

UK plc, Top five FTSE companies with a significant UK influence, ranked by market cap: No. 12 Lloyds Banking £42.1m Cap, No. 18 Tesco £32.0bn, No. 20 RBS £25.0bn, No 23 Natl Grid £19.2bn, No 25 Pru £17.7bn. Defined as companies with over 25% of business in the UK.

The British Q4 GDP figures (-0.5% on Q3, +1.7% YOY) might be seen as a clear warning not to invest in UK plc. But the UK economy as a whole is not in a state of terminal decline. The issue is more complex than that.

First, from a stock market point of view the number of companies with majority exposure to the UK is shrinking all the time. Even Marks & Spencer, with 95% of its sales derived from the UK, is moving back into France and aims to double its international sales by 2014. But Marks & Spencer is no longer important, it is only the 58th largest company in the FTSE and is less than 5% of the size of the largest, HSBC. None of the ten largest companies in the FTSE derives a significant proportion of its revenues from the UK. Glaxo SmithKline, for example, makes only 28% of its revenue from Europe, let alone the UK. BG Group has only 12% of its assets in Europe including the UK. Most British companies long ago made the adjustment to an international base, either through overseas subsidiaries, direct exports or outsourcing. Britain retains its importance for the moment as the host of one of the three leading world Stock Exchanges and a lot of the world's dark pool resource, but not much more.

In fact, assembling a basket of shares for a 'UK plc' investment tracker is not easy, and if anyone bothered it would certainly show a very different sector split to a FTSE or All-Share passive. We have produced a 'UK Basket' passive above. It is the Top Five FTSE companies with a significant UK influence. It accounts for 8.6% of the UK equity market (vs 28.6% for the Top Five FTSE stocks). It has underperformed the FTSE in the past year by 5.6%.

Second, the economy is in a continual process of transition and a lot of the growth taking place in the UK is at the sub-microcap level, not quoted on any stock market and often unincorporated. A tiny company or an unincorporated trader can dump surplus staff if an initiative fails, without compulsory consultation procedures, consultation processes on planning applications, or upward only 25 year institutional property leases. Because getting out of a mistake is quicker, cheaper and less complicated, the risk/reward ratio is shifted in the company's favour, and a risky new venture becomes justifiable in a way that it would not be for a larger organisation.

This happens in all economies, of course, but it undoubtedly happens at a faster pace in Asia and the USA, where red tape is less of an issue, because in the UK a significant proportion of sub-micro-cap businesses still try and abide by 'the rules'. This is why the UK economy is still trading 4.5% below its pre-crash peak, whereas many other economies are functioning back near full throttle. →

Market Indicator	Price	Previous Month Price	% Change in 1 month	Year High	Year Low
FTSE 100	5,908	6,001	-1.5%	6,056	4,806
FTSE Small Cap	3,260	3,244	0.5%	3,302	2,640

There is another issue for the UK at the sub-micro level, however. Economic activity tends to stay below the radar screen for rather longer than in other countries, because of the high tax rates, the National Insurance, and the mind-numbing paperwork that can be dodged by staying part of the black economy. All countries have their black economies, but in Britain it is probably larger, and has probably been growing faster, than the norm. If a business is in Hong Kong or Poland, the benefits of staying 'black' are less significant, so businesses will become visible, and measurable, much earlier in their development cycle.

The Inland Revenue estimates that £42bn of tax revenue was uncollected last year. That is a 10.5% increase on the previous year's £38bn – over a period when the economy was apparently growing at 2%. As an investment manager, shown a sector growing at 10.5% p.a. vs. GDP growth of 2%, wouldn't you be excited? Compare that to HMRC receipts on a cash basis, which fell 9.6% in the last financial year (down for the second consecutive year), doesn't something seem wrong. *UK tax receipts by HMRC are now lower than they were in FY 2005/6.*

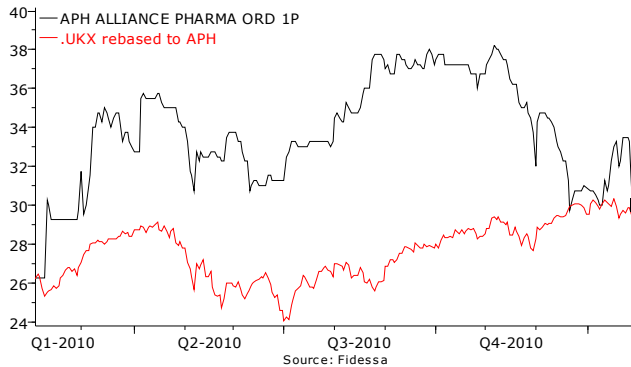
The £42bn of 'lost' tax revenue is equivalent to 10.5% of the £397bn that HMRC actually collected from the economy last year. That is only the money that the Government knows about. So, what is the extent of the black economy in the UK? Double this at 21%? Treble at 32%? Once the twin desires to escape the tax net and escape regulation are overlaid with a third desire, to escape the immigration authorities, it is difficult to tell. By its very definition, 'black' means it cannot be measured.

There are twin tragedies in this.

The first is that any investment manager (or individual) wanting to invest in the true 'UK plc' cannot do so, because so much of the vibrancy of the UK economy is out of the reach of any form of organised capital finance. Which is sad, because the nation is awash with capital looking for a home, mostly at a private individual level.

The second is that any small business operator who is working 'black', having an unexpectedly good year and creaming off say £100,000, finds her or himself with the equivalent of £220,000 - £250,000 of disposable income by 'white economy' standards. She or he will need huge vision to take the step into the public environment, to become the next *Google, eBay, LinkedIn* or *Rapleaf*. The organisation stays tiny, potential goes unfulfilled, GDP stagnates, and the nation suffers.

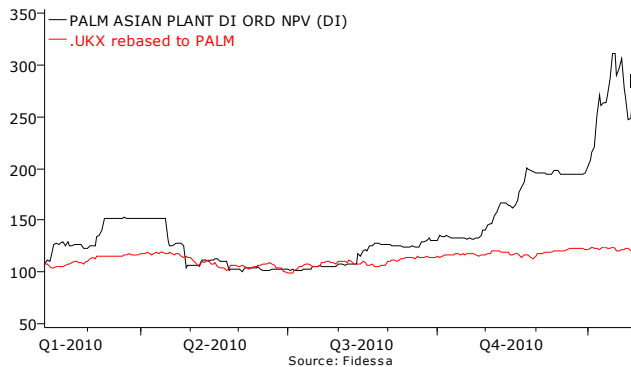
ALLIANCE PHARMA



Alliance Pharma shares have been sold off heavily in recent days and the shares are now trading close to 30% below their November 2010 high of 38.25p. We know of no substance for the sell off and can only reiterate that the shares now appear attractively priced. While the company does face some headwinds, in particular a new competitor for Deltacortril, it has funding facilities in place allowing scope for growth, the ability to manage its own marketing spend, higher expected turnover in 2012 and has substantially reduced its debt. On our forecasts net debt will be down to £15m by end December 2011, less than half that at end December 2007.

