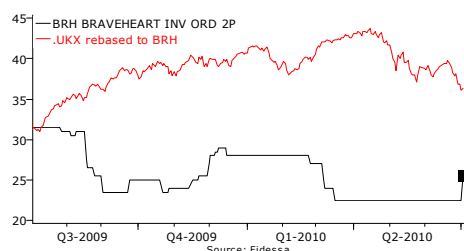


Braveheart Investment Group plc Transforming Itself

25.5p

5 July 2010

Share Price: 25.5p



Source: Fidessa

12m High: 32.0p

12m Low: 22.5p

Market Cap: £3.5m

Shares in Issue: 13.9m

NAV/Share: 40.2p

Gearing: n/a

Interest Cover: n/a

EPIC Code: BRH.L

Sector: Equity Investment Instruments

Market: AIM

Broker: Seymour Pierce

PR: Tavistock Communications

Website:

www.braveheartinvestmentgroup.co.uk

Description: Braveheart Investment Group plc is an investment company that primarily invests in unlisted companies which have the potential to grow significantly through the commercialisation of IP.

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Braveheart Investment Group plc ("Braveheart") has reported results for the year ended 31 March 2010 that were very much in line with expectations. Key points to note are:

- Investment management and consultancy income increased from £350,000 in 2009 to £568,000 – lower fees as a result of reduced investment activity was offset by a nine month contribution from Viking Fund Managers, acquired in June 2009.
- A positive revaluation uplift of £611,186 combined with new investment of £659,049 saw the value of Braveheart's investment portfolio increase from £3.3m to £4.5m at year end.
- After allowing for contingent consideration linked to the realisation of investments in Braveheart's CPR portfolio the net unrealised gain on Braveheart's portfolio was £316,000.
- Cash at year end stood at £1.5m and the NAV of Braveheart's shares stood at 40.2p.
- To date the group's overall client portfolio has returned 23% while its client exit portfolio has returned 30%.
- During the financial year a total of £1.7m was invested into 14 companies by the group and its clients.

While there is some evidence of a recovery the investment environment has been/and remains difficult. Despite three of the group's portfolio companies having closed down during the year Braveheart appears to have weathered the difficult times well.

The group is exploring its growth options with the stated aim of transforming itself from a "strictly Scottish investor in university intellectual property" to a broadly based UK investment group with a diversity of offerings. It has plans to grow all three of its business arms – private client investment management, fund management and management advisory services.

At 25.5p Braveheart's shares are trading at a 40% discount to NAV. Investors who like a well thought out growth story might want to take a closer look.

Y/E	Income	Declared Profit, IFRS	Adjusted Profit	Declared EPS, IFRS	NAV/share	Div	Yield
Mar	£m	£m	£m	p.	P	p.	%
2009A	0.3	(1.3)	(1.3)	(9.2)	44.4	-	-
2010A	0.9	(0.8)	(0.8)	(5.6)	40.2	-	-
2011E	1.7	(0.05)	(0.05)	(0.4)	39.4	-	-
2012E	1.7	(0.05)	(0.05)	(0.4)	38.6	-	-

Braveheart Investment Group plc

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Braveheart's financial results for the year ended 31 March 2010 are set out below:

FY/E March	2010	2009	Change
(£000's)	Actual	Actual	%
Revenue	568	350	+62.3%
Unrealised (loss)/profit on investment revaluation	611	(378)	-
Contingent consideration	(295)	100	-
Finance revenue	34	215	-84.2%
Total income	918	287	+219.9%
Operating Costs	(1,685)	(1,542)	+9.3%
(Loss)/profit before tax and minorities	(767)	(1,255)	-38.9%
(Loss)/profit after tax	(767)	(1,253)	-38.8%
(Loss)/earnings per share	(5.61)	(9.22)	-39.1%

Braveheart's total income in 2010 was a massive 220% higher than in 2009 driven both by an added contribution to fee income from Viking Fund Managers, acquired in June 2009, and from a sizeable portfolio revaluation uplift. The valuation uplift was, in part, offset by a £295,392 movement in contingent consideration linked to the value of Braveheart's CPR portfolio acquired in 2007. Despite the added expense of Viking Fund Managers, and the appointment of three senior staff members, operating costs were well maintained, increasing by only 9.3%. Braveheart reported a loss before tax close to 40% lower than that reported in the prior year. At year end Braveheart's investment portfolio was valued at £4.5m and cash at bank was £1.5m. Other items of note on the balance sheet were goodwill of £327,064 arising from the Viking Fund Managers acquisition and contingent consideration totalling £671,641. £504,903 of this amount is linked directly to the realisation of investments and is not expected to be payable in the near term. The remaining £166,738 is linked to the Viking Fund Managers acquisition and is payable in Braveheart shares.

Operationally the company has had a busy year, investing in 14 companies. Recent funding rounds that Braveheart has led include an investment of £500,000 in Tayside Flow Technologies, a life sciences business, and a £280,000 investment in Conjunction Limited, in the data and communications transmission market. Post balance sheet date the company has announced a £150,000 investment in mLED Limited, a company whose work with micro light emitting diodes has the potential to be applied in the neurotechnology market, aiding in the treatment of conditions such as Alzheimer's and Parkinson's Disease. This investment is notable in that it is the first investment made outside of Braveheart's existing portfolio in some time.

During the year Braveheart was accredited as an approved lender under the Government's Enterprise Finance Guarantee Scheme and the group is investigating setting up a specialised SME loan vehicle. It also test marketed a Beta EIS fund and expects to market a segregated EIS fund later this year.

