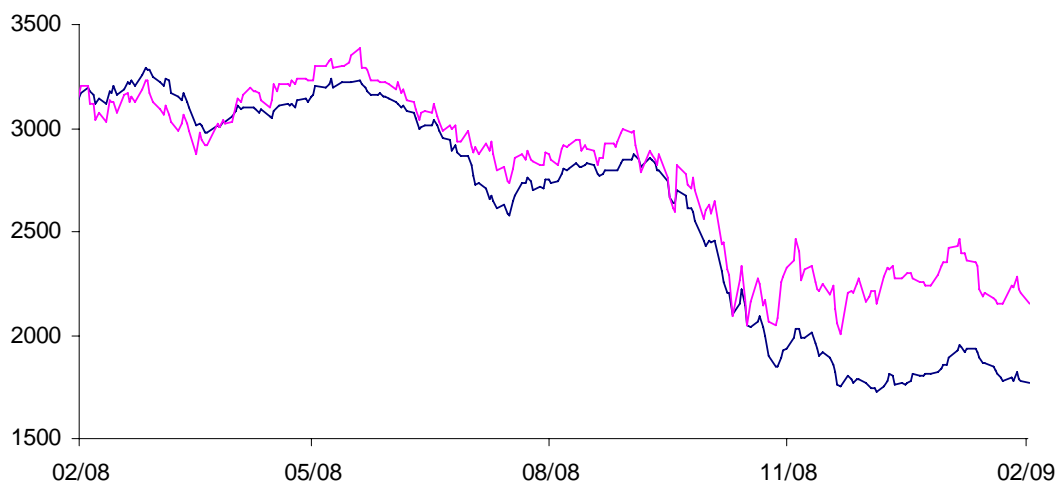


**FTSE SmallCap vs. FTSE 100**



Source - Fidessa

SMX FTSE SmallCap. UKX FTSE 100 rebased to FTSE SmallCap.

We have initiated coverage of **Sunrise Biotech Holdings**. This is one of the largest companies on the PLUS Market, with a market cap of £50m; it is profitable and debt free. It is an agricultural/food company that grows mulberry bushes and processes the crop for tea, health foods and animal feed supplements. It has no obvious competitors, a degree of patent protection, and is growing. We have visited Sunrise's facilities in China, talked with management about its growth plans, and like the company. Please call for our Initiation of Coverage research note.

The stock market has clearly established a new trading range. Whether this is justified by 2009 fundamentals is irrelevant – the market is taking 2009 as a write-off, and looking forward to 2011 in trying to establish where correct value lies. Also the amount of underlying investment demand for equities is probably not as great as the Indices suggest, because of bear closing. Every short position creates a future buyer of stock. Getting short positions wrong can be an expensive business, as the shorters of bank stocks discovered in the last week of January.

The market is still extremely fragile. The last available figures from the Stock Exchange, for December 2008, show AIM share trades, in money terms, down 67% at £241m compared to £738m twelve months earlier. We have not yet returned to a normal market.

Some capital raising is starting to take place at the medium and small end of the market. During last summer and autumn this was impossible. The very fact that low profile road-shows are starting to take place once more and also are being accorded a civilised reception is good news for the directors of cash strapped quoted companies. Their big problem will continue to be the massive capital raisings necessary in the FTSE 100 stocks that will allegedly soak up £30bn of new cash in the current year. This is more than a 'normal' year's capital raisings, so if mid sized and small companies are to be able to raise money also, there must be either a significant shift of

Market Indicator	Price	Previous Month Price	% Change in 1 month	12m High	12m Low
FTSE 100	4149	4434	-6.4%	6376	3781
FTSE Small Cap	1781	1854	-3.9%	3287	1723

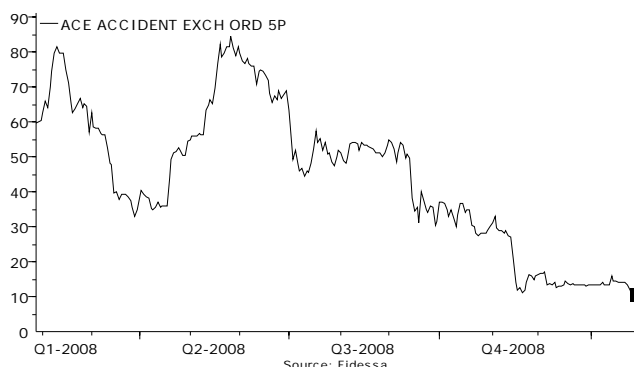
funds away from cash deposits and into equities, or sales of existing shares to provide cash for fundraisings. We believe both will take place.

The FTSE100 is currently trading on an historic p/e of 8.6, and has experienced a 5.5% decline in its earnings since the market bottomed in mid-November – on hardly any new company full year reporting, which is disquieting. Historic earnings figures still reflect pretty good times, i.e. year-ends December 2007, March 2008 and June 2008. If corporate Britain can get back to that level of profitability in 2011, then everyone will be happy. However, we have to point out two negatives:

- The capital raisings necessary will be hugely dilutive. You can't throw a rights issue on a 'Company' with a p/e of 8.6 in an environment with 1.5% interest rates and have things otherwise. Also, the capital raisings will be taking place at deep discounts to current share prices. Every capital raising will reduce the level at which the Index ought to trade. The larger the rights issue, the more this is true. The Xstrata rights issue is a 2-for-1, the Cookson rights issue is a 12-for-1. Both are at 40% discounts. In both cases, existing holders looking to raise money to take up their rights would have to sell their entire shareholding, and it still wouldn't be enough. Apply the Xstrata formula to, say, 1 in 10 of the FTSE100 and you get an immediate drop in Index 'earnings' of 6% and the sale of 2% of all the shares in FTSE100 companies.
- A very significant proportion of the Index will not get back to historic earnings levels for at least ten years. This applies to the minerals industry (7% of the FTSE100 at end-November), because the world is awash with base metals and will continue to be so. It applies to the banks (13% of the FTSE100 at end-November), because the derivative trading departments that were powering bank profits in 2007 have ceased to exist, and won't be re-created in the medium term.

Incidentally, at a ballpark institutional commission rate of 0.2%, AIM generated commission earnings for the whole market in December of just £480,000. This is barely sufficient to pay the monthly overheads of one conventional broking house let alone the huge number in existence at the moment. AIM has fallen twice as fast as the FTSE100 over the past year, but is still trading on a p/e of 25 and a yield of 0.3%, so it would be a brave investment manager who claimed that the AIM All-Share Index has bottomed. Variance in performance between companies is higher than it has been in recent memory. 2008 was the year when it was important to be out of equities completely, of any kind whatsoever. 2009 will not be so straightforward. Calling the direction of the market will still be critical, but stock selection will also be important, more so than it has been for several years.

## ACCIDENT EXCHANGE



There has been no specific news from Accident Exchange this month, but a downbeat trading update from larger rival Hephire (HHR.L) suggests conditions in the credit hire space continue to be 'challenging'.