Alliance Pharma				APH	Price p.	30.25	
AIM				Pharmaceuticals	Cap £m	70.0	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	Basic eps p.	Ratio	p.	%
2008A	21.8	2.40	2.40	1.17	25.9	0.00	0.0
2009A	31.2	5.70	8.60	3.55	8.5	0.30	1.0
2010E	50.2	12.60	16.70	4.8	6.3	0.50	1.7
2011E	43.2	10.20	10.80	3.08	9.8	0.50	1.7

ASIAN PLANTATIONS

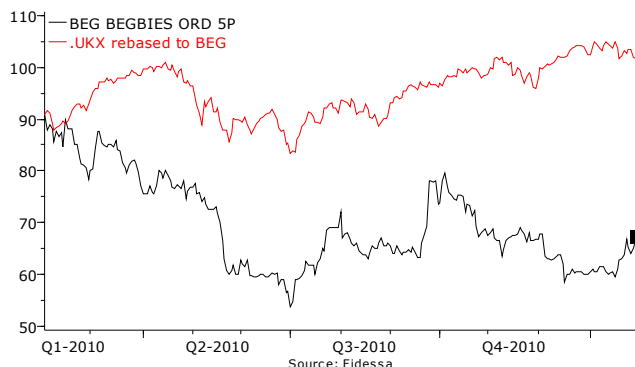


Shares of Asian Plantations have more than tripled since it came to the London market in December last year. This is partly due to the continuous rise in CPO price, which now seems to have settled itself firmly above the \$1,200 mark since December; and partly due to the precision and speed of the management team.

On 14 January, Asian Plantations announced that it had appointed CIMB Investment Bank to arrange a medium term note program totalling up to \$80m with various maturities ranging up to ten years. Last week, the company announced a placing to raise £16m through the issue of 7.27m new shares at a price of 220p, an 18% discount to 26 January's closing price. This represents 17.86% of the enlarged share base. The money raised is to fund further land acquisitions in Malaysia. If the management team's current plans are realised, Asian Plantations will own more than 28,000 hectares by the end of FY11, which is significantly ahead of the management's original target of 20,000ha at the admission to AIM in November 2009.

Asian Plantations				PALM	Price p.	285.00	
AIM				Agriculture	Cap £m	95.3	
Y/E	Sales	Declared	EPS	P/e	Div	Yield	Planted
Dec	\$m	Profit \$m	\$	Ratio	c.	%	Hectares
2009A	-	(1.40)	(0.07)	-	-	-	-
2010E	0.32	(4.06)	(0.12)	-	-	-	4,510
2011E	1.32	(5.93)	(0.18)	-	-	-	6,886
2012E	2.36	(8.43)	(0.25)	-	-	-	13,749

BEGBIES TRAYNOR



Begbies Traynor released Q4'10 statistics from its Red Flag Alert service toward the end of January. These showed that there were 147,836 companies experiencing financial difficulties – the first year-on-year increase since Q2'09. Numbers had fallen in the intervening period as the recession took hold, and measures to ameliorate its impact on companies were introduced.

The statistics show that the 144,818 companies having 'significant' problems – 98% of the total – increased by 20% between Q3'10 and Q4'10 and, reflecting the impact of the reductions in the intervening periods, by 5% between Q4'09 and

Q4'10. For companies facing 'critical' problems – the Q4'10 figure of 3,018 represented growth of 2.5% q-o-q but still a decline of 25% y-o-y.

More important than the actual trends, perhaps, is the indication that creditor attitudes are hardening – with the potential that this will drive an upturn in insolvencies through 2011 and into 2012. Begbies reports that their data shows a marked increase in creditor actions. Further, a decline in the debt of companies facing 'critical' problems, while the number of firms has increased, suggests that more SMEs may be facing increasing financial problems. The position is likely to be exacerbated by a tightening of the criteria for HMRC's "time to pay" initiative, the impact of public expenditure cuts, rising interest rates and increasing unemployment.

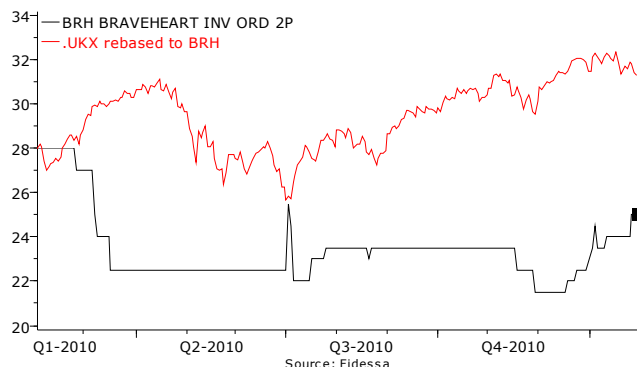
The next set figures for corporate insolvencies are due to be published by the Insolvency Service on 4 February. With the nine month figure already running 14% below the comparative figure for 2010, the 2010 out turn is certain to be below both the 2009 figure and the 2010 forecast from R3 – so the main focus for investors in Begbies is the extent to which we see a pick-up in 2011 and into 2012.

As indicated in the January edition of the Monthly, we currently expect c22,000 cases in 2010 (-16% y-o-y) and 23,500 cases (+7%) in 2011.

Against this background, Begbies' share price has seen a positive performance, rising by 12% over the past month, but this still leaves it at a 10% discount to the NAV per share.

Begbies Traynor				BEG	Price p.	60.00	
AIM				Support Services	Cap £m	53.7	
Y/E	Group	Declared	Adjusted	Adjusted	p/e	Divi	Yield
April	Sales £m	Profit £m	Profit £m	eps p.	ratio	p.	%
2009A	62.1	7.3	9.9	7.8	8.7	2.8	4.2%
2010A	69.1	8.7	10.5	7.9	8.6	3.1	4.6%
2011E	70.1	6.3	8.0	5.8	11.6	3.1	4.6%
2012E	75.3	9.7	10.1	7.3	9.2	3.1	4.6%

BRAVEHEART INVESTMENT GROUP



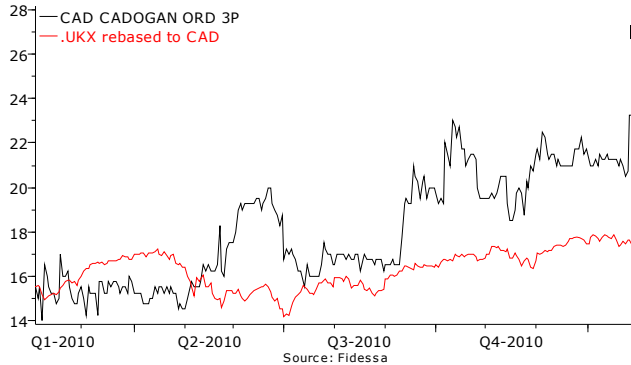
Braveheart Investment Group's shares have rallied from 21.5p in December 2010 and at 25p are up 16%. The group continues to be active in its investments and the support from fellow investors demonstrates confidence in the group's investment portfolio.

In our last update we reported a new funding round had been led into Tayside Flow Technologies (TFT) while newly acquired Envestors led funding rounds into Chargemaster plc and payasUgym. This month we can report that Braveheart has led an investment into Design LED Products (DLP). The £1.1m investment included funding from

Braveheart's clients, Siemens AG and Scottish Enterprise's Scottish Co-Investment and Portfolio Fund. DLP's technology embeds LEDs within printed light guide devices and is suitable for a range of applications from consumer electronic devices to large scale LED lighting. The support of Siemens is encouraging – Siemens invests in companies which may have a significant impact on its own business – in this case OSRAM – a leading global lighting and LED supplier – and part of the Siemens group.

