

**FTSE SmallCap vs. FTSE 100**

Two new companies have been added to our coverage this month.

**Begbies Traynor Group** has a market cap of >£100m, and is the largest of the quoted accountancy/professional services-related firms. Its key specialisation is insolvency, where it is ranked 7<sup>th</sup> in the UK marketplace, behind the “Big Four” international firms and ahead of seven of the ten national firms. We predict strong growth in both sales revenues and eps for this very well run business. The balance sheet is sound, and this company is in an ideal position to benefit from the strong upward trend in new instructions. This is a quality, institutional grade share that has considerable potential upside.

**Eik Banki** is the leading bank in the Faroe Islands, and also has a significant banking presence in Denmark. It is small by international standards, but is refreshingly free from the problems that have infected other, larger banks and is one of the few banks that has not been forced to raise fresh equity capital during the past year. Its rating, however, is low – the shares are trading at just 40% of net asset value and at an estimated 2.6X 2010E earnings assuming no impairments or fair value adjustments in that year.

Investment professionals are invited to phone or email to request copies of these important ‘Initiation Of Coverage’ research notes.

Directors of quoted companies should be taking careful note of the scandal concerning politicians’ expenses in the House of Parliament. Regardless of the moral rights and wrongs of the issue, there is no doubt that the screams of anguish from the affected MPs are genuine. These people – both parties, both sexes, all social backgrounds – clearly believed that they were doing nothing wrong. One MP even publicly stated that she had been told by House of Commons officials that expenses claims were to be regarded as part of her salary. Directors’ salaries, bonuses and pension pots are forcibly disclosed by the Companies Acts in Annual Reports and Accounts. ►

Market Indicator	Price	Previous Month Price	% Change in 1 month	Year High	Year Low
FTSE 100	4416	4348	1.6%	6377	3499
FTSE Small Cap	2272	2276	-0.2%	3241	1646

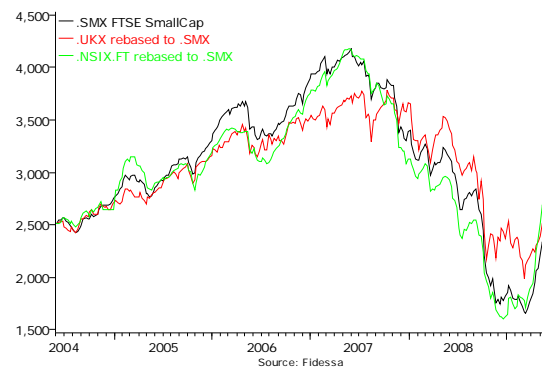
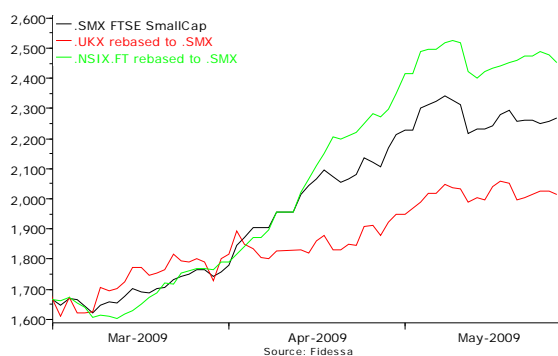
How many quoted company directors have slipped into the habit of allowing slightly questionable items into their expense claims, rather than push for a (possibly unjustified) salary increase? How many NEDs sitting on Remuneration Committees, how many Finance Directors and Financial Controllers signing off these expenses, have either actively encouraged these processes or passively accepted them?

Moral judgements (and regulatory compliance) are notorious for their ability to be interpreted differently after the event. It is always best to leave a significant safety margin. Over the last decade public attitudes to directors' pay has been changing – this started with Jean-Pierre Garnier's bonus issues at Glaxo in 2003, has spread through shareholder revolt at HSBC, Fred the Shred, Shell and now BT. This is not just a big company issue, however. We know several mid and small cap companies where big name institutions have refused to become shareholders because of excessive director remuneration. Did the directors concerned know that this was an issue? Almost certainly no-one told them directly to their faces.

From salaries/bonuses/pension pots to expenses is only a small step. Directors believing that these issues are non-disclosable should tread carefully. The House of Commons expenses affair was exposed by a leaked computer file, not by the Freedom of Information Act. Directors, and members of Remuneration Committees, should act now rather than risk future humiliation.

The divergence in value between large cap and small cap shares is becoming ever more marked. The PE ratio on the FTSE 100 is currently 9.8, on the FTSE 250 it is 18.6, on the All-Small Index 35.3, on the Fledgling it is 80. All these PE ratios understate the true position, because of the exclusion of loss-making companies, and the fact that most March year end companies have their earnings for the boom period to 3/08 included rather than those shortly to be announced for the recession year to 3/09.

The market has almost completed its cycle of rolling over from big stocks to small ones, and the only Index significantly outperforming now is the Fledgling, up 6.7% on the month. Interestingly, just recently earnings have held up better for big stocks than for small ones. So far in 2009, the investment story has been all about going small and picking winners. The statistics suggest that short-term the market is vulnerable to a return to large defensive plays, and the avoidance of losers.

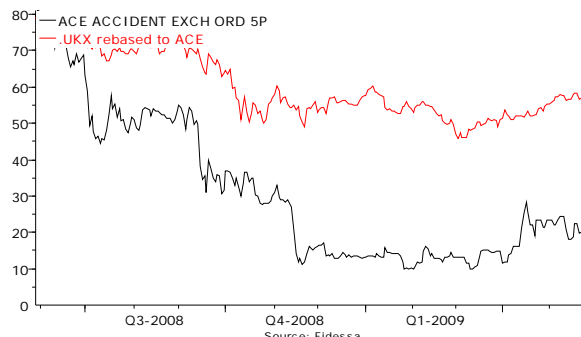


**ACCIDENT EXCHANGE**

Accident Exchange has an April year end and we expect the 2008/09 full year results to be announced in late July.

Apart from the numbers, we look for guidance on the latest cash flow position, progress on the cost cutting programme and the extent of bad debt provisions taken against the debtor book.

We will be introducing new estimates on Accident Exchange shortly after the full year results announcement.