Forecasts

We allow for a realisation of at least one investment in each of the years ending 31 March 2011 and 2012. Three of the group's portfolio companies are at a stage where realisation is likely in the near term. On this basis our modelling suggests that the group will need to raise further funds in 2013 in order to support its cost base. It may well be, however, that a realisation of the one of the group's more profitable investments takes place, which would add significantly to the cash position. Braveheart's management have a well thought through and disciplined investment strategy and have a number of quality companies in their investment portfolio. With the shares trading at a 40% discount to NAV there is opportunity for considerable upside.

“technology has the potential to be applied in the neurotechnology market, aiding in the treatment of conditions such as Alzheimer's and Parkinson's Disease”

Braveheart Investment Group plc

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<i>Profit and loss, year to March</i>	2009A	2010A	2011E	2012E
Turnover				
Revenue	350,335	568,241	1,466,200	1,436,880
Unrealised (loss)/profit on revaluation	(377,815)	611,186	240,000	267,537
Movement on contingent consideration	100,206	(295,392)		
Finance Revenue	214,675	33,541	9,000	10,500
Total Income	287,401	917,576	1,715,200	1,714,917
Total Costs	(1,542,402)	(1,684,731)	(1,770,000)	(1,770,000)
Net profit before tax	(1,255,001)	(767,155)	(54,800)	(55,083)
Tax	1,772			
Net profit after tax	(1,253,229)	(767,155)	(54,800)	(55,083)
Minority Interest	(17,327)	8,358	3,283	3,660
Net profit attributable to parent	(1,235,902)	(775,513)	(58,083)	(58,742)
Basic Earnings Per Share	(9.2)	(5.6)	(0.4)	(0.4)
Cash flow, year to March				
Net profit before tax	(1,255,001)	(767,155)	(54,800)	(55,083)
Depreciation	12,399	13,333	13,333	13,333
Working Capital	319,718	313,965	(5,859)	(17,100)
Decrease/(Increase) in revaluation	377,815	(611,186)	(240,000)	(240,000)
Interest Income	(214,675)	(33,541)	(9,000)	(10,500)
Increase in Investments	(1,063,732)	(557,400)	(730,000)	
Other	80,284	46,902		
Operating cash flow	(1,743,192)	(1,595,082)	(1,026,326)	(309,350)
Interest	214,675	33,541	9,000	10,500
Net Capex	(31,314)			(13,333)
Free cash flow	(1,559,831)	(1,561,541)	(1,017,326)	(312,183)
Acquisitions and disposals		(176,486)		
Other	(27,195)	(9,874)		
Increase/decrease in cash	(1,587,026)	(1,747,901)	(1,017,326)	(312,183)
Balance Sheet, year to March				
Fixed Assets				
Goodwill		327,064	327,064	327,064
Property Plant and Equipment	44,034	31,367	18,034	18,034
Investments at Fair Value	3,260,512	4,530,747	5,350,747	5,468,284
Current Assets				
Trade & Other Receivables	99,804	101,907	114,480	131,580
Current Tax Assets				
Cash and Cash Equivalents	3,221,844	1,473,943	456,617	144,434
Total assets	6,626,194	6,465,028	6,266,942	6,089,397
Current Liabilities				
Trade & Other Payables	172,693	126,036	132,750	132,750
Contingent Consideration	209,511	592,819	504,903	504,903
Deferred Income	22,585	20,230	20,230	20,230
Borrowings	9,875	10,696	10,696	10,696
Non-current Liabilities				
Deferred Tax Liabilities				
Borrowings	41,078	35,205	35,205	35,205
Contingent Consideration		78,822	78,822	
Total Liabilities	455,742	863,808	782,606	703,784
Net Assets	6,170,452	5,601,220	5,484,336	5,385,613
Shareholder Funds	6,170,452	5,601,220	5,484,336	5,385,613

Braveheart Investment Group plc

5 July 2010

Management	Major Shareholders												
<p>Chief Executive Officer: Geoffrey Thomson</p> <p>Chief Financial Officer & Company Secretary: Colin Grant</p> <p>Chief Investment Officer: Carolyn Smith</p> <p>Non-executive Directors:</p> <ul style="list-style-type: none"> - Garry Watson - Ken Brown - Edward Cunningham - Jeremy Delmar-Morgan 	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Geoffrey C B Thomson</td> <td style="text-align: right;">19.8%</td> </tr> <tr> <td>Kenmore Private Equity Ltd</td> <td style="text-align: right;">18.0%</td> </tr> <tr> <td>Uberior Investments PLC</td> <td style="text-align: right;">9.6%</td> </tr> <tr> <td>Andrew M Threipland</td> <td style="text-align: right;">3.8%</td> </tr> <tr> <td>Edward B Cunningham</td> <td style="text-align: right;">3.5%</td> </tr> <tr> <td>Kenneth J Campbell</td> <td style="text-align: right;">3.3%</td> </tr> </table>	Geoffrey C B Thomson	19.8%	Kenmore Private Equity Ltd	18.0%	Uberior Investments PLC	9.6%	Andrew M Threipland	3.8%	Edward B Cunningham	3.5%	Kenneth J Campbell	3.3%
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Key Dates	Key Milestones												
<p>AGM: September 2010</p> <p>Next Interim Results: December 2010</p> <p>Next Full Year Results: July 2011</p>	<p>1997: Braveheart Ventures Ltd formed</p> <p>2003: Braveheart Investment Group plc formed, acquiring Braveheart Ventures</p> <p>2007: AIM listing, raising £6m Acquisition of WL Ventures Ltd</p> <p>2009: Opening of London office Acquisition of Viking Fund Managers Ltd</p>												

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