Edison investment research

The PLUS stock exchange

Half-yearly review

August 2010

www.plusmarketsgroup.com

PLUS

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About Edison Investment Research

Edison is Europe's leading independent investment research company. It has won industry recognition, with awards in both the UK and internationally. The team of more than 50 includes over 30 analysts supported by a department of supervisory analysts, editors and assistants. Edison writes on more than 250 companies across every sector and works directly with corporates, investment banks, brokers and fund managers. Edison's research is read by every major institutional investor in the UK, as well as by the private client broker and international investor communities. Edison was founded in 2003 and is authorised and regulated by the Financial Services Authority.

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Table of contents

Market overview	3
Company profiles	9

Prices as at 20 August 2010

Published 31 August 2010

Welcome to the latest edition of the PLUS review. Working in partnership with the PLUS stock exchange, this review enhances the visibility of PLUS-quoted companies and is published every six months.

Our analysts have been in contact with the 50 companies profiled in this review, aiming to provide investors with a snapshot of each company's activities, strategy and trends within the industries they operate in. Our analysts have relied on consensus earnings estimates, where available, but have reflected feedback received by companies on historic and forecast numbers. All Star Minerals and Oracle Coalfields are under full Edison coverage and the forecasts are those of the analyst.

Each review starts with a market overview from Edison's strategist, Alex Gunz. In this edition, Alex begins to look ahead to 2011 and the challenges investors could face given a likely deceleration in economic growth over the next 12 months.

More information about PLUS and the companies on the exchange can be found on its website, www.plusmarketsgroup.com.

We welcome any comments/suggestions our readers may have. If you have any questions or queries, please contact us on +44 (0) 20 3077 5700 or via enquiries@edisoninvestmentresearch.co.uk.

Neil Shah

Director of Research

Edison Investment Research

The PLUS review is an exciting initiative and forms a cornerstone of our ongoing commitment to raise the visibility and profile of our PLUS-quoted companies. We are delighted to be working with Edison Investment Research on this second edition, dedicated to companies on the PLUS stock exchange.

I would welcome the opportunity to speak to you regarding the PLUS stock exchange and the companies on our market. If you have any questions or you wish to know more about PLUS, please contact me on +44 (0)20 7553 2042 or +44 (0)7525 986906 or email paul.haddock@plusmarketsgroup.com.

Paul Haddock

Head of Capital Markets

PLUS Markets Group plc

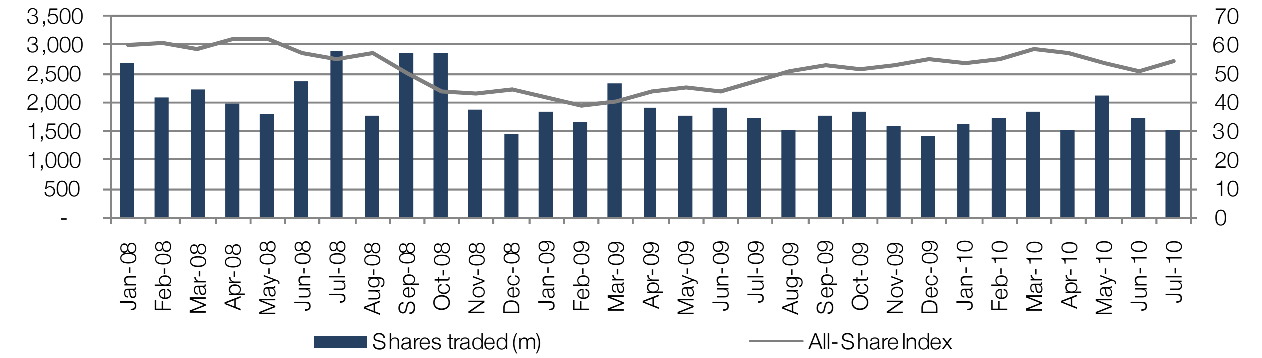
Equity market overview

Recent gains in global markets are unlikely to prove sustainable in our view and our fundamental concerns over the sustainability of nascent growth have not dissipated. Sovereign debt issues, inflation, unemployment and confidence trends all point to a slowdown in growth over the next 12 months, a scenario that we do not feel is fully discounted in consensus earnings expectations. With estimates potentially under pressure, it is also hard to find support in valuation levels, with the UK equity market trading on around 15x 2011 P/E. Against this background, we see few attractive options for equity investors (we continue to favour gold as an asset class). In the near term, we expect to see further positive momentum for financials and retain our cautious stance on consumer cyclicals; longer term, our preference is for stocks that offer high global diversification and undervalued growth potential.

The summer of uncertainty

Although we saw a 9.5% gain in the All-Share and a 7.9% rise in the MSCI World Index in July, to date in August indices are roughly flat, with enhanced volatility. Not only does it remain the case that both indices are barely in positive territory on a year-to-date basis (up 0.9% and down 1.4% respectively), but more fundamentally, trading volumes are down substantially – even by typical summer standards – and so, axiomatically, price and index movements have been noticeably more pronounced. To highlight the extent of the issue, just 30.3m shares were traded on the All-Share in July, down 13% relative to the same month last year, with the month being the third quietest in volume terms witnessed in the last two years (only December 2008 and December 2009 saw lower volumes).

Exhibit 1: Volumes are low – even by summer standards; price movements are more exaggerated



Source: Bloomberg, Edison Investment Research

As the *Financial Times*' Lex column (12 July) aptly describes it, a "spooky calm" seems to be prevailing. We agree and also believe any signs of nascent optimism that have recently emerged, driving markets higher, are misplaced. It should not be forgotten that July's bounce follows a six-month period through to 30 June that was the worst in performance terms for equities since the first half of 2008. We do not deny that the conclusion of stress test procedures for European banks and a favourable resolution over Basel III provisions for the banking sector may provide some near-term relief, but the fundamental concerns we have had for some time over the growth outlook (a natural consequence of ongoing painful deleveraging) are far from dissipating.

Both macro and micro data from July have proved highly inconsistent in our view, with as much grist for the mill being provided for both the most bullish and bearish market commentators. We definitively sit on the more cautious side of the fence and believe there remains insufficient evidence to suggest that recovery is sustainable. As we show below, economic forecasts actually point to a *deceleration* in growth in 2011 relative to 2010. Corporate sentiment and consensus earnings estimates seem in denial of this issue, a phenomenon we find concerning.

To demonstrate the extent of the conundrum facing investors, let us consider the lack of consistent trends. We were unsurprised that the UK stock market remained virtually unmoved (up just 0.1%) following the release of the ONS figure for Q2 GDP on 23 July. 1.1% growth was considerably better than consensus had been assuming, but any positive surprise needs to be offset by remembering the low base from which this growth has come. Of greater concern for us is the fact that UK service sector confidence hit a 10-month low in July (according to the British Chamber of Commerce), while consumer confidence has now fallen for two consecutive months with Nationwide's expectations index falling to its lowest level in a year.

Similar trends are playing out in other geographies too: we note that despite a consensus-beating ISM (industrial production) figure for July, the Fed recently cut its estimate for US economic growth for the first time since the recovery began, with Ben Bernanke going as far as to state that the outlook was "unusually uncertain" in his 22 July testimony to the Senate. The decision appears to have been the right one given that the initial read for Q2 US GDP growth shows a drop to 2.4%, relative to Q1's 3.7% performance. We would also highlight that the University of Michigan US consumer confidence survey stands at its lowest level since August 2009, while homebuilder confidence is at its lowest since last April. In China too, despite record June export levels (up 44% year-on-year), manufacturing confidence is currently at a 14-month low.

At a micro level, we also see similarly mixed and inconsistent trends. Mid-way through the Q2 earnings season, there appears to be a broad balance between companies guiding to a better outlook and those painting a significantly more cautious picture. On the positive side, we note upbeat commentary from a range of global bellwethers including Alcoa, Apple, BASF, GE, Intel, JP Morgan, Pearson, Siemens and UBS. However, Arcelor, Boeing, Cable & Wireless, Google, IBM, Johnson & Johnson and Procter & Gamble among others seem of the view that risks remain weighted on the downside. If there is a salient theme that has emerged from the reporting season, it is that companies seem still to be delivering more effectively in terms of cost cutting than with regard to top-line growth, a situation that is clearly unsustainable over the medium term.

Finally, we do not believe that investors should read too much into the recent spate of deal-making that has occurred, particularly in the UK market. In July Dimension Data, SSL International and Tomkins and International Power all received bids, and Partygaming/bwin announced plans to merge. Meanwhile, Aviva, BSkyB and Sainsbury's remain subject to break-up/take-over speculation. However, it is worth bearing in mind that $309bn of global equity issuance for deals in H1 represents the slowest start to the year since 2005. M&A activity should not be seen as a panacea for improved optimism among corporates: only companies with strong balance sheets are likely to be in a position to do deals, easy leverage no longer exists and it is harder than ever to assess future value. We also note the disappointing reaction to the Ocado IPO and the fact that Fairfield was forced to pull its flotation.

Against this background of uncertainty, it is unsurprising to us that UK and European pension fund managers are holding c 9% of their assets in cash, the highest since pre-Lehman levels (source: *Financial Times*, 15 July). Put simply, the bigger problems have not gone away, and it would be naive to assume otherwise. Prime among these is how policymakers can manage sovereign indebtedness (which currently stands at a sizeable €7,300bn in the eurozone alone) and a nascent recovery, and what this means for corporates and investors. Even if governments do prove successful in this balancing act – and we remain sceptical, especially given the recent switch from stimulus to austerity – then, at best, there will be uneven trends.

The consensus view among market commentators seems to be a strategy of seeking to buy on dips. While the logic seems obvious, we feel that this approach may be too optimistic since the risk of there being bigger dips ahead remains high to us. Our strategy therefore remains unchanged: stock selection is crucial and we continue to favour undervalued names with strong global growth prospects. Over time, we remain convinced about the trends of emerging market growth and industrialisation as well as increasing globalisation. Near term, we have higher conviction in our underweight positions (especially regarding consumer services) than we do elsewhere but, on a more optimistic note, we believe a strong case can be constructed for increasing weightings in financials.

Market review: Performance versus volume

Although the All-Share was up 9.5% in July and European bourses were similarly robust, August has seen the rally run out of steam with flat market performance and high volatility.

In July, best performing sectors in the UK were basic materials (up 14.3%), oil & gas (14.1% higher, helped by a seemingly positive conclusion to BP's woes) and financials (a 13.4% increase). By contrast, those sectors typically regarded as most defensive – healthcare, telecoms and utilities – all noticeably underperformed the All-Share.

Exhibit 2: Relative performance of major European indices (in percentage points)

Note: Performance to 19/08/10; figures in local currency.

	One month	Three months	Six months	Year to date	12 months
Dax30	1.10	1.44	6.17	1.98	16.12
France CAC40	2.47	1.73	(5.23)	(9.23)	3.54
Eurostoxx50	1.53	2.12	(4.24)	(9.82)	1.99
EuroStoxx	1.70	2.32	(2.31)	(6.74)	4.87
IBEX 35	3.10	9.19	(4.11)	(14.25)	(4.28)
FTSE MIB Index	(0.01)	2.56	(7.61)	(13.47)	(4.81)
FTSE100	1.22	1.03	(2.74)	(3.46)	11.12
FTSE All-Share	1.23	1.07	(1.85)	(2.30)	11.86

Source: Datastream

While the last three months have seen improved performance and sentiment, Exhibit 2 provides a useful reality check: it is clear that while markets have bounced recently, on a six-month basis only the DAX is in positive territory, up 6.2%. This is due to the relatively strong recovery in industrial production. By contrast, the UK's main market, the All-Share, is down 1.85% while the Euro Stoxx (comprising Europe's 600 largest companies) is down 2.31%. Moreover, as impressive as July's gains may have been in the Italian and Spanish markets, both indices will have to strengthen considerably further just to end the year flat, given that they remain down 13.5% and 14.3% respectively for 2010 to date.

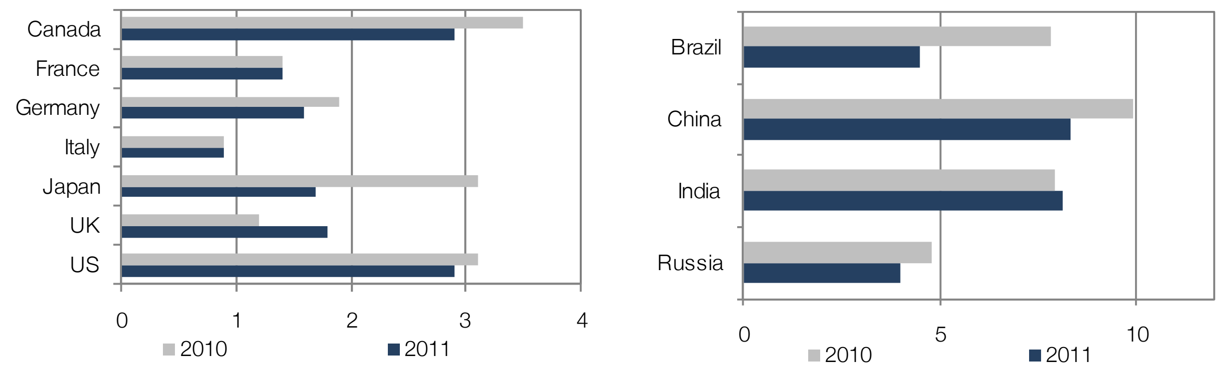
The fact that the All-Share has performed more than twice as well (11.86% vs 4.87%) as the Euro Stoxx in the last year can be put down to several factors, although three stand out to us. First, the All-Share is a considerably more 'international' index than its European peers: with a bigger percentage of UK-listed companies' revenues and profitability derived from non-domestic sources, the All-Share is inherently less dependent on the health of the local economy. The UK stock market has also benefited from being less afflicted by sovereign debt issues than its European peers (although this is not to ignore a state deficit equivalent to more than 10% of GDP in Britain) and has had the corresponding benefit of a non-eurozone aligned currency.

