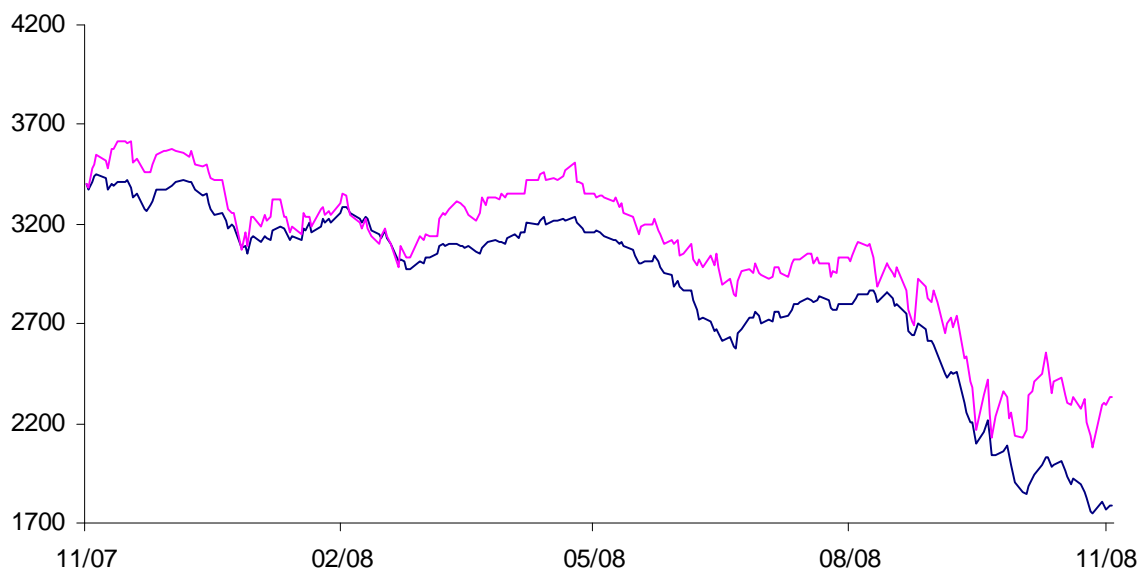


FTSE SmallCap vs. FTSE 100



Source - Fidessa

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

The world's three leading stock markets have established some kind of a floor. It is a pretty feeble floor to be sure, but London has bounced twice now from the 3,800 level, Wall Street has done the same at 7,500 and it has also been possible to make very good money in Tokyo on a one month timescale by buying the Index.

We head into 2009 in a state of genuine uncertainty about the direction of stock markets over the next twelve months. Not about the direction of the economy, for Britain, the US or indeed any major country – the twelve month outlook has never been clearer. But uncertainty about how much of the economic detritus facing us has been discounted. Markets, after all, discount events eighteen months in advance, so in terms of fundamentals the stock markets are attempting to determine a) have they adequately foreseen the depth of the depression ahead of us and its consequences and b) whether there will be a significant economic bounce-back from mid-2010 onwards.

There are three kinds of stock market floor. The first is the one that has been established now, which is the level at which short traders are tempted to close their positions and take their profits. In the case of November 2009, this has been reinforced by a small number of powerful investment managers having the guts to buy shares in companies at fire sale prices. The companies coming in for this attention, by the way, can be very tightly defined. They invariably have a defensive business model that suits an economy in full speed reverse, they have significant quantities of spare cash, and they are strongly cash generative. The rest of the stock market can go hang.

Market Indicator	Price	Previous Month Price	% Change in 1 month	Year High	Year Low
FTSE 100	4236	4377	-3.2%	6565	3853
FTSE Small Cap	1792	1939	-7.6%	3805	1792

The second kind of stock market floor is the one established by the general trading patterns of the average investment professional. This brings in the behaviour of the average institutional investment manager and private client broker. In the US and Japan it also involves the behaviour of the private investor – in the UK the private investor has been an irrelevance in all but penny stocks for thirty years now. Not all the professionals will be optimistic, but on the other hand there will not be an overwhelming pessimism or fear as there is at the moment. Heads need to come out of the sand, runs on funds need to end, and a market be re-established. At the moment, in many mid cap and small cap shares there is no market worth talking of, just a weighty stockpile of potential sellers who heartily regret having missed the opportunity to get out higher up.

Time alone will establish this floor. If we have another three months of the FTSE trading above 4,000, then heads – rightly or wrongly – will start coming out of the sand.

The third kind of stock market floor is the one that matters to directors of quoted companies and people working in corporate finance whose jobs are currently hanging by a thread. This is the floor at which eight and nine figure sums of money will become available once more for capital raising and acquisitions.

The markets have a real problem here. For a start, there has been a genuine destruction of value, not just a redistribution of wealth from the pockets of the overwhelmingly bullish to those who had the sense to be running short positions. Secondly, the banking rescues have sucked two years of normal capital raising requirements out of the system. There is simply no money left to finance anything else. This is one of the reasons why RBS is now 58% owned by the British Government. It is not just that the average investment manager (and small private shareholder in this case) thought it was a bad investment. There was just no money left.

Now that this money has gone into refinancing the banks it is not available for anything else. It is not available to fund the expansion plans (or repair the balance sheets) of ordinary industrial companies. It is not available for short term overdrafts or loans to industrial companies either. It has all gone, because the banks that took it would have been bust without it. To expect an immediate loosening of lending criteria as a result of these capital raisings is wishful thinking. The Government injection of £100bn a year into the national economy may sort this in the end, but as far as the banks are concerned, balance sheets still look rickety and vulnerable even after these injections of new cash. The banks need to hang on to this cash, regardless of what the Government says, and it is right that they do so.

Besides, too many of the companies with a screaming need for cash at the moment do not deserve to have it. Too many of them have been kept afloat in the past by capital raisings that were not justified – they have squandered the money given to them in the past and will do so again. 20% of the shares on AIM do not deserve to exist, let alone have a share quote. They have been kept going by a circle of vested interests – directors get salaries and fees even though the company has negative cash flow and makes a loss, NOMADs get their £50,000+ annual retainer, corporate financiers get fees, lawyers and accountants charge for preparing the documentation. It has been in nobody's interests to break up the dance.

