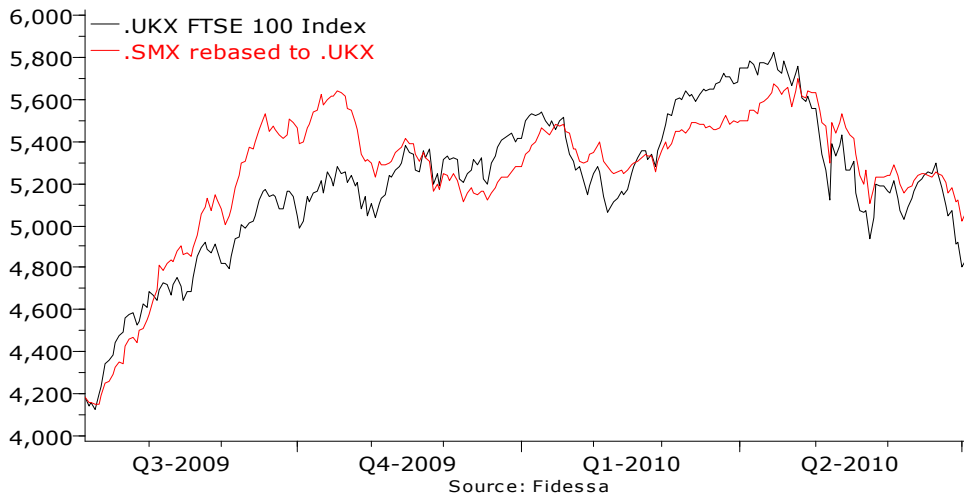


The Monthly July 2010

08 July 2010



A traumatic month for the equity markets has highlighted once again that big company shares can be as risky as small ones; that it is the nature and quality of the company that creates the risk, not size. Also, that it doesn't much matter whether a share is on AIM or the London Full List (or Wall Street or NASDAQ or even the pink sheets).

BP shares fell 53% in a ten week period up until 25 June. Its problems may have been unexpected, but that is usually the case when a share goes into catastrophic melt-down. That should be obvious – if the event concerned was expected, that would already be reflected in the share price. BP wasn't alone, however. Antofagasta came off 27% in three months, and Kazakhmys by 40%. The nature of all three – especially the last two – is that they are exceptionally influenced by the movements of volatile commodity prices. Whether these had been big companies or small ones, the result would have been the same. This kind of company has a higher risk/reward profile (stating the obvious again). The same could be said of Desire Petroleum at £300m market cap, which halved in Q1 this year then rose 80% in Q2, or Nautical Petroleum at £100m market cap, which has trebled in six weeks. Size is irrelevant, the market is irrelevant. The nature of the company is everything.

Investment managers searching for stability can have a sensible, stress free time in the mid cap and small cap area, without having to look too hard. For example, Patent and Trademark agent Murgitroyd and GP surgery specialist Primary Health Properties tend to trade within a narrow price band, and also offer a sensible dividend yield as well as stability.

May we thank the investment managers who voted for us in the latest Extel Survey, and indeed other surveys such as the Growth Investor Survey earlier in the year.

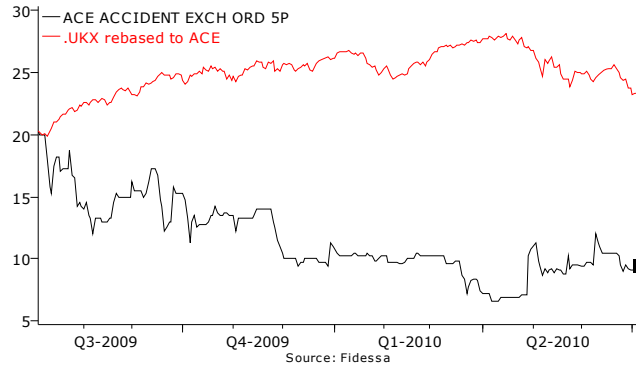
It is always a surprise to be included in these polls, because Hardman & Co is not a stockbroker, it has no dealing facility (and does not want one), and most of its contacts with investment managers come from you ringing us, rather than us pestering with sales calls. We welcome calls from investment managers, and believe that a collaborative approach to investment research between buy-side and sell-side (we suppose we count as sell-side) makes for a better informed, and a healthier, stock market. Keep those phone calls, and those votes, coming!

Market Indicator	Price	Previous Month Price	% Change in 1 month	Year High	Year Low
FTSE 100	4,915	5,188	-3.2%	5,825	4,127
FTSE Small Cap	2,689	2,749	-1.7%	2,994	2,182

* The next Hardman & Co Monthly will be released in the first week of September.

ACCIDENT EXCHANGE

There has been no further news since the last Interim Management Statement on March 19. The company's year end is April, so results could be released at any time. The key piece of news for which the market is waiting is the state of the relationship with lead lender Morgan Stanley, and the form of the arrangement between the two organisations going forward.

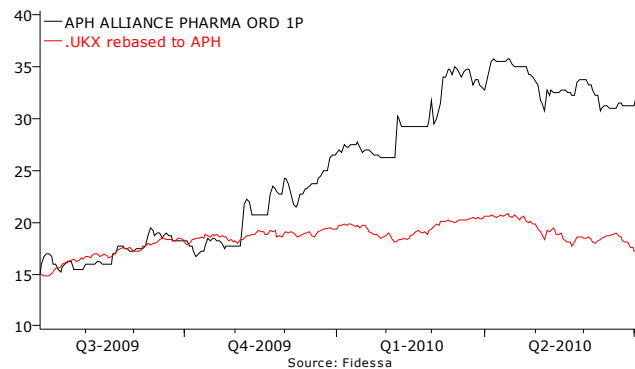


Accident Exchange	ACE	Price p.	9.4				
Full List	Specialty Finance	Cap £m	6.7				
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
April	£m	Profit/(Loss) £m	Profit £m	Diluted eps p.	Ratio	p.	%
2008A	161.9	9.9	13.9	12.1	0.8	2.5	26.7
2009A*	132.0	-55.4	13.3	9.6	1.0	0.0	0.0
2010E	No	estimates					
2011E	No	estimates					

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

ALLIANCE PHARMA

Alliance Pharma this week issued a pre-close trading update from which it is clear that all is going well. Sales for the six months ended 30 June 2010 were circa £23.4m compared to £10.2m in 1H 2009. While some of the increase in sales reflects acquired products, organic growth was approximately 40%. The one potential hiccup on the horizon, a competitor to Deltacortril, has as yet to eventuate. We have upgraded earnings for the current year by circa 3%



This month an additional £200k in Convertible Unsecured Loan Stock ("CULS") has been converted into 951,427 ordinary shares, leaving the CULS balance at £5.5m.

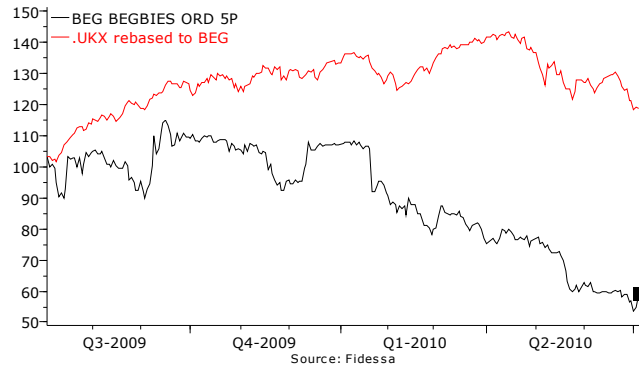
Alliance Pharma	APH	Price p.	33.25				
AIM	Pharmaceuticals	Cap £m	77.0				
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2008A	21.8	2.40	2.40	1.17	28.4	0.00	0.0
2009A*	31.2	5.70	8.60	3.55	9.4	0.30	0.9
2010E	50.2	13.70	15.70	4.57	7.3	0.40	1.2
2011E	42.9	10.90	11.90	3.39	9.8	0.40	1.2

*Adjusted to reflect a one-off non cash impairment charge of £2.8m

BEGBIES TRAYNOR

As was flagged when Begbies announced the enlargement of its banking facilities in early May, the Group resumed its expansion in June, announcing three transactions.

The first was the acquisition of Tomlinsons, a Manchester-based business recovery and insolvency practice. No financial details of the transaction have been announced. However, using the yardstick of £0.5m fee generation per partner and assuming a £ for £ consideration, we would estimate £1m of revenues and £1m total consideration, of which 50% is likely to be deferred and subject to achieving performance targets.



The second announcement was further overseas expansion in the Cayman Islands and the Isle of Man. Begbies has opened an office in the Cayman Islands. This will specialise in the provision of forensic and insolvency services for offshore funds, special investment vehicles and other structures. This will enhance both Begbies offshore business and the reach of its joint venture with Mesirow Financial Consulting. In the Isle of Man, Begbies has established a teaming agreement with Shimmin Wilson & Co, a local insolvency practice. This will augment the existing businesses in Jersey and Guernsey, forming a practice across the three islands that will specialise in risk mitigation and will deliver corporate restructuring and insolvency, forensic accounting and corporate intelligence services.

In the final transaction, a seven-strong team of taxation specialists will join the London office of Begbies from Vantis plc. The Begbies London Tax business will be headed up by the former national head of Vantis' Tax Disputes & Litigation group. He is bringing with him his four-strong Customs Investigation & Litigation team. Also joining from Vantis is a tax partner with extensive expertise in the sports sector.

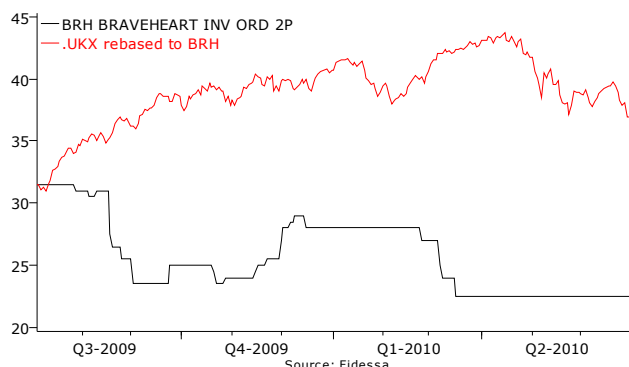
Begbies is to announce its preliminary results for the year ended April 2010 on 8 July. The core business' performance will be measured against a c3% increase in overall new insolvency appointments, as published by the Insolvency Service ("IS"). There are indications that volumes of new cases remain subdued; the IS reported new instructions down 16% y-o-y in Q1'10, and Experian recently reported a y-o-y decline of 24% in May and of 19% for the first five months.

Begbies Traynor				BEG	Price p.	58.25	
AIM				Support Services	Cap £m	52.1	
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	9.7	2.5	4.3
2009A	62.1	7.2	9.8	7.8	7.5	2.8	4.8
2010E	69.7	8.2	10.5	7.8	7.4	3.1	5.3
2011E	75.0	10.6	11.6	8.7	6.7	3.4	5.8

BRAVEHEART INVESTMENT GROUP

Braveheart Investment Group this month released its results for the year to 31 March 2010. Total income of £918k was 220% higher than that earned in the prior year boosted by both higher investment fees and a sizeable portfolio revaluation uplift.

The group continues to build its portfolio, investing last week in mLED Limited, a company whose work with micro light emitting diodes has the potential to be applied in the neurotechnology market, aiding in the treatment of conditions such as Alzheimer's and Parkinson's Disease.

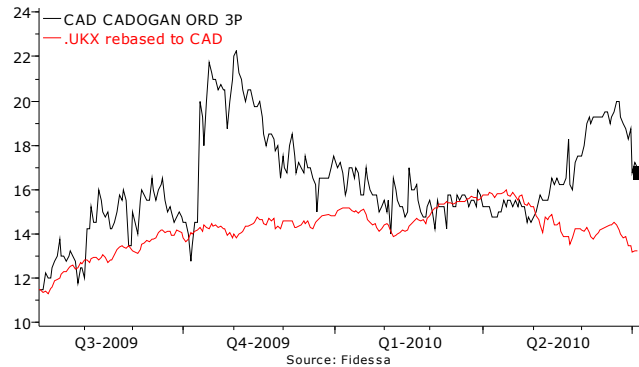


Expansion is high on the agenda with Braveheart planning to grow all three of its business arms – private client investment management, fund management and management advisory services.

Braveheart AIM				BRH Equity Investments		Price p. Cap £m	22.00 3.1
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	1.7	-0.05	-0.05	-0.04	39.4	-	-
2012E	1.7	-0.05	-0.05	-0.04	38.6	-	-

CADOGAN PETROLEUM

Following the buyout of 100% of Wiess Asset Management's 29.1% holding by Shon Invest S.A and the AGM vote not to liquidate the company, Cadogan Petroleum are returning to the normal business of oil and gas exploration in the Ukraine. The farm-out process, the final phase of the restructuring plan put in place by the current management, has had to be revised after a highly encouraging set of well test results were returned for the Zagoryanske-3 well. This well is now expected to be brought into production in August 2010 with flow rates of approximately 35,000 m3/day gas and 120 bbl/day condensate, though the company believes that higher rates can be achieved and sustained from the Upper Visean (V-18) horizon. There is also potential from Tournasian (T-1) and Lower Visean (V24 & V25) horizons in the same well though previous tests were unsuccessful. Those tests, carried out in 2008, have since been discredited as unrepresentative of the true potential of these horizons. We believe that this was mainly due to poor depth correlation carried out under local standard practice and previous company management.



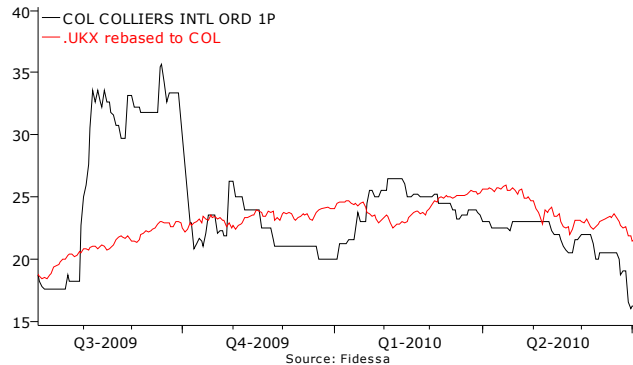
Our valuation of Cadogan's assets in-place (18th May) did not include this well as it was subject to the farm-out process at that time and we will revisit our valuation once we know the full outcome of the farm-out, but it goes without saying that a near production asset is unlikely to devalue the company given that it has sufficient cash at hand to develop that asset through an existing gas treatment facility.

Cadogan Petroleum				CAD	Price p.	17.00	
Full List				Oil & Gas	Cap £m	39.3	
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	-0.17	-	-	-
2009A	2,342	-107,303	-118,680	-0.46	-	-	-
2010E	No	Estimates					
2011E	No	Estimates					

COLLIERS INTERNATIONAL UK

There has been no news from newly named Colliers International UK this month. The London commercial property market appears to be buoyant with a number of foreign investors wanting to invest in the London market. According to international law firm, Trowers Hamblins, investment in commercial property via the Middle East has tripled over the last five years with £1.5b spent in the sector in the last year alone.

At 15.5p Colliers' shares are at a new, year end low, and there are good reasons for investors wanting to participate in the upturn in the UK commercial property market to take a look at the shares.

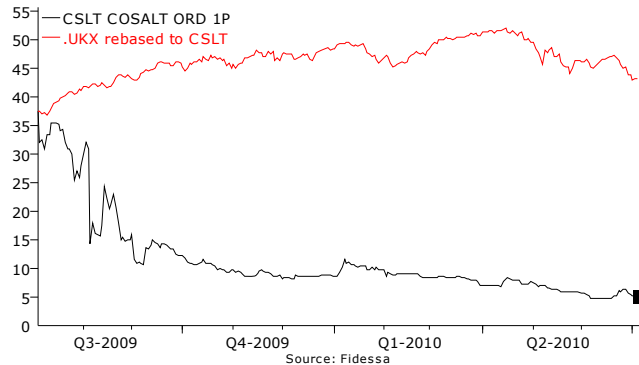


Gearing is a relatively modest 20%. Although we note that Colliers' balance sheet is dominated by goodwill a £24.1m impairment charge was taken in the last financial year and we are not expecting any further significant right-offs. First Service Real Estate Advisors has taken a cornerstone shareholding in the company and Colliers is now a member of the third largest commercial real estate group in the world. While profits are expected to be minimal in the current financial year a pick up in the commercial property market in 2011 combined with a much reduced cost base should see profits significantly restored. The company has applied to cancel its share premium account, following which it will be able to resume dividend payments.

Colliers International UK AIM				COL Real Estate		Price p. Cap £m	15.5 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	-	-	-
2009A	57.9	-39.6	-13.5	-21.3	-	-	-
2010E	68.4	-	-	-	-	-	-
2011E	76.6	5.6	5.6	3.8	4.1	-	-

COSALT

Interim results released at the end of June showed a modest drop in profits driven by economic conditions. Net debt was slightly higher, largely because the working capital position was returned to normal following the fundraising at the end of the previous financial year. EBITDA looked good, however, and we expect this to increase again both in H2 and in the next full financial year. The company remains well within its borrowing facilities and gearing at the end of the Interim accounting period was a comfortable 41%.



Cosalt hasn't been winning any stock market popularity competitions recently, but the long term fundamental argument for a regulatory driven marine safety business servicing the world's cruise liners, merchant shipping fleets and oil drilling industry remains as strong as ever.

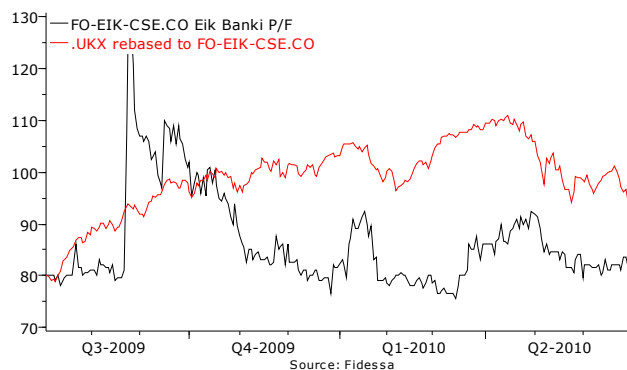
The winning of a framework contract to provide uniforms and safety equipment to 12 of Britain's fire brigades might indicate a turning point for Cosalt. This is a significant expansion of the business previously held in the fire brigade marketplace, and Cosalt has not only beaten off the competitive threat for this but has emerged with a much increased market share. The share price might not show it, but the company is clearly doing something right.

Call or email for our latest research note.

Cosalt				CSLT		Price p.	5.00
Full List				Diversified Inds		Cap £m	20.2
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	120.0
2009A	107.8	-3.4	5.5	4.2	1.2	0.0	0.0
2010E	104.1	0.4	4.7	0.8	6.3	0.0	0.0
2011E	109.7	2.1	5.3	0.9	5.6	0.0	0.0

EIK BANKI

The shares have held steady ahead of the Q2 results which will probably be released on July 26. Some other European regional banks have shown signs of weakness over the past month, but we hold to our opinion that Eik Banki is strongly on the rebound. The company is showing a satisfactory profit before the heavy costs and charges associated with the Danish Government's guarantee scheme, and we expect this trend to continue.



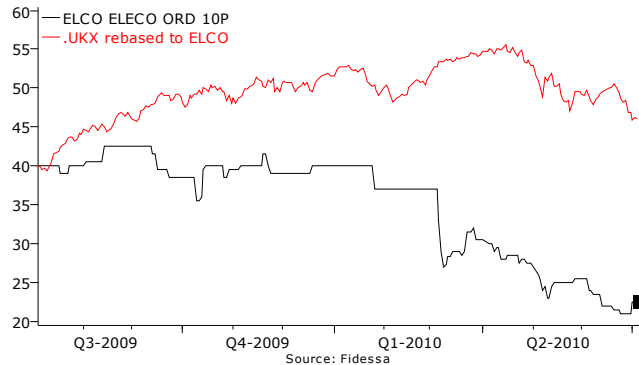
Eik Banki Copenhagen Stock exchange				FO-EIK CSE Banks	Price DKK Cap DKK	79.0 642.3	
Y/E	Group Revenue*	Declared Pre-Tax	Adjusted Pre-Tax	Declared After-Tax	p/e ratio	Divi	Yield
December	DKKm	Profit/(Loss) DKKm	Profit** DKKm	eps** DKK		DKK	%
2007A	676	465	310	51.6	1.5	10.67	13.5
2008A	743	-511	350	-51.2	0.0	0.0	0.0
2009E	633	-386	191	-38	0.0	0.0	0.0
2010E	No	Estimates					

*Net interest income + fees etc

**excludes impairments, market value adjustments

ELECO

A 'pre-close statement' is due imminently, following the close of the financial year on June 30. Only a fantasist would expect good news, because of the predominance of public sector building systems and housebuilding related work in the order book. In particular, the new prison building orders that have kept the pre-cast concrete subsidiary Bell & Webster occupied during the latest half appear unlikely to be repeated, with the new Home Secretary publicly stating that too many criminals are locked up and that the prison population needs to be reduced. We expect H2, January-June 2010, to show further losses, and any statement on prospects for the new financial year is likely to concentrate upon the degree to which cost-cutting is keeping pace with a declining workload.



