



## Rapid exit from Omnico

### Contents

Investment in Wear Inns	page 2
Secondary buy-out at Crabtree	page 2
www.nvm.co.uk	page 2
NVM fund focus: Northern Investors Company PLC	page 3
Share issue update	page 3
Any other business	page 4



In November 2005, NVM's funds realised their investment in Omnico Plastics, the leading distributor of building plastics, generating an internal rate of return in excess of 50% per annum.

Omnico has 25 branches across

the UK, specialising in plastic building products. The company has achieved 40% growth since NVM's investment

in February 2004, opening three new branches and a second roof manufacturing facility. The realisation was made through a sale to SIG plc, an international specialist supplier to the construction, building and industrial markets.

Karl Harridence, investment manager at NVM, comments: "We invested first and foremost in a team of four directors with extensive experience of the building supplies sector. Their unrivalled specialist knowledge of the plastic building materials market and their strong network of contacts have spearheaded business growth, allowing us to achieve an excellent return for our investors."

## VCT market comment by NVM director Tim Levett

As we go to press in late February, VCTs have so far raised almost £300 million in the 2005/06 tax year. A significant proportion has been taken by the 'generalist' funds investing mainly in unquoted companies. VCT launches already announced are seeking an aggregate of over £800 million, whereas leading commentators are forecasting that only around £500 million will be raised from investors this year.

However, there is uncertainty about new investment in VCTs after this tax year ends on 5 April 2006. The Chancellor was expected to give an indication in his Pre-Budget Report in December about future VCT tax reliefs but merely stated that the announcement would be held back until the Budget itself. This has led to speculation ranging from a continuation of 40% income tax relief, or a reduction to 30% or 20%, to complete abolition. With the Budget now scheduled for 22 March, VCT fund managers are making contingency plans to deal with a variety of possible scenarios.

The good news is that VCTs as an asset class are surely here to stay. The VCT market is likely to have over £2.5 billion of assets under management by April 2006, and with a wide variety of investment styles and sector specialisms on offer, there is a product to suit most investment tastes. NVM intends to build on its position as a well-established supplier of equity finance to small and medium sized unquoted companies in the UK and we see our VCTs as a key part of this strategy.



Tim Levett comments on Northern Venture Trust's C share issue in a new interview for Asset.tv – to view this, please visit the NVM website at [www.nvm.co.uk](http://www.nvm.co.uk) and follow the link from the home page.

Northern  
Investors  
fund focus

page 3

Share issue  
update

page 3

## MULTI-MILLION INVESTMENT IN WEAR INNS

NVM has provided part of a multi-million pound funding package for Wear Inns, a new company set up by an experienced management team to acquire and develop an estate of managed public houses in the North of England. NVM's funds will invest £3 million on a phased basis.



The team of four have come together from three of the largest pub operators in the North of England and have a long track record in pub acquisition and management. The chairman, John Sands, has in recent years built and sold a national pub company and his experience will be invaluable in guiding the strategic direction of the company.

Jeff Holder and Tim Levett, the NVM executives who led the deal, believe Wear Inns will be an important addition to the portfolio. Levett said: "It is rare to come across such a well rounded and experienced team, and they have a clearly focussed business development strategy. This is our first investment in the pub sector, in which there is significant merger and acquisition activity, and we are confident that the team will put together an excellent estate."

## SECONDARY BUY-OUT AT CRABTREE OF GATESHEAD



A secondary buy-out backed by HSBC Corporate Banking has enabled NVM's funds to achieve a profitable exit from Crabtree of Gateshead, which supplies metal coating and decorating equipment to manufacturers of metal

containers. Over 2,500 Crabtree machines are in operation worldwide and the company has an extensive spare parts business.

NVM provided £1.8 million of funding to back Crabtree's buy-out from LTG Technologies in 2003, in a deal led by managing director Steve McDowell. The company has come through a challenging period in excellent shape and its strong cash flow has facilitated the re-financing and realisation of NVM's investment.

NVM investment manager Jeff Holder comments: "When we backed the business in 2003, it was fundamentally sound and we had faith in the management team. Steve and his colleagues have taken the business forward to the strong position it is in today and we wish them every success in the future."

## www.nvm.co.uk

NVM has launched its updated and restyled website, making it easier to navigate but still providing important news updates and announcements on fund performance and deal activity. It also contains a wealth of information on NVM's investment funds and the investment team. If you have any queries regarding NVM or any of the funds, the website includes a web-based information request form as well as direct contact details for each of our offices.

