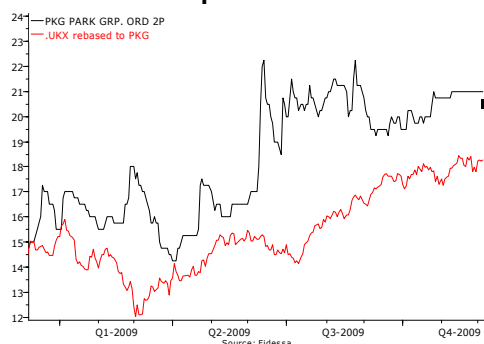


Park Group 21p

FLASH NOTE: Interims As Expected. Modest Downgrade on Interest Rates

8 December 2009

Share Price: 21p



12m High: 22.25p

12m Low: 14.25p

Market Cap: £35m

Shares in Issue: 165m

NAV/Share: Negative

Gearing: n.a. (£12m net cash at 3/2009)

Interest Cover: n.a.

EPIC Code: PKG

Sector: Consumer Finance

Market: London AIM

Broker: Arden Partners

PR: Tavistock Communications

+44 (0)20 7920 3150

Website: www.parkgroup.co.uk

Description: Park Group is the UK's leading multi-redemption voucher business. It is also the dominant provider of Christmas savings schemes in the UK, which it provides through a network of sales agents. It has a smaller share in the Corporate Voucher marketplace, but this business has been growing rapidly.

Analysts: Roger Hardman/Stephen Thomas/Rae Ellingham

Tel: +44 (0)20 7929 3399

Email: research@hardmanandco.com

Interim results from Corporate Gift Voucher and Christmas Savings specialist Park Group show the company to be in a healthy state, and hold no surprises. Because 3 Month LIBOR has reached record lows and Park Group is a heavy net investor of spare cash, we have slightly reduced our estimates however.

Key points are:

- Corporate Voucher revenues were up 5.1% at the half year, and for the full twelve months are likely to produce 66% of group EBIT compared to 58% last year.
- Christmas Savings revenues at the half year were up 9.4%, but H1 usually produces less than 3% of revenues for this division, so the H1 sales figure is not important. Far more relevant is the guidance given by Chairman Peter Johnson, that full year sales for the division will be down 7%. We had forecast a fall of 6%, and the difference is probably not material.
- Christmas Savings margins are coming in better than we expected, leading to a group negative gross margin for the six months of -2.1% vs -4.0%.
- Admin savings have been made. Admin spend was down 2.5%. We had forecast a 3.8% rise in admin costs, so we have clearly been too cautious here.
- Interest income will be very heavily down. We knew this, but the Interim Statement shows a drop in interest income come from £1.75m to £0.49m, and we reduce our full year interest income estimate because 3 month LIBOR was only around the 1.6% level at the time when cash balances peaked in November.

This leads us to reduce our full year profit estimate from £5.3m to £5.0m, and eps from 2.3p to 2.2p.

The dividend will be 1.6X covered this year and is safe. *This company is an AIM qualifying stable high yielder and is ideal for portfolios with an IHT requirement.*

Over the last twelve months the shares have significantly outperformed the market. Please see our previous research note dated 9 October 2009.

Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E ratio	Divi	Yield
March	£m	£m	£m	p.		p.	%
2008A	225.1	4.5	5.2	2.2	9.5	1.20	5.7
2009A	250.5	6.2	6.2	2.4	8.8	1.32	6.3
2010E	255.8	5.0	5.0	2.2	9.6	1.35	6.4
2011E	266.9	5.5	5.5	2.4	8.8	1.40	6.6

Management	Major Shareholders								
<p>Chairman: Peter Johnson</p> <p>Managing Director: Chris Houghton</p> <p>Finance Director: Martin Stewart</p>	<table> <tr> <td>Peter Johnson</td> <td>57.4%</td> </tr> <tr> <td>BSW/IPP Trustees Ltd</td> <td>9.8%</td> </tr> <tr> <td>Schroders plc</td> <td>9.7%</td> </tr> <tr> <td>The Johnson Foundation</td> <td>3.5%</td> </tr> </table>	Peter Johnson	57.4%	BSW/IPP Trustees Ltd	9.8%	Schroders plc	9.7%	The Johnson Foundation	3.5%
Peter Johnson	57.4%								
BSW/IPP Trustees Ltd	9.8%								
Schroders plc	9.7%								
The Johnson Foundation	3.5%								
Key Dates	Key Milestones								
<p>Annual Meeting: September 2009</p> <p>Interim Results: December 2009</p>	<p>July 2006: Disposal of loan business</p> <p>August 2007: Establishment of The Park Prepayments Protection Trust, an independent trust to improve the security of savers' money.</p> <p>October 2007: Transfer from London Stock Exchange to AIM</p>								

Disclaimer

The conclusions and opinions expressed in the investment research accurately reflect the views of the first named analyst. Hardman & Co provides professional independent research services and the companies researched pay a set fee in order for this research to be made available. While the information in the research is believed to be correct, this cannot be guaranteed. There are no other conflicts of interest.

Neither Hardman & Co nor the analysts responsible for this research own shares in the companies analysed in this research note. Neither do they hold any other securities or derivatives (including options and warrants) in the companies concerned. Hardman & Co does not transact corporate finance and therefore does not earn corporate finance fees. It does not buy or sell shares, and does not undertake investment business either in the UK or elsewhere.

Hardman & Co does not make recommendations. Accordingly we do not publish records of our past recommendations. Where a Fair Value price is given in a research note this is the theoretical result of a study of a range of possible outcomes, and not a forecast of a likely share price.

Our research is issued in good faith but without legal responsibility and is subject to change or withdrawal without notice. Members of the professional investment community are encouraged to contact the analyst concerned.

This research is provided for the use of the professional investment community, market counterparties and sophisticated and high net worth investors as defined in the rules of the regulatory bodies. It is not intended to be made available to unsophisticated individuals. In the UK, any such individual who comes into possession of this research should consult their properly authorized professional adviser, or undertake one of the 'self certified' sophisticated investor tests that are available.

This research is not an offer to buy or sell any security.

Past performance is not necessarily a guide to the future and the price of shares, and the income derived from them, may fall as well as rise and the amount realised may be less than the original sum invested. For AIM and PLUS shares, it is the opinion of the regulator that risks are higher. Furthermore the marketability of these shares is often restricted.

This document must not be accessed or used in any way that would be illegal in any jurisdiction.

In some cases research is only issued electronically and in some cases printed research will be received by those on our distribution lists later than those receiving research electronically.

The report may be reproduced either whole or in part on condition that attribution is given to Hardman & Co, and on condition that Hardman & Co accepts no liability whatsoever for the actions of third parties in this respect.

Hardman & Co is not regulated by the Financial Services Authority (FSA).

© Hardman & Co.

Hardman & Co

4-5 Castle Court
London
EC3V 9DL
United Kingdom

Tel: +44(0)20 7929 3399
Fax: +44(0)20 7929 3377

www.hardmanandco.com

