

# The business of creating value

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We are proud of our straight-talking culture and know that others respect it too. We take our wider social, community and environmental responsibilities seriously.

# Our commitment

**Since raising our first fund in 1984, we've been doing essentially the same thing. Investing in a few great businesses each year and backing management through an important stage of growth to create shareholder value.**

The ambition we have for the companies we invest in is simple: to help make them into bigger and better businesses and to help position them for long-term growth.

The businesses vary in what they do but they also have a few key things in common. They are UK-headquartered with an enterprise value of up to £150m. They have a strong management team and hold a leading position in their market. The people at the helm are there to make a real difference to the success of the business. In short, they all have great ambition and potential.

In the following pages we give you a snapshot of our ongoing commitment to helping businesses create value.

# We back strong management teams in great businesses

We have always been a responsible investor. For us, being responsible is about a straight-talking commitment to long-term value creation.

**We focus on identifying and attracting strong management teams in businesses with real potential to grow.** Throughout our involvement, our motivation is to support management teams in order to help them unlock value in their businesses. We find the best way to do this is to be upfront throughout the acquiring, investment and realisation stages. The revenue, profit and employment figures of the businesses we back all tend to increase under our ownership - that's the aim!

**The first step is to find the right business to back.** We are selective in this – investing in only three to five businesses a year. We look, we listen and we trawl through vast amounts of information to find the team and business we think has what it takes. It's about focus and finding the best opportunities. So, rather than search in just one sector for example, we look for a high-calibre management team in a business that's not only a major player in its market but also has considerable room to grow further and, often, faster. We've invested in this way for over 20 years.

**Protocol Skills**  
DATE INVESTED 27/09/07  
LOCATION Ellesmere Port



**We felt Close would be a mentor, would understand our business and be a supportive investor.**

Management research 2007

In 2007, we backed the management buy-out of Protocol Skills from its parent, the Protocol Group, for £46.5m. Protocol Skills specialises in providing apprenticeships, NVQ and other vocational training to people looking to improve their skills and in turn their career prospects. One of only three national vocational training providers in this highly fragmented but growing market, the company has a strong presence

in the retail and hospitality sectors, where demand for its services is particularly high.

The government committed to strong growth for vocational skills provision in its recent Comprehensive Spending Review in 2007 through schemes such as Train to Gain. With national coverage through its network of regional offices, Protocol Skills is well placed to support and benefit from this commitment.

The management team, led by chief executive Dan Wright, is steering Protocol Skills through a period of strong growth both in the number of people the business trains and the pass rates they achieve. The plan is to capitalise on the availability of government funding, build the Protocol Skills brand, market it effectively and grow the business as a national presence.

## Alex Stewart Group

DATE INVESTED 17/11/06  
LOCATION Knowsley

# We work strategically with management teams

Having invested selectively, we focus on helping the management team build the business.

**This is typically a four to five year journey.** Along the way there will be twists and turns, ups and downs. This is where our experience in working closely with management teams pays dividends.

**We help management focus on what's got to happen on the journey.** It will involve honing the existing business model; building the existing business. It might well mean setting up in new markets – we have been involved in a number of businesses that have expanded significantly overseas. It could involve buying other businesses – over the years, more than

50% of our portfolio has made acquisitions. Whatever it takes, we are there to support the management teams and the chances are we have done something similar a number of times before.

**It's important to pause at key points in the journey, to take stock and make sure you're heading in the right direction,** and change if necessary. This is all part of our active relationship-based approach to investing. You don't help create value simply by writing cheques.

Alex Stewart Group (ASG) is one of the world's leading providers of metals and minerals inspection and testing services. When, for example, 50,000 tonnes of copper concentrate is shipped from one side of the world to the other, ASG's inspectors will be on hand at either end to sample and certify the quantity and quality of the cargo, thereby giving its owners much needed and timely reassurance.

In 2006 we backed the management buy-out of ASG. In a world where commodities are in very high demand and highly priced, ASG's services are even more sought-after and valuable. As one of only four global players in its market, the company and its management team, led by MD John Notman-Watt, is in a great position to make the most of this opportunity.

ASG operates in 50 countries around the world. The plan is to build the business by acquisition and enhance its global presence. Over a year into the investment, ASG is steaming ahead. We are looking forward to continuing to support ASG's strong performance in a market with considerable growth potential.

**Close make a valuable contribution to the board. They are fully aligned with us and take a view on strategic developments.**

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# Steady growth, supported by our investors

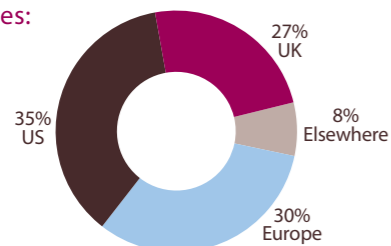
By sticking to our core focus, we have grown over the years with the support of our investors, a number of whom have been backing us from our earliest days.

