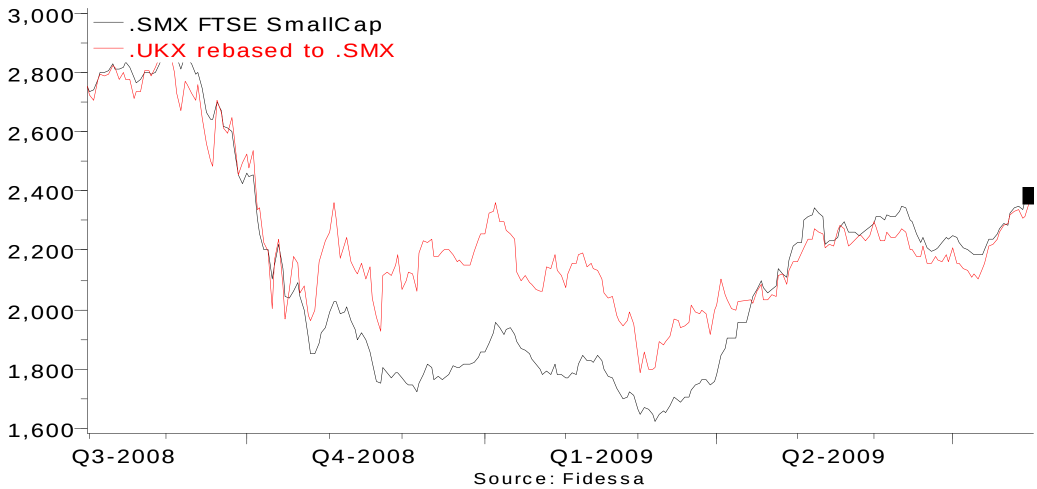
The Monthly August 2009

03 August 2009



FTSE SmallCap vs. FTSE 100

*We have initiated coverage this month on **Renew Holdings**, an AIM company whose shares have been trounced by the market over the last two years, but which have very significant upside potential.*

Renew has two core business streams, specialist engineering and specialist building. Specialist engineering includes nuclear, land remediation and water and rail infrastructure. Specialist building includes social housing, retail, science and education, and restoration and refurbishment. Most, though not all, of these areas are likely to see major expansion, and Renew is in the right place to exploit this. Recently announced contract wins suggest that this is happening already.

The shares have risen by 30% since our 'Initiation of Coverage' research note, and we believe that they are still some way below Fair Value – 39p to 43p a share with added upside potential from the sale of land assets.

Please call or email for a copy of the full research note.

A burst of self-righteousness has erupted on all sides concerning the cost of money. The cost of debt, the availability of bank loans and overdrafts, the cost of raising equity finance, have all been criticised, by the Chancellor of the Exchequer, investment managers, quoted company finance directors, the SME community. Nobody is happy, except by implication the bankers and the corporate finance community.

This is neither fair not justified. The UK – the entire world – has moved from a position where there was an absurd surplus of investment money two years ago to one where there has been an absurd shortage of it. When something is in short supply the price goes up.

In terms of debt, the price is being artificially limited by the Government for political reasons (to try and prevent the collapse of the wider economy). It is only natural that there should be an increase in the premium paid over base rate for commercial loans. It is even more natural that commitment fees, upfront payments, covenant terms and penalties for overstepping covenants or loan/overdraft limits should be very much tougher. More people want to borrow the money, there is less of it available. ►

Market Indicator	Price	Previous Month Price	% Change in 1 month	Year High	Year Low
FTSE 100	4632	4249	9.0%	5637	3512
FTSE Small Cap	2366	2238	5.7%	2871	1621

What about the vast sums that the Government has poured into the banking system? Most of it was merely replacing other money that had been lost. This particularly applies to the additional equity capital provided to the banks. When you allow for the continued losses dribbling out of some of the banks reporting Q2 numbers, the Tier 1 Capital Ratios established earlier in 2009 certainly do not look excessive. Besides, credit analysts like ourselves are demanding rather higher Tier 1 Capital Ratios when assessing risk than was the case earlier in the decade. What is a bank chief executive supposed to do, extend additional loans to businesses whose case is on the margin, i.e. increase the loan book risk profile, and at the same time reduce the key ratios on which the bank obtains its own funding? He/she would be mad to do that. The next Northern Rock would then be in the making.

Additionally, and this is the fault of the Government because of the way it handled last year's crisis, there is a smaller number of banks around. The smaller the number of competitors in any marketplace, the further it moves away from a perfect market. All capitalism trends towards monopoly and Britain's Government has given banking monopoly a mighty kick forward by presiding over the loss of HBOS, Northern Rock, Bradford & Bingley and a host of other names. This is actually not a criticism, more a statement of fact. Besides, the UK Government has not been alone in this. Names have disappeared in mainland Europe as well, and the withdrawal of non-UK banks from the commercial UK lending market has had a major impact.

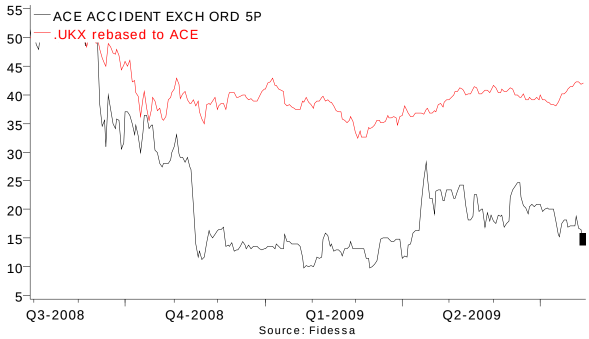
Then, how about equities, and institutional fund managers whingeing about the fees that the giant investment banks have charged for rights issues? For example, the Rexam rights issue charge was 3.3%, for Wolseley it was 3.3%, for Land Securities 3.2%. Is that really so bad? Some of these companies were on the brink of collapse, there is a real risk that some of them could have gone under without the additional equity capital.

Could the institutions have gained access to this more cheaply? Hardly, because the institutions themselves have chosen to hugely load the fundraising dice in favour of the mega-brokers. A major institution wants to be able to turn to a broker, when a placing turns into a portfolio embarrassment, and look for restitution with the offer of a larger slice of the next soft 'no-brainer' in compensation. A small/medium sized boutique may have charged lower fees, but it would never have been able to get the issue away because of the inability to offer this kind of compensation. Also, when a small/medium sized boutique stuffs up with a dud issue, that may very well be the last time it handles one.

Besides, what is a 3.5% fee over the life of a share, a life that in theory is infinite and even in the most conservative practical circumstances is unlikely to be bought back for treasury within a five year time span? As equity markets stabilise the rights issues will take place at narrower discounts to the pre-rights price, and that will have far more impact on new investors than the commission or costs involved.

Get real. It is only right and natural that those with the capital, or access to the capital, reflect the shortage in their pricing. That is not 'profiteering', it is economics.

ACCIDENT EXCHANGE



Trading conditions over the past year continued to be 'extremely challenging' for Accident Exchange. The full year results to end April 2009 showed declared turnover down 18.5% on the previous year and a declared loss before tax of £55.4m (2008: profit £9.9m). The figures above are stated after £68.8m of exceptional debtor impairment, fleet impairment and restructuring charges. Of the total £44.2m debtor impairment charge, £16.3m has been conceded. The remaining £27.9m is a provision for further exceptional settlement discounts, some of which may be recoverable.

