



vantis

## A review of the PLUS market – 2008



**PLUS**

“Change will not come if we wait for some other person or some other time.”

Barack Obama

## PLUS points

Year ended 31 December 2008

### PLUS Companies

Number of PLUS-quoted/listed companies	214
Total market capitalisation	£1.9 billion
Joiners in year	42

### Money raised

Primary fundraising	£14.2 million
Secondary fundraising	£53.6 million

### Indices

PLUS All Share	722.94
PLUS 10	799.48
PLUS Small Cap	676.84

### Trading

Trade value of trading on PLUS platform during year	£36 billion
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**think success**

2008 was certainly a challenging year and 2009 looks likely to continue in that way. The UK and world public markets have not been immune and the outlook is certainly still very challenging. The Alternative Investment Market (AIM) endured the toughest fundraising climate in its history in 2008, with the number of Initial Public Offerings (IPOs) falling by almost 70% from 2007 levels.

By contrast, PLUS managed a reasonably steady year, during which 42 companies joined the market and fundraising remained slightly ahead of that achieved in 2007. At 31 December 2008, the average market capitalisation of a PLUS Company was just under £9 million and over half of the companies had a market capitalisation of under £2 million.

In December 2008, Secora became the second company to move from AIM to PLUS, stating that the Board believed that PLUS Markets offers an appropriate capital market for companies of Secora's size. This may be a continuing trend.

PLUS has Recognised Investment Exchange status which gives it the same rights and privileges as the London Stock Exchange. PLUS continues to operate a London stock exchange, offering potential for the right companies to achieve an IPO and to benefit from the opportunities that this might bring.



