



The small company specialists

COMPANY INFORMATION

First Artist Corporation PLC (LSE - FAN)

Info sheet compiled September 2006

Company Eye Ranking

35/50

EDITOR'S NOTE

The group is a management and representation business which looks after the commercial interests of footballers and other personalities in the football and television market. Thanks to its prudent and conservative management the business has built a strong cash position from a standing start to a six-figure business in two years.

For the 6 months ended 30 April 2006, The Company reported an interim profit for the first time since floating on AIM.

Operating profit has set a new benchmark for the group, with the two new acquisitions, ABG Financial Management and The Finishing Touch, providing the backbone to this result.

First Artist strategy of providing distinct but wholly complementary services: sports player representation, entertainment and celebrity management, wealth management and event management, is now a reality and The Company can look to push forward as a business, both organically and by further acquisitions.

FTSE AIM



FUNDAMENTALS

Company Name	First Artist Corporation PLC
Current Price	6.00
Status	AIM
Market Cap	6.43 m.
Shares in Issue	107.48 m.
Activities	First Artist is a sports management and promotions agency representing leading personalities in UK football and TV.
Sector	Media Agencies
Corporate advisor	Arbutnot Securities Ltd
Registrar	Capita Registrars

HISTORY

The business was founded in 1986 by Jon Smith and from its inception it represented the England football team for a decade and developed the commercial structure known as "Team England" that still exists today. First Artist was

involved in the formation of the Premier League and were instrumental in assisting Sky launch this in 1992. The Corporation were also the commercial agents for the England Cricket Team for 10 years as well as the Welsh Rugby Team.

THE BUSINESS

First Artist Entertainment, headed by Corrinne Goodall, provides a full people management service, honed from its football management experience, offering legal advice, public relations expertise and media skills training in addition to experience in contract negotiation and maximising commercial value. Through ABG Financial Management, First Artist Entertainment now also provides a fully rounded wealth management service.

First Artist Entertainment negotiates both major broadcast contracts and additional commercial deals for its clients. The Company deals with both UK and international media groups, securing commentary work on channels such as StarTV and ESPN as well as B SkyB. First Artist Entertainment's specialist corporate division provides an additional outlet for clients through its rapidly expanding speaker bureau.

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OPPORTUNITIES

The success of the Premiership has reinforced First Artist Management's status within the global football community, providing a number of opportunities for expanding the business to new markets. The Italian subsidiary, PromoSport has had an exceptional year that has extended its influence globally beyond its Italian borders. First Artist Management's trading relationship with Fairsport in Germany has further extended its presence in Europe, with an exciting, full-service offer.

In its European markets, First Artist Management's ability to offer high-quality wealth management advice is a unique point of difference that is particularly appealing given the popularity

of London-based investments and the less developed nature of financial advice in Italy and Spain.

First Artist Management's experience and international expertise means that it is regularly approached to handle the issues surrounding the arrival of foreign players in the UK, where all parties require an early judgement on the likelihood of a successful deal, and experience is therefore essential. Organising transfers such as Jared Borgetti's recent move to Bolton from Mexico, Jesper Gronkjaer's move from the UK to Stuttgart and Joseph-Desire Job's move from the UK to Alltihad, Saudi Arabia, has further raised the profile of the business in the football community globally.

TARGET MARKET

First Artist Corporation's looks to export its, full-service model to new markets. The Company's key challenge going forward is to maintain its pivotal position in the global football market

and to manage the issues that will face that industry in the next few years. The Company increasing global profile will also increase its potential to offer representation in other sports.

ACTIVITIES

First Artist Corporation's primary business activity is representing the commercial and sporting interests of leading personalities in the worldwide arena of football and media. The Company is one of the largest Football Agencies in the world and has offices in Europe - Italy, Switzerland, North America, Singapore - servicing Asia Pacific and Australasia. The Company is continually expanding and diversifying to make the First Artist brand name synonymous with exemplary sports management on a global scale.

