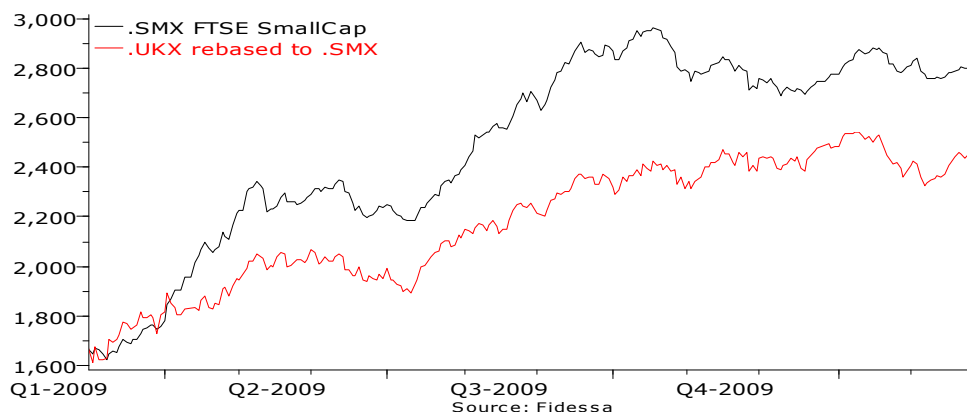


The Monthly March 2010

2 March 2010



FTSE Smallcap vs. FTSE 100

The 2010 General Election will be the most important for the UK mid-cap and small-cap stock market for many years – possibly since 1979. A clear victory by either Labour or Tories would be quite acceptable, with five years in which to get unpopular economic decisions generating results before politicians have to face the public again. A Tory lead of just 2%, as suggested by the weekend Sunday Times/YouGov poll, is the worst possible outcome, suggesting a hung parliament and either a hastily cobbled together coalition or government by inaction until another election in 2011 or 2012.

A Budget deficit of the level Britain currently has is clearly untenable. The parallels with Greece are all too obvious and already medium and long term Sterling interest rates have been edgily accepting the risks to Britain's AAA credit rating. For any party to specify in detail its planned measures to tackle the problem would clearly be electoral death, because of the natural tendency to put personal wellbeing above the good of the nation. A hung parliament would delay this unpleasant process.

This doesn't really affect the FTSE 100 very much. The FTSE 100 is so much a proxy for the world economy that it almost serves as a currency hedge. Look at the constituents. The five largest (BP, HSBC, Vodafone, GSK, Shell) derive over 80% of their earnings from outside the UK and account for 35% of the Index value. A further five in the Top 40 have no interests in the UK at all. Most mid-cap and small UK companies are not in such a fortunate position however. They tend to be much more heavily exposed to the UK.

Stock markets can handle a short period of pain while the economy is put back on a sound footing. Markets look forward after all, and the market is trading currently 17 times last year's earnings. What it will find more difficult is to assess further Sterling weakness created by a period of indecision.

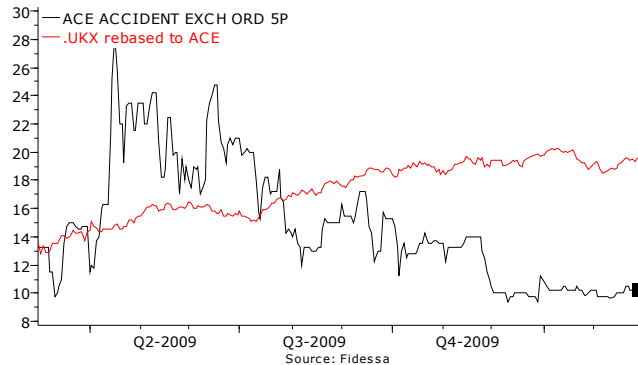
Exporting will be easier as Sterling falls, but in general mid cap and small cap companies have below average exposure to export markets. Imported materials and services will rise in price. Costs will create some inflationary pressures (although not demand). Interest rates will be likely to trend upwards once more. Equities as an inflation hedge? This is an old and largely discredited story from the 1970s, but there may still be legs in this argument. Property as an inflation hedge has more validity, particularly in Central London because properties in capital cities have a greater proportion of international buyers and tenants.

2009 was an exceptionally good year for small company investment, both in absolute terms and vs. the FTSE 100. On an indecisive election result, expect big companies to outperform small ones again for the remainder of 2010 and probably for 2011 as well.

Market Indicator	Price	Previous Month Price	% Change in 1 month	Year High	Year Low
FTSE 100	5,355	5,247	2.1%	5,538	3,512
FTSE Small Cap	2,791	2,812	-0.7%	2,964	1,621

ACCIDENT EXCHANGE

The shares have outperformed the market over the past two months as investors take on board the potential upside from the massive cost savings currently being introduced and the short term benefits from the massive increase in car accidents over the winter. The big problems of course remain – the negotiations on new or extended borrowing facilities for when the current loan agreements run out in the Autumn, the shortage of funds, the highly geared balance sheet and the reluctance of trade debtors (the major motor insurance companies) to settle their invoices. The results announcement from rival Helphire issued on February 26 was encouraging in that it showed some recovery of



due cash from the insurance companies and positive cash flow, and we hope this might be indicative. We still have no estimates on Accident Exchange, and cannot have until the situation becomes clearer.

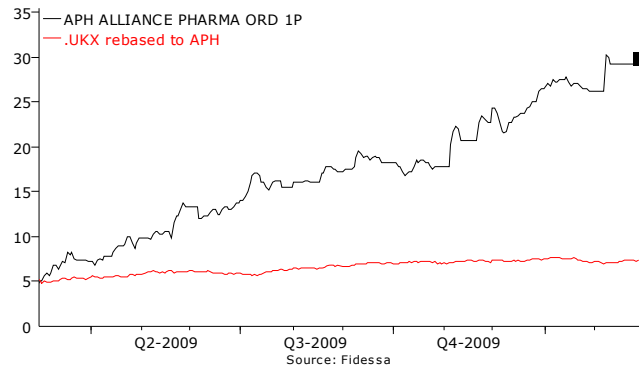
An Interim Management Statement is due by March 30 at the latest. Accident Exchange shares remain, obviously, at the high risk end of the spectrum in terms of the companies that we research.

Accident Exchange				ACE	Price p.	10.3	
Full List				Specialty Finance	Cap £m	14.1	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
April	£m	Profit/(Loss) £m	Profit £m	Diluted eps p.	Ratio	p.	%
2008A	161.9	9.9	13.9	12.0	0.9	2.5	24.4%
2009A	132.0	-55.4	13.3	9.6	1.1	0.0	0.0%
2010E		Estimates	under	review			
2011E		Estimates	under	review			

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

ALLIANCE PHARMA

On 22 February Alliance Pharma completed its acquisition of the trade and certain assets of Cambridge Laboratories (Ireland) Limited and Cambridge Laboratories Limited (“Cambridge”). £7.5m was successfully raised via a vendor share placing to part finance the initial cash element of the consideration due (£10.2m) and 22.8m new ordinary shares have now been admitted to AIM.



Following the acquisition Mr Peter Jonathan Butterfield has been appointed to Alliance’s Board. Mr Butterfield was previously UK Commercial Manager for Cambridge Laboratories. He is a Board Member of the Association of the British Pharmaceutical Industry (“ABPI”) and is current Chairman of the ABPI Small Companies Forum. Prior to joining Cambridge in 2004 Mr Butterfield spent six years at SmithKline Beecham (now GlaxoSmithKline). He holds an honours degree in Pharmacology from the University of Edinburgh.

We have upgraded our forecasts for Alliance. Our new sales forecast for the year to 31 December 2010 is for £44.4m, previously £31.5m. Our new net profit before tax forecast is for £13.8m, previously £8.8m and our new eps forecast is for 4.6p, previously 3.3p.

