



The small company specialists

COMPANY INFORMATION

NCI Vehicle Rescue plc (PLUS:NCI)

Info sheet compiled January 2007

Company Eye Ranking

39/50

EDITOR'S NOTE

NCI Vehicle Rescue plc (NCI) provides customers based in the UK with roadside assistance and breakdown recovery for cars, vans and motorbikes. NCI has also setup NCI Insurance Services that gives competitive quotes over 90% of the market. The company has gone through a series of cost cutting exercises in the past year and are now expanding their web based operations. This has lead to an increase in profit and a decrease in administrative costs.

With new ideas being brought to the market, NCI may convert existing customers and should attract new customers to their services. In our opinion the company is being run more effectively and its prospects are looking up but represent high risk. We feel that the largest problem with an investment in NCI is that there is very little liquidity in the stock and hence an investment may be hard to get out of with the profit that one may expect.

CHART



FUNDAMENTALS

Company Name	NCI Vehicle Rescue plc
Current Price	9.5
Status	PLUS
Market Cap.	0.83 m.
Shares in Issue	9,266,666
Activities	Provision of vehicle breakdown rescue and repair cover.
Sector	Support Services
Corporate advisor	Ruegg & Co Ltd.
Registrar	Neville Registrars Ltd

HISTORY

The Company was incorporated on 23 February 2004 as a privately owned limited company with the name NCI Temp plc. On 5 March 2004 the company changed its name to NCI Vehicle Rescue plc. Historically, NCI has predominantly provided breakdown cover for motorcycles through advertising in motorcycle magazines. More recently NCI has begun to expand the number

of customers taking out car breakdown cover since the target market is approximately 25 times larger than that of motorcycles. The marketing plan began with advertising in Yellow Pages, which has proven to be very successful. NCI now advertises in every Yellow Pages in the UK excluding Northern Island and the Isle of Wight.

THE BUSINESS

The potential market for the Group's existing products within the UK is very large. There are over 34,000,000 vehicles in the UK market with over 1,400,000 being motorcycles. The breakdown services market is estimated to be worth over £1.4billion.

The major competitors of the Group have strong brand names and have been established for many years but due to the nature of their membership schemes and higher prices charged by competitors the Directors believe that NCI provides an attractive alternative.



The small company specialists

COMPANY INFORMATION

ACTIVITIES

The principal activity of the Group is the provision of vehicle breakdown insurance services.

NCI has made further investment in its web-site to make it attractive and simple for potential members. The on site quote engine the company has developed allows users to obtain quotations and apply securely online for all products.

The company secured an affiliation partnership with The British Motorcyclists Federation (BMF). The contract means NCI became the sole recommended provider of personal or vehicle based breakdown cover for BMF's 140,000 UK members from 1 January 2005.

On 1 April 2005, the Company started trading through its 80 per cent owned subsidiary, NCI Insurance Services Limited. The company has been established to act as a personal lines broker for a number of prominent UK insurance companies.

Services provided are:

car breakdown cover

online car breakdown quotes and cover.

nci biker rescue

online motorcycle breakdown quotes and cover - designed by bikers, for bikers.

motorcycle insurance

motorcycle insurance quotes and cover available online.

car insurance

guaranteed to beat any quote!

travel insurance

cheap online travel insurance quotes

biker travel insurance

online motorcycle travel insurance cover.

taxi insurance

nci search for the best policy at the most competitive premium.

OPERATIONS

SYSTEMS

The company has signed additional providers of breakdown cover to ensure that NCI is competitive and can cover any type of vehicle. The development of the multi provider quoting system should allow NCI to improve the margin across a number of products and services.

BUSINESS TO BUSINESS

The company has signed a twelve month agreement

to promote its vehicle breakdown cover through Subscriber Plus+, a new subscriber programme from EMAP automotive. The programme will reach the 106,000 monthly subscribers through a specific website, monthly newsletter, carrier sheets, new subscriber welcome pack and in magazine subscriber advertisements.

DEVELOPMENT HIGHLIGHTS

25th November 2004

NCI Vehicle Rescue PLC (NCI) has secured an affiliation partnership with The British Motorcyclists Federation (BMF).

2nd February 2006

NCI Insurance Services launched

18th October 2006

Renewal of promotional contract with EMAP automotive. Contract to run for two years and cost around £1.2 million



The small company specialists

COMPANY INFORMATION

EXPANSION

The company has reported that a number of new initiatives are working well.

The targeted areas of development continue to progress with the online trading moving forward. Since the introduction of new online promotions with third party organisations such as Money Supermarket and Confused.com internet activity expand by over 200%. Working with their partners NCI have identified further opportunities within the existing schemes that should increase the amount of new members. The benefits of such conversions

should become quite apparent in future periods.

To create a more successful and relevant brand online NCI have started testing using the banners of rescuemycar.com and rescuemyfleet.com. This branding could allow easier access for customers struggling to remember the brand name, give instant promotion of the website and make web optimisation more effective. A number of other relevant domains have been registered at very low cost and subject to performance and consumer feedback NCI may phase in the "rescuemy" brand in future.

PARTNERS

Partners include motorcyclenews.com (MCN), British Motorcyclists Federation BMF), The Autocycle Union (ACU Motorcycling GB), inter-bike, HSBC Insurance

Brokers, Equity Red Star, MMA, Highway Insurance, KGM Policies at Lloyd's and Groupama Insurances.

