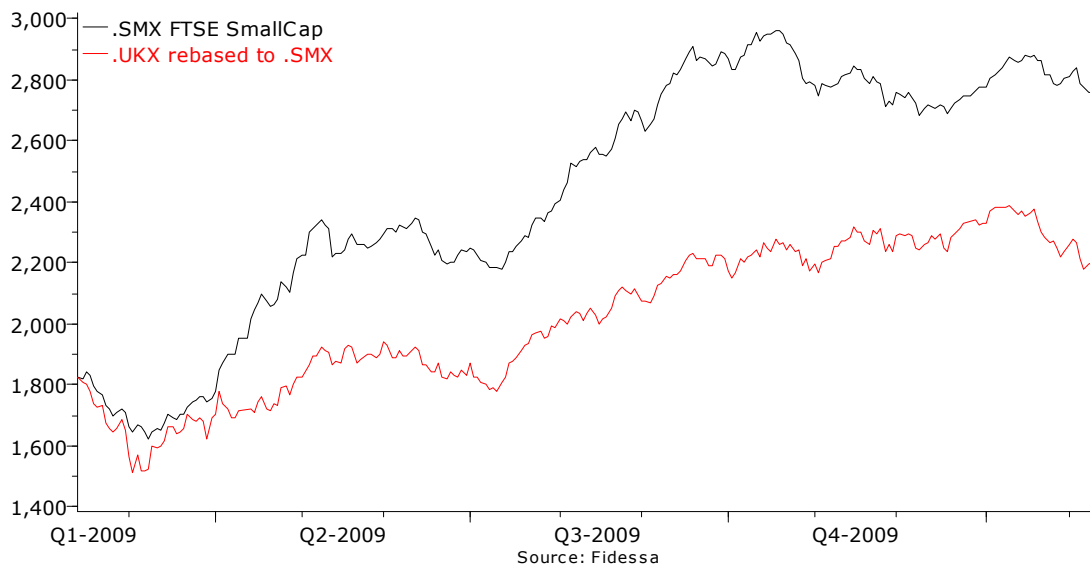


The Monthly February 2010

12 February 2010



FTSE Smallcap vs. FTSE 100

UK is officially declared to be out of recession, as marginal GDP growth of 0.1% in Q4 2009, well below the 0.3% - 0.4% expectation, brought an end to the country's worst recession since 1945. This long-awaited return to growth was widely expected. Unemployment has stopped rising, at least for now, and consumer and business confidence is steadily improving. The government and the BoE are expecting moderate growth in 2010, followed by strong growth in 2011 and beyond as the UK bounces back from the prolonged recession. Fear of the dreaded 'double-dip' remains among the pessimists, but hopes of the UK pulling out recession were further boosted by the publication of the new CIPS/Market manufacturing managers' index figure, which showed the fastest growing pace for manufacturing in 15 years. The CIPS index leapt to 56.7 in January, from 54.6 in December, which is the highest since October 1994. But it also became apparent that manufacturers' own costs were rising rapidly and that some were passing these on to hard-up consumers, which cannot last when pay rises are lower than the rate of inflation.

FTSE100 fell over 4% in January, closing 224 points lower at 5188.5 after last month's see-saw session. FTSE100 dropped a further 2.46% within the first week in February. Concerns over uncertainty in government policies worldwide and European government debt sparked a rise in risk aversion that weighed on global asset markets.

Recently, policy makers have made their presence felt and with mainly negative consequences for the market. The market was first rocked by China's monetary tightening. Then US President Barack Obama's attack on Wall Street, for example, triggered fresh fall in the banking sector on both sides of the Atlantic. The so-called Volcker Rule is to make sure no institution is 'too big to fail' and the proposed levy on bank assets have the potential to change the industry and the returns it is allowed to make. On Friday, as was widely expected, the BoE announced it would call a halt to its quantitative easing (QE) stimulus programme. This move of withdrawing the liquidity that the policymakers have pumped into the financial system and global economy could well cause unforeseeable danger. →

Market Indicator	Price	Previous Month Price	% Change in 1 month	Year High	Year Low
FTSE 100	5,247	5,413	-3.1%	5,538	3,512
FTSE Small Cap	2,812	2,777	1.3%	2,964	1,621

A further wave of concerns has also surfaced this week over governments' indebtedness. Some countries have run up large fiscal deficits and debts in an effort to tackle the financial crises, particularly Greece and other struggling Eurozone members. The problem now lies in their abilities to tackle them. The most obvious options are spending cuts and increasing taxes.

We have published detailed reports on six new companies, **Braveheart Investment Group plc**, **Dualinvest Residential Income Unit Trust**, **Islamic Bank of Britain**, **Japan Leisure Hotels**, **Pegasus Helicopter Group**, and **PEGG Capital AG**.

Braveheart Investment Group is an investment company that invests primarily in unlisted technology companies both on its own behalf and on behalf of its clients. The company has an impressive and well diversified portfolio which contains several interesting companies, one of which last year appeared in Deloitte's "Fast 50" – the Top 50 Fastest Growing Technology companies in the UK. Two to three of Braveheart's investments are at a stage where an exit may be possible in the near future. The Group's most notable exit to date has been the IPO of Edinburgh based micro-chip designer, Wolfson Microelectronics, which now has a market capitalisation of circa £140m.

Dualinvest Residential Income Unit Trust is marketing units in its Series 1 Sub Fund. The Trust offers investors the opportunity to participate in the buy-to-let residential property market. It has strong attractions for income investors for its targeted annualized IRR of 7.75%, the degree of capital protection that it offers (with prices needing to fall by 30% before an investor fails to achieve end-of-life return of their investment) and participation in any capital appreciation of the property portfolio.

Islamic Bank of Britain is the only independent retail bank in Britain with a portfolio of products that are fully Sharia compliant. Its c. £200m of gross footings and AIM market cap of £37m mean it is London's smallest quoted bank and its size at present is sub-critical mass. The Board has signalled that a capital raising is underway, however, that will mean a quantum leap in size, raising the prospect of much greater market penetration and a first profit in financial year 2012.

Japan Leisure Hotels operates six hotels with 242 rooms in Japan. It is a compelling industry consolidation play. The leisure hotels marketplace in Japan is highly fragmented and JPLH has the structure in place to boost eps significantly by acquisitions, particularly at present while there are distressed sellers because of the economic crisis. The company is quoted on London's AIM. We believe the company could make a good case for an equity capital raising.

Pegasus Helicopter Group is an innovative pressure-jet helicopter specialist that may be within a year of its first revenue production and two years of its profit. Pegasus' helicopters utilise a proven technology and its first prototype helicopter has logged over 200 hours of flying time. The company has signed a number of Letters of Intent with several distributors worldwide and an agreement for assembly work has been reached with one of the market leaders in the US. Pegasus is looking to raise US\$2m of fresh equity in order to finance the production of three prototype demonstrators and begin its kit production and sales.

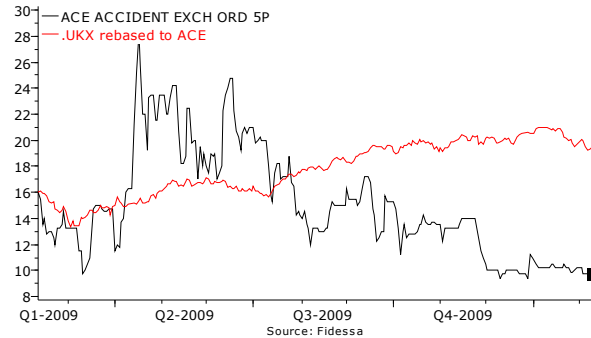
PEGG Capital AG is a company which is to list on the Unofficial Regulated Market of the Frankfurt Stock Exchange. The company's business model is to invest in ICT, technology or technology related resource companies that have the potential to be profitable and cash flow positive within 12 months of investment. PEGG is backed by a management team who have extensive corporate experience, technology expertise and business contacts within a number of organisations including the likes of Fujitsu, BT, Vodafone and Freemans Grattan Holdings.

Please call or email for a copy of any of these research reports.

ACCIDENT EXCHANGE

The interim results announced on 30 December were interesting as far as they went, but shed no further light on the key point as far as the stock markets are concerned at the moment, its negotiations with its lenders. A key loan agreement needs refinancing by the Autumn, negotiations are in progress, and none of the existing banking or loan covenants have been broken. The company has been cash flow negative and borrowings are high.

Heavy cuts in the cost structure are being made and management is getting the company in the best possible shape to come out of these negotiations with a favourable deal. Annual cost savings of £24m are being targeted.



For the six months to end-October, revenue was reduced from £85m to £62m. This was a result of a deliberate policy decision to reduce the size of new commitments. The gross profit was more than doubled, and a small profit was made at the operating level. The main trading news has been the successful series of court actions, re-examining previous payments made to Accident Exchange that were lower than the company had originally claimed. We expect the bad winter weather to have resulted in a rush of extra business for Accident Exchange in the short term. Throughout the industry repair days in the workshop have been pushed up by the large number of car accidents; both the increase in the number of accidents and the increase in the number of hire days per accident will play in the company's favour. This is pleasing; both the company's management and its shareholders are overdue some good news.

At present we have no forecasts for Accident Exchange.

