equity. A company will need to demonstrate the ability to pay off large amounts of debt through its strong cashflow to be considered suitable for this form of loan.

FAQs

INVESTMENT MANAGER NIGEL FEIRN ANSWERS SOME OF THE QUESTIONS WE OFTEN RECEIVE FROM BUSINESSES SEEKING INVESTMENT FROM THE FUND.

Loans - how do they work?

Loans may be secured or unsecured depending upon circumstances and are eligible for interest rebates through the Money with Management programme in order to reduce the annual interest rates. SYIF can provide both straightforward loans and equity linked packages.

LOANS £15k to £100k:

SYIF can provide loans from £15k - £100k with effective annual interest rates ranging from 3% to 6%. Our interest rates are fixed, so your repayments will not change even if general interest rates rise - this means you know at the start exactly what your repayments will be throughout the term of the loan. Loans up to £100k are available for established profitable businesses, with up to £50k available for start-ups or early stage businesses.



INVESTMENT MANAGERS MATTHEW MALE AND NIGEL FEIRN WITH JOHN HYDE OF YORTECH INSTRUMENTS.

South Yorkshire **Investment Fund**



Tony Goulbourn
Chief Executive
South Yorkshire Investment Fund

Welcome...

SOUTH YORKSHIRE INVESTMENT FUND IS NOW WELL INTO ITS SECOND YEAR AND DEMAND FROM BOTH NEW AND EXISTING BUSINESS IS AS STRONG AS EVER.

We are now firmly rooted in the business community of South Yorkshire offering our expertise and experience to companies in a range of industries. We have already invested a total of £3.4 million in 51 companies.

New deals continue to flow and we have been delighted with the variety of companies we have helped - new technology, manufacturing, medical and service industries have all featured in the recent months.

Our Investment Managers have worked hard to create partnerships with local companies and firms of advisers and this has undoubtedly helped in getting our name known among the business fraternity.

South Yorkshire has much to offer business, not least of which is the excellent and loyal workforce - who for many years suffered with high levels of unemployment. One of our aims is to create jobs not only in new businesses but also in existing ones.

So we are continuing in our efforts to make contact with companies about their funding needs. We have the knowledge and expertise to help small to medium sized local companies across a diverse range of sectors.

During the last few months we have completed a wide range of deals and our latest investments have helped produce new innovative products, bought new machinery and state-of-the-art technology and even moved whole businesses to new premises. Our deals are streamlined to individual businesses and we take great care in ensuring that their needs are understood and met to aid growth and development.

Loans from £1k to £15k are now available thanks to the new South Yorkshire Microloan fund, an independent fund which has been established by the four local Enterprise Agencies, which means that SYIF is now a portal for loan and equity investment packages ranging from £1k to £1m.

But we are not just about funding. We provide management support through our Mentorbank initiative - which many companies have found invaluable in their push for growth. We also introduce forward thinking businesses to other funders through our network of partners. And we bring together Business Angel Investors keen to be involved in new and exciting projects, which will develop into fully-fledged businesses.

The Fund is committed to playing its part in the regeneration of South Yorkshire, bringing long lasting jobs and greater prosperity to the region and we look forward to hearing from businesses that share this commitment.

We hope you enjoy this edition of Profile - we welcome your feedback on the publication and the Fund's other activities.

Events

CAPITAL NETWORK
Wednesday 10th September 2003

6.00pm at Tankersley Manor, Barnsley
sponsored by HSBC
For further information telephone Lynne Martin on 01709 386387

BARNSELY JUNIOR CHAMBER
Wednesday 24th September

South Yorkshire Investment Fund are sponsors of the Barnsley Junior Chamber Business Lecture 2003 - 'Entrepreneurs and Red Tape' To book your place go to: www.barnsleychamber.co.uk/events

ENTERPRISE CHALLENGE

South Yorkshire Investment Fund is pleased to be sponsors to the Enterprise Challenge for the second year running. Enterprise Challenge is Sheffield Hallam University's annual competition to discover budding entrepreneurs. For further information see: www.shu.ac.uk Email: enterprise@shu.ac.uk

Equity investments - how do they work?

Equity funding can often be the best source of finance for companies needing backing at an early stage, boosting growth and strengthening the capital base and reducing gearing levels of the company. SYIF can invest up to £500k of share capital in a company in exchange for a direct minority shareholding - typically below 30% of the total share capital. Equity stakes are negotiated on a case-by-case basis and the Fund will seek to recover its investment, wherever possible, within five years.