Given the outlook we detail below, we favour a strategy of investing in globally diversified UK-listed stocks. We believe that over the remainder of 2010 (and likely too for 2011), UK bourses should outperform their broad European peers. The strength of the DAX – Europe's best-performing major market to date – also supports this theory, with German outperformance being driven by large export-led and international businesses such as BASF, Siemens and Volkswagen.

Outlook: Not too early to consider what 2011 may look like

As the Q2 reporting season draws to a close, the natural tendency is for estimates to roll forward a year. What happens for the rest of 2010 is clearly important, but more crucial is what 2011 could look like. Our concern is that there remains too much optimism regarding the next 12 months and, more fundamentally, there is a major disconnect between bottom-up and top-down assumptions. As Exhibit 3 shows, according to *The Economist*, GDP is not set to accelerate in any G7 country next year with the exception of the UK, while growth will also slow in three of the four BRIC countries (Brazil, Russia and China). Another potentially good proxy for what the future may hold is the health of the Baltic Dry Index, which fell 13% in July and 41% in the last quarter, signalling that global (and particularly Chinese) trade flows are declining.

Exhibit 3: Growth set to slow in 2011 in both the G7 and the BRIC economies



Source: Datastream, Edison Investment Research

We also note that despite recent upward moves in equities, fund managers appear to have turned noticeably more cautious. The latest well-regarded Merrill Lynch survey showed that a net 12% of fund managers are now expecting a worse outlook in the next 12 months, versus 42% expecting a stronger outlook just two months ago.

Our concern relates to the fact that if growth is set to slow and fund managers are noticeably more downbeat than before, not only is there downside risk to consensus earnings expectations, but equities may struggle to make headway in the coming months. Our analysis suggests that clear risks remain. We believe that investors face an unappealing combination of substantial state debt burdens, rising inflation, persistently high unemployment and stalling earnings momentum combined with limited valuation support.

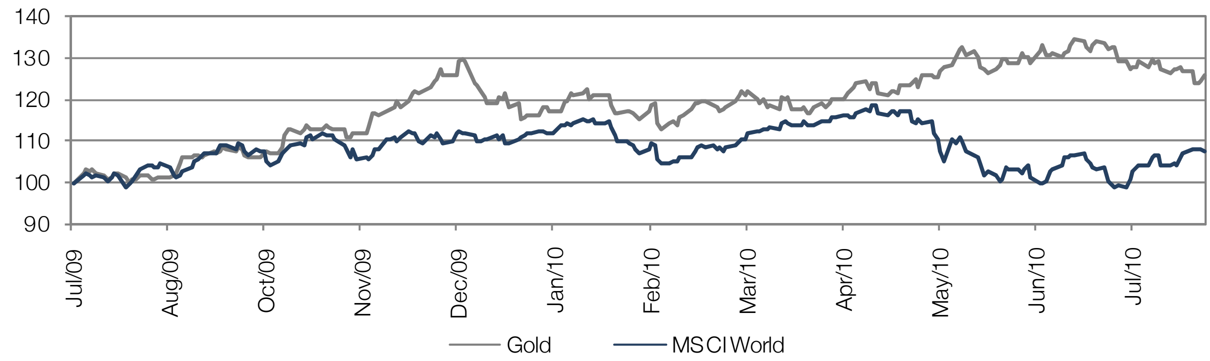
The return of QE?

Even if global economies are showing signs of economic growth, two factors in particular may impact future prospects negatively. First, unemployment remains stubbornly high: in the eurozone, unemployment hit 10% in June (up 0.5 points relative to the 12 months prior), while in the US – which entered recovery sooner than any other developed nation – unemployment is set to remain above 7% even by 2012, according to research by the PEW institute (cited in *The Economist*, 24 July 2010). Second, the austerity programmes currently being pursued by governments across Europe and elsewhere may not only stifle growth but also exacerbate unemployment levels.

Investors have a very obvious reason to be concerned about the switch from stimulus to austerity: is it because the former is not working, or because new problems are arising? More fundamentally, the stimulus-austerity debate implies that a choice exists for policymakers, but perhaps the bigger problem is simply that current debt levels are unsustainable and neither strategy may ultimately work.

This has clearly negative implications for equities as an asset class (hence our preference for gold) but, in the near term, it seems possible that governments may revert back to quantitative easing, potentially as an additional stimulant for declining economies. We feel this is particularly likely in the UK, especially since UK bank lending levels (according to the Bank of England) have already turned negative.

Exhibit 4: Gold has been a significantly better investment than equities in the last 12 months



Source: Bloomberg, Edison Investment Research

Rates: No way out

While there was clear evidence of synchronised interest rate cutting as the credit crisis emerged, consensus appears to be unravelling over when rates ought to increase. Several countries in both the developed (Australia, Canada) and developing world (India) have now entered a rate-rising cycle. By contrast, both the Bank of England and the Federal Reserve seem to be of the view that rates need to stay low for the foreseeable future. Of particular interest was Governor Mervyn King's comments made before the Treasury Committee on 28 July: he argued that the Bank was more worried about slow growth than inflation, hence the need for rates to stay low. The respected Ernst & Young Item Club goes further, stating that UK rates should not rise before 2014 to counter-balance government spending cuts.

The fact that Australia began raising rates back in October reflects the relative strength of its domestic economy, which seemed to escape recession, but the case of India is perhaps of more relevance for consideration. India has now raised rates for two consecutive months to counter inflation, currently running at 11%. While rates in the developed world are clearly not close to this level, there remains a clear danger of complacency with regard to inflation. UK CPI inflation fell to 3.1% in July (down from its recent peak of 3.7% in April), but it remains clearly ahead of the Bank's 2% target. The minutes from the last Monetary Policy Committee meeting (published on 21 July) also state that "near-term inflation prospects [have] worsened". Further stimulus measures and/or rising commodity prices would only risk stoking inflation (in the UK and elsewhere).

Policymakers (and hence investors subsequently) may be faced with a choice of the lesser of two evils, undergoing either a scenario of prolonged inflation or sooner-than-anticipated rate rises. Both outcomes are, again, ultimately more positive for gold than other asset classes. In the former scenario, inflation could mutate into stagflation since unemployment remains high, as we discussed earlier. By contrast, rate rises may not only hinder growth and risk stoking further unemployment, but would make equities relatively less attractive for investors. Yields on other asset classes would become more attractive and the rate at which forward earnings become discounted would rise, decreasing net present values.

Earnings outlook: Another conundrum for investors

Where Q2 earnings have flattened, the reason has typically been clear: companies have continued to reap the benefits from significantly leaner cost bases relative to 12 months ago, exploiting spare capacity and/or operating leverage. Low interest rates have also helped depress the cost of debt servicing. However, there has been much less evidence of robust top-line trends, and this is a clear cause for concern in our view, as much as anything because the scope to cut costs further is limited and, without revenue growth, business models cease to be sustainable.

It does not seem unreasonable to us to assume that the rate of economic growth will slow going into 2011 and could even turn negative. Even on a more optimistic, better-growth scenario, rising inflation would likely erode the benefits from improving revenue trends. While profit warnings during Q2 (ie in respect of the Q1 earnings season) reached a seven-year low in the UK of just 45, according to Ernst & Young, the consultancy's most recent report (published on 12 July) expresses considerably more concern about the outlook for 2011. We agree and believe that consensus earnings expectations are potentially too high. The factors we see suggest the next 12 months could be *worse* for the global economy rather than better, a scenario which we do not believe is fully discounted at present.

Conclusions

Recent gains in global markets are unlikely to prove sustainable in our view. Our fundamental concerns over the sustainability of nascent growth have not dissipated. Sovereign debt issues, inflation, unemployment and confidence trends all point to a slowdown in growth over the next 12 months, a scenario that we do not feel is fully discounted in consensus earnings expectations. With estimates potentially under pressure, it is also hard to find support in valuation levels, with the UK equity market trading on around 15x 2011 P/E.

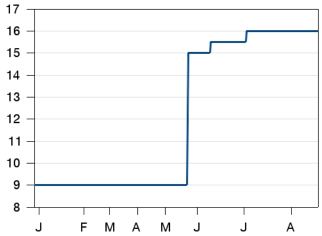
We do not feel there is yet significant supportive evidence of emerging trends that would allow us to adopt a change in view and hence a more upbeat stance. Key will be a concerted and coherent approach to debt reduction; sustainable top- and bottom-line growth; and (more) compelling valuation levels. We may be waiting some time for any (let alone all) of these scenarios to come to pass.

Against this background, we see few attractive options for equity investors (we continue to favour gold as an asset class). In the near term, we expect to see further positive momentum for financials and retain our cautious stance on consumer cyclicals; longer term, our preference is for stocks that offer high global diversification and undervalued growth potential.

Sector: Pharma & Healthcare

Price: 16.00p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

3D Diagnostic Imaging is a holding company whose wholly-owned subsidiary, CarieScan, has acquired certain rights for the use of ACIST (Alternating Current Impedance Spectroscopy Technique) to identify the characteristics and measure the integrity of an object or system.

Price performance

%	1m	3m	12m
Actual	0.0	6.7	128.6
Relative*	(1.1)	81.8	108.1

* % Relative to local index

Analyst

Robin Davison

3D Diagnostic Imaging (3D.P) Market cap: £16m

COMPANY COMMENT

3D Diagnostic Imaging made progress this quarter towards marketing its CarieScan PRO hand-held dental scanner following 510k clearance for the product in 2009. The investment case centres on its ability to penetrate the US market and it has now locked in Patterson Dental, a division of NASDAQ-quoted Patterson Companies, as its exclusive distributor in US and Canada. Interim results demonstrated early signs of growth in the UK market. 3D raised £525k this July by means of convertible loan notes and recently appointed Oliver Cooke as CFO.

INDUSTRY COMMENT

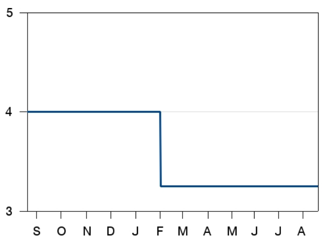
The main UK market for the scanner is among private dental practices, although the US is the largest homogeneous potential market. The market is driven by the trend for preventative versus remedial dental care and avoidance of traditional drill & fill methods. The advantages of the CarieScan PRO are its ease of use, accuracy and safety in comparison with existing methods. The extent of IP rights on ACIST is an unknown risk factor.

Y/E Jun	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	N/A	N/A	N/A	N/A	N/A
2009A	5.87	(1.12)	(1.12)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Property

Price: 3.25p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Ace Liberty & Stone was established to build a commercial and residential property investment portfolio that will take advantage of opportunities in property trading and development.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	(18.8)
Relative*	(1.1)	2.3	(26.0)

* % Relative to local index

Analyst

Roger Leboff

Ace Liberty & Stone (ALSP) Market cap: £6m

COMPANY COMMENT

AL&S announced a major investment in February. It acquired a £0.5m stake in AIM-listed Minoan Group at 15p/share (currently 11.25p/share), and holds the right to purchase a further £0.5m at a 12.5% discount to the market price, up to end October 2010. At mid-year, AL&S had £4.5m of investment properties, £1.6m of debt and £0.73m of cash for acquisitions, which it sought actively. The intention is to continue to seek good properties with sound covenants to underpin long-term growth.

INDUSTRY COMMENT

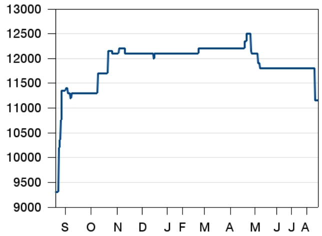
The UK's commercial and residential property markets ended 2009 positively, the latter underpinned by low interest rates, which took some of the pressure off mortgage borrowers. The current outlook for both is patchier. Although the economy may avoid a double dip, public sector budget cuts, rising unemployment and restraints on growth in mortgage supply could result in price adjustments that are better suited to the strategy of a trader such as AL&S.

Y/E Apr	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	0.08	(0.06)	(0.83)	(0.04)	N/A
2009A	0.44	(0.29)	(0.03)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Travel & Leisure

Price: 11150.00p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Adnams is a regional brewer, pub owner, hotelier and wine merchant, based in Southwold on the Suffolk coast.

Price performance

%	1m	3m	12m
Actual	(0.9)	(5.5)	19.9
Relative*	(1.9)	(5.8)	9.2

* % Relative to local index

Analyst

Richard Finch

Adnams (ADBO) Market cap: £31m

COMPANY COMMENT

While a 10% dip in operating profit in H110 is in line with management's long-standing caution with regard to unfavourable weather and consumer spending, disappointment is justified after the strong recovery achieved in 2009. In particular, Adnams's own beer volumes were down by 7% against a hard-fought 4% gain in 2009, reflecting renewed weakness in cask ale. The smaller hotels and wine retail businesses (contribution not disclosed) have also suffered. Management is predictably non-committal about the second half in such uncertain markets.

INDUSTRY COMMENT

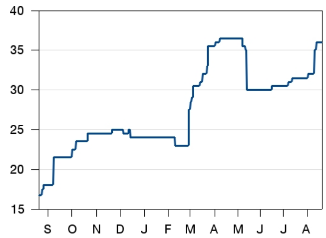
Q210 may have shown the first quarterly increase in beer sales (2.9%) since 2006 (British Beer & Pub Association) but this is largely attributable to the World Cup and fine weather, and beer sales in pubs continued to fall (-6.3%). Total sales (on and off trade) were up by just 0.5% in H110. More encouragingly, the Treasury's current Review of Alcohol Taxation provides an opportunity for community pubs to be supported through a freeze on beer tax.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	47.07	1.52	1.33	56.20	198.40
2009A	51.30	3.24	3.11	124.80	89.34
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Construction & Blding Mat.

Price: 36.00p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

AH Medical Properties is a property investment company whose principal activity is the purchase, development and management of property primarily allied to the provision of medical facilities delivering NHS-led primary care.

Price performance

%	1m	3m	12m
Actual	14.3	20.0	114.9
Relative*	13.1	60.0	95.7

* % Relative to local index

Analyst

Roger Leboff

AH Medical Properties (AHMP) Market cap: £24m

COMPANY COMMENT

AHMP received another unsolicited approach regarding a potential offer for the company in August, unrelated to the one that lapsed in May. Results to end-April revealed the inherent stability of the asset class; the portfolio has an average unexpired lease length of over 18 years. Adjusted NAV increased by 50% to 42.8p/share and solid earnings growth supported a 25% increase in the fully covered dividend to 1.5p. Gross property assets were £119m at the year end and gearing was 74%.

INDUSTRY COMMENT

According to IPD's UK Annual Healthcare Property Index 2009, healthcare property has outperformed its wider measures of UK commercial property returns for the last three years, and AHMP's portfolio was the sector's best performer for that year. The NHS reforms outlined in the recent White Paper appear broadly positive for primary care investment. The healthcare bill due October/November will set out detailed proposals to give GPs more responsibility for budgets and shift patient care from secondary to primary facilities.

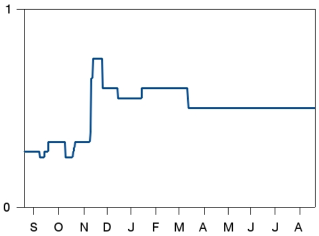
Y/E Apr	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	6.04	4.90	0.80	1.20	30.00
2010A	6.97	5.60	1.20	1.80	20.00
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Mining

All Star Minerals (ASMO) Market cap: £1m

Price: 0.50p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

All Star Minerals plc is a uranium exploration company focused on Sweden where it owns 100% of the mineral exploration licences over three projects: Gilpas, Samon and Kuusivaara. The licences cover a total area of 111 square kilometres in northern Sweden.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	81.8
Relative*	(1.1)	(14.8)	65.5

* % Relative to local index

Analyst

Warren Johnstone

COMPANY COMMENT

Drilling at All Star Minerals' Gilpas project in northern Sweden is planned to confirm the presence of uranium mineralization associated with the zone 1 radon anomaly. A new phase of radon surveying designed to test the length of a second zone is under way. The zone 2 anomaly is known to be at least 300m long and the latest survey will comprise 2,000 line metres to search for extensions. Pending approval from the Swedish authorities, the company will commence 600m of drilling into zone 1. If uranium mineralization is intersected then a comparison with two nearby deposits will provide a good basis for valuing the project. In July, All Star raised £40,850 by placing 16,340,000 ordinary shares at 0.25p per share, which will fund ongoing activities at Gilpas.

INDUSTRY COMMENT

Project risk has been somewhat reduced by a new bill allowing for the future construction of nuclear power plants in Sweden, this comes into effect on 1 January 2011. In mid-August the uranium spot price was $46.50/lb of U3O8.

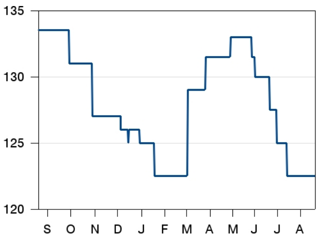
Y/E Nov	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	0.00	(0.36)	(0.36)	(0.57)	N/A
2009A	0.00	(0.19)	(0.19)	(0.21)	N/A
2010E	0.00	(0.30)	(0.30)	(0.20)	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Technology

ANS Group (ANS) Market cap: £15m

Price: 122.50p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

ANS Group is a technology infrastructure specialist in the provision of hardware, software and 24/7 managed services to enterprise businesses.

Price performance

%	1m	3m	12m
Actual	0.0	(7.9)	(8.2)
Relative*	(1.1)	2.3	(16.5)

* % Relative to local index

Analyst

Roger Leboff

COMPANY COMMENT

Full-year results to end-March 2010 included a 10% increase in turnover and an improved gross margin, from 27.9% to 29.5%. That is despite market conditions described as incredibly difficult and around 44% of gross profit is derived from recurring sources. A £0.5m investment in internal processes, staff and infrastructure pushed up administrative costs - and was behind a £0.2m fall in operating profits to £0.9m - but contributed to stronger order book in the second half and a strong Q1. ANS ended the year with £4.3m in cash and no debt.

INDUSTRY COMMENT

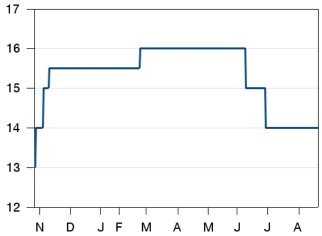
ANS sees the market approaching the end of a long downturn and looks well placed to capitalise, thanks to maintained levels of investment in staff and infrastructure. This is already delivering results, notably higher recurring managed services revenues. The recent UK coalition budget confirmed that NHS capital budgets will be protected. ANS's strategic "spend to save" solutions may be well placed to help the NHS reduce its overall IT costs.

Y/E Mar	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	12.09	1.19	1.52	10.32	11.87
2010A	13.26	0.89	1.00	6.26	19.57
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Technology

Price: 14.00p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Arrowpoint Technologies is a holding company which, through its subsidiary companies based in the USA and India, offers information technology products, services and solutions to the retirement and financial services industry, primarily in the USA.

Price performance

%	1m	3m	12m
Actual	0.0	(12.5)	N/A
Relative*	(1.1)	(7.6)	N/A

* % Relative to local index

Analyst

Roger Leboff

Arrowpoint (ARWP)

Market cap: £28m

COMPANY COMMENT

Interim results to September 2009 saw 8% H1 revenue growth y-o-y to $8.23m and a 10% plus rise in EBITDA to $0.9m. Revenue growth reflected both repeat business and three new customers in the period. In the second half Arrowpoint won two contract renewals worth up to a potential $14m over five years. The first, with Pension Benefit Guaranty Corporation is for $2.2-2.4m pa, for an initial 12 months, with an option to extend for another four years. The second is a $2m 18-month extension to an existing contract with Principal Financial Group.

INDUSTRY COMMENT

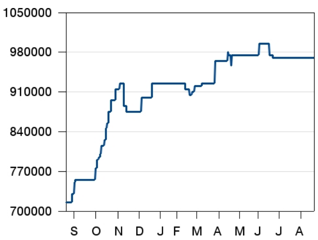
Arrowpoint's products target the US retirement industry where it has an established market position and steady private and public sector client base. A confident interim statement confirmed that H2 revenues were significantly ahead y-o-y, with gross and operating profit improving. Arrowpoint should benefit from investment in product development, which includes a new asset liability management (ALM) product under development since 2007.

Y/E Mar	Revenue (US$m)	Op. Profit (US$m)	PBT (US$m)	EPS (c)	P/E (x)
2008A	9.03	0.44	0.15	N/A	N/A
2009A	15.16	0.53	0.18	(0.31)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Travel & Leisure

Price: 970000.20p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Arsenal Holdings is the holding company of the Arsenal Group of companies. The group operates a professional football club, Arsenal Football Club, and carries out the property development activity associated with its Emirates Stadium project.

Price performance

%	1m	3m	12m
Actual	0.0	(0.5)	35.7
Relative*	(1.1)	9.6	23.5

* % Relative to local index

Analyst

Richard Finch

Arsenal Holdings (AFCO)

Market cap: £563m

COMPANY COMMENT

The latest trading update (February) showed a welcome strengthening of Arsenal's financial base with a striking reduction in net debt (down by 40% to £203m in the half to November) thanks to "remarkable progress" at its Highbury Square property project. This strength in terms of apartment sales continued in the company's second half, promising a positive cash return from the project by the summer. Unsurprisingly given the above, property made good H110's 23% shortfall in football operating profit before player trading, which is attributed to much higher wage costs and recessionary effects on retail and commercial income.

INDUSTRY COMMENT

Football investment is bedevilled by the uncertainty of turnover and the high cost of maintaining a player squad. After a long-standing tendency to live beyond their means, ie borrow, clubs are now finding lenders notably less accommodating, which may well increase the generation of revenue from player sales. Ahead of its recent bond issue, Manchester United was the world's most profitable but indebted football club.

Y/E May	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	223.00	26.73	36.67	N/A	N/A
2009A	313.30	23.18	45.51	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

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Ascot Mining (ASMP)

Market cap: £4m

Sector: Mining

Price: 16.50p

Profile correct as at 20 August 2010

Share price graph (p)

Company description

Ascot Mining plc is a junior mining company with 100% of a small operational gold mine in Costa Rica. Having completed the first pour, the company is focused on increasing annual production rates to over 20,000 oz. In addition, the company has two other development stage projects and an ore supply agreement.

Price performance

%	1m	3m	12m
Actual	(28.3)	(21.4)	(40.0)
Relative*	(29.0)	(48.9)	(45.4)

* % Relative to local index

Analyst

Roger Leboff

COMPANY COMMENT

In July Ascot received a US$4.5m finance offer from private equity group, Equita Global, to be used to complete development of its three gold mines in Costa Rica and support its strategy to rehabilitate other commercially attractive assets. Ascot will complete the expansion of its flagship Chassoul mine and mill to stabilise and increase gold production. Other development projects, including Tres Hermanos and El Recio, can now also be progressed.

INDUSTRY COMMENT

Ascot's aggressive programme intends to expand its own gold production rates to over 20,000oz pa. The gold price has surged in recent years as the global gold market has attracted increased attention from investors, rather than traditional jewellery purchasers. Central banks, in particular China, Russia and India, have added to holdings. The outlook is supported by gold's role as a reserve asset, particularly among investors anticipating further QE and inflation as Western governments tackle fiscal deficits.

Y/E Sep	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	0.10	(0.90)	(0.90)	(4.50)	N/A
2009A	0.00	(1.75)	(2.01)	(5.99)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Avation (AVAP)

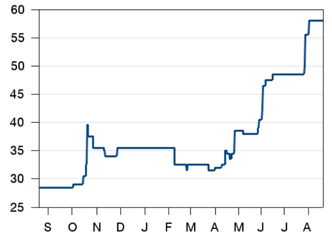
Market cap: £11m

Sector: Engineering

Price: 58.00p

Profile correct as at 20 August 2010

Share price graph (p)



Company description

Avation Plc is a procurement and leasing company. It owns commercial aircraft that are leased to a major regional airline. It is also a supplier and financier of broadcasting equipment to radio and television broadcasters.

Price performance

%	1m	3m	12m
Actual	19.6	52.6	103.5
Relative*	18.3	82.5	85.3

* % Relative to local index

Analyst

Richard Finch

COMPANY COMMENT

Avation is to be credited for having remained in profit (albeit down by two-thirds at the PBT level), and improved its balance sheet (long-term debt down by 45%) in the half to December, despite an especially difficult market. Furthermore, it looks to have done well with its latest A320 purchase by securing attractive terms (including free vendor finance), and broadening its fleet (mainly Fokker 100). Management has otherwise warned that funding may become more expensive. A trebling of revenue, a substantial development of the asset base, and strong cash flows in the year to June 2009 suggest the establishment of a sustainable business.

INDUSTRY COMMENT

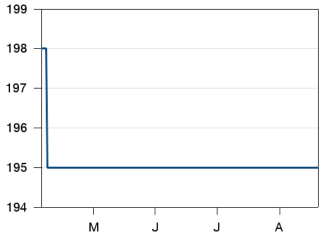
Stronger than expected economic growth has prompted IATA to become more positive about the financial prospects of the global airline industry. 2010 is now reckoned to see a return to profit, which, even if well below pre-recession levels, is encouraging after two years of heavy losses. However, Europe remains sluggish owing to relative economic weakness and volcano-related airspace closures.

Y/E Jun	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	5.03	9.39	8.15	28.75	2.02
2009A	16.28	8.76	4.99	10.40	5.58
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & Healthcare

Price: 195.00p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Bioventix specialises in the development and commercial supply of high-affinity monoclonal antibodies with a primary focus on their application in clinical diagnostics, such as in automated immunoassays used in blood testing.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	N/A
Relative*	(1.1)	N/A	N/A

* % Relative to local index

Analyst

John Savin

Bioventix (BVXP) — Market cap: £10m

COMPANY COMMENT

Bioventix has developed a novel hybridoma technology for the production of sheep monoclonal antibodies (SMAs) with a range of immunodiagnostic applications. These currently include uses in thyroid, male and female fertility testing and also in vitamin D deficiency and cannabis screening. Bioventix's revenue streams are derived from either sponsorship to create a specific antibody, sales of purified antibodies for use in blood testing, product royalties or a combination of these revenue sources. The company is cash generative, and produced a positive net profit of £635k at the June 2009 year end.

INDUSTRY COMMENT

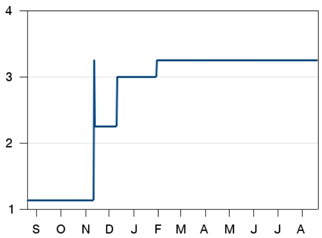
The market for antibodies for use in immunoassays is a sub-section of the in vitro diagnostics market, highly regulated and sensitive to IP related litigation. Bioventix's client base largely consists of multinational healthcare companies and its strategy supposes that demand for improved or additional SMAs will continue and that it is able to capture further market share.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	N/A	N/A	N/A	N/A	N/A
2009A	1.65	0.98	0.86	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Financials

Price: 3.25p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

The principal operating subsidiary of Bluehone Holdings is Bluehone Investors LLP, which is a fund management company focused on managing small company investment.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	188.9
Relative*	(1.1)	2.3	163.0

* % Relative to local index

Analyst

Maana Ruia

Bluehone Holdings (BLUP) — Market cap: £4m

COMPANY COMMENT

Bluehone Investors is a fund management boutique specialising in managing funds that provide exposure to UK small companies, particularly those listed on AIM. The business was established in partnership with F&C and secured management agreements with three former F&C clients, namely Bluehone AiM VCT Plc (formerly the AiM VCT), AiM VCT2 (the two VCT funds have now been merged) and Active Capital Trust. The VCT2 NAV was 41.6p to the year ending November 2009, up 30.3% y-o-y. As of 26 March 2010, its AUM was £23.6m. The current portfolio strategy is to ride out the "liquidity shock", conserve cash and support their existing portfolio companies first. As liquidity returns, it will manage its portfolios more actively.

INDUSTRY COMMENT

The FTSE AIM Index reached a low in March 2009, with a lack of liquidity exacerbating wider market corrections. Bank lending, particularly to SMEs, remains far below pre-crisis levels, leaving SMEs with acute funding issues.

