

# Hardman & Co

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## THE MONTHLY JUNE 2007

Our companies underperformed the *FTSE Index* over the past month, with almost twice as many fallers than risers. This is partially accounted for by a dramatic 62% drop in *SMC's* share price, following its third profit warning this year. Recent news flow also suggests that AIM may be undergoing a necessary but temporary pause after its extraordinary growth over the past few years. Nevertheless, the outlook remains optimistic. As Baker Tilly's 'Taking AIM' survey 2007 points out, on measures such as market cap, turnover and number of new issues, AIM is outperforming not only the Main Market, but European and US rivals as well, and catching the attention of an increasingly global audience in the process.

The number of international companies joining AIM has increased ten fold since 2000, with excessive regulation of other markets, particularly in the US, contributing to the notable flow of foreign companies. This month we initiated coverage of wind farm and real estate development company *EuroTrust A/S* when it transferred its listing from NASDAQ to AIM and became the only Danish-based company listed on London's junior market. AIM is now home to more companies than the Main Market, and with a market cap of around €450m, *EuroTrust* shows that it is starting to attract firms of a comparable size.

*Thor Mining* and *Property Recycling Group* also make a first appearance in our list of companies. *Thor* is a speciality metals miner that is dual-listed on AIM and Australia's ASX with secondary listings on German exchanges. Its primary asset is an advanced tungsten-molybdenum project in Australia. Norfolk-based *Property Recycling Group* turns brownfield land into sites ready for development. Its portfolio of land comprises 514 acres in the east of England. It generated a pre-tax IRR in excess of 20% on its first disposal and we anticipate a repeat performance by the end of the year.

We have ceased coverage of *Chaco Resources*.

### SHARES UP

Galleon	19.1%
R.E.A. Holdings	17.6%
Vianet	17.2%
Touchstone	11.1%
Metals Exploration	8.8%
Accident Exchange	8.4%
Sunrise Diamonds	5.9%
Alliance Pharma	3.1%
Dori Media	2.4%
European Nickel	2.0%
Marchpole	1.9%
Thor Mining	1.8%
<i>FTSE Index</i>	1.1%
EuroTrust	0.9%
Printing.com	0.9%

### SHARES UNCHANGED

Dermasalve	0.0%
Eleco	0.0%
Orbis	0.0%
Park Group	0.0%
Property Recycling	0.0%

### SHARES DOWN

IAF Group	-1.7%
Photo-Me	-2.5%
Murgitroyd	-4.0%
Minoan	-4.3%
Metnor	-4.5%
Emed	-4.9%
Faces Cosmetics	-5.9%
Nautical Petroleum	-5.9%
Primary Health	-6.3%
Colliers CRE	-6.5%
Lok'nStore	-6.9%
Lighthouse Group	-7.0%
Tethys Oil	-7.6%
Lombard Risk Mgt	-8.6%
Palmaris	-9.3%
Gladstone Pacific	-10.4%
Cosalt	-10.5%
Oak Holdings	-10.9%
YouGov	-11.2%
General Medical	-12.8%
Mart Resources	-13.8%
Wichford	-16.1%
e-pay Asia	-17.3%
New Cantech	-22.6%
Sefton Resources	-31.3%
SMC	-61.9%

## **ACCIDENT EXCHANGE**

The loan agreement signed with Morgan Stanley Bank International removes the risk of a highly dilutive rights issue and enables us to restore our eps estimates for y/e April 2008. It is good news for shareholders, and the extra costs in terms of interest charges and a warrant to Morgan Stanley are a small price to pay for clarification of the short term position. If a rights issue had been forced on the company it would have diluted existing shareholders by up to 40%.

Our new estimate for the year to April 2008 takes account of a likely significant hike in interest charges, partly because the terms of the Morgan Stanley Bank International loan are 3% to 6% over base, and partly because the delay in cash collection while a key court case is awaited has pushed up debt considerably in the short term.

The court case, *Johnson v. Botosh*, is being heard this week in the Liverpool High Court. It is a test case that affects the recoverability of a minority, but nonetheless significant, proportion of the debtors outstanding from 2004 and 2005. The hearing is scheduled to last a week, but that does not necessarily mean that shareholders will know where they stand by Friday June 22; judgement may be reserved and a decision issued at some future date.

We would be astonished if any legal opinion were reached that affected the substance of the business.

Enough case law has been established over the last ten years, including three cases that have gone to the House of Lords, for the legal framework of the credit hire business to be pretty well established now. If judgement goes against Accident Exchange we expect a one-off write-down to be made. There should be no wider impact because the case apparently hangs on the wording of a version of the credit hire contract that Accident Exchange stopped using some time ago. We believe the odds are strongly in the company's favour. However, civil legal actions can sometimes spring nasty surprises.

See our latest research note, issued on 15 June.

## **ALLIANCE PHARMA**

Alliance Pharma announced last month that following an adverse first half due to temporary supply shortfalls it expects to restore profitability in the second half of the year and deliver a full year result in excess of that made last year. Last week the company announced that it has implemented a programme whereby annual cost savings in excess of £1m are expected to be made from 2008 onwards. The cost savings, which are to be made across the whole of Alliance's business, will be achieved through a reduction in general overheads, including 11 redundancies. This focus on improving the profitability of the company's trading arm coincides with expenditure on the company's development of

its sleep disorder drug, Posidorm, being put on hold.

## **BRITISH COUNTRY INNS**

The Annual Report of this EIS investment scheme shows faster growth than we expected in the underlying value of the pubs purchased. The independent valuation shows that investors are over 7% up in the first year, after recouping all the initial start-up expenses of the scheme. Costs have been higher than we expected, but total return is what is important, and we are delighted with the progress made.

We believe that the smoking ban from July 1 will be a non-event for British Country Inns. As pubs have been refurbished, smoking bans have been introduced in them ahead of the legislation. Any hit on trading through this has already been taken.

Three versions of the original scheme are now trading successfully. These are the original British Country Inns, British Country Inns 2 and British Country Inns 3. Investment house Smith & Williamson has now launched a fourth and almost certainly final version of the scheme, British Country Inns 4. This will concentrate upon purchasing freehold pubs in the Wales and Welsh Border Area. Details are available via Christian Elmes at Smith & Williamson, on 0207 131 4324.

## **COLLIERS CRE**

Following on from its acquisition of Bristol based Huthwaite (CBS) Limited, a

building surveying and architectural consultancy firm, Colliers CRE has now acquired Cambridge based Dobson Jones, a surveying firm that specialises in the business market. Combined, Colliers CRE has spent £1.4m on these two acquisitions of which just under £1.0m is payable in cash. The acquisition of Dobson Jones provides Colliers CRE with a direct presence in Cambridge adding to its geographical coverage while the acquisition of Huthwaite adds to the company's specialist markets.

#### **COSALT**

Cosalt is in close period ahead of its interim results to end-March.

#### **DERMASALVE SCIENCES**

At the end of last month, Dermasalve Sciences raised £425,000 through a placing of 10.6m new ordinary shares at a price of 4p per share. These represent 11.8% of the enlarged share capital of 89.8m ordinary shares. The company says the additional funds will be used to support the launch of SafeCleanse in South East Asia and for the development of initiatives targeted at boosting sales of its skin cream products in the UK. In the first quarter of this year, the company raised an additional £618,800 through two placings. Dermasalve's share price remains subdued. It reached a 52-week high of 17p on 14 September 2006 and a 52-week low of 4p on 19 June 2007.

