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PLUS Stock Exchange
Half-yearly review
February 2011

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About PLUS Stock Exchange

PLUS Stock Exchange (PLUS-SX) is a Recognised Investment Exchange based in London providing cash trading and listing services. PLUS-SX facilitates access to capital for UK and international companies through its choice of fully listed and growth markets and supports the execution of retail flow across a wide range of European securities. As a listing and quotation destination, PLUS-SX offers companies, funds, market professionals and issuers straightforward and cost-effective access to London's capital markets. Early stage companies can float on the PLUS growth market, an exchange-regulated market with clear, flexible and transparent entry criteria, while the PLUS's fully listed market offers a choice of admission options for companies or funds and provides access to the Official List of the FSA's UK Listing Authority (Standard or Premium segments).

For more information about PLUS Stock Exchange and its services please visit www.plus-sx.com.

About Edison Investment Research

Edison is Europe's leading independent investment research company. It has won industry recognition, with awards in both the UK and internationally. The team of more than 65 includes over 35 analysts supported by a department of supervisory analysts, editors and assistants. Edison writes on more than 280 companies across every sector and works directly with corporates, investment banks, brokers and fund managers. Edison's research is read by every major institutional investor in the UK, as well as by the private client broker and international investor communities. Edison was founded in 2003 and is authorised and regulated by the Financial Services Authority.

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Prices as at 18 February 2011

Published 25 February 2011

Welcome to the latest edition of the PLUS review. Working in partnership with the PLUS Stock Exchange, this review enhances the visibility of PLUS growth companies and is published every six months.

Our analysts have been in contact with the 50 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. Our analysts have relied on consensus earnings estimates, where available, but have reflected feedback received by companies on historic and forecast numbers. All Star Minerals and Oracle Coalfields are under full Edison coverage and the forecasts are those of the analyst.

More information about PLUS-SX and the companies on the exchange can be found on its website, www.plus-sx.com.

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

Neil Shah

Director of Research

Edison Investment Research

Now into its second year, the PLUS review forms a cornerstone of our ongoing commitment to raise the visibility and profile of our PLUS growth companies. We are delighted have worked with Edison Investment Research on this review dedicated to companies on the PLUS Stock Exchange.

I would welcome the opportunity to speak to you regarding the PLUS Stock Exchange and the companies on our market. If you have any questions or you wish to know more about PLUS, please contact me on +44 (0)20 7429 7830 or +44 (0)7525 986906 or email paul.haddock@plusmarketsgroup.com.

Paul Haddock

Head of Capital Markets

PLUS Markets Group

Equity market overview and strategy

- Central bank policies (notably quantitative easing) are likely to remain supportive to equity and commodity prices. While we anticipate increased volatility in markets, we remain positive on equities in the medium term as long as governments continue to print money.
- Reduced investor faith in sovereigns (ie a retreat from government bonds) is also likely to support our view on equities. The downside risk here of course is the inevitable upside pressure that will put on interest rates.
- The key issue for equity investors is to find companies that enjoy pricing power in order to sustain margins. Input prices are starting to become an issue for many companies. After six months of a 'momentum market', we now expect investors to become much more selective and sector returns to diverge more meaningfully.
- Consumer confidence surveys are improving from a low base, but the biggest driver of overall consumer spending remains high-earners. Consumer businesses with strong brands appealing to the high-earning demographics will outperform.
- Current valuations do not look stretched: the FTSE and the All-Share indices are trading on about 12x prospective earnings, well below cyclical peaks.

Equities to stay in favour, but look for companies with pricing power

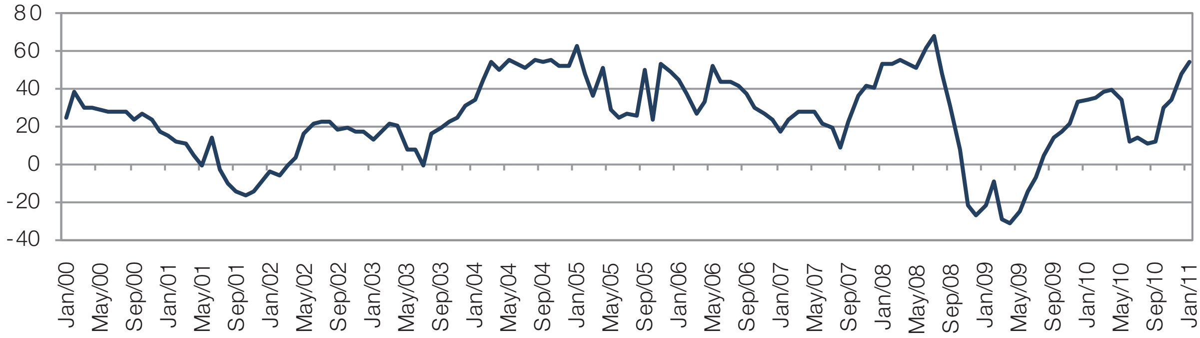
More than any other time, government actions are having a major impact on private-sector investment returns. The ever-so-visible hand of the government can be seen across all markets and instinctively it feels that the gush of liquidity in the last two years has been the major driver of asset reflation. If one structural consequence of the Fed's quantitative easing policy has been the underlying move into equities, the other has been commodity inflation. This policy and influence looks set to continue and, to our mind, while equities may still benefit from this flow of liquidity in the medium term, a key issue for the market is when, not if, this inflation starts to impact corporate margins (which continue to approach cyclical highs). Supporting this view from the US has been the recent uptick in 'prices paid' within the Philly Fed 'Business Outlook Survey' for December to the highest level since July 2008.

Coinciding with QE in 2010, market gains over the past 12 months were led by agricultural commodities (cotton is up 125% since January 2010, coffee up 58%, and wheat up 44%), precious metals and equities. Meanwhile, the major laggard asset class of 2010 were currencies (deflating currencies are of course the corollary to inflating assets). It was telling that in the last six months, the breadth of the rally has been so wide – most sectors have rallied in unison – with little selectivity apparent. In short, perceived risk has been relatively low. Notably, however, the first months of 2011 has seen commodities continue to gain (notably cotton, coca and rice) while previous metals have underperformed as growth outlooks in the US and China revive. We expect precious metals prices to resume an upward trajectory in tandem with inflation.

Look for businesses with pricing power to sustain margins

We remain favourable towards equities in the medium term, but suspect that investors will become much more discerning. Whether we can weight or even separate the various drivers of markets (quantitative easing [interest rates], M&A activity, consumer confidence, corporate spending etc) is a moot point. What seems more certain is that 24 months into this recovery rally (itself a long stretch relative to previous comparable periods), the breadth of this recovery is unlikely to continue. Investors will get more selective. With operating margins of many of the best performing stocks touching cyclical highs, investors should take heed of the recent inflation signals (most notably prices paid) and focus on companies that enjoy pricing power (through brands or market dominance) and offer sensible valuations with a margin of safety. Though utilisation levels (of factories and labour) remain below optimal levels, margins have remained unusually resilient (especially in the US) and will inevitably revert to trend.

Exhibit 1: Input prices for businesses on the way up

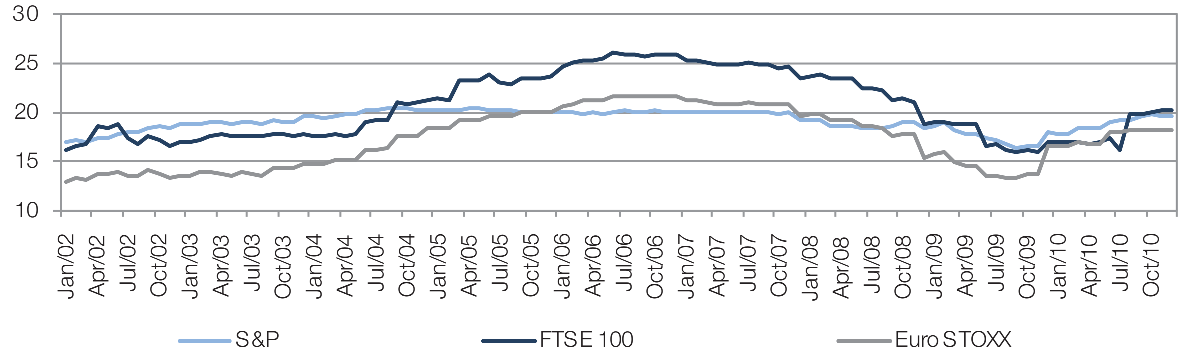


Source: Philadelphia Federal Reserve

A look at median operating margins for the major stock indices shows that in all regions company operating margins have rebounded sharply from the low seen in Q209. The question is where is the appropriate trend level these companies need to revert to. Our sense is that the exceptional profitability levels of the 2006/07 peak are unlikely to return any time soon, but current valuations probably reflect this.

Exhibit 2: US and European operating margins at close to cyclical highs

Note: Trailing 12m operating margins.



Source: Bloomberg

Government assets to fall out of favour; equities are the least ugly

The usual suspects continue to dominate the myriad of year-ahead debates: global growth, the viability of the eurozone, impacts of government policy (public sector reforms), house prices and the pundits' favourite, the inflation/deflation conundrum. These debates are so contentious simply because there are no clear-cut answers (often with strong evidence of both sides). To wit: Chinese growth is almost deemed excessive while snow grounded UK growth in Q4; the eurozone's future is apparently balanced between a new enlarged bail-out fund and the consequences of an Irish (Portuguese, Belgian or maybe Austrian) default; and US house prices look like a double dip according to Case-Shiller, but new home sales were better than expected in December. The great debate of course is between the deflationists (pointing to debt deleveraging) and inflationist (pointing to central banks' money printing). Each side has its merits and proponents, and in reality both sides are probably right. The overriding issue here, in our opinion, is that the global economy in 2011 is such a complex intertwined system that it is *not* in equilibrium – a fact lost on many forecasters. Risk premia do not reflect this. Another small shock (be it sovereign default, geo-political or social upheaval) would likely have an amplified effect on risk appetites and asset valuations. We do not claim to be experts on any of these areas but, simplistically, one area that we can be confident has experienced severe deflation is faith in governments. We are confident this will continue to lead to serious pressure on currencies and a shift out of government assets (bonds) into selected equity classes, precious metals and commodities. Largely, for this reason (equities being one of the least ugly, as it were), we remain positive on equities in the medium term.

Exhibit 3: The 30-year government bond bull market is coming to an end.

Source: Bloomberg

What about interest rates?

The delicate balancing act for central bankers will be to manage the interest rate cycle. So while equities as an investment class may benefit from the flow of funds from government bonds, a key headwind will be the eventual rise in interest rates that consumers and the companies underlying these equities will face. Investors should be wary of interest-rate sensitive sectors.

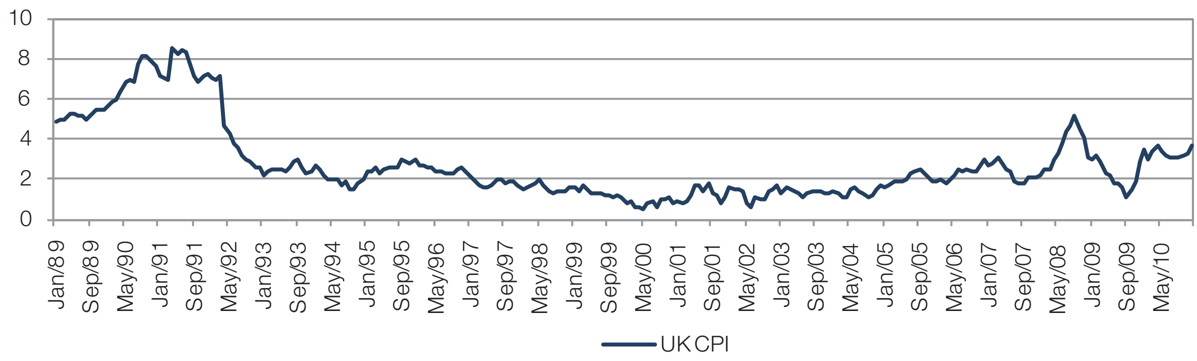
Inflation in evidence, but not yet impacting businesses' margins

In today's world, it seems that we have inflation in the things we need but deflation in the things we want. So the price of beef for a Big Mac is up 22% last year (and rising) whereas the price of an iMac fell 33% over the last 10 years. Anecdotally, we see evidence that inflation is being understated across the board not just through the official statistics but also notably through 'virtual inflation' where services and product features are being reduced but prices are not (cf crisp packets getting smaller but prices staying the same). A cursory look at the UK's CPI is therefore instructive to see the weighting and trends of individual components of the basket. The overall CPI index was up 3.7% in December and 4% in January (a "bona fide shock" according to the *FT*), but two notable sub-components experienced high rates of inflation –

transport and food. Accounting for 16% and 11% of the index weighting respectively, these components grew by 6.5% and 6.1% over the prior period. Evidence, surely, that fuel and food prices are creeping into the CPI figures.

Exhibit 4: UK inflation rears its head

Note: Rebased to 100.