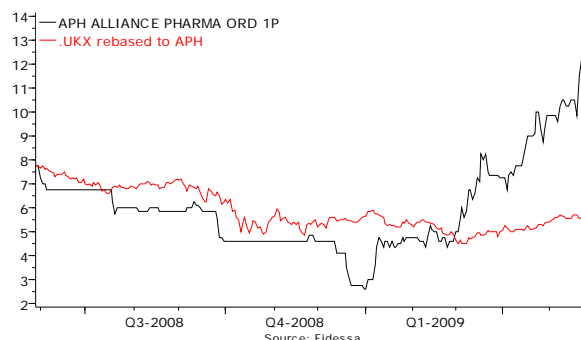


Accident Exchange	ACE				Price p.	18.5	
Full List	Specialty Finance				Cap £m	13.2	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
April	£m	Profit £m	Profit £m	Diluted eps	ratio	p.	%
2007A	119.6	13.6	18.0	18.1	1.0	2.4	13.0%
2008A	165.2	12.1	16.1	13.8	1.3	2.7	14.6%
2009E	181.2	0*	1.0	0.5	37.0	0.0	0.0%
2010E	No	estimates	at present				

\*Excludes exceptional items.

**ALLIANCE PHARMA**

Following its AGM on 21 May Alliance Pharma issued a statement saying that trading to date this year has gone well. Sales of both Deltacortril, used in the treatment of inflammatory and auto-immune conditions, and Hydromol, a range of emollients, have been particularly pleasing. In light of this announcement we have upgraded our forecasts for the 2009 financial year and have also brought forward our expectations of a maiden dividend announcement. We expect that Alliance's newest investors, MVM Life Sciences Partners, and ex merchant banker Nigel Wray, will be pleased with their investment to date.



Alliance Pharma	APH				Price p.	13.25	
AIM	Pharmaceuticals				Cap £m	21.48	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2007A	18.2	-3.21	0.37	0.23	57.6	-	-
2008A	21.8	2.40	2.40	1.55*	8.5	-	-
2009E	25.1	4.10	4.10	1.82	7.3	0.16	1.3%
2010E	24.7	4.00	4.00	1.79	7.4	0.17	1.3%

\*includes the benefit of a £600,000 tax credit

**BEGBIES TRAYNOR**

We have initiated coverage of Begbies Traynor Group, the corporate insolvency practice.

Begbies Traynor Group is ranked 7<sup>th</sup> in the UK, behind the "Big Four" international firms and ahead of seven of the ten national firms. After recent investment for growth, we understand that Begbies has existing capacity to increase its active caseload by 25%.

Corporate insolvencies have been on a strongly rising trend for the past five quarters – from Q1 2008 through Q1 2009 – and the trend shows no sign of abating.

Indeed, statistics for the 12 months to March 2009 show a 12% rise in appointments over the 12 months to December 2008.

Our FY 2009 forecast expects growth of 27% in revenue and, with an improvement in margins, 32% growth in EBITA. Even with a higher interest charge, reflecting greater working capital requirements and higher WASC, EPS growth is likely to be 28%. Progress is forecast to continue in FY 2010.

Begbies Traynor Group is a solid and well financed business with strong growth prospects in the current environment. The core insolvency division is well positioned to benefit from the strong upward trend in new instructions. The shares have fallen more than can be justified by the temporary setback in Corporate Finance. We believe that they stand at a c.30% discount to fair value.



Begbies Traynor

BEG

Price p.

106.25

AIM

Support Services

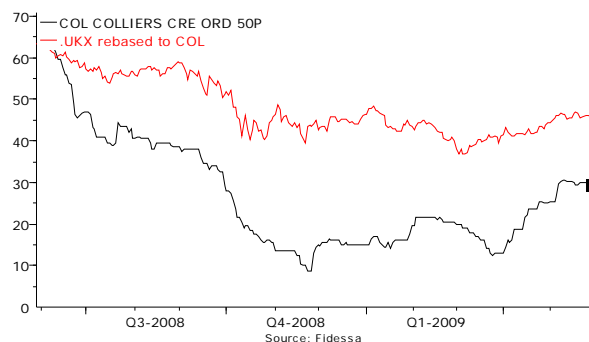
Cap £m

94.8

Y/E	Group	Declared	Adjusted	Adjusted	p/e	Divi	Yield
April	Sales £m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	41.9	8.5	9.7	8.5	12.5	2.5	2.4%
2008A	48.1	5.7	7.0	5.9	18.0	2.5	2.4%
2009E	61.2	7.4	9.6	7.6	14.0	2.7	2.5%
2010E	69.9	10.0	11.6	8.9	11.9	3.0	2.8%

**COLLIERS CRE**

There has been no news from Colliers CRE this month however Savills which held its AGM in early May issued an interim trading statement. The company continues to be cautious in what it sees to still be a difficult market. While there does seem to have been a slight improvement in the Investment market, transactional activity remains weak and both the Retail and Occupational markets have "been tough". All up there appears to have been little change in market conditions.



Colliers CRE

COL

Price p.

29.5

AIM

Real Estate

Cap £m

13.8

Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2007A	117.5	12.2	9.4	11.8	2.5	5.0	16.9%
2008A	78.0	-11.1	-4.6	-6.5	-4.5	-	-
2009E	74.1	1.6	2.0	2.4	12.3	-	-
2010E	74.1	2.0	2.0	3.1	9.5	-	-

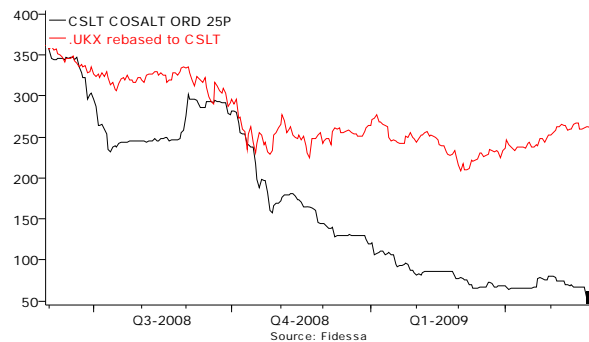
**COSALT**

Following the latest trading update, we have downgraded our eps estimate for the current financial year from 21.4p to 15.5p and our Group EBIT before Head Office costs from £13.7m to £11.1m. Our dividend forecast remains unchanged at 4p/share.

The Offshore Oil & Gas Division which accounts for c.80% of group EBIT has had a quieter than expected start to the financial year as some customers delayed projects. April was better, but it is now looking increasingly unlikely that the seasonally stronger second half will compensate for the earlier weakness in full.