Alliance Pharma				APH	Price p.	30.75	
AIM				Pharmaceuticals	Cap £m	68.3	
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	133.7	-	-
2008A	21.8	2.40	2.40	1.55	19.8	-	-
2009E*	31.0	8.60	8.60	3.57	8.6	0.30	1.0%
2010E*	44.4	13.80	13.80	4.58	6.7	0.30	1.0%

*not including any impairment charge, restructuring or amortisation charges

BEGBIES TRAYNOR

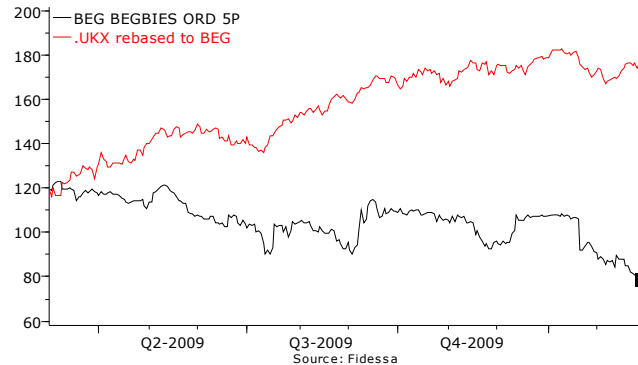
There has been no news from Begbies since our February Monthly. Its interim results, delivering y-o-y growth in EPS of 23% have been covered in detail in our research note dated 8 February. In that research note, we reduced our EPS forecasts for both FY 2010, and FY 2011.

The major reason for this was a cut in expectations from the Taxation division after the lower level of activity, and the reported loss, in H1'09. This is, though, substantially offset by anticipated improvements in the results from the Corporate Finance and Other Activities divisions, and from a reduction in central and shared service costs.

In FY 2010 – but not in FY 2011, when we expect interest rates to have started to rise and have allowed for an increase in margins charges – we have cut expectations for the net interest charge.

The other significant reason for the reduction is the lower level of activity now expected from the Insolvency division. This reflects the temporary support measures put in place to help companies survive the recession and the lower number that have filed for insolvency as a result. This is discussed in detail in the first issue of our quarterly publication, Insolvency Insights. Published on 22 February, this analyses the Q4'09 statistics from the Insolvency Service and gives an overview of quoted companies active in both the corporate and individual insolvency sectors.

At 8.12p for FY 2010 and 9.64p for FY 2011, our revised EPS forecasts still represent underlying growth of 9% and 19%, respectively. They sit at the bottom of the range of market expectations, which go up to 8.3p and 9.9p. Our Fair Value price, adjusted at the time of our research note is 165p. The shares have fallen by an exaggerated 25% since the results' announcement. Standing at a discount of 52% to this, they have significant upside.



Begbies Traynor
AIM

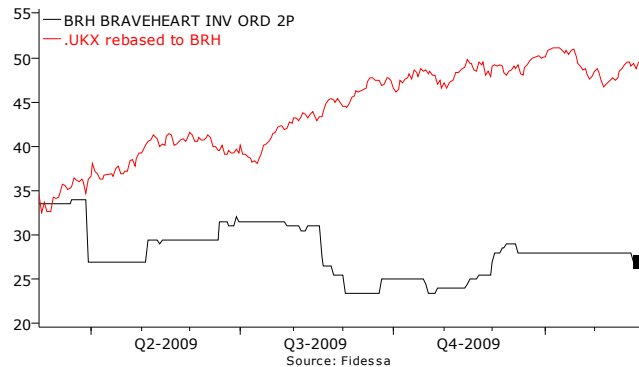
BEG
Support Services

Price p. 79.25
Cap £m 70.9

Y/E	Group	Declared	Adjusted	Adjusted	p/e	Divi	Yield
April	Sales £m	Profit £m	Profit £m	eps p.	ratio	p.	%
2008A	48.1	5.7	7.0	6.0	13.3	2.5	3.2%
2009A	62.1	7.2	9.8	7.8	10.2	2.8	3.5%
2010E	70.1	9.3	10.8	8.1	9.8	3.1	3.9%
2011E	78.0	11.9	12.9	9.6	8.3	3.4	4.3%

BRAVEHEART INVESTMENT GROUP

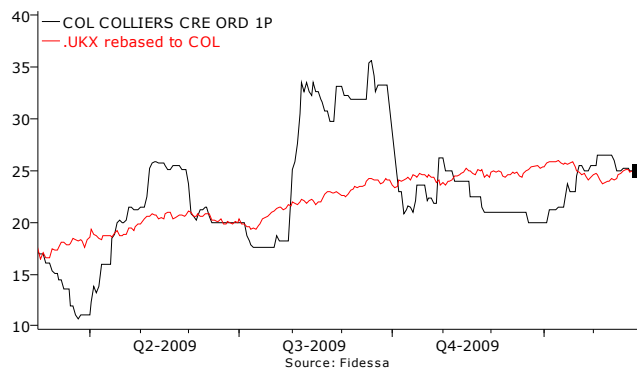
We have recently initiated coverage on Braveheart Investment Group, an investment company that invests primarily in unlisted technology related companies. The Group has a number of interesting companies in its portfolio which, we believe, have the potential to do well. Bloxx Ltd is an award winning web filtering company. Its patented technology, Tru-View, analyses and categorises web pages in order to prevent inappropriate use of the web by employees. Founded in 1999, Bloxx has expanded to a multimillion pound operation. Cascade Technologies has developed a technology that can be used in multiple applications, including emissions monitoring and the detection of explosives and chemical agents. A more novel technology is that offered by Pufferfish Ltd, which has developed an inflatable spherical projection display for use in the audio visual industry. Six Pufferfish spheres were used by Coldplay during their recent world concert tour.



Braveheart AIM				BRH Equity Investments		Price p. Cap £m	27.00 3.8
Y/E	Income	Declared Profit	Adjusted	Declared EPS	NAV/share	Divi	Yield
March	£m	IFRS £m	Profit £m	IFRS p.	p.	p.	%
2008A	1.1	0.1	0.1	0.7	52.8	-	-
2009A	0.3	-1.3	-1.3	-9.2	44.4	-	-
2010E	0.8	-0.9	-0.9	-6.5	35.7	-	-
2011E	1.7	-0.04	-0.04	-0.3	36.6	-	-

COLLIERS CRE

Momentum in the property market continues and last quarter institutional property funds reportedly raised more than £3.2b, almost double the 2006 £1.7b peak. Despite this, there are reasons to remain cautious. The UK's unemployment rate is circa 8%, up 1.4% on last year, and the Bank of England's quantitative easing which has helped to support property prices has been put on hold, albeit perhaps temporarily. The speed of the property market's recovery gives rise to the fear that there will be falls later in the year and there is evidence that transactional activity has been high as investors 'flip' property bought a year ago to take profits in case the market should falter again. There is also a fear that banks' selling of commercial property will lead to further falls in market values. However, as long as there are buyers, who believe the property market has bottomed, to meet these sellers the momentum should continue for Colliers CRE, whose business is very much transactional driven.

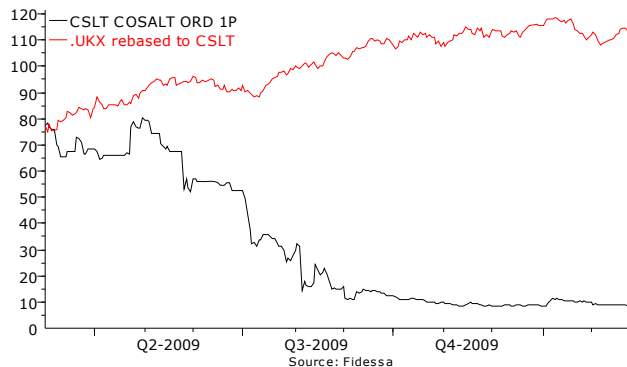


Colliers CRE AIM				COL Real Estate		Price p. Cap £m	25.0 37.2
Y/E	Sales	Declared Profit	Adjusted Profit	Adjusted Basic eps	p/e ratio	Divi p.	Yield %
December	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2007A	117.5	12.2	9.4	11.8	2.1	5.0	20.0%
2008A	78.0	-11.1	-4.6	-6.5	0.0	-	-
2009E	58.0	-15.4	-11.4	-12.0	0.0	-	-
2010E	68.4	2.4	2.4	1.1	22.7	-	-

COSALT

Cosalt's preliminary results were covered in our research note of 10 February. In its announcement, Cosalt reported three successful renewals or extensions of significant contracts in both the Marine and Offshore divisions, and two new Offshore contracts.

