

Market overview and review of companies listed on NYSE
Alternext - the international market tailor-made for small and mid caps

Second quarter 2010



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Welcome to the latest edition of the NYSE Alternext Quarterly Review.

Edison's analysts have been in contact with the 107 NYSE-Alternext listed companies profiled in this review, aiming to provide investors with a snapshot of each company's activities, strategy and trends within the industries they operate in. Edison's analysts have relied on consensus earnings estimates but have reflected feedback received by companies on historic and forecast numbers.

Each NYSE Alternext Quarterly starts with a market overview from Alex Gunz. In this edition, Alex discusses what factors would allow us to adopt a more positive stance on equities.

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We welcome any comments / suggestions our readers may have. Should you have any questions or queries, please contact us on +44 (0) 20 3077 5700 or via enquiries@edisoninvestmentresearch.co.uk.

Neil Shah
Director of Research

Equity market overview and strategy

There are few causes for optimism as we enter the second half of 2010. The downward pressures being exerted on global equities as a function of ongoing uncertainties appear unlikely to dissipate in the very near term and we believe volatility will continue to dominate markets over the summer. We continue to see a disturbing confluence of substantial state debt burdens, rising inflation, persistently high unemployment and stalling earnings momentum combined with limited valuation support. This leaves few obvious attractive options for equity investors (we continue to favour gold as an asset class) and our strategy for sector and stock allocation relates to adopting a longer-term focus, preferring positions that offer high global diversification and undervalued growth potential. Near term, high yielding plays are likely to find most favour. On the negative side, we retain our high conviction underweight in consumer cyclicals.

An “incredibly difficult period” – set to endure for some time further

Halfway through the year and with global stock markets in negative territory, US Treasury Secretary Timothy Geithner appears right when using the above expression (cited before a congressional hearing on 22 June) to characterise the ongoing painful transition being endured by the world economy. Despite a nine-day rally during the middle of the month, June is the third consecutive month when equities have fallen and Q2 also represents the first quarter since last year’s rally commenced when equities will have declined in absolute terms. Overall, the first half of 2010 has been characterised by a volatile yet ultimately lacklustre performance in equities. The facts appear brutal: since 1 January, the Morgan Stanley World Index is down 10.3%.

Exhibit 1: Recent declines have to be offset again strong moves from March 2009 trough levels

Note: Rebased to 100.



Source: Datastream, Edison Investment Research

Nonetheless, the strength of the recovery in equities from last year’s lows has to be tempered by the extraordinary stimulus measures that have been required to get there. Economies around the globe arguably now have to endure the consequences of risk having been transferred from the private to the public sector. Sovereign debt issues have dominated sentiment, and will likely continue to do so. Those advocating the ‘risk trade’ have mainly lost out so far in 2010 and risk aversion levels (as well as equity fund redemptions – based on our anecdotal evidence) have generally risen. The VIX volatility index is up 34% year-to-date and stands 14% higher than it did this time last year.

Against this background, the cautious stance we have taken towards equities year-to-date has been vindicated. However, going forward, we consider it more constructive to discuss what factors may lead us to adopt a change in view and a more upbeat stance. We highlight three dynamics that could potentially drive a more positive opinion, and hence a better performance in equities, namely: a concerted and coherent approach to debt reduction; sustainable top- and bottom-line growth; and compelling valuation levels.

It would be fair to contend that policy-makers around the world have taken a proactive stance towards managing sovereign debt issues, although the ramifications of such policies will likely continue to be felt for some time further. Most European nations have introduced a series of austerity measures, but the key question remains whether fiscal tightening may impact the economy and choke off nascent growth.

Furthermore, there will be more fiscal tightening to come. The recent policies being adopted by some European governments appears to imply a clear move away from Keynesian state-led economics. Policymakers appear to be under the impression that the private sector is sufficiently robust to drive future growth, helped by supply-side stimuli and not impeded by 'crowding out' (of potential investment) from the public sector.

Such a contention appears highly debatable, particularly with regard to the UK economy. The strengthening of sterling by more than 10% relative to the euro in the last three months (the pound currently stands at a 19-month high) means that the country's exports are now inherently less competitive. Meanwhile, the UK also clearly lacks the scope to reap the benefit from lowering interest rates (to improve competitiveness and/or stoke growth), and indeed the next move in rates will likely be up. Moreover, investors should not forget that with global inflation and unemployment on the rise, there is a clear danger posed by too many countries attempting fiscal and monetary tightening at the same time.

To return to Treasury Secretary Geithner's earlier comment, it is also concerning that his caution comes despite the American economy being seemingly further along the path to recovery than Europe. Most developed nations would welcome forecast US GDP growth of at least 3.0% for the next two years (source: *The Economist*). However, recent data points appear to cast some doubt on the credibility of these estimates, or at least serve to underline the slow pace of recovery. Only 20,000 new jobs were created in the US on an underlying basis in May – significantly below consensus expectations, unemployment still stands at over 9.5% and US new home sales (a useful barometer for sentiment and spending power) are currently running at their lowest rate since 1963. US GDP growth was recently revised down for Q1 (from 3.0% to 2.7%) and there is a risk that Q2 figures may also disappoint.

If investors cannot gain any certainty about whether debt reduction and state austerity policies can help improve the outlook for equities, might there be other causes for optimism? Regarding the second of our three drivers, the jury also remains out, in our view, on whether corporate earnings are improving. Earnings momentum may be negatively impacted by deteriorating macro trends.

Finally, we do not believe that valuation will become a sufficiently influential factor in investors' (top-down) decision making just yet. With the major European indices trading on low-teen P/Es, we do not see equities as being obviously good value.

Against this background, we see little immediate reason to change our caution with regard to the near-term outlook for equities. Sector and stock selection is therefore clearly challenging. We have higher conviction in our underweight positions (especially regarding consumer services) than we do elsewhere. For investors willing and able to adopt slightly longer-term perspectives, there is a good case for focusing on fundamentals and identifying key themes.

Over time, we remain convinced about the trends of emerging market growth and industrialisation as well as increasing globalisation. Although volatility will likely remain the watchword for coming months, implying potential further downward market corrections, we are happy to use weakness to build positions in basic materials. In general terms, we continue to look for stocks that appear undervalued and with strong global growth prospects. High yielding defensives may offer less risk in the near term, but have less scope for medium-term outperformance.

Market review: More pain in June

After funds suffered their worst losses in 18 months in May, June's performance is unlikely to have given investors much cause for cheer. For example, the FTSE All-Share has declined for two consecutive months (and in four of the year's first six), and has lost 4.9% since 1 June. Some of this negative performance has been compounded by the sharp falls in BP's price, and the oil sector has seen a 16.7% erosion in its value over the last month. Nonetheless, the sell-off has been indiscriminate to the extent that only two sectors – both defensive (utilities and telecoms) – gained in absolute terms during the month.

Trends over a three-month period, where again telecoms and utilities have been the biggest gainers, suggest that investors have increasingly moved to adopt more defensive positions within their portfolios. By contrast, the high beta sectors have endured most pain during recent trading periods, evidence that the inverse of more defensive positioning has been an abandonment of the 'risk trade'. The basic materials sector has lost 6.8% in absolute terms in the last months, and 19.4% in the last quarter, a performance surpassed only by declines in the oil and gas sector.

The UK market's global nature has helped it to outperform during times of improved sentiment and better risk appetite. This is evidenced by the All-Share's decline of 'only' 7.9% since the start of the year, a 2.5 point outperformance relative to the Euro-Stoxx. The inverse also holds true and despite concerns about sovereign debt default within the eurozone, the All-Share has notably underperformed *all* the major European indices we track in the last month, for example, losing 3.2 points against the main Euro-Stoxx.

Nonetheless, debt clearly remains a major cause for concern and it is also clear that investors exposed to the Spanish and Italian markets (Portugal and Greece would be at least as bad, but we do not actively track this data) have had to endure significant pain in the last three months. The Madrid index has fallen by almost 24% since the beginning of April while Milan's bourse has witnessed a decline of approximately 18%.

One final disturbing point to note is that with the exception of the flat performance of the DAX index in Germany over the last month, every other index presented below has seen an absolute decline in its value on a one-, three- and six-month view. 12-month returns have also been significantly eroded, with the All-Share now up 16% and the Euro-Stoxx 9% higher relative to one year ago. In comparison, just two months ago, the same analysis would have shown the All-Share 20% better and the Euro-Stoxx 10% up on comparable periods.

Exhibit 2: Relative performance of major European indices (in percentage points)

	YTD	Last month	Last three months	Last six months	Last 12 months
FTSE 100	(9.2)	(5.3)	(14.0)	(9.6)	14.4
FTSE All-Share	(7.9)	(4.9)	(13.1)	(8.3)	15.9
DJ EURO STOXX	(10.6)	(1.7)	(11.2)	(11.2)	9.0
DJ EURO STOXX 50	(13.8)	(2.2)	(14.6)	(14.6)	4.9
France CAC40	(12.8)	(2.3)	(14.2)	(13.3)	7.5
Germany DAX30	(0.1)	0.1	(3.3)	(1.0)	21.8
Spain IBEX35	(23.3)	(2.8)	(17.4)	(23.9)	(7.0)
Italy MIBTEL30	(17.3)	(1.2)	(16.7)	(17.7)	0.7
UK relative to Europe					
FTSE 100 vs EURO SROXX 50	4.6	(3.1)	0.6	5.0	9.5
FTSE All-Share vs EURO STOXX	2.7	(3.2)	(1.9)	2.9	6.9

Source: Datastream, Edison Investment Research

Outlook: Challenges ahead

If events from the first six months of 2010 are anything to go by, the 'new normal' for the global economy post the 2007/08 credit crisis is going to be constituted by continued and unpredictable bouts of volatility. From our perspective, it is perhaps easier to contend that the world has yet to return to a pattern of reasonable stability, and this has been evidenced by – at best – relatively directionless equity markets year-to-date.

We are of the view that the key risks facing most developed countries' economies have yet fully to dissipate. In other words, fiscal deficits, state interference and possible double-dip scenarios (particularly if over-zealous intervention stifles growth) remain key concerns. Put another way, even if sovereign debt issues do not reverse the emerging global economic recovery, then they will likely slow it.

This creates a conundrum and makes it much harder for micro data (ie better news and earnings momentum from corporates) to offset overarching macro concerns. Put simply, debt is the issue that refuses to go away. This is point that is also seemingly being raised with increasing urgency by a number of global institutions. The World Bank wrote in June that the European crisis causes "growth hurdles" for the global economy, while Glenn Stevens, Head of the Reserve Bank of Australia stated that "it cannot be denied that the potential for further financial turmoil exists" and the ECB went further in warning of the risk of "hazardous contagion." While these organisations are right to flag their concerns, not only do actions speak louder than words, but also such commentary also has the effect of further undermining investor confidence.

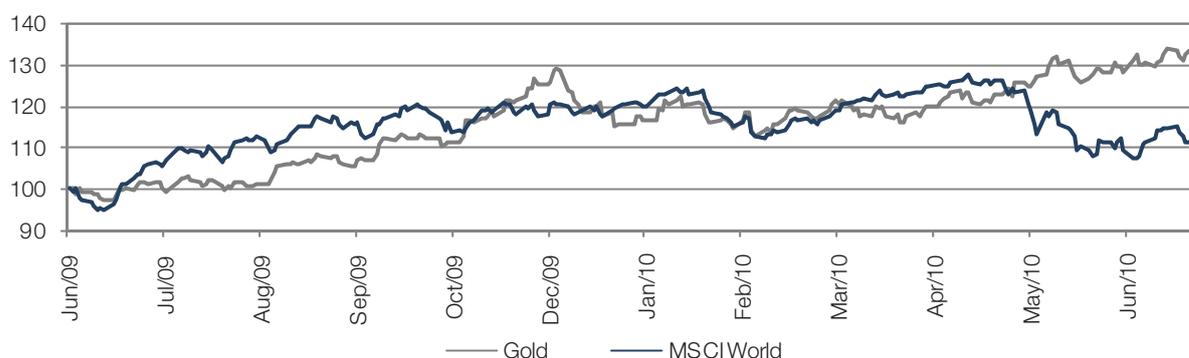
Key, then, is to consider how close debt issues are to being resolved, and unfortunately, the prognosis appears broadly negative. Despite concerted EU and global intervention, the cost of insuring against a default in Greek debt levels rose to an *all-time* high last week, while during the last month the Athens Stock Exchange hit a 12-year low. Some €4.5bn of Greek debt will also need to be refinanced during July. In addition to Greece, both Spain and Portugal have recently come more into the limelight, and all three countries have suffered debt downgrades from the ratings agencies. Portugal announced that it had also sought recourse to €36bn of EU bail-out money and, while Spain has yet to draw on European Union funds, the record spread in Spanish 10-year bonds of over 200 basis points relative to German Bunds suggests that it is only a matter of time.

Beyond country-specific issues, a broader worry is that when (on a balance of probability, 'when' seems more tenable than 'if'), the next banking crisis hits, governments will be unable to step in and support these organisation as they have done since 2008. This is simply because most governments' finances have been severely impaired and consequently, the state's capacity to borrow cannot be extended indefinitely. We are also not convinced that investors have fully discounted this scenario, since it implies a negative outlook for most assets classes including equities.

The one asset that would be a beneficiary from such an outcome is gold, where Edison has pursued a positive stance since early 2009. Gold is the one currency that does not come with counterparty or credit risk or concerns about over-supply. We also note that gold hit a record high of \$1259/oz on 18 June (currently at \$1244/oz) and its meteoric rise over the last year has contrasted notably with that of the equity market.

Exhibit 3: Gold continues to rise, while equities have remained under pressure

Note: Performance over last 12 months, rebased to 100.



Source: Datastream, Edison Investment Research

Moreover, gold should continue to be a clear beneficiary from the risks posed by prolonged yet necessary fiscal and monetary tightening, a policy being pursued on a simultaneous and broadly unprecedented basis globally. Inflation remains a clear threat in both developed and emerging economies and interest rates may, therefore, soon need to start rising.

Investors may be faced with a choice of the lesser of two evils, undergoing either a scenario of prolonged inflation or sooner-than-anticipated rate rises. Both outcomes are, again, ultimately more positive for gold than other asset classes. In the former scenario, inflation could mutate into stagflation since unemployment remains stubbornly high. Eurozone unemployment stands at all-time highs (10.1% for May) and, as mentioned earlier, current US job creation remains disappointing.

By contrast, rate rises may not only hinder growth and risk stoking further unemployment, but would make equities relatively less attractive for investors. Yields on other asset classes would become more attractive and the rate at which forward earnings become discounted would rise, decreasing net present values. All of the above makes for inevitably sobering reading, particularly from an equity investor's perspective and suggests that challenges remain, at least for the second half of 2010 and potentially beyond.

Conclusions

We believe there are few causes for optimism as we enter the second half of 2010. The downward pressures being exerted on global equities as a function of ongoing uncertainties appear unlikely to dissipate in the very near-term. As a consequence, we believe volatility will continue to dominate markets over the summer.

Investors continue to face an unappealing cocktail of substantial state debt burdens, rising inflation, persistently high unemployment and stalling earnings momentum combined with limited valuation support.

Moreover, we do not believe there is yet significant supportive evidence of emerging trends that would allow us to adopt a change in view and hence a more upbeat stance. Key will be a concerted and coherent approach to debt reduction; sustainable top- and bottom-line growth; and (more) compelling valuation levels. We may be waiting some time for any (let alone all) of these scenarios to come to pass.

This leaves few obvious attractive options for equity investors (we continue to favour gold as an asset class) and our strategy for sector and stock allocation relates to adopting a longer-term focus, preferring positions that offer high global diversification and undervalued growth potential. Near term, high yielding plays are likely to find most favour. On the negative side, we retain our high conviction underweight in consumer cyclicals.

Sector: Media & Entertainment

Price: €31.50
Price as at 24 June 2010

Share price graph (€)



Company description

1000mercis specialises in providing interactive marketing and advertising services. The group's mission is to provide innovative responses to businesses wishing to optimise their advertising and marketing campaigns on interactive media (internet, mobile, etc).

Price performance

%	1m	3m	12m
Actual	(1.3)	3.2	27.2
Relative*	(4.7)	24.9	11.3

* % Relative to local index

Analyst

Fiona Orford-Williams

1000mercis (ALMIL)

Market cap: €98m

COMPANY COMMENT

Founded in 2000, 1000mercis grew rapidly and continues to outperform, with ex-France sales growing particularly strongly. Like-for-like growth in 2009 was 10%, against a French online advertising market that slowed to 8% growth. The group has a technically-led approach (e-CRM, statistical analysis and dB engineering), assisted by an advisory committee. Mobile marketing accounted for 27% of 2009 revenues, with growing consumer acceptance. The high-profile client list includes Expedia, BNP Paribas, TF1 and Yahoo!.

INDUSTRY COMMENT

Growth in online advertising in European markets is moderating; 4.5% cited by the EIAA for 2009, against 20% the year before. However, this is in the context of estimates of the overall market down by 18%. The latest EIAA Ad Barometer shows expectations for French online adspend to grow 7.6% in 2010, bouncing to 15% the year after. Mobile internet continues to grow strongly, particularly among a younger, male, urban, educated demographic. An estimated 71m Europeans now access the internet on their mobile each week.

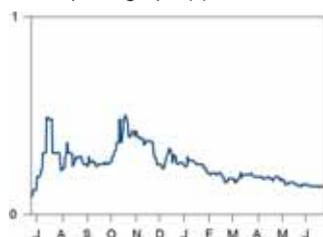
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	23.40	8.60	6.00	1.90	16.58
2009A	28.00	9.50	6.10	2.28	13.82
2010E	31.47	9.47	6.55	2.40	13.13
2011E	35.27	11.05	7.57	2.70	11.67

Where available, consensus data has been sourced from Thomson Datastream

Sector: General Retailers

Price: €0.13
Price as at 24 June 2010

Share price graph (€)



Company description

1855 is a French online distributor of high-quality wines sold to individuals. Through its website, the company offers a varied selection of Bordeaux wines, Bordeaux Primeurs (young) wines, champagne, Burgundy wines, Rhône wines, Languedoc wines, and other wines from France and other countries (Australia, New Zealand, etc).

Price performance

%	1m	3m	12m
Actual	(13.3)	(35.0)	44.4
Relative*	(16.3)	(43.9)	26.4

* % Relative to local index

Analyst

Fiona Orford-Williams

1855 (AL185)

Market cap: €18m

COMPANY COMMENT

Revenue growth in 2009 was 22% (H109:+35%). Operating costs were heavily cut back early in the year and marketing efforts, including own brands and regular tastings, stepped up, with the result that the group returned to profit. A private placing in February 2010 raised €9m at €0.18. The group has the highest traffic stats of the French online wine retailers. The number of customers in Q110 was up 20% to over 60,000, with an app increasing reach further. The group traditionally has a strong en primeur Burgundy offer and should benefit from the high quality 2009 vintage.

INDUSTRY COMMENT

1855 is one of the three largest online retailers in France with Wineandco and ChateauOnline. French online sales of wine are growing well ahead of the (weak) market and are estimated to have reached €237m in 2009, up from €176m in 2008. Domestic consumption levels are falling, with 2008 Ministry of Agriculture statistics showing average volumes down 4l to 43l per head, confirmed by Vinexpo's finding of consumption down 8.3% over 2004-08.

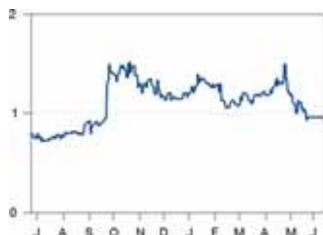
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	9.75	(3.93)	0.00	N/A	N/A
2009A	11.87	0.75	0.00	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Property

Price: €0.91
Price as at 24 June 2010

Share price graph (€)



Company description

Adomos is the French leader in internet distribution of investment real estate assets. The group is also involved in publishing professional real estate ads in free publications and on the internet through quoted subsidiary Acheter-Louer.

Price performance

%	1m	3m	12m
Actual	(13.3)	(18.8)	2.9
Relative*	(14.7)	(17.3)	(7.7)

* % Relative to local index

Analyst

Roger Leboff

Adomos (ALADO)

Market cap: €11m

COMPANY COMMENT

Adomos's core division recovered in FY09; revenues €8.1m, 8% ahead y-o-y and pre-tax profit €1.3m (FY08: €6.8m loss). There was a 50% increase in reservations to 400, which sets up FY10, plus an expanded consultant base of 150 at end April, from 80 at end 2008 and a year-end target of 250. It also doubled call centre capacity to help it secure more appointments with potential property investors. Group figures reflect a tough backdrop for Acheter-Louer.fr, as real estate agents struggled to cope with a sharp fall in transactions. The outlook for FY10 is better as the market recovers, with finances underpinned by a €1.3m capital issue.

INDUSTRY COMMENT

The group reported that the market has returned to normal after a difficult 2009, with Paris region real estate agents seeing a 36% increase in transactions. Market recovery should be helped by recent French government initiatives such as the new Scelier Law, a tax incentive scheme launched on 1 January to encourage investment in rental property.

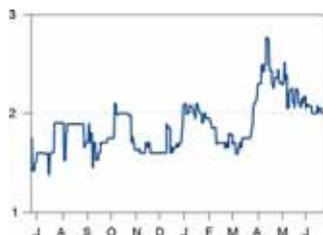
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	16.10	(6.00)	(5.35)	(0.51)	N/A
2009A	13.83	(2.06)	(3.62)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Media & Entertainment

Price: €2.00
Price as at 24 June 2010

Share price graph (€)



Company description

ADTHINK Media provides internet services in the areas of publicity services, direct marketing, search referencing and the creation and publishing of websites.

Price performance

%	1m	3m	12m
Actual	(3.8)	8.1	14.3
Relative*	(7.1)	30.0	(0.0)

* % Relative to local index

Analyst

Fiona Orford-Williams

ADTHINK Media (ALADM)

Market cap: €10m

COMPANY COMMENT

ADTHINK Media has continued to grow its sales strongly, up 25% in FY09. Web-publishing services (building sites, directories, portals and games) contributed 74% of revenues, with the balance coming from managing advertising services for website owners (18% of total and +90% y-o-y), SEM and SEO. Heavy investment in advertising expenditure (+26% of annual sales) and overheads took their toll in H109, but started to kick in during H209 as extra traffic was generated. The operational gearing that comes with critical mass should help move margins into double figures in the current year.

INDUSTRY COMMENT

Internet penetration is estimated to have reached 66% of the French population, with a very high proportion of users (93%) having high-speed access. Press and TV still lead, but online's share of adspend has continued to grow, to an estimated 18% of the total. Search is outperforming display, but the fastest growth is in mobile and video. Current projections are for the French online advertising to grow 7.6% in 2010 and by over 15% in 2011.

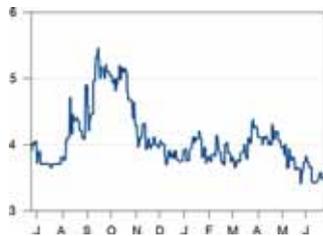
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	15.58	0.69	0.32	N/A	N/A
2009A	19.47	0.93	0.03	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Media & Entertainment

Price: €3.57
Price as at 24 June 2010

Share price graph (€)



Company description

Adverline is an internet advertising company. It also offers electronic payment services to publishers.

Price performance

%	1m	3m	12m
Actual	(0.8)	(17.6)	(8.5)
Relative*	(4.2)	2.4	(19.9)

* % Relative to local index

Analyst

Fiona Orford-Williams

Adverline (ALADV)

Market cap: €18m

COMPANY COMMENT

H209 showed some recovery after a difficult H1, when sales suffered from the loss of key client, ADSL, and a hiatus in business from Orange. Administration of advertising networks in key verticals has been clawing back, with revenues supported by the group's B2B activities. The audience is one of the largest in France, with 20 million monthly visitors and an estimated reach of around half the potential audience. Micropayment (Optelo) represented 26% FY09 sales. A strategic partnership with US company Cellfish is launching applications supporting payment through smartphones.

INDUSTRY COMMENT

The rate of growth of online advertising is moderating but is still outperforming other channels. E-commerce figures for 2009 show growth of 26% to over €25bn, with industry body Fevad expecting €30bn in 2010. The number of transactions grew 31%, offset by a small reduction in average basket. The number of people in France making web-based transactions grew by 9% and new commercial sites continue to proliferate, with 64k new sites in the year, up 35%.

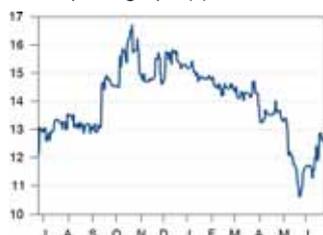
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	24.55	4.53	2.26	N/A	N/A
2009A	18.91	3.11	1.19	N/A	N/A
2010E	22.89	4.50	1.96	N/A	N/A
2011E	26.31	5.83	2.78	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Alternative Energy

Price: €12.32
Price as at 24 June 2010

Share price graph (€)



Company description

Aéro watt is one of France's leading producers of electricity from renewable energy. Revenues are generated primarily from wind power.

