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COMPANY INFORMATION

ADVFN PLC (LSE – AFN)

Info sheet compiled May 2006

Company Eye Ranking

15/50

EDITOR'S NOTE

ADVFN PLC, along with its subsidiaries, is principally engaged in the development and provision of financial information via the Internet and the development of an Internet dating site. It holds a 38% interest in ADVFN Japan, K.K., which is engaged in the operation of financial information Websites similar to that of ADVFN PLC in Japan and

Korea.

For the six months to 31st December the company lost in excess of £1 million, more than the total loss for the previous year.

We consider this a more risky investment at this stage where a quick exit is not realistic.

1 YEAR CHART



FUNDAMENTALS

Company Name	ADVFN PLC
Current Price	3
Status	AIM
Market Cap	17.6
Shares in Issue	586,979,305
Price-to-Book Ratio	3.2
Activities	Development and exploitation of its financial software products
Sector	General Financial
Corporate advisor	Grant Thornton UK LLP
Registrar	Capita Registrars

HISTORY

Launched in the last quarter of 1999, ADVFN floated on AIM in March 2000, right at the top of the stock market mania for TMT shares. ADVFN linked up with Standard & Poor's (S&P) in September 2002 to deliver Nasdaq Level 2 information to UK private investors.

ADVFN raised £340,000 in early 2002 via the issue of new shares at 1.5 pence. The funds were earmarked for the company to continue to rollout new services, beginning with the introduction of US prices in the last quarter of 2002. In September 2002, the company raised £200,000 via a share exchange to allow it to continue its development into

2003.

Since June 2004 ADVFN has continued to expand their world exchange offerings and has introduced data from a number of new countries and markets including: Poland, South Africa, Sweden, Canada, Switzerland, Singapore, Archipelago, GTIS Forex, Mexico, Chile, Australia, Spain, Italy, India, Thailand, China, Indonesia and Japan. 2005 also saw the opening of a new site ADVFNGold, which is specifically designed for gold and other metals and provides worldwide coverage of platinum, silver, copper and diamond stocks.

THE BUSINESS

ADVFN has a 'switchboard' business model, which is akin to a switchboard operator connecting callers with their destinations for a fee. This can be an attractive space to occupy, as it tends to be lower risk. The business has two main revenues streams: advertising and subscriptions. Much of the site is free to users and such 'tasters' are intended to

encourage them to upgrade to paying a subscription to access the full service. In addition, free services increases membership numbers to achieve a critical mass likely to attract specialist, financial advertisers. Business from subscribers and advertisers tends to dry up in the bad times so it is important to achieve a low cost base and thus a low break-even point.



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COMPANY INFORMATION

ACTIVITIES

The Group provides financial information via the internet to investors. Its principal activity is the development and exploitation of financial software products.

The Group has a broad range of services with real-time prices and fundamental information on its online trading website. It has a community board that enables users to post information about stocks, whilst also allowing them to exchange information via discussion boards and chat rooms.

The free service comes with a set of analytical tools including:

Quote - Provides real-time London Stock Exchange, some PLUS price information and company data. It also includes intraday and customisable one-year charts, news and links to related discussions on the bulletin boards.

Charts - ADVFN provides both static and streaming real-time and historic charts. These charts allow you to overlay multiple stocks, indices and studies.

Monitor - Allows you to display multiple real-time quotes.

News - ADVFN has Regulatory, Non-Regulatory (RNS) and AFX news.

Fundamentals - ADVFN Company Fundamental information, allowing one to undertake in-depth research.

Premium services

ADVFN also provides a range of premium products. Pioneering realistically priced Level 2 services, ADVFN's agenda has always been to level the playing field for the private investor. ADVFN premium services include:

- Level 2 - Basic, Enhanced and Advanced
- NASDAQ TotalViewSM data
- Real-time US prices - NASDAQ, DOW, NYSE, AMEX, S&P
- Trading signal systems - Tradequant, Nasquant and iQuant
- Real-time Futures & Options
- Premium Bulletin Board
- Real-time FTSE
- Historical data downloads
- GTIS FOREX
- Filter X
- Market Desktop
- PDA service
- SMS stock quote service

ADVFN also provides a range of Investment Training Tutorials, Seminars and Courses and Investor Relations Website Solutions

DEVELOPMENT HIGHLIGHTS

26th September 2006 – Completion of the acquisition of InvestorsHub.com Inc and SI Holdings LLC.

18th September 2006 – Joint Venture With frame Well Group Ltd in Hong Kong.

1st February 2005 – Acquisition of Equity Holdings Ltd.

6th September 2005 – Launch of ADVFN Japan.

7th July 2005 – Acquisition of Fotothing website.

30th July 2005 – Joint Venture with Infolatina Ltda in Brazil.

12th May 2005 – Joint Venture with Creative Link Corp. in Japan.

12th February 2003 – Acquires EO systems data base and domain names.