The Group has continued this progress in recent weeks, announcing the three-year extension of its contract with Aker Offshore Partner. Under the contract, which includes a further two-year extension option, and is valued at c£1m pa, Cosalt Offshore will fulfil all Aker's tooling and lifting equipment requirements in the North Sea.



The announcement is another indication of the strength of the business, and of its good relationship with its customer base. It contributes to a strengthening order book and to the underpinning of forward order visibility.

Cosalt				CSLT		Price p.	8.5
Full List				Diversified Inds		Cap £m	7.5
Y/E	Sales	Declared	Adjusted	Headline	p/e	Divi	Yield
October	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2008A	105.0	1.5	7.2	7.7	1.1	6.0	70.6%
2009E	107.8	-3.4	5.6	4.2	2.0	0.0	0.0%
2010E	110.3	5.4	6.0	1.1	7.7	0.0	0.0%
2011E	No	Estimates					

DUALINVEST RESIDENTIAL INCOME UNIT TRUST

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

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

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

Dualinvest

Not Listed

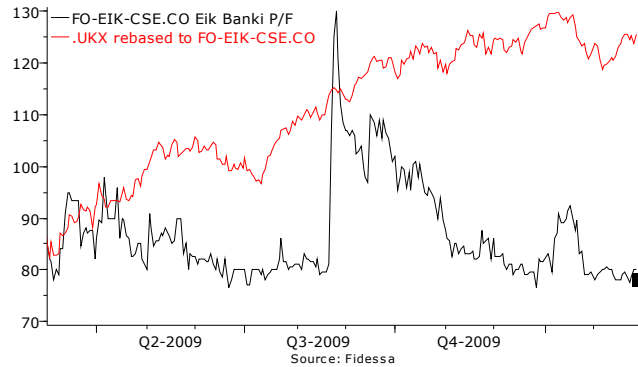
Residential property fund

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

EIK BANKI

Eik Banki Group has issued a Stock Exchange Announcement with a profit warning, downgrading the expected result for the year 2009 to a DKK 310-320m loss. This is an increase of DKK 160-170m compared to the Group's estimate of 30 October 2009.

The bank states that the challenges are related to it's exposure to corporate real estate on the Danish market. About 17% of the bank's portfolio is connected to corporate real estate on the Danish market and it has accounted for about 50% of the total impairments in 2009. The bank is working actively on proper solutions for the real estate involved, in order to recover part of the impairments in the future.



The Group has no exposure to agricultural or small and medium size enterprises in Denmark which are experiencing hard times at the moment. Retail and other operations in Denmark as well as the Faroese operation are running satisfactorily.

One other major contributor to the downgrade is the fair value adjustments of unlisted securities which in the fourth quarter have resulted in a negative value adjustment of DKK 107.5m.

The bank also states in its Profit Warning that; "Although the 2009 impairments are lower than in 2008, and DKK 45m of the impairments in 2009 can be ascribed to other banks' impairments through Credit Package I, we are still looking at high impairments on our part. The Danish corporate real estate market seems to have hit rock bottom, and therefore, we expect lower impairments in 2010 than in 2009, although they will remain relatively high."

Danmarks Nationalbank published in January a Stress Test of the larger Danish banks with the conclusion that is in line with Eik Banki's expectations. Danmarks Nationalbank says that the Danish banks impairments will also be high in 2010 but lower than in 2009 based on the basic scenario.

Eik Banki Group has a solvency ratio of 11.6% for the year which is well in excess of the required minimum rate of 8%.

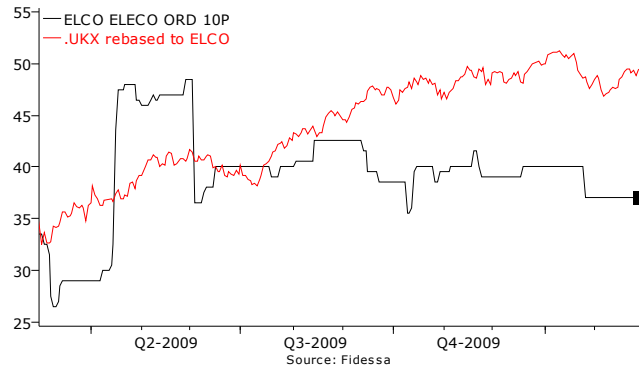
Eik Banki Copenhagen Stock exchange				FO-EIK CSE Banks		Price DKK Cap DKK	79.5 646.3
Y/E	Group Revenue*	Declared Pre-Tax Profit/(Loss) DKKm	Adjusted Pre-Tax Profit** DKKm	Declared After-Tax eps** DKK	p/e ratio	Divi DKK	Yield %
December	DKKm	DKKm	DKKm	DKK		DKK	%
2007A	676	465	310	51.6	1.5	10.67	13.4%
2008A	796	-416	384	-38.6	0.0	0.0	0.0%
2009E	571	-320	89	-13.4	0.0	0.0	0.0%
2010E	No	Estimates					

*Net interest income + fees etc

**excludes impairments, market value adjustments

ELECO

Eleco's interim results are due imminently, probably on March 5. We produced a new research note, with new estimates, on 10 February. Pre-cast concrete, which accounts for c. 40% of sales, is still running well below capacity, and this is impacting margins. £9.3m of orders for new prison units have been received, and while there is no firm start date, these should start to fill part of the hole in the order book in H2. Both Pre-cast concrete and other Building Systems work have been affected by delays in start dates for work already contracted, because customers have had difficulty in obtaining bank finance. And of course, the weather hasn't helped.



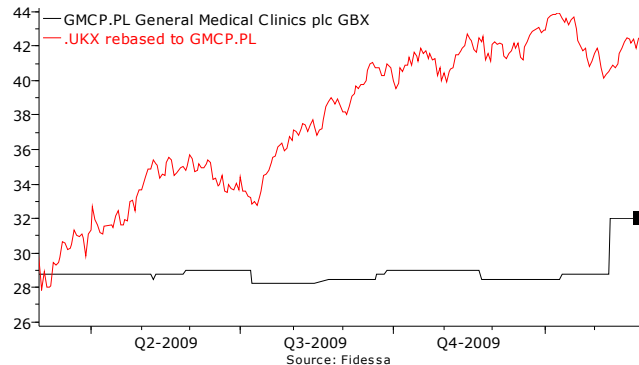
For the Interim Announcement we expect a fall in sales of 10% to c. £30m and an adjusted pre-tax loss, before exceptional items, of c. £1m. We have assumed, a very approximate, breakeven on an adjusted basis in H2, because considerable costs have been taken out of the company in recent months. We also think it possible that Eleco may decide not to pay an interim dividend. There are likely to be significant non-recurring items that are not part of normal trading both in the H1 results and for the full year.

It needs stating, however, that Eleco remains in a much sounder position, both from the trading point of view and in terms of balance sheet strength, than many other building systems/building supplies companies.

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

GENERAL MEDICAL CLINICS

General Medical has announced its interim results for the period ended 30 November 2009. Turnover shows a 5% y-o-y increase, to £3.6m, compared to 1H09. Gross profit was up 4.6%, to £1.8m, indicating that GenMed has managed to maintain its margin even in a tough trading environment. EBITDA was down by 32%, mainly due to continuing investment in the Baker Street clinic. On a comparative basis, i.e. taking out the £165k investment cost of Baker Street, EBITDA of £0.3m was up 46% compared to 1H08, while basic EPS on a comparative basis was up 65% to 1.12p, reflecting a much smaller tax charge.



GenMed continues to have high contract renewal rates of over 95% and its revenue per patient ratio has increased over 11.6% to £78 on average. The group continues to focus on achieving a cash neutral position for the Baker Street clinic, which is currently running at 50% of its breakeven level.