Price performance

%	1m	3m	12m
Actual	12.2	(16.2)	(3.2)
Relative*	8.4	(13.1)	(15.3)

* % Relative to local index

Analyst

Richard Finch

Aéro watt (ALWAT)

Market cap: €20m

COMPANY COMMENT

A particularly strong end to 2009 (Q4 energy sales up 69%) helped to deliver a step-change in Aéro watt's financial performance (namely, EBITDA +69%), thanks to its vigorous and sustained programme of expansion (in 2009 a 40% rise in wind capacity and a doubling in solar). More of the same is expected in the current year as management confirms its forecast of 40% EBITDA gain despite recent asset sales. High gearing and an unhelpful stock market point to Aéro watt's investment being supported, at least temporarily, by minority partners in projects.

INDUSTRY COMMENT

In 2008 for the first time more wind power was installed in the EU than any other power technology, reflecting the move to clean, renewable power. This trend can only intensify in view of the EU's binding directive on 20% renewable energy by 2020. France is the fourth-largest market in the EU (Germany and Spain are clear leaders) and has set ambitious objectives well ahead of the EU directive.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	7.64	0.61	(0.10)	(0.89)	N/A
2009A	10.96	2.73	0.08	N/A	N/A
2010E	16.54	5.00	0.41	0.19	64.84
2011E	26.59	8.00	1.21	0.68	18.12

Where available, consensus data has been sourced from Thomson Datastream

Sector: Media & Entertainment

Price: €4.90
Price as at 24 June 2010

Share price graph (€)



Company description

Antevenio is a leading Spanish provider of interactive marketing and publicity services. The group operates primarily in four areas: publicity management, marketing services, the development and execution of advertising campaigns, and the development of community portals.

Price performance

%	1m	3m	12m
Actual	(5.8)	(6.7)	(9.9)
Relative*	(9.0)	(17.0)	(21.2)

* % Relative to local index

Analyst

Fiona Orford-Williams

Antevenio (ALANT)

Market cap: €21m

COMPANY COMMENT

Preliminary sales figures for 2009 show a fall of 16%, unsurprising given the Spanish economy. However, this masks the strong performance in the portals business (particularly in recruitment), the focus of recent investment and now 24% of group sales. The sound balance sheet, with net cash of €6.75m at end December, has funded new offices in Buenos Aires and Paris and the acquisition of Shopall, an online shopping comparison site, for €1.4m plus up to €0.5m in deferred consideration. 2010 revenues should start to rebuild and operating margins are forecast to remain in double figures.

INDUSTRY COMMENT

Eurostat figures show that 51% of Spanish households have internet access. Growth has been comparatively slow due to relatively high prices and slow speeds, with most broadband users having bundled arrangements. Spain was one of the worst-hit advertising markets in 2009 and no early recovery is expected, with Carat anticipating a further 2% drop in 2010 after a dramatic fall of 19% in 2009, with a modest 1% rise pencilled in for 2011.

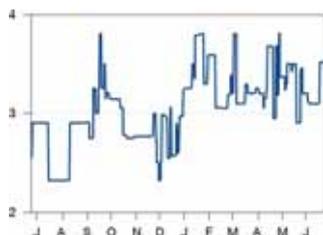
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	19.36	3.44	2.88	N/A	N/A
2009A	16.12	2.10	1.53	N/A	N/A
2010E	21.30	2.65	1.65	0.38	12.89
2011E	24.90	3.40	2.60	0.62	7.90

Where available, consensus data has been sourced from Thomson Datastream

Sector: Support Services

Price: €3.52
Price as at 24 June 2010

Share price graph (€)



Company description

Aquila is a top three French alarm assistance and response supplier. The main services provided are alarm response and remote surveillance, security guard services, site surveillance and the provision of services to individuals.

Price performance

%	1m	3m	12m
Actual	(6.9)	10.0	21.4
Relative*	(10.1)	33.2	6.2

* % Relative to local index

Analyst

Richard Finch

Aquila (ALQU)

Market cap: €6m

COMPANY COMMENT

11% sales growth at a significantly improved margin in 2009 confirmed Aquila's ability to outperform an endemically tough market. Given this momentum and the visibility provided by the increasing proportion of contracted income from national accounts, management is justifiably positive about continued progress in the current year, notably further double-digit sales growth (9% achieved in Q1), despite pricing pressures.

INDUSTRY COMMENT

Alarm response has been one of the most buoyant segments of the French security industry, but is also notoriously unprofitable owing to a price war engendered by a proliferation of very small uneconomic players. The industry is now changing in response to customer demand for added-value services, eg prevention as well as intervention, which may allow the majors at least to mitigate the impact of the economic downturn. The bundling of services provides scope for better contract retention and pricing and, consequently, earnings visibility.

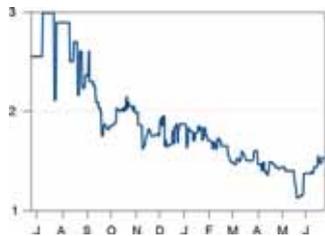
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	10.12	0.51	0.39	N/A	N/A
2009A	11.20	0.70	0.47	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €1.53
Price as at 24 June 2010

Share price graph (€)



Company description

Arkoon Network Security designs, develops and markets integrated security software and equipment intended for the protection of computer systems and networks belonging to businesses and administrations.

Price performance

%	1m	3m	12m
Actual	35.4	2.0	(40.0)
Relative*	30.8	(8.3)	(47.5)

Analyst

Roger Leboff

Arkoon Network Sec. (ALARK)

Market cap: €8m

COMPANY COMMENT

A tough FY09 saw a 23% y-o-y fall in sales to €9.7m. Data Security was most resilient; €3.23m of sales, just 2% down y-o-y. Network Security was down by 30% as customers delayed investments - non-France sales off 59%. The group ended the year with €4.3m net cash, post the acquisition of SkyRecon Systems and a €2.3m share issue. The FY10 outlook remains tight, but investment in R&D has been maintained and overheads cut by 7.5%.

INDUSTRY COMMENT

ANS develops applications to protect networks and infrastructures, communications and information. It targets top- and mid-tier European and global customers, both corporate and government, via a network of over 150 partners. Acquisitions - SkyRecon (2009) and MSI (2006) - should consolidate its position as a leading player in end-to-end security solutions. The established customer base comprises 10% of the French infrastructure and network security market and 20% of its data security market. It has more than 4,000 clients in 57 countries.

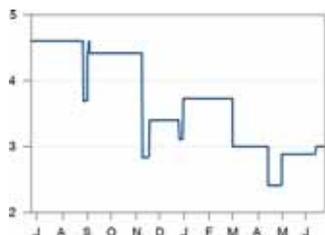
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	12.56	0.09	0.45	0.10	15.30
2009A	9.72	(1.26)	(1.11)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €3.00
Price as at 24 June 2010

Share price graph (€)



Company description

Assima provides electronic training services for computer applications. The group also publishes software and provides maintenance services.

Price performance

%	1m	3m	12m
Actual	4.2	0.0	(34.8)
Relative*	0.6	4.4	(42.9)

Analyst

Roger Leboff

Assima (ALSIM)

Market cap: €26m

COMPANY COMMENT

Flat FY09 turnover conceals strong H209 recovery; H109 sales fell 12% y-o-y. Sales to North America grew on the back of better software sales and a one-off contract with a Canadian telco. Revenue split approached the target 60:40 software to consultancy split, as the former benefits from 65% growth in maintenance income last year. There was some recovery in EBITDA at £0.5m (FY08:£0.3m loss), but the pre-tax loss was £0.5m after £0.95m of amortisation and depreciation. Assima ended FY09 with £0.7m of net cash. It has set a FY10 target of c 20% revenue growth, cash generation and a positive margin on the back of strong recovery in software sales into H110.

INDUSTRY COMMENT

The group sees continued demand for its technologies as broad functionality improves customer ROI. This is countered by the affect of the global financial crisis on corporate IT budgets. The positive H209 performance reflected strengthened partnerships with both major integrators on SAP projects and OEM partners.

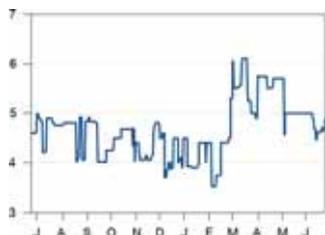
Y/E Dec	Revenue (£m)	Op. Profit (£m)	Net income (£m)	EPS (£)	P/E (x)
2008A	14.05	0.38	0.08	0.01	249.56
2009A	13.95	(0.49)	(0.15)	(0.02)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Investment Companies

Price: €4.90
Price as at 24 June 2010

Share price graph (€)



Company description

Assya Capital is an investment company with holdings in medium-sized listed and unlisted companies.

Price performance

%	1m	3m	12m
Actual	(2.0)	(2.0)	6.5
Relative*	(5.3)	28.9	(6.8)

* % Relative to local index

Analyst

Richard Finch

Assya Capital (ALASS)

Market cap: €29m

COMPANY COMMENT

Diversification of the portfolio (c 12 holdings) limited the fall in 2009 NAV per share to 12% (€8.99 against €10.27 at December 2008), following the disposal of Assya's holding in Groupe Ares after its re-listing on emergence from court protection. In the first half, the company's investments in hotel real estate (36% of portfolio value) outperformed a difficult market, with a decline of just 5%. Management is non-committal about prospects, other than being confident about the quality of its portfolio, and is evidently alert to opportunities.

INDUSTRY COMMENT

Assya Capital takes majority, or significant minority, positions in medium-sized quoted and unquoted companies across Europe. Investments are made over three to five years, during which time management takes an active interest. Assya offers the opportunity to gain exposure to private equity investment, via a listed vehicle, which has diversification benefits as well as a degree of safety from the inclusion of quoted companies in the portfolio. Assya invests across a range of sectors, but retains a significant real estate element within the portfolio.

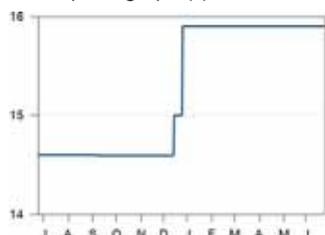
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	2.53	(8.16)	(21.57)	N/A	N/A
2009A	4.66	(6.97)	(9.12)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €15.90
Price as at 24 June 2010

Share price graph (€)



Company description

Astellia specialises in the design, manufacturing and marketing of hardware material and software solutions dedicated to optimising network performance and quality of service (QoS) for mobile telephone operators in France and other parts of the world (66% of sales).

Price performance

%	1m	3m	12m
Actual	0.0	0.0	8.9
Relative*	(3.4)	14.3	(4.7)

* % Relative to local index

Analyst

Roger Leboff

Astellia (ALAST)

Market cap: €40m

COMPANY COMMENT

A 2% increase in turnover y-o-y reflects a strong H209 recovery, sufficient to transform a €0.6m H109 pre-tax loss into a €1m full-year profit. There was a 17% increase in international sales, which contributed 75% of the total, from 66% in FY08, offsetting a 25% fall in French revenues. Astellia added 27 new customers, particularly from the Middle East and the Caribbean. The outlook is optimistic on the back of €30m business secured in FY09 and a strong €18m order book.

INDUSTRY COMMENT

The group's hardware and software is used by more than 180 mobile operators and equipment manufacturers to optimise network performance and customer service quality. The product portfolio covers existing mobile technologies (2G/2.5G/3G), and is ready for Next Generation Networks (NGN). The group is positioned to capitalise on the increase in data traffic driven by increased Smartphone adoption and further growth in mobile users worldwide. Target markets for 2010 include India, Gulf countries, Russia and the Americas.

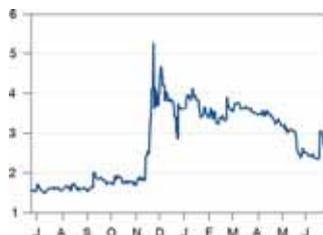
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	24.99	3.21	2.90	1.14	13.95
2009A	25.56	1.05	2.10	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Mining

Price: €2.78
Price as at 24 June 2010

Share price graph (€)



Company description

Through its two mines located in Guiana (Dieu Merci and Yaou), Auplata is the leading producer of gold in French Guiana.

Price performance

%	1m	3m	12m
Actual	9.4	(21.2)	84.0
Relative*	5.7	(16.4)	61.0

* % Relative to local index

Analyst

Charles Gibson

Auplata (ALAUP)

Market cap: €47m

COMPANY COMMENT

Auplata operates two mines in French Guiana (Yaou and Dieu Merci), with one more (Dorlin) scheduled for production in the near term. JORC-compliant resources consist of 0.5Moz in the 'indicated' category and 2.4Moz in the 'inferred' category. A study in 1998 identified a further 0.1Moz in tailings at Dieu Merci, plus a further 0.08Moz at surface over eight (out of 67) hectares. Output was 8,874oz in FY09 (vs 10,899oz in FY08 and 27,875oz in FY07). Although loss making overall, the company made a small gross profit in H209. In the meantime, metallurgical recoveries from a new recovery process based on thiosulphate have been encouraging (c 48% vs 29% previously), which has allowed the company to refinance itself with a view to developing the process on a large scale.

INDUSTRY COMMENT

In addition to its mining initiatives, Auplata is in the process of buying 703 sq km of exploration ground from Golden Star Resources (in a move that has now been authorised by the state) to take its total to c 1,000 sq km.

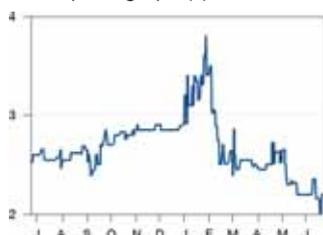
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	6.44	(7.02)	(12.15)	(0.99)	N/A
2009A	5.80	(4.03)	(3.80)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: General Retailers

Price: €2.18
Price as at 24 June 2010

Share price graph (€)



Company description

Auto Escape is France's leading competitive car hire broker with access to the fleets of rental company partners worldwide.

Price performance

%	1m	3m	12m
Actual	(0.9)	(12.8)	(13.5)
Relative*	(4.3)	(17.5)	(24.3)

* % Relative to local index

Analyst

Richard Finch

Auto Escape (ALAUT)

Market cap: €11m

COMPANY COMMENT

Unsurprisingly, given reduced visibility through later booking that knocked management confidence about a double-digit sales increase in the year to September 2009, there is no forecast for the current period, which has begun quietly with sales up 3% in Q1. Last year the 3% setback in sales in the all-important summer half converted into operating profit down by a third for the full period. The company continues its strategy of international expansion, with a move across Scandinavia and a growing internet presence (48% of Q1 bookings against 28% a year earlier). Finances remain secure.

INDUSTRY COMMENT

Growth in the car rental industry is closely linked to general economic conditions and, in respect of airport rentals (42% of the market), to airline passenger growth. IATA forecasts a 7% rise in traffic in 2010 (Q1 +9%) after an unprecedented 3.5% decline last year. Auto Escape is exposed to the leisure rather than to the more sensitive business rental market and, as a broker, is not burdened by fleet ownership.

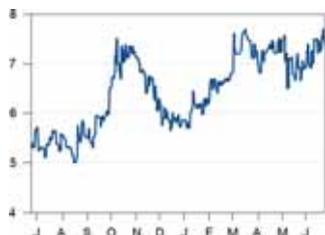
Y/E Sep	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	26.57	0.65	0.50	0.10	21.80
2009A	27.63	0.43	0.00	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Food & Drink

Price: €7.35
Price as at 24 June 2010

Share price graph (€)



Company description

Brossard designs, produces and markets cakes, pastries and frozen products.

Price performance

%	1m	3m	12m
Actual	2.5	3.4	36.1
Relative*	(1.0)	36.0	19.1

* % Relative to local index

Analyst

Fiona Orford-Williams

Brossard (ALBRO)

Market cap: €41m

COMPANY COMMENT

Brossard announced in April that it was in exclusive negotiations with Icelandic seafood group, Alfesca, for the divestment of its frozen food operations. This would include two production plants at Castelsarrasin and Neubourg and includes a meaningful, but undisclosed, proportion of revenues. First-half results to December showed a substantial improvement in operating margins, helped by progress in new products, export and catering markets. The group will again be investing in sponsoring the Olympics.

INDUSTRY COMMENT

Carrefour, Intermarche, Leclerc, Systeme U, Auchan and Geant Casino dominate the French food retail market and the hard discounters are struggling to move their market share up further. However, improved Q110 figures from Carrefour, Casino and Auchan were primarily due to better international sales, with better performance still eluding them in their domestic market. Price deflation is raising questions about different retail approaches, with the market seemingly shifting away from the largest hypermarkets.

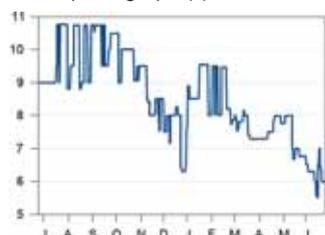
Y/E Jun	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	132.94	6.65	0.89	0.16	45.94
2009A	118.90	7.51	0.94	N/A	N/A
2010E	118.90	7.35	2.03	0.27	27.22
2011E	123.15	10.04	2.86	0.59	12.46

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €5.99
Price as at 24 June 2010

Share price graph (€)



Company description

BSB specialises in publishing software programs for the finance sector. The group is organised around two areas of activity: the sale of software, and services.

Price performance

%	1m	3m	12m
Actual	(11.3)	(17.7)	(33.4)
Relative*	(13.2)	(3.6)	(45.4)

* % Relative to local index

Analyst

Roger Leboff

BSB (BSB)

Market cap: €13m

COMPANY COMMENT

FY09 turnover grew 12%, a fair achievement when 80% of the customer base is in financial services, which had another tough year. A €0.1m operating loss and reduced cash flow reflects a decision to maintain international expansion; the distribution network now covers the major part of the European and Mediterranean markets. The FY09 result includes the costs; FY10 should benefit from stronger competitive positioning.

INDUSTRY COMMENT

The portfolio comprises applications for asset management and life insurance policy admin. These are backed by remote access, consultancy services, bespoke applications and integration with partner solutions (SAP, IDIT). Its software and IT services products target banks and insurance companies in Belgium, France and Luxembourg. Its client list includes Axa Bank, Axa Insurance, AG Insurance, ABN Amro Life, Carmignac Gestion, Carrefour, Dexia Bank and ING Life. BSB will use its platform to expand into new international markets.

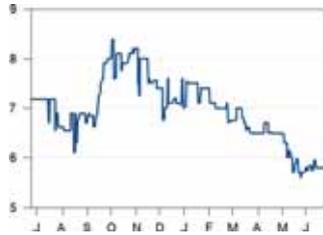
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	21.76	1.59	0.62	0.29	20.66
2009A	24.48	(0.11)	(0.52)	(0.25)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €5.80
Price as at 24 June 2010

Share price graph (€)



Company description

Budget Telecom is an alternative discount telecommunications operator primarily servicing the general public.

Price performance

%	1m	3m	12m
Actual	(1.7)	(10.8)	(19.2)
Relative*	(5.0)	(11.9)	(29.3)

* % Relative to local index

Analyst

Richard Finch

Budget Telecom (ALBUD)

Market cap: €21m

COMPANY COMMENT

Stabilisation remains the message as Q110 sales held steady after three quarters of decline and 2009 trading profit well below guidance. Budget Telecom is optimistic that its subscriber base (up by a third to 190,000 in the six months to March), newly-enhanced distribution and range of services will contribute to a return to growth in the current year. The acquisition of KAST Telecom last summer strengthened the core operation and should help to boost margin through better group buying. Strong finances (debt-free) will allow further expansion and more immediately, increased marketing.

INDUSTRY COMMENT

Across all western economies, pressure on fixed-line revenues continues. However, there is still a major opportunity for alternative telecoms service providers that can typically offer better pricing than incumbents, but also offer innovative services and high customer support levels.

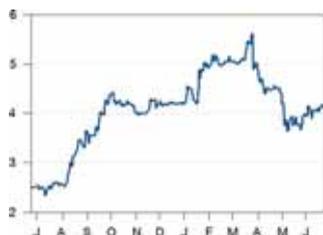
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	26.20	4.80	3.20	0.97	5.98
2009A	23.80	3.90	2.60	N/A	N/A
2009E	N/A	N/A	N/A	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Property

Price: €4.07
Price as at 24 June 2010

Share price graph (€)



Company description

CBo Territoria develops, promotes and manages residential and business real estate on La Réunion Island.

Price performance

%	1m	3m	12m
Actual	10.9	(27.5)	62.8
Relative*	7.1	5.0	42.4

* % Relative to local index

Analyst

Roger Leboff

CBo Territoria (ALCBO)

Market cap: €129m

COMPANY COMMENT

FY09 sales were up 340% as the development arm achieved property sales of €47.6m (FY08: €10.8m), with €25.1m built units and €22.5m sites, the latter at relatively high margin. The property business saw a 39% increase in gross rents to €8.8m, the first full-year contribution from FY08 completions. Growth in development revenue drove a four-fold increase in cash flows to €13m. Portfolio values increased 9% to €206m, ie year-end group LTV of 46%. The target is doubled revenues by end FY11 at a steady 20% development arm profit margin. Confidence is reflected in 17% increase in the dividend.

INDUSTRY COMMENT

CBo holds a portfolio of commercial space and residential units on La Réunion Island in the Indian Ocean. Revenues are derived from rents, development, sales and management of the property. La Réunion has experienced dynamic GDP growth (at an average of more than 4.4% a year for the last decade), after government efforts to increase tourist revenues and reduce dependence on agriculture, particularly sugar cane.

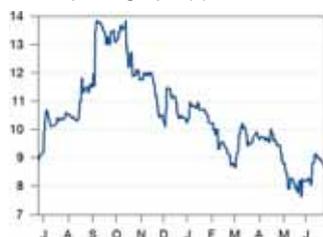
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	20.30	20.50	13.80	N/A	N/A
2009A	59.90	27.80	15.20	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Pharma & Healthcare

Price: €8.62
Price as at 24 June 2010

Share price graph (€)



Company description

Collectis is a leader in genome engineering and genomic surgery. Collectis specialises in the development and production of modified meganucleases used for in vivo DNA surgical procedures.

Price performance

%	1m	3m	12m
Actual	5.8	(11.6)	(4.1)
Relative*	2.2	(11.4)	(16.1)

* % Relative to local index

Analyst

Robin Davison

Collectis (ALCLS)

Market cap: €100m

COMPANY COMMENT

Collectis recently published proof of principle data for the use of meganucleases in the treatment of Duchenne Muscular Dystrophy in the journal Gene Therapy. Scientists at CellGene, in concert with Quebec Hospital, explored the use of meganucleases to restore expression of the protein micro-dystrophin in both in vitro (human myoblasts) and in vivo (mouse muscle fibres) models. A new research collaboration with VIB research in Flanders will explore approaches to gene therapy in haemophilia. Collectis aims to diversify revenue sources during 2010, launching new research kits and entering into new development deals. It had a cash base of over €40m at the end of 2009, although pre-clinical R&D expenditure contributed to a 70% increase in non personnel operating expenses.

INDUSTRY COMMENT

Collectis's activities are based on genome engineering, an in-vivo method for modifying an organism's genetic data. It has a effective tool for the precise re-programming or correction of genetic material and chromosomes.

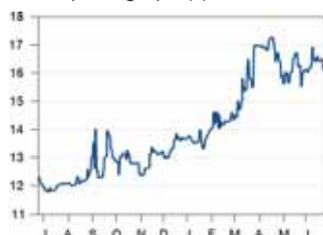
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	10.60	(3.45)	0.13	0.01	862.00
2009A	11.95	(8.74)	(3.85)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Support Services

Price: €16.10
Price as at 24 June 2010

Share price graph (€)



Company description

Clasquin provides air and maritime transportation engineering and overseas logistical services. It pilots and organises its customers' merchandise flows between France and primarily the Asia-Pacific region and the United States.

Price performance

%	1m	3m	12m
Actual	(0.9)	(4.5)	30.9
Relative*	(4.3)	27.2	14.5

* % Relative to local index

Analyst

Richard Finch

Clasquin (ALCLA)

Market cap: €37m

COMPANY COMMENT

Q110 confirmed Clasquin's return to growth with sales up 36%, reflecting significantly firmer freight rates as well as higher volumes (+21%). The much lower gain in gross profit is deemed satisfactory against an abnormally tough comparative. 2010 is expected to match the performance of 2008, ie sales +30%, gross profit +10%. 2009's gross profit decline of just 8% was impressive, given the unprecedented collapse in global trade. Clasquin's strong market position, especially in Asia, the quality of its clients and its ability to grow the average value of shipments should sustain outperformance as conditions improve.

