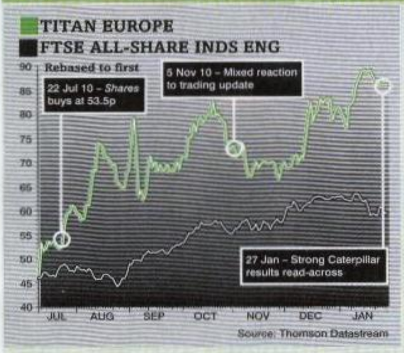
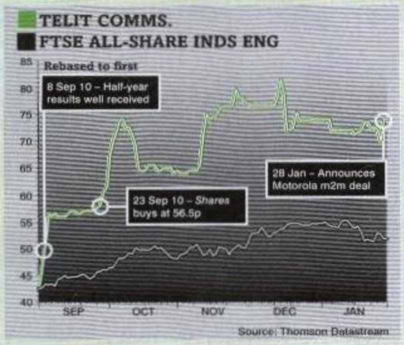
PLAYS UPDATES

Titan Europe (TSW:AIM) 86p Gain to date: 60.7% + BUY



Better-than-expected results from **Caterpillar (CAT:NYSE)** (27 Jan) have a positive read-across to tyre and undercarriage maker **Titan Europe (TSW:AIM)**. Keep buying Titan, originally highlighted at 53.5p (*Plays*, 22 Jul '10), as Caterpillar's fourth-quarter results reveal demand for mining products continues to improve. Caterpillar achieved $12.8 billion revenue against market expectations of $11.6 billion. Titan Europe is a play on strong economic growth and rising demand for natural resources, be it mining or agriculture. Takeover speculation continues to surround the company as it is 22.9% owned by **Titan International (TWI:NYSE)** which makes tyres and large wheels for the North American market. Analysts see a natural fit between the two companies and note Titan International is on an acquisition spree. It bought **Goodyear's (GT:NYSE)** European and Latin American farm tyre businesses for $130 million in December 2010. (DC)

Telit Communications (TCM:AIM) 74p Gain to date: 31% + BUY



Technology expert **Telit Communications (TCM:AIM)** is raising £19 million through a share placing at 80p – a 14% premium to the share price on the eve of the announcement (28 Jan) – to fund the $26 million acquisition of Motorola m2m. The fund raising is fully underwritten by stockbroker Investec. Keep buying the shares, first flagged at 56.5p (*Plays*, 23 Sep '10) as there are clear synergies between the two businesses and the acquisition should boost earnings in the first full year of ownership. Telit makes systems that enable machines, devices and vehicles to communicate via wireless networks. Motorola m2m makes applications for this market. Stockbroker Northland Capital says design and product lifecycles in this sector are long and clients rarely switch suppliers as changing a module can cause lengthy time delays. Therefore Telit's acquisition is particularly important as it opens a door to a new customer base. (DC)

Origo Partners (OPP:AIM) 40.5p Gain to date: 2.5% + BUY

China and Mongolia-focused private equity investor **Origo Partners (OPP:AIM)** is seeking to raise between $60 million and $80 million through the issue of five-year preference shares which will be converted into ordinary shares at 60p. Keep buying Origo (OPP:AIM), originally selected at 39.5p (*Plays*, 25 Nov '10) as the money will help it to make further investments into companies plugged into China's economic growth. Origo invests in multiple sectors but has a dominant focus on natural resources including coal and clean technology. The placing proceeds will also be used to progress a Renminbi-denominated fund unveiled last year. It plans to use this fund as a way of raising money in China to back companies as a domestic investor. This should then enable Origo to exit investments via the domestic Chinese stock market, which is currently off limits to foreign investors. (DC)

Norseman Gold (NGL:AIM) 49.5p Loss to date: 15.4% HOLD

The market does not like serial disappointments and **Norseman (NGL:AIM)**, unfortunately, continues to belong in this hall of shame. A trading update on Monday (31 Jan) once again saw the £107 million cap fail to improve on gold production rates at its mine in Australia. This leaves our trade in a difficult position and us nursing a hefty loss. We will give Norseman one more chance to improve and suggest existing investors sit tight on their holding. We would not look to acquire stock until there is proof gold production is getting better. We chose Norseman at 58.5p (*Plays*, 14 Oct '10) in the knowledge it was a high-risk, high-reward play with credibility issues that needed to be addressed. We had assumed the development of new mines would soon result in higher gold output. Production fell by 8.7% to 11,162 ounces in the three months to 31 December 2010 on the previous quarter. Lower production rates mean Norseman has even more spare capacity in its processing mill so operating costs are rising. (DC)