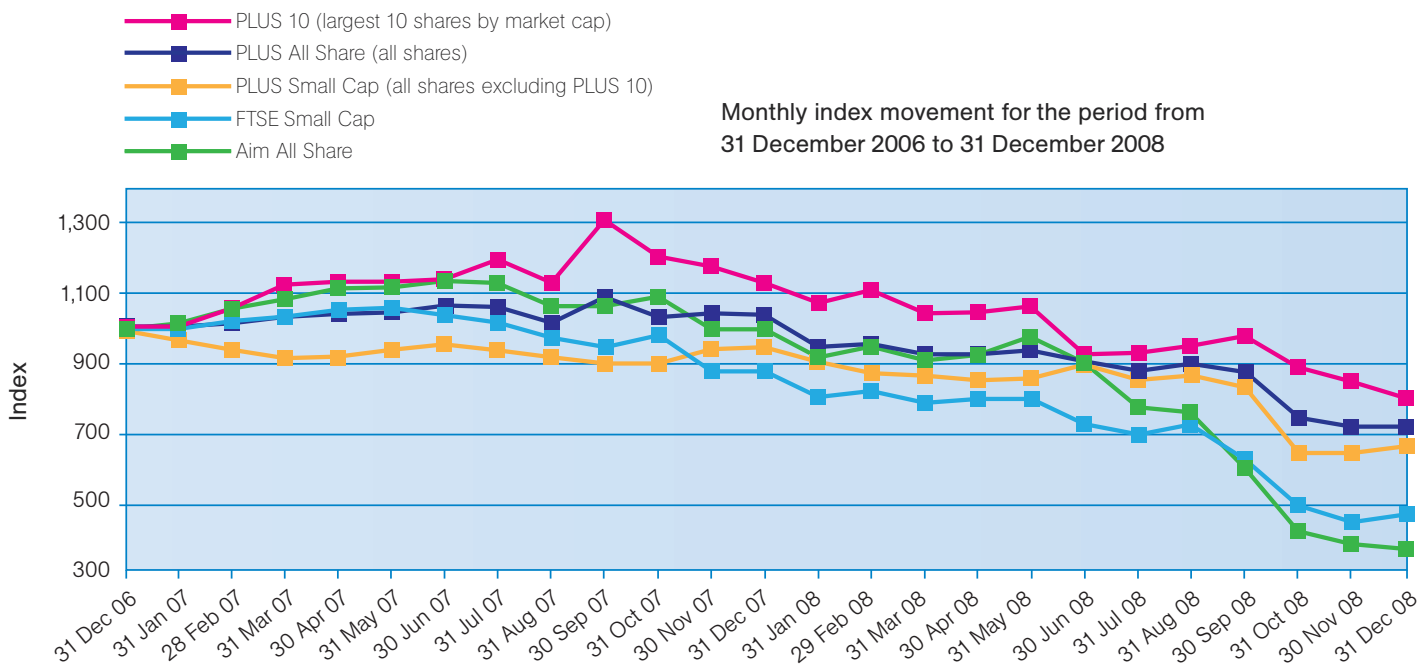
## PLUS indices

Our three PLUS indices have continued to track the performance of PLUS shares throughout 2008. The indices are calculated at each month end and are adjusted as necessary for changes in the constituents. The PLUS 10 was updated on 1 January 2008 to include the ten companies with the largest market capitalisation as at that date.

Unsurprisingly, the PLUS market has not been immune to the current economic climate and all three PLUS indices decreased by 30% in 2008. However, for the second year running, the PLUS indices have outperformed both the FTSE Small Cap and AIM All Share indices which lost 46% and 62% respectively.

Although all of the markets are significantly beneath their 1 January 2008 rebased index of 1,000, the PLUS indices have all maintained at least two thirds of their initial index, while the value of both the FTSE Small Cap and AIM All Share indices have halved over the two year period.

The PLUS All Share Index, which was down 29.8% in the year, lost over half of this value in the last three months of the year. It will be interesting to see where the index moves in 2009 and how its recovery will measure against the other exchanges.



## Total market capitalisation

From 1 January 2008 until 30 September 2008, PLUS Companies maintained their total market capitalisation of £2.38 billion. The three months October to December saw a 19% fall in market capitalisation to under the £2 billion mark for the first time since February 2007. The closing capitalisation of £1.9 billion is a 23% fall from its highest position of almost £2.5 billion in June 2008.

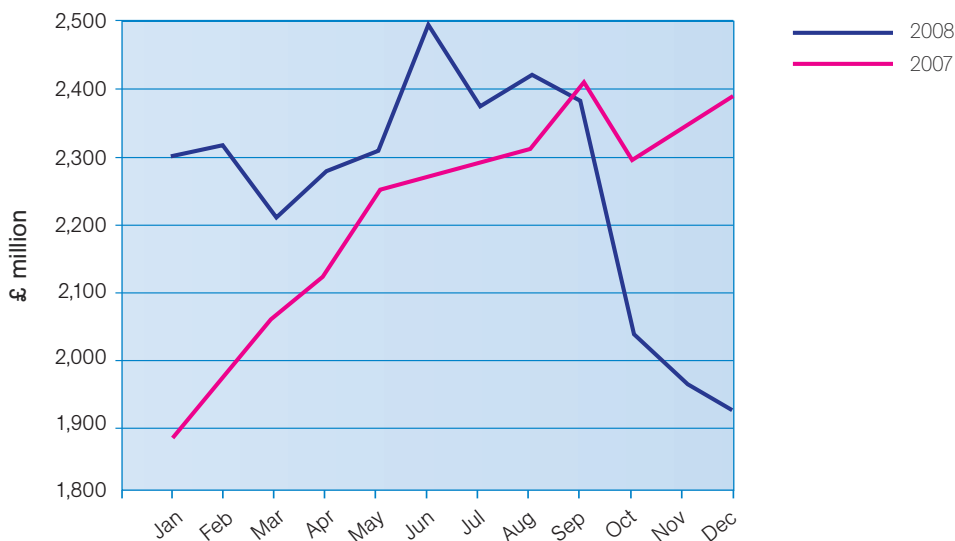
Companies which joined in 2008 finished with a market capitalisation of £442 million (23% of the total market capitalisation), including Mears Group plc at £198 million. On joining, these companies had a market capitalisation of £474 million.