We already know that new Managing Director, Craig Slater, has managed to take £4.5m of costs annually out of the business, and that the cost cutting drive continues. Executive chairman and largest single shareholder, the ex-investment banker John Kettleley, has been busy as well, and an end has been negotiated to the costly legal battle with MiTek. This is part of the Berkshire Hathaway empire, and there had been legal action over the departure of staff, and apparently software and other commercially sensitive IP, from Eleco's German nailplate business to this major competitor. Eleco has dropped its legal actions, and MiTek has purchased the Eleco German nailplate subsidiary for £3.9m. This is a derisory sum when viewed in relation to the subsidiary's past profit earning record of £1m pa EBIT, but times have changed and no business that is related to the housebuilding industry is worth what it once was. When sold, the business was losing money heavily, and just as important the legal spending has been halted as well. MiTek continues to face a criminal investigation by the German police.

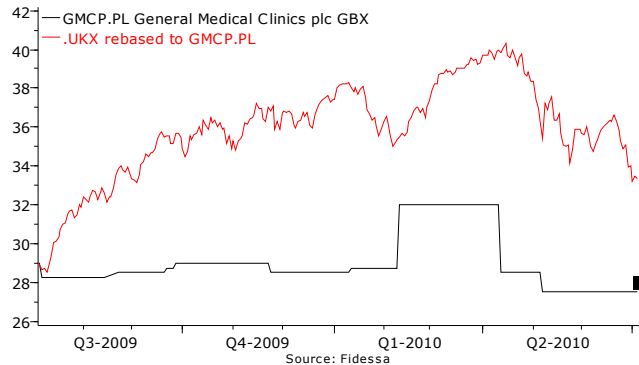
The money received from the sale eliminates all but £0.5m of Eleco's bank debt. Eleco remains a good and viable company with strong medium term prospects, but it is apparent to us that 2010/11 will not be a vintage year.

Eleco				ELCO		Price p.	22.5
AIM				Diversified Inds		Cap £m	13.6
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	1.9	3.0	13.3
2009A	70.6	-1.4	0.9	1.4	16.1	0.8	3.6
2010E	65.0	-4.0	-	-	-	-	-
2011E	Under	Revision					

GENERAL MEDICAL CLINICS

It has been a quiet month for primary health care provider General Medical Clinics. Final results for the year ended 31 May 2010 are expected to be released in September/October. In the Trading Statement issued in May, the company stated that the full year results are likely to show a pre-tax loss in the region of £260k to £300k.

We believe the market conditions in which GenMed operates will continue to be challenging, but this holds true across the whole services sector in the UK.



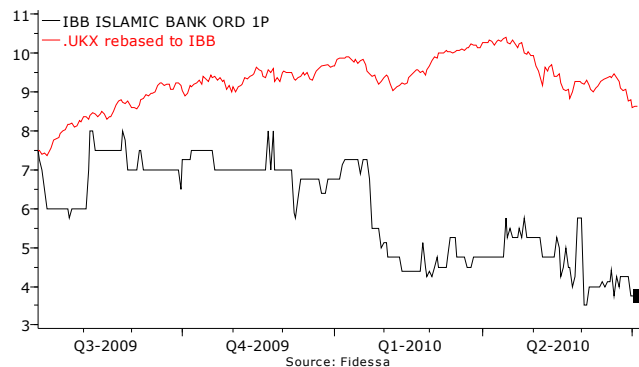
General Medical Clinics UK: PLUS				GMCP Healthcare	Price p. Cap £m	27.5 4.6	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2008A*	6.54	0.30	0.48	2.1	13.1	0.4	1.5
2009A**	6.61	0.12	0.36	1.7	16.2	0.5	1.8
2010E	No	Estimates					
2011E	No	Estimates					

*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 expect further news shortly regarding the enlargement of the company's capital base. This bank has developed a useful and potentially very worthwhile specialism in Sharia compliant house purchase assistance, and it is doing so under sensible, competent management. All it needs is critical mass.

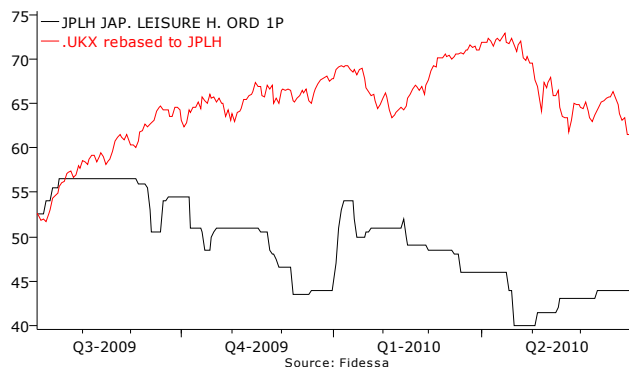


Islamic Bank of Britain AIM				IBB Financials	Price p. Cap £m	3.75 20.5	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit/Loss £m	Profit/Loss £m	Diluted eps p.	ratio	p.	%
2008A	4.3	-5.9	-5.9	-1.4	-	-	-
2009A	3.1	-9.3	-9.3	-1.7	-	-	-
2010E	6.4	-7.5	-7.5	-0.6	0.0	-	-
2011E	15.4	-3.2	-3.1	-0.2	0.0	-	-
2012E	27.5	0.8	0.8	0.1	37.5	-	-

JAPAN LEISURE HOTELS

There has been no further news from the company following the publication of the Annual Report, a document which we liked and found expressed with much greater clarity than in the past the company's good and bad points, and its prospects. We are glad that the Yokkaichi, the one hotel in the group that is yet to operate under the Bonita brand has had a good refit and is trading again.

The interim results, when announced, are likely to show a small loss because of the temporary closure of the Yokkaichi. The economic background in which Japan Leisure Hotels is having to operate is poor, but then that could be said of most hotel companies anywhere in the world. We continue to believe that a capital injection, to enable the group to operate on a greater scale, would be a good thing. It would also dilute the holding of the dominant shareholder – the lack of free float and the ownership of the large majority of the shares by a single organisation are at present discouraging other investors.