Hephire has warned first half profits will be significantly below last year on account of lower than expected hire starts (i.e. fewer accidents) and shorter hire durations. The seasonally stronger second half should be better because an aggressive cost cutting plan is in place and the company is also working hard to get clients, namely the insurance companies, to pay their bills. Nonetheless, the market is clearly worried about

the implications of this trading update on the debt position, and the possibility that banking covenants could soon come under real strain.

Shares in Accident Exchange have slipped again this month, but not by nearly as much shares in Hephire which have more than halved over the past two weeks. Hephire will be announcing interim results on 27 February. Accident Exchange has an April year end and will be announcing its FY figures in late June/early July with the possibility of a pre-close update sometime in March.

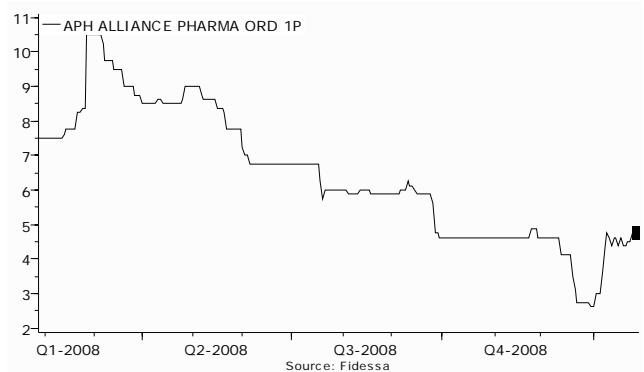
Accident Exchange				ACE		Price p.	10.3
Full List				Specialty Finance		Cap £m	7.3
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
April	£m	Profit £m	Profit £m	Diluted eps	ratio	p.	%
2007A	119.6	13.6	18.0	18.1	0.6	2.4	23.4%
2008A	165.2	12.1	16.1	13.8	0.7	2.7	26.3%
2009E	181.2	0.0*	1.0	0.5	20.5	0.0	0.0%
2010E	No	estimates	at present				

\* Excludes £19.6m fleet write-down

**ALLIANCE PHARMA**

Trading in Alliance Pharma shares has been unusually high over the last month and Alliance's share price has risen from a low of 2.75p per share on 30 December to the current 4.75p per share, a rise in share price of some 73%.

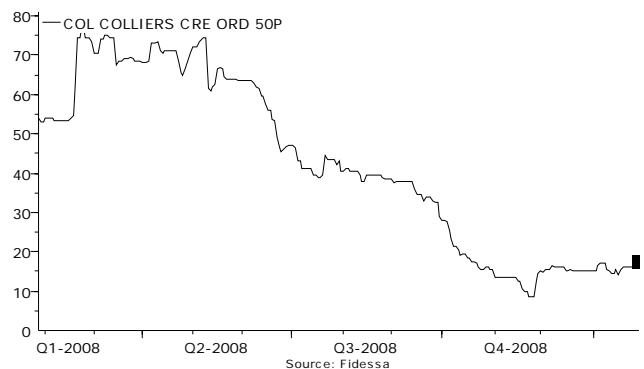
Several factors appear to be behind this renewed interest in Alliance Pharma. First, on 8 January the company announced that "trading in the second half of 2008 had been strong" and that profit before tax for the full year is now expected to be "not less than £2.3m". This figure was 15% higher than our forecast at the time of £2.0m, and we have upgraded. Second, Nigel Wray, an existing investor in Alliance, has added 1.0m shares to his shareholding, increasing his shareholding to 7.5% of the company. Thirdly, it has been rumoured that Goldshield Group plc is "taking a look at the drug provider". Goldshield is a Full listed company and has a market cap of £86.0m.



Alliance Pharma AIM				APH Pharmaceuticals		Price p. Cap £m	4.75 7.70
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted Basic eps p.	p/e ratio	Divi p.	Yield %
December							
2006A	17.3	0.49	0.49	0.32	14.8	-	-
2007A	18.2	-3.21	0.37	0.23	20.7	-	-
2008E	21.8	2.30	2.30	1.47	3.2	-	-
2009E	22.9	2.90	2.90	1.31	3.6	-	-

**COLLIERS CRE**

Colliers CRE released a trading statement in January updating the market on the company's financial results for the year ended 31 December 2008. Revenue for the full year was £78m – UK £74m, Ireland £2m, Spain £2m. 2007 revenue was UK £99m, Ireland £3m, Spain £15m. 2007 Spanish revenue was buoyed by a one-off fee contribution from the sale of the HSBC Tower in Canary Wharf to Metrovacesa. On the cost side the company has implemented measures to reduce its cost base. While substantial cost savings have been made in the 2008 year the full effect of these cost savings will flow through in 2009 and the company has stated that 2009 costs will be "materially" below 2008 turnover. We expect a return to profitability in the 2009 year.



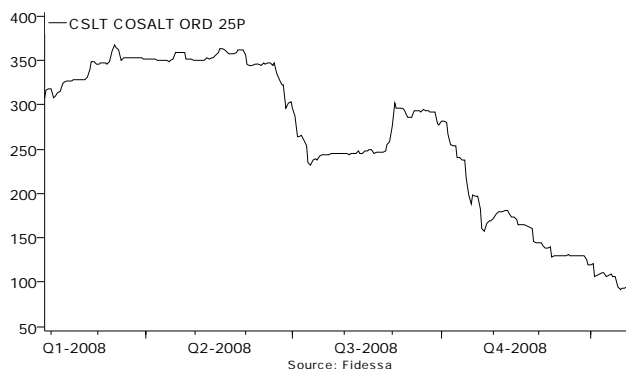
Colliers CRE AIM				COL Real Estate		Price p. Cap £m	18.5 8.3
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted Basic eps p.	p/e ratio	Divi p.	Yield %
December							
2006A	93.8	9.7	9.7	17.2	1.1	4.6	24.9%
2007A	117.5	12.2	9.4	11.8	1.6	5.0	27.0%
2008E	78.0	-7.0	-7.0	-11.0	-1.7	-	-
2009E	76.9	1.7	1.7	1.6	11.6	-	-

**COSALT**

Cosalt will be announcing full year results for the y/e October 2008 later this month and is heavily in close period.

Apart from the figures, we will be paying particular attention to changes in the balance sheet following the disposal of the Holiday Homes business in October. Our best guess ahead of the results is that the net debt position will be in line with our previous expectations of c. £30m.

The shares have fallen back from 128.5p to a low of 84p during the course of January, possibly reflecting stock overhang fears after it emerged that David Ross had pledged his 15% stake in the company against personal borrowings without informing other members of the Board. Mr Ross has since stepped down as Chairman but retains a Board seat. As far as we are aware none of the loans are in default and he remains a firm holder of the shares.