Braveheart Investment Group				BRH	Price p.	25.00	
AIM				Equity Investments	Cap £m	3.5	
Y/E	Income	Declared Profit	Adjusted	Declared EPS	NAV/share	Divi	Yield
March	£m	IFRS £m	Profit £m	IFRS p.	p.	p.	%
2009A	0.3	-1.3	-1.3	-9.2	44.4	-	-
2010A	0.9	-0.8	-0.8	-5.6	40.2	-	-
2011E	0.8	-1.0	-1.0	-7.2	34.1	-	-
2012E	2.2	0.08	0.08	0.6	31.4	-	-

CADOGAN PETROLEUM



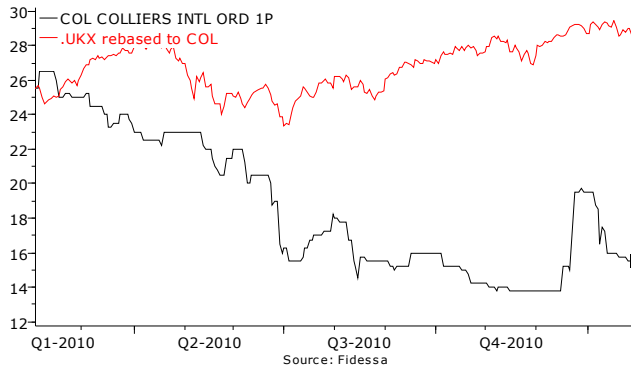
It appears that former significant shareholders QVT and HBK are now both below a notifiable holding with a new significant holder (at 7.5%) moving into view on Monday after a large block sale the previous week. For the last 6 months, at least once a calendar month, a breakout has been attempted and knocked back by increased selling from across the Atlantic. That barrier is now overcome. The last of the trio of hedge funds that were in favour of Cadogan's liquidation earlier this year are now all but gone. This means that over 50% of the value of the company has changed hands in the last 8 months and the price has still almost doubled. There will be a few million shares left for QVT to

sell down over the next month or so but the peg to the Weiss sale price appears to have been broken at last. With the share price now at our estimated value of current production plus cash and receivables, the market should now look at the in-ground assets as this turnaround story continues.

With no drilling news since the suspension of Pok-1 late in December due to poor weather and some 400m short of TD, we look forward to news of the well's completion and possible testing. It may be perverse of us to mention and of little help to long suffering investors, but no rumours reaching these shores is a sign of a tight team under good management, especially on a land well.

Cadogan Petroleum				CAD	Price p.	27.25	
Full List				Oil & Gas	Cap £m	63.0	
Y/E	Group Sales	Declared Profit	Adjusted	Adjusted EPS	P/E ratio	Divi	Yield
December	£000	£000	Profit £000	p.		p.	%
2008A	1,792	-24,877	-34,363	-17.0	-	-	-
2009A	2,342	-107,303	-118,680	-46.0	-	-	-
2010E	No	Estimates					
2011E	No	Estimates					

COLLIERS INTERNATIONAL UK



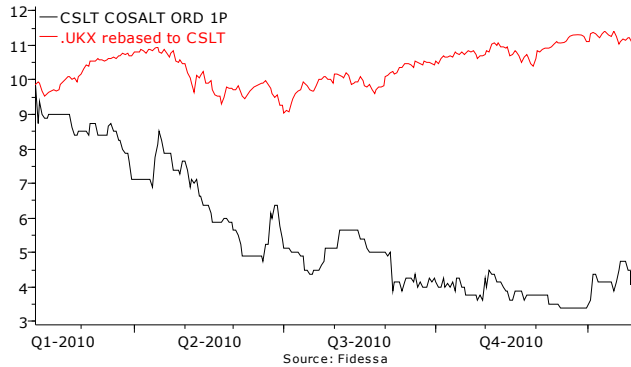
Last month Colliers International released a trading update for the full year to 31 December 2010. While transactional activity picked up in the second half of the financial year – group revenues were 16% higher than in the prior half year – the pick-up was not sufficient enough to produce a positive EBITDA for the full year. As such the group expects to report a normalised loss at the EBITDA level of circa £1.5m for the 2010 financial year. The declared loss will be higher after taking account of exceptional items.

On the back of this trading update we have reduced our forecasts for both the 2010 and 2011 financial years. While we still expect Colliers to return a profit in 2011, our expectation is now for a profit of circa £800k as opposed to our previous forecast of £5.6m.

The new year has started well with one significant transaction which had been due to complete in December expected to conclude shortly and a healthy pipeline going into the first half. As the property market improves so too will Colliers shares. The group’s newly appointed Chief Executive Officer, Tony Horrell, has been undertaking an internal review of the group and the outcome of this review is expected mid February.

Colliers International UK				COL	Price p.	15.5	
AIM				Real Estate	Cap £m	23.2	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2008A	78.0	-11.1	-4.6	-11.8	0.0	-	-
2009A	57.9	-39.6	-13.5	-21.3	0.0	-	-
2010E	66.0	-7.6	-3.6	-2.4	0.0	-	-
2011E	73.9	0.8	0.8	0.5	31.0	-	-

COSALT



Cosalt recently announced two significant one-year contract wins for its Offshore Division that will add £3m to revenues in the current 2011 financial year. The good news follows the appointment of Rod Buchan, a respected industry figure with over 30 years experience, as the division's new CEO and indicates that activity levels in the North Sea are picking up after a tough two years of minimal capex spend by oil company clients.

The new contracts have been awarded by Acergy, a global seabed to surface engineering and construction contractor that recently announced a merger with SubSea7, an existing Cosalt Offshore

client. Under the terms of the contract, Cosalt Offshore will provide a total management service to Acergy's subsea lifting operations, from the storing of equipment to vessel inspection, as well as supplying all of Acergy's lifting product requirements.

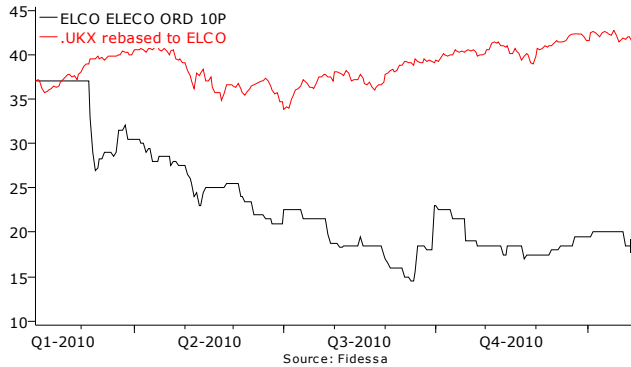
Cosalt Offshore has secured a number of new contracts in 2010, including deals with industry majors PSN and Chevron but the Acergy contract is probably one of the largest in revenue terms (6.6% of 2009 revenues) and the company states that there is 'scope to increase the workload in coming months.' This suggests to us that the contracts could be renewed beyond the initial one year term.

