

**Client:** Chi Med  
**Source:** Proactive Investors.co.uk (Web)  
**Date:** 15 March 2011

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## **AbFab from Abcam, good work from the bunch at Brady, dot hits the spot and a healthy prognosis for Chi-Med**

Abcam ( LON:ABC 376p / £679.11m)

AIM listed rapidly growing bioscience Company that markets antibodies via its own online catalogue last week announced its interim results for the six months ended 31 December 2010. Sales in the half year increased 23.7 per cent to £39.4m (H1 2010: £31.8m) and the profit before tax increased 35.4 per cent to £15.2m (H1 2010: £11.2m). The net cash position at 31 December 2010 was £47.0m, whilst there was an increase of 33.8 per cent in the interim dividend to 1.45p per share and a proposal to raise the annual dividend distribution ratio to 40 per cent of profit after tax for the 2010/11 financial year. The share price spiked above 400 pence on the day of the results. China and Hong Kong based business is becoming more important to Abcam, along with new products added to the catalogue beyond antibodies; peptides, proteins, and secondary antibodies. We got the sense at the Analyst meeting that Abcam has the cash and the desire to be on the M&A trail.

African Eagle ( LON:AFE 10.62p / £43.47m)

African Eagle Resources, a nickel exploration company, announced on Monday that it has received the second iteration of the feasibility study economic model for its Dutwa nickel project in Tanzania from independent engineering consultant Simulus. The latest model evaluates both of the ore process routes available to the Company; heap leaching as well as atmospheric agitated tank leaching and includes ore throughputs of up to 5m tons per annum (Mtpa). The capex estimates are \$550m for heap leach and \$600m for tank leach. The capital payback for both methods is between 3 and 5 years. The cash operating cost estimates are \$3.56/lb for heap leach and \$3.37/lb for tank leach. Working towards first production in Q1 2015, the milestone targets are: Q2 2011 commencement of the Environmental and Social Impact Assessment; Q2 2011 completion of the JORC indicated resource estimation; Q3 2011 completion of the Pre-Feasibility Study; Q4 2011 commencement and completion of the Definitive Feasibility Study; during 2012 seek project financing; 2013-2014 construction of the plant and other infrastructure.

Atlantic Coal ( LON:ATC 0.72p / £28.05m)

Atlantic Coal, the open cast coal production and processing company with activities in Pennsylvania, USA, announced on Monday that it has secured an option to buy a 158-acre anthracite mining property located in the boroughs of Duryea and Hughestown in Luzerne County, Pennsylvania. The asset could consist of up to 12m tons of colliery spoil, estimated to contain 10-15 per cent of recoverable sized coal and in excess of 1m tons of coal silt on surface, as well as 2.5m tons of subsurface coal reserves recoverable by open cast mining. These resource details have not yet been reviewed by a qualified person and this review will form part of ATC's due diligence on the asset. The asset is part of the Bankruptcy Estate of Kenneth J Nowakowski which is pending before the US Bankruptcy Court for the Middle District of Pennsylvania. Under the terms of the order granted on the 8th March 2011 by the Court, ATC has committed \$700,000 to be held in escrow for a 90-day period, during which the Company will complete its due diligence investigation. After the 90 days, ATC has the option to either purchase the asset by releasing the escrow funds to the Court and funding additional acquisition costs (not exceeding \$1.2m) or having the escrow funds returned.

Brady ( LON:BRY 74.5p / £40.04m)

Brady, a leading provider of trading and risk management software to the worldwide commodity and energy markets, announced a year of growth in its preliminary results for the year ended 31 December 2010. Year on

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year sales revenues increased by 36 per cent. and basic earnings per share before exceptional items increased by 13 per cent. At the operational level 12 significant new contracts were signed and 15 successful integrations or upgrades completed. During the year the company also completed a £14.25m fundraising resulting in net cash at 31 December 10 of £9.8m to fund future growth, including by acquisition. The Company is optimistic that the rebound in the Company's underlying markets and the powerful market drivers, including the industry focus on risk and governance, will provide a strong market opportunity.

**Cluff Gold ( LON:CLF 96.5p / £126.85m)**

Dual AIM/TSX listed West African focused gold mining company, announced an exploration update at its wholly-owned Baomahun gold project in Sierra Leone. Highlights include two further drilling rigs currently completing the in-fill drilling programme as part of the feasibility study at the Baomahun deposit. From May 2011, these rigs are then scheduled for exploration work to further accelerate the drilling programme based on drilling results. It seems that the major part of the Company's strategy is to enhance value at Baomahun and prove the significant potential for mineralisation along strike from the existing resource. With five drill rigs due to be operating at Baomahun during Q2 2011 Cluff is on the move.

