

FIRST LIGHT

4imprint (FOUR) – Corporate – Progressing well; a core holding

Market Cap £698m Price 2,500p

Encouraging results a month ago (ahead of expectations, EPS +22% YoY, total orders +17%) have helped generate good performance from the shares. The business remains highly cash-generative and the 20% increase in the dividend announced with the results reflected confidence following a good start to FY2019E. Rapid growth in the apparel category reflects the company's ability to increase market share significantly in this c.\$US8bn segment of the overall c.\$25bn US market, as well as in the business overall.

The strong FY18A outturn was particularly noteworthy in a year which was seen, at the outset, as a time of investment in new marketing channels. These programmes have been highly successful as evinced by the strong results, and are ongoing. The business has now built a record of double-digit organic CAGR going back well over a decade.4imprint

With good progress by the shares, the ratings have moved closer to historical levels, although they still rest at a sub-20x PE for the coming year, suggesting further upside to our previous fair value assessment of 2,370p. With relative ratings having lifted since we previously assessed fair value earlier in the year, this is raised to 2,550p (2,370p). A further perspective on the strong progress of this core holding is expected with next month's AGM update scheduled for May 7th.

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Caspian Sunrise (CASP) – Corporate – Operational Update

Market Cap £98m Share Price 5.4p

Caspian Sunrise provided an operational update as follows.

Production from the company's shallow wells amounted to 1,658 b/d in March (1,533 b/d in February). Oil was sold for an average price of \$18/b (\$20.50/b in February). Production was higher in March due to hot oil treatment of all flowlines.

The deep A5 well was cleared to a depth of 4,254 metres, circa 130 metres above the top of the previously perforated and tested interval. More metal obstructions have been removed from the well, but remaining obstructions are adding complexity to the mill out operations. In the event that ongoing remedial activities are not successful a further side track from 3,800 metres will be considered.

Marketing Communication

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At the deep well 801 production and shut-in cycling is ongoing.

Drilling at the new deep A8 well has progressed to a depth of 4,100 metres with a target total depth of 5,300 metres. Total depth is anticipated to be achieved in 3Q 2019.

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Spectra Systems (SPSY) – Corporate – Announces updates to employment agreements

Market Cap £59.3 Share Price 137p

We note this morning's announcement of updates to the company's employment agreement with Dr Lawandy, Chief Executive Officer of Spectra and a Director of the company. Updated employment contracts with the company's other two most senior executives, CFO Brian McLain, and Vice President of Engineering, Dr William Goltsos, have also been agreed.

Following this announcement, SPSY it is also noteworthy that the company considers that it is now free to buy back shares as announced recently when it so determines.

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Sanderson Group (SND) – Corporate – H1 Trading Update – Strong progress

Market Cap £56m Share Price 93.5p

Today's H1 trading update from Sanderson Group echoes the positive sentiment/momentum reported at the time of the Q1 AGM update, with excellent progress seen across the Group and with trading ahead of management expectations at interim point.

H1 revenue (stated under IFRS15) has grown 16% to approximately £17.0m (H1-2018: £14.6m) with adjusted operating profit increasing by a substantial 33% to £2.8m (H1-2018: £2.1m). Comparable H1-2019 (pre IFRS 15) revenue and adjusted operating profit numbers are £16.9m (+15%) and £2.5m (+20%). Net cash balances stood at £3.3m (H1-2018: £1.4m), again ahead of management

expectation, reflective of the cash generative nature of the business and supportive of Sanderson's progressive dividend policy (currently yielding 3.4%).

The outlook for the Group continues to look robust, notwithstanding general economic uncertainty. By targeting more dynamic multi-channel retailers, and investing in sales and marketing, Sanderson has not been impacted by the well-documented troubles on the High Street. As a result, order intake in both the Digital Retail and Enterprise division is ahead of the prior year and with other strong sales prospects in the offing. The Group order book at the interim point stands at around £8m, comparable to the prior year.

Prudence dictates that we leave our FY2019 expectation unchanged this morning – given broader macro uncertainties. That said, if business confidence holds, the risk with respect to our full year expectations is certainly towards the upside. Our estimates look for revenue of £34.4m (FY2018: £32.1m +7.1% y-o-y) and WHI PTP of £5.4m (FY2018: £4.8m, +12.5% y-o-y), both relatively undemanding given the momentum seen in H1. EPS of 8.0p (PER: 11.8x) and DPS of 3.20p (yield 3.4%).

Sanderson expects to report interim results on 15 May 2019.

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Jersey Oil & Gas (JOG) – Corporate – Verbier Appraisal well results

Market Cap £16m Share Price 75p

Jersey announced that the West Phoenix rig which drilled the Verbier appraisal well has been moved off location with the costs of the well coming in below budget.

The company also announced that Equinor, operator of the relevant licence area, has confirmed to the co-venturers that it will complete the already planned full re-evaluation of the licence area, combining the recent appraisal well results and data collected during operations with the fully processed 3D seismic broadband data (acquired in 2018) which is expected to be delivered in June 2019 in order to better understand the reservoir distribution of the primary target.

The evaluation will also include an assessment of additional prospectivity in the deeper targets and other previously identified exploration opportunities, including Cortina, before making a recommendation to the co-venturers on a potential future appraisal/exploration programme.

In our opinion, we are not surprised by the reassurances provided Equinor particularly given that the forthcoming fully processed 3D seismic has potential to transform the prospectivity of the licence area.

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Ascent Resources (AST) – Corporate – IPPC Permit Confirmed as Valid
Market Cap £11m Share Price 0.45p

Ascent has announced that it has been informed by the Slovenian Environment Agency (“ARSO”) that the IPPC Permit has been confirmed as fully valid; no further appeals against the permit are possible.

The permit will allow the company to build a gas plant that will upgrade gas from the Petisovci licence area enabling it to be sold into the local Slovenian market where it will achieve the highest price possible.

We believe that this announcement represents a material milestone for Ascent. It may also represent a more positive and supportive regulatory environment in broader terms, which would potentially favour further permitting awards allowing the company to undertake modest fracture operations in the Petisovci licence area.

We anticipate a materially positive share price reaction to this development.

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Corporate	52	88.1	52	100.0
Buy	6	10.2	0	0.0
Speculative Buy	0	0.0	0	0.0
Outperform	1	1.7	0	0.0
Market Perform	0	0.0	0	0.0
Underperform	0	0.0	0	0.0
Sell	0	0.0	0	0.0
Total	59.0	100.0	52.0	100.0

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Company/Issuer Disclosures

Company Name	Table of interest number	12-month recommendation history	Date
4imprint (FOUR)	4,5	Corporate	11.12.17
Caspian Sunrise (CASP)	1,2,3,4,5	Corporate	11.12.17
Spectra Systems (SPSY)	1,2,3,4,5	Corporate	11.12.17
Sanderson Group (SND)	4	Corporate	11.12.17
Jersey Oil & Gas (JOG)	4	Corporate	15.01.18
Ascent Resources (AST)	1,2,3,4,5	Corporate	11.12.17

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