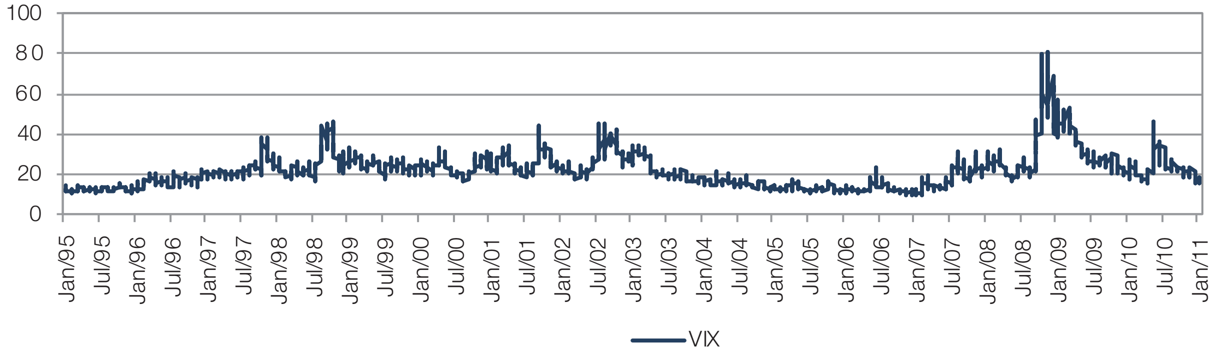
Source: www.statistics.gov.uk

Unsurprisingly, officials are downplaying the seriousness of this trend. As Paul Fisher of the Bank of England put it in a recent interview, "we're not seeing generalised inflation yet. As long as we don't, we can be more confident that the upward pressure is coming from cost shocks rather than from pressure of demand." In the US, the CPI index is on the face of it less alarming, although there are many reasons to question the validity of the US CPI index as a reflective inflation measure (for example, the Bureau of Labour Statistics weights healthcare at just 6.5% of the inflation index even though it is 18% of US GDP). Back in the real world, companies are increasingly talking about the impact of commodity prices on input costs. It is not just McDonalds that is feeling the pressure with beef prices; in the UK, food ingredients businesses are attempting to fix forward milk prices with farmers, which is highly unusual (unlike cereals, milk usually trades on a spot price). Clothing retailer ASOS has confirmed that it was not seeing substantial price changes yet but thinks "it will come". ASOS also said that it was experiencing sourcing price pressures (citing "Chinese labour and freight" in particular), but it did not expect to pass through on prices. Notably ASOS is not a price setter for its third-party goods (selling at brand RRPs) so margins are possibly more susceptible. Companies that are price-takers will be under increasing pressure. Similarly, AB Foods said that higher cotton prices will have "some impact on margins" and that in its grocery business "selling price increases are planned, or have already been implemented, to recover higher commodity costs, particularly in wheat, corn oil and spices". In the US, rising prices have been confirmed for 2011 by McDonalds, Evenflo (infant and juvenile products), 3M, DuPont and Coach (fashion accessories). Having seen the last upward trend in prices interrupted by the financial crisis in 2008, the chairman of Nestlé, Peter Bracbeck thinks the current trend "could be lasting". Time will tell what impact such attempts to pass-through these input cost rises will have on profitability.

Risk attitudes

To be clear, we believe that actual investment risk (as in the possibility of capital losses) remains higher than perceived risk and that market indices remain susceptible to sharp increases in volatility. Nonetheless, markets seem relatively sanguine to continually embrace risk assets (note that the best performing stock in the FTSE in 2011 and YTD is ARM, trading on 50x 2011 EPS). Perhaps it is no surprise then that the last six months of sustained gains across multiple sectors coincided with a period of declining volatility (post Greece). Again, we think this is not sustainable. Risks remain high (back to the 1998/2002 levels – surely the 2003/06 low levels were exceptional?) and the market has probably become complacent in bidding up all sectors indiscriminately.

Exhibit 5: VIX index (the 'fear gauge') has subsided from the Greek crisis

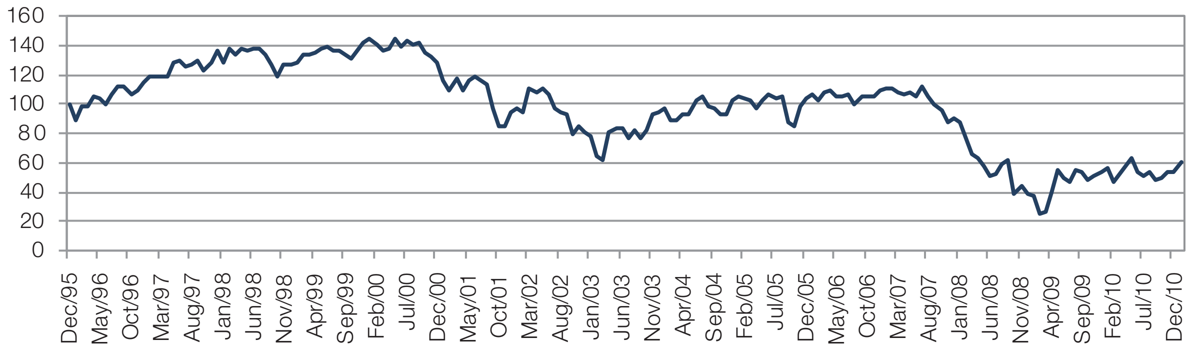


Source: Bloomberg

Consumer confidence – the Plutonomy is the key driver

Many commentators point to the strength of consumer stocks, such as Apple and NetFlix in the US and ASOS and Zara in Europe, as evidence of a revived consumer confidence and spending outlook. The broader consumer surveys do not necessarily support this (although improving, they remain at cyclical lows), neither does real hourly labour rates nor unemployment figures on either side of the Atlantic. The reality is subtly different. Our view is that the Pareto principle (or 80-20 rule) is alive and well within discretionary consumer spend areas: a small percentage of populations continue to account for a disproportionate amount of spending. For this reason (and to be fair, there are others such as emerging markets), luxury goods brands such as LVMH and BMW have maintained resilience through the recession, while companies aimed at the middle-market (the likes of Nokia, Wal-Mart, VW) have all experienced accelerating underlying deflation. Nowhere is this in evidence more than in the mobile phone market, where Apple enjoys about 5% volume market share but over 50% of the industry's profits.

Exhibit 6: US consumer confidence index

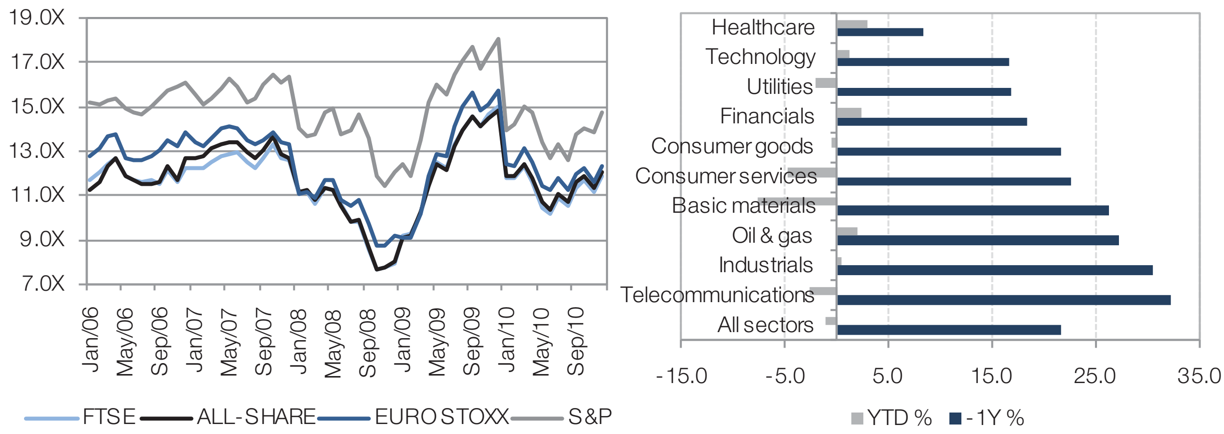


Source: Bloomberg

Valuation

Unfortunately, the valuation data shown below for the major bourses in the US and Europe does not provide enough historical data to provide context on current *forward* P/E valuations. Clearly, the US premium is still intact and the S&P is now trading at almost 15x prospective earnings, according to Bloomberg. The UK and European markets are more reasonably valued (on average) with a forward multiple closer to 12x earnings. Of course, without knowing the growth prospects, it is hard to say definitively whether these multiples are cheap, but at least we can say that they are relatively cheap compared to recent years. Finally, we note with interest the early signs of rotation seen in January 2011 – especially for the healthcare sector, one of the worst performing sectors in 2010, but is the best performer in January 2011. This is perhaps a clear sign of sector rotation and possibly increasing investor discernment.

Exhibit 7: Global valuation levels (12-month forward P/E) on left; FTSE sector performance on right



Source: Bloomberg

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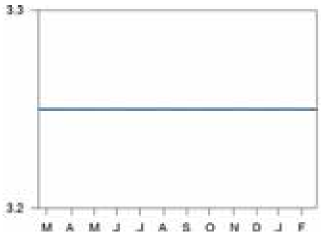
PLUS SX

Sector: Property

Price: 3.25p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

Ace Liberty & Stone was established to build a commercial and residential property investment portfolio that will take advantage of opportunities in property trading and development.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	0.0
Relative*	(0.4)	(13.4)	(13.6)

* % Relative to local index

Analyst

Roger Leboff

Ace Liberty & Stone (ALSP) Market cap: £6m

COMPANY COMMENT

Among the transactions completed this year, the most significant was in January and was the sale of two properties in Sheffield for £3.9m. AL&S only acquired these in October 2010 for £2.5m, as part of consortium in which it held a 70% share. This generated £0.74m profit for AL&S, net of associated costs and debt, which it plans to reinvest in due course, and eliminated the accumulated deficit on retained earnings. The holding in Minoan Group was also redistributed to AL&S shareholders in H1. The interims included a positive outlook for the current year and beyond, with a number of sensibly priced opportunities under consideration.

INDUSTRY COMMENT

The prospects for the UK's commercial and residential property markets appear finely balanced, with sizeable industry debt to work through and vulnerability to interest rate rises. This should provide opportunities for buyers with cash, such as AL&S, to capitalise on opportunities to acquire assets both for short-term trading and medium-term investment growth.

Y/E Apr	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	0.44	(0.29)	(0.03)	N/A	N/A
2010A	0.15	(0.07)	(0.51)	(0.05)	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Travel & Leisure

Price: 10500.00p
Profile correct as at 18 February 2011

Share price graph (p)

Company description

Adnams is a regional brewer, pub owner, hotelier and wine merchant, based in Southwold on the Suffolk coast.

Price performance

%	1m	3m	12m
Actual	(6.3)	(3.2)	(13.2)
Relative*	(6.6)	(18.4)	(25.0)

* % Relative to local index

Analyst

Richard Finch

Adnams (ADBO) Market cap: £29m

COMPANY COMMENT

Ahead of FY10 results due in late March, uncertain markets have dictated caution (management was non-committal about the second half in its latest release in August). While a 10% dip in operating profit in H110 reflected unfavourable weather (excluding June) and consumer spending, disappointment may be justified after the strong recovery achieved in 2009. In particular, Adnams's own beer volumes were down by 7% against a hard-fought 4% gain in 2009, reflecting renewed weakness in cask ale. The smaller hotels and wine retail businesses (contribution not disclosed) also suffered.

INDUSTRY COMMENT

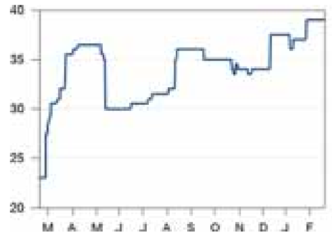
Substantial weakness in UK beer sales in H210 (according to the British Beer & Pub Association, a 7% fall on a par only with H208 in recent years) shows Q2's first quarterly increase since 2006 to have been unduly flattered by the World Cup and fine weather. For 2010 as a whole, 7% lower sales in pubs accelerated the longstanding decline in on-trade (down by almost 30% since 2005).

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	47.07	1.52	1.33	56.20	186.83
2009A	51.30	3.24	3.11	124.80	84.13
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Construction & Blding Mat.

Price: 39.00p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

AH Medical Properties is a property investment company whose principal activity is the purchase, development and management of property primarily allied to the provision of medical facilities delivering NHS-led primary care.

Price performance

%	1m	3m	12m
Actual	5.4	14.7	69.6
Relative*	5.0	(6.1)	46.5

* % Relative to local index

Analyst

Roger Leboff

AH Medical Properties (AHMP) Market cap: £26m

COMPANY COMMENT

In January AHMP announced a recommended offer for the company by Assura Group. The terms were 0.85 new Assura shares for each AHMP share, with a 40p/share cash alternative. The bid values each AHMP share at 39.2p and issued share capital, including convertible loans, at £28.3m. At the offer date, Assura had received irrevocable undertakings representing over 76% of AHMP's existing share capital.

INDUSTRY COMMENT

The recent healthcare bill outlined changes to the NHS, with greater responsibility for budget decisions devolved to GPs. The abolition of primary care trusts creates some uncertainty, but the shift towards primary rather than secondary care and growing pressure to make efficient use of a finite budget is positive for owners of primary care facilities. According to IPD's UK Annual Healthcare Property Index 2009, healthcare property has outperformed its wider measures of UK commercial property returns for the last three years, and AHMP's portfolio was the sector's best performer for that year.

Y/E Apr	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	6.04	4.90	0.80	1.20	32.50
2010A	6.97	5.60	1.20	1.80	21.67
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 1.20p
Profile correct as at 18 February 2011

Share price graph (p)

Company description

All Star Minerals plc is a uranium exploration company focused on Sweden where it owns 100% of the mineral exploration licences over three projects: Gilpas, Samon and Kuusivaara. The licences cover a total area of 111 square kilometres in northern Sweden.

