

On a twelve month timescale almost all the key FTSE Indices are in positive territory, with small companies outpacing big ones – with the exception of the FTSE Aim All-Share Index. Strip the multinationals out of the FTSE-All Share, however, and it finished the 12 months to end-September down 0.9%. An indicator of the importance of currency recently?

Last month's London Stock Exchange Conference brought some balanced perspective on the role of financial research within the stock market process. We were honoured and delighted to be invited to contribute.

Getting away from the two views of investment analysts as over-hyped attention seekers and teenage scribblers, Sir Martin Sorrell went out of his way to tell company bosses 'these are not stupid people, these are bright people. . . this (the research process) is two way communication, it is a dialogue.' Andrew Foster, MD of RBS Hoard Govett, told them 'getting more research is the key challenge'. No company CEO or Finance Director can have been in any doubt that having their shares quoted on the financial markets without adequate research coverage is a dangerous game.

Quality of research was also very much stressed. 'We are looking for additional insight' said Tamryn Lamb of investment managers Orbis. 'Sell side research has become less appropriate in determining what market sentiment is'. Orbis only invests after a week or more of intensive examination, it is not a 'shoot from the hip' investor, therefore its views deserve some attention. William Claxton-Smith of Insight Investment made some thought provoking points, being against companies giving guidance on estimates, a habit which has been spreading to the UK from across the Atlantic, and being against the 'pointless filling in of numbers – questions whose only purpose can be to fill in numbers on a spreadsheet'.

It was especially pleasing to find the London Stock Exchange devoting an entire Panel Session to the merits of sponsored equity research – research paid for by the quoted company and being distributed to investment professionals free and without strings attached, the kind of research that accounts for the bulk of our output as a research house. It was interesting that the session passed without any serious questioning of the integrity of this kind of research by anyone from the financial community; the days when Corporate Research needed to prove itself have clearly long gone and we are now in a new era where this kind of work is established and accepted for what it is. ►

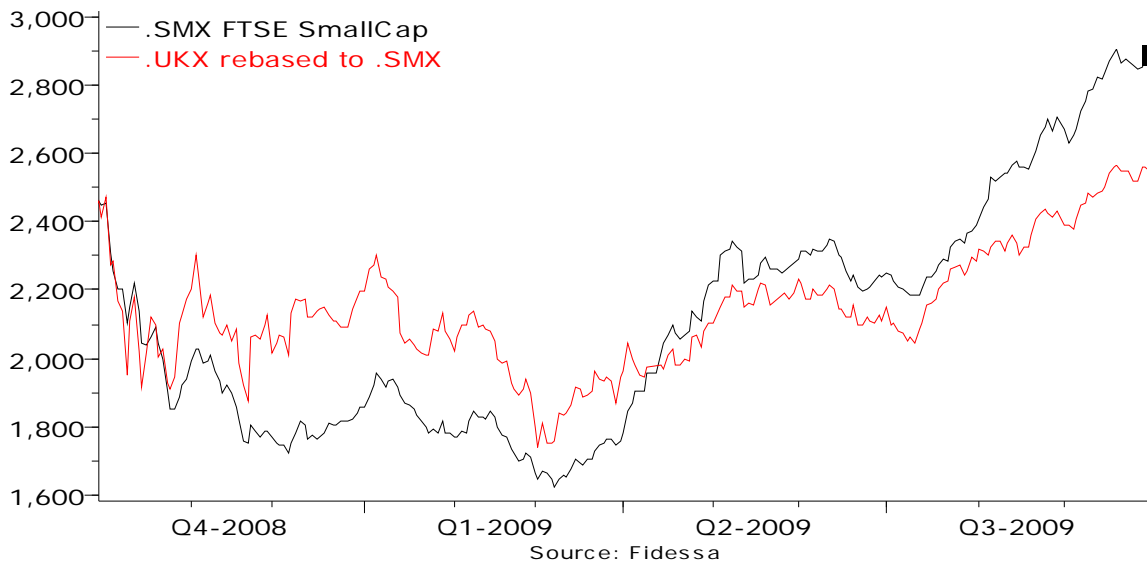
| Market Indicator | Price | Previous Month Price | % Change in 1 month | Year High | Year Low |
|------------------|--------|----------------------|---------------------|-----------|----------|
| FTSE 100 | 5123.0 | 4896 | 4.6% | 5164 | 3512 |
| FTSE Small Cap | 2890.0 | 2675 | 8.0% | 2896 | 1643 |

IPOs are about to make a return to the stock markets. We are hearing of an increasing number of planned new issues – some quite large – that are lining up for launch in 2010. If 2009 has been the year of the secondary capital raising, then 2010 could be the year for new companies to try the equity markets.

This makes sense. The majority of the 2009 equity raising has involved companies that have had banking problems. They have either been dependent on short term emergency bailouts (the banks), had broken or were in danger of breaking banking covenants (the commercial property giants and the housebuilders) or had working capital problems (industrial companies). In the last few weeks, however, there has been a change. In with the problem cases there have been companies looking for capital to take advantage of particular opportunities, or to expand. Some of these companies have had significant debt, some have been operating with an eye on their banking limits, but no longer are all the cash requests coming from companies facing serious consequences without a larger equity base. The appetite of the investment community is growing. IPOs are the next logical step.

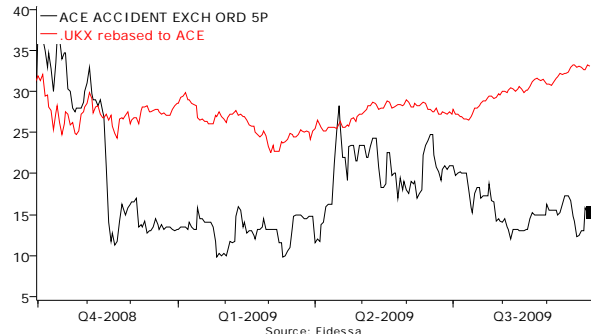
One thing is clear from the FSA statements on brokers using penny share trading as a key element of their business model. Fewer of the IPOs in 2010 will be priced at 10p or less. The clear-out of the more unscrupulous promoters trading on the ignorance of the unsophisticated is clearly a good thing and is also not completely new – the regulator has been tightening its grip on the ‘penny dreadful’ end of the market for ten years now. The desirability of this goes beyond the morality of punting dubious quality stocks to the unwary, however. Being sold a sure-fire loser by a boiler house puts investors off the stock market. That is bad not only for the financial industry, but in the long run the entire British economy.

It is also an insult to the many honestly run companies whose managements are trying their best to produce good returns for investors, but whose share price happens to be below 10p (and we research some of these, we should know).



ACCIDENT EXCHANGE

Accident Exchange has announced that a statement of claim has been served and an application for pre-action disclosure filed in the High Court against Autofocus Ltd, a private market intelligence firm for the accident management industry. The claim alleges that Autofocus and its employees are 'guilty of the tort of conspiracy to use unlawful means, interference with the trade or business of Accident Exchange Limited by unlawful means and deceit'.