INDUSTRY COMMENT

The World Trade Organisation is forecasting c 10% growth in international trade volume for 2010. This follows a 12% decline in 2009, the largest contraction for 60 years, and compares with growth of 6% in 2007 and 2% in 2008 as conditions worsened. Unusually, the downturn was simultaneous across the world with developing countries, once thought less vulnerable, badly affected owing to their reliance on trade for growth.

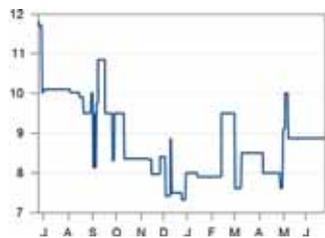
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	150.90	6.10	3.87	1.73	9.31
2009A	114.70	5.00	2.90	N/A	N/A
2010E	118.20	6.00	3.90	1.62	9.94
2011E	123.25	6.00	4.20	1.84	8.75

Where available, consensus data has been sourced from Thomson Datastream

Sector: Alternative Energy

Price: €8.87
Price as at 24 June 2010

Share price graph (€)



Company description

CNPV specialises in the development, manufacturing and marketing of photovoltaic solar modules.

Price performance

%	1m	3m	12m
Actual	0.0	4.4	(24.2)
Relative*	(3.4)	30.7	(33.7)

* % Relative to local index

Analyst

Stephen Rogers

CNPV (ALCNP)

Market cap: €45m

COMPANY COMMENT

CNPV reported a strong financial performance for 2009 with revenues increasing by c 48% to €73m and operating income more than doubling to €14m. The results were particularly impressive given the weak macro environment and a decline in ASPs, and largely reflected efforts the company made in reducing its cost base. In recent months CNPV has announced a number of strategic partnerships including, in May, a deal to supply French company, Hiolle Energies, with a total of 30MWp of high performance PV Modules from 2010 to 2012. In the same month it reported an agreement to supply Enel Green Power of Italy with a total of 8MWp of high performance PV Modules from June to September 2010. The group expects total 2010 revenue in the range of €175-200m.

INDUSTRY COMMENT

Virgin polysilicon prices were weak in 2009 although 2010 has shown some signs of recovery. ReneSola, for example, reported in its Q1 results that ASPs had risen 5% in May 2010 compared with Q110 prices.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	48.90	7.13	6.43	1.26	7.04
2009A	72.61	14.41	11.06	2.17	4.09
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Food & Drink

Price: €1588.87
Price as at 24 June 2010

Share price graph (€)



Company description

CoBrHa is Belgium's third largest brewery, through its subsidiary Haacht Brewery. It is also involved in the production and sale of wine and non-alcoholic beverages.

Price performance

%	1m	3m	12m
Actual	5.9	10.0	11.1
Relative*	3.6	23.5	(8.8)

* % Relative to local index

Analyst

Fiona Orford-Williams

CoBrHa (COBH)

Market cap: €121m

COMPANY COMMENT

FY09 revenues were modestly ahead, in branded and private label, with a weaker on-trade result offset by improvements in distribution. A price rise was posted in October, eight months after the majors, with profits also helped by lower raw material and energy costs. Q110 trading has been stable and, with sustained lower input prices, the group envisages further margin advances. 2010 capex of €16m includes a new bottling line. Haacht continues to emphasise its 'local' credentials in its campaign to highlight foreign ownership of other key breweries.

INDUSTRY COMMENT

A static population, changing habits and falling consumer confidence all contributed to beer consumption decreasing from 12mhl to 8.7mhl between 1990 and 2009. The majors have aggressively discounted into supermarkets and cafés. The market is dominated by InBev with around 57% and Heineken/Alken-Maes (11%). Further industry consolidation is ongoing, with Alken-Maes having bought Afigem and rumours of a bid for De Koninck by Heineken. Haacht is the third-largest brewer.

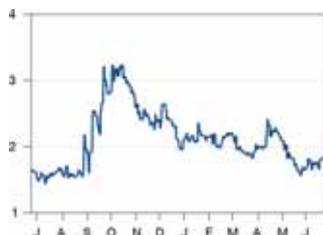
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	92.40	6.02	4.06	53.40	29.75
2009A	95.50	8.27	6.51	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Media & Entertainment

Price: €1.83
Price as at 24 June 2010

Share price graph (€)



Company description

Come and Stay provides email-based direct marketing services on the internet.

Price performance

%	1m	3m	12m
Actual	10.2	0.5	10.9
Relative*	6.5	(6.0)	(3.0)

* % Relative to local index

Analyst

Fiona Orford-Williams

Come & Stay (ALCSY)

Market cap: €7m

COMPANY COMMENT

Come & Stay specialises in email and mobile advertising through lead generation, e-CRM and social media. Its AI-based platform should be able to take advantage of the tightening of data privacy regulation. Having suffered severe pricing pressure, the group is looking to pull out of its operations in Northern Europe (Nordics & Germany) through a disposal, franchising or MBO, which will entail a €9m goodwill write-down and exit costs of €0.4-1.0m. On the other hand, trading within the Southern Europe operations has been growing in double figures and the group is particularly enthused by its social media capability.

INDUSTRY COMMENT

Mobile marketing has been one of the brightest areas through 2009 and into 2010, due to the rapid development of mobile applications and its effectiveness in reaching the 15-24 age group. The EIAA indicates that 33% of European advertisers are already incorporating mobile advertising into their marketing strategies, with almost all believing spend will continue to increase in 2010 and 2011.

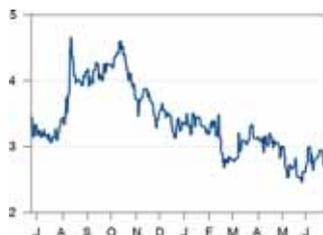
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	22.10	1.20	(7.80)	N/A	N/A
2009A	15.90	(0.70)	(3.50)	N/A	N/A
2010E	16.30	0.00	N/A	0.01	183.00
2011E	19.80	2.00	0.01	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Media & Entertainment

Price: €2.70
Price as at 24 June 2010

Share price graph (€)



Company description

CRM Company Group provides marketing consultation services. Its activities are centred on four divisions: communication consultation services, design and implementation of advertising campaigns, interactive marketing services, and the assessment of campaigns.

Price performance

%	1m	3m	12m
Actual	6.7	(18.9)	(17.9)
Relative*	3.1	(15.1)	(28.2)

* % Relative to local index

Analyst

Fiona Orford-Williams

CRM Company Group (ALCRM)

Market cap: €10m

COMPANY COMMENT

CRM is a full-service marketing agency, with key verticals in services, IT, finance, automotive and luxury goods. Unsurprisingly, trading was very difficult in 2009 (revenues down 25%, gross profits down 16%). The benefits of earlier restructuring - projected to deliver annualised savings of €6m - started to kick in during H2 and client wins started to improve in Q4. The group's finances were severely affected by the downturn, leading to negotiations to reschedule some of the debt and the raising of additional equity finance; €0.8m in July and a further €1.3m in October at a price of €3.10.

INDUSTRY COMMENT

CRM Company Group was not alone in suffering from the deterioration in trading conditions in the marketing sector through from autumn 2008, with advertising campaigns being delayed, downsized, pulled at the last moment, or all three. For 2009, Carat's estimate was that the French advertising market fell by 6.3%, slightly better than earlier expectations, with a forecast for a modest resumption of growth expected in 2010 (1.7%) and 2011 (2.8%).

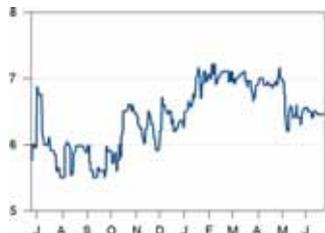
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	20.30	(5.10)	(6.50)	N/A	N/A
2009A	15.30	(3.00)	(3.30)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Support Services

Price: €6.44
Price as at 24 June 2010

Share price graph (€)



Company description

D.L.S.I. is a temporary recruitment business, placing both skilled and unskilled labour.

Price performance

%	1m	3m	12m
Actual	(0.9)	(5.3)	12.0
Relative*	(4.3)	9.4	(2.0)

* % Relative to local index

Analyst

Fiona Orford-Williams

D.L.S.I. (ALDLS)

Market cap: €16m

COMPANY COMMENT

The Q1 10 trading update shows the benefit of easing of the comparatives, but also growth ahead of the market rate - 12.8% against industry estimates for the market of 5%. April is reported to have been a very strong month, up 30% y-o-y. The SME bias of the business may be helping and is giving the group a greater degree of confidence for the year. Overseas revenues continued to expand in Q1 10, but at a slightly slower rate of 6.8%. Luxembourg and Switzerland are the largest markets outside France, with a more recent Polish start-up broadening the scope further.

INDUSTRY COMMENT

According to industry body PRISME, temporary employment fell by 29% in 2009, on top of a 12% reduction in 2008, taking the industry back to 2001 levels. The current unemployment rate is 10.1%. Eurostat figures show French GDP having fallen 2.6% over 2009, with a resumption of modest growth (1.3%) forecast for 2010 and 1.5% for 2011. This rate of growth will be insufficient to stop unemployment rising until the beginning of 2011.

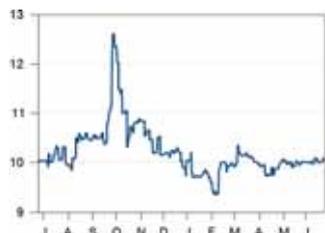
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	149.63	5.51	3.03	N/A	N/A
2009A	117.43	1.36	0.67	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Support Services

Price: €10.04
Price as at 24 June 2010

Share price graph (€)



Company description

Demos is a leading French supplier of professional training. Its main activity is the provision of continued education services.

Price performance

%	1m	3m	12m
Actual	0.7	0.2	0.8
Relative*	(2.7)	7.3	(11.8)

* % Relative to local index

Analyst

Fiona Orford-Williams

Demos (ALDMO)

Market cap: €58m

COMPANY COMMENT

Demos has continued to expand its international base and its industry verticals, with the 2009 acquisition of Coherus (an insurance specialist) and a partnership agreement with Elea in Italy. Investments in new delivery channels such as e-Learning and outsourcing have helped win new business with the European Commission and the US Federal Administration. Additional overheads, together with a change in mix towards lower-margin tailored courses, took a toll on the normalised operating result in FY10, with the margin falling from 12.2% to 8.5%. The group raised €14.5m through a bond issue in July 2009.

INDUSTRY COMMENT

In most developed economies, the availability of continuing professional development is a given, usually enshrined in labour regulation. In many of Demos's newer markets, well-trained employees are seen as giving competitive advantage, with training also improving the calibre of candidates. Most markets are highly fragmented, although until comparatively recently the broader French market was dominated by state-owned training company AFPA.

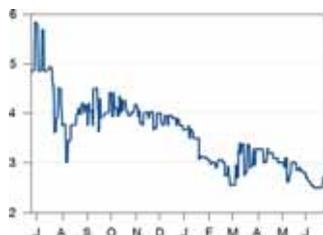
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	97.46	8.71	4.01	0.71	14.14
2009A	96.15	4.41	0.58	N/A	N/A
2010E	107.00	N/A	2.00	0.75	13.39
2011E	112.00	N/A	3.00	0.98	10.24

Where available, consensus data has been sourced from Thomson Datastream

Sector: Oil & Gas

Price: €2.69
Price as at 24 June 2010

Share price graph (€)



Company description

Dietswell provides engineering and drilling services to the oil and gas industries, including well engineering and management of drilling operations, the construction and renovation of drilling equipment and the inspection and auditing of drilling equipment.

Price performance

%	1m	3m	12m
Actual	(5.6)	(8.5)	(44.7)
Relative*	(8.8)	(22.6)	(51.6)

* % Relative to local index

Analyst

Stephen Rogers

Dietswell (ALDIE)

Market cap: €12m

COMPANY COMMENT

Following on from 2008's record results, the 2009 financial year revealed the effects of deferred investment by oil and gas operators. Revenues fell c 45% to €14.1m, while the group registered an EBIT loss of €2.3m (FY08: €1.5m profit). By division, its two largest operations Salveo (recruitment services) and Engineering reported a 28% and 63% fall in revenues, respectively. As highlighted at the interim stage, the group's nascent engineering and rig design business, Dolfines, recorded a significant increase in turnover although a large contract is due for completion in Q110.

INDUSTRY COMMENT

Barclays Capital predicts the oil services market will grow this year after passing the low point for activity in the fourth quarter of 2009. The company expects an 11% rebound in worldwide spending on exploration and production this year.

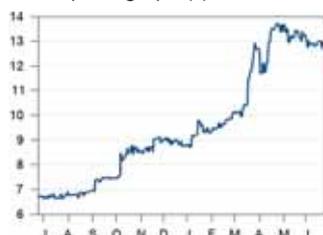
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	25.20	1.54	0.40	N/A	N/A
2009A	14.14	(2.33)	(2.08)	N/A	N/A
2010E	19.13	(0.39)	(0.43)	(0.10)	N/A
2011E	27.23	2.23	1.20	0.27	9.96

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €12.99
Price as at 24 June 2010

Share price graph (€)



Company description

DL Software specialises in the publishing and marketing of management software for SMEs.

Price performance

%	1m	3m	12m
Actual	(3.0)	3.0	97.4
Relative*	(6.3)	60.1	72.7

* % Relative to local index

Analyst

Richard Finch

DL Software (ALSDL)

Market cap: €58m

COMPANY COMMENT

DL Software's confidence continues to swell following better than expected 2009 results (trading profit up by a quarter) and a solid start to the current period (Q110 sales +12%, albeit acquisition-led, at improved gross margin). Management believes that its robust model (strongly cash generative and biased towards recurrent income) and expansion-led strategy (estimated €10-15m acquisition capacity) should deliver growth in trading profit of at least 20% in 2010 and 100% within three years.

INDUSTRY COMMENT

Capgemini's 2009 like-for-like sales in France were down by 6%, although technology services reported "slight" revenue growth, confirming the market is still difficult (Q110 French sales -7% but not analysed by activity). Capgemini's focus is on national accounts rather than DL Software's target smaller business market, which should resume its correction of long-standing underinvestment in IT as conditions improve.

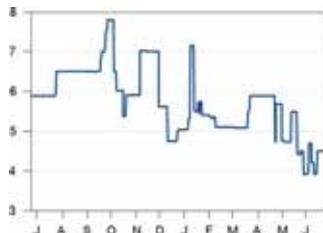
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	34.53	4.80	1.22	0.28	46.39
2009A	39.10	6.00	1.90	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Electrical Equipment

Price: €4.50
Price as at 24 June 2010

Share price graph (€)



Company description

Dolphin Intégration focuses on the design and integration of microchip systems. It develops integrated circuit components and computer-aided design (CAD) software, and offers customised services for developing these products.

Price performance

%	1m	3m	12m
Actual	0.0	(23.6)	(23.6)
Relative*	(3.4)	(3.5)	(33.2)

* % Relative to local index

Analyst

Richard Finch

Dolphin Intégration (ALDOL)

Market cap: €6m

COMPANY COMMENT

21% growth in quarterly sales to March (albeit on depressed levels) and an improved order book suggest that the worst may be over for Dolphin, even if trading losses mounted in the half to March. Management is aiming for annualised sales of €15m, compared with c €11m pre-downturn. Dolphin's strengths remain its focus on virtual components aimed at growth sectors (eg, portable audio applications and high-performance sensors), its innovation and its global marketing, especially in Asia. There should be long-term sustained demand for circuits with very low power consumption.

INDUSTRY COMMENT

The global semiconductor market is forecast (source: Gartner) to grow by 13% in 2010, thereby recouping last year's decline. However, the severity of the downturn should not be underestimated and recovery may not yet be assured. Companies with specific chip solutions in high-growth markets should outperform the sector.

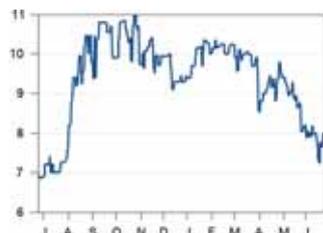
Y/E Sep	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	11.11	(0.15)	0.38	0.29	15.52
2009A	10.90	(0.67)	1.05	0.81	5.56
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Electrical Equipment

Price: €7.81
Price as at 24 June 2010

Share price graph (€)



Company description

ECT Industries designs, manufactures, markets and maintains on-board electronic and electromechanical navigation systems and equipment used primarily in the aeronautics industry.

Price performance

%	1m	3m	12m
Actual	(11.6)	(19.5)	13.2
Relative*	(14.6)	(6.4)	(1.0)

* % Relative to local index

Analyst

Richard Finch

ECT Industries (ALECT)

Market cap: €9m

COMPANY COMMENT

Organic sales growth of 16% in H209 characterised a strong full-year performance despite unhelpful market conditions (for example, the services business, almost half of 2008 sales, suffered order delays and cancellations). It was disappointing, therefore, that H209 trading margin was not similarly buoyant (on a par with the two preceding halves, hence the full-year gain was specifically via H1's bounceback in profit). There may be disappointment also in management's apparent trimming of 2010 guidance since January, ie growth in sales of c 10% against more than 10%, perhaps in the face of a falling orderbook (€15m against €17m). E-Track, acquired at the start of the year, complements ECT Industries' existing mapping expertise, notably its new data transmission by satellite product.

INDUSTRY COMMENT

Military spending across Europe has mainly been unaffected by the slowdown in the global economy. ECT has relatively limited exposure to the regional and business jet sector, which has seen the most significant declines (of up to 30%).

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	19.95	1.12	1.21	N/A	N/A
2009A	24.10	2.06	1.49	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €4.50
Price as at 24 June 2010

Share price graph (€)



Company description

eFront offers publishing and software solutions primarily to the financial and insurance sectors in France, the UK and other parts of Europe.

Price performance

%	1m	3m	12m
Actual	4.4	7.4	80.7
Relative*	0.8	40.7	58.1

* % Relative to local index

Analyst

Roger Leboff

eFront (ALEFT)

Market cap: €14m

COMPANY COMMENT

A 38% increase in turnover is a good performance in an unhelpful market. It reflects the success of recent investments in international activities, with new, more dynamic markets, such as the Middle East, Asia and North America to balance the group's previous focus on France and continental Europe. New offices have been opened in Hong Kong and Montreal this year, although eFront continues to pick up new clients Europe, still its most important market. French revenues grew modestly but fell from 47% to 37% of group sales in FY09.

INDUSTRY COMMENT

The group should benefit from broad geographical coverage and focus on software used by alternative asset managers, fund administrators and in risk management (governance, risk, compliance). More than 160 customers in 22 countries include leaders in such areas as private equity, property investment, banking and insurance. eFront intends to continue to develop its international presence; recent successes include the addition of a large US pension fund.

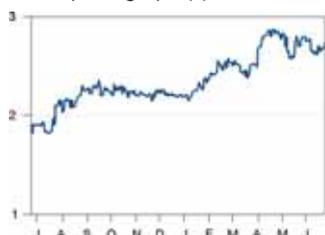
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	14.65	(1.37)	(1.69)	N/A	N/A
2009A	20.25	0.69	(1.00)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €2.74
Price as at 24 June 2010

Share price graph (€)



Company description

Emailvision is Europe's leading software vendor for email marketing. Its software service is used to design, plan, deliver, analyse and optimise email marketing campaigns.

Price performance

%	1m	3m	12m
Actual	1.5	9.2	51.4
Relative*	(2.0)	34.3	32.4

* % Relative to local index

Analyst

Roger Leboff

Emailvision (ALEMV)

Market cap: €49m

COMPANY COMMENT

FY09 saw 35% sales growth (38% at constant exchange rates) and a higher, 73% gross margin (71%), due to pooled IT resources and economies of scale derived from the SaaS platform. Q110 revenues were 45% up y-o-y to €9m; all markets contributed and the FY10 growth target raised from 30% to 35%. Another 219 clients were added in the quarter to bring the total to 2,200. The order book also grew by 8% over the quarter, to €42m, which provides revenue visibility for FY10 and beyond.

INDUSTRY COMMENT

The group continues to benefit from intensified efforts to grow market share in Europe and the US. It opened new subsidiaries in Sweden and Italy in 2009, increased headcount by 45% and won more than 900 new clients. Emailvision provides on-demand email marketing automation software that manages email, SMS and RSS marketing campaigns. The current economic environment is helpful as companies make more use of retention email marketing to grow revenues and profits from existing customers and new prospects.

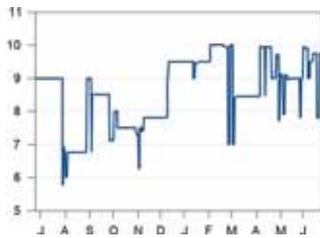
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	21.76	1.90	0.87	N/A	N/A
2009A	29.30	0.73	0.45	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €9.75
Price as at 24 June 2010

Share price graph (€)



Company description

Emakina Group is a full service digital agency, providing a range of services related to the design and development of websites and interactive communications.

Price performance

%	1m	3m	12m
Actual	8.3	15.4	8.3
Relative*	6.0	4.1	(11.1)

* % Relative to local index

Analyst

Roger Leboff

Emakina Group (ALEMK)

Market cap: €34m

COMPANY COMMENT

Revenues grew for the fifth successive year in FY09 but, at 1%, were below forecast, as Emakina's customers in financial, automotive and air transport sectors coped with the economic downturn. This has also extended and increased the costs associated with the sales cycle. EBITDA picked up well in H209, on the back of earlier initiatives including increased use of reporting tools, commercial partnerships and a specific focus on accessing clients in media and advertising. The outlook for 2010 is slightly more positive. Moderate sales growth is expected as a result of new contracts and partnerships, at improved margins.

INDUSTRY COMMENT

Group services cover consultancy, interactive marketing, information websites, transactional applications and e-commerce. During 2008 the group capitalised on its network in Belgium, France and the Netherlands to add new clients such as Air France KLM, Bekaert, Panasonic France, Aero Mexico and Pfizer Europe. In H109, it added Unilever, the European Commission and the UN.

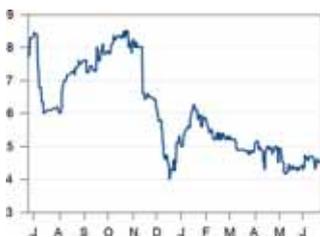
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	30.92	2.05	0.03	0.01	975.00
2009A	31.05	1.53	(0.63)	(0.01)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Media & Entertainment

Price: €4.50
Price as at 24 June 2010

Share price graph (€)



Company description

Entrepaticuliers.com is a French website dedicated to listing small real estate advertisements. The group also sells the publication Les Annonces Immobilières.

Price performance

%	1m	3m	12m
Actual	2.3	(4.9)	(42.3)
Relative*	(1.2)	9.1	(49.5)

* % Relative to local index

Analyst

Richard Finch

Entrepaticuliers.com (ALENT)

Market cap: €16m

COMPANY COMMENT

While Entrepaticuliers.com's financial performance continued to suffer in Q110 (sales -37%), management is confident that its paid advertisements business model is simply lagging, as it expected, the recovery in the French property market (paid advertisements -30% against 20% more new properties put up for sale in the period). Indeed the company should benefit clearly from this upturn (apparently sustained through the spring) owing to its strong brand, national coverage and added-value services. For the hard-pressed consumer, the Entrepaticuliers.com website offering is a low-cost alternative to the estate agent. The company remains debt-free.

INDUSTRY COMMENT

The French property market looks to be accelerating its recovery with Entrepaticuliers.com's vaunted "barometer" showing a rise of 37% in new properties put up for sale in the year to May, compared with 20% in Q1. For 2010 as a whole it forecasts a 25% increase in market transactions on 5%+ firmer prices.

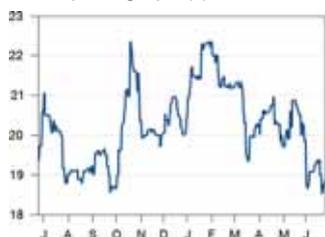
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	15.60	3.20	2.60	0.74	6.08
2009A	11.00	2.60	1.70	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Engineering

Price: €18.86
Price as at 24 June 2010

Share price graph (€)



Company description

Environnement designs, manufactures and sells equipment and systems for monitoring the quality of air and water.

Price performance

%	1m	3m	12m
Actual	(8.4)	(5.5)	(2.5)
Relative*	(11.5)	1.1	(14.7)

* % Relative to local index

Analyst

Richard Finch

Environnement (ALTEV)

Market cap: €35m

COMPANY COMMENT

Environnement can be satisfied that 2009 sales held up (down by just 4%) at a time of client budget cuts and change in investment plans. A reluctance to discount, coupled with efficiencies, all but maintained trading profit. There was mixed success in Environnement's priority areas, services and exports (including the US operation). While services (deemed long-term recurrent income) grew sales by 8% and thus its share of group revenue to 37%, exports fell by 10%. Although 2010 will be affected by the downturn, the company's leadership in online instrumentation for the environment has long-term appeal.

INDUSTRY COMMENT

The scale of weakness in Veolia Environnement's Water Solutions turnover in Q110 (-27%) is attributed to the near completion of major projects outside France as well as to the slowdown in the industrial business environment. There is no specific guidance re the rest of the year.