Price performance

%	1m	3m	12m
Actual	20.0	140.0	100.0
Relative*	19.6	107.9	72.8

* % Relative to local index

Analyst

Warren Johnstone

All Star Minerals (ASMO) Market cap: £2m

COMPANY COMMENT

Drilling at All Star Minerals' Gilpas project in northern Sweden is expected to commence in April. A 50-hole, 500m bedrock interface drilling programme is designed to confirm the presence of uranium mineralization associated with the zone 1 radon anomaly. A new phase of radon surveying designed to test the length of a second zone was completed recently. Results indicate that the zone 2 anomaly is up to 400m long and is comparable in size to the nearby Pleutajokk uranium deposit. If drilling at Gilpas intersects uranium mineralization then a comparison with nearby deposits will provide a good basis for valuing the project. All Star is looking to raise up to £200,000 in the near future but has sufficient funds in place for the initial drilling at Gilpas.

INDUSTRY COMMENT

Project risk has been reduced by a new bill allowing for the future construction of nuclear power plants in Sweden, which came into effect on 1 January 2011. At \$73/lb of U_3O_8, the uranium spot price has almost doubled since April 2010.

Y/E Nov	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	0.00	(0.36)	(0.36)	(0.57)	N/A
2009A	0.00	(0.19)	(0.19)	(0.21)	N/A
2010E	0.00	(0.30)	(0.30)	(0.20)	N/A
2011E	N/A	N/A	N/A	N/A	N/A

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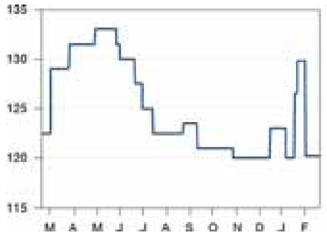
Sector: Technology

Price: 120.20p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

ANS Group is a technology infrastructure specialist in the provision of hardware, software and 24/7 managed services to enterprise businesses.

Price performance

%	1m	3m	12m
Actual	(5.0)	0.2	(1.9)
Relative*	(5.3)	(15.0)	(15.2)

* % Relative to local index

Analyst

Roger Leboff

ANS Group (ANS) Market cap: £15m

COMPANY COMMENT

ANS reported a strong first half despite recessionary pressures, with a 63% increase in turnover to £9m, 38% higher pre-tax profit at £0.7m and a 30% improvement in annualised recurring revenues to £5.2m. Downward pressure on product margins has been countered via focus on solutions that deliver measurable business-efficiency improvements and cost savings. Services margins held up well and it ended the period with a healthy order book. The £4.9m acquisition of Alpha Business Computers (ABC) after the year-end creates a group with a £35m revenue base and enlarged UK coverage.

INDUSTRY COMMENT

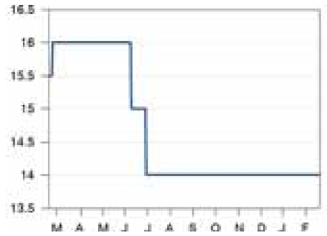
The outlook for H2 - traditionally the busier period due to public sector spending plans - is affected by uncertainty over the impact of government spending cuts. ANS has improved its competitive positioning by maintaining investment in staff and infrastructure, while the ABC acquisition adds scale, new accreditations and will build its profile with key clients. Further recruitment is planned to build capabilities.

Y/E Mar	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	12.09	1.19	1.52	10.32	11.65
2010A	13.26	0.89	1.00	6.26	19.20
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Technology

Price: 14.00p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

Arrowpoint Technologies is a holding company which, through its subsidiary companies based in the USA and India, offers information technology products, services and solutions to the retirement and financial services industry, primarily in the USA.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	(9.7)
Relative*	(0.4)	(13.4)	(22.0)

* % Relative to local index

Analyst

Roger Leboff

Arrowpoint (ARWP) Market cap: £28m

COMPANY COMMENT

After a steady FY10, which included progress on operating and pre-tax profit margins, the first half of the current year - to September 2010 - saw an 11% dip in revenues as KeyTech (Arrowpoint's consulting business) and its staffing operation were hit as clients reined in spending and imposed a hiring freeze. A higher contribution from the largest client, Pension Benefit Guaranty Corporation, was insufficient to offset these declines, but the outlook remains for a "satisfactory" set of full-year results, likely to reflect product development, cost control and measures to generate revenues.

INDUSTRY COMMENT

Arrowpoint's products target the US retirement industry, where it has an established market position and steady private and public sector client base. To counter a tighter domestic market, the group has made considerable investment in the development of products, such as asset liability management, from established offices in the US, India, Canada and the Middle East.

Y/E Mar	Revenue (US$m)	Op. Profit (US$m)	PBT (US$m)	EPS (c)	P/E (x)
2009A	15.16	0.53	0.18	(0.31)	N/A
2010A	15.20	0.73	(0.44)	0.00	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Travel & Leisure

Price: 1121000.00p
Profile correct as at 18 February 2011

Share price graph (p)

Company description

Arsenal Holdings is the holding company of the Arsenal Group of companies. The group operates a professional football club, Arsenal Football Club, and carries out the property development activity associated with its Emirates Stadium project.

Price performance

%	1m	3m	12m
Actual	0.1	15.6	23.9
Relative*	(0.3)	0.1	7.0

* % Relative to local index

Analyst

Richard Finch

Arsenal Holdings (AFCO) Market cap: £650m

COMPANY COMMENT

Ahead of imminent interim results, the encouragement of a good start to FY11 as at end September, and a boost from new TV contracts is tempered by likely lower property and transfer gains and higher wage costs. Retail and commercial activities face consumer spending pressure while low interest rates will not reward cash from property completions. Despite satisfaction with FY10 results, the success of property and player trading risks showed up the more prosaic football business, whose profit declined. The newly revitalised balance sheet is in tune with a market subject to increasing financial regulation.

INDUSTRY COMMENT

New UEFA regulations (Financial Fair Play) aim to restore stability to European football club finances. After a phased implementation, a break-even requirement will apply to 2012 financial statements, obliging clubs to spend no more than they generate over a rolling three-year period. No overdues (eg on transfers) will be payable during the season and disclosure of financial information will improve.

Y/E May	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	313.30	23.18	45.51	N/A	N/A
2010A	379.90	38.14	55.97	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 47.80p
Profile correct as at 18 February 2011

Share price graph (p)

Company description

Ascot Mining plc is a junior mining company with 100% of a small operational gold mine in Costa Rica. Having completed the first pour, the company is focused on increasing annual production rates to over 20,000 oz. In addition, the company has two other development stage projects and an ore supply agreement.

Price performance

%	1m	3m	12m
Actual	(2.3)	80.4	44.9
Relative*	(2.6)	123.9	25.1

* % Relative to local index

Analyst

Roger Leboff

Ascot Mining (ASMP) Market cap: £26m

COMPANY COMMENT

In November, Ascot announced completion of the acquisition of 100% of the Chassoul gold mine, targeted for gold production of 1,200 oz/mth by Q111 and around 2,000 oz/mth by mid-year. The final payment, due in January 2011, was made ahead of schedule, funded by £3.7m raised loan notes and exercised warrants and a further £0.25m cash injection was received in February. Mine development is reported to be proceeding well.

INDUSTRY COMMENT

Ascot's aggressive programme intends to expand its own gold production rates to over 20,000oz pa. Dramatic increases in gold prices in recent years reflect increased attention from investors, as well as traditional jewellery purchasers, with central banks in China, Russia and India adding to holdings. The outlook is supported by gold's role as a reserve asset, as investors turn to alternative assets to balance the inflationary impact of Western governments' efforts to tackle huge fiscal deficits.

Y/E Sep	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	0.10	(0.90)	(0.90)	(4.50)	N/A
2009A	0.00	(1.75)	(2.01)	(5.99)	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: Pharma & Healthcare

Price: 180.00p

Profile correct as at 18 February 2011

Share price graph (p)

Company description

Bioventix specialises in the development and commercial supply of high-affinity monoclonal antibodies with a primary focus on their application in clinical diagnostics, such as in automated immunoassays used in blood testing.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	N/A
Relative*	(0.4)	(20.0)	N/A

* % Relative to local index

Analyst

John Savin

Bioventix (BVXP)

Market cap: £9m

COMPANY COMMENT

Bioventix has developed a novel hybridoma technology for the production of sheep monoclonal antibodies (SMAs) with a range of immunodiagnostic applications. Bioventix's revenue streams are derived from either sponsorship to create a specific antibody, sales of purified antibodies for use in blood testing or product royalties. Of its future portfolio, vitD3.5H10 antibody and cardiac testing troponin antibody are the most advanced, and likely to be be commercialised within two to three years, dependent on the analysis of feedback data in 2011. Bioventix held £1.349m cash at year end, having generated £164k in the period.

INDUSTRY COMMENT

The market for antibodies for use in immunoassays is a sub-section of the in-vitro diagnostics market, highly regulated and sensitive to IP related litigation. Bioventix's client base largely consists of multinational healthcare companies and its strategy supposes that demand for improved or additional SMAs will continue and that it is able to capture further market share.

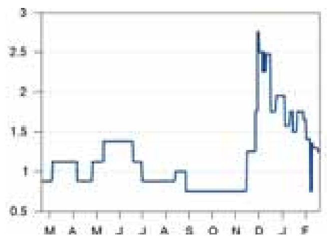
Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	1.65	0.98	0.86	12.91	13.94
2010A	1.58	0.68	0.68	11.37	15.83
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Media & Entertainment

Price: 1.25p

Profile correct as at 18 February 2011

Share price graph (p)



Company description

C-Ads is an Irish-based facilitator of out-of-home digital media networks, delivering narrowcast IPTV news, entertainment and advertising.

Price performance

%	1m	3m	12m
Actual	(16.7)	0.0	42.9
Relative*	(17.0)	8.3	23.4

* % Relative to local index

Analyst

Fiona Orford-Williams

Captive Audience (CADP)

Market cap: £4m

COMPANY COMMENT

Since listing on PLUS-SX in 2008, C-Ads has been working on deals and partnerships with a particular focus on the Middle Eastern fuel retail market. 2010 saw agreements reached with NAFT (part of Corral Group) in Saudi and with Coral Oil in the Lebanon. The accounts to April 2010 were qualified but the group has since raised equity (£84k in September and £306k in December) to cover operating costs and working capital requirements. It has a £3m holding in UK Oil & Gas, also PLUS-SX listed and worth £1.3m at current prices, and has been working closely with an unnamed worldwide media company to realise its ambitions. Just before Christmas, C-Ads disclosed it was talking to Ritz Gold about an agreement of mutual benefit. These talks are ongoing.

INDUSTRY COMMENT

The merits of advertising to captive and targeted audiences out-of-home have long been appreciated and several quoted companies have attempted to exploit specific opportunities. The dominance of CBS Worldwide, though, has made doing so profitably an onerous task.

Y/E Apr	Revenue (€m)	Op. Profit (€m)	PBT (€m)	EPS (c)	P/E (x)
2009A	0.14	0.14	(0.77)	(0.43)	N/A
2010A	0.04	0.04	(0.31)	(0.17)	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

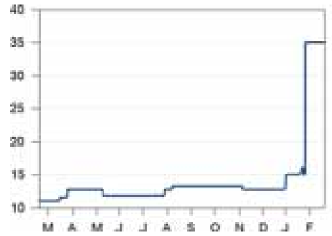
PLUS SX

Edison investment research

Sector: Media & Entertainment

Price: 35.00p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

Chemistry Communications is a marketing communications group that specialises in Customer Relationship Management (CRM).

Price performance

%	1m	3m	12m
Actual	133.3	174.5	218.2
Relative*	132.5	128.9	174.9

* % Relative to local index

Analyst

Fiona Orford-Williams

Chemistry Comms (CHCP) Market cap: £12m

COMPANY COMMENT

Chemistry Communications' increasing focus on digital CRM and data analytics attracted the attention of industry major, Publicis, which made an agreed cash bid for the company at the end of January. The take-out price of 37p valued the group at £14.45m, equating to around 8.5x operating profits. By the first closing date of 17 February, acceptances had reached 88.8% and the shares will be de-listed in due course.

INDUSTRY COMMENT

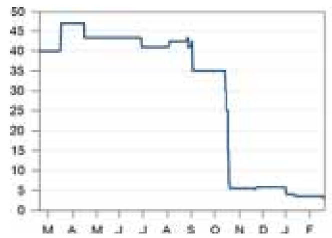
The Publicis bid is further evidence of the game of catch-up being played by the international sector majors to establish their credentials in an increasingly digital market place. Digital currently accounts for 28% of Publicis's revenues and it has set a 35% target within three years. Within the UK net revisions to marketing budgets, as disclosed in the Bellwether Report, fell by 5.4% in Q410, but this represents a slight amelioration. Internet budgets were marginally ahead. More encouragingly, marketing budgets for 2011 have been set at higher levels than actual spend for 2010.

Y/E Nov	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	13.40	0.92	0.56	0.98	35.71
2009A	19.09	1.63	1.41	2.74	12.77
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Support Services

Price: 3.00p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

China CDM is a Jersey incorporated company providing brokerage, advisory and research services relating to the reduction of greenhouse gases in Asia.

