

# Hardman & Co

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## THE MONTHLY JULY 2007

Our stocks have shown a particularly high level of volatility over the past month, with the shares of three companies rising by more than 25% and five falling by more than 25%. Two main features distinguish our stock 'bundle' from the market as a whole. The first is a complete absence of takeover activity, while the FTSE has been driven by deals such as *Alliance Boots*, *BAA* and *Sainsbury*. The second is the weighting in our lists of property companies. The property sector has been bumping along at the bottom of the stock market performance tables throughout the spring and summer.

There has been almost no escaping this trend for any company perceived as being property related or property influenced, regardless of the justification in terms of fundamentals. The qualification 'almost' is necessary because *Metnor*, the property developer and construction company specialising in the North-East, has seen its shares rise yet again. Also *Eleco*, which is allied to the construction and housebuilding industries because it supplies roofing to industrial developments and nailplates and software to housebuilders, has been strong following the clearance of a stock overhang.

How justified has this property sell-off been? The steady series of rises in interest rates suggests that the easy gains in net asset value to be made from yield compression have come to an end. However, that conclusion could have been reached two years ago, and most property company shares did not peak until January/February this year. Are the yield bases for valuations about to stretch out? This would reduce property values, but we see no evidence of it, and if interest rates peak at 6% or even slightly higher, it is hardly likely to happen. Some of the major property companies have just started to see their shares bounce off the bottom, and some decent discounts to net asset backing are available once more in both large and small companies.

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We have produced an inaugural research note on *Suretrack Monitoring*, an early stage PLUS Markets electronic tracking company. Suretrack specialises in real time tracking for security and asset recovery after theft.

We have ceased coverage of *Dermasalve*.

### SHARES UP

Mart Resources	110.7%
Park Group	26.6%
Galleon	25.0%
Emed	15.5%
Murgitroyd	11.2%
Eleco	10.5%
Sefton Resources	5.1%
New Cantech	4.9%
Tethys Oil	3.9%
Metnor	3.6%
Dori Media	3.2%
Nautical Petroleum	3.1%
YouGov	1.9%
Thor Mining	1.8%
Metals Exploration	1.2%
Lighthouse Group	0.8%

### SHARES UNCHANGED

General Medical	0.0%
IAF Group	0.0%
Suretrack	0.0%
Vianet	0.0%

### SHARES DOWN

FTSE Index	-0.4%
Minoan	-1.7%
Photo-Me	-2.9%
Accident Exchange	-3.5%
Property Recycling	-3.7%
R.E.A. Holdings	-4.6%
European Nickel	-5.0%
Sunrise Diamonds	-5.6%
Alliance Pharma	-6.1%
Lombard Risk Mgt	-6.3%
Colliers CRE	-6.6%
Oak Holdings	-7.1%
Gladstone Pacific	-7.4%
Palmaris	-7.7%
Cosalt	-8.6%
Printing.com	-9.2%
Wichford	-11.2%
Primary Health	-12.0%
EuroTrust	-12.8%
Lok'nStore	-13.4%
Marchpole	-15.4%
Faces Cosmetics	-25.0%
Touchstone	-29.2%
SMC	-29.9%
Orbis	-45.8%
e-pay Asia	-60.5%

## **ACCIDENT EXCHANGE**

The legal judgement on the validity of contracts affecting £18m of debtors should be handed down by the end of July. We have, of course, heard this before, and the legal system has a remarkable ability to create delays out of seemingly straightforward situations. This issue is key to the valuation of Accident Exchange shares. Resolved in the company's favour, and Accident Exchange would face a positive fund inflow as this money is collected over the coming twelve months; an enviable position as its shares are already trading on a 60% discount to those of rival *Helphire*. If the judgement goes against Accident Exchange, then at some point it will probably want to raise additional equity capital, and with the shares trading on a single figure p/e ratio a fund-raising would be heavily dilutive. It would still leave the shares undervalued compared to *Helphire* because there is nothing in the legal challenge that affects current business, but it would limit the immediate upside potential in the share price.

The full year numbers that Accident Exchange released in mid-July were not brilliant, but they could have been a great deal worse. Sales were up 90%, and after stripping out the effects of exceptional items in both years we calculated that there was an increase in underlying pre-tax profits of around 5%. Because the tax charge was lower, eps on a continuing basis actually showed a rise of 12%.

The Accident Exchange share price has been caned by the market – the shares are less than a third of their level at the beginning of 2007. This is not consistent with rising eps, or with our forecast of a further 12%+ rise in eps for the current financial year.

## **ALLIANCE PHARMA**

Alliance Pharma issued a trading update earlier this month in which it informed the market that it expects a first half loss of circa £700,000 excluding re-organisation costs which are estimated to amount to around £200,000. The loss has arisen as a result of continuing supply shortfalls in certain of Alliance's key products, namely Deltacortril - an oral steroid, Atarax – an oral antihistamine and Forceval – a multi-vitamin preparation. As the supply shortfalls are expected to be of a temporary nature we have reduced our 2007 profit forecasts but left our 2008 forecasts relatively unchanged.

## **BRITISH COUNTRY INNS**

There have been no further developments.

## **COLLIERS CRE**

Colliers CRE is due to report its interim results for the six months ended 30 June 2007 on 30 July and is heavily in close period.

## **COSALT**

Sometimes dark clouds have silver linings, and the floods that have devastated parts of

Lincolnshire have led to a surprise demand for traditional aluminium clad holiday homes from people whose houses have been flooded. This has come as a welcome respite for the industry as a whole, which has been suffering from surplus stock as a result of past overproduction. It has helped clear some of the old stock, and as long as the industry as a whole is sensible in terms of its production planning over the winter months, could reduce the risk of heavy price discounting in 2008. There is no direct short term impact on Cosalt because it attacked the over-production issue far earlier than its competitors. But anything that improves market conditions for 2008 has to be encouraging.

Cosalt released interim results in early July, and we produced a new research note on the company on 11 July; please contact us for a copy. The results clearly showed that our current year estimates were too high and we have pulled them back. With the Marine Safety Division almost certain to make more acquisitions, however, there are more important points for investors than historic earnings. These include the value of assets likely to be sold, and the benefits to be gained from a much stronger market presence in the fragmented marine safety equipment and safety clothing businesses. Marine Safety is going to be Cosalt's core business in future.

## **DORI MEDIA**

Dori Media has signed an agreement to operate cable TV channels in Israel, under an agreement signed between a 75% owned joint venture and HOT, the biggest multi-channel platform in Israel.

The agreement is expected to generate between US\$17.5m and US\$22.5m a year, or between US\$52.5m and US\$67.5m over three years. The agreement includes three terms of renewal of up to one year each at HOT's option. The agreement takes effect from January 1 2008.

Dori's 25% minority partner in the deal is Spike 2K. The subsidiary will be responsible for the day to day running of the channels, including all the creative elements. The deal is subject to the finalisation of appendices and approval of the HOT board; these are due to take place no later than August 20, and investors should watch for confirmation of the arrangement.

In our view, this is a major breakthrough for Dori, taking it into new territory. The shares are trading close to an all time high.

## **ELECO**

The company has a June 30 year end and has just moved into close period. The shares have had a strong month, rising above the 100p barrier for the first time ever. In our previous Monthly we reported that a stock overhang had been shifted and this had left the market with little available stock.

## **EMED MINING PUBLIC LTD**

EMED Mining continues to advance its Biely Vrch gold prospect with the majority of assays now returned from the first set of diamond drill cores from the recent drilling campaign. At first sight the grades may not seem spectacular with significant gold intercepts at between 0.2g/t and 1.8 g/t, but the additional geological and mineralogical work carried out by EMED Mining's consultant, Dr Richard Sillitoe, has confirmed that the deposit is a gold porphyry system. According to Dr Sillitoe "The Biely Vrch deposit conforms precisely to the porphyry gold model .... not recognized previously in The Carpathians". This is significant. Gold porphyry deposits are well known in the Maricunga gold belt of Chile. These are typically large, low grade, bulk-mineable deposits with relatively simple metallurgical parameters amenable to heap leaching. Most of the deposits currently in development or in production have >100mt of gold mineralisation at grades between 0.7g/t and 1.8 g/t giving them multi-million ounces gold resources.

