



NYSE Alternext  
The international  
tailor-made market for  
small and mid caps  
Quarterly review  
Fourth Quarter 2009

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*€/C\$ exchange rate: 1.57529*

Welcome to the third edition of the NYSE Alternext Quarterly Review. Working in partnership with NYSE Euronext, the NYSE Alternext Quarterly Review aims to enhance the global visibility of NYSE Alternext listed companies.

Our analysts have been in contact with the 112 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 Edison's strategist, Alex Gunz. In this edition, Alex takes a look at equity markets and outlines the key thematic drivers that we believe will influence the direction of equities over the next year.

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Neil Shah  
Director of Research

## Equity market overview

In summary, we favour high quality growth stocks on modest valuations. From a sectoral perspective, we advocate moving to more overweight positions in defensive sectors such as telecoms and utilities, particularly if early cyclicals have run their course as recovery scenarios become increasingly priced in. We believe it is still defensible to retain an overweight position in basic materials given global growth prospects. On the negative side, we continue to have structural and valuation concerns over the financials and consumer (goods and services) sectors.

### A tentative look into 2010's crystal ball

Those involved in the 'art' of making predictions about the stock market found themselves mostly wrong-footed by the seismic events of the last two years, namely the equity market dislocation post-Lehman (a >30% fall in the FTSE from 1 September – 31 December 2008) and the subsequent rally experienced since March this year (a >40% rise to-date in the FTSE since its 9 March trough). Despite October being the first month in seven during which markets globally fell, November's performance – notwithstanding recent events relating to the default of Dubai World – has seen a return to the optimism which has recently carried markets ever upwards. Indeed, it is hard not to be bullish with equity markets close to 52-week highs and risk appetite broadly returning.

For now, however, we stick with our core thesis on equity markets, namely that investors should continue to ride the current wave of broadly positive sentiment while adopting an increasingly defensive bias within their portfolios. We see recovery as being broadly sustainable, but nonetheless likely to be uneven in nature. From having marketed extensively to both traditional and alternative UK money managers during November, we sense that there is certainly conceptual sympathy towards this view, even if it is not being fully adopted in practice. Such a thesis is supported by our view that there is still an insufficient body of data-points to support a high-conviction stance in either direction on the debate over whether expectations for growth and for inflation will over- or undershoot.

As 2010 develops we will inevitably receive the data points that will allow us to review and reconsider our stance on equities. Despite our note of caution on the ease of making successful predictions, we present below what we consider to be the key thematic drivers that will likely influence the direction of equities over the next year. Our list is non-exhaustive and non-exclusive, but we feel it important to provide investors with a conceptual framework in which to form their stance on equities. We also feel that providing this in December rather than at the start of the new year allows an appropriate time frame for such strategies to be considered and implemented.

Our themes have global applicability, but we consider them primarily in a UK context. In our view, equity market sentiment and direction will likely be informed by the following key factors: how the European Central Bank manages interest rates and inflation; whether the consumer will spend or save; whether the BRIC countries will be able to drive stable and sustainable growth; and whether growing corporate optimism results in further deal-making.

These strategic considerations inform our equity preferences. Against this background, we favour high quality growth stocks on modest valuations. However, from a sectoral perspective, we advocate moving to more overweight positions in defensive sectors such as telecoms and utilities, particularly if early cyclicals have run their course as recovery scenarios become increasingly priced in. We believe it is still defensible to retain an

overweight position in basic materials given global growth prospects. On the negative side, we continue to have structural and valuation concerns over the financials and consumer (goods and services) sectors.

## Looking back

### **Market performance: Back to business after October's blip**

November saw the FTSE regain the ground lost in October (when, over the month, the market fell for the first time since February), with the UK market reaching a 52-week high on 16 November and closing the month 2.5% up. This gain came despite the fact that the FTSE recorded its biggest one-day fall since March (of 3.2%) on 26 November after the announcement that Dubai World, the local government-backed investment company, may be unable to service its debts. Broadly better macro and corporate data is continuing to spur equities onwards with the majority of the ingredients for a 'typical' year-end rally broadly in place. Year-to-date, the All-Share is up 19.9%, with a 47.8% gain recorded since its 9 March trough. A similar performance has been achieved by the 100-Index, posting gains of 17.1% and 46.5% respectively.

While the shape of the recovery is still uncertain, it is becoming increasingly clear that economies globally are improving and confidence is on the up (we see the failure of Dubai World only as a short-term setback). The eurozone, the US and Japan all reported a return to GDP growth in Q3 and the UK appears only to be slightly behind. Government ministers and central bankers globally also seem keen not to upset the emerging signs of optimism and November's G20 meeting in Edinburgh sounded a synchronous commitment to keep interest rates low and stimulus mechanisms intact.

Equity investors have taken comfort not just from the better economic outlook (in the UK, and also globally – for example, US business productivity in October reached its highest level in six years) but also from the robust set of results released during the recent Q3 earnings season. Companies across a variety of sectors reported better-than-expected results and the level of earnings upgrades for UK-listed stocks in Q3 was at its highest since Q108. BP, BT, Carphone Warehouse (which raised guidance), Compass, ITV, Marks & Spencer, Next (guidance also raised), Thomas Cook, Unilever and WPP (the outlook is "less worse" than before) were among those companies signalling greater optimism. However, it is worth bearing in mind that the picture of improving confidence is not shared by all, and Easyjet, Sainsbury, Shell and Vodafone are among those to express some caution on the outlook.

Even with some scepticism or expectations-management from certain corporates, a more positive view on future prospects is also evident in an increase in deal-related activity in the equity markets. Most notably, the UK banking sector took further steps towards recovery with Lloyds launching a (well-received) £13.5bn rights issue on 24 November and the government agreeing to a split of Northern Rock into two parts.

**Exhibit 1: Relative performance of major UK and European indices**

|                                  | One month | Three months | Six months | 12 months | QTD   | YTD    | Since trough |
|----------------------------------|-----------|--------------|------------|-----------|-------|--------|--------------|
| <b>UK Indices</b>                |           |              |            |           |       |        |              |
| FTSE 100                         | 2.9       | 5.7          | 17.5       | 21.1      | 1.1   | 17.1   | 46.5         |
| FTSE 250                         | 0.4       | 1.1          | 17.8       | 46.4      | (2.5) | 40.2   | 54.6         |
| FTSE 350                         | 2.6       | 5.2          | 17.5       | 23.6      | 0.7   | 19.4   | 47.4         |
| FTSE Small Cap                   | (2.7)     | 0.5          | 19.2       | 52.3      | (5.9) | 46.6   | 67.6         |
| FTSE All-Share                   | 2.5       | 5.1          | 17.6       | 24.1      | 0.5   | 19.9   | 47.8         |
| <b>Relative UK performance</b>   |           |              |            |           |       |        |              |
| FTSE 100 vs FTSE 250             | 2.5       | 4.6          | (0.3)      | (25.3)    | 3.6   | (23.2) | (8.0)        |
| FTSE 250 vs FTSE All-Share       | (2.1)     | (3.9)        | 0.2        | 22.3      | (3.0) | 20.3   | 6.8          |
| FTSE Small Cap vs FTSE All-Share | (5.1)     | (4.6)        | 1.6        | 28.2      | (6.4) | 26.7   | 19.8         |
| <b>European Indices</b>          |           |              |            |           |       |        |              |
| DJ EURO STOXX                    | 1.5       | 1.0          | 14.4       | 17.1      | (3.3) | 16.9   | 53.7         |
| DJ EURO STOXX 50                 | 2.0       | 0.8          | 14.1       | 15.1      | (2.6) | 14.3   | 54.5         |
| France CAC40                     | 2.0       | 0.7          | 12.3       | 12.8      | (3.0) | 14.4   | 46.1         |
| Germany DAX30                    | 3.9       | 3.0          | 13.9       | 20.5      | (0.9) | 17.0   | 52.4         |
| Spain IBEX35                     | 2.0       | 2.5          | 23.6       | 30.7      | (1.0) | 26.6   | 70.8         |
| Italy MIBTEL30                   | (0.6)     | -2.2         | 10.3       | 9.7       | (6.6) | 12.7   | 73.8         |
| <b>UK relative to Europe</b>     |           |              |            |           |       |        |              |
| FTSE 100 vs EURO SROXX 50        | 1.4       | 4.8          | 3.0        | 4.0       | 4.4   | 0.2    | (7.2)        |
| FTSE All-Share vs EURO STOXX     | 1.0       | 4.1          | 3.1        | 7.0       | 3.8   | 3.0    | (5.9)        |

Source: Datastream, Edison Investment Research

**Exhibit 2: Best and worst performing sectors in FTSE All-Share Index**

Note: \* 9 March 2009.

| <b>Top three</b>    |                   |                 |                 |                   |                   |                 |                 |
|---------------------|-------------------|-----------------|-----------------|-------------------|-------------------|-----------------|-----------------|
|                     | One month         | Three months    | Six months      | 12 months         | YTD               | QTD             | Since trough*   |
| <b>Best</b>         | Basic Materials   | Basic materials | Basic materials | Basic materials   | Basic materials   | Basic materials | Basic materials |
|                     | Utilities         | Oil & gas       | Telecom         | Technology        | Technology        | Utilities       | Financials      |
|                     | Consumer services | Consumer goods  | Consumer goods  | Consumer services | Consumer services | Oil & gas       | Technology      |
| <b>Bottom three</b> |                   |                 |                 |                   |                   |                 |                 |
|                     | One month         | Three months    | Six months      | 12 months         | YTD               | QTD             | Since trough*   |
| <b>Worst</b>        | Consumer goods    | Industrials     | Healthcare      | Oil & gas         | Healthcare        | Industrials     | Healthcare      |
|                     | Financials        | Healthcare      | Oil & gas       | Telecom           | Telecom           | Technology      | Oil & gas       |
|                     | Industrials       | Financials      | Utilities       | Utilities         | Utilities         | Financials      | Utilities       |

Source: Datastream, Edison Investment Research

**European performance**

Europe's equity market performance has broadly mirrored that of the UK over the past 12 months. While both the All-Share and the Euro Stoxx recorded their worst monthly performances since February in October, over November, the UK outpaced Europe. As described above, the All-Share gained 2.5%, but Europe has lagged on a relative basis, up just 1.5%, despite mostly positive economic and corporate data.

Some of the turnaround in performance may be a function of profit-taking, with the main European indices having outperformed the UK since trough. The Euro Stoxx 50 has gained 7.2 percentage points relative to the FTSE 100 since 9 March, while the Euro Stoxx has outpaced the All-Share by 5.9 points over the same period. Of the major markets in Europe, Italy and Spain have led the way in performance terms.

## Our strategy

After a 40%+ rally since trough in UK equities, it is harder to argue for similar levels of returns in 2010. Indeed, our contention remains that the window of opportunity in which broad share price appreciation can be enjoyed is narrowing, especially as valuation and fundamentals move to the fore and interest rate rises become more of a likely reality.

We believe a constructive case for being overweight equities can still be made, especially given that fund inflows should lend support to the stock market. Moreover, valuation in our view seems reasonable, with the FTSE trading on 15.9x 2010 earnings against a 20-year average multiple of 19.0x. Nonetheless, there is a strong case to be made for being selective in sector and stock strategy.

Both 2008 and 2009 to-date have been characterised by mean-reversion strategies: just as financials and basic resources were among the worst performers in 2008, so they have broadly led the rally so far in 2009. Furthermore, the recovery in consumer cyclicals and highly indebted companies has come through as fears of economic depression have been replaced by hopes of sustainable recovery.

Against this background, we favour adopting overweight positions in those sectors that have mostly lagged in 2009, namely utilities (which, notably, was a strong performer in November), telecoms and healthcare. One part of our strategy therefore advocates adopting holdings in well financed, strong businesses with good yields.

At the same time, we are confident in prospects for global GDP growth in 2010 and so continue to favour those stocks most exposed to the global economy, primarily within the basic resources sector. Importantly, these companies tend to be high quality growth stocks on still modest valuations, something investors should look for in the stock-picking.

### Exhibit 3: Towards a sector weighting

Note: \* Edison View; \*\* All Share benchmark weight.

| Position     | Weight* | Sector            | Weight**      | P/E  | Yield | One month | Three months | Six months | 12 months | YTD    | Since trough |
|--------------|---------|-------------------|---------------|------|-------|-----------|--------------|------------|-----------|--------|--------------|
| Best         | OW      | Telecoms          | 5.9%          | 9.2  | 5.2%  | 2.6%      | 3.2%         | 21.6%      | 8.0%      | 0.1%   | 25.8%        |
|              | OW      | Basic materials   | 11.7%         | 10.3 | 0.8%  | 15.2%     | 23.2%        | 36.4%      | 95.4%     | 93.8%  | 113.2%       |
|              | OW      | Healthcare        | 7.8%          | 10.8 | 4.2%  | 0.6%      | 2.0%         | 16.0%      | 13.4%     | 0.2%   | 25.4%        |
| N            |         | Utilities         | 3.5%          | 20.2 | 5.7%  | 5.8%      | 4.0%         | 1.7%       | (1.8%)    | (6.1%) | 11.1%        |
| N            |         | Industrials       | 6.7%          | 13.0 | 3.0%  | (0.4%)    | 2.7%         | 18.2%      | 26.0%     | 18.7%  | 39.7%        |
| N            |         | Technology        | 1.4%          | 18.5 | 1.3%  | 1.5%      | 6.2%         | 19.8%      | 71.8%     | 67.6%  | 60.7%        |
| N            |         | Oil & gas         | 18.3%         | 17.2 | 4.6%  | 0.6%      | 6.7%         | 8.4%       | 12.3%     | 10.0%  | 25.4%        |
|              | UW      | Consumer services | 9.7%          | 11.3 | 3.0%  | 3.2%      | 6.0%         | 16.3%      | 34.8%     | 24.0%  | 40.4%        |
|              | UW      | Consumer goods    | 11.6%         | 17.3 | 3.4%  | 0.4%      | 6.6%         | 20.0%      | 21.8%     | 14.9%  | 32.2%        |
| Worst        | UW      | Financials        | 23.4%         | 29.5 | 2.9%  | 0.1%      | (2.3%)       | 18.7%      | 18.6%     | 23.8%  | 101.2%       |
| <b>Total</b> |         |                   | <b>100.0%</b> |      |       |           |              |            |           |        |              |

Source: Datastream, Edison Investment Research

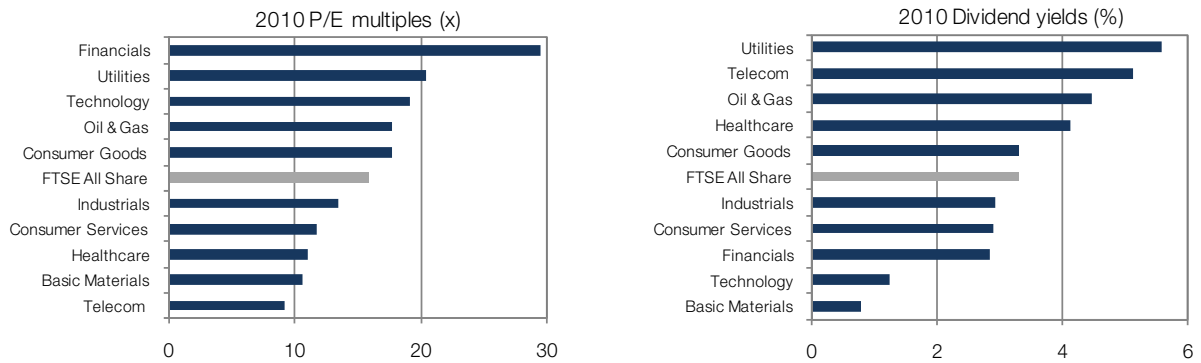
### Value and yield

We believe that value and yield will take increasing precedence in 2010, displacing the momentum-style investing that has characterised much of the last year. At some stage, rising interest rate and inflation concerns will likely weigh on equities. The impact will likely be felt most heavily in the financials sector, which trades on 29.5x 2010 P/E (despite clear valuation disparities within the quoted group), and offers a below-average dividend yield (2.9% vs 3.3% for the market). We feel that the case often advocated by bulls of the financial services sector – namely, that the government will not enter a rate-rising cycle until the UK's banks have been restored to health – is also well discounted and reflected in valuation levels at present.

In contrast to the market premium commanded by financials, the basic materials sector trades on just 10.3x forecast P/E despite its gain of over 90% since January. In addition to likely ongoing strong end-market

demand, the sector may also benefit from potential M&A interest. Other sectors that look attractive on a valuation basis include those with a more defensive bias, in particular telecoms (on 9.2x), and also healthcare (on 10.8x). These two sectors also screen well on dividend yield, offering average 2010 yields of 5.2% and 4.2% respectively. Utilities currently offer investors the highest dividend potential, yielding 5.7% for 2010, but some of this is offset by the sector's forward earnings multiple of 20.2x. This disparity supports our preference for telecoms and healthcare over utilities.

**Exhibit 4: 2010 P/E multiples and dividend yields**



Source: Datastream, Edison Investment Research

### Looking forward: Tentative 2010 predictions

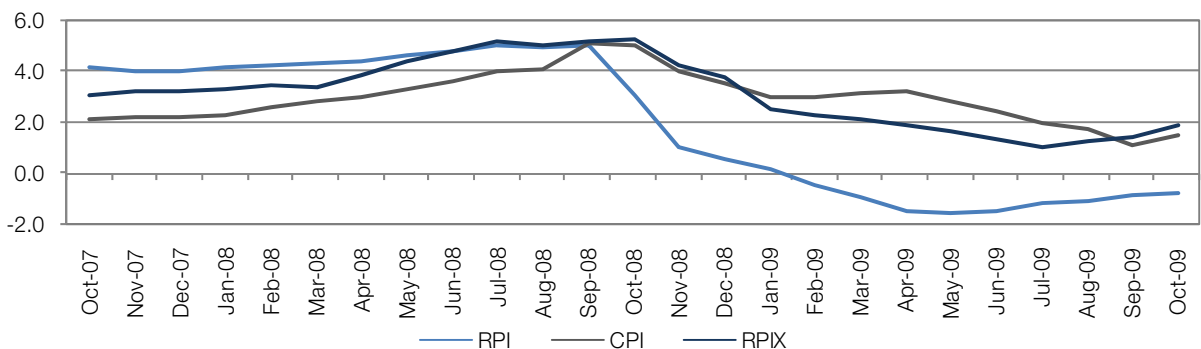
Rather than making explicit predictions about the possible direction of or levels for equity markets in 2010, we consider below key factors that are likely to have a significant bearing on how markets and global indices perform. Our consideration of these factors helps inform our sector and stock preferences. In summary, we favour high quality stories preferably with either exposure to global growth trends or attractive valuation, cashflow and yield prospects.

#### Interest rates and inflation: What will happen next?

Equities have been helped by a benign environment of stable interest rates and government support in the form of quantitative easing. The outlook, however, looks considerably more uncertain.

One key challenge relates to when may be the appropriate time to start raising interest rates. On the one hand, there is a considerable stimulus still working through the economy from the substantial easing in monetary and fiscal policy (and note, the addition of £25bn committed to quantitative easing in November), while on the other, banks are continuing with their process of balance sheet repair. This is likely to limit the availability of credit, while high levels of debt will also likely weigh on consumer spending, which could have affect the level of recovery in economic activity.

**Exhibit 5: 2010 UK inflation trends since October 2007, % change year-on-year**



Source: Office for National Statistics, Edison Investment Research



Global trends further confuse the issue. The European Central Bank and the Federal Reserve appear committed to low interest rates, but some countries have already begun the process of rate tightening. Admittedly, economic prospects for Australia (which has now implemented three rate rises year-to-date) are somewhat different (more positive) than for much of the rest of the developed world, but the number of OECD countries now in a rate-raising cycle has doubled in the last month. Norway, Israel and Denmark join Australia as the countries currently tightening. In contrast, it is also worth bearing in mind that Japan – the world's second largest economy for now – is experiencing the opposite problem with deflation returning to the Japanese economy in September (consumer prices down 2.2% year-on-year) for the first time since 2006. It remains the case that central banks cannot support money markets indefinitely, and it seems unlikely to us that quantitative easing will be further extended in 2010 unless GDP growth takes another turn for the worse. If rates are set to remain low, then this could support further positive sentiment towards equities. The question, however, is how much of a benign interest rate environment is already discounted. Historical evidence suggests that equities tend to peak at least one quarter ahead of first rate hikes and then fall in the quarter following rate rises. In other words, there is still some time left to enjoy the rally while it lasts (our thesis), but the window in which share price outperformance and benign conditions can be enjoyed is narrowing. Furthermore, there remains the longer-term argument that governments everywhere (and particularly in the UK post the nationalisation of much of the banking sector) will need to refinance. This potentially heralds a world of ongoing deleveraging, higher taxation and lower growth. Such a prognosis again argues for a more defensive equity portfolio bias, reflected in our preference for telecoms, healthcare and utilities and our negative stance on financials. Our favoured sectors also offer dividend yields substantially ahead of that provided by 10-year UK government bonds (3.6%).

#### **The consumer: In good or poor health?**

One key driver of central banks' decision-making processes is likely to be how the consumer behaves. From a stock market perspective, this clearly matters too, for example with the consumer goods and services sectors combined constituting just over 20% of the London market. While most indicators about the health of the consumer seem encouraging, we have concerns. These issues also support our relative underweight stance on the related sectors.

Retail sales have been rising recently in the UK, with October's 3.8% increase the fastest witnessed since May 2008 according to the British Retail Consortium. Retail bellwethers are also sounding increased notes of optimism: Marks & Spencer reported on 4 November that spending is "on the way back"; while John Lewis's last reported sales (for the week to 23 November) showed a 22% year-on-year increase. The housing market also appeared more robust, up 0.5% in November, marking seven consecutive months of rises according to Nationwide (although Halifax makes it only four months of rises). Moreover, mortgage lending is up 5% year-on-year based on data from the Council of Mortgage Lenders, which sees "some reasons to be cheerful about the UK economy."

There are, however, risks ahead. First, current data-points, while encouraging, are flattered by easy year-on-year comparisons, especially given the post-Lehman nadir in confidence. Second, while consumers are spending at present, this may be curtailed once VAT rises back to 17.5% (from its current 15.0% level) on 1 January. Indeed, several large UK companies including Luminar, Mitchell & Butler and Sainsbury have cautioned that higher VAT may have a negative impact on expenditure. Meanwhile, a recent survey commissioned by the BBC showed that 32% of consumers say they intend to decrease their spending once VAT rises have been implemented.

It should also not be forgotten that while the rate of unemployment is slowing in the UK, the actual number of people unemployed continues to rise, up by 30,000 in September to 2.46m. Companies (including BAE Systems, British Airways, First Quench and Borders bookshop group) continue to reduce headcount, and more worryingly, according to a recent survey in the *Financial Times*, over 50% of UK employers say that even if redundancies are at an end, wages will be frozen in 2010.

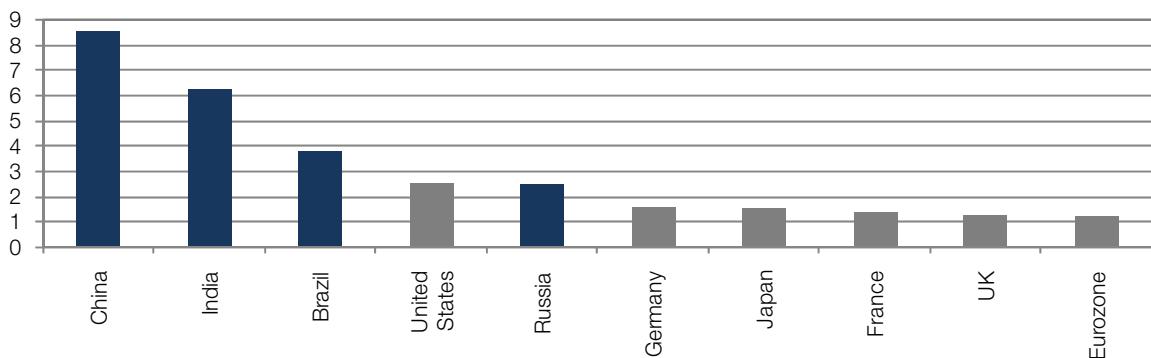
The risk remains that higher taxation combined with wage freezes slows economic expansion, irrespective of the outlook for interest rates. At the least, we see a strong case to be made for caution towards the consumer goods and services sectors, especially as early cyclicals appear to have run their course (evidenced in performance terms) and valuation is not specifically supportive (see Exhibit 4). While some consumer sub-sectors such as pubs & restaurants, sportswear retailers, bookmakers and advertising agencies may benefit from a football World Cup-related affect in 2010, we do not expect this to be a panacea for the broader industry.