Excluding the exceptional items, the adjusted results were not as bad as feared with revenues up 3.1% and a marginal 4% reduction in pre-tax profit to £13.3m.

In response to the tougher conditions, £6m of costs have been taken out of the business on an annualised basis, the fleet size has been reduced by 18% and forward commitments to purchase new vehicles have been cut by £40m saving annualised interest, depreciation and maintenance costs of £10m. In addition, management have decided to exit the group's low margin credit repair business. This will reduce turnover by c. £45m in the current financial year but is forecast to improve working capital by c. £10-£12m.

On the critical issue of cash, total cash collections increased by 18% to £157.2m helped by the exceptional settlement discounts referred to above. Furthermore, management expects to be operating at cash flow break-even by H2 of the current financial year. With the litigation process continuing to gain momentum, a record £94m of claims currently in the hands of solicitors, signs that insurers are moving to outsource their claims management functions and a fall in daily cash break-even costs from £600k in FY 2009 to £550k in H1, and £450k in H2, we would be disappointed if this was not achieved.

Net debt was unchanged at £149m at the year end. Our discussions with management indicate banking headroom at end July 2009 was lower than the £17.2m reported at end April 2009 but still in 'double-digits', and the group continues to operate within its banking covenants. (NB: the exceptional items recorded in these latest results are excluded from all covenant calculations).

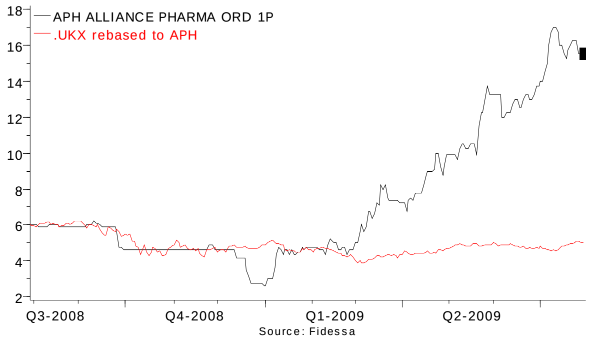
The outlook statement suggests utilisation rates are on an improving trend, rising from 61.8% at the year end to 66.7% currently. We will be producing a new research note on Accident Exchange, with new estimates, shortly.

Accident Exchange			ACE			Price p.	14.8
Full List			Specialty Finance			Cap £m	10.5
Y/E	**Sales**	**Declared**	**Adjusted**	**Adjusted**	**p/e**	**Divi**	**Yield**
April	**£m**	**Profit/(Loss) £m**	**Profit £m**	**Diluted eps p.**	**Ratio**	**p.**	**%**
2008A	161.9	9.9	13.9	12.0	1.2	2.5	16.9%
2009A	132.0*	-55.4	13.3	9.6	1.5	0.0	0.0%
2010E	No	estimates	at present				
2011E	No	estimates	at present				

*****On a declared basis.

ALLIANCE PHARMA

Alliance shares continue to perform strongly and are now five times higher then their opening price at the start of the year. A trading update released in July shows why. 1H09 sales are expected to be circa £13.2m, an increase of 33% over 1H08 sales. Two of Alliance's brands, Hydromol and Deltacortril, have been performing strongly with Deltacortril in particular selling as fast as it can be produced. Profit before tax for the full year is expected to be not less than £2.7m cf 1H09 profit before tax of circa £1.0m. Debt is continuing to be paid down and we are forecasting net debt of circa £28.8m cf £32.5m at year end 2008. We see no reason as to why this positive trend should not continue.



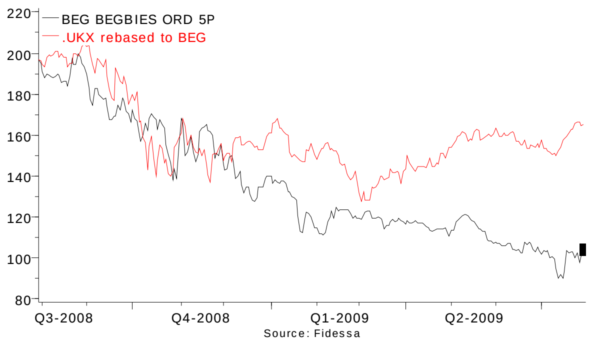
Alliance Pharma				APH		Price p.	15.50
AIM				Pharmaceuticals		Cap £m	25.13
Y/E	**Sales**	**Declared**	**Adjusted**	**Adjusted**	**p/e**	**Divi**	**Yield**
December	**£m**	**Profit £m**	**Profit £m**	**Basic eps p.**	**ratio**	**p.**	**%**
2007A	18.2	-3.21	0.37	0.23	67.4	-	-
2008A	21.8	2.40	2.40	*1.55	10.0	-	-
2009E	26.9	5.30	5.30	2.37	6.5	0.16	1.3%
2010E	25.4	4.30	4.30	1.92	8.1	0.17	1.1%

**includes the benefit of a £600,000 tax credit*

BEGBIES TRAYNOR

Begbies has announced good preliminary numbers to April 2009, and a positive statement. Figures were ahead of our forecasts. Insolvency was the main driver of adjusted pre-tax profit growth of 40%, but there was a return of Corporate Finance to break even in the second half. Please see our research note of 14 July.

Begbies also this month published its Red Flag A!ert statistics of companies facing problems in Q2 2009. Numbers were up by 42%-43% y-o-y. These figures, seen as indicative of the trend in future insolvencies show that the y-o-y rate of growth declined between the first and second quarters. The data on companies actually filing for insolvency in Q2 2009, expected to show a further increase, will be published on 7 August.

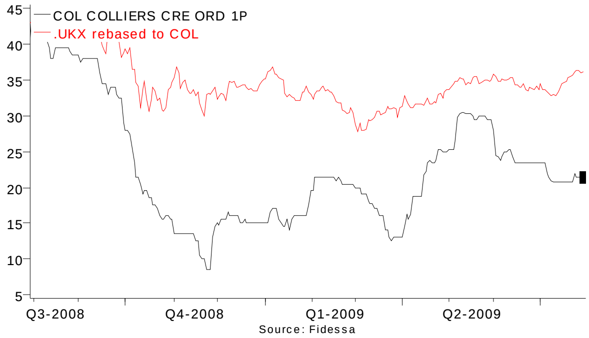


With a Fair Value of 183p, reflecting the Group's strong position in insolvency and the prospects for that sector, the shares remain attractive at current levels.

Begbies Traynor				BEG		Price p.	101.75
AIM				Support Services		Cap £m	90.8
Y/E	**Group**	**Declared**	**Adjusted**	**Adjusted**	**p/e**	**Divi**	**Yield**
April	**Sales £m**	**Profit £m**	**Profit £m**	**eps p.**	**ratio**	**p.**	**%**
2008A	48.1	5.7	7.0	6.0	17.0	2.5	2.5%
2009E	62.1	7.2	9.8	7.8	13.1	2.8	2.8%
2010E	67.6	10.1	11.6	8.9	11.5	3.1	3.0%
2011E	74.4	12.6	13.7	10.4	9.8	3.4	3.3%

COLLIERS CRE

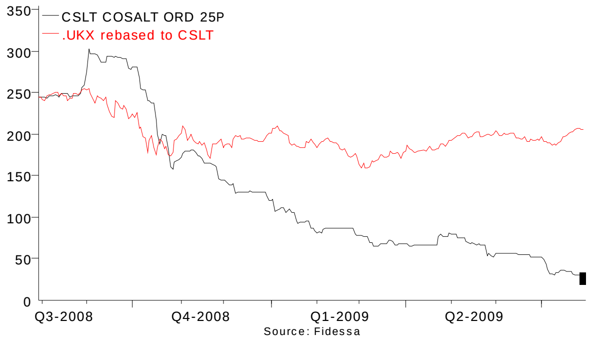
Colliers CRE last month put out a trading update for the six months ended 30 June 2009. While market conditions have in general remained challenging market activity in June was healthy indicating that an improvement in performance may be evident in the second half of the year. We will have a clearer picture when Colliers CRE releases its interim results towards the end of September.