The Marine Safety division is trading 'close' to management expectations. However, the UK Marine Business which generates £20m in annual revenues is clearly loss-making. A restructuring of the UK business is now underway to improve EBIT margins to the c.7% made in the European Marine business over the next two to three years.

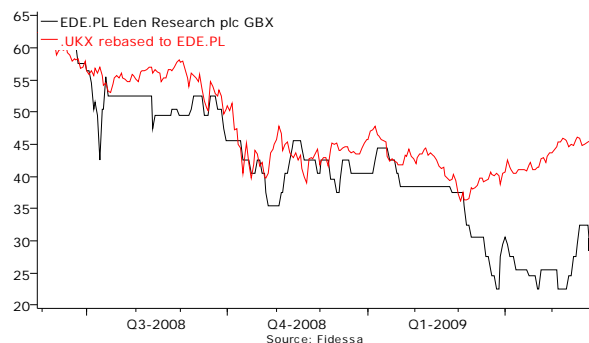
Looking ahead to 2010, the Offshore Oil & Gas division will benefit from a new partnership with Bridon International, the wire rope manufacturer. This will add revenue well into the seven figures, although at modest margin. Also, margins in the UK marine business will have improved.



Cosalt Full List				CSLT Diversified Inds		Price p.	54.5
Y/E	Sales	Declared	Adjusted	Headline	p/e	Divi	Yield
October	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	66.9	0.1	1.0	11.6	4.7	12.00	22.0%
2008A	105.0	1.5	7.2	23.4	2.3	6.0	11.0%
2009E	115.4	4.1	5.8	15.5	3.5	4.0	7.3%
2010E	No	forecasts	at present				

**EDEN RESEARCH**

We have temporarily suspended our analysis of Eden Research.

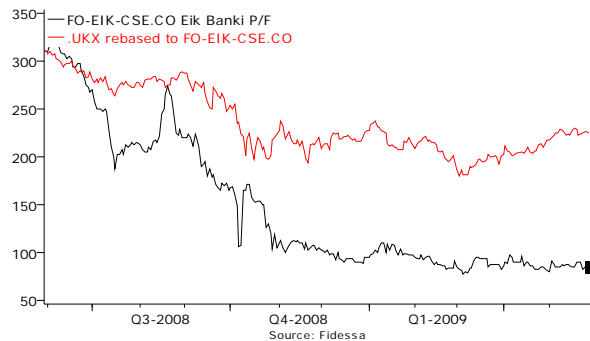


Eden Research PLUS				EDE Diversified Inds		Price p.	29.5
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	0.4	-2.6	-2.2	-4.2	-	0.0	-
2008A	0.1	-2.1	-1.6	-2.9	-	0.0	-
2009E	No	estimates	at present				
2010E	No	estimates	at present				

**EIK BANKI**

We have initiated coverage of Eik Banki, a full service bank that accounts for 50% of the market in the Faroe Islands and also has significant interests in Denmark.

Eik is a small bank by international standards, but it has avoided most of the problems that have plagued its major competitors. Its loans to deposits ratio is conservative. Both its full year 2008 and its Q1 2009 results statements have been refreshingly free from major problems. It is one of the few banks not to have had to raise equity capital during the past year.



Eik Banki will take advantage of the Danish Government's Credit Package II for the banking community. This will boost its solvency and core capital ratios, at a short term cost to profits and dividends but without requiring any equity dilution. Post the Credit Package II, Eik Banki will have solvency and Core Capital ratios that should give comfort to depositors and shareholders alike.

Because of Eik's market position in the Faroe Islands its shares give exposure to the Faroese economy in general. In Denmark the bank is exposed to the interbank market and lending against residential property and corporate real estate. The Faroe Islands is a self-Governing territory within Denmark. The country has been sensibly run, experiencing none of the difficulties of its neighbour Iceland.

We believe that future asset write downs and fair value adjustments will be modest, and that the company will return to profit in 2010 after a decent result in full year 2009. In the meantime the shares are trading at less than 2X peak earnings, and at only 40% of their net asset value.

Eik Banki	FO-EIK CSE					Price DKK	82.5
Danish Stock exchange	Banks					Cap DKK	685.6
Y/E	Total Income*	Declared Pre-Tax	Adjusted After-Tax	Adjusted After-Tax	Adjusted p/e ratio	Divi	Yield
June		Profit DKKm	Profit** DKKm	eps** DKK		DKK	%
2007A	676	465	310	31.2	2.6	10.7	12.9%
2008A	796	-416	384	36.8	2.2	0.0	0.0%
2009E	661	69	249	23.8	3.5	0.0	0.0%
2010E	743	313	323	31.0	2.7	0.0	0.0%

\*Net interest income + fees etc

\*\*Before impairments and market value adjustments

**ELECO**

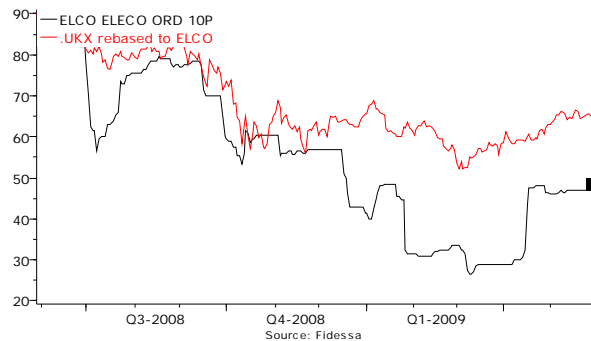
Eleco is now in the last month of its financial year. We believe it is in much better shape than most other companies in the building systems/building materials space, but much will depend on trading in June. We do not at present have any profit estimates for Eleco, but point out that the company is still profitable, still paying dividends, and still has net cash in the bank, plus very considerable unused borrowing facilities.

From the trading point of view, Eleco has a strong public sector customer base, with the proviso that some of this is dependent upon PFI financing. It also has a strong market position in precast concrete, with ownership of its own intellectual property and an interesting construction related software business that is scaleable and capable of roll-out internationally.

We believe Eleco to be in a better position than **Wolseley**, which at end-May announced that 'markets continued to weaken in March and April', with the UK, the Nordic area and Ireland experiencing 'greater levels of decline than elsewhere in Europe'. Nevertheless, Wolseley's comments do help illustrate the state of the markets into which Eleco is trading.

A further indicator of general market conditions came from **Romag**, most of whose business is solar energy related but which still retains a small architectural glass operation. Romag stated at the end of May that its architect specified business was down 40% so far this year.