I DON'T CARE IF HE'S JUST BECOME A MILLIONAIRE  
— I STILL SAY INVESTMENT WEBSITES ARE  
GETTING TOO EASILY ACCESSIBLE



## Your chance to respond

In the Autumn issue we asked you to respond to our preference survey. We received over 900 responses telling us that 80% would like more information about NVM's funds, 69% wanted more investee company case studies and 54% stated a preference for an increase in general market information. Now that we know your views we have tried to reflect them in this issue and will continue to do so in the future.

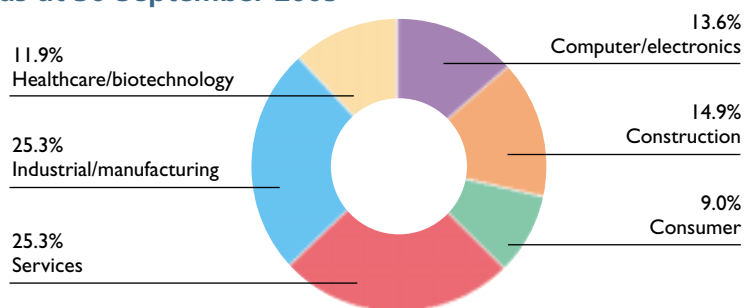
If you have any further suggestions, please do not hesitate to contact us by emailing [feedback@nvm.co.uk](mailto:feedback@nvm.co.uk) or calling Liberty Bollen on 0118 951 7017.

Finally, congratulations to Mr Noel Masterton of Solihull who is the winner of the prize draw featured in issue 12. Mr Masterton receives two tickets for the Stella Artois Championships in June 2006 with hospitality arranged by Keith Prowse.

# NVM fund focus: Northern Investors Company PLC

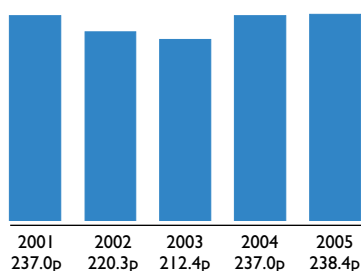
<b>Status</b>	Investment trust listed on the London Stock Exchange
<b>Launched</b>	October 1984
<b>Net assets</b>	£47.8m (30 September 2005)
<b>Shares in issue</b>	19,720,940
<b>Number of shareholders</b>	240
<b>Directors</b>	Peter Haigh (Chairman), John Barnsley, Michael Denny, Martin Hamilton-Sharp, Dr Matt Ridley, Sarah Stewart
<b>Financial year end</b>	31 March
<b>AGM</b>	June
<b>Dividends</b>	January (interim), July (final)
<b>Next continuation vote</b>	June 2010

## Portfolio analysis by industry sector as at 30 September 2005

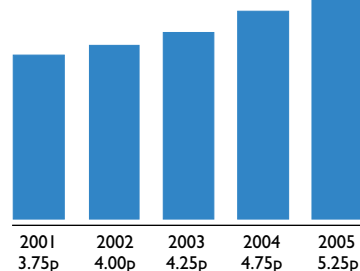


## Five year record

Net asset value per share\*



Dividend per share\*



\* Adjusted to reflect share split in July 2005

## Investment portfolio summary as at 30 September 2005

	Valuation £000
<b>DMN Installations</b> <i>Mobile phone infrastructure installation</i>	2,832
<b>Longhirst Group</b> <i>Training &amp; conference facilities</i>	1,777
<b>Omnico Plastics</b> <i>Specialist builders' merchants</i>	1,721
<b>AFI Aerial Platforms</b> <i>Powered aerial access equipment</i>	1,702
<b>CGI Group</b> <i>Fire-resistant &amp; safety glass</i>	1,480
<b>Stainton Metal Company</b> <i>Metal lamp posts &amp; lighting columns</i>	1,276
<b>Weldex (International) Offshore</b> <i>Crawler crane hire</i>	1,268
<b>Crantock Bakery</b> <i>Premium hand-made Cornish pasties</i>	1,241
<b>IG Doors</b> <i>Steel and GRP composite doors</i>	1,185
<b>Alaric Systems</b> <i>Card payment protection software</i>	1,175
<b>Top ten investments</b>	<b>15,657</b>
Other investments	27,949
<b>Total investments</b>	<b>43,606</b>
Net current assets	4,216
<b>Net assets</b>	<b>47,822</b>

## Share issue update

### Northern Venture Trust C shares

The £30 million C share issue launched by Northern Venture Trust PLC, NVM's longest-established VCT, has made an encouraging start with over £6 million raised by late February. The launch has been well received by VCT sector analysts and it was given a four star rating from independent commentators Bestinvest. The C share fund has already acquired its first VCT qualifying holding, Wear Inns.