## Our investors

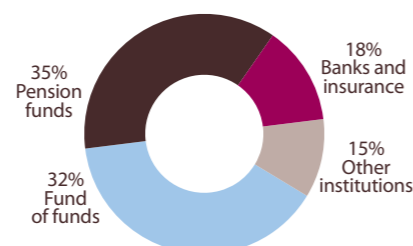
We currently have

**48** investors; **30** of these are follow-on investors from earlier funds.

## Our investors come from various geographies:



## They are a mix of funds:



## We have raised seven funds since 1984:



## Backing businesses

Since 1988 (Fund III), we have invested in 70 companies. We have realised 58 of these investments. We continue to support the growth of the remaining 12 in our portfolio.

## Delivering returns for our investors

Across all funds we have invested £567m of which £297m remains unrealised. We have achieved an average 3x multiple on our realised investments.

## Rosemont Pharmaceuticals

DATE INVESTED 04/08/06  
LOCATION Leeds

We are a very niche industry and I am really impressed with how Close mastered our sector.

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Rosemont operates in a fast-growing, highly specialised market: developing and manufacturing oral liquid pharmaceuticals. The company is the leading manufacturer of oral liquid pharmaceuticals in the UK. Its products are used by people who can't or find it difficult to take medicine in tablet form - mostly the elderly and the very young. Without such products, patients would have to crush up tablets and swallow them with water. This is contrary to best medical practice as it breaks

down the coating around the tablet that helps the patient absorb the medication at the right rate. Thanks to liquid medicines such as Rosemont's, there is a much better solution. Specially formulated liquid medicines are not only easier to take but you can also be sure that you are taking them in the right way. As the population increases and people live longer, the UK market has seen consistent strong growth in demand for Rosemont's products.

In 2006 we backed the £93m management team buy-out of Rosemont from Savient Pharmaceuticals Inc, a NASDAQ-quoted US biotech business. We were convinced of the quality of the company and could see that it had excellent opportunities to expand its product portfolio and develop into other international geographic areas.

The business is performing ahead of expectations. Turnover and profits are growing and the company is focusing on its new product pipeline.

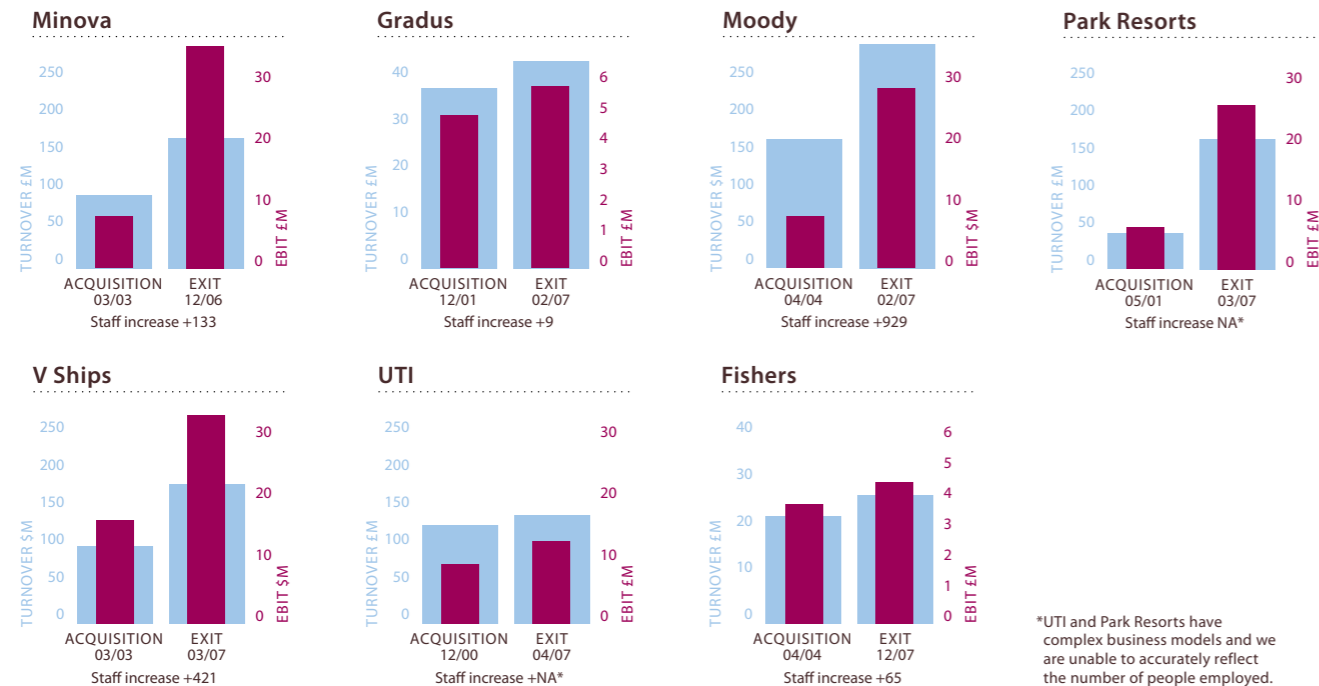
**Energy Cranes International**  
 DATE INVESTED 31/03/08  
 LOCATION Aberdeen

# We have a strong investment track record

From reading some of the press coverage of our industry, you may well perceive the role of UK private equity as extracting value from businesses to the detriment of other stakeholders. We challenge this view. Our management-focused approach to investment aligns us directly with their plans for the business and we make this clear all the way along the line.

