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Corporate Finance Review

Deal flow resumes ..

First Quarter 2011



Q1 Review 2011



Foreword

John Ashcroft,
Chief Executive, pro.manchester

Manchester's advisory community made a good start to the year, working on 51 deals with a combined value of £615m.

In terms of market segment, the mid-market (£10-£100m) saw the largest number of deals since its previous peak in Q3 2008, suggesting a healthy return to form.

And when it came to sector, Manchester-based advisors found prosperity in the

manufacturing industry, with 12 deals attracting just over £412m in funding.

The largest deal of the quarter was the £132m refinancing of Genus Plc by a syndicate of banks led by the Manchester team at Barclays Corporate. This is an encouraging sign as it indicates that the banking community is becoming more willing to lend, especially to well-managed businesses.

All told, there are many positives to suggest that Manchester's advisory community will enjoy a prosperous year, as deal flow begins to resume service as usual.

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Table of Contents

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Quarterly Analyses	3
<ul style="list-style-type: none">• Disclosed and undisclosed deals for Manchester based advisor & UK deals• Deal Type – Volume for Manchester based advisor deals• Source of Funds – Volume for Manchester Advisor based deals	
Manchester Advisors in the UK	4
<ul style="list-style-type: none">• Deals by Value & Volume Manchester & UK for the past 2 years• Percentage of Manchester Deals by Volume & Value for the last 2 years (Manchester & UK) split into small, medium & large	
Early Stage Analyses	6
<ul style="list-style-type: none">• Deal Type - Volume and Value for the last year• Industry - Volume and Value for the last years• Geographical - Volume and Value for the last years	
Medium Stage Analyses	8
<ul style="list-style-type: none">• Deal Type - Volume and Value for the last year• Industry - Volume and Value for the last years• Geographical - Volume and Value for the last years	
Large Stage Analyses	10
<ul style="list-style-type: none">• Deal Type - Volume and Value for the last year• Industry - Volume and Value for the last years• Geographical - Volume and Value for the last years	
Deals for Manchester Based Advisors	12

Analysis: 2011 Q1 review

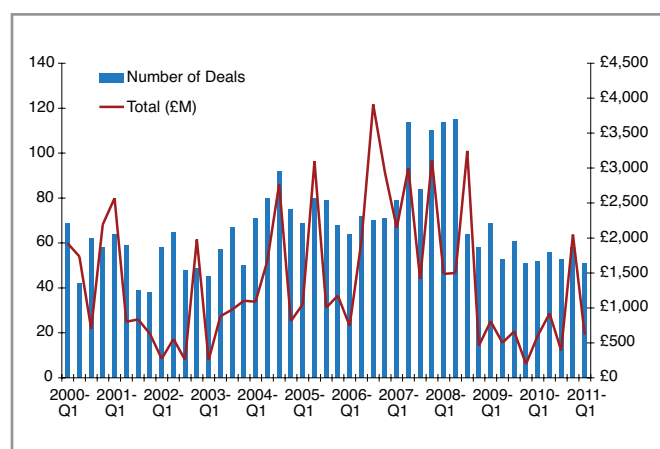
A good start to the year

pro-manchester, in association with Corpin Experian, is pleased to present you with its Corporate Finance Deals Review for Q1 2011. The aim of this publication is to provide you with an insight into the activities of Manchester's financial advisory community, by looking at the deals that Manchester-based advisors have been involved in. Rather than just focusing on transactions involving Manchester-based companies, we provide analysis of all deals that Manchester's advisors have worked on globally.

We believe that this provides a clearer picture of full reach of Manchester's advisory community.

Key findings:

- Manchester-based advisors worked on a total of 51 deals in Q1, of which 27 had disclosed values. The total value of these deals was £615m.
- The volume of deals dipped by 12% over the previous quarter and the value fell by 70%. However, this figure is skewed by the £1.6bn acquisition of Peel Holding's Trafford Centre in December 2010.
- In both value and volume terms, the small-cap (<£10m) segment reached its lowest point since Q3 2008, recording just 12 deals, with a combined value of £37.3m. This represents a 48% decline in the volume and a 40% fall in the value of deals from the previous quarter.



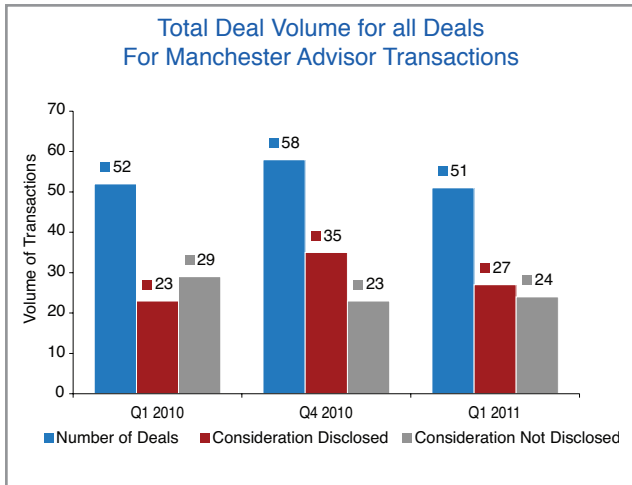
- The mid-cap (£10-£100m) segment reported the largest number of deals since its previous peak - ironically in Q3 2008 - when the small-cap segment last bottomed out. There were 14 deals in this market space in Q1 2011, carrying a total value of £446m. This represents a rise of 21% in volume and 13% in value terms over the previous quarter.
- There was just one deal in the large-cap (>£100m) space, as there was the previous quarter. But the £133m price tag could not match the £1.6bn mega-deal of Q4 2010.
- Acquisitions formed the single largest category of transaction in Q1 2011, with 18 deals. Furthermore, perhaps a sign of an increased availability of debt funding, the number of Reconstruction/Refinancing deals more than doubled between Q4 2010 and Q1 2011.
- Whereas the Wholesale, Retail & Repair sector was the most popular, with 15 deals, the Research and Development Industry attracted the most investment, with £148m raised by just two deals.
- The largest deal of Q1 2011 was the £132m refinancing of Genus Plc, by a consortium of banks comprising Yorkshire Bank, Barclays Corporate, HSBC, Santander and Rabobank. This should provide some cheers for Manchester's business community, as it adds to the growing list of refinancing concluded in recent months, suggesting that liquidity is returning to the market.

