

## **FDM IN HOT DEMAND**

**13<sup>th</sup> April 2007**

The market reacted positively to the announcement that Rod Flavell, Chief Executive of Java training and staffing firm FDM (FDMG: AIM), placed a million shares with institutions at 116p. Why, you might wonder? Because the trade was pushed through in order to satisfy soaring demand for the shares from investors, which had created a mild liquidity problem. That should ease up over the new few weeks and, since Flavell still owns a chunky 1.8 million shares, or 7.9% stake, only an avid Cassandra would question his belief in the firm's future prospects.

FDM is a company we know well here at Shares. We first tipped the stock as "Play of the Week" at 82.5p about six months back (14 Sept '06) and have followed up three times since, most recently two weeks ago at 123.5p (29 March). The Brighton-based firm has invested in a unique, industry-leading IT training programme and developed partnerships with several industry heavyweights, including IBM, Oracle and Microsoft.

It supplies freelance IT consultants but also trains, certifies and places its own employed consultants, called Mounties – a pretty unique model that's proved impressively successful so far. Having enjoyed several years of uninterrupted growth, the immediate outlook is equally encouraging. Last year the number of internally trained contractors jumped 65% while utilization rates came in at a very impressive 97.8% showing that demand for these skills is booming.

The market expects profits to grow to £3.4 million this year, pushing on to £4 million in 2008. The implied earnings of 10p a share and 11.7p a share respectively place the stock on an attractive-looking PE of 13, falling to 11 next year. This would rather seem to justify the recent desire of institutions to get a foothold on the shares and readers should continue to follow our original lead.

**Source: Shares Magazine**

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