

29 January 2010

**Early Equity Plc**  
**("Early Equity" or "the Company")**

**FINAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2009**

**CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 AUGUST 2009**

I am pleased to present the results for Early Equity for the year 31 August 2009.

**Highlights for the year to 31 August 2009 (compared to year to 31<sup>st</sup> August 2008) and Key Performance Indicators**

- **Investment in Tangibal Group Plc which floated on Frankfurt Börse in December 2009 stands at a substantial premium to cost.**
- **Net assets down 29.2% year on year at £247,533 (£349,715)**
- **Pre tax loss of £102,182 (£49,461) after increase in impairment provision of £21,710 (£2,000) and legal and professional costs associated with aborted acquisition £29,111 (£nil)**
- **Investment portfolio stated at cost , less impairment provisions £285,840 (£232,550)**
- **Investment portfolio stated at market value for PLUS stocks results in uplift in value of £112,500 over balance sheet values (£106,350)**

The year ended 31 August 2009 was a challenging one on the PLUS market. On very limited share trading the Early Equity share price was marked down savagely by the market makers to 0.1p – 0.25p giving the company a market capitalisation at mid market prices of £69.010 against a net asset value of £247,533. Although the Company's share price has recovered somewhat recently, it still trades at a substantial discount to its audited net asset value per share.

The loss for the year of £102,182 (Loss £49,461) was broadly in line with expectations at an underlying operating level but was increased significantly by the inclusion of exceptional legal and professional costs of £29,111 arising from the aborted transaction and after charging an impairment provision of £21,710 made against the Three's a Crowd investment to restate at bid price.

Based on a weighted average number of shares in issue of 39,434,001 the loss per share was 0.26p. (2008:0.13p loss)

During the year, Early Equity made a significant investment in Tangibal Group plc, formerly Tangibal Limited ("Tangibal"), a company set up to exploit new technologies in interactive media and experiential advertising. In total £75,000 was invested as a mixture of equity and convertible loans in two tranches. Further information on Tangibal is set out in the review of our investments. Following the Company's year end, the loans were converted giving the Company a holding of 13.9% of the total equity. On 8<sup>th</sup> December 2009, Tangibal listed on the Frankfurt Börse giving a valuation of £1,707, 245 for the Early Equity holding.

In November 2008, Harbinger Capital Plc, of which I am also a Director, acquired a 29.16% shareholding in Early Equity PLC. Since then, the two companies have worked closely together to maximise shareholder value. In order to enable the Company to make the full investments in Tangibal, Harbinger advanced a loan of £25,000 to the company to provide additional cash support. The terms and interest payments mirrored the convertible loans made to Tangibal. The loans became repayable on conversion of the Early Equity convertible loans to Tangibal. As the Company did not have sufficient cash resources to repay this loan it was agreed subsequent to the year end that shares in Tangibal worth £25,000 would be transferred to Harbinger.

Although the market value of our investment portfolio now shows a significant premium to cost, your Company's cash resources have been depleted by its investment in Tangibal, professional costs related to an aborted transaction, and the continuing high costs of maintaining a public quotation on PLUS.

The Board has resolved to undertake a programme of selective sale of investments to help improve its cash position and both Harbinger and Robert Painting, a director and major shareholder have agreed to provide loans to provide working capital for the Company while this is undertaken.

At the end of the first quarter of 2009 the payments of directors' fees and salaries ceased in order to preserve cash within the business. At the end of July 2009, Neil Mackay resigned from the Board. On the 20th October, Sir Bernard Zissman resigned as Chairman to concentrate on his other roles. The Board wishes to extend its gratitude to Sir Bernard for his contribution over the past two years and to offer best wishes in his future endeavours. His experience and input have proved invaluable in the management of the business over its formative years and we hope to continue to work closely with Sir Bernard to our mutual benefit. We are actively seeking a successor but in the meantime I am acting as interim Chairman.

A brief review of the current investment portfolio is shown below. All investments are valued in the balance sheet at cost, less any impairment. Profit is not taken until realised. The markets remain very difficult indeed with small PLUS Market companies continuing to be marked down to prices well below normal market levels. However, valuing the publicly traded companies at their bid prices the investments show a healthy premium of £88,790 over cost at the balance sheet date. Taking into account the flotation of Tangibal in December 2009 in Frankfurt this premium would be increased by some £1,632,245 at the date of this report.