No details have been provided on the likely profitability of the contracts. While activity levels in the North Sea are improving, it is no secret that the pricing environment remains competitive and so it is possible that the Acergy business has been won at slightly reduced operating margins.

Cosalt is heavily in close period with results for the y/e October 2010 likely to be released sometime this month. We will be reviewing our 2011 estimates post the full year results announcement.

Cosalt		CSLT			Price p.	4.25	
Full List		Diversified Inds			Cap £m	17.2	
Y/E	Sales	Declared	Adjusted	Headline	p/e	Divi	Yield
October	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2008A	105.0	1.5	7.2	7.7	0.6	6.0	141.2
2009A	107.8	-3.4	5.5	4.2	1.0	0.0	0.0
2010E	97.1	-1.3	3.0	0.5	8.5	0.0	0.0
2011E	109.7	1.2	4.2	0.8	5.3	0.0	0.0

ELECO



A new finance director has been appointed. He is Matthew Turner, who will work part time. He is a Chartered Accountant who was previously with Grant Thornton's advisory division. Eleco has annual sales of over £50m so this is a big job for a part timer. But six months have passed since the previous FD, David Dannhauser, resigned.

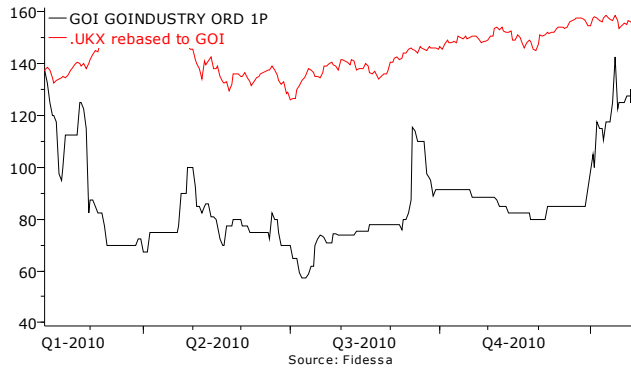
Eleco is in close period ahead of its interim results announcement, which is due on March 1. The December snow and bitterly cold weather was bad news for companies in the pre-cast concrete industry and we view this as a serious issue, even though part at least of December's theoretical

production is always lost to Christmas, and January has been kind from the point of view of the weather. Our view: the interim results will suffer from the snow and ice, but Eleco will make up at least some of the lost ground in January.

The new Government's unexpected decision to halt the prison new build programme and instead to start closing smaller, uneconomic prisons has come as a total surprise and runs contrary to normal Conservative political philosophy. All the hopes we had of Eleco winning a further round of prison pre-cast cell construction and prison walling are now well in the past. In terms of sales revenue, the current financial year will be poor. However, cost cutting has been proceeding at an impressive pace, which will help keep losses at the p & l level to a minimum. Two of the three sites at Grantham have been mothballed. The workforce at the pre-cast concrete activities has been reduced from over 200 to approximately 100 at present. Construction work on the prison contracts has largely, but not entirely, finished, but deliveries of goods stored on site will probably continue until April.

Eleco				ELCO		Price p.	18.5
AIM				Diversified Inds		Cap £m	11.2
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Pre-tax Profit £m	Pre-tax Profit £m	eps p.	ratio	p.	%
2009A	70.6	-1.4	0.9	1.4	13.2	0.8	4.3
2010A	58.0	-5.9	-5.4	-8.4		0	0.0
2011E	56.0	-2.0	-0.9	-1.5		0.0	
2012E	Under	Revision					

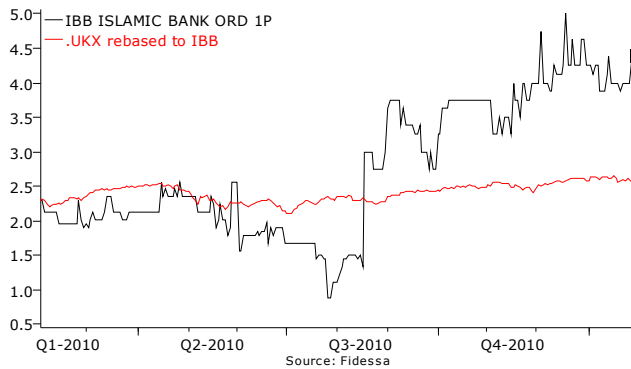
GOINDUSTRY DOVEBID



GoIndustry DoveBid's shares have risen 50% since the beginning of the year. A review of the group's website shows its auction business is continuing strongly. As ever, recent auctions are diverse, including, amongst others, the sale of scrap railway wagons in South Africa, bakery and coffee shop equipment in Thailand and the sale of 50 busses in Germany.

GoIndustry DoveBid AIM				GOI Support Services		Price p. Cap £m	127.5 12.5
Y/E	Sales £m	Declared Pre-tax Profit £m	Adjusted Pre-tax Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
December							
2008A	36.9	-30.2	-4.3	-1	-	0	-
2009A	42.0	-4.7	-1.4	-0.3	-	0	-
2010E	41.5	-0.7	0.5	4.6	27.7	0	-
2011E	43.9	0	0.8	7.9	16.1	0	-

ISLAMIC BANK OF BRITAIN

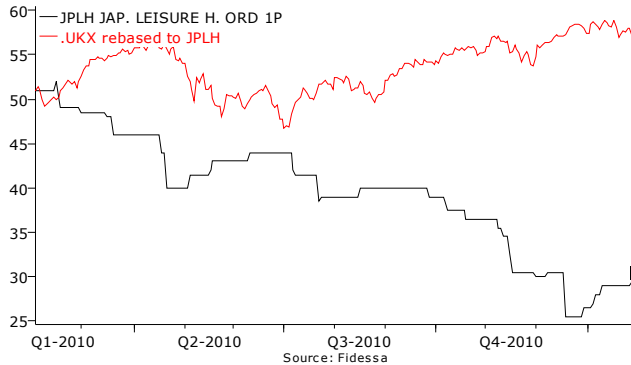


Islamic Bank of Britain has a December year end and is now in close period.

The full year results will be announced in mid March and we expect these to be accompanied with an update on a) the outcome of the strategic review currently taking place in conjunction with majority shareholder Qatar International Islamic Bank and b) the appointment of new directors.

Islamic Bank of Britain AIM				IBB Financials		Price p. Cap £m	4.38 111.5
Y/E	Sales £m	Declared Profit/Loss £m	Adjusted Profit/Loss £m	Adjusted Diluted eps p.	p/e ratio	Divi p.	Yield %
December							
2008A	4.3	-5.9	-5.9	-1.4	-	-	-
2009A	3.1	-9.5	-9.5	-1.8	-	-	-
2010E	Under	Review					
2011E	Under	Review					

JAPAN LEISURE HOTELS



Japan Leisure Hotels remains on the Takeover Panel list following the announcement on 20 December that majority shareholder DKR Oasis wanted to exit its shareholding. There was no specific reference to any bidder or negotiations in this announcement, and there has been no further corporate news since then.