We are happy to discuss the situation of Eleco with any professional investment manager.

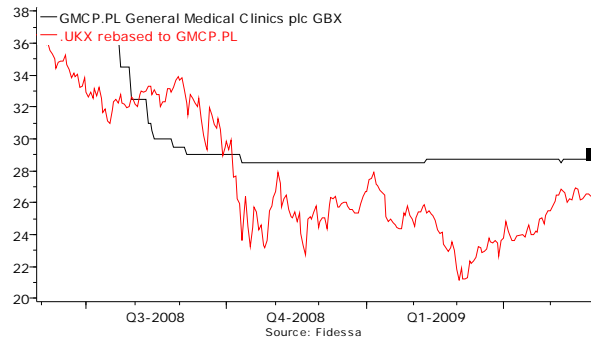


Eleco				ELCO		Price p.	48.5
AIM				Diversified Inds		Cap £m	28.8
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	61.9	5.9	6.3	10.3	4.7	2.5	5.2%
2008A	84.9	8.2	9.1	12.1	4.0	3.0	6.2%
2009E	Estimates	under	review				
2010E	Estimates	under	review				

2007 actual results restated for IFRS.

**GENERAL MEDICAL CLINICS**

In General Medical's May trading update, the company reported that trading since the beginning of 2009 has been worse than expected due to rounds of redundancies in the City of London. This combined with a late return to work in January and the bad weather in early February to produce some erosion in the number of self pay patients and in travel vaccinations. These accounted for 9.7% and 7.6% of 2008 revenue respectively. The company has also made further economies during this period, the benefits of which are expected to be seen next year.



GenMed has recently signed a 2-year agreement with a major oil company at its London Global office, providing travel health services. This is a £200,000 per annum agreement and it has been operating since 20 April. The company also anticipates further cross selling opportunities of GenMed's other services, as this office has over 4,500 people.

Trading at the new Baker Street clinic is currently in line with the company's expectations. The management team continues to aim for a cash neutral position within 12 months of its first operating year, by 2H10. For 2H09, however, this clinic will be running at a loss of approx. 0.8p/share, higher than we expected. GenMed's 'Company Doctor Scheme' continues to have a high contract renewal rate of over 90% with similar levels of headcount per contract as before. This is an encouraging sign for GenMed given the market it operates in.

GenMed continues to be cash positive with healthy cash flow and is looking at ways of boosting shareholder value. We have, however, revised our forecasts downwards to reflect the events above. For FY09, sales are revised down to £6.64m. We now expect adjusted pre-tax profit of £0.25m and adjusted EPS of 1.02p.

The proposed share buyback scheme has been withdrawn due to a technical issue regarding the status of EIS, which will expire in December 2009. However, the proposal will be resubmitted to the Board at the company's next AGM in September/October 2009.

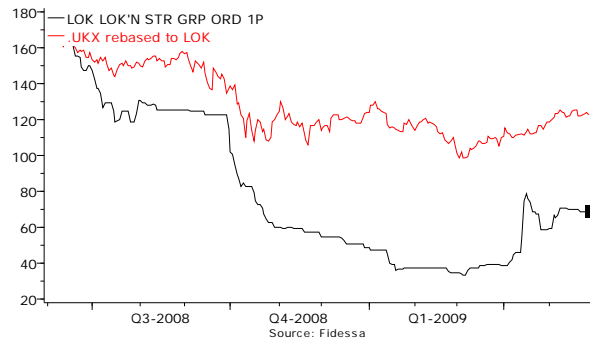
In other news, GenMed's CFO, Jerry Appleyard, has recently bought 6,900 shares, which is his entire shareholding. As a result of this purchase, total directors' shareholdings have increased to 26.88%.

General Medical Clinics				GMCP		Price p.	29.0
UK: PLUS				Healthcare		Cap £m	4.8
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	6.40	0.35	0.48	3.0	9.7	0.0	0.0%
2008A	6.54	0.30	0.48	2.1	13.8	0.4	1.4%
2009E	6.64	0.16	0.25	1.0	28.4	0.5	1.7%
2010E	Estimates	under	review				

**LOK'NSTORE**

No new details have emerged on the Lok'nStore bid approach but the company remains on the Takeover Panel List.

In sector news, the recent Big Yellow results were well received by the market and backed up comments made by Lok'nStore's management last month that both space reservations and enquiry levels are on an improving trend. The Big Yellow results were accompanied by news of a successful £32.9m equity fund raising at a small premium to the market price which we view as hugely impressive given the deeply discounted rights issues that have taken place elsewhere in the property sector. The company intends to use these funds to build out its existing development pipeline and also to buy up new sites at opportunistic prices.

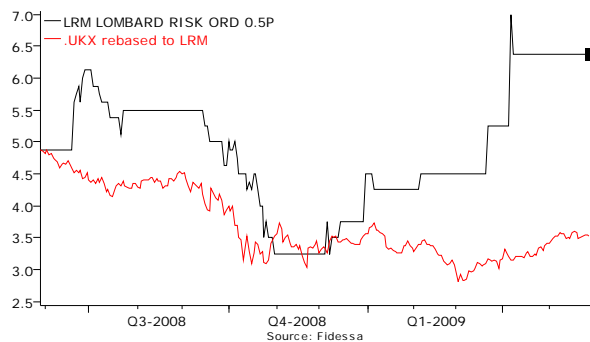


Lok'nStore AIM	LOK Support Services					Price p.	69.0
						Cap £m	18.5
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
July	£m	Profit/Loss £m	Profit £m	Basic eps p.	ratio	p.	%
2007A	10.67	0.95	0.37	1.20	57.5	0.67	1.0%
2008A	10.83	-0.74	-0.31	-1.50	-	1.00	1.4%
2009E	Forecasts	Withdrawn					
2010E	Forecasts	Withdrawn					

**LOMBARD RISK MANAGEMENT**

Lombard Risk Management shares have had a quiet six weeks, so although they have recovered from their November 2008 low point they have missed out on the recent stock market rally.

The company is a provider of software and systems to the world banking community, and its particular specialism is risk management. Risk control is a key concern for both banks and their regulators at the moment, so Lombard is operating in the right market space, even though its annual sales are still modest and it has yet to make a profit. The company won two important new contracts during the Spring.