Colliers CRE			COL			Price p.	25.0
AIM			Real Estate			Cap £m	11.7
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2007A	117.5	12.2	9.4	11.8	2.1	5.0	20.0%
2008A	78.0	-11.1	-4.6	-6.5	-3.8	-	-
2009E	66.4	-1.6	-1.2	-1.6	-15.6	-	-
2010E	68.6	1.9	1.9	2.8	8.9	-	-

COSALT

Cosalt is currently in the process of raising between £16-£20m in an equity capital fundraising. The fund raising has become necessary because net debt at the end of the first half was virtually equivalent to shareholders' funds and together with the decline in first half trading levels have materially increased the risk of the company breaching its net debt/EBITDA covenant (3 times) at 31 July 2009. Critically, the net debt/EBITDA covenant tightens to 2.5 times from October 2009 onwards.



Demand appears to be stabilising in the current second half, particularly in the core Offshore Division, and for this reason our adjusted pre-tax profit estimate below remains unchanged. Our EPS estimate is based on the current number of shares in issue, before the fundraising, and is therefore subject to downward revision.

Next year, with the funding issues resolved, we expect sales and margins to recover reflecting the recovery in the crude oil price, the new six-figure deal with Bridon International and annualised cost savings amounting to c. £3m. Eps will fall, however, because of a full twelve months dilution from the fundraising.

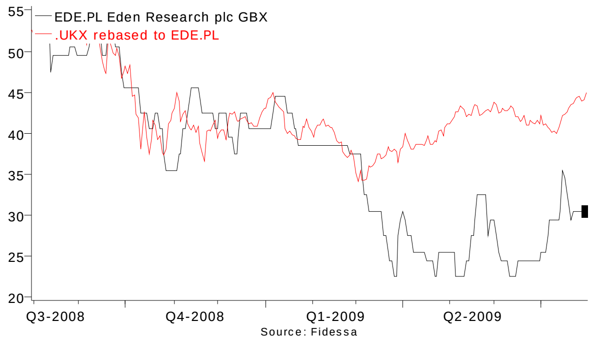
A further announcement on the fundraising is due imminently.

Cosalt			CSLT			Price p.	26.0
Full List			Diversified Inds			Cap £m	6.9
Y/E	Sales	Declared	Adjusted	Headline	p/e	Divi	Yield
October	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	66.9	0.1	1.0	11.6	2.2	12.00	46.2%
2008A	105.0	1.5	7.2	23.4	1.1	6.0	23.1%
2009E	115.4	0.4	5.8	15.5*	1.7	0.0	0.0%
2010E		Forecast	Under	Review			

*2009E eps is before fundraising

EDEN RESEARCH

Eden Research, the natural pest control company, has released initial results from a series of field trials. They make interesting reading.

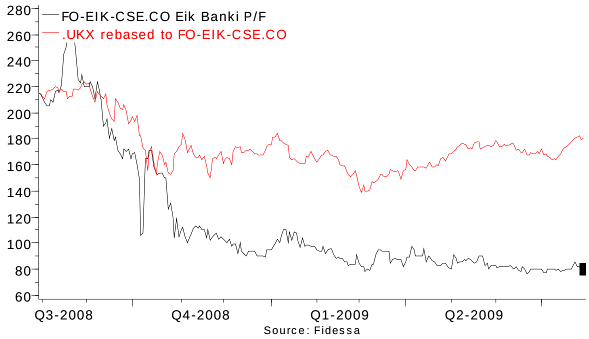


A trial conducted by Anadiag SRL in Southern Europe on nematode control in glasshouse tomato crops has so far reported 83% control of root knot nematodes, compared to 50% control for the industry standard product Vydate. Two other trials, on whitefly on vegetables and spider mite, gave similar levels of control to existing commercial products. The nematode control market is probably worth US$1bn/yr worldwide, while the other two markets are also very significant.

J M Finn Nominees has increased its shareholding, and currently owns just in excess of 10% of the company's shares. The shares have been strong during the past six weeks; some loose holders affected the share price in May/early June but this surplus stock now seems to have all been mopped up.

Eden Research				EDE		Price p.	30.5
PLUS				Diversified Inds		Cap £m	16.6
Y/E	**Sales**	**Declared**	**Adjusted**	**Adjusted**	**p/e**	**Divi**	**Yield**
December	**£m**	**Profit £m**	**Profit £m**	**eps p.**	**ratio**	**p.**	**%**
2007A	0.4	-2.6	-2.2	-4.2	-	-	-
2008A	0.1	-2.1	-1.6	-2.9	-	-	-
2009E	No	estimates	at present				
2010E	No	estimates	at present				

EIK BANKI



Eik banki released its half-year report for 2009 on the 24th of July and it is clear that our previous estimates for 2009 have to be revised. In its review of the half-year result the management states that the after-tax result for the 2009/10 financial year is expected to be in the range of minus DKK 25-75 million.

The half-year figures are mainly marked by lower basic operations and high impairments.

Net Interest Income for the group was lower at DKK 246m vs. DKK 279m for 1H 2008 – a 12% reduction. The lower interest income is partly caused by the reduced level of interest rates worldwide, and also by the increasing part of non-performing loans, which now amount to 2.9% of total outstanding loans. But the bank's high liquidity also plays a role. The interest margin has been high in the Faroe Islands, but it is considerably lower in Denmark due to more competitive market conditions.

Fee and Commission Income was 30% lower in H109 compared to the same period last year due to a significant reduction in economic activity in Denmark and the Faroe Islands.

Impairments were DKK 203m for 1H 2009, higher than we estimated. Total impairments for 2008 were DKK 554m of which DKK 453m became effective in Q4 2008. The impairments are therefore considerably lower than in 2008 but are still high. We expect the impairments to be lower in 2H because there are signs that the Danish economy will turn into recovery in late 2009 or early 2010. Looking at the distribution of the impairments only 16% are due to activities in the Faroe Islands.

Other items of note are Market Value Adjustments and staff and administrative expenses. Market Value Adjustments contributed DKK 52m in Q2 resulting in a DKK 39m surplus on this account for 1H 2009. Staff costs and administrative expenses were 11% lower in 1H 2009 compared to 1H2008 mainly due to a reduction in the number of fulltime employees by 24 as well as lower administrative expenses. The 1H 2009 net loss before taxes was DKK 87m.