Conversely, companies which left during 2008 had, at the start of the year, a market capitalisation of £316 million of which the largest, Sandhaven Resources plc, was £74 million. The remaining companies were down £590 million (29%) at £1.48 billion.

By comparison, AIM's market value at 31 December 2008 had fallen by 61% in the same period

(source [www.londonstockexchange.com](http://www.londonstockexchange.com)).

Total market capitalisation of PLUS Companies



## Top 10 companies by market capitalisation

There are two new additions to the top 10, both new to PLUS in 2008; Mears Group plc (PLUS-listed) and Sunrise Biotech Holding Ltd.

Mears is a provider of outsourced services to the public sector, providing social housing repairs and maintenance and domiciliary care services in the UK. It was the first company to join PLUS's own full stock market for listed securities (PLUS-listed).

Sunrise Biotech Holding Ltd is a holding company whose subsidiaries focus on producing mulberry based products and developing technology related to mulberry based products. Transdermal Cosmetics plc was the only company in the top ten whose market capitalisation increased during 2008. Adnams plc (previously 8th) fell to 12th and Sandhaven Resources plc (previously 5th) delisted on 31 December 2008.

The top 10 account for 58% (2007: 57%) of the total market capitalisation.

Company	Rank Dec 08 (Dec 07)	Sector	Market cap (£m)	Market cap movement 07-08	Profit/(Loss) per latest accounts (£000)	P/E
Arsenal Holdings plc	1 (1)	Leisure & hotels	470	-12%	£25,726	18.26
Mears Group plc	2 (-)	Support services	198	-	£10,934	18.10
Thwaites (Daniel) plc	3 (2)	Leisure & hotels	112	-47%	£14,900	7.48
Transdermal Cosmetics plc	4 (5)	Personal care & household products	104	33%	(£404)	-
China CDM Exchange Centre Ltd	5 (4)	Support services	88	-16%	£3,090	28.40
Shepherd Neame Ltd	6 (3)	Leisure & hotels	79	-47%	£6,251	12.60
Sunrise Biotech Holding Ltd	7 (-)	Pharmaceuticals & biotechnology	50	-	£3,689	13.53
Rangers Football Club plc	8 (7)	Leisure & hotels	50	-25%	£7,172	6.90
China New Energy Limited	9 (10)	Speciality & other finance	36	-2%	(£137)	-
First London plc	10 (9)	Speciality & other finance	33	-22%	£27,298	1.22

## Distribution of PLUS Companies by market capitalisation

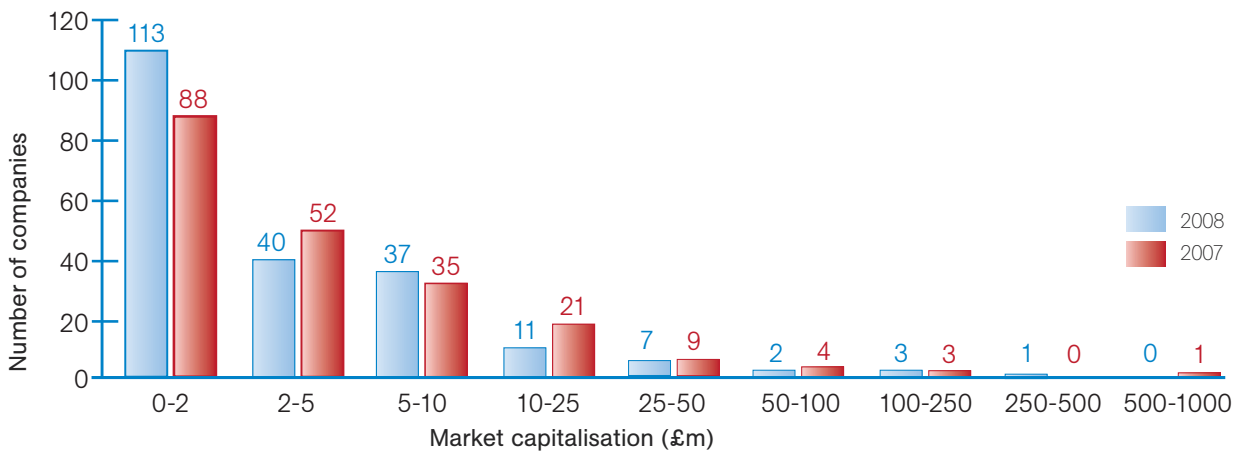
There has been little change in the overall distribution of PLUS Companies, as PLUS continues to demonstrate its popularity with smaller companies.

