

ACQ

M&A lights up 2007



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Editor's Comment...

With 2007 drawing to a close the tightening credit conditions caused by the sub-prime mortgage crisis has resulted in increased corporate lending rates and the proposed tax changes, putting UK businesses under substantial pressure.

This is the time for financial directors and managing directors to review the amount of capital they have tied up in existing assets, which could provide the liquidity needed to sustain company growth, says Kate Sharp, chief executive of the Asset Based Finance Association.

In the wake of the Pre-Budget Report and the credit crunch squeeze on corporate lending, the Asset Based Finance Association (ABFA) has issued statistics showing that the asset based finance industry has released much needed liquidity into the economy by advancing a staggering £14.9 bn to UK PLCs and SMEs.

Increased demand for flexible funding has seen the number of companies using asset based finance grow to 48,172 in the first half of 2007. The greatest appetite has been shown by companies turning over more than £10m. Clients within this bracket have increased by 56 % since 2006 and have been advanced £6bn.

Lending against the sales ledger continues to be the most preferred method of releasing working capital, but it is advances against other assets that is experiencing the fastest growth rate. Companies are increasingly releasing the capital locked up in plant and machinery to fund growth, with this form of asset based finance increasing by 123 per cent change since 2006.

This month in ACQ, we have of course our much-loved asset based lending section, due diligence and Chantrey Vellacott tell us about their new team launch. We get down to the nitty gritty with all the dealmakers in Insight and throw in some country reviews for good measure. Don't forget to check out ACQ's year-end special edition.

Enjoy the issue.

Charlotte Abbott - Editor



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How to reach ACQ
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Ingenious Invests In Sirens

Ingenious has invested £5000,000 with Kitchenware Records to back the second album by three-piece girl band Sirens.

Sirens first formed in the late 1990s and were signed by Kitchenware in 2002. The band saw success in the UK, Europe and Japan after releasing their first album 'Control Freaks'.

'La La Land', their second album, will be written and recorded in Los Angeles with producers Wayne Rodrigues (Natasha Bedingfield), Justin Trugman (Eminem, Janet Jackson) and DeeKay (Lemar, Misteeq). Dave Pensado, known for his hits with Christina Aguilera and the Black Eyed Peas, will mix the album.

Kitchenware Records, an independent label based in Newcastle, started as the recording wing of the Soul Kitchen, which hosted the likes of Aztec Camera and New Order.

Ingenious commercial director Duncan Reid says: "Sirens represent the best of modern British music and are exactly the kind of band which Ingenious is looking to support. They make great music; have a strong, supportive relationship with Kitchenware and have considerable commercial potential."

Patrick McKenna, Chairman of Ingenious, commented: "Our portfolio of investments now totals fifteen and includes an exciting range of diverse musical artists. We have not only invested in artists across the musical genres, but also in artists at varying stages in their careers, giving a balanced mixture of investments to the portfolio." **ACQ**

Investment In Audika

European Capital S.A. SICAR, a wholly-owned subsidiary of European Capital Limited, together with ECAS Sarl and ECAS II Sarl, has invested in the holding company controlling Audika Group, the leading French distributor of hearing aids. The Paris office of European Capital Financial Services Limited, the sub-investment manager of European Capital, led the investment.

European Capital's investment takes the form of senior and junior mezzanine debt and common equity. European Capital has invested in the holding company that controls 53.9% of the Audika listed entity. This holding company is 55% owned by founding managers Alain and Jean-Claude Tonnard, 39% by European Capital and 6% by another manager, Philippe Langzam.

Founded in 1977 and listed on the Paris stock exchange since 1998, Audika is the leading French network of hearing correction centers, increasing from 205 in 2001 to over 340 owned centers today. Headquartered in Paris, Audika has nearly 600 employees. In 2006, Audika generated sales and EBITDA of 79 million and 15 million respectively and targets revenues of 92 million in 2007.

Jean Eichenlaub, managing director of European Capital Services, commented: "We are very happy to support the development of Audika, a leading company in the fast growing market of hearing correction. We quickly assembled a specific financing package that provides optimal support to Audika's founders and co-CEOs as they pursue compelling expansion opportunities. This transaction supports the ambition of Audika's founders and senior management to carry on the Group's long term and international development and perpetuate its family management spirit, backed by an active financial partner." **ACQ**

IPO of Bionersis

Bionersis, a company that specializes in the recovery of methane from landfills and the production of electricity from it, has been listed on Euronext Paris' Marché Libre in early July.

The listing was preceded by a placement among qualified investors, organized by investment banking advisor LD&A and broker Euroland. The main challenges were to introduce investors to the new sector of carbon credits and to demonstrate the reliability of Bionersis' business model as the company had just started operating.

The company is now busy with the roll-out of its first operations both in Chile and Cuba, while preparing for a total of 46 new sites by the end of next year.

ecosur, a leading French based advisory and brokerage firm specialized in carbon markets acted as a technical counsel on the deal. Fabrice Le Saché, Managing Partner led the team, he commented: "We performed a carbon market intelligence study for Bionersis earlier this year and assessed the validity of the financial model with regards to the carbon revenue expectations. Our constant dialogue with Bionersis management allowed us to identify and design a range of deal structures that could be set up to optimize the sale of carbon credits (CERs) and decrease the market risk exposure. We are currently implementing a deal strategy that fits with these requirements as we negotiate a forward sale for 500,000 CERs generated by the company's first Chilean projects until 2012"

LD&A acted as advisor to the Company, with Euroland Finance acting as broker on IPO. **ACQ**

This announcement appears as a matter of record only

Ingenious Invest in Sirens

Legal Advisors to Sirens:
STATHAM GILL DAVIES
SOLICITORS

Legal Advisors to Ingenious:
EngelMonjack
Snares

This announcement appears as a matter of record only

European Capital Investment in Audika Group

Legal Adviser to Audika Group:
Chaintrier & Associés



Legal Adviser to the European Capital:



Financial Adviser to European Capital:



Financial Due Diligence Provider:



This announcement appears as a matter of record only



Listing on Euronext

Financial Adviser:



Broker:



Tax Adviser:



Carbon Due Diligence Provider:

