

# The Monthly December 2011

If a company wants to launch a new product onto the market – say a new brand of toothpaste, or a change in the formula of a fizzy drink, then it test markets it. Governments don't do that. As we look at the unimaginative and trivial greyness of the UK Chancellor's Autumn Statement, we suggest Governments ought to follow the example of the private sector.

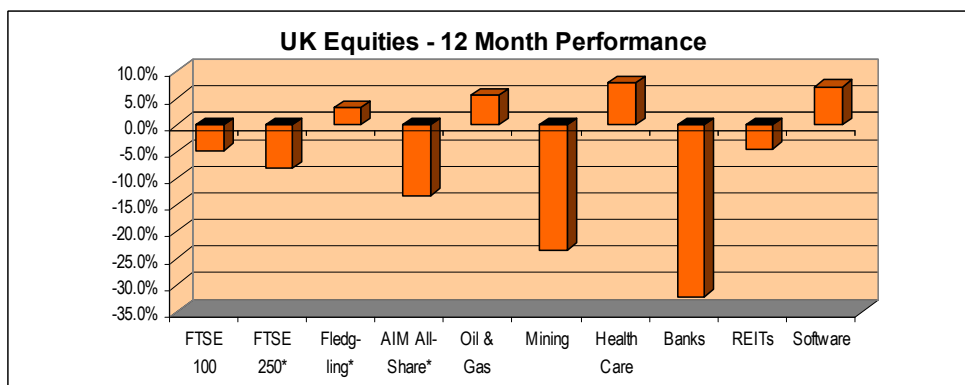
Foremost in the UK Autumn Statement was the issue of jobs, 710,000 of them in the public sector are to go by 2015. Because of the post-war baby bulge the number of people reaching retirement age each year is slightly larger than the number of kids leaving school and becoming available for work, but that will only soak up a small part of the problem. At present, with a 2.3% reduction in UK household disposable income scheduled for this year, the economic backdrop is hardly conducive to business owners taking a punt on beating the economy and expanding into recession. What can be done to change their minds?

The CBI, other employers' bodies and indeed the Government have made much of the problems of red tape. In particular, employment, health & safety and planning law. Eighteen months into the new Government that was supposed to change this, all the country has is some long winded 'consultation documents' that are read by few, responded to by fewer, and push out any action for another year or two anyway. Why not speed up the process by immediately test marketing some ideas in representative areas, abolishing sections of employment, health & safety and planning law in demographically representative pockets of the country, and see what happens.

There would be two advantages to this. First, changes could be put into effect immediately. Like, January 2012. Second, any adverse effects could be quickly spotted and correcting action taken or compensation paid, if necessary, without damaging the national budget. And those changes that turned out to be beneficial could be rapidly rolled out over the entire country with a greater degree of certainty that they would be of benefit. If abolishing the Health & Safety requirement for every employee using a stepladder to receive training resulted in a rash of stepladder accidents, then the idea would rapidly be dropped and the unfortunates who have fallen from the ladders adequately compensated. If abolishing change-of-use planning law in a few high streets led to too many bingo halls and slot machine joints, then the laws could be reinstated and the bingo hall operators compensated without undue cost. The benefits for employment law in particular are too obvious to need elaboration.

A reduction in Employers' National Insurance, the tax on jobs, would be useful. In fact its total abolition would be useful, but this would cost £56bn a year, considerably more than the Government spends on education or defence. It accounts for 11% of all Central Government tax revenues – is it any wonder there is unemployment? This is clearly a financial and political impossibility, particularly while the Government is spending £127bn a year more than its income. But it shows how an "easy" tax can be very damaging.

This month we add the London main market **Tribal Group** to our research coverage. This education technology specialist has sales of well over £100m, is gaining ground overseas as well as in the UK, and we believe is likely to show strong profit growth now that it is once again concentrating upon its core areas. The share price is looking backwards, the company is moving robustly forwards. The p/e ratio for the year that ends this month is only 6. It deserves serious attention.



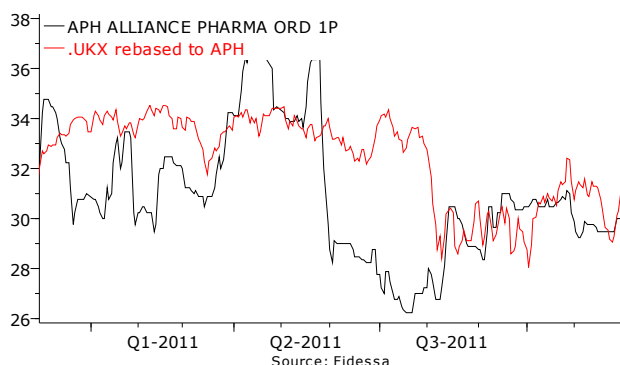
UK equities may be down on a twelve month view, but this year's market has been all about sector selection. Or rather, de-selection. Investment managers who stayed clear of banks and mines, two of the largest constituents of the FTSE 100, are looking good. This also applies to AIM, which has heavily underperformed fully listed Fledglings because of AIM's heavy weighting in mines. There are some happy surprises, such as real gains in healthcare and software.

\* ex Investment Companies.

Market Indicator	Price	Previous Month Price	% Change in 1 month	Year High	Year Low
FTSE 100	5,505	5,567	-1.1%	6,091	4,944
FTSE SmallCap	2,753	2,838	-3.0%	3,340	2,671

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**ALLIANCE PHARMA PLC**



Alliance's shares continue to hold their own in this volatile market. The shares trade on a forward p/e ratio of circa 9.0x and yield 2.5%. There has been no news flow of late and we do not expect any further announcements until the new year. We have previously said that we would expect the next significant piece of news to come from the company will be on the acquisition front, and we continue to expect that this will be the case.

On the business front the company is working hard to resolve the production issues that it has had with Ashton & Parsons (used to give infants relief from teething pain). It expects to be able to meet current unsatisfied demand from customers by the middle of next year. Sales of Deltacortril, previously an issue for the company, remain

volatile but with sales of the brand as a percentage of the portfolio lower, the risk associated with the brand is much diminished.

Alliance Pharma Plc  
AIM

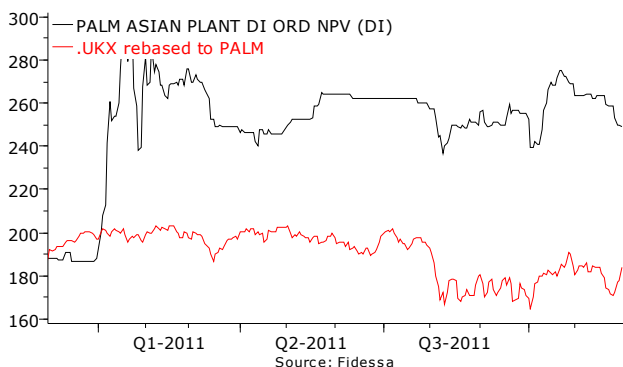
APH  
Pharmaceuticals

Price p. 30.0  
Cap £m 69.7

Y/E	Sales	Declared Profit	Adjusted Profit	Adjusted Diluted EPS	P/E Ratio	Divi	Yield
December	£m	£m	£m	p.		p.	%
2009A	31.2	5.7	8.6	3.1	9.7	0.30	1.0%
2010A	49.9	12.9	16.9	4.6	6.5	0.57	1.9%
2011E	45.9	10.6	11.5	3.3	9.1	0.75	2.5%
2012E	47.9	11.3	12.2	3.5	8.6	1.00	3.3%

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**ASIAN PLANTATIONS LTD**



In August APL entered into a conditional agreement to acquire 5,000 ha semi-developed plantation (Dulit), which shares a common border with APL's Incosetia Estate. The existing planted area [50%] has the potential to produce in excess of 22,000 MT of FFB in 2012. APL expects "to harvest approximately 50,000 mt of FFB in 2012, with an eventual target of 500,000 mt / pa when the existing estates and the Dulit acquisition mature. With Dulit included the company's land bank will total 20,645 ha.

On 29th September, APL announced a further proposed acquisition [for a total maximum consideration of \$22m], being a 60% interest in a JV company owning some 20,000ha, also in Sarawak. The Sarawak Government is

the minority shareholder. After a hectic period of deal making we anticipate that APL will now focus on 'bedding down' its new assets. With closure of these transactions in 2012, the company will have a full planting and development schedule for the next 3 years. On 11th October the company announced that it had raised some US \$20.5m before expenses on the issue of 5.457m new shares; this will fund the proposed acquisition. The latest fund raise brought Zesiger Capital Group LLC on to the shareholder register with 8.6% of the shares in issue. Zesiger is an independent US funds management firm whose clients include state, municipal, and corporate pension funds; corporations; educational and other non-profit endowments; and high net-worth families and individuals. We interpret this as a strong statement of faith in APL's management and business plan.

Asian Plantations Ltd  
AIM

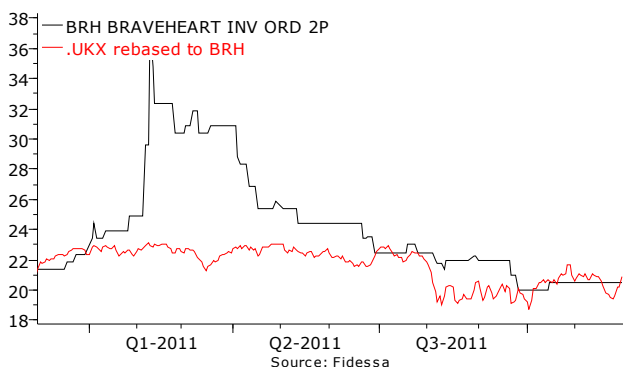
PALM  
Agriculture

Price p. 249.0  
Cap £m 115.0

Y/E	Sales	Declared Profit	EPS	Total Hectares	Planted Hectares	Divi	Yield
December	\$m	\$m	\$			c.	%
2010A	0.31	-3.8	-0.12	15,645	4,051	-	-
2011E	0.73	-7.4	-0.17	20,645	10,900	-	-
2012E	5.72	-11.7	-0.26	20,645	15,550	-	-

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**BRAVEHEART INVESTMENT GROUP PLC**



Braveheart's subsidiary, Envestors Limited, closed another equity fundraising round this month, bringing in £450k for eReceipts. eReceipts provides an electronic solution for managing, storing and retrieving receipts for proof of purchase and business expense purposes. Digital receipts are created at the point of purchase and seamlessly sent to an individual's web based account for later retrieval. At present the company's primary revenue comes from businesses tracking employee expenses but the potential market is far wider.

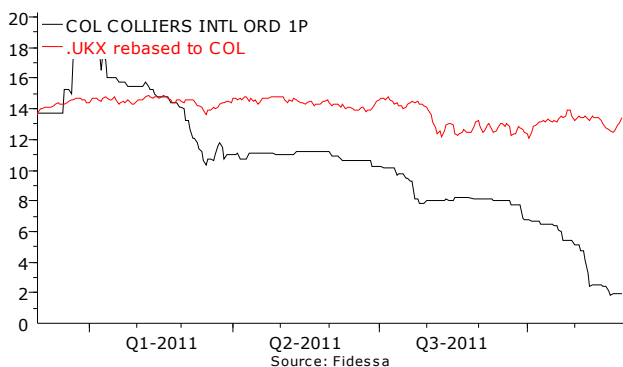
Braveheart Investment Group Plc  
AIM

BRH  
Equity Investments

Price p. 20.5  
Cap £m 4.0

Y/E	Income	Declared Profit/(Loss), IFRS	Adjusted Profit/(Loss)	Declared EPS, IFRS	NAV/Share	Divi	Yield
March	£m	£m	£m	p.	p.	p.	%
2010A	0.9	-0.8	-0.8	-5.6	40.3	-	-
2011A	0.7	-1.3	-1.3	-9.1	30.7	-	-
2012E	2.3	-0.20	-0.20	-0.8	28.0	-	-
2013E	2.5	-0.01	-0.01	-0.1	28.3	-	-

**COLLIERS INTERNATIONAL UK PLC**



Colliers' shares are now trading at 1.9p giving the company a market capitalisation of just under £3.0m. The shares have been under steady downward pressure for some time now. Some of this pressure will be due to the company having limited headroom in its banking facilities and some will be due to market sentiment following the announcement by rival DTZ that its own shares are of "minimal value". There are some key differences between the two companies (see our note of 15 November). Colliers' does not have the Eurozone exposure that DTZ has, Colliers has positive net asset value prior to the deduction of goodwill while DTZ has negative equity, Colliers has a well-funded listed backer with an incentive to drive business in the UK forward, while DTZ's backer has walked away from it. We await further developments.

Colliers International UK Plc  
AIM

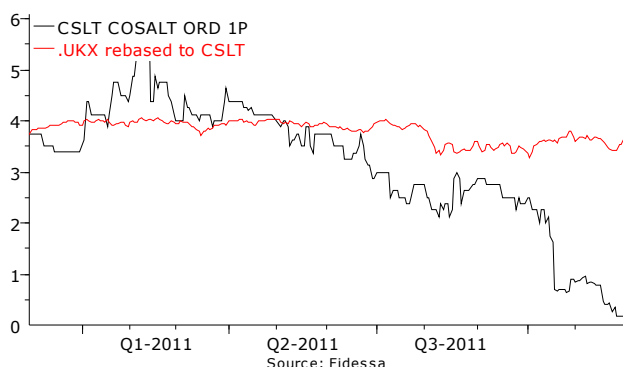
COL  
Real Estate

Price p. 1.9  
Cap £m 2.9

Y/E	Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
December	£m	£m	£m	p.		p.	%
2009A	57.9	-39.6	-13.5	-21.3	-	-	-
2010A	65.9	-8.4	-4.3	-2.9	-	-	-
2011E	66.6	-4.2	-4.2	-2.8	-	-	-
2012E	-	-	-	-	-	-	-

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**COSALT PLC**



Cosalt's financial position has deteriorated progressively since completion of the sale of the Marine division toward the end of August. At that point, the Group had net indebtedness of £7.3m; this had increased to £12.3m by mid-November – representing >82% of available facilities of £14.9m – and the Board was of the view that the Company might utilise these facilities in full before the end of the current financial year (31 December). Within a week of this announcement it was updated to state that utilisation had reached £14m (94%) and that the remaining £0.9m would give the Group sufficient working capital only until 30 November.

The rapid deterioration of the Company's position – which has seen the Company exhaust available working capital just six months after stating that it anticipated having sufficient working capital (within its facilities and with receipt of the disposal proceeds) for “at least twelve months” – has been put down to the delay in the sale of the Marine division (from 22 July until 26 August), putting pressure on cash flow and margins, delaying the rollout of the Workwear division's major contract and preventing the Group from capitalising on an improvement in its Offshore and Workwear markets.

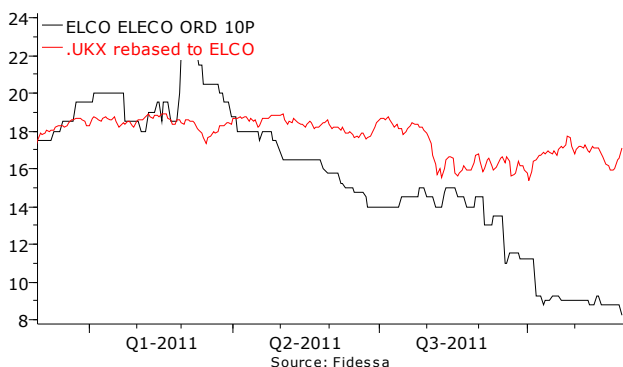
This is the sobering background to the current recommended 0.1p per share (£0.4m) offer being made by David Ross, Non Executive Chairman, for the Company. With the first closing date of the offer not until 20 December, it appears that he may have to bring forward the £5m of support – that he has indicated will be available if his offer is successful – to enable the Company to survive until then. The Company issued a further announcement, stating that the Group remained within its available banking facilities and that constructive dialogue was continuing with David Ross about financial support.

Cosalt Plc Full List			CSLT Diversified Industrials			Price p. Cap £m	0.16 0.6
Y/E	Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
December	£m	£m	£m	p.		p.	%
2009A	107.8	-3.4	5.5	4.2	0.0	-	-
2010A*	112.0	-29.4	-0.8	-0.8	-	-	-
2011E**							
2012E							

\* 14 Months  
\*\* Excluding Marine

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**ELECO PLC**



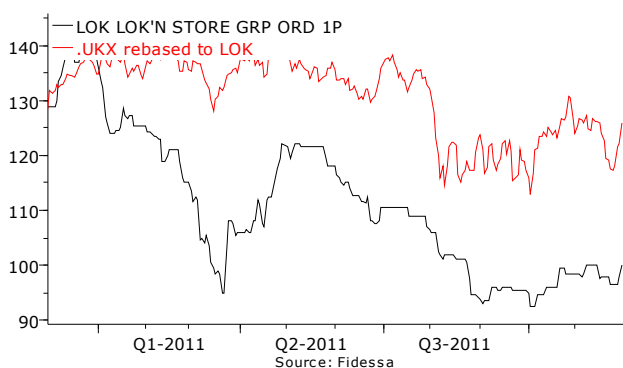
Eleco reported interim results on 19th September. At this stage we are not publishing earnings forecasts.

H1 Software division results were encouraging, with growth coming through. Building Products divisional losses were eliminated during the course of 2010, on top of which the disposal of the loss making Eleco Timber Frame operations (reported in this division) took place at the end of August 2011. Precast concrete is reducing its losses and its size. At end June net debt was £8.6m. These were the second interim results as Eleco changed its year end to December.

Eleco Plc AIM		ELCO Diversified Industrials				Price p. Cap £m	8.3 5.0
Y/E	Group Sales	Declared Pre-tax Profit	Adjusted Pre-tax Profit	Adjusted EPS	P/E Ratio	Divi	Yield
June	£m	£m	£m	p.		p.	%
2010A	58.0	-5.9	-5.4	-8.4	-	-	-
2011A	47.9	-1.2	-0.7	-1.3	-	-	-
2012E						Forecast Under Review	
2013E						Forecast Under Review	

\*Results for the period ended 30 June. The company has changed its year end to 31 December.

**LOK'NSTORE GROUP PLC**



Over the past three, especially two months, Lok'nStore's share price has been firmer than the market and its peer group, and quite right too. The results on 7th November showed a trebling of the dividend and record EBITDA. We marginally raised our (pre acquisition) estimates.

In these difficult times it is important to note Lok'nStore extended its banking facilities to 2016 (at a good rate helped by the modest 30.7% loan to asset value). The June, EPS enhancing, acquisition has extended Lok'nStores avenues for growth and 2012 should see positive updates on the opportunities for low cost expansion in the self storage operations in certain locations. Consumer sentiment has made life more

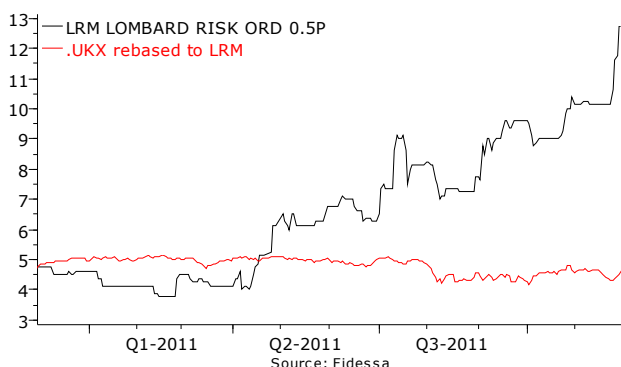
difficult but self storage prices are at an all time high and Lok'nStore has plenty of scope for expansion of quality space which is at a low cost due to shrewd assembly of real estate.

Lok'nStore Group Plc AIM		LOK Support Services				Price p. Cap £m	106.0 27.2
Y/E	Group Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS*	P/E Ratio	Divi	Yield
July	£m	£m	£m	p.		p.	%
2010A	10.4	0.43	0.43	0.9	117.8	1.0	0.9%
2011A	10.8	0.94	1.07	4.1	25.9	3.0	2.8%
2012E	12.9	1.05	1.20	4.8	22.1	3.3	3.1%
2013E	13.3	1.20	1.35	5.4	19.6	3.6	3.4%

\*Adjusted EPS after adding back exceptional items and acquisition goodwill

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**LOMBARD RISK MANAGEMENT PLC**



Lombard Risk shares are one of the few rising in the present market, and have reached new year highs. At current levels the shares are not far from our price target of 13.7p per share. The group now has two key reference sites for its Colline collateral management solution, Societe Generale and a major Tier 1 German bank, and is well positioned to take advantage of the increasing regulatory controls being put in place in today's risk-on risk-off environment.

In "RiskTech100 2011", an October 2011 report by Chartis Research, Lombard Risk was ranked 24<sup>th</sup> out of 100 vendors providing risk technology solutions. According to the report "two thirds of financial institutions have begun to put strategies in place to address technological shortfalls",

"half say that risk technology and enhanced reporting of risk information are high priority" and 80% say that "they expect to increase their spending on risk management over the next three years". All up expenditure by financial institutions on risk management technology is expected to be circa \$23bn in 2013, with \$8.3bn of that coming from the EU.

Lombard Risk Management Plc  
AIM

LRM  
Software

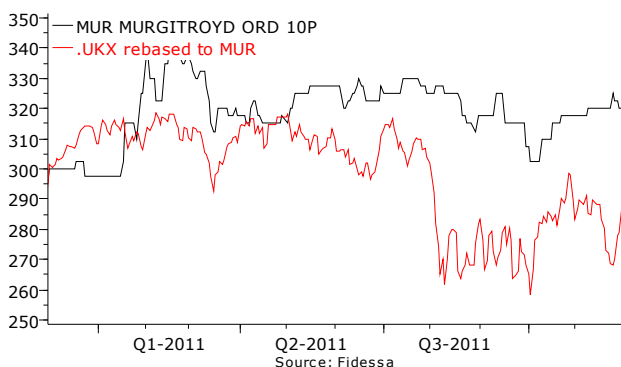
Price p. 12.75  
Cap £m 26.4

Y/E	Group Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
March	£m	£m	£m	p.		p.	%
2010A	8.9	-1.59	-1.59	-0.9	-	-	-
2011A	11.8	0.56	0.86*	0.4**	30.4	0.03	0.24%
2012E	13.5	3.26	3.26	1.6	8.0	0.06	0.47%
2013E	16.7	3.94	3.94	1.7	7.4	0.07	0.55%

\* Excludes £0.3m relocation and redundancy costs

\*\* Adds back tax credit of £798k

**MURGITROYD GROUP PLC**



Shares in Patent and Trade Attorneys, the Murgitroyd Group, have ticked up slightly over the past month. There has been no news flow of late however we understand that while the market remains competitive with continued pricing pressure, business is tracking along as expected.

Murgitroyd Group Plc  
AIM

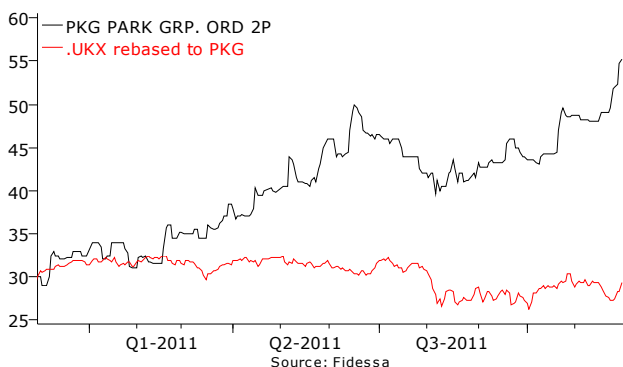
MUR  
Support Services

Price p. 320.0  
Cap £m 27.3

Y/E	Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
May	£m	£m	£m	p.		p.	%
2010A	29.4	3.8	3.7	29.4	10.9	10.0	3.1%
2011A	33.2	4.0	4.0	29.8	10.7	10.8	3.4%
2012E	35.5	4.0	4.0	30.1	10.6	11.0	3.4%
2013E	38.0	4.3	4.3	32.4	9.9	11.5	3.6%

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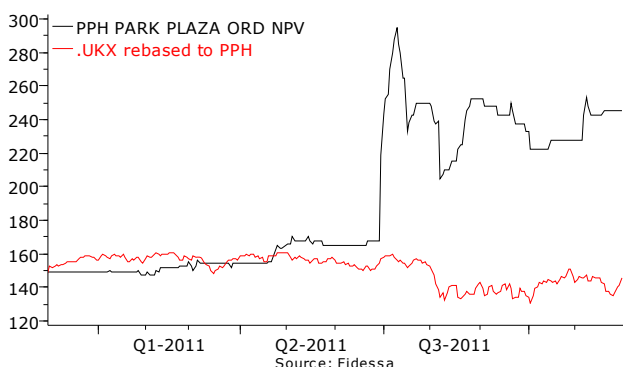
**PARK GROUP PLC**



Interim results are due to be announced on Tuesday 6 December.

Park Group Plc AIM		PKG Consumer Finance				Price p. Cap £m	55.25 92.8
Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
March	£m	£m	£m	p.		p.	%
2010A	263.2	5.3	5.3	2.1	26.3	1.32	2.4%
2011A	279.9	12.5	7.0	3.2	17.2	1.70	3.1%
2012E	296.8	8.0	8.0	3.6	15.3	1.80	3.3%
2013E	305.7	9.0	9.0	4.0	13.8	2.00	3.6%

**PARK PLAZA HOTELS LTD**

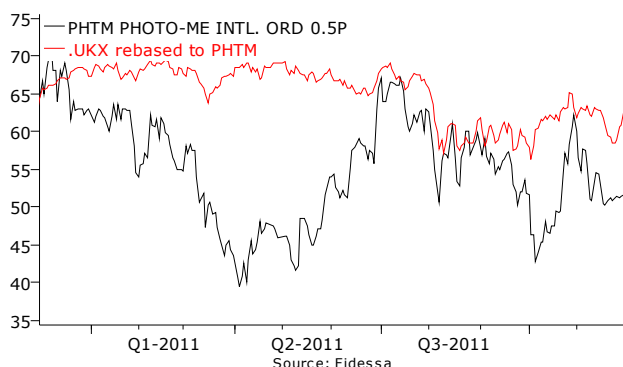


The shares have held their ground comfortably during the market turmoil. The majority of earnings come from Central London, where the hotel market has been strong. This is one of the winners in the hotel sector, and deserves attention from any fund manager looking to add to holdings in this sector.

Park Plaza Hotels Ltd AIM		PPH Travel & Leisure				Price p. Cap £m	245.0 100.5
Y/E	Group Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
December	€m	€ m	€m	UKp.		UKp.	%
2009A	80.3	-7.1	-7.1	-17.7	-	0.0	0.0%
2010A	139.8	60.5	0.1	0.3	816.7	0.0	0.0%
2011E	193.0	0.0	9.0	20.0	12.3	0.0	0.0%
2012E			Forecast Under Review			3.0	1.2%

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**PHOTO-ME INTERNATIONAL PLC**



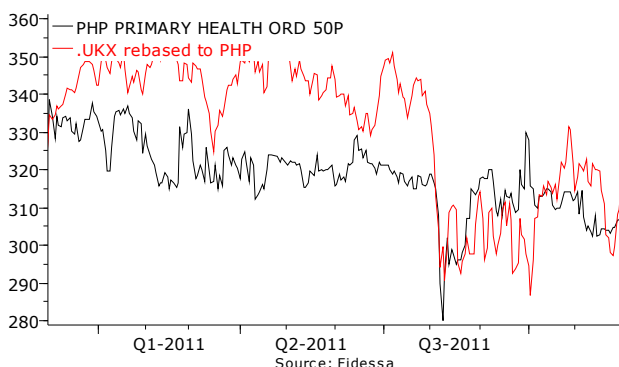
The shares have been steady since the AGM statement confirming that the company has had a good start to the new financial year. Interim results will probably be announced on December 8.

Photo-Me International Plc Full List		PHTM Support Services				Price p. Cap £m	51.6 186.8
Y/E	Group Sales	Adjusted EBITDA*	Adjusted Pre-tax Profit*	Adjusted EPS*	P/E Ratio	Divi	Yield
April	£m	£m	£m	p.		p.	%
2010A	222.5	44.2	14.0	2.7	19.1	1.25	2.4%
2011A	219.8	47.6	18.0	3.8	13.6	2.00	3.9%
2012E	230.8	50.9	20.0	4.0	12.9	2.20	4.3%
2013E	240.9	53.1	21.4	4.3	12.0	2.40	4.6%

\* Before exceptional items

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**PRIMARY HEALTH PROPERTIES PLC**



The new £75m banking facility with Aviva has been finalised, as anticipated. The interest rate is 4%, and shareholders can be satisfied with this rate, which we think is very competitive. The facility has been fully drawn down, partly to reduce the size of the loans outstanding to RBS and Allied Irish Bank. This has aligned the interests of the company with those of its lead banks. In other words, these two banks now have their loan books where they want them to be for the coming refinancing of the major facilities that were due for refinancing in January 2013.

This is where the other piece of good news comes in for shareholders. The January 2013 refinancing negotiations will be completed before end-January 2012. Furthermore,

and this is crucial, there will be “no requirement to cancel any existing interest rate swaps”. The theoretical capital loss on the value of the swaps will, therefore, remain just that, a theoretical liability that will eventually go down to zero as the swaps run out of time.

We understand that the existing loans will be replaced by new ones rather than run to maturity. This means that interest charges will be higher – loans at LIBOR +0.7% will be replaced by new ones that, we estimate, may be at between LIBOR +1.75% and LIBOR +2% if the variable rate £50m loan negotiated with Clydesdale Bank earlier this year is any guide. Between them, these will add approximately £2m to the interest bill over a full year, and necessitate a reduction of possibly 3p a share in what would have been the 2012 eps. PHP will, of course, also be carrying the interest payment on the swaps it has in place against part of its loan book.

Growth from then on could be rapid, if PHP can find the right properties, however. PHP has enough hedging in place now to run more of its loan book unhedged, indeed it could be said to be a proper, defensive policy to do so in order to spread loan types. With 3 month Sterling LIBOR at 1% currently, it will be borrowing at 3%, possibly less, to buy properties yielding 5.75% on average that have rent reviews that move upwards broadly in line with inflation. Every additional £10m invested in property will generate £0.27m of additional profit, or £0.15m if protected with a 5 year hedge. An increase of 20% in the rental portfolio, from ~£500m to ~£600m, would resolve the issue.

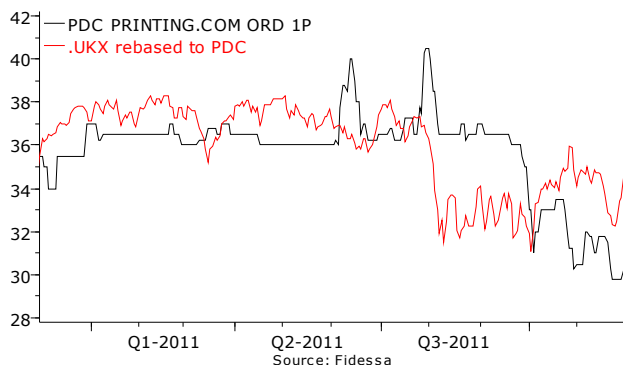
Primary Health Properties Plc Full List				PHP Real Estate	Price p.	309.5	
					Cap £m	211.3	
Y/E	Group Revenue	NAV/Share*	Adjusted Profit*	Adjusted EPS*#	P/E Ratio	Divi#	Yield
December	£m	p.	£m	p.		p.	%
2009A	21.3	280.0	7.3	18.4	16.8	17.00	5.5%
2010A	26.9	311.5	9.1	14.7	21.1	17.50	5.7%
2011E	30.7	334.0	11.2	16.8	18.4	18.00	5.8%
2012E	31.8	361.0	11.3	16.4	18.9	18.50	6.0%

\* EPRA basis

# Ex-rights adjusted

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**PRINTING.COM PLC**



Printing.com results were below expectations but it retains net cash and is generating cash well. Operationally markets are tough. Printing.com has a strong model. Selling primarily to franchisees the cash flow is protected well. Developing new products (web based and interactive) keeps franchisees and investors in a business which is staying well ahead of market developments.

On 3.8x last year's free cash flow (£3.9m), 6.8x current year of 4.5p p/share, we view the shares as significantly undervalued. Printing.com is pulling the product up the value chain and raising customers' ease of use with better newer products. Growth in these new online customer interaction products is a net cost H1 (c £0.2m) and benefits 2012.

We published research on Printing.com on 9th November.

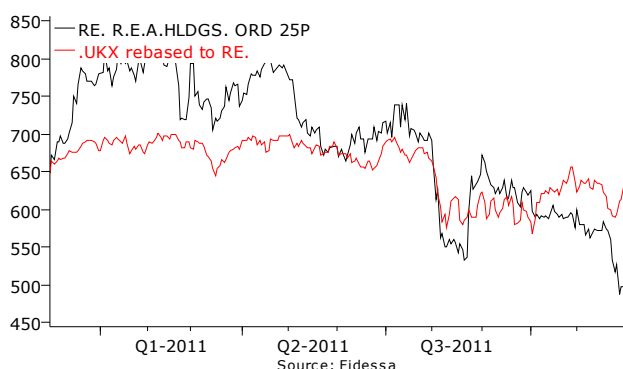
Printing.com Plc AIM		PDC Retailing				Price p. Cap £m	30.3 14.4
Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
March	£m	£m	£m	p.		p.	%
2009A	14.5	2.1	2.1	3.3	9.2	5.15***	17.0%
2010A	14.5	1.7	1.7	2.9	10.4	3.15	10.4%
2011A	17.0	1.3	1.7*	2.7**	11.2	3.15	10.4%
2012E	20.7	1.1	1.25	2.0	15.1	2.10	6.9%

\* Add back £0.2m goodwill amortisation

\*\* 2.0p basic

\*\*\* 2009A dividend includes a special dividend of 2p/share. Adjusted EPS after adding back exceptional items and acquisition goodwill

**R. E. A. HOLDINGS PLC**



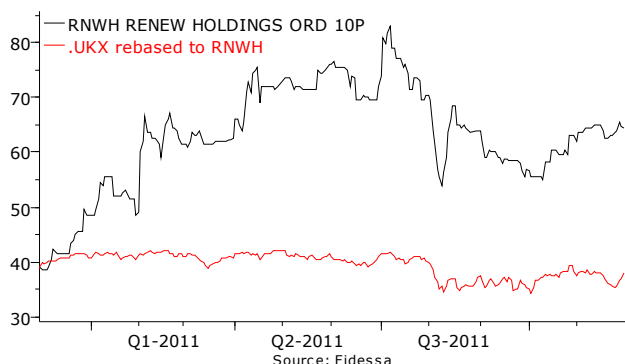
The October Interim Management Statement revealed FFB production ahead of forecast, with a half year harvest of nearly 455,000 mt, up 23.6% on the first half of 2010/11 and 6% ahead of budget. This augurs well for the year end harvest. Management also indicated confidence in achieving targeted planting of some 7,000 ha in the current year, which will make up for a poor planting year in 2010/11. Also confirmed is the expectation of achieving the targeted rate of 100,000 mt of coal traded monthly by end of 2011. With net debt now down at \$81.2m the company is following through on its undertaking to use the proceeds of the July issue of £15m of preference shares to replace loan capital with permanent capital; it will continue to reduce bank indebtedness and to repurchase

loan notes. As our recent report 'A Sliver of Equity' elucidated, this is a business run for the benefit of its ordinary shareholders. In these circumstances it appears anomalous that the shares trade on a prospective multiple of a whisker over 5x for the year to 31 December 2011 and 4.0x for 2012. We are anticipating earnings growth of 56% for 2011 and 25% for 2012. Against a forward FTSE multiple of 10.2x and 15.2x Jakarta, 'Mr Market' looks to have got something wrong!

R.E.A. Holdings Plc Full List		RE. Agriculture				Price p. Cap £m	498.5 166.6
Y/E	Own Crop	Group Sales	Declared Profit	EPS	P/E Ratio	Divi	Yield
December	Tonnes	US\$m	US\$m	USc.		UKp.	%
2009A	490,000	78.9	41.7	81.41	9.6	3.0	0.6%
2010A	518,742	114.0	50.4	96.75	8.1	5.0	1.0%
2011E	623,819	155.6	80.9	151.1	5.2	7.0	1.4%
2012E	688,359	179.6	101.0	189.4	4.1	8.0	1.6%

Monthly December 2011

**RENEW HOLDINGS PLC**



Renew Holdings released its results to 30 September 2011 last month. Turnover at £356.7m was 23% up on the prior year's £290.4m partly boosted by the group's acquisition of Amco Group Holdings ("Amco") in February. Normalised profit at £8.1m was up an impressive 78% from £4.6m. Declared profit was £2.5m, following one-off costs related to the acquisition of Amco and to the group's planned restructuring of its Specialist Building division, where it has discontinued activity in non-specialist public spending markets.

Engineering Services now accounts for 50% of Renew's annualised revenue, but more importantly it accounts for 80% of divisional operating profit. With margins of 4.2% as opposed to Specialist Building margins of circa 1.0%

growing Engineering Services remains the primary focus. The group has set itself ambitious new goals – growing turnover to £500m, 70% of which is to come from Engineering Services, and operating margins are to be in excess of 3.0%.

The group continues to trade on a low forward p/e multiple of circa 5.0x while yielding close to 5.0%.

Renew Holdings Plc  
AIM

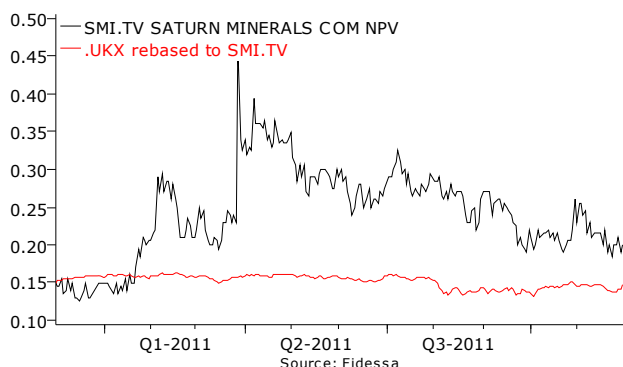
RNWH  
Construction

Price p. 64.5  
Cap £m 38.6

Y/E	Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
September	£m	£m	£m	p.		p.	%
2010A	290.4	4.0	4.6	5.0	12.9	3.0	4.7%
2011A	356.7	2.5	8.1	9.2	7.0	3.0	4.7%
2012E	350.1	9.4	9.9	12.6	5.1	3.0	4.7%
2013E	369.7	10.0	10.5	13.3	4.8	3.0	4.7%

Monthly December 2011

**SATURN MINERALS INC**



Saturn Minerals has announced an option agreement with Australian listed coal developer Jameson Resources Ltd. The option covers the Red Earth property which lies along trend from other coal discoveries in the Hudson Bay/Pasquia Hills area.

The property has only had geophysical investigation carried out on it so far. However, as we discuss in our recent note, Saturn have developed two different genetic models to fit different geophysical signatures that, when drilled, have resulted in the discovery of coal seams.

The terms are very good for Saturn. Over the next three years Jameson must spend \$870k on exploration. In the 2nd and 3rd years Jameson will cover the 'ground rent'

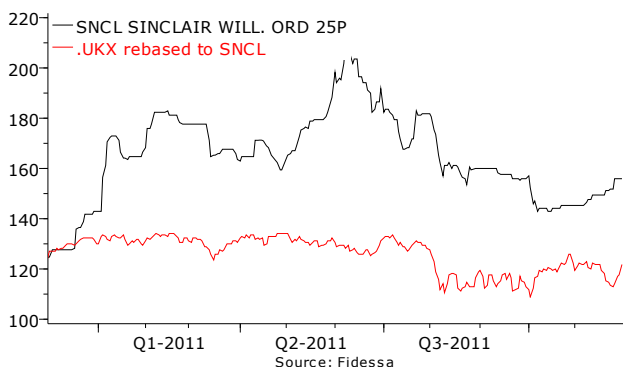
with payments of \$5 and then \$10 per year per acre (4,608 acres in total are covered by the property). If after 3 years the option terms have been satisfied Jameson will enter a 60:40 JV with Saturn as minor partner. However Saturn will retain a 7% FOB royalty on any and all mineral production. These option terms, when considered together, are better than most. The exploration requirement isn't enormous but it is enough to get the job done and is \$870k less dilution for Saturn's shareholders. The same goes for the ground rent. There was no guarantee that Saturn would have retained the land for another three years, so it is fair that Jameson pay should they wish to remain active on the property. The 7% FOB is above the normal 2-5% NSR or equivalent.

This is a great deal for Saturn Minerals and we hope to provide more detailed information on the Red Earth properties in the future.

Saturn Minerals Inc TSX-V		SMI.TV Energy			Price C. Cap CDN\$m	20.0 14.7	
Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
December	CDN\$m	CDN\$m	CDN\$m	CDN\$		CDNc.	%
2008A	-	-2.60	-	-0.08	-	-	-
2009A	-	-2.33	-	-0.05	-	-	-
2010E	-	-0.87	-	-0.02	-	-	-
2011E	No Estimates At Present						

Monthly December 2011

**SINCLAIR, WILLIAM HOLDINGS PLC**



There have been no further developments in the past month. Sinclair is now into its quiet season, with peat harvesting over until the next dry spell in the spring. Negotiations with Natural England for the final tranche of compensation for the cessation of peat harvesting at Bolton Fell continue, but we no longer expect these to reach a rapid conclusion.

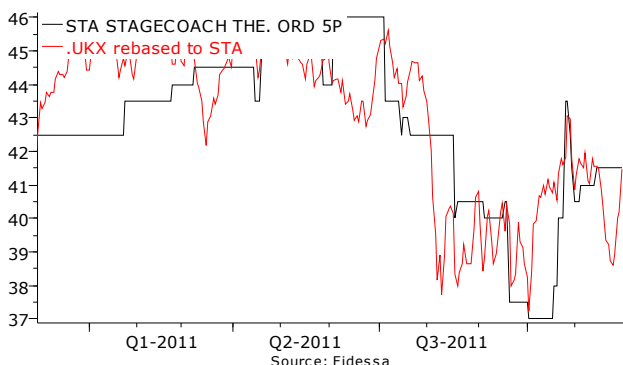
Sinclair, William Holdings Plc  
AIM

SNCL  
Household Goods

Price p. 156.0  
Cap £m 26.6

Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
September	£m	£m	£m	p.		p.	%
2009A	46.3	1.2	1.2	6.8	22.9	3.5	2.2%
2010A	48.5	2.1	2.5	12.2	12.8	5.0	3.2%
2011E	58.3	3.2	3.2	13.5	11.6	6.5	4.2%
2012E	62.4	3.6	3.6	14.7	10.6	7.5	4.8%

**STAGECOACH THEATRE ARTS**



The shares have held their ground, despite the fall in small company share prices generally. The Interim Results are due early in the new year. The last statement from the company said that both the German and North American businesses were nearing critical mass, and that Stagecoach South Africa had had a successful launch.

Stagecoach Theatre Arts  
AIM

STA  
General Retailers

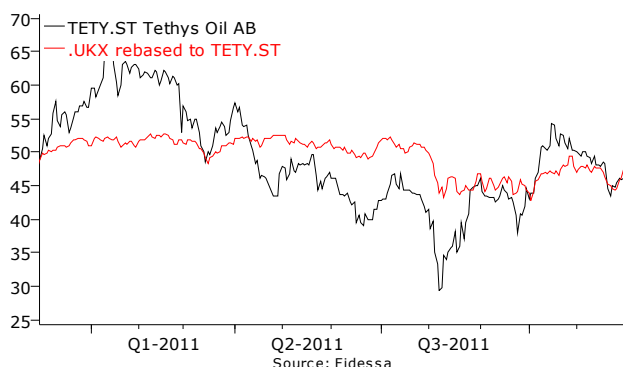
Price p. 41.5  
Cap £m 4.2

Y/E	Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
May	£m	£m	£m	p.		p.	%
2010A	6.2	0.7	0.7	5.2	8.0	2.5	6.0%
2011A	6.0	0.6	0.6	4.8	8.6	2.5	6.0%
2012E	5.8	0.5	0.5	3.8	10.9	2.5	6.0%
2013E							

Forecast Under Review

Monthly December 2011

**TETHY'S OIL AB**



Tethy's recent results strongly benefit from increased oil sales during Q3 2011 hinting at the potential yet to be realised when the Omani operation hits full stride. Nine month net, Tethy's records TSEK 24,615 (TSEK 75,259) with an incremental Q3 third quarter net of TSEK 38,627 (TSEK 66,923). Bear in-mind these are compared against the positive impact of the Mitsui farm-out which added TSEK 103,236 to last years results.

Cash flow from operations during the third quarter 2011 amounted to TSEK 24,384 (TSEK-4,941) and TSEK 43,163 (TSEK -27,167) for the first nine months.

Tethy's net average daily production, before government take, during the third quarter amounted to 1,547 barrels and for the nine month period to 826 barrels. In October the early production system produced 216,646 gross barrels, corresponding to 6,989 barrels of oil per day (BOPD). Tethy's share of the production, before government take, at 30 per cent of the total, was 64,994 barrels, or 2,097 net average daily barrels.

Cash and cash equivalents as per 30 September 2011 amounted to TSEK 60,331 (TSEK 190,512).

As discussed in the last monthly, Tethy's Oil entered into agreement with Odin Energi A/S regarding mutual investments in the Baltic region and has lent MEUR 15.1 to Odin Energi.

Tethy's Oil AB Stockholm		TETHY.ST Oil				Price SEK.	46.0
Y/E	Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
December	SEKm	SEKm	SEKm	SEK.		SEK.	%
2009A	-	-42.4	-42.4	-1.6	-	-	-
2010A	11.1	-80.1	-80.1	2.6	17.7	-	-
2011E	No Estimates At Present						
2012E	No Estimates At Present						

Monthly December 2011

**THOR MINING PLC**



Thor has just released final drill data from its resource definition/expansion at Molyhil Mine.

The 10-hole diamond drill program was primarily aimed at increasing the confidence of some portions of the resource that were previously not available for inclusion in the mineable reserve estimate. Under the current version of JORC on mineral resources at a confidence level of indicated or measured may be included in reserve calculations. There were 900kt of mineralised material inferred under the last resource estimate. It would be reasonable to assume that a substantial portion of that will be included in the new resource estimate. The proposed mining rate for the re-working of the DFS is 400ktpa. The accompanying RC drilling program was aimed at

extending the mineralised envelope laterally and vertically. The main aims of these holes was to add to shallow resources by increasing the surface footprint of the mineralisation and to increase the level of confidence that Molyhil could support an underground mine in the future.

The drill programs showed three things. Firstly that the skarn mineralisation continues at depth and the drill returns suggest that grade may increase with depth. This is good news for a potential underground future once the open pit has been worked out. Secondly the near-surface mineralised footprint is larger than was previously thought and contains some of the highest grade intercepts seen on the project. This can only be good news for the pit economics. Not only is there more mineralised material available, it should be relatively cheap and easy to mine. Finally the bonanza grade intercept of 24% WO3 and repeated high grade intercepts of >1% WO3 demonstrate that there may be higher grade phase of mineralisation present within the pervasive skarn mineralisation. Whether the tonnage of that material is enough to significantly alter the overall pit economics can only be seen with the new resource estimate and mineable reserve. the occurrence of spectacular intercepts certainly can't harm the mine, but if a second phase of mineralisation can't be modelled as a separate domain then the mathematics of resource estimation will smooth those peak values.

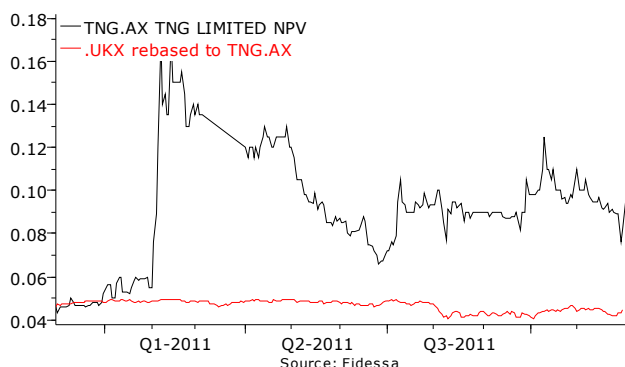
For us the more exciting factors are those that should increase the mineable tonnage and so extend the minelife i.e. the expected confidence uplift of material from inferred to indicated and the extension of the resource laterally to include more shallow mineralisation.

The AGM was held in London on 29th November.

Thor Mining Plc		THR Mining				Price p.	1.1
AIM						Cap £m	6.9
Y/E	Group Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
June	£m	£m	£m	p.		p.	%
2009A	-	-1.23	-1.10	-0.77	-	-	-
2010A	-	-1.76	-0.59	-0.79	-	-	-
2011E	-	-2.85	-1.50				
2012E	No Estimates At Present						

Monthly December 2011

TNG LTD

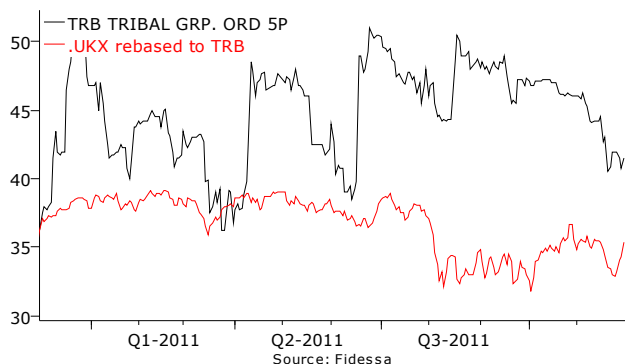


TNG Ltd continues to progress its Mt Peake Vanadium-Titanium-Iron project and has recently received the first tranche of funds from its Chinese partner as well as politburo approval for the deal.

Our technical appraisal of the project and its innovative hydro-metallurgical process is still available by contacting [research@hardmanandco.com](mailto:research@hardmanandco.com).

TNG Ltd ASX		TNG.AX Mining				Price Aus c.	8.2
Y/E	Group Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
June	AU\$m	AU\$m	AU\$m	AUc.		AUc.	%
2009A	0.1	-10.4	-10.4	-4.0	-	-	-
2010A	1.4	-4.0	-4.0	-1.4	-	-	-
2011E					No Estimates At Present		
2012E					No Estimates At Present		

TRIBAL GROUP



We initiate on this stock. The latest IMS was on 16<sup>th</sup> November stating “trading in line” but more importantly, Tribal has been through a major rationalization in the past two years. Disposals have focused the operation onto Technology (education software) and Services divisions which are led by IP and strong connections with Ofsted and a growing roster of overseas as well as UK clients primarily in higher education. Tribal Group is in a segment of the economy which has real attractions as its UK “footprint” is now just starting to roll out overseas. Historically 90% of turnover has been UK, but this is changing significantly.