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

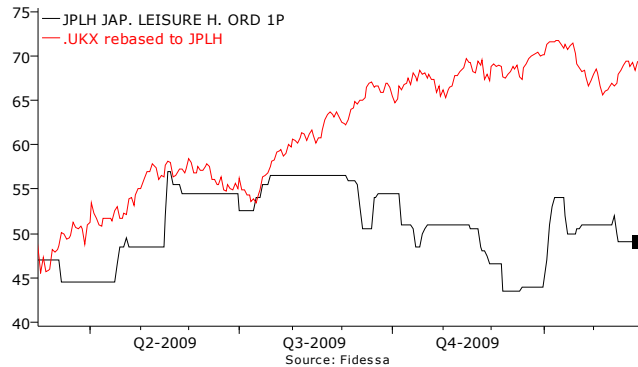
General Medical Clinics				GMCP	Price p.	32.0	
PLUS				Healthcare	Cap £m	5.3	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2008A*	6.54	0.30	0.48	2.1	15.2	0.4	1.3%
2009A**	6.61	0.12	0.36	1.7	18.8	0.5	1.6%
2010E	Estimates	Withdrawn.	Bid	Situation			
2011E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

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

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

JAPAN LEISURE HOTELS

We issued our Initiation of Coverage report on Japan Leisure Hotels on February 12. This company operates six hotels with 242 rooms in Japan. They are all targeted at the leisure market. The leisure hotel industry in Japan is highly fragmented, with no single operator owning more than 100 hotels and 90% of owners having five or fewer hotels. This company is essentially a consolidation play, it intends to make acquisitions while the Japanese economy is weak and hotel owners are coming under financial pressure. There are significant advantages to be had from applying economies of scale. Also operators of size and those with the cash resources to maintain their hotels at high standards are those most likely to benefit.



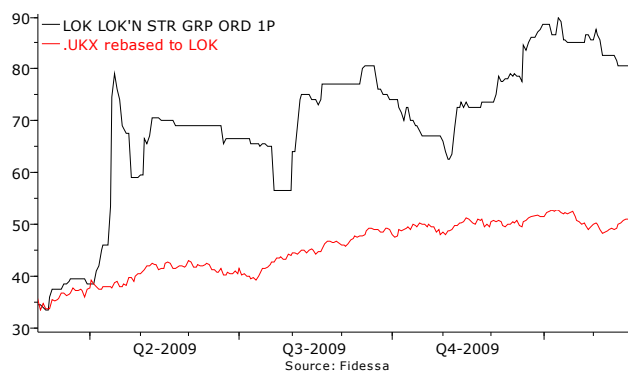
One of the six hotels, the Yokkaichi, is shortly to be refurbished and improved. This will upgrade the quality of the estate and could make a significant difference to profits starting from H2 2010. The results for calendar year 2009 are not due for some time yet and we don't expect them to be anything special. But we view the 2009 results as almost irrelevant. This company is a story about potential from 2011 onwards once new hotels have been added to the group, and a share issue to facilitate a major expansion has taken place. This is a company that should be watched closely.

Japan Leisure				JPLH		Price p.	49.0
AIM				Hotels		Cap £m	27.7
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
October	¥m	Profit £m	Profit £m	eps UKp.	ratio	p.	%
2008A	1,180	28	28	0.0	-	0.0	-
2009E	1,174	0	0	0.1	-	1.0	2.0
2010E	1,280	94	94	0.9	54.4	1.5	3.1%
2011E	1,391	172	172	1.7	28.8	2.0	4.1%

LOK'NSTORE

Lok'nStore shares are interesting at the moment. During 2008 and the early part of 2009 the shares underperformed those of its two major competitors in the self-storage industry, Big Yellow and Safestore. Over the past two months this pattern has been reversed. On a twelve month basis, Lok'nStore is now the best performer in the self storage sector.

Both Safestore and Lok'nStore issued encouraging trading statements in February. The Big Yellow trading statement in January was mixed, with occupancy down, but a clear increase in average rates. A pattern of rate increases is evident throughout the sector, something which should benefit Lok'nStore, which tends to be cheaper than the other two quoted companies in the industry. Lok'nStore has been busy fine tuning its offering over the past year, raising rates where it can and improving marketing of areas where it can obtain ancillary revenue. Even though this has been an appalling market for the SMEs in its customer base, Lok'nStore doesn't seem to have picked up any serious bad debts. Interim results are due on April 26 and we are cautiously optimistic.

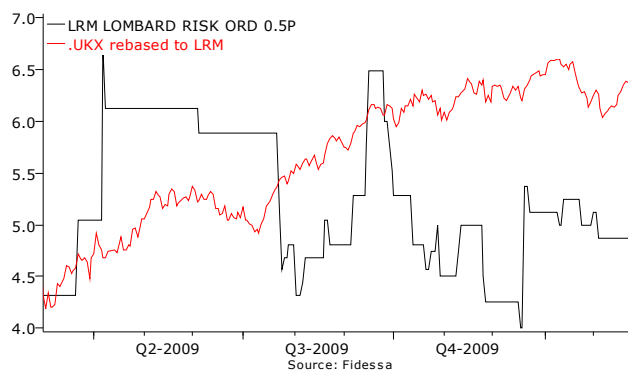


Lok'nStore	LOK					Price p.	80.0
AIM	Support Services					Cap £m	20.0
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
July	£m	Profit/(Loss) £m	Profit/(Loss) £m	eps p.	ratio	p.	%
2008A	10.83	-0.74	-0.31	-1.50	-	1.00	1.3%
2009A	10.01	-0.66	-0.66	-2.40	-	1.00	1.3%
2010E	10.30	0.10	0.10	0.40	200.0	1.00	1.3%
2011E	11.11	0.55	0.55	2.19	36.5	1.00	1.3%

LOMBARD RISK MANAGEMENT

Lombard announced six new regulatory financial software contract wins in January. These had a total value of £0.5m. One of these was a new client, the others were existing clients. Four of the clients signed up at the same time for Lombard's liquidity stress testing software. Most of the revenue from these contracts is likely to be recognised in the financial year 2011 rather than 2010.

The shares have been weak over the course of February, but on low volume – the last major trade in the stock took place on 23 December and all the share trades since then appear to have been below the £10,000 level; only ten trades took place in February.

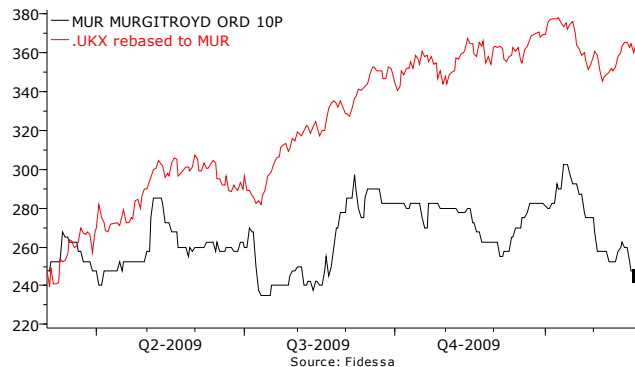


Lombard Risk Mgt	LRM					Price p.	4.25
AIM	Software					Cap £m	8.8
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit/(Loss) £m	Profit/(Loss) £m	Basic eps p.	ratio	p.	%
2008A	8.5	-1.11	-1.11	-0.7	-	-	-
2009A	8.7	-1.25	-1.25	-0.8	-	-	-
2010E	Estimates	Under	Review				
2011E	Estimates	Under	Review				

MURGITROYD

Shortly following the release of Murgitroyd’s interims last month, three Directors acquired shares in the company. Both Dr Kenneth Chrystie, Non-Executive Director and Dr Christopher Greig, Non-Executive Director, acquired a total of 5,000 ordinary new shares each at a price of 261p per share. Mr Mark Kemp-Gee, Non-Executive Director, acquired a total of 3,000 new ordinary shares at a price of 265p per share.