The Company has established itself as a significant player in the event management business over the years. Some of the events that have contributed to this reputation have included the ownership of the London Monarchs American Football Team during their World Bowl winning season at Wembley, organising and hosting the 1993 Gorbachev lecture tour, the

Horse of the Year Show and being the promoters of the UK events on behalf of the NBA and NHL. First Artist also organised the production, event management and sale of television rights for The World Sports Awards, which took place in January 2001 at The Royal Albert Hall.

First Artist has grown and diversified to meet demand and now offers a complete in-house management service with specialist divisions for Marketing, Media Management, Television /Media Production, Event Production and Sponsorship and was one of the first Football Agencies to float on the London Stock Exchange.

First Artist is consistently a leader in the football industry in brokering major deals globally, and is one of a select few agents licenced not only to trade Players, but also to stage international fixtures.

LIST OF CLIENTS

The football agency business is likely to continue to dominate the external perception of the group, management has made strategic moves to stabilise profits. The establishment of First Artist Entertainment, while still at a relatively early stage, has already attracted a number of new names.

ABG Financial Management has a substantial client base which should be able to benefit from the forthcoming pension "A-day". **The Finishing Touch (TFT)** bolstered its blue chip list of corporate clients with a move into the public sector three years ago. This contract is being replaced by a number of new, larger contracts that TFT is well-positioned to win.

9 June 2006 First Artist Corporation PLC signed an agreement with **The Complete Leisure Group PLC** to form a Limited Liability Partnership called Sports Events LLP.

Under the agreement, the newly formed Sports Events LLP will be jointly owned between First Artist Corporation's events management subsidiary, The Finishing Touch (corporate events) Ltd., and The Complete Leisure Group PLC on a 50/50 basis. The business will be focused on generating event management related revenues. The Finishing Touch will be the exclusive supplier of event management services for a series of targeted events and a preferred supplier for all others.

EVENTS

The Company has also established itself as a significant player in the event management business over the years. Some of the events that have contributed to this reputation have included:

- * Managing the London Monarchs American Football Team during their inaugural championship winning season at Wembley
- * 1993 Gorbachev lecture tour
- * Hosting of the World Bowl
- * The Horse of the Year Show

* Staging of United States National Ice Hockey League and NBA Basketball events.

* Production, event management and sale of television rights for The World Sports Awards, which took place in January 2001 at The Royal Albert Hall.

* Major League Baseball in the UK

* Andy Gray Book Launch Dinner at Villa Park

First Artist also ran the popular "Evening Standard 5-a-side tournament".



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NEW GROWTH OPPORTUNITIES

First Artist Corporation Plc is seeking to expand the provision of management services, through acquisition, organic growth and recruitment of dedicated industry specialists to areas where, historically, talent representation has been weak. Football has been the growth sports sector in the UK since the inception of the premier league and this has overshadowed the significance of other sports.

The First Artist Corporation Plc brand has established its integrity in an industry where trust and reliability are at a premium. The Directors of First Artist Corporation Plc intend to exploit this perception held by their clients and the industry, through the provision of financial services in partnership with an established regulated organisation.

On 11 July 2006 the Group acquired the following businesses:

* NCI Management Limited an established UK Entertainment

Management company for a total maximum consideration payable of £1.75 million. Initial consideration paid of £650,000 cash and 500,000 shares. NCI gives critical mass to First Artist own expanding organically grown entertainment division, introducing further TV/media personality clientele and the ability to produce and manage the content of company's own programming.

* ProActive Scandinavia A/S, a member of the Aim listed Formation Group plc, a leading Football Management company based in Copenhagen, Denmark for a total consideration paid of £1.75 million cash and a further £250,000 paid to Karsten Aabrink, Managing Director of the company. The company will be renamed First Artist Scandinavia A/S. This will strengthen company's player base and strategically and geographically place the division within all the key European football regions, making First Artist the largest European football representation group.