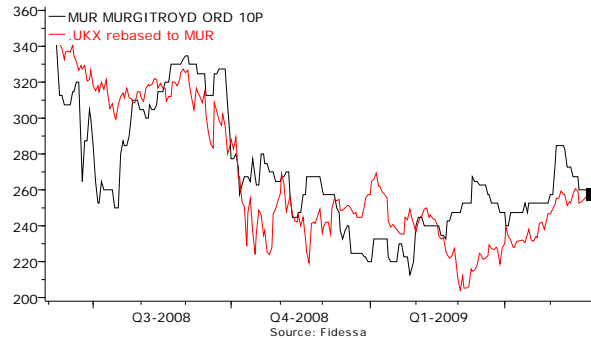
Another AIM company selling into the financials marketplace, **Ffastfill**, has announced some very good sales and order book figures, and a first ever operating profit before exceptional items.

Lombard is in close period at present, because it has a March year-end. We do not yet have a date for the results announcement.

Lombard Risk Mgt AIM	LRM Software					Price p.	6.4
						Cap £m	8.7
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2007A	6.9	-1.3	-1.3	-1.0	-	-	-
2008A	8.5	-1.1	-1.1	-0.7	-	-	-
2009E	8.7	-1.0	-1.0	-0.7	-	-	-
2010E	10.0	0.75	0.75	0.5	12.8	-	-

**MURGITROYD**

Murgitroyd shares continue to be depressed on little volume. On our full year earnings forecast for the year ended May 2009 Murgitroyd is trading on a p/e ratio of 8.6x. RWS, also in the Intellectual Property space, is trading on a full year 2009 p/e ratio of 12.1x. Murgitroyd is a conservatively priced, consistent performer, offering a dividend yield of circa 4%.

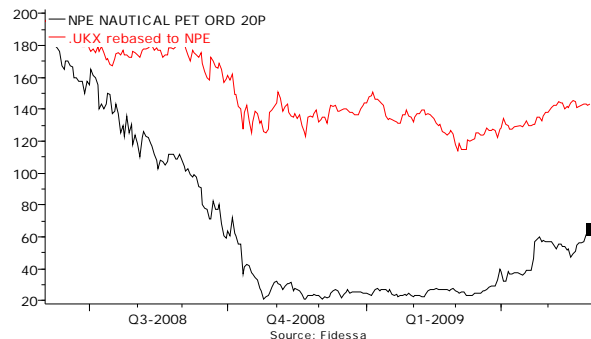


Murgitroyd AIM	MUR Support Services	Price p. Cap £m	255.0 21.7				
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	£m	Profit £m	Profit £m	Basic eps p	ratio	p.	%
2007A	22.8	2.9	2.9	23.8	10.7	9.0	3.5%
2008A	25.7	2.9	3.1	25.3	10.1	9.5	3.7%
2009E	29.6	3.6	3.6	29.9	8.5	9.5	3.7%
2010E	31.3	3.9	3.9	32.3	7.9	10.0	3.9%

**NAUTICAL PETROLEUM**

Development appraisal work on Mariner and Kraken continues apace. Nautical have contracted Offshore Hydrocarbon Mapping Limited (OHM) to conduct a Controlled Source Electromagnetic (CSEM) survey following-on from a successful pilot project undertaken by OHM on Kraken for the joint venture earlier on this year.

CSEM image data acquired by OHM on the pilot project when integrated with the Kraken joint venture group's existing well and seismic data determined that the resistive body associated the discovery (read hydrocarbon pool) in well 9/2-1 extended significantly North and South of the well. This new full-appraisal survey will now seek to map the lateral extent of the discovery and help distinguish between competing geological hypotheses, which in turn will guide further appraisal drilling.

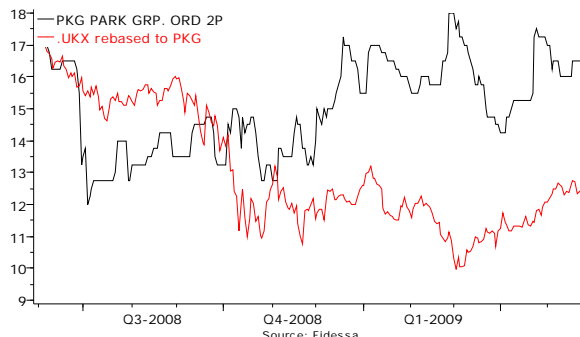


OHM have stated the total contract value to be in excess of \$1 million. The survey will be conducted by OHM's dedicated vessel OHM Leader in June 2009 with initial results expected in July 2009.

Nautical Petroleum AIM	NPE Oil	Price p. Cap £m	64.5 40.9				
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	0.0	-0.90	-0.40	-0.91	-	-	-
2008A	0.0	-4.50	-4.50	-7.44	-	-	-
2009E	Estimates	under	review				
2010E	Estimates	under	review				

**PARK GROUP**

Park Group is heavily in close period and its full year results are due to be released on the morning of Thursday June 11.

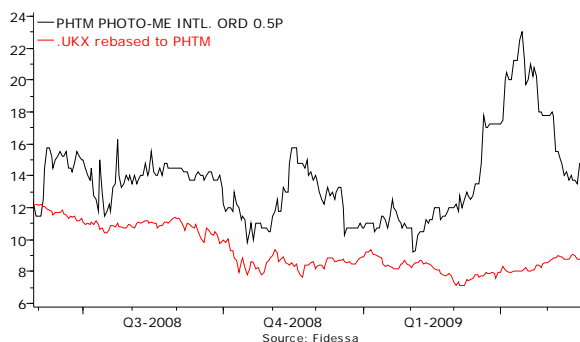


Park Group				PKG		Price p.	16.5
AIM				Consumer Finance		Cap £m	27.2
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	305.2	6.2	10.1	4.0	4.1	1.2	7.3%
2008A	225.1	4.5	5.2	2.2	7.5	1.2	7.3%
2009E	252.3	6.2	6.2	2.7	6.1	1.3	7.9%
2010E	262.2	5.4	5.4	2.3	7.2	1.3	7.9%

**PHOTO-ME INTERNATIONAL**

Photo-Me International is in close period ahead of its full year results.

The key development over the past month has been the appointment of Serge Crasnianski as a non-executive director. Crasnianski owns 22.2% of the Photo-Me stock, and was chief executive until forced into (very slightly) premature retirement by a group of rebel activist investment managers two years ago. There are few people anywhere who know as much about the marketplace for mini-labs and the vending related photographic marketplace. Crasnianski founded KIS, which since 1994 has been the principal manufacturing arm of the group.