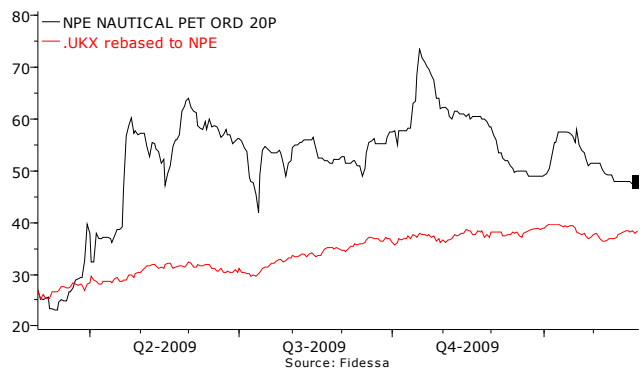
Mr Chrystie is now interested in 6,000 ordinary shares, Mr Greig is interested in 10,000 ordinary shares, while Mr Kemp-Gee is interested in 5,000 ordinary shares. At 245p Murgitroyd’s shares trade on a forward p/e ratio of 8.8x and we would agree with the company’s Directors, that shares in this Patent and Trade Mark Attorney represent good value.



Murgitroyd	MUR				Price p.	245.0	
AIM	Support Services				Cap £m	20.8	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	£m	Profit £m	Profit £m	Basic eps p	ratio	p.	%
2008A	25.7	2.9	3.1	25.3	9.7	9.5	3.9%
2009A	28.9	3.1	3.4	27.0	9.1	9.5	3.9%
2010E	30.4	3.5	3.5	27.9	8.8	10.0	4.1%
2011E	31.1	3.8	3.8	30.0	8.2	10.5	4.3%

NAUTICAL PETROLEUM

Operator Encore Oil has hired the Transocean Galaxy II jack-up rig to drill the Catcher formation on block 28 in the UK sector of the North Sea. Drilling is expected to start in late March or early April. Should hydrocarbons be encountered, it is expected that either well testing or sidetracking into the immediately adjacent ‘Catcher East’ Eocene Tay sand prospect will be undertaken. Nautical has a 15% stake in Catcher, the same percentage as Encore Oil. Interestingly neither Nautical nor Encore are having to contribute to the costs of this, the costs of the drilling are being carried by two other stakeholders, Premier Oil and Wintershall.

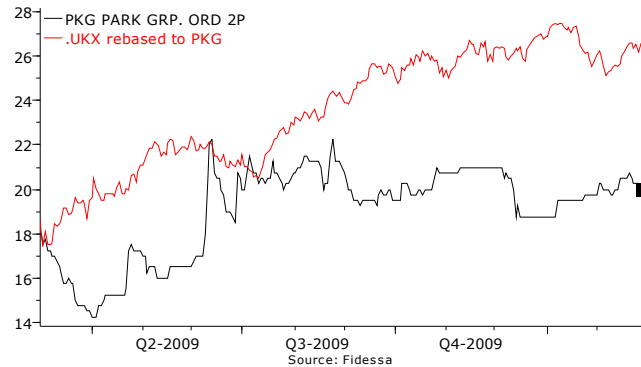


None of the North Sea Oil exploration shares have been particularly dazzling so far during 2010, even though the crude oil price has ticked firmly upwards. The shares of Nautical and Encore, however, have held their ground comfortably, while shares of Xcite Energy, which has some parallels to Nautical, have come off 32% since the beginning of the year. This means that the Xcite market cap has come down to the level of that of Nautical.

Nautical Petroleum	NPE				Price p.	48.0	
AIM	Oil				Cap £m	30.4	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2008A	0.0	-4.50	-4.50	-7.44	-	-	-
2009E	25.0	-6.60	-6.60	-9.28	-	-	-
2010E	No	Estimates					
2011E	No	Estimates					

PARK GROUP

The steepening of the yield curve and upward pressure on interest rates may be the start of good news for Park Group, which at the peak of its trade cycle (September/November) has well over £100m on deposit. The growing awareness that Britain's economic situation is not hugely different from that of Greece, and that Britain's AAA credit rating can no longer be taken for granted, is a useful development for a company that has traditionally earned a large proportion of its profits from interest income.



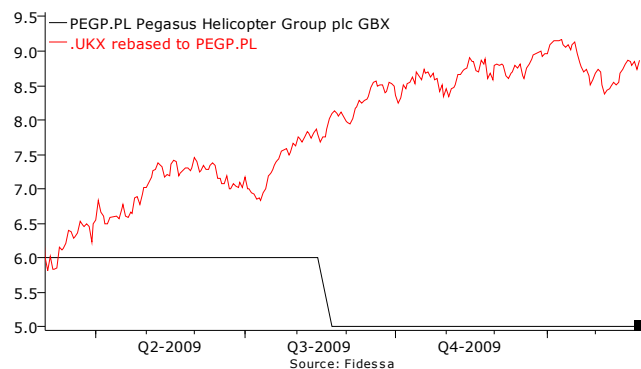
Results for the year to March 2010 will be affected by the low interest rate environment of summer/autumn 2009, but it seems likely that interest rates this summer may be a little higher. Also underlying trading ought to be soundly supported by some good new client wins in the Autumn and an increased tendency for retail customers to use the internet, which saves on costs.

We remain very happy with this company and believe it is one of the best homes available for private client investors seeking a combination of yield and AIM IHT protection.

Park Group				PKG		Price p.	20.0
AIM				Consumer Finance		Cap £m	33.0
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2008A	225.1	4.5	5.2	2.2	9.1	1.2	6.0%
2009A	250.5	6.2	6.2	2.4	8.3	1.3	6.6%
2010E	255.8	5.0	5.0	2.2	9.1	1.4	6.8%
2011E	266.9	5.5	5.5	2.4	8.3	1.4	7.0%

PEGASUS HELICOPTER GROUP

There have been no new developments from Pegasus Helicopter Group this month.



Pegasus Helicopter Group				PEGP		Price p.	5.0
PLUS				Aerospace and Defence		Cap £m	10.0
Y/E	Sales	Gross Profit	Declared	Adjusted	P/E	Divi	Yield
December	\$m	\$m	Profit \$m	eps p.	ratio	p.	%
2009A	-	-	-0.49	-0.15	-	-	-
2010E	9.0	3.6	-0.05	-0.01	-	-	-
2011E	36.8	14.7	4.25	0.58	8.6	-	-
2012E	77.5	41.6	16.71	1.99	2.5	-	-

Pegasus Helicopter Estimates, Not Hardman & Co Estimates.

PEGG CAPITAL AG

PEGG Capital AG, on whom we initiated coverage last month, listed on the Unofficial Market of the Frankfurt Stock Exchange on 18 February 2010 and trading in the shares has now commenced.

Post our initiation PEGG has entered into a partnership with USA Gramercy Venture Advisors, an organisation with operations in the USA, Australia and China. PEGG has also agreed to acquire 25% of Gramercy giving PEGG's listed private equity fund a stronger presence in North America and Asia. As part of the relationship Simon Blagden, PEGG's Chairman, will join Gramercy's Board while Michael Gale, Gramercy's CEO, will join PEGG's Board. Mr Gale has spent several years in the venture capital industry, having previously founded US venture capital fund, Double Impact, and has been involved in the development, funding, growth and exit of over 100 early stage technology companies.

PEGG Capital AG

Frankfurt Stock Exchange

Equity Investment instruments

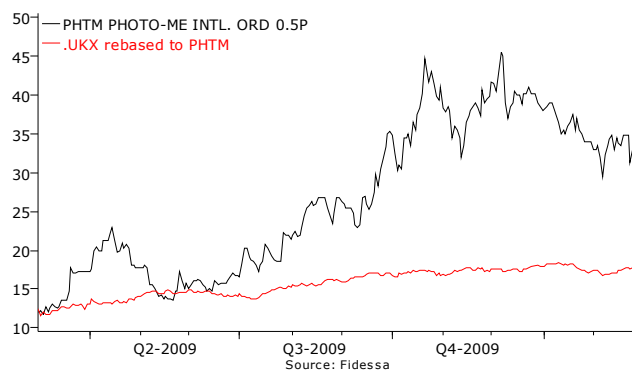
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2008A	-	-	-	-	-	-	-
2009A	-	-	-	-	-	-	-
2010E	No	Estimates					
2011E	No	Estimates					

PHOTO-ME INTERNATIONAL

Photo-Me is due to issue its Q3 Interim Management Statement imminently – it should be out by March 9. In our last research note on the company, dated 9 December, we upgraded for the third time in a year, noted net cash in the bank of £2.6m (for a £28.7m turn-round in the cash position within six months) and a return to dividend payments.

