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COMPANY INFORMATION

Jarvis Securities PLC (LSE:JIM)

Info sheet compiled March 2007

Company Eye Ranking

24/50

EDITOR'S NOTE

Jarvis Securities is the holding company of the Jarvis Investment Management plc (JIM). JIM is the operating company of the Group and carries on the business of the provision of execution only stockbroking services, the marketing and administration of PEPs, ISAs and SIPP, and the provision of tailored financial administration Services. The Company retail client business has continued to expand and Jarvis Securities are now one of

the UK's top fifteen stockbrokers by retail volume according to data published by the London Stock Exchange.

Jarvis Securities reported significant improvement in its operating performance made in the first half of 2006 compared to the same period in 2005.

The company is cash positive and intends to maintain a high dividend payout policy.

1 YEAR CHART



FUNDAMENTALS

Company Name	Jarvis Securities PLC
Current Price	148.50
Status	AIM
Market Cap	16.64 M.
Shares in Issue	11.21 m.
Price-to-Book Ratio	10.9
Activities	The provision of execution only stockbroking services
Sector	General Financial
Corporate advisor	Daniel Stewart & Co
Registrar	Capita Registrars

HISTORY

JIM was founded in 1984 by Andrew and Lionel Grant. At its inception, JIM was a dealer in securities and acted as a general investment adviser.

JIM now concentrates on offering its present services of execution only stockbroking and packaged products, namely PEPs, ISAs and SIPP, to retail clients, and outsourced administration services to corporate entities. In May 2004 the Group commenced a reorganisation of its

structure in order that the regulated business of the Group be carried on by a subsidiary company within the Group rather than the holding company of the Group. The Directors believe that this separation of functions will increase flexibility in respect of the acquisition of other regulated businesses. The Reorganisation was effected by Jarvis Securities, a company established for the purpose, making an offer for the entire issued share capital of JIM. The Reorganisation was completed on 19 July 2004.

THE BUSINESS

Jarvis provides outsourced and partnered financial administration services to a number of third party organisations. These organisations include advisers, stock brokers, banks and fund managers. Jarvis can tailor its administration processes to the requirements of each organisation and has a strong reputation for flexibility and cost-effectiveness. The company provide automated trade execution and

Settlement services through a secure Virtual Private Network (VPN) Internet based application and offer its customers the reassurance of over 20 years experience in the investment industry. Jarvis Securities has launched a new contract for difference (CFD) trading service in July 2006. The company plan to improve its internet based offering shortly and launch a new web based service.



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MOMENTUM



P/E RATIO



SERVICES

- **Execution only stockbroking services** – clients can either transact trades via phone, email, letter, fax or through the Company's website. Clients are charged on a per transaction basis, and pay either a flat fee or commission rate per transaction depending on the product they are signed up to. JIM has four primary products and transaction commissions vary, for example, clients using the Share Deal Active product pay a flat rate of £9.50 per trade whilst those using the Signature product pay £14 and 0.3 per cent. commission per trade. The execution only side of JIM was strengthened in June 2003 following the acquisition of the business and certain assets of CFA Securities Limited, an execution only stockbroker based in Manchester. JIM acquired approximately 15,000 new clients through this acquisition.

- **Packaged Products** – JIM has marketed and administered self-select PEPs from their launch in 1987, ISAs from their launch in 1999, and SIPPs from April 2004. JIM generates revenues by charging annual administration fees which vary depending on the product selected by the

client, but are typically between £50 and £100 per annum. Additional fees are charged for share dealing and other services such as withdrawal of funds. JIM currently manages over 5,000 PEP, ISA and SIPP accounts on behalf of its clients.