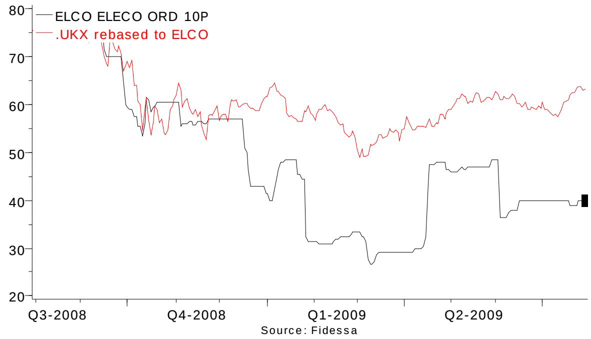
Deposits increased to DKK 14.3 bn compared to DKK 13.1 bn at end-June 2008. They also showed a modest increase over the course of the three months – at end-March 2009 deposits were DKK 14.2 bn. Loans at the end of Q2 were DKK 15.7 bn. This compares to DKK 15.7 bn at end-December 2008. The loans to deposits ratio therefore improved slightly to 115% from 116% at end-December 2008 and 120% twelve months earlier. All these ratios are relatively modest compared to those run by other financial institutions. In current risk-averse markets this is regarded as a key ratio. It is both satisfactory and improving.

Liquidity was high, with an excess cover of 151% over the legal minimum. The Solvency Ratio, at 11.6% and the Core Capital Ratio, at 8.6%, were well below the levels of twelve months ago. At end-December 2008 they were 10.6% and 7.6% respectively. In June Eik Bank Denmark received DKK 295m in hybrid core capital under Credit Package II from the Danish Government. The application from Eik Banki will probably be processed in Q3 2009. A positive outcome will strengthen the Group's solvency by 1.9%, which at 1H 2009 would imply a solvency of 13.5% for the Group.

Eik Banki				FO-EIK CSE		Price DKK	86.0
Danish Stock exchange				Banks		Cap DKK	714.7
Y/E	**Total Income***	**Declared Pre-Tax**	**Adjusted After-Tax**	**Adjusted After-Tax**	**Adjusted p/e ratio**	**Divi**	**Yield**
December	**DKKm**	**Profit DKKm**	**Profit** DKKm**	**eps** DKK**		**DKK**	**%**
2007A	676	465	310	31.2	2.8	10.7	12.4%
2008A	796	-416	384	36.8	2.3	0.0	0.0%
2009E	Estimates	under	Review				
2010E	Estimates	under	Review				

**Net interest income + fees etc* ***Before impairments and market value adjustments*

ELECO



Eleco has an end-June year end, so its financial year has been concluded and we expect the results to be announced during the first half of October. We do not expect any dramatic variations from our forecast. Trading conditions have continued to be tough, but Eleco has continued to cut costs and so its outgoings have been reducing. It has a strong balance sheet, and we think it likely that Eleco will have finished its financial year with a net cash position. We look for a satisfactory showing overall from the software activities. As far as the pre-cast concrete businesses are concerned, we still await news of new prison build contracts, but the disappointment over the delay to the Government's prison build programme is very much yesterday's story, and we still believe that Eleco is in a strong position to win business here. Word in the industry is that some of the pre-cast concrete sites run by Eleco's rivals won't have the scheduling flexibility for much prison work because the delays to the build-out will lead to clashes with Olympic work.

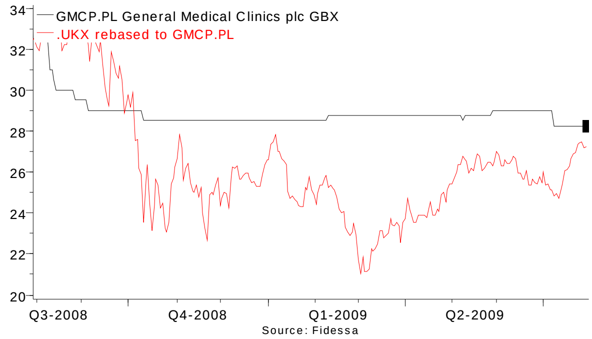
Eleco				ELCO		Price p.	40.0
AIM				Diversified Inds		Cap £m	23.7
Y/E	**Sales**	**Declared**	**Adjusted**	**Adjusted**	**p/e**	**Divi**	**Yield**
June	**£m**	**Pre-tax Profit £m**	**Pre-tax Profit £m**	**eps p.**	**ratio**	**p.**	**%**
2007A	61.9	5.9	6.3	10.3	3.9	2.5	6.3%
2008A	84.9	8.2	9.1	12.1	3.3	3.0	7.5%
2009E	77.8	-0.11	0.3	0.4	100.0	1.2	3.0%
2010E	80.3	2.72	3.1	3.8	10.5	2.0	5.0%

2007 actual results restated for IFRS.

GENERAL MEDICAL CLINICS

General Medical has recently appointed a new Finance Director, Elliott Adams. Keith Isaac has retired.

Current trading is in line with management expectations. As the anxiety about swine flu increases, General Medical is also receiving a higher number of phone calls from existing clients seeking advice on the issue. Interestingly, General Medical's Liverpool Street NHS Walk-in Centre is also seeing an increasing number of patients per day, up approx. 7% in recent months; the effect of a combination of the swine flu outbreak and a decrease in company benefits offered by offices in the City.

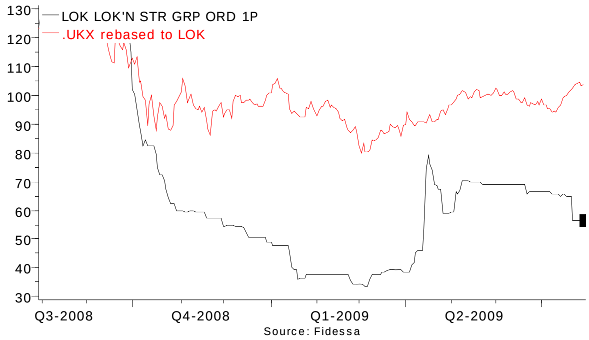


General Medical's management continues to concentrate on the development of the Baker Street clinic. It has recently signed up one of the main occupants in the building to provide primary care as well as health screening. The Clinic is also now fully operational in carrying out ExPat medicals as well as Off-shore Oil and Gas medicals.

General Medical is in close period and the FY09 results are expected to be released in late September.

General Medical Clinics				GMCP		Price p.	29.0
UK: PLUS				Healthcare		Cap £m	4.8
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	6.40	0.35	0.48	3.0	9.4	-	-
2008A	6.54	0.30	0.48	2.1	13.5	0.4	1.4%
2009E	6.64	0.16	0.25	1.0	27.7	0.5	1.8%
2010E	Estimates	under	review				

LOK'NSTORE



Self-storage operator Lok'nStore has called off third party talks regarding a possible takeover offer for the company. This allows us to re-introduce our estimates which have recently been revised to take account of latest developments.

We now expect the full year results to end July 2009 to show sales of £10m and a pre-tax loss of £0.56m (vs. our previous estimate of £10.24m sales and a pre-tax loss of -£1.2m). We have also reviewed our 2010 estimates, reducing our sales estimate from £10.7m to £10.3m and our pre-tax loss estimate from £1.1m to £0.32m. We expect EBITDA to be positive in both 2009 and 2010 and higher than our previous estimates at £2.3m and £2.4m, respectively, but have reduced our dividend expectations from 1p/share to zero.

In line with recent statements from both Big Yellow and Safestore, Lok'nStore has confirmed that occupancy has grown strongly since the winter. In addition, good progress has been made in cutting head office and central costs to match the reduced demand conditions experienced in winter 2008. These cost cuts have been the primary driver behind our upgraded EBITDA forecasts.