2nd September 2002 – With Standard & Poor's, ADVFN delivers NASDAQ level 2 access.

2nd April 2002 – Joint venture with Global-investor.com

22 February 2002 – Purchase B2B and B2C businesses off Finsight

29th November 2001 – Winner of "Best Investment Site Tools" at *Investors Week Online Finance Awards 2001*

10th September 2001 – "Best Overall Website" and "Best Website Design" as voted for by *Investors Chronicle*.

30th July 2001 – Acquisition of UK-invest.com

24th November 2000 – Expansion into Europe through launch of French site.

ROLLING EPS



MOMENTUM





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COMPANY INFORMATION

EXPANSION

Alongside developments in direct markets ADVFN have been developing its Japanese and Brazilian joint ventures which since enjoyed successful soft launches.

By aggressively investing, the Group have not only grown sales but also broadened the scope of offerings available and international revenue from both subscriptions and advertising sales. The ADVFN platform is now addressing global markets with local language versions of the site and this is driving growing levels of business. This is most easily appreciated when looked at in terms of registered user acquisition which is currently running at levels 50% higher than in 2005.

ADVFN now have sites in Brazilian, English (British and American), French, German, Italian and Japanese, with a geo-targeted site aimed at the Indian market and a new joint venture for China and Hong Kong. Meanwhile the acquisition of InvestorsHub.com and Silicon Investor, a process that began in the spring of 2006, has added significant traffic and has seen ADVFN become a top tier US stock information provider. This platform gives the Group critical mass in the US market, and in 2007 they will bring their content to the Silicon Investor and InvestorsHub.com user bases while exploiting the exciting revenue opportunities provided by the leading equity market in the world.

NEW GROWTH OPPORTUNITIES

The company have stated that they believe that it is in the best interests of shareholders that ADVFN invests to grow and that no one wants to own a tiny cash cow operating in a market that would fast pass it by. As such capital has been invested into developing ADVFN so that it can become more than a small niche provider of UK price data and share chat. 2007 will see ADVFN using its global platform - and in particular its US acquisitions - to generate

further strong top line growth. Gross margins for an online service are high and this should drive a strengthening bottom line. The Group are particularly enthusiastic about the prospects for InvestorsHub.com and Silicon Investor where traffic levels offer many lucrative opportunities for sales revenue and where traffic levels can be enhanced by ADVFN's information products.

DIRECTORS

Michael Hodges, Chairman

Michael Hodges has 20 years experience in computer software development and publishing, while working with multi-user and Internet projects for the last thirteen years. He founded On-line plc, ADVFN plc and ALL IPO plc. He is currently Chairman of On-line plc, ADVFN plc and ALL IPO plc.

Clement Chambers, Managing Director

Co-founder of On-line, Clement Chambers has been involved in the software industry for 22 years, primarily as a publisher of computer games entertainment software. He is a director of On-line plc and CEO of ALL IPO plc.

David Crump, Finance Director

David Crump trained as a Chartered Accountant with Touche Ross qualifying in 1978. Since then he has gained a broad range of experience in entertainment, media and IT businesses. He is also a Director of On-line plc.

Jonathan Mullins, Technical Director

Jonathan Mullins has been involved in the development of a wide variety of on-line and internet

services for over ten years. He has been responsible for the entire technical department of ADVFN and has overseen the growth of the web site since its early days, including the development of the proprietary streaming service.

Ray Negus, Sales Director

Ray Negus has over 30 years experience of sales and advertising including 10 years with the Birmingham Post and Mail and 10 years with NEWSCOM plc where he held the position of Group Sales and Marketing Manager prior to joining ADVFN in January 2000.

Robert Emmet, Non-executive Director

Robert Emmet, is a Chartered Accountant who qualified with Ernst and Young before joining Hoare Govett. He worked in corporate finance for a number of years before joining Auspex, a Silicon valley company manufacturing high availability file servers. Over the last seven years he has worked in recruitment, and is currently with Edward Hunter Associates Limited, an executive search consultancy.



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COMPANY INFORMATION

SHAREHOLDINGS

	Number	%
Barclays PLC	104,451,997	17.79
Peter O'Reilly	46,245,000	10.01
Fidelity International Limited	22,750,000	3.36

	Number	%
TLD Holdings	16,000,000	3.33
Guy Thomas	18,200,000	3.1

FINANCIAL HISTORY

Profit and loss account for year ended 31st December 2006

£'000	Six months to 31st Dec 2006	Year ended 30th June 2006
Turnover	2,644	4,463
Cost of sales	(222)	(537)
Gross profit	2,421	3,926
Amortisation of goodwill	(82)	(77)
Option valuation expense	(78)	-
Other administrative expenses	(2,919)	(5,052)
Total administrative expenses	(3,079)	(5,129)
Operating loss	(658)	(1,203)
Share of operating losses of associates	(372)	(567)
Exceptional item : gain on part disposal of associates	-	761
Net interest	8	45
Loss on ordinary activities before taxation	(1,022)	(964)
Tax on loss on ordinary activities	-	58
Loss on ordinary activities after taxation	(1,022)	(906)
Loss per ordinary share	(0.188p)	(0.19p)