Cosalt Full List				CSLT Diversified Inds		Price p.	84.0
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
October	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2006A	124.0	1.91	2.01	10.41	8.1	18.75	22.3%
2007A	66.9	0.07	1.00	3.10	27.1	12.0	14.3%
2008E*	110.0	5.65	7.55	20.56	4.1	12.0	14.3%
2009E*	125.2	7.57	9.67	26.32	3.2	13.0	15.5%

\*Estimates are calculated on a continuing business basis

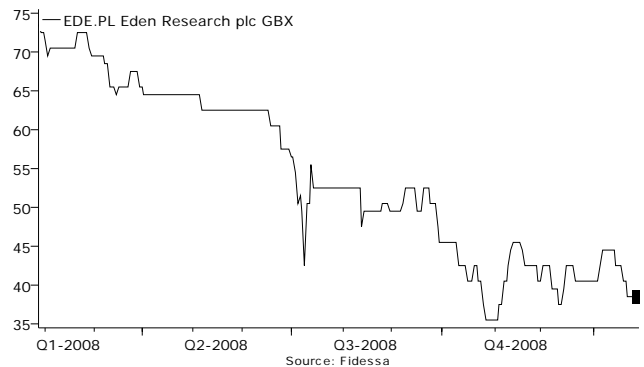
**COUNTRY FOOD AND DINING**

We have no further developments to report at this stage. The latest round of fundraising remains open via promoters Smith & Williamson.

**EDEN RESEARCH**

Eden Research has announced that its business partner and licensee, Cheminova, has exercised its option to extend the territories for its rights to commercialise its licensed botrytis preventative treatment 3AEY in most of Europe and much of the Americas and the CIS. Under the terms of the agreement, Cheminova will be responsible for local field trials and relevant national registrations.

Countries which Cheminova added include most New-World wine producing countries – bearing in mind the 3AEY’s primary application is geared towards the preservation of wine grapes: Australia, New Zealand, South Africa, Argentina, Chile. They also include the giant market of India and a large number of countries of the ex-USSR (Russia, Ukraine, Moldova, Kazakhstan, Azerbaijan, Belarus, Armenia, Uzbekistan) and in the Americas (Canada, Mexico, Brazil, Columbia, Uruguay, Bolivia, Ecuador, Venezuela, Costa Rica) and Taiwan.



This is positive news for Eden and will be further boosted by the EU registration of 3AEY which should be a key step for the company. Interestingly, according to SBI (Specialists in Business Information), the global pesticide market surged 29% in 2008 over its 2007 level of USD41bn to USD52bn as the world population expands and food prices rise. Furthermore, this record increase came at a time when the global financial crisis was in full swing. Given the rising strength of green and organic movements, growth opportunities are especially strong for environmentally-friendly products which are Eden’s focus.

Eden Research PLUS				EDE Diversified Inds		Price p. Cap £m	38.5 19.8
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
December							
2006A	0.1	-3.7	-2.6	-5.6	-	-	-
2007A	0.4	-2.6	-2.2	-4.2	-	-	-
2008E		No estimates	at present				
2009E		No estimates	at present				

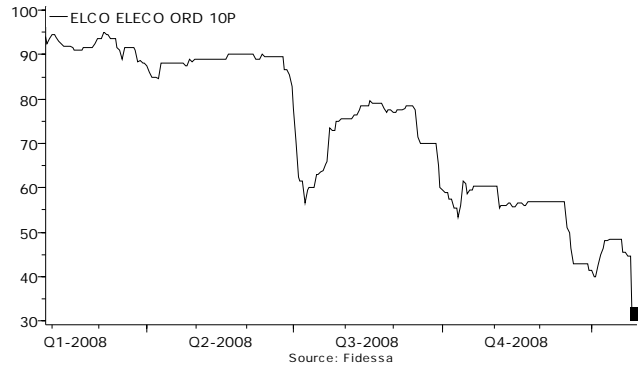
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**ELECO**

At end-January Eleco issued a trading statement announcing that there would be a 'small' operating profit in H1 (vs. a £3.7m operating profit in the 6m to end-December 2007) and that net cash balances are £0.6m (vs. £5.8m of net funds at end-June 2008, although part of this reduction is seasonal). The shares fell on the news. We have reduced our forecasts.

The root cause of the reduction in expectations is the credit crisis rather than just the 'increasingly tough trading conditions' in the UK construction industry. Eleco states that 'clients of pre-cast concrete interests in particular appear increasingly to experience difficulty in finalising their funding and supply chain arrangements, with consequent disruption of our scheduled production programmes'. Pre-cast concrete produces c. 60% of profits.



That is the bad news. The good news is that Eleco is still profitable, at a time when most building systems/building materials companies are making losses, and still has cash in the bank when others are in a dire financial mess. Even the pre-cast concrete problems have a bright side to them. There is a number of large orders that have been held back, but are for public sector work and could come into the work scheduling at any time. It is entirely possible that pre-cast concrete could have a good final quarter, and in that case we would need to upgrade these estimates (see table below), because we have assumed only a very modest recovery here in H2.

In any case, we expect a profits increase in y/e June 2010, because pre-cast concrete demand from the agricultural sector will be higher as the EU's Nitrate Directive kicks in, and a full year of cost savings takes effect.

Eleco continues to be the best choice in the construction and materials sector, in our opinion.

Eleco		ELCO				Price p.	31.5
AIM		Diversified Inds				Cap £m	18.7
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	61.9	5.9	5.9	9.3	3.4	2.5	7.9%
2008A	84.9	8.2	8.2	10.5	3.0	3.0	9.5%
2009E	77.5	1.7	2.1	2.5	12.6	1.5	4.8%
2010E	80.7	4.7	5.1	6.5	4.8	2.5	7.9%

2007 Actual Results restated for IFRS.

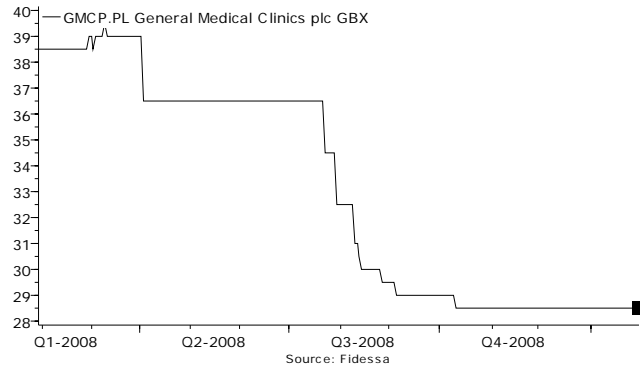
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**GENERAL MEDICAL CLINICS**

General Medical opened its new Baker Street Clinic on 5 January. On 28 January, the company ran an open day in this new centre and all the appointments available were fully booked. Management believes the positive feedback from people working in the same building is very encouraging.

Interim results for the six months ended 30 November 2008 will be announced later this month.

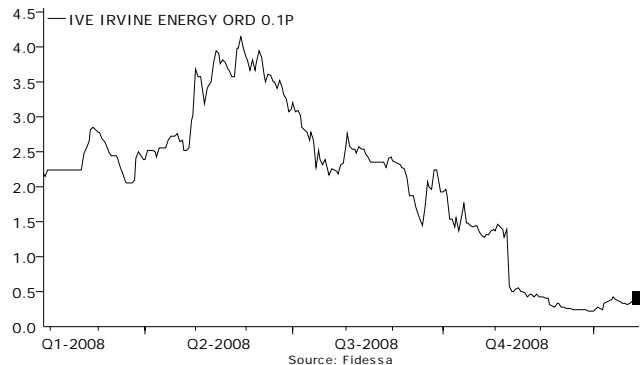


General Medical Clinics UK: PLUS				GMCP Healthcare	Price p. Cap £m	28.0 4.6	Yield
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
May							
2007A	6.40	0.36	0.48	2.5	11.2	0.0	0.0%
2008A	6.54	0.30	0.47	2.2	12.7	0.4	1.4%
2009E	6.90	0.46	0.50	2.1	13.3	0.6	2.1%
2010E	No	estimates	at present				-

**IRVINE ENERGY**

Irvine Energy has announced that GasRock Capital LLC has issued a notice of default to Irvine in accordance with the credit agreement dated 28 May 2008. This will now require Irvine to pay the outstanding balance of the loan, currently US\$5.6m.