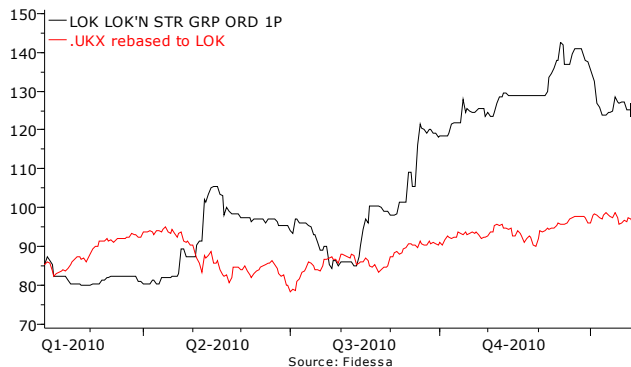
Meantime JPLH has moved over its financial year end (December 31, 2010) and has entered its close period.

The shares have recovered part but not all of the ground they lost in the initial shock that followed the December 20 announcement. We await developments.

Japan Leisure AIM	JPLH Hotels				Price p. Cap £m	30.5 13.5	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	¥m	Profit Ym	Profit .Ym	eps UKp.	ratio	p.	%
2008A*	1,183	227	-21	0.0	-	0.0	-
2009A	1,197	264	0	0.0	-	1.0	3.3
2010E	Forecast	Removed	For	Regulatory	Reasons		
2011E	Forecast	Removed	For	Regulatory	Reasons		

*Minor revision to 2008 historic numbers

LOK'NSTORE



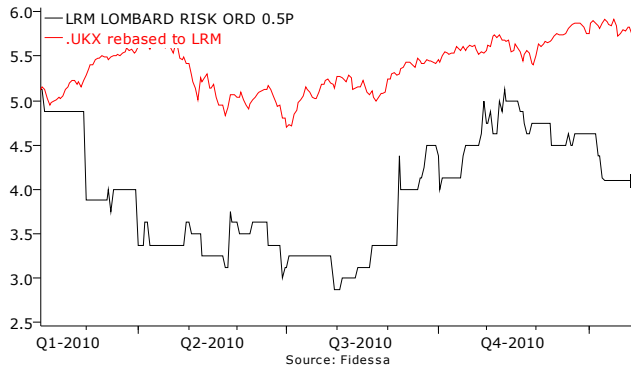
News from the self-storage sector continues to please. Safestore's recently announced FY2010 results showed occupancy up 6.1% to 58.8%, average rental rates up 3.3% to £25.55 and a 5.4% increase in adjusted NAV per share to 212.6p. On current trading, Safestore indicated that it had made a robust start to 2011 and outlined plans to target five new store openings each year for the next three years.

The outlook statement accompanying Lok'nStore's full year results statement in October was equally positive on current trading trends and we believe the company remains on track to meet our current

year estimates below. In addition, we have initiated new estimates for FY12 based on a conservative 0.5% rise in average occupancy and a 3% rise in average pricing. It is worth noting that with costs largely fixed, and tightly under control, a modest increase in compound pricing even with zero growth in occupancy would boost EBITDA disproportionately.

Lok'nStore AIM	LOK Support Services				Price p. Cap £m	125.3 32.1	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
July	£m	Profit/(Loss) £m	Profit/(Loss) £m	eps p.	ratio	p.	%
2009A	10.0	-0.66	-0.66	-2.40	0.0	1.00	0.8
2010A	10.4	0.43	0.43	0.90	139.2	1.00	0.8
2011E	10.9	0.60	0.6	1.8	69.6	1.00	0.8
2012E	11.4	0.71	0.71	2	62.6	1.00	0.8

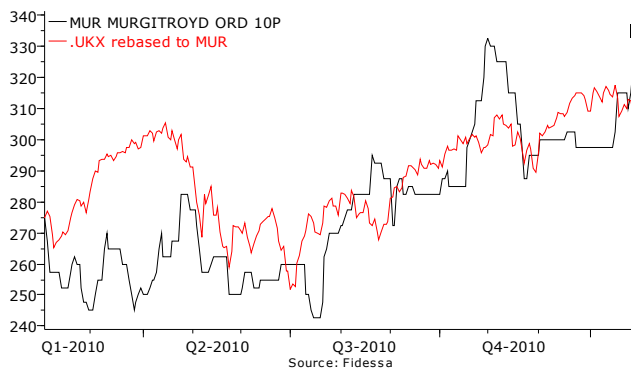
LOMBARD RISK MANAGEMENT



Regulation and risk management continue to be high on the agenda in the financial sector and a conference – Basel III for Banks and Building Societies – is to be held in London on 15-18 February. Two members of Lombard’s staff are to speak at the conference. James Phillips, Marketing Director at Lombard, will be speaking about enhancing and aligning stress testing and collateral and liquidity management while Helen Bramley, a Product Director, will take part in a panel session reviewing the strategic and operational consequences of Basel III with particular reference to collateral management.

Lombard Risk Mgt	LRM	Price p.	4.10				
AIM	Software	Cap £m	8.5				
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit/(Loss) £m	Profit/(Loss) £m	Basic eps p.	ratio	p.	%
2009A	8.7	-1.25	-1.25	-0.8	0.0	-	-
2010A	8.9	-1.59	-1.59	-0.9	0.0	-	-
2011E	11.3	0.42	0.72	0.3	13.7	-	-
2012E	12.3	1.10	1.10	0.5	8.2	-	-

MURGITROYD



European Patent & Trade Mark Attorney, the Murgitroyd Group, released its results for the six months ended 30 November 2010 earlier this week. Revenue at £16m was up 12% on the prior half year reflecting both increased business activity and new client wins. Operating profit was up 7% to £1.9m, profit before tax up 7% to a record £1.8m and diluted earnings per share up 3.7% to 14.1p per share. An interim dividend of 3.5p per share has been proposed, 16.7% higher than the last half year’s 3.0p per share.

Turnover was higher than forecast albeit at a slightly slower gross margin, reflective of the sales mix in the period and competitive pricing. Our full year forecast profit before tax figure for 2010 remains unchanged at £3.8m and our full year forecast profit before tax figure for 2011 remains unchanged at £3.9m. Murgitroyd sees demand recovering and recently released statistics from both the European Patent Office and the European Community Trade Mark Office support this, indicating an upturn in filings and applications.

Murgitroyd	MUR	Price p.	335.0				
AIM	Support Services	Cap £m	28.5				
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	£m	Profit £m	Profit £m	Basic eps p	ratio	p.	%
2009A	28.9	3.1	3.4	27.0	12.4	9.5	2.8
2010A	29.4	3.8	3.7	29.9	11.2	10.0	3.0
2011E	32.0	3.8	3.8	30.8	10.9	10.5	3.1
2012E	33.6	3.9	3.9	31.8	10.5	10.5	3.1

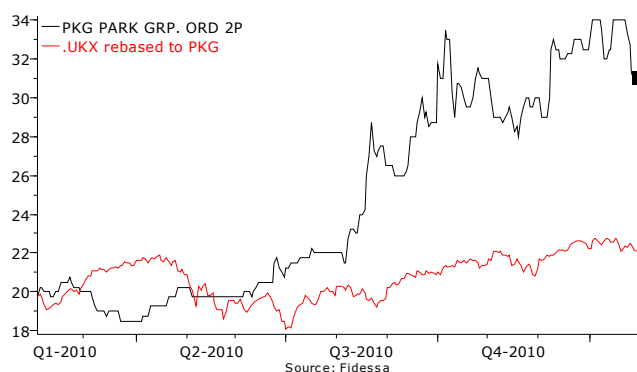
PALM CITY LIBYA

Palm City Libya is a major residential development on the edge of the Mediterranean in Libya, 15km from the business centre of the capital, Tripoli. It is almost fully let, largely to major Western multinational organisations or their employees. It is in the process of obtaining a listing upon AIM Italia and the Maltese Stock Exchange.