In Q1 2011 Manchester-based advisors represented total of 51 deals, with a combined deal value of £615m. This represented a slight decline in the number of transactions from the previous quarter (12%), but a massive 70% dip in the value of these deals - from just over £2bn to £615m - between the two periods. Whereas this is obviously not good news, we should remember that Q4 2011 was conspicuous thanks to one deal of unusually high value.

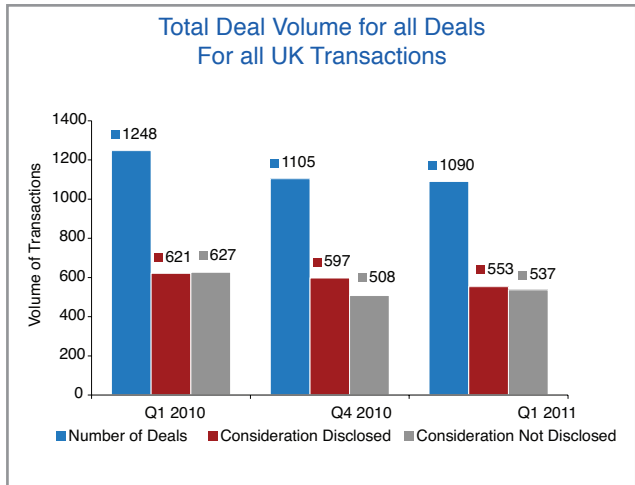
We hope that you enjoy reading this review and we welcome any feedback you may have.

Quarterly Analysis for All Deals

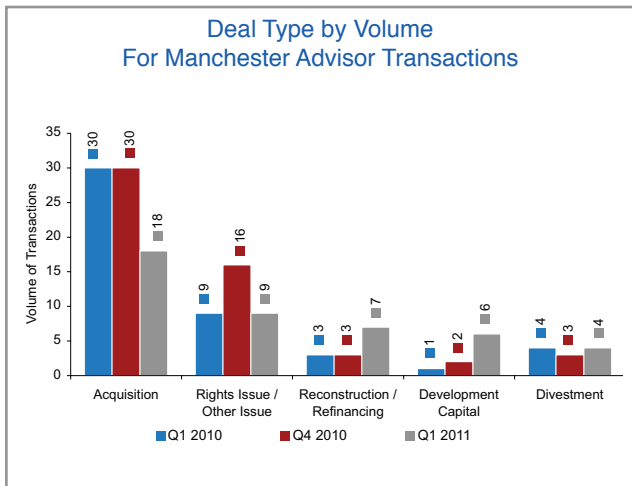
Disclosed and Not Disclosed



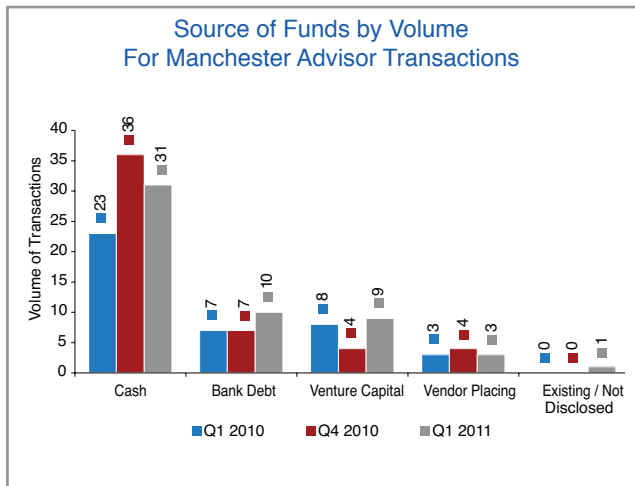
The number of deals on which Manchester-based advisors worked dropped by 12.07%, from 58 in Q4 2010 to 51 in Q1 2011. However compared to same quarter in 2010 the decline is very minimal only dropping by 1.92%.



In the UK there were 1,090 deals worth a total of £61bn in Q1 2011. This represents a 1.36% decrease from the 1105 tally of the previous quarter.



The number of Acquisitions dropped to a low of 18, while the number of Reconstruction / Refinancing more than doubled from Q4 2010.