By being able to offer a mix of both loan and equity investment, SYIF has the flexibility to structure financial packages of up to £1m that meet the requirements of your business.

For further FAQs see the next issue of Profile or visit the website at www.syif.com/faq



PETER BOLTON, MANAGING DIRECTOR OF BOLTON SURGICAL, INSPECTING PRECISION MEDICAL INSTRUMENTS WITH ALLAN WOOD INVESTMENT MANAGER WHO LED THE DEAL AND JUDY ROBERTS, BOLTON SURGICAL COMMERCIAL MANAGER.

Growth continues at SYIF

A SHEFFIELD MANUFACTURING COMPANY IS KEEPING AHEAD OF ITS RIVALS AFTER WINNING THE SUPPORT OF SOUTH YORKSHIRE INVESTMENT FUND WITH AN UNSECURED LOAN OF £40,000.

The deal is one of many made by the Fund, which over the past six months has provided additional investment to companies right across the South Yorkshire region.

Bolton Surgical, whose main client is the NHS, are manufacturers and repairers of surgical instruments. Situated on Nutwood Trading Estate the business can trace its roots to the early 1900s when William Henry Bolton manufactured surgical equipment, the company is still headed by Peter Bolton - William's grandson. The company's main client is the National Health Service.

The funds will be used to buy and install the latest technology in IT systems. This will enable the company to keep up to date with new NHS regulation for purchasing on line and to cope with legislative changes within the organisation.

Managing Director, Peter Bolton, said: "We are proud to be one of the very few independently owned surgical instrument companies of our size in the UK. Our growth has been a planned strategy, implemented by a good strong team, taking great pride in its achievements.

"We are constantly striving to be the best and have developed an innovative range of surgical instruments."

Employing a dedicated 34-strong team of professionals over three large factory units, traditional skills are integrated with modern technology, ensuring Bolton Surgical remains an innovative market leader.

Manufacturing over 6000 products, the company produces top quality surgical instruments using the finest Sheffield Steel. All its products conform to BS EN ISO 9002 and are CE marked. Their full range has also been awarded the Sheffield Coat of Arms.

Tony Goulbourn, Chief Executive of South Yorkshire Investment Fund Ltd, said: "Our aim at the Fund is to support a whole range of businesses. The Fund's aim is to encourage new and existing businesses to grow and prosper with the support of competitive loans and by offering our unique Mentorbank service.

"Whatever your business is involved in - from manufacturing to new technology - South Yorkshire Investment Fund wants to hear from you."

OTHER SIGNIFICANT INVESTMENTS DURING THE PAST QUARTER INCLUDE:

- A £50,000 unsecured loan to Newsome Tools Ltd
- A £50,000 unsecured loan to Know Games Ltd trading as Frag Cafe
- A £50,000 unsecured loan to Swallownest Engineering Ltd
- A £32,000 unsecured loan to C&C Computer Marketing Ltd
- A £20,000 unsecured loan to Single Use Surgical Ltd

For further information about the Fund and how it can help your business telephone 01709 386377 or email us at info@syif.com or visit our website at www.syif.com





South Yorkshire Microloan launched for small businesses

FUNDING TARGETED AT SMALL AND MEDIUM SIZED ENTERPRISES - OFFERING LOANS FROM JUST £1K TO £15K - IS NOW AVAILABLE THROUGH THE SOUTH YORKSHIRE MICROLOAN.

Administered and co-ordinated by South Yorkshire Investment Fund, the fund is a partnership of the four local Enterprise Agencies in South Yorkshire - Barnsley, Doncaster, Rotherham and Sheffield.

Aimed at small businesses that are unable to raise finance from commercial sources, loans will be available for both start-up and existing businesses. Applicants with a poor credit history or County Court Judgements will be considered.

Businesses in the region are already benefiting from the Microloan. Husband and wife team Kerry Ann and Philip Harper started their small

business in Doncaster, Direct Ironing Service, 15 months ago. Unable to get a bank loan, they successfully applied for a £3,000 Microloan.

Another business to benefit is Wilson Mobility in Barnsley, run by Paul Wilson who received a £5,000 loan. Formed in November last year the business specialises in the sale and service of mobility products to sheltered housing, nursing homes and the general public.

A Sheffield pub has been given a new lease of life - thanks to a £10,000 Microloan. Okoth Dulo took over the pub - re-named 'Dulo'. Extensively refurbished it now employs six people.



NEW LANDLORD OKOTH DULO OF DULOS PUB CELEBRATES WITH SYML LOAN OFFICER FIONA GREAVES.