We shall update the investment community as the flotation progresses.

Palm City AIM Italia (pending)		(Awaited) Real Estate			Price €. Cap €m	200 approx	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	€m	Profit €m	Profit €m	Basic eps	ratio	p.	%
2008A	-	-	-	-	-	-	-
2009A	-	-	-	-	-	-	-
2010E	No	Forecast					
2011E	No	Forecast					

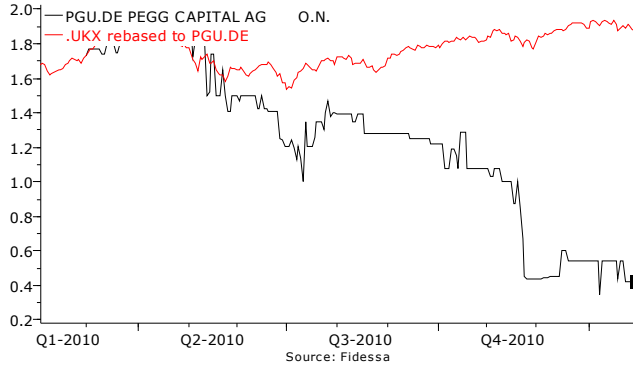
PARK GROUP



Both the shares and the company have been quiet since the release of the interim results in December; the results were good and we issued a new research note at the time. The drift upwards in interest rates will benefit this company, which had approximately £140m on deposit at the time of its peak cash flow in October/November.

Park Group AIM		PKG Consumer Finance			Price p. Cap €m	31.00 51.2	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	€m	Profit €m	Profit €m	eps p.	ratio	p.	%
2009A	250.5	6.2	6.2	2.4	12.9	1.3	4.3
2010A	263.2	5.3	5.3	2.1	14.8	1.3	4.3
2011E	303.7	12.0	6.5	2.8	11.1	1.5	4.8
2012E	335.2	6.9	6.9	3.0	10.3	1.6	5.2

PEGG CAPITAL AG



We have not heard anything new from PEGG Capital this month. The group's share price has continued to drift downward on light trading and lack of news flow. As reported last month the group has a Letter of Intent from a US private equity firm for a US\$5m investment, which is subject to due diligence.

PEGG Capital AG

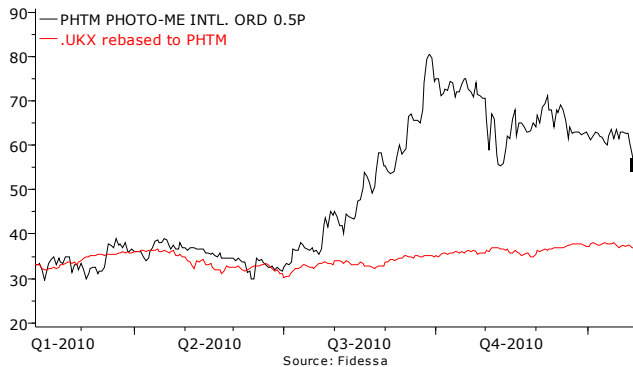
Frankfurt Stock Exchange

Equity Investment instruments

Price € 0.42
Cap €m 7.6

Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £	Profit £m	eps p.	ratio	€	%
2008A	-	-	-	-	-	-	-
2009A	-	-	-	-	-	-	-
2010E	No	estimates					
2011E	No	estimates					

PHOTO-ME INTERNATIONAL



The shares have been quiet and there have been no further developments. The next Interim Management Statement is due in March.

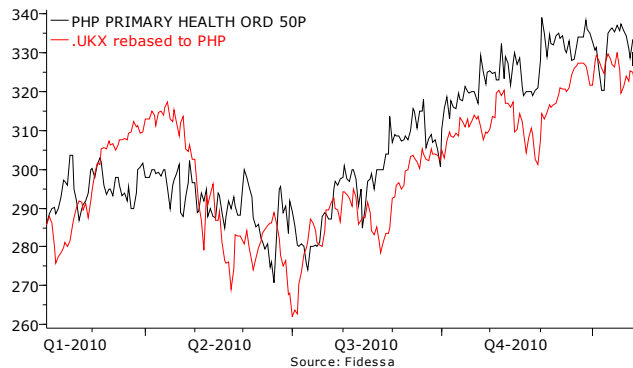
Photo-Me
Full List

PHTM
Support Services

Price p.
Cap £m 56.50
204.0

Y/E	Sales	EBITDA	Adjusted	Adjusted	p/e	Divi	Yield
April	£m	£m	Profit £m	eps p.	ratio	p.	%
2009A	210.5	38.6	1.6	0.2	-	-	-
2010A	222.5	44.2	14.0	2.7	20.9	1.3	2.2
2011A	224.5	46.7	16.9	3.3	17.1	1.5	2.7
2012E	231.1	47.4	18.6	3.6	15.7	1.75	3.1

PRIMARY HEALTH PROPERTIES



Full year results are due on Thursday 24 February. The company is in close period ahead of this.

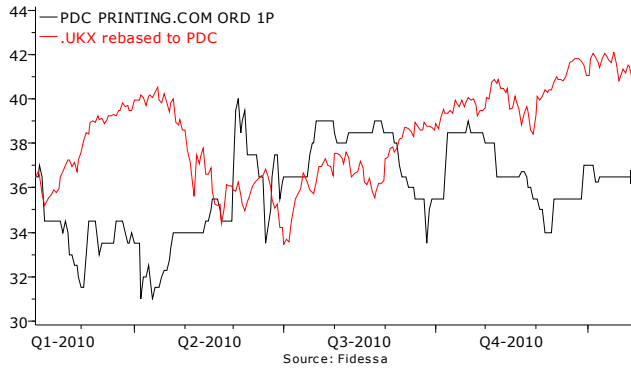
The acquisition of a medical centre at South Queensferry in Scotland for £4.4m has been announced. It is let to the Scottish Ministers and occupied by the local Health Board and a GP practice. No rent level has been disclosed, so we can't use it as a marker to check yield levels on deals in the sector. It is, however, slightly above the average size of property in the portfolio already, and we are glad to see PHP increasing the average size of its holdings.

The other development in the past month has been the agreed takeover of the PLUS Markets quoted AH Properties by Primary Health Properties' AIM quoted rival, Assura Group. This was expected, because AH and Assura have a significant shareholder in common, and is of particular interest to Primary Health Properties shareholders because PHP holds 3% of the AH equity. There will be a capital gain here, and we do not yet know whether this will be reflected in the accounts for 2010 or 2011. The gain is not a company-changer, however.