Y/E Mar	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	N/A	N/A	N/A	N/A	N/A
2009A	N/A	N/A	N/A	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Edison investment research

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Sector: Media & Entertainment

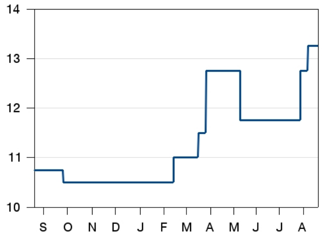
Chemistry Comms (CHCP)

Market cap: £3m

Price: 13.25p

Profile correct as at 20 August 2010

Share price graph (p)



Company description

Chemistry Communications is a marketing communications group that specialises in Customer Relationship Management (CRM).

Price performance

%	1m	3m	12m
Actual	12.8	12.8	23.3
Relative*	11.6	23.2	12.2

* % Relative to local index

Analyst

Fiona Orford-Williams

COMPANY COMMENT

Interim figures to May 2010 show further progress despite continuing difficult markets, with gross profit ahead by 3.5% y-o-y and operating cost growth restricted to 3.2%. The balance sheet position is much healthier than a year earlier, with the acquisition loan notes due to have been repaid by end June 2010 and the remaining directors' loans in September. Work for Kraft and Tesco was undertaken from H209 and more recent wins include the experiential marketing for Frü and adding the global brand site and social media strategy to Baileys digital and relationship marketing account.

INDUSTRY COMMENT

The latest Q210 Bellwether Survey showed a disappointing reversal from Q110, with a balance of -4.6% now expecting or experiencing falling spend. Sales promo is being hit hardest, with good growth still in internet, internet search and more modest growth in direct marketing. The Advertising Association/WARC are still looking for an overall rate of growth for 2010 of 3.3%.

Y/E Nov	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	13.40	0.92	0.56	0.98	13.52
2009A	19.09	1.63	1.41	2.74	4.84
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Support Services

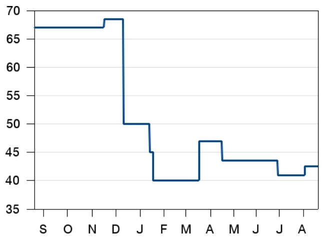
China CDM Ex Centre (CCEP)

Market cap: £43m

Price: 42.50p

Profile correct as at 20 August 2010

Share price graph (p)



Company description

China CDM is a Jersey incorporated company providing brokerage, advisory and research services relating to the reduction of greenhouse gases in Asia.

Price performance

%	1m	3m	12m
Actual	3.7	(2.3)	(36.6)
Relative*	2.6	8.6	(42.3)

* % Relative to local index

Analyst

Richard Finch

COMPANY COMMENT

The company has made further financial headway in H110 (local Chinese currency revenue and trading profit up by c 10%), which is encouragingly on a par with progress made in 2009. Such resilience, if less than management advocated early in the recession, is borne of specialisation and an apparently robust model, developing relationships worldwide, notably with electricity companies in China and Japan, and broadening its services. The company remains debt free.

INDUSTRY COMMENT

China is expected to overtake the US in greenhouse gases emissions by 2025 and become the major player in the global carbon market. It is already the largest seller of CDMs. Economic recovery should lead to a pick-up in international carbon trading prices, thereby encouraging new CDM projects.

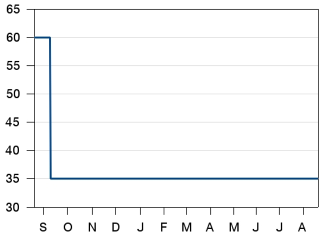
Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	6.15	4.85	4.60	N/A	N/A
2009A	7.72	6.17	6.20	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Financials

Creative Financial Tech (CFTP) Market cap: £4m

Price: 35.00p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Creative Financial Technologies seeks to establish high growth businesses in financial services and technologies sectors.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	(41.7)
Relative*	(1.1)	2.3	(46.9)

* % Relative to local index

Analyst

Maana Ruia

COMPANY COMMENT

The company has reported a loss of £27,7421 for the period from 23 November 2007 to 30 April 2009. This was due to the affects of the global credit crunch and its impact on the African market. The company has now been re-positioned to focus on critically-required financial services, including trade and project finance and e-payments to the African market. New opportunities will require additional resources.

INDUSTRY COMMENT

Although bank credit to the private sector improved for a brief period after the global crisis, liquidity has once again dried up. The pick-up of oil and commodity prices should underpin African GDP growth in 2010 of 4% (source IMF). Government reform reducing start-up costs for new enterprises should increase demand for trade finance too.

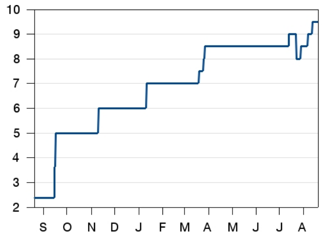
Y/E Apr	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	N/A	N/A	N/A	N/A	N/A
2009A	0.00	(0.28)	(0.28)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Technology

Datum International (DATP) Market cap: £1m

Price: 9.50p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Datum is a software company which specialises in the development, distribution and licensing of Enterprise Content Management (ECM) Software for the mid-size enterprise market.

Price performance

%	1m	3m	12m
Actual	5.6	11.8	300.0
Relative*	4.4	38.8	264.2

* % Relative to local index

Analyst

Roger Leboff

COMPANY COMMENT

Results to end April 2010 included a 121% increase in like-for-like revenues and a maiden pre-tax profit of £0.17m (FY09: £0.4m loss). A busy year saw the appointment of a new CEO and FD, acquisition and integration of Root 3 - for an initial £0.6m - and a £1m equity issue, which left group finances in decent shape. The addition of 25 new customer contracts, and 36 renewals with names such as Thales, Birmingham City Council, Royal Mail and Bombardier, was an encouraging performance, reflecting the benefits of focus on a scalable SaaS model.

INDUSTRY COMMENT

Datum's strategy is to become the leading supplier of ECM solutions (focused on the capture, storage, retrieval and distribution of unstructured information, typically 80% of all data within an organisation) to the UK mid market. These are SMEs to c 2000 employees or departments within larger enterprises. As this segment is fragmented, with no dominant ECM supplier, Datum sees consolidation offering attractive opportunities in the next few years.

Y/E Apr	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	0.51	(0.55)	(0.58)	(3.40)	N/A
2010A	0.97	0.16	0.17	0.50	19.00
2011E	2.20	N/A	0.46	0.91	10.44
2012E	2.90	N/A	0.64	1.26	7.54

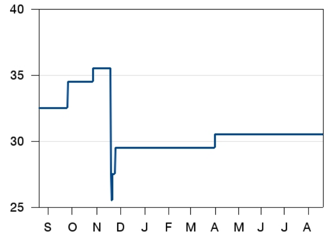
Edison investment research

PLUS

Sector: Media & Entertainment

Price: 30.50p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

DHAIS is a public limited company trading as both a retailer of hearing and mobility products and also as a freelance marketing company.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	(6.2)
Relative*	(1.1)	5.7	(14.6)

* % Relative to local index

Analyst

Fiona Orford-Williams

DHAIS (DHAP) Market cap: £15m

COMPANY COMMENT

The group has expanded its interests beyond its original sphere of lead generation for hearing aids into the broader mobility market, with revenues now split around equally. Several acquisitions, some from administrators, have brought into the group a net 18 retail outlets selling a broad range of mobility products. Cash flow and funding have been challenging issues and the winter's bad weather may have affected H110 revenues. The longer-term opportunity remains substantial.

INDUSTRY COMMENT

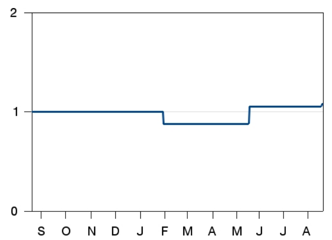
The Family Resources Survey 2008/09 estimated there to be 10 million disabled people in the UK, including 1 in 20 children. Key Note sized the market for products to assist them at £1.6bn in 2008, up from £1.4bn in 2004. RNID estimates that there are nine million deaf or hard-of-hearing people in the UK, of whom around two million have a hearing aid. The disability market is highly fragmented, differentiated by the nature of the need. The NHS is the largest supplier, but there are many specialist retail outlets, with no nationally dominant chain.

Y/E Jun	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	2.45	0.57	0.50	5.20	5.87
2009A	4.80	(0.38)	(0.44)	(0.80)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Media & Entertainment

Price: 1.08p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

London-based dotDigitalGroup is a full-service digital marketing agency founded in 1999.

Price performance

%	1m	3m	12m
Actual	2.4	2.4	7.5
Relative*	1.3	25.6	(2.1)

* % Relative to local index

Analyst

Fiona Orford-Williams

dotDigitalGroup (DOTP) Market cap: £14m

COMPANY COMMENT

The pre-close trading update issued in July shows the business continuing to increase its customer base, with numbers up over 50% y-o-y to 3500 as at June 2010. Growth has been led by the group's email marketing offering, under its well-recognised brand of dotMailer. May's purchase of NetCallidus has increased the group's capabilities in SEO and clients wins are at least in line with plans. Overheads have been increased to build the business for the longer term, although the update refers to efficiency savings, to be outlined with the figures in October.

INDUSTRY COMMENT

The latest Bellwether Survey for Q210 showed a disappointing reversal from the first quarter in the optimism of UK-based marketing directors about the industry outlook. The only three areas where prospects were thought to have improved were direct marketing, internet marketing and internet search, dotDigital's three core areas. The Advertising Association/WARC's forecast for market growth for the year remains 3.3%, but other surveys are anticipating a flat H210.

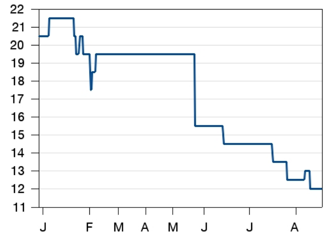
Y/E Jun	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	2.47	0.73	0.75	0.19	5.68
2009A	4.72	1.07	1.08	0.14	7.71
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & Healthcare

Price: 12.00p

Profile correct as at 20 August 2010

Share price graph (p)



Company description

Eden Research has intellectual property and expertise in encapsulation, terpenes and environmentally friendly technologies.

Price performance

%	1m	3m	12m
Actual	(11.1)	(35.1)	(59.3)
Relative*	(12.1)	(37.1)	(63.0)

* % Relative to local index

Analyst

Roger Leboff

Eden Research (EDE) Market cap: £5m

COMPANY COMMENT

Eden's share performance reflects a difficult year, which included the temporary suspension of its shares in April/May. In June it signed an option agreement with Certis Europe BV for its nematicide product and technology for $0.1m upfront, plus $0.9m if an option is exercised in the next 12 months and royalties thereafter. In July, its technology was selected by two UK government funded projects under the "New Approaches to Crop Protection" banner. An African customer won c$0.7m funding for a new initiative using the group's products based on low-risk terpene active ingredients in August.

INDUSTRY COMMENT

Freedonia estimates the global pesticide industry at c $26bn pa. Biopesticides are a small proportion overall, but experiencing rapid growth in developed markets due to environmental concerns. The worldwide nematicide and soil fumigant market is around $1bn pa, with strong demand worldwide for new products with advantageous safety profiles, to replace those banned or restricted.

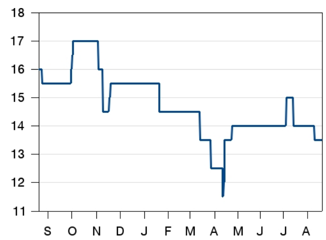
Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	0.08	(2.03)	(2.15)	(3.86)	N/A
2009A	0.19	(1.58)	(1.74)	(2.93)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Food & Drink

Price: 13.50p

Profile correct as at 20 August 2010

Share price graph (p)



Company description

English Wines Group produces and markets a range of still and sparkling wines made from English grapes. While most are white wines, the proportion of red and sparkling wines has been increasing steadily.

Price performance

%	1m	3m	12m
Actual	(3.6)	(3.6)	(15.6)
Relative*	(4.6)	(4.8)	(23.2)

* % Relative to local index

Analyst

Fiona Orford-Williams

English Wines Group (EWG) Market cap: £6m

COMPANY COMMENT

Mediocre harvests in 2007 and 2008 restricted 2009 sales growth, although good demand meant ex-duty average prices firmed 8%. By Q309, the group had planted 72 acres of 116 acquired at Kits Coty in Aylesford, Kent, which should produce its first (modest) crop this autumn and should be fully productive in 2011. This supplements the original 25 acres at Tenterden, where the winery is located. £1.1m was raised in shareholder loans in Q309 to support the investment programme in production and in marketing. The Chapel Down brand has already built a good media profile and is well supported in the restaurant and retail trade.

INDUSTRY COMMENT

The 2009 English harvest was considerably better than those of 2007 and 2008, helped by the dry flowering season and warm early autumn. Favourable growing conditions mean the quality is good, as are the yields. Weather conditions have been predominantly favourable so far for the 2010 crop. The policy of pursuing quality above volume is leading to greater recognition of English wines in domestic and international trade.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	2.34	0.13	0.03	0.16	84.38
2009A	2.49	0.15	(0.01)	(0.02)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Edison investment research

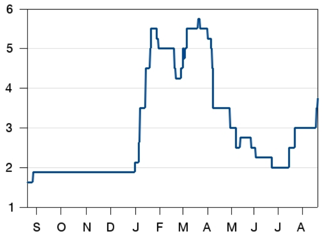
PLUS

Sector: Financials

Price: 3.75p

Profile correct as at 20 August 2010

Share price graph (p)



Company description

Ezybonds (UK) is the official marketing company of the Ezybonds Global Payment system.

Price performance

%	1m	3m	12m
Actual	50.0	36.4	130.8
Relative*	48.4	(9.8)	110.1

* % Relative to local index

Analyst

Maana Ruia

Ezybonds (EZB) Market cap: £11m

COMPANY COMMENT

Ezybonds issued a trading statement on 30 April 2010. In the last nine months Ezybonds Uk Plc has received the first major marketing contribution from Ezybonds Inc. In addition, the operations of Beijing Ozland Technology (£9,820) and the operating overheads incurred by the company have been in line with budget. This has resulted in an unaudited EBITDA for the nine months of £13k and an EBIT loss of £65k. In addition, the warrant holders' exercise date has been pushed out to 30 July 2011.

