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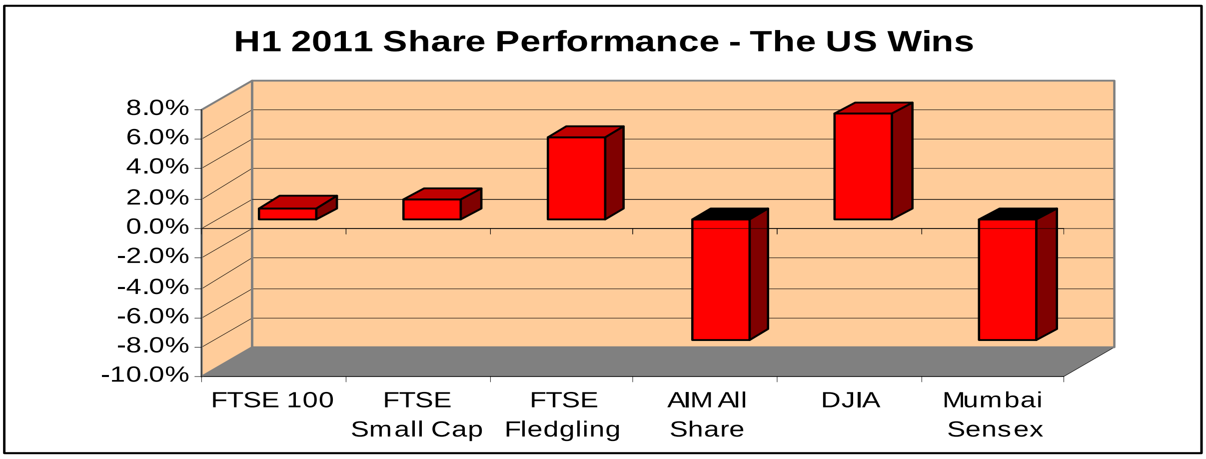
Leaders in Corporate Research

The Monthly July 2011



New issues in the UK have collapsed to a trickle, at a time when the economy is no longer in recession, and when other markets elsewhere in the world are prospering. It is time for the London stock market establishment, its regulators, and its government, to examine why this might be.

We believe a key reason is that costs have spun out of control. Launching on London AIM now costs £0.4m minimum, a Full List float costs well into seven figures. Few business plans can stand that kind of cost.

An example of being charged these excessive fees is the AIM new issue **In-Deed**, an internet conveyancing documentation company that floated last month. It raised £1.17m net (the only figure that matters to the company). Costs were £410,000. The IPO document ran to 82 pages.
But £410,000, to raise £1.17m, a cost of 35% on the net money raised? You wouldn't even pay Barclaycard that kind of money. How many businesses manage a 35% return on their capital? This company only has 7 employees and was only formed in 2010, and until May 2011 hadn't even traded. That is 11 pages of documentation and £58,000 of fees for each employee.

For a more complex company, fees and documentation lose all touch with reality. **Circle Holdings**, the healthcare company, raised £22m net in last month's AIM new issue. Costs amounted to £3.6m – 16% of net money raised – and it was deemed to require a 290 page document to explain the business. Much of the document is taken up with unnecessary boiler plate. It won't have many, if any, readers.

The costs can't all be blamed on the London Stock Exchange. Every individual advisor on the project carries a 13.8% Employers' National Insurance On-cost. VAT adds 20% to the totals. Professional Indemnity insurance and FSA regulation costs add to overheads. The legalese protecting backs is there because the current legal system encourages lawsuits. It rewards those who claim that everything is always the fault of someone else.

The London financial community can do a certain amount to resolve this – it has to or even more IPOs will go to other markets overseas rather than London. The Government must play its part too, by pushing its campaign against red tape into financial regulation, cutting taxes and rebalancing the law.

We would like to thank all the investment managers that voted for us again in the Extel and Growth Company Investor surveys last month.

We initiate publication on Unitech Corporate Parks in this document. We plan to visit the company at the end of this month and will publish further research subsequently.

Market Indicator	Price	Previous Month Price	% Change in 1 month	Year High	Year Low
FTSE 100	5,936	5,861	1.3%	6,091	4,806
FTSE SmallCap	3,273	3,242	0.9%	3,315	2,640

Construction – The Built Environment

In this segment, we draw on the past month's corporate events or major share price moves to illustrate our views on the broader industry value drivers which should underpin investors' portfolios.

Lightning has struck twice in a short number of months for the house builders – in the form of good news. Both Galliford Try and Berkeley Group have promised to hand back cash when current developments mature. Year to date, Galliford Try shares are up 66%, Berkeley Group 46%.

In April (Hardman & Co monthly) we looked at **Galliford Try**. In the previous month it had pointed to good trading in its house building operations, but much more specifically it shone a light on its prospective dividend policy. This is to dramatically raise payouts once sales volumes from its post-crash land bank expansion come through. We concluded in April: "It is giving investors what they want….a sustained and high dividend flow. House building is a mature industry. Investors want their money back and Galliford Try will give it."

Berkeley Group is doing the same thing: writ large. £1.7bn is the amount Berkeley Group pledged to eventually return to its investors, in the scheme outlined with its results on Friday 24th June. The share re-rating was instantaneous at Berkeley Group, unlike the relatively slow-burn Galliford Try share price rise post the February "dividend plan" announcement, After all, it had done this exact same kind of thing very successfully before – in 2004.

It plans to pay back £13 per share (slightly more than the share price at the time of announcement) in stages by 2021 (including a proportion pre 2015). Now 2021 is a long way away but the attraction of pledges to share out cash returns is clear. House building is a risky business and cyclical. All the more so because the net present value of that 2021 figure is modest, it is fascinating to see the shares rise 15% in the two trading days following the announcement (accompanied by good but in-line profit numbers).

As the CEO states, "we don't want to grow the business from here. We are at the optimum size and if you gave us another £1bn in capital we would not be able to make the best use of it." It has a £2.3bn land bank, all in London and the south east of England.

Telford Homes is certainly not handing cash back. However, it is relevant to the Berkeley Group situation. It is in a similar market, i.e. London residential selling to international investors. Its CEO, soon to be chairman, built up and sold a similar quoted business, with shareholders exiting through a cash takeover in 2000 at a good premium to NAV.

Telford Homes has a good excuse for not handing back cash in that its land bank is not £2.3bn but a manageable £125m. Unlike some of the more recent arrivals in the London residential honeypot, this is and always has been specifically what Telford Homes does for a living. It has excellent contacts especially in the public sector, bringing in land acquisition opportunities.

In contrast to the "cashback" story, the "London" story seems unappreciated. Telford Homes' shares are unchanged on year to date. Northacre is another way to play London residential and that is up a mere 5% year to date, admittedly after a remarkably positive 2010 share price chart. Helical Bar has significant assets in London residential development and its shares are -10% year to date, weighed down by commercial property and a high share price rating in 2010.

Nonetheless it looks like the cashback story is robust but now partly in the price. The London residential story may have been put in the shade but is likely to prove positive, via decently managed businesses, on any sensible time scale.

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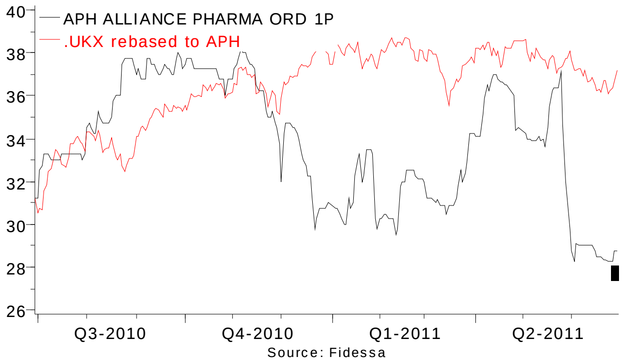
ALLIANCE PHARMA PLC



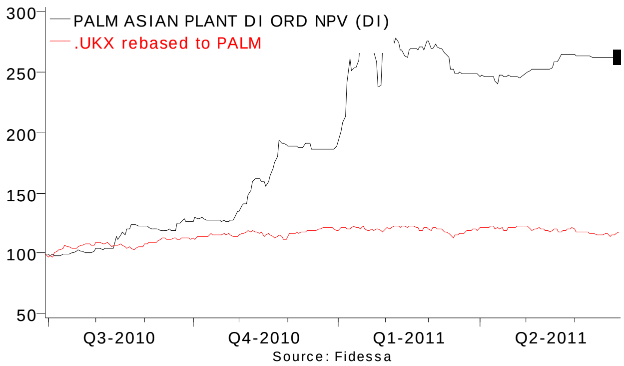
At 28.25p Alliance Pharma shares are well down from recent highs. The fall follows the company's 26 May AGM statement in which Alliance announced that competition from Teva Pharmaceuticals is putting increasing pressure on both price and volumes of sales of the company's Deltacortril brand. Deltacortril is an anti-inflammatory and used in the treatment of a wide variety of conditions including allergic reactions, asthma, arthritis and Crohn's disease.