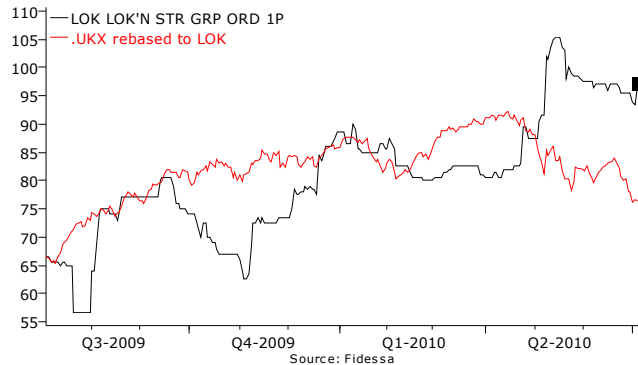
Japan Leisure				JPLH		Price p.	42.0
AIM				Hotels		Cap £m	18.5
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	¥m	Profit £m	Profit £m	eps UKp.	ratio	p.	%
2008A*	1,184	566	-21	0.0	-	0.0	-
2009A	1,197	43	43	0.0	-	1.0	2.4
2010E	1,280	94	94	0.9	46.7	1.5	3.6
2011E	1,391	172	172	1.7	24.7	2.0	4.8

*Minor revision to 2008 historic numbers

LOK'NSTORE

This self storage company survived the recession well, as did most of its larger competitors. Rather than give the go-ahead for a new expansion programme, however, at present the management is concentrating upon squeezing more profit out of the existing portfolio and upon completing the existing programme of developments. Properties are being quietly improved, deals are being done on leases in order to add to both profitability and asset value.

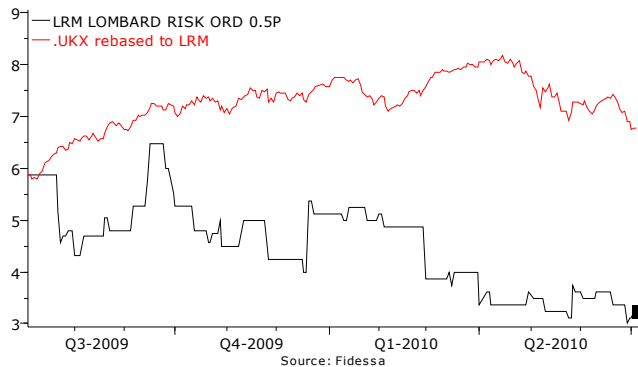
The latest two lease extensions will result in an immediate cash inflow of £169,000 and additional cash savings of £113,000 spread over the next eight months. The total benefit will be fed into the p & l account evenly over the next 15 years, in accordance with accountancy regulations. Deals like this may not be earth-shattering, and don't make the headlines in the financial pages, but they indicate the improving financial health of the business, and the increasing regard with which it is held in the property world.



Lok'nStore AIM	LOK Support Services	Price p. Cap £m	96.0 24.6				
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	0.0	1.00	1.0
2009A	10.01	-0.66	-0.66	-2.40	0.0	1.00	1.0
2010E	10.30	0.30	0.30	1.20	80.0	1.00	1.0
2011E	11.11	0.55	0.55	2.19	43.8	1.00	1.0

LOMBARD RISK MANAGEMENT

This software company is in close period and we await publication of the full year results 'shortly after 28 July'.

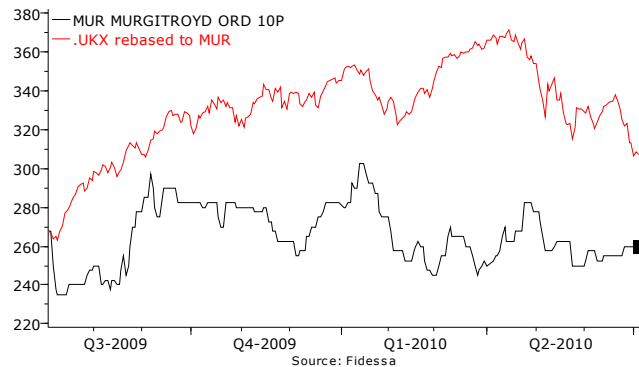


Lombard Risk Mgt AIM	LRM Software	Price p. Cap £m	3.25 6.7				
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit/(Loss) £m	Profit/(Loss) £m	Basic eps p.	ratio	p.	%
2008A	8.5	-1.11	-1.11	-0.7	-	-	-
2009A	8.7	-1.25	-1.25	-0.8	-	-	-
2010E	No	estimates					
2011E	No	estimates					

MURGITROYD

European Patent and Trade Mark Attorney, Murgitroyd, confirmed in a recent trading update that activity and business levels are satisfactory and that its results should be in line with market expectations. We are forecasting net profit before tax of £3.5m for the full year to 31 May 2010 and earnings per share of 27.9p putting Murgitroyd's shares on a p/e ratio of circa 9x.

Murgitroyd has opened a new office in Tokyo, Japan and has boosted its business development team in the US. Both are important developments with close to 30% of international Patent filings in 2009 coming out of the US, followed by Japan with close to 20% of international Patent filings.

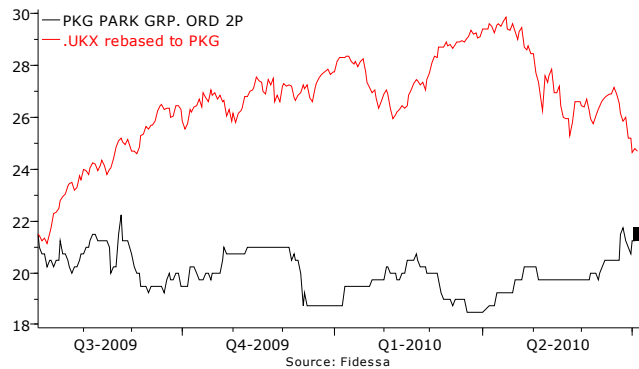


Murgitroyd				MUR		Price p.	260.0
AIM				Support Services		Cap £m	22.1
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	£m	Profit £m	Profit £m	Basic eps p	ratio	p.	%
2008A	25.7	2.9	3.1	25.3	10.3	9.5	3.7
2009A	28.9	3.1	3.4	27.0	9.6	9.5	3.7
2010E	30.4	3.5	3.5	27.9	9.3	10.0	3.8
2011E	31.1	3.8	3.8	30.0	8.7	10.5	4.0

PARK GROUP

We reported on the Full Year results in our last Monthly, and also published a research note. Please call for a copy. We await publication of the full Annual Report.

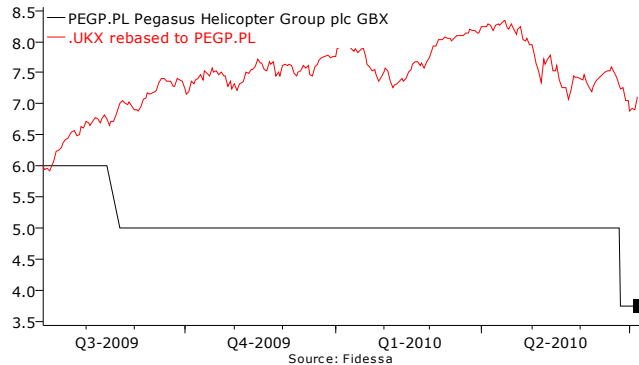
The good reception internationally that has been given to the British Government's new budgetary measures is, paradoxically, slightly negative news for Park Group. This company has over £100m invested in the money markets at the peak period of its cash flow cycle, and the recovery in the strength of the Pound against the Euro and the US Dollar, and the lessening of inflation risk that this brings with it, means that money market interest rates have flattened again. Consequently there is a possibility that we may be slightly over-estimating the likely interest income in H2, July-December, of the current financial year. We shall watch the situation with interest.