We cease coverage of Dermasalve from this month.

#### **DORI MEDIA**

Dori Media saw success at the MipTV trade exhibition in Cannes. We're particularly pleased to see the new Telenovela Lalola doing well, with sales to France, Russia, Mexico, Albania, Chile and Ecuador. Meanwhile old favourites such as 'Sos mi vida' and 'El Refugio' continue to do well.

Firm sales already signed amount to US\$2.6m, with a further US\$3.68m in contractual options. We understand that not all MipTV business has closed, so we would expect to see more deals finalised over the next few months.

#### **ELECO**

A large share stake went through the market in early June, as the vendor or one of Eleco's past acquisitions sold into institutional hands. The sale has left the market with little available stock.

Eleco has a June year-end, and as far as we are aware business has been progressing satisfactorily. We believe that our estimates are in the right place.

#### **EMED MINING**

EMED Mining has expanded and is planning to accelerate its drilling on its Slovakian gold prospect at Biely Vrch by adding 2000m more diamond core to the schedule and ordering a second drill rig to site. This rig will be owned by EMED Mining. Initial results show that gold

mineralisation extends to 460m depth in at least one drill hole. This represents an extension of more than 200m below the deepest gold previously found on this site. The 500m+ holes drilled in this campaign also suggest that the mineralisation seen so far could be the upper portions of a deeper porphyry-style mineralising system. Assays from a number of diamond drill cores already completed in this current campaign are expected in due course.

The various due diligence and regulatory requirements are being addressed in relation to the conditional option to acquire the mine called PRT (Proyecto de Rio Tinto) and its processing plant in Andalucía, Spain. Successful completion of this deal would catapult EMED Mining into a different league. If the deal should fail the company estimates that approximately \$2.5m of costs would be incurred. The recent up-step in share price reflects the prospect of near-term production from this well known RTZ-built copper mine and increasing investor confidence that the Biely Vrch project could realise returns for EMED Mining's shareholders.

#### **E-PAY ASIA**

Our recent note on e-pay Asia updates our forecasts. The stock appears to remain attractively priced compared to its peers, offering a 4% plus yield.

#### **EUROPEAN NICKEL**

There are no new operational updates. The Turkish

elections are scheduled for July 22. ENickel continues to dig and direct ship nickel laterite to smelter from the Çaldağ open pit.

A total of 998,000 options have been granted to the board members at 58.75p exercisable between June 2010 and June 2017.

The spot nickel price fall seen over recent days and investor fears over the effects of interest rate rises appear to have impacted ENickel's share price in common with most nickel focused companies. ENickel appears to have suffered more than most, so profit taking and the continuing delays in Turkey cannot be ignored.

#### **EUROTRUSTA/S**

Denmark-based EuroTrust offers a truly unique proposition – a hybrid alternative energy and property development firm. Its strategy is to use the profits from real estate development activities in Denmark and Norway to finance wind farm projects across Europe. On 30 May, EuroTrust terminated its ADR programme on NASDAQ and commenced trading on AIM with a market cap of about €450m (£300m). It did not raise any capital.

EuroTrust has 79MW of installed wind power capacity – more than its AIM-quoted peers – with 459MW under development. All of its turbines are currently located in Germany and Italy. The group aims to have 1,000MW in operation within the next 3-5 years and is on track to

have a presence in five EU countries by the end of 2008. Its growth strategy is supported by options to purchase a property portfolio worth an estimated DKK 30bn (€4bn).

Revenue climbed 75% from DKK 247m (€33.2m) in 2005 to DKK 434m (€58.2m) in 2006, driven by a buoyant housing market and initiation of wind energy activities. PBT increased 11% during the same period to DKK 59m (€7.9m).

H1 2007 (31 December 2006) results were skewed by several unusual events that had an adverse effect on the performance of the real estate division. We are forecasting a loss for the full year in 2007, but as these are of a temporary nature, we look forward to a complete recovery the following year. We are forecasting €23.5m PBT on turnover of €163.9m in 2008.

Prior to delisting from NASDAQ, EuroTrust was trading at 7.1X sales – a 51% discount to smaller wind farm operators on AIM. This suggests substantial scope for uplift as the company becomes better understood.

There has been some delay in the conversion of ADRs, partly due to trading immediately prior to 30 May and partly due to wrong information among some banks. Conversion is expected to pick up in the near future, but until the process is complete, trading volume on AIM will be limited.

Please ring for a copy of our initiation of coverage research note published on 12 June.

#### **FACES COSMETICS**

In April Faces announced that it was seeking significant additional funding with which to pursue its expansion plans including rolling out stores throughout India and that it expected to complete such negotiations by the end of June. The company has since announced that discussions are progressing with a prospective investor who has been undertaking due diligence. Faces' management has entered into an agreement to grant Charterhouse 3 Limited, a Belize based company, warrants to subscribe for 4.5m ordinary shares exercisable at 4p per share. Over the last six months Faces shares have traded in a range of between 7p and 9p per share. Charterhouse 3 introduced the prospective investor to Faces and has been helping to progress negotiations between the two parties.

#### **GALLEON**

Interim results just announced show Galleon is making good progress. Turnover has increased from just £743k to £2.4m, and operating losses have been nearly halved.

It's not the numbers that are important though, but the progress the company has made with its business. Croco, the in-pack premiums business, has gone from strength to strength, contributing the majority of

the company's turnover. Meanwhile Galleon Entertainment has made progress in developing its IP portfolio; animation Skunk Fu! is now being aired in Australia, and the second half of the year will see music and animation product Apollo's Pad go live, and Sokator-442 going into production.

We have also seen today the announcement of a major new contract from PepsiCo for a new in-pack premium product from Croco. This gives Croco a third product next to the highly successful Blasterz (which has generated over £3m sales) and recently launched EPIX.

We maintain our estimates for this year and next. The market seemed to like the results, with the shares rising 11% in early trading.

### **GENERAL MEDICAL CLINICS**

The company's financial year runs to the end of May, and results will be announced during August. The company issued a trading statement saying that it 'looked forward to reporting on a very successful year of operations in the City'. It also suggested that there would be 'strong news flow in the coming months'.

### **GLADSTONE PACIFIC NICKEL**

At the EGM on May 29 the shareholders approved all motions put before them. Gladstone Pacific has subsequently completed the first part of its obligations under its financing deal by

issuing \$30m worth of special warrants to the Australian-Canadian consortium concerned and is currently planning to list on a Toronto exchange. A further \$10m worth of special warrants will be issued no later than 17 August. The conditions of the financing call for Gladstone Pacific to make best efforts to achieve Canadian listing within 180 days from the date of the recent issue (June 7 2007). Achieving this listing and satisfying the remaining conditions would mark the start of the next phase of development with the bulk of the \$40m earmarked for securing long-term ore supply, detailed engineering work and placing deposits on capital items and land holdings.

### **IAF GROUP**

NOMAD status has still not been obtained, and this is holding back expansion of the corporate finance activities. The share price has been stable over the past month.

### **LEIGHTON & HENLEY**

There have been no further developments.