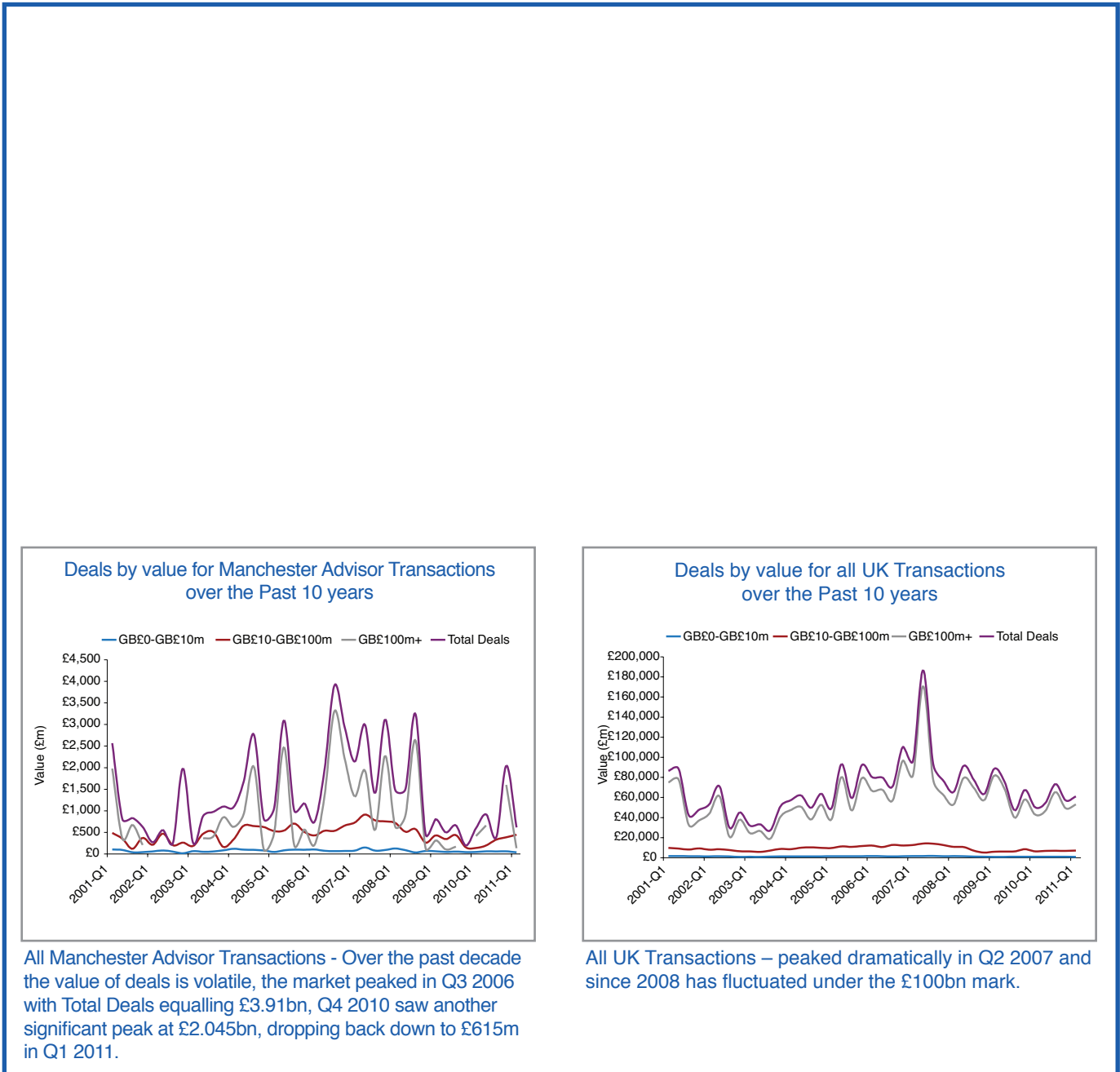


The number of Venture Capital deals rose by 125% between Q4 2010 and Q1 2011, and Bank Debt increased by 42.86%.

In the UK there were 1,090 deals worth a total of £61bn in Q1 2011

Analysis of Manchester Based Advisor Transactions

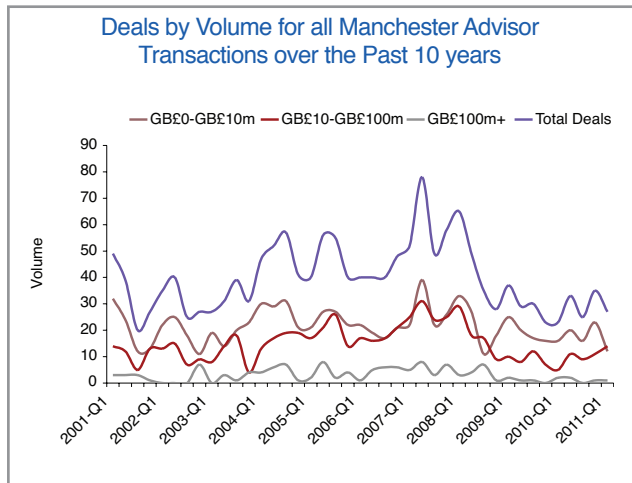
All Manchester Advisor Transactions compared to UK January 1st 2001 to March 31st 2011