EXPANSION

The Directors have developed contacts in mainland Europe,

the United States and Asia. They intend to exploit these contacts Through acquisition and merger.

DIRECTORS

Jon Smith - Chief Executive. Jon founded the business carried on by First Artist in 1986 and has overseen the remodelling of First Artist since its flotation in 2001 as a football agency to its' current status as a multi-functional financial, event management, sporting and entertainment group. He is responsible for staging many of Britain's biggest sporting events, including the UK visits of major US sporting bodies, being NFL American Football, NBA Basketball and NHL Ice Hockey. Jon was also Chief Executive of The London Monarchs during their inaugural World Bowl winning season at Wembley. He is one of the recognised spokespersons for the UK sports industry and has raised over £15 million in various forms for sport in the UK over the last few years. Jon is one of only a handful of football agents in the world licensed to perform not only football transfers but also to stage global events under the auspices of FIFA worldwide. Jon is a patron of the British Stammering Association and trustee of the Lee Smith Research Foundation.

Jarvis Astaire - OBE Non-Executive Chairman. Jarvis has had an extensive career in the international sporting industry over the past forty years. As Deputy Chairman of Wembley Stadium Limited from 1984-1999, Jarvis was responsible for dealing with The Football League, The Football Association, Euro 96 and the many clubs involved in playing matches at the stadium. Prior to Wembley, Jarvis was a leading boxing promoter for the likes of Mohammed Ali, and then through his company ViewSport, a pioneer in using closed circuit TV to broadcast major sporting events. As Chairman of GRA Limited (1997-2005), he was responsible for introducing greyhound racing onto Sky. In 2004, Jarvis Astaire received an OBE for services to young people in London

Timothy Chadwick - Non-Executive Vice-Chairman. Tim was a founder of Aurum Press Ltd, a successful publishing company, which he sold to The Really Useful Company in 1992. He bought back the children's publishing arm in 1992, which traded as All Books for Children ('ABC') Ltd., which he later sold in 1995 to HIT Entertainment plc. Tim also floated Benicia Ports plc, later renamed American Port Services plc, on the London Stock Exchange in 1994, which was then

acquired by Associated British Ports plc in 1999. Tim is currently Chairman of Simon Group plc.

Phil Smith - Chief Operating Officer. Phil joined First Artist in 1992 as head of its' UK football management operation. Phil manages the players' day-to-day activities and works with the company's marketing and wealth management teams to exploit the commercial activities and maximise the earnings of clients represented. Personal management in this pressured business is of considerable value to the clients and Phil personally oversees the Group and its shared roster of UK and pan-European clients, including established players such as Alexander Hleb, Petr Cech, Mikael Forssell, Kevin Phillips, Lee Hendrie, Paul Dickov, Nigel Quashie together with up and coming players such as Craig Beattie, Shaun Maloney and Dexter Blackstock. Phil also started the personality media division, now First Artist Entertainment, comprising clients such as Andy Gray, Andy Townsend, Martin Tyler and Alan Parry.

Richard Hughes - Group Financial Director. Richard joined First Artist in the spring of 2004, having started his career in the corporate event management and hospitality sector. He spent the next 16 years in marketing communications companies, ranging from major multinational groups to niche brand strategic development businesses. He has extensive commercial and financial management experience gained in change-orientated and acquisitive businesses, being Finance Director of fully listed and private expanding groups.

Vincenzo Morabito. Vincenzo is a highly regarded and experienced FIFA registered player agent based in Italy who is also very active in the UK and across Europe. Initially a public relations manager for an international Swedish company, in 1989 he joined ISP, a sports company, as director of their football department. In 1992 he left to become director of Scanditalia, a football agency operating in Sweden and in 1997 he co-founded FIMO Sport Promotion AG. His responsibilities include being the Director responsible for the Italian subsidiary PromoSport srl and working actively on player transfers worldwide, personally representing established European players such as Jesper Gronkjaer, Christian Abbiati, Mohamed Kallon and Tore Andre Flo.