The shares suffered a nasty fall on the disclosure of a dispute with the FSA concerning whether or not Photo-Me should have released information to investors in a more timely manner two years ago. The matter is currently awaiting a hearing date before a Markets Tribunal.

Whatever the rights or wrongs of the case, we would point out that this is not an issue involving continuing trading and the news has knocked £40m off the company's market capitalisation, which must be some way beyond the most pessimistic estimate of fine and legal costs should Photo-Me lose at the Tribunal hearing.



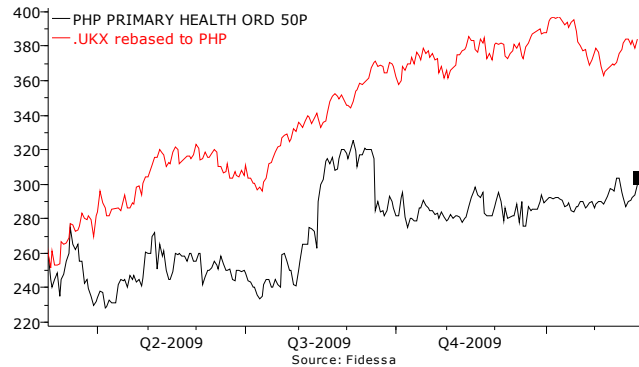
Investment managers Artemis took advantage of the stock market hiatus to slightly increase their share stake.

Y/E	Sales	EBITDA	Adjusted	Adjusted	p/e	Divi	Yield
April	£m	£m	Profit £m	eps p.	ratio	p.	%
2008A	193.5	36.5	-6.3	-1.8	0.0	-	-
2009A	210.5	38.6	1.6	0.2	162.5	-	-
2010E	223.8	42.3	9.2	1.8	18.1	0.6	1.8%
2011E	224.7	40.7	10.7	1.9	17.1	0.75	2.3%

PRIMARY HEALTH PROPERTIES

Results for the year to December 2009 were good. Rental income came in £0.5m above our estimate at £21.5m. Adjusted profit was £1.1m above our estimate at £7.8m. Adjusted eps were 3.8p above our estimate at 20.2p. Also the dividend was increased as we expected.

Part of the reason for the stronger than expected performance was a reduction in admin costs, which boosted the Operating Margin up from 78.3% to 85.9%. PHP won't be able to hold onto all of that improvement in the current year, because a £0.4m clawback from a previous over-provision was included in the numbers. But next year's OM won't be too far off, because the company is starting to benefit from economies of scale. The management agreement in place at PHP specifies lower percentage fees as the portfolio size grows. Last year PHP got away a £60m share placing and its portfolio size is now over £400m and growing. Every pound saved on admin goes straight down to the eps level, and Primary Health Properties has a policy of fully distributing its earnings as dividends. So shareholders get to gain from this in a very direct way.



Net asset value per share came out at 280p on an EPRA basis. There is some evidence of yield shift in the medical property market – one of PHP's competitors has started using 5.8% as a yield basis for valuation, rather than the 6% used by PHP for the past two valuations. A 0.2% yield shift of this nature would add 24p/share to the NAV.

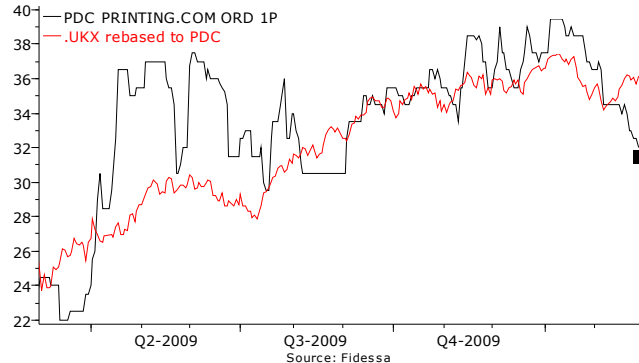
These shares yield an historic 5.9%. Primary Health has increased its dividend every year since it first floated on the stock market.

Primary Health			PHP		Price p.	303.75
Full List			Real Estate		Cap £m	186.2
Y/E	Revenue	Adjusted	Adjusted	p/e	Divi	Yield
December	(Rent etc) £m	Profit* £m	Eps* p.	ratio	p.	%
2007A	15.7	4.2	13.3	22.8	15.18	5.0%
2008A**	19.7	4.6	14.0	21.7	15.91	5.2%
2009A	21.3	7.8	20.2	15.0	17.00	5.6%
2010E	26.0	11.0	18.0	16.9	17.50	5.8%

* EPRA basis Ex rights adjusted **Restated

PRINTING.COM

The end-February Trading Statement gave an enormous amount of reassurance about the current year outcome in spite of atrocious trading conditions. Our profit forecast is clearly in the right place. If trading can be 'broadly in line with expectations' in spite of the January snows, then the business model must be close to bomb proof. The weather may well hold more surprises and that could have an impact, but shareholders ought to take comfort from the news. Our forecasts for y/e March 2010 are unchanged. There will be a 'pre-close trading statement' on 6 April.



For y/e March 2011, we expect a worsening of general economic conditions, and as Printing.com's core customer base is SMEs, we have decided to shade down our revenue forecast for that year by 3%. This suggests that our profit forecast needs to be cut as well, and we now expect y/e March 2011 to produce almost identical numbers to those for y/e March 2010, rather than the healthy growth we had previously been looking for. We expect cash to continue to grow through this period, however. Looking even further ahead, to y/e March 2012, Printing.com will benefit because printing machinery leases expire in 2011, so a significant item will drop off the cost base. Also, cash flow will take a further leap forward.

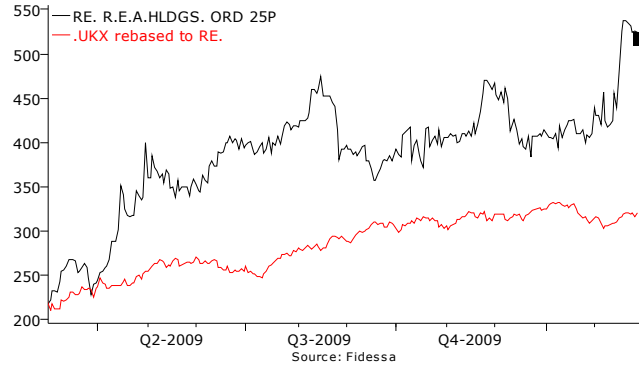
The shares are trading at only 4.4X current year EV/EBITDA, there is net cash in the bank, a yield of over 9% on the shares and a lot to be cheerful about.

Printing.com				PDC		Price p.		31.5
AIM				Retailing		Cap £m		14.0
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield	
March	£m	Profit £m	Profit £m	eps p.	ratio	p.	%	
2008A	13.5	2.4	2.4	3.5	9.0	3.00	9.5%	
2009A	14.5	2.1	2.1	3.3	9.6	5.15*	16.3%	
2010E	14.4	1.8	1.8	2.9	10.9	3.20	10.2%	
2011E	14.9	1.8	1.8	2.9	10.9	3.00	9.5%	

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

R.E.A. HOLDINGS

The shares have risen strongly since our research note and estimate upgrade on 25 January – please call for a copy of the note. We expect the 2010 crop to be 15% higher than the 2009 crop, and yields for 2009 have come in slightly higher than we expected, which raises expectations for 2010 also. We also think that R.E.A. Holdings will have higher average selling prices in 2010 than in 2009. Even after the share price rise in the past month the shares are still trading on a 2010 p/e ratio well down in single figures, so there is some way to go before the shares catch up with the sector average.