INDUSTRY COMMENT

Electronic transactions are a rapid growth sector. A study by ACI showed a CAGR from 2004-2009 of 12.9% compared to global GDP growth of 3.4%, with electronic payment revenues doubling over the next 10 years. The USA and China are the largest markets due to above-average growth rates and absolute market size.

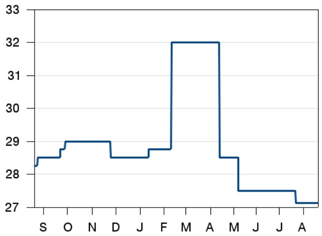
Y/E Jun	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	0.02	(0.20)	(0.20)	(0.19)	N/A
2009A	0.05	(0.07)	(0.07)	(0.05)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & Healthcare

Price: 27.13p

Profile correct as at 20 August 2010

Share price graph (p)



Company description

General Medical Clinics provides primary medical care in the City of London, specialising in general practice, health screening, occupational health, physiotherapy, and travel vaccinations.

Price performance

%	1m	3m	12m
Actual	(1.4)	(1.4)	(4.0)
Relative*	(2.4)	(13.3)	(12.6)

* % Relative to local index

Analyst

John Savin

General Medical Clinics (GMCP) Market cap: £5m

COMPANY COMMENT

General Medical operates four private central London GP centres with related activities such as dentistry, gynaecology, dermatology and travel clinics (vaccinations). Trading for the full year to May will demonstrate similar levels of pre-tax profit year-on-year. The company is focusing on the pursuit of new revenue streams from residential patients at the Baker Street site, to achieve cash-neutral status for the unit. Following an abortive takeover bid by Westover Group, the company will look selectively at value-enhancing acquisitions.

INDUSTRY COMMENT

Business is focused on large corporate contracts with legal, accounting and banking firms, which have suffered in the credit crunch. There are a growing number of individual patients. While contracts have held up as survivor firms protect staff, consultations (as lower client staff numbers) and travel-related business has dropped limiting growth. Renewal of the NHS contract is a risk factor.

Y/E May	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	6.54	0.20	0.30	1.30	20.87
2009A	6.60	0.05	0.12	0.30	90.43
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

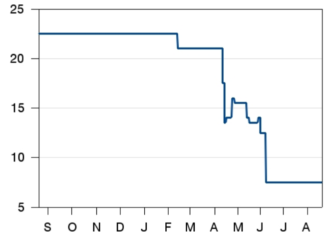
Sector: Financials

Geo Genesis Group (GEOP)

Market cap: £5m

Price: 7.50p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Geo Genesis Group is a Marshall Islands registered company. It operates as an investment vehicle/strategic adviser to companies based and/or operating in emerging markets, especially China, seeking to raise capital in the EU, Hong Kong and the US.

Price performance

%	1m	3m	12m
Actual	0.0	(44.4)	(66.7)
Relative*	(1.1)	(63.5)	(69.7)

* % Relative to local index

Analyst

Roger Leboff

COMPANY COMMENT

The interims to end-March revealed minimal revenues, $0.15m operating losses and a drop in the value of existing investments, particularly Changda International. GGG, however, looked for much better returns from Changda in H2, and from its seed investment and advisory commission on Santaro Interactive Entertainment, due to be merged with a China-based online gaming company, which it introduced. At the mid-year the group reported that it had generated enough cash to meet its obligations and on-going expenses, including raising debt, asset sales and consulting fees.

INDUSTRY COMMENT

Geo Genesis's focus is to establish a strategic management consultancy and private equity firm, specialising in investment and advice, primarily in China. China's economic growth has recently cooled somewhat, at least in part a deliberate move by the PRC government. However, there will remain opportunities for specific businesses to capitalise on the spending power of a growing layer of wealthy Chinese citizens.

Y/E Sep	Revenue (US$m)	Op. Profit (US$m)	PBT (US$m)	EPS (c)	P/E (x)
2008A	0.11	(2.44)	(2.43)	(3.50)	N/A
2009A	1.91	0.93	1.09	1.60	7.17
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

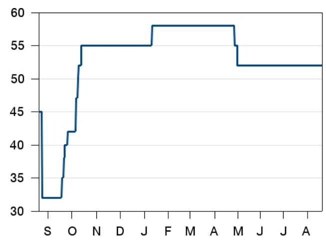
Sector: Alternative Energy

Good Energy Group (GEGP)

Market cap: £4m

Price: 52.00p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Good Energy Group is the holding company of Good Energy Limited and Good Energy Generation Limited.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	15.6
Relative*	(1.1)	(8.3)	5.2

* % Relative to local index

Analyst

Roger Leboff

COMPANY COMMENT

The AGM statement in May confirmed that trading in the first half was well ahead of expectations, with plans on track to initiate a sustainable dividend programme during the second half. Construction is under way of the re-powered windfarm at Delabole in North Cornwall, which is expected to provide sufficient electricity for 7,800 homes. While caution over a fragile UK economy recovery will focus GEG's immediate attention on improvements in profitability and customer numbers, it remains confident regarding growth over the medium to longer term.

INDUSTRY COMMENT

GEG's model is to attract customers to renewable energy, both as their source of electricity supply and to become suppliers themselves. While pressure on public sector budgets may affect government investment/policy priorities, announcements on Green Accreditation, Feed-in Tariffs and Renewable Heat Incentives are potentially beneficial, as was the February 2010 launch by OFGEM of the Green Supply Guidelines (electricity accreditation scheme).

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	17.67	0.49	0.51	4.90	10.61
2009A	18.29	0.68	0.66	6.80	7.65
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

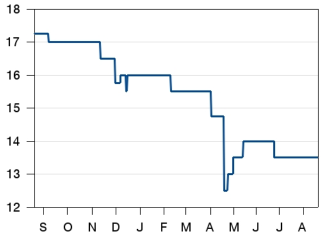
Sector: Mining

Great Western Mining (GWMO)

Market cap: £3m

Price: 13.50p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Great Western Mining Corporation is developing a number of early stage copper and uranium/gold/silver exploration targets on its 100% owned properties in south-western Nevada, USA.

Price performance

%	1m	3m	12m
Actual	0.0	(3.6)	(21.7)
Relative*	(1.1)	(10.9)	(28.7)

* % Relative to local index

Analyst

Roger Leboff

COMPANY COMMENT

A March update to the Competent Persons Report added further weight to arguments to extend the area under claim. According to GWM's Chairman, the company has "staked out a significant slice of the cake", with investigations indicating increasing probability of a silver- and copper-dominated mineral resource, with uranium shows on the flanks of the property. The plan is to move the project to next phase of development this year. It raised €100,000 in August via convertible loan stock issued to the Chairman.

INDUSTRY COMMENT

The company is a junior explorer. It owns 100% of 411 'unpatented lode mining claims' on early stage uranium, copper, gold and silver prospects. We retain a bullish outlook on future demand for key industrial bulk commodities.

Y/E Dec	Revenue (€m)	Op. Profit (€m)	PBT (€m)	EPS (c)	P/E (x)
2008A	0.00	(0.39)	(0.39)	(1.47)	N/A
2009A	0.00	(0.26)	(0.26)	(0.93)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

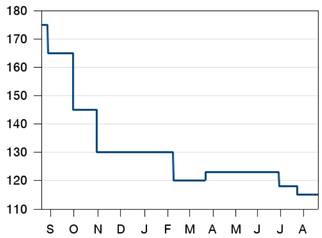
Sector: Basic Industries

Green Chemicals (GNCP)

Market cap: £9m

Price: 115.00p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Green Chemicals researches and develops 'cleaner, greener and safer' chemicals for global industrial use. It has a patented chemistry platform with numerous but distinct industrial applications - so far in the textile, paper, hair treatment and antimicrobial markets.

Price performance

%	1m	3m	12m
Actual	(2.5)	(6.5)	(34.3)
Relative*	(3.6)	(2.0)	(40.2)

* % Relative to local index

Analyst

Roger Leboff

COMPANY COMMENT

In the year to end-March 2010, Green Chemicals progressed development of its portfolio of "cleaner, greener and safer" chemical processes towards industrial validation. The £0.7m post-tax loss largely reflects expenditure on industrial trials and other aspects of this process, eg IP protection and patent maintenance. In March it entered a Joint Development Agreement with Clariant International to productise its fire retardant technology. This is progressing well, with all pre-agreed milestones met to date. Finances are underpinned by a £0.5m commitment - new equity and unsecured loans - by IP2IPO.

INDUSTRY COMMENT

Green Chemicals seeks to commercialise IP belonging to emergent technology companies, which it has either acquired or invested in. The business carries out R&D into chemicals for industrial use across specific end markets such as textiles, paper, hair treatment and antimicrobials. Early-stage discussions may lead to the development of certain personal care technologies within its portfolio.

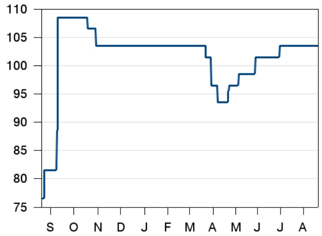
Y/E Mar	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	0.00	(0.83)	(0.85)	(10.24)	N/A
2010A	0.08	(0.67)	(0.73)	(8.53)	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

GSC Property Holdings (GSC) — Market cap: £10m

Sector: Property

Price: 103.50p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

GSC Property Holdings, through its subsidiaries Princedown Developments Limited & Tidalgate Investments Limited, owns a substantial property investment portfolio.

Price performance

%	1m	3m	12m
Actual	0.0	5.1	35.3
Relative*	(1.1)	2.3	23.2

* % Relative to local index

Analyst

Roger Leboff

COMPANY COMMENT

After a stable FY09 performance, the AGM statement in June confirmed that the current year should be slightly ahead, due to an expected stronger performance in the second half. Profitability will benefit from the non-recurrence of one-off financing costs, action taken to improve the performance of its hotel in Plymouth and the sale, at book value, of an empty supermarket property.

INDUSTRY COMMENT

The group's lower-risk approach to commercial property investment has been reflected in a stable performance, operationally, despite the market turmoil of the last few years. The group holds a diversified portfolio, which includes hotel and leisure property holdings. After a turbulent period, the UK commercial property market has stabilised over the last 12 months and a more liquid investment market should provide opportunities for an experienced operator such as GSC to acquire and capitalise on attractive investment opportunities, principally quality properties with unrealised potential.

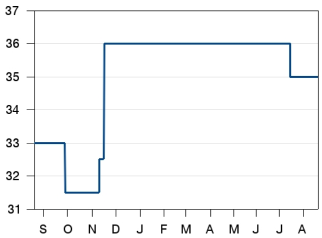
Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	7.79	2.06	(3.51)	(122.37)	N/A
2009A	8.34	5.71	0.40	4.77	21.70
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

HR GO (HRGO) — Market cap: £6m

Sector: Support Services

Price: 35.00p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

HR GO is predominately involved in UK recruitment via its network of nearly 50 joint venture companies.

Price performance

%	1m	3m	12m
Actual	0.0	(2.8)	6.1
Relative*	(1.1)	(0.6)	(3.4)

* % Relative to local index

Analyst

Fiona Orford-Williams

COMPANY COMMENT

HR GO is a long-established recruitment agency that works through a JV model. While it does have some national verticals, its primary attribute is its local knowledge base and relationships with clients built over many years. Full-year results for 2009 issued in May showed that the group had returned to profit in the second half, reflecting improvements in Net Fee Income on significantly lower headcount. Temporary worker activity levels had picked up 15% in Q110. Directors own 83% of the equity.

INDUSTRY COMMENT

The Monster recruitment Index for the UK registered a slight drop of 2% in July 2010, but overall levels are nevertheless 17% ahead year-on-year. The latest ONS data indicates an increase in both temporary and permanent staff appointments over recent months, although the rates of growth have started to ease. Questions remain as to whether the private sector will be able to absorb labour that will become available as a result of public sector spending cuts.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	90.93	0.50	1.94	3.64	9.62
2009A	73.25	(0.49)	(1.32)	(8.73)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

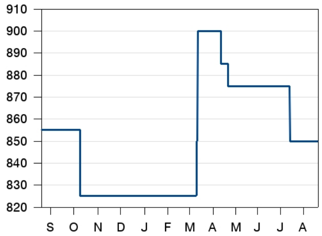
Edison investment research

PLUS

Sector: Travel & Leisure

Price: 850.00p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

The company was incorporated in 1895 and carries on the business of hoteliers. It operates the Hydro Hotel, Mount Road, Eastbourne, East Sussex.

Price performance

%	1m	3m	12m
Actual	0.0	(2.9)	(0.6)
Relative*	(1.1)	5.3	(9.5)

* % Relative to local index

Analyst

Richard Finch

Hydro Hotel (HYDP) Market cap: £5m

COMPANY COMMENT

The Hydro Hotel is benefiting from management's commitment to cost control as well as to investment (up by a third last year) as low-season losses fell sharply despite continuing tough conditions (industry estimates of UK regional RevPAR down by at least 3% in the half to April). However, while the Hydro is a geared recovery play, the share price risks getting ahead of itself, given management's recent caution that the market remains "very challenging". The company is debt free and has a strong dividend record (uncovered last year).

INDUSTRY COMMENT

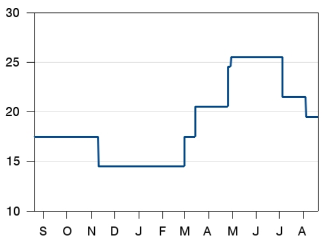
While regional market occupancy has picked up, this may well be at the expense of room rate (still declining in June according to TRI Hospitality Consulting), which can be hard to recover, and is obviously against weak comparatives. RevPAR, which was broadly flat in H1, is not expected to improve discernibly during the rest of the year owing to pressure on consumer spending. 2009 was especially demanding, with RevPAR down by 8% (source: TRI), compared with just 3% the year before and a rise of 2% in pre-recession 2007.

Y/E Oct	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	3.61	0.24	0.31	40.95	20.76
2009A	3.44	0.06	0.09	11.65	72.96
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Technology

Price: 19.50p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

ISD is an IT-based company specialising in the provision of ICT solutions.