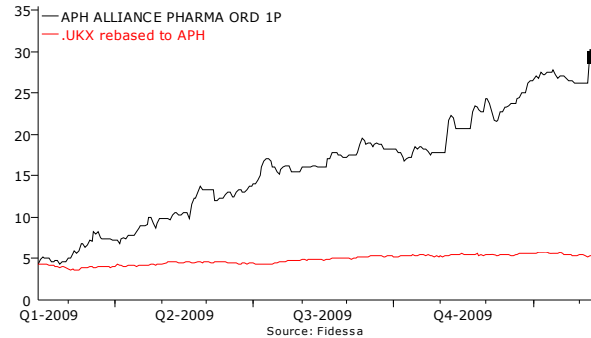
Accident Exchange	ACE	Price p.	9.6				
Full List	Specialty Finance	Cap £m	13.2				
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
April	£m	Profit/(Loss) £m	Profit £m	Diluted eps p.	Ratio	p.	%
2008A	161.9	9.9	13.9	12.0	0.8	2.5	26.0%
2009A	132.0	-55.4	13.3	9.6	1.0	0.0	0.0%
2010E		Estimates	under	review			
2011E		Estimates	under	review			

*2009A sales have been adjusted for the debtor impairment write-down

ALLIANCE PHARMA

Last month Alliance Pharma issued a pre-close trading update informing the market that its net profit before tax for the year to 31 December 2009 would, at £8.5m, be significantly ahead of market expectations. The company has now announced that it expects to pay a full year dividend for 2009 of 0.30p per share, again ahead of market expectations at 0.20p per share. This follows a reduction in bank debt to £21.7m, cf £25.2m at the end of 2008.

The company has now announced that it has agreed to acquire the trade and certain assets of Cambridge Laboratories (Ireland) Limited and Cambridge Laboratories Limited for total consideration of between £14.3m and £16.4m plus the value of inventory estimated at circa £1.4m. Total sales of the combined companies in the year to 31 December 2009 were £10.6m. On top of this the companies have been awarded a contract worth £5.6m for the replacement of a toxicology product which the UK government stockpiles and replaces every 2-3 years. The acquisition is expected to significantly bolster Alliance's portfolio adding 18 prescription products across a range of areas and is expected to be significantly earnings enhancing in the year to 31 December 2010. Consideration is to be funded through a £7.5m share placing, with the remainder paid in cash.



Alliance Pharma				APH		Price p.	29.25
AIM				Pharmaceuticals		Cap £m	56.5
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2007A	18.2	-3.21	0.37	0.23	127.2	-	-
2008A	21.8	2.40	2.40	1.55	18.9	-	-
2009E	31.0	8.60	8.60	*3.57	8.2	0.30	1.0%
2010E	44.4	13.8	13.8	4.58	6.4	0.30	1.0%

*not including any impairment charge, restructuring or amortisation charges

BEGBIES TRAYNOR

Shares in Begbies Traynor have fallen by 17% since the announcement of its interim results last month, a reaction that we find difficult to justify – even given a slowdown in new insolvencies.

The interim result benefited from:

- a 21% increase in the Insolvency contribution, against 30% growth in the number of insolvencies in Britain and investment by Begbies in expanding its business;
- substantially lower losses from Corporate Finance, as activity picked up and last year’s restructuring reduced costs and increased flexibility;
- maintained profit from Other Activities after it, too, had absorbed the cost of further investment; and
- a 67% reduction in the net interest charge – as a 318pp fall in the cost of its overdraft (after absorbing an increased margin), and one of 495pp for its revolving credit facility, more than outweighed the impact of a rise in average net debt.

Against this:

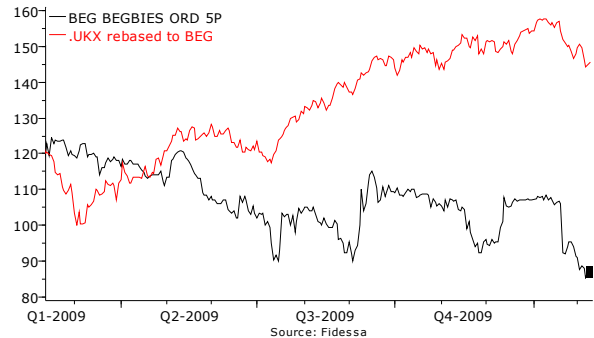
- Taxation reported a loss as recessionary pressures reduced activity, in a division where business is more transactional than on retention, and reduced margins.
- There was an increase of 13% in central and shared service costs, again largely driven by investment in expansion.
- The effective tax rate increased from 30% to 32%

The net cash outflow, before share issue proceeds, was reduced to <£3m (from >£9.5m) by higher operating cash flow, lower working capital absorption and reduced acquisitions costs. Net borrowings, at £20.4m were up 17%, but (assuming asset finance unchanged from the year-end) the Group still had headroom of almost £9m (36%) within its bank facility – putting it in a very strong position from which to grow the business

Q4’09 insolvency statistics, released last week, have, for the first time in two years, turned negative y-o-y, with a 7% fall. This is a departure from behaviour in previous recessions, when insolvencies peaked only some time after the end of the recession. The difference this time seems to be the presence of temporary support measures. The question is, though, the extent to which these have helped companies to restructure and survive or the degree to which they have simply deferred failure. At 26,000, the 12-month total of corporate insolvencies is broadly in line with expectations, and represents 0.9% of active companies. Were this ratio to reach 1%, as in previous downturns, this would imply a 30,000 12-month total, whereas R3 is currently forecasting 28,000 and 27,000 for 2010 and 2011.

We believe that, on the back of this more benign outlook for businesses, the market has seen Begbies’ consensus estimates for FY 2010 reduced by 8% ,from £12m to c£11m. We have reduced our forecast for both FY 2010 and FY 2011 by c6%. This still represents growth of 10% and 19%, respectively. Working these through to the Balance Sheet, we expect net finance debt to be c£21m in both years. On this basis, Begbies would have headroom of £7.7m (31%) in April 2011 and would see net gearing down below 30% - even with virtually all deferred consideration liabilities settled.

The shares are on a calendarised 2010 prospective PER of only 9.1x, and have upside of >90% to our PER-based Fair Value price of 165p. Please see our research note of 8 February on the Company for further details.

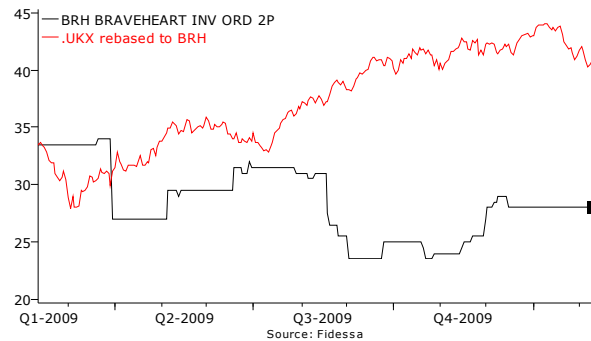


Begbies Traynor	BEG	Price p.	87.00				
AIM	Support Services	Cap £m	77.8				
Y/E	Group	Declared	Adjusted	Adjusted	p/e	Divi	Yield
April	Sales £m	Profit £m	Profit £m	eps p.	ratio	p.	%
2008A	48.1	5.7	7.0	6.0	14.5	2.5	2.9%
2009A	62.1	7.2	9.8	7.8	11.2	2.8	3.2%
2010E	70.1	9.3	10.8	8.1	10.7	3.1	3.6%
2011E	78.0	11.9	12.9	9.6	9.1	3.4	3.9%

BRAVEHEART INVESTMENT GROUP

Braveheart Investment Group is an investment company that primarily invests in unlisted companies which have the potential to grow significantly through the commercialization of IP. It operates three lines of business – fund management, private client management and management services. To date Braveheart’s overall client portfolio has returned 24% while its client exit portfolio has returned 33%.

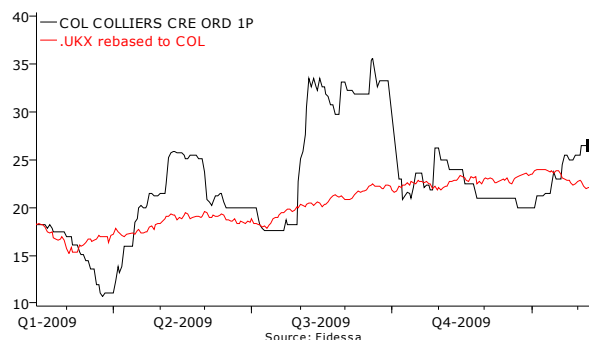
Last month the Group launched a Beta EIS Fund. The fund is a successor to the Group’s Alpha EIS Fund and will provide investors with the opportunity to invest in a diversified and balanced portfolio of potentially high return technology companies while enjoying the benefits of favourable tax treatment. The maximum fund subscription is £500,000 per individual or £1m per couple. The minimum subscription is £10,000.



Braveheart AIM				BRH Equity Investments		Price p. Cap £m	28.00 3.9
Y/E	Income £m	Declared Profit IFRS £m	Adjusted Profit £m	Declared EPS IFRS p.	NAV/share p.	Divi p.	Yield %
March							
2008A	1.1	0.1	0.1	0.7	52.8	-	-
2009A	0.3	-1.3	-1.3	-9.2	44.4	-	-
2010E	0.8	-0.9	-0.9	-6.5	35.7	-	-
2011E	1.7	-0.04	-0.04	-0.3	36.6	-	-

COLLIERS CRE

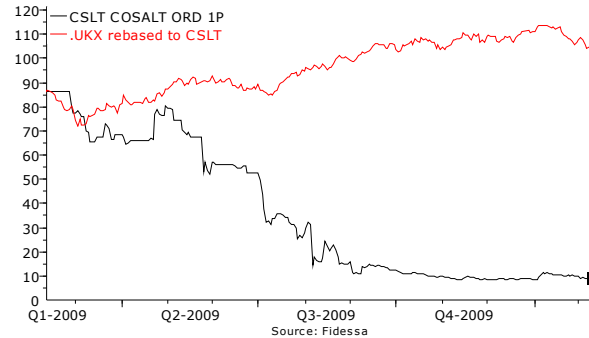
Colliers CRE released a trading update last month in which the company was pleased to report that the fourth quarter of 2009 was its strongest in terms of revenue generated over the year. This momentum has continued into 2010 and the company is now positioning itself for the year ahead. We believe that the combination of the backing of FirstService Real Estate Advisers and a strengthened balance sheet will open up new opportunities for Colliers CRE.



Colliers CRE AIM				COL Real Estate		Price p. Cap £m	26.5 39.4
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted Basic eps p.	p/e ratio	Divi p.	Yield %
December							
2007A	117.5	12.2	9.4	11.8	2.2	5.0	18.9%
2008A	78.0	-11.1	-4.6	-6.5	0.0	-	-
2009E	58.0	-15.4	-11.4	-12.0	0.0	-	-
2010E	68.4	2.4	2.4	1.1	24.1	-	-

COSALT

Cosalt's preliminary results, released last week, were broadly in line with our forecast. In the face of challenging market conditions in both its core businesses, it reported a 23% fall in underlying PBT, to £5.55m, and passed its dividend. Receipt of proceeds of £17.1m from the September placing and open offer enabled the Group to reduce creditor balances and pay down debt. This strengthened the balance sheet significantly, reducing net debt to £21.6m – at which level net gearing is <38%, down from >98% at the interims.



The issue for Cosalt has been the reduced levels of activity by its client base. In Cosalt Marine, shipping volumes have been lower, reflecting the impact of the recession. In Cosalt Offshore, the fall in the oil price, which reached a low point in January 2009, caused oil companies to postpone drilling activity. There was a substantial improvement between H1 and H2. Underlying operating and pre-tax profit was down just <5%, after falls of 17% and 66%, respectively in H1. There was also a differentiation between the two halves of the year within the performance of the two divisions.

Cosalt Marine, which had seen a decline of 4% in revenue between H2'08 and H1'09, reported a further fall of almost 5% in H2'09. However, its contribution benefited from the impact of earlier cost reduction measures; contribution, which had fallen 15% in the earlier period, almost trebled in H2'09. Cosalt Offshore tends to be second half-weighted because of North Sea maintenance in the summer months – so its results have to be looked at differently. H1 saw a small decline in revenue y-o-y; in H2, there was an 11% increase y-o-y, so that the H1⇒H2 uplift in FY 2009 was 18%, against 6% in FY 2008. While pricing pressure left margins lower in both periods, the fall in H2 was 27%, against 44% in H1. We expect Cosalt to implement further cost reductions in FY 2010, especially within its Offshore division, while it will also review its options to manage its pension liability.

In the light of these results, we have adopted a cautious approach to our FY 2010 forecast. There are signs emerging that shipping volumes and port activity may be starting to improve. There has also been a recovery in the oil price, but the need to plan drilling projects means that there is always a time lag between the economics of a project improving and expenditure being committed. We have cut our revenue expectations by 8%, to reflect y-o-y growth of just 2%. The overall reduction in our anticipated EBITDA is £0.68m (7%); however, this comprises a rebalancing between the divisions and a reduction in head office costs. We have also increased our expectation for the net interest charge. Our revised forecast for underlying PBI is £6m, down from £7.5m – which represents y-o-y growth of 8%.

Of, perhaps, greater importance is the cash flow, where we see an improved operating cash flow, coupled with reduced working capital absorption and lower deferred consideration payments, resulting in a further reduction in net debt – which should bring net gearing below 33% by year-end.

Looking further ahead, we expect Cosalt to strengthen its market position by increasing its focus on regulatory-driven products and services; by continuing to take an active part in the ongoing consolidation of the safety sector into fewer and larger players; and by positioning its Offshore business to follow its customer base into new oil and gas provinces outside the North Sea. We also understand that the business is looking at opportunities to extend its activities into the offshore wind power generation arena.

Cosalt				CSLT		Price p.		9.0
Full List				Diversified Inds		Cap £m		8.0
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	1.2	6.0	66.7%	
2009E	107.8	-3.4	5.6	4.2	2.1	0.0	0.0%	
2010E	110.3	5.4	6.0	1.1	8.2	0.0	0.0%	
2011E	No estimates at present							

DUALINVEST RESIDENTIAL INCOME UNIT TRUST

We have recently published a research note on the Dualinvest Residential Income Unit Trust, which is currently marketing units in its Series 1 Sub Fund. The Sub Fund is looking to raise a minimum of £1m, with the minimum unit of investment set at £10,000.

Dualinvest offers subscribers the opportunity to invest in the buy-to-let residential property market in a fund that has a number of unusual, or unique, features that, we believe, may be attractive. The Dualinvest business model anticipates selling a property after two years of ownership. A Vendor can elect for a one-year extension, but only on payment of further up front rent at the time of giving notice – i.e. six months before the end of the initial term,

The first of these concerns the exit route. While the Fund proposes to invest in a 65% interest in properties that it acquires, it intends to negotiate that, on a disposal, it will have first call to a sum equal to 70% of the purchase price out of which to return their initial capital to investors. Therefore, the value of a property would have to fall by 30% before investors would not receive full return of their initial investment – even though 5.5% of that will be a subscription fee and will not be invested in property.

The second feature also concerns the exit route, in that Dualinvest intends to negotiate that it will also receive 15% of any uplift in value of a property during the period of ownership, and that this will be passed on to investors, giving them the opportunity to participate in any capital appreciation. The purchase price of a property will be set as the average of the valuation of two appointed estate agents, from a panel selected by the property investment and asset manager, while the exit price will also be set by an approved estate agent.

The third feature is the rental structure within the proposed acquisition agreement. When Dualinvest purchases its 65% interest, the balance of 35% will remain with the Vendor, in a co-ownership model that secures its interest in the management and maintenance of the property. The proposed purchase agreement would require the Vendor to pay up front a rent of 13.5% of value of 100% of the property for the first two years, and 6.75% in respect of any third-year extension. This protects the Fund from the risk of rental voids or bad debts – with the Vendor responsible for sub letting the property, and paying a proportion of sub rents received to the Fund.

A further feature of the Fund is its attractive IRR yield, targeted at 7.75%. This is achieved by paying investors a 13.5% coupon on their investment when the relevant rent is received from the Vendor, and then returning their investment out of disposal proceeds when received.

Dualinvest.

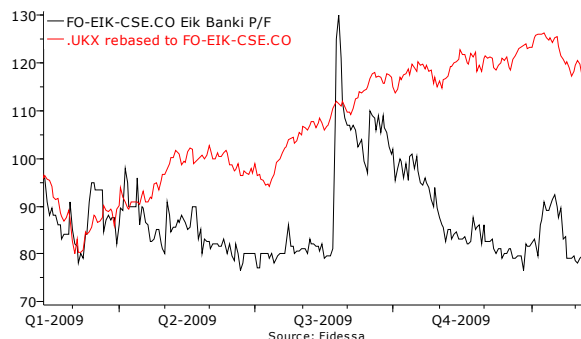
Not Listed

Residential property fund

Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	No	estimates					
2008A	No	estimates					
2009E	No	estimates					
2010E	No	estimates					

EIK BANKI

Eik Banki Group stated in its 3Q 2009 statement that it had tightened its credit policy regarding commercial real estate and real estate construction projects. The majority of the impairments in the first nine months of 2009 are due to activities in Denmark, mainly related to corporate real estate financing. Eik Banki Group has however no intention of withdrawing from the commercial real estate or real estate construction markets altogether. The Bank has decided that a condition for future participation in syndication will be that the total exposure in the syndicate does not exceed that which the Bank can undertake alone. This way the bank can minimize the probability of losses if other banks in the syndication can't fulfil their part of the agreement.



Total impairments amounted to DKK 321.5 million the first nine months of 2009, compared to DKK 184.1 million in the same period 2008. The impairments in the third quarter 2009 were DKK 118.3 million which is 7% lower compared to the second quarter.

Apart from impairments to corporate real estate financing counting for 44% of total impairments, an additional major contributor to the total level of impairments for the period is the Danish EBH Fund with DKK 44 million or 14% of total impairments. The creditor dividend currently is not expected to exceed 23%.

The Credit Package 1 guarantee scheme also contributed to the impairments with an amount of DKK 51 million or 10 per cent of total impairments. This came from Danish banks' losses that were part of the scheme. Only 16% of the total impairments for the nine month period 2009 relate to the Group's customers in the Faroe Islands.

Group solvency by 30 September 2009 was 10.9% compared to 12.4% at the same time last year. The solvency for the parent company Eik Banki P/F was 16.4% by 30 September 2009 compared to 21.1% last year. At year-end 2008, the solvency rate was 10.6% for the Group and 18.3% for Eik Banki P/F.

Core capital by 30 September 2009 is 8.1% and 12.2% for the Group and Eik Banki P/F, respectively.

Liquidity remains satisfactory. Calculated as of 30 September 2009, cash-in-hand, sight deposits in other banks, certificates of deposit in the Danish Central bank and securities is DKK 5.4 billion, which is an excess cover of 146.7% over the required minimum.

The Bank now expects a loss after taxes of approximately DKK 150 million against the previously announced loss in the range of DKK 25-75 million. The estimate is before possible impairments of other banks' losses via the guarantee scheme under Credit Package 1. The downgrade is primarily owing to the continuous difficult conditions on the Danish corporate real estate market.

The Group also expects a relatively high level of impairments in 2010.

Eik Banki Copenhagen Stock exchange		FO-EIK CSE Banks			Price DKK	80.0	
Y/E	Group Revenue*	Declared Pre-Tax	Adjusted Pre-Tax	Declared After-Tax	p/e ratio	Divi	Yield
December	DKKm	Profit/(Loss) DKKm	Profit** DKKm	eps** DKK		DKK	%
2007A	676	465	310	51.6	1.6	10.67	13.3%
2008A	796	-416	384	-38.6	0.0	0.0	0.0%
2009E	571	-150	89	-13.4	0.0	0.0	0.0%
2010E	No Forecasts						

*Net interest income + fees etc

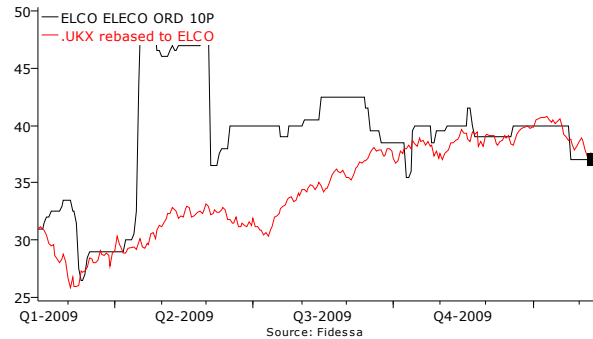
**excludes impairments, market value adjustments

ELECO

The Trading Update from building systems specialist Eleco warned investors to expect a loss for the half year to end-December and a 'moderate' improvement in the second, January – July half. We believe the second half will still not be good enough to tip the group into profit for the year as a whole, and while there are some reassuring points in the statement, it is clear that market conditions in the UK building systems industry are still very difficult.

The pre-cast concrete businesses, which account for c. 40% of sales, is still running well below capacity (as are all its competitors) and this is impacting margins. £9.3m of orders for new prison units have been received, and while there is no firm start date, these should start to benefit the group in H2 and fill part of the hole in the order book. Both pre-cast concrete and other building systems work have been affected by delays in start dates for work already contracted. The situation is endemic in the construction industry.

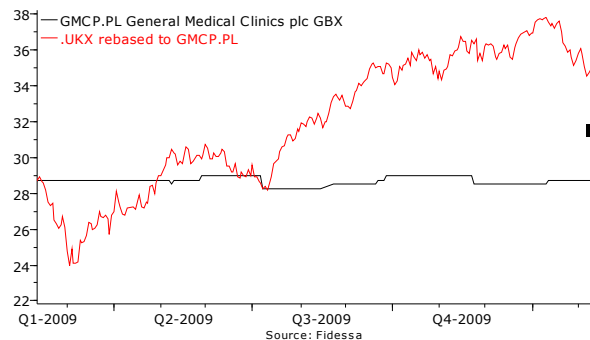
Finance director David Dannhauser has announced his resignation. We are sorry to hear this, he has done a first rate job keeping the group's finances straight during a national financial crisis that has driven many of Eleco's competitors to the wall.



Eleco				ELCO		Price p.	37.0
AIM				Diversified Inds		Cap £m	21.9
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Pre-tax Profit £m	Pre-tax Profit £m	eps p.	ratio	p.	%
2008A	84.9	8.2	9.1	12.1	3.1	3.0	8.1%
2009A	70.6	-1.4	0.9	1.4	26.4	0.8	2.2%
2010E	66.2	-2.0	-1.0	-1.6	0.0	0.4	1.1%
2011E	No Estimates						

GENERAL MEDICAL CLINICS

The London-based primary healthcare provider, GenMed, announced that the group is currently in discussion with the board of Westover Medical Ltd, which may lead to an offer for the company. Westover proposes to offer GenMed’s shareholders 34p cash per ordinary share. This offer price is at an 18.3% premium to the closing price on 9 February. It values GenMed at approximately £5.65m. Upon the release of this announcement, GenMed’s share price surged 9.6%, to 31.5p. The proposed price is at an 82.7% premium of the company’s NAV on 31 May 2009.



GenMed is due to announce its interim results shortly. We have received no further comment from the company and under Takeover Panel rules, we are required to withdraw all forecasts.

Hardman & Co is a connected advisor under Takeover Code because it is contracted to write research on the company.

General Medical Clinics				GMCP	Price p.	32.0	
UK: PLUS				Healthcare	Cap £m	5.3	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2008A*	6.54	0.30	0.48	2.1	15.2	0.4	1.3%
2009A**	6.61	0.12	0.36	1.7	18.8	0.5	1.6%
2010E	Forecasts	Withdrawn.					
2011E	Forecasts	Withdrawn.					

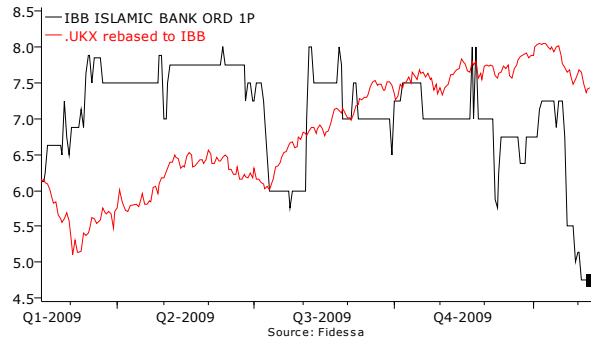
*2008 adjusted profit include an exceptional cost of £96,000

**Adjusted figures in FY09 exclude the development costs incurred in the Baker St clinic

ISLAMIC BANK OF BRITAIN

We have initiated research coverage of Islamic Bank of Britain.

The Islamic Bank of Britain is quoted on AIM, and is the only independent retail bank in Britain with a portfolio of products that are fully Sharia compliant. Its c. £200m of gross footings and market cap of £26 mean it is London’s smallest quoted bank, and its size at present is sub-critical mass. The Board of Directors has signalled that a major capital raising is envisaged, that will be a quantum leap in size, raising the prospect of much greater market penetration and a first profit in financial year 2012. Our forecasts are based upon the assumption that an addition to the capital base of this nature takes place.



For the first time, Islamic Bank of Britain has a genuinely exclusive product in the marketplace. This is its Home Purchase Plan. It gives it high margins, the product is in demand, and IBB is selling the product as rapidly as its capital base permits.

Also, IBB is refocusing upwards its target customer group, from the mass market to affluent and high net worth individuals. This includes wealthy Muslim visitors to the UK, which for the first time are being treated as a potential customer group. A new office has been opened in Berkeley Square, in London’s West End, to cater to them.

Overall, IBB is a bank in the right place at the right time. The Muslim population of the UK is becoming increasingly affluent, and customers attracted by Sharia compliance are likely to be much more ‘sticky’ than normal bank customers in an otherwise increasingly fickle marketplace. New management is taking IBB in an interesting direction, and we shall be following its progress with interest.

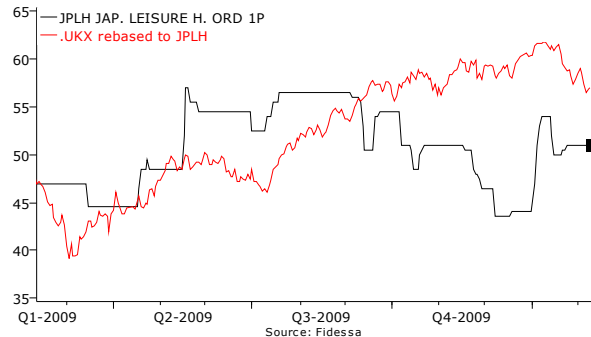
Please call for our Initiation of Coverage Research Note, titled Opportunities From Possible Capital Raising.

Islamic Bank of Britian				IBB		Price p.	4.75
AIM				Financials		Cap £m	26.0
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit/Loss £m	Profit/Loss £m	Diluted eps p.	ratio	p.	%
2008A	4.3	-5.9	-5.9	-1.4	-	0.0	-
2009A	3.1	-9.3	-9.3	-1.7	-	0.0	-
2010E	6.4	-7.5	-7.5	-0.6	0.0	0.0	-
2011E	15.4	-3.2	-3.1	-0.2	0.0	0.0	-
2012E	27.5	0.8	0.8	0.1	47.5	0.0	-

JAPAN LEISURE HOTELS

We have initiated coverage of this AIM quoted company. Its shares have underperformed the market recently and outwardly its results have been unexciting. At hotel level, however, management is making some progress even though the Japanese GDP fell 5% last year.

What the company needs is scale. Its arrival on AIM coincided with the early months of the bear market, and JPLH never raised enough money to act as the industry consolidator that was (and still is) its business plan. Its overhead base therefore is large compared to its size – 243 hotel rooms in six hotels. The business is cash generative and profitable, but is not performing to anything like its full potential because it lacks scale. With over 1,000 hotel rooms at its disposal, JPLH could make significant gains from central purchasing and group marketing, as well as gaining much more visibility for its ‘Bonita’ brand name.

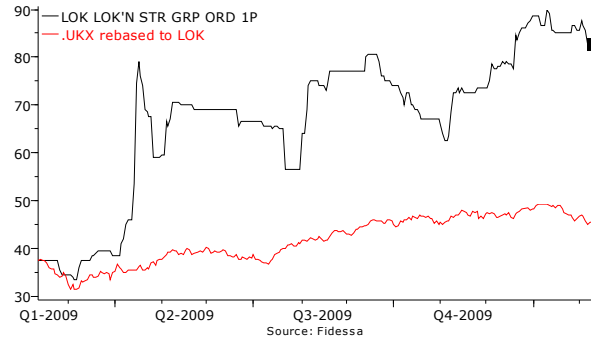


For the current year, we look to a refurbishment of its laggard hotel, the Yokkaichi, between February and June, which will bring benefits in the second half. We also hope that JPLH will be able to buy more hotels, either through vendor placings of shares or a conventional capital raising in the near term.

Japan Leisure AIM				JPLH Hotels		Price p. Cap £m		51.0
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield	
October	¥m	Profit £m	Profit £m	eps UKp.	ratio	p.	%	28.8
2008A	1,180	28	28	0.0	-	0.0	-	
2009E	1,174	0	0	0.1	-	1.0	2.0	
2010E	1,280	94	94	0.9	5.3	1.5	3.0	
2011E	1,391	172	172	1.7	2.8	2.0	4.0	

LOK'NSTORE

Lok'nStore's half year ended in January. The pre-close update issued on February 2 stated that trading was 'encouraging'. While occupancy was down 0.5% since July 2009, there was still a 10.2% occupancy increase year to year, showing that from Lok'nStore's point of view, the recession is probably over. We were particularly encouraged by the 2.8% increase in average prices; this is ahead of the inflation rate and puts the very tiny fall in occupancy into perspective – it was almost certainly a deliberate decision by Lok'nStore to go for higher prices rather than higher occupancy, and as Lok'nStore's pricing has tended in the past to be lower than that of its major competitors, in our view this is the right thing to do.



The results from industry leader Safestore at end-January were also good, and we find that encouraging as well. The big companies in this industry (Safestore, Big Yellow, Lok'nStore) have a lot in common and are likely to be having similar trading experiences.

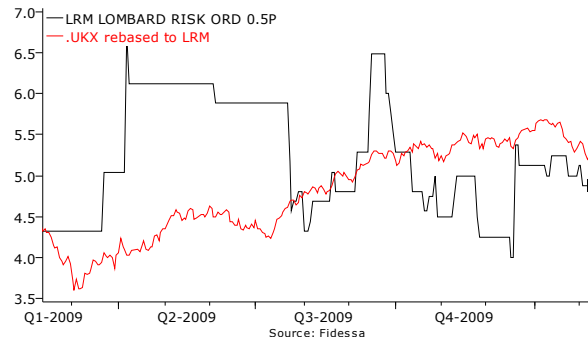
The p/e ratios in the table below may look high, but p/e ratios are the wrong way to assess this company because it uses its spare cash flow to open new units for future growth and new units are inevitably loss-making early on. A better way of assessing investment value in this industry is discount to NAV, because assets in the form of self storage buildings will in time generate additional profits. Lok'nStore continues to be at a higher discount to NAV than either Safestore or Big Yellow. There is potential for a very significant increase in the share price here.

Lok'nStore		LOK			Price p.	82.5	
AIM		Support Services			Cap £m	20.6	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
July	£m	Profit/(Loss) £m	Profit/(Loss) £m	eps p.	ratio	p.	%
2008A	10.83	-0.74	-0.31	-1.50	-	1.00	1.2%
2009A	10.01	-0.66	-0.66	-2.40	-	1.00	1.2%
2010E	10.30	0.10	0.10	0.40	206.3	1.00	1.2%
2011E	11.11	0.55	0.55	2.19	37.7	1.00	1.2%

LOMBARD RISK MANAGEMENT

Interim results showed sales up 8% on H1 of the previous year. The loss from operations was £0.7m, again a slight improvement on H1 of the previous year but a deterioration from the immediately preceding half.

The results were accompanied by news of a new contract for COLLINE®, Lombard's collateral management software. The contract is with ABN AMRO bank. We believe this contract to be smaller than Lombard's previous win in this field, which was worth in excess of £1m, but it gives LRM a seat at the table when negotiating for further work.

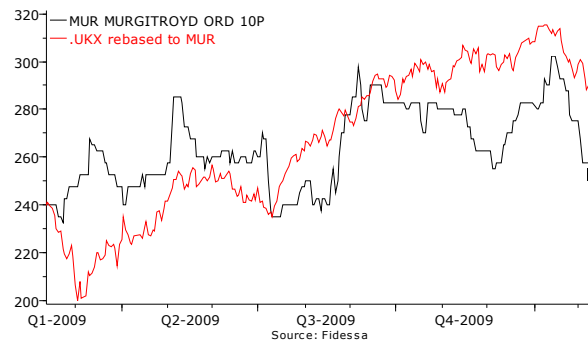


A successful raising of equity capital last Autumn has given Lombard Risk Management more elbow room financially, and this is probably strategically more important than the reduction in interest charges that will be seen in the second, current half. The company will clearly lose money again in the current financial year, the precise amount will depend upon income recognition on the new large contracts. We have no estimates for the company at present, but hope to be able to produce estimates shortly.

Lombard Risk Mgt	LRM	Price p.	4.88				
AIM	Software	Cap £m	10.1				
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit/(Loss) £m	Profit/(Loss) £m	Basic eps p.	ratio	p.	%
2008A	8.5	-1.11	-1.11	-0.7	-	-	-
2009A	8.7	-1.25	-1.25	-0.8	-	-	-
2010E	Estimates	Under	Review				
2011E	Estimates	Under	Review				

MURGITROYD

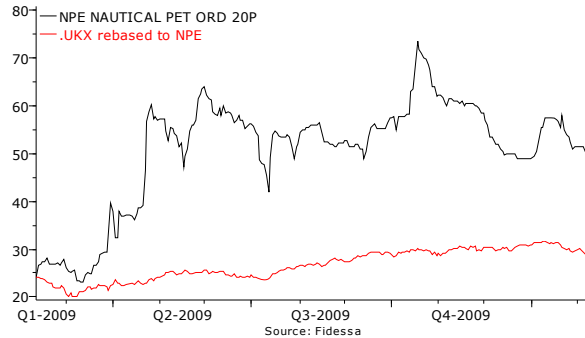
Murgitroyd Group's interim results, released last month, were very much in line with what the company had previously signalled to the market. The Patent and Trade Mark Attorney has been focusing on growing its business in what has been a difficult operating environment. A new office has been opened in Helsinki, Finland, bringing Murgitroyd's total number of offices to fourteen, new staff have been recruited for the company's sales office in Raleigh, North Carolina and the number of qualified Attorneys working for the company has been added to. Interim turnover at £14.3m was marginally ahead of the prior six month period, gross profit at £8.9m was lower, while despite the abovementioned investment in growth, tight control of overhead expenses led to profit before tax at £1.7m being flat year on year.



Murgitroyd	MUR	Price p.	252.5				
AIM	Support Services	Cap £m	21.5				
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	£m	Profit £m	Profit £m	Basic eps p	ratio	p.	%
2008A	25.7	2.9	3.1	25.3	10.0	9.5	3.8%
2009A	28.9	3.1	3.4	27.0	9.4	9.5	3.8%
2010E	30.4	3.5	3.5	27.9	9.1	10.0	4.0%
2011E	31.1	3.8	3.8	30.0	8.4	10.5	4.2%

NAUTICAL PETROLEUM

Nautical Petroleum's outperformance has reversed during the last quarter, and in the last three months the shares have underperformed both the FTSE and the oil majors by 10%. It has also underperformed some other North Sea exploration companies such as Encore Oil (EO.), which is the operator on Catcher in block 28 of the UK sector of the North Sea; Nautical Petroleum has a 15% stake in Catcher.



Catcher is likely to provide the next bit of excitement at Nautical. Drilling is due to begin in late March or April, using a jack-up rig. Catcher is an interesting prospect.

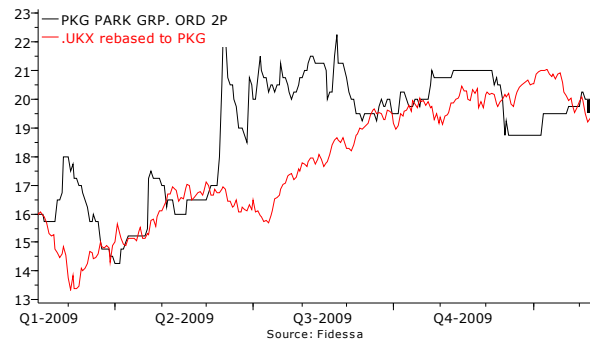
It has thick hydrocarbon bearing sand with an API in the low 20s. The best estimate for prospective resources here are 21.8 mmbo gross, which is equivalent to 3.3 mmbo to Nautical, so it is really quite small and won't be a company maker, but the probabilities of finding a commercial discovery in Catcher are quite high – possibly as good as 1 in 3. Numerous leads have been defined on 3D seismic. As far as we are aware the drilling will take place in the North-East corner of 28/9, in a Cromarty sandstone (Paleocene) play.