SYML Loan Officer, Fiona Greaves, said: "These are just the kind of small businesses the Microloan has been designed to help. We want to hear from new and existing businesses who have found it difficult to obtain finance."

For further details about the Microloan contact one of the local Enterprise Agencies:
Barnsley: 01226 215730
Doncaster: 01302 341000

Rotherham: 01709 386273
Sheffield: 0114 2814621

OR

Call South Yorkshire Investment Fund on 01709 386377, e-mail info@syif.com, or visit the web site on www.syif.com/microloan.

Cutting Technologies gets a slice of the action

CASE STUDY: CUTTING TECHNOLOGIES LTD IS JUST ONE OF MANY NEW COMPANIES FORMED WITH THE HELP OF SYIF. INVESTMENT MANAGER JOHN SARRINGTON REPORTS.

At SYIF we are determined to help new and existing companies grow and develop into sustainable businesses for the benefit of the South Yorkshire economy.

Our focus has always been on small to medium-sized businesses and our aims remain the same - to be a source of finance for companies who have found it difficult to get support from more traditional sources.

Since our inception we have been fortunate in working with people with a wealth of entrepreneurial spirit, running very progressive companies. We have been privileged in helping set up new, innovative and groundbreaking businesses.

A good example of the kind of company we are seeking to encourage and invest in is Cutting Technologies of Barnsley. Opening its doors for business in March, SYIF provided the fledgling company with an unsecured loan of £35,000. In addition the company received Regional Selective Assistance, help from the Bank of Scotland and a High Growth Start-Up grant. Based at Zenith Park, Whaley Road, the company uses laser technology to cut a range of materials including steel, wood and plastic - for use in

anything from wheelbarrows to Nuclear Power plants. Currently employing four staff they are now actively looking for new operators to join their team.

The investment was used to purchase a state-of-the-art laser-cutting machine costing £300,000. Measuring three metres by one and a half metres the machine is surrounded by the latest technology and computer software.

Usually working as sub contractors and offering a full service, the company's clients range from small engineering companies to major high street names.

The company has also joined up to SYIF's mentorbank project, which provides subsidised mentoring support to help management teams grow the business more profitably.

Director, Martin Cook, said: "SYIF were extremely helpful and supported us through the process and they came up with the goods. We are also impressed with the mentorbank project - it is extremely useful to have someone experienced working along side you."

At the Fund we were delighted to get involved with this highly innovative and exciting company which has



FROM LEFT MARTIN COOK AND BARRY PROCTOR, DIRECTORS OF CUTTING TECHNOLOGIES, WITH JOHN SARRINGTON, INVESTMENT MANAGER WHO LED THE DEAL.

tremendous potential. Cutting Technologies came to us with a good business plan and we worked closely with them to ensure the smooth launch of the business.

South Yorkshire has many budding entrepreneurs with ideas that could rapidly turn into a business plan and ultimately a new company. The Fund wants to nurture such ideas and would welcome interest from anyone preparing to start a business - or those already established.

Businesses in South Yorkshire which might be struggling with a funding gap should give us a call on 01709 386377.

Barber Harrison and Platt: an intermediaries view

BARBER HARRISON & PLATT HAVE RECENTLY ASSISTED A CLIENT TO RAISE £500,000 TO FUND ITS EXPANSION PLANS - £250,000 TO BE PROVIDED BY SOUTH YORKSHIRE INVESTMENT FUND (SYIF). JONH WARNER FROM BHP REFLECTS ON HOW THEY ASSISTED THE DEAL.

BACKGROUND

The successful fund raising for technology business Timeoutdoors.com Limited is a good example of how close relationships between local agencies, intermediaries and SYIF can ease the process of obtaining vital investment.

Timeoutdoors was enticed to Sheffield from Reading by advice and assistance from Sheffield First for Investment. Proof of the attraction to the region for the company was the availability of grant funding through Objective One and the access to locally based intermediaries with the necessary knowledge and contacts with the local commercial funds such as South Yorkshire Investment Fund. At this stage the Business Finance and Evaluation team at Barber Harrison & Platt (BHP) were introduced to guide the company through the fund raising process.

MANAGING THE PROCESS

The key role of the intermediary is to manage relationships between the company and all funding sources through the process. This includes the initial concept stage, the production of the business plan, the establishment of the financial requirement, the negotiations with the funders to establish the appropriate package and finally the agreement of the finer details in the legal agreements.

THE FUNDING PACKAGE

The £500,000 requirement was met equally by SYIF and a local bank through the Small Firms Loan Guarantee Scheme (SFLGS).

