



The small company specialists

COMPANY INFORMATION

Alba Trees plc (PLUS:ALBA)

Info sheet compiled March 2007

Company Eye Ranking

35/50

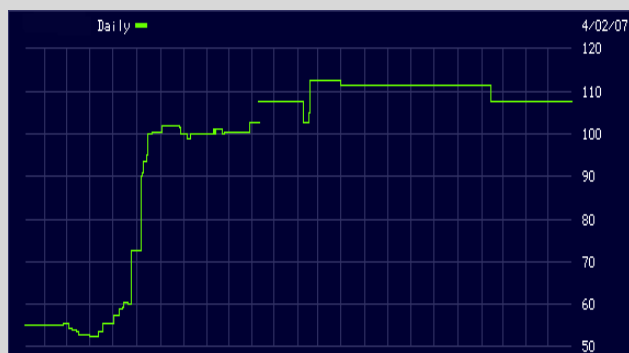
EDITOR'S NOTE

The company is one of the UK's largest cell (individually potted and regulated plants) grown plant nurseries, supplying about 130 species. Scotland-based Alba Trees also sells tree shelters, reeds, wildflowers, and gardening supplies and planting equipment and machines. Additionally, Alba Trees can provide consulting services to other

nurseries; clients include city governments, estates, and Her Majesty The Queen. The company was founded in 1988 by a coalition of more than 600 investors.

Alba Trees has continued to invest in research and development into new products. We consider this company a possible medium/long term investment.

2 YEARS CHART



FUNDAMENTALS

Company Name	Alba Trees Plc
Current Price	107.5
Status	PLUS
Market Cap	£1.87 m
Shares in Issue	1,735,412
Activities	Wholesale tree/shrub nursery for forestry and landscaping
Sector	Forestry & Paper
Corporate advisor	Geoghegan & Co
Registrar	Capita Registrars (Northern)

HISTORY

Alba Trees plc was founded in 1988 under the Business Expansion Scheme. There are 32 regular employees plus seasonal contract staff. The nursery occupies a 7 hectare site comprising 14 multi-span

polytunnels for plant germination and early growth plus the main growing-on and hardening-off areas. All stock is grown in small containers or "cells".

THE BUSINESS

The company specialise in the production of native trees of local provenance from seed collected throughout the UK, selling approximately 6 million plants a year. Customers range from small land owners through to large forestry management companies, including the Forestry Commission.

Although the company does not sell direct to the public, smaller customers are catered for through the company's partnership with the Woodland Trust's Native Tree Shop.



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ACTIVITIES

Alba Trees product range includes trees, shrubs, wildflowers and reeds. The Company specialise in the production of native trees of local provenance from seed collected throughout the UK. Approximately 6 million plants are sold per annum. Tree shelters, stakes and planting equipment are also supplied. The Company deliver nationwide and export.

Alba Trees provides a consultancy service to other nurseries and has assisted those ranging from small local native tree nurseries to one of the largest

growers in Eastern Europe.

Alba - Trees regularly undertake contract-growing for customers ranging from Scottish Highland estates to local authorities and government agencies both in the UK and overseas. The Company unique bar-code-based stock control system ensures full traceability of all stock lines.

The Company hold the Royal Warrant as Tree and Shrub Nurserymen by appointment to Her Majesty The Queen.

PORTFOLIO

Carrifran Wildwood

Key to the whole restoration project is getting the right trees planted, and Alba Trees were the first to implement a rigorous traceability scheme. This ensures that the trees grown from tree seeds picked by Wildwood volunteers from local ancient remnants come back to the Wildwood at Carrifran.

Lethen Estate

This native Pinewood scheme was planted on 600 hectares in 1996. The trees were supplied by Alba and the management was done by Bowlts.

Aultguish

The first woodland to be planted under the Caledonian Pine Scheme was at Aultguish near Garve in the Scottish Highlands. Alba Trees supplied the plants for 270 Ha which was planted in the late Spring of 1991 with planting continuing until late June. The trees were supplied pre-mixed in proportions approved by the Forestry Commission. This greatly simplified distribution of plants and supervision of planters on site; this has now become a common service. The Company offer to its customers where intimate mixes are being planted.

Rashielee

Rashielee situated near the Erskine Bridge over the Clyde, is a high profile landscaped site designed by CD Environmental Design Ltd of Paisley.

Atholl Estates, Blair Atholl, Perthshire.

The Company has worked closely with Atholl Estates, supplying over 660,000 trees between 1995 and 2001. They have been planted to re-create some large areas of the ancient Caledonian forest in some of the wildest and most exposed terrain in Scotland.

groups and The Company has found that the cell-grown trees supplied by Alba are ideal for this.

Edinburgh City Council

"Since its inception in 1996 the Edinburgh Urban Forest Project planted a total of 250,000 trees covering 100ha of the city. Most of this planting has been undertaken with schools and community

Hall Barn was planted by Wessex Woodland Management of Newbury in 1996.

Balmoral Estate

The Company has been privileged to grow on this seed and supply over 65,000 young Pines back to the estate, together with associated broadleaves, to re-create this superb forest.

Forest Farm

At the time, 1990-91, the largest Caledonian Pine scheme ever undertaken. Alba supplied the plants in different intimate mixes for the different soil types.

Tanera Mor

The Company has planted 13,000 trees, mainly Downy birch and Willow since 1997.

Kirklands Farm

Has planted in 2000 in support of the National Hedge-laying Championships.

Cashel

Cashel, Loch Lomond - The Forest for a Thousand Years, the flagship project of the Royal Scottish Forestry Society, was funded by the Millennium Forest for Scotland Trust. 250ha of native Pine, Oak and other broadleaves were planted between 1996 and 2001 using over 380,000 trees contract-grown from locally collected seed by Alba Trees.