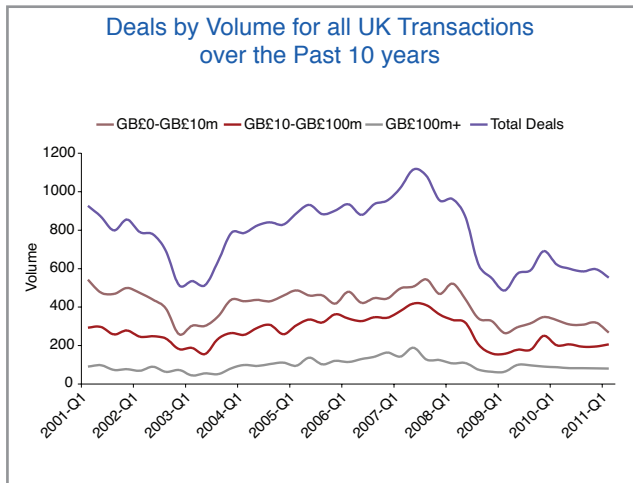
NB: Where Deal Value was disclosed

Analysis of Manchester Based Advisor Transactions

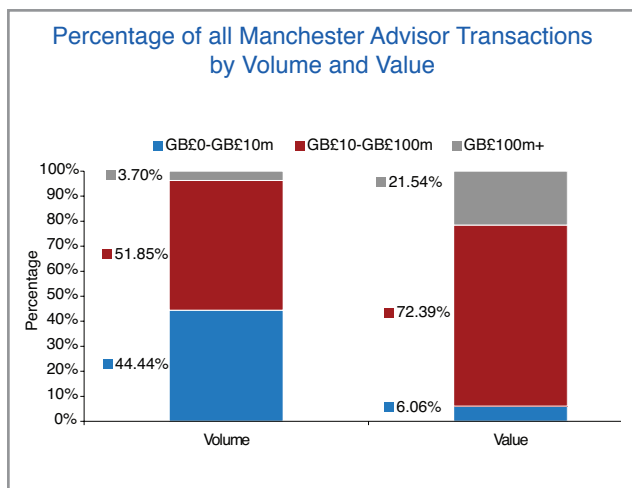
All Manchester Advisor Transactions compared to UK January 1st 2001 to March 31st 2011



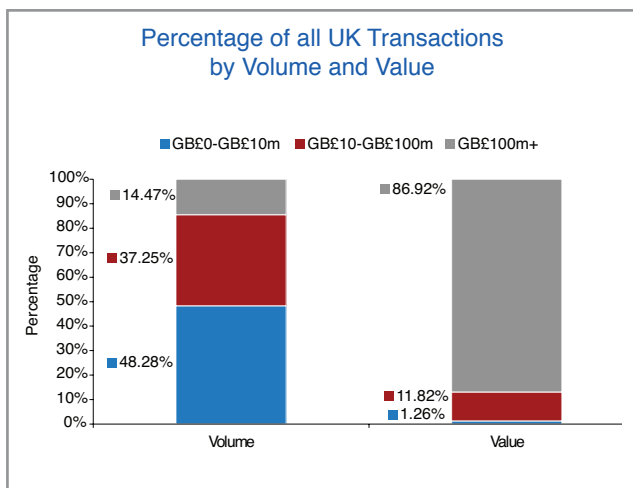
All Manchester Advisor Transactions - In volume terms, the highest peak was witnessed in Q2 2007 with a total of 78 transactions.



All UK Transactions – the volume of UK transactions has remained fairly constant over the past 10 years with the lowest point occurring in Q1 2009 with 486 deals in total.



All Manchester Advisor Transactions - In Q1 2011, over 51% of all deals were in the sub-£10m range and these transactions represented just over 72% of the total value of deals.



All UK Transactions – Despite the small percentage of Large transactions compared Small and Mid-Market for Q1 2011, the value of these deals contributes to almost 87% of the total value for the UK.

Q1 2011 over 51% of all deals for Manchester-based advisors were in the sub-£10m range

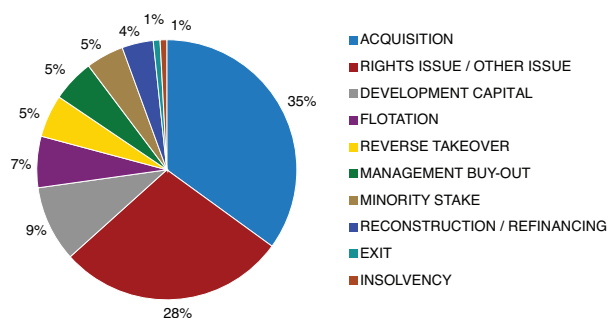
Manchester Based Advisor Transactions

Early Stage Deals (GB£0-£10m) January 1st 2011 to March 31st 2011

In March PHS's Datashred division acquired Stretford-based Shred Easy Ltd. With the addition of Shred Easy, PHS now has a foothold in the North West, bringing its total number of shredding centres to 14 nationally. Sarah Walton, partner in the Commercial and Corporate department at Mace and Jones Solicitors says, We first became involved with Shred Easy when it entered into a joint venture

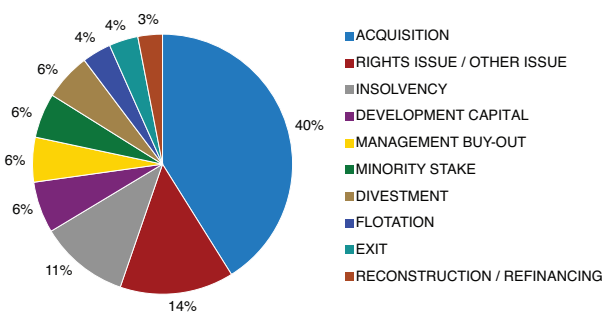
with office2office Plc under the under the brand Banner Document Services. From there we developed a good relationship with the management team and understood that they were looking to exit the business. PHS was a natural fit as it is ramping up to achieve an IPO in the near future. As such the sale was managed quickly, and the deal was concluded within six weeks.'

Deals by Value Consideration under £10m



In the last 12 months, in terms of the value of deals, acquisitions have accounted for 35% of all deals, with rights-issues appearing in 28%.