EMED Mining has come a long way very quickly from the green field site that it acquired to a project where up to 23mt of gold mineralisation at an average grade of 1.0g/t has been roughly estimated. Though not yet compliant to any reporting code, confirmation of the geological model and opportunities to extend the mineralized envelope in two directions at Biely Vrch

continue to give the company great encouragement and more than justify the extension of the 2007 drilling program from 5,000m to 7,000m. EMED Mining has announced its intent to work towards a JORC compliant resource estimate at Biely Vrch this year and have purchased its own drill rig to help move this aim forward in a cost effective manner. In addition to Biely Vrch several other prospects with similar characteristics are being investigated in the surrounding area. Initial reconnaissance drilling is planned during this campaign. EMED Mining continues to advance the optional acquisition of PRT, an established open-pit copper mine in Spain with significant reserves remaining. Work also continues towards starting copper-zinc extraction in Cyprus on its Klirou project. The addition to the board of Dr Michael Price, a former Global Head of Mining Finance at Barclays Capital, will no doubt help advance these projects towards production. RFC Corporate Finance have been appointed as NOMAD.

## **E-PAY ASIA**

A disastrous trading statement has been issued, indicating problems in Indonesia and that the company is effectively pulling out of the Chinese market for the time being. Interim results, due to be announced at end-August, will be down by 85% and prospects for the July-December half are to us far from clear. There is to be an auditors' review before the

half year results are announced, and this is obviously very necessary. Our forecasts were, even before this trading statement, already some way below the company's own expectations. Now we look for a fall in turnover, no more than break-even, and prudence leads us to no longer expect a dividend.

Michael Lee has stepped down as chairman, and been replaced by the UK-based non-executive director John Croft.

In Indonesia, the business will operate at a loss in the current year. Financing costs will also be higher. In China, where epay Asia sold A\$3.6m of direct software licences last year, a decision has been made in future to proceed with via a joint venture with an as yet unspecified joint venture partner. This will mean sacrificing direct sales there for the remainder of the year.

Malaysia apparently continues to do well and the board says it is 'confident of future prospects', but unfortunately the board now faces a major credibility issue. The shares have more than halved since the trading statement and are down 84% since February.

#### **EUROPEAN NICKEL**

ENickel has announced first profit from its Çaldağ project in their interims for 6 months to 31 March 2007. A gross profit of \$3.5m on a turnover of \$5.7m gives a gross margin of 61.4% for the simple extraction, beneficiation and transport to

port of nickel laterite before FOB sale to a Greek smelter. Even at this low production rate the profit made from sale of an un-processed nickel ore more than offsets on-going operational costs as the company continues to push for its full set of licences. High nickel demand and prices should support the continuation of this production and could even see its acceleration, though the small-scale beneficiation plant currently on-site may prevent a significant increase in output.

ENickel is not forecasting the current production to significantly alter the baseline figures for the planned heap leach plant. To date ENickel has spent \$51m in Turkey and expect to spend a further \$16m on items of processing plant before full commissioning can start and the potential of the deposit fully realised.

Profits including interest on the company's \$109m bank balance are £5m post tax. The company has swapped its accounts to US\$ on the basis that its sales and costs from now on will be in US\$ for the most part. The previously announced addition to the board of Chris Pinton former President of BHP Billiton's Stainless Steel Materials Customer Sector Group has now taken place further cementing ENickel's links with the Anglo-Australian giant.

#### **EUROTRUSTA/S**

Wind energy and property development company EuroTrust has entered into *conditional* agreements to

dispose of real estate interests in Denmark with an aggregate sales value of up to €5m (DKK706m). The properties, which are being sold in three separate transactions to three different buyers include Den Gamle Skibsmedie ApS in Skagen, Romo Golf A/S and adjacent Wellness Centre Building, and Ejendomsselskabet Tetris ApS and Det gamle Enigheden Aps in Copenhagen.

EuroTrust is currently assessing the impact of these transactions on results for year end 30 June 2007, which will be prepared in accordance with US GAAP. If the proceeds from the disposals qualify as revenue in the present financial year, EuroTrust is very likely to exceed the 2007 estimates reported in our initiation of coverage note published in June.

We understand that the group's ventures in Norway are also progressing well. The group has pre-sold 14 of the 24 semi-detached dwellings of the Korshamn Rorbuer II project and the first 49 plots of a total 1,075 on the Justnes peninsula in Kristiansand are expected to be sold shortly.

The 12-month lock-up period for EuroTrust's 22.5% legacy stake (31.3m shares) in media company Europe Vision came to an end on 2 July. Just three days prior to expiration, Europe Vision's shares were *temporarily* suspended from trading on AIM. This was due to a delay in receiving an independent valuation of assets, which created a knock-on effect that resulted

in it failing to report full-year results for 2006 within the required time frame. The valuations have now been received and the auditors are undertaking verification work. Europe Vision intends to publish audited annual accounts "as soon as possible", at which point, it anticipates that trading in its shares will be restored. Europe Vision's suspension does not impact EuroTrust's day-to-day operations; it only affects the size and timing of a potential one-off gain on liquidation of its holding.

An application has been made for the admission of 270,000 ordinary shares of DKK7.50 each in EuroTrust. These began trading on AIM on 18 July. This will bring the number of shares in issue to 38.5m. The majority of the shares (250,000) were issued to Real Development ApS as consideration for the acquisition of Real Ejendomme A/S. The remainder were issued to non-executive director Jan Berger on the exercise of options at \$2.85 per share.

#### **FACES COSMETICS**

Faces has issued a trading update stating that while progress is being made in respect of signing up new franchises that trading in the current financial year is likely to be below market expectations. Two new multi-franchise agreements have now been entered into in respect of 12 US based franchises, the first of which is in Northern Virginia and covers five locations, the second of which is in Maryland, covering seven locations. At least one new

store is expected to be opened in Northern Virginia this year and potentially one will also be opened in Maryland. A franchise agreement has also been entered into in Honduras, Central America. We will be updating our forecasts shortly.

#### **GALLEON**

The rights to market Blasterz IP in the UK, France, Germany and Italy through retail channels have been licensed to Topps, a global creator and marketer. This is the first retail deal for Blasterz and directors talk of there being 'tremendous potential' in the retail market.

Topps is a specialist in the distribution of 'pocket money' entertainment products. The deal does not involve a fixed financial sum, but is dependent upon sales.

Galleon continues to supply Pepsico and other companies with Blasterz for use in promotions. To date, 175 million Blasterz have been placed across ten markets.

The shares reached a new high on the news.

#### **GENERAL MEDICAL CLINICS**

The company has entered its close period, and we expect it to announce results sometime in September. As far as we are aware trading has been satisfactory and very much as we expected. A month ago the company issued a statement saying that it 'looked forward to reporting on a very successful year'. General Medical has not

opened any new clinics, but it has been seeing more patients in its existing ones, and has also been undertaking a great deal more vaccination work.

#### **GLADSTONE PACIFIC NICKEL**

No operational updates at present.

#### **IAF GROUP**

Wealth management specialist IAF Group has issued 6.3m new shares at 15p, a premium to the market price. This has raised £0.94m of new capital for the company. Over 2m of the new shares were subscribed for by the directors. The money will be used to provide additional funds for the group as it expands its staff numbers and to increase the capital of IAF Securities Ltd., the group's stockbroking subsidiary.

There are now 65.5m shares in issue.

IAF is still waiting for NOMAD approval from the regulator. Until this is received, the earning capacity of its corporate finance activities will be restricted. On private client stockbroking, however, additional advisers are joining the company, and there will be overhead savings from now onwards as the lease on the old, surplus Appletree Court premises has expired.

#### **LEIGHTON & HENLEY**

There have been no further developments.

## **LIGHTHOUSE GROUP**

This IFA group has entered close period and there have been no further developments over the past month. We are happy with progress, and the share price is sitting close to its all-time high.

## **LOK'NSTORE**

Lok'nStore, the No. 3 company in the British self storage market, has issued a trading statement confirming that trading is in line with market expectations. The wording used to describe current trading was 'solid', and maybe some investors were looking for more exciting wording. However, this is not an industry that generates massive swings – one of the joys of self storage is that it is a very predictable business. We view this statement as eminently satisfactory.

There has certainly been some encouraging progress in terms of individual stores. Extra space has been taken adjacent to the Northampton store, which was filling up rapidly enough for future capacity to be a limiting factor. Also, the extension to the Fareham store has been opened and begun trading. Fareham has doubled in size. It has also been rebranded, and the new look store should benefit from its greater visibility, if the pattern at previous rebranding exercises is followed here.

Lok'nStore continues to be on track for a maiden dividend payment at the end of the year. It runs a July year-end, so the trading statement slightly anticipated

the period end. Results will be announced on Monday October 29.

News from rivals in the industry has also been encouraging. Safestore's results in early July were eminently satisfactory. Safestore is considerably larger than Lok'nStore, being No. 2 in the industry, although we feel that Lok'nStore is probably in the stronger position of the two strategically. Equally interesting, the revaluation of Safestore's properties showed continued yield compression. Safestore and Lok'nStore use the same firm of valuers (Cushman & Wakefield, who are the acknowledged experts on the industry both in the US and the UK). If C & W have applied a lower yield basis for the valuations at Safestore, it is only logical to assume that it will do the same for Lok'nStore. That could provide some good news for Lok'nStore shareholders on the valuation front on October 29.