**Discovery Metals ( LON:DME 64.75p / £283.03m)**

Discovery Metals, a copper exploration and development company focused on the emerging Kalahari Copperbelt in northwest Botswana, has announced that the Zeta deposit, part of the 100 per cent owned Boseto copper project, is currently being constructed and is scheduled to start production in early 2012. The planned production is 36,000 tons of copper and 1m ounces of silver per annum over a minimum 15-year mine life. The results reported so far are from ten holes drilled along 2.7km of strike, to intersect the target mineralised horizon at 200-300 metres below surface, beneath the area planned for open pit mining. An 11-hole preliminary programme has now started at Plutus to test the underground mining potential. A Bankable Feasibility Study is now underway, with a target completion date of the end of Q3 2011. The key goal for DML this year is to investigate the potential for increasing production levels beyond those already planned for at Boseto.

**dotDigital (LON:DD.P 7.375p / £19.30m)**

PLUS quoted digital marketing company announced results for the 6 months to 31 December 2010. A most impressive performance was recorded, with both revenues and profit after tax up by 48 per cent to £4.1m (2009: £2.8m) and £0.8m (2009: £0.5m) respectively. During the period the Company signed up 700 new clients for the Group's services, and integration of the Netcallidus acquisition appears to have been conducted with a great degree of success. The Company has also announced its withdrawal from PLUS (25 March 2011) and admission to AIM on 28th March 2011. dotDigital is a mature and well managed business that is seeking to continue and build upon its highly ambitious plans.

**Frontier Mining ( LON:FML 4.88p / £90.72m)**

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AIM listed gold and copper E&D Company focused on Kazakhstan, announced an informative update on the status of its acquisition from Coville Intercorp of its 50 per cent interest in the Benkala Copper Project and 100 per cent interest in the Maminskaya Gold Project. As announced previously, the Company is awaiting the approval of the Ministry of Industry and Trade of Kazakhstan (MIT) to complete the acquisition. The essence of that approval is a written statement by the MIT that the Government of Kazakhstan will not exercise its pre-emptive right to acquire Coville's 50 per cent interest in Benkala. This is positive news for Frontier for its plans of expansion.

Fusion IP ( LON:FIP 27.5p / £14.92m)\*

Fusion IP, the manager of a university intellectual property commercialisation portfolio, informed the market last week that EiRx Therapeutics is currently considering possible investments into several of Fusion's portfolio companies. Such investments will obviously contribute to those companies' development and means that more milestones may be met faster and consequently enhance valuations. Already many of Fusion's holdings are seeing very positive progression which eventually will allow Fusion to record some significant value uplifts. In addition, Fusion's share price is trading well below net asset value so investors may benefit from appreciation in both.

GGG Resources ( LON:GGG 35.12p / £51.08m)

GGG Resources announces its intention to make an off-market scrip offer for all of the issued shares in Auzex Resources. Auzex, which is listed on the Australian Stock Exchange, participates in an unincorporated joint venture with GGG, with each company owning 50 per cent of the Bullabulling Gold Project in Western Australia. GGG proposes to make an offer of seven GGG shares for every five Auzex shares held. This values Auzex at approximately A\$0.87 per Auzex share, total equity value of circa A\$94.9m. A combination of GGG and Auzex will consolidate the ownership of the Bullabulling Gold Project into a single corporate group and rationalise future decision-making processes to become more efficient and timely for the benefit of a like-minded single group of shareholders rather than two separate groups of shareholders.

Goldstone Resources ( LON:GRL 6.38p / £14.18m)

The exploration company focused on gold in West Africa, provided an update on its operations in Ghana and Senegal. With regards to the Company's flagship Homase/Akrokerri project in Ghana, the Company has received verbal approval from the Environmental Protection Agency of Ghana (EPA) to commence drilling operations at Homase and will begin site preparation immediately. The Company expects to receive the EPA certificate for its Homase Licence in the coming weeks. Following receipt of the certificate, which is paid for, drilling is planned to commence subject to drill rig availability. If drilling does commence as planned the Company expects the first drill results to become available during the third quarter of 2011. Hopefully the drill results will place Goldstone in a stronger position.

Group NBT ( LON:NBT 356p / £92.16m)

Group NBT, the global supplier of domain name management and associated services, announced interim results

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for the 6 months to 31 December 2010. The period saw small performance improvements, with revenue up by 4 per cent to £22.6m and 5 per cent growth in underlying pre tax profit to £4.24m. Interestingly, a proposed interim dividend of 1.68p represents a 20 per cent increase on that for the prior period, demonstrating a committed belief in the future of the Company. The balance sheet also demonstrated some improvements, with a 7 per cent increase in net assets- whilst liabilities during the period increased by £7.5m, the Company also recognised £12m of goodwill (most of which was from the acquisitions made) which helped push assets up by a total of £10m. A steady performance for the Company.