- **Provision of tailored financial administration services** – JIM provides outsourced and partnered financial administration services to a number of third party organisations including advisers, stockbrokers, bankers and fund managers. JIM can tailor administration services to the requirements of individual corporate clients and provides a flexible and cost effective financial administration outsourcing service. JIM has been selected by a number of clients, including Goldman Sachs, as sole provider of employee self select PEP and ISA products; and was recently appointed by the stockbrokers Hoodless Brennan and Partners, to administer its online PEP and ISA services, and by Advance UK Trust Plc and Advance Developing Markets Trust plc, to establish and administer their Investor Regular Savings Schemes and PEP and ISA plans for investors in the trusts.

LIST OF CLIENTS

Jarvis Securities PLC has an enviable list of blue chip clients including Goldman Sachs, Hoodless Brennan and

Partners, Advance UK Trust Plc, Advance Developing Markets Trust plc.

STRATEGY AND COMPETITION

Strategy

The Directors have set the objective of increasing the numbers of clients registered with JIM both directly and indirectly through third parties, through the following means:

- **Organic growth** – the Directors believe that significantly higher levels of demand can be processed through its current systems with only incremental increases in its cost base. It is the Company's intention to market its private client and corporate service offerings more aggressively in order to take advantage of this;

- **Acquisition** – the Directors believe that JIM operates within a fragmented market place where opportunities exist to acquire the businesses of its competitors (which it is

expected would comprise principally customer accounts).

Competition

Private Client Services

There are a number of different companies that offer private client execution only dealing and packaged product services at price points slightly higher than that of JIM. The Directors believe that by offering a high quality service to its client base it is able to both retain clients and achieve growth in client numbers.

Management Services

Whilst JIM is not the market leader in the provision of management services, the Directors believe that JIM has been able to establish its position in the market by offering a professional and flexible price driven service that is tailored to its corporate clients' individual requirements.



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EXPANSION

Jarvis Investment Management plc plans to launch a new web-based dealing service at a very competitive commission that the Company expects to garner a significant amount of interest.

TARGET MARKET

JIM's market for its execution only stockbroking services and marketing and administration of packaged products encompasses the UK private client investment community. JIM currently markets by way of advertising in investment publications, such as Investors Chronicle and Shares and via Teletext. JIM's market for its financial and

administration services encompasses third party organisations, including advisers, stockbrokers, bankers and fund managers, who outsource their back-office and settlement operations. JIM accesses this market through selective marketing to organisations who either currently outsource such services or who the Company perceive may be looking to do so.

DIRECTORS

Andrew James Grant, aged 45, Chairman and Chief Executive

During his early career as a tax adviser, Andrew worked for the accountancy firms Touche Ross, as a tax manager, and Pannell Kerr Forster as a manager in their tax and financial planning department where he advised high net worth individuals on tax planning and the use of tax efficient investments. In 1992, Andrew left Pannell Kerr Forster to concentrate on the expansion of JIM, which he had been running contemporaneously since 1984. Andrew is responsible for the Company's strategy and for the day to day management of the business.

Mathew James Edmett, aged 29, Finance Director

After leaving the London School of Economics in 1994, Mathew worked for a number of accountancy practices progressing from trainee to audit manager specialising on charities' accounts. In 1998 Mathew moved from practice to commerce as the financial accountant for the Charities Aid Foundation banking division, before joining JIM in 1999. Mathew has overall responsibility for the Group's financial and compliance function.

John Sebastian Mackay, aged 49, Non-Executive Director

John worked as an underwriter at Lloyds of London,

and after obtaining his MBA in finance, moved into the investment banking industry; holding senior positions with Merrill Lynch, HSBC, and most recently as chief executive officer of Seymour Pierce Group plc until October 2001. John is currently non executive director of Planestation Group Plc, quoted on the Official List, and is also a director of a number of private companies.

Colin Steadman, aged 46, Head of Operations

Colin worked for the investment banking arm of Dresdner Kleinwort Wasserstein for a period of 25 years, until May 2001. During this period Colin was promoted from clients ledgers clerk to head of operations control in London. After 25 years service Colin took a two year career break before joining Jarvis as operations manager in June 2003. Colin is responsible for stock and cash settlement, corporate actions, dividends, static data, reconciliations and banking.