Bathurst Estate

Bathurst Estate, Cirencester, Gloucestershire, one of England's premier forestry estates. The Company has supplied over 140,000 trees from 1995 to 2001 with the emphasis on Corsican Pine, Larch and Douglas Fir.



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P/E RATIO



ROLLING EPS



NEW GROWTH OPPORTUNITIES

The directors recognise the changing nature of UK forestry in which new planting is declining and re-stocking of felled plantations is set to increase.

The company is altering its product mix accordingly and is developing new products for the changing market.

TARGET MARKET

The Company services of consultancy has seen them involved in development work in Latvia, Ireland,

Czech Republic, China and as consultants to a World Bank project in Georgia.

DIRECTORS

Rodney Shearer - Managing Director

Rodney is a founding director of Alba Trees and held the post of Production Director since the company's inception in March 1988. Promoted to the position of Managing Director in 2000. A professional horticulturist, Rodney was responsible for the development of the nursery from a green field site. In his role as Managing Director he still maintains a hand on role in production and is heavily involved in consultancy as he is the leading expert in the UK in the production of cell grown trees and shrubs.

James Hepburne Scott - Sales Director

James has been with Alba Trees since 1992, following a career in agricultural marketing and finance. He is responsible for UK and export sales and marketing. He liaises closely with customers to anticipate future plant requirements in order to formulate the annual production plan with Rodney. James owns a small farm in the Scottish Borders and is Chairman of the Forestry and Timber Association for Scotland. He is a committee member of the Forest Nursery group of the FTA. Via FTA he is very active in promoting the interests of private woodland owners through lobbying politicians and discussions with NGOs.

Barry Sutton - Development Director

Barry joined Alba in 1989. With responsibility for new projects and IT, he has developed unique software used for production planning, stock control and sales

order processing to assist in the management of a complex mix of crops and product specifications. Barry performs a co-ordinating role between sales and production. His background as a forester ensures both the sales team and the production team are able to appreciate the challenges faced by woodland managers.

Derek Stewart - Nursery Supervisor

Derek joined Alba in 2001 as a nursery charge-hand. He has 15 years experience in horticulture, a significant time being spent producing genetically improved Sitka Spruce from cuttings.

In 2002 he took over as Nursery Supervisor and is now responsible for the day to day management of the nursery team that staffs the nursery 7 days a week and successfully manages a complex mix of crops.

Julian Lamonyt – Non-executive Director

Julian joined the Buccleuch Group in 2002 where he is Director of Finance. He is a graduate of Heriot Watt University with an Honours degree in Accountancy and Computer Science. Working in the profession for 6 years he qualified as a chartered accountant and a chartered tax adviser before moving into industry where he spent 10 years in various senior finance roles within the Murray International group of companies. Julian has extensive corporate finance experience and is also a member of the Association of Corporate Treasurers.



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SHAREHOLDINGS

	Number	%
Buccleuch Ventures Limited	1,035,075	59.49
Value Investments Limited	408,056	23.51

	Number	%

FINANCIAL HISTORY

Profit and loss account for year ending 31st August 2006

£	Year to 31st August 2006	8 Months to 31st August 2005
Turnover	1,603,896	1,129,694
Cost of sales	(1,142,482)	(748,242)
Gross profit	461,414	381,452
Distribution costs	(320,856)	(215,301)
Administrative expenses	(235,581)	(68,896)
Operating (loss)/profit	(95,023)	97,255
Other interest receivable and similar income	1,433	5,362
Interest payable and similar charges	(11,205)	(7,315)
(Loss)/profit on ordinary activities before taxation	(104,795)	95,302
Tax on (loss)/profit on ordinary activities	39,180	(19,052)
(Loss)/profit for the year	(65,615)	76,250
Earnings per share	(3.78) p	4.39 p

Balance Sheet as at 31st August 2006

£	31st August 2006	31st August 2005 (8 months)
Tangible assets	425,648	418,734
Investments	3,297	3,297
Fixed assets	428,945	422,031
Stocks	1,621,917	1,507,937
Debtors	226,049	211,119
Cash at bank/hand	28,804	173,349
Current assets	1,876,770	1,892,405
Creditors: amounts falling due within one year	(279,054)	(251,921)
Net current assets	1,597,716	1,640,484
Creditors: amounts falling due after more than one year	(42,720)	(12,959)
Total assets less current liabilities	1,983,941	2,049,556
Capital and reserves	-	-
Called up share capital	1,735,512	1,735,512
Profit and loss account	248,429	314,044
Shareholders' funds	1,983,941	2,049,556

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.



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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.

If the Company has not undertaken an acquisition or a significant investment within 24 months of the start of trading on PLUS, there is no guarantee that the Company can maintain an PLUS trading facility if the

Directors do not deem any acquisitions or investments to be suitable within any such period.

It is likely that the Company will need to raise further funds in the future, either to complete a proposed investment or acquisition or to raise further working or development capital for such a transaction. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that the new investors will be prepared to subscribe for Ordinary Shares at prices that are the same or greater than the price at which they are being introduced.

CONTACT

Lower Winton
Gladsmuir
East Lothian
EH33 2AL

RANKING

	Ranking out of 50 (50 being highest)
Business model - competitive advantage	
Competition	41
Customers	40
Low cost	38
Management	
- corporate governance	35
- quality	30
- shareholding	29
Product	34
Sector	35
Financial evaluation	
Early and profitable exit potential	30
Financial strength	
- cash flow	36
- conservative accounting	35
- need for funding	
Growth at a reasonable price	35
Risk	37
Overall average rating	35



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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?

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?

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