The evidence submitted by Autofocus on behalf of defendant insurers in Court has repeatedly suggested that the commercial rates charged by Accident Exchange and other CHO's is in excess of the market or 'spot' rate. For Accident Exchange, this has led to cases settling at lower recovery levels, sometimes as much as 50% lower than the amount claimed, as well as encouraging insurers to delay payments. Having spoken to management we believe the evidence supporting the group's claim that large parts of the reports and testimony statements provided by Autofocus were fabricated is compelling. This would suggest that the discounts offered under the GTA for prompt settlement are in fact considerable.

So far, Accident Exchange estimates at least 2,000 open and a further 500 closed claims cases with a combined market value of £22m may be affected by Autofocus' involvement in insurers' defence strategies. The sums involved are therefore substantial. Any judgement would also have far-reaching cash flow implications for the record £94m of outstanding claims (including a proportion of the £22m referred to above) in the hands of solicitors at end August.

At present, the group's strategy is to focus on introducing the evidence it has against Autofocus to those cases coming up for trial in the coming weeks. Thereafter, all closed cases influenced by the evidence submitted by Autofocus are to be reviewed. This strategy appears to be working with a number of recent cases since the allegations emerged settling in full on the day before trial. In other recent cases, the group has seen Autofocus evidence either withdrawn completely or severely weakened by the no show of Autofocus witnesses.

Autofocus has responded to Accident Exchange's action for damages by stating that it rejects the allegations 'in the strongest possible terms' and intends to defend itself and its reputation. Meanwhile, dialogue with insurers on the Autofocus issue has begun but it is too early to say what the outcome of this dialogue will be.

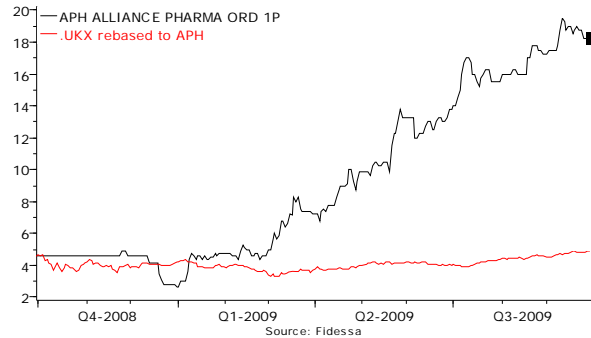
We await further developments with interest.

| Accident Exchange | | | | ACE | | Price p. | 15.3 |
|-------------------|--------|---------------------|-----------|-------------------|-------|----------|-------|
| Full List | | | | Specialty Finance | | Cap £m | 21.0 |
| 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 | 1.3 | 2.5 | 16.4% |
| 2009A | 132.0* | -55.4 | 13.3 | 9.6 | 1.6 | 0.0 | 0.0% |
| 2010E | 120.1 | 6.9 | 8.3 | 7.3 | 2.1 | 0.0 | 0.0% |
| 2011E | 120.5 | 8.2 | 8.3 | 7.3 | 2.1 | 0.0 | 0.0% |

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

ALLIANCE PHARMA

Alliance Pharma's interim results reported last month were the best for the company yet. Turnover of £13.2m was 34% higher than in 1H08 and profit before tax of £2.9m was an impressive 182% higher than the prior year's £1.0m. Cash flow from operations at £3.7m was an improvement of £1.2m on 1H08. In a demonstration of its confidence in future prospects Alliance's management initiated a maiden dividend payment of 0.07p per share, the company's dividend policy will be to pay a third of dividends at the half year with the remaining two thirds paid as a final dividend. With profits flowing through to cash flow, and in the absence of acquisitions, we expect to see Alliance's net debt reduce rapidly and the stock becoming more attractive to risk adverse investors.

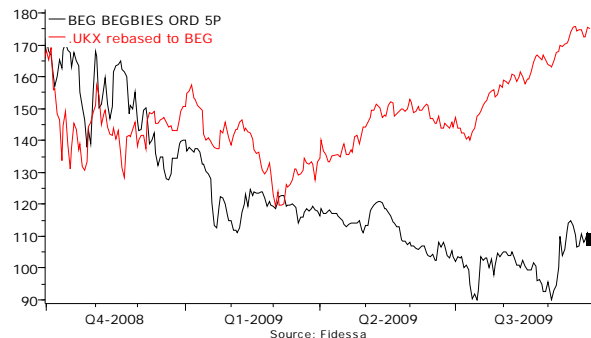


| Alliance Pharma | | | | APH | | Price p. | 18.25 |
|-----------------|-------|-----------|-----------|-----------------|-------|----------|-------|
| AIM | | | | Pharmaceuticals | | Cap £m | 29.58 |
| Y/E | Sales | Declared | Adjusted | Adjusted | p/e | Divi | Yield |
| December | £m | Profit £m | Profit £m | Basic eps p. | ratio | p. | % |
| 2007A | 18.2 | -3.21 | 0.37 | 0.23 | 79.3 | - | - |
| 2008A | 21.8 | 2.40 | 2.40 | *1.55 | 11.8 | - | - |
| 2009E | 27.8 | 6.30 | 6.30 | 2.62 | 7.0 | 0.20 | 1.1% |
| 2010E | 28.0 | 6.80 | 6.80 | 2.53 | 7.2 | 0.20 | 1.1% |

*2008 eps includes the benefit of a £600,000 tax credit

BEGBIES TRAYNOR

Begbies Traynor Group (BTG) issued a brief trading update early in September, stating that trading in Q1 of FY2010 has been significantly ahead of the same period in FY 2009. To put this in context, statistics from the Insolvency Service for 2Q 2009 show corporate insolvencies running some 32% y-o-y. We are promised that a further update will be given at the time of the AGM, on 2 October.



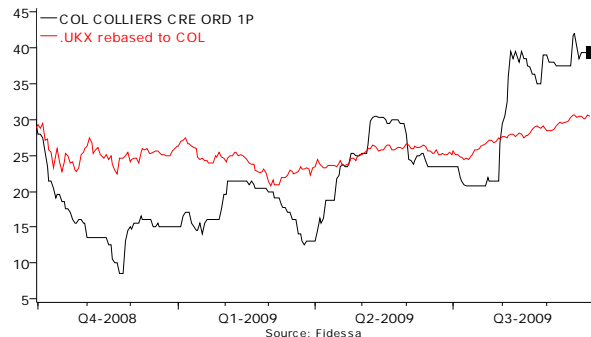
The occasion for the update was the announcement that, for personal reasons, Andrew Dick, co-founder of Begbies Traynor, has requested a change in his role with BTG. There are two parts to the change that he has agreed with the Board.

