



[EXTRACT]

red24

SPECULATIVE BUY

05/10/2009 Robert Tyerman

Security risk manager red24 is to advise travel group Hogg Robinson's South African arm during the 2010 World Cup.

The bombed-out Berkshire-based AIM counter, which moved from losses into £500,000 pre-tax profits in the year to March, has landed what advisers call a 'showcase deal' with Hogg Robinson's HRG Rennies Travel. Under the agreement, red24, steered by former Lieutenant Colonel and army parachutist Maldwyn Worsley-Tonks, will provide a range of services, including online travel security intelligence on each of the ten host cities, bespoke security reports and a security hotline, to HRG Rennies, South Africa's largest travel group and licenced by football governing body FIFA as a Participating Tour Operator.

Company sources say the World Cup deal is 'not material' in terms of money, but is seen as important in winning wider recognition for red24, which is seeking other travel industry partners to add a list already including the HSBC banking group and insurer AIG. The company, which increased turnover 20 per cent to £3.2 million in its last financial year and closed it with £600,000 cash, won agreement from most of its loan stockholders to extend payment until September 2010 and won court approval to cancel its deferred shares, thus making it possible to pay dividends in the future.

Analysts suggest red24 could make £620,000 pre-tax this financial year, with £790,000 pre-tax on the cards for 2010-11. Red24 shares, floated ten years ago at 125p, had disintegrated all the way to 1.38p at one stage in the past year, but have now bounced to 5.63p and could rally further if Worsley-Tonks can maintain progress.

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Source: Growth Company website (05 October 2009)

<http://www.growthcompany.co.uk/recommendations/1079422/red24.shtml>