While this increased level of competition will undoubtedly put pressure on profits – Deltacortril accounted for circa 25% of sales in the year to December 2010 – other brands are performing well, particularly in dermatology and oncology, and turnover for the start of the year is up 14% on the same time last year. The company is also due to benefit from higher cyclical toxicology sales.

Alliance's shares are now trading on a 2012 prospective p/e ratio of only 8.5x – after taking into account the impact of Deltacortril on profits - compare this to Sinclair Pharma, trading on an average prospective 2012 p/e ratio of circa 30x.

Alliance Pharma Plc				APH		Price p.	28.250
AIM				Pharmaceuticals		Cap £m	65.7
Y/E	**Sales**	**Declared Profit**	**Adjusted Profit**	**Adjusted Diluted EPS**	**P/E Ratio**	**Divi**	**Yield**
December	**£m**	**£m**	**£m**	**p.**		**p.**	**%**
2009A	31.2	5.7	8.6	3.1	9.0	0.30	1.1%
2010A	49.9	12.9	16.9	4.6	6.0	0.57	2.1%
2011E	44.9	10.6	11.5	3.2	8.9	0.75	2.7%
2012E	44.9	11.3	12.2	3.3	8.5	1.00	3.6%

ASIAN PLANTATIONS LTD



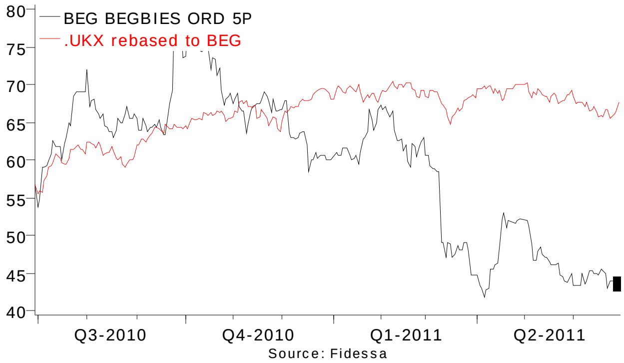
Shares in Asian Plantations have increased more than 30% since the beginning of 2011 despite the weaker outlook for all commodity prices in the first half of this year; CPO peaked in February at circa $1,300 per tonne. At the admission to AIM, Asian Plantations' management set a target to increase the plantable area to over 20,000ha within two years of listing. The management team is confident that they are still on track to achieve this goal. Asian Plantations currently has a land bank of 15,645ha, which is expected to be fully planted and serviced by a mill with capacity of 60MT/hour to be constructed by the end of 2012.

Asian Plantations is run by an efficient and experienced management team both on the ground and in terms of capital market partnership. Its sister plantation – Keresa Estate, which was developed first by joint CEO Graeme Brown, is a model for the industry with top of sector performance from mature hectares – a model which is being emulated at Asian Plantations.

Asian Plantations' EV per planted hectare looks cheap compared to its Malaysian peer groups on a fully planted basis.

Asian Plantations Ltd				PALM		Price p.	262.50
AIM				Agriculture		Cap £m	106.9
Y/E	**Sales**	**Declared Profit**	**EPS**	**Enterprise Value**	**EV/Hectare**	**Divi**	**Yield**
December	**$m**	**$m**	**$**	**$m**	**$**	**c.**	**%**
2009A	-	-1.40	-0.07	-	-	-	-
2010A	0.31	-3.80	-0.12	199.3	12,740	-	-
2011E	1.30	-5.93	-0.18	-	-	-	-
2012E	2.36	-8.43	-0.25	-	-	-	-

BEGBIES TRAYNOR GROUP PLC



The recent trading update from Begbies Traynor provided some measure of reassurance to the market following profit downgrades in March. The Company stated that the UK corporate insolvency market stabilised during Q1'11, although it remains challenging. Begbies' level of activity during the period, the final quarter of its financial year, indicates that results will be "broadly in line" with expectations.

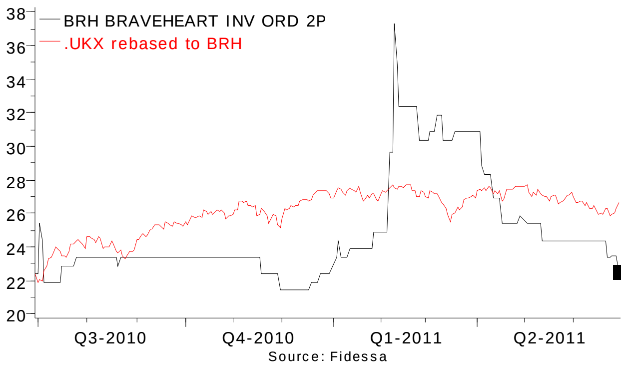
Back in March, we reduced our forecast for adjusted pre-tax profit from £8.04m to £7.13m. With Hemscott showing only two forecasts updated since the March announcement, the market consensus is for PBT of £7.0m – leaving us <2% above the updated consensus.

As we noted in our review of the sector last month – Insolvency Insights published on 23 May – Q1'11 saw the first small y-o-y increase in corporate insolvencies for six quarters. We must, though, await figures in August for Q2'11 to see whether these consolidate the trend.

Perhaps the most positive aspect of the update – especially to those who were concerned with the ability of headroom in the Group's bank facilities to fund an increase in working capital if the lock-in period increases or when activity levels pick up – was the statement that strong operating cash flows in the final quarter have meant that year-end net debt will be lower than expectations.

Begbies Traynor Group Plc			BEG			Price p.	43.25
AIM			Support Services			Cap £m	38.8
Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
April	£m	£m	£m	p.		p.	%
2009A	62.1	7.2	9.8	7.8	5.5	2.8	6.5%
2010A	69.1	8.7	10.5	7.9	5.5	3.1	7.2%
2011E	68.1	3.6	7.1	5.1	8.5	3.1	7.2%
2012E	71.7	8.1	8.5	6.2	7.0	3.1	7.2%

BRAVEHEART INVESTMENT GROUP PLC



Last month Braveheart Investment Group announced a raising of circa £950k through a placing of 4.1m new ordinary shares at a price of 23p per share. Proceeds from the placing will be used to provide the group with working capital and additional funds with which to support its portfolio companies. The group also announced the sale of the shareholdings of Kenmore Private Equity and Uberior Investments to new investors at a price of 15p per share. A small portion of CEO Geoffrey Thomson's shareholding was also sold in order to facilitate the sale.

With Braveheart Investment Group due to report its final results for the year to 31 March 2011 later this month the group is in close period.

Braveheart Investment Group Plc			BRH			Price p.	22.50
AIM			Equity Investments			Cap £m	4.2
Y/E	Income	Declared Profit/(Loss), IFRS	Adjusted Profit/(Loss)	Declared EPS, IFRS	NAV/Share	Divi	Yield
March	£m	£m	£m	p.	p.	p.	%
2009A	0.3	-1.3	-1.3	-9.2	44.4	-	-
2010A	0.9	-0.8	-0.8	-5.6	40.2	-	-
2011E	0.8	-1.0	-1.0	-7.2	34.1	-	-
2012E	2.2	0.08	0.08	0.6	31.4	-	-

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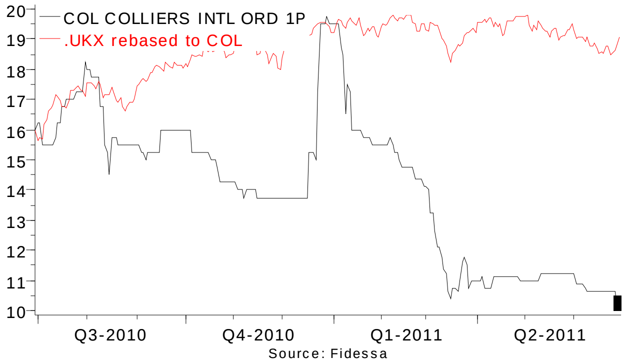
COLLIERS INTERNATIONAL UK PLC

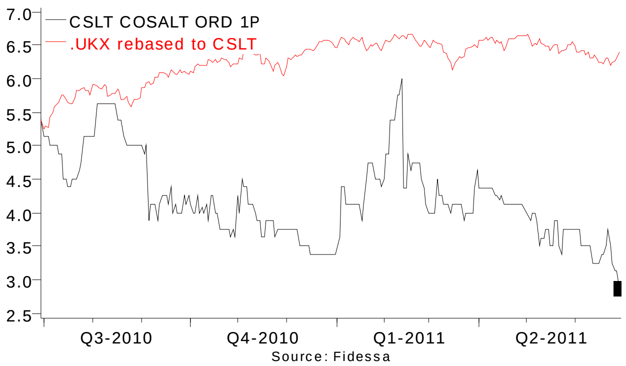


There has been no new news from Colliers International UK and the share price of the group continues to trade at lows. In sector news DTZ Holdings has announced that it is continuing to review approaches of interest in its shares but that discussions are still at an early stage. DTZ shares have risen over 50% in price since an indication of a potential offer was first made. Meanwhile, Savills have noted that the market is "awash with equity" and that there should be real opportunities ahead in the coming year for those who can secure financing.