Price performance

%	1m	3m	12m
Actual	(14.3)	(42.9)	(92.5)
Relative*	(14.6)	(93.9)	(93.5)

* % Relative to local index

Analyst

Richard Finch

China CDM Ex Centre (CCEP) Market cap: £3m

COMPANY COMMENT

The company's latest announcement (the results for the half to June) was apparently encouraging. However, since then there has been a dramatic collapse in the share price, which has not prompted management comment. H110 saw the company make further financial headway (local Chinese currency revenue and trading profit up by c 10%), which was on a par with progress made in 2009. Such resilience, if less than management advocated early in the recession, derived from specialisation and an apparently robust model, developing relationships worldwide, notably with electricity companies in China and Japan, and broadening its services. The company was debt free at the end of the first half.

INDUSTRY COMMENT

China is expected to overtake the US in greenhouse gases emissions by 2025 and become the major player in the global carbon market. It is already the largest seller of CDMs. Economic recovery should lead to a pick-up in international carbon trading prices, thereby encouraging new CDM projects.

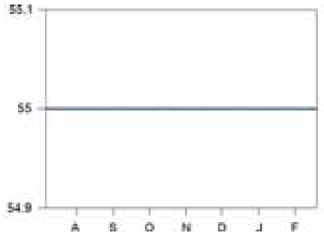
Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	6.15	4.85	4.60	N/A	N/A
2009A	7.72	6.17	6.20	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Property

Price: 55.00p

Profile correct as at 18 February 2011

Share price graph (p)



Company description

The company is both an investor in and a developer of real estate on the island of Crete.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	N/A
Relative*	(0.4)	(13.4)	N/A

* % Relative to local index

Analyst

Roger Leboff

Cretan Group (CGRP) — Market cap: £110m

COMPANY COMMENT

The group has ownership interests in three sites in Crete, 3.43m sqm of land valued at €202m in mid-2009. All have development potential, subject to planning, but the group describes itself as a land bank investor, with plans to acquire adjacent properties that enhance the development potential and value of existing holdings. It also takes a commercial approach and is exploring opportunities for joint ventures with other investors, strategic partners and hotel operators.

INDUSTRY COMMENT

Although the group has plans to undertake villa, hotel, golf course and marina development, it will be carefully phased on a project-by-project basis. The approach will stay circumspect while the Greek economy remains under pressure. However, Crete is an important component of the country's tourist industry. It is the largest of the Greek islands, and Heraklion receives 15% of all arrivals to Greece. According to Cretan's prospectus, the island represents roughly 85% of the country's overseas property market.

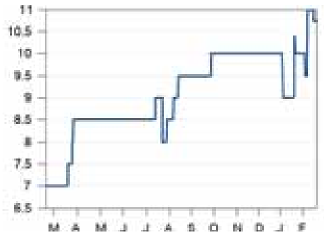
Y/E Jul	Revenue (€m)	Op. Profit (€m)	PBT (€m)	EPS (c)	P/E (x)
2008A	N/A	N/A	N/A	N/A	N/A
2009A	N/A	N/A	N/A	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Technology

Price: 10.75p

Profile correct as at 18 February 2011

Share price graph (p)



Company description

Datum is a software company which specialises in the development, distribution and licensing of Enterprise Content Management (ECM) Software for the mid-size enterprise market.

Price performance

%	1m	3m	12m
Actual	19.4	7.5	53.6
Relative*	19.0	(2.0)	32.7

* % Relative to local index

Analyst

Roger Leboff

Datum International (DATP) — Market cap: £5m

COMPANY COMMENT

The shares have recently tracked operational outperformance, including a 166% increase in first half revenues from continuing operations, more than doubled EBITDA and a strengthened balance sheet. Datum's successful operational and product integration of Root 3, acquired last year was reflected in the first 'joint' customer win. The group also secured a £0.24m contract with the ACCA and renewed 23 (out of a possible 24) customer contracts. A new reseller partnership with ERP provider, Lakeview, contributed £0.1m to H1 revenues.

INDUSTRY COMMENT

Datum is progressing a strategy to become the leading supplier of ECM solutions (focused on the capture, storage, retrieval and distribution of unstructured information, typically 80% of all data within an organisation) to the UK mid-market. These are SMEs to c 2,000 employees or departments within larger enterprises. This segment is fragmented, with no dominant ECM supplier and Datum sees consolidation offering attractive opportunities in the next few years.

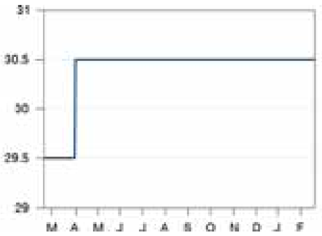
Y/E Apr	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	0.51	(0.55)	(0.58)	(3.40)	N/A
2010A	0.97	0.16	0.17	0.50	21.50
2011E	2.20	N/A	0.50	0.80	13.44
2012E	2.90	N/A	0.60	1.20	8.96

DHAIS (DHAP) — Market cap: £15m

Sector: Media & Entertainment

Price: 30.50p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

DHAIS is a public limited company trading as both a retailer of hearing and mobility products and also as a freelance marketing company.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	3.4
Relative*	(0.4)	(13.4)	(10.7)

* % Relative to local index

Analyst

Fiona Orford-Williams

COMPANY COMMENT

The group is now primarily a retailer of independent living and mobility products and hearing aids. From 27 branches at June 2009 as a result of previous acquisitions, the portfolio was rationalised to 16 by June 10 and by a further one since. The costs of reshaping the business weighed heavily on the financial outturn for the year, but the mobility division is now profitable on a month-by-month basis. Having been helped by loans from shareholder directors' related companies, the group now hopes to be profitable in H2.

INDUSTRY COMMENT

The OFT has launched a study into mobility aids, looking at three key areas: 1) Is there accurate and helpful information available to help consumers make appropriate decisions and drive competition? 2) Are consumers being treated fairly by traders and suppliers? 3) Is competition in the wheelchair sector working well for consumers? The UK disability aid market is estimated at £500m with a further £1.1bn B2B, but it is highly fragmented with the NHS the largest supplier.

Y/E Jun	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	4.80	(0.38)	(0.44)	(0.80)	N/A
2010A	9.39	(1.29)	(1.52)	(2.62)	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

dotDigitalGroup (DOTP) — Market cap: £18m

Sector: Media & Entertainment

Price: 6.87p
Profile correct as at 18 February 2011

Share price graph (p)

Company description

London-based dotDigitalGroup is a full-service digital marketing agency founded in 1999.

Price performance

%	1m	3m	12m
Actual	N/A	N/A	N/A
Relative*	N/A	N/A	N/A

* % Relative to local index

Analyst

Fiona Orford-Williams

COMPANY COMMENT

dotDigital has appointed a nomad and is moving ahead with its transfer to the AIM market in Q110. A second payment for last year's NetCallidus acquisition was made in January, based on past-tax profits, with further payments possible over the next two years. The group continues to be built for the long term, with investment in the current year focused in three key areas: enhanced e-Commerce technology (to be developed as Saas), further development of online survey tools, and continuing work on the core dotMailer product to increase functionality.

INDUSTRY COMMENT

The Q410 Bellwether Survey was disappointing, with a balance of -5.4%, but the bright spot was that marketing budgets for 2011 are being struck at levels higher than the 2010 actuals. Again, online spend in the UK is likely to outstrip most other media, with the IAB talking of growth in the 7-9% range, as opposed to around 3% for the industry as a whole, with search still dominating the spend.

Y/E Jun	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	4.72	1.07	1.08	0.14	49.07
2010A	6.01	1.38	1.38	0.09	76.33
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & Healthcare

Price: 12.50p
Profile correct as at 18 February 2011

Share price graph (p)

Company description

Eden Research has intellectual property and expertise in encapsulation, terpenes and environmentally friendly technologies.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	(39.0)
Relative*	(0.4)	(9.8)	(47.3)

* % Relative to local index

Analyst

Roger Leboff

Eden Research (EDE) — Market cap: £15m

COMPANY COMMENT

An encouraging H1 saw £92,000 of upfront payments relating to the Ecostyle and Certis deals. These were a licence agreement for use of Eden's products in amateur gardening ($0.24m plus royalties), and an option agreement for its nematode product ($1m upfront/ exercise of option, plus royalties). Others included veterinary health applications with TEVA, two projects selected for government funding under a "New Approaches to Crop Protection" initiative and a pest-control project in Africa. In January/February this year c £2.55m of long-term debt was converted into equity.

INDUSTRY COMMENT

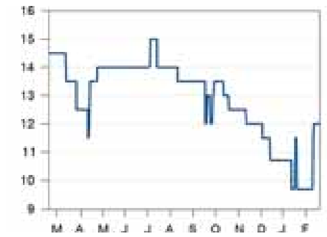
Eden has secured deals for its products and encapsulation technology and there may be more announcements in H2. Biopesticides are a small proportion of the $26bn pa global pesticide industry (Freedonia), but the niche is growing rapidly in developed markets due to environmental concerns. Worldwide nematicide and soil fumigant sales at c $1bn pa are backed by demand for new products with advantageous safety profiles.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	0.08	(2.03)	(2.15)	(3.86)	N/A
2009A	0.19	(1.58)	(1.74)	(2.93)	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: Food & Drink

Price: 12.00p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

English Wines Group produces and markets a range of still and sparkling wines made from English grapes. While most are white wines, the proportion of red and sparkling wines has been increasing steadily.

Price performance

%	1m	3m	12m
Actual	4.3	0.0	(17.2)
Relative*	4.0	(23.0)	(28.5)

* % Relative to local index

Analyst

Fiona Orford-Williams

English Wines Group (EWG) — Market cap: £5m

COMPANY COMMENT

The 2010 harvest produced volumes up 30%, including the first fruit from Kits Coty in Aylesford (which should be fully productive in the current year). Sparkling wines will be released from 2012; still from 2011. £1.1m was raised in shareholder loans in Q309 to support the investment and marketing programmes and interest payments on these meant increased losses in H110, despite volume gains of 8%, greater contract wine-making income and a 2% increase in average selling prices. The Chapel Down brand has already built a good media profile and is well supported in the high-end restaurant and retail trade.

INDUSTRY COMMENT

The 2010 English harvest was excellent, with a hard winter, a mild spring (with no late frosts) and a hot June all helping produce a crop that was both plentiful and with a good balance in the fruit. This came after a reasonably good 2009 English harvest, consolidating the progress made within the English viticulture sector. The general policy of quality over quantity is driving greater recognition of English wines in domestic and international trade.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	2.34	0.13	0.03	0.16	75.00
2009A	2.49	0.15	(0.01)	(0.02)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

PLUS | SX

Edison investment research

Sector: Travel & Leisure

Essenden (ESS)

Market cap: £9m

Price: 24.50p

Profile correct as at 18 February 2011

Share price graph (p)

Company description

Essenden is a leading tenpin bowling operator with 38 bowling centres and a 20% market share. It also has five properties to be sold for redevelopment. Its ordinary shares are listed on AIM and loan notes on PLUS-SX.

Price performance

%	1m	3m	12m
Actual	2.1	0.0	12.6
Relative*	1.7	10.3	(2.7)

* % Relative to local index

Analyst

Jane Anscombe

COMPANY COMMENT

Essenden's CEO joined in October 2009 and, with a new senior management team, has made good progress turning around the business and revitalising the bowling centres, for example, with better food offerings. However, the economic environment is extremely difficult and the business remains indebted. The bad weather in December affected 2010 results: a trading update on 19 January reported like-for-like sales down by 5.3% in 2010 (down 10.6% over the six-week Christmas period). Management "remains cautious about the challenges of the year ahead".

INDUSTRY COMMENT

There are about 320 bowling centres in the UK with 5,800 lanes. Essenden, AMF, Hollywood Bowl and Bowlplex are the leading operators. Mintel estimates that the industry declined from £278m in 2007 to £248m in 2009, with operators failing to keep pace with competition from other leisure attractions. Better food and entertainment offerings and improved online booking systems should help, but we expect consumer spending to remain under pressure in 2011.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	62.80	(43.60)	(44.50)	(190.30)	N/A
2009A	58.10	(10.20)	(11.90)	(42.50)	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: Financials

Ezybonds (EZB)

Market cap: £13m

Price: 4.00p

Profile correct as at 18 February 2011

Share price graph (p)

Company description

Ezybonds (UK) is the official marketing company of the Ezybonds Global Payment system.

Price performance

%	1m	3m	12m
Actual	0.0	(11.1)	(11.1)
Relative*	(0.4)	15.5	(23.2)

* % Relative to local index

Analyst

Maana Ruia

COMPANY COMMENT

Ezybonds has reported its FY results to 30 June 2010. Development of the multi-currency payment system has continued, although there have been some delays in the implementation phase. Turnover for the year was £210,302, with a net loss of £71,000. The group's revenue comes from the trading activities of Beijing Ozland Technology (BOT) and the consulting revenue received from the company's agreement with Ezybonds Inc. The auditor's statement assumes the company will need external funding in 2011 to continue as a going concern.

INDUSTRY COMMENT

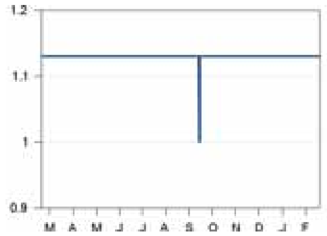
Electronic transactions are a rapid growth sector. A study by ACI showed a CAGR from 2004-2009 of 12.9% compared to global GDP growth of 3.4%, with electronic payment revenues doubling over the next 10 years. The USA and China are the largest markets due to above-average growth rates and absolute market size.