These companies must go. The Stock Exchanges, and AIM in particular, should not stand in the way of this process. Indeed it could speed up the inevitable by withdrawing NOMAD qualifications from the City houses with the worst records in this respect.

The stock markets will bounce back, but not with the same companies that we have now. There is bloodletting to come at the large end as well as the small – there is just as much risk at the top end of the market as at the bottom. But at our end of the market, 90% of the small mining stocks will either disappear or go into hibernation, the IT stocks that have failed to grab their moment will be overtaken by new technology developed by the new generation of unquoted start-ups. The poorly run, and the adequately managed companies that have weak business models, will go under. There will be no hiding place.

At our end of the market, the game is the same as it has always been, to spot the Racal of 1980, the Capita of 1990, the Cairn Energy or Chemring of 2000. The upheaval has taken place, and the need now is to spot the new winners emerging out of the fog. This is not a time to be buying an Index.

ACCIDENT EXCHANGE

Accident Exchange issued a depressing trading statement in November. Dealers' nerves were not helped either by general market conditions or by the poor news issued by larger rival Helphire two days beforehand. We downgraded following the announcement and no longer expect a dividend this year. However, most of the negatives in the Accident Exchange statement were of a transitory nature, and there are interesting features at Accident Exchange for investors prepared to accept that this is now a high risk stock.



Rental days were up 11% over the summer. However, Accident Exchange specialises in high value cars that have poor fuel economy. The summer months saw petrol prices at 120p/litre compared to the current 88p/litre; not only was car use down heavily nationally but there was some evidence that people were switching to using a more economical second car where possible. It is a fair bet that most of Accident Exchange's rental growth was at the volume end of the market. The volume sector accounts for possibly 40% of its rental days at the moment (but substantially less than this in terms of revenue).

The reduction in petrol prices during the last few weeks will probably reverse this trend. More miles travelled by motorists, means more accidents, and cheaper petrol is likely to mean the more expensive, prestige car will come out of the garage more often. Also, the summer is always a weak trading period in this industry. Motorists don't crash as often in the summer, because the roads are dryer and there is more daylight. In the winter, with less daylight, ice snow fog and more rain, there are far more accidents, and therefore more demand for Accident Exchange's car hire.

The exceptional write-off of £12.5m in the value of the car fleet is a sensible move. It anticipates, and will almost certainly be confirmed by, a more formal valuation later on. It is certainly bad news, but does not threaten the viability of the company's business model. It is also, for the moment at least, a non-cash item.

The stock market's biggest concern about Accident Exchange is its debt. The non-working capital related debt has risen, but there is still £22.6m of headroom on the borrowing facility and all banking covenants are intact. Our view is that from the point of view of cash Accident Exchange is probably now in a happier position than Helphire. That may not be saying much, but with the market cap of the shares now being only just over one month's revenue, the City is pricing in far worse news than it is likely to get.

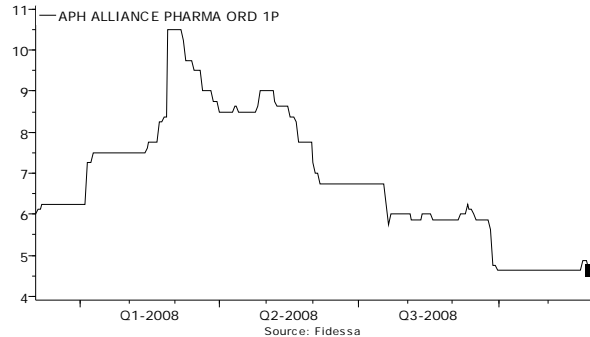
Accident Exchange				ACE		Price p.	14.5
Full List				Specialty Finance		Cap £m	10.3
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted Diluted eps	p/e ratio	Divi p.	Yield %
2007A	119.6	13.6	18.0	18.2	0.8	2.4	16.6%
2008A	165.2	12.1	16.1	13.8	1.1	2.7	18.6%
2009E	201.6	10.0*	11.1	7.3	2.0	0.0	0.0%
2010E	No	estimates	at present				

* Excludes £12.5m fleet write-down

ALLIANCE PHARMA

Sentiment on the Pharma sector is negative with investors generally perceiving the sector to be riskier than most. As in many other sectors, the sector is facing a round of redundancies. AstraZeneca has announced that 250 UK jobs are to go in a round that will see a total of 1,400 job losses over the next five years while GlaxoSmithKline has announced the loss of 850 R&D related jobs.

However, with Alliance's focus now on the trading side of its business as opposed to the R&D side the company is in a strong position to manage its progress through the current economic cycle. Debt is being paid down, interest coverage ratios are improving, debt repayment is manageable and the company's banking facilities do not need to be re-negotiated for at least another five years. On the p&l side sales of the company's brands are prescription driven as opposed to over the counter and this should provide a level of resilience to the consumer downturn.

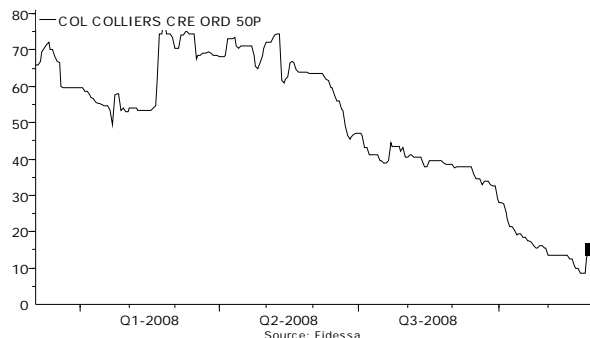


Alliance Pharma AIM				APH Pharmaceuticals		Price p. Cap £m	4.88 7.90
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted Basic eps p.	p/e ratio	Divi p.	Yield %
December							
2006A	17.3	0.49	0.49	0.32	15.2	-	-
2007A	18.2	-3.21	0.37	0.23	21.2	-	-
2008E	20.3	2.00	2.00	1.23	4.0	-	-
2009E	21.2	2.50	2.50	1.34	3.6	-	-

COLLIERS CRE

Colliers CRE shares have risen strongly over the past few weeks and at 15p per share are 76% higher than the recent low of 8.5p per share. The rise reflects both strong institutional buying on the back of weakness in the shares – AXA SA's holdings in the company have increased to greater than 21% and director's confidence – directors have acquired circa 1.2m shares in the last week either through the exercise of options or by direct purchase.

Colliers CRE is part of an international brand and many of the company's staff have lived through hard times before. Sir John Ritblat, Non-Executive Chairman, was an original founder of Conrad Ritblat & Co (the forerunner to Colliers CRE) and was Chair of The British Land Company from 1970 to 2006. Chief Executive, David Izett, has been with the company since 1994. Management have a wealth of experience and should be well placed to weather the current storm.

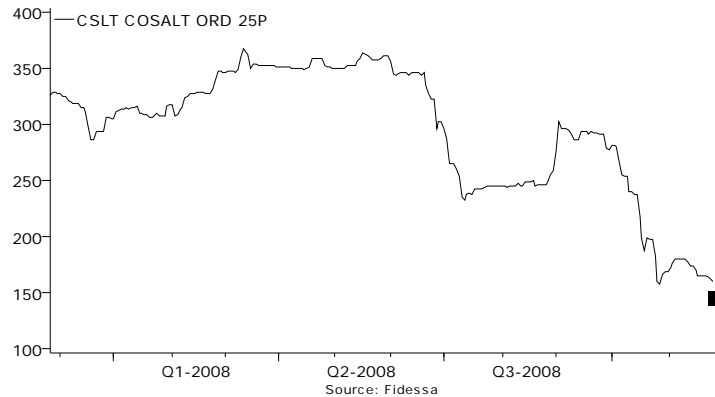


Colliers CRE AIM				COL Real Estate		Price p. Cap £m	14.5 6.5
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted Basic eps p.	p/e ratio	Divi p.	Yield %
December							
2006A	93.8	9.7	9.7	17.2	0.8	4.6	31.7%
2007A	117.5	12.2	9.4	11.8	1.2	5.0	34.5%
2008E	Estimates	under	review				
2009E							

COSALT

Management has been concentrating upon the core safety and protection businesses following the sale of the holiday homes and Banner activities. Cosalt is now focussed on legislation-driven end markets, and continues to trade satisfactorily. The company has an October year end and is in close period. No date has yet been announced for the annual results.

There is no logical reason behind last month's fall in the share price, which has been driven by one modest sized seller rather than fundamentals.



Cosalt Full List				CSLT Diversified Inds		Price p. Cap £m	144.0	35.4
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted Basic eps p.	p/e ratio	Divi p.	Yield %	
October								
2006A	124.0	1.91	2.01	10.41	13.8	18.75	13.0%	
2007A	66.9	0.07	1.00	3.10	46.5	12.0	8.3%	
2008E*	110.0	5.65	7.55	20.56	7.0	12.0	8.3%	
2009E*	125.2	7.57	9.67	26.32	5.5	13.0	9.0%	

All estimates are calculated on a continuing business basis

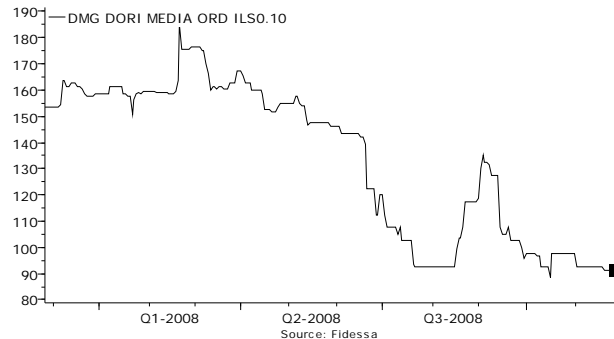
COUNTRY FOOD AND DINING

We are happy with progress here. Like for like sales are well up on a year ago. In the run up to Christmas a whole series of initiatives are planned, including a Tasting Week, carol singers, late night openings and marketing initiatives in nearby towns. A design team has just been appointed for the recently acquired Bath unit, and staff changes have been made since the purchase that should prove beneficial. A refit at Bath will take place early in the new year. For early 2009, management is planning a blitz on purchasing, where it feels savings are possible. Management is enthusiastic and we think the next year should be a good one.

Country Food and Dining is a chain of farm shops without a formal share quote at present. Fundraising for the latest round of EIS allowable capital is being undertaken by Smith & Williamson.

DORI MEDIA

Dori Media shares are currently trading at 91p and have done very little over the past month. There has been no company news in the period. The shares continue to look undervalued on a comparison with the media sector. More particularly they still trade below the ratings of independent production companies Shed (5x) and RDF (9x).

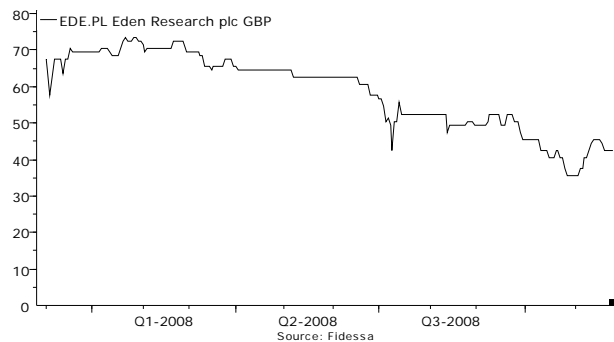


Dori Media AIM				DMG Media	Price p. Cap £m	91.0 18.6	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	US\$m	Profit USDm	Profit US\$m	eps USc.	ratio	Usc.	%
2006A	20.4	5.1	6.6	28.3	5.9	-	-
2007A	30.0	8.2	8.7	34.5	4.8	-	-
2008E	61.0	10.1	12.6	39.3	4.2	-	-
2009E	82.5	13.0	15.5	43.7	3.8	-	-

Adjusted profit excludes start up costs in Indonesia

EDEN RESEARCH

Eden Research, a leading UK agri-research company focused on terpene-based pesticide technology, is awaiting EU registration of its leading anti-botrytis product, 3AEY, with the PSD (Pesticide and Safety Directorate)'s approval expected shortly. We also expect new agreements with production and manufacturing firms in the wake of the one finalised with Cheminova last year – as in its Interims presentation, the company announced 'advanced discussions on-going with significant distributors to complete deals in other specialist markets such as Africa and Asia'.

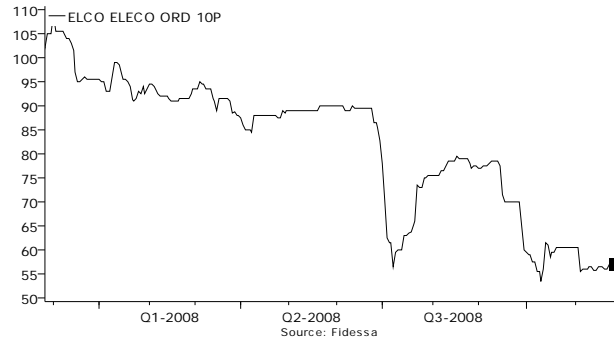


Eden Research PLUS				EDE Diversified Inds	Price p. Cap £m	42.5 21.8	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2006A	0.1	-3.7	-2.6	-5.6	-	-	-
2007A	0.4	-2.6	-2.2	-4.2	-	-	-
2008E	No estimates at present						
2009E	No estimates at present						

ELECO

Eleco's AGM statement revealed that turnover was up in the July-September quarter, but operating profits were down because of higher raw material costs and pressure on tender prices. We are reassured by the news of higher turnover; pressure on tender prices is inevitable and we think we have factored in these adequately in our model (although we are watching the situation). Higher raw material prices will be rapidly reversing now.

Only a small proportion of Eleco's workload is housing related. Pre-cast concrete, for student accommodation and budget hotels, is the biggest part of the business at the moment, and a lot of work here is public sector related. Because of this, we have left our estimates unchanged following the AGM statement. Eleco has net cash and is strongly cash positive. We are happy with this company.



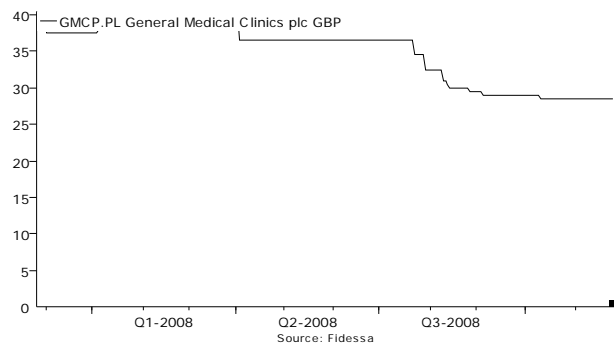
Eleco AIM	ELCO Diversified Inds					Price p. Cap £m	57.0 33.8
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
June							
2007A	61.9	5.9	5.9	9.3	6.1	2.5	4.4%
2008A	84.9	8.2	8.2	10.5	5.4	3.0	5.3%
2009E	92.0	8.2	8.2	9.8	5.8	3.1	5.4%
2010E	94.0	8.4	8.4	10.0	5.7	3.3	5.7%

2007 Actual Results restated for IFRS.

GENERAL MEDICAL CLINICS

General Medical Clinics PLC, the provider of primary health care services to companies and individuals in the City of London, is preparing its interim results for period ending in November 2008. Current trading is in line with the company's expectations. One of the company's largest clients has renewed its 'Company Doctor Scheme' contract for further two years.

Also, the company has finished its corporate in-house flu vaccination program, which was over 7,000 flu jabs. Refurbishment work of the Baker Street clinic is on schedule.

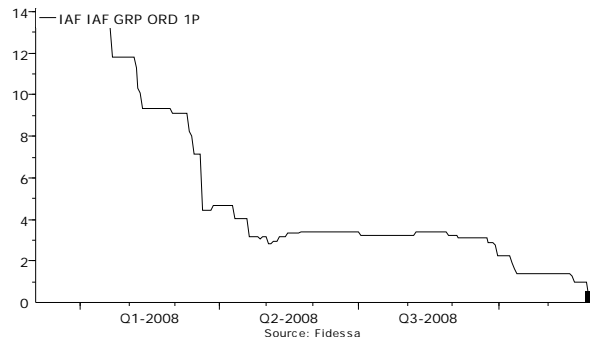


General Medical Clinics UK: PLUS	GMCP Healthcare					Price p. Cap £m	28.5 4.7
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
May							
2007A	6.40	0.36	0.48	2.5	11.4	0.0	0.0%
2008A	6.54	0.30	0.47	2.2	13.0	0.4	1.4%
2009E	6.90	0.46	0.50	2.1	13.6	0.6	2.1%
2010E	No	estimates	at present				-

IAF GROUP

IAF is to seek shareholder approval to delist from AIM and has warned that current year results will be below expectations. There is to be a shareholder vote at a General Meeting on 15 December to approve the proposal. 75% of the votes cast need to be in favour in order for the resolution to be passed. As 67.5% of the equity is held by three shareholders, the result of the vote is a foregone conclusion.

Trading conditions in the private client broker/corporate finance space are dire. We have reduced our estimates so that shareholders can vote using an up to date forecast; the forecast is entirely ours and we have had no access to company budgets.