Colliers International UK Plc	COL	Price p.	10.3
AIM	Real Estate	Cap £m	15.4

Y/E	Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
December	£m	£m	£m	p.		p.	%
2009A	57.9	-39.6	-13.5	-21.3	-	-	-
2010A	65.9	-8.4	-4.3	-2.9	-	-	-
2011E	73.9	0.3	0.3	0.2	51.3	-	-
2012E				Forecast Under Review			

COSALT PLC



The Extraordinary Meeting to approve the sale of the marine subsidiaries was passed with 99.92% of votes cast being in favour. The only surprise was that the number of shares voted was only 154m, while there are 404m shares in issue. Where were the missing shareholders and why weren't they prepared to vote on an item so obviously in their favour? If this resolution had failed, the company would probably not have survived and all shareholder value would have been wiped out – the circular issued to shareholders ahead of the meeting left no doubt about that. Also, we felt, the price was very favourable to Cosalt.

Completion of the sale is still dependent upon Office of Fair Trading Clearance. We expect this to be received towards the end of the month. This issue is not entirely straightforward because, as we understand the situation, the deal will leave the buyer of the Cosalt marine businesses as the sole supplier of certain services. However, this is an international market, and all users of these services can go overseas to other suppliers if they wish. Additionally, a "No" by the OFT would put jobs at risk. We will be very surprised if this deal fails to obtain OFT clearance.

No further trading news was issued at either the AGM or the EGM. The last trading news from the company was the Interim Management Statement issued on 19 May, which stated that trading continued to be "challenging" but that the group was trading "broadly in line with the board's expectations.

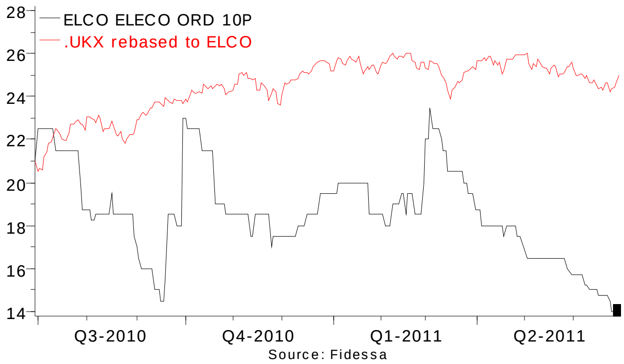
Longstanding director Neil Carrick is to leave the company. Carrick was finance director until June 2008, when Mike Reynolds was brought in to take over the FD role. The departure of Reynolds had been announced earlier in May. When Carrick relinquished his FD responsibilities, the shares stood at 350p. They are currently 3.5p.

Cosalt Plc	CSLT	Price p.	2.88
Full List	Diversified Industrials	Cap £m	11.6

Y/E	Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
December	£m	£m	£m	p.		p.	%
2009A	107.8	-3.4	5.5	4.2	0.7	6.0	208.7%
2010A*	112.0	-29.4	-0.8	-0.8	-	-	-
2011E	47.0	-5.0	-2.5	-0.6	-	-	-
2012E				Forecast Under Review			

** 14 Months*

ELECO PLC

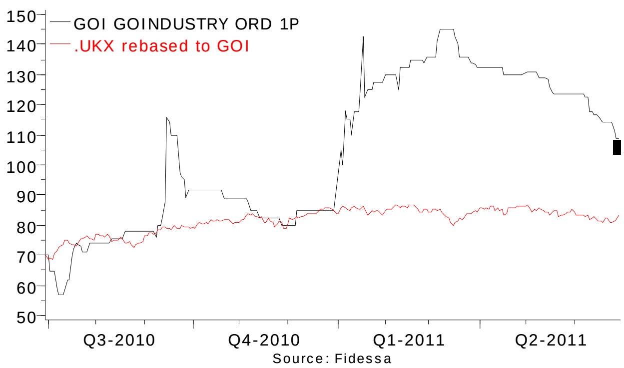


It has been a quiet month for Eleco and we await further developments. On 1st March, Eleco announced a change of year end reference point to December and will be announcing a second set of interim figures, likely in later August. We would not anticipate trading updates prior to this – there were none at this stage last year.

Eleco Plc			ELCO			Price p.	14.0
AIM			Diversified Industrials			Cap £m	8.5
Y/E	**Group Sales**	**Declared Pre-tax Profit**	**Adjusted Pre-tax Profit**	**Adjusted EPS**	**P/E Ratio**	**Divi**	**Yield**
June	**£m**	**£m**	**£m**	**p.**		**p.**	**%**
2009A	70.6	-1.4	0.9	1.4	10.0	0.8	5.7%
2010A	58.0	-5.9	-5.4	-8.4	-	-	-
2011E				Forecast Under Review			
2012E				Forecast Under Review			

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

GOINDUSTRY DOVEBID PLC



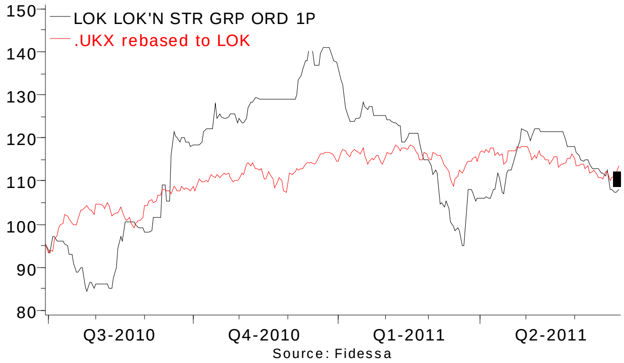
GoIndustry DoveBid released its AGM statement last month in which it commented that soft trading in North America has carried into the second quarter of the year. Elsewhere trading has been good with European market conditions favourable and performance in Asia exceeding expectations. The Valuations side of the business has also improved, due to a higher number of instructions from corporate clients and financial institutions. With North America accounting for over half of GoIndustry DoveBid's direct profit it is likely that the group will record a loss in the first half of 2011. However, with conditions in North America now improving, and the good performance from other geographies, results for the full year are expected to be in line with market expectations. Our current forecast for the 2011 year is for adjusted profit before tax of circa £780k and eps of 7.9p per share.

The group also continues to increase the visibility of its earnings with seven new global corporate forward flow accounts having been signed in 2011 and the group in advanced contract negotiations with fifteen other corporates. Eight existing key accounts have also been renewed.

GoIndustry DoveBid Plc			GOI			Price p.	106.0
AIM			Support Services			Cap £m	10.4
Y/E	**Sales**	**Declared Profit/(Loss)**	**Adjusted Profit/(Loss)**	**Adjusted EPS***	**P/E Ratio**	**Divi**	**Yield**
December	**£m**	**£m**	**£m**	**p.**		**p.**	**%**
2009A	42.0	-4.7	-1.4	-0.3	-	-	-
2010A	40.1	-0.7	0.6	9.6	11.0	-	-
2011E	42.7	-0.3	0.8	7.9	13.4	-	-
2012E	44.9	0.9	1.8	18.3	5.8	-	-

**2010 adjusted EPS includes a £227k tax credit*

LOK'NSTORE GROUP PLC



Recent results for Big Yellow and Safestore have, like Lok'nStore's results of 11th April, all pointed to April/ May/ June trading being "choppy" but broadly resilient. We anticipate that this will be the state of affairs at the time of the trading update, due from Lok'nStore, in approximately four weeks.

Prices in the industry continue to rise. We are seeing 3-4% pa rising prices for Lok'nStore and this trend remains consistent.

Lok'nStore has good relative potential as a high level of floating rate debt on its balance sheet puts it in a strong position. Remaining low interest rates are a good bonus to Lok'nStore. Management monitors developments closely and this is of great assistance for cash generation. The business remains lowly geared and in a strong position with its lenders.

Lok'nStore's prices and occupancy are modestly lower than the larger companies. As there is no overcapacity in the industry (for good product in good locations) and a near moratorium self imposed in the industry on new build other than store relocations, rates and occupancy should tend upwards immediately after this recent slow patch ends in this macro-economy.

Lok'nStore Group Plc	LOK	Price p.	110.5
AIM	Support Services	Cap £m	28.3

Y/E	Group Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
July	£m	£m	£m	p.		p.	%
2009A	10.0	-0.66	-0.66	-2.4	-	1.0	0.9%
2010A	10.4	0.43	0.43	0.9	122.8	1.0	0.9%
2011E	10.7	0.80	0.80	2.4	46.0	1.0	0.9%
2012E	11.3	0.71	0.71	2.0	55.3	1.0	0.9%

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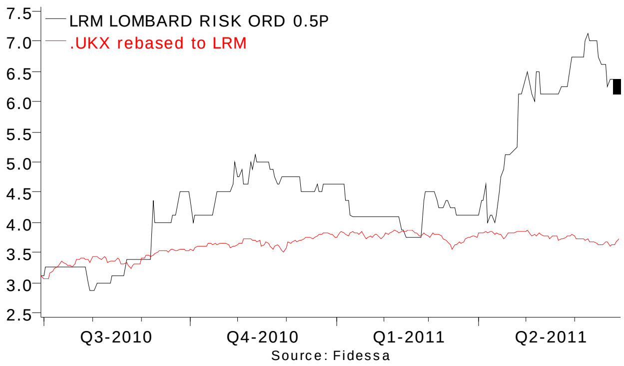
LOMBARD RISK MANAGEMENT PLC



Lombard Risk Management has released its final results to 31 March 2011. The results show that both of the group's divisions, Regulatory & Compliance and Risk Management & Trading, are performing well. A profit of £665k recorded for Regulatory & Compliance was a turn-around on the prior year where a £1.8m loss was recorded. Few decisions on liquidity reporting were taken in the 2010 year and revenue from contracts that were won was largely recognised in the 2011 year. Risk Management & Trading recorded a profit of £439k – while this was lower than the profit recorded in 2010, that year was exceptional reflecting Lombard Risk's win of a six figure contract with a major Tier 1 European bank.