**Can the BRIC economies continue to grow at their current rate?**

Growth may be improving in the UK, but the outlook appears sclerotic in the context of the outlook for the BRIC economies. While the emerging importance of Brazil, China, India and Russia is relatively well discounted, it should not be forgotten that UK-listed companies can benefit from this increasingly entrenched secular trend. Moreover, results from the recent Q3 reporting season show that those companies meeting or exceeding expectations are doing so through growth in emerging markets, which is compensating for declines in developed countries.

Recent macro data support the thesis. China’s industrial production growth, for example, rose 16% year-on-year in October – ahead of consensus expectations – while Russia reported that its economy had expanded by 13.9% in Q3. GDP estimates for 2010 assume that the Chinese economy will grow by 8.6% with India close behind (6.3%). While current forecasts are not so attractive for Brazil and Russia, both these countries continue comfortably to outpace their Western peers. The reasons for this growth relate to increasing industrialisation and urbanisation, drivers that are likely to remain intact over the medium term.

**Exhibit 6: 2010 GDP estimates, % change year-on-year (BRIC economies shaded in blue)**



Source: The Economist, Edison Investment Research

UK-listed basic materials and oil & gas stocks (responsible together for some 30% of the 100-Index’s overall weighting) constitute effective plays on the global economy rather than the UK specifically. These companies should benefit from the increased confidence being shown by the BRIC nations particularly, while the currently weak pound should also help further rebalance the UK economy in favour of exports. While the debate remains open over whether emerging market demand can offset declining western (particularly US) consumption patterns, this represents a more medium-term issue in our view. For 2010, we continue to favour an overweight stance on the basic materials sector in particular, especially given its forward P/E multiple of just 10.3x.

### The wild card: Deal-making can help equity markets

The factors we have described above help provide a conceptual framework in which to form a sector strategy. Beyond this, an additional consideration that could help equities markets more generally to outperform is deal-making. Deal-making seems to have begun once again in earnest with a series of transactions announced since the start of September. These include Kraft's bid for Cadbury (where counter-bidders may now emerge), and the proposed mergers between British Airways and Iberia, as well as that between T-Mobile and Orange's UK telecoms assets. Several companies including Cable & Wireless have also announced plans for demergers, while the IPO market is beginning to show signs of life. Gartmore intends to list before the year-end and possible IPOs mooted for 2010 include New Look, Merlin Entertainment and Unity Media in Germany.

We expect this pattern of activity to continue for three reasons. First, corporate confidence is picking up, as discussed above and also evidenced in surveys about CEO intentions. M&A activity in Q3 was down more than 30% year-on-year, but is recovering. Second, M&A tends to lag the economic cycle, with its trough coming eight months after the first positive ISM reading. The ISM crossed 50 in August, implying that M&A should improve from Q210 onwards. Third, a compelling case can be made for doing deals, with average equity free cashflow yields standing significantly above corporate bond yields.

We believe M&A speculation and subsequent bids could act as a support factor for the stock market (and also help justify an argument for owning equities relative to credit). However, by its nature, M&A is stock-specific, and recent activity has come across a wide and diverse range of industries. Owning potential bid targets is a viable strategy, but we see this as a separate approach to be followed *in conjunction* with being increasingly defensively positioned in equities.

Sector: Media & Entertainment

Price: €28.20

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).

% Relative to NYSE Alternext

| %        | 1m    | 3m    | 12m  |
|----------|-------|-------|------|
| Actual   | (3.8) | 4.4   | 58.0 |
| Relative | (7.6) | (3.1) | 28.2 |

Analyst

Fiona Orford-Williams

## 1000mercis (ALMIL)

Market cap: €87m

COMPANY COMMENT

Founded in 2000, 1000mercis grew rapidly and continues to outperform. Interims showed like-for-like growth of 11% against a French online advertising market that slowed to 8% growth in H1. The group has a technically led approach (e-CRM, statistical analysis and dB engineering), assisted by a newly appointed advisory committee. The purchase of mobile marketing specialist Ocito in May 2008 provided additional IP and has facilitated a more integrated internet/mobile offer based on delivering measurable ROI for advertisers. The high-profile client list includes Expedia, BNP Paribas, TF1 and Yahoo!.

INDUSTRY COMMENT

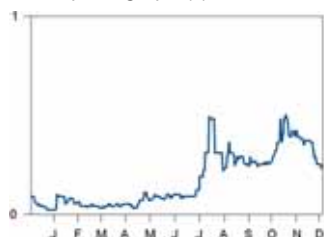
In France online advertising grew by 8.1% in H109, against an overall market down by 3.2%. The November 2009 EIAA Ad Barometer showed expectations for online adspend to grow 7.6% in 2010, bouncing to 15% the year after. The number of mobile internet users continues to grow, particularly among a younger, male, urban, educated demographic. Large advertisers are allocating their budgets increasingly on a pan-regional basis, rather than by country.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 7.28         | 3.37            | 2.81            | N/A     | N/A     |
| 2008A   | 23.40        | 8.60            | 6.00            | N/A     | N/A     |
| 2009E   | 27.75        | N/A             | 6.60            | 2.10    | 13.43   |
| 2010E   | 31.30        | 9.50            | 7.30            | 2.35    | 12.00   |

Sector: General Retailers

Price: €0.23

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).

% Relative to NYSE Alternext

| %        | 1m     | 3m     | 12m   |
|----------|--------|--------|-------|
| Actual   | (41.0) | (11.5) | 155.6 |
| Relative | (43.4) | 97.7   | 107.3 |

Analyst

Fiona Orford-Williams

## 1855 (AL185)

Market cap: €18m

COMPANY COMMENT

Results for the first nine months showed 20% growth, against a reported increase of 35% in H109. Operating costs were cut back significantly early in the year (25%) and marketing efforts stepped up to a more regular basis. This period has seen the delivery of the 2005 Bordeaux en primeur, some of which had been delayed as a result of last year's credit problems. All orders should now be fulfilled. Average bottle price in H109 was high-end at €25, with an average basket size of €1,200 (ie four cases). The group has the highest web traffic statistics of the French online wine retailers.

INDUSTRY COMMENT

1855 is one of the three largest online retailers in its domestic market with Wineandco and ChateauOnline. French online sales of wine are growing well ahead of the market and are estimated by the Bordeaux Management School to reach €237m in 2009, up from €176m in 2008. However, overall domestic consumption levels are falling, with 2008 Ministry of Agriculture statistics showing average volumes of 43l per head, down 4l on 2007.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 10.10        | N/A             | (8.04)          | N/A     | N/A     |
| 2008A   | 10.07        | N/A             | 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     |

**Sector: Property**

Price: €1.19

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m   | 12m   |
|----------|-------|------|-------|
| Actual   | (5.6) | 40.7 | 163.4 |
| Relative | (9.4) | 26.7 | 113.7 |

**Analyst**

Roger Leboff

**Adomos (ALADO) Market cap: €15m**

**COMPANY COMMENT**

The group raised a further €1.7m via an equity issue in November, to strengthen its finances and support faster growth towards a 1,000 sales target for 2010/11. H109 results saw revenues of €3.6m, down 42% y-o-y, but much stronger prospects for H209 based on a 125% increase in bookings. Adomos plans to step up investment in marketing, which was limited in H109, and double the number of network consulting partners to 250 adviser firms by the end of 2010.

**INDUSTRY COMMENT**

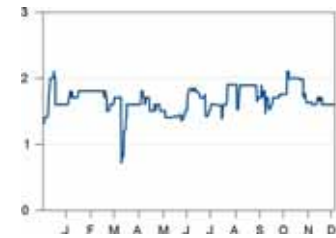
Adomos provides real estate services for house buyers and renters, and publishes classified property ads in free papers and on the internet. The group has reported a sharp rebound in the French residential property since it eased in autumn 2008, justifying new investment in marketing and recruitment. The French market is arguably less volatile than elsewhere as the key Parisian market is protected by very tight planning rules, while the terms of bank lending on houses and consumer borrowing against residences is more restrained than elsewhere.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 20.24        | 1.11            | 3.84            | 0.37    | 3.22    |
| 2008A   | 16.10        | (1.28)          | (5.35)          | (0.51)  | N/A     |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

**Sector: Media & Entertainment**

Price: €1.60

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m   |
|----------|-------|--------|-------|
| Actual   | (2.4) | (11.1) | 21.2  |
| Relative | (6.4) | (24.9) | (1.7) |

**Analyst**

Fiona Orford-Williams

**ADTHINK Media (ALADM) Market cap: €8m**

**COMPANY COMMENT**

ADTHINK Media has grown sales strongly since inception in 2001. Web-publishing services (building sites, directories, portals and games) contributed 75% of H109 revenues, with the balance coming from managing advertising services for website owners, SEM and SEO. A significant increase in advertising expenditure (+22% over H108) and 10 additional employees took their toll on the first-half result, although the investment has been delivering significant extra traffic to the sites.

**INDUSTRY COMMENT**

Internet penetration is estimated to have reached 65.7% of the French population, with a very high proportion of users (93%) having high-speed access. The advertising market is still led by press and TV, but online's share of spend continues to grow, up 8.1% in H109 against a market down by 3.2%. The November EIAA survey suggested that French online advertising would grow 7.6% in 2010, growing to 15% in 2011.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 8.65         | 0.95            | (0.34)          | N/A     | N/A     |
| 2008A   | 15.58        | 0.69            | 0.32            | 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     |

Sector: Media & Entertainment

Price: €4.00

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m  |
|----------|-------|--------|------|
| Actual   | (0.5) | (10.1) | 33.3 |
| Relative | (4.5) | (12.3) | 8.2  |

**Analyst**

Fiona Orford-Williams

## Adverline (ALADV)

Market cap: €21m

**COMPANY COMMENT**

Operating margin was maintained in H109 on sales down 38%, reflecting the loss of key client, ADSL, and a temporary pause in business from Orange (which resumed in June). Adverline's largest revenue stream is Micropayment through its brand Optelo (40% FY08), with the online advertising network contributing 38%, boosted through the development of specialist verticals. The aggregate audience for the advertising network is one of the largest in France, with 18 million visitors and an estimated reach of 47.1% of the potential audience.

**INDUSTRY COMMENT**

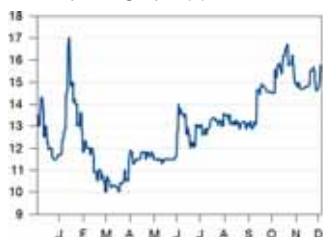
Internet penetration in 2008 was estimated to have reached 66% of the French population, with a very high proportion of users (93%) having high-speed access. E-commerce continues to build strongly, with transaction volumes in Q209 up 25% y-o-y and +2.5% on the quarter, against household spend up 0.5%. Online advertising is now the third-largest segment after press and TV. Growth in the first half slowed to 8.1%, against an advertising market down 3.2% overall.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 21.19        | 3.44            | 0.85            | 0.20    | 20.00   |
| 2008A   | 24.55        | 4.53            | 3.11            | 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     |

Sector: Alternative Energy

Price: €15.73

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m  | 3m    | 12m   |
|----------|-----|-------|-------|
| Actual   | 5.2 | 21.9  | 16.6  |
| Relative | 1.0 | (2.0) | (5.4) |

**Analyst**

Richard Finch

## Aérowatt (ALWAT)

Market cap: €26m

**COMPANY COMMENT**

31% energy sales growth in the year to date (7.8% in FY08) shows that Aérowatt is on course for a step-change in financial performance over the next two years (forecast 2009 EBITDA +66%), thanks to its vigorous and sustained programme of expansion (in Q309 a year-on-year 21% rise in wind capacity and doubling in solar). Consequently, high gearing and an unhelpful stock market point to Aérowatt's investment being supported, at least temporarily, by minority partners in projects.

**INDUSTRY COMMENT**

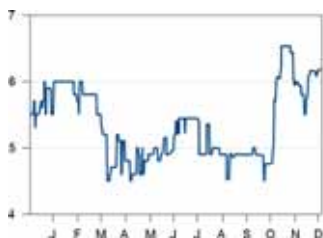
In 2008 for the first time more wind power was installed in the EU than any other power technology, reflecting the move to clean, renewable power. This trend can only intensify in view of the EU's binding directive on 20% renewable energy by 2020. France is the fourth-largest market in the EU (Germany 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 7.09         | 0.54            | (0.65)          | (0.46)  | N/A     |
| 2008A   | 7.64         | 0.61            | (0.10)          | (0.89)  | N/A     |
| 2009E   | 10.40        | 2.50            | (0.10)          | (0.21)  | N/A     |
| 2010E   | 16.60        | 4.20            | (0.50)          | (0.43)  | N/A     |

**Sector: Media & Entertainment**

Price: €6.18

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m    | 12m   |
|----------|-------|-------|-------|
| Actual   | 3.3   | 26.4  | 12.4  |
| Relative | (0.8) | (1.6) | (8.8) |

**Analyst**

Fiona Orford-Williams

**Antevenio (ALANT)**

Market cap: €26m

**COMPANY COMMENT**

H109 revenues fell 18%, against a notoriously weak Spanish market that Carat now anticipates will be down 19% for the year. Operating margin was 14.7% against 16.8% in H208, reflecting investment in portals and people, although gross margin improved with a shift in business mix towards proprietary portals and mobile marketing, away from performance and email marketing. Despite the continuing difficult markets, the group has a sound balance sheet, with net cash of €8.5m at end June. A new office has been opened in Buenos Aires to supplement those in Mexico and Argentina.

**INDUSTRY COMMENT**

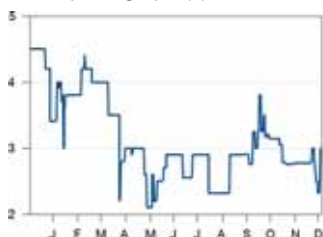
At end Q109 there were c 29m broadband users in Spain, 71% of the population (2008:63%). Growth has been comparatively slow due to relatively high prices and slow speeds, as Telefonica has only been obliged to offer wholesale low-speed access, with most broadband users having bundled arrangements. Spain is one of the worst-hit advertising markets in 2009 and no early recovery is expected, with Carat anticipating a further 2% drop in 2010.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 13.69        | 2.11            | 1.89            | 0.45    | 13.73   |
| 2008A   | 19.36        | 3.44            | 2.88            | N/A     | N/A     |
| 2009E   | 17.20        | 2.30            | 1.30            | 0.31    | 19.94   |
| 2010E   | 19.90        | 2.90            | 1.70            | 0.40    | 15.45   |

**Sector: Support Services**

Price: €2.98

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.

**% Relative to NYSE Alternext**

| %        | 1m  | 3m     | 12m    |
|----------|-----|--------|--------|
| Actual   | 7.6 | 8.4    | (33.8) |
| Relative | 3.3 | (11.7) | (46.3) |

**Analyst**

Richard Finch

**Aquila (ALQU)**

Market cap: €5m

**COMPANY COMMENT**

16% higher Q309 sales and a decent H109 margin gain confirm 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 expects an improvement in full-year profit despite a strong H2 comparative. High brand awareness and contract retention support continued progress in 2010.

**INDUSTRY COMMENT**

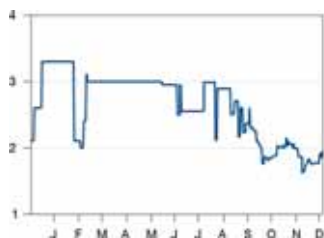
Alarm response has been one of the most buoyant segments of the French security industry, but is also notoriously unprofitable owing to a price war engendered by a proliferation of very small uneconomic players. The industry is now changing in response to customer demand for added-value services, eg 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 9.71         | 0.65            | 0.51            | 0.31    | 9.61    |
| 2008A   | 10.02        | 0.51            | 0.39            | 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     |

Sector: Technology

Price: €1.95

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.

**% Relative to NYSE Alternext**

| %        | 1m  | 3m     | 12m    |
|----------|-----|--------|--------|
| Actual   | 4.8 | (15.2) | (9.3)  |
| Relative | 0.6 | (33.0) | (26.4) |

**Analyst**

Roger Leboff

**Arkoon Network Sec. (ALARK)**

Market cap: €11m

**COMPANY COMMENT**

In November Arkoon completed the acquisition of SkyRecon Systems, a specialist in intelligent endpoint security, for an initial €2.5m and up to a further €2.2m depending on performance. The purchase was part-funded by a €2.3m share issue. H109 reflected the impact of a tough economic backdrop on IT sales. Turnover fell 13%, with sales in non-French markets particularly weak. Divisional results were mixed; data security sales slightly up, but network security sales down 18%. Recurring revenues from maintenance contracts and subscriptions grew by 8.1% to €2.7m. The group is soundly financed, ie gearing below 4% and €6m in cash.

**INDUSTRY COMMENT**

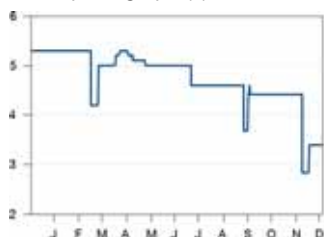
The group develops applications to protect networks and infrastructures, communications and information. It targets top and mid-tier European and global customers, both corporate and governmental, via a network of over 150 partners. The group's established base comprises 10% of the French infrastructure and network security market and 20% of its data security market. Arkoon has more than 4,000 clients in 57 countries.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 12.39        | 0.55            | 0.85            | 0.19    | 10.26   |
| 2008A   | 12.56        | 0.09            | 0.45            | 0.10    | 19.50   |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: Technology

Price: €3.39

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m     | 3m     | 12m    |
|----------|--------|--------|--------|
| Actual   | (23.1) | (23.1) | (36.0) |
| Relative | (26.2) | (41.7) | (48.1) |

**Analyst**

Roger Leboff

**Assima (ALSIM)**

Market cap: €29m

**COMPANY COMMENT**

H109 sales of £6.7m were down 7% on the same period last year, due mainly to a decline in training service activities, which were particularly weak in the US and Ireland. Product sales (license & maintenance) were slightly down at £2.5m. The period was also affected by exchange rate volatility, especially sales to the UK and currency affects cut up to 0.4m from EBITDA (loss of £262k). Assima hopes to maintain sales growth in 2009, but lower operating costs and greater emphasis on the use of large integrators/OEMs to drive the bottom line.

**INDUSTRY COMMENT**

The group sees continued demand for its technologies as broad functionality improves customer ROI. This is countered by the impact of the global financial crisis on corporate IT budgets. A 'carefully confident' 2009 outlook is focused on its strengthened partnerships with both major integrators on SAP projects and OEM partners.

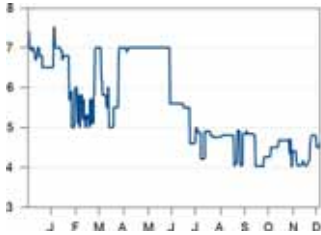
| Y/E Dec | Revenue (£m) | Op. Profit (£m) | Net income (£m) | EPS (£) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 11.17        | (0.24)          | (0.19)          | (0.02)  | N/A     |
| 2008A   | 14.05        | 0.38            | 0.08            | 0.01    | 304.52  |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |



**Sector: Investment Companies**

Price: €4.60

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m   | 3m     | 12m    |
|----------|------|--------|--------|
| Actual   | 10.8 | (4.8)  | (37.8) |
| Relative | 6.4  | (29.4) | (49.6) |

**Analyst**

Richard Finch

**Assya Capital (ALASS) Market cap: €24m**

**COMPANY COMMENT**

It is to management's credit that diversification of the portfolio (12 holdings) limited the fall in H109 NAV per share to 9% (€9.41 against €10.27 at December 2008), following the re-listing of Group Ares after its emergence from court protection. Similarly, Assya's investments in hotel real estate (36% of portfolio value) outperformed a difficult market, with a decline of just 5%. H209 has seen the disposal of the holding in Groupe Ares. Management is non-committal about prospects other than being 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 12.90        | 10.94           | 8.51            | 1.65    | 2.79    |
| 2008A   | 2.53         | (8.16)          | (21.57)         | 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     |

**Sector: Technology**

Price: €14.59

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).

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m    |
|----------|-------|--------|--------|
| Actual   | 0.0   | (0.1)  | (1.4)  |
| Relative | (4.0) | (14.1) | (20.0) |

**Analyst**

Roger Leboff

**Astellia (ALAST) Market cap: €37m**

**COMPANY COMMENT**

H109 turnover of €10.6m was in line with H108. International operations contributed 75% of sales, up 24% y-o-y on the back of group investments in Africa and the Middle East, extended into India during H1. Astellia also won its first significant contract in Latin America during the period. The group started H209 with an €11m order book, but the interim statement cautions against expectations of the strong second growth seen in previous years.

**INDUSTRY COMMENT**

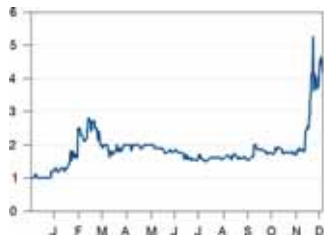
Astellia's hardware and software is used by more than 130 mobile operators and equipment manufacturers to optimise network performance and customer service quality. It intends to pursue organic growth and continue to expand its international operations. The product portfolio covers existing mobile technologies (2G/2.5G/3G), and is ready for Next Generation Networks (NGN). The outlook for 2009 appears favourable, with the group in a position to capitalise on the increase in data traffic driven by increased Smartphone adoption (iPhone, Google G1 Android, BlackBerry Storm), and further growth in mobile users worldwide.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 20.88        | 3.92            | 2.50            | 0.98    | 14.89   |
| 2008A   | 24.99        | 3.21            | 2.90            | 1.14    | 12.80   |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: Mining

Price: €4.19

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m    | 12m   |
|----------|-------|-------|-------|
| Actual   | 121.7 | 155.5 | 321.9 |
| Relative | 112.8 | 104.9 | 242.3 |

**Analyst**

Charles Gibson

## Auplata (ALAUP)

Market cap: €66m

**COMPANY COMMENT**

Auplata operates two mines in French Guiana (Yaou and Dieu Merci), with one more (Dorlin) scheduled for production in 2009. JORC-compliant resources over the three operations consist of 0.5Moz in the 'indicated' category and 2.4Moz in the 'inferred' category. In addition, a 1998 study identified the presence of a further 0.1Moz of gold in tailings at Dieu Merci plus a further 0.08Moz at surface over eight hectares (out of a total of 67 hectares). Output was 10,899oz in FY08 (vs 27,875oz in FY07), when the company was loss-making owing to a number of operational difficulties and has since stayed low, at 5,787oz in H109, as the company investigates a new metallurgical process route for its ore using thiosulphate, funded via a €2m fund-raising in July.

**INDUSTRY COMMENT**

Auplata has been hampered by a strike at Dieu Merci in early 2008 plus a lack of clarity on mining tenure generally, as France seeks to define a long-term mining and industrial policy in French Guiana.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 14.15        | (3.33)          | (3.42)          | (0.40)  | N/A     |
| 2008A   | 6.44         | (7.02)          | (12.15)         | (0.99)  | N/A     |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: General Retailers

Price: €2.85

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m  |
|----------|-------|--------|------|
| Actual   | 0.0   | 19.2   | 59.2 |
| Relative | (4.0) | (12.5) | 29.2 |

**Analyst**

Richard Finch

## Auto Escape (ALAUT)

Market cap: €15m

**COMPANY COMMENT**

The 3% setback in sales in the all-important summer half justified management's growing caution about the year just ended. Slowing Q3 sales and reduced visibility through later booking had dented previous confidence about a 'double-digit' sales increase for FY09. Montefiore Investment's offer at €2.80 followed satisfactory FY08 finals (sales up by 30%), and continued successful business development (growing internet presence, international expansion and reference partnerships with leading brands).

**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% decline in traffic in 2009 (7% rise in 2007) and little growth (under 4%) in 2010. 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 20.92        | 0.24            | 0.14            | 0.03    | 95.00   |
| 2008A   | 26.57        | 0.65            | 0.50            | 0.10    | 28.50   |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

**Sector: Food & Drink**

Price: €5.90

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m     | 3m   | 12m   |
|----------|--------|------|-------|
| Actual   | (15.7) | 9.3  | 168.2 |
| Relative | (19.1) | 77.9 | 117.6 |

**Analyst**

Fiona Orford-Williams

**Brossard (ALBRO)**

Market cap: €33m

**COMPANY COMMENT**

Revenues for the year to June 2009 fell 10.6% as a consequence of difficult markets, de-listings and the repercussions of issues at the Leclerc purchasing group, GALEC. However, operating margins improved to 6.3% (5.0%), the comparative period having included the heavy spend of Olympic sponsorship. New markets and product lines are being developed, particularly in export and catering, which should help consolidate margin improvements. Sale and leasebacks on the Neuborg and Pithiviers factories have buoyed the balance sheet.