The average market capitalisation has fallen to under £9 million (2007: £11 million) with 53% of companies under £2 million, compared with 42% in 2007.

Of the 113 companies with a market capitalisation of under £2 million, 44 were under £0.5 million and 34 were between £0.5-£1 million. This has seen the median market capitalisation drop from £2.5 million to £1.7 million.



## Distribution of PLUS Companies



## Business sector and location of PLUS-quoted companies

Despite there being a number of companies joining and leaving in 2008 (almost 20% in total), the overall diversity of market sectors has remained similar to 2007, with only the Support services and Health sectors having a net loss of more than one company.

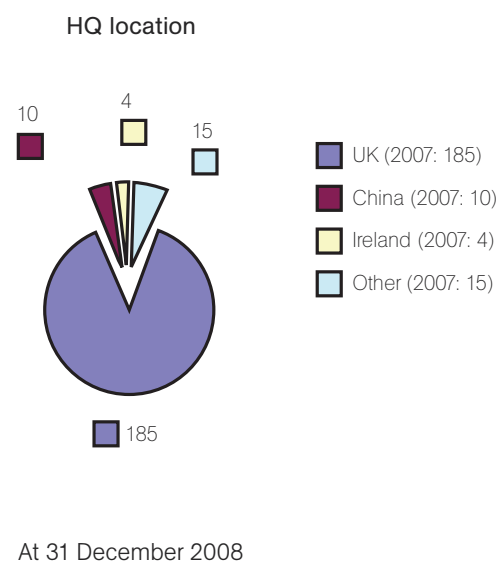
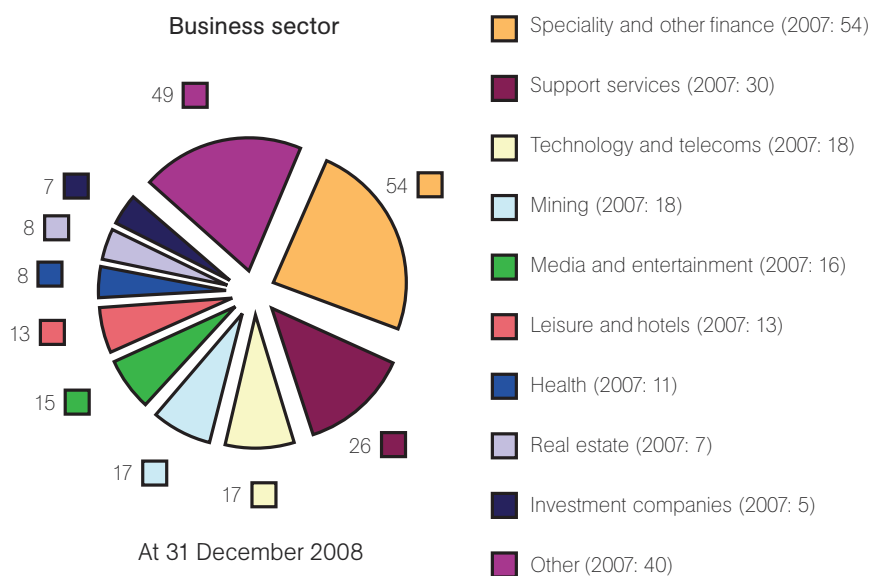
The Leisure and hotels sector remains the largest by market capitalisation at £792 million, but it has lost 27% of its market capitalisation since 2007.