Park Group				PKG		Price p.	21.50
AIM				Consumer Finance		Cap £m	35.5
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	9.8	1.2	5.6
2009A	250.5	6.2	6.2	2.4	9.0	1.3	6.1
2010A	263.2	5.3	5.3	2.1	10.2	1.3	6.1
2011E	274.9	6.0	6.0	2.6	8.3	1.4	6.5

PEGASUS HELICOPTER GROUP

There have been no new developments from Pegasus. The company published its Annual Report on 30 June.

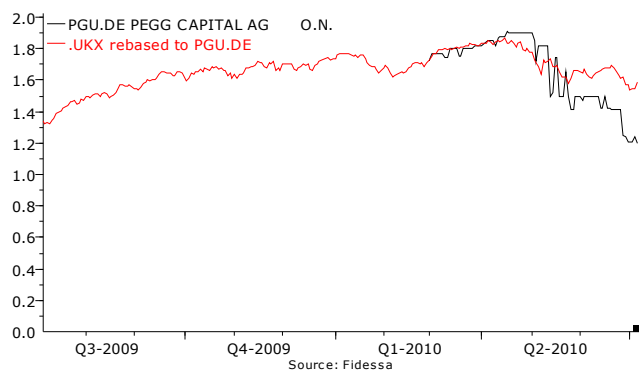


Pegasus Helicopter Group				PEGP		Price p.	3.75
PLUS				Aerospace and Defence		Cap £m	7.5
Y/E	Sales	Gross Profit	Declared	Adjusted	P/E	Divi	Yield
December	\$m	\$m	Profit \$m	eps p.	ratio	p.	%
2009A	-	-	-0.14	-0.06	-	-	-
2010E	9.0	3.6	-0.05	-0.01	-	-	-
2011E	36.8	14.7	4.25	0.58	6.5	-	-
2011E	77.5	41.6	16.71	1.99	1.9	-	-

Pegasus Helicopter Estimates, Not Hardman & Co Estimates.

PEGG CAPITAL AG

There has been no news from PEGG Capital AG this month. The private equity market itself, however, appears to be faring well with deal activity in the second quarter on the up. In a recent European Investment Fund working paper entitled "Private Equity Market Outlook" reference is made to Bain & Co's "Global Private Equity Report 2010" in which the impact of recessions on the industry is examined. According to the Bain & Co report, following the 2001 recession the private equity industry experienced a robust rebound, while following the early 1990s recession the industry suffered for some years. The path the industry follows this time remains to be seen, but so far the signs look good.



PEGG Capital AG				Equity Investment instruments		Price €	1.50
Frankfurt Stock Exchange						Cap €m	27.0
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2008A	-	-	-	-	-	-	-
2009A	-	-	-	-	-	-	-
2010E	No	estimates					
2011E	No	estimates					

PHOTO-ME INTERNATIONAL

Full year results showed EBITDA of £44m, precisely as we estimated, and pre-tax profit of £14m before exceptional items compared to our £12.9m forecast. These are good numbers. We are happy with the results and have upgraded our expectations for the current year. Please call or email for our latest research note.

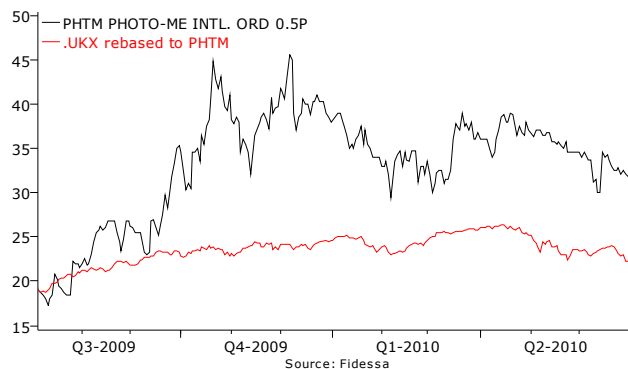
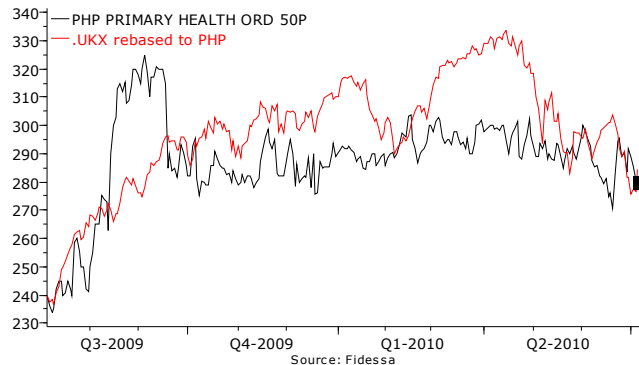


Photo-Me Full List				PHTM Support Services		Price p. Cap £m	35.25	126.9
Y/E	Sales	EBITDA	Adjusted	Adjusted	p/e	Divi	Yield	
April	£m	£m	Profit £m	eps p.	ratio	p.	%	
2008A	193.5	36.5	-6.3	-1.8	0.0	-	-	
2009A	210.5	38.6	1.6	0.2	176.3	-	-	
2010A	222.5	44.0	14.0	2.7	13.0	1.25	3.6	
2011E	212.9	44.5	15.5	3.0	11.8	1.5	4.2	

PRIMARY HEALTH PROPERTIES

A £39m portfolio acquisition by GP surgery specialist Primary Health Properties boosts the size of the portfolio by 10%. The purchase of the privately owned Health Investments Ltd was completed just before midnight on Budget Day, and was almost certainly driven, from the point of view of the group of private investors who sold it, by the impending rise in Capital Gains Tax.

The rent roll is £2.4m, so PHP is buying this on a net initial yield of 6.1%. This is somewhat ahead of the current 5.8% being used by most valuers and could give PHP a £2m uplift in capital value at the next valuation. The properties are almost identical to PHP's existing portfolio, in that 91% of the tenants are either GP partnerships or the NHS directly (the remainder being pharmacies), the average lease length is 19 years and there are 3 yearly, upward only, rent reviews. Average property value is £2.8m, so the average size of properties is quite reasonable (there has been a swing in the marketplace recently away from the very small GP surgeries).



Primary Health Properties has the financial muscle to make more acquisitions during the course of 2010, and indeed we expect them. But the investment of £39m in one deal takes most of the pressure off PHP to do deals quickly. When it launched its last equity fundraising, PHP was left in the rather awkward position of having a lot of cash invested in the money markets earning probably 2% maximum, upon which it needed to pay a dividend equivalent to roughly a 6% yield by the end of the year. Because management had very sensibly fixed its forward interest payment commitments by Swaps, it was unable to temporarily offset its extra cash by reducing its gross borrowings. Now, rental receipts will be matching dividend payment outgoings.