**INDUSTRY COMMENT**

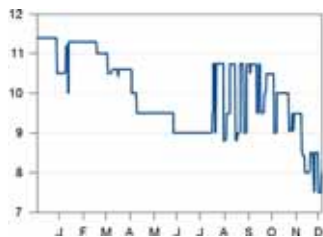
Carrefour, Intermarche, Leclerc, Auchan, Systeme U and Geant Casino are estimated to have accounted for 74% of the French food retail market in October. This group constitutes a bigger cohort than in most European territories, largely a function of the regulatory framework, with strict planning restrictions that many expect to be loosened. The Galland law (allowing suppliers of branded goods to set price floors) discouraged private label, a situation being challenged by the discounters.

| Y/E Jun | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2008A   | 132.94       | 6.65            | 0.89            | 0.16    | 36.88   |
| 2009A   | 118.90       | 7.51            | 0.94            | N/A     | N/A     |
| 2010E   | 118.90       | 7.18            | 2.72            | 0.34    | 17.35   |
| 2011E   | 128.56       | 9.12            | 1.90            | 0.45    | 13.11   |

**Sector: Technology**

Price: €7.99

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.

**% Relative to NYSE Alternext**

| %        | 1m     | 3m     | 12m    |
|----------|--------|--------|--------|
| Actual   | (15.8) | (25.5) | (29.9) |
| Relative | (20.4) | (27.9) | (49.0) |

**Analyst**

Roger Leboff

**BSB (BSB)**

Market cap: €17m

**COMPANY COMMENT**

BSB reported a stable H109 in line with management's expectations. Turnover of €11.8m was up 12% y-o-y. It signed six new software clients in the period, and the services operations also performed well, particularly in relation to SAP, benefiting from a strong public sector presence. The statement anticipated a positive H209 outcome and turnover of €24-28m for the full year (FY08: €21.8m).

**INDUSTRY COMMENT**

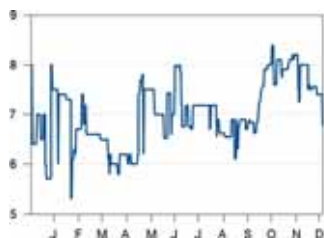
BSB's portfolio comprises applications for asset management and for life insurance policy administration. These are backed by remote access, consultancy services, bespoke applications and integration with partner solutions (SAP, IDIT). Its software and IT services products are targeted at banks and insurance companies in Belgium, France and Luxembourg. It has over 50 clients, including Axa Bank, Axa Insurance, AG Insurance, ABN Amro Life, Carmignac Gestion, Carrefour, Dexia Bank and ING Life. BSB intends to use its platform to expand into new international markets.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 16.56        | 0.72            | 0.35            | 0.20    | 39.95   |
| 2008A   | 21.76        | 1.59            | 0.98            | 0.40    | 19.97   |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: Technology

Price: €6.77

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m     | 3m     | 12m    |
|----------|--------|--------|--------|
| Actual   | (6.6)  | (1.2)  | (15.4) |
| Relative | (10.4) | (27.1) | (31.3) |

**Analyst**

Richard Finch

## Budget Telecom (ALBUD)

Market cap: €24m

**COMPANY COMMENT**

Budget Telecom looks to have stemmed the sharp dip in sales in Q2 with an encouraging performance in Q3 (-9%), in continued tough conditions. It has strengthened its core operation with the acquisition of KAST Telecom, which should also help to boost margin through better group buying. Management is optimistic that its subscriber base (140,000) and range of services provide resilience and the ability to exploit recovery.

**INDUSTRY COMMENT**

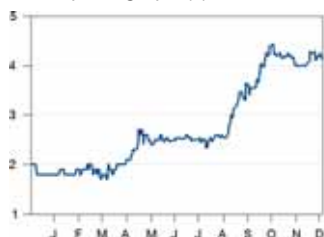
Across all western economies, pressure on fixed-line revenues continues. However, there is still a major opportunity for alternative telecoms service providers that can typically offer better pricing than incumbents, but also offer innovative services and high customer support levels.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 21.54        | 3.05            | 2.58            | 0.73    | 9.27    |
| 2008A   | 26.20        | 4.80            | 3.20            | 0.97    | 6.98    |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: Property

Price: €4.18

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m  | 3m   | 12m   |
|----------|-----|------|-------|
| Actual   | 5.0 | 17.7 | 109.0 |
| Relative | 0.8 | 42.5 | 69.6  |

**Analyst**

Roger Leboff

## CBo Territoria (ALCBO)

Market cap: €133m

**COMPANY COMMENT**

The group recently announced a framework agreement for a €175m project of 1,200 housing units by 2013 and an eight- to ten-year €400m plan to design and build a 'new town' in partnership with the town of Sainte-Marie. This includes 2,000 homes, shops, local services, schools and sports facilities in a sustainable development. FY08 results included a 106% increase in rental income, based on a 95% occupation rate. CBo holds a portfolio of 30,100m<sup>2</sup> of commercial space and 330 residential units, with rents supplemented by managing and selling completed units and building plots.

**INDUSTRY COMMENT**

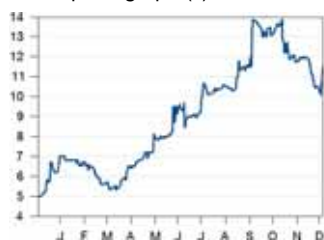
Revenues are derived from developing, selling and operating commercial and residential property on La Réunion Island in the Indian Ocean. La Réunion has experienced dynamic GDP growth (at an average of more than 4.4% a year for the last decade), as it benefited from concerted government efforts to increase 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 23.27        | 17.38           | 12.52           | 0.50    | 8.36    |
| 2008A   | 20.30        | 20.50           | 14.60           | 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     |

Sector: Pharma &amp; Healthcare

Price: €11.45

Share price graph (€)

**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m   |
|----------|-------|--------|-------|
| Actual   | (4.5) | (17.3) | 129.0 |
| Relative | (8.3) | 4.8    | 85.8  |

**Analyst**

Robin Davison

**Cellectis (ALCLS)**

Market cap: €132m

**COMPANY COMMENT**

Cellectis reported first-half cash resources of €27m, and revenue of €5m (vs €8.3m H108), which did not capture additional sums due from the recent license agreement with Monsanto. Separately, Cellectis delivered a new meganuclease in muscular dystrophy, reporting that technological efficiencies have produced a 30% reduction in time taken to engineer new meganucleases. Its newly launched cGPs research kit enables the study of the NIH-3T3 cell line in gene function. Separately, a court ruling upheld Cellectis's exclusive rights to homologous recombination, a process vital to gene targeting, in proceedings against Genoway. However, Cellectis' single-chain meganuclease patent protection claims against Precision Biosciences remain subject to further clarification.

**INDUSTRY COMMENT**

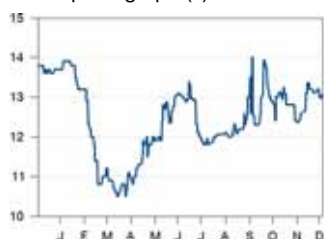
Cellectis's activities are based on genome engineering, an in-vivo method for modifying an organism's genetic data. It has a effective tool for the precise re-programming or correction of genetic material and chromosomes.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 1.45         | (5.33)          | (2.99)          | (0.33)  | N/A     |
| 2008A   | 10.60        | (3.45)          | 0.13            | 0.01    | 1145.00 |
| 2009E   | 15.32        | N/A             | (0.66)          | (0.07)  | N/A     |
| 2010E   | 32.17        | N/A             | 7.08            | 0.76    | 15.07   |

Sector: Support Services

Price: €13.00

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.

**% Relative to NYSE Alternext**

| %        | 1m  | 3m     | 12m    |
|----------|-----|--------|--------|
| Actual   | 4.7 | 3.6    | (5.8)  |
| Relative | 0.5 | (14.4) | (23.6) |

**Analyst**

Richard Finch

**Clasquin (ALCLA)**

Market cap: €30m

**COMPANY COMMENT**

Clasquin looks to have called the turn in its volume of shipments with a confirmed levelling off in Q3 (-6% against -12% in H1) and forecast -4% in Q4. By contrast, gross profit has been on the slide (-17% in Q3 against -5% in H2) in the teeth of tumbling freight rates. However, given the unprecedented collapse in global trade, this performance is not unsatisfactory, especially as management is now calling the turn in its gross profit. The company'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**

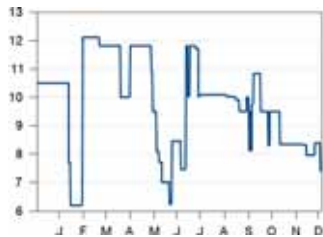
The World Trade Organisation has forecast a 9% trade decline in 2009, the largest contraction for 60 years. This compares with growth of 6% in 2007 and 2% last year as conditions worsened. Unusually, the downturn is simultaneous across the world, with developing countries, once thought less vulnerable, badly affected owing to their reliance on trade for growth. Recovery could be delayed unless the banking sector is repaired.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 127.49       | 3.31            | 2.56            | 1.15    | 11.30   |
| 2008A   | 150.90       | 6.10            | 3.20            | 1.73    | 7.51    |
| 2009E   | 112.35       | 4.00            | 2.95            | 1.23    | 10.57   |
| 2010E   | 119.20       | 5.00            | 3.35            | 1.49    | 8.72    |

Sector: Alternative Energy

Price: €7.41

Share price graph (€)



Company description

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

% Relative to NYSE Alternext

| %        | 1m     | 3m     | 12m    |
|----------|--------|--------|--------|
| Actual   | (11.3) | (23.9) | (29.4) |
| Relative | (14.8) | (24.7) | (42.7) |

Analyst

Stephen Rogers

## CNPV (ALCNP)

Market cap: €38m

COMPANY COMMENT

In November, the group became the first company to obtain International Electro Technical Commission (IEC) certification for its premium photovoltaic modules (190Wp to 200Wp), which were recently launched at an industry trade show. The new 72-cell premium module series features large area, high-efficiency mono crystalline silicon solar cells, anti-reflection coated glass and high conductivity interconnected materials. The larger diameter (165mm) of the cells compared to the standard (150mm) with their high conversion efficiencies (17.5%) is reported to outperform the industry average by 8%. This translates a module efficiency of 15.25%+.

INDUSTRY COMMENT

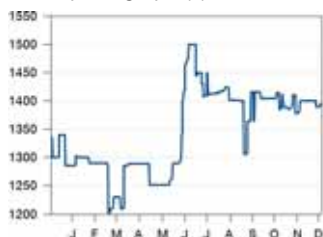
Virgin polysilicon prices have been weak in 2009, bottoming at 47% down on end 2008 prices. We believe this will be a short-term effect, with an improvement in the industry, as demand increases due to lower prices and government regulation in many regions across the globe feeds through to producers.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 0.00         | (0.12)          | (0.11)          | (0.02)  | N/A     |
| 2008A   | 48.90        | 7.13            | 0.12            | 1.26    | 5.88    |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: Food & Drink

Price: €1395.00

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.

% Relative to NYSE Alternext

| %        | 1m    | 3m     | 12m    |
|----------|-------|--------|--------|
| Actual   | (0.4) | (1.5)  | 4.5    |
| Relative | (5.8) | (23.0) | (23.9) |

Analyst

Fiona Orford-Williams

## CoBrHa (COBH)

Market cap: €106m

COMPANY COMMENT

Haacht's H109 sales were broadly flat y-o-y, with a weaker performance in the on-trade countered by improved performance in the distribution market. Specialist beers and the export segment performed well. Lower raw material costs helped offset higher staff costs. A tax write-off of €0.5m and interest payments of €0.3m have underwritten continued investment in the estate and marketing. The two major Belgian brewers raised prices again in April 2009, but Haacht did not follow. It intends putting up prices in January 2010.

INDUSTRY COMMENT

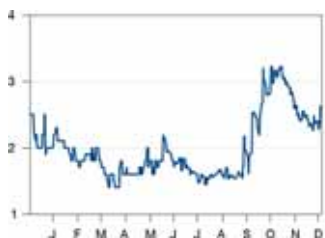
The Belgian beer market fell by 1.2% in H109. The on-trade, where Haacht specialises, fared worse, with revenues falling 4.0%, the off-trade showing modest growth of 1.6%. A static population, changing habits and falling consumer confidence have all contributed, with beer consumption per head having decreased from 101l to 86l over the 10 years to 2007. The forecast for 2010 is 83.5l. The beer market is estimated at €5.4bn and is dominated by InBev with around 60% share and Heineken/Alken-Maes. Haacht is the third-largest brewer.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 91.11        | 7.19            | 5.61            | 72.80   | 19.16   |
| 2008A   | 92.40        | 6.17            | 4.05            | 53.40   | 26.12   |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

**Sector: Media & Entertainment**

Price: €2.64

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m  | 3m   | 12m    |
|----------|-----|------|--------|
| Actual   | 5.2 | 38.2 | 3.9    |
| Relative | 1.0 | 29.6 | (15.7) |

**Analyst**

Fiona Orford-Williams

**Come & Stay (ALCSY)**

Market cap: €11m

**COMPANY COMMENT**

Come & Stay specialises in email and mobile advertising, with 300 million contact email addresses and opted-in mobile numbers, including 148 million held directly. Revenue from traditional email marketing halved in H109, undermining good progress made in lead generation, resulting in the group achieving break even at the EBITDA level. The withdrawal from the US and scaling back of UK and German operations has helped take €940k out of overheads. The group now aims to concentrate on its new AI-based platform within the European market, taking advantage of the tightening of data privacy regulation.

**INDUSTRY COMMENT**

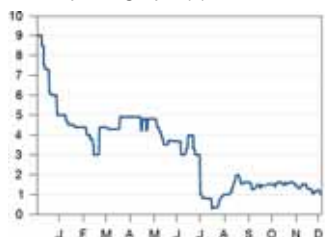
Mobile marketing is the only channel where growth rates have accelerated in H109 (+30% vs +15% in 2008), due to the rapid development of mobile applications and its effectiveness in reaching the 15-24 age group. The latest EIAA statement suggests 33% of French organisations are already incorporating mobile advertising into their marketing strategies, with most believing that spend will increase over 2009.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 25.11        | 1.83            | (1.47)          | (0.37)  | N/A     |
| 2008A   | 27.00        | 1.50            | (7.80)          | N/A     | N/A     |
| 2009E   | 18.00        | 0.40            | 0.30            | 0.07    | 37.71   |
| 2010E   | 18.90        | 1.40            | 0.90            | 0.23    | 11.48   |

**Sector: Technology**

Price: €1.00

Share price graph (€)



**Company description**

Cortix develops and edits websites for SMEs. The company offers graphic design, ergonomic and editorial services for internet sites, as well as hosting, referencing and maintenance. The packaged internet solution comes with a four year contract, automatically renewable.

**% Relative to NYSE Alternext**

| %        | 1m     | 3m     | 12m    |
|----------|--------|--------|--------|
| Actual   | (21.3) | (20.0) | (88.9) |
| Relative | (24.4) | (76.6) | (91.0) |

**Analyst**

Richard Finch

**Cortix (ALCTX)**

Market cap: €3m

**COMPANY COMMENT**

After a spectacular doubling of profit in FY08, the year to June was a disappointment as turnover growth stalled and substantial losses mounted on a cost base ramped up in line with management's forecast of 70% top-line growth. With expansion reversed and finances reorganised, Cortix is looking to make more from its large existing client base (13,000) and increased international exposure (47% of new contracts). Following a projected further loss for the rest of 2009, management expects a trading margin of over 5% for calendar 2010 (9.5% in FY08).

**INDUSTRY COMMENT**

In Western Europe there are 10 million businesses with fewer than 50 employees (excluding sole traders), and in France about a million with no more than 20 employees. The equipment rate across Europe (apart from the UK) has historically been low, with the smallest businesses lacking internet access (in 2006 over 40%) and their own website (in 2006 85%).

| Y/E Jun | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2008A   | 28.27        | 2.69            | 1.69            | N/A     | N/A     |
| 2009A   | 27.87        | (8.74)          | (9.30)          | 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     |

Sector: Media & Entertainment

Price: €3.55

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.

% Relative to NYSE Alternext

| %        | 1m    | 3m     | 12m    |
|----------|-------|--------|--------|
| Actual   | (3.0) | (10.4) | (19.1) |
| Relative | (6.9) | (4.9)  | (34.4) |

Analyst

Fiona Orford-Williams

CRM Company Group (ALCRM)

Market cap: €12m

COMPANY COMMENT

CRM is a full-service marketing agency, offering traditional and digital campaigns above and below the line. Its key verticals are in services, IT, finance, automotive and luxury goods and, unsurprisingly, first-half sales were down 26%, continuing the weak H208. However, since May, conditions have begun to ease slightly and the benefits of earlier restructuring are starting to kick in. The group's finances have been 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 rapid deterioration in trading conditions in the marketing sector from autumn 2008, with advertising campaigns being delayed, downsized, pulled at the last moment, or all three. For 2009, Carat's October forecasts for the French advertising market were revised down further from -5.0% to -7.1%, with a modest resumption of growth in 2010 of 1.0% (0.5%).

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 21.26        | 2.30            | 0.68            | 0.24    | 14.79   |
| 2008A   | 7.70         | 0.36            | (9.10)          | 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     |

Sector: Support Services

Price: €6.60

Share price graph (€)



Company description

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

% Relative to NYSE Alternext

| %        | 1m  | 3m    | 12m  |
|----------|-----|-------|------|
| Actual   | 5.1 | 17.9  | 25.7 |
| Relative | 0.9 | (2.0) | 2.0  |

Analyst

Fiona Orford-Williams

D.L.S.I. (ALDLS)

Market cap: €17m

COMPANY COMMENT

The Q309 trading update showed no amelioration in trading, with revenues down 22.4% (Q109: -22.2%, Q209: -21.9%). However, the French market is estimated to have fallen by 29.5% over the nine months. Comparatives should now start to ease and there have been some signs of stabilisation since October. The SME bias of the business may be helping to mitigate. Overseas expansion has diluted the French contribution to 65% of sales, with Luxembourg and Switzerland the next largest markets. A Polish operation has recently been set up.

INDUSTRY COMMENT

According to the OECD, French GDP is set to fall 2.3% in 2009, with a resumption of modest growth (1.4%) in 2010. Unemployment reached 10% in September. The iron and steel, automotive and construction sectors are among the worst hit. Latest Eurociett statistics show a 25% reduction in hours invoiced by agencies in France in July/October, an improvement on the previous quarter. Confidence is starting to recover.

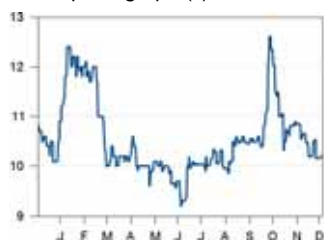
| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 124.72       | 5.36            | 3.49            | 1.39    | 4.75    |
| 2008A   | 149.63       | 5.68            | 3.14            | N/A     | N/A     |
| 2009E   | 154.13       | N/A             | 4.67            | 1.87    | 3.53    |
| 2010E   | 160.36       | N/A             | 4.72            | 1.93    | 3.42    |



## Sector: Support Services

Price: €10.20

## Share price graph (€)



## Company description

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

## % Relative to NYSE Alternext

| %        | 1m    | 3m    | 12m    |
|----------|-------|-------|--------|
| Actual   | (6.0) | (2.9) | (5.0)  |
| Relative | (9.8) | (4.2) | (22.9) |

## Analyst

Fiona Orford-Williams

## Demos (ALDMO)

Market cap: €58m

## COMPANY COMMENT

Last year's acquisitions bolstered the top line in H109, with revenues ahead 4%, despite very difficult trading in Spain and Portugal. However, the additional overhead of the acquired management and internal reinforcement, together with a change in mix towards lower-margin tailored courses took a heavy toll on the operating result, with the margin falling from 5.7% to 1.2%. France accounted for 60% of revenues, diluted by the Swiss, Czech and UK acquisitions. The group raised €14.5m through a bond issue in July.

## INDUSTRY COMMENT

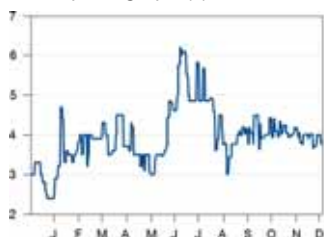
In most developed economies, the availability of continuing professional development is a given, usually enshrined in labour regulation. In many of Demos' newer markets, well-trained employees are seen as giving competitive advantage, with training also improving the calibre of candidates. Most markets 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 78.30        | 7.39            | 3.71            | 0.66    | 15.45   |
| 2008A   | 97.46        | 8.71            | 4.01            | 0.71    | 14.37   |
| 2009E   | 99.00        | N/A             | 1.00            | 0.56    | 18.21   |
| 2010E   | 107.00       | N/A             | 2.00            | 0.75    | 13.60   |

## Sector: Oil &amp; Gas

Price: €3.77

## 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.

## % Relative to NYSE Alternext

| %        | 1m     | 3m     | 12m  |
|----------|--------|--------|------|
| Actual   | (6.7)  | (6.9)  | 25.7 |
| Relative | (10.4) | (35.2) | 2.0  |

## Analyst

Farid Abasov

## Dietswell (ALDIE)

Market cap: €13m

## COMPANY COMMENT

In September the company announced two new drilling contracts to undertake workover operations in Tunisia signed with TPS, a partnership between OMV and ETAP, for approximately one month, and Perenco, with an option to extend to a second well. In July the company published its half-year results with revenues down 47% year-on-year at €7.4m (€13.9m in first half 2008). The setback reflected the slowdown in drilling markets and were in strong contrast to the 22% increase in sales reported for full year 2008 (to €25.2m). Hardest hit in this year's first half was Dietswell Engineering, whose sales dropped by 75% to €1.85m, just one-quarter of the group total.

## INDUSTRY COMMENT

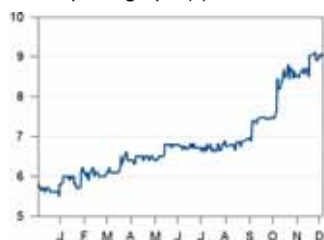
In 2008 oil services had a very good year on the back of rising oil prices and the consequent inflationary pressure on oil equipment and services. 2009, however, is proving very different – oil prices are still volatile and are lower, and depressed global economic conditions have adversely affected drilling market activity.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 20.69        | 1.62            | 1.59            | 0.41    | 9.20    |
| 2008A   | 25.20        | N/A             | 0.40            | N/A     | N/A     |
| 2009E   | 15.43        | N/A             | (1.76)          | (0.46)  | N/A     |
| 2010E   | 24.92        | N/A             | 0.29            | 0.08    | 47.13   |

Sector: Technology

Price: €9.07

Share price graph (€)



Company description

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

% Relative to NYSE Alternext

| %        | 1m  | 3m   | 12m  |
|----------|-----|------|------|
| Actual   | 6.1 | 22.6 | 55.0 |
| Relative | 1.8 | 15.3 | 25.8 |

Analyst

Richard Finch

## DL Software (ALSDL)

Market cap: €40m

### COMPANY COMMENT

While endorsing DL Software's expansion-led strategy and robust business model (two-thirds of revenue is deemed recurrent), continued strong performance in Q309 (sales and gross profit +12%) has prompted an increase in management's full-year trading profit target to +21% from +17%. This could prove cautious as no margin gain is assumed, despite a clear improvement in H109, thanks to a more favourable mix. Management is looking to make further acquisitions of size.

### INDUSTRY COMMENT

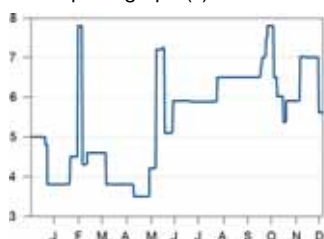
Capgemini's H109 sales in France were down by 5%, although technology services reported revenue growth, confirming a difficult but not calamitous market. However, Capgemini's focus is on national accounts, which may be less affected by recession than DL Software's target market. Economic recovery should see smaller businesses in France resuming their correction of long-standing underinvestment in IT, compared with their UK and German counterparts.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 25.49        | 3.56            | 1.19            | 0.29    | 31.28   |
| 2008A   | 34.53        | 4.80            | 1.22            | 0.28    | 32.39   |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: Electrical Equipment

Price: €5.62

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.