Y/E Jun	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	0.05	(0.07)	(0.07)	(0.05)	N/A
2010A	0.21	(0.07)	(0.07)	(0.03)	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Technology

Price: 1.13p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

FreshTL is an independent software vendor and IBM business partner that specialises in cloud computing.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	0.0
Relative*	(0.4)	(13.4)	(13.6)

* % Relative to local index

Analyst

Roger Leboff

FreshTL (FTLP) Market cap: £4m

COMPANY COMMENT

FreshTL seeks to capitalise on future demand for cloud computing and SaaS offerings. Its application portfolio comprises Vondle, which enables geographically distributed teams to view, comment and annotate the content of digital files in over 70 different formats; and TeamPoint, which allows teams to deal with an increasingly complex regulatory environment by collaborating online to write, review and publish policies and procedures. Interim results included a £0.16m pre-tax loss, in line with expectations, with the balance sheet benefiting from receipt of £0.6m via the IPO in September 2010.

INDUSTRY COMMENT

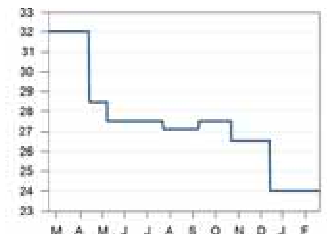
The plan is to grow the business through the acquisition of complementary applications and distribution rights both domestically and overseas. SaaS is one of the fastest-growing ICT service concepts. Industry estimates suggest that over 10 million companies will be users in the next five to 10 years, while over half of existing Fortune 500 companies already use it for one or more application services.

Y/E May	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	0.00	(0.03)	(0.02)	(0.02)	N/A
2010A	0.00	(0.03)	(0.02)	(0.02)	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & Healthcare

Price: 24.00p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

General Medical Clinics provides primary medical care in the City of London, specialising in general practice, health screening, occupational health, physiotherapy, and travel vaccinations.

Price performance

%	1m	3m	12m
Actual	0.0	(9.4)	(25.0)
Relative*	(0.4)	(23.3)	(35.2)

* % Relative to local index

Analyst

John Savin

General Medical Clinics (GMCP) Market cap: £4m

COMPANY COMMENT

General Medical operates five private central-London GP centres with related activities such as dentistry, gynaecology, dermatology, facial aesthetics and travel clinics. The cancellation of the NHS contract at the Liverpool St walk-in centre will be a hit in 2011. Although GenMed has re-opened the centre as a private nurse-led practice, it is unlikely to match former profitability and the Baker Street site is still loss-making. The company is focusing on the pursuit of new revenue streams although cost-cutting and job losses are in progress. GenMed continues to evaluate potential takeover targets.

INDUSTRY COMMENT

Business is focused on large corporate contracts with legal, accounting and banking firms, which have suffered in the credit crunch. There are a growing number of individual patients. While contracts have held up as survivor firms protect staff, consultations (as lower client staff numbers) and travel-related business has dropped limiting growth. Renewal of the NHS contract is a risk factor.

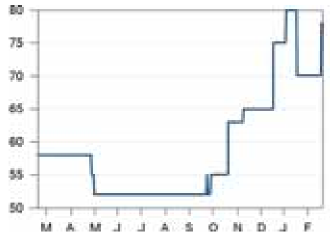
Y/E May	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	6.60	0.05	0.12	0.30	80.00
2010A	6.79	(0.29)	(0.30)	(2.00)	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Alternative Energy

Good Energy Group (GEGP) Market cap: £6m

Price: 78.00p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

Good Energy Group is the holding company of Good Energy Limited and Good Energy Generation Limited.

Price performance

%	1m	3m	12m
Actual	11.4	20.0	34.5
Relative*	11.0	30.0	16.2

* % Relative to local index

Analyst

Roger Leboff

COMPANY COMMENT

First-half 2010 increases in electricity and gas customer numbers translated into 5.5% growth in H1 revenues; 34% in pre-tax profit to £0.37m. Profit growth was achieved despite difficult economic conditions, and the roll-out of new turbines at the group's Delapole wind farm and the introduction and transfer of existing generation clients to the government's Feed-In Tariff scheme. A maiden dividend of 2.5p per share was paid in December 2010.

INDUSTRY COMMENT

Good Energy is ideally placed to benefit from the ongoing roll-out of the 'Green Agenda'. Further announcements are expected from the UK government regarding the Renewable Heat Incentive, Feed-In Tariffs and a new Green Deal for energy consumers. February 2010 launch by OFGEM of the Green Supply Guidelines (electricity accreditation scheme) has been positive, but is yet to materially impact the market. The group is looking to develop further sites of a similar size to Delabole, with initial work complete on over a dozen prospective sites.

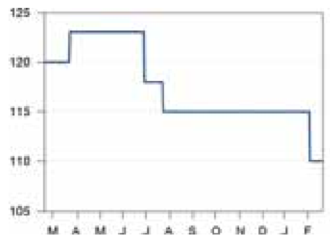
Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	17.67	0.49	0.51	4.90	15.92
2009A	18.29	0.68	0.66	6.80	11.47
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Basic Industries

Green Chemicals (GNCP) Market cap: £9m

Price: 110.00p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

Green Chemicals researches and develops 'cleaner, greener and safer' chemicals for global industrial use. It has a patented chemistry platform with numerous but distinct industrial applications - so far in the textile, paper, hair treatment and antimicrobial markets.

Price performance

%	1m	3m	12m
Actual	(4.3)	(4.3)	(8.3)
Relative*	(4.7)	(17.1)	(20.8)

* % Relative to local index

Analyst

Roger Leboff

COMPANY COMMENT

The £0.36m interim pre-tax loss was expected, and represented overheads and costs relating to commercial negotiations, maintenance of IP and fundraising. The group had £0.48m of cash at the mid-year. Green met all milestones under its initial six-month agreement with Clariant International and expects to enter into substantive licensing negotiations for its fire-retardant technology towards the end of 2010. It is also in dialogue with a well-known spa/health and beauty brand and potential manufacturing contractors regarding two of its proprietary personal care applications.

INDUSTRY COMMENT

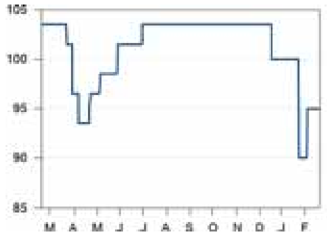
Green Chemicals seeks to commercialise IP belonging to emergent technology companies that it has either acquired or invested in. It carries out R&D into chemicals for industrial use across specific end markets such as textiles, paper, hair treatment and antimicrobials. It is in a number of early-stage discussions which may lead to the development of particular personal care technologies within its portfolio.

Y/E Mar	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	0.00	(0.83)	(0.85)	(10.24)	N/A
2010A	0.08	(0.67)	(0.73)	(8.53)	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Property

Price: 95.00p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

GSC Property Holdings, through its subsidiaries Princedown Developments Limited & Tidalgate Investments Limited, owns a substantial property investment portfolio.

Price performance

%	1m	3m	12m
Actual	(5.0)	(8.2)	(8.2)
Relative*	(5.3)	(20.5)	(20.7)

* % Relative to local index

Analyst

Roger Leboff

GSC Property Holdings (GSC) Market cap: £10m

COMPANY COMMENT

GSC reported a steady first half with operating profit of £2.9m, marginally below H109, and turnover at £3.6m (H109: £3.9m). The latter included £0.46m (H109: £0.59m) of hotel revenues, which should improve after the completion of a major refurbishment in Plymouth. Property investment activity remained subdued, but cash and debt is available when suitable opportunities arise. During the period it sold a supermarket in Wakefield for £0.73m, £0.68m below book value, but the property had been vacant since early 2008 and cost £0.1m pa in rates and interest.

INDUSTRY COMMENT

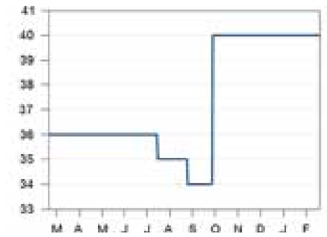
The UK commercial property market has stabilised over the last 12 months, although the short-term outlook is mixed. GSC's diversified portfolio, which includes hotel and leisure property, and lower-risk approach to commercial property investment generated stable operational performance in recent years. The group is under no pressure to make further investments, but can move quickly when it identifies assets that meet its criteria.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	7.79	2.06	(3.51)	(122.37)	N/A
2009A	8.34	5.71	0.40	4.77	19.92
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Support Services

Price: 40.00p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

HR GO is predominately involved in UK recruitment via its network of nearly 50 joint venture companies.

Price performance

%	1m	3m	12m
Actual	0.0	(75.0)	(72.2)
Relative*	(0.4)	(75.2)	(76.0)

* % Relative to local index

Analyst

Fiona Orford-Williams

HR GO (HRGO) Market cap: £8m

COMPANY COMMENT

HR GO is a long-established recruitment agency, with a JV business model. While it does has some national verticals, its main strength is its local knowledge base and long-standing client relationships. H110 figures showed a return to profit on NFI up 13%. The full-year trading update (prelims April) describes a very strong end to the year - normally H2 biased anyway. Temporary workers increased to a record 5,000 in November and 5,500 in December. The group has negotiated a new £13m invoice-discounting facility with RBS to support the ongoing growth of the business. Directors own 83% of the equity.

INDUSTRY COMMENT

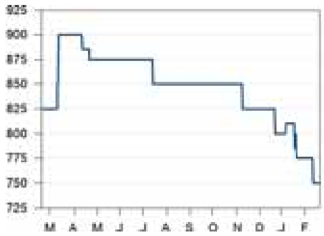
The latest REC/KPMG UK market survey shows contract recruitment at a seven-month high, with vacancy levels improving and demand for temporary staff outstripping that for permanent workers. Wage and salary growth remains subdued, suggesting that higher inflation is not yet feeding through. The Monster Index of online recruitment indicates a 15% increase y-o-y, but there is a clear sense that the impact of government spending cuts is yet to be felt.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	90.93	0.50	1.94	3.64	10.99
2009A	73.25	(0.49)	(1.32)	(8.73)	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: Travel & Leisure

Price: 750.00p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

The company was incorporated in 1895 and carries on the business of hoteliers. It operates the Hydro Hotel, Mount Road, Eastbourne, East Sussex.

Price performance

%	1m	3m	12m
Actual	(4.5)	(9.1)	(9.1)
Relative*	(4.8)	(23.6)	(21.4)

* % Relative to local index

Analyst

Richard Finch

Hydro Hotel (HYDP)

Market cap: £5m

COMPANY COMMENT

A sharp recovery in profit (doubled at the trading level) in the year to October reflects management's commitment to cost control (-6%) as well as vigorous marketing (RevPAR +2.8% against flat for UK regional hotels). However, conditions continue to be difficult, with forward bookings at mid-January slightly lower year-on-year and predictable management caution about public sector custom. Hydro Hotel remains debt free, which supports a generous, if uncovered, dividend.

INDUSTRY COMMENT

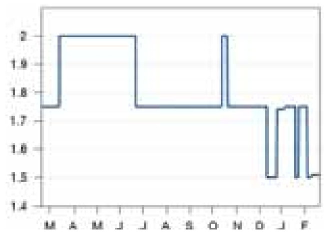
2011 is expected to be "undoubtedly challenging" for UK regional hotels, according to TRI Hospitality Consulting. This follows a tough year when profitability is estimated to have declined owing to lower room rates and higher costs, despite the apparent encouragement of higher RevPAR. NB, such improvement is in any case modest (1.5%) in comparison with a calamitous 2009 (-11%). The cancellation of Christmas events because of unusually harsh weather is likely to have been particularly damaging to provincial profitability.

Y/E Oct	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	3.44	0.06	0.09	11.65	64.38
2010A	3.29	0.13	0.14	17.93	41.83
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Technology

Price: 1.51p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

Keycom is a communications service provider focused on the UK's tertiary education and key-worker sector.

Price performance

%	1m	3m	12m
Actual	(13.7)	(13.7)	(13.7)
Relative*	(14.0)	(25.2)	(25.4)

* % Relative to local index

Analyst

Roger Leboff

Keycom (KCO)

Market cap: £11m

COMPANY COMMENT

Keycom recorded its maiden profit in the year to end-September 2010, with EBITDA 126% ahead at £1.44m. A major contributor to the 26% growth in revenue (£6.1m) was the £0.79m received from the University of Edinburgh, for providing broadband and voice services to over 6,000 student rooms from the end of August 2009. Those two services now represent 73% of group turnover from 68% last year, at a steady 62% gross margin.

INDUSTRY COMMENT

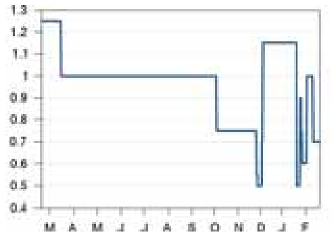
The principal driver of value in the business is the number of broadband rooms serviced. At the last year-end the figure was 44,200 active broadband rooms (32,900 in 2009). New contracts have been secured in the military sector and growth is expected to continue as, despite reported spending cuts in military expenditure, broadband has not previously been provided to military barracks. In addition, the cost is not borne by the government, with payment for any services purchased made by individual members of the armed forces.