The first part involves Andrew reducing his time commitment to the Group. At the AGM, he will relinquish his role as Chief Operating Officer, and will resign as a Director. Going forward he will concentrate on a business development role with the Group's insolvency practice.

| Begbies Traynor | | | | BEG | | Price p. | 111.50 |
|-----------------|----------|-----------|-----------|------------------|-------|----------|--------|
| AIM | | | | Support Services | | Cap £m | 99.7 |
| 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 | 18.6 | 2.5 | 2.2% |
| 2009A | 62.1 | 7.2 | 9.8 | 7.8 | 14.4 | 2.8 | 2.5% |
| 2010E | 67.6 | 10.1 | 11.6 | 8.9 | 12.6 | 3.1 | 2.8% |
| 2011E | 74.4 | 12.6 | 13.7 | 10.4 | 10.7 | 3.4 | 3.0% |

COLLIERS CRE

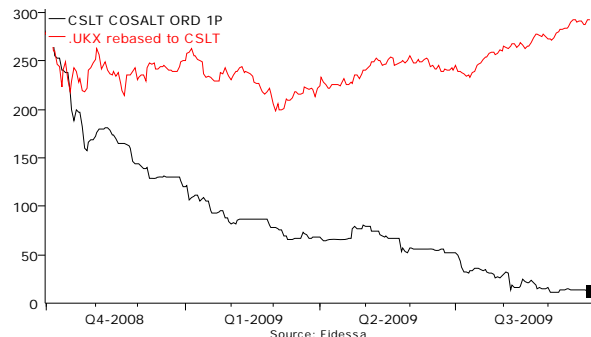
Colliers CRE has announced that it is in the final stages of a substantial re-financing and that it is not in a position to release its half year report for the period ended 30 June 2009 until the conclusion of this refinancing. Trading in the company's shares has been temporarily suspended pending the release of its half year report.



| Colliers CRE | | | | COL | Price p. | 39.3 | |
|--------------|-------|-----------|-----------|--------------|----------|------|-------|
| AIM | | | | Real Estate | Cap £m | 18.4 | |
| 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 | 3.3 | 5.0 | 12.7% |
| 2008A | 78.0 | -11.1 | -4.6 | -6.5 | - | - | - |
| 2009E | 66.4 | -1.6 | -1.2 | -1.6 | - | - | - |
| 2010E | 68.6 | 1.9 | 1.9 | 2.8 | 14.0 | - | - |

COSALT

Cosalt's interim management statement confirmed that trading in the current second half has been in line with management expectations. During the third quarter i.e. 3 May 2009 to 3 August 2009 the higher margin Cosalt Offshore business recovered strongly reporting revenues of £12.5m, a 28% increase on the comparable period a year ago whilst revenues in the Marine division were level at £15.5m.



Notable Offshore contract wins in the period include a three year contract win with BP worth £4.5m annually, a three year extension to an existing contract with CNR and a one year contract for crane inspection services with Subsea 7 in Norway.

Following the Interim Management Statement we have produced new estimates on the company for both the current financial year to end October 2009 and next (see below). Post the proceeds of the £17.1m open offer and firm placing we expect year end net debt to reduce to c. £20m boosting headroom to £13m on the group's reduced facilities of £33m.

| Cosalt | | | | CSLT | Price p. | 12.5 | |
|-----------|-------|-----------|-----------|------------------|----------|-------|-------|
| Full List | | | | Diversified Inds | Cap £m | 11.1 | |
| 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 | 1.1 | 12.00 | 96.0% |
| 2008A | 105.0 | 1.5 | 7.2 | 23.4 | 0.5 | 6.0 | 48.0% |
| 2009E | 115.5 | -0.2 | 5.2 | 4.2 | 3.0 | 0.0 | 0.0% |
| 2010E | 119.3 | 4.9 | 7.5 | 1.3* | 9.5 | 0.0 | 0.0% |

*2010E eps includes a full 12 months dilution from the 378m new shares issued as part of the recent £17.1m fund raise

EIK BANKI

First half results confirmed that Eik Banki's main risk is its exposure to the corporate real estate market in Denmark. It is therefore good to see signs that the Danish economy is starting to recover.

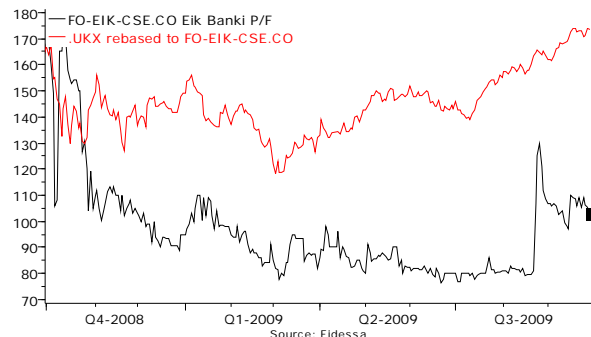
Statistics Denmark has published figures for Denmark's imports and exports in July. Exports increased by 1.5% in July and the export figures for June were revised upwards from an increase of 0.7% to 3.0%. We can therefore conclude that the fall in exports seems to have reversed.

However, there is still a long way to go before the crisis is over. The level of exports in July was still 18.5% lower than the level in July last year and the prospect of rising unemployment for the rest of 2009 and into 2010 remains.

In contrast, consumer confidence continues to climb, and is at its highest level since March 2007. Moreover, given signs of stabilisation in the housing market we are convinced that consumer spending will start to increase in the coming months.

The number of bankruptcies has been stable over the course of the last three months at around 500 bankruptcies a month. This is a high level but could be the turning point.

Our earnings estimates for Eik Banki are based on a recovery of the Danish economy in the second half of 2009. The first signs of recovery mentioned above underpin these assumptions.



| | | | |
|---------------------------|------------|-----------|-------|
| Eik Banki | FO-EIK CSE | Price DKK | 101.0 |
| Copenhagen Stock exchange | Banks | Cap DKK | 821.1 |

| Y/E | Group Revenue* | Declared Pre-Tax | Adjusted Pre-Tax | Declared After-Tax | p/e ratio | Divi | Yield |
|----------|----------------|--------------------|------------------|--------------------|-----------|-------|-------|
| December | DKKm | Profit/(Loss) DKKm | Profit** DKKm | eps** DKK | | DKK | % |
| 2007A | 676 | 465 | 310 | 51.6 | 2.0 | 10.67 | 10.6% |
| 2008A | 796 | -416 | 384 | -38.6 | - | - | - |
| 2009E | 571 | -68 | 171 | -6.1 | - | - | - |
| 2010E | No | Forecasts | | | | | |

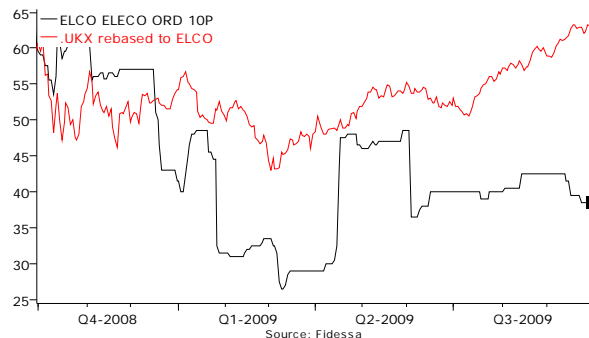
*Net interest income + fees etc

**excludes impairments, market value adjustments

ELECO

Eleco is heavily in close period with results due on October 9. In a trading statement in August, the company said that operating performance was 'in line' with previous announcements, and that net cash stood at £1.4m. There will be an impairment charge in the accounts against goodwill and other intangible assets.