The Board monitors the performance of its investments on a regular basis, taking a broad position where possible. In addition to the main financial indicators the Board reviews a range of non financial indicators. Investments can be of a long term nature and maintenance and increase in capital value is a key objective. The Board monitors the business environment in which each of its investments operates and trends within both the company and the sector. Within Early Equity, the Board maintains a pipeline of potential investment opportunities in various stages of review and negotiation. Assessment will be made of the relative strength of the sectors both currently and in the future.

During the year the Company signed Heads of Agreement with Tangibal Limited to acquire 100% of the share capital of the company – essentially a reverse takeover. In October the arrangement was terminated by mutual agreement and Tangibal has now listed on the Frankfurt Börse. As stated, Early Equity has now converted its loans to equity and the Company now owns 11.4 % of the renamed Tangibal Group Plc. However, the termination of the acquisition process has left Early Equity with certain professional fees amounting to £29,111 which are payable on the abort of the transaction.

As a result of the termination of the acquisition process, the Company has insufficient cash resources to meet its liabilities as they fall due over the twelve months following the date of this report. The major shareholders Robert Painting and Harbinger Capital Plc (of which Jonathan Hall is a director and major shareholder) have agreed to provide sufficient funds to the Company to enable it to meet its liabilities over the coming year, or until sufficient alternative finance is obtained from sale of investments or from other sources.

Early Equity continues to rethink its business model. It has been near impossible to attract new equity funding over the past twelve months and due to the illiquid nature of its investments, realisation of cash is not predictable. We currently have a net asset base substantially greater than the market capital of the business. This is a transitional stage, but focus remains on generating fee income by the provision of strategic advice and management services, and by taking directorships in its key investments, and greater focus on private sector companies and the provision of very early stage equity.

As at this time last year, the UK markets remain depressed and the immediate outlook of the economy continues to be poor with recession continuing and only a slow emergence forecast. Realisation of one or more of the major investments could transform the result for the current year and whilst we continue to make progress on many fronts but we need to be realistic in the expectations of the current year's results.

## REVIEW OF INVESTMENTS

Company	% Holding	Cost £	Market Value £
Perform Marketing Limited	1.63%	20,000	20,000
Elector Limited	13.6%	37,500	37,500
Alpha Prospects Plc (PLUS listed)	13.9%	150,000	262,500
Threes A Crowd Plc (PLUS listed)	2.13%	25,050	3,340
Tangibal Limited	12.3%	25,000	25,000
Plus Investors Limited	-	2,000	-

<b>Total Investment in Share Capital</b>	<b>259,550</b>	<b>348,340</b>
Convertible Loans in Tangibal Ltd	50,000	50,000
<b>Total Investment in Share Capital</b>	<b>309,550</b>	<b>398,340</b>

**Note:** For the purpose of calculating “market value” PLUS Market investments have been valued at bid price as at the date of this statement. Private companies have been shown at cost of investment less any impairment considered necessary. It is considered that the value of the private companies is significantly in excess of the cost values shown in the accounts

**Perform Marketing Limited** (Cost of investment £20,000 – 1.63% of total equity)

Perform Marketing Limited was founded by Adam Abrams, a qualified solicitor, who chose to become an entrepreneur rather than pursue a legal career with the London based corporate firm with which he qualified.

The business raised over £750k of business angel finance and operates in excess of 10,000 washroom based vending machines principally through a range of the major pub chain operators in the UK and also Tesco and Little Chef. The machines dispense the traditional condoms, sanitary products plus a new range of herbal sexual supplements and adult toys where the market is growing very quickly.

A further acquisition has seen the company expand into the "front of house vending" with a range of skill and prize based machines again via relationships with major pub operators.

Perform continues to expand in its washroom markets as sales of the herbal sexual supplements continues to grow. Significant progress has now been made in the “front of house” sector with sales of themed toys and a range of glow products designed to appeal to the “young clubbers” market. Additional debt finance has been used to fund the expansion and the business is now ahead of its plan targets. The company has stated that it has achieved its “year 3” plan by the end of its “year 2” and that it expects to move into profitability in the current year.

**Eclector Limited** (Cost of investment £37,500 – 13.62% of total equity)

This is an exciting concept in the field of internet book retailing. Eclector enables clubs, societies, charities, hospitals, educational establishments and the like to open their own online bookshops, allowing them to retain half of the gross margin on any sales they make.

Eclector was founded by William Pryor, a published author with a over thirty years of experience in the book trade and extensive experience of the internet. He was a also a co founder of the Airlift Book Company, a multi million pound turnover business in the distribution of US books in Europe.