% Relative to NYSE Alternext

| %        | 1m    | 3m     | 12m   |
|----------|-------|--------|-------|
| Actual   | (4.7) | (13.5) | 12.4  |
| Relative | (8.6) | (18.1) | (8.8) |

Analyst

Richard Finch

## Dolphin Intégration (ALDOL)

Market cap: €7m

### COMPANY COMMENT

After an impressively resilient interim performance by Dolphin in the face of a collapse in global semiconductor production, there was marked disappointment in the six months to September as sales fell by 25% owing to the downturn and the weak dollar. Dolphin's strengths are 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

Our checks indicate 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. In addition, 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 11.58        | 1.68            | 1.91            | 1.50    | 3.75    |
| 2008A   | 11.11        | (0.15)          | 0.38            | 0.29    | 19.38   |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

**Sector: Electrical Equipment**

Price: €7.39

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m  | 3m     | 12m    |
|----------|-----|--------|--------|
| Actual   | 4.5 | (11.9) | (40.6) |
| Relative | 0.3 | (19.3) | (51.8) |

**Analyst**

Roger Leboff

**Easydentic (ALEGR)**

Market cap: €81m

**COMPANY COMMENT**

Q309 figures included a 36% y-o-y decline in turnover to €16.8m, but sales for September and October were much more encouraging, well above the run rate for the first eight months. That trend extended into November and, on the back of a sales revival, management expects the group to be at break even by the year end. In July it raised €13m (net) at €5.60/share to repay short-term credit lines and cover 12 months' working capital. To intensify sales efforts this year, it added product lines in existing territories to reinforce barriers to entry and drive international growth.

**INDUSTRY COMMENT**

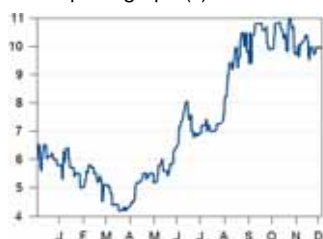
Easydentic designs, sells, installs and maintains innovative corporate security technologies. The group operates in 12 European countries, with products that cover biometric access control, IP-based video surveillance, access management and control system applications. International growth accelerated in FY08 (sales up 48%) and supports confidence in the 2009 outlook, despite the poor economic and financial environment.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 74.56        | 8.90            | 4.44            | 0.54    | 13.69   |
| 2008A   | 105.60       | 12.90           | (1.70)          | (0.20)  | N/A     |
| 2009E   | 91.15        | N/A             | (10.70)         | (0.72)  | N/A     |
| 2010E   | 135.23       | N/A             | 5.30            | 0.65    | 11.37   |

**Sector: Electrical Equipment**

Price: €9.95

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m    | 12m  |
|----------|-------|-------|------|
| Actual   | 3.3   | (4.1) | 65.8 |
| Relative | (0.8) | 19.8  | 34.5 |

**Analyst**

Stephen Rogers

**ECT Industries (ALECT)**

Market cap: €12m

**COMPANY COMMENT**

ECT Industries designs, manufactures and maintains onboard electronic and navigation systems. The primary buyers are in the aeronautics industry for onboard systems (c 65% sales), where ECT holds a number one position in Europe for many products. It has a substantial maintenance and services business (22.3% sales) with equipment sales accounting for the rest of revenues. Its main customers are EADS and Maroc RAF. With all ECT plants located in France, the company's ability to cut costs on any weakening of demand will be key to maintaining profitability. H109 sales were up 28%, with two new products (flight recorders and data transmission via satellite) expected to benefit next year. The shares have doubled since mid-year lows.

**INDUSTRY COMMENT**

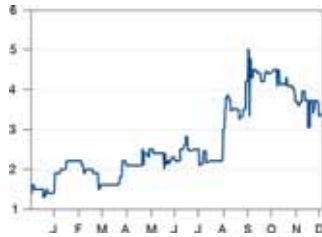
Military spending across Europe has mainly been unaffected by the slowdown in the global economy. ECT has relatively limited exposure to the regional and business jet sector, which has seen the most significant declines (of up to 30%).

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 15.48        | 1.46            | 0.93            | N/A     | N/A     |
| 2008A   | 19.95        | 1.12            | 1.21            | N/A     | N/A     |
| 2009E   | 22.40        | 1.30            | 1.00            | 0.84    | 11.85   |
| 2010E   | 23.40        | 1.50            | 1.10            | 0.95    | 10.47   |

Sector: Technology

Price: €3.42

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.

% Relative to NYSE Alternext

| %        | 1m    | 3m     | 12m   |
|----------|-------|--------|-------|
| Actual   | (5.0) | (20.5) | 135.9 |
| Relative | (8.8) | 33.6   | 91.4  |

Analyst

Roger Leboff

## eFront (ALEFT)

Market cap: €11m

COMPANY COMMENT

H109 turnover was up 66% y-o-y to €9.4m, with a strong performance by services and higher recurring income on the back of 2008 sales. The service division contributed €4.8m, up 97%, boosted by new clients for FrontInvest in the Middle East, Canada and the US. Prior year sales helped a 65% rise in recurring activities (maintenance and software updates), to €2.3m. The H209 outlook is for further growth, albeit less dramatic than the first half.

INDUSTRY COMMENT

The group's applications are used by alternative asset managers, fund administrators and in risk management (governance, risk, compliance), issues that remain under the spotlight with the pressure for stricter regulation. 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 12.78        | 1.29            | 2.07            | 0.56    | 6.11    |
| 2008A   | 14.65        | (1.37)          | (1.69)          | 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     |

Sector: Technology

Price: €2.25

Share price graph (€)



Company description

Emailvision is Europe's leading publisher of software for designing and piloting direct internet marketing campaigns. Its products are used to manage and analyse mass emailings and promotional messages on mobile telephones.

% Relative to NYSE Alternext

| %        | 1m    | 3m    | 12m  |
|----------|-------|-------|------|
| Actual   | 2.3   | 1.4   | 45.2 |
| Relative | (1.8) | (0.8) | 17.8 |

Analyst

Roger Leboff

## Emailvision (ALEMV)

Market cap: €41m

COMPANY COMMENT

Q309 revenues were €7.6m, up 38% y-o-y, a fourth consecutive quarter of accelerated growth. In that period, the group added 225 new clients in the US, UK and continental Europe. Turnover for the year to date of €20.8m is a 33% y-o-y increase, and the statement included a confident outlook for FY09. The period-end order book, at €34.8m, is up 59% vs last year and sales momentum has carried into the final quarter.

INDUSTRY COMMENT

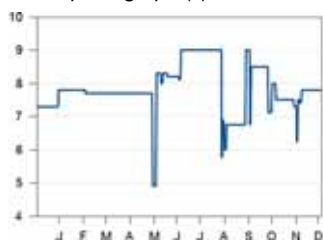
Emailvision provides on-demand email marketing automation software that manages email, SMS and RSS marketing campaigns. Its 100% web-based software is sold on one- to three-year subscriptions, priced by committed message volumes. The current economic environment is helpful as companies make more use of retention email marketing to grow revenues and profits from existing customers and new prospects. It had over 1,800 clients and 2,500 international users in e-commerce, travel, retail, mail-order, publishing and consumer brands at end 2008, and has added over 650 worldwide during 2009.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 16.20        | 1.27            | 0.46            | 0.03    | 75.00   |
| 2008A   | 21.76        | 2.22            | 0.93            | 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     |

**Sector: Technology**

Price: €7.80

Share price graph (€)



**Company description**

Emakina Group provides a range of services related to the design and development of websites.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m    |
|----------|-------|--------|--------|
| Actual   | 4.0   | (8.2)  | 6.8    |
| Relative | (1.6) | (21.8) | (22.2) |

**Analyst**

Roger Leboff

**Emakina Group (ALEMK)**

Market cap: €27m

**COMPANY COMMENT**

In October Emakina was awarded a new framework contract with the European Commission. The total budget for this contract is €15m (although that is not an EC commitment). H109 sales were 6% ahead of H108, or 5% on a like-for-like basis. Pre-tax profit was €0.98m for the period, 84% ahead as newly integrated subsidiaries secured new international clients. The outlook is more subdued due to the impact of the economic slowdown on the financial and automotive sectors and elongated sales cycles. H2 is usually the stronger period and the statement anticipated maintained sales growth and margin improvement.

**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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 16.47        | 1.16            | 0.64            | 0.19    | 41.05   |
| 2008A   | 30.92        | 2.05            | 0.06            | 0.01    | 780.00  |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

**Sector: Media & Entertainment**

Price: €5.79

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.

**% Relative to NYSE Alternext**

| %        | 1m     | 3m     | 12m    |
|----------|--------|--------|--------|
| Actual   | (29.0) | (20.1) | (10.9) |
| Relative | (31.9) | (32.8) | (27.7) |

**Analyst**

Richard Finch

**Entrepaticuliers.com (ALENT)**

Market cap: €21m

**COMPANY COMMENT**

Q309 brought no relief to Entrepaticuliers, with sales down by a third on the back of more than 40% fewer paid advertisements. With the property market set to remain subdued until at least early 2010, management has cut promotional spend, which need not be detrimental given the company's high brand awareness, and helped to protect H1 margin.

Entrepaticuliers should benefit from an upturn owing to its strong brand, national coverage and added-value services. There is no debt (a special dividend was recently declared to return surplus cash to shareholders).

**INDUSTRY COMMENT**

October saw the first increase for a year, with 10% more properties up for sale, and continued price stability. However, volumes remain weak compared with pre-recession levels, eg 10% below October 2007, and it is uncertain if this recovery can be sustained. For the hard-pressed consumer, the Entrepaticuliers website offering is a low-cost alternative to the estate agent.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 14.79        | 3.55            | 3.95            | 1.12    | 5.17    |
| 2008A   | 15.60        | 3.20            | 2.60            | 0.74    | 7.82    |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: Engineering

Price: €20.37

Share price graph (€)



Company description

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

% Relative to NYSE Alternext

| %        | 1m    | 3m    | 12m    |
|----------|-------|-------|--------|
| Actual   | 2.2   | 4.1   | 10.3   |
| Relative | (1.9) | (9.7) | (10.5) |

Analyst

Anil Sharma

## Environnement (ALTEV)

Market cap: €38m

### COMPANY COMMENT

Environnement designs, manufactures and sells equipment and systems for air and water quality measurement and evaluation. Interim results to June 2009 show revenues flat at €22.3m and operating profit marginally lower at €2.0m (H108: €2.1m). Turnover was positively affected by higher sales of gas engines and radionuclides offset by a decline in ambient air sales, while the relatively stable operating profit performance reflected a higher contribution from services. The group was cautious over the outlook for the rest of the financial year, but expects profitability to remain stable thanks, in part, to the implementation of cost-cutting measures.

### INDUSTRY COMMENT

Veolia Environnement released H109 results in August. The read across for the sector was positive, with the water division revenue up 3.7% stripping out positive currency effects. Water solutions in particular were strong, with revenues up 12.7% at constant exchange rates.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 42.23        | 3.57            | 2.41            | 1.30    | 15.67   |
| 2008A   | 44.00        | 3.40            | 3.20            | 1.70    | 11.98   |
| 2009E   | 44.00        | 3.10            | 2.80            | 1.53    | 13.31   |
| 2010E   | 44.70        | 3.30            | 2.80            | 1.55    | 13.14   |

Sector: Food & Drink

Price: €11.74

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.

% Relative to NYSE Alternext

| %        | 1m    | 3m  | 12m  |
|----------|-------|-----|------|
| Actual   | (1.8) | 3.6 | 60.8 |
| Relative | (5.7) | 0.4 | 30.5 |

Analyst

Fiona Orford-Williams

## Eurogerm (ALGEM)

Market cap: €50m

### COMPANY COMMENT

FY09 results to March showed sales up 21% (l-f-l +8%). High raw material prices impacted gross margin, with operating margin hit by one-off costs of extending the Saint-Apollinaire factory, increased R&D spend and developing export capability – 45% of sales, despite a weak Spanish market. The outlook statement was cautiously optimistic. Cathay Capital took a 13% stake in Mobago, owner of 67% of the equity, and now has board representation, opening the possibility of addressing Asian markets. Interim figures are due imminently.

### INDUSTRY COMMENT

France is the third-largest producer of wheat in Europe and the 11th largest worldwide. Around two-thirds of production is destined for bakery, with milling split between large co-operatives and the private sector. Artisan bakers are still the largest retail segment, representing 63% of bread sales, but this proportion has been falling steadily. The 2009 grain harvest yielded over 70m tonnes for the first time since 2000 and planting is up for 2010, encouraged by lower fertiliser costs.

| Y/E Mar | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2008A   | 43.00        | 4.80            | 3.50            | 0.81    | 14.49   |
| 2009A   | 51.90        | 4.20            | 3.10            | N/A     | N/A     |
| 2010E   | 57.97        | N/A             | 2.90            | 0.73    | 16.08   |
| 2011E   | 63.15        | N/A             | 3.19            | 0.79    | 14.86   |

**Sector: Engineering**

Price: €2.65

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.

**% Relative to NYSE Alternext**

| %        | 1m     | 3m    | 12m  |
|----------|--------|-------|------|
| Actual   | (15.6) | (2.2) | 55.9 |
| Relative | (15.4) | (0.1) | 34.5 |

**Analyst**

Roger Leboff

**Europlasma (ALEUP)**

Market cap: €30m

**COMPANY COMMENT**

H109 earnings were stable, with earnings benefiting from cost cuts and other efficiency measures. Sales in the air depollution division (65% of turnover) were supported by public sector stimulus spending, which compensated for lower industrial demand. Asbestos and hazardous waste destruction (30%) added new French city customers and plasma torch technologies sales contributed the rest. The first-half EBIT loss was €2.2m, for the seasonally weaker half. A new market for low-level radioactive waste was added in 2009.

**INDUSTRY COMMENT**

The outlook for Europlasma's largest subsidiary is underpinned by increasingly rigorous anti-pollution legislation. R&D is designed to capitalise on new opportunities in a growing market. 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 picked up major French clients.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 29.59        | 0.92            | 0.25            | N/A     | N/A     |
| 2008A   | 35.30        | (0.33)          | (0.90)          | 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     |

**Sector: Electrical Equipment**

Price: €10.40

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m    | 12m   |
|----------|-------|-------|-------|
| Actual   | 2.2   | 9.5   | 21.9  |
| Relative | (1.9) | (6.8) | (1.1) |

**Analyst**

Richard Finch

**Evolis (ALTVO)**

Market cap: €53m

**COMPANY COMMENT**

A marked recovery in Q309 sales (-4% against -19% in H109 and +26% against Q109) suggests that management's expectation of an improvement in the second half on the first is well founded. In retail there has been continued success in Asia and the Americas (double-digit growth) while EMEA, although still difficult, is on the mend. The smaller projects business has predictably been more affected by the downturn but there are clear signs of a pick-up in Q110. Margins have remained satisfactory (14% in H109).

**INDUSTRY COMMENT**

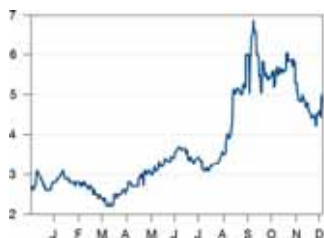
Less harsh conditions have been endorsed by US competitor Zebra Technologies, which delivered Q309 sales down by 18% against guidance of little recovery from -26% in the previous quarter. A similar rate of improvement is expected for Q4. Declining global economic activity is mainly responsible, with weakness across the board, although there was relatively better performance in North America. HID/Fargo, part of the Swedish group ASSA ABLOY, reported weak demand in all commercial applications in Q309.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 35.93        | 7.50            | 4.68            | 0.92    | 11.30   |
| 2008A   | 36.70        | 6.70            | 4.90            | 0.96    | 10.83   |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: Pharma & Healthcare

Price: €4.75

Share price graph (€)



**Company description**

ExonHit Therapeutics provides research and development for drugs, diagnostic systems and genome analysis tools for the treatment of pain, cancer, Alzheimer's and Parkinson's diseases, vascular disorders and amyotrophic sclerosis.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m  |
|----------|-------|--------|------|
| Actual   | (2.9) | (26.6) | 75.3 |
| Relative | (6.8) | 11.8   | 42.2 |

**Analyst**

Robin Davison

## ExonHit Therapeutics (ALEHT)

Market cap: €133m

**COMPANY COMMENT**

Top-line Phase IIa data for EHT 0202 in Alzheimer's disease showed safety and tolerability at both 40mg and 80mg doses. However, on certain efficacy scales, including cognitive change and clinical dementia rating, the trial failed to provide statistical significance. ExonHit must now secure a licensing partnership during 2010 and move into Phase IIb trials. Data from a study on Alzheimer's diagnostic test AclarusDx will reinforce ExonHit's planned launch of the test during 2009 funded partially by a recent rights issue to raise up to €20.6m. Exonhit will participate in the 3 year MAPT study to assess the role of omega-3 fatty acids on cognitive function in Alzheimer's. A new CFO, Herve Duchesne de Lamotte, was recently appointed.

**INDUSTRY COMMENT**

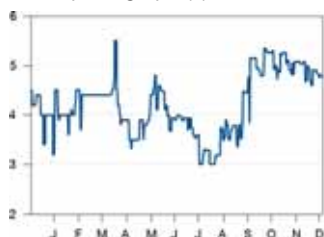
ExonHit derives revenue from its R&D services while investing in its own drug pipeline, using a process of RNA splicing. Its cash position at 30 June stood at €18.5m. ExonHit focuses on assisting in the diagnosis of some of the most predominant forms of cancer, potentially promoting more accurate diagnosis, reducing mortality and improving treatment outcomes.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 5.38         | (7.79)          | (7.34)          | (0.29)  | N/A     |
| 2008A   | 4.22         | (11.39)         | (8.93)          | (0.33)  | N/A     |
| 2009E   | 5.10         | (12.00)         | (8.90)          | (0.32)  | N/A     |
| 2010E   | 6.00         | (13.00)         | (10.80)         | (0.37)  | N/A     |

Sector: P'care & Household Prd

Price: €4.80

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m    | 12m  |
|----------|-------|-------|------|
| Actual   | (5.3) | (6.6) | 34.8 |
| Relative | (9.1) | 3.1   | 9.4  |

**Analyst**

Richard Finch

## Fashion B Air (ALFBA)

Market cap: €26m

**COMPANY COMMENT**

Fashion Bel Air continues to defy the subdued retail mood, with an acceleration in sales growth in Q309 to 18% from an already respectable 8% in H1. This has come courtesy of very strong demand for its winter collection and a successful inaugural national advertising campaign. Growing awareness of the Bel Air brand and expansion of its retail network also underpin management's expectation of a double-digit rise in sales and operating profit for 2009.

**INDUSTRY COMMENT**

French retail sales were down year-on-year for a seventh consecutive month in November, indeed at the sharpest rate since August, with clothing especially affected. The outlook appears weak owing to the rise in unemployment and uncertainty over future household income. Bel Air's relatively mainstream market position is in any case 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 11.98        | 2.19            | 1.54            | N/A     | N/A     |
| 2008A   | 13.04        | 2.67            | 6.10            | N/A     | N/A     |
| 2009E   | 16.12        | 2.91            | 1.76            | N/A     | N/A     |
| 2010E   | 19.18        | 3.06            | 1.88            | N/A     | N/A     |



**Sector: Engineering**

Price: €9.91

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m     | 3m     | 12m    |
|----------|--------|--------|--------|
| Actual   | (8.7)  | (0.2)  | (28.2) |
| Relative | (12.3) | (15.6) | (41.7) |

**Analyst**

Richard Finch

**Fountaine Pajot (ALFPC)**

Market cap: €15m

**COMPANY COMMENT**

Despite a collapse in FY09 sales even more calamitous than expected, it is to management's credit that through cost-cutting it achieved in H2 a double-digit margin not far removed from pre-recession a year earlier. Moreover, it was confident in committing to its model launch programme and the company's range is now the most modern and complete in the market. The autumn boat shows suggest that the worst is over.

**INDUSTRY COMMENT**

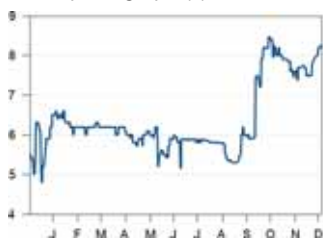
Grim news this year from Europe's luxury boat-builders has confirmed that the top end of the market is not immune from economic downturn, as long believed. Couach was placed in receivership, Rodriguez sought temporary protection (recently renewed for a further six months) from its creditors, and Beneteau suffered a 42% fall in boat sales. Scant comfort therefore from projections of long-term growth in luxury customers.

| Y/E Aug | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2008A   | 52.54        | 5.57            | 1.88            | N/A     | N/A     |
| 2009A   | 33.80        | 1.90            | (0.50)          | N/A     | N/A     |
| 2010E   | 37.90        | 0.50            | 1.10            | 0.69    | 14.36   |
| 2011E   | 43.60        | 1.40            | 0.60            | 0.42    | 23.60   |

**Sector: Pharma & Healthcare**

Price: €8.20

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.

**% Relative to NYSE Alternext**

| %        | 1m  | 3m   | 12m  |
|----------|-----|------|------|
| Actual   | 6.5 | 39.0 | 49.1 |
| Relative | 2.2 | 18.6 | 21.0 |

**Analyst**

Robin Davison

**Genfit (ALGFT)**

Market cap: €92m

**COMPANY COMMENT**

Genfit's Phase II study on its lead compound GFT505 in pre-diabetic patients reached all primary objectives, identifying an additional therapeutic effect on non-alcoholic fatty liver disease. The data support the bid for a clinical partner for GFT505. Genfit recently identified Hit compounds contributing to regulation of circadian cycles, potentially benefiting its cardiometabolic and CNS drug discovery programs. Separately, the company will apply its expertise in nuclear receptor modulators to stem cell research, and will receive funding of up to €2m for research into Alzheimer's therapies. The company finished 2008 with cash of €16.9m.

**INDUSTRY COMMENT**

Genfit has a multi-pronged 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 9.48         | (5.99)          | (2.80)          | (0.25)  | N/A     |
| 2008A   | 8.79         | (5.17)          | (3.96)          | (0.35)  | N/A     |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: Pharma & Healthcare

Price: €2.65

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m     | 3m     | 12m  |
|----------|--------|--------|------|
| Actual   | (15.1) | (1.5)  | 52.3 |
| Relative | (18.5) | (23.8) | 23.6 |

**Analyst**

Robin Davison

**GenOway (ALGEN)**

Market cap: €16m

**COMPANY COMMENT**

GenOway develops genetically modified animals to model specific human diseases. It successfully cloned rats in 2003, and built a reliable large-scale production unit for genetically modified mouse and rat models (humanised, inducible knock-out, RNAi-mediated knock down). GenOway reported a 10% increase in sales of research models to pharmaceutical and academic customers at the interim stage and subsequently confirmed research contracts with University of Pennsylvania and with a Harvard Medical School centre of excellence, to collaborate on research into metabolic and neurological diseases. It will also participate in the AD-Inov consortium led by Genfit, to develop new Alzheimer's disease models.

**INDUSTRY COMMENT**

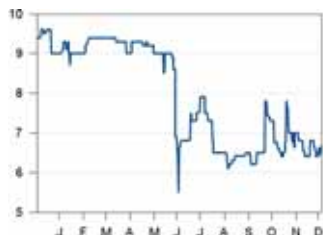
GenOway is helping to establish a consortium of pharmaceutical companies, biotechnology companies and leading academic centres with an interest in genetically modified rat models.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 4.82         | (1.09)          | (1.10)          | N/A     | N/A     |
| 2008A   | 6.70         | (0.90)          | (1.20)          | N/A     | N/A     |
| 2009E   | 7.70         | (0.30)          | (0.30)          | (0.05)  | N/A     |
| 2010E   | 9.60         | 0.60            | 0.70            | 0.12    | 22.08   |

Sector: Media & Entertainment

Price: €6.65

Share price graph (€)



**Company description**

GoAdv publishes information websites (e-business site directories, product search engines, price comparisons) intended to help consumers in their purchasing decisions and direct them to the referenced commercial sites.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m    |
|----------|-------|--------|--------|
| Actual   | (2.2) | 7.3    | (29.3) |
| Relative | (6.1) | (14.8) | (42.6) |

**Analyst**

Fiona Orford-Williams

**GoAdv (ALGOA)**

Market cap: €43m

**COMPANY COMMENT**

GoAdv's provides online networks, producing, distributing and monetising the content. The main brands are Excite Europe and Better Deals, along with a number of nanopublishing sites launched in Q309. The group operates across several territories, mostly in western Europe. H109 results were affected by higher marketing and content investment as well as additional personnel costs. The recent trading update shows this already paying off, with Q309 revenues up 33% on Q209, further boosted by a new worldwide partnership with Google. Following its unsuccessful bid for LeGuide.com, GoAdv has sold part of its stake, now holding 6.9%.

