

Denby returns to profitability



The business will be launching several new 'value' product ranges in the UK and North America and will be re-launching the Denby USA website which will for the first time extend the

In only its first financial year following its acquisition by Valco Capital Partners, Denby Pottery has made its first operating profit in five years – a tremendous achievement by the whole team at Denby.

In a very busy bicentennial year the business has opened 14 new retail outlets, relocated its distribution centre, developed a range of cookshop products, released a new china range in conjunction with fashion retailer Monsoon, redesigned its online presence and still had the energy to celebrate its 200th Anniversary with a weekend party and fair at the Visitor Centre in Derbyshire.

The rapid pace of development is set to continue in 2010 with Denby widening its cookshop offering with the launch of phases 2 and 3. Furthermore, plans are well advanced to increase the breadth of the Monsoon range and to launch a range of stationery and packaging products.

company's online presence into Canada where Denby is already a well regarded retail brand. Tests of key ranges will be made within Habitat stores in France, Germany and Spain during April 2010 with a view to opening those new markets to the Denby brand.

Denby creates a stir at the NEC

Celebrity chef James Martin (pictured above), the host of the BBC's popular Saturday Kitchen programme, delighted guests on Denby's Spring Fair stand at the NEC with a number of live cookery demonstrations. Denby designs and distributes a range of oven-to-tableware product under the *James Martin Dine* and *James Martin Cook* brands and is set to introduce this range to the French market during April 2010.

This year's Spring Fair showed a significant increase for Denby over prior years and further enhanced the brand's perception within the sector.

To the Hilco Team and our Independent Consultant Group



In May 2010 Hilco UK will celebrate 10 years of leading from the front in the UK retail restructuring market. In our next Newsletter we will take a look back at some of the headline-making deals of that decade but this is a good time to thank all of you for your help and support over the years.

With the support of our retail and investment organisations we now have a dynamic, professional business to be proud of, one that is the partner of choice for many retail and restructuring organisations throughout the UK as well as one that has very strong relationships with each of the major lending institutions. Well done to each and every one of you, and many thanks for your efforts.

Paul

Paul McGowan
Chief Executive

Hilco appointed to close 69 Adams stores

Following the appointment of MCR as Administrators to JS Childrenswear Limited, trading as Adams, in February, Hilco's Retail Agents were appointed to advise the Administrators on trading and retail operations in the 107 Adams stores throughout the UK and Ireland whilst a buyer was sought for the business.

A lack of interest from purchasers in the majority of the

portfolio led to Hilco being appointed to operate store closing sales at 69 of the 107 stores whilst continuing to trade the remaining stores on a normal trading basis. Initially led by Keith Palmen and subsequently by Wayne Dowsell, the closing sale is exceeding expectations and will be completed by the end of March. The Administrators continue to seek purchasers for the remaining stores.

Valco acquires Litho consumables division



Litho Supplies, a leading national supplier of consumables, equipment and services to the UK print industry, went into Administration during December 2009. Valco Capital Partners provided funding to a management team enabling them to acquire the business and assets of the core consumables division, and provided a working capital facility to help stabilise the new business.

Valco's team, led by Ben Shapiro, has supported management through the transitional period following the acquisition and has thus enabled the new company to provide continuity of supply to all its customers whilst ensuring that all major suppliers have remained supportive. The business was refinanced with a standard asset backed loan from a major ABL lender within just six weeks of acquisition.

A number of strategic acquisitions are being considered along with new product opportunities to provide future growth for the business.

Habitat restructuring review continues



Following the acquisition of Habitat at the end of last year, a team of 25 staff and consultants from Hilco have been heavily involved in a detailed review of the group.

The team has worked alongside Habitat's management to formulate a rapid turnaround plan for the group. This has included the production of a reliable financial model, cash flow management and the identification of cost savings

both at a store and central level. In addition, the Hilco team has carried out comprehensive visits across all stores in the UK, France, Germany and Spain in order to develop ideas for improving store operations, increasing sales and margin and reducing the store cost base.

Since acquisition, the group has performed well with sales 25% ahead of last year in the UK and 10% ahead in Europe. Contractors are now on site prior to the opening of a new store in Bilbao, Spain in June and flooring concessions have been introduced into four UK stores as a test base before rolling out to all stores if successful.

Allied Inspections strengthens pipeline

Valco Capital Partners acquired the insurance claims fulfilment business of Allied Carpets in July 2009. Under the leadership of CEO Clive Hutchings, the new business specialises in the replacement of damaged flooring products on behalf of home insurers and their customers.

Since acquisition, the company has strengthened the pipeline of future insurance claims by winning a key contract with Aviva. This is one of the largest accounts in the market and represents a significant stream of revenue for the business.

Allied Inspections also deals with a significant proportion of claims for Fortis and Esure as well as a number of intermediaries and is now the second largest player in the replacement flooring market in the UK.

Further recent developments include a complete overhaul of the carpet range offered to customers and major improvements to the customer call centre. A full rebrand to Home Flooring Solutions is scheduled for the second quarter which will include liveried vans and a new website.

Allied Carpets gears up for peak trading

Valco Capital Partners, the private equity arm of Hilco UK, acquired 55 stores from the Administrators of Allied Carpets in July 2009.

Led by Gary Favell, a series of initiatives have been undertaken to expand the business and improve

performance. These include new store openings, in house bed concessions, improved sourcing arrangements and a new digital marketing strategy. With Hilco's

assistance, the business has also undergone a major rebranding exercise, complete with high level store refits and a new website offering.

The business is now entering into the peak trading period and a number of exciting

promotional campaigns are being planned. In addition, advanced discussions are also underway to set up concessions in a number of major UK retailers.