The first year of trading has been disappointing with lower than forecast sales and a longer than expected time to proof of concept. However, during the year a new platform has been developed, a major flagship site secured in the Ramblers Association, and the addition of “non book” items to the range of products offered. An injection of second round equity investment has also been agreed subject to completion of legal documentation. This will give Early Equity a stake valued some 25% plus in excess of cost.

The priority for the coming year is to secure additional large flagship sites and grow the business in accordance with the plan. A listing on PLUS may be sought in the medium term, or an exit through a trade sale might be achieved in the medium term.

This is a very early stage investment to enable the company to be brought to market and developed. We continue to believe this to be an exciting and innovative approach to online retailing and demonstrates our strategy of seeking out and providing early stage investments to companies with high growth potential.

**Three's a Crowd Plc** (Cost of investment £25,050, Value after impairment provision £3,040 - 2.13% of equity)

This was the first investment made by Early Equity. The company is a PLUS quoted event management and lifestyle company, originally fronted by celebrity socialite Tara Palmer - Tomkinson. The company has organised several high profile events.

In August 2008, Three's A Crowd Plc and international publishing company Boutique Editions Ltd joined forces to create Vespers All Round Ltd. The joint venture will exploit Three's A Crowd's experience in producing high-quality events, and Boutique Editions' extensive international reach as a producer of publications for entertainment trade shows around the world.

The strategic objective is to develop a brand through organic growth coupled with selective acquisitions and to extend the brand into other areas.

The company has suffered from the collapse of the London based financial services sector and consequent deterioration in the corporate events activity. It returned a pre tax loss in the six months to November 2008 of £93,000. The company suffered further by the cash drain of the internet based “lifestyle portal” introduced in 2008. Over the course of the current year the company has reduced its cost base, moved to an “agency” basis for event management and has also introduced a Public Relations arm to the business and reports an improvement in trading for the first half of the 2009 year.

Share price has suffered in the same way as that of Early Equity insofar as the markdown by PLUS market makers has been brutal and the share price reduced to a fraction of its previous value. Until such a time as the appetite returns for this type of stock we anticipate that the share price will not return to anything close to the price paid. As such an impairment provision has been made to reduce the value in the accounts to £3,040, the screen bid price for the holding.

#### **Alpha Prospects Plc** (Cost of investment £150,000 – 13.9% of equity)

Early Equity made a second investment in January 2008 with Early Equity instrumental in helping the company raise £732,000 to enable it to list on PLUS. The company is a Special Purpose Vehicle formed to invest in niche independent travel businesses.

In February 2008, Alpha entered into a convertible loan agreement with UHN Limited whereby until February 2009 Alpha has the right to convert its loan stock into 45% of the equity of UHN, with the option to purchase the balance of shares in exchange for 18,518,518 million shares in Alpha.

During the course of the year, poor trading conditions forced UHN into receivership and on 20<sup>th</sup> March 2009, the assets of UHN were purchased by Travel Club Limited and the convertible loan transferred to the Travel Club preserving the option and value of the loan.

The company reported an interim loss of £378,632 for the twelve months to 31<sup>st</sup> May 2009 – combined with an extension of the accounting period to 31<sup>st</sup> August 2009.

On 26<sup>th</sup> November 2008 the company made a bonus issue of shares on the basis of 1 share for every 20 held. This increased the Alpha stake by 625,000 shares and the value by £12,500

During the year Alpha also secured 10% of the equity capital of Active Energy Limited – a supplier of voltage optimising equipment. On 13<sup>th</sup> August it sold the stake to Cinpart plc for a consideration of £250,000, comprising £100,000 cash and £150,000 of Cinpart shares.

On 13<sup>th</sup> October Alpha entered into a share swap arrangement with RAM Investment Group plc to exchange £300,000 of shares at current market prices. RAM is an AIM quoted company with investment in media and emerging technology. It currently holds 49.9% and an option to acquire the remaining 50.1% of TrainFX Limited which has signed agreements with National Express and First Capital Connect for the installation of TV screens and ambient sound system on their railway carriage fleet to broadcast passenger information, breakfast style news and advertising.

Trading conditions in the travel business have remained difficult and the company is currently reviewing its strategy. However, the management of Alpha continue to seek acquisitions and has entered into discussion with several companies in which it has an interest.