Deals by Volume Consideration under £10m



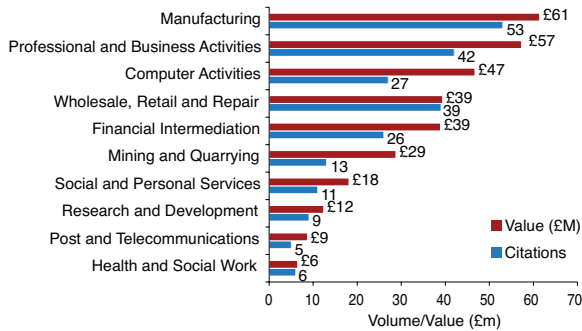
In terms of volume, Rights Issue/Other Issue was the second most active with 14% of all deals.

NB: Where Deal Value was disclosed

Manchester Based Advisor Transactions

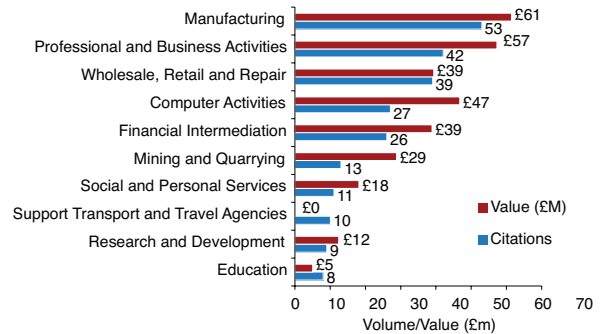
Early Stage Deals (GB£0-£10m) January 1st 2011 to March 31st 2011

Deals by Value Consideration under £10m



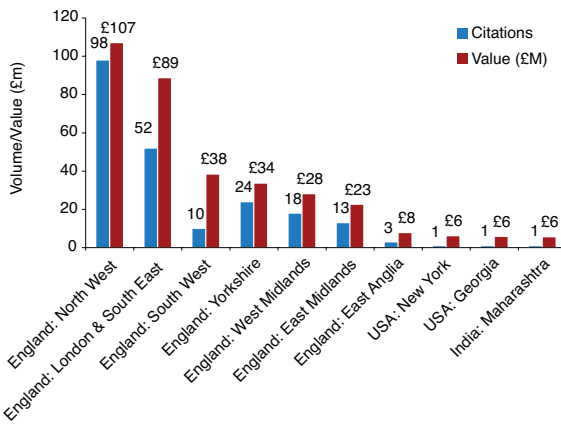
The manufacturing industry has recorded 53 deals, worth £61m.

Deals by Volume Consideration under £10m



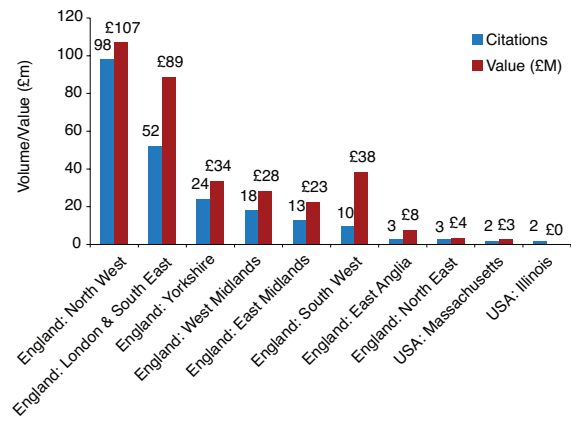
The second most prosperous sector was the Professional & Business Activities, attracting £57m over 42 transactions.

Deals by Value Consideration under £10m



The core of Manchester-based Advisors' work has been in the North West region with 546 deals accounting for £1.8bn.

Deals by Volume Consideration under £10m

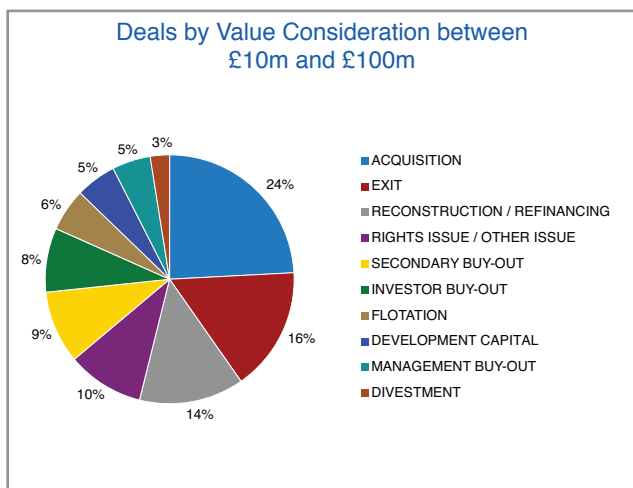


London & the South East has been the second biggest cluster, with 52 deals delivering a total of just over £88m.