**INDUSTRY COMMENT**

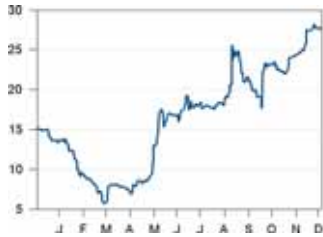
Web 2.0 has opened up the potential of personalisation, and Excite is now viewed as a challenger brand to the established multinational portals such as MSN, with Better Deals positioned in the search and comparison space. Internet penetration and dwell times are high and rising across all the group's major markets. Internet advertising revenues are still showing modest growth across the group's European markets.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 20.19        | 3.19            | 2.70            | N/A     | N/A     |
| 2008A   | 37.92        | 5.05            | 3.80            | N/A     | N/A     |
| 2009E   | 40.00        | 4.00            | 3.60            | 0.55    | 12.09   |
| 2010E   | 43.00        | 4.80            | 4.40            | 0.68    | 9.78    |

**Sector: Property**

Price: €27.65

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.

**% Relative to NYSE Alternext**

| %        | 1m   | 3m   | 12m  |
|----------|------|------|------|
| Actual   | 12.3 | 38.3 | 83.6 |
| Relative | 7.8  | 40.2 | 49.0 |

**Analyst**

Roger Leboff

**Groupe Proméo (ALMEO)**

Market cap: €85m

**COMPANY COMMENT**

Business at the group's largest division, Village Heritage Center, picked up well in H109. Sales bookings to 30 June were €79m, up 11% y-o-y. The business benefited from government incentives on managed residences (more than 75% of reservations) and lower mortgage rates. The outlook is supported by a mid-year order book of €84.5m, net of cancellations, up 5.5% over the first half. The group expects turnover for FY09 to be in line with or slightly ahead of FY08.

**INDUSTRY COMMENT**

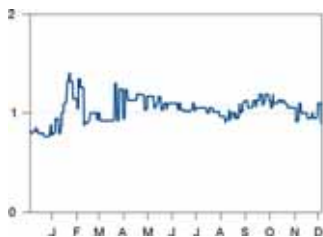
Specialist developer and operator of French leisure accommodation; turnover derived from two divisions, Village Heritage Center (75%) and Village Recreation Center (25%). The group regards the integration of property development, marketing and site operation as a relatively robust business model with 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 114.39       | 19.21           | 10.14           | 3.31    | 8.35    |
| 2008A   | 105.13       | 13.59           | 8.38            | 1.80    | 15.36   |
| 2009E   | 115.62       | 14.70           | 5.34            | 2.29    | 12.07   |
| 2010E   | 127.03       | 16.47           | 6.47            | 2.66    | 10.39   |

**Sector: Property**

Price: €0.89

Share price graph (€)



**Company description**

Groupimo specialises in providing residential and business real estate services.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m    |
|----------|-------|--------|--------|
| Actual   | (3.3) | (15.2) | 8.5    |
| Relative | (7.1) | (30.5) | (11.9) |

**Analyst**

Roger Leboff

**Groupimo (ALIMO)**

Market cap: €1m

**COMPANY COMMENT**

First half 2009 turnover was down 25% y-o-y to €4m and the trend extended into Q309. The group's overseas activities have been most severely affected by economic turmoil, as both households and businesses defer buying decisions. The Paris operations performed better, but the short-term strategy is to reduce costs, and focus on property administration and cash generation. That was reflected in 40% lower operating expenses, including a 59% cut in staff costs and a reduced H109 operating loss of €1m (H108: €3.3m loss).

**INDUSTRY COMMENT**

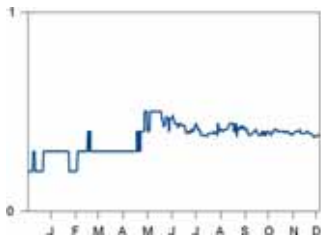
Groupimo is a residential property services business, with an initial focus in the Caribbean (Martinique, Guyana, Guadeloupe & French St Martin) supplemented by interests in Paris. The former have been affected by a sharp economic downturn over the last few years. The group's focus on property management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

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 15.10        | (0.10)          | 0.20            | N/A     | N/A     |
| 2008A   | 10.80        | (4.00)          | (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     |

Sector: Basic Industries

Price: €0.38

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m  |
|----------|-------|--------|------|
| Actual   | (5.0) | 0.0    | 58.3 |
| Relative | (8.8) | (25.8) | 28.5 |

**Analyst**

Stephen Rogers

## H2O Innovation (ALHEO)

Market cap: €21m

**COMPANY COMMENT**

H2O announced Q1 results in November. Strong revenue growth was recorded (\$8.4m vs \$5.5m for the same period FY09), with the recently acquired PWT contributing 31% of the increase. A one-off contract and higher margin services income (from PWT) contributed to an increase in gross margin to 29.8% (24.4%: Q109). However, unrealised currency losses of \$553k meant the group recorded a PBT loss of \$716k (Q108: \$409k loss). Going forward, H2O is targeting organic growth of 15-20% pa, driven by both capital equipment sales and service income as well as an increased contribution from international activities.

**INDUSTRY COMMENT**

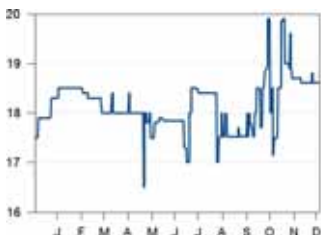
As environmental concerns grow, H2O Innovation seems well placed to take advantage of increased funding and changes to legislation. In the US, government funding of \$126m was allocated to water recycling earlier this year, with a further \$11.8bn investment proposed. Management is also confident that 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          | N/A               | (3.63)            | (0.10)    | N/A     |
| 2009A   | 31.20          | N/A               | (0.07)            | 0.00      | N/A     |
| 2010E   | 32.67          | N/A               | 0.33              | (0.01)    | N/A     |
| 2011E   | N/A            | N/A               | N/A               | N/A       | N/A     |

Sector: Technology

Price: €18.62

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m    |
|----------|-------|--------|--------|
| Actual   | (0.4) | 4.7    | 6.4    |
| Relative | (4.4) | (10.4) | (13.7) |

**Analyst**

Richard Finch

## Harvest (ALHVS)

Market cap: €26m

**COMPANY COMMENT**

Q309 sales confirmed the robustness of the Harvest business model, with a further increase in exposure (79% of year-to-date sales against 73% in the previous nine months) to recurring, visible income from maintenance and licence leasing, and an overall gain of 14% despite evident weakness among smaller accounts (Q2 was up 5% despite a tough comparative). Management remains confident of Harvest's resilience and, without a formal forecast, suggests the possibility of H2 improving on H1 (sales +3%, EBIT -9%).

**INDUSTRY COMMENT**

The French economy tends to outperform in a downturn (the decline in 2009 GDP is expected to be less than the eurozone average and the UK). The consumer is not heavily indebted, either with mortgage or credit card debt, 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.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 11.23        | 2.60            | 1.98            | 1.46    | 12.75   |
| 2008A   | 12.23        | 2.85            | 1.92            | 1.39    | 13.40   |
| 2009E   | 12.96        | N/A             | 2.01            | 1.37    | 13.59   |
| 2010E   | 13.73        | N/A             | 2.23            | 1.71    | 10.89   |

**Sector: Oil & Gas**

Price: €19.10

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m    |
|----------|-------|--------|--------|
| Actual   | (3.0) | (11.2) | 1.6    |
| Relative | (6.9) | (25.2) | (17.6) |

**Analyst**

Farid Abasov

**Heurley Petrochem (ALHPC) Market cap: €61m**

**COMPANY COMMENT**

Heurley recently updated the market on third-quarter results. Nine-month revenues to 30 September slowed to €156m (down 6% y-o-y) with the petrochemical division increasing its group turnover contribution to 30% from 22%, although the hydrogen sector reported a marked decrease to 13% of group sales from 30%. Management expressed confidence in the second-half outlook thanks to its healthy order-book (€277m as at 30 September), buoyed by the signing of a €60m contract (2009-14) signed in June with a North African oil company.

**INDUSTRY COMMENT**

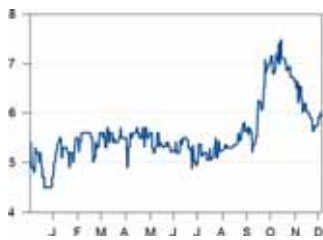
Heurley Petrochem supplies heating, cracking and refining furnaces to refinery, petrochemical and hydrogen customers. Although oil prices are below previous peak levels, they remain high enough to stimulate demand from refinery producers. However, cost pressures on petrochemical customers may slow order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

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 122.64       | 4.70            | 3.08            | 1.02    | 18.73   |
| 2008A   | 232.20       | 8.50            | 4.10            | 1.28    | 14.92   |
| 2009E   | 221.53       | 8.55            | 4.35            | 1.44    | 13.26   |
| 2010E   | 229.48       | 8.50            | 4.97            | 1.70    | 11.24   |

**Sector: Technology**

Price: €5.98

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m    | 3m    | 12m    |
|----------|-------|-------|--------|
| Actual   | (3.7) | 6.4   | 10.9   |
| Relative | (7.6) | (1.2) | (10.0) |

**Analyst**

Roger Leboff

**Hitechpros (ALHIT) Market cap: €11m**

**COMPANY COMMENT**

Hitechpros is France's leading marketplace for specialised outsourcing IT sector services. There are two complementary web-based marketplace activities. They bring together IT sector participants (eg IT services companies, consultants and training specialists), and brokerage activities, which provide CIOs access to IT resources, rapidly and inexpensively. H109 saw some slowdown after a strong performance in Q408. Turnover was up 5% to €5.2m, but net profit fell 52% to €0.2m. The balance sheet remains strong with no debt.

**INDUSTRY COMMENT**

Group revenues are mainly generated in France. Net sales are divided between computer service intermediation and technical assistance services provided to information system managers through 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 9.00         | 1.70            | 1.25            | 0.68    | 8.79    |
| 2008A   | 11.65        | 1.56            | 0.90            | 0.49    | 12.20   |
| 2009E   | 11.90        | 1.00            | 0.60            | 0.35    | 17.09   |
| 2010E   | 12.80        | 1.00            | 0.60            | 0.34    | 17.59   |

Sector: Travel & Leisure

Price: €3.40

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m   | 3m   | 12m   |
|----------|------|------|-------|
| Actual   | 12.2 | 27.3 | 112.5 |
| Relative | 7.7  | 24.3 | 72.4  |

**Analyst**

Richard Finch

**Homair (ALHOM)**

Market cap: €45m

**COMPANY COMMENT**

Sales in the year to September comfortably exceeded expectations (+33% against guidance of +15%), reflecting in particular strong RevPar gain late in the season. This should convert into "significant" profit growth (reported in mid-December), and underpins confidence about 2010. Homair's bold expansion (15% more mobile homes in FY09) contradicts competitors who cut capacity (eg Eurocamp -4%), and have an asset-light model (Homair favours site ownership). Montefiore's recommended offer at €2.20 followed 2008 returns depressed by expansion and a doubling of net debt (gearing 110%). Montefiore and associates hold c 67%.

**INDUSTRY COMMENT**

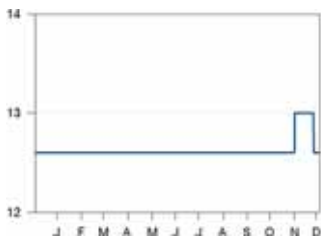
While the French camping market is mature, there has been a flight to quality, with demand for 3\* and 4\* sites (Homair's market) up by a third since the early 90s. The need to invest, allied with economic pressures on smaller players, may hasten consolidation of a fragmented market (the leader, Homair, has under 5% of mobile home stock). Camping is a value product, as shown by Eurocamp's resilient FY09 sales (+2% at constant currency on -4% capacity).

| Y/E Sep | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 25.86        | 4.40            | 3.21            | 0.25    | 13.60   |
| 2008A   | 32.19        | 3.80            | 1.31            | 0.10    | 34.00   |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: Property

Price: €12.60

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m    |
|----------|-------|--------|--------|
| Actual   | (3.1) | 0.0    | 0.0    |
| Relative | (7.0) | (14.1) | (18.9) |

**Analyst**

Roger Leboff

**Huacheng R.E (ALHUA)**

Market cap: €166m

**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. 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    | 45.00   |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

**Sector: Pharma & Healthcare**

Price: €3.02

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m    | 3m    | 12m    |
|----------|-------|-------|--------|
| Actual   | 0.7   | (8.8) | 10.2   |
| Relative | (3.4) | 29.8  | (10.6) |

**Analyst**

Robin Davison

**Hybrigenics (ALHYG) Market cap: €32m**

**COMPANY COMMENT**

Partnering of inecalcitol is the focus of the investment case at Hybrigenics. Preliminary Phase II trial data in hormone refractory prostate cancer showed an 87% response rate in combination with standard therapy Taxotere. The company has an earlier stage anticancer programme and a revenue-generating service business, performing Yeast-Two Hybrid characterisation of protein interactions. Interim cash resources were sufficient to fund one year of operations. Subsequently, shareholders have approved a three-year equity facility agreement with Yorkville to provide up to €5m, issuing 28.6k shares that will be offered for subscription in tranches.

**INDUSTRY COMMENT**

An article published in August in Molecular Cancer Therapeutics underlined the anticancer potential of its ubiquitin-specific protease no 7 inhibitor, HBX 41,108. Hybrigenics will perform further chemical optimisation on the anticancer drug candidate.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 3.37         | (6.31)          | (6.00)          | N/A     | N/A     |
| 2008A   | 4.33         | (7.20)          | (6.40)          | N/A     | N/A     |
| 2009E   | 4.15         | N/A             | (8.79)          | (0.87)  | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

**Sector: Media & Entertainment**

Price: €10.69

Share price graph (€)



**Company description**

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.

**% Relative to NYSE Alternext**

| %        | 1m   | 3m   | 12m   |
|----------|------|------|-------|
| Actual   | 17.7 | 84.3 | 193.7 |
| Relative | 13.0 | 35.1 | 138.3 |

**Analyst**

Richard Finch

**Initiatives et Dév'ts (ALIDA) Market cap: €105m**

**COMPANY COMMENT**

H109 results show continued outperformance of the buoyant loyalty programme market and confidence about further progress in the seasonally stronger second half. This was duly backed up by Q309 sales ahead of management expectations. After years of external growth (reported sales have more than trebled in the year to date), management has pledged to focus on organic development. The group is associated with more than 45 loyalty programmes worldwide (over half its revenue is international). A transfer to Eurolist is planned.

**INDUSTRY COMMENT**

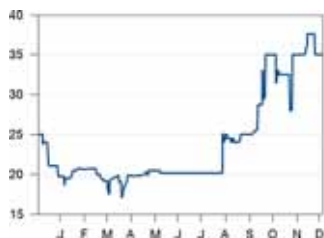
E-commerce in France has lagged more developed markets, partly due to the continued presence of Minitel. However, growth picked up 29% in 2008 to €20bn as over 22 million people used the internet to make purchases; 2.5m for the first time. With a plethora of choice, traditional concepts of customer loyalty 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 36.34        | 3.17            | 1.83            | N/A     | N/A     |
| 2008A   | 308.00       | 13.70           | 7.20            | 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     |

Sector: Support Services

Price: €35.01

Share price graph (€)



Company description

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

% Relative to NYSE Alternext

| %        | 1m    | 3m   | 12m  |
|----------|-------|------|------|
| Actual   | 0.0   | 39.2 | 40.0 |
| Relative | (4.0) | 49.3 | 13.6 |

Analyst

Richard Finch

## Inventoriste (ALIVT)

Market cap: €46m

### COMPANY COMMENT

Following a halving of H109 trading profit on sales depressed by client budget cuts, management has further curbed its full-year sales expectations to -20% from flat (double-digit growth was envisaged post Q109 sales). In early summer key investors, holding 87%, offered to buy out minority holders via a price guarantee of €24.

### INDUSTRY COMMENT

French retail sales were down year-on-year for a seventh consecutive month in November, indeed at the sharpest rate since August, with clothing especially affected. Despite an unexpected hike in the latest index of consumer confidence, the outlook appears weak owing to pessimism about unemployment, which is still rising (+2% in October), and uncertainty over household income.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 17.55        | 2.19            | 3.47            | 2.64    | 13.26   |
| 2008A   | 23.29        | N/A             | 2.22            | 1.69    | 20.72   |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: Pharma & Healthcare

Price: €8.32

Share price graph (€)



Company description

Ipsogen develops molecular diagnostic tests for leukaemia and breast cancer.

% Relative to NYSE Alternext

| %        | 1m    | 3m   | 12m  |
|----------|-------|------|------|
| Actual   | (6.0) | 10.9 | 38.7 |
| Relative | (9.8) | 5.1  | 12.5 |

Analyst

Robin Davison

## Ipsogen (ALIPS)

Market cap: €40m

### COMPANY COMMENT

Ipsogen is a molecular diagnostic company focused on developing and marketing test kits for the diagnosis, prognosis and follow-up of cancers. First-half results demonstrated 111% revenue growth, driven by sales of JAK2 leukaemia test, which represented 58% of total revenue. Ipsogen's MapQuant breast cancer test is now specified as an accepted diagnostic aid in tumour proliferation potential. The investment case is based on introduction of additional molecular diagnostic tests, particularly 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.

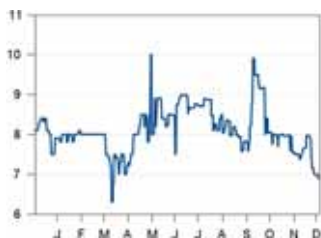
| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 2.54         | (1.21)          | (1.31)          | (0.30)  | N/A     |
| 2008A   | 4.12         | (1.27)          | (1.10)          | N/A     | N/A     |
| 2009E   | 6.60         | (1.90)          | (1.50)          | (0.30)  | N/A     |
| 2010E   | 10.80        | (2.20)          | (1.60)          | (0.31)  | N/A     |



**Sector: Food & Drink**

Price: €6.90

Share price graph (€)



**Company description**

Laroche produces and markets wines originating from various regions. Products are marketed globally, mainly via retailers and duty-free stores.

**% Relative to NYSE Alternext**

| %        | 1m     | 3m     | 12m    |
|----------|--------|--------|--------|
| Actual   | (8.0)  | (15.8) | (14.8) |
| Relative | (11.7) | (32.2) | (30.9) |

**Analyst**

Fiona Orford-Williams

**Laroche (ALLAR)**

Market cap: €14m

**COMPANY COMMENT**

Q210 sales were down 11.5% (Q110:-11.1%, Q409:-34%). Chablis has continued to be the weakest area, but with some recovery in New World wines and with the South of France relatively stable. The group's exposure to export markets (78% sales), the restaurant trade and travel retail (80%) have put the group in the most difficult trading category. Lower bulk prices for the 2009's should help rebuild margins. The merger with Groupe JEANJEAN will complete in January 2010, with the Q3 trading update scheduled for 15 December.

**INDUSTRY COMMENT**

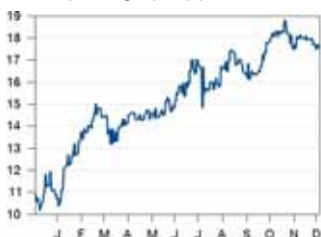
As economic conditions in the major export territories deteriorated, the restaurant sector suffered disproportionately, with de-stocking further impacting demand. The relative strength of the euro against sterling and the US dollar has made French wines appear more expensive. Weak bulk prices should give the potential for some margin recovery. Laroche at least has the benefit of experience of previous recessions and the merger will give the combined group greater market presence.

| Y/E Mar | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2008A   | 32.82        | 1.37            | (0.60)          | (0.30)  | N/A     |
| 2009A   | 27.30        | 0.00            | (1.60)          | 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     |

**Sector: Media & Entertainment**

Price: €17.59

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m    | 12m  |
|----------|-------|-------|------|
| Actual   | (2.5) | 8.4   | 61.5 |
| Relative | (6.5) | (2.8) | 31.0 |

**Analyst**

Fiona Orford-Williams

**LeGuide.com (ALGUI)**

Market cap: €59m

**COMPANY COMMENT**

LeGuide.com is an operator of leading price comparison and shopping search-engine websites (number one in France, number two in Spain and Germany, number three in Europe) across 14 European countries, with over 11.9m unique visitors in October 2009 (ComScore). Q3 pay-per-click revenues (94% of the total) were 15% ahead year-on-year, but this was diluted to a growth rate of 8.7%, with lower sponsorship and advertising revenues. Ex-France income is now 30% of the total.

**INDUSTRY COMMENT**

Internet penetration is estimated to have reached 67% of the French population, with a very high proportion of users (93%) having high-speed access. The increasing number of merchants online (56k in H109 up on 48k in 2008 in France: 37k in 2007) and consumers' growing awareness means more online research is being carried out before transactions. The French e-commerce market was worth €20m in 2008; €11.3m in H109, with growth having slowed to 2.5% in Q209 - still well ahead of household spending at 0.5%.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 12.54        | 3.90            | 2.99            | 0.99    | 17.77   |
| 2008A   | 17.98        | 5.50            | 3.50            | 1.04    | 16.91   |
| 2009E   | 22.87        | 6.10            | 4.17            | 1.11    | 15.85   |
| 2010E   | 26.30        | 7.10            | 5.51            | 1.16    | 15.16   |

Sector: Technology

Price: €3.03

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.

% Relative to NYSE Alternext

| %        | 1m   | 3m    | 12m   |
|----------|------|-------|-------|
| Actual   | 17.0 | 22.7  | 18.8  |
| Relative | 12.3 | (2.5) | (3.6) |

Analyst

Roger Leboff

## Logic Instrument (ALLOG)

Market cap: €6m

COMPANY COMMENT

H109 results saw a strong rebound from a weaker FY08. Turnover was €11.7m, ahead 83% and more than the whole of FY08. The main contributions came from the US and Germany. In January the US Army and US Marines signed a \$9m contract for over 1,250 ruggedised laptops, part of its Advanced Field Artillery Tactical Data System. The group's German subsidiary received a €2m order for hundreds of units from energy supplier EWE. A €0.15m first-half operating loss reflects lower sales in its testing division, especially the loss of one high margin distribution contract and a lower US\$/euro.

INDUSTRY COMMENT

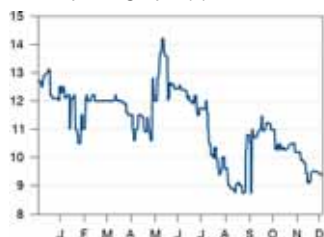
Demand for ruggedised computers fell in France and other world markets, in part due to some consolidation after a few years of strong growth. New contracts, most recently with Singapore's Department of Defence and the launch of its new "Fieldbook" product in Q4 in France, provide more confidence for the outlook, as does the sector and geographical spread.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 15.57        | 0.57            | (0.27)          | N/A     | N/A     |
| 2008A   | 10.81        | (0.94)          | 0.34            | 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     |

Sector: P'care & Household Prd

Price: €9.39

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.

% Relative to NYSE Alternext

| %        | 1m     | 3m     | 12m    |
|----------|--------|--------|--------|
| Actual   | (7.8)  | (13.1) | (26.1) |
| Relative | (11.5) | (35.0) | (40.0) |

Analyst

Stephen Rogers

## Maesa (ALMAE)

Market cap: €26m

COMPANY COMMENT

In November, Maesa released guidance for the 15 months to end-2009. The group expects revenues of €69.8m, driven by the acquisition of Zorbit in January. On an underlying basis, sales fell by 10%. The group also expects to remain profitable, although the effects of the economic downturn mean operating profits are expected to fall by around €0.7m to €4.9. The group aims to announce results for the period on 9 March 2010.

INDUSTRY COMMENT

The global beauty product market contracted by an estimated 2% in value in 2008, as shown by major industry players posting Q1 losses and reduced sales q-o-q. The stagnation is mainly in developed markets. Growth areas are emerging markets, ethical/natural beauty products and private label. Consumers now focus on 'value for money'. Maesa has not been unaffected by the economic slowdown and has seen reduced orders from existing clients. As a result, its revenue target of €100m for 2009/10 has been pushed back to 2010/11.

| Y/E Sep | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 24.86        | 4.53            | 3.01            | 1.21    | 7.76    |
| 2008A   | 33.36        | 4.54            | 1.56            | 0.79    | 11.89   |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

**Sector: Construction & Bldg Mat.**

Price: €3.52

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m  | 3m    | 12m    |
|----------|-----|-------|--------|
| Actual   | 6.7 | (1.7) | 0.6    |
| Relative | 2.4 | 31.5  | (18.4) |

**Analyst**

Richard Finch

**Mastrad (ALMAS) Market cap: €18m**

**COMPANY COMMENT**

Mastrad has exceeded its own ambitious targets for the year to June with a 3bp EBITDA margin gain, a trebling of trading profit and a like-for-like sales rise of 11%. The core French operation was again the star of the show, with near 50% profit growth thanks to new clients, a wider product take-up by existing clients and a favourable price mix. While the US did well to break even in tough conditions (prior year losses were eliminated), Kitchen Bazaar disappointed because of poor footfall and a lack of scale. Mastrad expects 10%+ sales growth, with margin gain, in FY10.