The AGM will be on November 12.

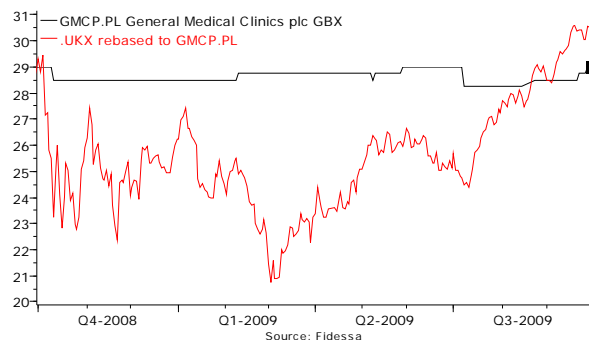


| Eleco AIM | | | | | ELCO Diversified Inds | Price p. Cap £m | 38.5 22.8 |
|--------------|-------------|----------------------------------|----------------------------------|--------------------|--------------------------|--------------------|--------------|
| Y/E | Sales £m | Declared Pre-tax Profit £m | Adjusted Pre-tax Profit £m | Adjusted eps p. | p/e ratio | Divi p. | Yield % |
| June | | | | | | | |
| 2007A | 61.9 | 5.9 | 6.3 | 10.3 | 3.7 | 2.5 | 6.5% |
| 2008A | 84.9 | 8.2 | 9.1 | 12.1 | 3.2 | 3.0 | 7.8% |
| 2009E | 77.8 | -0.11 | 0.3 | 0.4 | 96.3 | 1.2 | 3.1% |
| 2010E | 80.3 | 2.72 | 3.1 | 3.8 | 10.1 | 2.0 | 5.2% |

2007 actual results restated for IFRS.

GENERAL MEDICAL CLINICS

General Medical has announced its FY09 results for the period ended May 2009. Trading for the year showed the resilience of General Medical's business model. Total revenue was £6.61m, a 1% increase compared to the same period last year. Gross margin was 49.3% for the year, a 0.6% decline. Operating profit was up by 4.2% to £0.211m before including one-off costs relating to the development of a new medical centre at Baker Street. After including these development costs, operating profit was £54,000. General Medical's balance sheet is sound with no long term debt. Net assets were £2.98m at the year end, with £1.4m in cash.



Excluding costs relating to the Baker Street clinic, basic EPS was unchanged at 1.3p. The company has proposed a final dividend of 0.5p, yielding 1.8% at the current share price. This is a very nice bonus considering that not many PLUS-quoted companies pay a dividend.

The company's strategy over the near term is to chase earnings-enhancing acquisitions for future growth.

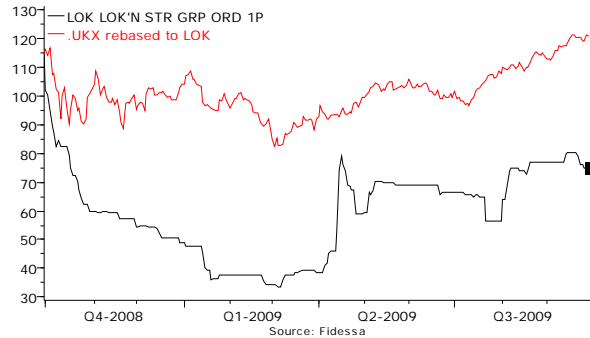
| General Medical Clinics UK: PLUS | | | | | GMCP Healthcare | Price p. Cap £m | 29.0 4.8 |
|-------------------------------------|-------------|-----------------------|-----------------------|--------------------|--------------------|--------------------|-------------|
| Y/E | Sales £m | Declared Profit £m | Adjusted Profit £m | Adjusted eps p. | p/e ratio | Divi p. | Yield % |
| May | | | | | | | |
| 2008A* | 6.54 | 0.30 | 0.48 | 2.1 | 13.8 | 0.4 | 1.4% |
| 2009A** | 6.61 | 0.12 | 0.36 | 1.7 | 17.1 | 0.5 | 1.7% |
| 2010E | Estimates | Under | Review | | | | |
| 2011E | Estimates | Under | Review | | | | |

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

**Adjusted figures in FY09 exclude development costs of Baker St clinic

LOK'NSTORE

News from the self-storage sector continues to improve. Safestore (SAFE.L) released its third quarter trading update for the nine months to 31 July 2009 last month showing a 1.9% increase in revenues, a 5.3% increase in average revenue per sq ft to £25.08 and a return to positive occupancy growth at 110,554 sq ft (previously -29,344 sq ft). Enquiries and new lets were particularly strong in July and according to management this positive trend has continued into the current fourth quarter.

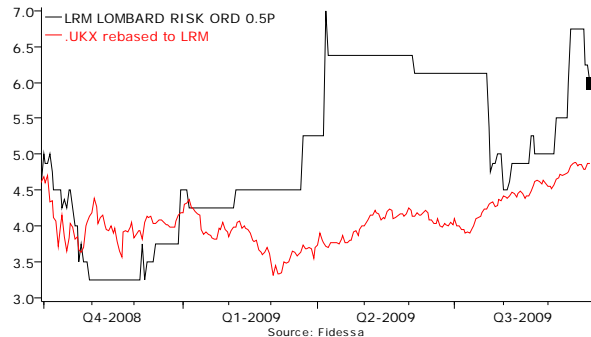


The Safestore trading statement provides an important indicator for the rest of the industry because the company is the largest self storage retailer in the UK and Paris. Any change in market conditions reported by them is likely to be felt by the entire industry.

| Lok'nStore | | | | | | Price p. | 75.0 |
|------------|-------|---------------------|---------------------|------------------|-------|----------|-------|
| AIM | | | | | | Cap £m | 20.1 |
| | | | | LOK | | | |
| | | | | Support Services | | | |
| Y/E | Sales | Declared | Adjusted | Adjusted | p/e | Divi | Yield |
| July | £m | Profit/(Loss) £m | Profit/(Loss) £m | eps p. | ratio | p. | % |
| 2007A | 10.67 | 0.95 | 0.37 | 1.20 | 62.5 | 0.67 | 0.9% |
| 2008A | 10.83 | -0.74 | -0.31 | -1.50 | - | 1.00 | 1.3% |
| 2009E | 9.96 | -0.56 | -0.56 | -2.11 | - | 0.00 | 0.0% |
| 2010E | 10.32 | -0.32 | -0.32 | -1.20 | - | 0.00 | 0.0% |

LOMBARD RISK MANAGEMENT

The prospects for Lombard, which supplies risk management software to the world banking industry, have been much improved by a £1.8m capital raising. Lombard is a relatively young company that has achieved a huge amount on a very limited capital base, getting to the No. 2 position in its two main markets of regulatory compliance and collateral management. The additional funds, which have been subscribed by a blue chip institutional list, give Lombard the working capital to be able to exploit its products more fully. The capital raising will also improve Lombard's credit rating, and raise its credibility with its customer base. Lombard will still be punching above its weight in its marketplace, but from a rather stronger base than in the past.