### **LIGHTHOUSE GROUP**

Financial advisory group Lighthouse is pioneering an interesting new approach to risk management that may well have applications in the wider financial community. It has started using psychometric testing to match asset allocation for clients with their attitude to risk.

The system is based upon a psychometric fact finding process designed by Distribution Technology Ltd., which is using behavioural principles to create a client risk rating. An investment with precisely the same risk profile in terms of volatility is produced, using funds managed by F & C Management.

It is interesting to see that Lighthouse is as concerned about 'under-risking' its clients as exposing them to too much risk and volatility. One of the effects of the current regulatory regime on private client investment managers and IFAs is a huge bulge of portfolios that are little more than index trackers, because of the tendency of clients to tick the 'low risk' box when faced with the option of just three tick boxes. What investors sometimes mean is that they don't want to be sucked into penny stock oil exploration in Mongolia. The Lighthouse/F & C initiative is a welcome attempt to approach this problem in a more sophisticated, adult manner.

### **LOK'NSTORE**

The interim results showed an acceleration of the growth rate from 15% at the end of the last full year to 23.8%. Store EBITDA, which is a key financial measure of progress, was well up also. The rate of new openings of self storage premises is going to be increased from now on. In a way this should not be a surprise because in February management announced new borrowing facilities in order to cope with just such an eventuality. Further deals

announced on June 4 – a move to a larger unit in Southampton and the sale of a small unit in Woking, are part of this progress. A speeding up of the rate of new openings will impact profit growth because new units take many months, usually well over a year, to reach breakeven point. At present, our eps estimates for the year to June 2008 are lower than those for the year to June 2007. Look forward three years, however, and the benefits of expanding at a faster rate into this rapidly growing marketplace become very obvious indeed. Meanwhile the asset value will be rising all the time. Lok'nStore is on a much lower premium to net asset value than its two larger quoted competitors, Big Yellow and Safestore.

See our latest research note, issued on 4 June.

### **LOMBARD RISK MANAGEMENT**

We have reduced our 2007 revenue estimate slightly. Although the order pipeline remains very strong and Lombard Risk Management continues to win new business, implementation delays on two contracts won during the year make it almost certain that LRM will not be able to book all revenues from these contracts in this financial year, as we had earlier expected. Our current forecast of £6.9m revenue still represents a very significant increase on 2006 and an excellent performance from all the major businesses in the group.

Sales revenues should more than double between 2006 and 2008. We expect the year to March 2008 to be the first in which the group makes a profit, as it moves out of the development stage. China watchers should also note that Lombard Risk Management is building up its capacity in Shanghai.

See our research note dated 12 June.

### **MARCHPOLE HOLDINGS**

So far this year fashion brand management group, Marchpole Holdings, has made five significant deals which, in our view, make the company a far better diversified one – both geographically and product wise.

The latest deal announced just last week involves the signing of an agreement with jeans maker Lee Cooper whereby two new designer denim lines are to be launched. Both lines will be available through JCC stores. The main line to be sold under the “JC-DC” label will be sold in Lee Cooper stores of which there are some 500 world-wide while the second higher end line will be sold in top end Lee Cooper stores online only. The question on our minds is, is Marchpole deserving of a re-rating to bring it more into line with its market peers? The company is trading on a forward price to earnings multiple of 8.6x 2008 estimated earnings despite a booming luxury goods sector where the average 2008 price to multiple earnings is 19.5x. Also investor demand is

strong. The IPO of Burani Designer Holdings, which invests in companies operating in the Italian lifestyle luxury market (including Milan fashion house Mariella Burani) and which is listed on AIM on 20 June, was 3.5x oversubscribed. Marchpole is due to release its full year results on 28 June.

### **MART RESOURCES**

Mart Resources and its partners have cased and suspended well UMU-4 on Umusadege field and have moved NRG Rig 101 to the UMU-1 site drilled and cased by ELF in 1974. The equipment is now rigged-up at the well with preparations underway to production test a number of the thirteen oil sands identified in the well from earlier logs and wireline tests.

Mart's NRG Rig 201 has arrived safely in Nigeria and is clearing customs.

### **METALS EXPLORATION**

There are no new operational updates. Metals Ex is continuing to drill the Runruno gold-molybdenum project on the island of Luzon in the Philippines with the twin aims of expanding and firming the existing inferred and indicated resource. Step out exploration around the Runruno volcanic structure is also being undertaken. The Filipino ministry responsible for mining, The Department for Environment & Natural Resources, has made several positive comments this month regarding the country's mining sector. It

reports that overall “metallic production value” is up 56% for the first quarter (year-on-year) with further continued strong growth expected as the mining law reforms begin to show some concrete returns. Particular stars of the quarter are nickel ores and concentrates for direct shipping and silver, though gold and copper also showed strong growth. An increasing number of international miners are joining Metals Ex in this mineral rich country.

Metals Ex is now represented by Pelham PR.

#### **METNOR GROUP**

There have been no further developments at Metnor Group. Its next formal announcement will be half-year results.

#### **MINOAN GROUP**

We initiated coverage on the developers of “Cavo Sidero” in Crete in April of this year. Shortly following the release of our initiation note the Minoan Group was advised that an appeal against its Environmental Impact Study (EIS) approval had been lodged. It is important to note that the appeal is against the *approval* of Minoan’s EIS and not the EIS itself. The Group’s EIS which took a year and a half to complete at a cost in excess of £2.5m had been formally approved by the Greek government in November of last year. Minoan’s lawyers have advised the Group that its EIS fully respects Greek environmental law and they are confident that the appeals process will be successfully concluded. We expect that

an announcement setting an appeal date will be made in the next few weeks. While it is not possible to say exactly how long such an appeals process might take Minoan’s management remain confident that building on the site will commence in Spring of next year.

#### **MURGITROYD GROUP**

While there has been no recent news from Intellectual Property group, Murgitroyd, the legal profession has been in the news through the announcement of Slater & Gordon’s listing on Australia’s ASX on 21 May. Trading in the shares which IPO’d at A\$1.00 opened at A\$1.32 and four weeks later the shares are up a further 26.5% to A\$1.67. While some reporters have cited Slater & Gordon as the first law firm to list on a stock exchange others have pointed to Murgitroyd as the only other legal company in the world that is publicly listed. Trading on a 2007 forward PE multiple of 17.6x compared to Murgitroyd’s current 17.0x Slater & Gordon provides us with another potential comparator against which to judge Murgitroyd.

#### **NAUTICAL PETROLEUM**

Recent press articles have indicated that Chevron is selling its equity stake in Licences 335 and 726 which include the Mariner Field. Although at first glance this may appear to be a setback for Nautical – we reason that as there seems to be significant interest in the

asset, a prospective purchaser will *want to* make progress by developing the field at the earliest opportunity. Therefore this may in fact accelerate final sanction and field development. In our opinion, press reports of the development solutions being proposed to the consortium by Chevron would de-facto make the costs high as they do not appear to include an FPSO production route – which would seem to us to be the most economic. As things stand we look forward to the results of drilling on Mermaid and Kraken later this summer and watch the situation with interest.

#### **NEW CANTECH**

Some more drilling results from the Lucky Ship molybdenum prospect have been released. These show grades of over 0.1% Mo in lengths of over 20 metres in six different holes. Total strike length at over 0.1% Mo amounted to 272 metres. Drill data on 18 holes was released. Other core samples are still awaiting analysis and a further 10 holes were either sunk for geotechnical reasons or were outside the known Mo zone and drilled for other reasons.