**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). Their 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   | 22.70        | N/A             | 0.70            | 0.14    | 25.14   |
| 2011E   | 26.10        | N/A             | 0.90            | 0.18    | 19.56   |

**Sector: Media & Entertainment**

Price: €7.64

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.

**% Relative to NYSE Alternext**

| %        | 1m  | 3m     | 12m   |
|----------|-----|--------|-------|
| Actual   | 9.1 | (1.5)  | 11.5  |
| Relative | 4.8 | (22.7) | (9.5) |

**Analyst**

Fiona Orford-Williams

**Maximiles (ALMAX) Market cap: €30m**

**COMPANY COMMENT**

Maximiles' proprietary and mutual schemes have 6.3m members on over 110 merchants' sites. France had a more difficult H109, but iPoints (UK) and the new Italian and Spanish operations grew 12.4% in local currency. Margins were depressed by lower overhead recovery in France and investment in new cashback programme, Fabuleos. In July Maximiles bought a 34% stake in Moroccan loyalty scheme operator 2WLS (plus option for 51%). It has recently announced a white label joint venture with MasterCard in The Netherlands.

**INDUSTRY COMMENT**

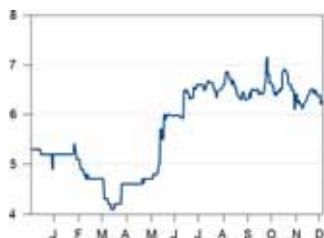
E-commerce in France lagged more-developed markets, partly due to the continued presence of Minitel, but growth continued at 25% in H109 to €11.3m. With 56k merchants (including many bricks-and-mortar retailers initiating a web presence) and the ease of use of search and price comparison sites, traditional 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 14.79        | 3.12            | 2.93            | 0.78    | 9.79    |
| 2008A   | 16.48        | 2.42            | 2.70            | 0.66    | 11.58   |
| 2009E   | 16.20        | 1.90            | 0.55            | 0.22    | 34.73   |
| 2010E   | 17.80        | 2.00            | 0.75            | 0.27    | 28.30   |

Sector: Pharma & Healthcare

Price: €6.27

Share price graph (€)



Company description

MEDICREA International specialises in orthopaedic implants for use in spinal surgery. It is also involved with repair and sub-contracted production activities.

% Relative to NYSE Alternext

| %        | 1m    | 3m    | 12m   |
|----------|-------|-------|-------|
| Actual   | 0.0   | (3.5) | 18.1  |
| Relative | (4.0) | (9.9) | (4.2) |

Analyst

Robin Davison

## MEDICREA International (ALMED) Market cap: €43m

COMPANY COMMENT

MEDICREA is a specialist in the design, manufacture and sale of spinal implants. It recorded a 46% increase in Q3 sales year-on-year, with 50% of group sales originating in the US during the quarter, which is now the single largest market. FDA approval of further spinal implantations is expected by end of 2009 and could assist further US sales growth.

MEDICREA's third-generation cervical disc prosthesis, Granvia, obtained a CE marking and saw its first implants in March 2009. The JAWS product range was finalised with L-JAWS and X-JAWS, lumbar versions of the C-JAWS cervical compressive staple implant.

INDUSTRY COMMENT

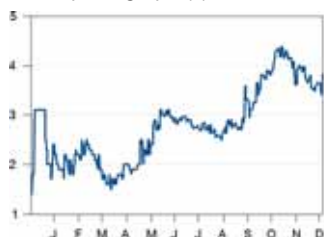
MEDICREA is focusing its US sales and marketing efforts on targeting the 600 surgeons specialised in severe spinal deformities. The goal is to quickly capture at least 10% market share, estimated at \$450m, with its PASS LP product.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 7.03         | (5.42)          | (4.10)          | (0.64)  | N/A     |
| 2008A   | 9.00         | (3.90)          | (4.90)          | (0.79)  | N/A     |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: General Retailers

Price: €3.83

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.

% Relative to NYSE Alternext

| %        | 1m    | 3m   | 12m   |
|----------|-------|------|-------|
| Actual   | (4.3) | 22.8 | 173.6 |
| Relative | (8.1) | 16.7 | 121.9 |

Analyst

Richard Finch

## MG International (ALMGI) Market cap: €13m

COMPANY COMMENT

A 30% rise in sales in H109 and a material cut in trading loss suggest early financial 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 in January. However, the discontinuation of consolidated accounts, given MG's size, does not help analysis (like-for-like sales growth in H109 was 7%). Focused on exploiting its technical expertise, MG seems in much better shape through its partnership with Maytronics, even if the going is difficult.

INDUSTRY COMMENT

Despite an unexpected hike in November's index of French consumer confidence, there is continued pessimism about unemployment, which is still rising (+2% in October), and could stifle consumer willingness to make major purchases such as swimming pools. To make matters worse, there appears a general lack of enforcement of the legal requirement for the installation of safety devices in all pools constructed since 2004. There may also be lingering effects of a consumer report last year, which suggested that pool alarms were unreliable.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 8.40         | (6.41)          | (3.16)          | (1.28)  | N/A     |
| 2008A   | 7.20         | (14.52)         | (12.95)         | (4.09)  | N/A     |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

**Sector: Electrical Equipment**

Price: €8.09

Share price graph (€)



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

| % Relative to NYSE Alternext |       |      |       |  |
|------------------------------|-------|------|-------|--|
| %                            | 1m    | 3m   | 12m   |  |
| Actual                       | (1.0) | 12.4 | 127.9 |  |
| Relative                     | (5.0) | 26.4 | 84.9  |  |

**Analyst**  
Roger Leboff

**MGI Dig Graphic Tech (ALMDG) Market cap: €37m**

**COMPANY COMMENT**

Established in 1982, MGI designs, manufactures and sells equipment for the production of plastic cards to its customers in France and overseas. Its product range includes innovative digital multi-media (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 (FIRMIN and KINEA) and corporate tax consolidation (SOFIA). FY08 revenues were €15.6m, up 15% y-o-y, while operating profit grew by 18% to €3.0m.

**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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 13.51        | 2.42            | 2.42            | N/A     | N/A     |
| 2008A   | 15.55        | 2.96            | 2.85            | N/A     | N/A     |
| 2009E   | 16.90        | 3.30            | 2.60            | 0.57    | 14.19   |
| 2010E   | 18.50        | 3.70            | 2.80            | 0.63    | 12.84   |

**Sector: Electrical Equipment**

Price: €7.65

Share price graph (€)



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

| % Relative to NYSE Alternext |     |      |      |  |
|------------------------------|-----|------|------|--|
| %                            | 1m  | 3m   | 12m  |  |
| Actual                       | 7.1 | 15.0 | 43.0 |  |
| Relative                     | 7.4 | 46.1 | 23.4 |  |

**Analyst**  
Roger Leboff

**Microwave Vision (ALMIC) Market cap: €26m**

**COMPANY COMMENT**

Turnover for the nine months to September 2009 was €23.9m, up 12% y-o-y, with Q309 up 14% on Q2. The business pipeline at the end of the period was €30.6m, vs €24.8m at end June. Aerospace and defence were particular areas of strength, with initial orders from the US and sales in Asia after the period end. Telecoms remains subdued, although supported by the US smartphone market and Netbooks in Asia. Finances remain strong, with €5.6m net cash at the period end.

**INDUSTRY COMMENT**

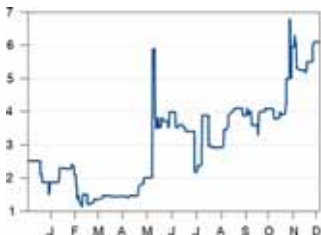
The group designs, manufactures and sells multi-sensor electronic scanning systems for real-time viewing of electromagnetic wave fields, used by the radio communications, automotive, aeronautics and defence industries. Exports account for 86% of net sales and the group has achieved double-digit annual growth for the last decade. It 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) |
|---------------|--------------|-----------------|-----------------|---------|---------|
| 2007A         | 20.50        | 2.18            | 2.66            | 0.98    | 7.81    |
| 2008A         | 21.34        | (3.01)          | (2.10)          | N/A     | N/A     |
| 2009E         | 33.60        | 0.00            | (0.50)          | (0.14)  | N/A     |
| 2010E         | 42.00        | 4.20            | 3.50            | 1.00    | 7.65    |

Sector: P'care & Household Prd

Price: €6.09

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.

#### % Relative to NYSE Alternext

| %        | 1m   | 3m   | 12m   |
|----------|------|------|-------|
| Actual   | 14.9 | 52.3 | 143.6 |
| Relative | 10.3 | 31.2 | 97.6  |

#### Analyst

Roger Leboff

## Millet Innovation (ALINN)

Market cap: €12m

#### COMPANY COMMENT

H109 turnover was €7.3m, up 12.7% y-o-y, with some 40% sold to overseas customers. Millet has been able to leverage skills derived in France and Belgium into international markets such as Switzerland, Italy and Portugal. That and H208 cost cuts resulted in a 15.3% increase in operating profit to €1.3m. That puts the group in line for turnover above €12m at a 8-9% net margin. Renewed confidence is reflected in a €0.30/share interim dividend.

#### INDUSTRY COMMENT

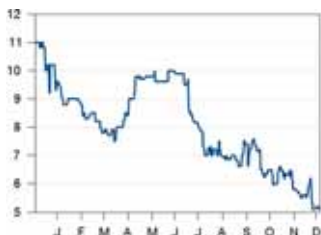
The group's strengths include a broad product portfolio and commitment to maintained investment in R&D at 5% of sales. The outlook is supported by valuable IP (21 patents), a significant proportion of which has evolved into saleable products and a growing network both in France and overseas. The near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

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 10.58        | 0.34            | 0.03            | N/A     | N/A     |
| 2008A   | 11.17        | 0.38            | 0.30            | 0.01    | 609.00  |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: General Retailers

Price: €5.05

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.

#### % Relative to NYSE Alternext

| %        | 1m     | 3m     | 12m    |
|----------|--------|--------|--------|
| Actual   | (12.2) | (29.8) | (54.1) |
| Relative | (15.7) | (56.1) | (62.8) |

#### Analyst

Richard Finch

## Mindscape (ALMIN)

Market cap: €14m

#### COMPANY COMMENT

Mindscape has not escaped the impact of a sharp deterioration in the video-games market in Q209, as sales of product for the Nintendo DS console fell by almost a third. This was partially made good by increased demand for product for the Wii console and PC (historically, the company's core market as France's second-largest publisher). Continuing weakness in the current half has led to destocking of 2008 product and targeted discounting. Q4 represented almost 50% of 2008 sales.

#### INDUSTRY COMMENT

The video-game industry has long been assumed to be resilient in straitened times (UK software spend +21% in 2008), not least because games are a relatively cheap form of home entertainment and have appeal through innovation. However, this has been thrown into doubt by the 27% fall in the French market in Q209 and notably by its key products Nintendo DS (-30% in H109) and Wii (-45% in Q209).

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 41.08        | 2.91            | 2.60            | N/A     | N/A     |
| 2008A   | 54.29        | 3.02            | 2.10            | N/A     | N/A     |
| 2009E   | 43.00        | N/A             | (7.00)          | (2.07)  | N/A     |
| 2010E   | 46.00        | N/A             | (2.00)          | (0.60)  | N/A     |

**Sector: General Retailers**

Price: €8.94

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m  |
|----------|-------|--------|------|
| Actual   | (5.9) | (17.6) | 98.7 |
| Relative | (9.7) | 0.8    | 61.2 |

**Analyst**

Richard Finch

**Monceau Fleurs (ALMFL)**

Market cap: €52m

**COMPANY COMMENT**

The franchise agreement with leading travel retailer Lagardere to develop the HAPPY concept in its RELAY outlets across France shows the strategy of brand development, market consolidation and vertical integration to be continuing apace. The acquisition of Rapid'Flore brought not only a complementary brand (convenience, discount), but also key franchising skills to accelerate expansion in France as well as abroad (now in eight countries). As a provider of largely value gifts, Monceau Fleurs may be relatively resilient (like-for-like sales in the half to March were up by 13%).

**INDUSTRY COMMENT**

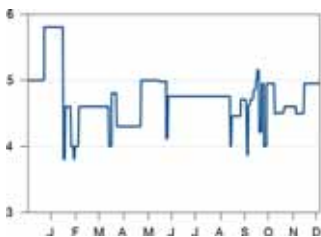
The French flower market is extremely fragmented (Monceau has a clear lead at 7%). However, supermarkets compete on price through their purchasing power and promotions. The market is traditionally difficult (spend per inhabitant has been static in recent years and is well below the European average), 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 29.50        | 0.13            | (0.01)          | 0.00    | N/A     |
| 2008A   | 40.85        | 0.83            | 0.19            | N/A     | N/A     |
| 2009E   | 72.40        | N/A             | 0.48            | 0.07    | 127.71  |
| 2010E   | 89.85        | N/A             | 2.26            | 0.35    | 25.54   |

**Sector: Electrical Equipment**

Price: €4.95

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m   | 3m     | 12m    |
|----------|------|--------|--------|
| Actual   | 10.2 | 7.1    | (2.0)  |
| Relative | 5.8  | (10.4) | (20.5) |

**Analyst**

Roger Leboff

**NEOTION (ALNEO)**

Market cap: €26m

**COMPANY COMMENT**

NEOTION develops and sells innovative technologies to the digital TV industry to integrate MPEG-4 technology into its products. The successful launch of two new high-security chips in H208 is reflected in a strong result in for last year, with a 317% increase in turnover to €12.5m and a reduced €0.9m net loss. The current year forecast was revised down, as sales to Russia/CIS will be lower than expected. However, it still expects sales growth in FY09.

**INDUSTRY COMMENT**

The group is a leading provider of 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. It recently announced deals with Ziggo and Nagravision covering access to Pay TV services. Some 50% of group sales are generated outside the French market.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 3.01         | (5.84)          | (4.85)          | N/A     | N/A     |
| 2008A   | 12.50        | (1.90)          | (0.90)          | 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     |

Sector: Media & Entertainment

Price: €2.38

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m    |
|----------|-------|--------|--------|
| Actual   | (1.2) | 3.5    | 5.3    |
| Relative | (5.2) | (22.8) | (14.6) |

**Analyst**

Fiona Orford-Williams

**NetBooster (ALNBT)**

Market cap: €19m

**COMPANY COMMENT**

First-half figures showed the effect of more difficult markets, with the absence of remittances from Google (€1.3m in 2008) and delays in client projects. Gross profit margin, however, improved to 50% from 38.5% in the comparative period, with some good new client wins, including Accor and eBay. Operating margins made some recovery over H208. The group operates in eight European countries, China, the Philippines and Brazil, with around 40% of revenues generated in its home territory, France. Its core business is in SEO and SEM.

**INDUSTRY COMMENT**

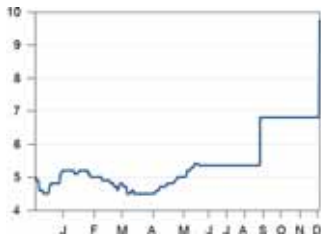
Internet penetration in 2008 was estimated to have reached 65.7% of the French population, with a very high proportion of users (93%) having high-speed access. E-commerce continued to grow 25% in H108 to €11.3m. The advertising market is still press and TV led, but online's share of spend has been growing rapidly to 16% (H109). Growth in the first half slowed to 8.1%, against an advertising market down 3.2% overall - now forecast to fall 7.1% over the year (Carat).

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 33.60        | 1.77            | 0.48            | 0.08    | 29.75   |
| 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     |

Sector: Electrical Equipment

Price: €9.75

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.

**% Relative to NYSE Alternext**

| %        | 1m  | 3m   | 12m  |
|----------|-----|------|------|
| Actual   | 3.8 | 53.3 | 68.7 |
| Relative | 4.1 | 56.0 | 45.5 |

**Analyst**

Roger Leboff

**NEXEYA (ALNEX)**

Market cap: €38m

**COMPANY COMMENT**

Group 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 (24%). The outlook is underpinned by new business won during FY09 and a growing order backlog in new areas such as energy and rail.

**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.

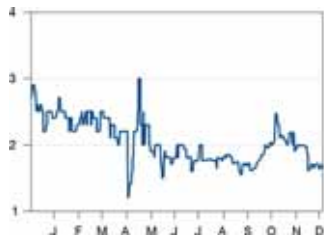
| Y/E Jun | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2008A   | 106.22       | 6.50            | 4.00            | N/A     | N/A     |
| 2009A   | 109.51       | 7.40            | 4.20            | N/A     | N/A     |
| 2010E   | 110.60       | 8.50            | 5.20            | 1.35    | 7.22    |
| 2011E   | 112.80       | 9.00            | 5.70            | 1.48    | 6.59    |



Sector: Technology

Price: €1.65

Share price graph (€)

**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m     | 3m     | 12m    |
|----------|--------|--------|--------|
| Actual   | (17.5) | 2.5    | (33.3) |
| Relative | (20.8) | (21.2) | (45.9) |

**Analyst**

Richard Finch

**Normaction (ALNOR)**

Market cap: €5m

**COMPANY COMMENT**

A record order book and the benefits of Normaction's new partnership with operator Keyyo are expected to make good in H209 the significant profit shortfall in the first half. There should also be initial returns from a restructuring plan under new management, which aims to save up to €1m a year. €1.25m was raised in June to fund branch openings in France and the proposed reorganisation.

**INDUSTRY COMMENT**

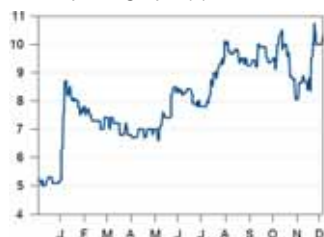
While the market for telecoms and IT services remains under pressure, there are still major opportunities for suppliers of security led services with innovative business models and high levels of customer support.

| 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     |

Sector: Technology

Price: €10.29

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).

**% Relative to NYSE Alternext**

| %        | 1m   | 3m  | 12m  |
|----------|------|-----|------|
| Actual   | 19.0 | 9.1 | 97.9 |
| Relative | 14.2 | 5.4 | 60.5 |

**Analyst**

Richard Finch

**Notrefamille.com (ALNFA)**

Market cap: €16m

**COMPANY COMMENT**

Q309 saw further successful implementation of Notrefamille.com's strategy of growing the awareness and content of its portal with traffic (3.9 million visitors a month) up 5% on Q2. More services for women (a key market), eg an online medical encyclopaedia and the leading online dictionary site in France, were notable achievements in the period, as was continued investment in genealogy to create the largest virtual library in France. This has paid off in double-digit growth in genealogy and media sales, offset by some softness in e-commerce.

**INDUSTRY COMMENT**

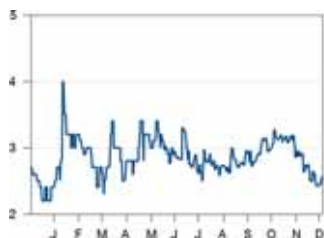
French e-commerce looks to be in robust health with growth of 25% in H109 and industry projections, admittedly tentative, of a further 50% over the next two years. While average spend may be under pressure, the number of new consumers (13% in 2008, reflecting a market much less developed than in the UK and Germany) should more than make good. Online genealogy has become a mass-market activity, with some five million people expressing an interest. Through its site Genealogie.com, Notrefamille.com is clear market leader.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 9.68         | 0.92            | 0.55            | 0.38    | 27.08   |
| 2008A   | 12.14        | 1.13            | 0.91            | 0.61    | 16.87   |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: Technology

Price: €2.57

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.

**% Relative to NYSE Alternext**

| %        | 1m     | 3m     | 12m    |
|----------|--------|--------|--------|
| Actual   | (12.6) | (5.5)  | (3.4)  |
| Relative | (16.1) | (22.8) | (21.6) |

**Analyst**

Richard Finch

**O2i (ALODI)**

Market cap: €7m

**COMPANY COMMENT**

H109 losses risk obscuring the progress made in developing the group'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 margins have been set for the start of 2011 (8% for training and 4% for engineering, compared with a composite 2% in 2008), courtesy of economies of scale, returns on current investment and moving the head office.

**INDUSTRY COMMENT**

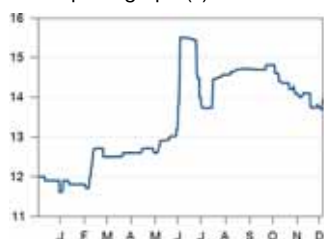
The business benefits from its conglomerate structure. The digital graphics sector continues to go through a cyclical downturn driven by cutbacks in corporate marketing and advertising spend. However, the outlook in education is far more resilient as under-invested schools roll out internet-enabled IT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

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 21.70        | (0.01)          | (0.47)          | N/A     | N/A     |
| 2008A   | 48.85        | 0.89            | 0.54            | 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     |

Sector: Construction & Blding Mat.

Price: €13.95

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m   |
|----------|-------|--------|-------|
| Actual   | (0.4) | (5.1)  | 16.3  |
| Relative | (4.4) | (22.7) | (5.7) |

**Analyst**

Stephen Rogers

**Ober (ALOBR)**

Market cap: €20m

**COMPANY COMMENT**

Ober reports to be a world leader in deluxe decorative and technical wooden panels, as well as features for the construction and shipbuilding industries. The company reported H109 results in October that showed the effects of the tough economic environment, with sales down nearly 13% to c €14m compared with the same period in 2008. Despite these difficulties, the group managed to maintain prices to some degree (H109 gross margin 68.4% vs 69.4% H108), while the significant drop in French activity was partially offset by a return to international growth during Q2. The EBITDA margin, however, slipped from 17.4% in H108 to 14.6%.

**INDUSTRY COMMENT**

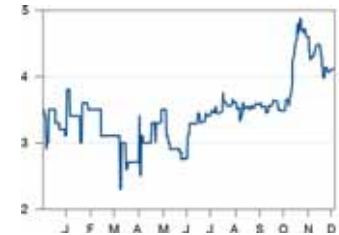
Both the shipbuilding and construction industries have performed poorly in the current climate, with many wooden features seen as expendable luxuries. Shipbuilding has virtually ground to a halt while the industry adjusts to the new climate. We do not expect a near-term recovery.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 29.42        | 4.78            | 3.08            | 2.13    | 6.55    |
| 2008A   | 29.23        | 4.23            | 2.71            | 1.88    | 7.42    |
| 2009E   | 24.50        | 3.00            | 1.70            | 1.19    | 11.72   |
| 2010E   | 25.70        | 3.10            | 1.80            | 1.24    | 11.25   |

**Sector: Technology**

Price: €4.11

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m    | 3m   | 12m   |
|----------|-------|------|-------|
| Actual   | (4.4) | 15.8 | 18.4  |
| Relative | (8.3) | 7.4  | (3.9) |

**Analyst**

Richard Finch

**OCTO Technology (ALOCT) Market cap: €13m**

**COMPANY COMMENT**

Octo is benefiting from its investment, notably in consultants and architects (c +15% y-o-y) to deliver growth despite unhelpful market conditions. Q309 (sales up 21%) maintained the momentum of previous quarters and encouraged management to forecast a similar increase for the year as a whole, given Octo's involvement with key projects that survive the financial crisis. H109 trading profit matched that for the whole of 2008.

**INDUSTRY COMMENT**

We would expect investment by corporates in ensuring they have robust architectures to their new IT systems 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 10.31        | 1.14            | 1.04            | 0.34    | 12.09   |
| 2008A   | 12.86        | 0.35            | 0.83            | 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     |

**Sector: Electrical Equipment**

Price: €10.16

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.

**% Relative to NYSE Alternext**

| %        | 1m  | 3m  | 12m  |
|----------|-----|-----|------|
| Actual   | 9.6 | 1.1 | 68.0 |
| Relative | 5.2 | 2.9 | 36.3 |

**Analyst**

Roger Leboff

**Orolia (ALORO) Market cap: €42m**

**COMPANY COMMENT**

Q309 results revealed higher activity in space, defence and security, insufficient to offset declines in test and measurement. A reduced cost base in the latter areas should benefit group figures in 2010. The \$10m acquisition of McMurdo, announced in November, is expected to immediately enhance group earnings and cash flow, and reinforce the positioning systems division's competitive strengths. It was funded by a €5.9m equity issue, existing cash and debt. The group is being reorganised into three divisions focused on key areas.