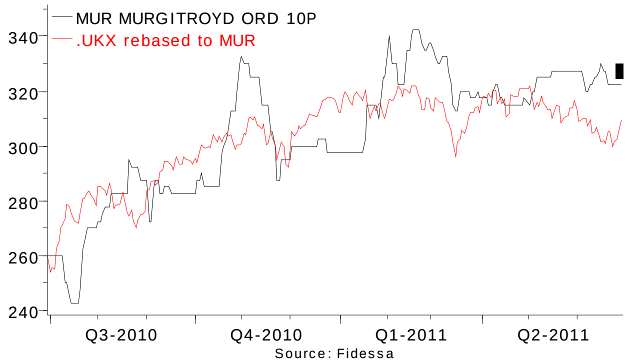
We have revised our forecasts, lifting our 2012 eps forecast from 0.5p per share to 0.9p and introducing new forecasts for 2013, with expected eps of 1.2p per share. Lombard Risk's shares continue to trade well below the industry average and our analysis suggests a fair value of 12.3p per share.

Lombard Risk Management Plc	LRM	Price p.	6.25
AIM	Software	Cap £m	12.9

Y/E	Group Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
March	£m	£m	£m	p.		p.	%
2010A	8.9	-1.59	-1.59	-0.9	-	-	-
2011A	11.8	0.56	0.86*	0.4**	14.8	0.03	0.48%
2012E	13.7	1.78	1.78	0.9	7.2	0.04	0.64%
2013E	15.0	2.57	2.57	1.2	5.2	0.04	0.64%

** Excludes £0.3m relocation and redundancy costs*
*** Adds back tax credit of £798k*

MURGITROYD GROUP PLC



European Patent and Trade Mark Attorney, the Murgitroyd Group, issued a trading update for the year to 31 May 2011 last month, in which it confirmed that trading for the full year is in line with expectations. We are currently forecasting net profit before tax of £3.8m for the year and eps of 30.8p per share.

The group is continuing to recruit staff across its offices worldwide, professional staff levels have increased 8% over the financial year and four new hires have just been made. Business development efforts continue to be concentrated in the US, which now accounts for circa 20% of group turnover. A business development office was opened in San Francisco in May of this year and larger office accommodation has been secured in North Carolina. This is pleasing to see given the huge potential offered by operating in the US, where the number of patent applications filed in 2010 was second only to Japan, a country also on Murgitroyd's radar, after its opening of a business development office there in June of last year.

Murgitroyd will release its results for the year to 31 May 2011 on or around 12 September.

Murgitroyd Group Plc			MUR			Price p.	327.5
AIM			Support Services			Cap £m	28.0
Y/E	Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
May	£m	£m	£m	p.		p.	%
2009A	28.9	3.1	3.4	27.0	12.1	9.5	2.9%
2010A	29.4	3.8	3.7	29.9	11.0	10.0	3.1%
2011E	32.0	3.8	3.8	30.8	10.6	10.5	3.2%
2012E	33.6	3.9	3.9	31.8	10.3	10.5	3.2%

PALM CITY LTD - LIBYA

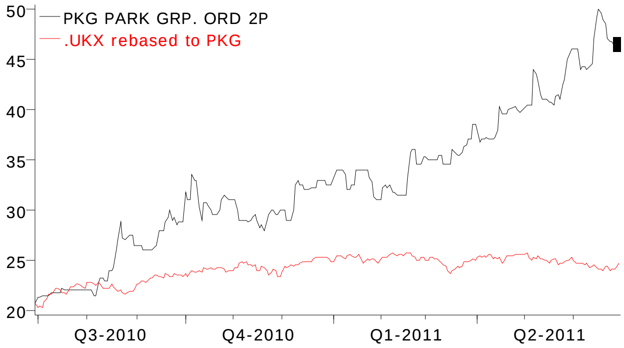
The International Criminal Court has issued an arrest warrant against Colonel Gadaffi and Saif, one of his sons. This reduces the likelihood – always somewhat slim – of a negotiated settlement to the warfare currently taking place. Fighting has been taking place on the outskirts of Tripoli, although on the opposite side of the city to the Palm City residential complex. Palm City remains intact, undamaged and operational, albeit with limited activity. Management tells us that the property is well looked after and protected.

Meanwhile Corinthia, the Malta-based group behind the Palm City complex, has launched its first hotel in London. It is graded 5 star, and is in Whitehall Place, Westminster. Rooms are from UK£300 + VAT a night.

A share listing for Palm City will not be possible until the Libya situation is resolved.

Palm City Ltd			(Awaited)			Price €.	
AIM Italia (pending)			Real Estate			Cap €m	200 approx
Y/E	Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
December	€m	€m	€m	UKp.		UKp.	%
2008A	-	-	-	-	-	-	-
2009A	-	-	-	-	-	-	-
2010E				No Estimates At Present			
2011E				No Estimates At Present			

PARK GROUP PLC



Source: Fidessa

Full year results showed pre-tax profit, after stripping out some exceptional gains, of £7.0m vs the £6.5m that we forecast and £5.3m for the previous year. A reduced tax charge gave eps an extra kick, so eps were 3.2p vs our forecast of 2.7p and the previous year's 2.1p. The dividend was ahead of our forecast as well. The key driver in this performance was better margins, as Park moves an increasing proportion of both its Consumer (Christmas Savings) and Corporate activities away from paper vouchers onto plastic, and customers increasingly use the internet.

Flexecash®, Park Group's innovative e-money system, has booked £20m of value since its launch in May 2010, so has been responsible for 7% of group revenues from a standing start. We expect it to be double that in the current year, and we believe that within three years it could account for as much as a third of group revenue. Flexecash® now has 330 corporate clients and 26 retailers accepting the card.

The interest from the stock market point of view centres on the growth of Flexecash®, and the extent to which Park Group will become an e-money and internet stock rather than a provider of monthly savings schemes for private consumers. We have been saying since we first discovered Park Group was working on this concept, three years ago, that this is potentially a company transforming development. Since then, the shares have almost quadrupled. For a time on June 17, three days after our most recent note, Park Group shares were trading at 50p, and four bargains were marketed above the 50p mark.

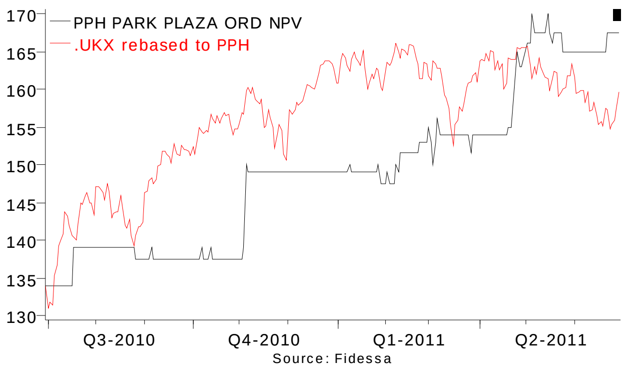
We expect a 14% increase in pre-tax profit in the current year and a 12% increase in eps.

The next important date from the company is July 25, which will see the release of the Annual Report. After that, the Annual Meeting is due to take place on September 20.

Park Group Plc	PKG	Price p.	46.50
AIM	Consumer Finance	Cap £m	78.1

Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
March	£m	£m	£m	p.		p.	%
2009A	263.2	5.3	5.3	2.1	22.1	1.32	2.8%
2010A	279.9	12.5	7.0	3.2	14.4	1.70	3.7%
2011E	296.8	8.0	8.0	3.6	12.9	1.80	3.9%
2012E	305.7	9.0	9.0	4.0	11.6	2.00	4.3%

PARK PLAZA HOTELS LTD



The prospectus for the upgrade of the share quote from London AIM to Full List reveals a much higher asset value that previously thought. The UK and European properties have been valued, by Colliers and Savills, at €105.6m more than their book value. This boosts NAV per share by UKp 239p, raising the book NAV from 385p to 624p ex intangibles, from 487p to 723p including intangibles. The disconnect between the NAV per share and the current share price is astonishing – it puts Park Plaza top of all our price-to-book value tables.