Some changes are taking place at the company to match this step up in status. The roles of chairman and chief executive are to be separated (a search for a non-executive chairman is currently under way). Also a full time finance director has been appointed. He is Keith Butcher, previously Finance Director of Flomerics and DataCash, both AIM listed technology businesses.

We have withdrawn our forecasts until the new finance director has concluded his review of the company, but in any case expect a further loss for the first half to end-September 2009. This is at least partly because the new funds will not be available to Lombard until the second half of October, so the company will have six months of interest charges to bear, and also will only be able to make use of the additional funds for the tail end of the year.

2011 could be very interesting. The Shanghai operation is to be further strengthened, and we expect Shanghai to account for a considerably increased proportion of the cost base in the current year.

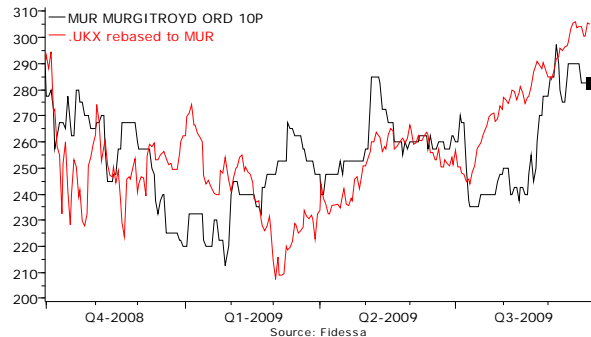
There is a real need for Lombard's product out in the international banking community, with a worldwide tightening of regulation and banking accountability. Post the new share issue the company is trading at an Enterprise Value of only 1.2X likely 3/2010 revenues, which suggests plenty of scope on the upside.

| Lombard Risk Mgt | | | | LRM | | Price p. | 6.0 |
|------------------|-----------|---------------------|---------------------|-----------------|-------|----------|-------|
| AIM | | | | Software | | Cap £m | 12.4 |
| 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 | | | | |

*But see text

MURGITROYD

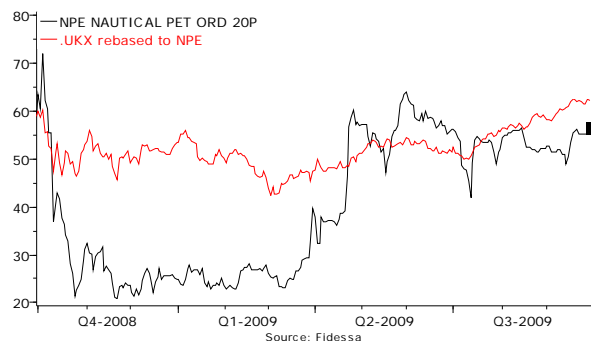
European Patent and Trade Mark Attorney, Murgitroyd Group PLC, released its full year results last month. Turnover at £28.9m was up 12.5% while profit before tax at £3.1m was up 7.5%. Cash flow generated from operating activities was a strong £2.9m and 74% higher than that generated in the prior year. Net debt at £7.0m now represents gearing of less than 50% and interest payments are covered a very comfortable 9.6x. Despite a difficult economic environment Murgitroyd has continued to find new opportunities for work, albeit at lower prices. In the USA an IP Portal service has been introduced, providing corporates with a single hub through which to manage the administration of their foreign filings and opportunities to replicate the service are being investigated elsewhere.



| Murgitroyd | MUR | | | | | Price p. | 282.5 |
|------------|------------------|-----------|-----------|-------------|-------|----------|-------|
| AIM | Support Services | | | | | Cap £m | 24.0 |
| 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 | 11.2 | 9.5 | 3.4% |
| 2009A | 28.9 | 3.1 | 3.4 | 27.0 | 10.5 | 9.5 | 3.4% |
| 2010E | 30.4 | 3.5 | 3.5 | 27.9 | 10.1 | 10.0 | 3.5% |
| 2011E | 31.1 | 3.8 | 3.8 | 30 | 9.4 | 10.5 | 3.7% |

NAUTICAL PETROLEUM

No financial or operational announcements have been made by Nautical during September. As an aside, the company has re-launched its website.



| Nautical Petroleum | NPE | | | | | Price p. | 56.5 |
|--------------------|-----------|-----------|-----------|----------|-------|----------|-------|
| AIM | Oil | | | | | Cap £m | 35.8 |
| 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's AGM statement stressed what we already knew, that investment returns from this cash rich company are being dented by low interest rates. However, there are strong compensations in the shape of an 8% gain in the Corporate Voucher business, which accounts for 60% of group operating profit. Overall new business is up 30% year on year.

The Christmas savings business is holding up well. Orders are 6% below last year, which the company says is creditable given the current economic environment. The number of agents is up 6%, which could be helpful for the next financial year.

Online sales are up 20% so far this year.

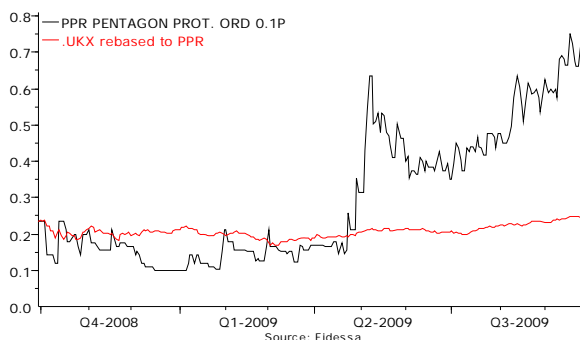
Park says that it is 'well placed to deliver another sound trading performance'.



| Park Group | | | | PKG | | Price p. | 19.6 |
|------------|-------|-----------|-----------|------------------|-------|----------|-------|
| AIM | | | | Consumer Finance | | Cap £m | 32.3 |
| 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 | 8.9 | 1.2 | 6.1% |
| 2009A | 250.5 | 6.2 | 6.2 | 2.4 | 8.2 | 1.3 | 6.6% |
| 2010E | 252.1 | 5.3 | 5.3 | 2.3 | 8.5 | 1.3 | 6.6% |
| 2011E | No | Forecasts | | | | | |

PENTAGON PROTECTION

Pentagon has reached an exclusive agreement with Westminster Group, a company engaged in the supply of system solutions and products to the security and defence, fire protection and safety markets worldwide. As per the terms of the agreement, Westminster Group will be the sole agent and distributor for Pentagon's blast and solar reflective films and anchoring solutions in Asia. Westminster Group is to market, promote and sell Pentagon's blast and protection solutions throughout its extensive network of agents and offices in the region.