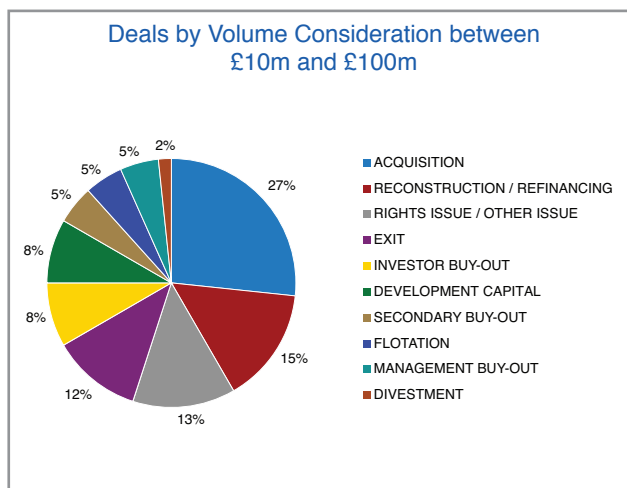
quote: In the sub-10m bracket, the manufacturing industry recorded 53 deals, worth £61m

Manchester Based Advisor Transactions

Mid-Market Deals (GB£10-£100m) January 1st 2011 to March 31st 2011



In the mid market, exit activity has accounted for 16% of the value of all transaction in the past 12 months.



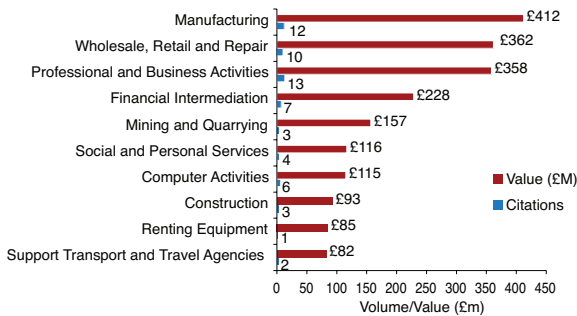
IPO activity has been relatively low, accounting for 5% of the total volume of deals.

NB: Where Deal Value was disclosed

Manchester Based Advisor Transactions

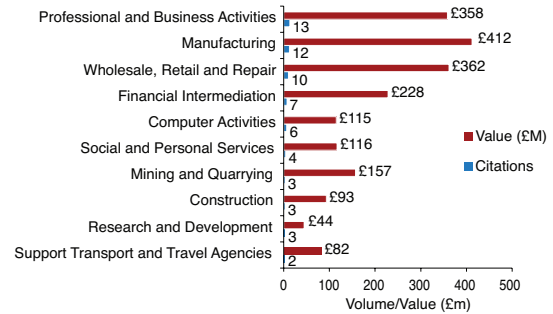
Mid-Market Deals (GB£10-£100m) January 1st 2011 to March 31st 2011

Deals by Value Consideration between £10m and £100m



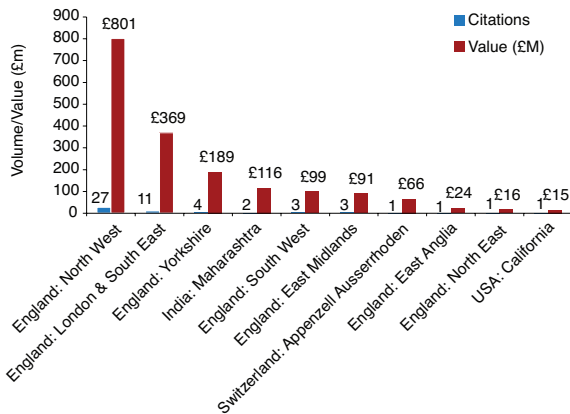
The manufacturing sector has attracted the most investment with 12 deals securing just over £412m in funding.

Deals by Volume Consideration between £10m and £100m



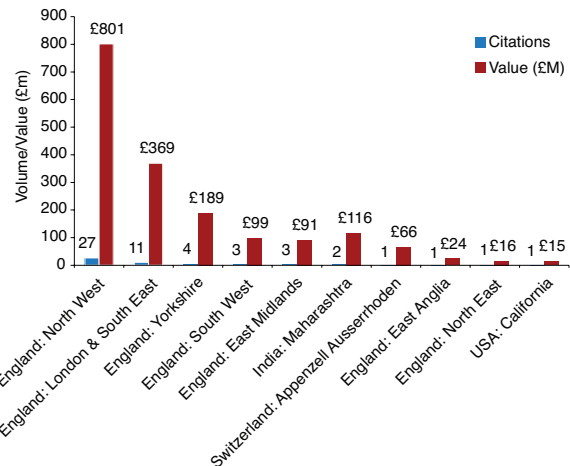
Whereas the Professional & Business Activities sector ranks first in terms of deal count (13) the third most prosperous sector has been Wholesale Retail & Repair, with ten deals.

Deals by Value Consideration between £10m and £100m



There have been a total of 27 deals in the North West region, resulting in a total transaction value of £801m.

Deals by Volume Consideration between £10m and £100m



Yorkshire has been the third busiest region, with £189m across only four transactions.

In the mid-market, there were 27 deals in the North West region, with a total value of £801m

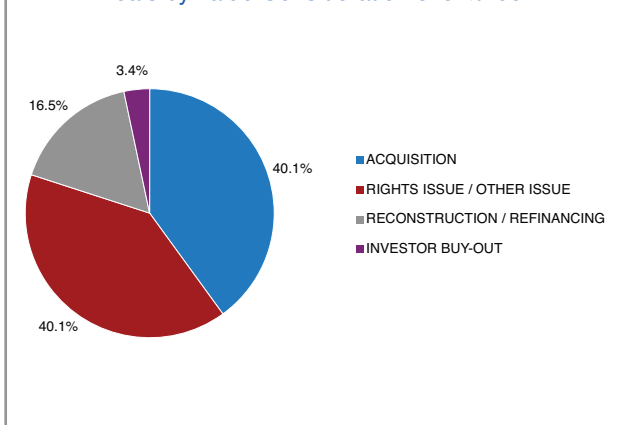
Manchester Based Advisor Transactions

Large Deals (GB£100m Plus) January 1st 2011 to March 31st 2011

In Q1 2011, Phones 4U Ltd was acquired by institutional investor BC Partners, in a secondary buyout that provided an exit for Providence Equity Partners and Doughty Hanson, who had bought the company for £1.46bn in 2006. The business has grown significantly over the last four years, most notably through the acquisition of Dial-A-Phone in 2008. But the sale was not without its difficulties. Andrew Thomas, regional managing director at NM Rothschild, who acted for the shareholders of