Lok'nStore's shares have been marked down as part of the general shake-out of property related stocks, which seems unfair given the strength of trading and the soundness of the valuation position. The other self-storage companies are in the same position. The treatment of Safestore and Big Yellow shares by the market appears somewhat harsh also, but as Lok'nStore was already trading on the lowest valuation, the low rating is particularly noticeable.

## **LOMBARD RISK MANAGEMENT**

There have been no further developments since the trading update issued in early June. Please see our research note, issued on June 12, 'Timing Issues Impact Growth'.

## **MARCHPOLE HOLDINGS**

Fashion brand management group, Marchpole Holdings, produced a record level of sales in its 2007 financial year, some 136% ahead of 2006 full year sales and 23% above our own forecast sales. Net profit before tax was 104% higher, up from £3.1m to £6.2m and an impressive £12.5m in cashflow from operations was generated. As a result of this good performance Marchpole was able to reduce its gearing ratio down from a high 98% at the previous year end to a low 26%. The company enters its 2008 financial year absent for the first time of any YSL sales but both Marchpole's Ungaro label and its Greenmark shoes acquisition are expected to fill the gap left by YSL.

## **MART RESOURCES**

Mart and its partners have reported 100% success with production tests on two of the thirteen oil-bearing zones identified in the UMU-1 well on Umusadege field. The first zone in the UMU-1 well tested at a stabilized rate of 3,237 barrels per day of 43 API gravity oil on a 20/64" choke at a flowing tubing pressure of 585 psig with no water or sand production and a low gas/oil ratio.

The second zone tested flowed at a stabilized rate of 2,784 barrels per day of 38.5 API gravity oil on a 24/64" choke at a flowing tubing pressure of 528 psig with no water or sand production and a low gas/oil ratio.

Overall, the combined flow rate from these two (remember, of thirteen identified) oil bearing zones was 6,021 barrels oil per day with bottom hole pressure data recorded during the tests indicating that both of the tested zones are high quality reservoirs with substantial deliverability.

Mart and its partners now plan to drill a twin well to the UMU-1 well once results from the recent tests have been fully analyzed (the "UMU-1 twin well"). This will allow for the testing of additional zones above the two zones recently and for future production to be optimised.

The new field development program now includes plans to drill the UMU-1 twin well; to complete the UMU-1 well and to re-enter and complete the existing UMU-N2 well which was originally tested by Elf in the 1970's and flowed oil at a rate of 2,654 barrels oil per day.

The development plan will also include an oil export pipeline to an existing processing and export terminal 12 km's away and construction of a temporary production facility. First oil production is estimated to commence in the first quarter of 2008, assuming full completion of the initial field development program, initial

production rates estimated to be at around 7,500 barrels oil per day.

## **METALS EXPLORATION**

A placing of shares and a convertible note have raised an additional £6.3m for the company. The share placing was done on exceptionally fine terms – 40p, a discount of only 4% to the closing price the day before. The Convertible Note is interesting, because it carries a 9% coupon, but conversion takes place at 52p, a 30% premium to the placing price. After this issue, there are now 89m shares in issue, plus obviously potential further share issues from the Convertible Note, etc.

Metals Ex announced an increase in H1 losses in their interim results from £208,398 to £588,676 to 31 March 2007.

The recent infill drilling program on the prime asset, the Runruno gold-molybdenum project is starting to return results that support the geological model for the existing inferred resource of 2.03 Moz of gold. This drilling was planned mainly to confirm the continuity of gold-moly mineralisation within the current resource envelope and raise the confidence level from the current JORC-compliant inferred level, to indicated and where possible measured level. We were not expecting a major surprise in grades as the geological structure appears relatively homogeneous at this stage though it is known to vary in thickness. With assays from 16 of 48 drill holes having

been returned and gold grades and intercepts in line or just slightly below expectations we look forward to seeing the final two-thirds of results and the results of their integration into a new resource estimate. The company reports that this new estimate is due in September 2007. We would expect that to be late September given the delays currently being experienced in assay labs by Metals Ex. Again we are not expecting a major resource increase, rather an upgrade in confidence.

Metals Ex also reports that pressure oxidation has been tested as a gold recovery enhancement method with some success. Overall recoveries of 94.7% of contained gold have now been achieved through a combination of processing techniques and work continues to enhance moly recoveries.

## **METNOR GROUP**

Metnor Property Group has signed a major government body to a 10-year lease for the remaining 27,000 sq ft of office space in Stephenson House. This completes Phase 1 of the 27-acre Morton Palms development – a futuristic, energy-efficient office on the eastern side of Darlington. The commercial park, located adjacent to the A66 in Darlington, benefits from easy access to the A19 and close proximity to Durham Tees Valley Airport and the main East Coast rail line. Phase 2 of Morton Palms, which includes 63,000 sq ft of office space at Pioneer Court, is now more

than 50% let or sold. The Morton Palms development is a JV between Metnor, City & Northern and Capital Holdings. Both Stephenson House and Pioneer House were built by Metnor Construction, which also will be building Phases 3 to 5 over the coming years.

### **MINOAN GROUP**

The Minoan Group has released its first set of financial results as an AIM listed company. The financial year has been an important one for the Group in that it has now received formal approval of its Environmental Impact Study (EIS) from the Greek Government. Last month we reported that an appeal had been lodged against this approval and a date has now been set for a formal hearing – 2 November 2007. Minoan's management remain confident that the appeals process will be successfully concluded.

### **MURGITROYD GROUP**

The Murgitroyd Group is due to report its full year results for the year ended 31 May 2007 in early September and is now in close period.

### **NAUTICAL PETROLEUM**

We are in the final stages of completing our new update note on Nautical Petroleum which is set to be released imminently.

### **NEW CANTECH**

South Korean industrial group Palm Clean is keeping up its payments under its

option agreement to take 60% of New Cantech's Lucky Ship property. A further \$1.3m has been received by New Cantech.

Assay results from the winter drilling programme are being made available as the assays are completed. In end-June the company announced the results on hole LS07-96, a vertical hole near the centre of the eastern part of the Mo zone. This is significant for two reasons, first because it is a groundwater hole, second because it is in an area that could potentially be part of a starter pit. It showed grades, averaging 0.093% from surface to 303.6 metres, and was terminated in good mineralisation. This we view as an economic grade, and good news especially in the light of the continued high Mo price.

Drilling was halted for several weeks during the spring thaw, but now conditions are drying out drilling was resumed on July 7. All remaining holes will be completed by early August. The assay results will be released later, as they are received.

Saturn Minerals will not proceed with its option to acquire a 50% interest in New Cantech's Tidewater molybdenum property. New Cantech's interest is itself in the form of an option. The Tidewater prospect is at a very early stage and has no connection with Lucky Ship.

A third potential Mo property, the Moly King site, which is completely surrounded by the eastern portion of Lucky Ship, is undergoing surface sampling

at the moment. This sampling work will be completed, and all results received, by mid-August.

### **OAK HOLDINGS**

There have been no new updates from Oak Holdings this month.

### **ORBIS**

Security services provider Orbis reported interim results for the six months ended 31 March 2007. Group revenue increased 1.6% to £20.0m on the back of stronger growth in the UK. Sales from UK operations were boosted 6.2% to £12.8m as the benefits of new contract wins started to come through. Turnover from European operations slipped 5.6% to £7.2m. Operating profit before amortisation and other operating items rose to £2.02m against £1.96m for the comparable period in 2006. Excluding these items, operating loss narrowed to £0.1m. Loss on ordinary activities before tax reduced to £1.9m compared to £2.5m in the first half of 2006. Basic loss per share was 15.70p (H1 2006: loss per share of 18.36p). Net debt remains extremely large in relation to market cap and the group is currently in discussions regarding a capital restructuring. Cash flow from operations showed a healthy inflow of £2.9m (H1 2006: £4.1m). The group has decided to close its small operations in Poland and the Czech Republic. Orbis' share price is currently at a 52-week low.

## **PALMARIS**

We are not aware of any further developments.

## **PARK GROUP**

As anticipated, Park has released an excellent set of preliminary results for the year ended 31 March 2007. The group's share price has responded positively to reach a 52-week high of 25.0p

Revenue soared 33% to £310.7m against £233.4m in 2006. PBT from continuing operations more than doubled to £5.4m. The 88% growth in profit from Cash Savings to £10.2m was partially offset by a widening of the loss from Cash Lending to £4.8m, after closure costs of £0.8m. EPS rose to 2.1p (2006: 1.0p). Cash at the end of the period reached £12.2m against £10.1m in the previous year. A final dividend of 0.8p per share has been proposed, boosting total DPS for the year up by 9% to 1.2p.