The share price has remained at 2.0p – 3.0p range and prospects for a realisation of the investment in 2010 remain good

#### **Tangibal Limited** (Cost £25,000 equity, £50,000 Convertible loan – subsequently converted to represent 13.9% of total equity)

On 20<sup>th</sup> May 2009 the company invested £25,000 into equity (representing 6.28% of total) plus a further £25,000 by way of a convertible loan (convertible to 3.72% of total equity). On June 11<sup>th</sup> a further £25,000 was loaned in a similar Convertible loan representing between 6.62% and 11.76% of total equity depending on valuation at time of conversion.

In October 2009 Early Equity converted its loans into investments giving the company 15.0% of the total share capital of Tangibal Limited. At the same time Tangibal raised a further £110,000 of equity at a pre investment valuation of £1,200,000 for the total company. On December 18<sup>th</sup> 2009 Tangibal listed on the Frankfurt Börse at €4.20 - €4.40 valuing the Early Equity holding at €1,849,638 at the date of listing, with approximately 12.3% of the total issued equity.

Tangibal is a digital media business providing solutions, strategic consultancy services, business incubation and acceleration

especially targeted at emerging digital interactive and immersive media technologies. Its wholly owned subsidiary, Tangibal Media Limited ("Tangibal Media") has been formed to exploit interactive digital advertising in high traffic venues, initially cinemas.

Tangibal was founded in 2008 by Peter Evans and Dominic Berger, who collectively have over 30 years of experience in running media related businesses and extensive experience developing and launching innovation led media and technology solutions across many markets in the UK, Middle East and Asia for a wide range of blue-chip names.

Tangibal advises companies looking to adopt or develop digital technologies, on their business strategy, operations, financing requirements and commercialisation. The Agency also has a wide-ranging portfolio of experiential and interactive solutions that can be both customised and installed for advertising and brand development in high profile retail, transport and leisure locations globally. Current clients include Dubai Pearl, National Geographic, Porsche, and Ridercam.

Tangibal Media is launching its first interactive floor network and an audience based interactive system in Cinemas, both in association with Pearl & Dean, the UK's leading cinema advertising agent, with whom it has a three year revenue-sharing agreement. It is currently has a campaign in progress for O2 which was launched in 20 cinemas in the UK during the 2009 summer blockbuster season. Further opportunities include extending the UK cinema model into Europe, Scandinavia and the Middle East and installing interactive floors in theme park queues.

Tangibal is now positioned for further growth and is now listed on the Frankfurt Börse which will enable it to access further funding as its business grows.

#### **PLUS Investors Limited** (Cost £2,000 - Impairment reserve £2,000)

A small investment was made in PLUS Investors Limited an investment company formed to invest in PLUS listed companies. In view of the market conditions it has not been possible to raise sufficient funds to enable the company to float on PLUS. Whilst the company is fully invested with the funds it has, a conservative line has been taken and an impairment provision made to reduce the carrying value to nil.

Jonathan Hall  
Interim Chairman  
26th January 2010

#### **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2009**

Notes	<b>2009</b> £	<b>2008</b> £
<b>TURNOVER</b>	<b>10,000</b>	16,183
Cost of sales	<u>-</u>	<u>250</u>
<b>GROSS PROFIT</b>	<b>10,000</b>	15,933
Administrative expenses	<u>91,168</u>	<u>69,183</u>
<b>OPERATING LOSS</b>	<b>(81,168)</b>	(53,250)
Interest receivable and similar income	<u>1,081</u>	<u>5,819</u>
	<b>(80,087)</b>	<b>(47,431)</b>
Amounts written off investments	<u>(21,710)</u>	<u>(2,000)</u>
	<b>(101,797)</b>	(49,431)
Interest payable and similar charges	<u>(385)</u>	<u>(30)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>(102,182)</b>	(49,461)
Tax on loss on ordinary activities	-	-

**LOSS FOR THE FINANCIAL YEAR  
AFTER TAXATION**

(102,182) (49,461)

Loss per share expressed  
in pence per share:

Basic (0.26) (0.13)  
Diluted (0.26) (0.13)

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the losses for the current year or previous year.