The only sector whose market capitalisation rose was Support services which increased by 26% to £349 million.

Although PLUS remains predominantly a market for UK-based companies, 2008 has seen PLUS continue to attract companies with headquarters overseas. The largest foreign new joiner was Sunrise Biotech Holding Ltd from China with a market capitalisation of £50 million.

The most popular sectors for foreign companies are Mining (six companies) and Speciality and other finance (five companies). The ten China-based companies include four within Speciality and other finance and half of the Irish companies are in the Mining sector.

During 2008, PLUS signed a Memorandum of Understanding with Direct Edge (a U.S. equities market centre) and a Heads of Terms Agreement with Bayerische Börse AG (the operator of the Munich Stock Exchange in Germany). We will be watching with interest to see if these generate more foreign investment into the PLUS market.



## PLUS-quoted companies – joiners and leavers

Despite the economic turmoil, PLUS has continued to attract new entrants, with 42 new companies listing during 2008.

In addition to companies listing for the first time, PLUS is now attracting interest from AIM companies considering a move

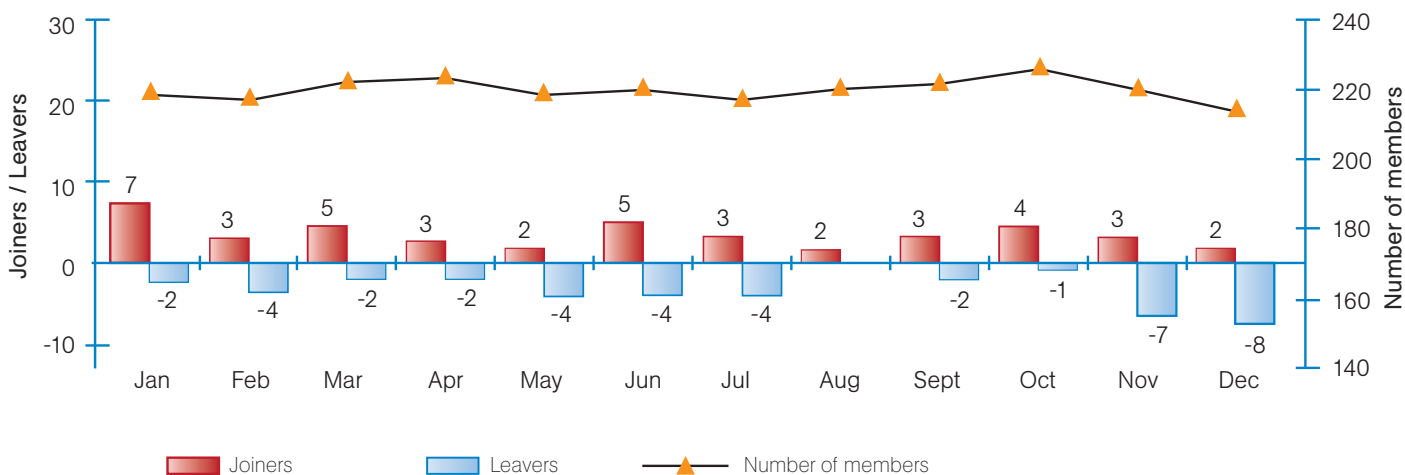
across to PLUS. Secora became the second company to move from AIM, when it joined PLUS in December 2008 with an initial market capitalisation of £0.5 million. In Secora's news release on its admission to PLUS, the directors stated that "the Board believes that PLUS Markets offer an appropriate capital market for companies of Secora's size and will also offer a suitable trading platform for shareholders."