The key attraction of Photo-Me, in our opinion, is the huge cash flow from its vending operations. We will be watching the full year results with interest to see how Photo-Me has dealt with two outstanding issues, the losses on its manufacturing side and the changes being made in the French passport photo market.

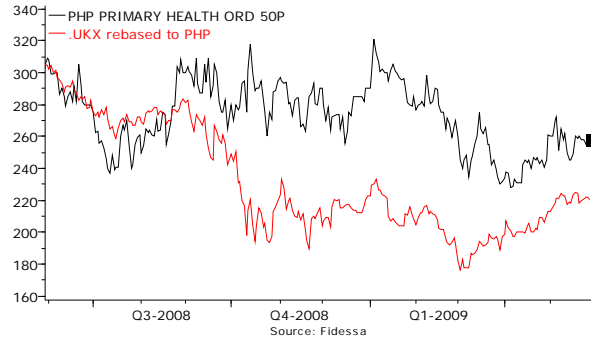
Photo-Me				PHTM		Price p.	15.5
Full List				Support Services		Cap £m	55.7
Y/E	Sales	EBITDA	Adjusted	Adjusted	p/e	Divi	Yield
April	£m	£m**	Profit £m**	eps p.**	ratio	p.	%
2007A*	212.8	46.0	13.9	2.4	6.5	2.4	15.5%
2008A	209.6	35.8	-6.9	-2.0	-	0.0	-
2009E	210.9	29.7	-7.1	-0.9	-	0.0	-
2010E	199.5	35.2	3.5	0.6	25.8	0.0	-

\*Restated by management for sale of US business      \*\*Before exceptional items

**PRIMARY HEALTH PROPERTIES**

One month from its year-end, Primary Health Properties, which owns the freeholds of GP surgeries, continues to be fully let and is obtaining good rental increases. The company appears happy with its pipeline of potential new property acquisitions.

Results for rival **MedicX Fund**, announced at end-May, showed a reduction in net asset value of 13% on a market value basis and of 7% on a discounted cash flow basis. MedicX's most recent medical property acquisitions, those put through since its end-March year end, have been made on a 6.21% cash yield basis; its rent reviews have been averaging 2.8%. We point these out because the experience of MedicX and Primary Health Properties is unlikely to be particularly different. PHP's last reported property valuation was on a 6.16% yield basis, so the MedicX experience suggests that PHP's next net asset value might possibly be in line for a very modest reduction.



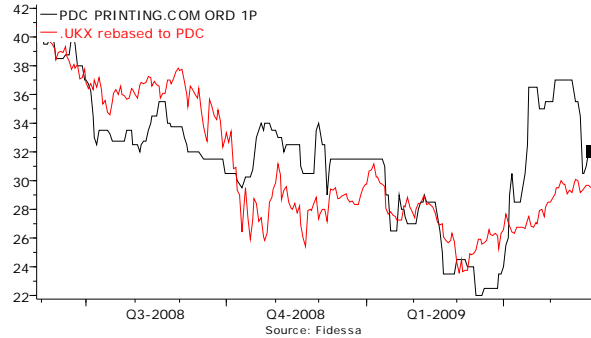
MedicX also stated that there is 'an attractive pipeline of opportunities'. Its shares trade at an 8% discount to market value nav and a 30% discount to nav on a discounted cash flow basis. MedicX also indicated that it is about to start paying dividends quarterly. The indicated total annual payout will be 5.33p/share, suggesting a yield going forward of 7.6%. In this respect, MedicX shares will probably be yielding slightly more than those of Primary Health Properties, but it is important to bear in mind that PHP is a significantly larger company, fully covers its dividend from cash earnings (unlike MedicX), and has been established for longer.

Primary Health	PHP				Price p.	257.5
Full List	Real Estate				Cap £m	86.5
Y/E	Revenue (Rent etc) £m	Adjusted Profit* £m	Adjusted Eps* p.	p/e ratio	Divi p.	Yield %
2007A	15.7	4.2	13.8	18.7	15.75	6.1%
2008A	19.7	6.3	18.8	13.7	16.50	6.4%
2009E	20.8	6.3	18.5	13.9	17.00	6.6%
2010E	22.2	7.0	20.0	12.9	17.50	6.8%

\* EPRA basis

**PRINTING.COM**

The Printing.com full year results showed a 7% increase in turnover but a 4bps drop in operating margin and a 15% drop in pre-tax profit to £2.06m. The decline in profitability was in line with our expectations and reflects an increase in costs, both in terms of the marketing subsidy forwarded to franchisees and the increase in provision for bad debts. The big surprise in these results was the substantial 71% hike in the total dividend payout, including a special dividend of 2p/share. This has been made possible because both cash generation and the Printing.com balance sheet remain strong.



Following these results we are maintaining our estimates. These assume both revenues and profits will hold broadly steady in 2009/10 before rising again in 2010/11. For the current financial year, turnover per outlet will inevitably be down and a number of franchisees (c.40) will leave the network. However, we believe the total number of outlets in operation ought to be capable of increasing (by c.20) driven by growth in the bolt-on franchise estate so whilst there will be some decline in volume it is likely to be modest.

In arriving at our 2009/10 estimates we have assumed provisioning for bad debts and marketing subsidies will run at a similar level to the 2008/09. In the absence of these, profits would be significantly higher.

Printing.com				PDC		Price p.	37.5
AIM				Retailing		Cap £m	16.8
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	13.5	2.4	2.4	3.5	10.7	3.00	8.0%
2008A	14.5	2.1	2.1	3.3	11.5	5.15	13.7%
2009E	14.4	2.1	2.1	3.2	11.7	3.30	8.8%
2010E	15.3	2.3	2.3	3.6	10.4	3.60	9.6%

**R.E.A. HOLDINGS**

The crude palm oil (CPO) price has held firm in a trading range of \$750m/t - \$800m/t since our full year results note published in May.

In that note we raised our current year revenue and profit estimates in light of the improving sector outlook (see below). Our new estimates are based on a higher, but still conservative average CPO price of \$640m/t CIF Rotterdam (vs. our previous estimate of \$620m/t) and factor in a 7bps improvement in gross margins as a result of the drop in fuel and fertiliser costs. Despite this upgrade, profits will fall below last year as the average palm oil price remains far below 2008 levels. This is true for the entire industry.