A broader issue is where the owners of property used by Government funded organisations stand now that the Tory/Liberal coalition is taking a hatchet to State spending. NHS spending has been heavily (although not entirely) protected from the spending cuts announced so far. Also the thrust of Government policy in healthcare remains the same as that of the last Government. This is to make the fullest possible use of the primary care network of GPs in order to reduce pressure on expensive hospitals, and in particular to try and hold back the spiralling and frightening increase in the cost of running hospital A & E services.

Primary Health			PHP		Price p.	279.50
Full List			Real Estate		Cap £m	172.1
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	21.0	15.18	5.4
2008A**	19.7	4.6	14.0	20.0	15.91	5.7
2009E	21.3	7.8	20.2	13.8	17.25	6.2
2010E	26.0	11.0	18.0	15.5	17.50	6.3

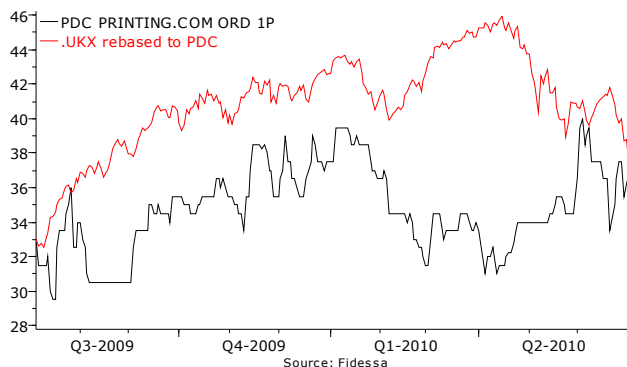
* EPRA basis Ex rights adjusted **Restated

PRINTING.COM

The SME printing marketplace is as competitive as ever, but the indications are that Printing.com is entering the rough and tumble of the marketplace with considerable enthusiasm. 'Special offers' have pushed up production runs of business cards from the one-time standard 200 cards per order to 1,000 per order, special finishes and double side printing options are also doing something to protect the company from the 'Business Cards for £5' bottom end of the market.

We like the 'template' system developed to enable Printing.com to pitch for national accounts through its very significant network of local franchisees.

Arguably a development like this was overdue. We await news of framework agreements from the obvious new sales targets, such as the national chains of estate agents and IFAs.



The next news from the company will probably be the Trading Statement at its Annual General Meeting.

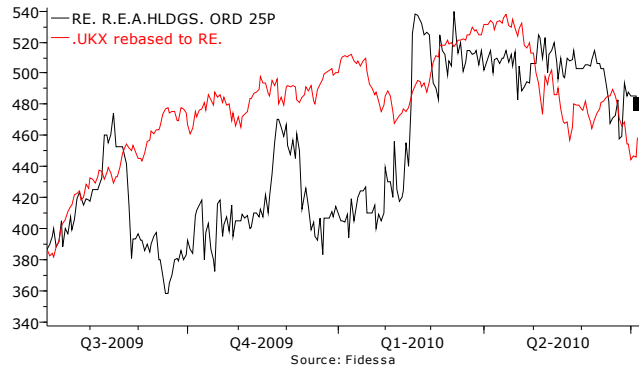
Printing.com				PDC	Price p.		36.5
AIM				Retailing	Cap £m		16.2
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2008A	13.5	2.4	2.4	3.5	10.4	3.00	8.2
2009A	14.5	2.1	2.1	3.3	11.2	5.15*	14.1
2010E	14.5	1.7	1.7	2.9	12.6	3.15	8.6
2011E	14.0	1.8	1.8	3.0	12.2	3.15	8.6

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

R.E.A. HOLDINGS

The palm oil price continues to ease downwards, but at a very gentle and contained rate. Supply has been rising so far this year, according to crop reports being received from the Far East, but then so has demand, and at present supply and demand appear to be in a very sensible balance.

We have prepared a new and comprehensive research report on this company. For the first time we have made an assessment of the earning capabilities of the coal interests. Please call or email for a copy of the report. We firmly believe that agriculture is in the process of becoming a core investment area for all mainstream financial institutions, and that buying shares in quality palm oil producers (such as R.E.A. Holdings) is one of the best ways of obtaining exposure to the agricultural markets.



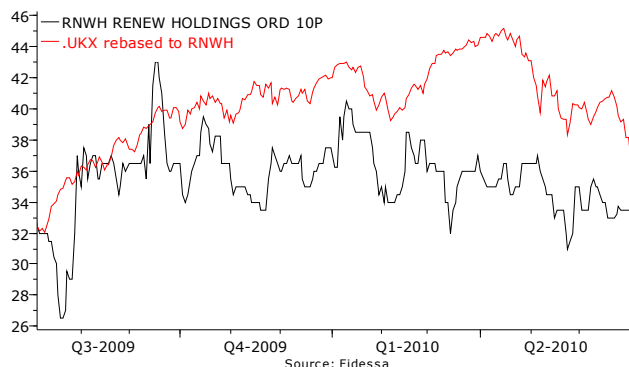
For income seekers looking for dividend yield to replace the dividend payments no longer coming from BP, we also draw attention to the R.E.A. Holdings cumulative preference shares, which yield 8% at their current price of £110. Prefs have been out of fashion for 40 years, since the introduction of Corporation Tax left their dividend payments as being disallowable for tax purposes. R.E.A. Holdings' tax is all paid in Indonesia, there is no UK Corporation Tax liability, so it has made sound business sense for R.E.A. to use prefs as a source of equity capital. There are enough prefs in issue, and they are traded widely enough with a narrow enough spread (4% between bid and offer on a size of 5,000) to make these a vehicle worth considering for income seekers.

R.E.A. Holdings				RE.	Price p.	480.0	
Full List				Food	Cap £m	160.3	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	USDm	Profit USDm	Profit USDm	eps c/share	ratio	P.	%
2007A	57.6	47.0	39.0	73.0	10.5	2.0	0.4
2008A	79.6	36.3	39.0	77.2	9.9	3.0	0.6
2009A	78.9	41.7	31.9	51.9	14.8	4.0	0.8
2010E	92.6	48.8	45.0	89.0	8.6	6.0	1.3

RENEW HOLDINGS

The focus of many investors will be well and truly on the outlook for public spending with the latest news being the axing of the £55bn school building scheme, Building Schools for the Future (BSF).

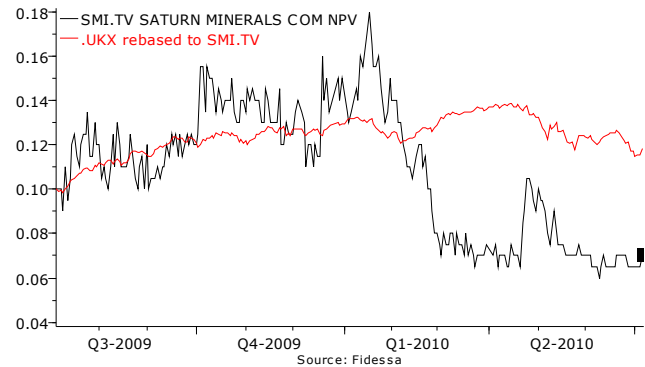
However, companies such as Renew which have substantial cash in the bank and a robust order book, and which are trading on a low p/e of under 6x whilst offering a dividend yield of close to 10%, continue to represent opportunistic buying.