Following that, drilling is planned sometime during the summer on Kraken. The rig hasn't been hired for this drilling yet, but Kraken, on 9/2b, has a best estimate of contingent and prospective resources of 1197mmbo gross (69 mmbo net to Nautical), and this is the prospect, if all goes well, that could radically transform Nautical's position.

Nautical Petroleum				NPE	Price p.	49.25	
AIM				Oil	Cap £m	31.2	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2008A	0.0	-4.50	-4.50	-7.44	-	-	-
2009E	25.0	-6.60	-6.60	-9.28	-	-	-
2010E	Estimates	Under	review				
2011E	Estimates	Under	review				

PARK GROUP

The consensus economic expectation is now for very low interest rates certainly over 2010, and possibly longer, so Park Group may face an extended period of earning limited amounts of interest on its very significant cash pile (it peaks at well over £100m). It will be interesting to see how much further Park Group can push up its trading margins; we were impressed on our last site visit to see the efficiency improvements that are taking place, and the way that the Love2Shop voucher scheme in particular is expanding following new client wins.



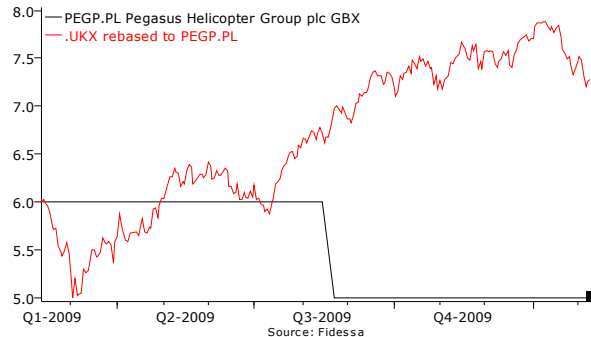
Park Group shares offer a good and solid yield that both income funds and private client brokers should find very attractive at a time when other companies are cutting dividends and good safe yield stocks have become a rarity.

Park Group				PKG		Price p.	19.75
AIM				Consumer Finance		Cap £m	32.6
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2008A	225.1	4.5	5.2	2.2	9.0	1.2	6.1%
2009A	250.5	6.2	6.2	2.4	8.2	1.3	6.7%
2010E	255.8	5.0	5.0	2.2	9.0	1.4	6.8%
2011E	266.9	5.5	5.5	2.4	8.2	1.4	7.1%

PEGASUS HELICOPTER GROUP

We have recently published a research report on Pegasus Helicopter Group. The company is currently looking to raise \$2m of fresh equity to finance its next development stage which includes the production of three prototype demonstrators and to begin its kit production and sales.

Pegasus helicopters utilise innovative pressure jet technology, i.e. driving high pressure exhaust from a jet turbine engine through the rotor blades. This technology is already proven and the company's first prototype has logged over 200 hours of flying time. Also, this type of helicopter comes with significant safety advantages and much lower initial construction and servicing costs, because the most expensive components that account for 40% of crashes are not required in the Pegasus helicopters. Pegasus' helicopters do not need the main gearbox, tail rotor and its related complex drive/control equipment, thus eliminating the problem of torque forces. Therefore, it will also be substantially easier to learn to fly.



The design work on the first pre-production demonstrator model is nearing completion and it can be flying within six months after funding injection. Because the unique feature in the US market, which formal certification is not required when selling helicopters in kit form, the first sales in kit form can be made immediately after the pre-production model has passed flight test trials, which is probably nine months after funding injection.

This project has spent decades on the margins of the aviation world despite some of the biggest names in the industry spending over US\$60m on its development. Obviously Pegasus is high risk and many things could still go wrong, but these risks are mitigated by a potentially high return, successful flight tests of the technology, number of Letter of Intent orders and agreement with one of the most experienced industry manufacturers.

Pegasus Helicopter Group			PEGP		Price p.	5.0	
PLUS			Aerospace and Defence		Cap £m	10.0	
Y/E	Sales	Gross Profit	Declared	Adjusted	P/E	Divi	Yield
December	\$m	\$m	Profit \$m	eps p.	ratio	p.	%
2009A	-	-	-0.49	-0.15	-	-	-
2010E	9.0	3.6	-0.05	-0.01	-	-	-
2011E	36.8	14.7	4.25	0.58	8.6	-	-
2011E	77.5	41.6	16.71	1.99	2.5	-	-

Pegasus Helicopter Estimates, Not Hardman & Co Estimates.

PEGG CAPITAL AG

PEGG Capital AG is to list on the Unofficial Regulated Market of the Frankfurt Stock Exchange with trading expected to commence circa 15 February. The company’s business model is to invest in ICT, technology or technology related resource companies that have the potential to be profitable and cash flow positive within 12 months of investment. PEGG Capital AG already has holdings in five companies - Azurn EU Limited, Data Insurance International Limited, Ty-Man Limited, iCEphone Limited and Addictive International Limited. It is backed by a strong management team who have extensive technology experience and contacts within organizations including the like of Fujitsu, BT, Vodafone and Freemans Grattan Holdings.

PEGG Capital AG

Proposed listing – Frankfurt SE

Equity Investment instruments

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

PHOTO-ME INTERNATIONAL

Photo-Me shares had a weak spell in the second half of January after the announcement that the FSA has alleged breaches of its disclosure and transparency rules concerning timing of a trading announcement in 2007. Photo-Me is ‘contesting vigorously’ these allegations and a Financial Services and Markets Tribunal hearing will take place in due course. This legal issue may run for some time. The downside, if Photo-Me eventually loses, will be a fine and legal costs that are a one-off item; Photo-Me’s financial position is so strong (net cash in the bank and three profit estimate upgrades by us in the past year) that shareholders need not be concerned.

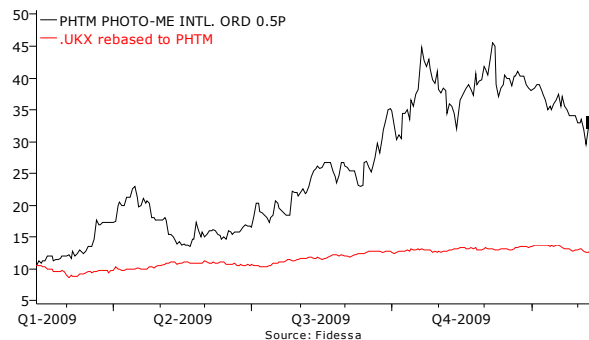


Photo-Me’s Interim Management Statement is imminent; the last trading news from the company was on December 9, when the Interim Results were announced, so we would expect the Interim Management Statement to be issued either on or shortly before March 9. As far as we are aware there have been no significant changes in trading (with one FSA accusation already hanging over it, we would expect the board to be taking its reporting responsibilities very seriously at the moment, and any significant change in trading conditions would have to be reported). We would point out, however, that December and January are among the seasonally less important months for Photo-Me.

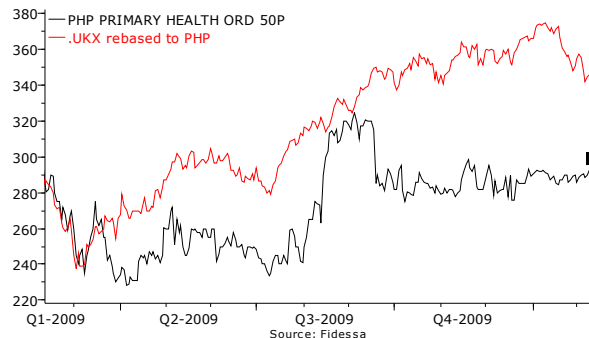
Y/E	Sales	EBITDA	Adjusted	Adjusted	p/e	Divi	Yield
April	£m	£m	Profit £m	eps p.	ratio	p.	%
2008A	193.5	36.5	-6.3	-1.8	0.0	-	-
2009A	210.5	38.6	1.6	0.2	166.3	-	-
2010E	223.8	42.3	9.2	1.8	18.5	0.6	1.8%
2011E	224.7	40.7	10.7	1.9	17.5	0.75	2.3%

Photo-Me Full List Price p. 33.25
PHTM Support Services Cap £m 119.7

PRIMARY HEALTH PROPERTIES

A second interim dividend of 8.25p is to be paid instead of a final. This is not only 0.25p more than we expected, it is being paid early, on March 26. This is good news for private client shareholders in particular.

The company has also purchased a portfolio of properties from CareCapital for £24.2m. The rent roll involved is £1.5m, suggesting a yield of 6.2%. As part of the deal Primary Health Properties gets right of first refusal on all primary care property developments brought forward by CareCapital Group for the next three years. In this one move Primary Health Properties has made a very significant advance in its year's capital spending programme. There are seven further projects that are currently being negotiated.



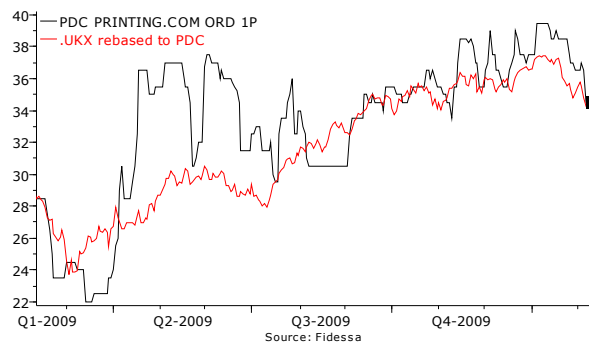
The Interim Results announcement is imminent and the company is in close period. PHP's share price has shown its defensive qualities and been stable over the last month, while the stock market as a whole has been weak.