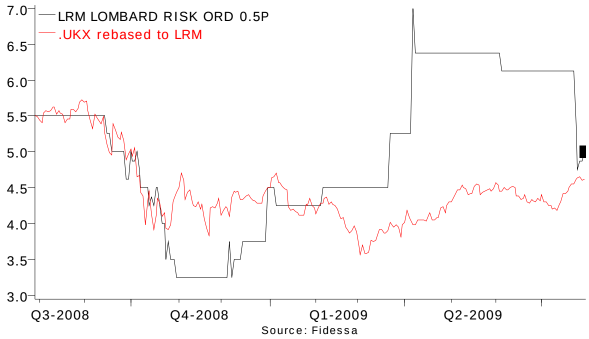
The interim balance sheet showed net debt increasing to £25.5m. With capital spend expected to remain modest until the store development programme is reactivated we believe year end net debt will remain unchanged at c. £25m.

Lok'nShare shares have fallen back following news of the failed talks but remain above the 38.5p they were trading at in early April prior to when the news broke. Given the more positive industry outlook and the steep 71% discount to adjusted NAV per share (based on the Directors' valuation of 200p/share at end January 2009) we re-iterate our view that the shares are undervalued.

The 2009 results will be announced in November, with the possibility of a pre-close trading update sometime before then.

Lok'nStore			LOK			Price p.	56.5
AIM			Support Services			Cap £m	15.1
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
July	£m	Profit/(Loss) £m	Profit/(Loss) £m	eps p.	ratio	p.	%
2007A	10.67	0.95	0.37	1.20	47.1	0.67	1.2%
2008A	10.83	-0.74	-0.31	-1.50	-	1.00	1.8%
2009E	9.96	-0.56	-0.56	-2.11	-	-	-
2010E	10.32	-0.32	-0.32	-1.20	-	-	-

LOMBARD RISK MANAGEMENT



A Trading Update at end-July clearly signaled that an equity capital raising is to take place. We view this as good news because a tight working capital situation has been holding back growth at a time when there is significant demand for the company's products (financial software systems for the banking and fund management industries).

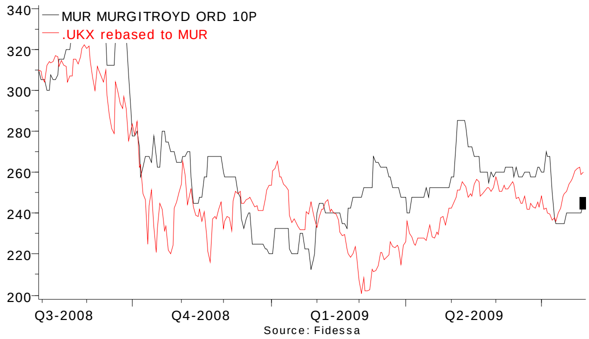
As far as current trading is concerned, results for the year to March 2009 are likely to be 'marginally below market expectations' so we have shaded back our estimate to £8.6m sales, a £1.1m loss and a loss per share of 0.8p (previous estimate £8.7m of sales, a £1.0m loss and a loss per share of 0.7p). For the year to March 2010, a number of new contract wins are 'expected to be announced shortly' and our sales and operating profit estimates may be slightly too cautious. However, an equity funding will be dilutive and if no funding takes place it is clear that interest charges will be substantially higher than we have allowed for.

Please see our 'Trading Update' research note, issued on 27 July. For a more detailed analysis of LRM's products and positioning see our previous research note, 'Visit and Update', 26 June 2009.

Lombard Risk Mgt			LRM			Price p.	5.0
AIM			Software			Cap £m	6.8
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit/(Loss) £m	Profit/(Loss) £m	Basic eps p.	ratio	p.	%
2007A	6.9	-1.3	-1.3	-1.0	-	-	-
2008A	8.5	-1.1	-1.1	-0.7	-	-	-
2009E	8.6	-1.1	-1.1	-0.8	-	-	-
2010E*	10.0	0.75	0.75	0.5	10.0	-	-

*****But see text

MURGITROYD



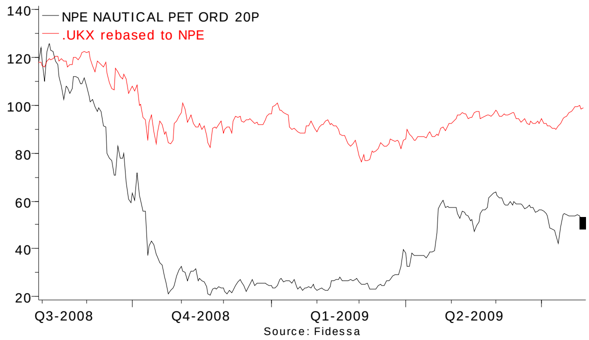
Patent and Trade Mark Attorney practice, Murgitroyd Group, has announced that trading for the year ended 31 May 2009 is expected to be in line with expectations. The company is continuing to secure new business both in Europe and in the US where there have been opportunities for Murgitroyd to tender for larger portfolios of work. This work, while adding to the top line, tends to be lower margin business and we expect a change in sales mix in the coming year. Full year results are expected to be announced on or around 7 September.

Murgitroyd			MUR			Price p.	247.5
AIM			Support Services			Cap £m	21.0
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	£m	Profit £m	Profit £m	Basic eps p	ratio	p.	%
2007A	22.8	2.9	2.9	23.8	10.4	9.0	3.6%
2008A	25.7	2.9	3.1	25.3	9.8	9.5	3.8%
2009E	29.6	3.6	3.6	29.9	8.3	9.5	3.8%
2010E	31.3	3.9	3.9	32.3	7.7	10.0	4.0%

NAUTICAL PETROLEUM

Data acquisition to appraise the lateral extent of the Kraken Accumulation using controlled source electromagnetic imaging (CSEMI) is now complete and data processing work under way.

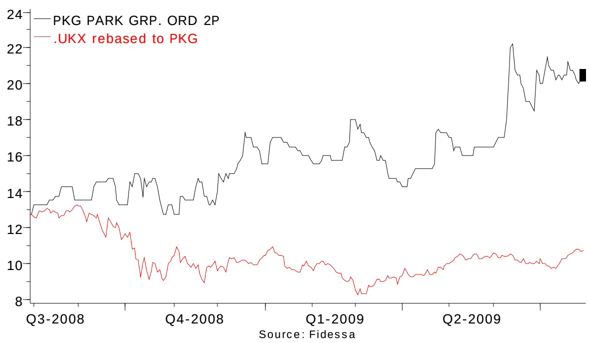
When data from the earlier pilot project at Kraken was integrated with Nautical's existing well and seismic data, the resistive body associated with the oil discovery in well 9/2-1 was found to extend both to the North and South of the wellbore. This new survey aims to map the lateral extent of the Kraken resistive body [hydrocarbon pool] in more detail; which will be invaluable in directing future field development.