Y/E Sep	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	4.86	(0.25)	(0.59)	(0.12)	N/A
2010A	6.14	0.60	0.10	0.02	75.50
2011E	7.20	0.70	0.30	0.10	15.10
2012E	7.90	1.00	0.60	0.10	15.10

Sector: Financials

Price: 0.70p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

Metroelectric is a company established to make acquisitions in the field of electric vehicle technology and distribution.

Price performance

%	1m	3m	12m
Actual	(39.1)	(6.7)	(44.0)
Relative*	(39.4)	(39.4)	(51.6)

* % Relative to local index

Analyst

Roger Leboff

Metroelectric (METP) Market cap: £3m

COMPANY COMMENT

The 12 months to end-June 2010 included the £1m acquisition (£120,000 in cash, the balance in shares) of Powabyke, one of the UK's leading electric-powered bicycle businesses. The new division's cashflows contributed to a small overall group profit for the period, net of purchase costs. New and upgraded models have been introduced for 2011, while a distribution agreement was signed for Sweden in April, with other territories expected to be covered soon as international partners are sought to represent the brand worldwide.

INDUSTRY COMMENT

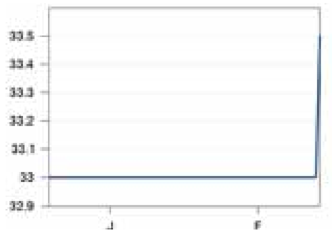
The addition of Powabyke enhanced the group's role in the provision of eco-friendly transportation, an area identified for its strong growth potential. Other bikes and electric vehicles are under development and due for introduction into the European market over the next few years. After the year end, the group entered into an initial three-year agreement with China-based Wonder Group to distribute its electric cars in the UK and Ireland.

Y/E Jun	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	0.00	(0.06)	(0.06)	(0.03)	N/A
2010A	0.40	0.21	(0.05)	(0.02)	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & Healthcare

Price: 33.50p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

Founded in 2009, the group is a traditional Chinese medicine pharmaceutical and healthcare service group.

Price performance

%	1m	3m	12m
Actual	N/A	N/A	N/A
Relative*	N/A	N/A	N/A

* % Relative to local index

Analyst

Roger Leboff

MiLOC Group (ML.P) Market cap: £21m

COMPANY COMMENT

MiLOC's operations were founded in 2010 with a view to pursuing three business development opportunities. All relate to traditional Chinese medicine (TCM): R&D into treatment of pandemic diseases; the sale and distribution of TCM; and development of a nationwide network of modernised TCM clinics and hospitals in Hong Kong, Macau and the PRC. The intention is to explore the potential to capitalise on the introduction of reliable TCM in these markets, and promote a vertically-integrated medical network from primary to tertiary care, with services marketed under the MiLOC brand.

INDUSTRY COMMENT

TCM is a large segment of the pharmaceutical market in China, with 2007 sales revenue of c US$21bn - 40% of the total domestic pharmaceutical market (PCW figures). MiLOC intends to form various joint ventures to acquire a total of c 100 TCM clinics and hospitals in Hong Kong, Macau and the PRC in the four years following IPO, and build a network of modernised TCM clinics and hospitals.

Y/E Dec	Revenue (US$m)	Op. Profit (US$m)	PBT (US$m)	EPS (c)	P/E (x)
2008A	N/A	N/A	N/A	N/A	N/A
2009A	N/A	N/A	N/A	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

PLUS | SX

Edison investment research

Sector: Travel & Leisure

Price: 515.00p
Profile correct as at 18 February 2011

Newbury Racecourse (NYR) Market cap: £25m

COMPANY COMMENT

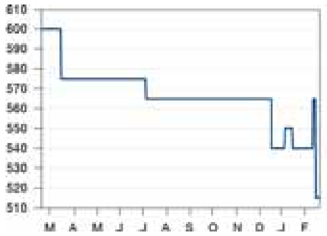
Newbury Racecourse continues towards its aim of becoming a 365-day leisure and events business with horseracing at its core. Redevelopment of the racecourse, which is to include up to 1,500 new homes and a hotel as well as enhancement of facilities, may begin this autumn, subject to detailed planning approval. Trading is meanwhile reported to have seen a pick-up in Q310 in corporate events and hospitality, albeit with persistent margin pressure. Encouragingly, management does not expect a material financial impact from a reduction in race fixtures in 2011 (likely two or three out of 31), arising from levy funding cuts. Last year's £6m rights issue all but repaid the company's debt.

INDUSTRY COMMENT

Arena Leisure, the UK's leading racecourse operator, has reported average attendance up by 5% in H210 as well as a strong recovery in key hospitality business. However, uncertainty about the levy yield and caution about non-racing events suggest that 2011 will be another challenging year with no material growth.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	11.00	(0.26)	0.34	10.80	47.69
2009A	10.18	(0.44)	(0.67)	(21.00)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Share price graph (p)



Company description

The company owns Newbury Racecourse and stages 28 days of national hunt and flat horseracing each year. It also derives income from non-racing activities.

Price performance

%	1m	3m	12m
Actual	(4.6)	(8.8)	(14.2)
Relative*	(5.0)	(21.0)	(25.8)

* % Relative to local index

Analyst

Richard Finch

Sector: Mining

Price: 10.00p
Profile correct as at 18 February 2011

Oracle Coalfields (ORCP) Market cap: £19m

COMPANY COMMENT

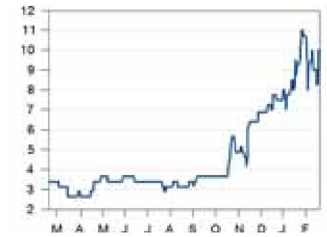
Oracle Coalfields has been working with a group of independent consulting companies to carry out the components of a BFS and ESIA on its Block VI lignite coal project in Pakistan. Resource and geotechnical drilling has recently been carried out on-site and the studies are due to be completed in 2011. The company entered into deals with the Karachi Electric Supply Company (KESC) and Lucky Cement to supply coal once production at Block VI commences. During 2010, Oracle raised a total of £2.1m, most of which is being used to fund the BFS and ESIA. Oracle plans to list on AIM in the first half of 2011, a move supported by AIM-listed Regency Mines, which took a 11.26% stake in the company in November last year. The August floods in Pakistan did not directly affect the project area and have had a negligible impact on activities there.

INDUSTRY COMMENT

The Pakistan government continues to support the development of the Thar coalfield as part of its strategy to meet growing domestic demand for low-cost energy.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	0.00	(0.23)	(0.22)	(0.20)	N/A
2009A	0.00	(0.24)	(0.24)	(0.20)	N/A
2010E	0.00	(0.10)	(0.10)	(0.10)	N/A
2011E	0.00	(0.10)	(0.10)	(0.10)	N/A

Share price graph (p)



Company description

Oracle Coalfields plc is a coal exploration and development company. Block VI, its main project, has total measured resources (JORC) of 1.4bn tonnes of lignite coal and is located in southern Pakistan's Thar coalfield.

Price performance

%	1m	3m	12m
Actual	5.3	56.9	196.3
Relative*	4.9	177.3	156.0

* % Relative to local index

Analyst

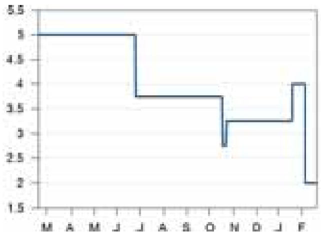
Warren Johnstone

Sector: Engineering

Price: 2.00p

Profile correct as at 18 February 2011

Share price graph (p)



Company description

Pegasus Helicopter Group is the holding company for Pegasus Helicopters Holdings Limited and its wholly owned subsidiary, Pegasus Helicopter, Inc.

Price performance

%	1m	3m	12m
Actual	(38.5)	(38.5)	(60.0)
Relative*	(38.7)	(53.8)	(65.4)

* % Relative to local index

Analyst

Richard Finch

Pegasus Helicopter Group (PEGP) Market cap: £7m

COMPANY COMMENT

October's report of discussions with an investor confirmed management's continued search for funding to produce helicopter flight demonstrators using pressure jet technology, and to begin production of helicopter kit units. While this quest has been protracted, Pegasus has secured two proposed distributors and a manufacturing agreement in the US. Operating expenses in this pre-revenue period are being kept to a minimum (down by over 40% in H110 even after a severe pruning in 2009).

INDUSTRY COMMENT

Pegasus seeks to emulate the success of the US company, RotorWay, which has long pioneered the kit helicopter, but promotes the use of pressure jet technology. This is arguably cheaper to operate, simpler to maintain and safer to fly than the conventional piston helicopter. Civilian and military markets worldwide will be targeted. RotorWay is privately owned, so its financial performance is hard to assess.

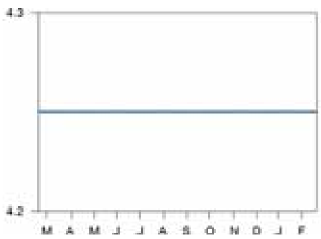
Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	0.00	(0.69)	(0.71)	(0.35)	N/A
2009A	0.00	(0.32)	(0.34)	(0.15)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Financials

Price: 4.25p

Profile correct as at 18 February 2011

Share price graph (p)



Company description

Phoenician Corporation IV Limited aims to identify and actively pursue acquisitions of the whole or part of Sharia-compliant businesses.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	0.0
Relative*	(0.4)	(13.4)	(13.6)

* % Relative to local index

Analyst

Roger Leboff

Phoenician Corporation IV (PC4P) Market cap: £5m

COMPANY COMMENT

The company has taken strategic positions totalling around $3.1m of its cash in Canadian-listed PharmEng Technology, and King Tech and Phoenician V, both listed on PLUS-SX. In January it announced that it has extended the term of the $1.05m deposited with Amara Holdings until April 2011, to allow more time to evaluate the investment opportunity and decide whether to proceed with the allotment of shares. Amara is a Sharia-compliant private investment company, which may provide the fund with access to suitable acquisitions in China, the Middle East, North Africa and India.

INDUSTRY COMMENT

The last year has seen steady recovery in interest in aspects of Sharia-compliant investing. Islamic finance assets grew 8.9% to US$895bn in 2010 (The Banker and Maris Strategies), with investments mainly focused on emerging markets. The segment's influence is spreading internationally, with Islamic banks represented in over 50 countries worldwide via more than 300 institutions.

Y/E Dec	Revenue (US$m)	Op. Profit (US$m)	PBT (US$m)	EPS (c)	P/E (x)
2008A	0.00	(0.45)	(0.52)	(0.60)	N/A
2009A	N/A	(0.93)	(0.91)	(0.90)	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

Pulse Group (PGRP) Market cap: £4m

Price: 4.01p
Profile correct as at 18 February 2011

Share price graph (p)

Company description

Pulse Group is a holding company whose wholly owned subsidiary, Pulse BPO Sdn. Bhd, is a leading provider of research process outsourced services within the Asia-Pacific region.

Price performance

%	1m	3m	12m
Actual	(23.5)	129.1	100.5
Relative*	(23.8)	177.9	73.2

* % Relative to local index

Analyst

Fiona Orford-Williams

COMPANY COMMENT

Pulse Group has gone from start-up to profitability in a very short time. It has built the largest online market research panel in South East Asia with over 1.5m participants across 16 countries. This includes extensive online communities, with key verticals in the healthcare, automotive and financials sectors. Pulse's operational hub is in Kuala Lumpar, but it operates on behalf of international clients across the region. A $2.2m contract was won recently with a major Japanese advertising agency, including live research dashboards.

INDUSTRY COMMENT

Online market research is taking an increasing part of the MR pie. The ability to provide quick turnaround for surveys and online community feedback, including live and interactive data, gives major advantage over traditional methodologies and has enabled several relatively young companies to become significant players worldwide. A greater technological input, such as that provided by Pulse, gives protection against the commoditisation of panel that has happened in some more mature markets.

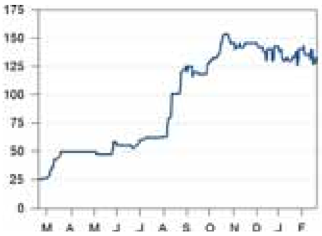
Y/E May	Revenue (US$m)	Op. Profit (US$m)	PBT (US$m)	EPS (c)	P/E (x)
2009A	1.80	(1.50)	(1.50)	(1.78)	N/A
2010A	1.70	0.30	0.30	0.27	23.74
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Media & Entertainment

Quercus Publishing (QUPP) Market cap: £23m

Price: 128.00p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

Quercus Publishing is an independent publisher based in London. The company was founded by Mark Smith and Wayne Davies in May 2004.

Price performance

%	1m	3m	12m
Actual	(1.5)	(11.7)	392.3
Relative*	(1.9)	10.3	325.4

* % Relative to local index

Analyst

Fiona Orford-Williams

COMPANY COMMENT

From a standing start in 2004, Quercus is now the UK's 18th largest publisher. The huge success of Stieg Larsson's Millennium novels may have caught the headlines (all three books are still in the UK top 50), but it is interesting to note that at the interim stage, non-Larsson trade revenues were up 24%. This reflects Quercus's authors on the third or fourth title building a following, and the boosted group profile helping open distribution doors. International revenues will move ahead with the North American JV with Sterling Publishing, a subsidiary of Barnes & Noble, and with the tie-up with Pan Macmillan in Australia.