We understand that this has been triggered by the precipitous decline in the Henry Hub gas price over the last few weeks. Loans linked to the Henry Hub are commonplace in the US production industry and Irvine will not be the only producer hitting problems on this front.



Irvine has asked for its shares to be suspended until the matter is resolved. The most likely outcome, in our opinion, is that GasRock will take majority control of Irvine's underlying subsidiary companies. Irvine's plan had been to raise cash by divesting itself of some assets, but we doubt there will now be time for this.

The Irvine announcement is most certainly not good news, but this is not 'game over' yet.

Irvine Energy AIM				IVE Oil & Gas	Price p. Cap £m	0.4 3.0	Yield
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
December							
2006A	0.0	-0.2	-0.3	-0.12	-	-	-
2007A	0.0	-0.9	-1.1	-0.20	-	-	-
2008E	No	estimates	at present	-	-	-	-
2009E	No	estimates	at present	-	-	-	-

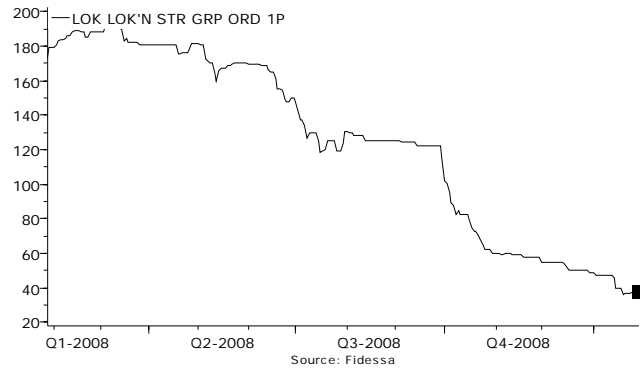
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**LOK'NSTORE**

Shares in Lok'nStore hit a fresh all time low of 37.5p this month. Our conversations with management indicate that they see no reason for the slide in the share price and as far as we are aware current trading continues to be in line with guidance provided at the full year results in November.

Our current year estimate looks for a slight fall in revenue as the downturn in the economy is clearly leading to fewer enquiries being converted in to sales. Some of the falls in occupancy will be offset by price rises but probably not all. Larger rival Big Yellow (BYG.L) is reporting similar trading conditions but is also looking forward to the "seasonally more buoyant spring and summer period."

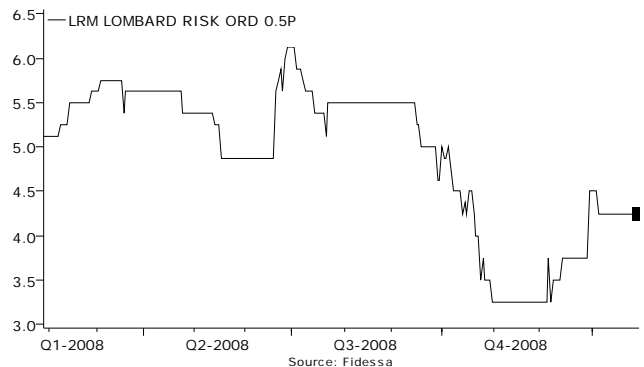


On the basis of the current share price, Lok'nStore is trading at an unwarranted 85% discount to NAV.

Lok'nStore				LOK		Price p.	37.5
AIM				Support Services		Cap £m	10.1
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
July	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2007A	10.67	0.95	0.37	1.20	-	0.67	1.8%
2008A	10.83	-0.74	-0.31	-1.50	-	1.00	2.7%
2009E	10.24	-1.19	-1.19	-4.50	-	1.00	2.7%
2010E	10.71	-1.09	-1.09	-4.10	-	1.00	2.7%

**LOMBARD RISK MANAGEMENT**

We reduced our forecast for LRM in a note published after the interim results. Although revenues are continuing to grow, some fixed-price STB contracts written in 2007 turn out to have been unprofitable owing to higher than expected costs. We have prudently allowed for the remaining impact of these contracts, as well as for the impact of economic conditions, and now forecast a loss this year instead of the small profit originally pencilled in. However on the cost side, we are pleased that the company has controlled its costs well, and project LRM should break into profit in 2010. It is currently valued around 9x projected 2010 earnings.



Lombard Risk Mgt				LRM		Price p.	4.3
AIM				Software		Cap £m	5.7
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2007A	6.9	-1.3	-1.3	-1.0	-	-	-
2008A	8.5	-1.1	-1.1	-0.7	-	-	-
2009E	8.7	-1.1	-1.1	0.0	-	-	-
2010E	10.0	0.75	0.75	0.5	8.5	-	-

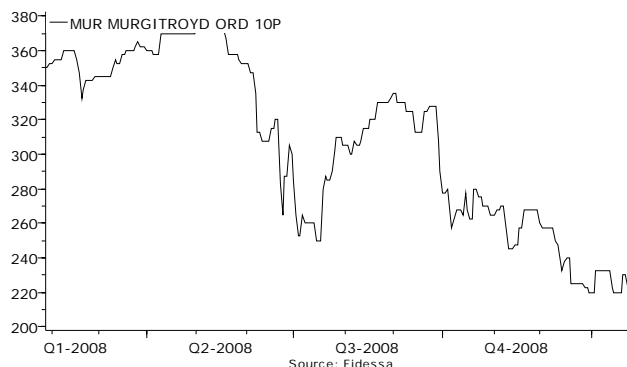
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**MURGITROYD**

Murgitroyd Group has released its interim results to 30 November 2008. Highlights were – 1H top line growth of 16.7% over the prior 1H, normalised operating profit up 17.2% (the prior 1H results included a £200,000 one-off onerous lease provision), normalised profit after tax up 11.0% and healthy cash flow generation of £1.8m. We have upgraded our 2010 forecasts marginally following this morning's announcement but overall taken a prudent stance on the medium term outlook.

A 2H acquisition is likely to help Murgitroyd maintain its earnings per share growth. The London based Attorney practice of Raworth Moss & Cook was acquired earlier this month for a consideration of £700,000 (including net assets). £500,000 was paid up-front while a further £200,000 is due on the first anniversary of the acquisition completion date. Both equity partners are to stay with Murgitroyd, along with two other professional fee earning staff and five support staff. Administrative savings are expected to be made immediately.