The group has continued to develop its web presence and in May it launched a new online magazine ([www.myparkmag.co.uk](http://www.myparkmag.co.uk)) to facilitate marketing to new customers and agents. During the past year, 21% of orders were placed over the internet and more than 40,000 agents used the web to manage their accounts online. Park says increasing use of the web is making it easier to communicate with customers and offer new products at any time of the year.

The high-profile collapse of main rival Farepak in October of last year occurred

at the start of Park's recruitment campaign for Christmas 2007. The considerable adverse publicity had a more detrimental impact on consumer confidence than early indications would have suggested. Park's order book is currently 31% below the same time last year. Agent numbers are 22% short at 102,557 and customer numbers are more than a third below last year at 411,729. However, this reduction in profit from Cash Savings for 2008 should be partially offset by an elimination of losses from Cash Lending.

Going forward, Cash Lending will not form part of the group's activities. Park is currently consulting on the full closure of Imagine Finance. The restructuring will leave it primarily focussed on the profitable core businesses of Christmas Savings and High Street Gift Vouchers.

Park has been working closely with the DTI to formulate tighter industry regulation with a view to ensuring that customers' savings are adequately protected. Park is in the process of creating independently controlled Trust Accounts that will be administered by third-party trustees. These are expected to be in place by the end of this month. An enhanced industry trade body – the Christmas Pre-payment Association – has been formed to oversee the sector. Park believes that these additional safeguards will go a long way to restoring

consumer confidence by Christmas 2008.

The group has resurrected plans to move its stock exchange quotation from the Main Market to AIM. A resolution to approve the transfer will be proposed at an EGM to be held on 25 September – the same day as the AGM.

The outcome of the OFT enquiry into the competitive implications of Park's acquisition of Home Farm Hampers is expected in August.

A full research note will be released shortly.

## **PHOTO-ME INTERNATIONAL**

Full year results were about as we expected – in other words poor. They showed pre-tax profits of £13.0m, down 49%. Business conditions continue to be weak. Demand for Minilabs continues to be well below capacity levels, and competition on price is still the rule rather than the exception, even with only two serious manufacturers left in the market. Vending dominates the company, providing 74% of profits, and will dominate again in the current year unless sold off.

The planned sale of the Vending Division could generate £250m - £300m, most of which could be returned to shareholders. This would be very close to the Enterprise Value of the entire quoted company. Shareholders will have a vote on this issue, and if shareholders in general

decide that they want to accept, then each individual shareholder or fund will have to decide if it wants to stay with the rump of the business.

The Extraordinary Meeting demanded by the shareholder ginger group will not, for the moment, go ahead. We do not believe that the rebels and the board were ever that far apart in terms of their views on the main issues affecting the business. However, the rebel investors are not entirely satisfied, and the issues may resurface at a later date.

Goldman Sachs has raised its rating on the company from 'neutral' to 'buy', and Seymour Pierce has moved it up from 'outperform' to 'buy'.

### **PRIMARY HEALTH PROPERTIES**

Primary Health Property shares have been marked down far more than most of its peers in the property sector. From their peak on 29 January, they have fallen 31%. By comparison, British Land and Land Securities, have fallen only 24% and 25% respectively.

This takes Primary Health Property shares down to considerably below their last reported Net Asset Value of 421p/share. It also puts them on an historic yield of 3.6% compared to 1.5% for British Land and 3.1% for Land Securities. The Primary Health Properties interim dividend was increased by 11%. The dividend has been increased every year since the company first arrived on the

stock market, and we expect this pattern to continue.

The price shake-out appears to have been overdone. Land Securities shares, and to a lesser extent those of British Land, have already bounced back some way from their low point, and logic would suggest the same thing should happen to Primary Health Properties.

### **PRINTING.COM**

The Annual Report has been issued, and the next key event will be the Annual Meeting, on Thursday August 3. This may trigger a trading update statement. Printing.com issued a very full trading statement at the 2006 Annual Meeting, so it has a track record of using its AGM as a platform for announcements.

At the time of the preliminary results, Printing.com said that it expected to see 'material growth' across its UK and Irish network in the current financial year. The company is also looking further overseas and we expect at least one significant overseas international licence to be granted in the current year. The degree of progress made with overseas expansion will to some extent determine the pace at which profits and eps move forward in the current financial year. In addition to forward movement in earnings, the cash position remains strong, and a good dividend increase should be seen in the current year. Some form of capital repayment or share buyback may even be seen before the end of the decade.

### **PROPERTY RECYCLING GROUP**

Norfolk-based Property Recycling Group has completed the acquisition of a 20-acre site at Colsterworth, giving the group an aggregate 514 acres of brownfield land across six sites in the east of England. The group's share price, which had been slipping, rebounded nicely in response to the anticipated news.

Ideally located adjacent to the A1, halfway between Stamford and Grantham, the property comes with planning consent for general industrial, storage and distribution use. The site houses 18 buildings covering a total area of 20,300 sq m. Around 13,500 sq m is tenanted on short-term leases, generating £410,000 a year. An additional 6,800 sq m is available to let and is expected to produce another £180,000 per annum. We understand that there is potential to develop a further 12,000 sq m of new buildings on the site.

Property Recycling Group received an additional fillip earlier this month when Gordon Brown put housing at the centre of his political agenda. A new housing agency, charged with finding surplus public land and the development of brownfield sites, will be set up in a drive to meet a target of 3m new homes by 2020. The new Prime Minister also signalled a *possible* u-turn on the introduction by 2009 of a controversial Planning Gain Supplement tax. The government suggested it would be prepared to defer

the legislation if consultation led to the proposal of workable alternatives prior to the pre-Budget report. The new tax has not been ruled out, but for the moment, its introduction has become a more distant prospect.

The group has appointed Insinger de Beaufort as nominated adviser with effect from 13 July. Marshall Securities continues as broker and financial adviser.

### **R.E.A. HOLDINGS**

The high palm oil prices are starting to have an impact locally, in Indonesia. Pertamina, the state owned oil company, has cut the palm oil in its 'Biosolar', environmentally friendly biodiesel mix from 5% to 2.5% because of the rising costs. The Indonesian Government still has a policy to raise the palm oil in Biosolar to 10% by 2010, and discussions are now under way on whether palm oil needs to be exempted from VAT in order to help reach this target. Meanwhile, neighbouring Malaysia has quietly delayed the introduction of biodiesel to its domestic market.

Indonesian Government policy at present is to permit the planting out of 5.25 million hectares of unused land with palm oil and other biodiesel crops (Jatropha, Sugar Cane and Cassava) by 2010. This is almost certainly unrealistic – a wish rather than a practical target – and complex land ownership and land transfer issues in practice still hamper the growth of the industry. R.E.A. Holdings, as one of

the largest single plantation owners, resolved all these issues many years ago, and even though R.E.A. is hoping to acquire more land, this will be a problem that hampers others rather than R.E.A. Investors will be more interested in measuring the progress of the Indonesian Government plan and the impact it could have on future world supply. For the time being, palm oil is in worldwide short supply. At some point in the future, however, the situation will inevitably reverse.

Please call for our research note.

### **SEFTON RESOURCES**

At Sefton's AGM, the directors confirmed that discussions are now at an advanced stage with banking institutions and are "in the home straight" and we quote, "weeks away rather than months".

We understand that talks have been more protracted than we had hoped, to reach agreement on "simple and non-restrictive terms" which should be to the long-term benefit of shareholders. Indeed, we really look forward to the company having its shackles removed and pushing forward with new drilling.

On the operational front, oil production at Tapia has averaged 4,100 BO during the last five months which is in-line with last year's levels.

The steam generation equipment for enhanced recovery is now in place at Tapia and it is anticipated

that steaming will start in the next couple of months. If successful, this work should upgrade a significant amount of oil resources into the Proven Producing Reserves category, thus adding value.

Sefton have stated that discussions are continuing with a number of interested parties to develop Sefton's Anderson Counties gas assets and that a new CFO has been appointed.

### **SMC**

There have been no new updates from SMC this month.

### **SUNRISE DIAMONDS**

No operational updates at present.

### **SURETRACK MONITORING**

Suretrack Monitoring provides equipment and services enabling companies to track their mobile assets. Unlike telematics firms such as *Cybit* and *Minorplanet* it focuses not on real time tracking for fleet management purposes, but on security and recovery – a market with different technical solutions and a different price point. The company floated on PLUS Markets at the beginning of July, and is capitalised at £8m.

