

# Aim's best 45

We've rounded up five experts – **Andrew Hore, David Stevenson, Graeme Davies, Jon Mainwaring and Nigel Bolitho** – and asked them to identify their top Aim shares



The Alternative Investment Market (Aim) deserves the attention of every serious investor. It's here that you'll find exciting investment opportunities with the potential for galloping growth, plus lots of sturdy small companies operating in a wide range of sectors. It's also a great way to watch companies and learn. But what should you buy – separating the winners from the losers isn't always an easy task so we've asked our Aim experts to select the best shares on the market.

## NIGEL BOLITHO'S PICKS SUPERCART

Supercart is one of my two (modest) technology selections. The company has developed an all-plastic cart to replace metal supermar-

ket trolleys. There are big advantages: the carts are much lighter, more manoeuvrable and do less damage in car parks. It's also possible to fit them with radio frequency transmitters to keep track of them. Supercart has successfully sold its plastic trolleys in South Africa, but has found it much more difficult to do so elsewhere because different countries have different testing and safety requirements. The 225-litre Hyper Euro trolley, for example, has to be able to carry a staggering 750 lbs of shopping or equivalent. During 2007, carts were tested by a number of retailers and modifications made. There should now be four models available within the next few months. They include a 200-litre trolley for the US market, the Hyper trolley in Europe and a 180-litre trolley for the Australian market. Supercart should become profitable in 2008.

## THREE MINING COMPANIES

UK institutions have lost their appetite for blue-sky mining or oil propositions but there are plenty of operations producing, or about to produce, good returns as long as commodity prices hold up. My three tips in this sector are:

### BISICHI MINING

Bisichi Mining's shares are well below their 2005 high of 425p even though coal demand and prices are buoyant. Bisichi owns 63 per cent of the Black Wattle Colliery in Middelburg, a town half-way between Johannesburg and Cape Town, in South Africa. It produces around 120,000 tonnes of premium low-phosphorus coal a month and sells it to European and Indian power stations as well as to the local ferro-chrome industry. Thanks to a combination of higher prices and improved quality, Bisichi reported bumper half-year figures three months ago – in the half-year to end-June 2007, profits jumped from £233,000 to £1.5m. It ought to be able to double that number in the current six months, which means a single-figure PE ratio – and with little help from one-offs. Importantly, the company has agreed a memorandum of

understanding with Barclays Capital to finance the acquisition of other coal reserves under the 'use it or lose it' provisions of a 2004 South African law.

### CARNEGIE MINERALS

Carnegie Minerals has four dredgers with concentrators working on beach sand dunes along the 45km coastline of Gambia – as well as renewed beach sands exploration licences along the coast of Senegal to the south. The first deposit there is expected to be mined in early 2009. The results of dredging work and the 6 per cent royalty Carnegie will earn as part of a management fee have not yet shown through in the results, but they should from April 2008 onwards. Its partner, Astron, is funding the 50:50 Gambian venture via interest-free loans and the main metal mined, zircon (for abrasive and insulation purposes), is sent to China in empty cargo containers. Carnegie has muddied the waters a little by signing an agreement to acquire an interest in an iron and nickel project in Indonesia, but clearly the company believes that the \$1m required

to earn a half-share there can come from rising beach sand revenues.

### NORTHERN PETROLEUM

Northern Petroleum used to be a leading light in the search for UK onshore oil. But then it decided (probably rightly) that future discoveries would be small and that it needed to acquire something rather more exciting. And this it did two-and-a-half years ago by buying rights to ageing oil and gas wells, plus untapped prospects, in Holland from a company owned jointly by Shell and ExxonMobil. That move was before the big hike in oil prices last year and won it a suitor early in 2007. Then, a private Dutch company took a 25 per cent stake in a quarter of most of the Dutch interests for €32m (£24m). The upshot is that Northern will have cash to finance exploration this year of its extensive Italian acreage in both the Po Valley, off Sicily, and in the southern Adriatic Sea. Last month, Northern identified six drilling prospects in the latter area. All had previously been identified by Enterprise Oil when oil prices were a lot lower and before Enterprise was taken over by Shell in 2002. **NB**

### GREAT EASTERN ENERGY

India has a population of more than 1.1bn people and has achieved economic growth of over 8 per cent in each of the past five years. This means that it increasingly needs energy (the 2001 census reported that 44 per cent of Indian households did not have electricity). It currently imports 70 per cent of its energy requirements, but now wants to develop domestic sources. Step forward Great Eastern Energy which has become a major producer of natural gas from coal-bed methane deposits in West Bengal. Backed by an \$88m (£44.6m) debt facility from a consortium of Indian banks, Great Eastern wants to establish compressed natural gas dispensers at Indian Oil Company filling stations. Users could range from buses and taxis to auto-rickshaws. Gas production is expected to rise fast, too, from 2.4m cubic ft per day (mcf) two months ago to 3mcf by next April and 10mcf a year later. Great Eastern produces gas from 23 wells and it has a drilling target of three wells a month. A gas-gathering station should be completed soon.

### FIRST ARTIST

First Artist makes the grade for me because of the way it has bounced

back from a no-hope situation. When it joined Aim in 2001, 100 per cent of its income came from its European football agency business. But then the twin failures of ITV Digital and Bertelsmann in Europe cut football clubs' media income, while Fifa's decision to restrict player transfers to two short time periods knocked the company for six. However, five years and a number of acquisitions later, it's in good health. Its key business is Dewynters, the leading marketing business for UK theatres and cinemas. It provides brochure design, digital media and advertising services. Broker Daniel Stewart expects sales in the year to end-August 2008 to jump from £48.6m to £60m and adjusted profits to rise from £2.8m to £3.6m, putting the shares on a prospective PE ratio of 5 assuming earnings of 17.05p.

### GEONG

Geong is my second tech winner for 2008. It makes data-management software for Chinese companies big and small. The big ones total 100 and include the top five Chinese banks and a number of motor and insurance companies. They use Geong's PortalAge bespoke package and, in the half-year to end-September 2007,