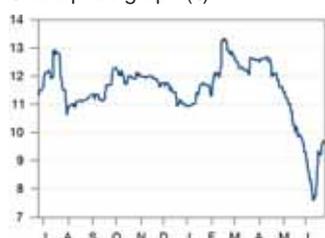
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	44.00	3.40	3.20	1.74	10.84
2009A	41.90	3.10	3.10	1.65	11.43
2010E	42.60	3.50	2.70	1.48	12.74
2011E	45.20	3.80	2.90	1.60	11.79

Where available, consensus data has been sourced from Thomson Datastream

Sector: Food & Drink

Price: €9.65
Price as at 24 June 2010

Share price graph (€)



Company description

Eurogerm develops, manufactures and markets milling correctors, bread making improvers, cereal ingredients and auxiliary technologies for millers and bakers. Its products are used to correct imperfections and irregularities in flour.

Price performance

%	1m	3m	12m
Actual	(2.5)	(23.5)	(14.8)
Relative*	(5.8)	(6.2)	(25.4)

* % Relative to local index

Analyst

Fiona Orford-Williams

Eurogerm (ALGEM)

Market cap: €41m

COMPANY COMMENT

Full-year results to March showed slightly better H2 sales, with export sales making particular progress to reach 46.1% total sales. Europe, South America and Africa are the primary target markets, but the Spanish market remains weak. Gross margin improved, with production efficiencies at the Saint-Apollinaire factory. International expansion and new product innovation are the core elements of the company's strategy and a 10-year 50:50 JV has been negotiated with Japanese-quoted bakery products group, Nisshin Seifun. This will enable access to ASEAN markets and allow technology share, in return for Nisshin Seifun taking a 15% stake in Eurogerm for €14 per share.

INDUSTRY COMMENT

France is the third-largest producer of wheat in Europe and the 2010 crop is expected to be up around 4%. Around two-thirds of production is destined for bakery, with milling split between large cooperatives and the private sector. Artisan bakers are still the largest retail segment. Domestic consumption has been falling modestly, but export sales continue to grow.

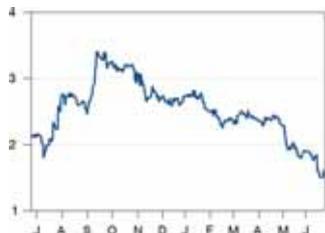
Y/E Mar	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	43.00	4.80	3.50	0.81	11.91
2009A	51.90	4.20	3.10	N/A	N/A
2010E	53.36	4.10	2.51	0.77	12.53
2011E	58.01	4.28	3.04	0.85	11.35

Where available, consensus data has been sourced from Thomson Datastream

Sector: Engineering

Price: €1.54
Price as at 24 June 2010

Share price graph (€)



Company description

Europlasma is a French group specialising in clean technologies and renewable energy production. Founded in 1992, it is made up of four companies and has 260 employees.

Price performance

%	1m	3m	12m
Actual	(16.8)	(36.4)	(26.7)
Relative*	(19.6)	(35.9)	(35.8)

* % Relative to local index

Analyst

Roger Leboff

Europlasma (ALEUP)

Market cap: €18m

COMPANY COMMENT

The higher operating loss of €4m (FY08: €0.4m loss) is in line with the €3.9m fall in sales. The financial crisis weighed on the group's customers, but it did still secure valuable new business in FY09, including a €5.2m four-year contract for processing radioactive waste in Bulgaria. To offset further market weakness, Europlasma has increased the focus of its Europe-Environment product in French public sector work, implemented cost cuts to benefit the FY10 result and sought to establish a presence in the US market.

INDUSTRY COMMENT

The outlook for Europlasma's largest subsidiary is underpinned by increasingly rigorous anti-pollution legislation. Investment in energy production includes four Electricity from Waste projects launched in 2008. Europe Environnement has nearly 400 clients and recently signed its biggest-ever contract with a leading Spanish household waste collector/processor. The asbestos and hazardous waste destruction operation has also recently picked up major French clients.

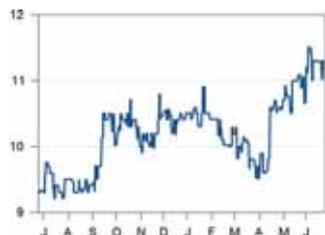
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	2.32	(2.41)	(1.43)	N/A	N/A
2009A	1.02	(3.94)	(3.14)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Electrical Equipment

Price: €11.30
Price as at 24 June 2010

Share price graph (€)



Company description

Evolis is a global company specialising in designing, manufacturing and selling printers for graphic personalisation and for encoding data on plastic cards, such as access control badges and bank cards.

Price performance

%	1m	3m	12m
Actual	2.1	15.4	21.5
Relative*	(1.4)	16.6	6.3

* % Relative to local index

Analyst

Richard Finch

Evolis (ALTVO)

Market cap: €58m

COMPANY COMMENT

Strong Q110 sales (+29%) will have reinforced management's target of double-digit growth, with slight margin gain, in 2010. Evolis delivered on its expectation of an improvement in H209 on H1, with sales up 10% and trading margin one point ahead. However, this period was still markedly less profitable year-on-year, as was 2009 overall (down 29%). It is to management's credit that, faced with lacklustre retail markets in Europe, it developed successfully in more buoyant Asia and the Americas. Similarly, the smaller projects business has been expanded away from its original Korean banking market.

INDUSTRY COMMENT

More favourable conditions have been endorsed by US competitor Zebra Technologies, whose Q110 sales rose by 18% (-4% Q409), reflecting strong demand across the board, particularly in Latin America and Asia Pacific. Q210 sales are forecast to be 16% to 24% ahead. HID/Fargo, part of the Swedish group ASSA ABLOY, has reported that orders for identification technology and access control were up by 20% in Q110.

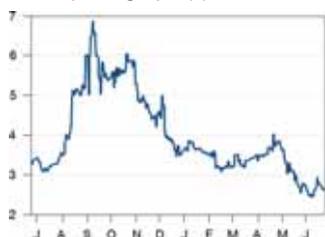
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	36.70	6.70	4.90	0.96	11.77
2009A	32.70	4.80	3.30	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Pharma & Healthcare

Price: €2.61
Price as at 24 June 2010

Share price graph (€)



Company description

ExonHit Therapeutics uses a proprietary research platform to develop innovative molecular diagnostics and new drugs for CNS and cancer indications.

Price performance

%	1m	3m	12m
Actual	(4.0)	(23.5)	(21.4)
Relative*	(7.3)	(22.2)	(31.2)

* % Relative to local index

Analyst

Robin Davison

ExonHit Therapeutics (ALEHT)

Market cap: €87m

COMPANY COMMENT

Exonhit is in the process of expanding its diagnostics division with the acquisition of the US company, Redpath, for \$12.5m in cash \$10m in stock and potential additional payments of up to \$9.5m. Redpath generated sales of \$5.4m in 2009 and provides Exonhit with a large customer base in the US and a DNA research platform that complements its own RNA splicing platform. Exonhit also expects its therapeutics division to make further progress this year with new R&D collaborations and the out-licensing of its Phase II Alzheimer's disease drug, EHT 0202.

INDUSTRY COMMENT

ExonHit should benefit from the increased use of molecular diagnostics, which enable patients to receive better treatments; the market is estimated to be worth c \$1.5bn and growing at 6%. Also pharmaceutical companies are forming more R&D partnerships with biotech companies with promising platform technologies, which increases the likelihood of Exonhit entering new R&D collaborations.

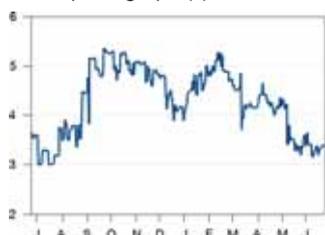
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	4.22	(11.39)	(8.93)	(0.33)	N/A
2009A	4.90	(9.70)	(7.70)	(0.27)	N/A
2010E	9.00	(10.00)	(7.00)	(0.20)	N/A
2011E	8.00	(13.00)	(10.00)	(0.29)	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Pcare and household prd

Price: €3.40
Price as at 24 June 2010

Share price graph (€)



Company description

Fashion Bel Air, established in 1984, designs and produces ready-to-wear women's clothing, producing a new collection every month. The clothes are made in France (25%), India (25%) and China (50%). France is the main market and exports represent 20% of global sales.

Price performance

%	1m	3m	12m
Actual	0.0	(1.7)	8.2
Relative*	(3.4)	7.6	(5.3)

* % Relative to local index

Analyst

Richard Finch

Fashion B Air (ALFBA)

Market cap: €24m

COMPANY COMMENT

Bumper January sales (Q1 10 turnover +38%), successful development of in house distribution (own shops and internet) and a strong orderbook are welcome news after 2009 trading profit well below guidance (down by a third against forecast double-digit rise). That shortfall was due to non-recurring costs (largely marketing), associated with investing for growth, and to a hike in labour costs as distribution was taken in house. Even so, like-for-like turnover in 2009 was only 4% ahead. Newly-completed fundraising of €2.5m will allow European retail expansion to exploit the growing Bel Air brand.

INDUSTRY COMMENT

With May retail sales growth boosted by the World Cup, the French consumer mood remains reluctant owing to worries about unemployment and inflation, notably food and energy prices. Clothing saw a 3% fall in May. Bel Air's relatively mainstream market position is innately highly competitive, owing to cheap imports and low barriers to entry. The company's differentiator is its ability to react quickly to changing conditions, its creativity and its rigorous control of stock.

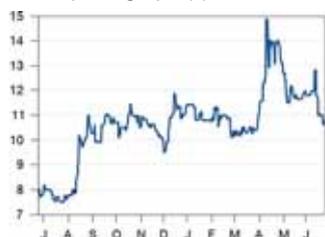
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	13.04	2.62	5.95	N/A	N/A
2009A	15.49	1.77	1.26	N/A	N/A
2010E	19.18	3.05	1.87	N/A	N/A
2011E	21.52	3.35	2.08	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Engineering

Price: €10.55
Price as at 24 June 2010

Share price graph (€)



Company description

Fountaine Pajot is a leading builder of cruising catamarans, both sailing and power. It also provides after sales services.

Price performance

%	1m	3m	12m
Actual	(9.9)	1.4	31.9
Relative*	(13.0)	3.5	15.4

* % Relative to local index

Analyst

Richard Finch

Fountaine Pajot (ALFPC)

Market cap: €16m

COMPANY COMMENT

Substantially increased low-season losses on a further dip in sales would seem to contradict November's positive trading update, which suggested that the worst was over. Guidance now is only that the half to August should be clearly profitable on c 10% pick-up in sales.

Encouragingly, the company is well placed to benefit from its commitment to its model launch programme during hard times, which has delivered the most modern and complete range in the market.

INDUSTRY COMMENT

Grim news in 2009 from Europe's luxury boat-builders confirmed that the top end of the market is not immune from economic downturn, as long believed. Couach was placed in receivership, Rodriguez sought temporary protection from its creditors, and Beneteau suffered a 42% fall in boat sales. The current outlook appears healthier, with strong interest at the autumn and winter shows prompting Beneteau to forecast boat sales up by 15% in a stable market and faster growth next year. Rodriguez endorses market stabilisation since the spring.

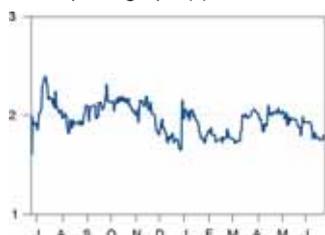
Y/E Aug	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	52.54	0.00	1.88	N/A	N/A
2009A	33.80	1.90	(0.50)	N/A	N/A
2010E	30.80	N/A	(0.60)	(0.39)	N/A
2011E	35.50	N/A	0.90	0.58	18.19

Where available, consensus data has been sourced from Thomson Datastream

Sector: Engineering

Price: €1.80
Price as at 24 June 2010

Share price graph (€)



Company description

GECI Aviation (formerly Reims Aviation Industries), 94% owned by GECI International, specialises in the design, manufacturing and marketing of planes. The group offers two twin-turboprop planes: the F406, the European leader in light aerial surveillance, and the Skylander SK-105, a high-performing, economical plane, set to enter service in 2012.

Price performance

%	1m	3m	12m
Actual	(4.3)	(11.8)	(6.3)
Relative*	(7.5)	15.6	(18.0)

* % Relative to local index

Analyst

Richard Finch

GECI Aviation (ALRAI)

Market cap: €12m

COMPANY COMMENT

Following the recent partial transfer of assets of its Skylander operation to GECI Aviation (formerly Reims Aviation), GECI International, already the majority shareholder, holds 94% of the enhanced entity. Management is confident that the combined portfolio offers two aircraft, the F406 and the Skylander, with high potential. The former is a proven leader in surveillance, while the latter is a multi-purpose twin turboprop with low acquisition and operating costs. The flight of the first Skylander prototype is set for the second half of next year, with the initial client delivery a year later (targeted sales of 1,500 by 2027). The current Euros 20m fundraising at Euros 1.38 aims to cover a third of the remaining development costs.

INDUSTRY COMMENT

The market for light aerial surveillance looks to be one of long-term growth owing to the globalisation of threats and their sheer variety, eg drugs, illegal immigration, pillage of precious resources, pollution and terrorism. It is a relatively low-cost option (often the aircraft costs less than the equipment), and fuelled by the miniaturisation of surveillance equipment.

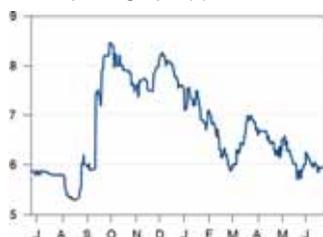
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2007A	9.83	0.42	0.28	0.08	22.50
2008A	5.63	(2.02)	0.00	N/A	N/A
2009E	N/A	N/A	N/A	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Pharma & Healthcare

Price: €5.95
Price as at 24 June 2010

Share price graph (€)



Company description

Genfit focuses on drug discovery and development for early diagnosis and prevention of cardiometabolic and neurodegenerative disorders such as prediabetes/diabetes, atherosclerosis, dyslipidaemia, obesity, and Alzheimer's.

Price performance

%	1m	3m	12m
Actual	2.9	(13.9)	1.2
Relative*	(0.6)	(14.9)	(11.5)

* % Relative to local index

Analyst

Robin Davison

Genfit (ALGFT)

Market cap: €69m

COMPANY COMMENT

Genfit reported results from two Phase IIa trials for diabetes compound GFT505. A double blind, placebo controlled trial involving 47 pre-diabetic patients demonstrated a significant reduction in fasting glucose and plasma levels after 28 days dosing. A second trial with 98 patients having high triglycerides and low HDL-C levels saw both measures reversed.

Confirmation of the safety profile of the compound and its potential to treat diabetes and could assist Genfit in its search for a partner for GFT505. Genfit also recently received a milestone from an undisclosed cardio-metabolic partnership.

INDUSTRY COMMENT

Genfit has a multi-faceted business, encompassing early diagnosis and prevention as well as therapeutic drug development. Existing licensing deals with Sanofi-Aventis (a significant shareholder), Servier and Solvay support its earlier development pipeline. Other key investors include the Institut Pasteur and Merck KGaA, from which Genfit acquired the early-stage diabetes project MKG02 in March.

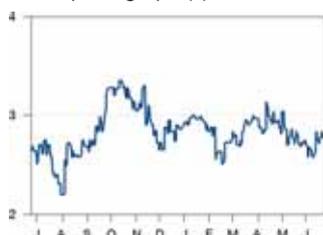
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	14.59	(4.09)	(3.96)	(0.35)	N/A
2009A	10.83	(5.93)	(7.37)	(0.65)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Pharma & Healthcare

Price: €2.77
Price as at 24 June 2010

Share price graph (€)



Company description

GenOway develops and markets genetically modified animals (primarily rats and mice) for use in research programmes.

Price performance

%	1m	3m	12m
Actual	0.4	(6.1)	4.1
Relative*	(3.1)	3.4	(8.9)

* % Relative to local index

Analyst

Robin Davison

GenOway (ALGEN)

Market cap: €16m

COMPANY COMMENT

GenOway's full-year results demonstrated flat year-on-year revenue although its operating cost base was reduced by €1.7m due to efficiencies brought by introduction of StemCellHY technology during the year. The outlook depends upon GenOway's ability to continue to develop research collaborations and licensing agreements for its genetically modified animal models to pharmaceutical companies and academic institutions. It recently signed an eight-month research partnership for autologous olfactory adult stem cells which includes an exclusive license for transgenic animal models. GenOway also expects to benefit from the recovery of the Japanese pharmaceutical industry during 2010.

INDUSTRY COMMENT

Genetically modified animal models are critical to the development of therapeutic approaches to disease, and their use is growing rapidly particularly in the domain of metabolic and inflammatory disorders. The use of animal models allows researchers to carry out in vivo analysis, accelerating the R&D process.

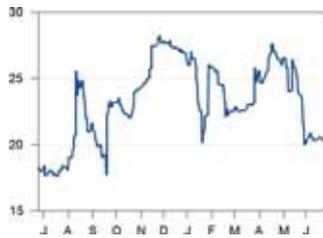
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	6.70	(0.90)	(1.20)	N/A	N/A
2009A	6.60	0.40	0.10	N/A	N/A
2010E	7.60	0.70	0.80	0.13	21.31
2011E	9.10	1.30	1.30	0.23	12.04

Where available, consensus data has been sourced from Thomson Datastream

Sector: Property

Price: €20.40
Price as at 24 June 2010

Share price graph (€)



Company description

Groupe Proméo, a real estate developer, focuses on the sale of new homes, lots for building, outdoor vacation accommodation sites and the development and management of commercial sites and offices.

Price performance

%	1m	3m	12m
Actual	(14.1)	(11.6)	11.9
Relative*	(17.0)	(18.8)	(2.1)

* % Relative to local index

Analyst

Roger Leboff

Groupe Proméo (ALMEO)

Market cap: €62m

COMPANY COMMENT

The group reported positive performance by both divisions in FY09, with sales and operating margins in line with targets. Village Heritage Center, the largest division, saw a 14.9% increase in sales, higher reservations on a growing portfolio of managed properties and revenue visibility extending over the next two years. Village Recreation Center was 27% higher. Its outlook is underpinned by growth in the mobile home portfolio, higher bookings and stronger links with tour operators and councils. A €0.78 per share FY09 dividend reflects a confident FY10 outlook.

INDUSTRY COMMENT

Specialist developer and operator of French leisure accommodation; turnover is derived from two divisions, Village Heritage Center (75%) and Village Recreation Center (25%). The group regards the integration of property development, marketing and site operation as a relatively robust business model with competitive advantages, synergies between group divisions and a more balanced revenue profile combining rental and property sales.

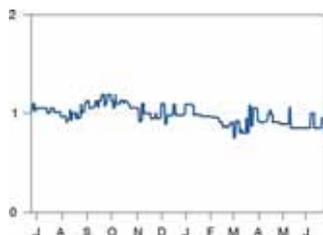
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	105.13	15.07	7.62	N/A	N/A
2009A	122.36	12.60	5.57	N/A	N/A
2010E	139.23	14.33	6.71	2.19	9.32
2011E	157.24	16.79	7.87	2.58	7.91

Where available, consensus data has been sourced from Thomson Datastream

Sector: Property

Price: €0.76
Price as at 24 June 2010

Share price graph (€)



Company description

Groupimo specialises in providing residential and business real estate services.

Price performance

%	1m	3m	12m
Actual	(10.6)	(27.6)	(25.5)
Relative*	(13.6)	(16.3)	(34.8)

* % Relative to local index

Analyst

Roger Leboff

Groupimo (ALIMO)

Market cap: €1m

COMPANY COMMENT

2009 was a difficult year for Groupimo. Turnover fell 32% on lower development starts, income from ancillary and non-recurrent, ie property trading, activities. The weaker overseas territory economies reduced investment appetite. In contrast, recurring (property management) and co-ownership related activities were more stable; revenues grew by 5% y-o-y. Some EBITDA recovery has been achieved post restructuring from Q208, including the closure of non-performing subsidiaries and a 44% cut in operating expenses.

INDUSTRY COMMENT

Groupimo is a residential property services business, with an initial focus in the Caribbean (Martinique, Guyana, Guadeloupe and French St Martin) supplemented by interests in Paris. The former have been affected by a sharp economic downturn over the last few years. The group's focus on property management, ie regular fee income, has helped offset weak residential letting and sales figures. The outlook is mixed, but Groupimo believes its markets are past their low points.

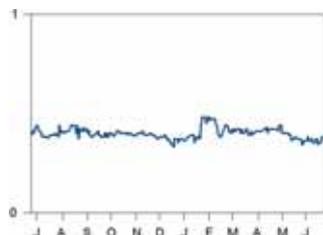
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	11.00	(3.52)	(2.60)	N/A	N/A
2009A	7.52	(1.64)	0.00	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Basic Industries

Price: €0.38
Price as at 24 June 2010

Share price graph (€)



Company description

H2O Innovation uses environmentally friendly technologies to develop systems and equipment for producing drinking water, industrial process water, and for the treatment of waste water.

Price performance

%	1m	3m	12m
Actual	2.7	(2.6)	(11.6)
Relative*	(0.8)	17.1	(22.7)

* % Relative to local index

Analyst

Richard Finch

H2O Innovation (ALHEO)

Market cap: €21m

COMPANY COMMENT

Q110 saw H2O Innovation in the teeth of recession with an acceleration in sales decline (-28%) and further heavy EBITDA loss (C\$1m). The protracted sales cycle of water treatment systems means no quick fix but management believes that it is moving in the right direction through a new focus on industrial and international sales via a sales representation agreement with 3M Purification (part of 3M) and a JV in India. In addition, a cost reduction and spending control programme aiming at saving C\$1.25m pa should start to take effect in the current quarter and fully in FY11. The company is raising C\$2.1m through private placements.

INDUSTRY COMMENT

As environmental concerns grow, H2O Innovation seems well placed to take advantage of increased funding and changes to legislation. In the US, government funding of \$126m was allocated to water recycling earlier this year, with a further \$11.8bn investment proposed. Management is also confident that it will benefit from the Buy America Act with some of its US full service operations.

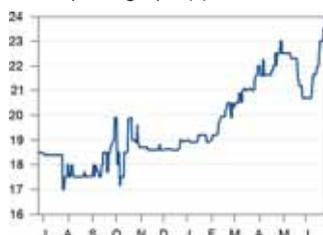
Y/E Aug	Revenue (C\$m)	Op. Profit (C\$m)	Net income (C\$m)	EPS (C\$)	P/E (x)
2008A	10.81	0.00	(3.63)	(0.10)	N/A
2009A	31.20	0.00	(0.07)	0.00	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €23.51
Price as at 24 June 2010

Share price graph (€)



Company description

Harvest publishes financial, estate and tax decision-making software for banking and insurance professionals.

Price performance

%	1m	3m	12m
Actual	10.9	12.0	27.1
Relative*	7.1	33.5	11.2

* % Relative to local index

Analyst

Richard Finch

Harvest (ALHVS)

Market cap: €32m

COMPANY COMMENT

Harvest continues firmly to deliver, which is no surprise given the resilience of its business model (70% of sales deemed recurrent from maintenance and licence leasing). Although there are no management forecasts, 2010 is shaping up well with 10% growth in Q110 sales, an order book c 20% ahead of last year and confidence in Harvest's ability to serve key large financial accounts as conditions improve. The company remains debt free after the purchase of O2S late last year.

INDUSTRY COMMENT

The French economy tends to outperform in a downturn (the decline of 2% in 2009 GDP was less than the eurozone average of c 4%). The consumer is not heavily indebted, so household spending may prove relatively resilient even if it is not boosted by the current stimulus plan, which is focused on infrastructure and transport projects. GDP is forecast by the government to recover by 1.4% this year and by 2.5% next. The IMF is less sanguine, expecting a sluggish performance in 2010 and 1.8% growth in 2011.

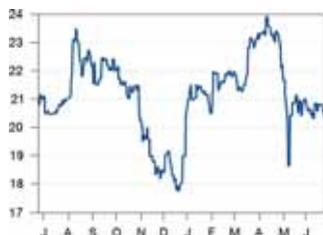
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	12.23	2.85	1.92	1.39	16.91
2009A	13.24	2.72	2.33	N/A	N/A
2010E	14.93	3.10	2.20	N/A	N/A
2011E	15.98	3.53	2.40	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Oil & Gas

Price: €20.31
Price as at 24 June 2010

Share price graph (€)



Company description

Heurtey Petrochem supplies engineering, construction and installation services for hydrocarbon furnaces to companies worldwide.