Westminster says 'the company has already identified a sizeable and prestigious potential project in the region' and that it expects to generate a number of similar opportunities in the coming months. This is hugely exciting news for Pentagon given it made the majority of its sales team redundant recently. Going forward, we expect Pentagon to continue to expand its sales network through similar distribution agreements.

| Pentagon Protection | | | | PPR | | Price p. | 0.8 |
|---------------------|-------|-----------|-----------|------------------|-------|----------|-------|
| AIM | | | | Support Services | | Cap £m | 4.9 |
| Y/E | Sales | Declared | Adjusted | Adjusted | p/e | Divi | Yield |
| September | £m | Profit £m | Profit £m | eps p. | ratio | p. | % |
| 2007A | 1.74 | -0.33 | -0.33 | -0.10 | - | - | - |
| 2008A | 1.44 | -0.30 | -0.60 | -0.15 | - | - | - |
| 2009E | No | Forecasts | | | | | |
| 2010E | No | Forecasts | | | | | |

PHOTO-ME INTERNATIONAL

We viewed the Interim Management Statement issued at end-September as reassuring, with the caveat that the forward movement was driven by the weakness of the Pound rather than by trading conditions. The big picture, however, is that Q1 (May-July) revenue from continuing operations and profit have both increased, and net debt has continued its downward trend.

The Photo-Me management is utterly correct to highlight the role currency has played in this improvement. Europe is very important to Photo-Me, and the Pound has continued to drift against the Euro. The latest annual report shows that 48% of revenues last year came from 'Continental Europe', but Photo-Me's definition does not include the Republic of Ireland (also in the Euro zone), which is bulked in with the UK for reporting purposes. A further 18% of revenues is shown as 'Asia and Australia', but in reality most of this is derived from Japan, and the Pound's fall against the Yen has been spectacular over the last twelve months.

It should also be remembered that May-July is not a particularly strong quarter for Photo-Me. Q2, which contains the 'back to college' photo pass bulge, is more important.

The Interim Management Statement came out too early, also, for us to get any feel of the likely impact of the new system for obtaining photos for passports in France. The impact of this will be negative, but it is quite possible that it will be some time before its full impact is felt.

A new Finance Director has been appointed following the death of Jean-Luc Peurois in July. She is Françoise Coutaz-Replan, and is an internal appointment, having previously been Finance Director of Photo-Me France and KIS (the French sales and servicing company). She has been with the group since 1991.

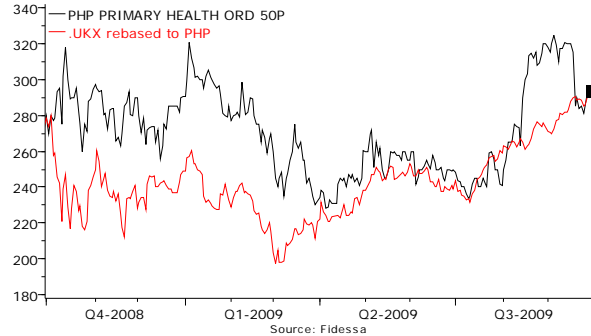
The next update from the company will be at the AGM on 29 October. Photo-Me's shares have more than doubled since our March research note.



| Photo-Me Full List | | | PHTM Support Services | | | Price p. | 35.0 |
|--------------------|-------|-----------|-----------------------|----------|-------|----------|-------|
| 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 | - | - | - |
| 2009A | 210.9 | 38.6 | 1.6 | 0.2 | 175.0 | - | - |
| 2010E | 199.4 | 34.2 | 2.2 | 0.6 | 58.3 | - | - |
| 2011E | No | Forecasts | | | | | |

PRIMARY HEALTH PROPERTIES

A £60m capital raising is hugely important for Primary Health Properties. It drops the Loan To Value ratio on its properties from 65.6% to 47.4%, removing any lingering doubts about headroom with banking covenants. It provides a very timely opportunity for growth, because many other property companies and investors are still under pressure following the problems of 2008/H1 2009 so lessening the competition for new doctors' surgery properties. It gives PHP the opportunity to scale up to a theoretical property portfolio of £500m gross, giving it huge economies of scale and market power.



The new shares have been placed at 230p, a 27% discount to the price immediately before the announcement. There are limited pre-emption rights, with existing shareholders being offered shares on a 1-for-5 basis.

Primary Health Properties has stated that it has £90m of possible property acquisitions under negotiations. These have a rent roll of £6.2m. So when the deal is completed (and we believe shareholder approval is a foregone conclusion) then PHP will be able to get a return on its new equity very quickly.

| Primary Health Full List | PHP Real Estate | | | | Price p. Cap £m | 293.75 108.1 |
|--------------------------|-----------------------|---------------------|------------------|-----------|-----------------|-----------------|
| 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 | 21.3 | 15.75 | 5.4% |
| 2008A | 19.7 | 6.3 | 18.8 | 15.6 | 16.50 | 5.6% |
| 2009E | 20.8 | 6.7 | 16.4 | 17.9 | 17.00 | 5.8% |
| 2010E | 26.0 | 11.0 | 18.0 | 16.3 | 17.50 | 6.0% |

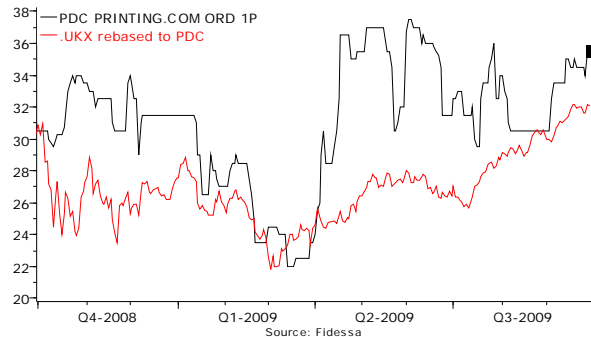
* EPRA basis

PRINTING.COM

Printing.com has completed its September half year end and in line with previous practice we expect the company to release a pre-close trading update in early October ahead of interim results in November.

Earlier this month, 3G Capital Management increased its stake in the company to 3.12% while Chairman Mr Hardie picked up another 78,425 shares at 34p/share taking his holding up from 3.57% to 3.78%.

We continue to believe that Printing.com will be one of the earliest beneficiaries of a sustained pick up in economic activity, possibly in early/mid 2010.



| Printing.com | | | | PDC | | Price p. | 35.5 |
|--------------|-------|-----------|-----------|-----------|-------|----------|-------|
| AIM | | | | Retailing | | Cap £m | 15.9 |
| Y/E | Sales | Declared | Adjusted | Adjusted | p/e | Divi | Yield |
| March | £m | Profit £m | Profit £m | eps p. | ratio | p. | % |
| 2008A | 13.5 | 2.4 | 2.4 | 3.5 | 10.1 | 3.00 | 8.5% |
| 2009A | 14.5 | 2.1 | 2.1 | 3.3 | 10.9 | 5.15* | 14.5% |
| 2010E | 14.4 | 2.1 | 2.1 | 3.2 | 11.1 | 3.30 | 9.3% |
| 2011E | 15.3 | 2.3 | 2.3 | 3.6 | 9.9 | 3.60 | 10.1% |

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

R.E.A. HOLDINGS

There has been no new news from R.E.A. Holdings over the course of the last month. However, Indonesian palm oil and Australian beef cattle company MP Evans (MPE.L) recently reported figures in line with expectations and said it was optimistic about the future. In particular, management believe that the long-term outlook for the palm oil price, currently at \$670m/t, remains bright 'in view of the ever increasing demand for food from the world's growing economies'. We would tend to agree.