Drilling was suspended on April 29 when the spring thaw made movement of drilling equipment difficult. Movement is expected to resume at end-June/early July once the ground has dried.

The National Instrument 43-101 Report has been released. This contains the Preliminary Economic Assessment of the deposit by geologists A.C.A. Howe International.

It suggests an IRR of 25% to 34% at a Mo price of \$30/lb. The current Mo price is \$35/lb.

Following the addition of new claims to cover potential tailings disposal sites, the mineral tenures held by the company at Lucky Ship now cover 14,150 hectares.

### **OAK HOLDINGS**

At its AGM last month Oak Holdings announced that it has signed a Memorandum of Understanding with the Royal Bank of Scotland whereby the two organisations will work together to conclude mutually acceptable terms for a Development Loan in order for Oak's undercover multi-use sporting and leisure complex - YES! - to proceed. We expect to hear news from the company on a finalised Development Agreement with the Rotherham Metropolitan Borough Council in the near future. Having been consolidated 50 for 1 following the AGM Oak's shares are now trading at 79p.

### **ORBIS**

Orbis is in close period ahead of its interim results for the period ending 31 March. We expect these to be released in July.

### **PALMARIS**

There have been no developments at Palmaris over the past month.

### **PARK GROUP**

Park Group will be announcing its preliminary

results for the year ended 31 March 2007 on Wednesday 27 June. A new research note will be produced shortly.

### **PHOTO-ME INTERNATIONAL**

Full year results will probably be released in early July. The company is in close period. The last trading news from the company was moderately discouraging, although more from the point of view of short term Minilab sales and profitability than from cash flow, which we expect to remain sound. Photo-Me has been aggressively buying in its shares in the marketplace. Investors need to be aware that share buy-ins reduce the pot of cash available for any possible future capital distribution.

We have reduced our estimate for y/e April 2008.

### **PRIMARY HEALTH PROPERTIES**

There have been no further developments over the past month.

### **PRINTING.COM**

The 16.8% rise in retail sales equivalent was the key figure in the Printing.com results announcement at the beginning of the month. Printing.com is a franchise based printing organisation, feeding a single, sophisticated, high volume printing works in Manchester from a network of 205 retail outlets around Britain and Ireland. Some wholly owned outlets were sold to franchisees during the last financial year, taking some

sales revenue out of the company's declared 'turnover' line into the turnover of the franchise holders (some of the costs were transferred over as well, of course). The result is that the declared turnover figure in the official Printing.com accounts showed a gain of only 2.2%. This considerably understates the progress being made by the company.

Profit and EPS growth was modest, but the dividend was raised from 1.75p to 2.5p, and we believe that 3p is likely in the current year. The reason for the dividend hike is that Printing.com is now throwing off cash, and while there will be further expansion, particularly overseas, this will increasingly be paid for by franchisees (in the UK and Ireland) and by the holders of master franchises as they are granted internationally.

The company said that it expects to see 'material growth' across its UK and Irish network. Also, we expect at least one significant overseas international licence to be granted in the current year. Pre-tax profit growth for the year to April 2008 will not be dramatic, but it should lay the groundwork for a good forward movement in the two years after that.

In the meantime, working out what to do with the surplus cash is a pleasing kind of problem for management to have.

### **PROPERTY RECYCLING GROUP**

Property Recycling Group turns brownfield land into

sites ready for development. It specialises in identifying and acquiring previously developed land and adding value through a combination of remediation and enhanced planning approval. It also extracts rental income from existing on-site accommodation – enough to cover all of its running costs while work is being carried out. Improved sites are then sold on to third-party developers.

The company benefits from a portfolio of five – soon to be six – freehold sites comprising 514 acres in the east of England with a book value of £10.3m (incl. Colsterworth). Sites range from a former airfield close to the A143 to a country estate previously owned by the Duke of Norfolk. Most are carried on its balance sheet at cost, suggesting significant scope for uplift upon revaluation.

The profit producing potential of the company's business model was demonstrated by its first disposal, which generated £2m profit on a net outlay of just £0.5m (pre-tax IRR > 20%). The company's RAF Stanton site is currently under option to IKEA and this is due to expire at the end of this year. Over the past three years, Property Recycling Group has worked with the retailer to secure planning permission for a new 111,480 sqm distribution centre.

The company is headed by Paul Rackham, who created substantial shareholder value through his previous venture Waste Recycling Group, which floated with a price tag

of £8.1m in 1994 and was sold nine years later with an enterprise value of £531m.

Property Recycling Group had £6.8m cash and debt of just £1.3m at year end 2006. It is currently trading at 1.7X NAV. This is a 29% discount to its closest comparable, Inland plc.

We are forecasting £2.3m profit on sales of £5.4m for 2007. Future growth is underpinned by rising demand for development land and public pressure to preserve green belts.

Please ring for a copy of our initiation of coverage research note published on 18 June.

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

Indonesia has increased the export tax on palm oil from 1.5% to 6.5%, but this has had no effect whatsoever on prices, which are still 15% above the levels reached at end-April. Soybean futures prices have been strong, and this is very much the driver for palm oil prices.

R.E.A. Holdings is the most important UK quoted vehicle in the palm oil market. It is in the process of developing 125,000 hectares (375,000 Acres) of land in East Kalimantan, Indonesia. At present, only 25,000 hectares are planted out, 13,100 hectares of which are mature and oil producing. Our latest research note, published at end-May, predicted that profits and eps will more than double next year. Also yields and operational efficiencies will almost certainly be better in 2007 and 2008.

With the rise in biofuels and the boom in the price of palm oil, R.E.A. Holdings is in an enviable position. Its rivals are scrabbling around looking for new planting areas to buy – R.E.A. can double its size and quadruple its output from existing land holdings alone. Also it has a head start on the competition in the rush to take on more environmentally sustainable land for palm oil development. R.E.A. is magnificently placed for 2007.

#### **SEFTON RESOURCES**

The market story with Sefton Resources has been rather muddled by the recent results and what we regard as somewhat unfair press coverage.

Revenues from oil and gas sales for the trailing year increased from US\$1.8m to US\$2.6m, on the back of sustained production at Tapia. However, production costs also increased along with permitting costs, well restoration expenses and the initial costs involved in installing new surface facilities. These investments (particularly the necessary work on storage tank facilities) will pay-back. General administration costs decreased, as a slight offset, reducing the overall loss to US\$0.6m from US\$0.7m. Notably non-cash items ran to US\$0.9m.

Much seems to have been made about the reduction in reserves however the new independent engineer, Reid W. Ferrill & Associates, are rightly uber-conservative in

their assessments. Although to have included nothing for Kansas seems a tad harsh, particularly on a P3 basis when neighbouring/adjoining CBM prospects are either tested or producing. If, however, that is what Sefton needed to do to negotiate with appropriate financial institutions, then so be it – it should prove to be in the long term interest.

Suffice it to say, management seems very confident of being able to raise the funds to finally move the company forward.