Price performance

%	1m	3m	12m
Actual	(9.3)	(23.5)	11.4
Relative*	(10.3)	37.5	1.5

* % Relative to local index

Analyst

Roger Leboff

Innovative Software Direct (ISDP) Market cap: £3m

COMPANY COMMENT

Full-year results revealed a second-half weighted recovery in sales - 31% up on H109 - with month-on-month growth from Q309 onwards. Operations were restructured during the year and £0.2m cut from annual costs, without affecting delivery of front-line services; the benefits will be reflected in the current year and beyond. Revenues are progressively less dependent on capital equipment sales, with 50% of revenues now derived from more visible, contracted services. This was achieved 12 months ahead of target and will improve cash flow and cover group operating costs in the current year.

INDUSTRY COMMENT

The group has steadily moved into high growth, emerging market segments, while retaining its position in its core, VoIP solutions market. Its success is reflected in its outperformance of the UK IT segment and a maintained customer retention rate. As the market improves and IT budgets recover, sales of capital equipment should once again make a healthy contribution to group profit.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	2.17	(0.78)	(0.78)	(6.30)	N/A
2009A	1.73	(0.32)	(0.35)	(2.30)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

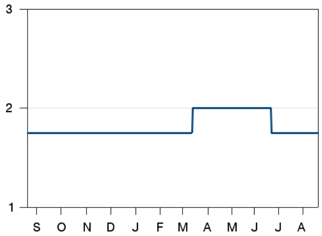
Sector: Technology

Keycom (KCO)

Market cap: £11m

Price: 1.75p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Keycom is a communications service provider focused on the UK's tertiary education and key-worker sector.

Price performance

%	1m	3m	12m
Actual	0.0	(12.5)	0.0
Relative*	(1.1)	2.3	(9.0)

* % Relative to local index

Analyst

Roger Leboff

COMPANY COMMENT

Interims to end-March 2010 revealed further progress; revenues ahead by 31% to £3.1m, EBITDA by 110% to £0.74m, at a steady 64% gross margin. This reflected new contracts for broadband services into both student and military residential accommodation, plus a full period's contribution from Masterpoint Engineering, acquired in December 2008. The outlook is supported by a strong pipeline in the military sector, which accounted for 11,000 of the 41,000 rooms supplied with broadband. Since June 2010 a further £2.25m of equity has been raised.

INDUSTRY COMMENT

Although the focus is provision of broadband services to student accommodation, further growth will be derived from ongoing expansion into other multiple-occupancy sites, such as NHS and key-worker locations and MoD establishments, markets with similar end-user characteristics. Scale has been assisted by acquisitions that have moved Keycom into profit, and enhanced its position in target segments.

Y/E Sep	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	1.92	(0.70)	(1.02)	(0.72)	N/A
2009A	4.86	(0.25)	(0.59)	(0.12)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

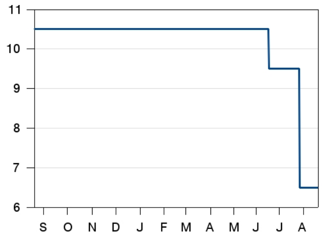
Sector: Construction & Blding Mat.

King Tech International (KTIP)

Market cap: £4m

Price: 6.50p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

King Tech International is an environmental technology company and its core business is the production and supply of asphalt rubber for paving roadways in China.

Price performance

%	1m	3m	12m
Actual	(31.6)	(38.1)	(38.1)
Relative*	(32.3)	(36.7)	(43.6)

* % Relative to local index

Analyst

Roger Leboff

COMPANY COMMENT

A difficult year for the company and the road paving industry in mainland China was reflected in the 77% fall in FY09 revenues. Reduced operating and pre-tax losses reflected a 41% cut in administrative expenses and 50% lower interest bill. To access new contracts, however, marketing spend was increased and the company reported that it has successfully expanded its territory to Xinjiang and Hebei, which it expects to be one of its core future business areas. A number of demonstration projects are approaching fruition, although King Tech will need considerable additional capital investment to secure sizeable contracts.

INDUSTRY COMMENT

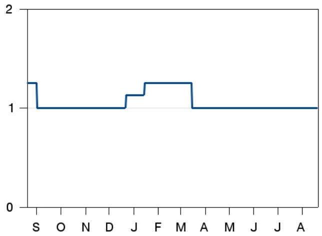
King Tech's environmental technology for paving roadways, principally using asphalt rubber obtained by shredding used tyres, has advantages over conventional paving roadway substances. The group expects to benefit from PRC and SAR HK government recognition of the need for a future generation of high performance roadways, and a commitment to investment in infrastructure.

Y/E Dec	Revenue (¥m)	Op. Profit (¥m)	PBT (¥m)	EPS (fen)	P/E (x)
2008A	8.18	(21.78)	(22.56)	(0.43)	N/A
2009A	1.90	(15.87)	(16.24)	(0.29)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Financials

Price: 1.00p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Metroelectric is a company established to make acquisitions in the field of electric vehicle technology and distribution.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	(20.0)
Relative*	(1.1)	(18.2)	(27.2)

* % Relative to local index

Analyst

Roger Leboff

Metroelectric (METP) Market cap: £2m

COMPANY COMMENT

The acquisition of Powabyke in 2009 broadened the product range and has attracted the interest of overseas distributors. The trading update for the nine months to end-March 2010 revealed total sales of £0.2m and Metroelectric's maiden trading profit. It signed its first international distribution agreement in April, when Powabyke Sverige AB secured exclusive distribution rights for Metroelectric electric bikes within the Swedish market. Further international partners are being sought to represent the Powabyke brand worldwide.

INDUSTRY COMMENT

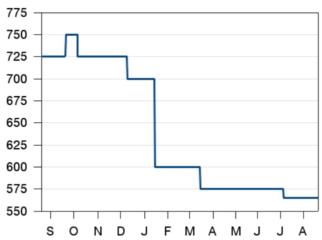
The addition of Powabyke enhanced the group's role in the provision of eco-friendly transportation, an area identified for its strong growth potential. Other bikes and electric vehicles are under development and due for introduction into the European market over the next few years.

Y/E Jun	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	0.00	(0.14)	(0.14)	(0.08)	N/A
2009A	0.00	(0.06)	(0.06)	(0.03)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Travel & Leisure

Price: 565.00p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

The company owns Newbury Racecourse and stages 28 days of national hunt and flat horse racing each year. It also derives income from non racing activities.

Price performance

%	1m	3m	12m
Actual	0.0	(1.7)	(22.1)
Relative*	(1.1)	(3.7)	(29.1)

* % Relative to local index

Analyst

Richard Finch

Newbury Racecourse (NYR) Market cap: £27m

COMPANY COMMENT

Reassurance that the company is trading in line with management expectations, partly through a recovery in the corporate hospitality and events businesses, risks being undermined by concern about the profit impact of reductions in Levy funding during the rest of 2010, but especially next year as race fixtures and prize money are trimmed. Nevertheless, there is abiding enthusiasm at the prospect of major redevelopment of the racecourse, for which outline planning permission has been granted, with work to begin on site next year. The Q110 £6m rights issue all but repaid the company's debt.

INDUSTRY COMMENT

Arena Leisure, the UK's leading racecourse operator, has reported average attendance up by 3% in H110 as well as a pick-up in key hospitality business, albeit "some way off" its pre-recession peak and not ridding management of its cautious outlook. Q310 trading is said to remain ahead of last year. The forecast 25% reduction in Levy funding in 2011 is a major worry for UK racing as the British Horseracing Authority suspends up to 10% of fixtures.

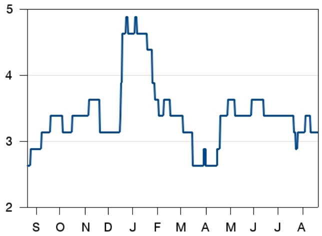
Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	11.00	(0.26)	0.34	10.80	52.31
2009A	10.18	(0.44)	(0.67)	(21.00)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Oracle Coalfields (ORCP) Market cap: £5m

Price: 3.13p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Oracle Coalfields plc is a coal exploration and development company. Block VI, its main project, has total measured resources (JORC) of 1.4bn tonnes of lignite coal and is located in southern Pakistan's Thar coalfield.

Price performance

%	1m	3m	12m
Actual	(7.4)	(7.4)	19.1
Relative*	(8.4)	(5.3)	8.4

* % Relative to local index

Analyst

Warren Johnstone

COMPANY COMMENT

Oracle Coalfields has entered into deals with the Karachi Electric Supply Company (KESC) and Lucky Cement which have the potential to unlock the value of their coal assets in Pakistan. The company recently raised just over £1.1m and plans to use at least half of the proceeds to complete the BFS and ESIA at its Block VI lignite coal project. The BFS is expected to be completed in early 2011. Based on its enterprise value, Oracle is trading at a discount to other junior coal explorers. However, by investigating alternative mining methods as part of the BFS, the company aims to develop a c 3Mtpa operation which, once developed, offers investors significant upside if Pakistan's local coal buyers are prepared to pay a premium price for locally produced coal.

INDUSTRY COMMENT

The Pakistan government continues to support the development of the Thar coalfield as part of its strategy to meet growing domestic demand for low-cost energy. The recent floods in the country have not directly affected the project area.

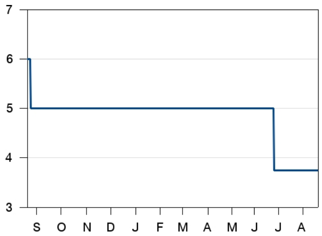
Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	0.00	(0.23)	(0.22)	(0.20)	N/A
2009A	0.00	(0.24)	(0.24)	(0.20)	N/A
2010E	0.00	(0.10)	(0.10)	(0.10)	N/A
2011E	0.00	(0.10)	(0.10)	N/A	N/A

Sector: Engineering

Pegasus Helicopter Group (PEGP) Market cap: £8m

Price: 3.75p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Pegasus Helicopter Group is the holding company for Pegasus Helicopters Holdings Limited and its wholly owned subsidiary, Pegasus Helicopter, Inc.

Price performance

%	1m	3m	12m
Actual	0.0	(25.0)	(37.5)
Relative*	(1.1)	(23.3)	(43.1)

* % Relative to local index

Analyst

Richard Finch

COMPANY COMMENT

Pegasus continues to look for funding to produce helicopter flight demonstrators using pressure jet technology and begin production of helicopter kit units. While this quest has been protracted, management has secured two proposed distributors and a manufacturing agreement in the US. Operating expenses in this pre-revenue period are being kept to a minimum (reduced by over 80% in 2009).

INDUSTRY COMMENT

Pegasus seeks to emulate the success of the US company, RotorWay, which has long pioneered the kit helicopter, but promotes the use of pressure jet technology, which is arguably cheaper to operate, simpler to maintain and safer to fly than the conventional piston helicopter. Civilian and military markets worldwide will be targeted. RotorWay is privately owned, so its financial performance is hard to assess.

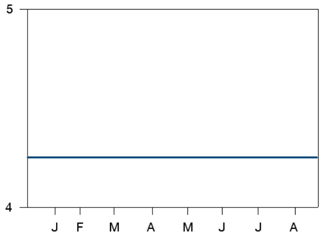
Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	0.00	(0.69)	(0.71)	(0.35)	N/A
2009A	0.00	(0.32)	(0.34)	(0.15)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Financials

Price: 4.25p
Profile correct as at 20 August 2010

Phoenician Corporation IV (PC4P) Market cap: £5m

Share price graph (p)



Company description

Phoenician Corporation IV Limited aims to identify and actively pursue acquisitions of the whole or part of Sharia-compliant businesses.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	N/A
Relative*	(1.1)	2.3	N/A

* % Relative to local index

Analyst

Roger Leboff

COMPANY COMMENT

First-half results were confined to $0.2m admin costs, as the company continued to review potential acquisitions. It had some $3.4m of resources at the end of April and reported that a number of possible targets had been identified and were undergoing due diligence. The company has taken strategic positions totalling around $3.1m of its cash in Canadian-listed PharmEng Technology, and King Tech and Phoenician V, both listed on PLUS. An $1.05m arrangement with Amara Holdings may see Phoenician IV receive an allotment of shares before the end of this year.

INDUSTRY COMMENT

Despite some concerns due to Dubai's woes, a recent S&P report confirmed resurgent interest in aspects of Sharia-compliant investing. Issues of Islamic bonds nearly doubled in the first half of this year to $13.7bn and is expected to grow for the rest of 2010. The segment's influence is spreading internationally, with Islamic banks represented in over 50 countries worldwide via more than 300 institutions.

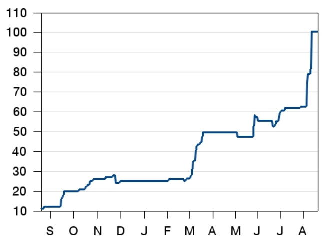
Y/E Dec	Revenue (US$m)	Op. Profit (US$m)	PBT (US$m)	EPS (c)	P/E (x)
2008A	0.00	(0.45)	(0.52)	(0.60)	N/A
2009A	N/A	(0.93)	(0.91)	(0.90)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Media & Entertainment

Price: 100.50p
Profile correct as at 20 August 2010

Quercus Publishing (QUPP) Market cap: £11m

Share price graph (p)



Company description

Quercus Publishing is an independent publisher based in London. The company was founded by Mark Smith and Wayne Davies in May 2004.

Price performance

%	1m	3m	12m
Actual	62.1	111.6	813.6
Relative*	60.4	295.3	731.8

* % Relative to local index

Analyst

Fiona Orford-Williams

COMPANY COMMENT

Quercus has been trading very strongly, with the tremendous success of Stieg Larsson's Millennium novels helping sales to grow 170% in H110 against the comparative period. The latest in the series has sold over one million Kindle e-copies through Amazon and the trilogy currently occupies the top three slots in the chart. Non-fiction performance has also remained good. Trading updates in November 2009, May and in early August 2010 have all stated that estimates would be materially exceeded, despite the difficulties besetting the UK retail trade.