Primary Health			PHP		Price p.	289.25
Full List			Real Estate		Cap £m	182.8
Y/E	Revenue	Adjusted	Adjusted	p/e	Divi	Yield
December	(Rent etc) £m	Profit* £m	Eps* p.	ratio	p.	%
2007A	15.7	4.2	13.3	22.4	15.18	5.1%
2008A	19.7	4.6	15.6	19.1	15.91	5.3%
2009E	20.8	6.7	16.4	18.2	17.25	5.8%
2010E	26.0	11.0	18.0	16.6	17.50	5.9%

* EPRA basis Ex rights adjusted **Restated

PRINTING.COM

Printing.com shares have held their ground well so far in 2010. The Interim Results to end-September showed flat turnover and further margin erosion, with utilisation at the central printing hub running at just 50%. However, even these torrid economic conditions have left Printing.com with profit margins of over 12% and a near £2m of cash in the bank even after payment of the final full year and special dividends. The group continues to generate positive cash flow.



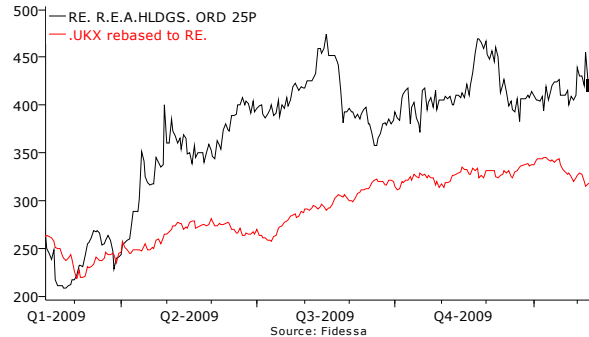
The marketing material from competitors, and indeed from Printing.com itself, indicates that the marketplace for printing material for SMEs remains intensively competitive and price driven. Printing.com's critical mass and hub-and-spoke franchise driven trading system should ensure it is the lowest cost producer in the marketplace, however, and there is arguably no better place to be if you believe in a forthcoming economic upturn.

Printing.com			PDC		Price p.	34.5
AIM			Retailing		Cap £m	15.4
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Yield
March	£m	Profit £m	Profit £m	eps p.	ratio	%
2008A	13.5	2.4	2.4	3.5	9.9	8.7%
2009A	14.5	2.1	2.1	3.3	10.6	14.9%
2010E	14.4	1.8	1.8	2.9	11.9	9.3%
2011E	15.3	2.1	2.1	3.2	10.8	10.1%

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

R.E.A. HOLDINGS

This important palm oil producer issued an encouraging trading statement in January. The 2009 crop was slightly ahead of the figure we have been using in our forecasts. Also, the group has processed an additional 13,000 tonnes of smallholder crop, more than double last year's amount. Crop yields were slightly higher than we expected, and the indications for the 2010 crop are good.



When this is added to the uptick in the palm oil price that has been seen in the second half of 2009 and the start of 2010, an upgrade to our estimates was clearly called for, and this is what we have done. While this will still leave profits for the financial year to end-December 2009 slightly below those produced in 2008, the difference is no longer significant, and the profits we expect in the year to December 2010, of US\$50.8m, will be the highest ever produced by the company.

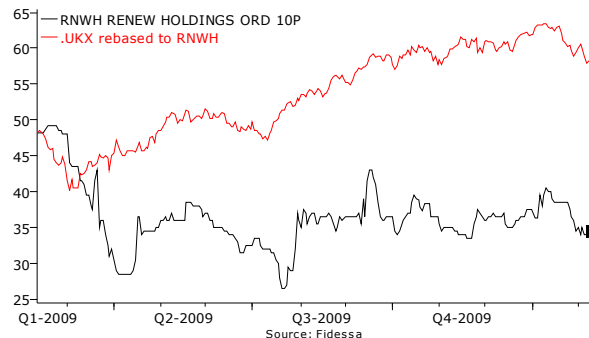
We have nothing in our estimates as yet for R.E.A.'s relatively new venture into open pit coal mining in Indonesia. It has recently purchased rights to another deposit, this time of coking grade coal with a high calorific value (the company's other deposits have a lower calorific value). There is a legal issue that needs to be resolved before we can include these in our estimates, because the Indonesian Government has yet to put into effect the legislation it passed two years ago allowing non-Indonesian companies to operate coal mines in the country.

R.E.A. Holdings shares have been flat for nine months now, in spite of the improvement in the underlying palm oil price and the rise in stock markets generally. We can see no justification for this, the outlook for the company is much brighter than it was at this time last year.

R.E.A. Holdings				RE.		Price p.	423.5
Full List				Food		Cap £m	141.4
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	USDm	Profit USDm	Profit USDm	eps c/share	ratio	P.	%
2007A	57.6	47.0	39.0	73.0	9.3	2.0	0.5%
2008A	79.6	36.3	39.0	77.2	8.8	3.0	0.7%
2009E	73.0	37.9	34.8	67.9	10.0	4.0	0.9%
2010E	92.6	53.8	50.8	102.8	6.6	6.0	1.4%

RENEW HOLDINGS

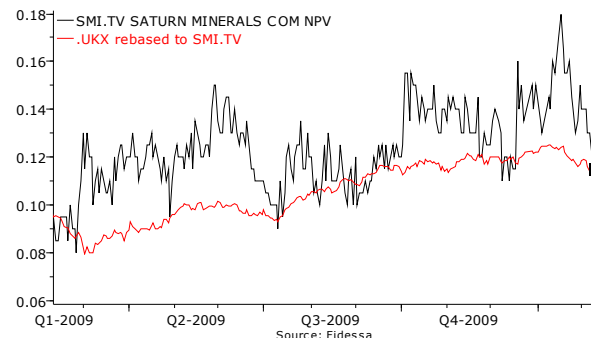
Specialist engineering and construction company Renew Holdings announced at its AGM last month that trading in the start of the year has been “satisfactory” and that its order book remains strong at £200m. The company, which is to announce its interim results on 25 May 2010, continues to be debt free and to have a cash balance in excess of £13m.



Renew Holdings				RNWH		Price p.	34.5
AIM				Construction		Cap £m	20.7
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
September	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2008A	390.6	6.7	9.5	11.4	3.0	3.0	8.7%
2009E	316.6	1.2	5.5	6.0	5.8	3.0	8.7%
2010E	298.8	4.4	4.7	5.6	6.2	3.0	8.7%
2011E	309.0	4.7	5.0	6.1	5.7	3.0	8.7%

SATURN MINERALS

Saturn Minerals Inc is back to the hard work, exploring for coal on the Hudson Bay JV with Swift Resources Inc (SWR: TSX-V), after a spell of unusually warm weather in Saskatchewan forced an extended Christmas drilling break. Access tracks to the scheduled drill pads in the muskeg (Canadian sub-arctic swamp) hadn't sufficiently frozen to safely support transfer of rig and crew. Drilling restarted on January 19th and we understand that progress since then has been quick with roughly a third of the 15 hole diamond core program completed to date.



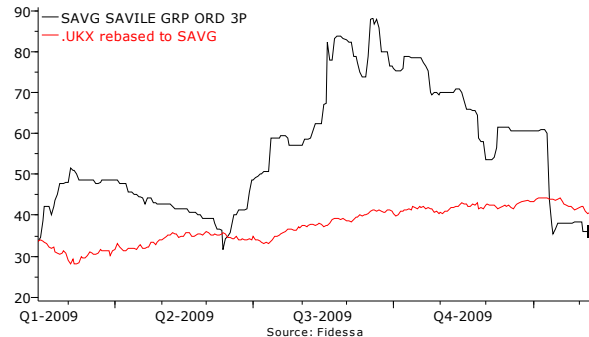
A 10m thick coal seam was drilled just before Christmas on the JV's Armit property at 112m depth, and all holes in this on-going program are due to be testing geophysical anomalies similar in nature to the one that resulted in the initial discovery. The discovery of a significant coal seam on the Armit property confirms the prospectivity of this property on the Durango Trend and we hope to hear further good news as this early-stage exploration program develops.

We expect drilling to continue for the remainder of February, possibly into March, and assays to be reported after completion of drilling. We also expect down-hole geophysics data to be gathered and fed back into Saturn's regional models, so helping to provide a second round of targets as the company zeros in the locations of additional coal-bearing formations.

Saturn Minerals Inc				SMI		Price CND\$	0.11
TSX				Mining		Cap CND\$	5.4
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	\$m	Profit \$m	Profit \$m	eps \$.	ratio	c.	%
2007A	0	-0.7	-	-0.03	-	-	-
2008A	0	-2.6	-	-0.08	-	-	-
2009E	No	estimates					
2010E	No	estimates					

SAVILE GROUP

The January Trading Statement from this outplacement specialist was a disappointment, and we downgraded our estimates for sales, pre-tax profit, eps and dividend. The problem came in Q2 of Savile's financial year, October – December, when trading was 'significantly below expectations'. The problem was a sudden downturn in outplacement business, exacerbated by the unexpected loss of c. £1m. of work from one of the large investment banks. The downturn appears to have been very sudden and caught the company by surprise. At end-October it had stated that trading was 'broadly in line with the previous year' and that it had a 'growing pipeline'.