Hilco appointed as retail advisors to Ethel Austin and Au Naturale



Despite the best efforts of the management team of Ethel Austin and Au Naturale, a difficult trading period over Christmas and New Year led to the appointment of MCR as Administrator in early February.

MCR in turn requested Hilco to review the trading position and provide expert advice on valuation and operational strategies. Led by Gavin Caine, the Administrator and Ethel Austin's management team were presented with Hilco's unrivalled flexible approach to maximising recoveries whilst protecting the

sustainable assets within the business. Subsequently MCR appointed Hilco's Retail Agents team to advise on all operational and trading matters, covering 292 stores across both fascias.

After failing to find a suitable buyer for all 292 stores as a going concern, the Administrator identified an initial phase of 121 stores to close which were managed by the Retail Agents team of 15 consultants under the leadership of Keith Palmen and Terry Burns.

Due to the successful accomplishment of this first phase, a further 81 stores were placed into closure. Additionally the team have supervised the transfer of millions of pounds of stock from the closure stores to help stabilise the remaining 90 stores as the Administrator continues to seek a buyer.

Clipper Marine weathers the storm



Despite unprecedented weak trading conditions, Clipper Marine managed to expand its operations throughout 2009. From a standing start representing just Bavaria Yachts in 2007, Clipper now represents Storm, Azimut, Benetti, Bryant, and Bavaria Motorboats. Its sister Company, Marine Sales UK, represents Legend yachts. As a result, Clipper has become the fastest growing yacht dealership in the UK, selling both power and sailing yachts from 22 feet to 250 feet, and has opened its first offshore office in Puerto Portals, Mallorca.



The 2010 London Boat Show was a major success despite the logistical difficulties of physically delivering boats to London in heavy snow!

Given the strength of Clipper's existing brands and its proven ability to continue to sell boats in a difficult economic environment, it is likely that at least one more major brand will be added to the Clipper roster in the coming months, positioning the business well for the anticipated return to growth in 2011.

Suracle wins new reviews for Willis



After announcing their partnership in Q4, twice2much and Suracle have embarked on a duplicate payment review for Willis International, a leading global insurance broker, handling risk management and reinsurance across a wide range of service areas and industries. Willis operate in 190+ countries and so far, twice2much are working within Denmark, Spain, France, Germany and the UK.

twice2much add value to Administrations



MCR, Administrators of Adams, the childrenswear chain, have appointed twice2much to conduct an accounts payable audit. The audit is focusing on duplicate payments, rebates, retrospective discounts and property reviews.

Other recent reviews of companies in Administration have resulted in significant cash recoveries. twice2much's property arm has been successful in recovering monies for Waterford Wedgwood (Deloitte) and MFI (Zolfo Cooper). Actual cash recoveries on MFI total over £800,000 and are projected to exceed £1 million.

twice2much has also recovered a significant amount in unclaimed promotional bonuses for off licence business First Quench Retailing (KPMG) and has substantially reduced creditor claims for dividend purposes.

Newsletter

MIG prepare for Customer Club launch



MIG 'soft launched' its Customer Club consumer database in March with an email offer for Habitat.

The offer went to just over 2 million UK consumers from an overall database of 10 million and gave

Club members the opportunity to redeem an exclusive discount in store or online at Habitat.

The project is also the first of many initiatives for Habitat which MIG will roll out in the second quarter. Other developments include the replacement of Habitat's printed catalogues with iBrochures as part of an integrated digital multichannel marketing campaign.

MIG drive Allied sales

MIG has been commissioned by Allied Carpets to build a consumer email database using the flooring retailer's existing transactional data.

While the database project is at an early stage, MIG has already leveraged existing customer data to deliver a text message campaign. The SMS promotion drove sufficient footfall to achieve sales of 9 times the campaign cost.

MIG debut iNews 2 e-marketing platform

Building on almost 10 years experience in sending email newsletters, MIG has released a major new version of its iNews email marketing solution.

The web-based content management system enables non-technical marketing or operations staff to quickly author, build and send fully compliant HTML emails.

HRPS secure Habitat property savings



HRPS, Hilco's property agency business, has had a busy first quarter assisting the property team at Habitat. Good headway has been made in achieving rent reductions and concessionary terms from landlords, such as monthly rents but the team's main focus has been on the reduction and elimination of other property-related costs.

Major cost savings have been identified through a review of maintenance and cleaning budgets with HRPS identifying potential savings of €700,000 and €440,000 respectively.

HRPS has also aided Habitat in reducing the capex cost of the new Bilbao store which is set to open in June. Capital costs have been reduced by €500,000 without affecting the concept or design of the store while an increased landlord contribution and improved payment schedule have been secured.

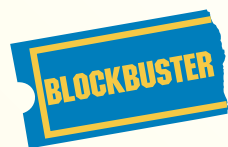
NEWS FROM ACROSS THE POND

HCC sells Tommy Armour Golf brands



Toronto-based Hilco Consumer Capital sold all intellectual property, trademarks and licence agreements for its Tommy Armour Golf business to The Sports Authority. Prior to the acquisition, TSA had been selling Tommy Armour products in its 450 US-based stores under an exclusive licence agreement with Hilco.

HMR close 500 US Blockbuster stores



Hilco Merchant Resources recently completed seven full phases of strategic store closures for Blockbuster Entertainment, encompassing 500 stores in the US and Puerto Rico. HMR also completed 140 closures for TransWorld Entertainment.

Hilco Industrial auction breaks record

The San Francisco Public Utility Company engaged Hilco Industrial to sell four unused General Electric LM6000 Sprint turbine generators.

The auction, which lasted just seven minutes, achieved sales of US \$44 million, setting a new record for the most revenue generated by an industrial auction in the shortest time.

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