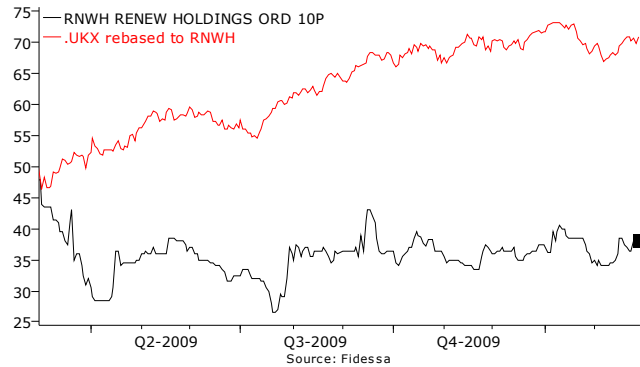
Another factor that argues for a continuation of the re-rating is a move into open cast coal production. To date, we have nothing in our estimates for the coal activities; these are new and only just starting to produce. There is hidden upside here.

The purchase by rival quoted palm oil producer New Britain Palm Oil of the Cargill assets in Papua New Guinea for US\$175m emphasises just how important and valuable palm oil plantations have become. We continue to believe that the entire sector, and R.E.A. Holdings in particular, has huge upside potential.

R.E.A. Holdings				RE.	Price p.	516.5	
Full List				Food	Cap £m	172.5	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	USDm	Profit USDm	Profit USDm	eps c/share	ratio	P.	%
2007A	57.6	47.0	39.0	73.0	11.3	2.0	0.4%
2008A	79.6	36.3	39.0	77.2	10.7	3.0	0.6%
2009E	73.0	37.9	34.8	67.9	12.2	4.0	0.8%
2010E	92.6	53.8	50.8	102.8	8.0	6.0	1.2%

RENEW HOLDINGS

According to Glenigan Economics who produce the monthly Glenigan Index, an indicator of UK construction activity, construction starts “have slumped by 8% over the past 12 months, with the recent snow a significant factor”. We have heard nothing on this from specialist engineering and building company, Renew Holdings, and we take the view that no news is good news. In its January AGM trading statement Renew reported that its order book “remains strong at £200m”, a similar level to that reported at the end of the company’s September 2009 year.

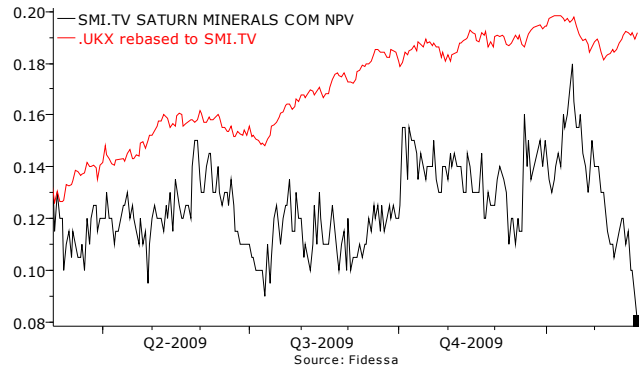


The OFT, who are conducting an investigation into cover pricing by Renew and others in the construction industry, have until 31 March to respond to company appeals. Hearings are expected to be held over the next three months with a final decision on the matter likely to be made toward the end of the year.

Renew Holdings				RNWH	Price p.	38.0	
AIM				Construction	Cap £m	22.8	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
September	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	390.6	6.7	9.5	11.4	3.3	3.0	7.9%
2008A	316.6	1.2	5.5	6.0	6.3	3.0	7.9%
2009E	298.8	4.4	4.7	5.6	6.8	3.0	7.9%
2010E	309.0	4.7	5.0	6.1	6.2	3.0	7.9%

SATURN MINERALS

Saturn Minerals' first drilling program in Saskatchewan, Canada on the Hudson Bay coal exploration JV, has been completed. We will be publishing a note shortly to discuss the results received so far. However, a brief overview is that multiple coal seams up to 9.7m thick have been intercepted by the 12 hole program, two of the seams appear to correlate stratigraphically across 4.4km of the Leif sub-basin, and that downhole geophysical logging has captured data essential to the on-going development of the company's depositional model for the area. Some drilling problems were encountered and we believe that shallow unconsolidated sands may have contributed to those issues.



We understand that Saturn and its JV partner Swift Resources Inc (SWR:TSX-V) expect further results from lithological testing and assays of the discovered coal. The initial set of targets were picked on the basis of airborne geophysical anomalies and the inclusion of ground truth data can only help refine the models that picked up those anomalies, so informing target selection for future rounds of drilling.

In wider news; Saskatchewan Premier, Brad Wall, took part in the first ever gubernatorial-level talks regarding cross-border trade with Canada's southern neighbours. A delegation of Canada's premiers raised concerns with their American counterparts and members of the Obama administration that US policies towards carbon emissions and trade in carbon-intensive products, such as oil and coal, could negatively impact the Canadian economy.

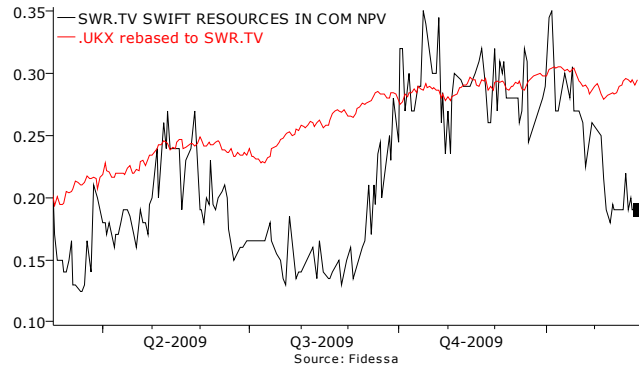
Saskatchewan is unique in that it imports CO2 over its border with the US for use in Enhanced Oil Recovery (CO2-EOR), as well as exporting energy resources south, and is concerned that policies towards carbon emissions may penalise the province for success in carbon management technology, a sector that is supposed to be promoted by those same policies and one that is attracting bi-partisan development funding and co-operation in the province.

We have been watching the development of the rhetoric of cross-border energy trade with the US closely. We expect the language of 'energy independence' rather than 'energy inter-dependence' to continue to be dominant south of the border. However, with Canada as a major supplier of oil, gas and uranium as well as electricity to the US, the logistics of starting a trade war would be too much for either side to bear and we foresee any general protectionist measures put in place by the US around energy supplies, whether under the banner of carbon emissions control or within economic stimulus measures, to be offset where Canada is concerned as happened with the 'Buy American' stimulus measures earlier this year.

Saturn Minerals Inc				SMI	Price CND\$	0.08	
TSX				Mining	Cap CND\$	3.9	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	\$m	Profit \$m	Profit \$m	eps \$.	ratio	c.	%
2007A	0	-0.7	-	-0.03	-	-	-
2008A	0	-2.6	-	-0.08	-	-	-
2009E	No	Estimates					
2010E	No	Estimates					

SWIFT RESOURCES

In news from Swift this month; both its JV partnerships, with Saturn Minerals and Eagle Plains Inc, are waiting for assay results from their respective labs. While the Hudson Bay coal JV has completed its 12 hole drill program with core already in the lab and is re-compiling its geophysical models, the Iron Range IOCG (Iron Oxide Copper Gold) JV is inspecting its core while assays from splits are carried out. No news yet on when the assays are expected to be returned.