### **TETHYS OIL**

Tethys has had a good month, announcing some very encouraging results from Oman where testing of the Jebel Aswad re-entry has now been completed.

Both the Shuaiba and Natih limestones were penetrated and both reservoirs have produced hydrocarbons to surface. On testing the Natih flowed 11.03 mmscfpd and 793 bpd of 57API condensate (total of 2,626 boepd) through a 1 inch choke (constrained back due to a production tubing size restriction). The Shuaiba could not be fully tested due to a faulty down-hole motor that prevented the well from being steered horizontally into the productive layers of the Shuaiba but, produced wet gas during the underbalanced drilling phase. Tethys has also successfully undertaken a private placement of 300,000 shares at a price of SEK 56 with the funds targeted to fast track work on Block 15 in Oman. This increases the share capital of the company by SEK 150,000 to SEK 3,020,880 with gross proceeds of SEK 16,800,000 before issuing costs. After this placement the number of shares in Tethys amount to 6,041,760.

#### **THOR MINING**

During a visit to Thor Mining's offices in Perth last month progress on all the company's publicly visible projects were discussed including the possible re-running of the DFS for Molyhil Mine using more up-to-date metals prices, cost estimates, resource estimate and geological model. One of the more significant developments provoking this re-run is the growing evidence that the geometry of the mineralized bodies would be better modeled as two lodes with more variable

grade and less predictable boundary rather than three lodes. The basis of this evidence is the initial assay results gained from the recent drilling. A 15m x 15m infill drill pattern was used where previously 30m x 30m drill spacing was followed. Since then Thor has announced delays in receiving its confirmatory assays for the drilling at the Molyhil Mine. The delays have been placed firmly at the doors of the over stretched and under-capacity Australian assay labs. This appears to be a growing trend with Thor being the second company this month to cite assay lab log-jams as preventing more rapid progress. In our previous Monthly we predicted that a revised resource estimate would be produced on the basis of these results. This will inevitably be delayed.

The company's uranium prospects were also discussed with Hale River roll-front deposits currently being drilled. Poor recovery has apparently been an issue and the original air-core drilling has been replaced in some locations by mud-based rotary drilling. The lignite seen in previous drill samples has again been intersected and has been confirmed to show scintillometer response onsite before being sent for lab analysis. Data from this round of drilling should also enable the geophysical model of the basement geology and geometry of the paleochannels to be further refined. Drilling on the Hale River site is due to finish mid-July and focus switch to the Hart's Range early stage Uranium-Niobium-Tantalum prospects. Thor's Plenty

Highway uranium prospect exploration plans have gained governmental approval and were under consideration by the Central Land Council for a scheduled start to large area reconnaissance drilling before the end of July.

#### **TOUCHSTONE**

Touchstone shares fell 34% on the full year results because of the implicit warning that profits for the first half of the current year will be down. The order pipeline is 'healthy' and turnover so far in 07/08 is ahead of the same period last year (but the statement is silent on year to date profits). The chairman says he 'looks forward to another year of progress' but the investment community is clearly not prepared to take any chances.

We can understand the market's cynicism about the promise that all will come good in the second half. But the low share rating makes more than enough allowance for that. Additionally, software development spending is being expensed, the cash position is good and last year the company performed broadly as we expected it to.

#### **VIANET**

The terms of the Convertible Loan Stock held by Rensburg AIM VCT have been amended, pushing the terms out from five years and one day to eight years and one day. Also, the terms have been changed in Vianet's favour, with the conversion price being moved up from 5p to 8p - almost double the current market price. The

number of shares liable to be issued on conversion therefore falls from 4m. to 2.5m. The loan bears no interest.

We view this renegotiation as being overwhelmingly in Vianet's favour, and holders of the ordinary shares should be very happy.

Vianet has issued its annual report. Investors should watch in case a trading update is issued at the Annual Meeting.

## WICHFORD

Wichford plc has continued its foray into the European property market through the purchase of a 95% stake in a German office portfolio with buildings in Berlin, Stuttgart, Cologne and Dresden. Total consideration paid for Wichford's 95% stake was €149.5m with Wichford assuming the vendor's existing debt of €127.5m fixed at 3.51% plus margin of 1.1% for three years. All properties are let to VBG, an agent for the Federal German Government. The portfolio is producing a current yield of 5% and leases are linked to the German CPI which is

expected to rise by 2.3% this year. All up Wichford has now invested €206m into the German market.

## YOUGOV

YouGov's continuing innovative marketing activity was recognised earlier this month by the company winning the 'Brand of the Year' at the Business XL 10 Company of the Year Awards held in London on 3 July. The Brand of the Year award recognises a company which has best 'established and maintained' its brand value over the past 12 months.

### Accident Exchange Full List

### ACE Specialty Finance

Price p. 124.5  
Cap £m 84.9

Y/E April	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2006A	61.4	18.5	16.4	16.6	7.5	3.0	2.4%
2007A	119.6	13.6	17.3	18.6	6.7	3.0	2.4%
2008E	139.7	22.1	22.1	21.0	5.9	3.5	2.8%
2009E	No	Forecast					0.0%

### Alliance Pharma AIM

### APH Pharmaceuticals

Price p. 7.75  
Cap £m 12.6

Y/E December	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A**	12.3	0.66	0.43	0.29	26.7	-	-
2006A	17.3	0.49	0.50	0.31	25.0	-	-
2007E	17.0	0.31	0.31	0.19	40.8	-	-
2008E	20.1	1.61	1.61	1.00	7.8	-	-

\*\*10 months

### Colliers CRE AIM

### COL Real Estate

Price p. 168.5  
Cap £m 76.0

Y/E December	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2004A	66.8	4.6	6.2	10.4	16.2	3.6	2.2%
2005A	79.6	8.2	8.2	16.6	10.2	4.1	2.5%
2006E	92.0	9.6	9.6	17.9	9.4	4.6	2.7%
2007E	103.6	11.5	11.5	15.9	10.6	5.3	3.1%

### Cosalt Full List

### CSLT Diversified Inds

Price p. 392.5  
Cap £m 58.1

Y/E October	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Declared eps p.	p/e ratio	Divi p.	Yield %
2005A	117.6	-0.84	1.01	8.3	47.3	18.75	4.8%
2006A	124.0	1.91	2.00	13.1	30.0	18.75	4.8%
2007E	135.0	3.69	3.05	18.2	21.6	12.00	3.1%
2008E	142.7	4.21	4.21	19.9	19.7	12.00	3.1%

**Dori Media**  
AIM

**DMG**  
Media

Price p. 179  
Cap £m 36.5

Y/E December	Sales US\$m	Declared Pre-tax Profit £m	Adjusted Profit US\$m	Adjusted eps USc.	p/e ratio	Divi p.	Yield %
2005A	12.1	1.7	1.7	9.1	31.5	0.0	-
2006A	20.4	5.1	6.6	28.3	10.1	0.0	-
2007E	27.6	6.9	7.4	29.7	9.6	0.0	-
2008E	39.3	9.5	9.5	36.8	7.8	0.0	-

*Adjusted profit excludes start up costs in Indonesia*

**Eleco**  
AIM

**ELCO**  
Diversified Inds

Price p. 105.0  
Cap £m 59.1

Y/E June	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	48.0	2.3	3.0	5.0	21.0	1.4	1.3%
2006A	55.2	4.4	4.8	7.6	13.9	2.1	2.0%
2007E	61.4	5.3	6.0	7.9	13.3	2.3	2.2%
2008E	68.2	6.4	7.2	9.1	11.5	2.5	2.4%

**EMED Mining**  
AIM

**EMED**  
Diversified Inds

Price p. 16.8  
Cap £m 15.5

Y/E December	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	0.0	-2.1	-2.1	-3.9	-26.9	0.0	0.0%
2006A	0.0	-2.5	-2.5	-2.9	-36.2	0.0	0.0%
2007E	No	Forecast					
2008E							

**e-pay Asia**  
Full List

**EPY**  
Technology

Price p. 4.3  
Cap £m 11.9

Y/E December	Sales AUD m	Declared Pre-Tax Profit AUD m	Net Profit AUD m	Adjusted eps UKp	p/e ratio	Divi UK p	Yield %
2005A	2.3	-6.40	-6.5	-8.7	-	-	-
2006A	19.7	7.70	6.0	1.2	3.5	0.50	11.8%
2007E	12.0	0.00	0.0	0.0	-	0.00	0.0%
2008E	Estimates under review						

**European Nickel**  
AIM

**ENK**  
Mining

Price p. 48  
Cap £m 187.2

Y/E September	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps UKp	p/e ratio	Divi p.	Yield %
2005A	0.0	-6.1	-6.1	-6.1	-	0.0	-
2006A	0.8	-9.1	-9.1	-4.7	-	0.0	-
2007E	0.8	-	-	-	-	0.0	-
2008E	6.0	-	-	-	-	0.0	-