INDUSTRY COMMENT

The Nielsen BookScan UK Total Consumer Market for 2010 showed sales down by 3.2% to £1.7bn on volumes down 4.3% to 225.5m, implying that there was some improvement in sales in the second half. For the first time in four years average selling prices increased, albeit only by 8p to £7.52. The high street booksellers continue to struggle to cover their overheads, evidenced by the recent problems at BB&S and further closures of Waterstones stores.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	10.94	0.03	(0.28)	(1.95)	N/A
2009A	19.13	1.19	0.87	3.50	36.57
2010E	33.00	N/A	7.30	27.70	4.62
2011E	33.50	N/A	7.40	27.90	4.59

Sector: Travel & Leisure

Price: 30.00p

Profile correct as at 18 February 2011

Share price graph (p)

Company description

Rangers Football Club was established in Glasgow in 1872 and celebrated 100 years as a limited company on 27 May 1999. The club's home is Ibrox Stadium, close to the city centre on the south side of the River Clyde and is well served by road, rail and air transport facilities.

Price performance

%	1m	3m	12m
Actual	(13.8)	(7.7)	(29.4)
Relative*	(14.1)	(20.0)	(39.0)

* % Relative to local index

Analyst

Richard Finch

Rangers Football Club (RFC) Market cap: £35m

COMPANY COMMENT

Ahead of results for the half to December, it is reasonable to assume that Rangers' overriding concern is the loss of direct qualification to the lucrative group stages of the Champions League, even if it wins this season's SPL (currently second). Last year's results show this importance with a quadrupling of commercial income thanks to the Champions League contributing to a 42% rise in club revenue and an impressive return to profit, supported by a 9% cut in net operating costs. Rangers' main shareholder, Murray International, said recently that it was in early discussions with Craig Whyte over the purchase of its stake.

INDUSTRY COMMENT

New UEFA regulations (Financial Fair Play) aim to restore stability to European football club finances. After a phased implementation, a break-even requirement will apply to 2012 financial statements, obliging clubs to spend no more than they generate over a rolling three-year period. No overdues (eg, on transfers) will be payable during the season and disclosure of financial information will improve.

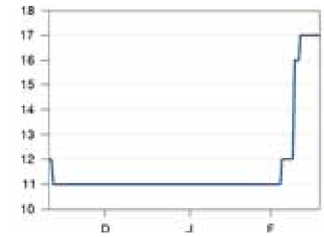
Y/E Jun	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	39.70	(17.32)	(14.08)	(11.63)	N/A
2010A	56.29	5.09	4.21	3.87	7.75
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Basic Industries

Price: 17.00p

Profile correct as at 18 February 2011

Share price graph (p)



Company description

Sansui Holding is a Jersey-incorporated company established as a holding company for Tianjin Landscape Oasis Investment Consulting, a forest management and consulting company head-quartered in Tianjin, North Eastern China.

Price performance

%	1m	3m	12m
Actual	54.5	54.5	N/A
Relative*	54.0	N/A	N/A

* % Relative to local index

Analyst

Roger Leboff

Sansui Holding (SNHP) Market cap: £9m

COMPANY COMMENT

Admitted to PLUS-SX in November 2010, Sansui is the holding company for Tianjin Lanscape Oasis, a forest management and consulting company based in Tianjin, North Eastern China. The core business is the management of timber plants - focused on the Euramerican Poplar No. 107 - and development of relevant technologies to enhance the quality of soil used in their growth and that of castor oil plants. The group intends to switch to planting rather than acquiring trees, a change of strategy that will enable it to apply for carbon credits and reduce the large cash outflows associated with acquiring mature trees.

INDUSTRY COMMENT

The No. 107 Poplar's advantageous qualities include longer plant fibres and better timber density than other Poplar species, faster growth - ideal for pulp or building and construction use - and high productivity of forestry land. The castor oil plant has a high economic value due to the variety of products that use its derivatives in their production, such as paper, linen and pharmaceuticals.

Y/E Nov	Revenue (US$m)	Op. Profit (US$m)	PBT (US$m)	EPS (c)	P/E (x)
2008A	N/A	N/A	N/A	N/A	N/A
2009A	N/A	N/A	N/A	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: Travel & Leisure

Price: 855.00p

Profile correct as at 18 February 2011

Share price graph (p)

Company description

Shepherd Neame is a family controlled brewer based in Faversham, Kent, since 1698. It owns over 370, mostly tenanted, pubs in Kent and the South East of England and brews ales, such as Spitfire and Bishops Finger, and premium niche lagers, such as Asahi Super Dry.

Price performance

%	1m	3m	12m
Actual	0.0	(2.3)	10.3
Relative*	(0.4)	(1.2)	(4.7)

* % Relative to local index

Analyst

Richard Finch

Shepherd Neame (SHEP) Market cap: £100m

COMPANY COMMENT

Shepherd Neame bucked investor caution with a 35% increase in trading profit in the half to June despite a slowdown in like-for-like retail sales and beer volumes. Management attributes this to unprecedented investment during the previous year in brewery modernisation and in high-quality pub acquisitions. It is confident that such investment, the success of its brand portfolio and cost control can override the effects of consumer uncertainty in the current period (like-for-like sales +3.5% in the quarter to September). The company is securely financed.

INDUSTRY COMMENT

Marston's and Mitchells & Butlers reported robust trading in the four months to late January despite harsh pre-Christmas weather, and expect further resilience despite uncertain consumer spending and higher input costs. Substantial weakness in UK beer sales in H210 (-7% according to the British Beer & Pub Association) shows Q2's first quarterly increase since 2006 to have been flattered by the World Cup and fine weather. For 2010 as a whole, 7% lower sales in pubs accelerated the longstanding decline in on-trade (-28% since 2005).

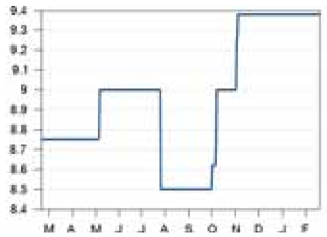
Y/E Jun	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	109.47	7.85	6.94	44.70	19.13
2010A	115.36	11.40	8.71	49.90	17.13
2011E	117.00	12.00	8.00	43.31	19.74
2012E	119.00	13.00	8.00	47.99	17.82

Sector: General Retailers

Price: 9.38p

Profile correct as at 18 February 2011

Share price graph (p)



Company description

Shoprite Group is the holding company for a group of companies engaged in various sectors within the Isle of Man. It began trading on the island in 1972. It operates supermarkets and a Mercedes Benz dealership, and engages in property development.

Price performance

%	1m	3m	12m
Actual	0.8	(7.8)	26.3
Relative*	0.9	(3.5)	6.0

* % Relative to local index

Analyst

Richard Finch

Shoprite (SHOP) Market cap: £6m

COMPANY COMMENT

H110 saw a move into loss at the trading level, which is all the more disappointing as this is Shoprite's stronger half and followed a return to profit, albeit modest, in H209. While strong price competition prevails, management is to be credited for growing sales (+2% against -1% in FY09), further reducing stocks (down by a quarter in the period) and maintaining its commitment to store improvement. The company is looking also for continued benefit from its focus on sustainable low-price ranges and on enhanced quality product from exclusive Isle of Man partners such as Waitrose and Iceland. Net debt remains high (£11.7m at June, ie gearing of 82%).

INDUSTRY COMMENT

While Sainsbury's and Morrisons have both recently confirmed caution about a difficult consumer environment this year, they have unsurprisingly highlighted that perceived "value" will continue to be held at the fore. Prices in predominantly food stores in the UK are estimated by the Office for National Statistics to have risen by 5% year-on-year in December.

Y/E Jan	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	71.46	0.29	(0.59)	(0.84)	N/A
2010A	70.52	0.25	(0.05)	(5.24)	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Edison investment research

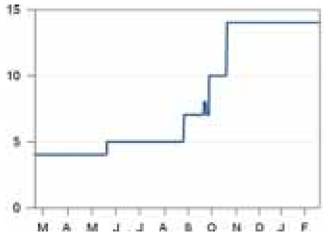
PLUS SX

Sector: Mining

Price: 14.00p

Profile correct as at 18 February 2011

Share price graph (p)



Company description

Silver Mines is exploring for silver-rich deposits in Australia; specifically in the New England region of north-eastern New South Wales as well as the West Coast of Tasmania.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	250.0
Relative*	(0.4)	142.6	202.4

* % Relative to local index

Analyst

Charles Gibson

Silver Mines (SVLP) Market cap: £9m

COMPANY COMMENT

The company has released a JORC Exploration Target for its flagship Webb Silver Project of between 4Mt and 7Mt at 200-260g/t Ag, potentially containing between 26Moz and 57Moz Ag. This target includes the previously announced JORC-compliant inferred and indicated resource of 1.23Mt at 256g/t Ag containing 10.14Moz Ag. SVL intends to methodically explore these targets to determine if mineral resources exist with a 8500m RC drill programme planned to start in late March 2011. SVL holds eight exploration licenses in NSW, Australia. All the licences lie within the Woolomin-Texas block of the New England fold belt, historically mined for silver.

INDUSTRY COMMENT

Since our last PLUS-SX Review in August, silver has risen 77% to its current price of c US$32/oz, its highest price since 1980, with SVL's shares rising by 113% to c 34c/share over the same period. Continuing concern over rising inflation is expected to positively affect the price of gold-related investments, including Ag.

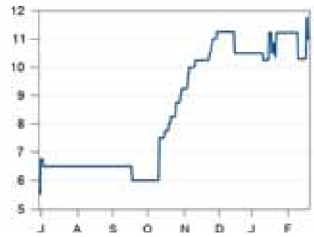
Y/E Jun	Revenue (A$m)	Op. Profit (A$m)	PBT (A$m)	EPS (c)	P/E (x)
2009A	0.00	(0.67)	(0.67)	(0.01)	N/A
2010A	0.00	(0.49)	(0.49)	(0.01)	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 11.00p

Profile correct as at 18 February 2011

Share price graph (p)



Company description

Sovereign Mines of Africa (SMA) owns 50% of the Mandiana-Magana, Bagui, Dalagna, Mamou and Kouroussa gold exploration concessions in Guinea. Together, they cover 3,600 square kilometres of highly prospective Birimian and Archean terranes.

Price performance

%	1m	3m	12m
Actual	4.8	7.3	N/A
Relative*	4.4	46.6	N/A

* % Relative to local index

Analyst

Michael Starke

Sovereign Mines (SVGP) Market cap: £15m

COMPANY COMMENT

In partnership with the Guinean government, Sovereign Mines of Africa plans to commence a 3,000m diamond drilling programme at Mandiana-Magana, its flagship exploration concession. Last year, the company's geologists undertook a programme of field mapping, including high-resolution satellite imaging, and preliminary grab sampling which indicates the potential for a bulk mineable gold deposit. The company is constructing an exploration base camp, while a drill rig has been mobilised from South Africa and is expected to start drilling in April.

INDUSTRY COMMENT

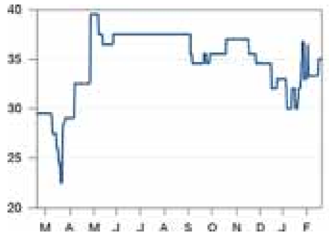
Under its newly elected president, Alpha Condé, Guinea is revising its government policy regarding state participation in mining ventures. Rather than renegotiating existing contracts, the government plans to increase the level of state participation from the current 15% to "at least a third part blocking minority".

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	N/A	N/A	N/A	N/A	N/A
2009A	N/A	N/A	N/A	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: Pcare and household prd

Price: 35.00p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

Sprue Aegis, Europe's leading home safety products supplier, designs and distributes smoke and carbon monoxide detectors, under the FireAngel, First Alert, BRK and Dicon brands. The group's head office is in Coventry, UK.

Price performance

%	1m	3m	12m
Actual	16.7	(1.4)	18.6
Relative*	16.2	(19.1)	2.5

* % Relative to local index

Analyst

Fiona Orford-Williams

Sprue Aegis (SPRP) Market cap: £13m

COMPANY COMMENT

Sprue Aegis posted good H110 performance with sales ahead by 90% and operating profit up by 28%. Revenue was boosted by double-digit increases in sales of its FireAngel range and sales for the first time of branded products BRK, First Alert and Dicon under the exclusive distribution agreement signed with BRK Brands Europe Ltd in April 2010. This agreement has had an early positive benefit on cashflow with cash of £6m at the half year. Some of the cash flow benefit is expected to have reversed in H210.

INDUSTRY COMMENT

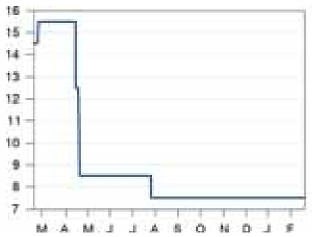
The UK's Fire & Rescue Service purchasing framework, Firebuy (whose endorsement carries over to the LA/ALMO sector, communities, local government and MoD), was identified for closure but is likely to be replaced by another purchasing mechanism. It is not yet clear what impact this will have. The group's greater exposure to Continental European markets looks to have been timely. It also supplies UK retailers (including B&Q and Tesco), the trade, social housing and utilities sectors.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	9.37	1.55	1.58	3.40	10.29
2009A	14.35	2.00	1.91	4.67	7.49
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & Healthcare

Price: 7.50p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

Sunrise Biotech Holdings is a holding company incorporated in Jersey. Its trading subsidiaries Beijing Sunrise Biology Technology and Hebei Sunrise Biology Technology both focus on producing mulberry-based products and developing technology related to mulberry-based products.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	(48.3)
Relative*	(0.4)	(13.4)	(55.3)

* % Relative to local index

Analyst

Roger Leboff

Sunrise Biotech Holdings (SBHP) Market cap: £20m

COMPANY COMMENT

After a difficult FY09, Sunrise has undergone a strategic shift. Domestic sales of mulberry tea have been run down to solely profitable channels, with emphasis redirected towards industrial sales. In that regard, it signed a distribution agreement last July with Guangxi Lan'an Agricultural Technology Dev. Co. worth potentially £4m pa. It is also in discussions with China Oilfield Services regarding installation of the group's water treatment device into its drilling platforms. The interim statement suggested the basis for a successful company has now been established.