Price performance

%	1m	3m	12m
Actual	(2.8)	(11.0)	(3.3)
Relative*	(6.1)	20.8	(15.4)

* % Relative to local index

Analyst

Stephen Rogers

Heurtey Petrochem (ALHPC)

Market cap: €66m

COMPANY COMMENT

Year-end results showed a decline in revenues from €232m in 2008 to €200m, reflecting a mixed performance across the group's divisions. Hydrogen performed particularly strongly and now represents 33% of group revenue (2008: 15%), while refining and petrochemicals felt the effects of the slump in global demand, registering a 40% and 28% fall in revenues to €42m and €92m respectively. Q110 results demonstrated the improving macro outlook, particularly in India/Asia, with revenue up 28% to €56m. The order book at period-end stood at €278m, largely unchanged from the year-end.

INDUSTRY COMMENT

Heurtey Petrochem supplies heating, cracking and refining furnaces to refinery, petrochemical and hydrogen customers. Although oil prices are below previous peak levels, they remain high enough to stimulate demand from refinery producers. However, cost pressures on petrochemical customers may slow order flows in this segment.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	232.20	8.50	4.10	1.22	16.65
2009A	200.10	7.40	2.80	0.80	25.39
2010E	213.20	N/A	4.18	1.68	12.09
2011E	227.60	N/A	4.90	2.03	10.00

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €6.31
Price as at 24 June 2010

Share price graph (€)



Company description

Hitechpros operates like a dating site setting up contacts among players in the computer services market.

Price performance

%	1m	3m	12m
Actual	(4.4)	(20.1)	26.5
Relative*	(7.7)	23.8	10.6

* % Relative to local index

Analyst

Roger Leboff

Hitechpros (ALHIT)

Market cap: €12m

COMPANY COMMENT

The group has reported an encouraging start to the current year. Q110 turnover, at €2.9m, is up 2% vs Q109 - itself a relatively strong period - and 10% up on Q409. Staffing has shown signs of recovery since the turn of the year as the IT sector has stabilised and sales growth has been maintained into Q2. Management derives confidence from revenue visibility and expects FY10 sales to exceed FY08, and confirmed the €1/share dividend.

INDUSTRY COMMENT

France's leading marketplace for specialised outsourcing IT sector services operates two complementary web-based marketplace activities. These bring together IT sector participants (eg, IT services companies, consultants and training specialists), and brokerage activities. Sales are derived from computer service intermediation and technical assistance services provided to IT managers via the website (66%), and site subscriptions (34%) that enable users to conduct business directly with each other.

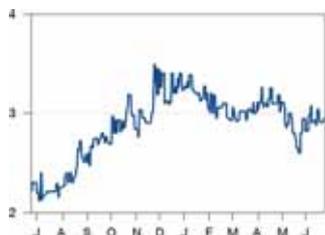
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	11.65	1.56	0.90	0.49	12.88
2009A	10.53	1.04	0.46	N/A	N/A
2010E	11.58	1.21	0.95	0.53	11.91
2011E	12.91	1.59	1.13	0.58	10.88

Where available, consensus data has been sourced from Thomson Datastream

Sector: Travel & Leisure

Price: €2.94
Price as at 24 June 2010

Share price graph (€)



Company description

Homair vacances provides mobile homes for vacations in various sites located in France, Spain, Italy, Croatia and Portugal.

Price performance

%	1m	3m	12m
Actual	2.1	(2.3)	34.2
Relative*	(1.4)	(0.6)	17.5

* % Relative to local index

Analyst

Richard Finch

Homair (ALHOM)

Market cap: €39m

COMPANY COMMENT

While Homair has newly reiterated its target of 10% sales growth (bookings +11% at end May), the lack of confirmation of January's guidance of a similar rate of EBITDA gain following increased low-season losses may invite caution. Last year, the company's bold model of site ownership paid off with a 52% rise in trading profit. Expansion (15% more mobile homes in FY09 and a trebling of owned sites since 2007) contradicted competitors who cut capacity (eg Eurocamp -4%), and have an asset-light model. Current season capacity is up by 7%.

INDUSTRY COMMENT

While the French camping market is mature, there has been a flight to quality, with demand for 3* and 4* sites (Homair's market) up by a third since the early 90s. The need to invest, allied with economic pressures on smaller players, may hasten consolidation of a fragmented market (the leader, Homair, has under 5% of mobile home stock). Camping is a value product, as shown by Eurocamp's resilient FY10 sales (with 82% of target sales booked, +2% on -8% capacity).

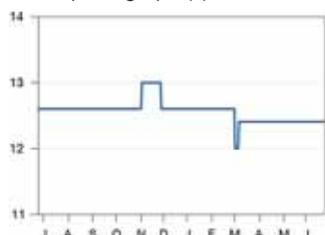
Y/E Sep	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	32.19	3.80	1.31	0.10	29.40
2009A	42.70	5.80	1.90	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Property

Price: €12.40
Price as at 24 June 2010

Share price graph (€)



Company description

Huacheng Real Estate specialises in developing and selling residential and commercial real estate properties in China.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	(1.6)
Relative*	(3.4)	6.2	(13.9)

* % Relative to local index

Analyst

Roger Leboff

Huacheng R.E (ALHUA)

Market cap: €164m

COMPANY COMMENT

The group has not released news to the market since May 2009. The last report covered the 12 months to end June 2008. There were no comparables, as this was the group's first report since its April 2008 IPO. Huacheng achieved revenues of €32.9m and €4.7m pre-tax profit and NAV/share was €1.16. Huacheng develops, sells and manages residential and commercial property in Shanghai and neighbouring provinces, with the focus on middle-range residential and street-level retail in emerging and newly urbanised areas of China's major cities.

INDUSTRY COMMENT

Founded in 1995, Huacheng holds total assets of c RMB1bn via three subsidiaries in Shanghai, Binzhou and Ningbo. China's regional property markets slowed during 2008, but the sector has benefited from the PRC government's economic stimulus package.

Huacheng's strategy is supported by the administration's commitment to drive the migration of a further 300 million rural Chinese to its cities. Huacheng has a declared strategy to grow into one of the country's top 10 property developers within a decade.

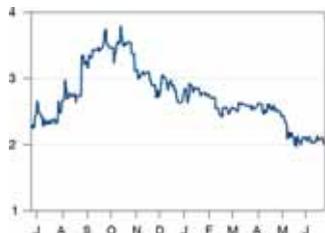
Y/E Jun	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2007A	34.95	8.89	6.58	N/A	N/A
2008A	32.90	5.90	3.70	0.28	44.29
2009E	N/A	N/A	N/A	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Pharma & Healthcare

Price: €2.00
Price as at 24 June 2010

Share price graph (€)



Company description

Hybrigenics specialises in the research and development of drugs for the treatment of cancer.

Price performance

%	1m	3m	12m
Actual	(3.4)	(22.5)	(12.7)
Relative*	(6.7)	(18.6)	(23.6)

* % Relative to local index

Analyst

Robin Davison

Hybrigenics (ALHYG)

Market cap: €24m

COMPANY COMMENT

Hybrigenics 2009 Pharma and Services revenue increased 15% overall to €4.17m, comprising 50% increase from pharmaceutical division including research collaborations, and 8% growth in services revenue derived from access to Y2H screening platform. Hybrigenics has put in place a €5m equity line with Yorkville and combined with existing cash of €3.6m, could fund clinical activity into 2011. The investment case hinges upon lead programme inecalcitol, a vitamin D analogue in development for hormone refractory prostate cancer. Phase IIa trials provided evidence of its excellent tolerability in combination with standard Taxotere. EMEA support for a Phase IIb trials assists the company in the pursuit of individual country approval for the double blind trial.

INDUSTRY COMMENT

Other therapeutic indications of inecalcitol include hormone dependent prostate cancer and psoriasis, where existing treatment mode - TNF alpha targeting therapy - is valued at \$2.4bn/year.

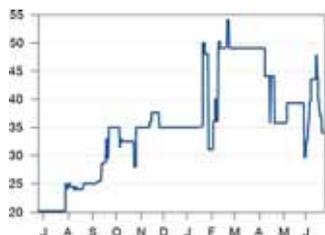
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	4.33	(7.20)	(6.40)	N/A	N/A
2009A	4.60	(4.90)	(4.20)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Support Services

Price: €34.11
Price as at 24 June 2010

Share price graph (€)



Company description

Inventoriste provides complete stocktaking services predominantly for the distribution sector. It trades outside France as Ivalis.

Price performance

%	1m	3m	12m
Actual	(13.3)	(30.5)	69.3
Relative*	(16.2)	5.1	48.1

* % Relative to local index

Analyst

Richard Finch

Inventoriste (ALIVT)

Market cap: €45m

COMPANY COMMENT

2009 went from bad to worse for Inventoriste as a halving of trading profit in H1 was followed by a small loss in H2 on sales depressed by client budget cuts and stock rationalisation. The company remains nonetheless soundly financed and has since accelerated its international expansion with a small acquisition in Belgium and a Polish start-up. Last summer key investors, holding 87%, offered to buy out minority holders via a price guarantee of €24.

INDUSTRY COMMENT

With May retail sales growth boosted by the World Cup, the French consumer mood remains reluctant owing to worries about unemployment and inflation, notably food and energy prices.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	23.29	3.46	2.22	1.69	20.18
2009A	17.86	0.67	0.38	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Pharma & Healthcare

Price: €8.09
Price as at 24 June 2010

Share price graph (€)



Company description

Ipsogen develops molecular diagnostic tests for leukaemia and breast cancer.

Price performance

%	1m	3m	12m
Actual	1.1	(6.0)	19.0
Relative*	(2.3)	3.9	4.1

* % Relative to local index

Analyst

Robin Davison

Ipsogen (ALIPS)

Market cap: €41m

COMPANY COMMENT

Sales of Ipsogen's JAK2 test grew 66% in 2009, assisted by 3 further sublicenses signed in N America, driving total revenue growth of 63%. Gross margin reached 75.1% although the operating cost base expanded 78%, due to greater investment into R&D (+93%) and sales & marketing (+125%) as expected. The company has carried out a €1.9m TEPA capital increase to support future development and to augment the year end cash position of €12.9m. Both new and existing shareholders participated in the share issue. The 2010 outlook will focus on commercial development of the MapQuant Dx Genomic Grade diagnostic in breast cancer.

INDUSTRY COMMENT

Compared with drug developers, molecular diagnostic companies' product development risk is lower, and less time is required from R&D to commercialisation. Globally, it is a substantial, high-growth market, driven by the increased demand for better prognosis and the growing number of therapies available. Ipsogen targets the growth potential of niche areas of this market.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	4.12	(1.27)	(1.10)	N/A	N/A
2009A	6.73	(2.70)	(2.57)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Media & Entertainment

Price: €22.11
Price as at 24 June 2010

Share price graph (€)



Company description

LeGuide.com is an independent publisher of e-business information websites. The sites aim to assist consumers with their purchases and to orient them toward the referenced vendor sites.

Price performance

%	1m	3m	12m
Actual	10.5	17.6	31.6
Relative*	6.8	38.7	15.1

* % Relative to local index

Analyst

Fiona Orford-Williams

LeGuide.com (ALGUI)

Market cap: €74m

COMPANY COMMENT

LeGuide.com is an operator of leading price comparison and shopping search-engine websites (number one in France, two in Spain, four in Germany and recently became number two across Europe) across 14 European countries, with 12.9 million unique visitors in March 2010 (ComScore). 2009 revenues and operating income were ahead 28% and growth has continued in Q110, with revenues 15% ahead, despite tougher markets in the UK. Ex-France income is 27% of the total.

INDUSTRY COMMENT

Eurostat indicates 63% of French households have internet access and that 72% have made online purchases in Q110. More users are connecting several times per day and staying online for longer. The increasing number of merchants online, 64k at the year-end up from 56k at end-June, and consumers' growing awareness means more online research is being carried out before transactions. The French e-commerce market was worth €25bn in 2009; forecast spend for 2010 is €30bn.

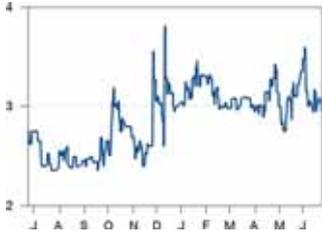
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	17.98	5.50	3.50	1.04	21.26
2009A	23.00	7.10	3.30	N/A	N/A
2010E	25.10	7.60	5.15	1.71	12.93
2011E	27.95	8.30	6.00	1.96	11.28

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €2.94
Price as at 24 June 2010

Share price graph (€)



Company description

Logic Instrument is a major player in the design and production of heavy-duty computers for use in hostile environments (industry, army, leisure) and distribution, in France, of testing and measurement instruments.

Price performance

%	1m	3m	12m
Actual	0.0	(4.5)	6.9
Relative*	(3.4)	7.5	(6.5)

Analyst

Roger Leboff

Logic Instrument (ALLOG)

Market cap: €7m

COMPANY COMMENT

German and US subsidiaries were key contributors to a 66% increase in sales. These saw FY09 sales increase by four-fold to €4m in Germany and 10-fold to €8.3m in the US, although France was more mixed. Sales of Tetra ruggedised laptops were steady at €4.1m, but demand for test tools was hit (€0.6m sales vs €3.1m in FY09) by the termination of a distribution agreement, which also resulted in a number of one-off costs. For this year, the group reports new orders from Thales for the French army and from General Dynamics in the US. An increased focus on non-military markets will help access shorter decision cycles.

INDUSTRY COMMENT

Demand for ruggedised computers fell in France and other world markets, in part due to some consolidation after a few years of strong growth. New contracts, most recently with Singapore's Department of Defence and the launch of its new 'Fieldbook' product in Q409 in France, provide more confidence for the outlook, as does the sector and geographical spread.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	10.81	(0.94)	(0.87)	N/A	N/A
2009A	17.91	(0.73)	(0.73)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Media & Entertainment

Price: €5.71
Price as at 24 June 2010

Share price graph (€)



Company description

Loyaltouch, formerly Initiatives & Développements, is a major European player in online loyalty programmes and the only one to offer a fully-integrated service, ranging from website development to central purchasing and after-sales service.

Price performance

%	1m	3m	12m
Actual	(16.4)	(16.0)	(10.8)
Relative*	(17.3)	(42.7)	(20.0)

Analyst

Richard Finch

Loyaltouch (ALLOY)

Market cap: €56m

COMPANY COMMENT

The proposed merger with ID Future and Strategic Corporate Finance in order to create a European leader in the loyalty programme market continues to be examined by respective managements, apparently with no quick resolution. 2009 pro forma figures for the enlarged entity show just 3% top-line growth, which is attributed largely to strategic elimination of unprofitable business, hence a doubling of trading margin to 6%. Loyaltouch is confident that its own activities will again outperform a buoyant loyalty programme market in 2010.

INDUSTRY COMMENT

French e-commerce is flourishing with 30% growth in Q110, well ahead of full-year forecasts of 20%. Key drivers are new consumers, given a market less developed than in the UK and Germany, partly owing to the continued presence of Minitel, and frequency of transaction. With a plethora of choice, traditional concepts of customer loyalty have worn thin. If the offer, service levels and pricing are right, loyalty programmes are one of the few remaining options for differentiation.

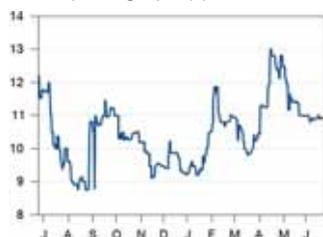
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	292.10	8.98	0.97	N/A	N/A
2009A	300.59	18.69	10.92	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Pcare and household prd

Price: €10.91
Price as at 24 June 2010

Share price graph (€)



Company description

Maesa produces tailor-made perfumes, cosmetics and promotional products. The products are marketed via specialist and general stores, mail-order and automotive companies.

Price performance

%	1m	3m	12m
Actual	(0.7)	4.9	(5.8)
Relative*	(4.1)	26.5	(17.6)

* % Relative to local index

Analyst

Richard Finch

Maesa (ALMAE)

Market cap: €33m

COMPANY COMMENT

A clear pick-up (Q110 sales +17%) is welcome after a severely disappointing performance in 2009 when targets proved quite optimistic, ie by a margin of 10% in sales and 60% in trading profit. This was blamed partly on timing as deliveries missed the year end but also on a slowdown in packaging. Underlying group business fell by well over 10%. The current buoyancy of packaging (Q110 sales up by a half) may belatedly endorse the commercial logic of last year's apparently ill-timed Zorbit deal. Maesa expects top-line growth of 20% in the current year. A recent placing with key US management raised €3.4m.

INDUSTRY COMMENT

Industry research shows the US prestige beauty market to have fallen by 6% in 2009, with fragrances especially affected. The decline was slightly lower in the major European markets, indeed France held steady. Predictably China was well up (estimated 17%). Recovery was evident in Q4 but 2010 is forecast to remain challenging.

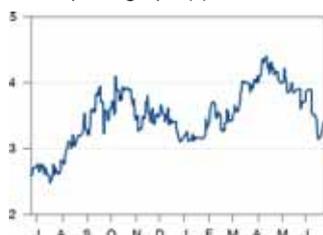
Y/E Sep	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	38.70	5.60	2.00	N/A	N/A
2009A	62.80	0.60	(2.80)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Construction & Bldg Mat.

Price: €3.42
Price as at 24 June 2010

Share price graph (€)



Company description

Mastrad designs and markets top-of-the-range, innovative kitchen utensils. It also distributes third-party kitchen products.

Price performance

%	1m	3m	12m
Actual	(7.6)	(13.0)	26.7
Relative*	(10.7)	14.6	10.8

* % Relative to local index

Analyst

Richard Finch

Mastrad (ALMAS)

Market cap: €18m

COMPANY COMMENT

After a bumper trebling of interim trading profit Mastrad's failure to raise full-year guidance of growth ahead of likely 20% top-line gain is bound to surprise, especially given its upbeat outlook statement. The core French operation is apparently continuing to excel thanks to new clients, a wider product range, including potential "blockbusters", and enhanced service, while management has grasped the nettle by investing further in persistent lossmaker Kitchen Bazaar in order to secure recovery. The recent successful €1.2m fundraising would look to offer reassurance.

INDUSTRY COMMENT

Despite current spending pressures, Mastrad should benefit from consumers' tendency to cook more at home and buy fewer prepared meals (two out of three, according to a recent survey). Its lifestyle products fit with the French government's 'Manger Bouger' programme to encourage healthy eating and with the trend of 'cocooning', whereby people choose to socialise at home, rather than go out.

Y/E Jun	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	18.09	0.24	0.00	N/A	N/A
2009A	22.64	0.68	0.81	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Media & Entertainment

Price: €7.49
Price as at 24 June 2010

Share price graph (€)



Company description

Maximiles designs and markets internet customer reward programmes. These programmes allow internet users to earn points that can be redeemed for gifts by making purchases at the group's customers' websites.

Price performance

%	1m	3m	12m
Actual	(5.1)	(3.7)	(10.2)
Relative*	(8.3)	5.9	(21.4)

* % Relative to local index

Analyst

Fiona Orford-Williams

Maximiles (ALMAX)

Market cap: €30m

COMPANY COMMENT

Maximiles' proprietary and mutual schemes have 7.1m members on over 110 merchants' sites, up 13% in H209, mostly in France and the UK (where the offer has now been rebranded to Maximiles from ipoints). Progress was offset by lower direct marketing revenues, where focus is now shifting to lead generation. 2009 margins were depressed by lower overhead recovery in France and investment in new cash-back programme, Fabuleos. A white label joint venture with MasterCard has been set up in The Netherlands.

INDUSTRY COMMENT

E-commerce in France lagged more-developed markets, but resistance is lessening, with around 72% of internet users also making purchases online in Q110. With 64k merchants online at the year-end (including many bricks-and-mortar retailers initiating a web presence) and the ease of use of search and price comparison sites, traditional concepts of customer loyalty are wearing thin. If the offer, service levels and pricing are right, reward programmes are one of the few remaining options for differentiation.

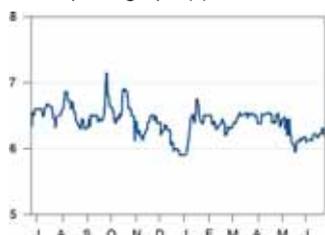
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	16.48	2.42	2.70	0.66	11.35
2009A	15.58	1.90	0.62	N/A	N/A
2010E	16.75	2.30	2.20	0.45	16.64
2011E	18.50	2.90	1.65	0.48	15.60

Where available, consensus data has been sourced from Thomson Datastream

Sector: Pharma & Healthcare

Price: €6.21
Price as at 24 June 2010

Share price graph (€)



Company description

MEDICREA International specialises in orthopaedic implants for use in spinal surgery.

Price performance

%	1m	3m	12m
Actual	1.5	(4.9)	(2.1)
Relative*	(2.0)	12.2	(14.3)

* % Relative to local index

Analyst

Mick Cooper

MEDICREA International (ALMED) Market cap: €48m

COMPANY COMMENT

MEDICREA is a specialist in the design, manufacture and sale of spinal implants. Sales increased in 2009 by 45% to €13.1m and the operating loss was reduced from (€3.8m) to (€2.4m). The sales growth was largely driven by the success of its thoraco-lumbar fixation system, PASS LP, that is one of the most advanced products of its type. The company is making good progress in the US where sales more than doubled. In Q110 sales grew by 21% to €3.4m, and the company's growth should be sustained by the further adoption and expansion of the PASS LP range, and the full launch of the GRANVIA cervical disc prosthesis.

INDUSTRY COMMENT

The orthopaedic implant market for spinal surgery is estimated to be worth \$8bn and to be growing at 10-15% pa. The main growth driver for the sector is technological innovation that leads to both price rises and increases in procedure volumes.

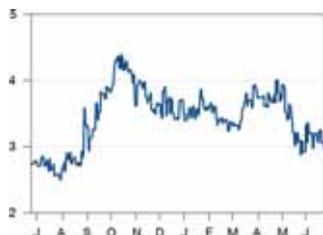
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	9.00	(3.80)	(5.10)	N/A	N/A
2009A	13.10	(2.40)	(2.60)	N/A	N/A
2010E	26.10	0.60	0.30	0.04	155.25
2011E	27.10	2.90	2.70	0.34	18.26

Where available, consensus data has been sourced from Thomson Datastream

Sector: General Retailers

Price: €2.93
Price as at 24 June 2010

Share price graph (€)



Company description

MG International is a major player in the production of pool safety devices. Products include alarm systems and immersion detectors, automatic covers, and ecological water treatment and disinfection systems.

Price performance

%	1m	3m	12m
Actual	1.0	(18.2)	3.2
Relative*	(2.4)	(6.8)	(9.7)

* % Relative to local index

Analyst

Richard Finch

MG International (ALMGI)

Market cap: €10m

COMPANY COMMENT

A material cut in trading loss in 2009 suggests early returns from the sweeping changes made by Maytronics, developer of the popular Dolphin robot pool cleaner, which took effective control of MG with a 48% stake last year. However, the discontinuation of consolidated accounts, given MG's size, does not help analysis. Focused on exploiting its technical expertise and now the Maytronics brand for its products, MG seems in much better shape through its partnership, even if the going remains difficult (H209 sales softened after a good recovery in H1).

INDUSTRY COMMENT

French consumer confidence has fallen continuously since the start of 2010, reflecting continued pessimism about unemployment and new concern about inflation and pension reform, which could stifle consumer willingness to make major purchases such as swimming pools. To make matters worse, there appears to be a general lack of enforcement of the legal requirement for the installation of safety devices in all pools constructed since 2004.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	5.20	(12.56)	(11.68)	N/A	N/A
2009A	5.81	(1.21)	(1.48)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Electrical Equipment

Price: €8.50
Price as at 24 June 2010

Share price graph (€)



Company description

MGI Digital Graphic Technology offers digital printing systems for printing and graphic arts professionals.

Price performance

%	1m	3m	12m
Actual	13.0	4.9	49.1
Relative*	9.2	13.3	30.5

* % Relative to local index

Analyst

Roger Leboff

MGI Dig Graphic Tech (ALMDG)

Market cap: €38m

COMPANY COMMENT

FY09 results demonstrated a relatively robust performance given the tough economic environment. Turnover rose 10% to €20.4m, although higher stock, other charges and personal costs resulted in a €0.6m fall in operating profit to €3.2m. MGI designs, manufactures and sells equipment for the production of plastic cards to customers in France and overseas. Its product range includes innovative digital multi-paper (paper and plastic) printing, finishing and converting devices. It is France's second-largest provider of professional digital presses and also develops and sells management software for the medical and paramedical professions.

INDUSTRY COMMENT

The group has a customer base of several hundred, diversified across a number of sectors. Its principal customers include professional printers, government agencies, major banks and insurance companies, as well as plastic card manufacturers, packaging companies and photo labs. The worldwide market is estimated at c \$20bn per year.