**EuroTrust A/S**  
AIM

**EURO**  
Real Estate

Price c. 10.3  
Cap €m 394.9

Y/E June	Sales €m	Declared Pre-tax Profit €m	Adjusted Profit €m	Adjusted eps €.	p/e ratio	Divi €.	Yield %
2005A	33.2	7.1	7.1	0.2	44.6	0.0	-
2006A	58.2	7.9	7.9	0.3	39.4	0.0	-
2007E	69.7	-5.3	-3.0	-0.1	-	0.0	-
2008E	163.9	23.5	23.5	0.8	13.7	0.0	-

**Faces Cosmetics**  
AIM

**FCE**  
General Retailing

Price p. 6.0  
Cap £m 3.1

Y/E July	Sales C\$m	Declared Pre-Tax Profit C\$m	Adjusted Profit C\$m	Adjusted eps c.	p/e ratio	Divi p.	Yield %
2005A	4.2	0.1	0.5	0.6	24.3	0.00	-
2006A	4.0	-0.2	-0.6	-3.1	-	0.00	-
2007E	Estimates under review						
2008E							

**Galleon**  
AIM

**GON**  
Media

Price p. 17.5  
Cap £m 8.6

Y/E September	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	1.1	-1.4	-1.2	-7.1	-	0.0	-
2006E	1.3	-1.2	-0.9	-2.7	-	0.0	-
2007E	3.5	-0.4	0.0	-0.7	-	0.0	-
2008E	13.0	1.2	2.3	2.5	7.0	0.0	-

**General Medical\***

-  
**Health**

**Price p. 37.5**  
**Cap £m 6.7**

**UK: PLUS**

Y/E May	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	4.1	0.1	0.2	1.5	25.0	0.00	-
2006A	5.7	0.2	0.4	3.5	10.7	0.00	-
2007E	6.5	0.1	0.4	2.7	13.9	0.00	-
2008E	7.1	0.7	0.7	3.0	12.5	0.00	-

\* 'Low Field' estimates

**Gladstone Pacific**

**GPN**  
**Mining**

**Price p. 176.0**  
**Cap £m 52.8**

**AIM**

Y/E June	Sales AUS\$	Declared Pre-tax Profit AUS\$	Adjusted Profit AUS\$	Adjusted eps Ukp.	p/e ratio	Divi p.	Yield %
2005A	0.4	-0.6	-0.6	-2.7	-	0.00	-
2006A	1.2	3.6	-0.7	-0.8	-	0.00	-
2007E	No	Forecasts					
2008E							

**IAF Group**

**IAF**  
**Finance**

**Price p. 14.5**  
**Cap £m 9.5**

**AIM**

Y/E June	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	0.0	0.0	0.0	0.0	-	0.00	-
2006A	0.1	-1.4	-1.4	-4.8	-	0.00	-
2007E	2.8	-1.3	-1.3	-2.1	-	0.00	-
2008E	No	Forecast					

**Lighthouse Group**

**LGT**  
**Specialty Finance**

**Price p. 30.25**  
**Cap £m 22.7**

**AIM**

Y/E December	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	32.6	-0.5	0.4	1.0	-	0.0	-
2006A	47.2	-0.2	2.2	2.9	10.4	0.0	-
2007E	48.0	1.7	2.6	3.1	9.8	0.0	-
2008E	52.0	2.3	3.2	3.2	9.5	0.8	2.5%

**Lok'nStore**

**LOK**  
**Support Services**

**Price p. 228.5**  
**Cap £m 59.4**

**AIM**

Y/E July	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	7.7	0.1	0.1	0.5	457.0	0.0	-
2006A	8.9	0.0	0.2	-0.5	-457.0	0.0	-
2007E	10.6	11.4	0.5	2.1	108.8	0.0	-
2008E	11.1	0.3	0.3	1.3	175.8	0.0	-

**Lombard Risk Mgt**

**LRM**  
**Software**

**Price p. 7.5**  
**Cap £m 10.1**

**AIM**

Y/E March	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	4.6	-1.1	1.2	-1.1	-	0.0	-
2006A	4.7	3.2	-2.7	-2.2	-	0.0	-
2007E	6.9	-2.3	-0.7	-0.6	0.0	0.0	-
2008E	10.5	1.0	1.5	1.1	6.8	0.1	-

**Marchpole**

**MPH**  
**General Retailers**

**Price p. 163.0**  
**Cap £m 44.2**

**Full List**

Y/E March	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2006A	38.4	4.5	4.0	9.5	17.2	3.5	2.1%
2007A	90.5	8.3	6.2	16.6	9.8	4.0	2.5%
2008E	71.1	7.8	7.8	19.8	8.2	4.0	2.5%
2009E	81.2	10.4	10.4	26.3	6.2	4.3	2.6%

\*EPS figures adjusted to reflect 5:1 share consolidation

**Mart Resources**

**MMT:TSX-V**  
**Oil**

**Price CANc. 59.0**  
**Cap. CAN\$ 105.6**

**TSX-V**

Y/E December	Sales \$CDN 000	Declared Pre-tax Profit \$CDN 000	Adjusted Profit \$CDN 000	Adjusted eps p. CDN Cents	p/e ratio	Divi p.	Yield %
2005A	0.0	-4,438	-4,775	-4.6	-	-	0.0%
2006E	0.0	-5,245	-6,042	-3.8	-	-	0.0%
2007E	146,136	37,280	9,328	5.2	11.3	-	0.0%
2008E	244,929	210,370	89,239	48.1	1.2	-	0.0%

**Metals Exploration  
AIM**

**MTL  
Mining**

**Price p. 40.8  
Cap £m 36.3**

Y/E September	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	0.0	-0.2	-0.2	-0.7	-	0.0	0.0%
2006A	0.0	-1.2	-1.1	-2.2	-	0.0	0.0%
2007E	No	Forecast					
2008E							

**Metnor Group  
AIM**

**MTG  
Diversified Industrials**

**Price p. 427.5  
Cap £m 65.7**

Y/E December	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	78.9	4.4	5.1	24.4	17.5	8.7	2.0%
2006A	74.5	10.3	6.7	35.5	12.0	9.4	2.2%
2007E	92.6	6.1	6.7	31.6	13.5	10.1	2.4%
2008E	104.1	7.4	8.0	37.3	11.5	10.8	2.5%

**Minoan Group  
AIM**

**MIN  
Leisure & Hotels**

**Price p. 86.5  
Cap £m 42.6**

Y/E March	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2006A	0.0	-0.9	-0.9	-3.2	-	0.0	-
2007A	0.0	-1.1	-1.1	-2.8	-	0.0	-
2008E	No	Forecast					
2009E							

**Murgitroyd  
AIM**

**MUR  
Support Services**

**Price p. 470.0  
Cap £m 38.9**

Y/E May	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	14.5	0.9	1.4	11.4	41.2	3.3	0.7%
2006A	18.8	1.4	1.9	14.7	32.0	4.7	1.0%
2007E	23.0	2.3	2.9	24.1	19.5	7.6	1.6%
2008E	24.8	2.5	3.1	26.0	18.1	8.3	1.8%

**Nautical Petroleum  
AIM**

**NPE  
Oil**

**Price p. 8.3  
Cap £m 88.9**

Y/E December	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
6/2004A	0.0	0.0	0.0	0.0	-	0.0	-
12/2006A *	0.0	-7.3	-7.3	-0.9	-	0.0	-
12/2007E	No	Forecast					
12/2008E							

\*18 month period.

**New Cantech  
TSX-V**

**NCV:TSX-V  
Mining Exploration**

**Price c. 43.0  
Cap £m**

Y/E December	Sales USD\$	Declared Pre-tax Profit \$m	Adjusted Profit \$m	Adjusted eps c.	p/e ratio	Divi p.	Yield %
2005A	No estimates at present						
2006A							
2007E							
2008E							

**Oak Holdings  
AIM**

**OAH  
Real Estate**

**Price p. 72.5  
Cap £m 10.8**

Y/E October	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	0.1	-1.0	-1.0	-0.1	-	0.0	-
2006A	0.1	-0.6	-0.6	-0.1	-	0.0	-
2007E	No	Forecast					
2008E							

**Orbis  
AIM**

**OBS  
Support Services**

**Price p. 1.6  
Cap £m 0.2**

Y/E September	Sales £m	Declared Pre-tax Profit \$m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
3/2005A	40.0	-5.2	0.4	-5.1	-	0.0	-
9/2006A *	39.5	-4.8	1.7	8.7	0.2	0.0	-
9/2007E	Estimates under review						
9/2008E							

\*Annualised figures for 18 month period.