**BALANCE SHEET  
AT 31 AUGUST 2009**

	31 <sup>st</sup> August 2009		31 <sup>st</sup> August 2008	
	£	£	£	£
<b>FIXED ASSETS</b>				
Investments		235,940		232,650
Other Investments		<u>50,000</u>		<u>-</u>
<b>Total Non Current Assets</b>		<b>285,940</b>		<b>232,650</b>
 <b>CURRENT ASSETS</b>				
Debtors	4,362		3,789	
Cash at bank	<u>21,575</u>		<u>123,604</u>	
		<b>25,937</b>		<b>127,393</b>
<b>CREDITORS</b>				
Amounts falling due within one year		<u>64,344</u>		<u>10,328</u>
<b>NET CURRENT ASSETS</b>		<u><b>(38,407)</b></u>		<u><b>117,065</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>247,533</b></u>		<u><b>349,715</b></u>
 <b>NET ASSETS</b>		<u><b>247,533</b></u>		<u><b>349,715</b></u>
 <b>CAPITAL AND RESERVES</b>				
Called up share capital		197,170		197,170
Share premium		206,090		206,090
Profit and loss account		<u>(155,727)</u>		<u>(53,545)</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><b>247,533</b></u>		<u><b>349,715</b></u>

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2009**

	2009 £	2008 £
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(67,100)</b>	<b>(119,800)</b>
<b>Returns on investments and servicing of finance</b>	<b>696</b>	<b>5,789</b>
<b>Capital expenditure and financial investment</b>	<b><u>(75,000)</u></b>	<b><u>(234,650)</u></b>
<b>Financing</b>	<b><u>(141,404)</u> <u>39,375</u></b>	<b><u>(348,661)</u> <u>288,260</u></b>
<b>(Decrease)/Increase in cash in the period</b>	<b><u>(102,029)</u></b>	<b><u>(60,401)</u></b>
<b>Reconciliation of net cash flow to movement in net funds</b>		
(Decrease)/increase in cash in the period	<b><u>(102,029)</u></b>	<b><u>(60,401)</u></b>
Change in net funds resulting from cash flows	<b><u>(102,029)</u></b>	<b><u>(60,401)</u></b>
<b>Movement in net funds in the period</b>	<b><u>(102,029)</u></b>	<b><u>(60,401)</u></b>
<b>Net funds at 1 September 2008</b>	<b><u>123,604</u></b>	<b><u>184,005</u></b>
<b>Net funds at 31 August 2009 (31 August 2008)</b>	<b><u>21,575</u></b>	<b><u>123,604</u></b>

Notes:

1. The financial information set out in this announcement does not constitute statutory accounts within the meaning of the Companies Act 2006. This financial information has been extracted from the audited full accounts of the Group for the year ended 31 August 2009.

2. The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The audited accounts for the year ended 31 August 2009 were approved and signed on 26 January 2010. The audit report was unqualified however included an emphasis of matter statement ("other matters") in relation to certain going concern matters as summarised in note 3 below

3. Going concern - The accounts have been prepared on a going concern basis. The Directors have reviewed the performance of the Company since the date of the accounts and have considered the Company's cash projections for the 12 months from the date of approval of these accounts. Although the Company's investment portfolio continues to show significant value, the Company's cash resources have been depleted during 2009 by its investment programme, professional costs relating to an aborted transaction and the continuing costs of maintaining a public quotation. The Board has resolved to undertake a programme of selective sale of investments to help improve its cash position but if investments cannot be realised in a timely manner, the Company is likely to have a shortfall in the cash resources to meet its liabilities in the short term. Certain major shareholders have therefore agreed to provide loan facilities to the Company to enable it to meet its liabilities as they fall due. On this basis the Directors believe the going concern assumption remains valid and consider it appropriate to draw up the accounts on a going concern basis. The accounts do not include any adjustments that would result if the Company was no longer a going concern.

3. The directors do not recommend the payment of a dividend.

4. A copy of the Company's financial statements will be posted to shareholders in February and after approval at the Company's Annual General Meeting, which is due to be held on 26th February 2010, will be delivered to the Registrar of Companies.

5. A copy of the full financial statements will be published on the Company's website.

--ENDS--

Enquiries:

Early Equity plc                      Tel: 079 7330 9458  
Rob Painting  
rob@earlyequity.com

Orange Corporate Finance    Tel: 020 3301 3356  
John Bridges  
JohnBridges@orange.cf.com

Notes to Editors

Early Equity (PLUS:EEQP) is a Birmingham based investment company which listed on PLUS Markets in October 2007 and on Investbx in March 2008.

It focuses on the growth of capital value and generation of fee income from: establishing and funding newly quoted sector focused companies; acquiring and developing companies with growth potential; and taking minority equity positions in smaller listed companies where there is a real opportunity to show a significant capital gain for the company's shareholder.