**The offer is available for the 2005/2006 tax year only and will close at 5pm on 5 April 2006.**

### Northern 2 VCT

The board of Northern 2 VCT PLC is launching a top-up issue of new ordinary shares in March 2006, with the aim of raising up to £10 million to finance the company's continuing investment programme. NVM chairman Michael Denny said: "With no news from the Treasury we feel it is important to be in position to raise money in the current tax year in case the income tax relief on investment in VCTs is abolished or reduced with effect from April 2006."

Further information about both share issues can be obtained by calling Downing Corporate Finance on 020 7411 4700 or by visiting the NVM website at [www.nvm.co.uk](http://www.nvm.co.uk)

# Any other business ...

## AiM Portfolio Service is launched

NVM has teamed up with Turcan Connell, one of the largest and best resourced independent private client investment firms in Scotland, to launch the AiM Portfolio Service. The

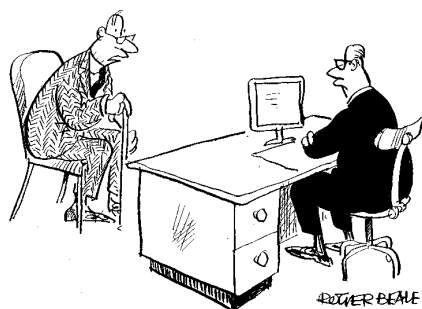
Service enables private individuals to have their own tailor-made portfolios comprising investments in a wide range of established AiM quoted companies. Holdings will be spread across a range of sectors to provide diversification and minimise risk.

The objective of the AiM Portfolio Service is to achieve growth in capital value over the medium term. After two years the stocks held will, under current tax legislation, qualify for business property relief, so sheltering the investments from inheritance tax, and will benefit from accelerated taper relief for capital gains tax (CGT) purposes. This effectively reduces the maximum rate of CGT from 40% to 10%.

NVM director Norman Yarrow, who manages NVM's AiM investments, is delighted with the initial response to the Service, which has £4 million already under management in portfolios ranging from £50,000 to £600,000.

Alex Montgomery, head of investment management at Turcan Connell, comments: "This is an excellent opportunity for clients to allocate a portion of their equity investments to some exciting but not too speculative AiM companies, with added tax benefits. We believe this Service should be used more widely by high net worth individuals."

I NEED SOME INHERITANCE TAX PLANNING ADVICE:  
YOU CAN SEND THE BILL TO MY CHILDREN



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## James Arrowsmith joins the team

Former 3i investment director James Arrowsmith has joined the NVM investment team, taking responsibility for developing NVM's deal flow in the Midlands.

James started his career at HSBC in London, having studied banking and finance at Loughborough University. He worked in corporate finance and later moved into leveraged finance. In 1995 he made the move into private equity, joining 3i's buy-out team; he was also involved in successful PFI projects. He moved to the Birmingham office in 1998, where he was responsible for sourcing and executing new investments.

James is married to Emma – when he isn't mediating between their two sons, James likes to be outdoors and enjoys windsurfing and mountain biking. For this reason, the family spend a lot of time in Cornwall where they can do both!



## Jeff Holder moves to Leeds

Investment manager Jeff Holder has relocated to West Yorkshire in order to grow NVM's business in the Yorkshire and Humberside area. Jeff, who as a native of Middlesbrough considers himself a fully fledged Yorkshireman, joined NVM's Newcastle office in 2001. NVM already has seven portfolio companies on Jeff's new patch and he is looking forward to adding to their number.



## Contact Northern Venture Managers

If you'd like more information about NVM or its funds, please call 0191 244 6000 or email [information@nvm.co.uk](mailto:information@nvm.co.uk)

Visit us online at [www.nvm.co.uk](http://www.nvm.co.uk)

Past performance is not a guide to the future and you should be aware that share values and income from them may go down as well as up and that you may not get back the amount you originally invested. Potential investors are strongly urged to seek independent professional advice before considering investment in a VCT. Investments made in smaller companies or specialist sectors such as technology related stocks can be more volatile than investments in developed markets and more established companies and above average price movements can be expected. Exposure to a single country market also increases potential volatility. Investments should be viewed as for the medium to long term. Existing tax levels, bases and reliefs may change and the value of reliefs depends on personal circumstances. Investments made by VCTs will normally be in companies whose securities are not publicly traded or fully marketable and may therefore be difficult to realise, as may the shares in the VCT. In the event of a VCT losing its HM Revenue & Customs approval, it is likely that its shares will become illiquid. Government Stamp Duty of 0.5% is payable on all investment trust shares purchased. The value of investment trust shares purchased will immediately be reduced by the difference between buying and selling prices (market maker's spread). Performance figures do not include market maker's spread which can be substantial in these trusts. Northern Venture Managers Limited is authorised and regulated by the FSA.