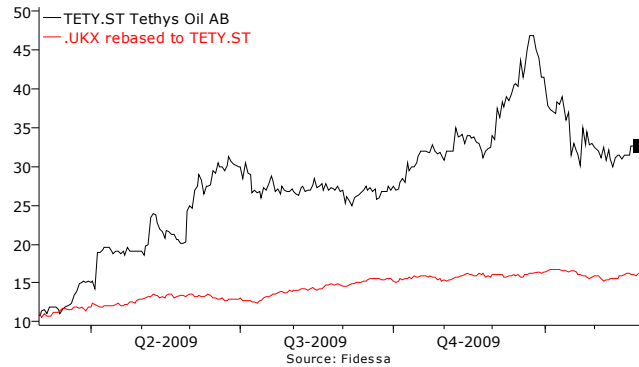
In a follow up to our note (above) on Swift's JV partner, Saturn Minerals, and our discussion of US protectionism, it is perhaps an interesting

counterpoint that as a province with an exceptionally low carbon intensity energy sector, mainly due to its dependence on hydro-electricity, British Columbia is well placed to meet or even exceed any tariffs imposed by the US on the basis of carbon emissions. BC's Premier Gordon Campbell did not attend the cross-border meeting with the American State Governors delegation, though with the Winter Olympics on in Vancouver he may have had other things on his mind. It remains to be seen whether the US will go through with its mooted measures to restrict imports of carbon-rich products, but we do not anticipate the net effect on trade with Canada to be overly negative.

Swift Resources				SWR		Price p.	0.19
TSX.V				Mining		Cap £m	0.03
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	\$m	Profit \$m	Profit \$m	eps \$.	ratio	c.	%
2007A	0	0.01	-	-0.03	-	-	-
2008A	0	0.3	-	-0.08	-	-	-
2009E	0	0.9	-	-0.06	-	-	-
2010E	No	Estimates					

TETHYS OIL

Tethys has reported its results for the full year 2009 with a loss of 42,503 TSEK and earnings of (1.62) SEK/share, having been significantly impacted by net foreign exchange losses of (13,528) TSEK arising from a weaker US dollar. Breaking out these Forex adjustments, this is pretty much in-line with our expectations. Cash and cash equivalents as per 31 December 2009 amounted to TSEK 13,620, which is somewhat reassuringly more than we had foreseen at circa 7,700 TSEK.



Accompanying the financial statements, Tethys have re-affirmed that the company plans to become an active oil producer during 2010 with first production most likely from the Barik Formation on Block 3 following the positive oil test results from the Farha South-3 well.

The exact sequencing of the work program is still being discussed, though Tethys have confirmed the partners have already extended the remit of the 3D seismic team engaged to survey the East Saiwan structure on Block 4 to complete an additional 3D seismic survey of the Farha trend on Block 3.

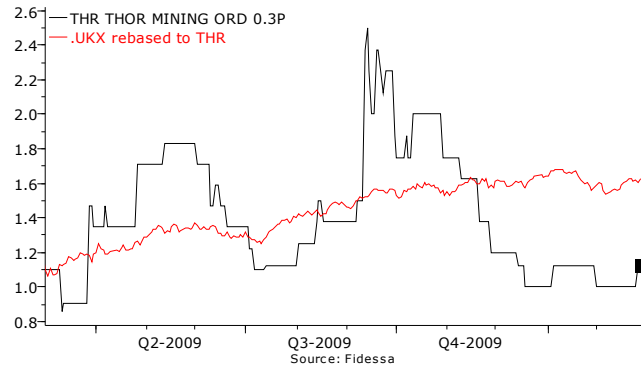
Tethys have engaged Gaffney, Cline & Associates both to complete a third party audit of the Farha South and East Saiwan oil discoveries and to act as petroleum engineering advisors to optimise FEED designs of the oilfield developments. Gaffney Cline is expected to produce a preliminary report in April when the initial 3D seismic survey results have been compiled.

At this time, management are reviewing the various funding options available to bring these oilfield developments into fruition including the possibility of a private placement and joint venture partnerships options as well as project finance and debt funding routes. The Gaffney Cline report will be an important milestone for investors in that it will be the first independent evaluation of the discoveries which will to a degree determine the path Tethys takes to fund the developments to reach the goal of first oil this year.

Tethys Oil		TETY.SE		Price SEK.		33.0	
AIM		Oil		Cap MSEK		924.0	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	SEK m	SEK m	SEK m	eps SEK	ratio	SEK.	%
2007A	-	-24.7	-24.7	-1.41	-	-	-
2008A	-	-16.4	-16.4	-0.72	-	-	-
2009E	No	Estimates			-	-	-
2010E	No	Estimates					

THOR MINING

Thor – based in Australia but quoted on London AIM – is moving back into gold exploration with the proposed acquisition of 340 km² of prospective gold territory in the Norseman area southeast of Kalgoorlie. There have been some big finds in this general region, notably the Tropicana deposit which is an ‘elephant’ at c. 5m oz, and of course the gold bearing history of the Kalgoorlie region generally goes back to Victorian times. Thor directors believe that the structure mimics element of the Tropicana geology. The new prospecting area is largely unexplored, partly because the tenements lie within the Dundas Nature Reserve where access for exploration has only recently been granted, and because part of the greenstone belt there is buried under younger sediments.



Surface geochemical exploration on a small part of the area has revealed anomalies, and drilling in an adjacent area, to a very shallow depth, has revealed the presence of gold.

Thor gets its initial entry at a bargain price, AUD\$100,000 for a 51% interest. It can earn out the remaining 49% in three stages, entailing in total the spending of at least AUD\$2m on exploration and at least AUD\$4m worth of Thor shares.

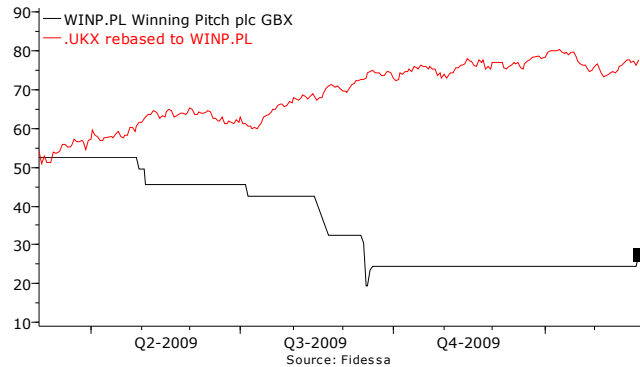
The Molyhil molybdenum/tungsten/magnetite site remains on hold until metal prices improve. The molybdenum price has been tracking upwards over the course of 2010 to date, and isn't too far off the point where Molyhil will start to look interesting again.

Shareholders will have to vote on the proposed gold property acquisition at a General Meeting, due to take place shortly. No date for this meeting has yet been given.

Thor Mining				THR		Price p.	1.1
AIM				Mining		Cap £m	2.4
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit £m	Profit £m	eps p.	Ratio	p.	%
2008A	0.0	-1.1	-1.1	-0.76	-	-	-
2009A	0.0	-1.3	-1.3	-0.77	-	-	-
2010E	No	Estimates					
2011E	No	Estimates					

WINNING PITCH

Business consultancy, Winning Pitch, last week released its final results for the year ended 30 September 2009. Turnover at £3.0m was almost 2.5x 2008's turnover of £1.3m, gross profit was up 62% to £859,851 while profit before tax was £66,253 cf 2008's loss of £243,490. In addition to the ongoing work on its contract with the Northwest Regional Development Agency Winning Pitch has continued to secure new contracts with the likes of Oldham Council, Lancashire Country Developments, Welsh Assembly Government and Scottish Enterprise. A good bid pipeline is in place and the company anticipates future growth in 2010. Following the release of its financial results Winning Pitch's shares are up 12%.



Winning Pitch PLUS				WINP Support Services		Price p. Cap £m	27.5 1.4
Y/E	Sales	Declared	Adjusted	Basic	p/e	Divi	Yield
September	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A*	0.44	0.14	0.14	2.26	12.2	-	-
2008A	1.30	-0.24	-0.03	-4.37	0.0	-	-
2009A	3.00	0.07	0.07	0.85	32.4	-	-
2010E	No	Estimates					

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

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Hardman & Co
4 - 5 Castle Court
London
EC3V 9DL
United Kingdom

Tel: 020 7929 3399
Fax: 020 7929 3377

www.hardmanandco.com