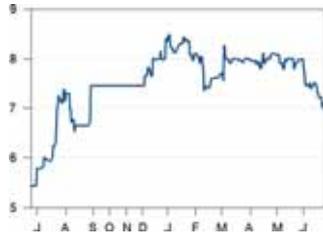
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	15.55	2.96	2.85	N/A	N/A
2009A	17.22	3.21	2.54	N/A	N/A
2010E	18.50	3.60	2.80	N/A	N/A
2011E	21.30	4.30	3.30	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Electrical Equipment

Price: €7.13
Price as at 24 June 2010

Share price graph (€)



Company description

Microwave Vision produces multi-sensor electronic scanning systems for real-time viewing of electromagnetic wave fields.

Price performance

%	1m	3m	12m
Actual	(10.7)	(10.2)	31.1
Relative*	(13.7)	(3.7)	14.7

* % Relative to local index

Analyst

Roger Leboff

Microwave Vision (ALMIC)

Market cap: €25m

COMPANY COMMENT

The Q1 10 update confirmed 5% organic growth vs Q109. The group's telecoms activities were particularly strong, up from 34% to 38% of revenues. The US remains a key driver for aerospace, defence and telecoms, while signs that the latter sector was recovering in Asia have continued into Q2; some €7m of new contracts have been signed in both territories since April 2010. Net cash grew 42% to €6.4m in the period. A €29.3m order book provides visibility for the rest of the year and supports a confident outlook for further growth.

INDUSTRY COMMENT

The group designs, manufactures and sells multi-sensor electronic scanning systems for real-time viewing of electromagnetic wave fields, used by the radio communications, automotive, aeronautics and defence industries. With locations in eight countries, exports accounted for 86% of FY08 net sales. It has achieved double-digit annual growth for the last decade and invests over 10% of turnover in R&D to generate a development portfolio to support future growth.

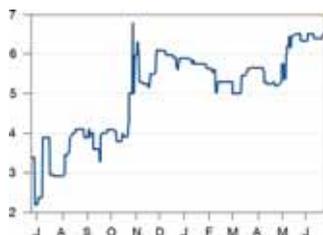
Y/E Mar / Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	21.33	(3.00)	(2.10)	N/A	N/A
2009A	34.83	(0.28)	(0.19)	N/A	N/A
2010E	38.40	2.60	2.10	0.60	11.88
2011E	42.40	4.40	3.00	0.86	8.29

Where available, consensus data has been sourced from Thomson Datastream

Sector: Pcare and household prd

Price: €6.50
Price as at 24 June 2010

Share price graph (€)



Company description

Millet Innovation specialises in designing, manufacturing, and marketing medical and cosmetic personal care products. The group's activity is organised around three product families: foot care products; cosmetic products and food supplements; and comfort shoes.

Price performance

%	1m	3m	12m
Actual	0.0	14.8	91.7
Relative*	(3.4)	21.9	67.8

* % Relative to local index

Analyst

Roger Leboff

Millet Innovation (ALINN)

Market cap: €12m

COMPANY COMMENT

FY09 turnover was ahead 12% y-o-y, including doubled sales to the group's newer export markets, the success of products tailored for a more cost-conscious market and increased focus on building the Epitact brand - established in France and Belgium - in international markets such as Switzerland, Italy and Portugal. That and 2008 cost cuts resulted in a near 400% increase in operating profit to €1.9m. That sets Millet up for further growth in 2010. Renewed confidence is reflected in a €0.30/share interim dividend.

INDUSTRY COMMENT

The group's strengths include a broad product portfolio and commitment to maintained investment in R&D at 5% of sales. The outlook is supported by valuable IP (21 patents), a significant proportion of which has evolved into saleable products and a growing network both in France and overseas. The near term should benefit from €0.4m marketing spend designed to raise awareness of its Epitact products among European pharmacies.

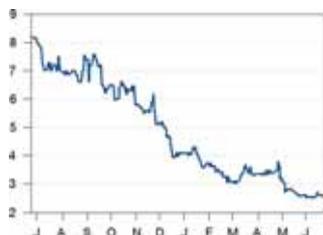
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	11.17	0.38	0.03	N/A	N/A
2009A	12.50	1.86	1.14	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: General Retailers

Price: €2.55
Price as at 24 June 2010

Share price graph (€)



Company description

Mindscape is market leader in France in the development and publication of video games and interactive content for the whole family.

Price performance

%	1m	3m	12m
Actual	(3.8)	(23.9)	(68.9)
Relative*	(7.1)	(31.2)	(72.8)

* % Relative to local index

Analyst

Richard Finch

Mindscape (ALMIN)

Market cap: €13m

COMPANY COMMENT

A halving of seasonally-important Q4 sales capped a wretched 2009 for Mindscape as demand for its core product (for the Nintendo DS console) collapsed. However, there was consolation in increased product sales for the market-leading Wii console and relative resilience in its PC games business. After €9m trading loss in 2009 and further softness in H110 (sales -25%), Mindscape expects to return to profit late in the current period (extended to 15 months to March 2011), assuming restructuring gains and successful development of online games. April's placing, which increased issued share capital by 50%, raised €4m.

INDUSTRY COMMENT

The video-game industry was long assumed to be resilient in straitened times because games are a relatively cheap form of home entertainment and have appeal through innovation. However, this has been thrown into doubt by a sharp and sustained fall in sales of key products in the French market in 2009 despite discounting, ie Nintendo DS (-33%) and Wii (-10%).

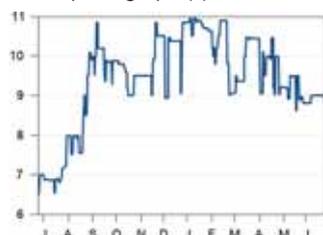
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	54.29	3.02	2.10	N/A	N/A
2009A	32.09	(15.50)	(11.11)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: General Retailers

Price: €8.78
Price as at 24 June 2010

Share price graph (€)



Company description

Monceau Fleurs is a French retail flower and plant distribution company. It markets products through a network of franchises under the names of Monceau Fleurs, Happy and Rapid'Flore.

Price performance

%	1m	3m	12m
Actual	(1.2)	(15.9)	25.6
Relative*	(4.6)	(8.8)	9.9

* % Relative to local index

Analyst

Richard Finch

Monceau Fleurs (ALMFL)

Market cap: €51m

COMPANY COMMENT

Monceau Fleurs has launched a €12m 8% five-year bond to accelerate ambitious plans in France and internationally. This follows a transformational 2009, with the first full inclusion of Rapid'Flore bringing a complementary brand and key franchising skills (group outlets +18% in nine countries). Management's target EBITDA was achieved even if like-for-like indicators were not given and margins remained thin. The franchise agreement with Lagardere to develop the HAPPY concept in RELAY outlets across France shows the strategy of brand development, market consolidation and vertical integration to be continuing apace.

INDUSTRY COMMENT

The French flower market is extremely fragmented (Monceau has a clear lead with under 10%). However, supermarkets compete on price through their purchasing power and promotions. The market is traditionally difficult (spend per inhabitant has been static in recent years and is well below the European average), but may now perform relatively well as consumers cut their leisure expenditure and spend more time at home and in their gardens.

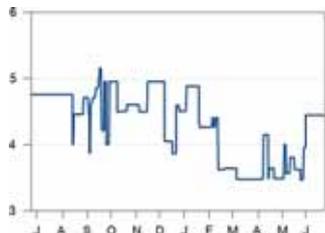
Y/E Sep	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	30.70	0.73	(0.34)	N/A	N/A
2009A	54.00	0.56	(2.10)	N/A	N/A
2010E	83.40	4.20	1.90	0.30	29.27
2011E	98.00	7.10	3.90	0.70	12.54

Where available, consensus data has been sourced from Thomson Datastream

Sector: Electrical Equipment

Price: €4.44
Price as at 24 June 2010

Share price graph (€)



Company description

NEOTION develops digital data reception cards and systems for distributors, assemblers, operators and manufacturers of televisions and computers.

Price performance

%	1m	3m	12m
Actual	22.7	28.0	(6.5)
Relative*	18.5	(2.3)	(18.2)

* % Relative to local index

Analyst

Roger Leboff

NEOTION (ALNEO)

Market cap: €23m

COMPANY COMMENT

There was some recovery in demand in H209, likely to be reflected in H210 revenues. Sales of MPEG4 products picked up from August and Neotion secured large orders from Ideascap in December and Q110. The addition of its new NKE-1 processor, which provides higher levels of security, may bolster current year sales, margins and market share. Industry delays in shipping new TVs and implementation of the EIC standard had a knock-on effect on demand for new products, but Neotion secured deals with cable and DTT operators in Holland and Sweden.

INDUSTRY COMMENT

Neotion provides sophisticated system-on-a-chip processors, turnkey sub-systems and reference designs that enable seamless integration and reduce time to market for consumer electronics. Its products capitalise on the 'all-digital' revolution, the gradual switch-off of analogue by 2012. In Europe and the US, c 700m analogue TVs will have to be replaced or upgraded. The changes will affect images broadcast by satellite, DTT and internet over ADSL.

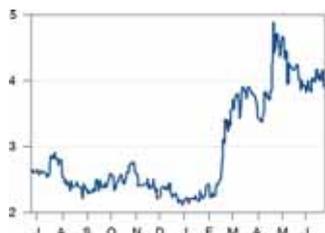
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	12.54	(1.94)	(0.90)	N/A	N/A
2009A	5.53	(8.81)	(7.37)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Media & Entertainment

Price: €3.91
Price as at 24 June 2010

Share price graph (€)



Company description

NetBooster is an interactive agency offering online marketing services in areas such as traffic generation, strategic consulting and referencing for websites.

Price performance

%	1m	3m	12m
Actual	(0.8)	2.9	45.9
Relative*	(4.1)	95.3	27.6

* % Relative to local index

Analyst

Fiona Orford-Williams

NetBooster (ALNBT)

Market cap: €37m

COMPANY COMMENT

Q409 showed some recovery, clawing back the reduction in revenues to 33% for FY09. Gross profit margin improved to 48% (40%) through a combination of product mix, new analytics and higher margin services. The group's three-year plan targets building on the existing offer and entering new markets, while increasing gross margin to over 50%. The group operates in six European countries, China and the Philippines. The UK operations are being merged with those of Guava, a Danish internet marketing company where the group has a 68% stake.

INDUSTRY COMMENT

French internet penetration in 2009 was estimated to be 35.1m users. E-commerce continued to grow to an estimated €25bn and is forecast to make further progress in 2010 to reach €30bn. The number of users making transactions rose to 25m. The advertising market is still led by press and TV, but online's share of spend has continued to grow 8.2% in 2009. Carat is looking for a modest resumption of growth of 1.7% in France for 2010, rising to 2.8% for 2011.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2007A	33.60	1.77	0.48	0.08	48.88
2008A	43.80	1.20	(8.72)	N/A	N/A
2009E	N/A	N/A	N/A	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Electrical Equipment

Price: €9.58
Price as at 24 June 2010

Share price graph (€)



Company description

NEXEYA (formerly Groupe Eurilogic) specialises in providing industrial and technical computer engineering services. The group assists its clients in designing, developing, installing and maintaining their products and industrial tools.

Price performance

%	1m	3m	12m
Actual	(3.4)	(10.0)	80.8
Relative*	(6.7)	(0.7)	58.1

* % Relative to local index

Analyst

Roger Leboff

NEXEYA (ALNEX)

Market cap: €39m

COMPANY COMMENT

Turnover grew 3% to €109.5m in the year to end June 2009; 6.4% on a like-for-like basis. The main driver was organic growth in key industries such as defence (32% of FY09 sales) and aerospace (21%), with the rest in automotive (6%), IT/telecom (16%) and others (25%). The outlook is underpinned by new business won during FY09 and a growing order backlog in new areas such as energy and rail. In December Nexeya acquired Lorin SA, a specialist in design and construction of test equipment and electronics for major French technology groups in Nexeya's key industries.

INDUSTRY COMMENT

NEXEYA designs, manufactures and supports specialist mission-critical electronic products. It has two divisions: products (complex electronic systems, testing and validation, maintenance and field service solutions); and services (prime contractor assistance, project monitoring, support and maintenance). NEXEYA benefits from sectoral diversification, with revenues derived from a broad range of industries.

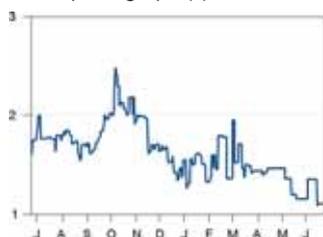
Y/E Jun	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	106.22	6.50	4.00	N/A	N/A
2009A	109.51	7.40	4.20	N/A	N/A
2010E	109.30	6.50	3.90	0.98	9.78
2011E	128.50	9.30	5.80	1.43	6.70

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €1.10
Price as at 24 June 2010

Share price graph (€)



Company description

Normaction provides telecommunications and computer security services to small and medium-sized French businesses.

Price performance

%	1m	3m	12m
Actual	(4.3)	(22.5)	(37.1)
Relative*	(7.6)	(18.7)	(45.0)

* % Relative to local index

Analyst

Richard Finch

Normaction (ALNOR)

Market cap: €3m

COMPANY COMMENT

Repeated postponements of the 2009 accounts compound longstanding uncertainty about management control of Normaction. The company has announced that only when its finances have been fully clarified can its proposed restructuring plan, inter alia, be finalised for shareholder approval. Such news is expected imminently. Last summer an arrangement was made with strategic partner Keyyo, which involved commercial links, a seat on Normaction's board and a prospective 20% stake. April's confirmation of a loss in 2009 (no detail given) is disappointing, given a record order book in October and the expected benefits of Normaction's new partnership with operator Keyyo.

INDUSTRY COMMENT

While the market for telecoms and IT services remains under pressure, there are still major opportunities for suppliers of security led services with innovative business models and high levels of customer support.

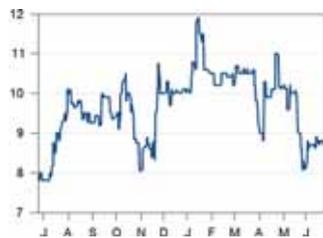
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2007A	26.36	0.64	0.40	N/A	N/A
2008A	24.22	1.14	0.42	N/A	N/A
2009E	N/A	N/A	N/A	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €8.71
Price as at 24 June 2010

Share price graph (€)



Company description

Notrefamille.com is a French internet portal dedicated to families and identity searching. It has three sites: Notrefamille.com, Genealogie.com and Cadeaux.com (online personalised gifts).

Price performance

%	1m	3m	12m
Actual	(4.3)	(17.7)	11.8
Relative*	(7.6)	(6.8)	(2.2)

* % Relative to local index

Analyst

Richard Finch

Notrefamille.com (ALNFA)

Market cap: €14m

COMPANY COMMENT

With top-line growth restored and traffic up by 27% at 6.3m unique visitors per month, Q110 benefited from last year's vigorous implementation of Notrefamille.com's strategy of growing the awareness and content of its portal through the acquisitions of an online medical encyclopaedia and France's leading online dictionary, as well as the provision of more services for women and consolidation of market leadership in genealogy. Such investment depressed 2009 trading profit but gross margin was ahead and finances remained robust. There is no financial guidance for 2010.

INDUSTRY COMMENT

French e-commerce remains buoyant with 30% growth in Q110, well ahead of full-year forecasts of 20%. While average transaction spend is holding up well (Q110 +4%), the drivers are new consumers (+15%, reflecting a market much less developed than in the UK and Germany) and frequency of transaction. Online genealogy is a mass-market activity in France, with over 5m expressing interest. The company's site Genealogie.com is clear market leader.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	12.14	1.13	0.91	0.61	14.28
2009A	11.80	0.40	0.90	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €2.31
Price as at 24 June 2010

Share price graph (€)



Company description

O2i is the clear French market leader in its two activities, software engineering for the digital graphics industry and continuing professional education in IT and multimedia.

Price performance

%	1m	3m	12m
Actual	(11.8)	(12.8)	(14.4)
Relative*	(14.8)	7.4	(25.1)

* % Relative to local index

Analyst

Richard Finch

O2i (ALODI)

Market cap: €7m

COMPANY COMMENT

2009 trading losses risk obscuring the progress made in developing O2i's two market-leading activities. Training has been streamlined from myriad businesses into a single entity (M2i, now on the Marche Libre) and engineering has been extended overseas (Algeria). Management has also been restructured and target trading margins have been set for 2012 (8% for training and 6% for engineering, compared with a composite 2% in 2008), courtesy of economies of scale, returns on current investment and moving the head office. O2i expects to deliver a profit next year.

INDUSTRY COMMENT

The business benefits from its conglomerate structure. The digital graphics sector continues to go through a cyclical downturn driven by cutbacks in corporate marketing and advertising spend. However, the outlook in education is far more resilient as under-invested schools roll out internet-enabled IT systems.

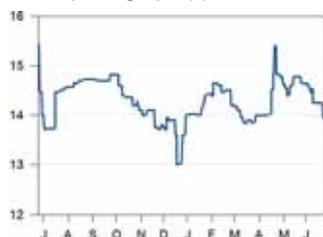
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	47.60	0.88	0.54	N/A	N/A
2009A	49.80	(1.70)	1.70	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Construction & Blding Mat.

Price: €13.99
Price as at 24 June 2010

Share price graph (€)



Company description

Under the brand names Oberflex and Marotte, Ober offers deluxe decorative wood panels to stores, offices, hotels and meeting and event rooms, as well as for decorating private homes.

Price performance

%	1m	3m	12m
Actual	(5.3)	0.9	(4.1)
Relative*	(8.6)	13.0	(16.1)

* % Relative to local index

Analyst

Richard Finch

Ober (ALOB)

Market cap: €20m

COMPANY COMMENT

Ober's Q110 update shows mixed fortunes as decent early returns from its significant new Stramiflex venture (like-for-like sales +15%) contrast with continued heavy going at its core operations (like-for-like sales -20%), which contradicts recent optimism about stabilisation. Management is nonetheless aiming still for pro forma growth for the year as a whole. Stramiflex (60% of Stramica, a major counterpart in North Africa) brings new products, economies of scale (the business is over half the size of Ober) and scope for expansion in Europe and the Middle East. It is already high-margin (15%) and well known by Ober management. 2009 was tough for Ober, with unexpected margin pressure effecting a sharp fall in H2 profit. Finances remain healthy after the Stramiflex deal.

INDUSTRY COMMENT

Both the shipbuilding and construction industries have performed poorly in the current climate, with many wooden features seen as expendable luxuries. Shipbuilding virtually ground to a halt while the industry adjusted to the new climate. We do not expect a near-term recovery.

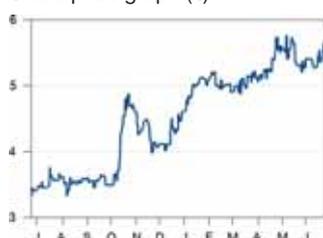
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	29.23	4.23	2.71	1.88	7.44
2009A	24.71	2.17	1.33	N/A	N/A
2010E	24.65	2.35	1.30	0.91	15.37
2011E	38.90	4.05	1.85	1.26	11.10

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €5.50
Price as at 24 June 2010

Share price graph (€)



Company description

OCTO Technology offers consulting and execution services for information system architectures.

Price performance

%	1m	3m	12m
Actual	1.5	6.2	59.9
Relative*	(2.0)	30.1	39.9

* % Relative to local index

Analyst

Richard Finch

OCTO Technology (ALOCT)

Market cap: €17m

COMPANY COMMENT

OCTO is benefiting from its investment, notably in consultants and architects (+18% in 2009), to deliver growth despite unhelpful market conditions. While the 10% gain in Q110 sales was below that of recent quarters (typically, 20% in 2009), management is confident of an acceleration during the rest of the year, both in France and internationally. This reflects OCTO's involvement with key projects that should survive the financial crisis and the increasing success of its prestigious annual IT conference.

INDUSTRY COMMENT

We would expect continuing investment by corporates to ensure that they have robust architectures to their new IT systems in order to remain well underpinned. Nevertheless, in the short-term, we expect some cutbacks in IT project spend and certainly a push-out of larger projects.

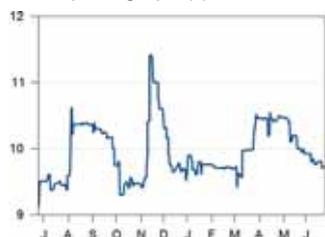
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	12.86	0.35	0.83	N/A	N/A
2009A	15.40	0.91	0.94	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Electrical Equipment

Price: €9.71
Price as at 24 June 2010

Share price graph (€)



Company description

Orolia produces electronic precision equipment and systems for use for use in the space, defence, security, telecommunication and digital television broadcasting sectors.

Price performance

%	1m	3m	12m
Actual	(2.9)	(5.3)	9.1
Relative*	(6.2)	8.5	(4.5)

* % Relative to local index

Analyst

Roger Leboff

Orolia (ALORO)

Market cap: €40m

COMPANY COMMENT

FY09 performance demonstrated resilience to a difficult economic backdrop. Turnover was €31.1m, up 10% y-o-y but down 6% adjusted for Q409 acquisitions. Performance was affected by delays to SATNAV programmes in Europe, China and India, plus weakness in test & measurement and broadcast, which typically end the year well. A policy of maintaining firm prices despite the weaker market has protected gross margins and operating profits (5.1% of sales) and underpins the outlook as markets recover, together with cost savings and a full-year contribution by recent acquisitions.

INDUSTRY COMMENT

The outlook for FY10 is more encouraging, with progress in navigation systems, beacons and personal marine, and defence. As predicted, global recession has had the greatest impact on Orolia's test and measurement instruments division (17% sales). The group should benefit from the gradual recovery in the global economy, especially the US, and positive contributions from its latest acquisitions.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	28.17	3.20	1.11	0.37	26.24
2009A	31.10	1.60	(3.10)	(1.11)	N/A
2010E	59.00	4.80	1.90	0.63	15.41
2011E	64.00	5.80	2.60	0.99	9.81

Where available, consensus data has been sourced from Thomson Datastream

Sector: General Retailers

Price: €9.00
Price as at 24 June 2010

Share price graph (€)



Company description

Piscines Groupe GA manufactures pool shells made of composite materials and concrete products. It also offers maintenance products, covers, tarpaulins, water treatment products and safety equipment.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	(14.3)
Relative*	(3.4)	(2.8)	(25.0)

* % Relative to local index

Analyst

Richard Finch

Piscines Groupe GA (ALPGG)

Market cap: €28m

COMPANY COMMENT

Economic uncertainty and the company's overcapacity following wholesale expansion since 2005 continued to weigh on H209 results, as a 12% pick-up in sales, fuelled by aggressive pricing, failed to translate into profit despite efficiencies. Caution persists, with management suggesting only that a continuation of Q1's 20% sales gain for the whole of 2010 should return Piscines Groupe to profit. Encouragingly, cost control has not affected the ability to react to recovery and finances have improved through debt restructuring and stock rationalisation.

INDUSTRY COMMENT

Market leader Piscines Desjoyaux has more recently confirmed this measured recovery in trading conditions. The company's French sales rose by 8% in the six months to February, compared with a fall of 17% in the year to August 2009. However, as at Piscines Groupe, there is abiding pressure on margins.

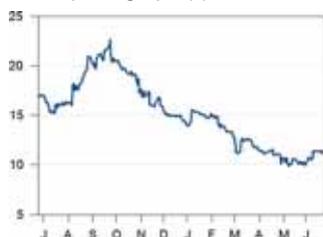
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	35.19	0.74	0.07	N/A	N/A
2009A	31.45	(0.43)	(1.18)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Basic Industries

Price: €11.30
Price as at 24 June 2010

Share price graph (€)



Company description

POWEO, a leading provider of electricity and gas in France, is evolving towards an integrated operator model with an industrial focus intended to give the company its own electricity production capability.

Price performance

%	1m	3m	12m
Actual	10.0	(4.2)	(32.1)
Relative*	6.3	(15.4)	(40.6)

* % Relative to local index

Analyst

Richard Finch

POWEO (ALPWO)

Market cap: €185m

COMPANY COMMENT

Ahead of market reform, POWEO expects a further operating loss in the current year, albeit much smaller (€20-30m) than last year's €85m, which was affected by restructuring costs. The 60% boost to Q110 sales was due largely to an initial contribution from the company's first power plant. This trend should continue, assuming implementation of plans to double generation capacity by end 2012. 2009 saw POWEO's sustained refocusing away from industrial companies and networks towards higher-margin residential customers.

INDUSTRY COMMENT

The French electricity market is viewed as one of long-term growth, even if demand management initiatives prove increasingly effective. In response to the Champsaur Commission's report, the government is to implement reform next year, aimed at the abolition of price regulation for large business users by 2015, as well as at controls on wholesale pricing. Both measures should favour alternative energy suppliers.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	577.30	(21.70)	(20.50)	(1.81)	N/A
2009A	564.70	(85.30)	(93.50)	N/A	N/A
2010E	726.60	3.00	(43.86)	N/A	N/A
2011E	929.40	17.00	(22.18)	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Media & Entertainment

Price: €3.56
Price as at 24 June 2010

Share price graph (€)



Company description

Press Index offers information processing services to communication agencies and businesses. Activities include media surveillance, preparation of press articles and analysis of press spin-offs.