Herencia Resources ( LON:HER 3.12p / £39.41m)

The Company announced that Major Drilling have completed their mobilisation to site and drilling has commenced on the Doris prospect, at the Company's 70 per cent owned Paguanta Project in northern Chile. Progress seems underway at Herencia.

Hummingbird Resources ( LON:HUM 160.5p / £85.64m)

Hummingbird Resources announced an update to the market on its exploration programme following its admission to AIM in December 2010. Since its establishment in November 2005, the Company has been active in Liberia, West Africa and is currently the holder of the largest area of mineral exploration ground in the highly prospective Birimian geological region of Eastern Liberia. Its most advanced gold project is Dugbe F in the Birimian domain of South Eastern Liberia. The CEO commented that the company was extremely encouraged by the initial results of their 2011 drill programme at the Dugbe F project and also the results from various field programmes focused along the length of the Dugbe Shear Zone which continue to add weight to their model that the Dugbe F deposit is a small part of a much larger mineralised system.

Hutchison China Meditech Ltd ( LON:HCM 450p / £232.84m)

Chi-Med last week announced its final results for the year ended 31 December 2010. Revenues were up 21 per cent to \$134.5m (2009: \$111.0m) and the net loss was reduced by 22 per cent to \$6.9m (2009: -\$8.7m), whilst a solid cash position of \$45.3m was maintained. Christian Hogg, Chi-Med CEO, said: "Our China Healthcare Division delivered further strong organic growth with revenues up 18 per cent and net profit up 36 per cent. We are benefiting from the continued substantial increase in the healthcare spending of the Chinese government, the strength of our brands and commercial operations as well as the deep representation of our products on government reimbursement lists. Our Drug R&D Division significantly expanded its clinical activity and demonstrated its ability to attract third party private finance to advance its pipeline of oncology and auto-immune disease drugs. We expect to partner our lead drug candidate HMPL-004 and start global Phase III trials during the first half of this year. The sales of our Consumer Products Division surged as it successfully took initial steps towards its aim of becoming a major, health oriented consumer products business. The growth potential for Chi-Med is considerable. We view 2011 with optimism and look forward to delivering significant growth in shareholder value." The message at the Analyst meeting was very much that there is no limit to the growth in their business that Chi-Med is well poised to be very successful and that a deal would not be being promised for HMPL-004 if the Company thought that it could not deliver. That being said, the share price has fallen by 50 pence since the results were announced.

Kalahari Minerals ( LON:KAH 275p / £674.92m)

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Kalahari Provides an update on the Extract position on the possible offer from CGNPC. Extract notes that CGNPC Uranium Resources has stated that it intends to seek relief from the Australian Securities and Investments Commission (ASIC) to acquire an interest in more than 20 per cent of the issued voting shares in Extract. In order to ensure that the best interests of all Extract shareholders are protected, the directors of Extract intend to make submissions to ASIC that any such relief should either be granted on condition that CGNPC offer for Kalahari only proceeds if all Extract shareholders are not disadvantaged in any way or not be granted. In the meantime, Extract intends to continue with its existing activities, which include progressing with the Definitive Feasibility Study for the Husab Uranium Project and the planned exploration programme. Extract will also continue to explore and evaluate all options to enhance the value of the Company through the partnership process, which remains ongoing. Extract seems to remain positive through the offer bid of its largest shareholder.

Landkom International ( LON:LKI 4.62p / £20.12m)

The Ukrainian producer of agricultural commodities announced the sale of 5,000 tonnes of its 2011 rapeseed crop for \$600 per tonne (excl. VAT). Whilst the purchaser has not been named, it is thought to be a major international grain trader, and represents a 75 per cent increase on 2010 sales on a comparable CPT (carriage paid to black sea ports) basis. Vitaliy Skotsyk, Landkom CEO said: "I am delighted to lock in a 75 per cent increase in rapeseed price with this forward sales agreement which is well ahead of our internal budgeting and is more than double the average price achieved in 2009. This is very encouraging and demonstrates the potential for our upcoming 2011 harvest." This is good news for the Company and we look forward to the announcement of final results next week.