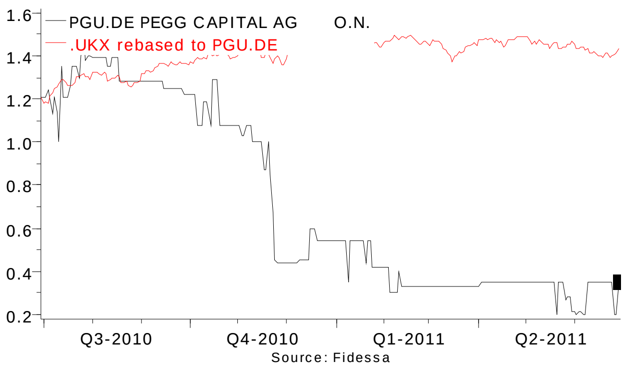
The higher than expected asset value also dismisses the concerns more conservative stock market operators have felt about the level of gearing within this company. Quite simply, the very high loan-to-value gearing revealed by the December 2010 accounts is reduced to sensible levels by this property revaluation. The interest cover by EBIT and EBITDA will also be very much improved when H1 2011 results are reported, because the new Westminster Bridge Park Plaza Hotel has been such a runaway success. With 1,019 rooms, the Westminster Bridge Park Plaza is the largest new hotel London has seen for 40 years.

We are huge enthusiasts for this company. Our 12 month Target Price is comfortably north of 300p/share.

Park Plaza Hotels Ltd	PPH	Price p.	225.0
AIM	Travel & Leisure	Cap £m	94.1

Y/E	Group Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
December	€m	€ m	€m	UKp.		UKp.	%
2009A	80.3	-7.1	-7.1	-17.7	-	0.0	0.0%
2010A	139.8	60.5	0.1	0.3	750.0	0.0	0.0%
2011E	170.0	11.5	11.5	18.2	12.4	0.0	0.0%
2012E			Forecast Under Review			3.0	1.3%

PEGG CAPITAL AG

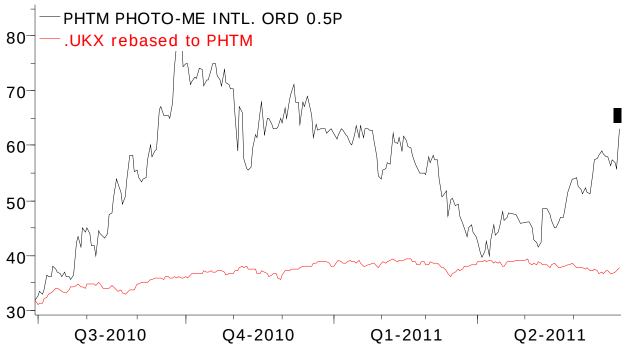


We have discontinued coverage of Pegg Capital because we have been unable to obtain up-to-date information from the company.

PEGG Capital AG	PGU.DE	Price €	0.35
Frankfurt Xetra	Equity investment Instruments	Cap €m	6.3

Y/E	Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
December	€m	€m	€m	€		€	%
2008A	-	-	-	-	-	-	-
2009A	-	-	-	-	-	-	-
2010E				No Estimates At Present			
2011E				No Estimates At Present			

PHOTO-ME INTERNATIONAL PLC



Source: Fidessa

Photo-Me International reported a 28% increase in pre-tax profits, to £18.0m. This was higher than our forecast of £16.9m. The tax charge was lower than we expected because of some one off deferred tax items, so eps were declared to 3.8p, compared to 2.7p excluding special items for the prevous year, and our forecast of 3.3p.

The Operations Division, which operates the traditional photobooths, provided all the forward movement. Its margins were improved and are now back to their 2005/6 high. France was particularly strong, and we estimate that France may have provided three quarters of group operating profit. Japan held up, although the earthquake affected business in the final two months.

There is £40.7m of net cash in the latest balance sheet. The directors look for "an improved financial performance" again in the current year, apparently partly driven by cost savings. We have raised our estimates.

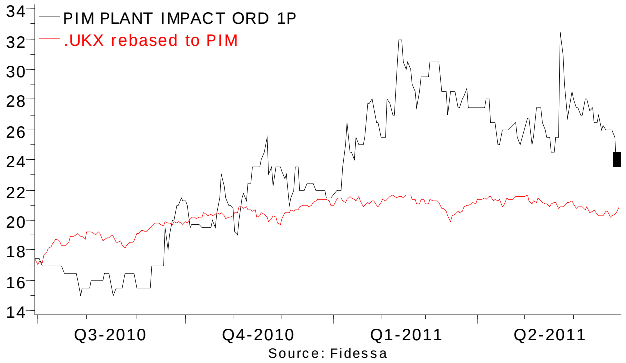
The shares are currently trading in the middle of their historic 3X – 4X EBITDA trading range. Prospects for 2013 onwards look encouraging, as Japan returns to normal, machine installations in China grow, and new technological developments have an impact.

Photo-Me International Plc	PHTM	Price p.	67.00
Full List	Support Services	Cap £m	242.1

Y/E	Group Sales	Adjusted EBITDA*	Adjusted Pre-tax Profit*	Adjusted EPS*	P/E Ratio	Divi	Yield
April	£m	£m	£m	p.		p.	%
2010A	222.5	44.2	14.0	2.7	3.8	1.25	1.9%
2011A	219.8	47.6	18.0	3.8	3.5	2.00	3.0%
2012E	229.8	48.1	20.0	4.0	3.5	2.20	3.3%
2013E			Forecast Under Review				

***** *Before exceptional items*

PLANT IMPACT PLC



Full year results to 31 March 2011 revealed a 26% increase in revenue, to £1.78m. Underpinning this was growth of 96% in the key crop nutrients segment – increasingly the company's primary focus. The £0.5m contribution received last year in the form of milestone payments on BugOil was not repeated, and this somewhat masked the robust performance from the crop nutrients product line. Regulatory delays in the registration of BugOil in key markets including the USA and the UK, lay behind the absence of milestone payments in 2011, but these will likely feed through in subsequent reporting periods as Pi and its partner Arysta LifeScience (ALS) pursue its registration. Pre-tax loss was £1.89m for the year, compared to £1.69m in the prior year, due to increased geographical spread of sales activity and marketing costs associated with growing the crop nutrients products' revenue opportunity. Available cash at year end stood at £1.173m (£2.895m), to this is now added £2.05m raised from ALS in May 2011 from the issue of 4.56m new shares.

Since the year end, Pi has signed four commercial agreements and an evaluation agreement with ALS. These are: Mexico & Central America for InCa, US Turf & Ornamental for PiNT, Brazil horticulture for InCa, PiNT and CST and an evaluation agreement covering 28 countries for InCa, PiNT, CST and Speedo. The original evaluation agreement signed between Pi and ALS expired on the 31 March 2011. ALS continues to make initial sales in new territories for Pi products. During the year the company sold InCa via ALS in Poland, the Czech Republic and Romania.

ALS has also decided to inject a further £2.05m into Pi, at a significant premium to the traded share price, which takes ALS's shareholding to 9.08%. According to the subscription agreement, half of the net proceeds, approx. £1.0m will be used by Pi to work with ALS in development of the Turf and Ornamental market in the US and the Horticultural market in Brazil, with the remainder to be used for Pi's product development, branding and marketing operations. Financial investors will be reassured by this significant validation of Pi's technologies from a knowledgeable industry participant and partner.

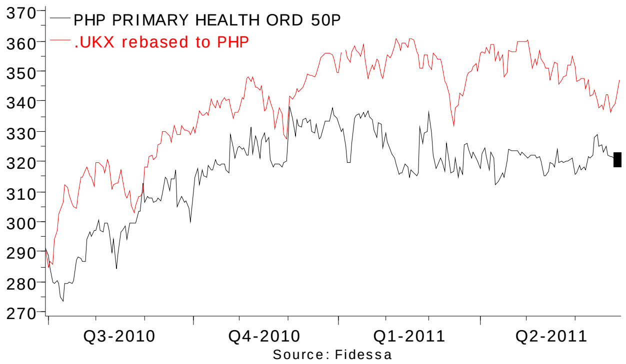
Plant Impact has also entered into an exclusive licence and distribution agreement with Canadian based Engage Agro Corporation covering the InCa crop enhancement technology. The agreement grants Engage Agro the exclusive right to market and sell InCa in Canada for an initial period of five years.

In the near term the company's focus is to achieve financial breakeven through organic growth with direct sales of proven products, and to progress the collaborations with global AgChem companies like Syngenta, which is trialling InCa with soya in Brazil. These collaborations carry the potential for important global partnerships to exploit Pi's crop enhancing technologies over millions of hectares of important crops. Once Pi's financial position is strengthened, the company will progressively increase its focus on R&D for pipeline development and to explore further strategic industry partnerships.