As a result of the historic refocusing, the rating is modest at 6.7x EV/EBITDA 2011E even including discontinued businesses and 4.4x on continuing businesses only. This falls to 3.7x on our 2012E numbers. We estimate net debt to touch nil in 2014. The PE and yield ratios are listed below. A fuller research note was published on 1<sup>st</sup> December. Our 2010 – 2012 adjusted profits reflect continuing businesses (pre goodwill amortisation).

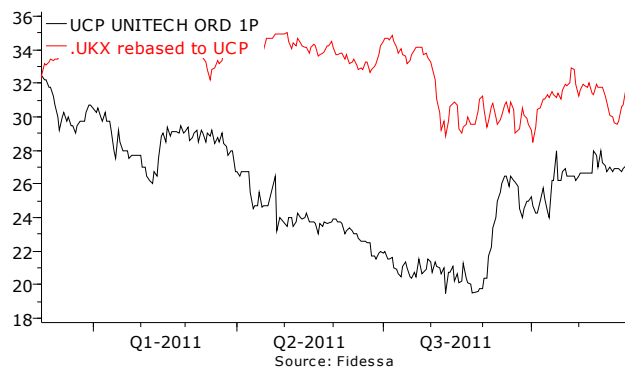
Tribal Group Full List		TRB Support Services				Price p.	41.5
Y/E	Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
December	£m	£m	£m	p.		p.	%
2009A	193.6	-17.8	-16.8*	-59.9	-	4.60	11.0%
2010A	175.4	-57.8	6.8**	7.2	5.8	2.50	6.0%
2011E	114.0	-22.2	7.1**	6.8	6.1	1.10	2.6%
2012E	117.0	9.2	9.5	7.6	5.5	1.25	3.0%

\* Adding back goodwill amortisation

\*\* Adding back goodwill amortisation, including only continuing operations

Monthly December 2011

**UNITECH CORPORATE PARKS PLC**



We anticipate interim results and possibly site valuation updates during December. A lettings update was announced on 25th November. The fund's balance sheet remains cash positive and will take on gearing as a function of the demand-led ongoing development programme.

UCP is a majority jv partner in the projects listed. They continue to successfully let floorspace under build. On 25th November it stated: "As at 21 November 2011, the total committed space (comprising committed leases and pre-lease commitments) amounted to 5.7m sq ft, an increase of 0.5m sq ft since 30 September 2011."

Area leased, pre lease. M sq feet	Sep '10	Jun '11	Nov '11
K1	0.70	1.20	1.70
N3	0.00	0.00	0.00
N2	0.87	1.36	1.37
N1	0.00	0.16	0.19
G2	1.79	2.20	2.14
G1	0.00	0.21	0.29

Source: United Corporate Parks

Project	LA operational/ ready for fitouts (Sq Ft)	Total Commitment Space (Sq Ft)
G 2	1,717,744	2,137,946
K 1	1,642,191	1,696,451
N 1	270,000	192,358
N 2	955,630	1,370,468
N 3	-	-
G 1	-	289,769
<b>Total</b>	<b>4,585,565</b>	<b>5,686,992</b>

Source: United Corporate Parks

Unitech Corporate Parks Ltd  
AIM

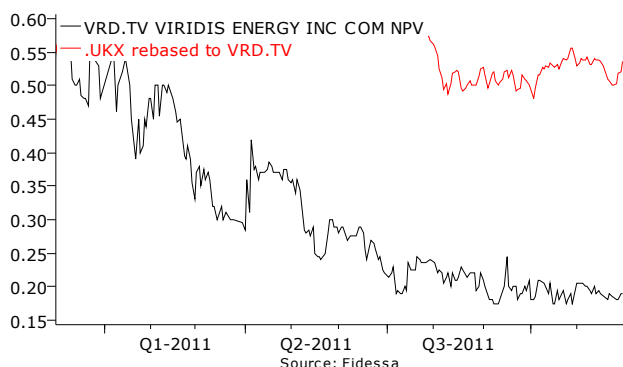
UCP  
Real Estate Investment

Price p. 27.1  
Cap £m 97.7

Y/E	Gross Income	EBITDA	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
March	£m	£m	£m	p.		p.	%
2010A	7.5	-179.1	2.9	1.0	27.1	0.0	86.7
2011A	11.7	-98.6	4.5	1.2	22.6	0.0	55.6
2012E	17.6	3.6	3.6	0.9	30.1	0.0	56.5
2013E	25.2	4.9	4.9	1.2	22.6	0.0	57.7

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**VIRIDIS ENERGY INC**



Q3 sales revenues were a record, showing a 25% increase over Q3 2010 and a 15% increase over the immediately preceding Q2 2011. At the Net Income level there was, as we expected a loss, and the loss per share came out at 4 cents, making the loss for the first nine months of the financial year 11 cents.

There were some accountancy issues here that made the results worse than they would otherwise have been. These partly seem due to pre-paid off season pricing arrangements from prior quarters that shipped during this latest quarter, and the sale of old inventory. There was an element, however, of Viridis purchasing wood pellets from other manufacturers in order to make up the shortfall in its own manufacturing capability. It was clearly paying too

much for these bought-in pellets when compared to its selling price.

Material costs as a percentage of revenue were 44% during the quarter, against the average of 45% for the first nine months, and we were pleased by this because Q3 has seen Viridis Energy switch to lower priced wholesale contracts in order to keep its plant running at 100% capacity. Freight costs were much more of an issue, and almost doubled as a percentage of sales revenue, to 28%. The two together, therefore, amounted to 72% of sales revenue.

Costs will be reduced further during Q4. Management says that the plant is “capable of running at higher efficiency due to more effective maintenance procedures”. We like that. There were non-recurring fees during this quarter, primarily concerned with legal and facility matters. Freight costs are also being reduced by moving storage and bagging facilities. If Viridis Energy can squeeze more production out of its factory and at the same time reduce its costs, then we will see less red ink in future.

The net loss in this latest quarter was 42% of sales revenue, so Viridis Energy needs to make a lot more progress before shareholders see a return. We have been saying that what the company needs is scale-up, and we continue to believe that a second plant is necessary in order for Viridis Energy to get to the point where it pays a dividend to its shareholders.

Viridis Energy Inc TSX		VRD.TV Energy			Price CA.C.	19.0
Y/E	Sales	Declared Pre-tax Profit	Adjusted Pre-tax Profit	Adjusted EPS*	Cap CA\$m	5.8
December	CA\$m	CA\$m	CA\$m	CAC.	CAc.	%
2009A	-	-	-	-	-	-
2010A	7.8	-0.1	-2.9	-14.1	-	-
2011E	17.9	-2.9	-3.1	-8.8	-	-
2012E	46.1	0.7	0.7	1.4	12.2	-

\* Assumes conversion of CULS

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## Monthly December 2011

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**Hardman & Co**  
4 - 5 Castle Court  
London  
EC3V 9DL  
United Kingdom

Tel: 020 7929 3399  
Fax: 020 7929 3377

[www.hardmanandco.com](http://www.hardmanandco.com)

