



The small company specialists

COMPANY INFORMATION

GoIndustry PLC (LSE:GOI)

Compiled in October 2006

Company Eye Ranking

17/50

EDITOR'S NOTE

GoIndustry is an asset disposal company that specialise in both conventional and on-line auctions. The company has struggled to make profits in the last year and has continued to struggle in the six months to the end of June.

In our opinion GoIndustry is best avoided until there is proof of positive income. However in our opinion the company's business has potential, and if profits can be sustained the share price could rally.

CHART



FUNDAMENTALS

Company Name	GoIndustry PLC
Current Price	14.75
Status	AIM
Market Cap (m)	27.21
Shares in Issue (m)	184.47
Activities	Auction sales and valuations of used industrial machinery & assets
Sector	Support services
Corporate advisor	Centos Securities Limited
Registrar	Capita Registrars

HISTORY

Machine auctioneer GoIndustry has reversed into AIM shell Grasshopper Investments in an all-share deal valuing the group at £30 million.

Founded in 1999, the company organises live and online auctions of used machines and industrial

equipment and assets, arranging more than 600 such sales in 2004, which produced revenues of around £25 million. The company's main clients are insolvency practitioners and major multinationals.

THE BUSINESS

GoIndustry plc is the global leader in auction sales and valuations of industrial assets. The company combines traditional asset sales experience with innovative eCommerce technology and advanced direct marketing to service the needs of multi-national corporations, insolvency practitioners, dealers and asset based lenders around the world.

In a market estimated to be worth more than US\$100 billion, GoIndustry has been a leading force in changing

the way surplus industrial assets are bought and sold. It leverages the growing effectiveness and popularity of online auctions, the latest marketing and database management techniques and the expertise of its staff. In 2004, GoIndustry conducted more than 600 on-site and online auctions through its specialised, multi-language and multi-currency technology platform tailor made for the sale of used industrial machinery and equipment online.

ACTIVITIES

The Company's principal activity is making investments in relevant businesses meeting its investment criteria.

The target candidate for investments fall into the following categories:

- * take-overs, mergers and acquisitions;
- * turnaround and corporate recovery situations;
- * candidates for reverse transactions into quoted shells;

- * management buy-outs or buy-ins;
- * corporate divestment and spin offs;
- * pre-IPO, seed and underwriting positions;
- * acquisitions of unquoted business.

Geographically, the Directors expect that investee businesses will typically be located in the European Union.



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COMPANY INFORMATION

Since the company's inception in 1999, it has combined the operations of acquired premium brands such as "Henry Butcher" (UK & South East Asia), "Michael Fox International" (North America) and "Kärner & Co" (Germany & Austria) to provide clients with unparalleled

sector expertise and geographic reach. The company now has built a global presence with offices in 15 countries in Europe, North America and Asia, employing 246 staff. They have sold equipment into more than 80 countries worldwide.

SERVICES

GoIndustry offers a broad range of services to address all the surplus asset disposal, asset valuation, and asset management needs of its clients. The Company is the only provider of this full-service solution on a regional and global basis in the market. GoIndustry is organized around three Business Divisions:

Asset Disposal

The Asset Disposal team currently sells over €250 million of used surplus assets per year in a wide range of industrial sectors including manufacturing, processing, telecoms, textile, and construction. Asset sales typically result when a company closes down a factory due to merger or on economic grounds, upgrades its production line, or is liquidated. The Disposals team executes over 400 auctions, Negotiated Sales, webcast, and online sales per year and has experience in over 70

different countries. While GoIndustry boasts over 125 years of traditional auctioning experience, it also leads the industry in online disposal technology.

Corporate Solutions

Enabling multi-national corporations to optimize the value of their industrial machinery & equipment by providing an innovative combination of asset management and equipment auction services.

Consulting Services

Providing valuation and remarketing advice concerning industrial machinery and equipment to asset based lenders, corporate recovery specialists and large corporations. The company employs more than forty Valuation professionals who have conducted appraisals in over 30 industrial sectors and 70 countries.

VALUATION AND APPRAISAL CONSULTING

The Consulting Division provides valuation and disposal advice relating to industrial machinery, assets and inventory to banks, equipment lessors, asset based lenders, corporate recovery lawyers, accountants and large corporations. Over forty GoIndustry Consulting professionals have conducted valuations in over 30 industrial sectors and 70 different countries. The team draws upon the experience of tens of thousands of appraisals and a database of transacted assets to deliver rapid, accurate values. See our list of valuation / appraisal clients.

