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TECHMARKET MISCELLANY

• For the first quarter ended March 31 **ARM Holdings** (251.8p) achieved a 16% increase in revenue to £92.3m compared to Q1 2009. In dollar terms the revenue improvement was 19%. Operating margins soared to 40% from 29.5% and profit before tax climbed 57% to £37.6m. Normalised earnings per share were 2.04p (2009 Q1: 1.38p).

The Company saw a 50% increase in shipments of ARM-based chips, helped by strong demand for mobile devices, digital TVs, disk drives and microcontrollers. Q1 revenue came from the sales of more than 1.4 billion chips, the highest ever quarterly performance. Royalty revenues are also at record levels.

Management expect dollar revenue for the full year to be in line with expectations.

• Recent IPO **Promethean World** (195p) has reported a strong first quarter. Revenues rose as much as 49% to £53.9m. The Group sold approximately 41,000 interactive display systems and 268,000 learner response system handsets, year-on-year increases of 62% and 68% respectively.

Over the quarter, membership of Promethean Planet, the world's largest online community for users of interactive display system technology and a forum for teachers to exchange ideas and experience, increased to 589,073 from 501,733 at December 31.

Promethean says it remains solidly on track to meet management's expectations for the full year.

• Speciality pharmaceuticals company **IS Pharma** (73.5p) clearly had a very strong last few months for the year to March 31, announcing that post tax profits and earning per share for the year would be "materially ahead" of expectations and in line on all other key parameters.

Significant steps were taken over the year to further enhance its product portfolio. In the coming year, the Group will focus on launching and growing the newer higher margin brands.

• IT services and technology provider **Morse** (50.5p) has agreed to be acquired by privately held 2e2 for 51p per share, a premium of 24 per cent to the last day's closing price, valuing the Company at £69.8m. 2e2 has acquired 13 businesses since 2003.

George O'Connor at Panmure Gordon said that Morse share holders should "hold on until the 11th hour" given that there is interest in the sector from other consolidators both in the

UK and overseas.

• **Sanderson** (27p), the IT services firm focussed on the retail and manufacturing sectors, saw healthy trading for the first half of its fiscal year to March 31 2010, with revenue and profit ahead of the same period in the previous year. The Order Book at the period end stood £1m above March 2009.

Net debt fell £0.9m over the six months to stand at just over £9m.

House broker Charles Stanley upgraded its full year forecasts last December and expects earnings per share of 4.13p for the current year to September, putting the shares on a forward PER of just 6.7.

• Digital TV specialist **Pace** (186.7p) reports trading in 2010 in line with management expectations. The first half performance is expected to be ahead of the second half due to operators shipping equipment ahead of the FIFA World Cup, which will be broadcast in HD and 3D formats.

Market research house Strategy Analytics estimates that global digital pay TV revenues should grow from \$150bn in 2010 to \$215bn by 2014. Pace stands at the forefront of this sector.

• **Norcon** (72.5p), the provider of project management and outsourcing services for telecom operators, announced strong results for the year ended December 31. Revenue increased by 16% to \$78.2m, with net profit up 20% to \$7.7m. Cash at year-end stood at \$7.2m (9.8p per share).

Net profit has grown at a compound annual growth rate of 35.3% over the past five years. Broker FinnCap expects pre-tax profit of \$12.2m for 2010, rising to \$13.2m in 2011. This equates to fully-taxed earnings per share of 11.6p and 12.6p respectively. Corresponding prospective P/Es are 6.25 and 5.75. *More in a future issue.*