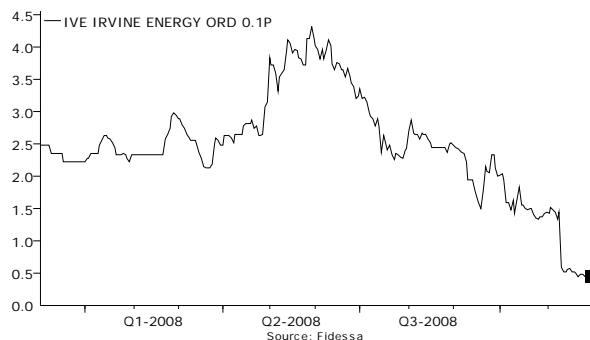


We believe that the decision to delist is the correct one. IAF Group's share price had reached a level where it was damaging the company's financial reputation and hindering its ability to transact business.

IAF Group					IAF			Price p.	0.3
AIM					Finance			Cap £m	0.3
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield		
June	£m	Profit £m	Profit £m	eps p.	ratio	p.	%		
2007A	1.19	-1.94	-1.94	-3.32	-	-	-		
2008A	1.48	-2.20	-2.20	-3.2	-	-	-		
2009E	1.5	-1.25	-1.25	-1.0	-	-	-		
2010E	No estimates at present								

IRVINE ENERGY

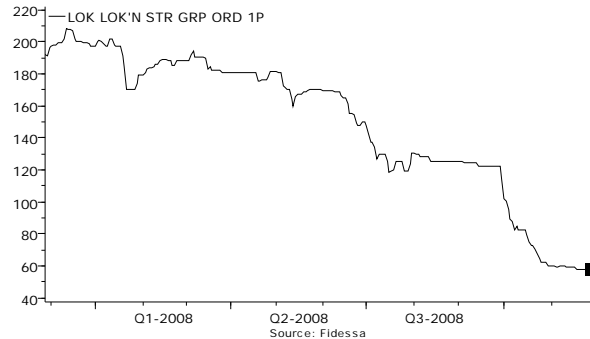
Irvine surprised us and the market recently by announcing that the company has incurred cost overruns on its seismic programme in Kansas which may result in a need to raise additional finance. In our view the company is asset rich but cash poor. The strategic review announced should allow it to release value from some operations and focus its cash on those projects with most potential while other funding options for additional finance remain on the table. Please see our note of 24th November, *Irvine Energy the latest position*.



Irvine Energy					IVE			Price p.	0.5
AIM					Oil & Gas			Cap £m	3.5
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield		
December	£m	Profit £m	Profit £m	eps p.	ratio	p.	%		
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	-	-	-	-		

LOK'NSTORE

Full year results were precisely in line with our forecasts and showed impressive forward movement on a like-for-like basis. Lok'nStore seems to be coming through this crisis with rather fewer bruises than the other self storage operators, because its customer base is heavily skewed towards small businesses and it has a relatively small proportion of house owners storing furniture between house moves. Lok'nStore has even managed to get through prices rises, of 4.2% on a like for like basis, at a time when like-for-like sales have been pushed up 8.4%.



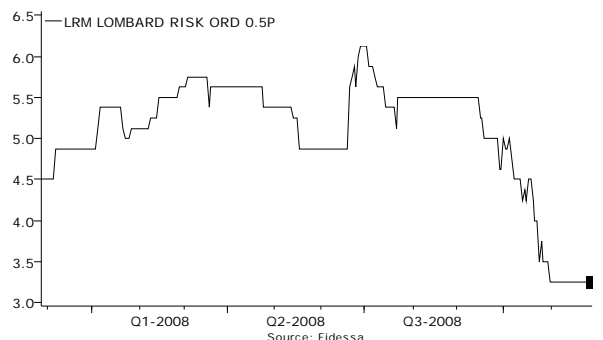
The balance sheet has changed over the last year.

Because of the expansion programme net debt has increased, and the external property valuation has come in with reduced values. Even so gearing stands at only 53.5% of properties at valuation, which is comfortable, and there is £14.6m of headroom on existing banking facilities, which run through to 2012. The shares are trading at a massive discount to NAV and embedded net asset value alike.

Lok'nStore AIM	LOK Support Services					Price p. Cap £m	57.5 15.4
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted Basic eps p.	p/e ratio	Divi p.	Yield %
July							
2007A	10.67	0.95	0.37	1.20	-	0.67	1.2%
2008A	10.83	-0.74	-0.31	-1.50	-	1.00	1.7%
2009E	10.24	-1.19	-1.19	-4.50	-	1.00	1.7%
2010E	10.71	-1.09	-1.09	-4.10	-	1.00	1.7%

LOMBARD RISK MANAGEMENT

Last month LRM announced that as a result of the recent turmoil in the financial sector there is likely to be a negligible reduction in turnover in the current year and a minimal reduction in turnover in the year to March 2010. Following an analysis of 27 financial institutions, seven of which are current customers of LRM, the company estimates a total impact of under £50,000 in the current year and an impact of less than £150,000 in the year to March 2010. While the company anticipates that there might be further consolidation or failure of institutions in the coming months the current economic environment should also provide LRM with opportunities given the "need to have" nature of LRM's compliance software and credit risk reduction tools.

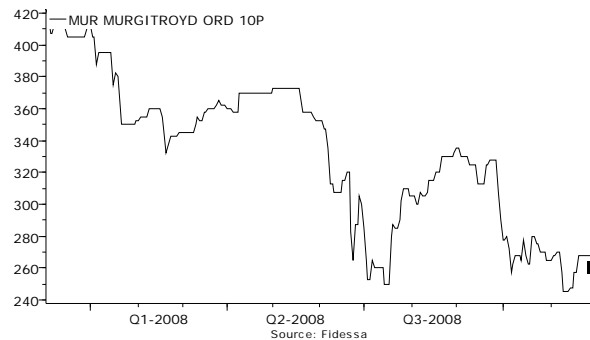


Lombard Risk Mgt AIM	LRM Software					Price p. Cap £m	3.25 4.4
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted Basic eps p.	p/e ratio	Divi p.	Yield %
March							
2007A	6.9	-1.3	-1.3	-1.0	-	-	-
2008A	8.5	-1.1	-1.1	-0.7	-	-	-
2009E	9.7	0.0	0.0	0.0	-	-	-
2010E	10.7	0.9	0.9	0.7	4.6	-	-

MURGITROYD

Murgitroyd Group announced this morning that the company has entered into non-binding Heads of Terms which may lead to an acquisition. The last acquisition made by the Group was that of Kennedys Patent Agency Limited in February 2008 with turnover of circa £3.3m, for which Murgitroyd paid total consideration of £3.4m.