Valuation advice is typically given for impending transactions exclusively. The company focus on providing added value to a transaction by reducing risk, increasing clarity and certainty to the participants. The transactions and type of appraisals include:

- * Sale of assets under orderly and forced sale circumstances
 - * Valuation of assets for disposal in the near or distant future
 - * Valuation of assets on a piecemeal break-up basis, for sale in one lot or for sale in situ, perhaps with real estate
 - * Valuation of assets for sale by Negotiated Sale or for sale by auction
 - * Residual value appraisal for equipment lessors
- For equipment lessors, GoIndustry gives a

comprehensive asset management service. The Company helps lessors manage their assets whilst in customers hands through the lease term, advises on the suitability of assets as loan collateral, advises on lease documentation and return conditions, trains staff, and implements procedures and external audits for loan books.

For asset-based lenders, the Company gives a comprehensive and rapid service. The Consulting Division values machinery and inventory assets and produces specific factual reports for the lenders' credit committee.

Other advice given to clients includes designing exit strategies from insolvent or solvent liquidations or business closures and advising corporate recovery advisers on asset recovery issues following insolvency and liquidation.

Competitive Position

GoIndustry is the largest asset valuation consulting firm in the UK and Europe, and rapidly growing in the US.

Synergies

Valuation services are an integral part of the GoIndustry organisation. The resources of the Consulting Division are called on regularly in the risk assessment process relating to deal purchases or guarantees. This is also a natural source of business for the Disposals Division; collateral financing agreements for which the Consulting Division has done valuations become foreclosures or secured creditor sales in many cases.

ASSET DISPOSAL

Live Auctions

GoIndustry's executes over 275 auctions per year with an average of 800 lots per auction. In parallel with all major

Live Auctions, GoIndustry utilises its GoWebcast product which is becoming an increasingly important part of the full-service offering.



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COMPANY INFORMATION

Live Webcast Auctions

GoIndustry has developed proprietary webcast software, procedures, and an experienced operational team to provide a unique product - GoWebcast. GoWebcast provides extensive flexibility to auctioneer methods, languages, technology, and regulations. The system is fully integrated to all GoIndustry back office systems, and is significantly cost effective.

A GoWebcast draws a wider range of buyers to participate in on-site auctions without having to be physically present. Webcasting provides real-time bid pricing, asset descriptions, photos, and messaging. Bidders can participate from their desks, making pricing decisions based upon the dynamics of the live bidding.

Online Sales

The Online Sales Team focuses exclusively on selling groups of assets and individual assets over the Internet by utilizing our proprietary Internet auction technology.

The Team employs full-time Equipment Sales Specialists who combine deep industry knowledge and Internet expertise to offer its clients an innovative and

unique service. GoIndustry's proprietary technology dramatically increases trading efficiency beyond that possible in the offline world alone. It brings together an unprecedented number of buyers and sellers from all over the world, 24 hours a day, 7 days a week. This enables the auctions to achieve optimum realisations as they are able to reach more end users worldwide.

Online Auction.

The auction "room" is GoIndustry's secure online marketplace. An auction close date and time is set, and bidders can place their bids. Bidders can benefit from GoIndustry's secure Autobid function to represent them should they be outbid when they are not online.

GoIndustry's Equipment Sales Specialists market assets via traditional and online methods to targeted buyers. The team leverages their database of over 1 million qualified buyers who are informed via customised emails/newsletters of upcoming online sales. Each sale is prominently displayed on GoIndustry's homepage and receives full exposure to the website's qualified buyer traffic.

NEW GROWTH OPPORTUNITIES

Management believes that there is considerable scope for revenue growth at GoIndustry. Even as a market leader, GoIndustry accounts for less than 0.2% of the estimated global used industrial machinery and equipment market.

Because the market is so fragmented, GoIndustry believes it can increase its sales both organically and through further acquisitions.

LIST OF CLIENTS

GoIndustry has an extensive list of clients that come from the sectors listed below.

Accounting, Banking and Finance, Agriculture, Forestry & Horticulture, Audio Visual & Broadcast, Automotive, Chemical & Pharmaceutical, Complete Plants & Lines, Computing, Construction & Mining, Electronics &

Semiconductor, Energy & Utilities, Factory Utilities, Food & Beverage, Materials Handling Medical & Healthcare, Metalworking, Oil & Gas, Other Industries, Packaging and Bottling, Plastics and Rubber, Printing, Pulp & Paper, Real Estate, Steel & Foundry, Telecommunications, Textiles, Transportation, Wire & Cable, Woodworking

DIRECTORS

John Allbrook - CEO

John joined GoIndustry as CEO in December 2004 and is in our London office. Prior to GoIndustry John was at General Electric. During 9 years with GE John led several equipment finance businesses in Europe. He has also held commercial roles at Dana Commercial Credit, Deutsche Morgan Grenfell and Pitney Bowes. John has a BA (Hons) Degree from the University of Sussex and is a Six Sigma certified Green Belt.

