



Close Growth Capital Sells Allen & Heath to D&M Holdings Inc.

Niche Cornish Business Turned Into Global Success Story

Close Growth Capital (CGC), the leading provider of single source finance to the lower mid market, has sold Allen & Heath, the highly successful designer and manufacturer of audio mixing consoles for professional sound engineers, live sound installations and DJs, based in Penryn near Falmouth, Cornwall; to D&M Holdings Inc., a global operating company providing worldwide management and distribution platforms for premium consumer, automotive, commercial and professional audio and video businesses including Denon®, Marantz®, McIntosh® Laboratory, Boston Acoustics®, Snell Acoustics, Escent®, Denon DJ, Calrec Audio, D&M Professional and D&M Premium Sound Solutions and is listed on Tier 1 of the Tokyo Stock Exchange.

This is the first realisation from CGC's fund II and represents a return of 40% IRR achieved within 2 years of initial investment. The price is not disclosed.

Allen & Heath has a dedicated team of employees, many of whom have been with it for 15 years or more, who take responsibility for providing customers with high quality products. The management team of Glenn Rogers (MD), Dave Jones (FD), Tony Williams (Operations) and Bob Goleniowski (Sales) has turned a niche company from Cornwall into a global success story with a solid reputation for excellence and innovation in digital live sound and is the console of choice of the world's top DJs. From building consoles for bands such as Pink Floyd and The Who in the 70s its systems are now used by a broad range of live music venues and leading club DJs around the world. Allen & Heath also provides installed sound systems for conference centres, lecture theatres and hotels. The business now employs 155 people, has a turnover of £18m and sells to a large group of global distributors.

James Blake of Close Growth Capital, who was on the board of Allen & Heath said: "Allen & Heath is a truly innovative business with a first rate management team. Since our investment in March 2006 the business has grown profit by 40% and seen sales increase by 12%. Our investment has provided the environment for management to take the business to a new level and enabled them to benefit directly from their efforts.

CGC's single source structure provided a flexible platform that delivered a majority of equity to management and removed the need for any additional bank funding. This made for a smooth process with no conflicting priorities. For CGC's investors this structure delivered the opportunity for strong yield, a significant equity upside and early return of capital."

Glenn Rogers, managing director Allen & Heath said: "CGC tailored their financing package for us until we got something that was right for our business. Their team, like ours, is passionate about what they do and has worked very closely with us to both add value to our business and help us to fulfill our and their growth ambitions. They are great people to work with."

Advisors:

Vendors lawyers: Simon Hewes, Nerys Evans – Bond Pearce, Bristol

Vendors advisors: Mike Reeves, Nick Horrocks – Clearwater, Manchester

Ends

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Editors' Notes

About Close Growth Capital

Close Growth Capital provides combined equity and debt funding to UK mid-market companies through a distinctive single source approach. This includes finance for management buy-outs/buy-ins, companies requiring growth capital and secondary buy-outs, with a typical transaction size of £5million - £30million.

The investment takes the form of a tailor-made instrument combining the best elements of a secured loan with those of equity. The management team in an MBO or MBI typically retain a greater proportion of their company's equity and benefit from significantly enhanced flexibility in the repayment of the funding package.

During the past 18 months CGC has made new investments in Blueberry Group, Wrap Film Systems, Killby & Gayford Group, Eldapoint, the £32 million secondary buyout of A-Gas International, the MBI of Toms Confectionery Ltd, the acquisition of the confectionery arm of Burton's Foods, and more recently the acquisition of Monkhill from Cadbury.

Close Growth Capital, an investment arm of Close Brothers Group plc, was started in 1999 to provide combined equity and debt funding to UK SMEs. CGC invests in mid-market businesses in all sectors, but has a proven track record in: business support services, leisure, transport and distribution, consumer products and specialist engineering.

Close Growth Capital is the trading name of Close Growth Capital Limited, which is authorised and regulated by the Financial Services Authority.