

PRESS RELEASE

RECORD FUNDING UP FOR GRABS IN THE CONNECT MIDLANDS £5 MILLION INVESTMENT CHALLENGE

Connect Midlands, the not-for-profit network for investors, high growth and technology businesses in the region, has confirmed that this year's Connect Investment Challenge will feature a reserved pot of up to £5m in equity funding.

That figure is more than double the funding available in last year's inaugural challenge which attracted over 360 entrants. The eventual winners were 4energy Ltd, active8 Human Resources, Service Alert Ltd (all Nottingham), Scyron Ltd (Edgbaston), Silver Lining Ltd (Rugby) and Blackstar Amplification Ltd (Northampton).

The Connect Midlands £5 million Investment Challenge is sponsored by BT, backed by Catapult Venture Managers, Midven Ltd. and the Mercia Technology Seed Fund and supported by Advantage West Midlands (AWM).

Ian Binks, BT Regional Manager said; "BT are absolutely delighted to be partners in this initiative, as it harmonises with our own ethos of helping start-up businesses to grow and prosper. We understand how hard it is these days for small businesses to establish themselves in today's worldwide markets, the first few years being the most critical. Therefore it's so pleasing to see that bodies like Connect Midlands are there to help and advise our budding entrepreneurs."

Isabell Majewsky, director of Connect Midlands said; "The fact that we have been able to more than double the equity funding this year is testament to the success of the inaugural competition. This year's challenge will reach out across the Midlands and showcase entrepreneurial activity in the region's business community at its very best.

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“Its primary objectives are to identify and highlight entrepreneurial activity, to provide a range of benefits and assistance to those companies, and ultimately lead to real equity investment opportunities.”

The Connect Investment Challenge utilises an online assessment tool, ‘The Gauntlet’, developed by Doug Richard, founder and executive chairman of Library House, in partnership with the London School of Economics and Political Science. Acting like a virtual investor, The Gauntlet asks the critical questions that investors ask, explains the rationale behind the questions and effectively tests businesses to see if they are ready for investment.

Dr Mark Payton, Fund Principal for the Mercia Technology Seed Fund said: “We look forward to supporting this important event this year and recognise the benefits of the Gauntlet tool to young technology businesses seeking growth capital”

Nicholas Moate, investment manager at Midven said: “This challenge was great news for the region last year as the nature of the competition meant that even those who were not successful in raising funding still benefited from the experience. This year it is even bigger and better and I look forward to seeing some exciting new businesses, and maybe some familiar faces from last year’s entrants.”

Rob Carroll, managing director of Catapult, commented “We were very happy to support this initiative last year and have been looking forward to the 2007 Connect Midlands £5m Investment Challenge since the winners were announced in 2006.

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“The sheer number of applications that we received last year and the positive feedback we have had has demonstrated that entrepreneurial spirit in the region is thriving.”

The challenge is open for entries via www.connectchallenge.org.

Terms and conditions apply - Catapult Venture Managers Limited, WM Enterprise Ltd (fund manager to the Mercia Technology Seed Fund) and Midven Limited are authorised and regulated by the Financial Services Authority. Any investment made from the Investment Funds will be in the form of a commercial venture capital structured investment on which the Funds managed by Catapult Venture Managers Limited, WM Enterprise Limited and Midven Limited will be expecting a return.

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For further information, please contact:

Greg Simpson
BCS Public Relations
Tel: 0115 9486901
Email: greg@bcspr.co.uk

Rachael Taylor
Connect Midlands
Email: r.taylor@lboro.ac.uk

Notes to Editors

Connect Midlands

Connect Midlands is a not-for-profit network, linking high-potential technology businesses and entrepreneurs with the business training, finance, management and customers they need to succeed. www.connectmidlands.org.

The Challenge is supported by the European Regional Development Fund.

Catapult Venture Managers

Catapult Venture Managers Limited (Catapult) was formed in October 1999. The Chairman of Catapult Venture Managers is Mich Stevenson, an East Midlands entrepreneur. The Board also includes two non-executive directors, John May and David Lambert, both experienced venture capitalists.

The Catapult Venture Managers team is able to introduce companies to business contacts and professional advisers across the Midlands. www.catapult-vm.co.uk.

WM Enterprise

WM Enterprise is a leading provider of venture capital to the Midlands, North West and South East of England. WM Enterprise operates throughout the UK with its head office in Birmingham and additional offices in Cheshire, Surrey and London. WM Enterprise is an independent niche equity investor in SMEs, providing the finance and post investment support, crucial to success. To date, WM Enterprise has raised over £90m and has invested more than £50m.

The Mercia Technology Seed Fund is a circa £13m seed fund specifically target high growth, proprietary technology-backed opportunities based in the West Midlands.