PLUS ended the year with 214 PLUS Companies (1% up on 2007). This performance compared well to AIM which had a net decrease of 144 companies (8.5%) during 2008

(source [www.londonstockexchange.com](http://www.londonstockexchange.com)).

Only four companies made a move from PLUS to AIM during 2008. All of these moves took place in the first two months of the year. Since then, the trend seems to have switched direction and PLUS has now seen two companies make the move from AIM to PLUS (one company moved from AIM to PLUS in 2007 and another (Secora) in December 2008).

The most common reason for companies leaving was that the company ceased to trade. Other reasons included moving to AIM or that they were finding the listing too expensive.



## Money raised during 2008

In 2008, PLUS Companies raised a total of £67.8 million, an increase of £1.5 million on the previous year. PLUS is rightly proud of this achievement as AIM's fundraising was 73% down on levels achieved in 2007 (source [www.londonstockexchange.com](http://www.londonstockexchange.com)).

Of the money raised, £53.6 million was secondary fundraising, taking the total level of secondary fundraising in 2007 and 2008 to over £100 million. Fifty-nine companies, representing over a quarter of all companies listed on PLUS, raised further finance during the year and 28 companies raised money on more than one occasion. Fluid Leader Group plc, Innovative Software Direct plc, and Quercus Publishing plc all raised money on four occasions during the year.

Half of the companies joining PLUS raised finance on introduction ranging from just £40,000 to £2 million. Some companies list without an initial fundraising, probably intending to use their quoted status for future fundraisings.

Key fundraisings during the year included:

### IPO / Primary fundraisings

- Woodspeen Training plc raised £2 million
- Scancell Holdings plc raised £1.5 million
- Devilfish Gaming plc raised £1.2 million
- Africa Oil Exploration plc raised £1 million
- Lambolle Partners plc raised £1 million

### Secondary fundraisings

- Fluid Leader Group plc raised £12.9 million
- China CDM Exchange Limited raised £10 million
- Keycom plc raised £6.5 million
- Seven Arts Pictures plc raised £5 million



## Trading volumes

One of PLUS's major achievements in the year was the expansion of its trading platform which at 31 December 2008 traded over 7,500 securities including London-listed shares (including the FTSE 100), European liquid shares and unlisted shares quoted on the AIM and PLUS markets.

The total trade value of trading on the PLUS platform in 2008 was £36 billion, compared with £7 billion in 2007. The trading in December 2008 (£2.55 billion) was a 42% increase on the December 2007 figure and trading in both September and October 2008 broke the £4 billion barrier.

The companies that were traded most on the PLUS trading platform in 2008 are shown opposite, together with information on annual trades:

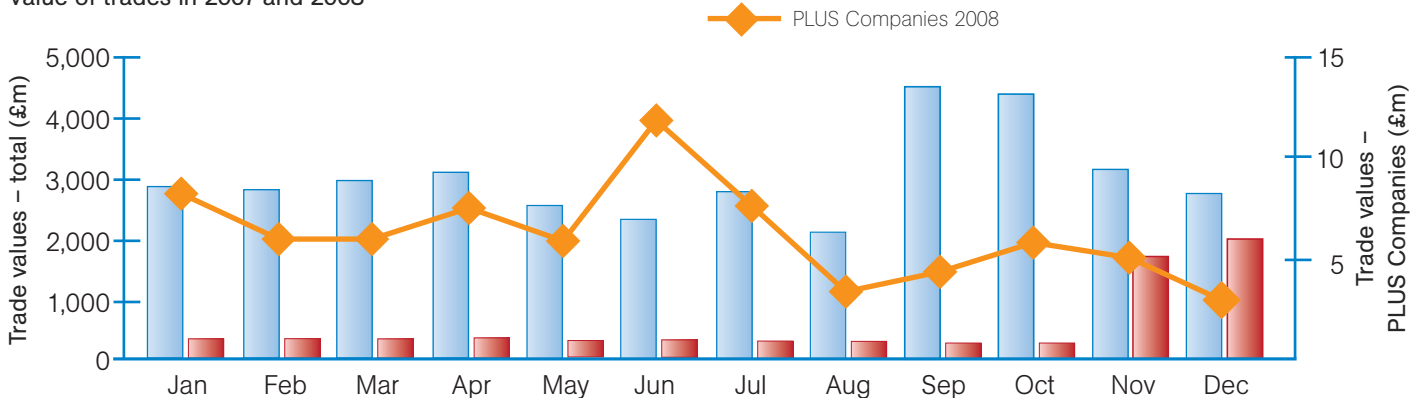
Company	Trades '000	Number of shares (m)	Value of trades £m
Royal Bank of Scotland	393	2,307	1,958
Barclays	310	1,413	1,932
Lloyds TSB	286	1,195	1,795
HBOS	268	1,067	1,219