Price performance

%	1m	3m	12m
Actual	(11.9)	(18.8)	(30.3)
Relative*	(14.9)	(13.2)	(39.0)

* % Relative to local index

Analyst

Fiona Orford-Williams

Press Index (ALPRI)

Market cap: €6m

COMPANY COMMENT

Q110 sales fell 1.4%, an improvement on the rate of decline in Q409, with increased revenue in the UK and Italy offset by falls in France and Spain (although some of the French decline is due to reallocation with the UK figures). The group is rolling out Pikanews, a pan-European multimedia monitoring service, enabling clients to track areas of commercial interest more broadly than just by brand and allowing them to see information in its presentational context. The group is also extending its offering to include reputation management within social media.

INDUSTRY COMMENT

The proliferation of channels and globalisation of content has presented real hurdles for media monitoring, a traditionally labour-intensive activity. Press Index has invested in technological solutions that have broadened the proposition, should give economies of scale and offer the ability to service clients reliably and in real time, on a retained and project basis. However, the economic environment means that clients remain reluctant spenders.

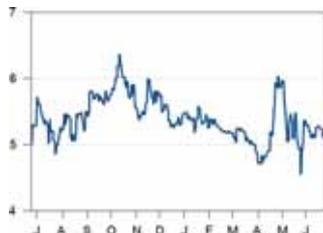
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	16.95	0.65	(2.41)	(1.46)	N/A
2009A	16.29	0.20	0.00	N/A	N/A
2010E	16.78	0.49	0.44	N/A	N/A
2011E	17.62	0.91	0.72	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €5.25
Price as at 24 June 2010

Share price graph (€)



Company description

Prodware specialises in publishing and hosting business computer solutions. Key areas include the integration of management software, the design and implementation of network applications and the engineering of decisional information systems.

Price performance

%	1m	3m	12m
Actual	8.2	4.6	4.6
Relative*	4.6	8.7	(8.5)

Analyst

Roger Leboff

Prodware (ALPRO)

Market cap: €22m

COMPANY COMMENT

A 7.3% pick-up in first quarter revenues y-o-y at € 18.7m is encouraging. It reflects early signs of recovery in software sales, to subsidiaries of French companies and international accounts, plus the success of strategic investments over the last few years designed to increase competitive advantage. Of most significance is an increased contribution by SaaS sales, regarded as more durable revenues. The market environment remains fragile, but supports the targeted resumption of growth in FY2010 on a tighter cost structure.

INDUSTRY COMMENT

Established in 1989, Prodware is one of France's leading software integrators and IT service companies, with c11,600 domestic and international customers. It has grown steadily via acquisition. A well-diversified customer base and experience provides exposure to sectors including automotive, financial services, food and beverage, life sciences, luxury goods, professional services, retail, telecommunications, transportation and logistics, and utilities.

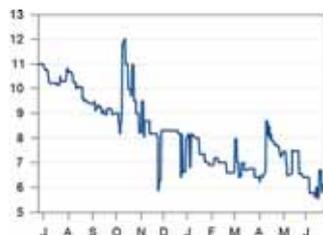
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	95.10	3.76	2.20	0.61	8.61
2009A	84.30	3.27	5.27	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €6.09
Price as at 24 June 2010

Share price graph (€)



Company description

Proservia specialises in providing engineering and computer services.

Price performance

%	1m	3m	12m
Actual	(7.0)	(9.8)	(44.4)
Relative*	(10.2)	(0.9)	(51.3)

Analyst

Richard Finch

Proservia (ALPRV)

Market cap: €11m

COMPANY COMMENT

After a sustained fall in like-for-like sales in 2009, Proservia's Q110 performance (+3%) is a welcome step towards its target of outperforming a likely flat market in the current year. However, caution prevails after a very difficult 2009 when predictably severe margin pressure was compounded by disappointment with two key newer ventures, which management sought to stem in the second half through cost cutting. Continuing strong finances (gearing of just 13% at end 2009) allow the company to invest, as appropriate, including growth by acquisition, eg its February in-fill deal, LYNT.

INDUSTRY COMMENT

Industry body Syntec has forecast modest recovery (+0.5%) in the market (±2 points) for 2010. This follows no growth last year (+6% in 2008).

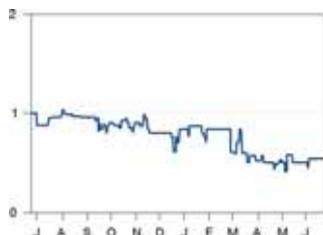
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	44.59	2.67	1.07	N/A	N/A
2009A	44.20	0.67	(0.97)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Support Services

Price: €0.54
Price as at 24 June 2010

Share price graph (€)



Company description

Proventec distributes cleaning materials and protective coatings to the health, transport, building and agri-food sectors.

Price performance

%	1m	3m	12m
Actual	8.0	(5.3)	(46.0)
Relative*	4.3	(16.8)	(52.8)

* % Relative to local index

Analyst

Richard Finch

Proventec (ALPTC)

Market cap: €8m

COMPANY COMMENT

Proventec has newly announced that it is negotiating to secure the funding of its £0.6m loan interest payment due at the end of June as well as additional funding for the business. It is confident that an agreement will be reached soon. Management continues to look at ways of repaying and/or converting the £14.6m loan notes in issue. While the second half of the year to March 2010 is expected to have improved on the first, when sales were down by 2% and pre-tax loss increased, it could well be late 2010 before current initiatives pay off.

INDUSTRY COMMENT

The rise in hospital-acquired infection amounts to a global epidemic, for example, with up to 100,000 people affected by MRSA in 2008 in the US alone. However, UK figures show a continuing and significant fall in MRSA and C difficile thanks to increased dedication to infection control in hospitals and nursing homes. The bugs' capacity to develop resistance to antibiotics, for example, argues against complacency.

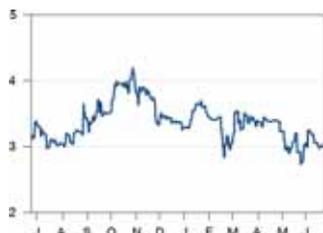
Y/E Mar	Revenue (£m)	Op. Profit (£m)	Net income (£m)	EPS (£)	P/E (x)
2008A	14.03	2.38	1.32	0.11	4.08
2009A	15.40	(27.60)	(27.90)	(227.40)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €3.00
Price as at 24 June 2010

Share price graph (€)



Company description

Referencement.com group is a specialist in digital marketing and search marketing software publishing. It is characterised by the convergence of online advertising channels.

Price performance

%	1m	3m	12m
Actual	(0.7)	(11.8)	(1.0)
Relative*	(4.1)	(3.9)	(13.4)

* % Relative to local index

Analyst

Roger Leboff

Referencement.com (ALREF)

Market cap: €9m

COMPANY COMMENT

FY09 turnover was 9.9% down y-o-y at €17.6m. The three largest divisions have undergone repositioning likely to be reflected in FY10 sales. One division to show growth was software (search engine marketing) which, after investment in product development, saw a 71% increase in sales to just over €1m. Margins will be helped by €0.6m pa cut in overheads, including 17% from payroll. Referencement.com announced a strategic partnership with Prodware in March and raised €0.8m and €0.9m in October and April to fund R&D in innovative products and services.

INDUSTRY COMMENT

The group's products put it in a strong position to capitalise on increased media spending on the internet. Its specialist divisions offer customers insight into the efficacy of their online marketing. It has over 1,200 clients, including Microsoft, Accor, 3 Suisses, Vivendi, Intermarché, Metro, Yellow Pages/Pages Jaunes, Groupe AB, Ricoh, Axa Health and Lenôtre. The group has offices in Paris, Bucharest, London, New York and Palo Alto (R&D).

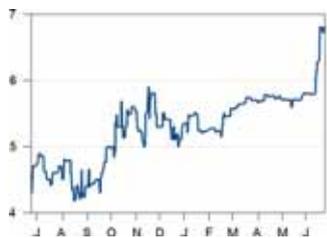
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	17.58	0.09	(0.08)	(0.28)	N/A
2009A	15.80	0.70	0.50	N/A	N/A
2010E	15.53	1.28	0.41	0.26	11.54
2011E	19.10	1.83	0.82	0.37	8.11

Where available, consensus data has been sourced from Thomson Datastream

Sector: Construction & Bldg Mat.

Price: €6.80
Price as at 24 June 2010

Share price graph (€)



Company description

Richel Serres de France produces plastic-roofed greenhouses for horticulturists, vegetable and fruit crops, and tobacco growing and drying.

Price performance

%	1m	3m	12m
Actual	19.5	19.5	49.5
Relative*	15.4	33.4	30.8

* % Relative to local index

Analyst

Richard Finch

Richel Serres (ALRIC)

Market cap: €34m

COMPANY COMMENT

Richel has pleased the market with a sharp recovery in profit in the year to March. While trading margin doubled owing to a rebound in H2 sales (+17%) and favourable raw material prices, the new renewable energies business went from strength to strength (already 20% of group sales), making up for weakness in exports and garden centres. The core greenhouse activity performed well, buoyed by strong demand for its new products. Management expects continued top-line growth in the current year, largely from a pickup in exports, boosted by euro weakness against the dollar, and from renewable energies, but is wary about steel prices which have risen of late.

INDUSTRY COMMENT

Eurostat figures show Eurozone industrial production to have grown by 0.8% in April compared with March and by 9.5% year on year. Capital goods have fared similarly, with rises of 1% and 9% respectively.

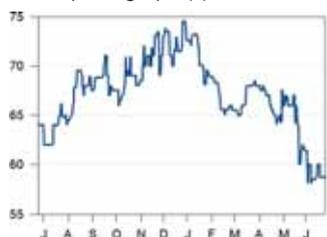
Y/E Mar	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	90.39	4.21	5.29	0.51	13.33
2009A	87.20	3.10	2.00	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Construction & Bldg Mat.

Price: €59.00
Price as at 24 June 2010

Share price graph (€)



Company description

Koninklijke Reesink distributes products such as DIY materials, agricultural machinery and steel materials to industrials and specialist distribution chains.

Price performance

%	1m	3m	12m
Actual	(1.7)	(13.4)	(7.8)
Relative*	(6.3)	(19.8)	(28.7)

* % Relative to local index

Analyst

Richard Finch

Royalreesink (ALRRE)

Market cap: €40m

COMPANY COMMENT

Economic conditions contributed, as at H109, to a 40% dip in 2009 trading profit before exceptional items (+28% in 2008) on sales down by 18% (12% in H1). Management is thus understandably cautious about the current period, suggesting no improvement in markets in the first half. In line with its strategy of using its strong financial position to make acquisitions in markets in which it operates, Reesink has announced a tentative takeover agreement with Jean Heybroek, a long-established distributor of leading brands in green technology, engineering and soil purification technology. The acquisition is expected to be immediately earnings-enhancing (forecast 2010 sales €18m).

INDUSTRY COMMENT

According to the OECD, after a sharp recession where GDP declined by 4% in 2009, the Netherlands' economy is set to grow by 1% this year on the back of a recovery in world trade, fiscal stimulus and easier monetary conditions. Slightly faster growth is forecast for 2011. The fiscal stimulus has contributed to a likely budget deficit of over 6% of GDP this year.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	198.91	10.50	7.86	11.71	5.04
2009A	163.30	7.70	0.00	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Electrical Equipment

Price: €5.85
Price as at 24 June 2010

Share price graph (€)



Company description

Safetic specialises in the design, marketing, installation and maintenance of biometric identification and video surveillance systems under IP.

Price performance

%	1m	3m	12m
Actual	4.5	(27.8)	(28.4)
Relative*	0.9	(18.6)	(37.4)

* % Relative to local index

Analyst

Roger Leboff

Safetic (ALEGR)

Market cap: €67m

COMPANY COMMENT

The group made an encouraging start to FY10. Q110 sales were 15% ahead of Q109, 14% up on Q409. The strongest performance, at 50% growth, was produced by Portugal and the UK, which combined generated around 22% of group sales and fully offset slower performances elsewhere. The strong start has been maintained in Q2; April saw the best ever monthly orders. The group changed its name from Easydentic to Safetic in May, to better reflect core activities in protection of goods, access and people. The outlook is strong growth in sales and profit in FY10 and FY11.

INDUSTRY COMMENT

International growth continued in FY09, with strong performances in France and continental Europe expected to be maintained into FY10 and beyond. Safetic designs, sells, installs and maintains innovative corporate security technologies. The group operates in 12 European countries, with products that cover biometric access control, IP-based video surveillance, access management and control system applications.

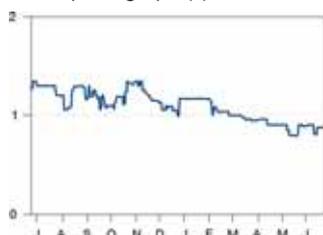
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	105.60	12.90	(1.40)	N/A	N/A
2009A	82.70	(12.00)	(18.90)	N/A	N/A
2010E	83.10	N/A	(16.44)	(1.39)	N/A
2011E	122.28	16.28	2.82	0.41	14.27

Where available, consensus data has been sourced from Thomson Datastream

Sector: Construction & Bldg Mat.

Price: €0.88
Price as at 24 June 2010

Share price graph (€)



Company description

Safwood provides wood products such as logs, dry pine and fir boards, panels and sheets to the construction and furniture industries. It has production sites in Russia and Poland.

Price performance

%	1m	3m	12m
Actual	(2.2)	(6.4)	(30.2)
Relative*	(5.6)	(18.9)	(38.9)

* % Relative to local index

Analyst

Richard Finch

Safwood (ALWOO)

Market cap: €22m

COMPANY COMMENT

While H209 saw welcome recovery in Safwood's core sawn wood business (full year sales and margin slightly ahead), there was disappointment in the new high-margin prefabricated wood structures operation, which performed well below H2 guidance (sales short by a quarter) and in news of a quarter's delay at the new chipboard panels plant which was set to benefit the current year. Management nonetheless expects wood structures still to be the main driver of growth in 2010 (20% of 2009 group EBITDA from a standing start). Safwood continues to face the challenge of funding its ambitious five-year business plan aimed at becoming a fully-integrated producer (estimated investment of more than €200m).

INDUSTRY COMMENT

Global timber prices remain weak, eg at an eight-month low in the US on a collapse in new home sales. However, longer term, there should be a benefit from regulation in developed countries (notably, the EU's proposed ban from 2012) against illegal supplies, which account for an estimated 40% of global wood production.

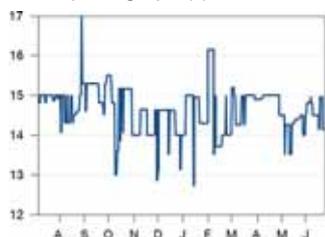
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	99.07	6.37	1.55	0.65	1.35
2009A	118.89	8.28	2.76	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Food & Drink

Price: €14.15
Price as at 24 June 2010

Share price graph (€)



Company description

Sapmer specialises in fishing for Patagonian toothfish (Chilean seabass), lobster and tuna. The company operates exclusively in the Australian (tuna) and French Antarctic (Patagonian toothfish and lobster) economic zones, under strict regulation that issues licences to fish and imposes catch quotas on French shipowners in that zone.

Price performance

%	1m	3m	12m
Actual	(1.7)	(5.7)	N/A
Relative*	(5.1)	9.0	N/A

* % Relative to local index

Analyst

Fiona Orford-Williams

Sapmer (ALMER)

Market cap: €49m

COMPANY COMMENT

Sapmer listed in July 2009, raising €5m. Based on La Réunion, the Patagonian toothfish historically formed the bulk of the group's tonnage, caught under strict quotas in the TAAF (French Southern and Antarctic Lands), with crayfish the next largest category. Expansion plans centre on commissioning three tuna blast-freezer purse seiners (the second of which has recently been delivered; the third is due in H210) and a JV plant in L'île Maurice. By 2012, tuna is intended to account for 60% of group revenues and the group is targeting doubling group revenues to €70m, delivering a net margin of around 10%.

INDUSTRY COMMENT

Both toothfish and crayfish are highly prized in Asia, with frozen tuna particularly suitable for quality sashimi. Following instances of over-fishing and piracy, TAAF laws were tightened and are now strictly enforced. Trawling was banned in favour of longline, quotas are fixed annually and all ships must carry an independent inspector. Tuna is not currently restricted in the Indian Ocean as it is in the Atlantic, Pacific or Mediterranean.

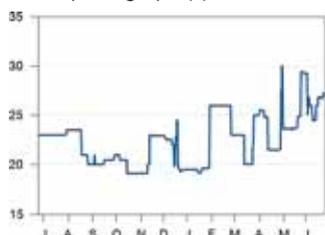
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	29.45	4.21	1.10	N/A	N/A
2009A	33.00	2.70	1.00	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Electrical Equipment

Price: €27.18
Price as at 24 June 2010

Share price graph (€)



Company description

Serma Technologies offers a wide range of services to the electronics industry, including technical engineering advice and the design and production of digital and mixed signal integrated circuits.

Price performance

%	1m	3m	12m
Actual	(1.2)	8.7	18.2
Relative*	(4.5)	51.8	3.4

* % Relative to local index

Analyst

Richard Finch

Serma Technologies (ALSER)

Market cap: €31m

COMPANY COMMENT

Despite the expected pick-up in H2 sales, management's aspiration to maintain 2009 trading profit before R&D tax credit proved quite optimistic, ie down by a quarter. Given similar disappointment in H109, caution with regard to its current forecast of a 50% rise in 2010 trading profit before R&D tax credit on 15% organic sales growth would be understandable. Last autumn's German acquisition, Axeneon, representing over 10% of enlarged group sales, confirmed Serma's readiness to grow externally (finances remain sound).

INDUSTRY COMMENT

Our checks indicate that the worst is probably over for the semiconductor sector in terms of sequential and year-on-year comparisons. However, the severity of the downturn should not be underestimated and its duration is still unknown: it has already claimed some high-profile casualties in the bankruptcies of Qimonda and Spansion. Companies further down the supply chain may take longer to see any recovery, but importantly we would expect the trend towards outsourcing to continue.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	41.94	0.00	4.35	3.77	7.21
2009A	42.64	0.00	3.69	3.21	8.47
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €23.11
Price as at 24 June 2010

Share price graph (€)



Company description

Sidetrade is a major European publisher in the software-as-a-service mode, offering financial departments technology and consulting services for optimising customer relationships, for example reducing payment delays.

Price performance

%	1m	3m	12m
Actual	13.6	14.2	53.0
Relative*	9.7	29.4	33.9

* % Relative to local index

Analyst

Roger Leboff

Sidetrade (ALBFR)

Market cap: €30m

COMPANY COMMENT

Q110 produced a fifth consecutive quarter of entirely organic 20% y-o-y growth. Recent client wins include Altagaz and Darty in its local market, plus expansion elsewhere in Europe via collaboration with the Loxam Group in Switzerland, German, Ireland, England and Belgium and with Adecco Group in Luxembourg. The group's SaaS model, focused on credit management solutions has proved a consistent performer. Recurring revenues from multi-year contracts provide medium-term visibility to 2014.

INDUSTRY COMMENT

IDC has forecast average growth in the SaaS market of 26% a year to 2011, with the share of on-demand services in the software market to increase by more than 100% between 2007 and 2011. Sidetrade helps clients with cash management and helps improve cash flow/reduce working capital. It also helps reduce late payments, decrease disputes, identify customer risk and secure receivables. It provides services for over 200 large and medium-sized companies.

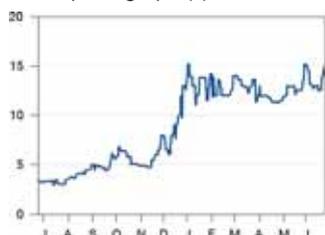
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	7.86	0.70	0.95	N/A	N/A
2009A	9.43	1.23	1.20	N/A	N/A
2010E	10.60	1.40	1.40	1.09	21.20
2011E	12.00	2.10	1.50	1.19	19.42

Where available, consensus data has been sourced from Thomson Datastream

Sector: Media & Entertainment

Price: €14.00
Price as at 24 June 2010

Share price graph (€)



Company description

Sporever publishes sports information and owns the sites Sporever.fr and Football365.fr. It creates and supplies content for sports sites for third parties, and provides SMS, MMS and videos for mobile phones.

Price performance

%	1m	3m	12m
Actual	12.0	2.9	344.4
Relative*	8.2	31.3	288.9

* % Relative to local index

Analyst

Richard Finch

Sporever (ALSP0)

Market cap: €34m

COMPANY COMMENT

Sporever's re-positioning on new media paid off in 2009 as strength in IPTV (over 40% of sales) not only made up for weakness in internet advertising and no major global sports event but contributed to decent margin gain (5% against under 2%) on maintained sales. While not making a 2010 forecast, management is confident that Bouyaka, a broad-based production company, will bring economies of scale, enabled by its move to larger, less expensive premises, and exposure to likely higher-margin non-sports content. 2010's wealth of sports events, eg the World Cup and Winter Olympics, should boost advertising income.

INDUSTRY COMMENT

France has been particularly amenable to IPTV but the tendency for it to be bundled free with broadband makes it unclear how financially attractive the service is on its own. The huge subscriber bases of satellite and cable operators are also a threat, but the European market is estimated to double by 2012. Online advertising could grow by 8% this year (per Capgemini Consulting) against 6% in 2009.

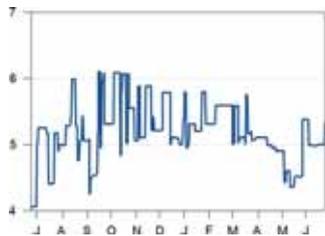
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	13.11	0.23	(0.08)	N/A	N/A
2009A	13.53	0.68	0.25	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Financials

Price: €5.33
Price as at 24 June 2010

Share price graph (€)



Company description

Stradim - Espace Finances is in real estate, assisting with the sale of apartments and land for development, and services such as outfitting professional spaces, leasing and management.

Price performance

%	1m	3m	12m
Actual	18.2	5.5	31.6
Relative*	14.2	13.0	15.1

* % Relative to local index

Analyst

Roger Leboff

Stradim - Espace Fin. (ALSAS)

Market cap: €9m

COMPANY COMMENT

H209 saw a strong pick-up after a difficult first half and generated a 23% increase in turnover for FY09 overall. Operating margins fell 5.0% to 2.5%, as the mix included a higher proportion of sales to social landlords. A sharp increase in activity over the last three quarters reflects increases in government incentives to encourage investment in rental housing (Scellier Law) and first time buyers. The statement points to recovery in group profitability during the current year. Q110 reservations were 144 lots, vs a 550 FY10 target.

INDUSTRY COMMENT

Revenues are generated from sales of apartments, houses, other buildings and development land, plus estate agency. Stradim has sales operations in Alsace, Aube and the Loire Atlantic region in France. Prospects are underpinned by stronger commercial demand post introduction of the Scellier Law and historically low interest rates.

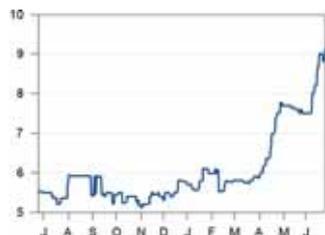
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	48.39	2.40	1.00	0.58	9.19
2009A	59.56	1.52	0.80	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €9.14
Price as at 24 June 2010

Share price graph (€)



Company description

StreamWIDE publishes software used to provide telephone and video-telephone services. Its products are aimed at fixed and mobile telecom operators and internet access providers.

Price performance

%	1m	3m	12m
Actual	19.5	54.9	65.6
Relative*	15.4	70.3	44.9

* % Relative to local index

Analyst

Roger Leboff

StreamWIDE (ALSTW)

Market cap: €24m

COMPANY COMMENT

Revenue growth, at 19% y-o-y reflected a strong second half which, at €4.1m was 35% ahead of each of the previous two periods. There were two principal reasons. The first was a positive seasonal effect on Q4 sales which was missing from 2008. The second was a strong pick-up in distribution agreements signed at the start of 2009. For FY09 in total, software sales was 52% of the total (H109:38%), services 35% and merchandise 13%. Existing clients were 81% of revenues in 2009; stronger sales to telcos was maintained into H209.

INDUSTRY COMMENT

StreamWIDE provides next-generation value-added services for mobile and fixed-line telecoms operators. This is based on a proven carrier-grade, software patented technology. Europe's telecom carriers have adopted a wait-and-see attitude but emerging markets, ie Latin America and Africa, continue to grow. StreamWIDE offers the benefits of an IP environment (with reduced time to market, capex and opex), plus innovative and efficient tools to drive up ARPU.

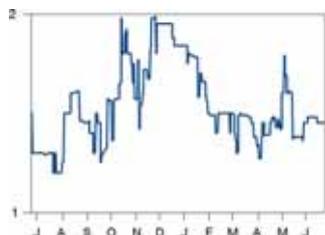
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	6.06	(1.85)	(0.50)	N/A	N/A
2009A	7.20	0.47	0.92	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Media & Entertainment

Price: €1.45
Price as at 24 June 2010

Share price graph (€)



Company description

The Marketinggroup specialises in customer relationship management, for example, management of contact centres, and communication and marketing services.