In other news 275,000 options were issued last month to three Directors and other senior employees. These options are contingent on there being a greater than inflationary improvement in Group earnings so provides senior employees with an incentive to perform. Meanwhile, RWS Holdings announces its full year results on 11 December and we look forward to this update on the Intellectual Property sector generally.

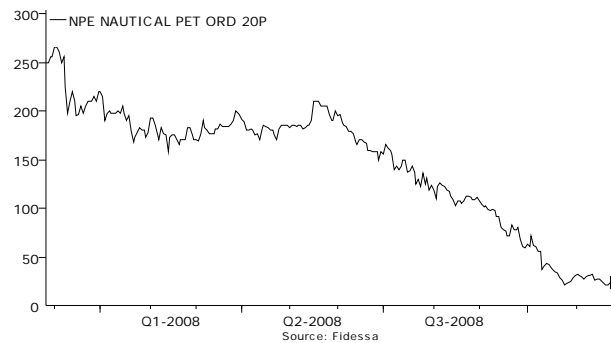


Murgitroyd AIM				MUR Support Services		Price p. Cap £m	267.5 22.7
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	£m	Profit £m	Profit £m	Basic eps p	ratio	p.	%
2007A	22.8	2.9	2.9	24.2	11.1	9.0	3.4%
2008A	25.7	2.9	3.1	25.3	10.6	9.5	3.6%
2009E	29.8	3.6	3.6	29.9	8.9	11.3	4.2%
2010E	31.3	3.8	3.8	31.9	8.4	12.0	4.5%

NAUTICAL PETROLEUM

Nautical Petroleum plc has released two significant pieces of news this month.

Operationally, drilling of the Hydra prospect has been postponed until 2009 due to bad weather in the North Sea and the high standby costs that Nautical would incur if the Company held the rig until drilling could commence. This is a sensible operational choice from an investor's perspective. Despite the frustration of the delayed 'result' we can see no benefit in potentially having doubled drilling costs with drilling delayed for weather reasons.



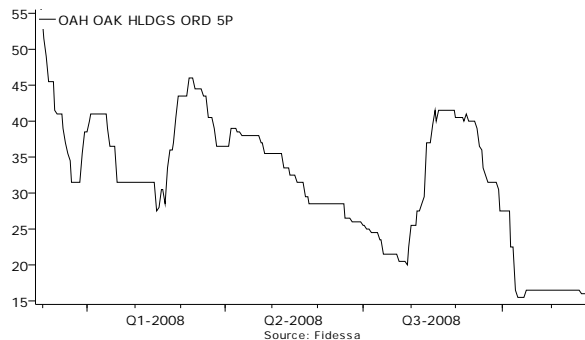
Going forward, the company has been offered 6 exploration/appraisal blocks in the UK 25th Seaward Licensing Round cementing a sizable acreage position in the northern North Sea and demonstrating the technical competence of management. We are currently assessing data pertaining to these newly offered licences.

One other snippet for investors: Nautical has granted options over 100,000 ordinary shares of 20.0p each in the Company to Mr Will Mathers, (the new finance director), under the Company's Share Option Scheme.

Nautical Petroleum AIM				NPE Oil		Price p. Cap £m	23.5 25.3
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
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

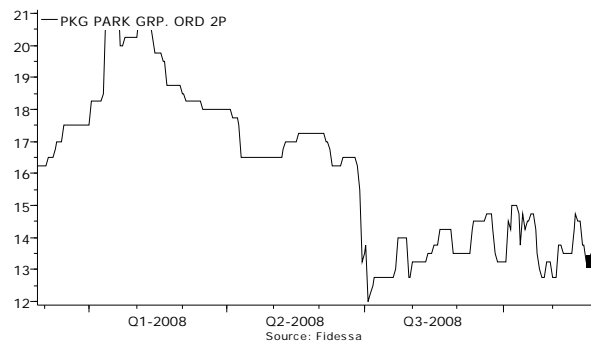
Last month we reported that Oak Holdings was planning a reconstruction of its share capital. This reconstruction has now been completed and 15.1m new ordinary shares of 5p each were admitted to the market on Friday 7 November. There have been no new updates on the development side.



Oak Holdings				OAH	Price p.	16.0	
AIM				Real Estate	Cap £m	2.4	
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

Park Group is in close period with interim results due to be announced on December 2. Shareholders will be watching to see how Park has invested the £100m of cash it had on short term deposit in the run up to its Christmas payout season. The Bank of England Base rate has been falling, but on the other hand LIBOR has spent much of the past two months at a record premium to Base Rate. Park Group has always been fastidious in the past about keeping its customers' cash in places that are of very high quality – AA or close. One thing is certain, Park Group's financial team has sidestepped all the recent financial disasters.



Park Group has defensive characteristics far greater than currently being recognised by the stock market. It is of particular interest to investment managers with an income requirement, and to private client stockbrokers whose portfolios have an income requirement.

Park Group				PKG	Price p.	13.3	
AIM				Consumer Finance	Cap £m	21.9	
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	3.3	1.2	9.1%
2008A	225.1	4.5	5.2	2.2	6.0	1.2	9.1%
2009E	255.2	6.4	6.4	2.8	4.7	1.3	9.8%
2010E	278.1	7.00	7.0	3.0	4.4	1.4	10.6%

PHOTO-ME INTERNATIONAL

Photo-Me International is in close period with its interim results likely to be announced in the second half of December. Photo-Me earns the bulk of its profits in H1, sometimes the whole of its profits in this period, because H1 covers the busy 'back to college' period when new photo ID is needed by students for a wide variety of purposes.