**INDUSTRY COMMENT**

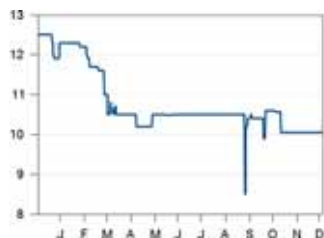
As predicted, the global recession has had the greatest impact on the group's test and measurement instruments division (17% sales). The outlook for space activities is helped by large satellite navigation programmes or scientific missions. Defence and security should benefit from government stimulus, while the scheduled turn-off of analogue TV in Europe will require further deployment of digital terrestrial networks.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 17.44        | 1.86            | 1.46            | N/A     | N/A     |
| 2008A   | 28.17        | 3.20            | 1.11            | 0.45    | 22.58   |
| 2009E   | 32.00        | 2.20            | 1.20            | 0.50    | 20.32   |
| 2010E   | 54.60        | 5.60            | 4.50            | 1.27    | 8.00    |

Sector: General Retailers

Price: €10.05

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m    |
|----------|-------|--------|--------|
| Actual   | 0.0   | (3.4)  | (19.5) |
| Relative | (4.0) | (17.7) | (34.7) |

**Analyst**

Richard Finch

## Piscines Groupe GA (ALPGG)

Market cap: €31m

**COMPANY COMMENT**

Economic uncertainty and the company's overcapacity following wholesale expansion since 2005 continued to weigh on H109 results, as trading profit fell by almost 75% on sales down by a fifth. While refraining from forecasts, management is nonetheless cheered that in Q2 the pace of sales decline slowed markedly and bookings improved. Cost control has not affected the ability to react to recovery, although there is inevitable doubt about long-term demand.

**INDUSTRY COMMENT**

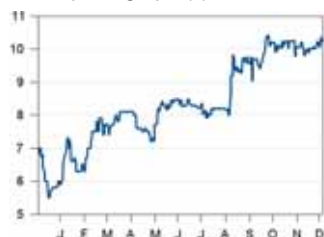
Market leader Piscines Desjoyaux has recently echoed this improvement in trading conditions. The company's French sales fell by 5% in the quarter to August, compared with 20% in the previous quarter. As at Piscines Groupe, there is a significant benefit from lower raw material costs.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 40.54        | 4.13            | 2.20            | 0.71    | 14.15   |
| 2008A   | 35.19        | 0.74            | 0.07            | 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     |

Sector: Technology

Price: €10.20

Share price graph (€)



**Company description**

Porthus offers custom computer services and solutions.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m    | 12m  |
|----------|-------|-------|------|
| Actual   | 1.4   | 5.3   | 49.3 |
| Relative | (4.1) | (1.8) | 8.7  |

**Analyst**

Roger Leboff

## Porthus (ALPTH)

Market cap: €24m

**COMPANY COMMENT**

Net revenues were up 13% to €22.4m in the year to end June 2009; recurring revenues up 7% to €11.7m. Growth was driven principally by the higher margin Solutions business, up 20% to €13.9m; software sales were up 149% to €3.5m. EPS was down slightly due to an increased tax charge, but FY09 gross margin was 42.6% (FY08 40.7%) and the balance sheet remains strong with €4.3m net cash. Management refrained from offering guidance citing "current economic difficulties and limited visibility" but targets a FY10 performance in line with FY09.

**INDUSTRY COMMENT**

Porthus provides 'OnDemand' IT solutions to help clients manage complex business processes across company boundaries. FY09 was affected by slower implementation times for IT projects due to the economic crisis. However, it has over 500 corporate clients for its B2B OnDemand solutions, located throughout Europe and the Middle East. The outlook is supported by diverse industry experience across a full range of professional and managed services and software to industries such as retail, telecoms, utility, logistics and media.

| Y/E Jun | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2008A   | 19.85        | 1.82            | 1.25            | 0.52    | 19.62   |
| 2009A   | 22.43        | 2.18            | 1.12            | 0.46    | 22.17   |
| 2010E   | 24.15        | 3.00            | 1.50            | 0.63    | 16.19   |
| 2011E   | 27.65        | 3.64            | 2.25            | 0.94    | 10.85   |

**Sector: Basic Industries**

Price: €15.10

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.

**% Relative to NYSE Alternext**

| %        | 1m     | 3m     | 12m   |
|----------|--------|--------|-------|
| Actual   | (13.1) | (27.4) | 15.4  |
| Relative | (16.6) | (36.9) | (6.3) |

**Analyst**

Richard Finch

**POWEO (ALPWO) Market cap: €247m**

**COMPANY COMMENT**

Q309 saw Poweo's continued refocusing away from sales to the power grid and large accounts towards higher-margin residential customers. The resulting electricity sales shortfall was almost made up by gas (sharply up from a minimal base) and services. Management aims for 2010 EBIT to break even, helped by newly announced restructuring plans whose costs will hit the current period. July's €75m rights issue will facilitate development of power generation capacity following the recent commercial launch of Poweo's first plant.

**INDUSTRY COMMENT**

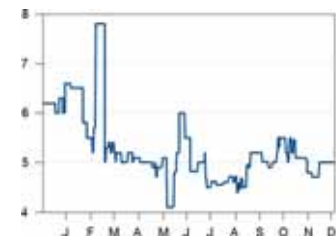
French electricity consumption reflects the robustness of the service and manufacturing sectors as well as the size of the population. The market is viewed as one of long-term growth even if demand management initiatives prove increasingly effective. In response to the Champsaur Commission's report, the French government is to implement reform 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 362.50       | (16.60)         | (15.30)         | N/A     | N/A     |
| 2008A   | 577.30       | (21.70)         | (20.50)         | (1.81)  | N/A     |
| 2009E   | 576.40       | (13.00)         | (46.96)         | (3.35)  | N/A     |
| 2010E   | 808.20       | 24.00           | (10.54)         | (0.82)  | N/A     |

**Sector: Media & Entertainment**

Price: €5.00

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m    |
|----------|-------|--------|--------|
| Actual   | 4.2   | (0.4)  | (19.4) |
| Relative | (0.0) | (21.7) | (34.6) |

**Analyst**

Fiona Orford-Williams

**Press Index (ALPRI) Market cap: €8m**

**COMPANY COMMENT**

Q309 sales were down 4.2% (-2.7% at constant currency). The UK and Spanish markets were down 17% and 20% respectively, while France (66% sales) was marginally weaker (down 0.8%) and Italy grew 27%, but from a lower base. The group launched Pikanews in France and more recently in the UK, with other markets to follow in Q4. This is 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 the information in its presentational context.

**INDUSTRY COMMENT**

The proliferation of information channels and globalisation of content has presented real hurdles for an activity that was once predominantly carried out in-house or via intensive labour at PR companies, press agencies and cuttings services. 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.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 15.61        | 0.97            | (0.42)          | (0.28)  | N/A     |
| 2008A   | 16.95        | 0.95            | (2.41)          | (1.46)  | N/A     |
| 2009E   | 16.36        | N/A             | 0.37            | N/A     | N/A     |
| 2010E   | 16.85        | N/A             | 0.48            | N/A     | N/A     |

Sector: Technology

Price: €5.52

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m    | 12m   |
|----------|-------|-------|-------|
| Actual   | 3.0   | (4.8) | 13.8  |
| Relative | (1.2) | 9.6   | (7.7) |

**Analyst**

Roger Leboff

## Prodware (ALPRO)

Market cap: €20m

**COMPANY COMMENT**

Turnover of €56m for the first nine months was 1% below the same period in 2008 on a comparable basis. That was resilient relative to a 4% fall for the relevant market segment (Source: Syntec Informatique). Prodware benefits from a diverse base of over 12,000 customers. During Q3 it outsourced further non-strategic assets such as lab equipment maintenance, procurement and management of computer waste. The medium-term outlook is supported by new products, such as the integrated 'P-Box' launched in conjunction with Microsoft.

**INDUSTRY COMMENT**

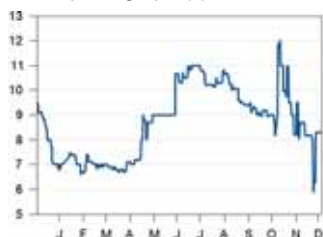
Established in 1989, Prodware is one of France's leading software integrators and IT service companies, with c 11,600 domestic and international customers. It has grown steadily via acquisition. A well-diversified customer base and experience provides exposure to sectors including automotive, financial 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 69.40        | 5.14            | 3.66            | 1.06    | 5.21    |
| 2008A   | 95.10        | 3.80            | 2.20            | 0.61    | 9.05    |
| 2009E   | 88.17        | 3.61            | 1.41            | N/A     | N/A     |
| 2010E   | 92.58        | 6.59            | 3.99            | N/A     | N/A     |

Sector: Technology

Price: €8.31

Share price graph (€)



**Company description**

Proservia specialises in providing engineering and computer services.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m    |
|----------|-------|--------|--------|
| Actual   | 3.2   | (9.7)  | (12.5) |
| Relative | (0.9) | (30.8) | (29.0) |

**Analyst**

Richard Finch

## Proservia (ALPRV)

Market cap: €15m

**COMPANY COMMENT**

An acceleration in organic sales decline in Q309 (10% against 2% in H109) shows Proservia struggling to meet its target of outperforming a flat market. Moreover, 2010 is expected to be another difficult year. Given this, it is unsurprising that there was severe margin pressure in H109, compounded by disappointment with two key newer ventures, which led to a collapse in profit that management seeks to stem in H209 through cost-cutting.

**INDUSTRY COMMENT**

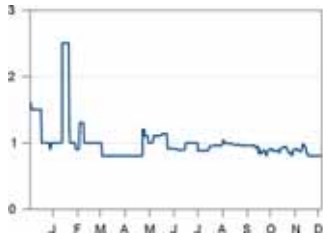
Industry body Syntec has forecast no growth in the market ( $\pm 2$  points) for 2009. This compares with 6% growth in 2008.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 37.76        | 4.04            | 2.19            | 1.19    | 6.98    |
| 2008A   | 46.06        | 2.67            | 1.05            | 0.63    | 13.19   |
| 2009E   | 45.10        | 2.10            | 0.80            | 0.43    | 19.33   |
| 2010E   | 46.00        | 2.30            | 1.40            | 0.74    | 11.23   |

**Sector: Support Services**

Price: €0.80

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m     | 3m     | 12m    |
|----------|--------|--------|--------|
| Actual   | (11.1) | (16.7) | (51.2) |
| Relative | (14.7) | (22.8) | (60.4) |

**Analyst**

Richard Finch

**Proventec (ALPTC) Market cap: €12m**

**COMPANY COMMENT**

Encouraging early returns from two key European acquisitions and from restructuring, allied with the recent successful fund-raising of £1.5m, suggest that cleaning specialist Proventec may have turned the corner after the difficulties of the year to March 2009. This was marked by restructuring, cash restraints on the public and private healthcare sector, and currency fluctuations. While H210 is expected to improve on H110 when sales were down by 2% and pre-tax loss increased, it could well be the middle of next year before current initiatives pay off in full.

**INDUSTRY COMMENT**

The rise in hospital-acquired infection amounts to a global epidemic, for example, with up to 100,000 people affected by MRSA last year in the US alone. However, the latest 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     | 6.53    |
| 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     |

**Sector: Technology**

Price: €3.43

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.

**% Relative to NYSE Alternext**

| %        | 1m     | 3m    | 12m    |
|----------|--------|-------|--------|
| Actual   | (12.1) | 3.9   | (27.4) |
| Relative | (15.6) | (0.9) | (41.1) |

**Analyst**

Roger Leboff

**Referencement.com (ALREF) Market cap: €9m**

**COMPANY COMMENT**

H109 turnover was 6% down y-o-y at €8.6m, reflecting a tougher trading environment for media businesses. There was, however, underlying progress in terms of the group's efforts to drive sales of higher value-added services, to concentrate on the most profitable clients and to identify synergies and cost savings. H2 will see renewed investment in product development, particularly to capitalise on the potential of its search engine marketing software, sales of which were up by 210% y-o-y to €0.37m. The group raised €0.8m via a share issue in October.

**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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 6.66         | 0.48            | 0.16            | (0.07)  | N/A     |
| 2008A   | 17.58        | 0.09            | (0.08)          | (0.28)  | N/A     |
| 2009E   | 17.30        | 1.20            | 0.40            | 0.33    | 10.39   |
| 2010E   | 17.60        | 1.60            | 0.60            | 0.42    | 8.17    |

Sector: Engineering

Price: €1.87

Share price graph (€)



Company description

Reims Aviation Industries is the European leader in light aerial surveillance. Its F406 twin turboprop, first flown in 1983, continues to operate around the world.

% Relative to NYSE Alternext

| %        | 1m     | 3m     | 12m   |
|----------|--------|--------|-------|
| Actual   | (10.5) | (10.5) | 103.3 |
| Relative | (14.1) | (2.6)  | 64.9  |

Analyst

Richard Finch

## Reims Aviation Industries (ALRAI) Market cap: €12m

COMPANY COMMENT

Following a resilient first half (losses halved on maintained sales), Reims Aviation is relatively upbeat about its prospects, expecting to return to break even by the end of the year. June's Paris Air Show prompted eight firm orders and options, so production is already being stepped up to deliver three F406s in 2010. Longer term, the ageing F406 fleet will increasingly require retrofit. The company's fortunes look set to be transformed by its strategic partnership with GECI International, now its majority shareholder. GECI aims to play a major role in French twin turboprop through its own Skylander, so will offer synergies to Reims.

INDUSTRY COMMENT

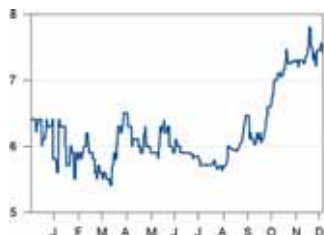
The market for light aerial surveillance looks to be one of long-term growth owing to the globalisation of threats and their sheer variety, eg drugs, illegal immigration, pillage of precious resources, pollution and terrorism. It is a relatively low-cost option (often the aircraft costs less than the 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    | 23.38   |
| 2008A   | 5.63         | (2.02)          | N/A             | 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     |

Sector: Technology

Price: €7.39

Share price graph (€)



Company description

Rentabiliweb is a major force in monetising digital audiences through its online micro-payment solutions and services and increasingly through content generation as a leading francophone internet publisher.

% Relative to NYSE Alternext

| %        | 1m    | 3m   | 12m   |
|----------|-------|------|-------|
| Actual   | 1.2   | 21.1 | 15.5  |
| Relative | (2.8) | 5.8  | (6.3) |

Analyst

Richard Finch

## Rentabiliweb Group (ALBIL) Market cap: €117m

COMPANY COMMENT

High-margin generation of internet content for the general public has comfortably overtaken micro-payment services to B2B websites as Rentabiliweb's key profit driver. In H109 B2C trading profit rose by 16% against a fall in B2B, confirming that the popularity of online encounters and casual gaming sites can more than make up for a slackening of micro-payment demand. This trend has accelerated impressively in Q3 (B2C sales up by a third). Management guidance that group sales should grow faster in H2 than in H1 is surely cautious.

INDUSTRY COMMENT

The Q309 sales figures of Hi-Media, which operates in similar markets to Rentabiliweb, are broadly reassuring. Online advertising has proved resilient (-4%, on a par with H109) despite unfavourable conditions while micro-payment is well ahead, albeit on a global basis. Generally, e-commerce is expected to be less affected by the downturn than land-based retail, given French consumers' increasing propensity to buy online (+13% in 2008).

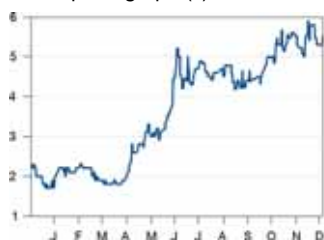
| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 24.84        | 7.04            | 4.84            | 0.37    | 19.97   |
| 2008A   | 56.27        | 10.12           | 6.67            | 0.42    | 17.60   |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |



Sector: Construction &amp; Bldg Mat.

Price: €5.50

Share price graph (€)

**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m  | 3m    | 12m   |
|----------|-----|-------|-------|
| Actual   | 5.0 | 24.7  | 139.1 |
| Relative | 0.7 | (9.1) | 94.0  |

**Analyst**

Anil Sharma

**Richel Serres (ALRIC)**

Market cap: €28m

**COMPANY COMMENT**

A H110 trading update reported revenues stable compared with the same period FY09. Sales to its domestic market, France, offset a decline in export orders. For the full year, the group expects sales to be slightly up over the previous year, although export markets remain difficult to forecast due to uncertainty over funding. Details on profitability will be given with the publication of the interim accounts before calendar year end.

**INDUSTRY COMMENT**

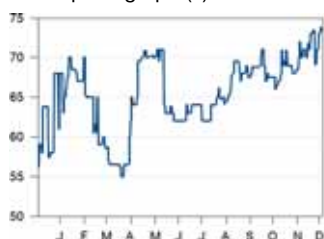
Richel Serres de France is engaged in the sale of agricultural structures. The company offers a range of products including glass and plastic greenhouses, garden centres, livestock buildings, tobacco and storage sheds and hobby tunnels. Richel is a global company with around 40% of the French market for plastic greenhouses and c 30% of European exports.

| Y/E Mar | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2008A   | 90.39        | 4.21            | 5.29            | 0.51    | 10.78   |
| 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     |

Sector: Construction &amp; Bldg Mat.

Price: €73.50

Share price graph (€)

**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m    | 3m    | 12m   |
|----------|-------|-------|-------|
| Actual   | 2.1   | 6.8   | 30.9  |
| Relative | (2.8) | (2.6) | (1.9) |

**Analyst**

Richard Finch

**Royalreesink (ALRRE)**

Market cap: €49m

**COMPANY COMMENT**

Economic conditions accounted for a 40% dip in H109 trading profit on sales down by 12% and understandable marked uncertainty about full-year prospects. This contrasts with 2008 results, which accelerated the happy momentum of the previous year with a 28% gain in trading profit. Gearing at December 2008 remained comfortable.

**INDUSTRY COMMENT**

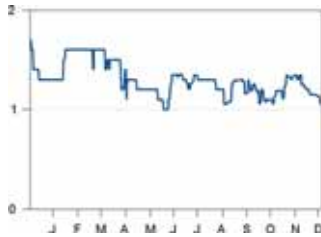
The short-term outlook for the Dutch economy is not encouraging. The record GDP decline in Q109 (4.5% y-o-y and 2.8% on the previous quarter) shows that while conditions may be stabilising elsewhere, economic contraction in the eurozone is not abating and that full-year forecasts for the Dutch economy of at least -3% may be optimistic. With unemployment continuing to rise, consumer spending will surely remain weak, particularly on durables (Q1 saw the first absolute decline in four years).

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 184.62       | 8.21            | 6.95            | 10.35   | 7.10    |
| 2008A   | 198.91       | 10.46           | 7.86            | 11.71   | 6.28    |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: Construction & Bldg Mat.

Price: €1.05

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.

**% Relative to NYSE Alternext**

| %        | 1m     | 3m     | 12m    |
|----------|--------|--------|--------|
| Actual   | (19.2) | (11.8) | (38.2) |
| Relative | (22.5) | (33.2) | (49.9) |

**Analyst**

Stephen Rogers

## Safwood (ALWOO)

Market cap: €26m

**COMPANY COMMENT**

Safwood's H109 results showed the business holding up reasonably well to the tough economic conditions. Revenue in H109 slipped slightly from €53.2m in H108 to €52m, primarily due to a sharp fall in sales from RoW (mainly the Middle East), with its more important European derived sales largely flat. EBITDA for the period increased from €7.2m in H108 to €7.6m in H109, reflecting the greater volume of higher margin wood structures in the sales mix and cost-cutting initiatives. Debt for the period increased from €72.6m to €76.4m in H109.

**INDUSTRY COMMENT**

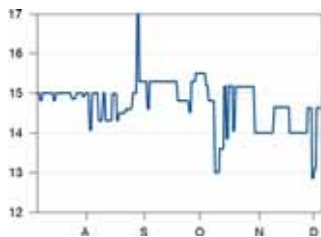
Global timber prices continue to fall as demand weakens and regulation in developed countries takes effect against illegal supplies (which can make up 10% of supplies in some countries). Longer term, we expect hardwood prices to continue to increase relative to soft woods.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 94.46        | 9.02            | 4.26            | 0.28    | 3.75    |
| 2008A   | 99.07        | 6.37            | 1.70            | 0.65    | 1.62    |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: Food & Drink

Price: €14.63

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.

**% Relative to NYSE Alternext**

| %        | 1m  | 3m    | 12m |
|----------|-----|-------|-----|
| Actual   | 4.5 | (4.4) | N/A |
| Relative | 0.3 | N/A   | N/A |

**Analyst**

Fiona Orford-Williams

## Sapmer (ALMER)

Market cap: €50m

**COMPANY COMMENT**

Sapmer listed in July, raising €5m to support its investment programme in extending its product range. Based on La Réunion Island, the Patagonian toothfish historically formed the bulk of the group's tonnage (2008:70%), caught under strict quotas in the TAAF (French Southern and Antarctic Lands). Crayfish is the next largest category. The group's expansion plans are built around the commissioning of three tuna freezer purse seiners, one of which has entered service; the second is starting sea trials. By 2012, tuna is intended to account for 60% of group revenues.

**INDUSTRY COMMENT**

Both toothfish and crayfish are highly prized in Japan and other Asian territories and these form 36% and 39% of group sales respectively. 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 29.70        | 4.25            | (0.07)          | N/A     | N/A     |
| 2008A   | 29.45        | 4.21            | 1.24            | 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     |

**Sector: Electrical Equipment**

Price: €22.51

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.

**% Relative to NYSE Alternext**

| %        | 1m   | 3m     | 12m  |
|----------|------|--------|------|
| Actual   | 17.8 | 12.6   | 50.1 |
| Relative | 13.1 | (15.9) | 21.7 |

**Analyst**

Richard Finch

**Serma Technologies (ALSER)**

Market cap: €26m

**COMPANY COMMENT**

A growing order book since the summer encourages management to forecast higher like-for-like full-year sales despite a 4% setback at H109. It remains to be seen whether this confidence is more justified than its H1 +12% forecast, which misfired. Interim trading profit rose slightly, ie on increased margin. The recent German acquisition, Axeneon, representing over 10% of enlarged group sales, confirmed Serma's readiness to grow externally.

**INDUSTRY COMMENT**

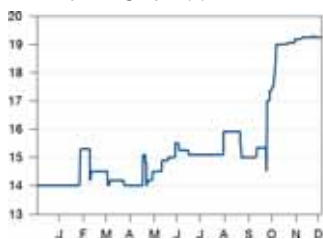
Our checks indicate that the worst is probably over for the semiconductor sector in terms of sequential and year-on-year comparisons. However, the severity of the downturn should not be underestimated and its duration is still unknown: it has already claimed some high-profile casualties in the bankruptcies 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 38.74        | 2.78            | 1.66            | 1.44    | 15.63   |
| 2008A   | 41.94        | N/A             | 4.35            | 3.77    | 5.97    |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

**Sector: Technology**

Price: €19.24

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m   | 12m  |
|----------|-------|------|------|
| Actual   | 0.4   | 28.3 | 37.4 |
| Relative | (3.7) | 8.4  | 11.5 |

**Analyst**

Roger Leboff

**Sidetrade (ALBFR)**

Market cap: €25m

**COMPANY COMMENT**

The strong first-half performance continued into Q309. Sales for the first nine months were up 20% to €6.9m, which means three consecutive quarters of 20% sales growth. The outlook for FY09 is supported by continued customer attention to credit policy, ie reduction of payment delays and risk management. The final quarter is expected to be in line with the year to date. During H109, the software-as-a-service model performed well and recurring revenues improved, while a €7.6m mid-year order book provided some revenue visibility to end 2014.

**INDUSTRY COMMENT**

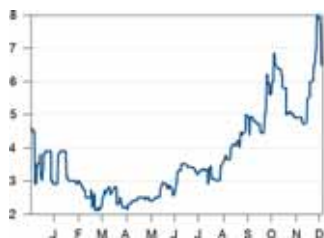
IDC has forecast average growth in the SaaS market of 26% a year to 2011, with the share of on-demand services in the software market to increase by more than 100% between 2007 and 2011. Sidetrade helps clients with cash management and helps improve cash flow/reduce working capital. It also helps reduce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

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 6.22         | 0.26            | 0.42            | N/A     | N/A     |
| 2008A   | 7.89         | 0.70            | 0.98            | 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     |

Sector: Media & Entertainment

Price: €6.50

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.

**% Relative to NYSE Alternext**

| %        | 1m   | 3m   | 12m  |
|----------|------|------|------|
| Actual   | 32.7 | 31.8 | 41.3 |
| Relative | 27.3 | 69.3 | 14.6 |

**Analyst**

Richard Finch

## Sporever (ALSCO)

Market cap: €16m

**COMPANY COMMENT**

Sporever's re-positioning on new media paid off in H1 as strength in IPTV (now 40% of sales) comfortably made up for weakness in internet advertising and contributed to significant margin gain on maintained sales. Audience growth of 34% in the period confirms that the Sportweek acquisition has marginal overlap with the company's existing market-leading '365' football sites. H209 will be affected by the slowdown in advertising but should benefit from the move to cheaper premises.