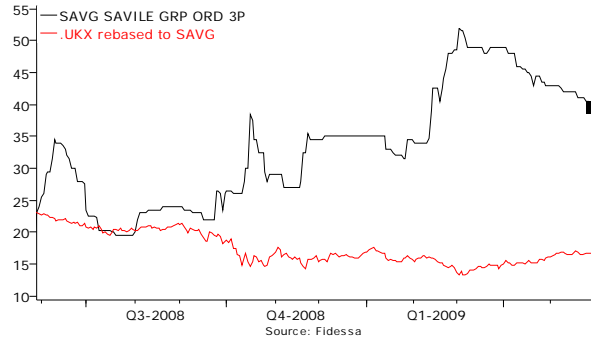
Our analysis of the London quoted peer group indicates R.E.A is currently trading on one of the lowest forward earnings multiples in the sector. It is also one of the least expensive companies in terms of EV per hectare, both on a total and planted acreage basis.

R.E.A. Holdings				RE.	Price p.	352.5	
Full List				Food	Cap £m	117.7	
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	38.98	73.0	7.2	2.0	0.6%
2008A	79.6	36.3	38.97	77.20	6.8	3.0	0.9%
2009E	66.9	34.20	34.20	66.40	8.0	3.3	0.9%
2010E	73.4	39.50	37.50	73.70	7.2	3.6	1.0%

**SAVILE GROUP**

There has been no new news from Savile this month but it is clear that 2009 will be another year of excellent growth for the group. In the larger outplacement division, we understand demand from City clients continues to be strong, trailing just 10-20% below its peak in January 2009. This is obviously encouraging but it is important to remember that earnings visibility in this division is limited.

At the time of the interim results in February, trading across the predominantly talent management operations – CEDAR and IDDAS – was described as holding up well. We believe this continues to be the case and that trading will further benefit from last month’s new business development team appointment.



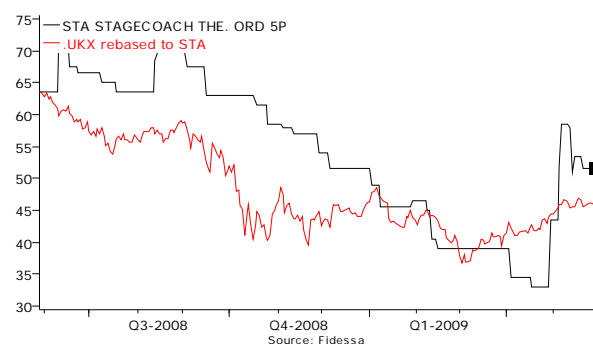
Savile has a June year end and will be announcing its 2009 full year results in September. A pre-close trading update is likely to be made sometime in July.

Savile Group				SAVG	Price p.	39.5	
UK:				Support Services	Cap £m	5.8	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	5.10	-0.19	0.21	2.2	18.1	0.0	-
2008A	7.02	0.72	0.90	6.0	6.5	0.0	-
2009E	9.40	1.51	1.53	7.2	5.5	2.0	5.1%
2010E	10.78	1.67	1.69	8.0	4.9	2.2	5.6%

**STAGECOACH THEATRE ARTS**

Stagecoach Theatre Arts is currently in close period with the company’s full year results to end-May 2009 now scheduled for release on 5 August 2009, one week earlier than stated in our previous monthly.

The results are likely to show a significant reduction in initial fee income on new school sales and school re-sales which have been hit hard by the recession. The revenue shortfall here will be compensated for some extent by an increase in continuing fee income however, as student numbers have proven to be impressively resilient. We also expect the full benefit of the cost savings initiatives to be borne out in the 2009 numbers.



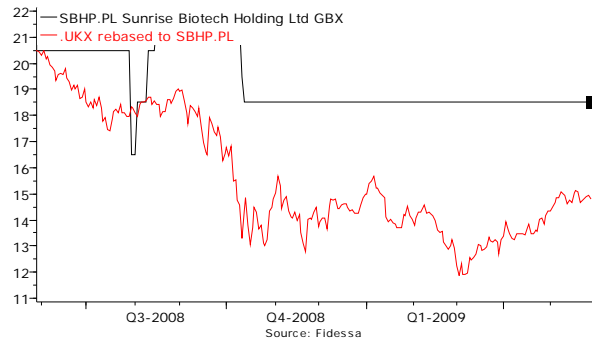
The shares have risen by 18% over the course of the last month.

Stagecoach Theatre Arts				STA	Price p.	51.5		
AIM				Theatre Arts	Cap £m	5.1		
Y/E	Group	Network	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	Sales £m	Sales £m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	6.32	26.54	0.37	0.37	2.5	20.6	0.0	0.0%
2008A	6.33	28.47	0.71	0.71	5.04	10.2	2.0	3.9%
2009E	6.22	29.89	0.72	0.72	5.17	10.0	2.6	5.0%
2010E	6.26	29.96	0.73	0.73	5.26	9.8	2.7	5.2%

**SUNRISE BIOTECH HOLDING LTD**

Sunrise held its AGM earlier this month and all resolutions were passed.

One of its comparators, **China Food**, recently published a trading update showing trading was profitable Q109 despite the global economic slowdown. However, both of China Food’s business divisions, Consumer Condiments and Animal Feeds, were affected by the contraction in the global and Chinese economy at the beginning of 2009, the Animal Feeds division especially. The company attributed the decrease in demand to increased competition and consumers becoming more price conscious. As a result, China Food is expected to adopt a more conservative approach for the remainder of the year to include cost cutting and a review of the company’s pricing and product strategy, in order to maintain its competitiveness in the market.

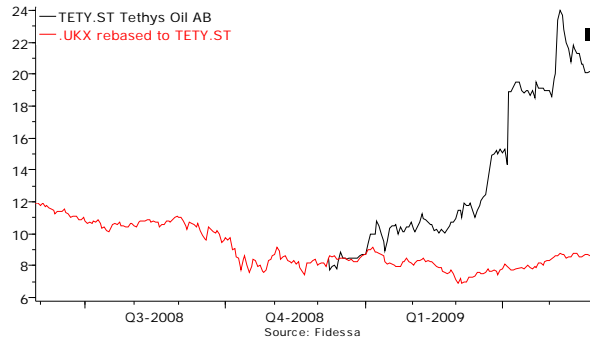


Sunrise Biotech Plus			SBHP Pharmaceutical & Biotechnology				Price p.	18.5
Y/E	Sales	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
Dec	RMB m	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	56.3	3.70	2.25	2.26	22.54	0.8	-	-
2008E	62.8	5.26	1.82	1.98	0.74	25.0	-	-
2009E	Forecasts	under	review					
2010E	Forecasts	under	review					

**TETHYS OIL**

Following the authorisation granted at the recently held AGM, the Board of Directors of Tethys Oil AB has resolved to conduct a private placement of 2,000,000 shares at SEK 20 per share, raising SEK 40 million for working capital purposes, which we understand is being subscribed for both by new investors and existing shareholders.