The dire economic conditions worldwide should have only a very limited impact on the dominant Vending Division, which consists of photobooths printing pictures for ID purposes, kiddie rides and other similar equipment. These take very small sums from each customer and should have only limited vulnerability to recession. The Manufacturing Division has been losing money and will continue to do so; current economic conditions will be hurting this division's original Minilab business, but this division has started to move into servicing and other added value areas, and Thierry Borel is therefore working hard to reposition this particular part of the business into more promising market areas.

Investors need to remember that a) the Vending Division is by far the larger part of the business and b) currency movements are enormously beneficial to the vending part of the business. Photo-Me International has strong cash flow, and we expect the Interim Statement to show that debt has reduced significantly since the end of the last financial year.

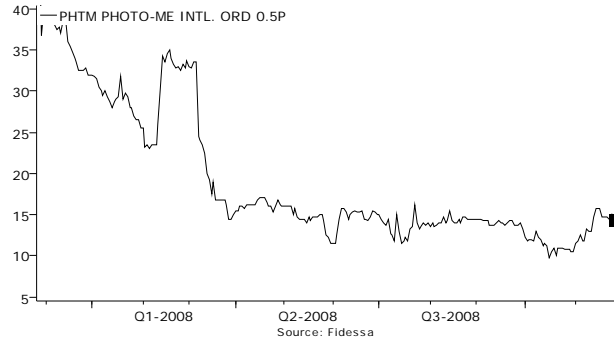


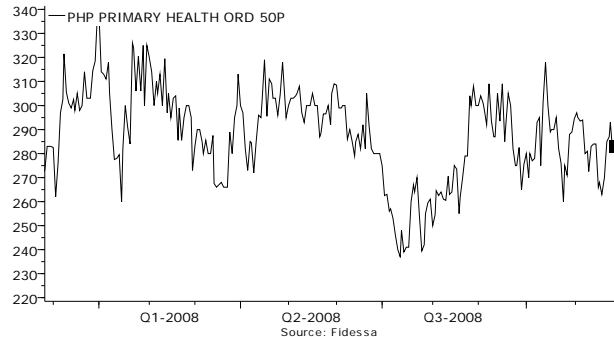
Photo-Me Full List				PHTM Support Services		Price p. Cap £m	14.5 52.1
Y/E	Sales	EBITDA	Adjusted	Adjusted	p/e	Divi	Yield
April	£m	£m**	Profit £m**	eps p.**	ratio	p.	%
2007A*	212.8	46.0	13.9	2.4	6.0	2.4	16.6%
2008A	209.6	35.8	-6.9	-2.0	-	-	-
2009E	210.4	36.4	1.1	0.2	72.5	-	-
2010E	202.2	38.5	5.8	1.1	13.2	-	-

*Restated by management for sale of US business **Before exceptional items

PRIMARY HEALTH PROPERTIES

November's Interim Management Statement was encouraging, stating that rent reviews concluded so far in 2008 have averaged a 12% increase over the three year rent review cycle. There is also £55m headroom left on the borrowing facility, with term facilities not due for renewal until 2013. Primary Health Properties is in absolutely no danger of breaching its covenants.

We believe that new lettings in the primary healthcare sector are still fetching yields of 5.75% - 6.0%. This is far enough below the company's cost of capital to give a healthy profit from the first day of letting.



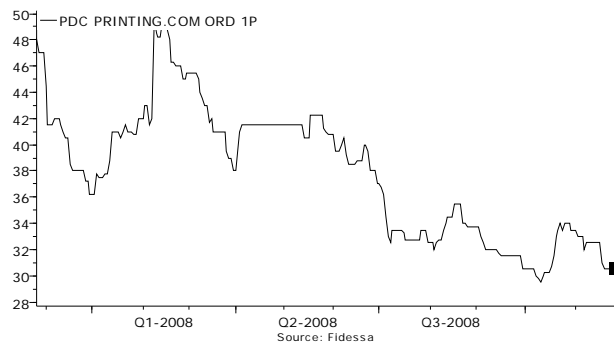
Primary Health Properties lets surgeries to GP practices on 18+ year leases. The lessees have extraordinarily good covenants, because GP practices have their rent costs reimbursed by their Area Health Authorities. The company therefore has a secure income stream looking 18 years forward, and these rents have in the past tended to move upwards at the rate of inflation. Borrowing costs are not fixed this far out, but on any reasonable assumption Primary Health Properties is offering a secure 6%+ yield that should rise over the years. The asset value is also well in excess of the share price, whether calculated on a market value or a DCF basis.

Primary Health				PHP			Price p.	282.8
Full List				Real Estate			Cap £m	95.0
12m to	Revenue (Rent etc)	Adjusted	Adjusted	p/e	Divi	Yield	N.A.V.	Premium/
end Dec	£m	Profit £m	eps p.	ratio	p.	%	P.	(Discount)*
2006A	12.2	2.5	11.0	24.0	14.25	5.0%	420	-37%
2007A	15.7	4.2	13.8	19.1	15.75	5.6%	369	-28%
2008E	19.1	5.5	15.2	17.4	16.50	5.8%	359	-26%
2009E	20.8	6.5	18.2	14.5	17.00	6.0%	359	-26%

*With properties at market value

PRINTING.COM

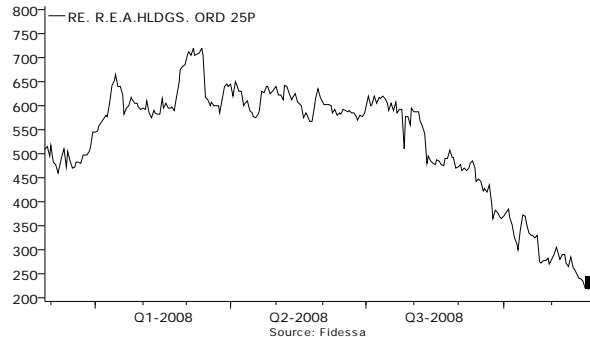
The Interim Statement was much as we expected, with retail sales, group turnover, profit, eps and EBITDA all higher. The company finished the half with no debt, and the modest reduction in operating margin was apparently due to an increase in provisioning rather than pricing pressure. Printing.com is a franchise based printing company specialising in servicing the small businesses that are the backbone of the British economy. These results show that the customer base is stable. In terms of number of franchises, Printing.com is currently selling through 271 units, compared to 249 at end March. Printing.com's shares have outperformed the small cap index over the past year, and have been a safe and reliable source of dividend income for private client brokers and for income orientated institutions.