**Palmaris  
AIM**

**PMS  
Mining**

**Price p. 9.0  
Cap £m 14.9**

Y/E June	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	4.6	-0.4	-0.4	-0.3	-	0.0	-
2006A	0.0	-0.2	-0.2	-0.1	-	0.0	-
2007E	5.0	-0.2	-0.2	-0.1	-	0.0	-
2008E	No	Forecast					

**Park Group**

**PKG**

**Price p. 25.0**

**Full List**

**Consumer Finance**

**Cap £m 41.3**

Y/E March	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2006A	233.4	-13.4	2.0	1.0	25.0	1.1	4.4%
2007A	310.7	6.2	5.4	2.1	11.8	1.2	4.8%
2008E	Estimates under review						
2009E							

**Photo-Me**

**PHTM**

**Price p. 75.8**

**Full List**

**Support Services**

**Cap £m 276.5**

Y/E April	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2006A	224.9	27.9	25.7	4.7	16.1	2.4	3.2%
2007A	214.9	14.7	13.0	2.1	36.1	2.4	3.2%
2008E	210.2	14.0	14.0	2.5	30.3	See text	
2009E	209.7	16.2	16.2	2.9	26.1	See text	

**Primary Health**

**PHP**

**Price p. 365.0**

**Full List**

**Real Estate**

**Cap £m 122.6**

Y/E December	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A (June)	9.6	19.4	2.8	13.1	27.9	12.0	3.3%
2006A (June)	11.1	18.4	3.4	16.4	22.3	13.5	3.7%
2007E (18m)	22.0	33.1	6.7**	22.9	15.9	23.0	6.3%
2008E	18.0	30.3	6.3**	17.9	20.4	17.5	4.8%

On Zero tax charge. \*\*Forecasts exclude accrued charges under management incentive scheme.

**Printing.com**

**PDC**

**Price p. 51.75**

**AIM**

**Retailing**

**Cap £m 24.3**

Y/E March	Sales £m (Retail)	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	14.4	1.5	1.5	2.7	19.2	0.5	1.0%
2006A	18.2	2.2	2.3	3.7	14.0	1.8	3.4%
2007A	21.3	2.3	2.3	3.4	15.2	2.5	4.8%
2008E	24.5	2.6	2.6	4.0	12.9	3.0	5.8%

**Property Recycling Group**

**PROP**

**Price p. 52.5**

**AIM**

**Real Estate**

**Cap £m 19.0**

Y/E December	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	4.9	2.4	2.2	5.1	10.3	1.0	1.9%
2006A	1.2	0.2	0.2	0.6	87.5	1.2	2.3%
2007E	5.4	2.3	2.3	4.5	11.7	1.2	2.3%
2008E	No	Forecast					

**R.E.A. Holdings**

**REA**

**Price p. 530.0**

**Full List**

**Food**

**Cap £m 172.8**

Y/E December	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Fully diluted eps p.	p/e ratio	Divi p.	Yield %
2005A	14.9	9.6	5.5	9.6	55.2	0.0	-
2006A	17.8	10.6	5.9	9.6	55.2	0.0	-
2007E	30.6	20.8	14.6	23.6	22.5	1.0	0.2%
2008E	36.8	26.4	19.3	30.2	17.5	3.0	0.6%

**Sefton Resources**

**SER**

**Price p. 5.1**

**AIM**

**Oil and Gas**

**Cap £m 5.6**

Y/E December	Sales USDS 000	Declared Pre-tax Profit USDS 000	Adjusted Profit USDS 000	Eps. c/share c	p/e ratio	Divi p.	Yield %
2004A	563.0	-1,089.0	-1,089.0	-0.073	-	0.0	-
2005A	2,172.0	-694.0	-694.0	-0.047	-	0.0	-
2006E	No	Forecast					
2007E							

**SMC  
AIM**

**SMC  
Construction/BM**

**Price p. 23.5  
Cap £m 13.1**

Y/E December	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	13.1	2.9	3.1	6.6	3.6	0.0	-
2006A	30.9	1.6	2.6	3.8	6.2	1.0	4.3%
2007E	Estimates under review						
2008E							

**Tethys Oil  
AIM**

**TETY.SE  
Oil**

**Price SEK 43.1  
Cap SEKm 247.4**

Y/E December	Sales TSEK m	Declared Pre-TSEK '000	Adj Profit TSEK '000	eps SEK	p/e ratio	Divi SEK	Yield %
2004A	0.0	-5,062	-5,062	-1.7	-	0.0	-
2005A	0.0	-14,368	-14,368	-3.3	-	0.0	-
2006A	0.0	-29,802	-29,802	-5.8	-	0.0	-
2007E	0.0	-6,852	-6,852	-1.2	-	0.0	-

**Thor Mining  
AIM**

**THR  
Mining**

**Price Ukp: 14.5  
Cap £m: 19.2**

Y/E December	Sales	Pre-tax Profit	Adj Profit	eps SEK	p/e ratio	Divi SEK	Yield %
2004A	0.0	-5,062	-5,062	-1.7	-	0.0	-
2005A	0.0	-14,368	-14,368	-3.3	-	0.0	-
2006A	0.0	-29,802	-29,802	-5.8	-	0.0	-
2007E	0.0	-6,852	-6,852	-1.2	-	0.0	-

**Touchstone  
AIM**

**TSE  
IT**

**Price p. 170.0  
Cap £m 20.6**

Y/E March	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2006A	23.1	1.1	2.6	15.5	11.0	4.0	2.4%
2007A	30.1	1.1	2.8	17.9	9.5	4.2	2.5%
2008E	33.0	1.2	3.3	19.0	8.9	4.5	2.6%
2009E	No	Forecast					

**Vianet  
AIM**

**VIA  
IT Hardware**

**Price p. 4.25  
Cap £m 8.6**

Y/E December	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	0.7	-2.3	-2.3	-1.4	-	0.0	-
2006A	0.6	-1.6	-1.6	-0.7	-	0.0	-
2007E	2.6	-1.1	-1.1	-0.5	-	0.0	-
2008E	7.4	1.8	1.8	0.7	6.1	0.0	-

**Wichford  
AIM**

**WICH  
Property**

**Price p. 167.0  
Cap £m 223.3**

Y/E September	NAV (p)	EBIT £m	Declared Profit £m	Declared eps p.	Premium / (Discount) To NAV	Divi p.	Yield %
2005A*	172	14.3	2.4	5.2	+17.4%	9.0	5.4%
2006A	220	21.8	9.9	10.2	-8.2%	9.5	5.7%
2007E	218	29.0	12.4	10.4	-7.5%	10.0	6.0%
2008E	221	37.4	13.8	10.4	-8.5%	10.5	6.3%

\*15 months

**YouGov  
AIM**

**YOU  
Media**

**Price p. 185.0  
Cap £m 123.0**

Y/E July	Sales £m	EBIT £m	Pre-tax Profit £m	EPS Diluted p.	p/e ratio	Divi p.	Yield %
2005A	2.9	0.9	0.9	1.1	168.2	0.0	-
2006A	9.6	3.9	4.1	4.2	44.0	0.0	-
2007E	14.0	4.9	5.2	5.3	34.9	0.0	-
2008E	15.9	5.5	6.1	6.3	29.4	0.0	-