### **SMC**

Embattled architectural Group SMC held its Annual General Meeting on 12 June at which the Group's Executive Chairman, Sir Rodney Walker, provided more details relating to the Group's recent profit warnings and its future plans. At the meeting Sir Rodney acknowledged that the Group's difficulties – primarily an overstatement of work in progress and the high cost structure of some of SMC's businesses when compared to projected revenues – arose as a result of the Group completing too many acquisitions in too short a time frame which resulted in a collection of disparate businesses not behaving cohesively. Of the Group's businesses, one third's performance have exceeded expectations, one third have performed in line with expectations while the final third have performed well below expectations. Consequently SMC has plans to reduce its cost base and this will include the closure

of some of its businesses. All in all around 25 to 30 are to leave the Group.

The company's charismatic founder, Stewart McColl, has resigned from his position as SMC's Executive Deputy Chairman and left the company with immediate effect. Gordon Watson, SMC's Business Development Director has also stepped down from SMC's board but continues with the company in a Business Development role. In our last note on SMC we raised the issue of whether Sir Rodney Walker would continue in his role as SMC's Executive Chairman given his other commitments. At the AGM Sir Rodney clarified his position declaring that a new CEO for SMC is actively being sought and that three potential candidates have already been interviewed, with the possibility of an announcement on this matter being made within a few weeks. Under its current circumstances the company has determined it prudent not to declare a final dividend in the 2007 year.

### **SUNRISE DIAMONDS**

There are no new updates. Sunrise continues with its programme of drilling to target geophysical anomalies previously identified on its tenements in Finland with the aim of locating further kimberlites. On site work has recently been concentrated in the area covered by Sunrise's JV with Nordic Diamonds to locate the source of diamond indicator minerals at Target 295. Target 32 is still next on the list. This is located in the kimberlite cluster discovered

by Sunrise in the Kuusamo area.

### **TETHYS OIL**

This month sees the Omani Jebel Aswad re-entry operations continuing after the brief (72 hour) hiatus caused by cyclone Gonu. Fortunately, the drill site was only moderately affected and work has resumed on the horizontal leg in the Natih Formation.

Operations are forecast to complete soon with data evaluation and possible additional testing of productive sections, as necessary.

The deeper Shuaiba section was penetrated by a directional leg sidetracked from the original Jebel Aswad well drilled in 1994. Unfortunately, due to a faulty down-hole motor, the horizontal objective could not be achieved. An 84 metre inclined section was however drilled at an angle of 68 degrees and this is reported to have penetrated a hydrocarbon bearing section.

Away from Oman, where, understandably focus is currently attended, Tethys has signed a Petroleum Agreement with the Moroccan state oil and mining company, ONHYM, (with partners Dana Petroleum and Eastern Petroleum) for the Bouanane Exploration Permits in eastern Morocco. The new licenses offer Tethys a 12.5 per cent interest in a blue sky/but virgin exploration project with Dana paying the first 12 million USD of exploration costs.

This reimbursement of past costs will hopefully create the opportunity for Tethys to recycle the money over again by generating a similar opportunity.

The earlier Reconnaissance License work program confirmed the prospectivity of the area for natural gas, and delineated some prospects through seismic reprocessing and gravimetric studies. The new Exploration Permits, Bouanane I and Bouanane II, now cover an area of 2,115 square kilometres. Dana will act as operator holding a 50 per cent interest in the license, with Tethys and Eastern holding 12.5 per cent each and ONHYM, carrying a 25 per cent interest. The Agreement is valid for a term of 8 years, divided into 3 periods. During the first period either 2D seismic needs to be acquired, or an exploration well needs to be drilled.

#### **THOR MINING**

Since our initiation of coverage “Thor Mining – Speciality Metals Ready to Rock & Roll” the company has continued to drill its Hale River roll-front uranium prospect. Drilling started on 13 May with initial results expected before our next Monthly according to the company and assuming no hold-ups in the laboratory. Initial assay results from extension drilling at the Molyhil Mine were very good with more than half the holes showing intersections of over 1% combined WO<sub>3</sub> and MS<sub>2</sub>. These results have been sent to be checked as a matter of procedure. Once

confirmed these results from an area below the existing resource will be integrated into a new resource estimate. We don't expect a major resource increase from this work, but we do expect an incremental step-up in confidence level for the area drilled.

#### **TOUCHSTONE**

Results are imminent, we have no date yet.

#### **VIANET**

Vianet announced its 2006 results earlier this month and updated the market on current trading. Its m2m business has really taken off, with contracts signed in May alone more than doubling the number of connections made by April 2007. Existing vending operations appear to be going according to plan, with GSK rolling out vOpen to its entire vending park and the German tobacco market looking hopeful. Meanwhile the company believes the drought in investment in the vending sector since the euro transition has now ended, with major operators showing a new willingness to invest. We hope this is the end of the beginning for Vianet; if all goes according to plan the company should achieve breakeven in the last quarter of this financial year, and make a profit in 2008.

#### **WICHFORD**

Property investment company, Wichford plc, announced its interim results to 31 March 2007 last month. Over the six month period the value of Wichford's investment properties has

grown by 21% while gross rental income earned from these properties has grown by 35%. Seven properties were acquired for a total consideration of £56.3m and one property was sold for £6.6m.

At 188p per share Wichford is trading at a 14% discount to its NAV per share as at 31 March 2007 of 216p. We believe that property investment companies such as Wichford which concentrate on generating steady and reliable earnings will become more popular with investors in a real estate environment where income is expected to be the dominant component in future returns.

#### **YOUGOV**

While have been no new corporate releases from YouGov this impressive growth company continues to make the news with its commissioned surveys on topics ranging from slowing houses price in the UK to revolutionary ‘safe and sassy’ footwear to anti-smoking ads.

**Accident Exchange**
**ACE  
Specialty Finance**
**Price p. 129.0  
Cap £m 88.0**

Y/E April	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	21.7	6.7	7.4	8.3	15.5	1.5	1.2%
2006A	53.5	18.5	16.2	17.4	7.4	3.0	2.3%
2007E	109.5	17.4	18.1	16.8	7.7	3.0	2.3%
2008E	142.1	23.5	24.2	22.2	5.8	3.5	2.7%

**Alliance Pharma**
**APH  
Pharmaceuticals**
**Price p. 8.25  
Cap £m 13.4**

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	0.7	0.4	0.29	28.4	0.0	-
2006A	17.3	0.5	0.5	0.32	25.8	0.0	-
2007E	18.2	0.6	0.6	0.35	23.6	0.0	-
2008E	20.3	1.8	1.8	1.09	7.6	0.0	-

*\*\*10 months*
**Colliers CRE**
**COL  
Real Estate**
**Price p. 180.5  
Cap £m 81.4**

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	17.4	3.6	2.0%
2005A	79.6	8.2	8.2	16.6	10.9	4.1	2.3%
2006E	92.0	9.6	9.6	17.9	10.1	4.6	2.5%
2007E	103.6	11.5	11.5	15.9	11.4	5.3	2.9%

**Cosalt**
**CSLT  
Diversified Inds**
**Price p. 429.5  
Cap £m 63.6**

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	-0.8	1.0	8.3	51.7	18.75	4.4%
2006A	124.0	1.9	2.0	13.1	32.8	18.75	4.4%
2007E	143.3	4.0	4.0	19.6	21.9	12.00	2.8%
2008E	148.4	5.8	5.8	28.8	14.9	12.00	2.8%