INDUSTRY COMMENT

The Neilsen BookScan UK Total Consumer Market for H110 shows sales down by 5.5% to £700m on volumes down 4.6% to 98m and average selling prices down 0.9% to £7.12, the lowest level since the survey began in 1998. Within this there were strong sales by individual authors, with the underperformance of market value reflecting the growth in different distribution channels, such as the multiple grocers, particularly for hit titles.

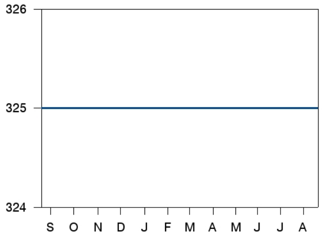
Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	10.94	0.03	(0.28)	(1.95)	N/A
2009A	19.13	1.19	0.87	3.50	28.71
2010E	30.00	N/A	6.40	23.90	4.21
2011E	30.40	N/A	6.60	24.40	4.12

Sector: Financials

RAK Real Estate (RAKP) Market cap: £604m

Price: 325.00p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

RAK Real Estate is an investment company focusing on actual and potential commercial property and real estate ventures in the Middle East and North Africa.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	0.0
Relative*	(1.1)	2.3	(9.0)

* % Relative to local index

Analyst

Roger Leboff

COMPANY COMMENT

FY09 results were broadly stable, despite a modest decline in investment property values - falls in Kuwait largely offset by gains in Lebanon - and goodwill impairment. Progression of the various projects has been slower than anticipated, particularly in Salmiyah, where it has taken longer than predicted to obtain a cleared development site. Legal action against the single remaining tenant is ongoing.

INDUSTRY COMMENT

RAK seeks to acquire suitable Middle East & North Africa (MENA) businesses to create a real estate industry leader in MENA countries. The region outperformed much of the global economy during 2009. Lebanon benefited from strong economic growth, large remittances from Lebanese working abroad, foreign capital inflows, population growth and robust tourism. The country has experienced a considerable increase in property prices, but remains competitive relative to other regional markets. Kuwait experienced a drop in GDP as oil prices fell, and a small correction in its real estate market.

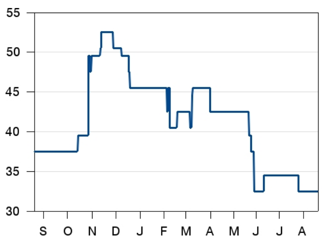
Y/E Dec	Revenue (KWDm)	Op. Profit (KWDm)	PBT (KWDm)	EPS (KWD)	P/E (x)
2008A	0.00	(0.56)	(0.56)	(1.74)	N/A
2009A	0.00	(0.22)	(0.22)	0.00	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Travel & Leisure

Rangers Football Club (RFC) Market cap: £35m

Price: 32.50p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Rangers Football Club was established in Glasgow in 1873 and celebrated 100 years as a limited company on 27 May 1999. The club's home is the Ibrox Stadium, close to the city centre on the south side of the River Clyde and is well served by road, rail and air transport facilities.

Price performance

%	1m	3m	12m
Actual	(5.8)	(23.5)	(13.3)
Relative*	(6.8)	(21.8)	(21.1)

* % Relative to local index

Analyst

Richard Finch

COMPANY COMMENT

While June's announcement that Rangers is no longer being marketed for sale removes a speculative element (for now at least), it highlighted certain positives. A plan is in place with the club's bank to operate "on a stable basis" with no obligation to sell players and the facility to re-invest player sale proceeds in the squad. In addition, Rangers is committed to maximising efficiencies (net operating costs -12% in the half to December despite a virtual doubling of turnover) and non-playing income. With Champions League involvement such a prize, the club will be seeking to improve on last season's "disappointing" results in that competition.

INDUSTRY COMMENT

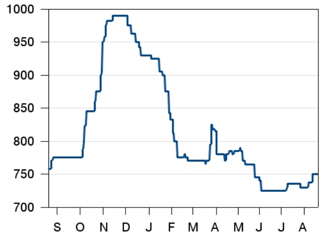
Football investment is bedevilled by the uncertainty of turnover and the high cost of maintaining a player squad. After a long-standing tendency to live beyond their means, ie borrow, clubs are now finding lenders notably less accommodating, which may well increase the generation of revenue from player sales. Ahead of its recent bond issue, Manchester United was the world's most profitable but indebted football club.

Y/E Jun	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	64.45	0.64	6.57	6.60	4.92
2009A	39.70	(17.32)	(14.08)	(11.63)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Travel & Leisure

Price: 750.00p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Shepherd Neame is a family controlled brewer based in Faversham, Kent, since 1698. It owns over 370, mostly tenanted, pubs in Kent and the South East of England and brews ales, such as Spitfire and Bishops Finger, and premium niche lagers, such as Asahi Super Dry.

Price performance

%	1m	3m	12m
Actual	2.0	(2.0)	(1.0)
Relative*	1.0	(1.0)	(9.9)

* % Relative to local index

Analyst

Richard Finch

Shepherd Neame (SHEP)

Market cap: £86m

COMPANY COMMENT

Investor caution has prevailed since Shepherd Neame's latest update in March, despite impressive results in the half to December and management's confidence about its ability to exploit market recovery. While concerns about consumer spending and further possible industry regulation are understandable, it is much to the company's credit that its brewery reorganisation is complete, its cost control and cash generation are good and it is intent on replacing underperforming smaller units (viz last year's high-quality Punch acquisition). The company remains securely financed.

INDUSTRY COMMENT

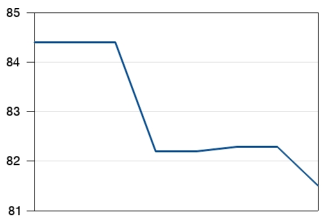
Q210 may have shown the first quarterly increase in beer sales (2.9%) since 2006 (British Beer & Pub Association) but this is largely attributable to the World Cup and fine weather, and beer sales in pubs continued to fall (-6.3%). Total sales (on and off trade) were up by just 0.5% in H110. More encouragingly, the Treasury's current Review of Alcohol Taxation provides an opportunity for community pubs to be supported through a freeze on beer tax.

Y/E Jun	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	101.72	10.87	8.68	49.30	15.21
2009A	109.47	7.85	6.94	44.70	16.78
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: General Retailers

Price: 81.50p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Shoprite Group is the holding company for a group of companies engaged in various sectors within the Isle of Man. It began trading on the island in 1972. It operates supermarkets and a Mercedes Benz dealership, and engages in property development.

Price performance

%	1m	3m	12m
Actual	(8.0)	8.5	47.2
Relative*	(6.8)	8.9	34.2

* % Relative to local index

Analyst

Richard Finch

Shoprite (SHOP)

Market cap: £6m

COMPANY COMMENT

Although cost control afforded a return to profit in Shoprite's traditionally weaker second half, trading margin in the six months to December was wafer-thin in the face of strong price competition and food price deflation. Challenging conditions persist but management, which includes a new Chief Executive, is confident of further efficiencies, as well as benefits from a new focus on sustainable low-price ranges and on enhanced quality product from exclusive Isle of Man partners such as Waitrose and Iceland. Net debt remains stubbornly high (£11.6m at December, ie gearing of 79%).

INDUSTRY COMMENT

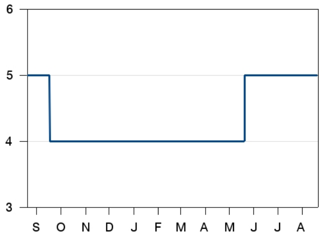
July's rise of just 0.8% in sales (the lowest since February) at predominantly food stores across the UK confirms continued testing conditions (a meagre 1.3% growth in the year to date). This backs up recent trading news from Sainsbury's, which asserted outperforming the market with 1.1% like-for-like (excluding fuel) sales growth in Q210. Caution prevails because of the outlook for consumer spending even if perceived 'value' is held to the fore.

Y/E Jan	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	71.46	0.29	(0.59)	(0.84)	N/A
2010A	70.52	0.25	(0.05)	(5.24)	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 5.00p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Silver Mines is exploring for silver-rich deposits in Australia; specifically in the New England region of north-eastern New South Wales as well as the West Coast of Tasmania.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	0.0
Relative*	(1.1)	27.8	(9.0)

* % Relative to local index

Analyst

Charles Gibson

Silver Mines (SVLP) Market cap: £5m

COMPANY COMMENT

Silver Mines is listed on the Australian stock exchange as well as the PLUS market. The company holds eight exploration licenses in the New England district of northern New South Wales, Australia. All the licences lie within the Woolomin-Texas block of the New England fold belt, historically mined for silver. The company's flagship is the Webb Silver Project, which has a global inferred resource estimate of 720,000 tonnes at 200g/t silver for 4.6 million ounces of silver, using a 70g/t silver cut-off. Base metals copper, lead and zinc also contribute to the project's value. Based on these early estimates the company believes that the Webb Silver Project is an economically viable mining project.

INDUSTRY COMMENT

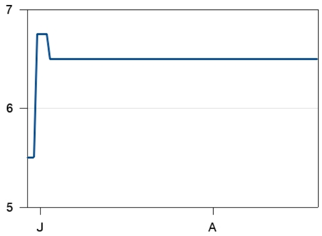
The silver price has seen a recovery since the 2008 low of US$9/oz, with the current LME spot price at around US$18/oz. Forecasts see the silver price continuing on its upward trend helped by a buoyant gold price and continuing uncertainty in the financial markets.

Y/E Jun	Revenue (A$m)	Op. Profit (A$m)	PBT (A$m)	EPS (c)	P/E (x)
2008A	0.00	(0.55)	(0.55)	(0.01)	N/A
2009A	0.00	(0.67)	(0.67)	(0.01)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Mining

Price: 6.50p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

The strategy of Sovereign Mines is to form joint ventures with governments in Africa for mineral exploration.

Price performance

%	1m	3m	12m
Actual	0.0	N/A	N/A
Relative*	(1.1)	N/A	N/A

* % Relative to local index

Analyst

Michael Starke

Sovereign Mines (SVGP) Market cap: £9m

COMPANY COMMENT

Sovereign Mines of Africa (SMA) aims to unlock the mineral potential of the African continent by developing projects in partnership with African governments. The first such partnership has been formed with the Republic of Guinea, which has taken a 40% shareholding in SMA's newly formed subsidiary Sovereign Mines of Guinea. SMA has undertaken evaluation of available exploration licences and settled on five gold concessions covering over 3,600 square kilometres of prospective metallogenic belts.

INDUSTRY COMMENT

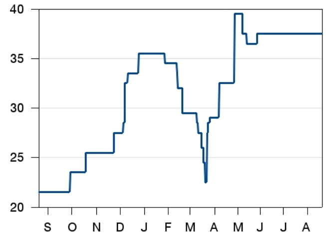
The recent investment in Guinea by the Chinese indicates the attraction the country represents, especially with regards to iron ore, bauxite and precious metals. While the recent democratic elections resulted in no clear majority for either candidate, the investment community will hope that the upcoming presidential run-off will go some way to stabilising the political landscape of this mineral-rich African nation.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	N/A	N/A	N/A	N/A	N/A
2009A	N/A	N/A	N/A	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Pcare and household prd

Price: 37.50p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Based in Coventry, UK, Sprue Aegis designs, manufactures and distributes innovative home safety products, notably smoke and carbon monoxide detectors, under the FireAngel brand.

Price performance

%	1m	3m	12m
Actual	0.0	2.7	74.4
Relative*	(1.1)	30.0	58.8

* % Relative to local index

Analyst

Fiona Orford-Williams

Sprue Aegis (SPRP) Market cap: £9m

COMPANY COMMENT

The group has developed from academic origins into a major supplier of smoke and CO alarms, with European and US patent protection. It has been investing in overheads to build infrastructure appropriate for a larger business and now has a full-time FD in John Gahan, who joined from GKN. In April 2010 the group was appointed exclusive distributor for BRK Brands Europe. With the earlier consolidation of Pace Sensors, the group is well positioned as a European provider of safety products. Q110 operating performance was reportedly strong.

INDUSTRY COMMENT

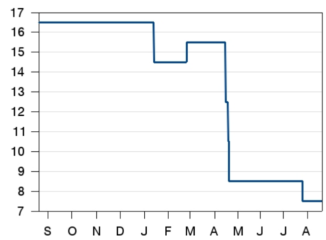
FireAngel and BRK are two of the five suppliers of smoke alarms and FireAngel one of two for CO monitors (alongside Honeywell) listed on the Fire and Rescue Service purchasing framework, Firebuy, covering around 85% of the UK population. This endorsement also carries through to the local authority/ALMO sector, communities, local government and MoD. The group also supplies the retail trade (including B&Q and Tesco), the social housing and utilities sectors.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	9.37	1.55	1.58	3.40	11.03
2009A	14.35	2.00	1.91	4.67	8.03
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & Healthcare

Price: 7.50p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Sunrise Biotech Holdings is a holding company incorporated in Jersey. Its trading subsidiaries Beijing Sunrise Biology Technology and Hebei Sunrise Biology Technology both focus on producing mulberry-based products and developing technology related to mulberry-based products.

Price performance

%	1m	3m	12m
Actual	(11.8)	(11.8)	(54.5)
Relative*	(12.7)	(47.1)	(58.6)

* % Relative to local index

Analyst

Roger Leboff

Sunrise Biotech Holdings (SBHP) Market cap: £20m

COMPANY COMMENT

FY09 proved challenging for Sunrise. The termination of its contract to export Mulberry fodder to Japan was largely behind the 43% drop in FY09 turnover and £0.57m operating loss (FY08: £1.8m profit). The May results statement put the emphasis on cost cutting, debtor collection and a revised sales drive to reduce high stock levels. The target is break-even this year and a return to profitability in FY11, although further capital may be required to cover future funding.