Nautical Petroleum				NPE		Price p.	52.0
AIM				Oil		Cap £m	33.0
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	0.0	-0.90	-0.40	-0.91	-	-	-
2008A	0.0	-4.50	-4.50	-7.44	-	-	-
2009E	Estimates	under	review				
2010E	Estimates	under	review				

PARK GROUP

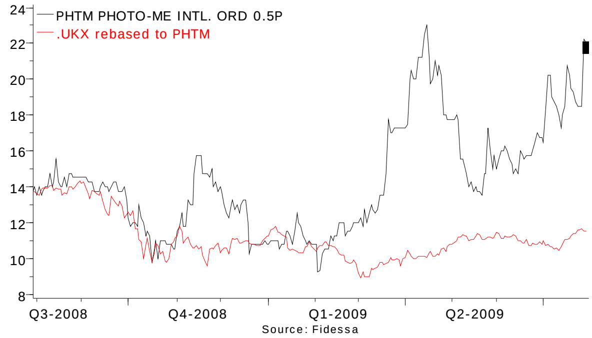
The past two months has seen a further narrowing of the interest rate differential between base rate and 3 Month LIBOR, which theoretically suggests there may be an impact on Park Group's formidable investment income generation in the current year. We are watching the situation, but at present are leaving our estimates unchanged. Issues such as the margins obtained on the Corporate Voucher business, movement of food prices in hampers and, above all, the transition towards an internet based trading model are all areas where the variables could move in Park Group's favour. As far as trading generally is concerned we are not aware of any problems and view Park Group as one of the healthiest companies on AIM.



Our last research report on Park Group was published in June. We shall be updating this with a more detailed research note now that the annual report is available.

Park Group				PKG		Price p.	20.5
AIM				Consumer Finance		Cap £m	33.8
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2008A	225.1	4.5	5.2	2.2	9.3	1.2	5.9%
2009A	252.3	6.2	6.2	2.7	7.6	1.3	6.3%
2010E	262.2	5.4	5.4	2.3	8.9	1.3	6.3%
2011E	No	Forecasts					

PHOTO-ME INTERNATIONAL



Early in July the death was announced of Jean-Luc Peurois, the Photo-Me International Finance Director. He was 51 years of age. Despite being diagnosed with a serious illness in October 2007, he had continued to oversee the work of the finance department and to participate in board meetings.

Serge Crasnianski has returned to the group as Interim Chief Executive Officer while the recruitment process for a new permanent CEO is finalised. Crasnianski has a 22.2% shareholding in Photo Me International. The previous CEO, Thierry Barel, was headhunted to be Chief Operations Officer of Faiveley SA, a large quoted French industrial group. John Lewis, non-executive director, has been appointed senior non-executive director, and a further independent non-executive director is to be appointed.

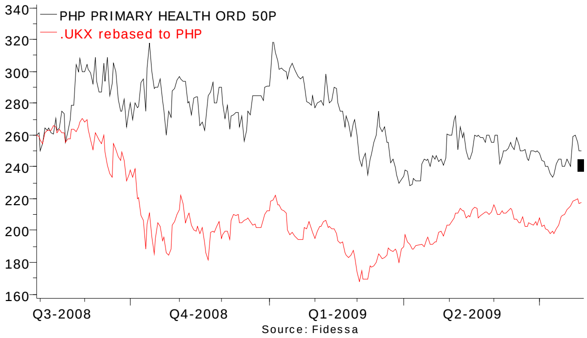
Dan David, who like Serge Crasnianski was one of the architects of Photo-Me International's early success, has come back to the board as a non-executive director. He has a 13.2% shareholding in the company.

The Extraordinary Meeting to approve the disposal of Imaging Solutions AG was held on 30 July, and this business has now been sold.

Photo-Me				PHTM		Price p.	21.0
Full List				Support Services		Cap £m	73.8
Y/E	**Sales**	**EBITDA**	**Adjusted**	**Adjusted**	**p/e**	**Divi**	**Yield**
April	**£m**	**£m**	**Profit £m**	**eps p.**	**ratio**	**p.**	**%**
2008A	193.5	36.5	-6.3	-1.8	-	-	-
2009A	210.9	38.6	1.6	0.2	105.0	-	-
2010E	199.4	34.2	2.2	0.6	35.0	-	-
2011E	No	Forecasts					

PRIMARY HEALTH PROPERTIES

Interim results for the six months to end-June will probably be released in the second half of August. This will take place against a favourable backdrop, because the news from comparators has been good.



Assura Group reported that its latest property valuation was undertaken on a 6.27% net initial yield basis, vs 5.27% on the previous valuation date. The rental increases obtained by Assura were hugely impressive – 55 rent reviews were settled in its last financial year at an average annual increase of 6.03%. Assura has a March year end.

MedicX Fund, with an end-September year-end, had announced a 2.8% average annual rental uplift. Its Interim end-March property valuation was undertaken by King Sturge on a 6.09% net initial yield basis.

AH Medical Properties has an April year-end. It experienced 4.5% average rental growth during the year. AH Medical's valuations are undertaken by DTZ. The AH Medical preliminary statement issued on July 2 did not publish the net initial yield basis upon which the valuation was based, but we gather it was 6.3%, unchanged on the end-October 2008 interim valuation basis.

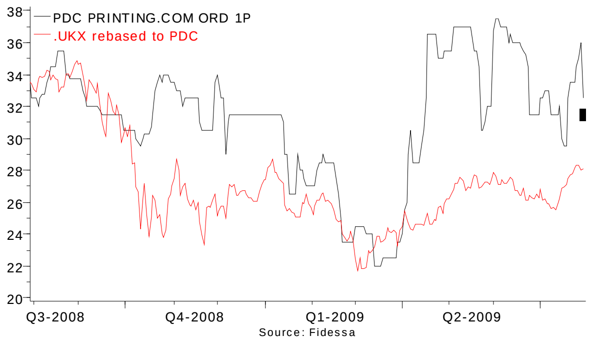
What does this indicate for Primary Health Properties in its forthcoming Interim Report? At its last year-end, December 2008, its valuers Lambert Smith Hampton used a 5.97% net initial yield basis. This suggests that a further slight adverse shift is likely to be seen if Primary Health Properties is to come into line with the sector, and that consequently PHP is likely to declare a lower net asset value per share. This impact will be magnified to some extent by the gearing that PHP, in common with all companies in this sub-sector, carries. The end-December n.a.v. of Primary Health Properties on an EPRA basis was 320p, and this has already been reduced slightly by the dilutive effect of a modest capital raising in the Spring.

The pattern of rental increases elsewhere in the sector strongly suggests that there will be some good news on the income front from Primary Health Properties. This has implications that go beyond higher profits and the underpinning of a further dividend increase. An increased rental stream will have a positive impact on the valuation. The Primary Health Properties Interim Statement will make interesting reading.

Primary Health		PHP			Price p.	243.0
Full List		Real Estate			Cap £m	81.6
Y/E	**Revenue**	**Adjusted**	**Adjusted**	**p/e**	**Divi**	**Yield**
December	**(Rent etc) £m**	**Profit* £m**	**Eps* p.**	**ratio**	**p.**	**%**
2007A	15.7	4.2	13.8	17.6	15.75	6.5%
2008A	19.7	6.3	18.8	12.9	16.50	6.8%
2009E	20.8	6.3	18.5	13.1	17.00	7.0%
2010E	22.2	7.0	20.0	12.2	17.50	7.2%

** EPRA basis*

PRINTING.COM



Our estimates on franchised business to business print specialist Printing.com remain unchanged following July's Annual General Meeting Statement.

The summer months of June, July and August tend to be the weakest months for SME promotional activity so it is pleasing that Printing.com's overall trading volumes have shown no noticeable decline since the last trading update on 1 June 2009. Pricing pressures have continued, however, and it is clear that sales are being maintained because of an increase in both the number and frequency of special offers. Marketing subsidies to support franchisees have also continued. Our estimates below assume these subsidies will run at a similar level to the 2008/09 financial year. In combination with the prospect of further franchise closures, this will keep the lid on margin growth in fiscal 2010.