**Dermasolve**
**DRM  
Healthcare**
**Price p. 5.0  
Cap £m 5.6**

Y/E December	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2004A	-	-	-	-	-	-	-
2005A	0.0	0.0	0.0	0.0	-	0.0	-
2006E	No estimates at present						
2007E							

**Dori Media**
**DMG  
Media**
**Price p. 173.5  
Cap £m 35.4**

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	30.5	0.0	-
2006A	20.4	5.1	6.6	28.3	9.8	0.0	-
2007E	27.6	6.9	7.4	29.7	9.3	0.0	-
2008E	39.3	9.5	9.5	36.8	7.5	0.0	-

*Adjusted profit excludes start up costs in Indonesia*
**Eleco**
**ELCO  
Diversified Inds**
**Price p. 95.0  
Cap £m 53.5**

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	19.0	1.4	1.5%
2006A	55.2	4.4	4.8	7.6	12.5	2.1	2.2%
2007E	61.4	5.3	6.0	7.9	12.0	2.3	2.4%
2008E	68.2	6.4	7.2	9.1	10.4	2.5	2.6%

**EMED Mining**
**EMED  
Diversified Inds**
**Price p. 14.5  
Cap £m 13.4**

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	-24.4	0.0	0.0%
2006A	0.0	-2.5	-2.5	-2.9	-32.8	0.0	0.0%
2007E		No	Forecast			0.0	0.0%
2008E						0.0	0.0%

**e-pay Asia  
Full List**

**EPY  
Technology**

**Price p. 10.8  
Cap £m 30.0**

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	9.0	0.50	4.7%
2007E	22.6	10.40	7.6	1.1	9.8	0.60	5.6%
2008E	25.2	11.90	8.7	1.3	8.3	0.60	5.6%

\* eps may not reflect maximum possible level of dilution

**European Nickel**

**ENK  
Mining**

**Price p. 50.5  
Cap £m 197.0**

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**

**EURO**

**Price c. 11.8**

**AIM**

**Real Estate**

**CapUK £m 281.3**

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	51.1	0.0	-
2006A	58.2	7.9	7.9	0.3	45.2	0.0	-
2007E	69.7	-5.3	-3.0	-0.1	-90.4	0.0	-
2008E	163.9	23.5	23.5	0.8	15.7	0.0	-

**Faces Cosmetics**

**FCE**

**Price p. 8.0**

**AIM**

**General Retailing**

**Cap £m 4.1**

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	32.4	0.00	-
2006A	4.0	-0.2	-0.6	-3.1	-	0.00	-
2007E	5.5	0.5	0.4	0.5	35.6	0.00	-
2008E	8.9	1.2	1.1	1.3	14.0	0.00	-

**Galleon**

**GON**

**Price p. 14.0**

**AIM**

**Media**

**Cap £m 6.9**

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	5.6	0.0	-

**General Medical\***

**-**

**Price p. 37.5**

**UK: PLUS**

**Health**

**Cap £m 6.7**

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	-	-	-
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**

**Price p. 190.0**

**AIM**

**Mining**

**Cap £m 57.0**

Y/E June	Sales AU\$	Declared Pre-Tax Profit AU\$	Adjusted Profit AU\$	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 estimates at present						
2008E							

**IAF Group**

**IAF**

**Price p. 14.5**

**AIM**

**Finance**

**Cap £m 8.6**

Y/E June	Sales £m	Declared Pre-Tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	-	-	-	-	-	-	-
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					

## Leighton &amp; Henley

-  
HousebuildingPrice p. -  
Cap £m -

Y/e	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
No estimates at present							

Lighthouse Group  
AIMLGT  
Specialty FinancePrice p. 30  
Cap £m 22.6

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	10.3	0.0	-
2007E	48.0	1.7	2.6	3.1	9.7	0.0	-
2008E	52.0	2.3	3.2	3.2	9.4	0.8	2.5%

Lok'nStore  
AIMLOK  
Support ServicesPrice p. 264  
Cap £m 68.6

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	528.0	0.0	-
2006A	8.9	0.0	0.2	-0.5	-528.0	0.0	-
2007E	10.6	11.4	0.5	2.1	125.7	0.0	-
2008E	11.1	0.3	0.3	1.3	203.1	0.0	-

Lombard Risk Mgt  
AIMLRM  
SoftwarePrice p. 8  
Cap £m 10.8

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	7.3	0.1	-

Marchpole  
Full ListMPH  
General RetailersPrice p. 185.5  
Cap £m 50.3

Y/E March	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	31.5	4.9	4.9	11.1	16.7	3.5	1.9%
2006A	38.4	4.9	4.0	9.7	19.1	3.5	1.9%
2007E	73.5	8.1	8.2	20.8	8.9	4.0	2.2%
2008E	66.3	8.2	8.2	21.1	8.8	4.0	2.2%

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

Mart Resources  
TSX-VMMT:TSX-V  
OilPrice CANc. 28.0  
Cap. CAN\$ 50.1

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	5.4	-	0.0%
2008E	244,929	210,370	89,239	48.1	0.6	-	0.0%

Metals Exploration  
AIMMTL  
MiningPrice p. 40.3  
Cap £m 31.3

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

Metnorr  
AIMMTG  
Steels & MetalsPrice p. 412.5  
Cap £M 64

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	17.4	23.7	8.7	2.1%
2006A	74.5	10.3	6.7	24.4	16.9	9.4	2.3%
2007E	92.6	6.1	6.7	27.0	15.3	10.1	2.4%
2008E	104.1	7.4	8.0	34.2	12.1	10.8	2.6%

**Minoan Group**
**MIN  
Leisure & Hotels**
**Price p. 88.0  
Cap £m 43.4**

Y/E March	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	0.0	-0.7	-0.7	-2.7	-	0.0	-
2006A	0.0	-0.9	-0.9	-3.2	-	0.0	-
2007E	No	Forecast					
2008E							

**Murgitroyd  
AIM**
**MUR  
Support Services**
**Price p. 422.5  
Cap £m 35.0**

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	37.1	3.3	0.8%
2006A	18.8	1.4	1.9	14.7	28.7	4.7	1.1%
2007E	23.0	2.3	2.9	24.1	17.5	7.6	1.8%
2008E	24.8	2.5	3.1	26.0	16.3	8.3	2.0%

**Nautical Petroleum  
AIM**
**NPE  
Oil**
**Price p. 8.0  
Cap £m 86.2**

Y/E December	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2004A (to June)	-	-	-	0.0	-	0.0	-
2006A (18 mths)	-	-7.3	-7.3	-0.9	-	0.0	-
2007E	No	Estimates					
2008E							

**New Cantech  
TSX-V**
**NCV:TSX-V  
Mining Exploration**
**Price c. 41.0  
Cap £m**

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

**Oak Holdings  
AIM**
**OAH  
Real Estate**
**Price p. 78.0  
Cap £m 11.7**

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

**Orbis  
AIM**
**OBS  
Support Services**
**Price p. 3.0  
Cap £m 0.4**

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 (18m)	59.3	-7.1	2.6	13.1	-	0.0	-
9/2007E	40.5	-2.2	2.0	9.9	0.3	0.0	-
9/2008E	41.0	-1.9	2.2	11.0	0.3	0.0	-