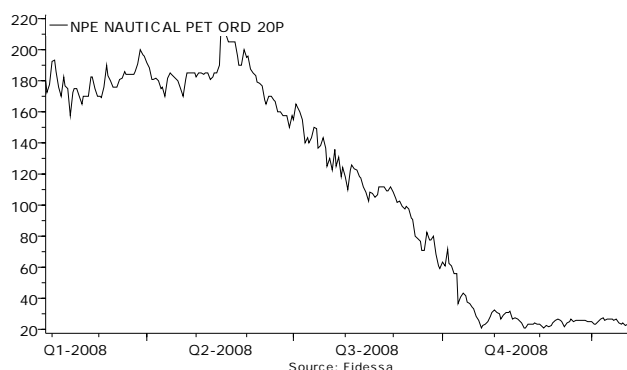


Murgitroyd AIM				MUR Support Services		Price p. Cap £m	220.0 18.7
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted Basic eps p	p/e ratio	Divi p.	Yield %
May							
2007A	22.8	2.9	2.9	23.8	9.2	9.0	4.1%
2008A	25.7	2.9	3.1	25.3	8.7	9.5	4.3%
2009E	29.6	3.6	3.6	29.9	7.4	9.5	4.3%
2010E	31.3	3.9	3.9	32.3	6.8	10.0	4.5%

**NAUTICAL PETROLEUM**

Discussing progress with management, the 2009 budget for Mariner has been approved with the partners continuing to work towards submission of the Field Development Plan (FDP). Evaluation work continues on the seismic data and the ocean bottom cable data acquired last year.

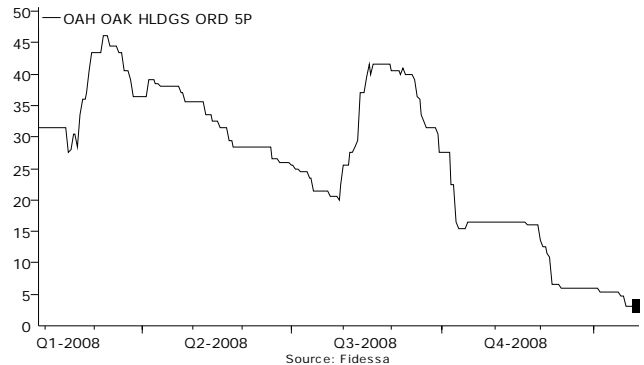
On 12 January 2009 the Board of Nautical approved the grant of 395,000 options over the Ordinary shares in the company. The options are to subscribe for new shares at an exercise price of 26.75p and may be exercised semi-annually, on a pro rata basis, over a 24-month period from 12 January 2009. All share options must be exercised before 12 January 2017, failing which they will lapse.



Nautical Petroleum AIM				NPE Oil		Price p. Cap £m	23.0 24.8
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
June							
2007A	0.0	-0.9	-0.5	-0.91	-	-	-
2008A	0.0	-4.6	-4.6	-7.48	-	-	-
2009E	0.0	-1.6	-1.6	-2.51	-	-	-
2010E	No	estimates	at present				

**OAK HOLDINGS**

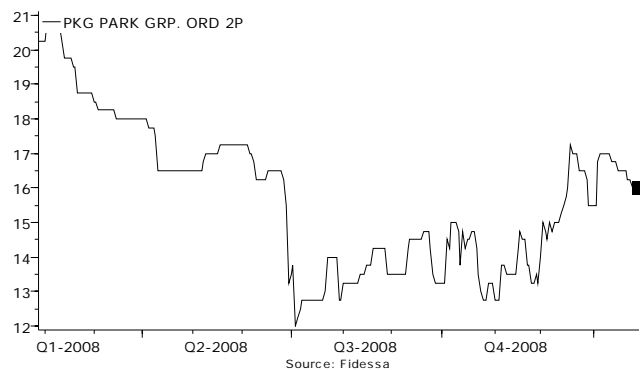
There has been no news from the developers of YES! of late and not unexpectedly the company's share price continues to drift southward on lack of news flow.



Oak Holdings				OAH	Price p.	3.0	
AIM				Real Estate	Cap £m	0.4	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
October	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2006A	0.1	-0.6	-0.6	-3.8	-	-	-
2007A	0.4	-0.5	-0.5	-3.1	-	-	-
2008E		No estimates	at present				
2009E		No estimates	at present				

**PARK GROUP**

The interim results in December pointed to a 19% increase in profits and eps for the full twelve months. Cash paid by individual customers who have joined Park's Christmas savings schemes peaked at £124m, higher than we expected, and cash available to the company – i.e. cash not held by trustees on behalf of individual customers – was a record £18m. Even though the shares have risen since the results, this is still equivalent to 60% of the stock market capitalisation.



The growth in Park's customer base, coupled with the tough retail environment which will give Park greater bargaining power with the store groups that accept its savings vouchers, point to a big increase in sales for the year to March 2010, as well. There will be a reduction in interest income revenue, because of the lower interest rates, but even so we expect pre-tax profits to continue to grow, eps to be higher once more, and the dividend to be increased. We have been saying for some time that this is the most interesting company in the financial sector. The problems at Northern Rock, Bradford & Bingley, HBOS, Barclays, Cattles etc. have shown this to be a good call, and we stick with it.

Park Group				PKG	Price p.	15.8	
AIM				Consumer Finance	Cap £m	26.0	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	305.2	6.2	10.1	4.0	3.9	1.2	7.6%
2008A	225.1	4.5	5.2	2.2	7.2	1.2	7.6%
2009E	252.5	6.2	6.2	2.7	5.8	1.3	8.2%
2010E	278.1	6.40	6.4	2.8	5.6	1.4	8.9%

**PHOTO-ME INTERNATIONAL**

We produced a new 8 page research note on 23 December, following the Interim Results. This research note included revised p & l and balance sheet forecasts. The most pleasing point was a massive reduction in debt, from £45.5m to £29.9m, coupled with a statement from management that a further significant reduction in debt was hoped for next year, and possibly a move into net cash in 2010. There were also strong gains from currency movements as Photo-Me demonstrated its credentials as a partial hedge against Sterling.



There were negatives, as pre-tax profits were down after stripping off exceptional items and a one off currency gain, and proposals to change the method of provision of photos for passport photographs in France could have a negative impact.

Since then, there have been further developments regarding the vending estate placed at UK Woolworth stores. All the machines have been recovered from the closed Woolworth sites. So far, new locations have been secured for 351 of the 540 displaced photo booths, mostly at quality national retail chains. They will be physically in position within the next few weeks. 200 digital printing machines were in Woolworth locations, and as Photo-Me was short of this kind of equipment anyway these are not a problem. Photo-Me has some kiddie rides still to re-site, but these tend to be lower profit earners so we do not regard this as a serious problem. In any case, it should be remembered that Woolworth UK only collapsed in mid-December, so Photo-Me has achieved a great deal in a very short time.

The continued weakness of the Pound against the Euro will be helping the translation of sales and profits earned on the European vending estate. There is a negative on the currency front, however, and this is the purchase of thermal paper, where the currency is Japanese Yen.

Elsewhere in the photographic industry, Kodak has announced that it is to declare between 3,500 and 4,500 redundancies worldwide, and has revealed that fourth quarter sales were down 24% compared with the fourth quarter of the previous year. Even digital photography sales were 23% down on the year before. In 1988, Kodak employed 145,000 worldwide. After this latest round of redundancies, its worldwide workforce will be c. 20,000 people.