In the last quarter of 2008, PLUS obtained at least a 10% market share by trade value of on-exchange trades in both Lloyds TSB and HBOS.

PLUS has established itself as a key market for the trade of UK small and mid-cap shares. Each month, since September 2008, PLUS has traded more than half the trades in over 700 small and mid-cap stocks.

November 2008 proved to be a very strong month, with PLUS also securing the majority of UK retail trading with a 53% market share against the London Stock Exchange's number of retail trades.

Value of trades in 2007 and 2008



## Case studies

For the first time, we are including case studies to provide some background on four PLUS companies. These appear below.

### AH Medical Properties plc (AHMP)



AHMP is a property investment company whose principal activity is the purchase, development and ownership of property primarily allied to the provision of medical facilities delivering NHS led primary care.

Following a £13 million fundraising in 2007, AHMP has reported an interim 2008 revenue profit before tax of £384,000 (2007: £190,000 loss).

### ANS Group plc



ANS is a technology infrastructure specialist, which provides hardware, software and 24/7 managed services to UK enterprise businesses. Operating within both public and private sectors, its leading and award-winning solutions are offered in three key areas;

- Unified communications & wireless
- Storage, storage management & virtualisation
- Security & identity management

ANS was named as one of the 2008 Fast Track Tech Track 100 companies in recognition of its average annual sales growth of 35.68% over the last three years.

PLUS-quoted since 2000, ANS raised money on admission and has floated a subsidiary on PLUS raising further funds. ANS is one of the top 20 PLUS-quoted companies by market capitalisation.

**"PLUS has provided a relatively inexpensive alternative to AIM, with the additional benefits of reduced red tape. Raising funds is difficult on any market but at sums up to £3 million this is more than achievable on PLUS. Being on PLUS provides a good discipline for the company to work to and gives our customers more reassurance of the company's financial position."**

Comment by Chris Malthouse, Financial Director

## Avation Plc



Singapore based Avation is a procurement and aircraft leasing company. Activities include owning and leasing commercial jet aircraft, supplying broadcasting equipment, and offering a procurement service to airlines.

Having listed in November 2006 at 4p per share, Avation's share price on 31 December 2008 was 23.5p.

Avation was named as the PLUS International Company of the year 2008.

"Avation Plc has found PLUS to be a cost effective market platform for its shares. News releases made to the PLUS platform appear to be successfully disseminated widely and the market appears to be a transparent platform for trading shares. Avation Plc believes that over a period of time PLUS will continue to grow."

Comment by Jeff Chatfield, Chairman

## Sunrise Biotech Holding Limited (Sunrise Biotech)



Sunrise is an agricultural/food company that grows mulberry bushes and processes the crop for tea, health foods and animal feed supplements.

Sunrise became PLUS-quoted in January 2008 and with a capitalisation of £50 million (18.5p per share). At 31 December 2008 it was the seventh largest company on the market. Six month results to 30 June 2008 showed turnover up by 19.5% and pre-tax profits of £798,000. As an agricultural company, it has an annual exemption from tax. In May 2008 Sunrise raised £1.5 million at 15p per share.

