The small company specialists

# COMPANY INFORMATION

## Samedaybooks.co.uk PLC (LSE:SDK)

**Info sheet compiled March 2007**

## Company Eye Ranking 21/50

## EDITOR'S NOTE

Samedaybooks.co.uk, the clicks and mortar bookseller formerly known as Methven's.
The Group's principal activity is high street and Internet book retailing, which intends to provide the safety and personal customer service of a high street store together with the benefits of Internet shopping.

The net book value is £780k. We see the potential as a takeover target or a cash shell. However, the share price needs to be around half the current level to offer investors any upside. We also consider the book market to be highly competitive.

## CHART


## FUNDAMENTALS

| Company Name | Goals Soccer Centres PLC |
|---|---|
| Current Price | 0.30 |
| Status | AIM |
| Market Cap | 0.51 m. |
| Shares in Issue | 170.48 m. |
| Activities | Bookshop operator |
| Sector | Speciality Retailers |
| Corporate advisor | Charles Stanley |
| Registrar | Capita Registrars |

## HISTORY

Samedaybooks.co.uk Plc was founded in 2000 after high street book retailer Methven has announced to its shareholders proposals to raise close to £1.4m through a placing and open offer of up to 155,363,000 new ordinary shares at a price of 1p per share to convert itself into a "clicks and mortar" operation.

As part of the new strategy, suitable branches were rebranded as "samedaybooks.co.uk" and in addition to the books held in stock, the new stores installed computer terminals allowing customers to access the samedaybooks.co.uk website from the store.

On 29-Jul-2004, the Group acquired Waterside Book Services Ltd. It supplies books and other items mainly to ferries and to other travel related outlets.

## THE BUSINESS

Samedaybooks.co.uk plc is the owner of Methvens Booksellers and nextdaybooks.co.uk, a chain of high street stores in the south-east of England. The concept of samedaybooks.co.uk and nextdaybooks.co.uk is to integrate high street and Internet book retailing. The Company intend to provide the safety and personal customer service of a high street store together with the benefits of Internet shopping.

Samedaybooks.co.uk offer Internet customers face-to-face service, as well as the right to return books in their original condition to the store if they are not happy with them.

The Company intends to provide the safety and personal customer service of a high street store together with the benefits of Internet shopping.
It also has a large number of titles available for free same-day delivery to its same-day stores, and free next-day delivery to its next-day bookshops, all with extended opening hours to allow collection.

The small company specialists

# COMPANY INFORMATION

## DEVELOPMENT HIGHLIGHTS

**July 2004** - The company acquired Waterside Book Services, which provides appropriately-themed books to ferry and cruise lines, as well as to airport retail shops

**Sept 2005** - Company surrenders lease on its store in Canterbury at a cost of £230,000. Also assigns lease of Windsor store to Halifax plc. This reduces stores to six.

## DIRECTORS

Chairman - David Mahony
Managing Director - Alan Clifford

Finance Director - Andrew Wells
IT Director - M Hearn

## SHAREHOLDINGS

| | Number | % |
|---|---|---|
| Andrew Swanston | 12,000,000 | 7.1 |
| B. Chuwen | 10,400,000 | 6.12 |
| M Millet | 8,000,000 | 4.71 |

| | Number | % |
|---|---|---|
| Andrew Wells | 24,000,000 | 14.12 |
| David Mahony | 5,700,000 | 3.35 |
| Alan Clifford | | 2.00 |
| M Hearn | | 0.10 |

## FINANCIAL HISTORY

**Profit and loss account for six months to 30th September 2006**

| £000 | 6 months to 30th Sept 2006 | Year ended 31st March 2006 |
|---|---|---|
| Sales | 3,031 | 11,579 |
| Cost of sales | 2,100 | 7,693 |
| Gross profit | 931 | 3,886 |
| Operating costs | 992 | 4,475 |
| Operating loss | (61) | (589) |
| Exceptional items | 23 | (539) |
| Net interest | (19) | (58) |
| Corporation tax | 0 | 0 |
| Loss for the period | (57) | (1,186) |
| Loss per share (p) | (0.03) | (.64)p |
| Diluted loss per share | (0.03) | (.61)p |

**Balance Sheet as at 30th September 2006**

| £000 | As at 30th September 2006 | As at 31st March 2006 |
|---|---|---|
| Tangible assets | 73 | 93 |
| Goodwill | 124 | 141 |
| Fixed assets | 197 | 234 |
| Stocks | 898 | 940 |
| Debtors | 646 | 334 |
| Bank and cash balances | 10 | 13 |
| Current assets | 1,554 | 1,287 |
| Creditors due within one year | 1,730 | 1,443 |
| Net current assets(/liabilities) | (176) | (156) |
| Total assets less current liabilities | 21 | 78 |
| Creditors due after one year | 228 | 228 |
| Net assets | (207) | (150) |
| Capital and reserves | - | - |
| Share capital - equity interests | 3,017 | 3,017 |
| Share premium account | 1,712 | 1,712 |
| Profit and loss account | (4,936) | (4,879) |
| Shareholders' funds | (207) | (150) |

The Group made an operating loss from continuing trading activities of £4,000 for the period (2005: £13,000). The overall loss for the period, including discontinued businesses, was £57,000 (2005: loss of £248,000). The discontinued businesses were stores in Canterbury and Windsor, which closed in 2006, and Hertford, which will close in early 2007. These units produced a loss of £34,000 in the period (2005: £213,000). Continuing branch turnover, excluding Hertford, totalled £2,725,000 (2005: £2,582,000) with a contribution of £171,000 (2005: £187,000), central costs were £175,000 (2005: £200,000) and interest charges were £19,000 (2005: £22,000). The loss from the continuing business fell to £23,000 (2005: £35,000).

## ROLLING EPS


## MONEY FLOW

The small company specialists

# COMPANY INFORMATION

## CHAIRMAN'S STATEMENT

An offer for the lease of its Hertford shop was received in the period; this was accepted and the company will cease trading in Hertford early in 2007. The closure cost will include a write-off of the net book value of the shopfit of £35,000. During the period the Group made payments of £150,000 to the landlords of its former branch in Canterbury in respect of the lease surrender. A final payment of £80,000 is outstanding. Despite these payments net debt in the period only increased by £20,000.

**The Samedaybooks.co.uk** website has yielded some encouraging though modest results in terms of orders received since its relaunch in July and the company will be closely monitoring its growth in the run up to Christmas. The group is not anticipating it to achieve a profit in the current year, but the group continue to support this activity and constantly to refine its offering to customers.

**Waterside Book Services** achieved good results in the period. It expanded its customer base whilst maintaining support for both its ferry and cruise ship customers at both Dover and Southampton. Well publicised changes to the ferry schedules of some major customers, out of Portsmouth in particular, did not have a negative impact.

## 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

3 Tunsgate,
Guildford,
GU1 3QT

## RANKING

| | Ranking out of 50 (50 being highest) |
|---|---|
| **Business model - competitive advantage** | |
| Competition | 22 |
| Customers | 20 |
| Low cost | 20 |
| Management | |
| - corporate governance | |
| - quality | 20 |
| - shareholding | |
| Product | 20 |
| Sector | 18 |
| **Financial evaluation** | |
| Early and profitable exit potential | 18 |
| Financial strength | |
| - cash flow | |
| - conservative accounting | |
| - need for funding | |
| Growth at a reasonable price | 26 |
| Risk | 25 |
| | |
| **Overall average rating** | **21** |

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?