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"Bombed Out" portfolio goes long on UK oil explorers

The secret to good comedy is timing, and the same often applies when dealing shares.

Had I run the stock filter for the "Bombed Out" portfolio on Friday, we probably could have exited Hydrodec at a profit, but the company had results today and the reaction was negative.

READ Hydrodec posts maiden underlying profit and expects better second half

The shares fell 17.5% on the results, pretty much giving up the gains of the last week in the run-up to the results.

The figures themselves don't seem that bad; the oil re-refiner's half-year revenues rose 11% to US\$9m, even though volumes dropped by 10%, and August was the best month for its US operations since a plant refurbishment back in 2015.

Nevertheless, the stock price momentum has gone and so is the stock from the "Bombed Out" recovery stocks portfolio.

Also out this week is NCC Group PLC (LON:NCC), which has been in and out like a fiddler's elbow. It is the third time in two months we have traded in and out of NCC, losing money each time (£7; £69 and now £180).

No offence, NCC, but don't come knocking on the "Bombed Out" portfolio's door next week; at this rate the only person making money out of the stock is the virtual stockbroker, claiming £15 transaction fees each time.

So long, and thanks for all the dealing charges

NCC Group PLC (LON:NCC): Bought 1,425 shares @ 219.5p each at a total cost of £3,143. Sold @ 209p each for a loss of £180.

Hydrodec PLC (LON:HYR): Bought 190,000 @ 1.65p each at a total cost of £3,150. Sold @ 1.65p each for a loss of £30.

The disposals gave us £6,089 to reinvest, and plenty to invest it in, as the stock filter returned four candidates, although one of them - Imagination Technologies - is probably not going to be around for long, as its board has just agreed to a takeover worth 182p a share.

Ordinarily, in a situation where the deal is done and dusted, I'd ignore the stock filter on this one and eschew buying Imagination but with the shares currently about 14p below the offer price and with, technically, still one potential bidder out there that has not ruled itself out of the battle for control of the graphics chip specialist, I am inclined to run this one up the flagpole.

So, let's look at this week's new entrants. Imagination Technologies Group PLC (LON:IMG)

The writing was on the wall for the graphics chip designer when Apple claimed it no longer needed Imagination's technology because it had designed better intellectual property of its own to supplant Imagination's.

The UK company was sceptical that Apple's designs would not in some way infringe on Imagination's patents, and a law suit may yet be on its way, but for now the UK technology company looks set to fall into the hands of the Chinese.

READ Imagination Technologies agrees to Chinese buy-out; sells MIPS business

Bought 890 shares @ 169p each at a total cost of £1,519

Allied Minds PLC (LON:ALM)

That phrase "intellectual property" (IP) crops up again, because Allied Minds is involved in the commercialisation of IP -in this case clever wheezes thought up by US universities.

The shares have halved over the last year, largely due to US\$146m write-down on the value of its subsidiaries back in April.

Since then the share price has stabilised but started picking up in recent days after one of its subsidiaries, Federated Wireless, raised US\$42m in a funding round.

The share price performance of IP companies tends to go in fits and starts, as "value crystallisation" events happen, so I am dubious whether this one will work out as a momentum play, but computer says yes, so in it goes.

Bought 990 shares @ 152.5p at a total cost of £1,525.

IGAS Energy PLC (LON:IGAS)

They don't come much more bombed out than UK onshore shale gas explorer IGAS Energy, down three-quarters over the last year despite a 17% rise today.

Canaccord Genuity recently reiterated a 'buy' recommendation on the stock with a 200p target price. The shares currently trade at 64.5p so that is, as we journalists are won't to say, a "punchy" price target.

The broker note followed last week's chipper interim update in which chief executive Stephen Bowler claimed the UK's nascent shale gas sector is seeing increasing momentum.

Cuadrilla is now drilling its first well at the Preston New Road project and in the next few months Third Energy is expected to start hydraulic fracturing at the KM8 well in North Yorkshire.

At one point, IGAS's shares traded at almost £30 as shale mania took hold in 2014, so maybe that Canaccord price target is not so punchy after all.

Bought 2,300 shares @ 65.75p each at a total cost of £1,527

Independent Oil & Gas PLC (LON:IOG)

It's UK explorers week, with IOG, which is focused on the North Sea, joining IGAS in the recovery stocks portfolio.

It's about this time a year ago the trap-door opened beneath IOG's share price after some backtracking on the company's Skipper appraisal well.

READ IOG plummets after analysis contradicts early observations from Skipper well

The shares are up 6.7% today and 9.3% over the last month, so momentum is building. Today's rise was occasioned by the company agreeing a deal with US oilfield services giant Schlumberger in relation to the development of its two southern North Sea gas hubs.

READ IOG signs up Schlumberger for North Sea gas field developments

Broker finnCap has a price target of 123p for the stock; having bought in at 17.25p I'd cheerfully settle for half that.

Bought 8,680 shares @ 17.25p at a total cost of £1,512

READ Dead cats and falling knives ... the reboot of the "Bombed Out" virtual portfolio Here's where we currently stand.

Company**No. of shares****Total cost****Average price paid****Current bid price****Current value****Profit/ loss £****Profit/ loss %**

Allied Minds

990

£1,525

1.54p

1.51p

£1,494

-£30

-2.0%

IGAS Energy

2,300

£1,527

66.4p

64p

£1,472

-£55

-3.6%

Imagination Technologies

890

£1,519

170.69p

168.75p

£1,502

-£17

-1.1%

Independent Oil & Gas

8,680

£1,512

17.42p

15.5p

£1,345

-£167

-11%

Rosslyn Data

48,000

£3,135

6.53p

6.25p

£3,000

-£135

-4.3%

- Cash £5
- Total value of original £10k portfolio: £9,179
- Profit/loss on closed trades and dividends: -£776
- Unrealised profit on current holdings: -£44
- Total profit/loss: -£820

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