"Sunrise demonstrates the true value of PLUS-quoted as a dynamic market. The share facility enabled the company to raise funds in China at a sensible price.

We have been pleased to add our support to PLUS and have received considerable and favourable press comment.

The ambition of the founder Mr. Yonghu Li is to develop Sunrise into a global company and the London quote is proving a vital step forward."

Comment by Tony Drury, UK Chairman

## About Vantis

Vantis plc is an AIM-listed UK accounting, tax and business advisory group. Our objective is to be the provider of choice for ambitious organisations (from owner-managed businesses to listed companies and not for profit organisations), high net worth individuals and other professionals.

As entrepreneurs with entrepreneurial clients, Vantis is constantly finding new ways to solve business issues. We work with like-minded people who challenge the process and make a difference. We are qualified accountants and business advisers providing an innovative, flexible and commercial approach to doing business.

Increasingly our clients expect to be dealing with advisers who are skilled in their industry sector. Vantis has specialist industry groups to help clients achieve their objectives, as well as individual experts across the organisation who can meet the needs of clients outside these sectors.

At Vantis, we have a team dedicated to working with public companies and those seeking a listing. Our team, whose previous experience comes principally from large and mid-tier firms, brings together experience of working with companies that are considering an IPO, of helping through the process and of acting for companies listed on PLUS Markets, AIM and the main London Stock Exchange.

For aspiring companies, we can explain the process, describe the advantages and disadvantages of an IPO and if appropriate suggest other routes to growth. For the right companies, we can provide practical advice on timing, strategy, and preparing for an IPO and assistance through the process and beyond. We can also act as reporting accountants during the listing process.

For listed companies, we offer the full range of support from assistance with the production of published accounts and IFRS implementation through to liaison with the audit committee, tax planning, advice on share incentive schemes and public company takeover advice. We are Corporate Advisers on PLUS.

Through our international network, HLB International, we can offer access to advice worldwide.

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## Methodology

This is the third PLUS market update prepared by Vantis. The data used is taken from information available on the PLUS website ([www.plusmarketsgroup.com](http://www.plusmarketsgroup.com)) and from other information provided by PLUS Markets plc. The FTSE Small Cap and AIM All Share indices data and other information relating to the AIM market is taken from The London Stock Exchange website ([www.londonstockexchange.com](http://www.londonstockexchange.com)). All indices were rebased on 1 January 2007 when each index was rebased to 1,000.



## About PLUS

PLUS Markets plc (PLUS) is a new stock exchange for London. Its quote-driven (market-maker) electronic trading platform presently trades over 7,500 securities including full coverage of all London-listed shares like the FTSE 100, and unlisted shares quoted on the AIM and PLUS markets. It is an RIE in the UK and a Market Operator under MiFID, authorised to operate both secondary and primary markets.

The PLUS trading platform (known as the “secondary market” in equity markets terminology) offers an execution venue for trading securities listed on the Official List and AIM as well as its own PLUS market, combining independent price formation with trade reporting. Current participants include around 60 trading members, comprising market makers and brokers.

“PLUS-traded” describes companies which are listed or quoted on other markets but also traded on PLUS.

The PLUS “primary market” is a quotation and listing destination, comprising of the PLUS-quoted and PLUS-listed markets, offering a meeting place for companies and capital in London.

At 31 December 2008, over 200 small and mid-cap companies had their primary public quote with PLUS as “PLUS-quoted” companies, an exchange-regulated market for small and mid-cap companies. PLUS offers an alternative to AIM for high-quality applicants offering the potential for investment returns.

Following receipt of RIE status, the “PLUS-listed” market was opened, an EU Regulated Market for listed securities. It offers a choice of admission options for companies admitted to the Official List by the FSA’s UK Listing Authority.

In this Review, “PLUS Companies” includes both PLUS-quoted and PLUS-listed companies.

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