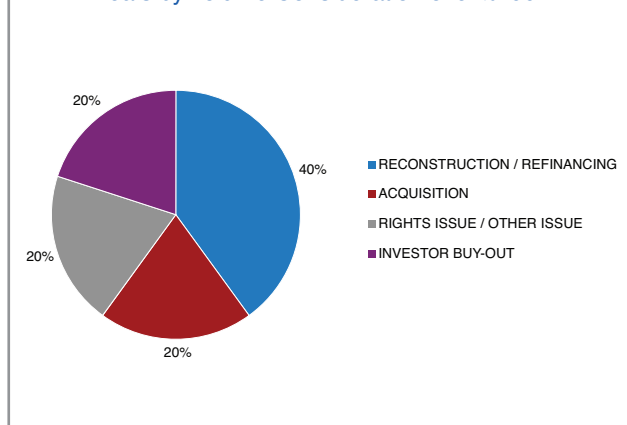
Phones 4U, says, 'In December 2010, negotiations between to BC Partners and Providence broke down as the two parties failed to agree on a price. But in a difficult retail climate the company has prospered, reporting a 20% increase in sales last year to more than £900m, the deal was resurrected in January. This transaction is significant in today's market as it is backed by a £430m bond issue, which is unusual replacing the bank debt in a leveraged transaction.'

Deals by value Consideration over £100m



Investor buy-out contributed to 3.4% of the deal values for Large Transactions since April 2011.

Deals by volume Consideration over £100m



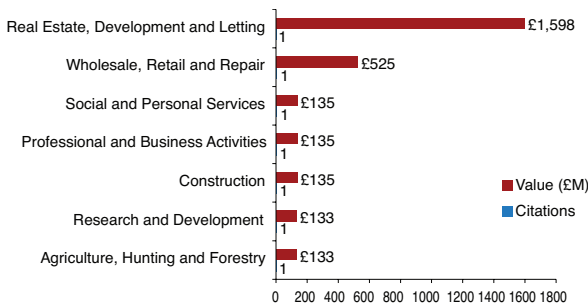
Reconstruction/Refinancing was in 40% of the large transactions during the last 12 months.

NB: Where Deal Value was disclosed

Manchester Based Advisor Transactions

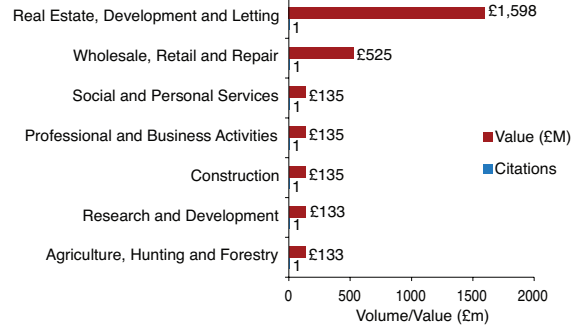
Large Deals (GB£100m Plus) January 1st 2011 to March 31st 2011

Deals by value Consideration over £100m



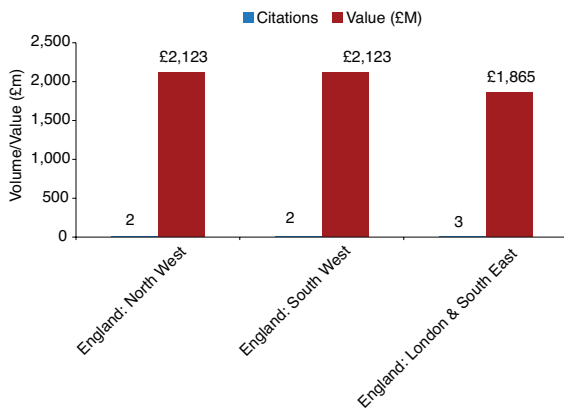
Real Estate, Development and Letting has the highest value of deals worth a total of more than £1.598m.

Deals by volume Consideration over £100m



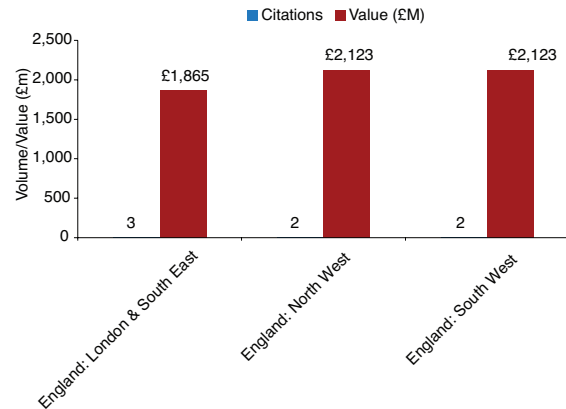
By volume all industries ranked the same with only one citation each.

Deals by value Consideration over £100m



North West England and South West England were both in transactions totalling £2.123bn.

Deals by volume Consideration over £100m



London & South East appeared in three of the Large transaction while North West and South West England were tied with two a piece.