Kerry Belcher, aged 29, Head of Dealing

Kerry studied at Thurrock Management College before joining NatWest, working in the PEP and ISA Office. Kerry was promoted to senior dealing officer in 1996. Kerry joined Jarvis in 2003 as head of dealing. Kerry is the money laundering reporting officer for the Company and is an Associate of the Securities Institute.



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SHAREHOLDINGS

	Number	%
Sion Holdings Limited	7,500,000	66.49
N J W Kerven	516,255	4.5

	Number	%
Andrew Grant	9,500	0.07
Mathew Edmett	8,500	0.06

FINANCIAL HISTORY

Profit and loss account for year ended 31st December 2006

£	Year ended 31st Dec 2006	Year ended 31st Dec 2005
TURNOVER	3,419,658	2,651,665
Administrative expenses	2,275,800	2,009,766
Exceptional administrative expenses	-	50,222
OPERATING PROFIT	1,143,858	591,677
Interest payable	2,605	8,288
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1,141,253	583,389
Tax on profit on ordinary activities	364,322	281,678
PROFIT FOR THE FINANCIAL YEAR	776,931	301,711
EARNINGS PER SHARE		
Basic earnings per share	6.79p	2.63p
EARNINGS PER SHARE		
Diluted earnings per share	6.43p	2.49p

Jarvis Securities plc has 11,280,000 Ordinary 1p shares in issue, following the cancellation of 70,000 Ordinary 1p shares on 8 January 2007. These shares are admitted to trading on AIM. The Company has been buying back its shares for cancellation during the year when the Board believed that the share price did not reflect the value of the business. The Company will continue to repurchase shares when its cash position allows. Whilst the business is highly cash generative, and therefore requires no further debt or other external financing, the Board wish to balance the use of cash between the stated dividend policy and any buy-back of shares. Approximately two-thirds of profit after tax is paid out as a dividend, with the other third being reinvested in the business or used for purchasing its own shares as appropriate. This results in the Group having no borrowing requirements and the ability to pay an attractive yield.

Balance Sheet as at 31st December 2006

£	As at 31st December 2006	As at 31st December 2005
Intangible assets	344,060	364,695
Tangible assets	144,145	176,597
FIXED ASSETS	488,205	541,292
Investments	34,186	33,177
Debtors	5,710,459	3,693,549
Cash at bank and in hand	6,561,264	5,130,205
CURRENT ASSETS	12,305,909	8,856,931
CREDITORS: Amounts falling due within one year	11,273,281	8,031,163
NET CURRENT ASSETS	1,032,628	825,768
TOTAL ASSETS LESS CURRENT LIABILITIES	1,520,833	1,367,060
CAPITAL AND RESERVES	-	-
Called up share capital	113,500	114,845
Share premium account	789,834	789,834
Profit and loss account	668,251	472,412
Capital redemption reserve	1,345	-
Other reserves	17,696	8,848
Own shares held for cancellation	(69,793)	(18,879)
SHAREHOLDERS' FUNDS	1,520,833	1,367,060

FINANCIAL HIGHLIGHTS

- * Turnover up 29% to £3.42M (December 2005: £2.65M)
- * Operating profit up 93% to £1.14M (December 2005: £592k)
- * EPS up 158% to 6.79p (December 2005: 2.63p)
- * Net assets of the group up 11% to £1.52M (December 2005: £1.37M)
- * Final dividend proposed of 2.5p (2005: nil final dividend)

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



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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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Kent
TN1 1EN

RANKING

	Ranking out of 50 (50 being highest)
Business model - competitive advantage	
Competition	23
Customers	22
Low cost	
Management	
- corporate governance	
- quality	20
- shareholding	29
Product	15
Sector	20
Financial evaluation	
Early and profitable exit potential	30
Financial strength	
- cash flow	
- conservative accounting	
- need for funding	
Growth at a reasonable price	30
Risk	27
Overall average rating	24



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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?

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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