**Palmaris  
AIM**
**PMS  
Mining**
**Price p. 9.8  
Cap £m 16.1**

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							

**Park Group  
AIM**
**PKG  
Specialty Finance**
**Price p. 19.75  
Cap £m 32.6**

Y/E March	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	215.1	3.9	3.9	1.6	12.4	1.1	5.6%
2006A	233.4	2.0	2.0	1.0	19.8	1.1	5.6%
2007E	306.9	6.9	6.4	2.7	7.3	1.2	6.1%
2008E	243.6	5.0	5.0	2.1	9.4	1.1	5.6%

**Photo-Me**
**PHTM  
Support Services**
**Price p. 78.0  
Cap £m 284.7**

Y/E April	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	237.4	33.9	34.7	6.3	12.4	1.8	2.3%
2006A	230.0	28.4	26.1	4.8	16.3	2.4	3.1%
2007E*	220.8	12.2	15.2	2.9	26.9	See text	-
2008E	210.0	15.1	15.2	2.6	30.0	See text	-

\*The 2.4p in dividend payments in y/e April 2007 have already been paid

**Primary Health**
**PHP  
Real Estate**
**Price p. 415.0  
Cap £m 139.4**

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	31.7	12.0	2.9%
2006A (June)	11.1	18.4	3.4	16.4	25.3	13.5	3.3%
2007E (18m)	22.0	33.1	6.7**	22.9	18.1	23.0	5.5%
2008E	18.0	30.3	6.3**	17.9	23.2	17.5	4.2%

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

**Printing.com**
**PDC  
Retailing**
**Price p. 57  
Cap £m 26.8**

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	21.1	0.5	0.9%
2006A	18.2	2.2	2.3	3.7	15.4	1.8	3.1%
2007E	21.5	2.2	2.3	3.0	19.0	2.0	3.5%
2008E	27.3	2.6	2.6	4.0	14.3	2.5	4.4%

**Property Recycling Group**
**PROP  
Real Estate**
**Price p. 54.5  
Cap £m 19.7**

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	10.7	1.0	1.8%
2006A	1.2	0.2	0.2	0.6	90.8	1.2	2.2%
2007E	5.4	2.3	2.3	4.5	12.1	1.2	2.2%
2008E							

**R.E.A. Holdings**
**REA  
Food**
**Price p. 555.5  
Cap £m 181.1**

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	57.9	0.0	-
2006A	17.8	10.6	5.9	9.6	57.9	0.0	-
2007E	30.6	20.8	14.6	23.6	23.5	1.0	0.2%
2008E	36.8	26.4	19.3	30.2	18.4	3.0	0.5%

**Sefton Resources**
**SER  
Oil and Gas**
**Price p. 4.9  
Cap £m 5.3**

Y/E July	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Eps. c/share	p/e ratio	Divi p.	Yield %
December	USD\$ 000	USD\$ 000	USD\$ 000	c			
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		Estimates					
2007E							

**SMC**
**SMC  
Construction/BM**
**Price p. 33.5  
Cap £m 18.6**

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	5.1	0.0	-
2006A	30.9	1.6	2.6	3.8	8.8	1.0	3.0%
2007E	52.4	8.1	8.1	10.2	3.3	1.5	4.5%
2008E	No	Forecast					

**Tethys Oil**
**TETY.SE  
Oil**
**Price SEK 41.5  
Cap SEKm 238.2**

Y/E December	Sales TSEK m	Earnings Before Tax TSEK '000	Adj Profit TSEK '000	Adjusted 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: 14.3**  
**Cap £m: 18.9**

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. 240.0**  
**Cap £m 29.0**

Y/E March	Sales £m	Declared Pre-tax Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2005A	17.3	0.0	1.2	8.9	27.0	3.6	1.5%
2006A	23.1	1.1	2.6	15.8	15.2	4.0	1.7%
2007E	29.9	1.2	3.0	18.1	13.3	4.5	1.9%
2008E	33.0	1.9	3.6	21.9	11.0	5.0	2.1%

**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. 188.0**  
**Cap £m 251.4**

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	4.8%
2006A	220	21.8	9.9	10.2	-8.2%	9.5	5.1%
2007E	218	29.0	12.4	10.4	-7.5%	10.0	5.3%
2008E	221	37.4	13.8	10.4	-8.5%	10.5	5.6%

\*15 months

**YouGov**  
**AIM**

**YOU**  
**Media**

**Price p. 181.5**  
**Cap £m 120.7**

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	165.0	0.0	-
2006A	9.6	3.9	4.1	4.2	43.2	0.0	-
2007E	14.0	4.9	5.2	5.3	34.2	0.0	-
2008E	15.9	5.5	6.1	6.3	28.8	0.0	-