In the large-cap segment, the Real Estate, Development and Letting sector recorded the highest value of deals, worth £1.598m

Q1 2011

Manchester Based Advisor Transactions

Announced	Main Deal Type	Target	Bidder	Consideration(£m)
30/03/2011	Acquisition	Accumuli Plc, England	Boxing Orange Ltd, England	£5
29/03/2011	Acquisition	NCC Group Plc, England	Escrow Associates LLC, USA	£6
25/03/2011	Divestment		Business and Certain Assets of United Dominions Trust, England	£51
23/03/2011	Rights Issue / Other Issue		Angel Mining Plc, England	£1
22/03/2011	Secondary Buy-Out	Flexpoint Ford LLC, USA	Toplis & Harding Inc, USA	N/D
21/03/2011	Investor Buy-Out	ECl Partners, England	Fourth Hospitality Ltd, England	N/D
21/03/2011	Reconstruction / Refinancing		Genus Plc, England	£133
21/03/2011	Divestment		Sorsky Ltd, England	N/D
18/03/2011	Secondary Buy-Out	GI Partners, England	Advanced Childcare Ltd, England	£28
17/03/2011	Reconstruction / Refinancing		Marcus Worthington and Company Ltd, England	£19
16/03/2011	Divestment	Club 3000 Bingo, England	Portfolio of 7 Bingo Clubs, England	N/D
16/03/2011	Acquisition	Cresswell And Joan Welch, England	Welchs Homes Ltd, England	N/D
14/03/2011	Flotation		dotDigital Group Plc, England	N/D
11/03/2011	Investor Buy-Out	BC Partners, England	Phones 4U Ltd, England	N/D
09/03/2011	Acquisition	Halma Plc, England	Medicel AG, Switzerland	£66
09/03/2011	Acquisition	Lookers Plc, England	Get Motoring UK Ltd, England	N/D
03/03/2011	Acquisition	PHS Group Plc, Wales	Shred Easy Ltd, England	N/D
01/03/2011	Development Capital		Shijiazhuang Xingbai Pharmaceutical Co Ltd, China	£11
01/03/2011	Development Capital		Leonard Curtis Ltd, England	£5
01/03/2011	Development Capital		Wadaro Ltd, England	N/D
28/02/2011	Acquisition	Imtech NV, Netherlands	Inviron Ltd, England	N/D
25/02/2011	Rights Issue / Other Issue		Altitude Group Plc, England	£1

Q1 2011

Manchester Based Advisor Transactions

Announced	Main Deal Type	Target	Bidder	Consideration(£m)
24/02/2011	Management Buy-Out	George Lilley and David Simons, England	Facilities Services Group Ltd, England	£9
24/02/2011	Rights Issue / Other Issue		2 Ergo Group Plc, England	£3
23/02/2011	Development Capital		Appsense Ltd, England	£43
18/02/2011	Management Buy-Out	Management of Wells Plastics Ltd, England	Wells Plastics Ltd, England	N/D
18/02/2011	Acquisition, Insolvency	San Carlo Restaurants, England	Flying Pizza Italian Restaurant, England	N/D
16/02/2011	Reverse Takeover, Rights Issue / Other Issue	MeDaVinci Plc, England	Orogen Gold Ltd, Ireland	£3
10/02/2011	Acquisition	Wheaton Industries Inc, USA	E-Vials Europe Ltd, England	N/D
09/02/2011	Acquisition, Rights Issue / Other Issue	St Ives Plc, England	Tactical Solutions UK Ltd, Wales	£24
08/02/2011	Reconstruction / Refinancing		Vital Services Group Ltd, England	£22
04/02/2011	Rights Issue / Other Issue		Kefi Minerals Plc, England	£1
03/02/2011	Acquisition	Intercall Inc, USA	Preferred One Stop Technologies Ltd, England	N/D
02/02/2011	Rights Issue / Other Issue		Max Petroleum Plc, England	£53
01/02/2011	Development Capital		Qikker Solutions Ltd, England	N/D
31/01/2011	Development Capital		Greenbank Partnerships Ltd, England	£24
28/01/2011	Minority Stake	Getupdated Internet Marketing AB, Sweden	Wooshii Ltd, England	N/D
27/01/2011	Rights Issue / Other Issue		Nanoco Group Plc, England	£15
24/01/2011	Management Buy-Out	Rucca Holdings Ltd, England	Canopies UK Ltd, England	N/D
24/01/2011	Acquisition	Westbridge Foods Ltd, England	BRI-TAL (Foods) Ltd, England	N/D
21/01/2011	Acquisition	N Brown Group Plc, England	Slimma and Splendour Businesses of Slimma Plc, England	£1
21/01/2011	Reconstruction / Refinancing		Lift Safe Ltd, England	£1
18/01/2011	Acquisition	Harry Yearsley Ltd, England	Ice-Pak Seafood Specialists Ltd, England	N/D
17/01/2011	Acquisition	Zutux (UK) Ltd, England	Johnson & Johnson Furniture Plc, England	N/D

Q1 2011

Manchester Based Advisor Transactions

Announced	Main Deal Type	Target	Bidder	Consideration(£m)
12/01/2011	Acquisition	Neville Johnson Ltd, England	Tom Howley Bespoke Furniture Ltd, England	N/D
12/01/2011	Reconstruction / Refinancing		Williams Motor Co (Holdings) Ltd, England	£20
12/01/2011	Reconstruction / Refinancing		Williams Motor Co (Holdings) Ltd, England	£20