Plant Impact Plc	PIM	Price p.	24.25
AIM	Chemicals	Cap £m	12.2

Y/E	Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
March	£m	£m	£m	p.		p.	%
2009A	0.83	-2.48	-2.48	-7.5	-	-	-
2010A	1.41	-1.69	-1.69	-4.1	-	-	-
2011E	1.78	-1.89	-1.89	-3.3	-	-	-
2012E	Forecast Under Review						

PRIMARY HEALTH PROPERTIES PLC



Results recently from two other companies operating in the same business space (freehold ownership of properties rented by GPs as locations for their surgeries) have been solid and reassuring. We see nothing in the proposals to rework the Government's healthcare bill to cause us, or the company, any concerns. We view any progress that the Government makes with legislation as positive, because many new project decisions have been held up due to uncertainty over the direction of the legislation.

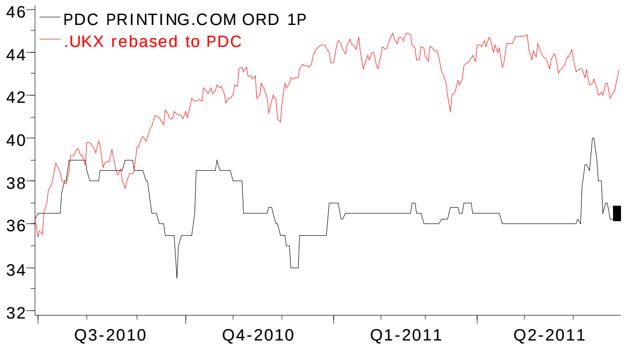
A refinancing of the term debt is due sometime over the next eighteen months, but with every month that goes by conditions become more settled in the debt markets, which will be helpful to Primary Health Properties. The only negative is the outstanding book of interest rate swaps, on which Primary Health Properties is showing a book loss; the Bank of England's forecasts of continued low interest rates into 2012 means that Primary Health Properties will continue to carry red ink from these for the time being.

Primary Health Properties Plc	PHP	Price p.	319.63
Full List	Real Estate	Cap £m	217.9

Y/E	Group Revenue	NAV/Share*	Adjusted Profit*	Adjusted EPS*#	P/E Ratio	Divi#	Yield
December	£m	p.	£m	p.		p.	%
2009A	21.3	280.0	7.3	18.4	17.4	17.00	5.3%
2010A	26.9	311.5	9.1	14.7	21.7	17.50	5.5%
2011E	29.7	334.0	9.2	14.5	22.0	18.00	5.6%
2012E	32.7	361.0	11.1	17.5	18.3	18.50	5.8%

** EPRA basis*
 # Ex-rights adjusted

PRINTING.COM PLC



Source: Fidessa

Recent results demonstrated the strong cash generation at Printing.com. Cash generated from operations in the year to March 2011 (as reported on 6th June) equalled £4.16m (£3.42m). Free cash flow (after all outflows bar dividends and acquisitions) totalled £2.38m (£1.75m), equating to 5.2p per share. This provides plenty of ammunition for ongoing dividend payments of at least the 3.15p paid historically. Cash flow receives a boost in 2012 as certain major lease payments (on major equipment) come to an end. The balance sheet is cash positive. In year to March 2009, Printing.com handed cash back – when most of the rest of the corporate world was looking more or less actively to secure more not less cash on its balance sheet. This positive should not be forgotten for a long while in Printing.com's share price rating.

Market conditions remain competitive but a major attribute of the business is its flexibility, with strong levels of R&D and a strong web-based customer design template offering. This was initiated in 2002 and many aspects of the system – then unique – have been copied by competitors. Printing.com has recently successfully leveraged its operation giving customers with multi-site brands a user friendly web-based design facility, "templates". This can handle formerly awkward lower volume runs and financial results for the group indicate this and other initiatives are working. It is revenue generative only since February 2011.

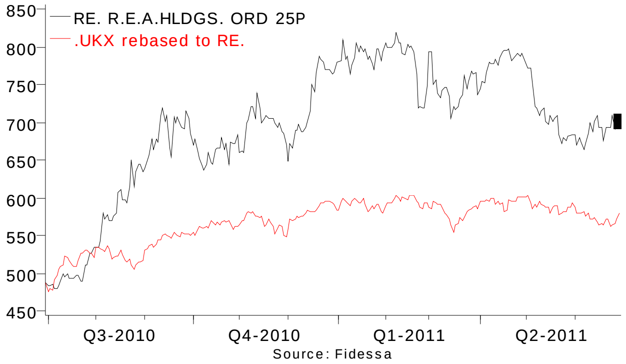
The Dutch acquisition (MFG) of late 2010 is profitable, promising and gives good scope for expansion into adjacent territories.

Printing.com Plc	PDC	Price p.	36.5
AIM	Retailing	Cap £m	17.0

Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
March	£m	£m	£m	p.		p.	%
2009A	14.5	2.1	2.1	3.3	11.1	5.15*	14.1%
2010A	14.5	1.7	1.7	2.9	12.6	3.15	8.6%
2011E	16.9	1.3	1.5	2.4	15.2	3.15	8.6%
2012E	22.6	2.3	2.5	3.9	9.4	3.15	8.6%

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

R. E. A. HOLDINGS PLC



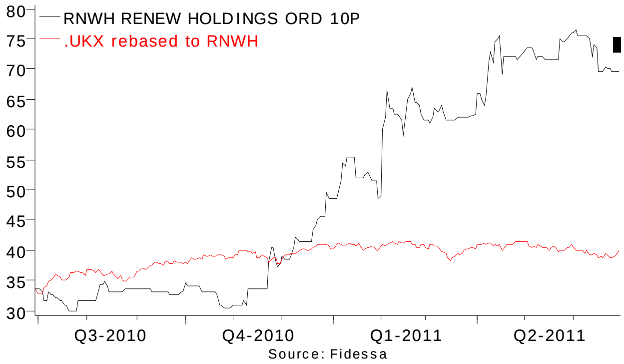
Performance in R.E.A.'s palm plantations has been good this year with both FFB and CPO productions ahead of budget in the first five months of 2011 and comfortably ahead of the corresponding period in the prior year. The management team continues to work on increasing its land bank. R.E.A.'s fully titled agricultural land now totals 70,584ha, with a further gross area of 11,737ha in the pipeline.

R.E.A. also proposed to issue a further 15m new 9% cumulative preference shares, all of which have now been placed and will be admitted to the standard listing and become effective on 19 July 2011. As a result of the new preference shares, R.E.A.'s share capital is now comprised of 33.4m of ordinary shares and 42.1m 9% cumulative preference shares.

R.E.A. Holdings Plc	RE.	Price p.	701.8
Full List	Agriculture	Cap £m	234.5

Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
December	US$m	US$m	US$m	USc.		UKp.	%
2009A	78.9	41.7	32.0	55.3	20.6	3.0	0.4%
2010A	114.0	50.4	48.9	88.0	12.9	5.0	0.7%
2011E	150.0	75.0	70.0	116.0	9.8	7.0	1.0%
2012E				Forecast Under Review			

RENEW HOLDINGS PLC



Renew Holdings released its interim results for the six months ended 31 March 2011 last month. 1H revenue at £155.5m was up 12% on the prior 1H of £138.6m. The revenue line did, however, benefit from a one month contribution from Amalgamated Construction ("Amco") which Renew acquired in February. After stripping out the contribution from Amco group, revenue was up circa 6% - Specialist Engineering revenue was up an even healthier 9%.

After adjusting for exceptional items normalised pre-tax profits and eps were up 44% and 41% respectively. While further exceptional charges are expected to be booked in the 2H of 2011 these charges reflect Renew's decision to discontinue building work in both non-specialist and discretionary public spending markets.

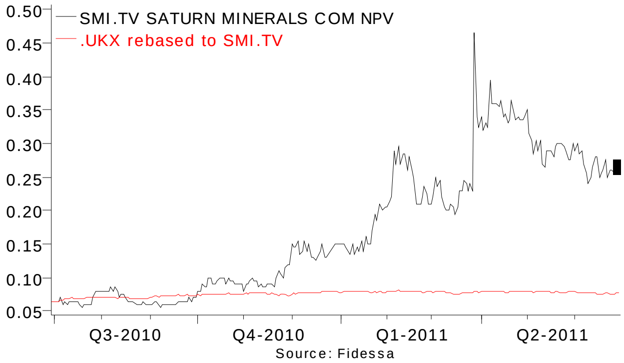
Renew's management is working hard to reposition the group, focusing on working in areas where its specialist expertise adds value and in areas where spending is of a non-discretionary nature. A good example of this non-discretionary type of work is the recent naming of Amco as one of 11 contractors to a three year Building and Civils Delivery Partnership framework agreement with Network Rail. The agreement covers minor jobs across the network typically worth up to £500k including maintenance on bridges, viaducts, tunnels and embankments. Pleasingly, Amco has been appointed to all three regions covered by the framework agreement, in the north, south and west of England, and it is the only firm to have achieved this.

On our forecasts Renew trades on a prospective 2011 P/E ratio of 7.4x. Re-rating Renew in line with its peer group suggests a fairer value of 90p per share.