Price performance

%	1m	3m	12m
Actual	5.1	0.0	(3.3)
Relative*	1.5	(15.0)	(15.4)

* % Relative to local index

Analyst

Fiona Orford-Williams

The Marketinggroup (ALTMG)

Market cap: €5m

COMPANY COMMENT

The business comprises two activities: call centres (phone marketing; outsourced and insourced, 76% sales) and marketing communications (24%). H209 saw a good recovery in profitability as utilisation rates improved. This helped the economics at both the enlarged Marseilles call centre and at Lyon, which had pushed the group into an operating loss in H1. The new lower-cost centre in Dreux, opened in June, has helped the group win new accounts and higher levels of business from existing clients. 51% of the shares are held by the Gladysz family.

INDUSTRY COMMENT

The French call-centre market is the third largest in Europe after the UK and Germany. Budgets remain under pressure, but standard support functions have the comfort of some longer-term contracts. Industry margins, however, have been affected by overcapacity and high and inflexible labour costs, confirmed by the 2009 difficulties in its domestic market of industry major, Teleperformance. Further industry consolidation is anticipated.

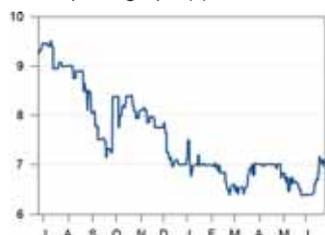
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	34.48	0.42	(0.04)	(0.01)	N/A
2009A	33.95	0.49	(0.20)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Support Services

Price: €7.10
Price as at 24 June 2010

Share price graph (€)



Company description

TMC offers consultancy, technology and ICT services. It deploys subject experts on a project basis to clients in the profit and non-profit sectors, mainly in technology and civil engineering.

Price performance

%	1m	3m	12m
Actual	9.7	4.7	(23.8)
Relative*	4.5	2.8	(41.1)

* % Relative to local index

Analyst

Roger Leboff

TMC Group (ALTCM)

Market cap: €25m

COMPANY COMMENT

H209 saw a 46% increase in EBITDA vs H109, despite a further 11% fall in revenues and €0.6m of recurring charges. The figures are beginning to see the benefit of measures taken in response to weaker markets, particularly staff and overhead cuts and the closure of loss-making activities. The ICT market (10% of FY09 revenues) remains uncertain, but the statement is reasonably positive regarding growth in H210. The outlook for Civil Engineering & Architecture remains depressed, with a €6.2m goodwill write-off on the back of reduced forecasts for the next few years.

INDUSTRY COMMENT

The group cut costs in anticipation of a tougher market in 2009 and shifted the strategic focus to maintaining profitability of existing activities and capitalising on clients added in 2008. It expects demand for its specialists to remain high. Group clients include Philips, ASML, Océ, TNO, the Maastricht University Hospital, the Ministry of Defence and the Municipality of Amsterdam. TMC added more than 100 new clients in FY08.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	42.34	5.61	4.04	1.04	6.83
2009A	37.15	(4.01)	(4.74)	(1.21)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Pcare and household prd

Price: €13.50
Price as at 24 June 2010

Share price graph (€)



Company description

Toolux Sanding specialises in the design, manufacturing and marketing of metal and plastic tool sets. The group's products include screwdrivers, nozzles, multi-use wrenches, trowels and accessories (toolboxes, gloves, etc).

Price performance

%	1m	3m	12m
Actual	0.0	0.0	3.8
Relative*	(3.4)	7.9	(9.1)

* % Relative to local index

Analyst

Stephen Rogers

Toolux Sanding (ALTLX)

Market cap: €24m

COMPANY COMMENT

In May, Toolux belatedly released its interim results for the six months to June 2009. No comparative figures were provided, but the company reported turnover of €2.6m, generated gross profit of €0.8m and a loss before tax of €0.2m. Due to the effects of negative goodwill arising from the acquisition of Green Dragon Holdings, the group reported an accounting profit of €2.8m. Net cash outflow for the period was €3.3m. Cash balances of €3.8m were just enough to cover total short-term debt of €3.6m due before the end of 2009.

INDUSTRY COMMENT

Toolux Sanding is a Luxembourg-based holding company incorporated in October 2008. The company is engaged in tool production and operates through its direct subsidiaries Giant Dragon Holding, based in Samoa, and Shaoxing Sanding Tools, based in China. The company specialises in the design, manufacture and marketing of metal and plastic tool sets. Its products include screwdrivers, nozzles, multi-use wrenches, trowels and accessories. The products are marketed under third-party names (87% of sales) and under its own brand (13%).

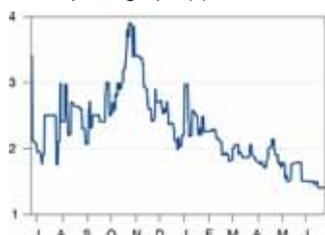
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2007A	9.71	2.22	1.96	N/A	N/A
2008A	8.47	0.19	0.08	N/A	N/A
2009E	N/A	N/A	N/A	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €1.40
Price as at 24 June 2010

Share price graph (€)



Company description

Traqueur specialises in marketing and installing stolen vehicle location products for individuals and vehicle fleet management systems for businesses.

Price performance

%	1m	3m	12m
Actual	(21.3)	(26.7)	(35.8)
Relative*	(24.0)	(30.1)	(43.8)

* % Relative to local index

Analyst

Richard Finch

Traqueur (ALTRA)

Market cap: €5m

COMPANY COMMENT

Persistent weakness in premium car registrations was debilitating for Traqueur and its eponymous flagship security product in 2009. Sales by the core after-theft business were down by a third but development of ancillary activities, fleet management and distribution, redeemed the shortfall to 13% and efficiencies cut the trading loss by a quarter (by 45% in H2), even if still substantial. Therefore, while numerous high-profile industry partnerships make Traqueur well placed to benefit from market recovery, management guidance for 2010 is only for further gain at the operating level and a resumption of sales growth.

INDUSTRY COMMENT

The theft detection and recovery market is tied closely to vehicle registrations as buyers of new cars, especially premium ones, are more likely to protect against theft. The current recovery in sales is centred on the lower end, boosted initially by the government incentive to scrap older cars (now ended) and generally by consumers trading down. Mercedes registrations have fallen by 15% in the year to date, against a market up by 7%.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	14.86	(2.48)	(2.93)	N/A	N/A
2009A	12.99	(1.85)	(2.81)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Engineering

Price: €11.10
Price as at 24 June 2010

Share price graph (€)



Company description

Trilogiq produces tubular systems for outfitting production lines that are used to reduce non-productive areas, decrease operator movements, and optimise ergonomics, costs and production times, eg packaging and assembly work stations.

Price performance

%	1m	3m	12m
Actual	(2.0)	(11.1)	20.0
Relative*	(5.4)	(0.2)	5.0

* % Relative to local index

Analyst

Richard Finch

Trilogiq (ALTRI)

Market cap: €41m

COMPANY COMMENT

Trilogiq showed predictable recovery in the six months to March with activity up by 9% compared with a 16% decline in the first half of the financial year when lower costs of raw materials (steel and plastic) and higher productivity allowed a maintained trading profit. Moreover, group margin was then well ahead of that in the previous full year, which was largely pre-recession. Developed markets, which make up the bulk of sales, were difficult, offset somewhat by isolated enhanced contributions from Mexico, South Africa and parts of Eastern Europe. Breadth of product and coverage, competitive production and strong finances suggest that Trilogiq is equipped for what it terms the "new economic world order".

INDUSTRY COMMENT

Eurostat figures show Eurozone industrial production to have grown by 0.8% in April compared with March and by 9.5% year on year. Capital goods have fared similarly, with rises of 1% and 9% respectively.

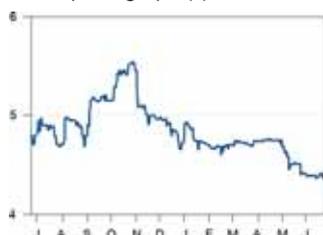
Y/E Mar	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	35.40	8.19	5.46	1.46	7.60
2009A	46.52	8.23	5.34	N/A	N/A
2010E	44.00	N/A	7.00	1.80	6.17
2011E	46.00	N/A	7.00	1.81	6.13

Where available, consensus data has been sourced from Thomson Datastream

Sector: Financials

Price: €4.40
Price as at 24 June 2010

Share price graph (€)



Company description

Turenne Investissement is an investment company that specialises in holding minority shares in unlisted French companies with strong growth potential. It invests jointly with funds managed by Turenne Capital Partenaires.

Price performance

%	1m	3m	12m
Actual	(2.4)	(6.2)	(6.9)
Relative*	(5.8)	0.6	(18.6)

* % Relative to local index

Analyst

Richard Finch

Turenne Invest. (ALTUR)

Market cap: €21m

COMPANY COMMENT

While Q1 10 was quiet, with no new transactions and a maintained NAV per share (€7.04), management continues to seek to exploit depressed valuations through its €8m fund-raising late last year and through forgoing its 2009 dividend payment. Despite a difficult market Turenne's NAV per share held steady in 2009. The company expanded in its four target sectors (healthcare, sustainable development, the internet and specialist distribution), with 16 holdings at the period close (13 a year earlier).

INDUSTRY COMMENT

As a listed vehicle with underlying investments in unquoted companies, Turenne offers investors the opportunity to gain exposure to private equity investment that would not ordinarily be available to them. While such investments are considered relatively risky, an investment in Turenne offers diversification and the opportunity to piggyback on due diligence conducted by Turenne Capital Partenaires. The portfolio is fully invested in France and in companies with a capitalisation of €10m-100m. As such, Turenne's prospects depend on the French economy.

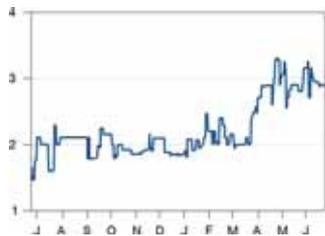
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	0.00	(1.36)	(1.32)	(0.41)	N/A
2009A	0.00	(1.20)	(1.42)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: General Retailers

Price: €2.86
Price as at 24 June 2010

Share price graph (€)



Company description

VDI Group is a distributor of consumable products in the fields of renewable energy and health & safety at work.

Price performance

%	1m	3m	12m
Actual	2.1	18.7	73.3
Relative*	(1.3)	67.7	51.7

* % Relative to local index

Analyst

Richard Finch

VDI Group (ALVDI)

Market cap: €14m

COMPANY COMMENT

2009 sales growth of 8% endorsed the resilience of VDI's portfolio of 'indispensable' products. There was a boost in particular from demand for swine flu-related products (c €1.5m) and for defibrillators in public places in France. Good cost management in H2 more than made up for margin lost in H1, contributing to a 45% rise in full-year trading profit. 2010 is expected to see further strong improvement. Much lower gearing at end 2009 is supporting growth by acquisition, eg French portable energy company, Microbatt (2009 sales €1.5m).

INDUSTRY COMMENT

The fragmented nature of the health and safety at work market provides little guidance.

However, Bunzl, parent of France Sécurité, has said that while it does not expect to repeat last year's significant benefit from the sale of H1N1-related products, trading should hold up well in 2010. VDI has estimated average annual growth of c 3% in this market, with up to 10% for hygiene, bedding and short-run products. Battery demand should reflect consumers' increasingly nomadic lifestyles.

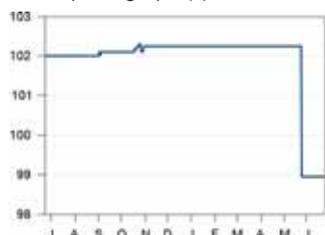
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	45.68	2.30	1.11	N/A	N/A
2009A	49.17	3.34	2.10	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Financials

Price: €98.95
Price as at 24 June 2010

Share price graph (€)



Company description

Ventos is an investment company that acquires holdings in listed and unlisted companies. The portfolio includes companies in the real estate, food processing, financial, venture capital, energy and environment sectors.

Price performance

%	1m	3m	12m
Actual	(3.2)	(3.2)	(3.0)
Relative*	(6.5)	4.4	(15.1)

* % Relative to local index

Analyst

Richard Finch

Ventos (ALVEN)

Market cap: €141m

COMPANY COMMENT

Increasing investment in real estate (now 60% of the company's intrinsic value against 25% three years ago) means that Ventos is not a simple play on the stock market. However, management has taken advantage of depressed prices to expand in venture capital. A small trading profit accompanied an increase in the intrinsic value of the investment portfolio in the latest update to March, ie 2% rise in the value per share (€99) since December. The company has flexibility through its low indebtedness (7% gearing at December 2009).

INDUSTRY COMMENT

While Ventos aims to ensure a balance between its investments and a diversification of risk, its real estate involvement is now well in excess of its stated policy of about a third of its assets.

Similarly, food processing, long a preferred sector, has become insignificant. With particular exposure to the Swiss and Luxembourg real estate markets, recovery will depend on growth in these areas as well, of course, on the fortunes of the stock market and the economy.

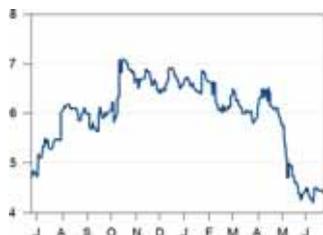
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	39.32	19.21	15.84	N/A	N/A
2009A	12.60	16.90	11.80	N/A	N/A
2010E	N/A	N/A	N/A	32.30	3.06
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Oil & Gas

Price: €4.35
Price as at 24 June 2010

Share price graph (€)



Company description

Vergnet specialises in the production and installation of wind energy production plants and potable water supply infrastructures.

Price performance

%	1m	3m	12m
Actual	(0.5)	(26.0)	(9.2)
Relative*	(3.9)	(29.2)	(20.5)

* % Relative to local index

Analyst

Richard Finch

Vergnet (ALVER)

Market cap: €29m

COMPANY COMMENT

Success in signing up new territories in the Farwind Export market and a new Ethiopian wind turbine contract helped to deliver the predicted jump (55%) in H209 sales in the face of a demanding comparative for the Water & Solar division (down by a quarter). This did not prevent a further increase in trading loss to €9m, as per guidance. A strong order book, extending to 2012, persuades management that Vergnet can return to profit over the next year or so.

INDUSTRY COMMENT

In 2008 for the first time more wind power was installed in the EU than any other power technology, reflecting the move to clean, renewable power. This trend can only intensify in view of the EU's binding directive on 20% renewable energy by 2020. France is the fourth-largest market in the EU (Germany and Spain are clear leaders) and has set ambitious objectives well ahead of the EU directive.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	20.70	(7.20)	(5.90)	(0.93)	N/A
2009A	29.01	(9.00)	(9.40)	N/A	N/A
2010E	79.90	1.20	0.70	0.11	39.55
2011E	125.85	6.70	5.45	0.83	5.24

Where available, consensus data has been sourced from Thomson Datastream

Sector: Technology

Price: €6.30
Price as at 24 June 2010

Share price graph (€)



Company description

Vision IT Group offers specialist engineering and consulting services in relation to infrastructure and information system application qualification services.

Price performance

%	1m	3m	12m
Actual	(1.6)	5.0	5.0
Relative*	(3.7)	(1.3)	(13.8)

* % Relative to local index

Analyst

Roger Leboff

Vision IT Group (VIT)

Market cap: €41m

COMPANY COMMENT

Q110 turnover, at €22.5m was 4.6% ahead of Q109, but 4.7% down before consolidation of Vision Consulting Group in Germany from 1 March 2010. The figures are skewed by the fact that Q109 was a particularly strong period. From February 2010 onwards business volumes have picked up well and renewed confidence is reflected in a 5% increase in the total workforce since February, with more recruitment planned over the coming months. Geographical performance was patchy, with France (51% of sales) 3% down, but the outlook for new business lines in Germany, in collaboration with Luxembourg and Swiss subsidiaries is more promising.

INDUSTRY COMMENT

As a provider of broad IT services the group is vulnerable to the impact of recession on its clients. However, sales are diversified by sector and geography, and include newer cloud computing offerings that include SaaS, virtual office, ERP and business application development via a host server. Financial services represent around half of total revenues.

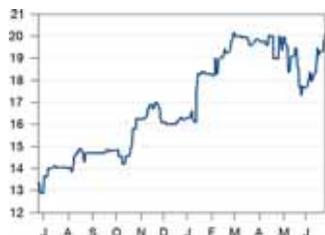
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	81.60	5.70	3.10	0.54	11.67
2009A	81.30	4.40	3.00	0.47	13.40
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Where available, consensus data has been sourced from Thomson Datastream

Sector: Travel & Leisure

Price: €20.07
Price as at 24 June 2010

Share price graph (€)



Company description

Voyagers du Monde is a leading French tour operator, specialising in tailor-made holidays and adventure travel. Marketing is through a network of city-centre 'Cité des Voyageurs' agencies and via the internet.

Price performance

%	1m	3m	12m
Actual	12.8	1.9	50.3
Relative*	8.9	32.9	31.5

* % Relative to local index

Analyst

Richard Finch

Voyagers du Monde (ALVDM)

Market cap: €74m

COMPANY COMMENT

Voyagers du Monde continues to impress with comfortable outperformance in 2009 (maintained sales and margin despite a 10% weaker French market) and current year sales up 10% at end April. Last year core tour operations proved resilient, with softness centred unsurprisingly on group and events business, and there was further encouraging progress in growing the company's internet presence (almost a third of sales). Strong finances are allowing targeted in-fill expansion (viz two recent specialist acquisitions).

INDUSTRY COMMENT

Thomas Cook and TUI Travel have both reported that their French operations made a reasonable start to summer 10. There should also be easier comparison with early last year when political events in key destinations French West Indies and Madagascar affected bookings. Continued commitment to capacity restraint by the majors should help market pricing, while their re-balancing towards higher-margin, medium-haul product is both flattering and potentially a threat to Voyagers du Monde.

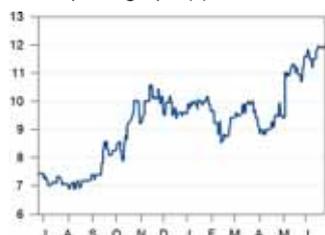
Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	244.80	9.50	6.00	1.61	12.47
2009A	239.50	9.60	6.00	N/A	N/A
2010E	250.57	10.30	6.43	1.86	10.79
2011E	262.71	11.40	7.30	2.08	9.65

Where available, consensus data has been sourced from Thomson Datastream

Sector: Media & Entertainment

Price: €12.00
Price as at 24 June 2010

Share price graph (€)



Company description

Weborama provides internet marketing services for advertisers, communication agencies and website publishers.

Price performance

%	1m	3m	12m
Actual	6.9	25.0	61.5
Relative*	3.2	37.0	41.3

* % Relative to local index

Analyst

Fiona Orford-Williams

Weborama (ALWEB)

Market cap: €35m

COMPANY COMMENT

Weborama is now focused on behavioural targeting, which is helping gain traction with larger clients including Google and YouTube. It has over 300 clients, mostly in France but with 23% of sales now international. It supplies 10 of the largest 20 advertisers in its domestic market and has recently made inroads in the automotive, grocery and financial sectors. Q110 growth was 24%, continuing the strong trend of FY09. In February, the group paid €3.2m (2.5% sales) for Adrime, a high-margin Dutch specialist in rich media, a deal that should be immediately earnings enhancing. OTC Asset Management subscribed €2m at €12.90 in early May.

INDUSTRY COMMENT

The number of internet users in France continued to rise in 2009, but with stronger growth in the number of daily users and in the time spent online, which increased by 10 minutes to one hour, 22 minutes. The use of behavioural targeting by advertisers is also gaining ground, with 33% of respondents to the regular EIAA survey saying they plan to incorporate it into their strategy, against 25% a year ago.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	8.69	1.64	1.24	0.43	27.91
2009A	10.80	2.11	1.63	N/A	N/A
2010E	14.63	3.47	2.50	0.83	14.46
2011E	17.91	4.37	3.34	1.16	10.34

Where available, consensus data has been sourced from Thomson Datastream

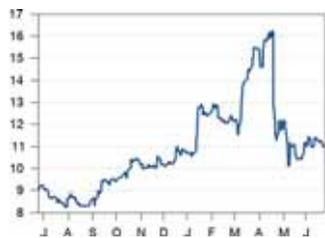
Sector: Electrical Equipment

XIRING (ALXIR)

Market cap: €40m

Price: €10.90
Price as at 24 June 2010

Share price graph (€)



Company description

XIRING provides security solutions for electronic transactions. It develops security software embedded in smartcard readers for strong authentication and digital signatures for securing electronic transactions in the healthcare and e-ID sectors.

Price performance

%	1m	3m	12m
Actual	3.2	(29.5)	18.0
Relative*	(0.3)	8.7	3.2

Analyst

Richard Finch

COMPANY COMMENT

Given the unexpected material contribution from a residual bank contract to Q110 sales, management's failure to raise its full-year forecast risks concern about a slowdown in Xiring's flourishing healthcare and eID businesses (Q110 sales up by just 5% against March's guidance of like-for-like 14% for FY10). The company has since purchased (from Cheque Dejeuner) Telfix, a leader in the remote updating of Vitale social security cards (2009 sales €2.7m), which should be an excellent fit. 2009 ended on a triumphant note with a doubling of healthcare sales in Q4 contributing to trading profit well ahead of guidance.

INDUSTRY COMMENT

Industry body Eurosmart forecasts a 10% increase in global microprocessor card shipments in 2010, with the strongest growth in government/healthcare (25%) and financial services/retail. There has been similar outperformance by these activities in 2009 (estimated double-digit growth against 7% for the market as a whole). At least nine countries have deployed e-healthcare cards on the French model, with more to come.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	Net income (€m)	EPS (€)	P/E (x)
2008A	28.50	3.54	2.89	N/A	N/A
2009A	25.50	6.10	15.40	N/A	N/A
2010E	20.00	3.30	2.60	0.71	15.35
2011E	21.40	3.80	2.90	0.81	13.46

Where available, consensus data has been sourced from Thomson Datastream

Edison Investment Research Ltd — Team

Account management

Fraser Thorne	Managing Director
Peter Molloy	Founding Director
Scott McKenzie	Non-Executive Director
Oliver Haslam	Director
Courtney Terrey	Business Development Associate/PA to Directors

Research and production

Neil Shah	Director of Research
Risha Jobanputra	PA to Director of Research
Stephen Rogers	Research Manager
Jackie Ashurst	Senior Supervisory Analyst
Maana Ruia	Supervisory Analyst
Phillippa Candler	Production Assistant
Anna Phillips	Editor
Emma Ulker	Research Assistant, Healthcare
Gladys Wain	Distribution Manager

Finance and administration

Tina Barnes	Human Resources
Annabell Brunner	Financial Controller
Dilfeeza Rahman	Credit Controller
Beth Walton	Office Administrator

Institutional team

Alex Gunz	Institutional
Gareth Jones	Institutional

Investor access

Peter Bristowe	Founding Director
Kathy Boate	Senior Account Executive
Naomi Kerbel	Investor Access
Marina Patrick	Investor Access
Christina Partridge	Account Executive
Celine Saikali	Account Director
Susie Staveley	Account Director

Analysts

Jane Anscombe	Leisure, Media, Consumer
Guy Bell	Generalist
Dr Wang Chong	Life Sciences, Pharmaceuticals, Biotechnology
Dr Mick Cooper	Life Sciences, Pharmaceuticals, Biotechnology
Robin Davison	Director, Sector Head Healthcare
Peter Dupont	Oil & Gas, Mining
Richard Finch	Leisure, Media, Paper & Packaging
Charles Gibson	Director, Sector Head Mining
Lala Gregorek	Life Sciences, Pharmaceuticals, Biotechnology
Nigel Harrison	Automotive, Engineering, Construction, Chemicals
Tom Hayes	Mining
Peter Howard	Financials
Richard Jeans	Technology, Software, Telecoms
Warren Johnstone	Mining
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Fiona Orford-Williams	Retail, Media, Consumer, Food Producers
Matthew Read	Investment Trusts
Elaine Reynolds	Oil & Gas
Dan Ridsdale	Director, Sector Head Technology
Dr John Savin	Life Sciences, Pharmaceuticals, Biotechnology
Paul Singer	Industrials
Michael Starke	Mining
Mark Thomas	Financials
Katherine Thompson	Technology, Software, Telecoms
Toby Thorrington	Industrials
Anthony Wagg	Mining
Chris Welch	Mining

Edison Investment Research Limited

Lincoln House, 296-302 High Holborn, London, WC1V 7JH

Telephone +44 (0)20 3077 5700
Facsimile +44 (0)20 3077 5750

Email enquiries@edisoninvestmentresearch.co.uk
Web www.edisoninvestmentresearch.co.uk