Balance Sheet as at 30th June 2006

£'000	31st Dec 2006	30th June 2006
Intangible assets	2,343	874
Tangible assets	1,756	1,681
Investments	1,909	2,402
Fixed Assets	6,008	4,957
Debtors	1,025	938
Investments	47	48
Cash at bank and in hand	1,382	938
Current Assets	2,454	1,924
Creditors: amounts falling due within one year	(1,283)	(1,512)
Net current assets	1,171	412
	7,17	
Total assets less current liabilities	9	5,369
Creditors: amounts falling due after one year	(41)	(28)
Net assets	7,138	5,341
Capital and Reserves		
Called up share capital	5,870	4,798
Share premium account	7,607	5,634
Merger reserve	221	221
Shares to be issued	332	498
Option valuation reserve	252	-
Profit and loss account	(7,144)	(5,810)
Shareholders' funds	7,138	5,341

RISK FACTORS

In addition to the other relevant information, the following specific factors should be considered carefully when evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. Before making an investment decision, prospective Investors should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on

the acquisition of shares and other securities. A prospective Investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her. There are various risk and other factors associated with an investment of the type described in this document. In particular:



The small company specialists

COMPANY INFORMATION

The value of an investment in the Company is largely dependent upon the expertise of the Directors and their ability to identify and acquire or invest in suitable companies or businesses. There can be no certainty that the Company will be able to identify suitable acquisition targets or complete the purchase of any identified targets at a price the Directors consider acceptable. In the event of an aborted

acquisition it is likely that resources may have been expended on investigative work and due diligence, which cannot be recovered. The acquisition of other businesses can involve significant commercial and financial risks and there can be no certainty that any acquired business will not have a material adverse effect on the operations, results or financial position of the Company.

CONTACT

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RANKING

	Ranking out of 50 (50 being highest)
Business model - competitive advantage	
Competition	17
Customers	20
Low cost	21
Management	
- corporate governance	17
- quality	17
- shareholding	13
Product	12
Sector	11
Financial evaluation	
Early and profitable exit potential	8
Financial strength	
- cash flow	13
- conservative accounting	16
- need for funding	15
Growth at a reasonable price	15
Risk	15
Overall average rating	15



The small company specialists

COMPANY INFORMATION

FURTHER INFORMATION ABOUT THE RANKING

Competitive advantage

Companies are assessed according to their business model and how this translates into strong and sustainable competitive advantage. This can only be achieved with low cost activities and doing something different from the competition. This 'differentiation' must add value to the customer who is then prepared to pay a premium price. The differentiation is most obvious in the product but it can exist anywhere in the company's

value chain of activities, such as easy payment terms, convenient locations, superior management, and quality of suppliers. Companies that do not achieve competitive advantage because they have the same costs and/or do the same as the competition are marooned in a profitless zone. They helplessly try to compete with the one weapon left open to them, which is the disaster of cutting prices and typically leads to similar retaliation by competitors, with disastrous results.

THE FOLLOWING ELABORATES ON THE RANKING CRITERIA

Competition

How intense is the competition and are there barriers to entry?

Services tend to be more protected than products from international competition. Does the sector ride the tailwind of multi-year mega trends? Is the business well positioned in the current stage of the economic cycle? What is its resistance to a recession?

Customers

Is the company controlling its customers and therefore its revenue streams? Are customers glued to the company and providing valuable and reliable recurring revenue or are they one-off, or 'transactional', providing shaky revenue? The company should ideally have weak and numerous customers.

Profitable exit potential

What is the potential for selling the share profitably? This is more applicable to pre-flotation investments.

Low costs

Has the company achieved low cost activities thus allowing more of the top line revenue to trickle down to the profit line?

Financial strength

Does the company have strong cash flow, the lifeblood of any business? Is the accounting conservative or is there 'accounting for growth'? Does it need more funding? Is the profit margin healthy and at least equal to its sector? What has been the track record in the growth rate of profits?

Management

Is there good corporate governance? What is the quality of management, as this is crucial to any business? Are the directors' shareholdings significant but not so large that they control the company?

Growth at a reasonable price

Does the share offer growth at a reasonable price? This is commonly measured using the PEG. This is the price earnings ratio (PE) divided by the forecast growth rate in earnings per share (EPS). The lower the PEG the better and under 1.0 is considered good for a blue chip company and under 0.6 for a small growth company.

Product

Is the product different from the competition and adds value to the customer? Are there threatening substitutes? Does it have a powerful brand?

Risk

What is the risk rating of the share due to factors such as new markets, its business model and strategies?

Sector

Is the company in an attractive sector that is profitable and adds value?

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