| R.E.A. Holdings | | | | RE. | | Price p. | 382.5 |
|-----------------|-------|-------------|-------------|-------------|-------|----------|-------|
| Full List | | | | Food | | Cap £m | 127.8 |
| 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 | 7.9 | 2.0 | 0.5% |
| 2008A | 79.6 | 36.3 | 38.97 | 77.20 | 7.4 | 3.0 | 0.8% |
| 2009E | 66.9 | 34.20 | 34.20 | 66.40 | 8.6 | 4.0 | 1.0% |
| 2010E | 73.4 | 39.50 | 37.50 | 73.70 | 7.8 | 4.0 | 1.0% |

RENEW HOLDINGS

On 22 September Renew Holdings was advised of the outcome of a decision by the Office of Fair Trading (“OFT”) on an investigation into bid rigging, including cover pricing. Renew, alongside 102 other companies, has been fined under the Competition Act 1998. Renew, jointly and severally with its subsidiary Allenbuild, has been fined £0.5m in respect of cover pricing activities. It was also fined £3.0m, jointly and severally, with Bullock Construction Ltd, a subsidiary which it sold in 2005. The company will be seeking advice on whether to appeal the decision. In the case of Allenbuild this would be an appeal against the level of the fine while in the case of Bullock, it would be against the OFT’s findings. Post the decision Renew’s shares, which had run up strongly to the top of our fair value forecast range of 39p-43p per share, are down 15.0%.

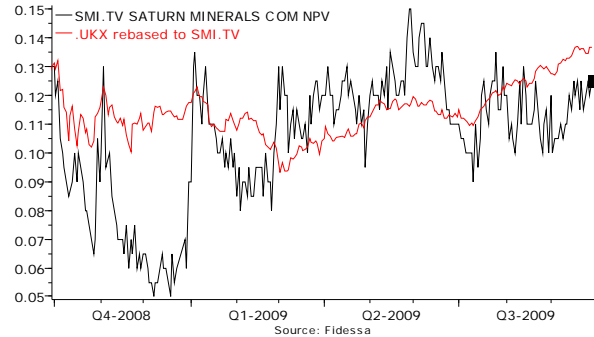


A pre-close trading update released today indicates that the Group is continuing to trade satisfactorily. While conditions in Specialist Building remain generally challenging Specialist Engineering continues to be resilient and Renew’s order book remains strong. Stated cost reductions have been implemented and management is comfortable that full year results, due to be announced on 24 November, will be in line with market expectations.

| Renew Holdings | | | | RNWH | | Price p. | 36.5 |
|----------------|-------|-----------|-----------|--------------|-------|----------|-------|
| AIM | | | | Construction | | Cap £m | 21.9 |
| Y/E | Sales | Declared | Adjusted | Adjusted | p/e | Divi | Yield |
| September | £m | Profit £m | Profit £m | eps p. | ratio | p. | % |
| 2007A | 348.1 | 7.4 | 7.4 | 12.3 | 3.0 | 1.8 | 4.9% |
| 2008A | 390.6 | 6.7 | 9.5 | 11.4 | 3.2 | 3.0 | 8.2% |
| 2009E | 334.2 | 1.7 | 5.5 | 6.7 | 5.4 | 3.0 | 8.2% |
| 2010E | 304.4 | 4.5 | 4.8 | 5.8 | 6.3 | 3.0 | 8.2% |

SATURN MINERALS

Saturn Minerals Inc has received the results from the Fugro GeoTEM airborne geophysics survey flown in July over its Durango Trend thermal coal prospects in Saskatchewan. Covering a total of 3,208 line km, the survey shows at least five Type A targets and numerous Type B targets. We understand that Type A targets have been shown, on adjacent properties, to have a very high probability of hosting significant coal intercepts, while Type B targets may host coal or other sedimentary geology that aids in development of the geological resource model for the area. One of the Type A targets is roughly co-incident with a gravitic anomaly found earlier this year on the Armit property. That anomaly was consistent with a gently dipping 25m thick coal seam at roughly 200m depth, extending for over 2 km.



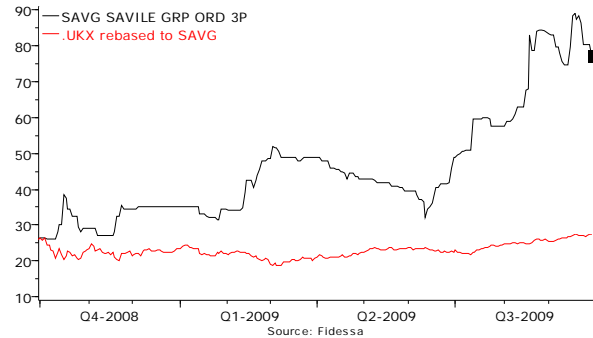
Plans and permits are in place to drill at up to 41 locations and we believe that, contingent on a positive NI 43-101 compliant independent geologist's report, drilling will take place before the end of the year. From our understanding of local geology and the results seen so far, we believe that there is a very high probability that significant thermal coal seams will be intercepted on Saturn's properties.

For more details see our note 'Geophysics Returned with Promise' from 22nd September.

| Saturn Minerals Inc | | | | SMI | | Price CND\$ | | 0.13 |
|---------------------|-------|------------|------------|----------|-------|-------------|-------|------|
| TSX | | | | Mining | | Cap CND\$ | | 6.1 |
| 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 | N/A | N/A | N/A | |
| 2008A | 0 | -2.6 | | -0.08 | N/A | N/A | N/A | |
| 2009E | No | estimates | | | | | | |
| 2010E | No | estimates | | | | | | |

SAVILE GROUP

Full year results from outplacement, talent management and coaching specialist Savile Group showed excellent growth and cash generation and a confident outlook. Revenues in the year to end June 2009 were up 49% to £10.4m whilst operating profit grew by 156% to £1.8m on the back of an increase in operating margins from 10.2% to 17.5%. Pre-tax profit for the year grew by an impressive 157% to £1.85m and the group has returned to the dividend list with a final dividend of 2.25p/share, ahead of our 2p/share forecast. The y/e net cash balance has grown substantially, up 172% to £3m, including £419k of treasury shares at cost which have since almost doubled in value.



The larger outplacement division, Fairplace, accounted for c.66% of total revenues in FY09 following a substantial 71% increase in sales to £6.8m. This growth was considerably in excess of the industry growth rate of 25% and in part reflects Fairplace's heavy emphasis on financial services. The talent management businesses, CEDAR and IDDAS, reported a pleasing 18% increase in revenues in spite of their vulnerability to budget cutbacks when the economy turns down.