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SHAREHOLDINGS

	Number	%		Number	%
Jon Smith	114,443,643	23.9	Sinjul – Singer & Friedlander	5,949,152	6.65
Phil Smith	8,052,422	9.00	L R Nominees	3,581,705	4.00
Vincenzo Morabito	8,052,423	9.00	BNY – Herald Investments	3,500,000	3.91
Texas Holdings Limited	1,447,000	3.02	TD Waterhouse Nominees	2,751,442	3.07

FINANCIAL HISTORY

Profit and loss account for the six months ended 30 April 2006

£'000	30 April 2006 (Unaudited)	31 October 2005 (Audited)
Sales Continuing	4,478	4,385
Acquisitions	-	1,449
Discontinued	35	27
TURNOVER	4,513	5,861
Cost of sales	(2,039)	(1,325)
GROSS PROFIT	2,474	4,536
Administrative expenses	(2,348)	(3,482)
Exceptional administrative Expenses	(5)	(161)
Operating profit/(loss) before goodwill		
Continuing	88	754
Acquisitions	-	290
Discontinued	33	(151)
Administrative expenses - goodwill impairment and Amortisation	-	(43)
TOTAL OPERATING PROFIT/(LOSS)	121	850
Investment income	19	11
Interest payable	(73)	(52)
Profit/(loss) on ordinary activities before taxation	67	809
Taxation	(41)	(299)
Profit/(loss) on ordinary activities after taxation	26	510
Dividends	-	-
RETAINED PROFIT/(LOSS) FOR THE PERIOD	26	510
EARNINGS/(LOSS) PER SHARE	0.03 p	0.89p
Fully diluted profit/(loss) per share	0.03 p	0.88 p

Balance Sheet as at 30 April 2006

£000	30 April 2006 (Unaudited)	31 October 2005 (Audited)
FIXED ASSETS	6,791	6,014
Intangible assets	5,952	5,295
Tangible assets	739	719
Investments	100	-
CURRENT ASSETS	4,694	6,273
Debtors	4,003	4,746
Cash at bank and in hand	691	1,527
CREDITORS: Amounts falling due within one year	(3,705)	(5,055)
NET CURRENT ASSETS	989	1,218
TOTAL ASSETS LESS CURRENT LIABILITIES	7,780	7,232
CREDITORS: Amounts falling due after more than one year	(1,172)	(1,303)
PROVISIONS for liabilities and charges	(3,252)	(2,623)
NET ASSETS	3,356	3,306
CAPITAL AND RESERVES	3,356	3,306
Called up share capital	224	224
Capital redemption reserve	15	15
Share premium account	7,902	7,888
Profit and loss account	(4,785)	(4,821)

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



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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 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.

KEY ISSUES ON WHICH INVESTORS MUST TAKE A VIEW

While the contribution of the football agency business has been reduced as a percentage of the group, it is still likely to act as a swing factor in terms of profits in the shorter term. Having seen the boom and bust we would expect the professional football clubs in the UK and Italy to continue to move towards dealing with professional agents, which should

be beneficial for leaders such as First Artist. Having made acquisitions in wealth management and event management we would expect to see further consolidation moves. Management must prove both that it can integrate the initial acquisitions and also that it can make further earnings enhancing ones.

CONTACT

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RANKING

	Ranking out of 50 (50 being highest)
Business model - competitive advantage	
Competition	35
Customers	36
Low cost	37
Management	
- corporate governance	30
- quality	40
- shareholding	35
Product	
Sector	35
Financial evaluation	
Early and profitable exit potential	30
Financial strength	
- cash flow	
- conservative accounting	
- need for funding	
Growth at a reasonable price	32
Risk	40
Overall average rating	35



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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?

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.

Low costs

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

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?

Product

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

Sector

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

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?

Profitable exit potential

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

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?

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.

Risk

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

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