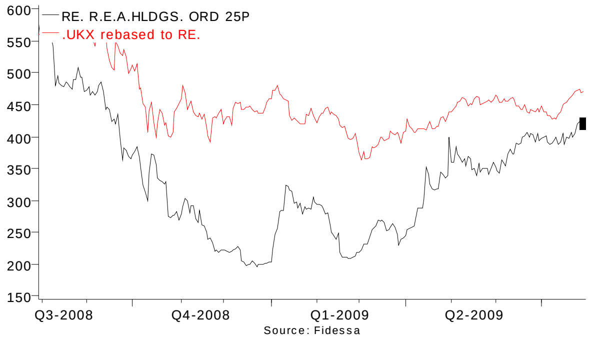
Printing.com is undoubtedly gaining market share as the recession forces a number of smaller print companies out of business. This ought to put the company in a strong position once economic conditions improve.

Printing.com				PDC		Price p.	34.0
AIM				Retailing		Cap £m	15.2
Y/E	**Sales**	**Declared**	**Adjusted**	**Adjusted**	**p/e**	**Divi**	**Yield**
March	**£m**	**Profit £m**	**Profit £m**	**eps p.**	**ratio**	**p.**	**%**
2008A	13.5	2.4	2.4	3.5	9.7	3.00	8.8%
2009A	14.5	2.1	2.1	3.3	10.4	5.15	15.1%
2010E	14.4	2.1	2.1	3.2	10.6	3.30	9.7%
2011E	15.3	2.3	2.3	3.6	9.4	3.60	10.6%

2009A Dividend includes a special dividend of 2p/share

R.E.A. HOLDINGS

Palm oil plantation company R.E.A. Holdings is currently in close period with interim results expected to be announced in late August.



The El Nino weather pattern, which can cause global weather chaos such as droughts and floods, is widely expected to hit SouthEast Asia and elsewhere in the latter half of 2009. The 1997/98 El Nino had a devastating impact on crop production in Indonesia, so we will continue to watch developments closely. Encouragingly, no abnormalities in rain/sunshine patterns have been reported in the current year to date and palm oil production both in Indonesia and on the REA estates has actually been quite good.

The CPO price has weakened in recent weeks but we continue to be happy with our forecasts which in any case are based on a conservative price of $640m/t CIF Rotterdam.

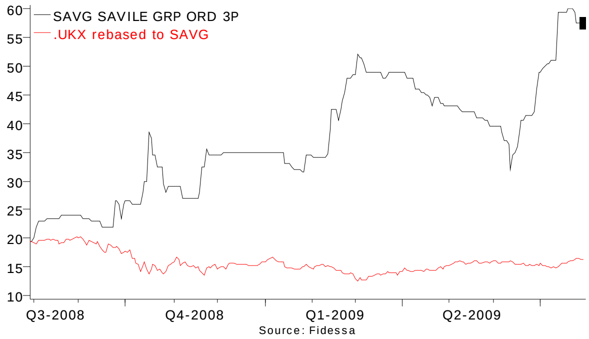
R.E.A. Holdings				RE.		Price p.	420.0
Full List				Food		Cap £m	140.3
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	USDm	Profit USDm	Profit USDm	eps c/share	ratio	P.	%
2007A	57.6	47.0	38.98	73.0	8.6	2.0	0.5%
2008A	79.6	36.3	38.97	77.20	8.2	3.0	0.7%
2009E	66.9	34.20	34.20	66.40	9.5	3.3	0.8%
2010E	73.4	39.50	37.50	73.70	8.5	3.6	0.9%

RENEW HOLDINGS

We initiated coverage on Renew Holdings last month – a Specialist Engineering and Construction Services Group with divisions in Nuclear, Land Remediation, Water, Rail Infrastructure, Social Housing, Retail, Science & Education and Restoration & Refurbishment. Over time the Group has been building up its Specialist Engineering stream and Specialist Engineering now accounts for circa 40% of Group turnover and 70% of Group operating profit. Renew has a healthy bank balance, no debt, a forward order book worth £221m, land assets with a book value of £8.6m and the Group's shares are returning an attractive dividend yield. Our fair value forecast range for the Group's shares is for 39p to 43p per share with added upside potential likely from the sale of land assets. Both Gartmore Investment Ltd and Octopus Asset Management have recently added to their holdings.

Renew Holdings				RNWH		Price p.	36.0
AIM				Construction		Cap £m	21.6
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
September	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	348.1	7.4	7.4	12.3	4.7	1.8	5.0%
2008A	390.6	6.7	9.5	11.4	5.0	3.0	8.3%
2009E	334.2	1.7	5.5	6.7	8.6	3.0	8.3%
2010E	304.4	4.5	4.8	5.8	9.9	3.0	8.3%

SAVILE GROUP



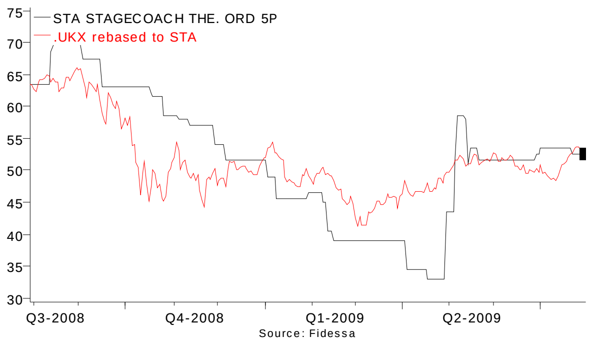
We have upgraded our 2009 and 2010 estimates on Savile Group following July's very encouraging pre-close trading update. We now expect results for the year to end June 2009 to show revenues of £10.5m and a pre-tax profit of £1.8m. These figures are 50% and 151%, respectively, ahead of the previous year driven by strong revenue and margin growth in the core outplacement division.

For the current 2010/11 financial year we have upgraded our revenue estimate from £10.7m to £11.2m and our pre-tax profit estimate from £1.67m to £2m. Most of the growth this year will be delivered by the more predictable talent management businesses as the new business development team gets to work expanding the group's presence in the regions. In contrast, we expect demand for City outplacements (c.50% of Savile's outplacement business) to moderate. Some of the weakness here will be compensated for by the group's push into non-financial services, but not all.

In other news, the number of executive directors on the Board has been reduced from nine to six. Peter Evans has relinquished the role of group Chief Executive but will retain a Board seat as a non-executive director. Jo Bond (Chief Operating Officer) and David Stewart (Chairman of IDDAS) have stepped down from the Board but are to remain key senior Directors of the Group.

Savile Group				SAVG		Price p.	57.5
AIM				Support Services		Cap £m	8.4
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	5.1	-0.19	0.21	2.18	26.4	-	-
2008A	7.0	0.72	0.90	6.04	9.5	-	-
2009E	10.5	1.81	1.81	8.11	7.1	2.0	3.5%
2010E	11.2	2.00	2.00	8.93	6.4	2.2	3.8%

STAGECOACH THEATRE ARTS



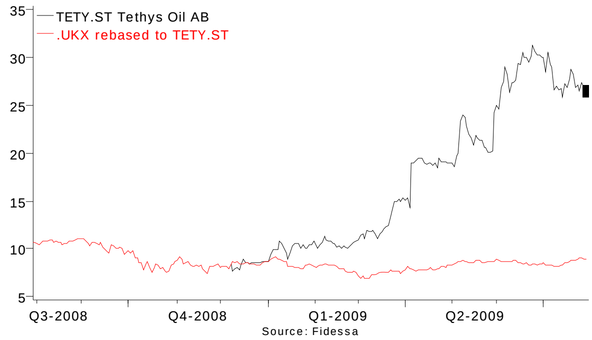
Stagecoach Theatre Arts will be announcing full year results for the year to end May 2009 on 5 August and is heavily in close period.