Savile shares understandably crashed when the announcement was made, and are now trading at less than half their price in summer 2009. The company's underlying position is actually quite strong, it has £3.2m net cash, a good brand in its marketplace and a cost cutting drive recently instituted will do a lot to get profits back on track. However, with the shares now back on a single figure p/e rating, the plans to act as a consolidator in the sector are clearly on hold for the short term. We would guess that at this price Savile Group will be more likely to buy in its shares than to issue new ones in order to make acquisitions.

Interim Results will be announced in mid-February, and we expect them to show sales of in the region of £4m (vs £4.8m in H1 of the previous year) and profits of perhaps £0.25m (£0.75m).

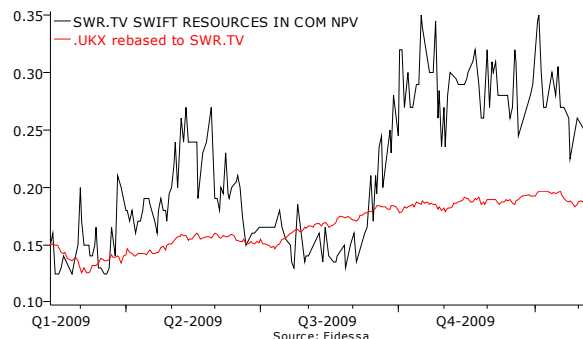
Savile Group				SAVG		Price p.	36.0
AIM				Support Services		Cap £m	6.2
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2008A	7.0	0.72	0.90	6.04	6.0	-	-
2009A	10.4	1.85	1.85	8.52	4.2	2.25	6.3%
2010E	9.5	1.00	1.00	4.00	9.0	2.30	6.4%
2011E	No	Forecasts					

SWIFT

In addition to renewed activity on the Hudson Bay coal properties under JV with Saturn Minerals, Swift has completed a round of drilling in its JV option with Eagle Plains Resources Ltd (EPL:TSX-V) on the Iron Range property in British Columbia. Swift currently holds a 40% interest in the Hudson Bay JV and is in the process of gaining a 60% interest in the Iron Range property.

The Iron Range property is thought to be prospective for Iron-Oxide-Copper-Gold (IOCG) mineralisation similar in nature to that recognised in Australia's prolific Tennant Creek district. In 2008 Eagle Plains reported drilling results that included a highlight of 7.0m grading 51.52 g/t (1.50 oz/ton) gold from 20.0m to 27.0m, including 3.0m grading 118.45 g/t (3.46 oz/ton) gold from 20.0m to 23.0m. The recent drilling program recovered approximately 580m of NQ2 diameter diamond core over 7 holes, with core recovery reported to be excellent. We await assay results.

In policy news; speaking at the Mineral Exploration Roundup British Columbia's Premier, Gordon Campbell, confirmed that BC Mining Flow-Through Share Tax Credit will be extended for another three years to 2013 to support continued growth in grass roots minerals exploration in the province.

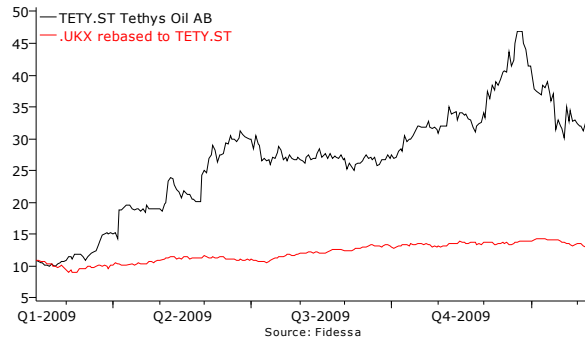


Swift Resources	SWR	Price p.	0.18
AIM	Mining	Cap £m	0.03

Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	\$m	Profit \$m	Profit \$m	eps \$.	ratio	c.	%
2007A	0	0.01	-	-0.03	-	-	-
2008A	0	0.3	-	-0.08	-	-	-
2009E	0	0.9	-	-0.06	-	-	-
2010E	No	Estimates					

TETHYS OIL

The recent production test of the Barik Formation in the Farha South-3 well has been very successful. Over a six hour test period, 42°API crude flowed at a rate of 1,010bopd with a low gas-oil ratio and no water production with the assistance of a downhole electric submersible pump (ESP). This is very good news and supports the possibility that Tethys may be able to bring Farha South-3 into early production later in the year, possibly in parallel with early production from East Saiwan-2.



It has not quite been a one-way street though with testing of the Mirquat and Amin heavy oil zones at East Saiwan-2 indicating an integrated enhanced oil recovery program would probably be needed to produce the oil.

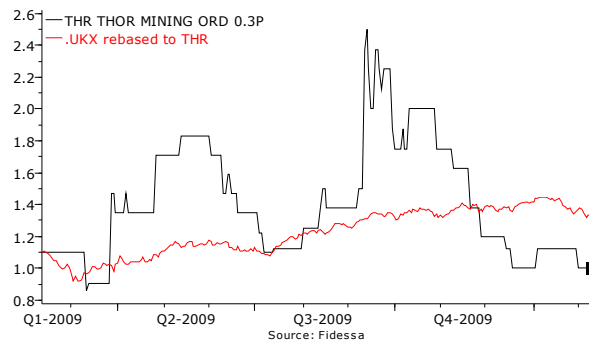
Liquid samples were recovered from 3 of the 4 zones tested but this will probably be a large and expensive project to instigate and Tethys management have, quite rightly in our opinion, chosen to focus on bringing the conventional light oil discoveries into production. "Take the low hanging fruit" first, as it were the Mirquat and Amin will be there for a future development option.

In other news, Tethys has contracted Gaffney, Cline & Associates (GCA), to complete a third party audit of the Farha South and East Saiwan oil discoveries and to act as engineering advisor for Tethys on these future development projects. The audit will be based on data available after the currently ongoing 3D seismic study over the East Saiwan structure has been completed, which is expected in early March.

Tethys Oil				TETY.SE		Price SEK.	30.0
AIM				Oil		Cap MSEK	840.0
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	SEK m	SEK m	SEK m	eps SEK	ratio	SEK.	%
2007A	-	-24.7	-24.7	-1.41	-	-	-
2008A	-	-16.4	-16.4	-0.72	-	-	-
2009E	No	estimates	at present		-	-	-
2010E	No	estimates	at present				

THOR MINING

There have been some interesting developments at Thor since the board effectively put the Molyhil molybdenum/tungsten/magnetite project into storage pending improvement in the Mo price. First, the Mo price has actually ticked upwards since the decision was made, not yet to the point where mining would become commercial (no new Mo prospect makes economic sense at current prices, this is not just a concern for Thor), but certainly in the right direction. Secondly, the company has stated that is looking for new exploration opportunities in Australia; we think this will take Thor in the direction of gold, where the metal price has continued to be strong throughout the recession, and we would expect Thor's chairman, Mick Billing, to conclude a deal sooner rather than later. This will obviously mean the issue of more shares, but will speed Thor's development because otherwise its progress will be totally dependent upon the price of Mo.



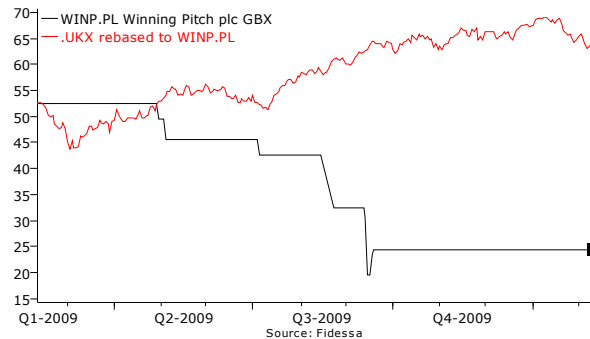
A further interesting development is that Mick Billing has resigned from the board of Western Desert Resources. WDR is considerably larger than Thor, and is an exploration company with a very substantial and interesting iron ore prospect on the North coast of Australia. Thor shares office space with WDR, and WDR is a 10.7% shareholder in Thor. It looks to us as if the interests of the two companies may be starting to diverge. That doesn't mean that WDR's shareholding in Thor will come onto the market any time soon, but it does in our view suggest that WDR may allow itself to be diluted down by not standing its corner in the next share placing.

Thor has joint Australian and London AIM quotes. It has a substantial private investor following in the UK.

Thor Mining				THR	Price p.		
AIM				Mining	Cap £m		
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit £m	Profit £m	eps p.	Ratio	p.	%
2008A	0.0	-1.1	-1.1	-0.76	-	-	-
2009A	0.0	-1.3	-1.3	-0.77	-	-	-
2010E	No	estimates	at present				
2011E	No	estimates	at present				

WINNING PITCH

We have had no updates from Manchester based business consultancy Winning Pitch and expect the company's full year results to 25 September 2009 to be reported shortly.



Winning Pitch
PLUS

WINP Support Services Price p. 24.5
Cap £m 1.3

Y/E	Sales	Declared	Adjusted	Basic	p/e	Divi	Yield
September	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A*	0.44	0.14	0.14	2.26	10.8	-	-
2008A	1.30	-0.24	-0.03	-4.37	-	-	-
2009E	2.50	0.00	0.00	0.00	-	-	-
2010E	3.50	0.50	0.50	10.00	2.5	-	-

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

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