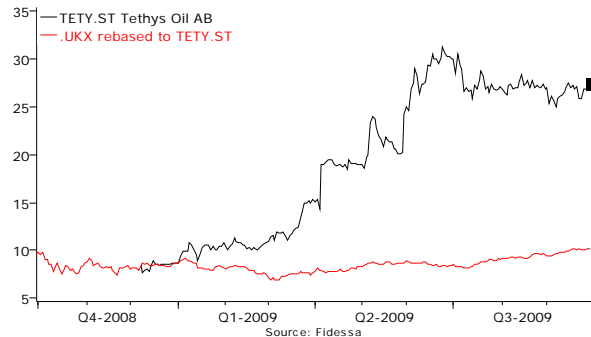
In the current financial year we expect a more balanced outplacement/talent management revenue split to emerge, possibly 55/45, as economic conditions steadily improve and the new talent management business development team gets to work. Our estimates below look for a 7.8% increase in revenues to £11.2m, an 8.1% increase in PBT to £2m and an 11% increase in the dividend to 2.5p. Fully diluted eps is likely to decline by 3% to 8.32p but only because of an increase in the number of options outstanding to 2.7m (2009A:1.1m). In the absence of these additional options, we note fully diluted eps would show an increase of 8.6%.

Meanwhile, the strong net cash position in the balance sheet should strengthen further to c. £4m providing plenty of firepower for earnings-enhancing acquisitions and the strong possibility of earnings upgrades.

| Savile Group | SAVG | | | | | Price p. | 77.0 |
|--------------|------------------|-----------|-----------|----------|-------|----------|-------|
| AIM | Support Services | | | | | Cap £m | 13.3 |
| Y/E | Sales | Declared | Adjusted | Adjusted | p/e | Divi | Yield |
| June | £m | Profit £m | Profit £m | eps p. | ratio | p. | % |
| 2008A | 7.0 | 0.72 | 0.90 | 6.04 | 12.7 | - | - |
| 2009A | 10.4 | 1.85 | 1.85 | 8.52 | 9.0 | 2.3 | 2.9% |
| 2010E | 11.2 | 2.00 | 2.00 | 8.32 | 9.3 | 2.5 | 3.2% |
| 2011E | No | Forecasts | | | | | |

TETHYS OIL

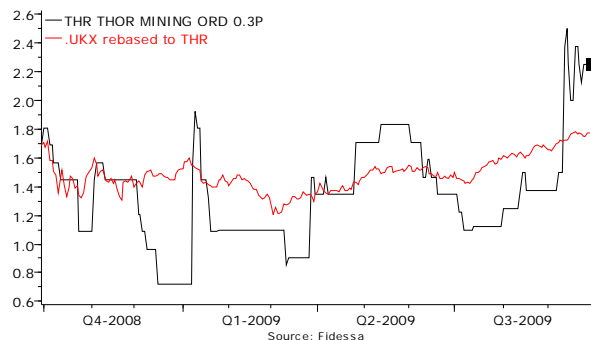
A group of investors has exercised a packet of 592,000 warrants at SEK 23. The warrants were acquired from the directors of Tethys for a purchase price of SEK 2 per warrant on the condition that they were immediately exercised. Through this subscription, Tethys will receive proceeds of MSEK 13.6 and the total number of outstanding shares in Tethys will increase by 592,000 to 28,048,272. The number of outstanding warrants after this exercise amount to 4,025,663.



| Tethys Oil AIM | TETY.SE Oil | | | | Price SEK. | 27.4 | |
|-------------------|----------------|-----------|------------|----------|------------|-------|-------|
| | | | | | Cap MSEK | 767.2 | |
| Y/E | Sales | Declared | Adjusted | Adjusted | p/e | Divi | Yield |
| December | SEK m | SEK m | SEK m | eps SEK | ratio | SEK. | % |
| 2007A | - | -24.7 | -24.7 | -1.41 | - | - | - |
| 2008A | - | -16.4 | -16.4 | -0.72 | - | - | - |
| 2009E | No | estimates | at present | | - | - | - |
| 2010E | No | estimates | at present | | | | |

THOR MINING

The full year results statement from Thor Mining shows an admirable control of expenses that has limited losses. The other key issues for Thor are the prices of molybdenum and tungsten; these have both shown a significant recovery from their low points in the Spring. Chairman Michael Billing says, however, that these are still 'not at a level which would justify imminent commencement of construction and development at Molyhil.'



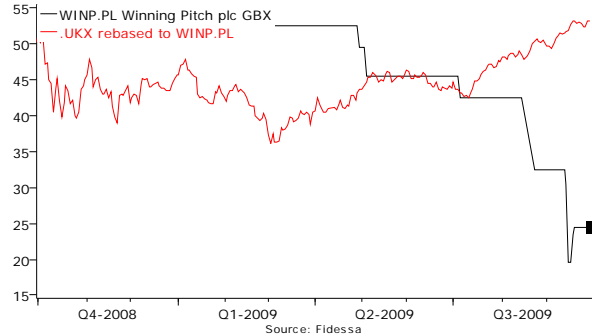
As we pointed out earlier in the year, Thor has been reviewing the proposed operating methodology in order to reduce capital and operating costs. The capital reduction programme and investigation into reduction of operating costs is still ongoing.

There is an off take agreement with CITIC, one of China's largest state owned companies, for 100% of the output. This is a very decent project that is merely awaiting a return of metal prices to more normal levels.

| Thor Mining AIM | THR Mining | | | | Price p. | 2.3 | |
|--------------------|---------------|-----------|------------|----------|----------|------|-------|
| | | | | | Cap £m | 4.9 | |
| Y/E | Sales | Declared | Adjusted | Adjusted | p/e | Divi | Yield |
| June | £m | Profit £m | Profit £m | eps p. | Ratio | p. | % |
| 2008A | 0.0 | -1.1 | -1.1 | -0.76 | - | - | - |
| 2009A | 0.0 | -1.3 | -1.3 | -0.77 | - | - | - |
| 2010E | No | estimates | at present | | | | |
| 2011E | No | estimates | at present | | | | |

WINNING PITCH

Following the trading of a single block of shares, 42,500, at 12.0p Winning Pitch's management have issued a pre-close trading statement. Trading is very much in line with expectations and the company anticipates that profits for the full year will be ahead of earlier expectations. Not only are major contracts running according to plan but several individual new contracts have been signed and the company's forward order book is looking healthy. This is a clear example of the impact that trading can have on an illiquid stock, without in any way reflecting on value. Close to 96% of Winning Pitch shares are held by CEO, John Leach and Managing/Finance Director, Ian Brookes. The remaining shares were held variously by employees and the directors of Creative Business Achievements ("CBA"), a business acquired by Winning Pitch in January of last year.



Full year results to 25 September 2009 are due for release on Monday 14 December.

| Winning Pitch PLUS | | | | WINP Support Services | | Price p. Cap £m | 24.5 1.3 |
|--------------------|----------|--------------------|--------------------|-----------------------|-----------|-----------------|-------------|
| 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 | 10.8 | - | - |
| 2008A | 1.30 | -0.24 | -0.03 | -4.37 | -5.6 | - | - |
| 2009E | 2.50 | 0.00 | 0.00 | 0.00 | - | - | - |
| 2010E | 3.50 | 0.50 | 0.50 | 10.00 | 2.5 | - | - |

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

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