Once Barclays had been chosen to provide the SFLGS the key issue for BHP was to ensure that SYIF and the bank worked together to provide the most effective joint funding package.

Nigel Feirn, the Investment Manager who led the deal for SYIF, worked very closely with BHP and the bank to provide an innovative funding package including the following terms:

1. STAGED INVESTMENT BASED ON TIMEOUTDOORS MEETING DEFINED PERFORMANCE TARGETS.
2. MATCHED FUNDING IN STAGES FROM SFLGS.
3. SYIF FUNDING PROVIDED THROUGH EQUITY AND LOAN.
4. MANAGEMENT AND EMPLOYEES AT TIMEOUTDOORS INCENTIVISED BY PERFORMANCE BASED SHARE OPTION SCHEMES IMPLEMENTED AS PART OF THE FUNDING PACKAGE.

CONCLUSION

The involvement of an experienced intermediary such as BHP ensures a close working relationship between the investee company and all potential funders. This is particularly important in the more complex deals such as the raising of £500,000 for Timeoutdoors, where SYIF showed its ability to be involved in a flexible funding package to support its desire to provide vital expansion capital to the company. Thankfully all parties involved combined to support the initial sales pitch from Sheffield First for Investment!



GETTING TO GRIPS! CLOCKWISE FROM TOP, HOWARD MEE FROM BHP (ON BIKE), ANDREW RISBEY FROM TIMEOUTDOORS.COM, ANDREW MARSH FROM BARCLAYS, NIGEL FEIRN INVESTMENT MANAGER WHO LED THE DEAL AND JOHN WARNER FROM BHP (ON BIKE).

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For further information contact JOHN WARNER or PHILIP ALLSOP on 0114 2667171 OR EMAIL John.Warner@bhp.co.uk

'Win win' situation for Sheffield company



LOADHOG EXECUTIVE CHAIRMAN HUGH FACEY DEMONSTRATES THE 'LOADHOG' SYSTEM TO ANDREW CHAFFER, INVESTMENT MANAGER WHO LED THE DEAL, AND GORDON MACRAE, BUSINESS LINK ADVISOR.

A NEW SHEFFIELD COMPANY HAS BENEFITED FROM THE JOINT EFFORTS OF THE FUND AND BUSINESS LINK SOUTH YORKSHIRE.

South Yorkshire Investment Fund and Business Link South Yorkshire backed Sheffield company Gripple Ltd with funding which will enable investment in its subsidiary company Loadhog Ltd.

As well as a £100,000 loan from SYIF, the project is one of the first to benefit from IFG2 - a new scheme funded by the European Regional Development Fund through Objective 1, and managed by Business Link South Yorkshire.

Loadhog will be housed in a new factory, which will provide a state-of-the-art manufacturing process for a new supply chain-packaging product. The investment should lead to the creation of 90 skilled jobs during the first three years of its life.

Situated on Newhall Road, Lower Don Valley the new facility is expected to be completed by November 2003. Managing Director, Hugh Facey, said: "We plan to create a success driven work environment based on innovation, an excellent

work force, social ownership and support to the local community."

The project was introduced to SYIF by Gordon MacRae from Business Link South Yorkshire.

Gordon said: "The SYIF loan was an integral part of the funding package for this exciting project. It was delivered in a pragmatic and efficient manner."

Andrew Chaffer, the Investment Manager who led the deal, said: "This is a good example of how agencies in the South Yorkshire region work together to help business and the economy as a whole. The Loadhog project has tremendous potential and will bring new sustainable jobs to the region."

For more information on IFG2, companies should call 0800 073 7474

Full interest rebate offer

BUSINESSES BASED IN BARNSELY, DONCASTER AND ROTHERHAM HAVE WELCOMED OUR NEW INITIATIVE AIMED AT INCREASING APPLICATIONS TO THE FUND THROUGH OFFERING 100% REBATE OF INTEREST PAYMENTS UNTIL MARCH 31, 2004.

If a loan is approved and drawn down now, businesses based in Barnsley, Doncaster or Rotherham may receive an enhanced interest rebate of 100% until the end of March 2004 - effectively paying no interest until March 31, 2004.

The offer is open until February 14th 2004 but to take

maximum advantage businesses should draw down loans and start making payments as soon as possible as each month that passes will reduce their time in 100% rebate zone.

After March 2004, the interest rate rebate will revert to the standard interest rates. The offer, subject to

availability and take-up, is also dependent on the engagement by the client of a non executive director or mentor, timely repayments and filing of monthly management accounts.

For more information contact our Enquiry Line on 01709 386377