### Accident Exchange

ACE [www.accidentexchange.com](http://www.accidentexchange.com) 124.5p



### Dori Media

DMG [www.dorimedia.com](http://www.dorimedia.com) 179.0p



### Alliance Pharma

APH [www.alliancepharma.co.uk](http://www.alliancepharma.co.uk) 7.8p



### Eleco

ELCO [www.eleco.com](http://www.eleco.com) 105.0p



### Colliers CRE

COL [www.collierscre.co.uk](http://www.collierscre.co.uk) 168.5p



### EMED Mining

EMED [www.emed-mining.com](http://www.emed-mining.com) 16.8p



### Cosalt

CSLT [www.cosalt.plc.uk](http://www.cosalt.plc.uk) 392.5p



### e-Pay Asia

EPY [www.e-payasia.com](http://www.e-payasia.com) 4.3p



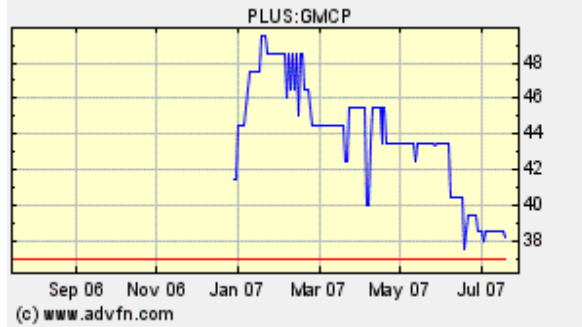
### European Nickel

ENK [www.enickel.co.uk](http://www.enickel.co.uk) 48.0p



### General Medical Clinics

GMCP [www.genmed.org.uk](http://www.genmed.org.uk) 37.5p



### EuroTrust A/S

EURO [www.eurotrust.dk](http://www.eurotrust.dk) 10.3 €



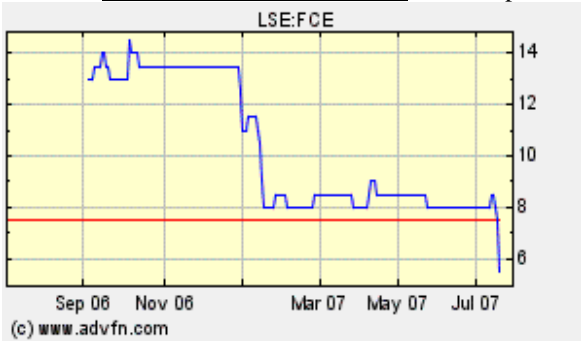
### Gladstone Pacific

GPN [www.gladstonepacific.com](http://www.gladstonepacific.com) 176.0p



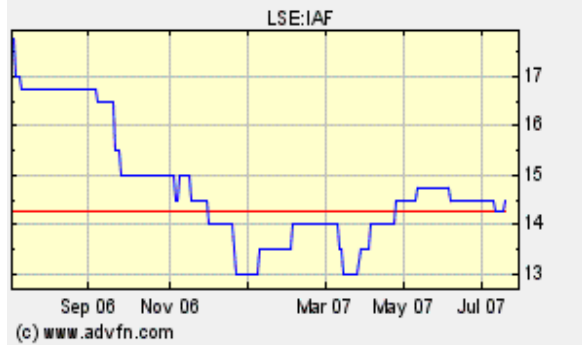
### Faces Cosmetics

FCE [www.faces-cosmetics.com](http://www.faces-cosmetics.com) 6.0p



### IAF Group

IAF [www.iafgroup.com](http://www.iafgroup.com) 14.5p



### Galleon Holdings

GON [www.galleonplc.com](http://www.galleonplc.com) 17.5p



### Lighthouse Group

LGT [www.lighthouseifa.com](http://www.lighthouseifa.com) 30.3p



### Lok'nStore

LOK [www.loknstore.com](http://www.loknstore.com) 228.5p



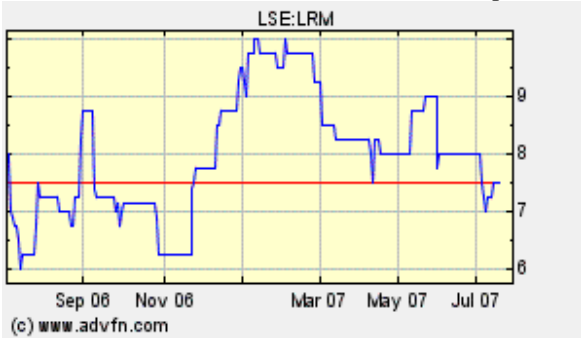
### Metals Exploration Plc

MTL [www.metalsexploration.com](http://www.metalsexploration.com) 40.8p



### Lombard Risk Management

LRM [www.lombardrisk.com](http://www.lombardrisk.com) 7.5p



### Metnor

MTG [www.metnor.co.uk](http://www.metnor.co.uk) 427.5p



### Marchpole

MPH [www.marchpole.com](http://www.marchpole.com) 157.0p



### Minoan Group

MIN [www.Minoangroup.com](http://www.Minoangroup.com) 86.5p



### Mart Resources

MMT [www.martresources.com](http://www.martresources.com) 59.0CDNc



### Murgitroyd

MUR [www.murgitroyd.com](http://www.murgitroyd.com) 470.0p



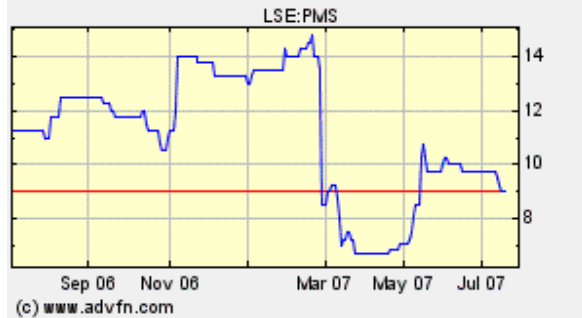
### Nautical Petroleum

NPE [www.nauticalpetroleum.com](http://www.nauticalpetroleum.com) 8.3p



### Palmaris

PMS [www.palmaricapital.com](http://www.palmaricapital.com) 9.0p



### New Cantech Ventures

NCV [www.newcantech.com](http://www.newcantech.com) 0.43c.



### Park Group

PKG [www.parkgroup.co.uk](http://www.parkgroup.co.uk) 25.0p



### Oak Holdings

OAH [www.oakholdings.co.uk](http://www.oakholdings.co.uk) 72.5p



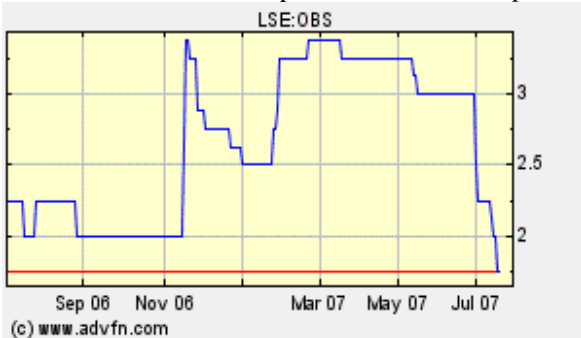
### Photo-Me International

PHTM [www.photo-me.co.uk](http://www.photo-me.co.uk) 75.8p



### Orbis

OBS [www.orbispplc.com](http://www.orbispplc.com) 1.6p



### Primary Health Properties

PHP [www.phpgroup.co.uk](http://www.phpgroup.co.uk) 365.0p



### Printing.com

PDC [www.printing.com](http://www.printing.com) 51.8p



### SMC Group

SMC [www.smcgroupplc.com](http://www.smcgroupplc.com) 23.5p



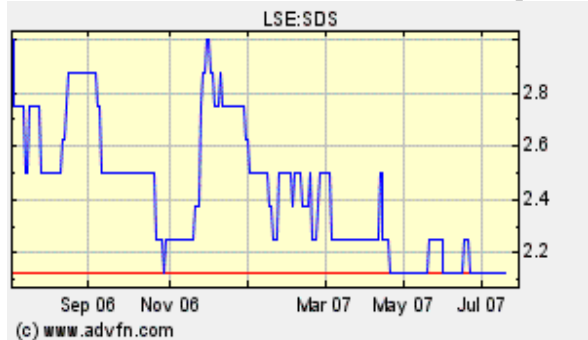
### Property Recycling.

PROP [www.propertyrecycling.co.uk](http://www.propertyrecycling.co.uk) 52.5p



### Sunrise Diamonds

SDS [www.sunrisediamonds.com](http://www.sunrisediamonds.com) 2.1p



### R.E.A Holdings

RE [www.rea.co.uk](http://www.rea.co.uk) 530.0p



### Tethys Oil

TETY [www.tethysoil.com](http://www.tethysoil.com) 43.1p



### Sefton Resources

SER [www.seftonresources.com](http://www.seftonresources.com) 5.1p



### Thor Mining

ASX:THR [www.thormining.com](http://www.thormining.com) 14.5p



### Touchstone

TSE [www.touchstone.co.uk](http://www.touchstone.co.uk) 170.0p



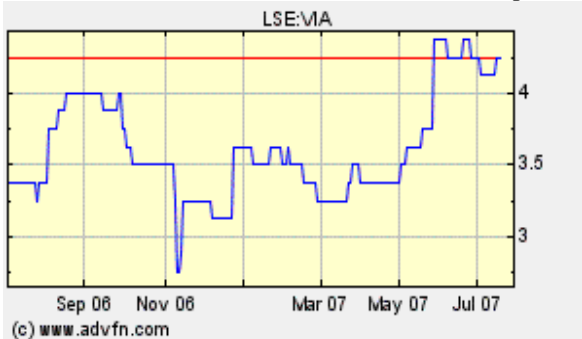
### Wichford

WICH [www.wichford.com](http://www.wichford.com) 167.0p



### Vianet

VIA [www.vianet.co.uk](http://www.vianet.co.uk) 4.3p



### YouGov

YOU [www.yougov.com](http://www.yougov.com) 185.0p



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