INDUSTRY COMMENT

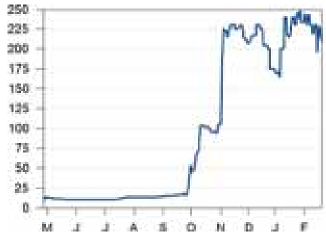
Demand for Sunrise products is derived from China's rapidly developing economy and modernisation of its agriculture industry. The content of animal feed is increasingly important as producers seek cost-effective ways to increase yields, to meet demands caused by industrialisation and compensate for the reduction in land available for agriculture. Other uses for mulberry include tea and for health supplements.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	5.26	1.79	1.82	0.69	10.87
2009A	3.00	(0.57)	(0.58)	(0.21)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 208.00p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

Teknomining Plc is incorporated in the Republic of Ireland and has a wholly owned subsidiary, Teknomining Madencilik Insaat Turizm Ithalat Ihracat Sanayi Ve Ticaret Limited Sirketi (Teknomining Limited), which is incorporated in Turkey.

Price performance

%	1m	3m	12m
Actual	(9.6)	(7.6)	N/A
Relative*	(9.9)	1234.9	N/A

* % Relative to local index

Analyst

Charles Gibson

Teknomining (TEKP) Market cap: £83m

COMPANY COMMENT

Teknomining has now been awarded operational licences over both of its areas of interest. These enable TEKP to undertake drilling (planned for Q111) of targets generated from the successful completion of a ground magnetics and IP survey announced late 2010. It has also strengthened its operations team by appointing a consultant geologist to oversee the exploration and drilling work. Teknomining is an early-stage exploration company that has acquired two exploration licences (covering c 10.9km sq) to search for copper, chromium and iron ore deposits in Diyarbakir, Eastern Anatolia, Turkey. TEKP has previously reported assay results in the ranges of 37% and 51% copper, 42% and 53% chromite, and 63% and 65% iron, from surface grab samples taken during early-stage exploration.

INDUSTRY COMMENT

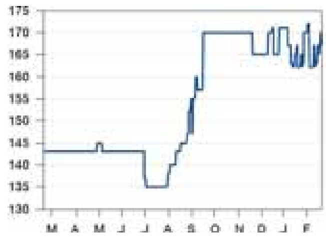
Turkey is seen as a relatively under-explored mining-friendly country. Recent revisions to the mining law have been tentatively welcomed, and are seen to provide a more robust framework to operate under.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	N/A	N/A	N/A	N/A	N/A
2009A	N/A	N/A	N/A	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: Travel & Leisure

Price: 167.00p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

Daniel Thwaites was founded in 1807 and incorporated in 1897. It remains an independent family-controlled business operating from its original town centre site in Blackburn, Lancashire.

Price performance

%	1m	3m	12m
Actual	0.0	1.2	16.8
Relative*	(0.4)	(0.2)	0.9

* % Relative to local index

Analyst

Richard Finch

Thwaites (Daniel) (THW) Market cap: £105m

COMPANY COMMENT

The half to September delivered an impressive 20% rise in trading profit, excluding the Stafford Hotel, which was sold at end-H109. This gain was achieved in the brewery and pub estate as well as hotels and inns, despite continuing weakness in like-for-like beer volumes (-9%) and pressure on room rates. Although Thwaites is "extremely cautious" about consumer spending, it is encouraged by its greatly improved financial ability after the Stafford disposal (net gearing of just 17% at September) to upgrade its pub estate by selective acquisition while actively churning the bottom end.

INDUSTRY COMMENT

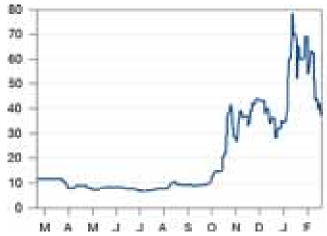
Marston's and Mitchells & Butlers reported robust trading in the four months to late January despite harsh pre-Christmas weather, and expect more resilience despite uncertain consumer spending and higher input costs. 2011 will be undoubtedly challenging for UK regional hotels, per TRI Hospitality Consulting. This follows a tough year when profitability is estimated to have fallen owing to lower room rates and higher costs despite increased RevPAR.

Y/E Mar	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	158.50	14.60	9.00	11.40	14.65
2010A	135.20	(5.70)	1.00	(1.60)	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Oil & Gas

Price: 37.01p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

US Oil and Gas is an oil exploration company holding the entire share capital of the US-based company Major Oil International.

Price performance

%	1m	3m	12m
Actual	(29.1)	5.7	221.8
Relative*	(29.4)	237.5	178.1

* % Relative to local index

Analyst

Peter Dupont

US Oil and Gas (USOP) Market cap: £12m

COMPANY COMMENT

US Oil and Gas is an oil exploration junior focused on the Sevier thrust-fold belt of central and western Nevada. Early appraisal work based on geochemical testing and advanced IPDS (Infrasonic Passive Differential Spectroscopy) technology, used in the direct detection of hydrocarbons, has suggested the presence of five hydrocarbon reservoirs at the Hot Creek property. Prospective resources could be over 25mm barrels. US Oil and Gas indicated in October 2010 that it was at an advanced stage of planning for a multiple-well drilling programme. It would appear likely that the first well will be drilled in 2011.

INDUSTRY COMMENT

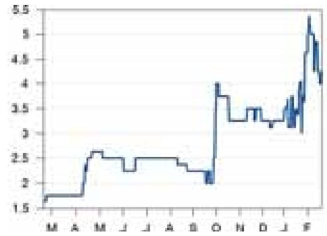
The Sevier thrust-fold belt is at the southern end of a system that extends northward into Alberta. Thrust-fold systems are prolific sources of hydrocarbons, including in Alberta, Wyoming and Utah. In late 2003 Wolverine Gas & Oil discovered the Covenant Field on the Sevier thrust-fold belt in southern Utah. It has been reported that the field contains over 1bn barrels of oil.

Y/E Sep	Revenue (US$m)	Op. Profit (US$m)	PBT (US$m)	EPS (c)	P/E (x)
2009A	N/A	N/A	N/A	N/A	N/A
2010A	0.00	(0.33)	(0.33)	(3.00)	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Oil & Gas

Price: 4.25p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

Wessex Exploration is a hydrocarbon exploration company with interests in offshore Guyane (formerly French Guiana), Southern England, the Mozambique Channel and North West Africa.

Price performance

%	1m	3m	12m
Actual	25.9	21.4	161.5
Relative*	25.5	55.0	126.0

* % Relative to local index

Analyst

Peter Dupont

Wessex Exploration (WX.P) Market cap: £17m

COMPANY COMMENT

Wessex is an exploration junior with interests offshore Guyane, the UK Weald Basin, Juan de Nova in the Mozambique Channel and Western Sahara. Near term, there is potential for exciting news flow offshore Guyane following the recent announcement that Tullow, the operator, has contracted the ENSCO 8503 rig to drill the Zaedyus prospect in Q111. Earlier seismic work was highly promising and suggested that Zaedyus maybe analogous to the Jubilee discovery offshore Ghana. The P10 resource potential has been estimated by Tullow at 700mm barrels. Other prospects have been identified by Tullow with c 1bn resource potential. Wessex's working interest offshore Guyane is modest at 1.25%, but a commercial discovery in the licence area would be transformational in terms of the share price.

INDUSTRY COMMENT

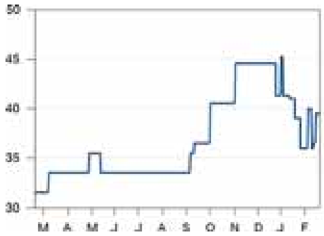
Both the east and west margins of the South Atlantic basin are increasingly seen as being highly prospective for hydrocarbons exploration. In essence the region is perceived as a major rift play.

Y/E Jun	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	0.00	(0.10)	(0.10)	(0.08)	N/A
2010A	0.00	(0.36)	(0.39)	(0.15)	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Financials

Price: 39.50p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

Western Selection is an investment company with a mix of strategic investments and a general portfolio of UK stocks.

Price performance

%	1m	3m	12m
Actual	(3.7)	(11.2)	25.4
Relative*	(4.0)	2.2	8.3

* % Relative to local index

Analyst

Roger Leboff

Western Selection (WESP) Market cap: £7m

COMPANY COMMENT

Over the last year the company has refocused its general portfolio into major multinationals and extended its reach to Europe- and North American-listed stocks. Most smaller, and a few large, companies in this portfolio were sold, for cash proceeds of £1.35m and a £0.13m overall profit in FY10. Strategic investments include stakes in Creston (4.9% of issued share capital), Northbridge (14.4%) and Swallowfield (14%), where it proposed a motion at the AGM to enlarge the board of directors. The shares trade at a discount to 61p/share NAV.

INDUSTRY COMMENT

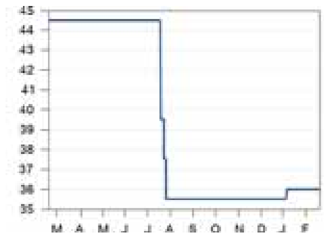
The investment strategy balances exposure to a strategic portfolio of stakes in a small number of UK quoted, small-cap growth companies, with a more liquid, blue-chip portfolio that generates the income to cover overheads and dividends. Strategic investments focus on areas such as marketing services - in general, and for FMCG companies - cosmetics, personal care and household products for global brands and hire & sale of specialist industrial equipment.

Y/E Jun	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	0.21	(1.03)	(0.86)	(4.80)	N/A
2010A	0.16	0.11	0.26	1.40	28.21
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Support Services

Price: 36.00p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

Woodspeen Training was incorporated in November 2007 with the aim of creating a substantial UK vocational training business principally by acquiring existing businesses providing government sponsored and/or privately funded vocational training.

Price performance

%	1m	3m	12m
Actual	0.0	1.4	(19.1)
Relative*	(0.4)	(12.1)	(30.1)

* % Relative to local index

Analyst

Roger Leboff

Woodspeen Training (WSTP) Market cap: £12m

COMPANY COMMENT

Interims to end-September 2010 reflect a better period for Futures Training Services, after actions to reduce reliance on government funding via Train to Gain and robust performances from employability (LearnDirect) and Welfare to Work programmes. The group has made three acquisitions in a fragmented sector and expects to benefit from further consolidation as smaller providers lose direct or 'prime' contract status. Strong growth is likely to moderate in H2 in line with the transition from existing programmes. A February 2011 placing raised £0.99m gross.

INDUSTRY COMMENT

The group depends entirely on government funding for its programmes, so the austerity programme and proposed policy changes create an uncertain short-term outlook. An additional £250m for apprenticeship training is positive, offset by the withdrawal of the Educational Maintenance Allowance (EMA). However, Train to Gain funding was less than 5% of FY10 revenues. The group will continue to grow key areas organically and via acquisitions.

Y/E Mar	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	1.97	(0.01)	0.05	0.14	257.14
2010A	5.11	0.64	0.62	2.19	16.44
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

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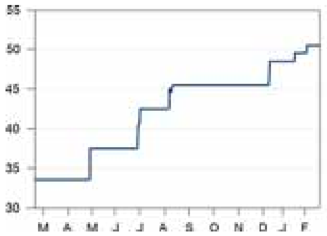
Sector: Support Services

Price: 50.50p
Profile correct as at 18 February 2011

Share price graph (p)



Company description

Zeta Compliance Group provides services that enables organisations to ensure that they systematically meet their environmental, health and safety obligations.

Price performance

%	1m	3m	12m
Actual	6.0	16.5	58.2
Relative*	5.6	0.9	36.7

* % Relative to local index

Analyst

Roger Leboff

Zeta Compliance (ZCGP)

Market cap: £4m

COMPANY COMMENT

January's positive trading update confirmed material underlying revenue growth and strategic entries into two new business lines - carbon & energy management and fire protection. Both businesses have taken longer than expected to integrate operationally and, although they will be loss-making in the year to end-January 2011, profits from continuing operations have progressed. In H1 Zeta reported 21% growth in turnover, 37% EBITDA, on a like-for-like basis.

INDUSTRY COMMENT

Growth in core water and air quality business is supported by customers' need to comply with EU legislation, although energy efficiency may be affected if the UK government eases regulation. Recent acquisitions extend expertise into carbon-hygiene building energy management and fire strategy, and create opportunities to cross-sell new services to existing clients. Although this is quite a mature industry, Zeta's innovative technologies will help win business and increase its share of a substantial, albeit competitive, potential market.

Y/E Jan	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	1.34	0.04	0.02	0.24	210.42
2010A	2.32	0.35	0.30	3.01	16.78
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

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