Renew Holdings Plc	RNWH	Price p.	72.0
AIM	Construction	Cap £m	43.1

Y/E	Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
September	£m	£m	£m	p.		p.	%
2009A	316.6	1.2	5.5	6.0	12.0	3.0	4.2%
2010A	209.4	4.0	4.6	5.3	13.6	3.0	4.2%
2011E	354.0	4.1	7.8	9.7	7.4	3.0	4.2%
2012E	345.0	9.9	9.9	12.0	6.0	3.0	4.2%

SATURN MINERALS INC



Saturn has just completed an additional 4,389 line-km of helicopter-borne close-spaced gravity survey over ground prospective for coal, oil, gas and other sedimentary resources such as potash and oil shale. What Saturn is primarily looking for is the geometry of the Devonian basement geology, on top of which the region's coal lies in localised karstic pits and paleao-valleys. The Little Swan oil & gas JV is expecting to drill a first, highly exploratory hole, later this summer in an area of Saskatchewan that has had little attention from explorationists before now.

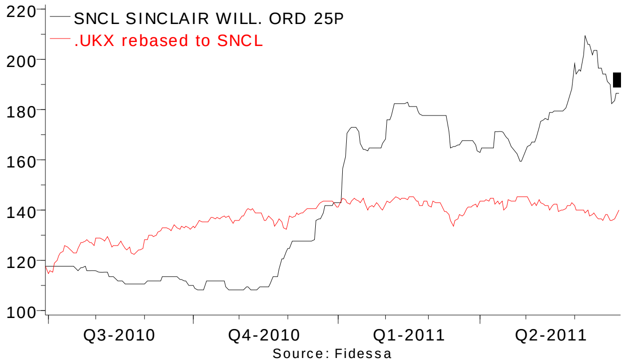
With coal intercepts of up to 89m, Saturn's regional focus benefits from any and all new geological data about the Williston Basin and its detailed genesis. Where the other players in the area seem to be consolidating, Saturn's approach remains expansive because as all sedimentary geologists know, basins are highly interlinked and dynamic systems where exploration for one resource is not exclusive of finding others.

The Saskatoba Project is gaining increasing attention from around the world as it combines energy security with a ready continental market for all of its potential products.

Saturn Minerals Inc	SMI.TV	Price C.	28.0
TSX-V	Energy	Cap CDN$m	20.0

Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
December	CDN$m	CDN$m	CDN$m	CDN$		CDNc.	%
2008A	-	-2.60	-	-0.08	-	-	-
2009A	-	-2.33	-	-0.05	-	-	-
2010E	-	-0.87	-	-0.02	-	-	-
2011E	No Estimates At Present						

SINCLAIR, WILLIAM HOLDINGS PLC



Interim results announced on 1 June showed sales revenue up 19%, profits and eps more than trebled, an increased dividend, a reduced pension deficit and higher assets per share. News in a consumer spending squeeze doesn't come much better than this, especially as Sinclair is a consumer goods company.

We had expected good numbers, but even so we have slightly raised our estimates for the full year in the light of these interim results.

There will be more good news to follow this in 2012 and 2013, because Sinclair has made two technological breakthroughs.

The first of these is peat made from recycled materials. This probably accounted for less than 10% of output last year, but we expect this to grow significantly over the next three years, and await news of locations for the group's second and third production plants.

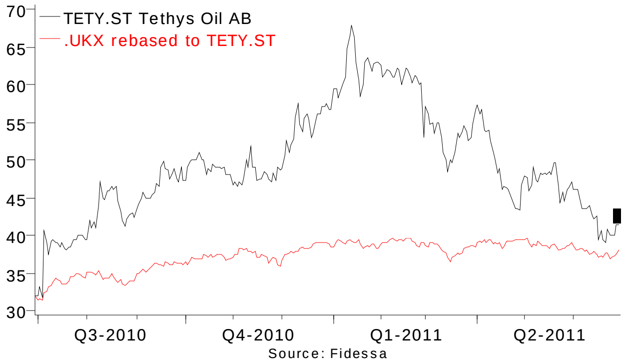
The second is its peat drying process. This raises costs, but gives greater security of supply in wet weather and in the early and late 'shoulders' of the season when weather is not ideal for peat harvesting but does not totally rule it out either. We estimate that dried peat probably accounts for around 10% of output at present. In a wet summer, this process will come into its own. It should be viewed as a defensive advantage that will limit the fall in profits in adverse weather conditions, rather than an immediate profit earner. Strategically, it gives William Sinclair a strategic advantage over its competitors.

There are negatives. Fuel costs have been rising. Output at Bolton Fell will be slightly lower this year as the first impact of the deal negotiated with Natural England are felt. There is a planning issue affecting possibly 10-15% of potential output in Manchester, and also the Bolton Fell compensation issue now looks almost certain to drag on into 2012. If it were not for these factors, we would have raised our forecasts by rather more than we have.

Sinclair, William Holdings Plc	SNCL	Price p.	192.0
AIM	Household Goods	Cap £m	32.7

Y/E	Group Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
September	£m	£m	£m	p.		p.	%
2009A	46.3	1.2	1.2	6.8	28.2	3.5	1.8%
2010A	48.5	2.1	2.5	12.2	15.7	5.0	2.6%
2011E	58.3	3.2	3.2	13.5	14.2	6.5	3.4%
2012E	62.4	3.6	3.6	14.7	13.1	7.5	3.9%

TETHY'S OIL AB



Omani operations continue to step up with a total of 8 wells now in intermittent production as part of the test program including the Farha South-7 and -10 wells which were completed and hooked up to the Early Production System (EPS) during May.

The production rates vary depending on test program design and available capacity with 32,123 barrels of oil produced in April and 79,655 barrels in May. Gross, these correspond to average rates of 1,071 barrels of oil per day ("BOPD") for April and 2,570 BOPD for May.

Tethys' share of the production, before government take, amounted to 30 per cent of the total or 9,637 barrels for April and 23,897 barrels in May.

Tethys have announced the Farha South-7 ("FS-7") and Farha South-10 ("FS-10") wells on Block 3 were successfully completed and connected to the Farha South EPS to be part of the ongoing long term production testing in the area.

The FS-7 well was drilled as an appraisal well to evaluate the Lower Al Bashair formation, at a location 425m southwest of the Farha South-3 well. Drilled horizontally within the Lower Al Bashair to a total measured depth of 2,900m, 821m was drilled within the formation, of which 450m was within oil-bearing sandstones. A beam pump was installed before the well was hooked up to the EPS.

The FS-10 was drilled as a vertical production well through both the Barik and Lower Al Bashair formations. The drill site is located 800m southwest of the FS-5 well, which produces oil from the Barik formation. The FS-10 encountered the Barik at 1,220m depth. A total of 18m of oil-bearing sandstone was drilled in this vertical well. The Lower Barik section was perforated and put into test production with an electrical submersible pump. The Upper Barik section was not perforated, and will be re-entered at a later date.

The rigs have now been moved on to drill the Farha South-11 and Saiwan East-8 wells.

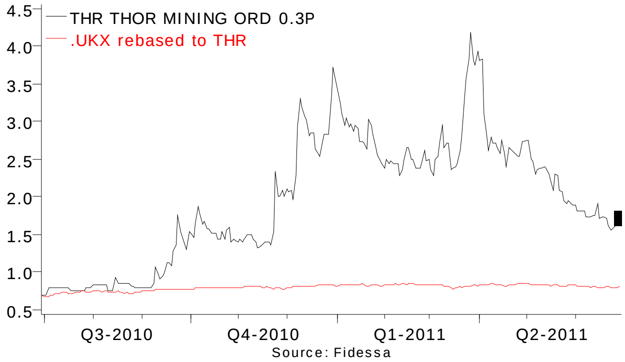
The FS-11 well on Block 3 is a stepout exploration well located 9km southwest of Farha South-3 designed to explore both the Barik and Lower Al Bashair formations.

On Block 4, the Saiwan East-8 well is designed as a development well with horizontal contact in the Khufai Formation at a subsurface location in between wells SE-2 and SE-3.

Tethys Oil AB	TETY.ST	Price SEK.	42.1
Stockholm	Oil	Cap MSEK	12.8

Y/E	Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
December	SEKm	SEKm	SEKm	SEK.		SEK.	%
2009A	-	-42.4	-42.4	-1.6	-	-	-
2010A	11.1	-80.1	-80.1	2.6	16.2	-	-
2011E				No Estimates At Present			
2012E				No Estimates At Present			

THOR MINING PLC



With global tungsten demand rising at around 6.5% pa and forecast to continue to rise at a similar rate until 2015 at the earliest, prices continue to test historic highs at between $430 and $450/mtu for standard quality APT. This is against a reported drop in European demand as continental manufacturing continues to struggle. China's export restrictions appear to be having their desired effect with leading European tungsten company, H.C. Starck, signing a $112m deal to set up 30,000 tonnes of modern, upstream tungsten manufacturing capacity in Ganzhou, Jiangxi Province, the centre of China's existing tungsten industry.