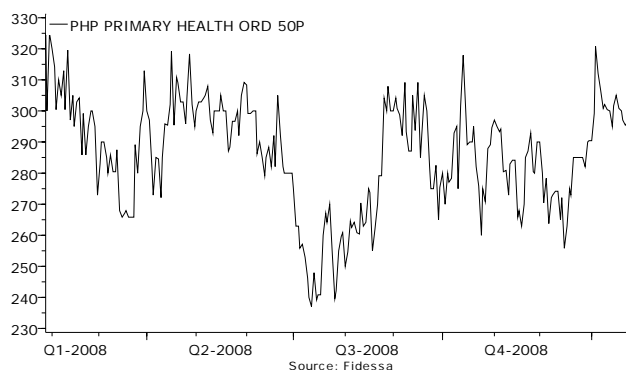
Also, quoted UK photographic retail chain Jessops has announced that it is close to breaching its banking covenants and is in negotiations with its bankers.

Photo-Me				PHTM		Price p.	10.5
Full List				Support Services		Cap £m	37.7
Y/E	Sales	EBITDA	Adjusted	Adjusted	p/e	Divi	Yield
April	£m	£m**	Profit £m**	eps p.**	ratio	p.	%
2007A*	212.8	46.0	13.9	2.4	4.4	2.4	22.9%
2008A	209.6	35.8	-6.9	-2.0	-	0.0	-
2009E	214.0	33.3	-3.5	-0.3	-	0.0	-
2010E	202.3	35.6	3.6	0.7	15.0	0.0	-

\*Restated by management for sale of US business      \*\*Before exceptional items but including 2008 accelerated depreciation charge.

**PRIMARY HEALTH PROPERTIES**

A Trading Statement at end-January showed £59m of headroom on borrowing facilities and suggested a likely year end loan to value percentage of 65% compared to the covenanted level of 75% - a significant level of safety for an investment company with very limited forward commitments. In these nervous markets, the reiteration of this strong financial position will probably prove more important to the market than the news that the next property valuation will probably show a £13m reduction in property values – on a property portfolio of £317m.



In terms of asset value, the shares are trading at a discount to the likely end-December 2008 asset value of 320p and the tentative DCF valuation of c. 470p. As this is not a break-up situation, the prospective yield of 5.6% (coupled with an unbroken record of dividend increases since the company first came to the stock markets twelve years ago) will be more important to the investment community than n.a.v. This company is rock solid. Please call for a copy of our 26 January research note.

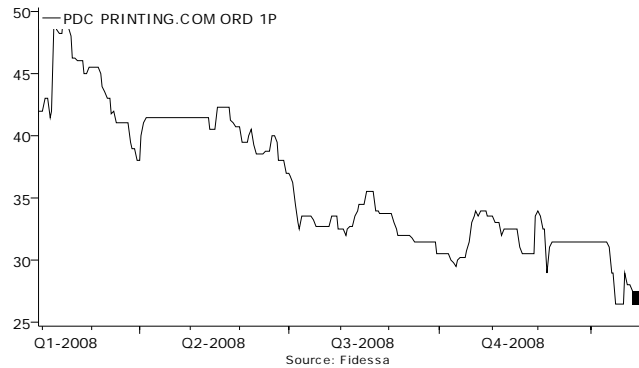
Primary Health Full List				PHP Real Estate			Price p. Cap £m	280.0
12m to end Dec	Revenue (Rent etc) £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %	N.A.V. P.	Premium/ (Discount)*
2006A	12.2	2.5	11.0	25.4	14.25	5.1%	420	-37%
2007A	15.7	4.2	13.8	20.2	15.75	5.6%	369	-28%
2008E	19.1	5.5	15.2	18.4	16.50	5.9%	320	-12%
2009E	20.8	6.5	18.2	15.3	17.00	6.1%	320	-12%

\*With properties at market value

**PRINTING.COM**

The trading update from franchised business to business print specialist Printing.com revealed second half trading volumes in November and December had fallen c.3% below last year. Margins have also come under pressure, partly because of an increase in provisioning for bad debts and partly because of a rise in overheads as the company absorbs the costs of promotional activity usually borne by its franchisees.

On the basis of current run-rates we have downgraded our estimates. Our current year pre-tax profit estimate has been reduced by 11% to £2.05m and we now expect the company to no more than sustain this level of profitability for the y/e March 2010 (vs. our previous estimate of £2.7m). The good news is that despite the slump in marketing spend, Printing.com remains profitable and cash generative. It is also one of the highest yielding stocks on AIM.



Printing.com				PDC	Price p.		27.0
AIM				Retailing	Cap £m		12.2
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	12.1	2.3	2.3	3.4	7.9	2.50	9.3%
2008A	13.5	2.4	2.4	3.5	7.7	3.00	11.1%
2009E	14.1	2.1	2.1	3.2	8.4	3.10	11.5%
2010E	14.4	2.1	2.1	3.2	8.4	3.20	11.9%

**R.E.A. HOLDINGS**

In a review of the palm oil sector, credit rating agency Fitch has arrived at the conclusion that the larger established palm oil producers with good maturity profiles and low production costs “could maintain sound financial profiles in 2009 despite the sharp downward correction in CPO prices.” To recap, the CPO price peaked at US\$1200/tonne in March 2008 before falling to a low of US\$370/tonne at end October 2008. Since then it has bounced back and is currently trading at \$535/tonne CIF Rotterdam.

REA is the maturing into one of the world’s most efficient palm oil producers. Latest news from the company, in November, stated crops were running ahead of budget. The company is also in a strong financial position with cash resources at end October 2008 totalling US\$40m.

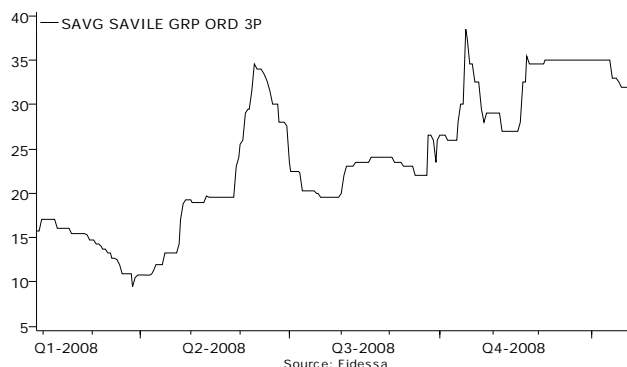


We will be updating our estimates after the full year results which we expect to be released sometime in June.

R.E.A. Holdings				RE.	Price p.		305.0
Full List				Food	Cap £m		100.0
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
	USDm	Profit USDm	Profit USDm	eps c/share	ratio	p.	%
2006A	33.1	19.76	11.06	17.8	31.3	1.0	0.3%
2007A	57.6	47.01	38.98	73.0	7.7	2.0	0.7%
2008E	No	Estimates	at present				
2009E	No	Estimates	at present				

**SAVILE GROUP**

News from the outplacement industry continues to please. This month Savile informed investors that trading in the six months to end November 2008 was “extremely buoyant and well ahead of the same period in 2007.” City work accounts for almost half of Savile’s outplacement revenues and this area has been particularly busy handling the layoffs from the banking and corporate finance industries over the past six months. The Savile trading update follows a robust set of interim results from Penna, the largest quoted company in the outplacement industry.



