

FINANCIAL TIMES

Wednesday January 23 2008 | £1.50

Flotation is first for regional exchange

Birmingham office is six months old

Investbx aims to fill 'equity gap'

By Jonathan Guthrie, Enterprise Editor

Undaunted by wobbling world markets, Birmingham's reborn local stock exchange has launched its first flotation following a six-month hiatus. Teamworks Karting, set up by a former Forex trader and an ex-City lawyer, hopes to raise £1m, which should capitalise the leisure business at just £3.9m when its shares start trading by online auction in March. Investbx, as the publicly funded Birmingham exchange is called, aims to list another 10-15 companies annually over the next few years.

If it succeeds, Investbx will be hailed as a visionary experiment other cities should copy. If it fails, it will be decried as a manifestation of public sector *folie de grandeur*.

Birmingham, whose origi-

nal local share market closed in the seventies, is avoiding head-on competition with the capital's rather more successful stock exchange. Instead it aims to fill the "equity gap" diagnosed by Gordon Brown when he was chancellor, but disputed by some venture capitalists. This supposedly consists of a shortage of equity capital in slugs of £1m-£2m for small businesses.

The government has ploughed over £100m into its own venture capital funds. These have attracted additional funding from private investors, but in some cases have struggled to find worthwhile investments – raising doubts over whether an additional mechanism is needed.

Advantage West Midlands, the regional development agency, has set up a suite of funds to support promising companies from start-up through to break-even. Teamworks Karting, for example, has already received investment from this source.

AWM is also bankrolling



Top speed: Teamworks Karting hopes to raise £1m on Birmingham's local stock exchange

Investbx to the modest tune of £3m, which is expected to pay for five years of operations. The aim is for the exchange to become self-supporting by charging fees on capital raised. Mick Laverty, chief executive designate of AWM, said: "Investbx is a key initiative for the region and fits in well with our strategy of building a strong regional economy."

However, Mark Prisk, Tory shadow enterprise minister, said: "The state is better at encouraging the private sector to fill market gaps than at filling them itself."

It has taken Investbx, which opened its offices last summer, over six months to announce the Teamworks float.

Simone Schehtman, co-

founder of Teamworks, said: "We looked at joining established exchanges, but the sum we would have had to raise and the associated costs were much higher."

Ms Schehtman, a former Forex trader, set up Teamworks with ex-lawyer Michael Bryant in the City in 2000. They moved to Birmingham in 2004. The company operates a racetrack

where amateur racing drivers can zoom around in electric karts, often as part of corporate hospitality events.

Teamworks plans to set up new race tracks in other British cities. It made a pre-tax profit of about £11,000 on sales of £737,000 in the year to February 28, 2007.

It made a loss of £146,000 on turnover £679,000 the year before.