DIRECTORS

Neil Richards-Smith - Managing Director

Neil began work in 1986 as an office junior at Swinton Insurance and quickly progressed through the positions of Office Clerk, Assistant Manager of the Leeds city centre branch to become the Manager of the Thornaby branch of Swinton. With nine staff, Neil ensured the smooth running and profitability of the branch, staff training, promotion, recruitment and disciplinary procedures. In 1993 Neil joined Swire Renshaw as an area sales representative promoting motor manufacturer insurance schemes throughout the dealer networks for Honda cars, Honda bikes and Daihatsu cars. Neil was also responsible for presentations to the manufactures and dealer conferences. In 1996 Neil became a Commercial Account Executive responsible for producing new commercial clients for Swire Renshaw and servicing existing policyholders with medium sized insurance policies. Neil was promoted to First Secure Development Manager in 1998 responsible for running the department and controlling the staff schedule of dealer visits, dealing with manufacturers and principals of the existing insurance schemes as well as the capture of new schemes to grow the

portfolio of affinity and manufacturer schemes. Neil left Swire Renshaw in March 2000 to set up NCI Consultants with Craig Duwell.

Craig T Duwell – Director

Craig began his career in 1989 at Swinton Insurance in a junior position progressing to sales advisor trained on all aspects of insurance products sold by the company. Craig joined the Batley branch in 1991 as Assistant Manager. In 1992 he became a relief manager servicing several branches within the Yorkshire area. In 1993 Craig joined Swire Renshaw as a sales advisor within the Hondacare motor insurance division selling motor insurance to Honda owners. He became team leader in 1994 and Section Head of the Hondacare Insurance Advisers in 1995 responsible for 19 advisors. In 1996 he was selected to head Swire Renshaw's direct arm as the company branched out into a new market. He was later promoted to the business development department to work alongside Mr Richards-Smith in developing the First Secure brand. Craig left Swire Renshaw in March 2000 to set up NCI Consultants with Neil Richards-Smith.

M Watson-Mitchell - Non-Exec Chairman



The small company specialists

COMPANY INFORMATION

SHAREHOLDINGS

	Number	%
Neil Richards-Smith	2,500,000	26.98%
Craig Duwell	2,500,000	26.98%

	Number	%
Gledhow Investments plc	433,333	4.68%
Woodland Capital Limited	433,333	4.68%
Trevor Larman	433,333	4.68%
Barnard Nominees Ltd	280,000	3.02%

FINANCIAL HISTORY

Profit and loss account for 6 months to 30th September 2006

£	6 months to 30 th Sept 2006	6 months to 30 th Sept 2005
Turnover	634,909	404,472
Cost of Sales	(414,168)	(241,168)
GROSS PROFIT	220,741	163,304
Administrative expenses	(190,265)	(178,236)
OPERATING PROFIT/(LOSS)	30,477	(14,932)
(LOSS) / PROFIT BEFORE INTEREST AND CHARGES	30,477	(14,932)
Interest payable and similar charges	(270)	-
Interest receivable and similar income	1,407	1,466
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	31,614	(13,466)
Tax on (loss) / profit on ordinary activities	-	-
(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	31,614	(13,466)
Minority Interests - Equity	872	(511)
(LOSS) / PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	32,486	(12,955)
(DEFICIT ABSORBED) / RETAINED PROFIT IN THE PERIOD / YEAR	32,486	(12,955)
Basic earnings per share	0.30p	(0.15)p
Diluted earnings per share	0.25p	(0.12)p

Balance Sheet as at 30th September 2006

£	30 th September 2006	31 st March 2006
Intangible assets	45,198	43,967
Tangible assets	23,037	18,317
FIXED ASSETS	68,235	62,284
Debtors	89,038	69,397
Bank and cash	94,404	85,438
CURRENT ASSETS	183,443	154,835
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	(148,446)	(137,327)
NET CURRENT ASSETS	34,996	17,508
TOTAL ASSETS LESS CURRENT LIABILITIES	103,231	79,792
CREDITORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR	(3,707)	(351)
MINORITY INTEREST	-	-
TOTAL ASSETS LESS CURRENT LIABILITIES	99,524	79,441
CAPITAL AND RESERVES	-	-
Share capital	92,667	92,667
Share premium	423,715	423,715
Profit and loss account	(419,482)	(440,218)
Minority Interest	2,624	3,277
SHAREHOLDERS' FUNDS	99,524	79,441

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.



The small company specialists

COMPANY INFORMATION

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

2nd Floor,
Harrogate House,
Parliament Street,
Harrogate,
HG1 2RE

RANKING

	Ranking out of 50 (50 being highest)
Business model - competitive advantage	
Competition	38
Customers	41
Low cost	40
Management	
- corporate governance	39
- quality	37
- shareholding	37
Product	41
Sector	39
Financial evaluation	
Early and profitable exit potential	40
Financial strength	
- cash flow	40
- conservative accounting	38
- need for funding	
Growth at a reasonable price	38
Risk	
Overall average rating	39



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?

This document must not be reproduced without the prior written consent of Company Eye.

Risk Warning: Should you have any doubts about the suitability of this investment please consult with a professional adviser in accordance with the Financial Services and Markets Act 2000 ("FSMA 2000"). This document is provided as information only and is not intended to act as a financial promotion without the approval in accordance with section 21 of the FSMA by an authorised and regulated company. Company Eye does not accept responsibility for the accuracy of the information contained in this document and investors should not rely on this document when contemplating an investment. The value of investments can go down as well as up and you may not get back the full amount originally invested. This document should not be reproduced without the prior consent of Company Eye.