Primary Health Property Full List			PHTM Real Estate		Price p. Cap £m		328.00	205.3
Y/E	Revenue	NAV/share	Adjusted	Adjusted	p/e	Divi	Yield	
December	£m	p. EPRA	Profit £m	eps* p.	ratio	p.	%	
2008A	19.7	316.0	4.6	14.0	23.4	15.91	4.9	
2009A	21.3	280.0	7.3	18.4	17.8	17.25	5.3	
2010E	26.2	304.0	10.3	16.5	19.9	17.50	5.3	
2011E	29.0	304.0	11.4	18.2	18.0	18.00	5.5	

*ex rights adjusted

PRINTING.COM



The new strategic direction being taken by Printing.com is heavily focused on broadening the group's spread of business beyond the SME marketplace through the development of new routes to market – both online and via further European expansion.

The new online template solution, allowing clients to make simple print orders and re-orders online, is particularly well suited to the needs of large, multi-site businesses and will enable Printing.com franchisees to extend their market reach. It has been well received in the marketplace and could make a material contribution to profits in 2011/12.

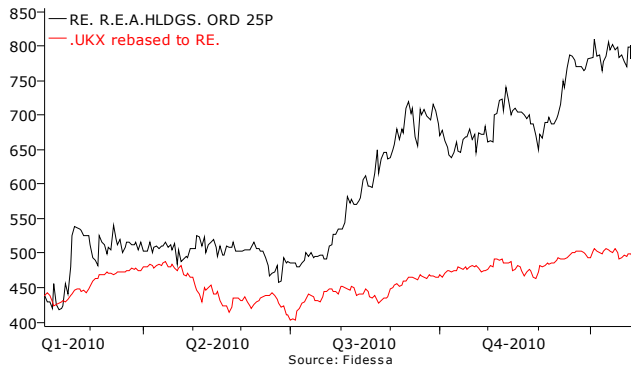
In Europe, the integration of the new Dutch business MFG appears to be going well. It gives Printing.com the basis for establishing a bolt-on franchise in the Netherlands as well as scope to fill spare capacity at the central hub by shifting some Dutch print work to the UK. Moreover, the French business is growing rapidly and we understand management continues to look at new opportunities to exploit the group's proprietary Flyerlink software in other European territories.

Printing.com has a March year end and we expect the company to release a pre-close trading update sometime this month.

Printing.com				PDC	Price p.		36.5
AIM				Retailing	Cap £m		17.2
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2009A	14.5	2.1	2.1	3.3	11.1	5.15*	14.1%
2010A	14.5	1.7	1.7	2.9	12.6	3.15	8.6%
2011E	16.9	1.3	1.5	2.4	15.2	3.15	8.6%
2012E	22.6	2.3	2.5	3.9	9.4	3.15	8.6%

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

R.E.A. HOLDINGS



We are maintaining our FY 2010 estimates and *upgrading* our current FY 2011 estimates following the year end trading update from palm oil plantation company R.E.A. Holdings.

Both FFB crop output and crop yields fell slightly below our expectations in 2010. FFB crop output was 518,472 tonnes vs. our forecast of 561,000 tonnes (although still showed growth of 5.8% on the previous year's crop). Crop yields increased marginally, from 23.5% to 23.6%, but fell short of our tough 24% target. However, it is clear that the shortfall in crop production will be more than offset by the higher palm oil price. It rose by an

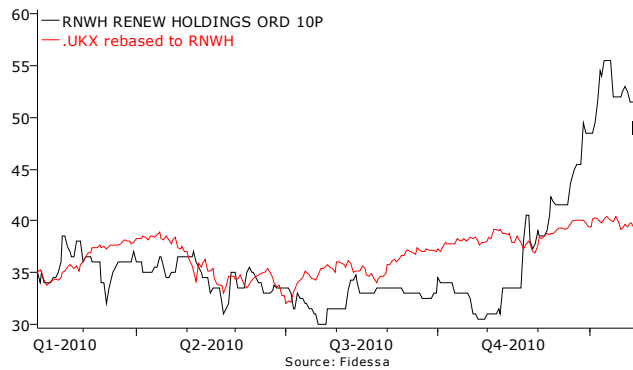
astonishing 60% during the course of 2010, hitting a two-year high of \$1285m/t (CIF Rotterdam) in December 2010, and has remained above \$1100m/t in 2011.

Our 2010 estimates model had looked for an average palm oil price, FOB Borneo, of \$700m/t. Following the trading update we have conservatively upgraded this to \$778m/t enabling us to maintain our estimates although stress the risk to this forecast is on the upside. For the current 2011 financial year, consensus opinion suggests supply side constraints will continue to underpin the palm oil price encouraging us to raise our average price expectation from \$700m/t to \$780m/t. The affect of this price rise is an increase in our 2011 eps estimate from 114p to 123p. With current year crops on track to increase by 23% we once again believe the risk to this forecast is on the upside.

R.E.A shares have almost doubled over the past year but on a 2011E PER of just 10X, the rating remains undemanding in our view.

R.E.A. Holdings				RE.	Price p.	790.0	
Full List				Agriculture	Cap £m	256.8	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	USDm	Profit USDm	Profit USDm	eps c/share	ratio	P.	%
2008A	79.6	36.3	39.0	86.1	14.2	2.0	0.3
2009A	78.9	41.7	32.0	55.3	22.1	3.0	0.4
2010E	107.7	54.7	49.7	94.7	12.9	5.0	0.6
2011E	141.9	69.7	64.7	123.3	9.9	7.0	0.9

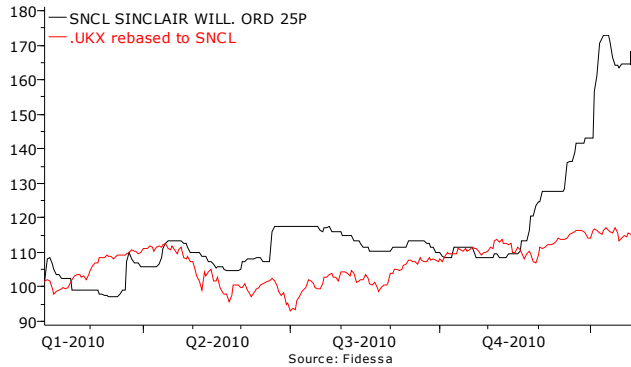
RENEW HOLDINGS



Specialist Engineering and Construction group, Renew Holdings, held its AGM last month, at which it was announced that the group continues to trade satisfactorily. The group's order book as at 31 December 2010 was £283m (£200m as at 31 December 2009) while group net cash was £20m (£16.2m as at 30 September 2010). Renew's shares have risen sharply since the group announced its full year results in November last year and are up 60% from recent lows. This may reflect a changing market perception of the group, as management continues its focused strategy of building the group's engineering revenue.

Renew Holdings				RNWH	Price p.	49.0	
AIM				Construction	Cap £m	29.4	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
September	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2009A	316.6	1.2	5.5	6.0	8.2	3.0	6.1
2010A	209.4	4.0	4.6	5.3	9.2	3.0	6.1
2011E	306.0	5.1	5.3	7.1	6.9	3.0	6.1
2012E	323.0	5.8	5.8	7.8	6.3	3.0	6.1

SINCLAIR, WILLIAM



The full year results were well received and the shares rose strongly as a result. We await the publication of the Annual Report, which is due imminently. The AGM is likely to be held on February 22.