Talent management is showing the first signs of slowing as clients start to defer spending on new projects, but this is hardly surprising. Savile is continuing to invest in its talent management operations, however, and is also looking at complementary acquisitions in the HR space. This should enable the group to counter the inevitable downturn in outplacement revenues when economic conditions improve.

Savile is debt free and the statement strongly indicates that the amount of cash on the balance sheet has grown. Whilst we are not forecasting a dividend at present, we flag the possibility of a final dividend this year now that the deficit in the company’s p & l reserves has been eliminated.

Interim results are scheduled for release on 17 February and we will be updating our forecasts at this time.

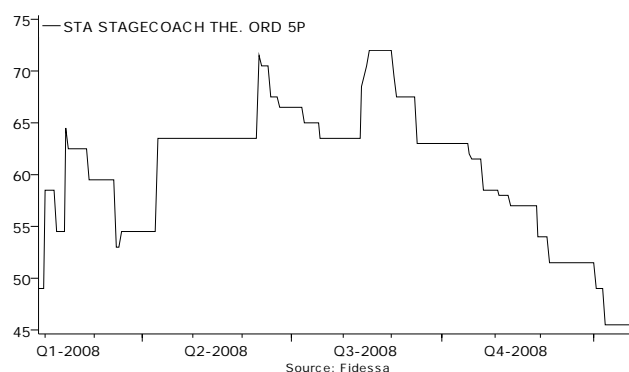
Savile Group				SAVG		Price p.	34.5
UK:				Support Services		Cap £m	5.1
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
2007A	5.10	-0.19	0.21	2.2	15.8	-	-
2008A	7.00	0.72	0.90	6.0	5.7	-	-
2009E	9.13	1.28	1.30	5.3	6.6	-	-
2010E	10.78	1.66	1.68	6.76	5.1	-	-

## STAGECOACH THEATRE ARTS

First half interim results showed a 28% increase in pre-tax profits and a 17% increase in net cash balances. To our surprise, the company also announced a maiden dividend of 0.5p and consequently we are upgrading our full year dividend forecast from 2.1p to 2.6p, a 30% increase on last year's 2p.

With occupancy across the UK school network still running in excess of 90%, Stagecoach Theatre Arts is clearly proving to be more resilient than most consumer-facing stocks. The area of the business most affected by the worsening economic climate has been the sale of new schools and school re-sales with potential franchisees finding it virtually impossible to raise finance. Initial fee income is therefore likely to be no more than half of last year's levels.

Continuing fee income is growing, however, and we are happy with our full year pre-tax profit estimate of £0.72m. In terms of the balance sheet, we expect the strong net cash position to grow to c. £1.6m in the current financial year – this is equivalent to 36% of the current market capitalisation.

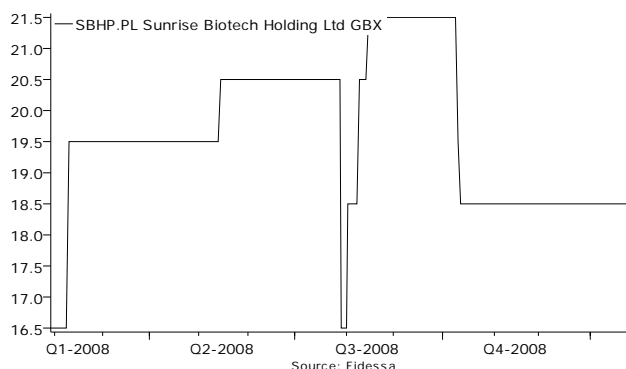


Stagecoach Theatre Arts				STA			Price p.	46.5
AIM				Theatre Arts			Cap £m	4.6
Y/E	Group	Network	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	Sales £m	Sales £m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	6.32	26.54	0.37	0.37	2.50	18.6	0.0	0.0%
2008A	6.33	28.47	0.71	0.71	5.04	9.2	2.0	4.3%
2009E	6.22	29.89	0.72	0.72	5.17	9.0	2.6	5.6%
2010E	6.26	29.96	0.73	0.73	5.26	8.8	2.7	5.8%

**SUNRISE BIOTECH HOLGING LTD**

Sunrise Biotech, an agricultural/food company that grows mulberry bushes and processes the crop for tea, health foods and animal fodder supplements, is new to our coverage list this month. The company has no obvious competitors, has a degree of patent protection, and is profitable and growing. It is the seventh largest company on the PLUS-quoted market.

Since our site visit in December, the company has been in talks with its Japanese distributor, Canariya, regarding the 2009 order book. Due to the benefits and the increasing popularity of mulberry fodder additives, the Japanese Ministry of Agriculture, Forestry and Fisheries will be holding a seminar in March 2009, highlighting the uses and benefits of mulberry fodder. Sunrise Biotech believes this will have positive impact on the company's product in Japan, and is therefore forecasting an increase in orders for 2009 and beyond.



We published a detailed initiation of coverage on Sunrise Biotech – Harvesting the Rewards on 21 January. Please call for a copy.

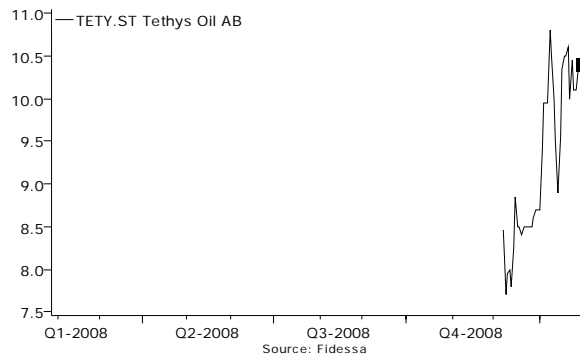
Sunrise Biotech Plus			SBHP Pharmaceutical & Biotechnology				Price p. Cap £m	18.5	72.8
Y/E	Sales	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield	
Dec	RMB m	£m	Profit £m	Profit £m	eps p.	ratio	p.	%	
2007A	56.3	3.70	2.25	2.26	22.54	0.8	-	-	
2008E	62.8	5.24	2.19	2.41	0.82	22.6	-	-	
2009E	71.1	6.47	2.92	3.04	1.08	17.1	-	-	
2010E	82.0	8.20	3.83	3.95	1.42	13.0	-	-	

**TETHYS OIL**

Tethys will participate in a two well drilling programme during spring of 2009 on Blocks 3 and 4 onshore Oman.

Preparations to drill the first well on the Farha South structure on Block 3, designated 'Farha South-3' are ongoing. The rig is currently being constructed on site and is set to spud in the first week of February.

Farha South-3 will be drilled 1.2 km South East of the Farha South-1 oil discovery and is designed as a vertical pilot hole to test the lateral continuity of the Lower Bashair sandstone which is expected to be encountered at a depth of around 1900m. On success of the vertical leg, a 700 metres horizontal sidetrack is planned with potentially an extended well test; subject to Omani governmental approval.



Based on data from previous operators, it is estimated that the Farha South structure could contain some 8 to 10 million barrels of recoverable oil with the discovery well having produced some of 260bbl of 40° API oil on test from the Lower Bashair formation back in 1986.