David Horne - Chief Financial Officer

Prior to joining GoIndustry plc, David was Group Finance Director of Huveaux PLC, the AIM-listed media and publishing group. He has run his own consultancy practice and was formerly European Finance Director of

BSMG Worldwide, the international PR agency. After qualifying as a Chartered Accountant with Price Waterhouse in Canada he moved with them to Zurich. He then held senior financial positions with AT&T in Zurich and London, and with the BBC. He is also a non-executive director and Chairman of the Audit Committee of The Centre International Limited, a privately held European public policy and communications enterprise.

Other Board members

William Z. Fox (Non-Executive Chairman)
Kamal Advani (Non- Executive Director)
David Bailey (Non- Executive Director)
David MacNamara (Non- Executive Director)



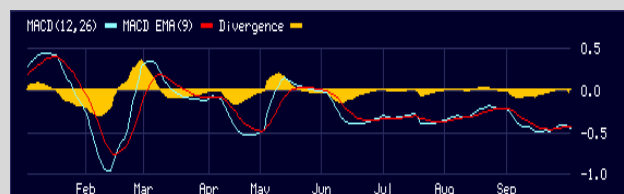
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COMPANY INFORMATION

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MACD



SHAREHOLDINGS

	Number	%
Internet Capital	69,177,300	37.7
Atlas Venture Funds	36,686,193	20

	Number	%
Artemis Investment Management	6,000,000	3.3

FINANCIAL HISTORY

Profit and loss account

£'000	Half year ended 30 th June 2006	Year ended 5 th Jan 2006
Revenue	16,191	30,540
Cost of sales	(6,689)	(14,622)
Gross Profit	9,502	15,918
Administrative expenses	(9,168)	(15,795)
Share based payments	(171)	(503)
Exceptional items	-	(4,030)
Total administrative expenses	(9,339)	(20,328)
Profit/(loss) from operating activities	163	(4,410)
Net finance costs	(389)	(980)
Exceptional items	-	(1,892)
Total net finance costs	(389)	(2,872)
Loss before income tax	(226)	(7,282)
Income tax expense	(10)	(127)
Loss for the period	(236)	(7,409)
Attributable to:		
Equity holders of the Group	(415)	(7,425)
Minority interest	179	16
Basic Loss per share	(0.2p)	(6.9p)
Fully diluted per share	(0.2p)	(6.9p)

Balance Sheet

£'000	As at 30 th June 2006	As at 31 st Dec 2005
Intangible assets	24,859	24,861
Property, plant and equipment	980	992
Total non-current assets	25,839	25,853
Inventories	3,524	2,399
Accounts receivable	8,077	6,090
Cash and cash equivalents	5,985	5,164
Total current assets	17,586	13,653
Total assets	43,425	39,506
Accounts payable	(8,114)	(8,042)
Current tax liabilities	-	(109)
Provisions	(731)	(731)
Bank loans and overdrafts	(5,528)	(6,256)
Total current liabilities	(14,373)	(15,138)
Loans and borrowings	(130)	(290)
Provision for pension liabilities	(5,436)	(5,324)
Convertible loan notes	(2,990)	-
Other non-current payables	-	-
Total non-current liabilities	(8,556)	(5,614)
Total liabilities	(22,929)	(20,752)
Net assets	20,496	18,754
Called-up equity share capital	9,957	9,357
Share premium	4,311	2,717
Shares to be issued	3,951	3,951
Treasury shares	(315)	(372)
Acquisition reserve	44,871	44,871
Foreign currency translation	(364)	(79)
Accumulated losses	(42,228)	(41,813)
Equity shareholders' funds	20,183	18,632
Minority interests	313	122
Total equity	20,496	18,754



The small company specialists

COMPANY INFORMATION

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 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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London SE1 9BQ
United Kingdom

RANKING

	Ranking out of 50 (50 being highest)
Business model - competitive advantage	
Competition	20
Customers	25
Low cost	15
Management	20
- corporate governance	
- quality	
- shareholding	
Product	15
Sector	18
Financial evaluation	
Early and profitable exit potential	20
Financial strength	10
- cash flow	
- conservative accounting	
- need for funding	
Growth at a reasonable price	10
Risk	
Overall average rating	17



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?

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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