\* 5 for 1 scrip issue effected since previous Monthly

### Accident Exchange

ACE [www.accidentexchange.com](http://www.accidentexchange.com) 129.0p



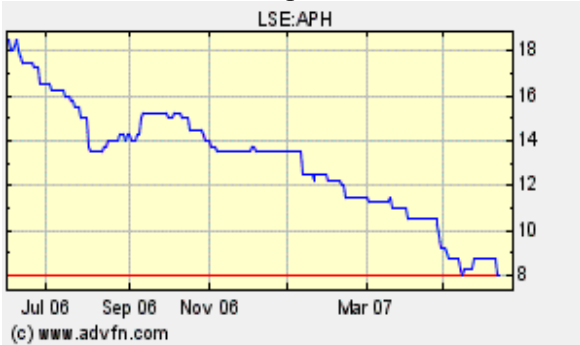
### Dermasalve

DRM [www.dermasalvesciences.com](http://www.dermasalvesciences.com) 5.0p



### Alliance Pharma

APH [www.alliancepharma.co.uk](http://www.alliancepharma.co.uk) 8.3p



### Dori Media

DMG [www.dorimedia.com](http://www.dorimedia.com) 173.5p



### Colliers CRE

COL [www.collierscre.co.uk](http://www.collierscre.co.uk) 180.5p



### Eleco

ELCO [www.eleco.com](http://www.eleco.com) 95.0p



### Cosalt

CSLT [www.cosalt.plc.uk](http://www.cosalt.plc.uk) 429.5p



### EMED Mining

EMED [www.emed-mining.com](http://www.emed-mining.com) 14.5p



### e-Pay Asia

EPY [www.e-payasia.com](http://www.e-payasia.com) 10.8p



### Galleon Holdings

GON [www.galleonplc.com](http://www.galleonplc.com) 14.0p



### European Nickel

ENK [www.enickel.co.uk](http://www.enickel.co.uk) 50.5p



### 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) 11.8€c



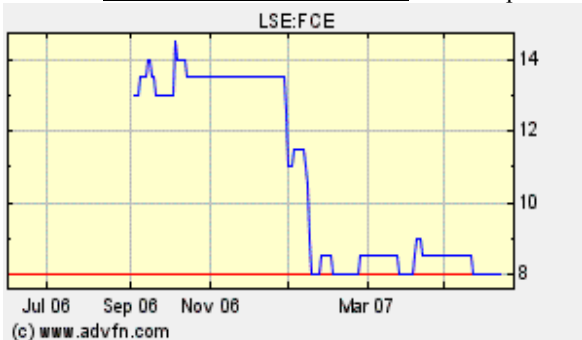
### Gladstone Pacific

GPN [www.gladstonepacific.com](http://www.gladstonepacific.com) 190.0p



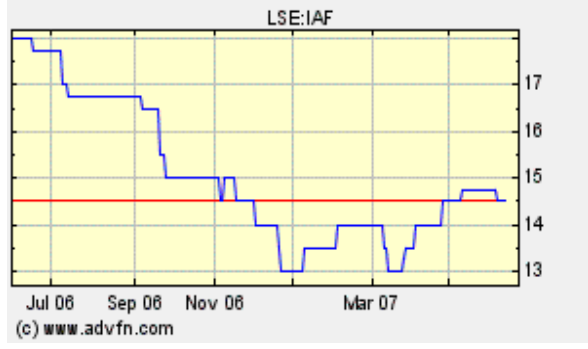
### Faces Cosmetics

FCE [www.faces-cosmetics.com](http://www.faces-cosmetics.com) 8.0p



### IAF Group

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



### Lighthouse Group

LGT [www.lighthouseifa.com](http://www.lighthouseifa.com) 30.0p



### Mart Resources

MMT [www.martresources.com](http://www.martresources.com) 28.0



### Lok'nStore

LOK [www.loknstore.com](http://www.loknstore.com) 264.0p



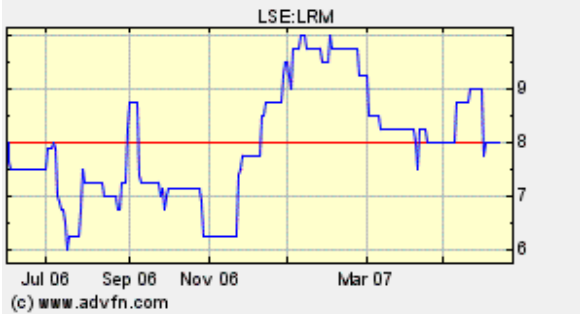
### Metals Exploration Plc

MTL [www.metalsexploration.com](http://www.metalsexploration.com) 40.3p



### Lombard Risk Management

LRM [www.lombardrisk.com](http://www.lombardrisk.com) 8.0p



### Metnor

MTG [www.metnor.co.uk](http://www.metnor.co.uk) 412.5p



### Marchpole

MPH [www.marchpole.com](http://www.marchpole.com) 186.5p



### Minoan Group

MIN [www.Minoangroup.com](http://www.Minoangroup.com) 88.0p



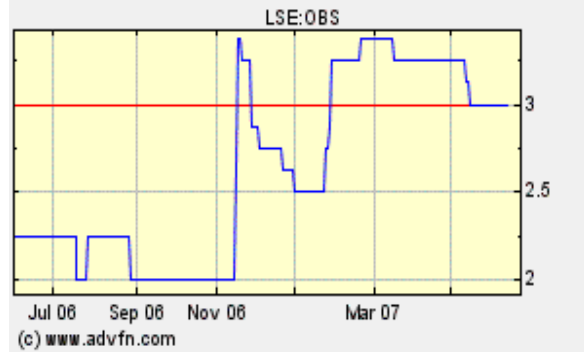
### Murgitroyd

MUR [www.murgitroyd.com](http://www.murgitroyd.com) 422.5p



### Orbis

OBS [www.orbisplc.com](http://www.orbisplc.com) 3.0p



### Nautical Petroleum

NPE [www.nauticalpetroleum.com](http://www.nauticalpetroleum.com) 8.0p



### Palmaris

PMS [www.palmaricapital.com](http://www.palmaricapital.com) 9.8p



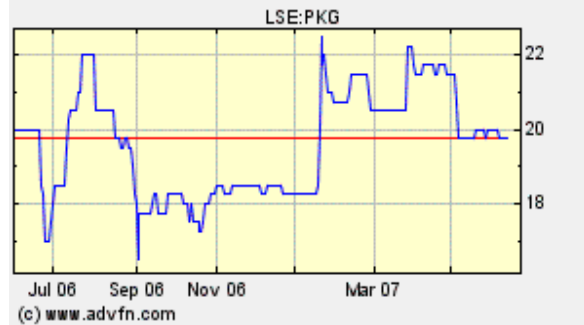
### New Cantech Ventures

NCV [www.newcantech.com](http://www.newcantech.com) 0.41c.



### Park Group

PKG [www.parkgroup.co.uk](http://www.parkgroup.co.uk) 19.8p



### Oak Holdings

OAH [www.oakholdings.co.uk](http://www.oakholdings.co.uk) 78.0p



### Photo-Me International

PHTM [www.photo-me.co.uk](http://www.photo-me.co.uk) 78.0p



### Primary Health Properties

PHP [www.phpgroup.co.uk](http://www.phpgroup.co.uk) 415.0p



### Sefton Resources

SER [www.seftonresources.com](http://www.seftonresources.com) 4.9p



### Printing.com

PDC [www.printing.com](http://www.printing.com) 57.0p



### SMC Group

SMC [www.smcgroupplc.com](http://www.smcgroupplc.com) 33.5p



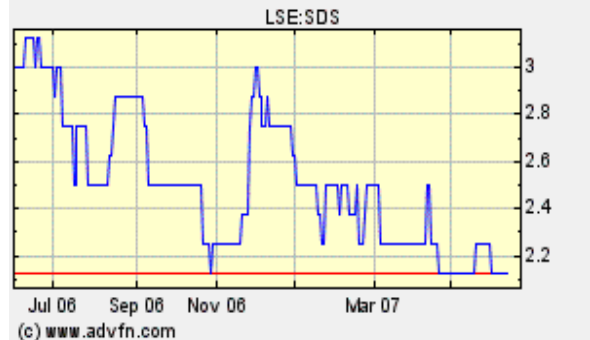
### Property Recycling.

PROP [www.propertyrecycling.co.uk](http://www.propertyrecycling.co.uk) 54.5p



### Sunrise Diamonds

SDS [www.sunrisediamonds.com](http://www.sunrisediamonds.com) 2.3p



### R.E.A Holdings

RE [www.rea.co.uk](http://www.rea.co.uk) 555.5p



### Tethys Oil

TETY [www.tethysoil.com](http://www.tethysoil.com) 41.5p



### Thor Mining

ASX:THR [www.thormining.com](http://www.thormining.com) 14.3p



### Wichford

WICH [www.wichford.com](http://www.wichford.com) 188.0p



### Touchstone

TSE [www.touchstone.co.uk](http://www.touchstone.co.uk) 240.0p



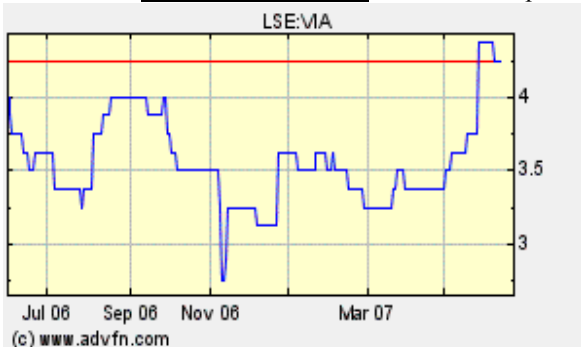
### YouGov

YOU [www.yougov.com](http://www.yougov.com) 181.5p



### Vianet

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



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