**Helping businesses succeed**  
 Our track record supports our commitment to helping businesses succeed – the following table shows the growth achieved and employment created in our most recent realised investments.

## Recent realisations



\*UTI and Park Resorts have complex business models and we are unable to accurately reflect the number of people employed.

In March 2008 we financed the £142m management buy-out of Energy Cranes International, the largest outsourced supplier of offshore crane servicing repairs, maintenance and operator services in the world. We acquired the business alongside the incumbent management team, led by CEO John Jordan, having been introduced to them a year earlier.

Based in Aberdeen, Energy Cranes is present in all the main offshore oil and gas territories, including the

North Sea, Gulf of Mexico, West Africa, the Middle East and Caspian regions. The business has grown steadily by expanding its service and product offering and by carefully identifying and executing a stream of complementary bolt-on acquisitions.

Two days after the management buy-out, the business bought Baricon Systems, a supplier of high-integrity winch equipment to the offshore cable and pipe-laying market. This acquisition broadens

Energy Cranes' presence in offshore support services, diversifying the business away from platform operations, where its market share is already exceptionally strong, into the fast-growing subsea cable and pipe-laying markets. This deal marks the continuation of Energy Cranes' highly targeted and successful acquisitive growth strategy.



**Close were good at getting to grips with the fundamentals. They took their time and didn't rush in. You got the impression they were there for the long haul.**

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- Our Portfolio
- Alex Stewart
- Allied Glass Containers
- Aqualisa
- Away Resorts
- BWA Water Additives
- Energy Cranes
- IDIS
- Norbain
- Prime Resorts
- Protocol Skills
- Rosemont Pharmaceuticals
- Walton Garden Buildings

# Our international experience benefits our portfolio

Our ability to manage complex, international deals brings fresh perspectives when doing deals and benefits our portfolio companies.

Over the years we have built up considerable experience in identifying and making the most of international growth opportunities. These complex deals, with operations across numerous continents, require expertise and determination to evaluate. Once we have invested in the business, it invariably takes a clear strategy and a lot of patience and hard work to unlock its full value.

We don't shy away from doing these types of deals. It is part of our determination to look past the numbers and take an all round approach to creating value.

**Minova**  
 DATE INVESTED 31/03/03  
 DATE REALISED 27/12/06  
 LOCATION Chipping Norton



Close were professional and business-like, which was an ethic that strongly matched our own. I immediately trusted the two guys from Close.

Management research 2007

In 2003 we backed the £32m management buy-out of Minova from the now BP-owned Burmah Castrol. In 2006 we sold the business to Orica, an Australian quoted company, for £360m.

Minova is the world leader in the formulations and supply of specialist chemicals used in the mining and tunnelling industries. Its resins and foams play a vital part, for example, in improving the efficiency and safety of tunnelling for coal – no need for pit props, just metal roof bolts held in place by Minova's resin.

From management buy-out to trade sale, Minova, led by the management team and with our backing, implemented a strategy to expand through acquisition and organic growth. The business acquired its main US competitor and the 50% shareholding of its German joint venture partner. It also acquired competitors in the other key existing markets of Poland, Russia and Australia, and entered the biggest market of all for its services – China. Along the way the business benefited greatly from the resurgence in the

mining industry in particular and the commodities boom in general. Bulking up in a growing market enabled Minova to really motor.

Minova's profits at the point of trade sale were five times higher than when we backed the management buy-out. It had 17 factories in 10 countries, with major operations in all the key markets – the US, Australia, Poland, Germany, Russia, South Africa and China.

## Moody International

DATE INVESTED 05/04/04  
DATE REALISED 07/02/07  
LOCATION Cuckfield

specialist global inspection and support services (primarily for the oil and gas industry) and ISO inspection services for a broad range of clients around the world. Together with the management team we believed there was significant growth potential in both the inspection and certification businesses.

In 2004 we backed the management buy-out of Moody International from US-based Reliance Insurance Group for \$55m. Moody was in a strong position in two key markets:

In the years that followed, Moody carried out a number of acquisitions in key markets such as India as well as growing organically. As the oil price rose, the number of

infrastructure projects around the world grew and, in turn, the demand for Moody's specialist services rocketed.

By December 2006 the business was firmly established as a global leader in its field, with annual sales of \$290m and ambitions to grow even further under the new CEO Brendan Connelly. To help Moody realise these ambitions, in January 2007 we sold our stake in the business to the management team and Investcorp for \$311m.

**The Close team have great integrity and consistency.**

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