INDUSTRY COMMENT

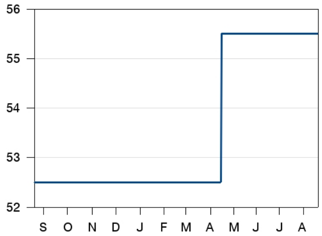
Demand for Sunrise products is derived from China's rapidly developing economy and modernisation of its agriculture industry. The content of animal feed is increasingly important as producers seek cost-effective ways to increase yields, to meet demands caused by industrialisation and compensate for the reduction in land available for agriculture. Other end uses for mulberry include tea and as a health supplement, which will potentially feed into China's growing healthcare and beauty markets.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	5.26	1.79	1.82	0.69	10.87
2009A	3.00	(0.57)	(0.58)	(0.21)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Support Services

Price: 55.50p
Profile correct as at 20 August 2010

Share price graph (p)



Team (Impression) Holdings (TIHP) Market cap: £6m

COMPANY COMMENT

The interims to end November 2009 revealed a 3.2% fall in top-line sales. That was a fair performance in a tough market, although margin pressure resulted in a 34% fall in operating profits. The latter reflects lower market pricing as competitors struggled to fill capacity, although Team was unwilling to chase low margin work. Client retention rates held up relatively well. Management expressed confidence that it is well placed to benefit, with competition leaving the market and a strengthened offering post capital investment over the last five years.

INDUSTRY COMMENT

Recent investment in areas such as large format digital and specialist presentation packaging should improve margins. Over the last five years the group has established one of the UK's most comprehensive production plants and diverse offering. It is well positioned, relative to competition for a challenging market, with solid client retention rates, potential new business growth and minimal further capex requirement.

Company description

Team (Impression) Holdings is the holding company for its wholly owned trading subsidiary Team (Impression) Limited. It has been a consistently profitable print company since trading began in 2001.

Y/E May	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	7.36	0.87	0.61	4.17	13.31
2009A	7.34	0.40	0.18	1.02	54.41
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Price performance

%	1m	3m	12m
Actual	0.0	0.0	5.7
Relative*	(1.1)	8.1	(3.8)

* % Relative to local index

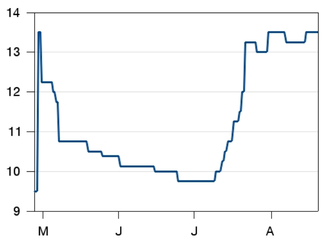
Analyst

Roger Leboff

Sector: Mining

Price: 13.50p
Profile correct as at 20 August 2010

Share price graph (p)



Teknomining (TEKP) Market cap: £5m

COMPANY COMMENT

Based in Dublin, Teknomining is an early stage exploration company that has acquired two exploration licences to search for copper, chromium and iron ore deposits in Diyarbakir, Eastern Anatolia, Turkey. Having undertaken reconnaissance exploration over the licenses, the company has reported assay results in the ranges of 37% and 51% copper, 42% and 53% chromite, and 63% and 65% iron, from surface grab samples. A geophysical survey has also been completed and used to identify a number of drill targets to delineate the mineralisation at depth. Teknomining aims to initiate drilling by mid-September 2010.

INDUSTRY COMMENT

Turkey is seen as a relatively under-explored mining-friendly country. Recent revisions to the mining law have been tentatively welcomed, and are seen to provide a more robust framework to operate under.

Company description

Teknomining Plc is incorporated in the Republic of Ireland and has a wholly owned subsidiary, Teknomining Madencilik Insaat Turizm Ithalat Ihracat Sanayi Ve Ticaret Limited Sirketi (Teknomining Limited), which is incorporated in Turkey.

Y/E Dec	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	N/A	N/A	N/A	N/A	N/A
2009A	N/A	N/A	N/A	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Price performance

%	1m	3m	12m
Actual	12.5	28.6	N/A
Relative*	11.3	N/A	N/A

* % Relative to local index

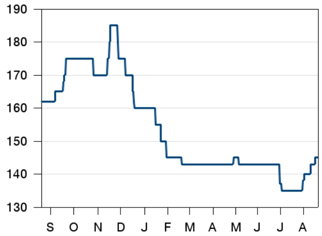
Analyst

Charles Gibson

Sector: Travel & Leisure

Price: 145.00p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Daniel Thwaites was founded in 1807 and incorporated in 1897. It remains an independent family-controlled business operating from its original town centre site in Blackburn, Lancashire.

Price performance

%	1m	3m	12m
Actual	7.4	1.4	(10.5)
Relative*	6.3	3.7	(18.5)

* % Relative to local index

Analyst

Richard Finch

Thwaites (Daniel) (THW) Market cap: £91m

COMPANY COMMENT

The half to March saw Thwaites continuing to defy the harshest conditions (like-for-like core pub volumes -13%) by almost holding profit in its brewery operations, now the major profit centre after last year's Stafford Hotel sale. Restructuring has thus paid off not only in cost control but in removal of exposure to the luxury hotel market (volatile and little synergy with the company's core provincial interests) and in the Stafford's high-exit multiple (29x FY09 trading profit). This cut net debt by more than a half (March 10 gearing just 20%), easing banking and pension concerns. Q111 trading is said to be ahead of last year.

INDUSTRY COMMENT

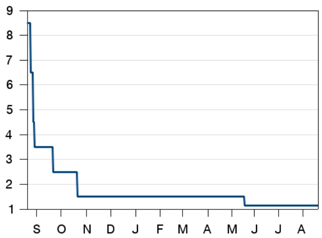
While it is encouraging that Q210 showed the first quarterly increase in beer sales (2.9%) since 2006 (BBPA), this is largely attributable to the World Cup and fine weather, and beer sales in pubs continued to fall (-6.3%). Regional hotel RevPAR, which was broadly flat in H1, is not expected to improve markedly during the rest of 2010 owing to pressure on consumer spending.

Y/E Mar	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	158.50	14.60	9.00	11.40	12.72
2010A	135.20	(5.70)	1.00	(1.60)	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Pharma & Healthcare

Price: 1.13p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Transdermal Cosmetics focuses on producing, distributing and commercialising cosmetics produced using a technology that facilitates the delivery of a variety of cosmetic substances (such as collagen and elastin, which have high density molecular weights), into the skin without causing skin inflammation.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	(86.8)
Relative*	(1.1)	(23.3)	(88.0)

* % Relative to local index

Analyst

Fiona Orford-Williams

Transdermal Cosmetics (TRCP) Market cap: £14m

COMPANY COMMENT

The intended launch of Entre Derm (a patented agent that will pass collagen and elastin through the skin thereby smoothing out wrinkles) has been delayed a number of times and is now expected to soft launch in Q410. The company's main asset remains prepaid US TV media rights and booking fees, which it has been selling to support the infrastructure needed for delivering product to customers generated through the TV shopping channels. Sales have been below book value and have incurred considerable costs, the full extent of which will be determined once the media have aired, scheduled by February 2011.

INDUSTRY COMMENT

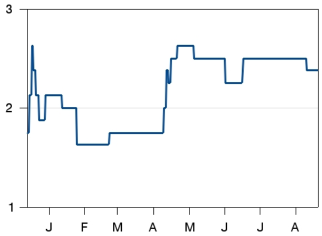
The anti-ageing product market in the US is very large, estimated at $1.6bn in 2008 and an effective non-surgical solution - or even ameliorator - could prove very lucrative. Achieving additional coverage from beauty editors across other marketing channels and stimulating positive response across social media will be key to gaining and holding market share.

Y/E Feb	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	0.00	(1.53)	(0.73)	(0.06)	N/A
2010A	0.00	(1.76)	(2.97)	(0.24)	N/A
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Oil & Gas

Price: 2.38p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Wessex Exploration is a hydrocarbon exploration company with interests in offshore Guyane (formerly French Guiana), Southern England, the Mozambique Channel and North West Africa.

Price performance

%	1m	3m	12m
Actual	(5.0)	(5.0)	N/A
Relative*	(6.0)	49.5	N/A

* % Relative to local index

Analyst

Ian McLelland

Wessex Exploration (WX.P) Market cap: £7m

COMPANY COMMENT

Wessex holds a 1.25% interest in the Guyane Maritime Licence, offshore Guyane, operated by Tullow Oil and containing the Matamata prospect with potential oil in place in the billion barrel range. In addition, a number of leads have been identified similar to Tullow's Jubilee field discovery in Ghana, and the potential high value of the acreage can be seen in majors Shell and Total farming in at the end of 2009.

Other assets include three licences on the South coast of England and the Isle of Wight, where work is focused on data gathering and interpretation with a view to a future farm-out to reduce capital exposure. Similarly, Wessex is looking to farm-out interest in its Juan de Nova permit in the Mozambique Channel, while work on its licences in the Western Sahara is currently limited by a sovereignty dispute.

INDUSTRY COMMENT

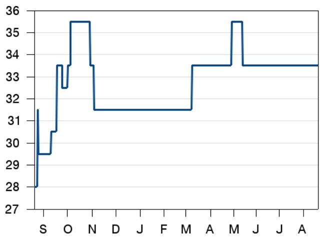
The Guyane asset has the potential to be a game changer for the company, with the interest from major oil companies demonstrating the quality of the acreage.

Y/E Jun	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	0.00	(0.07)	(0.07)	N/A	N/A
2009A	0.00	(0.10)	(0.10)	N/A	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Financials

Price: 33.50p
Profile correct as at 20 August 2010

Share price graph (p)



Company description

Western Selection is an investment company with a mix of strategic investments and a general portfolio of UK stocks.

Price performance

%	1m	3m	12m
Actual	0.0	0.0	19.6
Relative*	(1.1)	8.8	8.9

* % Relative to local index

Analyst

Roger Leboff

Western Selection (WESP) Market cap: £6m

COMPANY COMMENT

Results for the half year to December 2009 revealed a 22% increase in net assets, but a 58% fall in dividend income. Interim pre-tax profit more than doubled to £0.13m, the benefit of recovery of previous impairment provisions and lower administrative costs, and saw Western declare its first interim dividend. With cash balances of £0.65m and £2.5m of undrawn facilities, it is well placed to capitalise on investment opportunities and intends to diversify the portfolio internationally.

INDUSTRY COMMENT

The group is exposed to multiple industries and international markets via a strategic portfolio comprising stakes in a small number of UK quoted, small-cap growth companies. These are balanced by a more liquid, blue-chip portfolio that generates the income to cover overheads and dividends. Strategic investments cover areas such as marketing services - generally and for FMCG companies - cosmetics, personal care and household products for global brands and hire & sale of specialist industrial equipment.

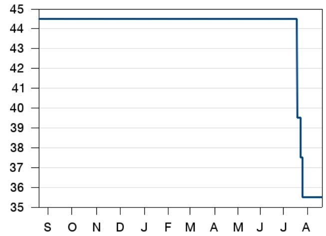
Y/E Jun	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2008A	0.16	(2.61)	(2.57)	(16.40)	N/A
2009A	0.21	(1.03)	(0.86)	(4.80)	N/A
2010E	N/A	N/A	N/A	N/A	N/A
2011E	N/A	N/A	N/A	N/A	N/A

Sector: Support Services

Price: 35.50p
Profile correct as at 20 August 2010

Woodspeen Training (WSTP) Market cap: £3m

Share price graph (p)



Company description

Woodspeen Training was incorporated in November 2007 with the aim of creating a substantial UK vocational training business principally by acquiring existing businesses providing government sponsored and/or privately funded vocational training.

Price performance

%	1m	3m	12m
Actual	(10.1)	(20.2)	(20.2)
Relative*	(11.1)	(18.4)	(27.4)

* % Relative to local index

Analyst

Roger Leboff

COMPANY COMMENT

FY10 pre-tax benefited from a full year of Futures Training Centres - now trading profitably after a difficult first half - 11 months of A&R Training and two from S&S Training. A&R and S&S, run as a combined operation, specialise in apprenticeships and were reported to be trading particularly well. Other acquisitions, also specialising in apprenticeship programmes for 16- to 18-year olds, are under consideration. The statement expressed confidence for the current year, while pragmatic regarding constraints on government spending.

INDUSTRY COMMENT

The group is entirely dependent on government funding for its programmes, which creates some uncertainty ahead of public sector budget cuts. As the majority of its work focuses on helping young people obtain employment - a priority area for government - it is probable that these will continue to be supported. The group will continue to investigate potential acquisitions of businesses that run programmes where it believes government funding will be secure.

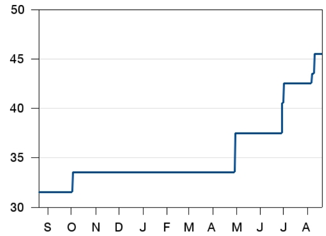
Y/E Mar	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	1.97	(0.01)	0.05	0.14	253.57
2010A	5.11	0.64	0.62	2.19	16.21
2011E	N/A	N/A	N/A	N/A	N/A
2012E	N/A	N/A	N/A	N/A	N/A

Sector: Support Services

Price: 45.50p
Profile correct as at 20 August 2010

Zeta Compliance (ZCGP) Market cap: £4m

Share price graph (p)



Company description

Zeta Compliance Group provides services that enables organisations to ensure that they systematically meet their environmental, health and safety obligations.

Price performance

%	1m	3m	12m
Actual	7.1	21.3	44.4
Relative*	5.9	38.9	31.5

* % Relative to local index

Analyst

Roger Leboff

COMPANY COMMENT

Full-year results revealed strong growth in revenues, EBITDA and pre-tax profit and an increasingly robust balance sheet after a £0.45m equity issue in November 2009. Zeta further developed its strategic relationship with US water treatment leader NALCO and invested in Zetasafe 2.0, the upgrade of its underpinning software. In May it acquired The Fire Strategy Company Ltd which delivers bespoke fire engineering solutions to the private and public sectors. In July Zeta was engaged - for four years and £1.6m - by a FTSE100 company to provide water hygiene services across its portfolio.

INDUSTRY COMMENT

The core business, water and air quality, continues to grow as its customers seek to comply with EU legislation. Although this is quite a mature industry, Zeta's innovative technologies will help it win business and increase market share. The outlook for a newer activity, energy efficiency, may be affected if the new UK government eases regulation. The potential market is substantial, albeit competitive.

Y/E Jan	Revenue (£m)	Op. Profit (£m)	PBT (£m)	EPS (p)	P/E (x)
2009A	1.34	0.04	0.02	0.24	189.58
2010A	2.32	0.35	0.30	3.01	15.12
2011E	2.70	N/A	0.50	5.40	8.43
2012E	N/A	N/A	N/A	N/A	N/A

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