MediaZest ( LON:MDZ 0.92p / £2.29m)\*

Creative digital out-of-home advertising company and audio-visual integrator yesterday announced a significant contract win. Touch Vision Limited, a wholly-owned subsidiary, has secured a contract for the value of some £300,000 for the supply and installation of audio-visual equipment to a large UK University, under the terms of an existing tender contract. The orders will be fulfilled during the first quarter of the Group's new financial year which begins 1 April 2011. MediaZest share price has doubled since its announcement last November of having separately tendered for a number of specific Lots under the following Inter-Regional AV Equipment Framework Agreement and since the recent fundraise. MediaZest is focused on sales and a more realistic and commercially focused product range, all aimed at producing profits from the business.

Medicsight ( LON:MDST 5.88p / £9.14m)

Industry leader in the development of Computer-Aided Detection (CAD) and medical image analysis software last week gave a business update ahead of its preliminary results. The Company saw an increase in CAD revenue in Q4 2010 and is hopeful that this will continue in to 2011. While the MedicCO2LON insufflator product did not achieve anticipated orders in Q4 2010, the Company expects to see an increase in orders in 2011. The Company

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continues to make progress toward finalising its regulatory approvals in the US and Japan.

Nighthawk ( LON:HAWK 8.7p / £32.89m)

Nighthawk Energy the US-focused oil development and production company, has announced it has four new wells planned, targeting the Pennsylvania Atoka and Cherokee Shales, with up to a further three shallower wells in the Middle Mist area of Jolly Ranch, targeting the younger Cretaceous-aged Niobrara Shale formation and 'J' sands, based on the results of 3D seismic. These formations are currently the target of numerous wells by other operators in the northern part of the Denver Basin.

Ormonde Mining ( LON:ORM 10.25p / £30.21m)

The mineral development and exploration company provided an update for the Salamanca and Zamora provinces of Spain. The Company has decided to separate, and fund accordingly, the Company's ground holdings into both gold-tungsten and gold-only prospects, the latter of which will be funded through a joint venture with Aurum Mining Plc. Towards the end of last year, the Company conducted a full assessment of all historic data on the gold-tungsten prospects, with drilling now anticipated to commence shortly at Bollo (where previous grab sampling returned average gold grades of 8.3g/t from 30 samples). The JV allows Aurum to potentially earn a 60 per cent interest in two permits in the Zamora Province and a 54 per cent interest in a further two permits in the Salamanca Province by spending €500,000 over the course of the next 18 months, though Ormonde will act as manager and be responsible for all work programmes. An interesting update that demonstrates the continued progress being made across the Company's projects.

Summit Corporation ( LON:SUMM 4.12p / £6.94m)\*

UK drug discovery company yesterday announced positive non-clinical efficacy results for SMT C1100, an orally available drug that has the potential to be a disease modifying treatment for the fatal disorder Duchenne muscular dystrophy (DMD). Summit is pleased to report that new results from studies evaluating the effect of SMT C1100 on dystrophin deficient muscle cells taken from DMD patients have been positive. Dosing of these human myoblast cells with only low concentrations of SMT C1100 resulted in increased utrophin protein levels, which if translated into DMD patients, are anticipated to be of significant therapeutic benefit. These new data supplement a compelling data package generated from a range of earlier studies, including those conducted in the 'gold standard' in vivo model. Summit is seeking a new partner to financially support the continued development of this compound. We look forward to Summit reporting of results of ongoing studies involving the use of Seglin based technologies.

Synchronica ( LON:SYNC 24.75p / £24.25m)

The AIM listed company which develops and provides mobile device management and synchronisation solutions issued financial results for the year to 31 December 2010. An 85 per cent increase in revenue to \$10.9m and a 45 per cent increase in gross profits to \$2.9m helped the Company reduce its EBITDA loss by 65 per cent to \$0.8m. Having made a number of acquisitions over the course of the last 12 months, and increased the number of mobile operators that it works with from 21 to 83, Synchronica has made some large strides in taking advantage of what is clearly a substantial addressable market for the Company- 1.3bn compared 300m in 2009. The fact that the Company's main product, Mobile Gateway, is designed for both smart and non-smart phones should



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serve it well as global trends continue to evolve.

TEG Group ( LON:TEG 26.5p / £20.20m)

The TEG Group, the green technology company which develops and operates organic composting and energy plants, delivered an upbeat set of preliminary results for the year ended 31 December 2010. Full year revenue for 2010 increased by 35 per cent. to £20.7m; group operating losses were reduced by 45 per cent. to £398,000 with cash balances standing at £3.4m at the year end. TEG provides an in-vessel composting technology, which is one of the few approved technologies capable of treating animal by-product (ABP) waste and is now providing an anaerobic digestion (AD) technology to produce power from food waste. The TEG processes are an economic alternative to landfill. Statutory targets for the diversion of waste from landfill increase annually through to 2020, increasing TEG's market opportunity year on year.

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