A new satellite distribution depot has been opened in the Midlands. It is being provided by supply chain providers Canute Group, and is being established because Sinclair will enter the critical Spring buying season with a 'significant' level of increased stock compared to last year. This should be good news for profits, and we are watching our forecasts closely in case we need to upgrade. Storage has

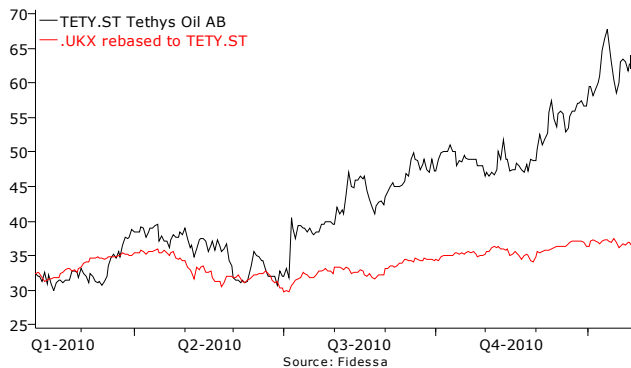
also been increased at the Carlisle factory. The company says that it expects 2011 to be a year of 'unprecedented demand'. We can see why this might be the case. First, the market is growing each year. Second, for the first time in a decade Sinclair has enough cash to be able to stockpile product over the winter ahead of the Spring buying season that traditionally starts with the Easter break. Third, its peat free growing media, SuperFyba, has received rave reviews in comparison studies and will be available in commercial quantities for the entire season in 2011, rather than just part of it as last year. Fourth, its New Horizon growing media brand has won 9 Which? Best Buy awards.

As if that wasn't enough, there is the prospect of a further cash payout in compensation from the Government for the planned ceasing of peat digging at the Bolton Fell site near Carlisle.

We are delighted with the progress being made by this company. A further research note will follow shortly.

Sinclair, William				SNCL	Price p.	166.5	
AIM				Household Goods	Cap £m	27.9	
Y/E	Group Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
September	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2009A	46.3	1.2	1.2	6.8	24.5	3.5	2.1
2010A	48.5	2.1	2.5	12.2	13.6	5.0	3.0
2011E	56.0	3.0	3.0	13.4	12.4	6.0	3.6
2012E	Estimates	Under	Revision				

TETHYS OIL



Recent test results from the Saiwan East -4 well ("SE-4") on Block 4 indicate that the oil(s) encountered in this part of Block 4 are of a different quality from the oil(s) seen in previous Saiwan wells. Data from SE-4 suggests that a thicker section than the 400m Khufai section originally identified may be oil-bearing. Multiple tests have expressed a range of bulk oil densities and viscosities ranging from the 33 degree API oil similar to that produced from SE-2 and SE-3 wells up to the heavy oil encountered above the Khufai.

This may mean a new play concept may have to be examined, potentially leading to larger resource in

place volumes though practically, as MD Magnus Nordin rightly concluded in Tethys' statement 'we [sic.] will have to wait and see what impact this will have on the resource calculation'.

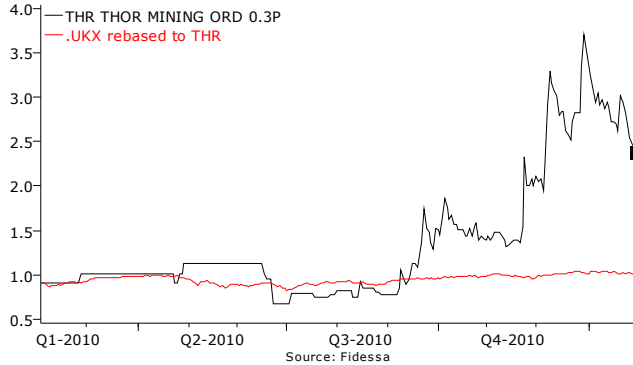
In the previous Saiwan wells, SE-2 and SE-3, oil was only confirmed in the upper parts of the Khufai section. SE-4 has now shown oil lower than previously seen with data from six production tests spanning more than 400 metres of separate intervals, testing from the Khufai limestone section down. No flows were established and some water bearing fractures were hit in the top part of the Khufai which interfered with testing this zone. This means that for now, the production capability of SE-4 remains undetermined but the SE-4 results will however prompt a re-evaluation of the data obtained from SE-2 and SE-3 as regards the potential for oil also in the lower parts of these wells.

Further analysis will also be done in SE-4 and the well will remain suspended to allow for additional production tests at a later date.

Immediate focus will now be on drilling the next Saiwan well, designated SE-6 which is being drilled 2.4 kilometres north of SE-3 to appraise the northern part of the Saiwan area.

Tethys Oil				TETY.SE	Price SEK.	63.0	
Stockholm				Oil	Cap MSEK	2047.5	
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	-	-43.6	-43.6	-1.62	-	-	-
2010E	No	estimates					

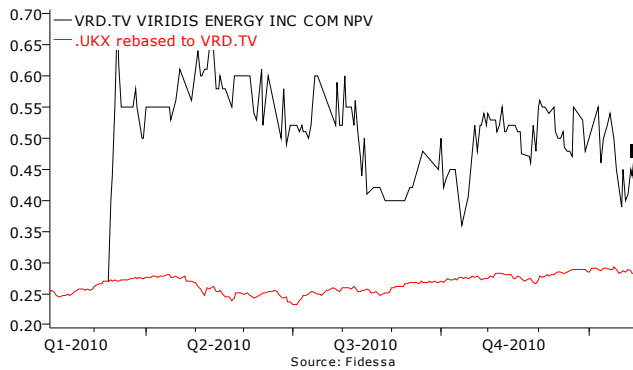
THOR MINING



A full note is under preparation on Thor's brownfield gold acquisition, Spring Hill.

Thor Mining AIM				THR Mining		Price p. Cap £m	2.4 9.1
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit £m	Profit £m	eps p.	Ratio	p.	%
2009A	0.0	-1.2	-1.2	-0.77	-	-	-
2010A	0.0	-1.8	-1.8	-0.79	-	-	-
2011E	No	Estimates	At Present		-	-	-
2012E	No	Estimates	At Present				

VIRIDIS ENERGY



There have been no further announcements since our last Monthly was produced and we await developments. Viridis has a December year-end, and its Q4 results will probably be released at end-February.

We await news, in particular, of sales of oil palm pressings as biofuel into Korean and Chinese buyers. The core business of this company is production of wood pellets, which are an important fuel on the West Coast of North America and are being increasingly used as 'green energy' in Europe. Palm oil pressings sales will be a useful adjunct to this, however.

The small local capital raising that we suggested likely in our last Monthly does not appear to have taken place.

Viridis has obtained a listing for its shares on a second exchange. Its shares can now be traded on the Frankfurt exchange under the symbol VRI.F.

Viridis Energy TSX				VRD.TV Energy		Price CA.C. Cap CA\$m	48.00 17.9
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit \$m	Profit \$m	eps \$.	Ratio	c.	%
2009A	0	-	-	-	-	-	-
2010A	7.8	-0.1	-2.9	-14.1	0.0	-	-
2011E*	14.0	-2.5	-2.5	-4.8	0.0	-	-
2012E	31.4	-0.1	-0.1	-0.2	0.0	-	-

*Assumes additional capital raising in Jan 2011

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