Renew Holdings AIM				RNWH Construction	Price p. Cap £m		
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	2.8	3.0	9.5
2009A	316.6	1.2	5.5	6.0	5.3	3.0	9.5
2010E	298.8	4.4	4.7	5.6	5.6	3.0	9.5
2011E	309.0	4.7	5.0	6.1	5.2	3.0	9.5

SATURN MINERALS

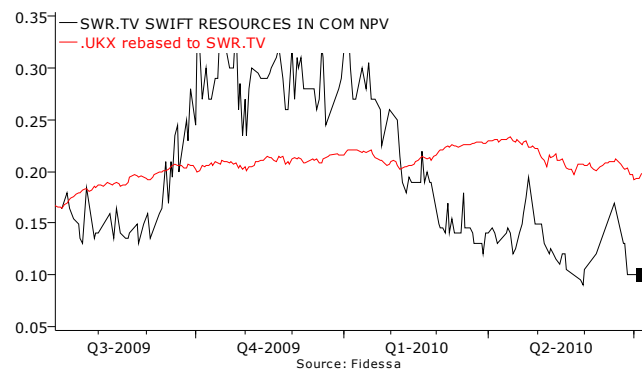
Saturn Minerals Inc has gone into close period.



Saturn Minerals Inc				SMI	Price CND\$	0.07	
TSX				Mining	Cap CND\$	3.4	
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	-	-	-
2009A	0	-2.3	-	-0.05	-	-	-
2010E	No	Estimates					

SWIFT

Swift Resources Ltd has gone into close period.

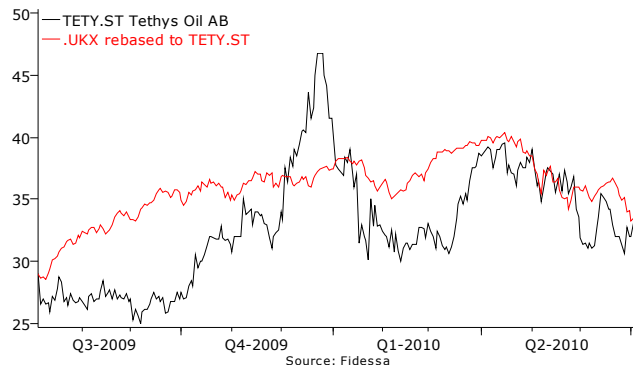


Swift Resources				SWR	Price p.	0.10	
AIM				Mining	Cap £m	1.51	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	\$m	Profit \$m	Profit \$m	eps \$.	ratio	c.	%
2007A	0	0.01	-	-0.03	-	-	-
2008A	0	0.3	-	-0.08	-	-	-
2009E	No	Estimates					
2010E	No	Estimates					

TETHYS OIL

Tethys and its partners are gearing up for first production from the Barik formation at the Farha South-3 well, on Block 3 onshore Oman.

An early production system is currently being put in place, which will allow for produced oil to be trucked to the nearest pipeline tie-in point over a distance of some 90 kilometres. Onsite oil processing facilities are being installed near to the well, with an initial tank battery capacity of three thousand barrels being installed. First oil is expected during the summer.



In addition, the 3D seismic survey has finished acquisition in Block 3. A total of 742 square kilometres were acquired in the survey that covers the Farha South discovery and a 'trend of similar prospects'. On Block 4, drilling of Saiwan East-3 appraisal well has been completed – with well logging operations currently in progress.

The Saiwan East-3 well ("SE-3") on Block 4, which spudded on May 5 is designed as an appraisal and development well, to target the Khufai which was encountered at a depth some 38 metres shallower than in the Saiwan East-2 discovery well. A horizontal section, designated SE-3 H1, was kicked off from the pilot hole and deviated down to the Khufai, some 300 metres laterally away from the vertical pilot hole. Then 9 5/8 inch (245 mm) casing was cemented into place and a horizontal sidetrack drilled. After logging is complete Tethys plans to test the production capacity of the horizontal leg.

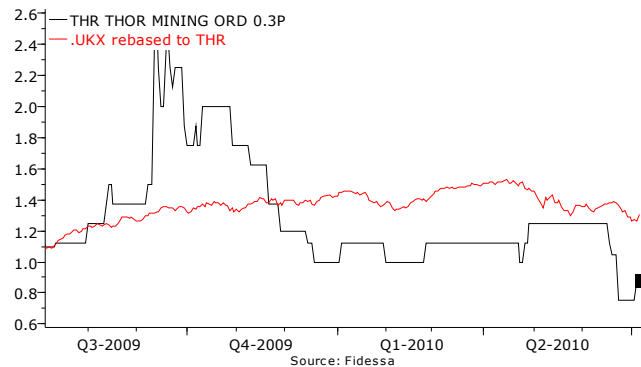
Tethys has a 50 per cent interest in Blocks 3 and 4, which will be reduced to a 30 per cent interest following a farmout agreement where Tethys has agreed to farmout 20 percentage points to Mitsui E&P Middle East B.V. The farmout is subject to final government approval. The operator, Consolidated Contractors Energy Development (Oman) Ltd, is holding the remaining 50 per cent."

Tethys Oil				TETY.SE		Price SEK.	39.9
AIM				Oil		Cap MSEK	1211.4
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	SEK m	SEK m	SEK m	eps SEK	ratio	SEK.	%
2007A	-	-24.7	-24.7	-1.41	-	-	-
2008A	-	-16.4	-16.4	-0.72	-	-	-
2009E	No	estimates					
2010E	No	estimates					

THOR MINING

Thor Mining is in the process of a further round of fundraising. The money will be used to do further drilling on its interesting new Australian gold properties. We like the prospects on these gold leases, and in particular we like the imaginative way that Mick Billing and his team have structured their acquisition, giving the potential to take on a large area with good strike potential for a very small initial risk.

The capital raising is at a sensible discount to the market price, so existing holders have every incentive to participate but will not be wiped out if they stand aside and let this one go. The heavy use of warrants in the sale package suggests that Thor and its advisers expect the bulk of the money to be raised in the Australian financial markets rather than in London. This was the case with Thor's previous equity fundraising.



The molybdenum price remains stubbornly just below the level that would make development of Thor's Molyhil deposit economic, and we think further progress on this particular site is now unlikely until 2011. Thor should be viewed as a gold exploration company.

Thor Mining				THR		Price p.	0.9
AIM				Mining		Cap £m	2.1
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	-0.8	-	-	-
2009A	0.0	-1.3	-1.1	-0.6	-	-	-
2010E	0.0	-0.9	-0.7	-0.3	-	-	-
2011E	No	estimates					

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