**INDUSTRY COMMENT**

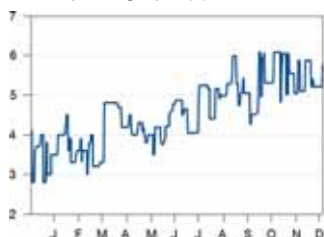
France has been particularly amenable to IPTV (in 2007 about 40% of the global market), but the tendency for it to be bundled free with broadband makes it unclear how financially attractive the service is on its own. The huge subscriber bases of satellite and cable operators are also a threat, but the European market is estimated to double by 2012. While advertising spending in France fell by 10% in the year to February 2009, online advertising was up fractionally, confirming its resilience.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 16.30        | 1.03            | 1.52            | 0.65    | 10.00   |
| 2008A   | 13.11        | 0.22            | (0.76)          | 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     |

Sector: Financials

Price: €5.78

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m   | 12m  |
|----------|-------|------|------|
| Actual   | (1.7) | 28.4 | 41.0 |
| Relative | (5.7) | 1.8  | 14.4 |

**Analyst**

Roger Leboff

## Stradim - Espace Fin. (ALSAS)

Market cap: €10m

**COMPANY COMMENT**

H109 turnover was down 10% y-o-y to £22.3m and net profit by 70% to €0.3m. The impact of a tough real estate market was accentuated as all buyers held off in anticipation of lower prices. There has been some recovery since September, although a harsh winter has added to delays. At the end of the period, however, the group held 279 contracted reservations worth c €40m, vs 143 and €22m at this stage last year. By end Q309, the pipeline had risen again, to 469 reservations valued at €69m, underpinning the outlook for FY10.

**INDUSTRY COMMENT**

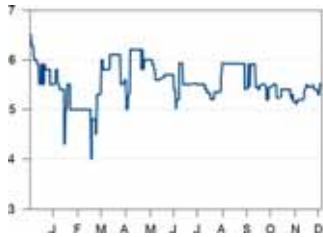
Revenues are generated from the sale of apartments, houses, other buildings and development land, plus estate agency services. Stradim has sales operations in Alsace, Aube and the Loire Atlantic region in France. It has diversified geographically in recent years to balance its portfolio between sales from Champagne-Ardenne and Alsace. Contributions from the Loire-Atlantique and Midi-Pyrénées regions are currently weak, suffering from oversupply. However, the group is well placed to benefit as these markets begin to recover.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 54.01        | 5.67            | 3.50            | 4.10    | 1.41    |
| 2008A   | 48.39        | 2.40            | 1.00            | 0.58    | 9.97    |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

**Sector: Technology**

Price: €5.50

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.

**% Relative to NYSE Alternext**

| %        | 1m  | 3m    | 12m    |
|----------|-----|-------|--------|
| Actual   | 5.8 | (6.9) | (15.4) |
| Relative | 1.5 | (9.1) | (31.4) |

**Analyst**

Roger Leboff

**StreamWIDE (ALSTW)**

Market cap: €15m

**COMPANY COMMENT**

H109 revenues were up 2.4% y-o-y to €3.1m. The driver was international sales, up 85% to 70% of the total. This compensated for slower domestic performance as telecoms companies continued to sit on their hands. Operating performance was better with a €0.4m loss vs a €1.1m H108 deficit, despite an increase in staff costs for the US and Chinese subsidiaries. Finances remain secure, with a debt-free balance sheet and €3.6m net cash. Low cash burn and an upgraded product mean StreamWIDE is well placed when investment spending revives in France.

**INDUSTRY COMMENT**

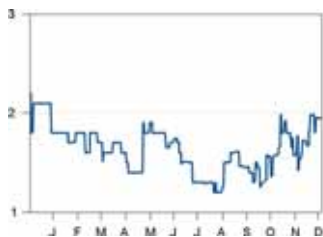
StreamWIDE provides next-generation value-added services for mobile and fixed-line telecoms operators. This is based on a proven carrier-grade, software patented technology. Europe's telecom carriers have adopted a wait-and-see attitude but emerging markets, ie Latin America and Africa, continue to grow. 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 7.08         | 1.95            | 1.75            | 0.65    | 8.46    |
| 2008A   | 6.06         | (1.85)          | (0.50)          | 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     |

**Sector: Media & Entertainment**

Price: €1.95

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m   | 3m    | 12m    |
|----------|------|-------|--------|
| Actual   | 37.3 | 39.3  | (10.6) |
| Relative | 31.8 | (3.7) | (27.4) |

**Analyst**

Fiona Orford-Williams

**The Marketinggroup (ALTMG)**

Market cap: €6m

**COMPANY COMMENT**

The business comprises two activities: call centres (phone marketing, both outsourced and insourced, 74% sales) and marketing communications (26%). While overall sales have held up, overcapacity at both the enlarged Marseilles call centre and at Lyon pushed the group into an operating loss in H109. The lower-cost new centre in Dreux, opened in June, is key to recovery, although visibility remains limited. 51% of the shares are held by the Gladysz family.

**INDUSTRY COMMENT**

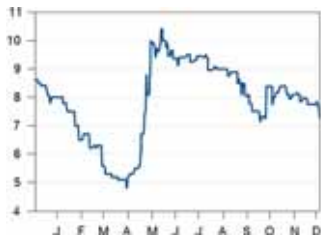
The French call centre market is the third largest in Europe after the UK and Germany. Visibility for marketing communications in 2009 is poor as budgets remain under pressure, but standard call centre support functions have the comfort of some longer-term contracts. Industry margins, however, have been under heavy pressure due to overcapacity in the industry, confirmed by the recent weak trading update from competitor Teleperformance. Further industry consolidation is anticipated.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 24.82        | N/A             | (0.28)          | (0.09)  | N/A     |
| 2008A   | 34.48        | 0.42            | (0.04)          | (0.01)  | N/A     |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: Support Services

Price: €7.25

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.

**% Relative to NYSE Alternext**

| %        | 1m     | 3m     | 12m    |
|----------|--------|--------|--------|
| Actual   | (11.0) | (6.8)  | (15.7) |
| Relative | (15.3) | (36.6) | (36.8) |

**Analyst**

Roger Leboff

## TMC Group (ALTCM)

Market cap: €26m

**COMPANY COMMENT**

TMC felt the affect of the economic downturn on its clients, particularly in the semiconductor industry. Turnover fell by 4% y-o-y in H109 to €19.7m, but it reported an underlying €0.8m operating profit, despite a lower gross margin - from 36% to 29%. The second-half outlook was cautious, but the benefits of cost savings and closure of loss-making activities should be seen in H2. TMC's board recently suspended its operations and commercial directors due to fundamental disagreements over group strategy.

**INDUSTRY COMMENT**

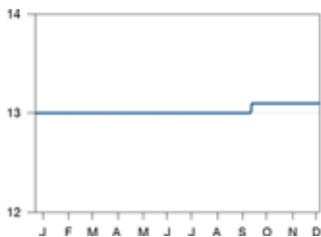
The group cut costs in anticipation of a tougher market in 2009 and shifted the strategic focus to maintaining profitability of existing activities and capitalising on clients added in 2008. It expects demand for its specialists to remain high. Group clients include Philips, ASML, Océ, TNO, the Maastricht 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 27.36        | 4.88            | 3.56            | 0.96    | 7.55    |
| 2008A   | 42.34        | 5.61            | 4.04            | 1.04    | 6.97    |
| 2009E   | 40.00        | N/A             | 2.00            | 0.47    | 15.43   |
| 2010E   | 41.00        | N/A             | 3.00            | 0.79    | 9.18    |

Sector: P'care & Household Prd

Price: €13.10

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).

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m |
|----------|-------|--------|-----|
| Actual   | 0.0   | 0.8    | N/A |
| Relative | (4.0) | (13.4) | N/A |

**Analyst**

Anil Sharma

## Toolux Sanding (ALTLX)

Market cap: €23m

**COMPANY COMMENT**

Toolux has not released news to the market since its full year results in July 2009. Results for the period from incorporation in October 2008 and its year end 31 December, show sales of €8.47m. Gross profit, at a margin of 28%, was €2.39m and operating profit, at a margin of 2.2%, was €0.18m. End December net cash stood at €3.9m. In December 2008, 403,667 shares were placed, raising €5.1m. Also in December 2008, Toolux bought the outstanding shares of Shaoxing Sanding Tools Co Ltd, now 100% owned.

**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 Ltd, 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     |

**Sector: Technology**

Price: €2.53

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m     | 3m     | 12m    |
|----------|--------|--------|--------|
| Actual   | (24.7) | 9.5    | 1.2    |
| Relative | (27.7) | (10.2) | (17.9) |

**Analyst**

Richard Finch

**Traqueur (ALTRA) Market cap: €8m**

**COMPANY COMMENT**

The collapse in premium car registrations continues to be debilitating for Traqueur and its eponymous flagship security product (H109 sales by the core after-theft business down by 40%). However, successful development of ancillary activities, fleet management and distribution, redeemed the shortfall to 13%. With numerous high-profile industry partnerships now in place, Traqueur is well placed to benefit from any market recovery. The company is close to completing its restructuring programme.

**INDUSTRY COMMENT**

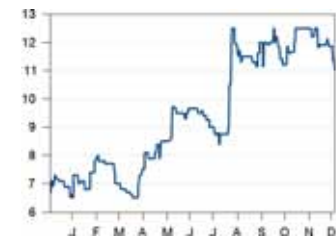
The theft detection and recovery market is tied closely to vehicle registrations as buyers of new cars, especially premium ones, are more likely to protect against theft. In 2008 the premium segment fell by 7% (luxury by 32%) against an overall flat market, and continues to underperform in 2009. The current recovery in sales is centred on the lower end, boosted by the government incentive to scrap older cars and by consumers trading down. BMW and Mercedes registrations, for example, fell by 10% in October against a market up by 20%.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 14.18        | N/A             | (0.22)          | (0.08)  | N/A     |
| 2008A   | 14.86        | (2.48)          | (2.93)          | 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     |

**Sector: Engineering**

Price: €11.00

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.

**% Relative to NYSE Alternext**

| %        | 1m     | 3m    | 12m  |
|----------|--------|-------|------|
| Actual   | (9.8)  | (8.2) | 64.2 |
| Relative | (13.5) | (2.0) | 33.2 |

**Analyst**

Anil Sharma

**Trilogiq (ALTRI) Market cap: €41m**

**COMPANY COMMENT**

In its trading statement for the six months to September, the group reported that its order book was down 17% to €21m compared to the same period 2008. The economic downturn had a significant impact on both its Western Europe and Central Europe markets, with the order book falling 23% and 13%, respectively. This was partially offset by strong growth in North America (excluding the US), which expanded 29%, and from the Southern Hemisphere (up 36%). A fall in the price of raw materials and a cost reduction programme should mean the group will record a profit for the period. Interim results are due 15 December.

**INDUSTRY COMMENT**

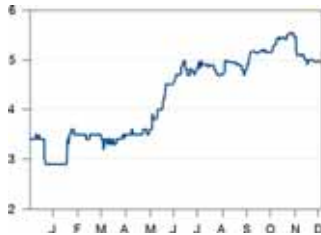
Trilogiq is number one in Europe and number two worldwide for designing, producing and integrating tubular systems for outfitting production lines. The group's activity revolves around four main product families: modular supports – small packaging boxes with various functions; carts; assembly work stations; and multi-department supermarkets.

| Y/E Mar | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2008A   | 35.40        | 8.19            | 5.46            | 1.46    | 7.53    |
| 2009A   | 46.52        | 8.23            | 5.34            | N/A     | N/A     |
| 2010E   | 44.00        | N/A             | 7.00            | 1.80    | 6.11    |
| 2011E   | 46.00        | N/A             | 7.00            | 1.81    | 6.08    |

Sector: Financials

Price: €4.95

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m    | 12m  |
|----------|-------|-------|------|
| Actual   | (2.8) | (2.8) | 48.1 |
| Relative | (6.7) | (8.5) | 20.1 |

**Analyst**

Richard Finch

## Turenne Invest. (ALTUR)

Market cap: €26m

**COMPANY COMMENT**

Despite a difficult market for private equity investment, Turenne's NAV per share has held steady this year at €8.31 (down by just 3% on December 2008 and on June 2009). The company strengthened its involvement in the distribution sector in Q309, with 16 holdings at the period close, mostly in healthcare, the internet and sustainable development. Management seeks to exploit depressed valuations through its current c €10m fund raising.

**INDUSTRY COMMENT**

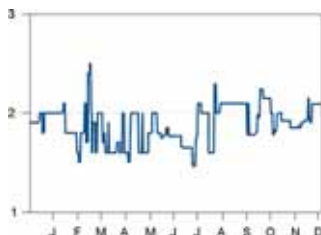
As a listed vehicle with underlying investments in unquoted companies, Turenne Investissement offers investors the opportunity to gain exposure to private equity investment that would not ordinarily be available to them. While such investments are considered relatively risky, an investment in Turenne offers diversification and the opportunity to piggyback on due diligence conducted by Turenne Capital Partenaires. The portfolio is fully invested in France and investments are made 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 0.00         | (0.91)          | 1.36            | 0.82    | 6.04    |
| 2008A   | 0.00         | (1.36)          | (1.32)          | (0.41)  | N/A     |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: General Retailers

Price: €2.09

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m   | 3m   | 12m    |
|----------|------|------|--------|
| Actual   | 11.8 | 17.4 | 9.4    |
| Relative | 7.3  | 1.5  | (11.2) |

**Analyst**

Richard Finch

## VDI Group (ALVDI)

Market cap: €10m

**COMPANY COMMENT**

Sales growth of 5% (7% at constant currency) in the nine months to September endorses the vaunted resilience of VDI Group's portfolio of 'indispensable' products. There was a boost in particular from demand for swine flu-related products and for defibrillators in public places in France. Management envisages more of the same, and European development and acquisitions. Measures have been taken to recover margin lost in H109 (3% against 8%).

**INDUSTRY COMMENT**

The fragmented nature of the health and safety at work market provides little guidance. Bunzl, for example, parent of France Sécurité, has referred only to a likely slowdown in 2009 across its entire continental operations after 'substantial profit growth' in its personal protection equipment business last year. In calmer times, VDI estimated average annual growth of 2-3% in this market, with up to 10% for hygiene, bedding and short-run products. Battery demand should reflect consumers' increasingly nomadic lifestyles.

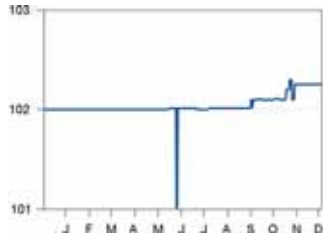
| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 42.72        | 3.31            | 1.21            | N/A     | N/A     |
| 2008A   | 45.68        | 2.30            | 1.11            | 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     |



**Sector: Financials**

Price: €102.25

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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m     | 12m    |
|----------|-------|--------|--------|
| Actual   | 0.0   | 0.1    | 0.2    |
| Relative | (4.0) | (13.9) | (18.7) |

**Analyst**

Richard Finch

**Ventos (ALVEN) Market cap: €107m**

**COMPANY COMMENT**

Since Q109 Ventos has been recuperating from the impact of the financial crisis on the stock market, with a small trading profit accompanying an increase in the intrinsic value of the investment portfolio, ie 10% rise in the value per share (€99) since March (3% since December). The company has flexibility through its low indebtedness but is otherwise largely sensitive to the fortunes of the stockmarket and the economy.

**INDUSTRY COMMENT**

Historically, the investment manager's preferred sectors have been the core growth sectors of real estate and food processing. However, other sectors have been rotated around these with a view to balancing risk. 2008 saw the portfolio become increasingly polarised, with the real estate allocation increasing from 40% to 63%, while the other big heavyweight, food processing, fell from 23% to 2%. The proportion of the portfolio invested in Europe increased from 77% to 85%. The portfolio appears to be particularly exposed to the Spanish and Swiss real estate markets, so recovery will depend on growth in these areas.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 73.16        | 74.04           | 70.86           | N/A     | N/A     |
| 2008A   | 39.32        | 19.21           | 15.84           | N/A     | N/A     |
| 2009E   | N/A          | N/A             | N/A             | 28.30   | 3.61    |
| 2010E   | N/A          | N/A             | N/A             | 32.27   | 3.17    |

**Sector: Oil & Gas**

Price: €6.49

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m    | 3m   | 12m  |
|----------|-------|------|------|
| Actual   | (1.7) | 14.3 | 62.3 |
| Relative | (5.6) | 21.2 | 31.6 |

**Analyst**

Anil Sharma

**Vergnet (ALVER) Market cap: €43m**

**COMPANY COMMENT**

During H109, Vergnet achieved sales of €9m, up 15% vs last year. Wind-related revenue was in line with expectations and is expected to improve in H2 with start of the Ethiopian contract. As part of the contract Vergnet has to deliver 120 1MW turbines over the next three years. The first half saw the signature of several wind projects in new Farwind countries such as Taiwan, Japan, Nigeria, New Zealand, and a protocol agreement with GDF Suez for the South Pacific following a successful installation of 11 windmills in 2008. Water- and solar-related revenues increased by 32% benefiting from strong activity and seasonality vs last year. The division managed to complete two projects in conjunction with BP Solar in Niger and Mali.

**INDUSTRY COMMENT**

Vergnet designs, manufactures and markets equipment and machinery for the wind, water and solar industries. It provides wind turbines, water pumps and combined solutions, among others. Looking forward, the water and solar division is aiming to complete three contract signings in Africa totalling 5MW. The wind division has received orders from Italy and Lithuania.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 33.37        | (0.38)          | 0.44            | 0.08    | 81.13   |
| 2008A   | 20.70        | (7.20)          | (5.90)          | (0.93)  | N/A     |
| 2009E   | 29.10        | (8.90)          | (6.85)          | (1.04)  | N/A     |
| 2010E   | 78.50        | 1.20            | 1.70            | 0.25    | 25.96   |

Sector: Technology

Price: €6.69

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m    | 3m    | 12m    |
|----------|-------|-------|--------|
| Actual   | 2.9   | (4.3) | (18.0) |
| Relative | (2.7) | (9.2) | (40.3) |

**Analyst**

Roger Leboff

## Vision IT Group (VIT)

Market cap: €43m

**COMPANY COMMENT**

Although turnover for the first nine months of FY09 was 2% up y-o-y at €60.8m, Q309 was actually down 6%. The group's key market is France (58% of group sales), which was 4% weaker, offset by Belgium (14%, up 6%), Luxembourg, Italy and Switzerland (14%, down 11%). The problem area and the balance of sales is Spain, down 19% y-o-y. Signs of market improvement have prompted it to rebuild the staff complement. The outlook for the full year is sales in line with FY08, at operating margins close to H109, at 9%.

**INDUSTRY COMMENT**

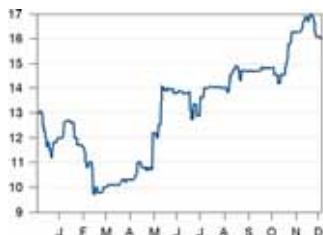
As provider of broad IT services the group is vulnerable to the impact of recession on its clients. However, group sales are diversified by sector and geography, with recent new business in France (nuclear sector), Belgium (railway transport), and Spain (public sector). Financial services represent around half of total revenues and 80% is currently earned outside Belgium, in five other European countries.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 70.33        | 6.05            | 2.63            | 0.65    | 10.29   |
| 2008A   | 81.60        | 5.70            | 3.10            | 0.54    | 12.39   |
| 2009E   | N/A          | N/A             | N/A             | N/A     | N/A     |
| 2010E   | N/A          | N/A             | N/A             | N/A     | N/A     |

Sector: Travel & Leisure

Price: €16.00

Share price graph (€)



**Company description**

Voyageurs 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.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m    | 12m   |
|----------|-------|-------|-------|
| Actual   | (1.5) | 8.9   | 23.0  |
| Relative | (5.5) | (1.0) | (0.2) |

**Analyst**

Richard Finch

## Voyageurs du Monde (ALVDM)

Market cap: €59m

**COMPANY COMMENT**

Voyageurs du Monde is sensibly cautious about 2009 prospects, owing to the economy and consumer spending patterns as well as its own H2 profit bias (H1 is traditionally loss-making). Sales are expected to fall by 3-5% following a 1% decline in H1. This is respectable, given the weakness of the French market (-12% in H1). The company remains committed to its strategy of direct sales and a growing internet presence (almost a third of sales). Satisfactory 2008 results showed continued market outperformance (sales up 12%) and margin gain.

**INDUSTRY COMMENT**

Political events in key destinations the French West Indies and Madagascar will have had a significant effect on industry bookings. News of improving demand at strong prices is thus primarily a function of the trend towards later bookings, with overall 2009 volumes set to decline. However, capacity cuts by the majors (assuming no loss of nerve on their part) may allow continued strong prices as there will be much less product to sell.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 218.53       | 7.76            | 5.18            | 1.40    | 11.43   |
| 2008A   | 244.80       | 9.50            | 6.00            | 1.61    | 9.94    |
| 2009E   | 234.54       | 6.60            | 4.02            | 1.19    | 13.45   |
| 2010E   | 235.52       | 6.20            | 3.83            | 1.13    | 14.16   |

**Sector: Media & Entertainment**

Price: €9.96

Share price graph (€)



**Company description**

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

**% Relative to NYSE Alternext**

| %        | 1m  | 3m   | 12m  |
|----------|-----|------|------|
| Actual   | 4.8 | 34.8 | 95.3 |
| Relative | 0.6 | 14.3 | 58.4 |

**Analyst**

Fiona Orford-Williams

**Weborama (ALWEB)**

Market cap: €29m

**COMPANY COMMENT**

Weborama provides performance tools and detailed web analytics to advertisers and publishers on the web. It is withdrawing from basic adserver technology (although sales continue to grow with new contract wins in France and Spain) to focus on behavioural targeting. This is helping gain traction with larger clients including Google/YouTube. It has over 300 clients, predominantly in France but also in Spain, Portugal, the Netherlands and the UK. Growth has continued strongly in Q3, +25% after a good Q209 (+17%) and Q109 (+24%), despite underlying poor markets.

**INDUSTRY COMMENT**

Internet penetration is estimated at 65.7% of the French population, with 93% of users having high-speed access. The EIAA Survey published in November highlighted planned growth of 33% in the use by advertisers across Europe in behavioural targeting in H209, on top of a 25% increase in the first half as they attempt to make limited budgets have greatest impact.

| Y/E Dec | Revenue (€m) | Op. Profit (€m) | Net income (€m) | EPS (€) | P/E (x) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 4.77         | 0.96            | 0.91            | 0.31    | 32.13   |
| 2008A   | 8.69         | 1.64            | 1.24            | 0.43    | 23.16   |
| 2009E   | 10.87        | N/A             | 1.35            | N/A     | N/A     |
| 2010E   | 13.42        | N/A             | 1.79            | N/A     | N/A     |

**Sector: Electrical Equipment**

Price: €10.20

Share price graph (€)



**Company description**

XIRING provides security solutions for remote transactions. It develops security software embedded in smartcard readers for strong authentication and digital signatures for securing remote transactions in the healthcare and banking sectors.

**% Relative to NYSE Alternext**

| %        | 1m    | 3m   | 12m   |
|----------|-------|------|-------|
| Actual   | 2.0   | 17.9 | 21.3  |
| Relative | (2.1) | 4.0  | (1.6) |

**Analyst**

Richard Finch

**XIRING (ALXIR)**

Market cap: €37m

**COMPANY COMMENT**

Xiring is in exclusive talks with Gemalto, the global leader in digital security, to sell its banking activity. If successful (completion due by the year-end), this would allow the company to focus on its healthcare and eID business. Healthcare continues to go from strength to strength (Q309 sales +57%) owing to changes in the insurance market, such as the implementation of the Vitale 2 card. Xiring's banking activity has had a predictably tough year, prompting more cautious guidance for 2009 group sales (-10% against -5%).

**INDUSTRY COMMENT**

Industry body Eurosmart forecasts a 10% increase in global microprocessor card shipments in 2010, with the strongest growth in government/healthcare (almost 20%) and financial services/retail. There has been similar outperformance by these activities in 2009 (estimated double-digit growth against 5% 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) |
|---------|--------------|-----------------|-----------------|---------|---------|
| 2007A   | 23.78        | 2.18            | 2.33            | 0.75    | 13.60   |
| 2008A   | 28.50        | 3.54            | 2.89            | 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     |







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