Worship Street Investments plc

The Second Newsletter - Results Day

We suspect that results today from Worship Street Investments will not exactly be top of the news agenda. Events in Greece, on Wall Street and of course the Election will dominate the minds of most investors. It is all too easy to spend ages pondering about macro-economics but investment - as opposed to speculation has little to do with such matters. Investment is about analysing individual companies, seeking out value and then buying and holding as that value emerges. By definition that means taking a long term view which is exactly what we do at Worship Street although as it happens our short term record has been pretty spectacular as our results demonstrate.

Before we turn to the numbers themselves we apologise on two matters. Firstly we have not issued as many newsletters from WSI as we should have. We seem perennially to be in closed season but we have also not been as disciplined as we should. We apologise and will be issuing newsletters four times a year going forward. And secondly we apologise - although we do not set prices - for the appalling spread on our shares which - as we go to press - are 2p-3p. We will make efforts to improve liquidity in the stock but we appreciate that those wishing to buy (or, for some unknown reason, sell) have to show extreme patience and work with a broker to work an order. Trying to deal online or with an execution only broker is unlikely to get a good result.

And now to the results. Worship Street only started in business in early June 2009 so although these numbers are for the period from formation until December 31st they - in fact - only reflect 7 months of operation. The fact that we booked a profit (£148,621) is pleasing but not really here or there. What you should focus on is the Net Asset Value which increased from 1.75p per share at the start of the period to 2.24p. That is an increase of 27% and about 22% better than the overall PLUS Index during the period.

Two weeks ago a stockbroker at the esteemed firm of Killik & Co told one of his clients that shares in Worship Street were more or less "worthless – in essence advising his poor client to sell at any price. These results show why Killik should have sacked that commission hungry trader on the spot, who is only correct if one believes that the underlying equities we hold will themselves become worthless, so destroying the strong asset backing we enjoy. But there is no evidence that this is the case. If one invests in companies which are profitable (such as English Wines, One Media, Mechan Controls or ANS) and you are able to do so at attractive levels because you showed patience and were there when distressed sellers presented you with an opportunity you are bound to prosper. Elsewhere we have behaved opportunistically in buying into companies with, massive asset backing such as Cap Energy, Ascot Mining, Conduco or Lotus Resources. So in part our success is down to simple value investing.

But we like to think that we have also been entrepreneurial. We bought the Powabyke business from the administrator and made a quick and huge turn by selling it into MetroElectric PLC where we now have a large stake and where Powabyke is flourishing. We rescued In-Solve (formerly Africa Oil), have slashed its costs and for our efforts were able to buy a stake very cheaply. And we have recently taken a 20% stake in a former Plus listed company which is planning a return to the market with a new management team and a new strategy very shortly - again the reward for bravery is cheap equity. We have also loaned £15,000 to Fundy Minerals. If it repays we will have earned £3,750 in two months, if it defaults in 2 months we will own 10.19% of World Mining Services (WMS). Our terms are sharp. We make no excuses. Fundy needed cash and we have it. When everyone else is frothing and fretting and strapped for cash it is a time to be brave and a time to be ruthless.

In just a few months we have shown that we are delivering on what we set out to do. We have some cash to make fresh investments but such is the opportunity that we cannot say we would not like a bit more. We would like the chance to be ruthless as we have been in past or as entrepreneurial as we have been with Metroelectric. Whatever we do, the aim is to drive NAV ahead by sensible long term value investment and in due course this has to be recognised in the share price.

Tom Winnifrith

t1ps Investment Management

PS If any investor in WSI wishes to discuss the results or WSI with me please drop me an email at tom.winnifrith@t1ps.com with a telephone number and I shall call you back.

PPS. Since WSI launched we appear to have been in closed season for most of the time. On the odd occasion we were not I have added to my own personal holding (bought at 2p) in the IPO with purchases made (from a panicked seller) at 1.5p. If I can buy at 2p or below again today I shall do so. A company growing its NAV at this rate should not, in my humble opinion, be valued at a discount to NAV

Portfolio (07/05/2010)

Shares (31/03/10)

Sector	Stock Name
Media	One Media Publishing Group
Software & Computer Services	ANS Group Plc
Mining	Lotus Resources
Technology	Conduco (formerly SmartiD)
Technology	Conduco Plc
Mining	Ascot Mining
Restaurants	Cantina Augusto
Resources	In-Solve
Health	Sutherland Health Group
Beverages	English Wines Group
Technology	Mechan Controls
Transport	Metroelectric (Powabyke)

Convertible Loan Notes

Sector	Stock Name
Beverages	English Wines Group
Finance	St Helens Finance
Oil and Gas	Cap Energy
Transport	Metroelectric (Powabyke)

Warrants

Sector	Stock Name
Mining	Lotus Resources
Mining	Ascot Mining
Resources	Africa Oil

Secured Loan Notes

Sector	Stock Name
Mining	Fundy