Molybdenum prices fell recently on news that Codelco's giant El Teniente Mine had resumed processing operations after a strike by local workers. After half a year of stability standard moly oxide lost around 10% to sit at $14.50 - $15/lb (from $16.50/lb). We expect this to be a short term dip and not to significantly affect the findings of the recently commissioned DFS (Definitive Feasibility Study). Proteus ECPM Engineering has been hired to bring the company's 2007 study up to date. In those days moly and tungsten were on a par with regards to projected contributions to the mine's revenue stream. At today's prices Molyhil is very definitely a tungsten mine with by-product molybdenum.

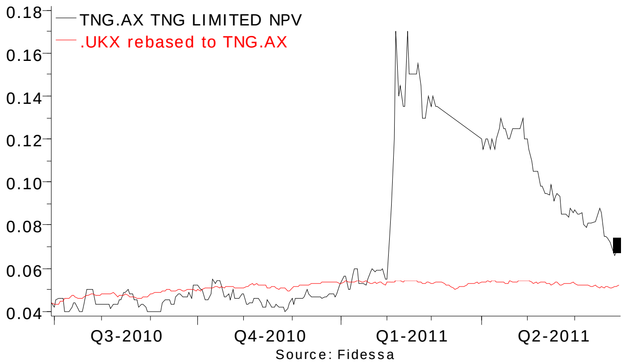
Thor is approaching its deep drill program at Molyhil, designed to confirm the grades of the down-dip extension to the deposit and hopefully extend the resource and reserve definition. Previous drilling has confirmed that the resource extends well below the bottom of the current mineable reserve.

Away from Molyhil, the greenfield Dundas tenements have an ongoing program of geochemical sampling that is providing a stream of drill-testable anomalies. We don't expect quick action on these. They are remote and it is difficult to get all parties together to carry out the field trips for drilling approval. With cash for the year's work and three projects coming to the boil Thor is a busy company.

Thor Mining Plc	THR	Price p.	1.7
AIM	Mining	Cap £m	8.7

Y/E	Group Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
June	£000s	£000s	£000s	£/Share		£	%
2009A	-	-1.2	-1.2	-0.77	-	-	-
2010A	-	-1.8	-1.8	-0.79	-	-	-
2011E	No Estimates At Present						
2012E	No Estimates At Present						

TNG LTD



A definitive drilling programme has commenced at the Mount Peake Vanadium project. It will comprise 2,000m of diamond drilling and 2,000m of reverse circulation drilling. The twin aims of the programme are to extract approximately 1 tonne of diamond core sample for test work, and to hopefully upgrade part or all of the reserve from Inferred status to Indicated or Measured status.

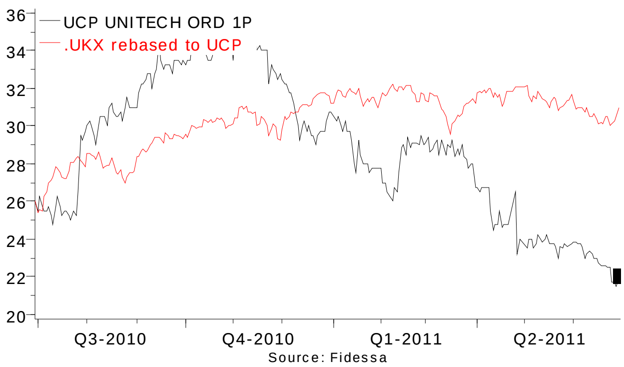
We have produced a detailed, 27 page study of TNG's Mount Peake Project, and its vanadium, titanium, magnetite and other potential products.

Email us for a copy of the full research note on research@hardmanandco.com.

TNG Ltd	TNG.AX	Price Aus c.	7.1
ASX	Mining	Cap AUS$	20.2

Y/E	Group Sales	Declared Profit/(Loss)	Adjusted Profit/(Loss)	Adjusted EPS	P/E Ratio	Divi	Yield
June	AU$m	AU$m	AU$m	AUc.		AUc.	%
2009A	0.1	-10.4	-10.4	-4.0	-	-	-
2010A	1.4	-4.0	-4.0	-1.4	-	-	-
2011E	No Estimates At Present						
2012E	No Estimates At Present						

UNITECH CORPORATE PARKS PLC



We plan initiating on this UK quoted Indian real estate business during the course of August and plan a visit to its sites near the end of July. The business has a cash positive balance sheet and is securing significant new rental agreements. We understand some of these new tenants could be robust funding partners.

New rental commitments have advanced strongly since Autumn 2010. Leases and agreements to lease (we exclude options and rights of first refusal) rose from 2.6m sq feet from end calendar 2009 to 3.33m end September 2010, 3.99m mid February 2011 and 4.88m mid April 2011 (the latest update). This is 106% of the area mid April 2011 which has been completed or is ready for fit-outs. Excluding agreements to lease, 80% of the completed area at that stage was leased out.

On 4 July, UCP announced that it has secured a number of further committed leases since its last update on 26 April 2011. As a result of these deals, the total area now leased or subject to binding pre-leasing commitments has increased to 5.1 million sq ft as at 20 June 2011, up from 4.9 million sq ft at 19 April 2011.

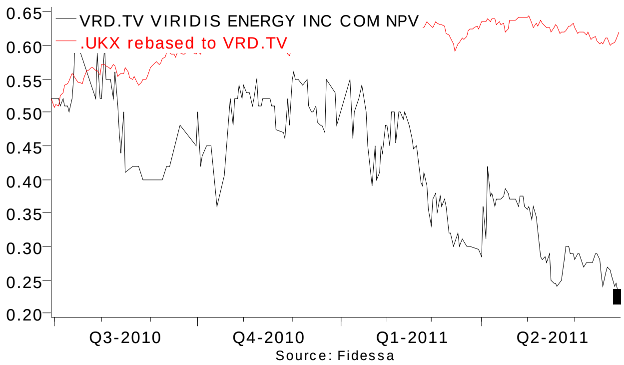
UCP is very secure and profitable on this snapshot view. Further, it is rolling out its development strategy and has committed developments which are, by March 2013, likely to take the floorspace to 10.4m sq feet and lead to some balance sheet debt. In the eighteen months to mid April 2011, commitments from tenants and prospective tenants rose by 2.3m sq feet. Were this rate of uptake to continue, the portfolio would be 90% leased upon completion of the current development programme. This would be an excellent and highly profitable and cash generative outcome. It is certainly not assured to continue at that rate – markets are competitive.

Strong lettings over the past eighteen months, and particularly since Autumn 2010 are most encouraging and are in contrast to the lacklustre share price performance. This is now shaping up to be a most interesting investment proposition.

Unitech Corporate Parks Ltd	UCP	Price p.	22.0
AIM	Real Estate Investment	Cap £m	79.2

Y/E	Gross Income	EBITDA	Adjusted Profit	Adjusted EPS	P/E Ratio	Divi	Yield
	£m	£m	£m	p.		p.	%
2009A	-	-	-	-	-	-	-
2010A	-	-	-	-	-	-	-
2011E	-	-	-	-	-	-	-
2012E	-	-	-	-	-	-	-

VIRIDIS ENERGY INC



Q1 results showed end-March inventory still unacceptably high at nine weeks' sales, at the end of the peak winter selling season. Total debt was little changed on end-December, but still short term, and the notes to the quarterly accounts state that "the company exceeded its borrowing limits and was out of certain covenants set by the bank". Loans had been made to Viridis by related parties. One loan listed by the quarterly accounts carries 3% per month interest, though we understand that the related party is neither collecting nor charging this interest.

The need for Viridis to close its long awaited private placement is pressing. We understand progress has been made, and expect an announcement imminently.

On the revenue front, for the quarter Viridis Energy showed sales of $2.67m, and an EBIT loss of $0.57m. Assuming the private equity placement closes successfully, this should mark the nadir in the fortunes of Viridis. For Q2, Viridis Energy has been running the new wholesale supply contract with Canada's leading buyer of wood pellets, this has cleared the inventory turning working capital into cash and also keeping the Okanagan Pellet factory working flat out at 5,000 tonnes/month, which is higher than its "nameplate" capacity. The price of raw material contracts has been negotiated down substantially, other economies have been made, and the Q2 results when they are released ought to be less negative.

Viridis needs to consolidate its various loans into one formal bank debt, with a loan that has covenants within which it can operate. It needs capital to incorporate its planned acquisitions, because the planned purchases of Monte Lake and the Colorado facility have still not been paid for. It will probably need working capital for its PKR (Palm Kernel Residue) biofuel contract that starts this month and sees it exporting large qualities of environmentally friendly power station fuel from Malaysia onto the Chinese mainland. There is a big company inside this little quoted company that is struggling to get out. The private share placement needs to be completed, and the financial position regularised, as a matter of urgency.

Viridis Energy Inc	VRD.TV	Price CA.C.	20.00
TSX	Energy	Cap CA$m	3.9

Y/E	Sales	Declared Pre-tax Profit	Adjusted Pre-tax Profit	Adjusted EPS	P/E Ratio	Divi	Yield
December	CA$m	CA$m	CA$m	CAc.		CAc.	%
2009A	-	-	-	-	-	-	-
2010A	7.8	-0.1	-2.9	-14.1	-	-	-
2011E	No Estimates At Present						
2012E	No Estimates At Present						

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