This new issue will increase the number of shares in the company to 27,280,086 with a 7.9 per cent dilution to non-participants when calculated against the prior number of shares in issue. The subscription price for the placing was in-line with Tethys' opening market price when the announcement was released and appears to have been well received by the market with the shares jumping by just over 10% on the news.



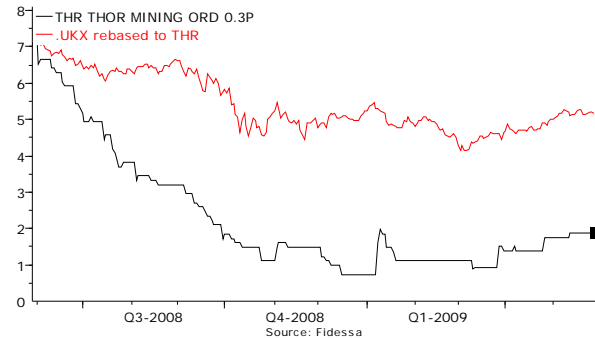
Other news from the AGM included the election of PricewaterhouseCoopers AB as company auditor and the creation of a new Nomination Committee headed by Jan Risberg to propose certain resolutions for the 2010 AGM. Jan is an independent and non-executive member of the Board, who will now invite four of the largest shareholders of the company to form this new committee. The names of the members of the Nomination Committee will be announced not later than six months prior to the Annual General Meeting in 2010.

Tethys Oil AIM				TETY.SE Oil		Price SEK.	24.0
						Cap MSEK	655.2
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	SEK m	SEK m	SEK m	eps SEK	ratio	SEK.	%
2007A	0.0	-24.7	-24.7	-1.41	-	-	-
2008A	0.0	-16.4	-16.4	-0.72	-	-	-
2009E	No	estimates	at present		-	-	-
2010E	No	estimates	at present				

**THOR MINING**

Thor Mining's quarterly report, released in early May, stressed that financing 'continues to be of high priority'. The quarter closed with A\$1.2m of cash reserves following the January fundraising, and this company has a relatively limited cash outflow, but the statement is clearly intended to prepare Thor's followers for the possibility that a further cash call is close. We had always expected a further fundraising in H2.

No further news was given in the Quarterly Report of the additional drilling at Molyhil that took place earlier in the year. We expect a revised feasibility study to be published sometime during the next quarter, after consideration of the drilling results and completion of the cost reduction study.

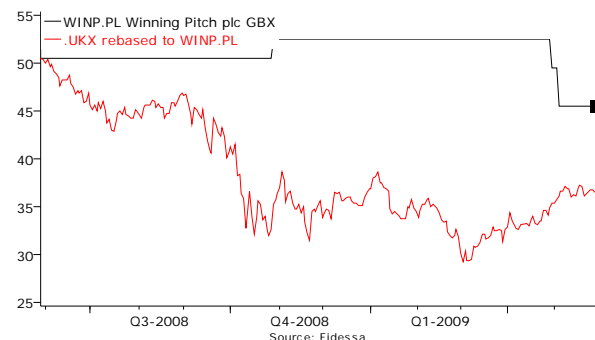


We shall be meeting management again during early June and will publish an update note shortly. Please call to ensure that you are on the distribution list.

Thor Mining AIM				THR Mining		Price p. Cap £m	1.8 2.6
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e Ratio	Divi p.	Yield %
June							
2007A	0.0	-1.4	-1.4	-1.27	-	-	-
2008A	0.0	-1.1	-1.1	-0.76	-	-	-
2009E	No	estimates	at present				
2010E	No	estimates	at present				

**WINNING PITCH**

Winning Pitch is to hold its AGM at its Manchester offices on 25 June and at that time we expect to receive an update on progress on both the company's £7.0m, 3 year, NWDA contract and on other contract wins. Winning Pitch's shares are tightly held by senior management and the shares rarely trade.

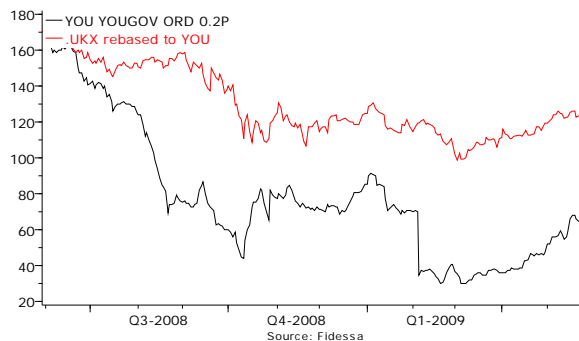


Winning Pitch PLUS				WINP Support Services		Price p. Cap £m	45.5 2.4
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Basic eps p.	p/e ratio	Divi p.	Yield %
December							
2007A*	0.44	0.14	0.14	2.26	21.9	-	-
2008A	1.30	-0.24	-0.03	-4.37	-	-	-
2009E	2.30	0.24	0.24	0.04	14.3	-	-
2010E	3.50	0.67	0.67	0.10	5.4	-	-

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

**YUGOV**

YouGov shares have continued to rally and are up a further 17% over the last month. In light of the company's growth ambitions the company has approved the granting of new options under the terms of a Long Term Incentive Plan designed to align senior management's interests with those of share holders. Option recipients include Group CEO, Nadhim Zahawi, Chief Innovation Officer, Stephan Shakespeare and Chief Financial Officer, Alan Newman.



YouGov				YOU		Price p.	60.5
AIM				Media		Cap £m	57.9
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
July	£m	Profit £m	Profit £m*	Basic eps p.	ratio	p.	%
2007A	14.3	5.6	5.7	6.0	10.1	-	-
2008A	40.4	4.0	9.5	9.1	6.6	-	-
2009E	47.1	0.7	3.7	2.3	26.3	-	-
2010E	51.3	2.9	6.1	3.7	16.4	-	-

\*Adjusted profit after adding back amortisation, exceptional items, share base payments, integration costs etc.

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