Once operations at the Farha South-3 have been completed Tethys and its partner will drill another well to appraise the East Saiwan heavy oil discovery on Block 4.

When drilled in 2005, the well East Saiwan-1 logged about 42 metres of oil saturated limestones and sandstones but although the section was evaluated by electric logs it was never flow tested. Previously, this oil was considered immobile; however, recent technical studies have indicated that this may be inaccurate and the oil could potentially be produced. Based on current data, technical calculations show that the East Saiwan area could have more than 1 billion barrels of oil in place.

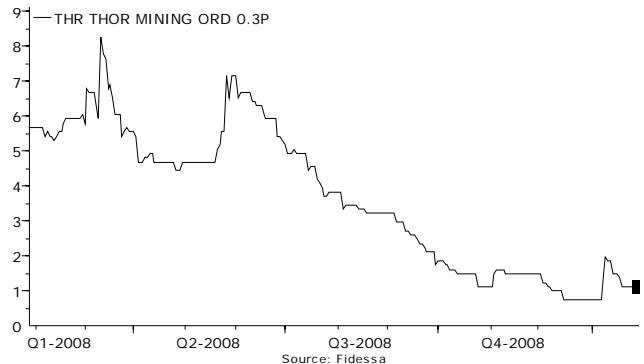
Tethys has a 50 per cent interest in Blocks 3 and 4 with Consolidated Contractors Energy Development (Oman) Ltd which works as operator and owns the matching 50 per cent.

At Jebel Aswad, processing of new 3D seismic data acquired in August and September 2008 has now been completed. Data quality from the 2008 acquisition appears to have been exceptional and new 3D seismic maps are being generated. Previous seismic coverage over the Jebel Aswad structure has consisted of relatively low resolution, patchy, 2D transects. This new data will be of great utility in designing the re-entry of the suspended JAS-2 well and future Jebel wells and will also increase confidence in reserve estimates.

Tethys Oil AIM	TETY.SE Oil				Price p. Cap £m	9.2 220.8	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	SEK m	SEK m	SEK m	eps SEK	ratio	p.	%
2006A	0.0	-29.8	-29.8	-1.94	-	-	-
2007A	0.0	-24.7	-24.7	-1.41	-	-	-
2008E	0.0	-8.3	-8.3	-0.37	-	-	-
2009E	No	estimates	at present				

**THOR MINING**

This Australian molybdenum specialist has secured a rig and is due to start drilling out a possible extension to its Molyhil orebody, probably within a week. Molyhil is in the Australian Northern Territory near Alice Springs. It has 2.2m tonnes of confirmed reserves and a completed engineering review. The excitement here is the possibility of this medium sized deposit being transformed into a large one by the extra drilling. Molyhil contains molybdenum (as is suggested by the name) and tungsten. There could also be additional revenues from magnetite. At present metal prices, the tungsten is the most valuable part of the resource.



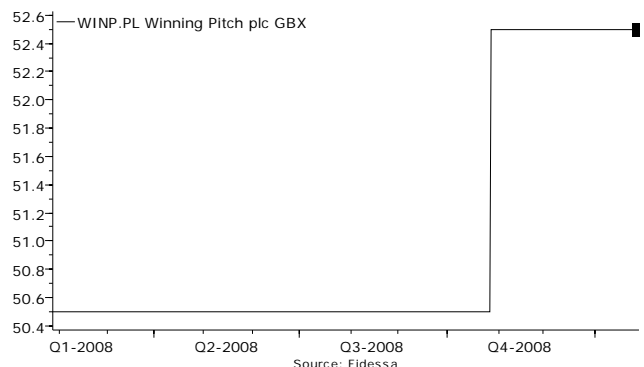
The managerial changes announced last summer have been reinforced, with chairman Mick Billing taking on the new title of Executive Chairman, and new arrival Ian Sheffield-Parker appointed Chief Executive Officer with overall responsibility for business operations but not being a member of the board.

Thor had £1.3m of cash in its balance sheet at end-June 2008. Earlier this month some additional funds were raised by a share issue to the London broking community. In due course we expect either a buy-in to the Molyhil project by a third part or a further share issue to provide additional liquidity. In this credit crisis, cash is king.

Thor Mining				THR	Price p.	1.1	
AIM				Mining	Cap £m	2	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	0.0	-1.4	-1.4	-1.27	-	-	-
2008A	0.0	-1.1	-1.1	-0.76	-	-	-
2009E		No estimates	at present				
2010E		No estimates	at present				

**WINNING PITCH**

With its full year results due out for release next month and a major contract to implement the team at Winning Pitch is all abuzz. We visited the company's offices in Manchester late last year and met with several key members of the company's team including Rob Briddock, Winning Pitch's Financial Controller, Simon Bailey, Head of Sales Talent Development, Brian Dormond, Projects Director and Steve Young, Director of Innovation. While there is plenty of focus on the company's recent £7.0m NWDA contract win, we came away reassured that there are plenty of other opportunities being pursued.

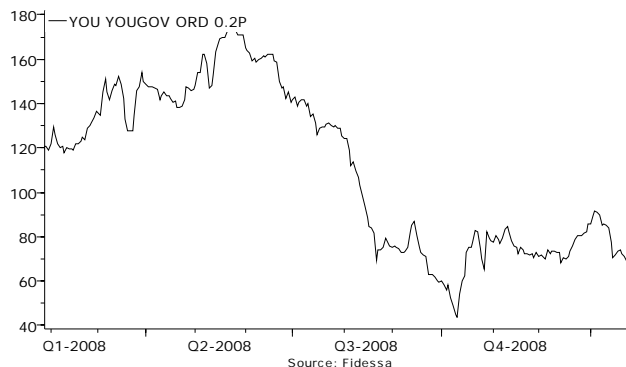


Winning Pitch				WINP	Price p.	53.0	
PLUS				Support Services	Cap £m	2.8	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A*	0.44	0.14	0.14	2.70	19.6	-	-
2008E	1.30	-0.03	0.10	2.00	26.5	-	-
2009E	2.30	0.24	0.24	3.70	14.3	-	-
2010E	3.50	0.67	0.67	10.30	5.1	-	-

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

**YUOGOV**

There has been no recent news from YouGov. However, news flow coming from others in the online market research space is all good. Last month Research Now announced growth in its revenues of 55% and operating profits up 120%. This positive momentum has been followed up by an announcement from BrainJuicer that revenues are up over 40% and operating profits are up 45%. The company is continuing to expand its presence internationally opening up an office in Switzerland and signing a licensing agreement in Australia while plans are in place to establish a presence in both Germany and Canada.



39,515 shares in YouGov were admitted to AIM in January following the exercise of options by an employee.

YouGov				YOU	Price p.	71.0	
AIM				Media	Cap £m	67.9	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
July	£m	Profit £m	Profit £m*	Basic eps p.	ratio	p.	%
2007A	14.3	5.6	5.6	6.3	11.3	-	-
2008A	40.4	4.0	7.9	7.7	9.2	-	-
2009E	50.3	7.3	9.8	7.9	9.0	-	-
2010E	No estimates at present						

Monthly February 2009

02 February 2009

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