Last month's pre-close trading update confirmed the results will be in line with our pre-tax profit estimate of £0.72m. We shall be publishing a new research note, including new estimates, shortly after the FY results release.

Stagecoach Theatre Arts				STA			Price p.	52.5
AIM				Theatre Arts			Cap £m	5.2
Y/E	Group	Network	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	Sales £m	Sales £m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	6.32	26.54	0.37	0.37	2.5	21.0	0.0	0.0%
2008A	6.33	28.47	0.71	0.71	5.04	10.4	2.0	3.8%
2009E	6.22	29.89	0.72	0.72	5.17	10.2	2.5	4.8%
2010E	Estimates	under	Review					

TETHYS OIL

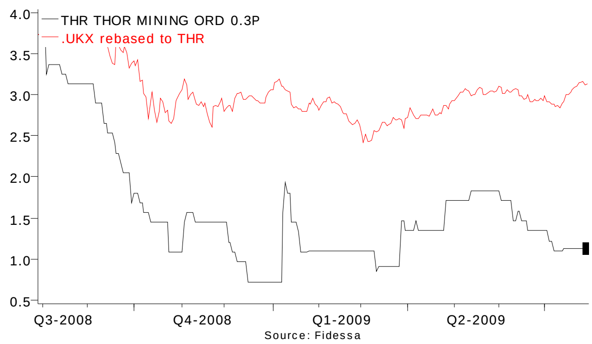
A quiet month as drilling work continues in Morocco with no new announcements from Tethys Oil after last month's encouraging operational updates and the move to First North Premier.



Tethys Oil				TETY.SE		Price SEK.	26.9
AIM				Oil		Cap MSEK	734.4
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	SEK m	SEK m	SEK m	eps SEK	ratio	SEK.	%
2007A	-	-24.7	-24.7	-1.41	-	-	-
2008A	-	-16.4	-16.4	-0.72	-	-	-
2009E	No	estimates	at present		-	-	-
2010E	No	estimates	at present				

THOR MINING

A minor spat over land ownership that caused a stir in Australia but was scarcely noticed in the UK has been resolved, entirely in Thor Mining's favour.



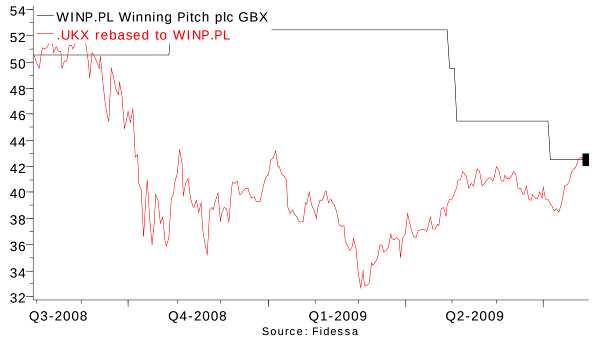
On 2 July a Mr. J. W. Benger placed a notice on a website, 'Hotcopper', that advertised for sale part of the mining title of Thor's Molyhil resource. Benger has since given Thor a formal written apology and has acknowledged that Thor's original purchase of this tenement was properly executed and fully paid for, and that this property does rightfully belong to Thor.

During June 45m new shares were placed at 1p/share. City Equities has announced that it took 20m of these, and that the shares have subsequently been placed out with clients. This is equivalent to 9% of the equity. Stockbrokers Wills & Co was also declared as holding 15m shares, ~7% of the equity.

There has been one other change to the equity base recently. 65m warrants with an exercise price of 8p expired, unexercised, on 15 June. There are now 216.5m shares in issue, and 5m unlisted options outstanding, most of which are still heavily out of the money.

Thor Mining				THR		Price p.	1.1
AIM				Mining		Cap £m	1.7
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit £m	Profit £m	eps p.	Ratio	p.	%
2007A	0.0	-1.4	-1.4	-1.27	-	-	-
2008A	0.0	-1.1	-1.1	-0.76	-	-	-
2009E	No	estimates	at present				
2010E	No	estimates	at present				

WINNING PITCH



Work on Winning Pitch's contract with the Northwest Regional Development Agency to support high growth businesses continues unabated with over 900 companies now signed up to the programme.

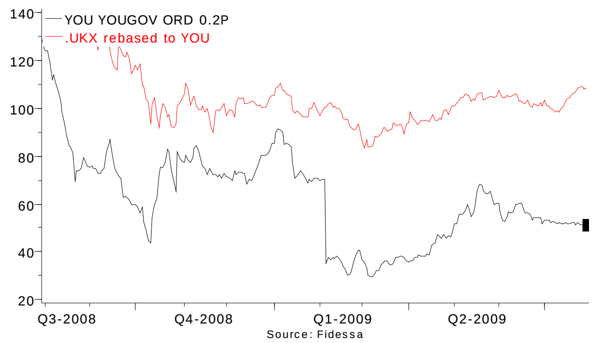
A further new contract win has just been made, this time for a circa £300,000 contract, running for 18 months from 1 August. This new contract centres on Winning Pitch's work around its "Fusion" programme. The underlying concept behind the Fusion programme is how to help businesses to reinvent themselves, to look at what they are good at and how they can build on their strengths, ie by reassessing their business models and exploring new ways of doing things. The programme is aimed at small businesses who are perhaps struggling in today's economic climate.

In other news Chairman and CEO, John Leach, who co-wrote Pitch Perfect – Feel the Impact of a Winning Sales Approach, has plans to write a new book based on the concept of "mind sets". Winning Pitch will look to commercialise any Intellectual Property. This builds on Winning Pitch's strategy of developing proprietary IP around entrepreneurial and personal performance.

Winning Pitch				WINP		Price p.	42.5
PLUS				Support Services		Cap £m	2.2
Y/E	Sales	Declared	Adjusted	Basic	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A*	0.44	0.14	0.14	2.26	18.8	-	-
2008A	1.30	-0.24	-0.03	-4.37	-9.7	-	-
2009E	2.50	0.00	0.00	0.00	-	-	-
2010E	3.50	0.50	0.50	10.00	4.3	-	-

**nine months to 30 September 2007 based on statutory accounts at time of admission to PLUS*

YOUGOV



There has been no news from YouGov and the company will shortly be in close period ahead of its 31 July results. Meanwhile, BrainJuicer in a trading update has said that growth in the first half of the year has been "encouraging" while Research Now has reported "excellent" first half results. ToLuna has confirmed that the acquisition of the business and assets of the Internet Survey Solutions division of Greenfield Online has now been completed.

YouGov				YOU		Price p.	51.0
AIM				Media		Cap £m	48.8
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
July	£m	Profit £m	Profit £m*	Basic eps p.	ratio	p.	%
2007A	14.3	5.6	5.7	6.0	8.5	-	-
2008A	40.4	4.0	9.5	9.1	5.6	-	-
2009E	47.1	0.7	3.7	2.3	22.2	-	-
2010E	51.3	2.9	6.1	3.7	13.8	-	-

**Adjusted profit after adding back amortisation, exceptional items, share base payments, integration costs etc.*

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