Printing.com				PDC			Price p.	31.5
AIM				Retailing			Cap £m	14.8
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield	
March	£m	Profit £m	Profit £m	eps p.	ratio	p.	%	
2007A	12.1	2.3	2.3	3.4	9.3	2.50	7.9%	
2008A	13.5	2.4	2.4	3.5	9.0	3.00	9.5%	
2009E	14.3	2.3	2.3	3.5	9.0	3.10	9.8%	
2010E	16.2	2.7	2.7	4.1	7.7	3.20	10.2%	

R.E.A. HOLDINGS

The fall in R.E.A. Holdings' share price may appear dramatic, because it is down 68% from its peak. In reality, though, this has done no more than track – almost to the percentage point - the palm oil price. Palm oil is down from a peak of \$1,200/tonne to, at its lowest point at end-October, \$370/tonne. The good news is that during the last month palm oil has bounced 20% off its low point, driven by strong cash demand from far east buyers.



R.E.A. Holdings' management has reacted pragmatically to the lower price. No material new funds are being committed to land acquisitions for palm oil planting, and oil palm extension development is being limited to the completion of planting of areas in which development has already been initiated. As a result of this, the previous target for the total area under palm or under course of development of 45,000 Ha by end-2009 has been reduced to 30,000 Ha.

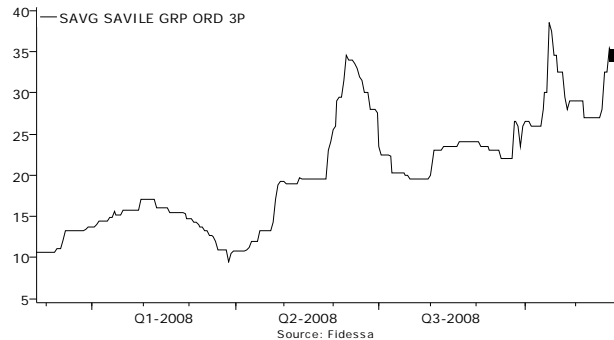
The issue of a further £15m of sterling notes with a redemption date of 2015/17 has put the company in a strong financial position. Bank debt is US\$15m, cash resources are US\$40m.

Latest news from the plantation, revealed in the November Interim Management Statement, was encouraging. The fresh fruit crop to end-October was about 10% ahead of budget and 20% above the corresponding period of 2007. Extraction rates, which had been slightly below budget, were running on target at 24% for the month of October.

R.E.A. Holdings				RE.		Price p.	228.5
Full List				Food		Cap £m	74.9
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	USDm	Profit USDm	Profit USDm	eps c/share	ratio	p.	%
2006A	33.1	19.76	11.06	17.8	23.5	1.0	0.4%
2007A	57.6	47.01	38.98	73.0	5.7	2.0	0.9%
2008E	No	estimates	at present				
2009E	No	estimates	at present				

SAVILE GROUP

Strong interim results from the largest quoted company in the outplacement industry, Penna (PNA) reinforced everything we have been saying about its quoted rival Savile Group. The industry is clearly in rapid expansion mode as companies pay to help find new careers for the staff that they are laying off in the current recession. In a new research note on the outplacement industry following the Penna results, we stated that the industry could double in size over the next two years.



Interestingly, there is no evidence yet of prices firming up because of the increased demand. We would expect to start seeing this before long. Savile, and other companies in this space, are meanwhile working at providing a seamless HR service that will be of use to large company HR departments in times of both recession and growth.

Savile Group has applied for court approval to eliminate the deficit in its p & I reserves to enable it to pay a dividend in the current year. At present a dividend is not in our forecasts, but we are watching the situation carefully. Chairman Jonathan Savile has been more than watching – he has been buying shares.

Please call for our latest research note.

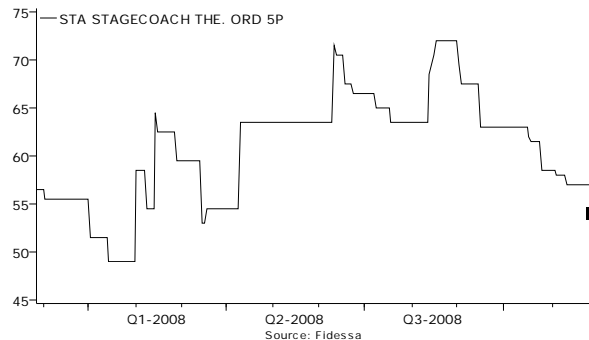
Savile Group					SAVG	Price p.	34.5
UK:					Support Services	Cap £m	5.1
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	5.10	-0.19	0.21	2.2	15.8	-	-
2008A	7.00	0.72	0.90	6.0	5.7	-	-
2009E	9.13	1.28	1.30	5.3	6.6	-	-
2010E	10.78	1.66	1.68	6.76	5.1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

STAGECOACH THEATRE ARTS

Stagecoach operates a franchised network of out-of-school performing arts classes for children. It has no debt, and it has a healthy cash balance. The impact of the recession so far has been limited to a very modest reduction in average class size and a softer market for re-sales of existing schools to new prospective franchisees along with fewer new subsequent school openings.

The success of the management team's strategy over the past 18 months to restructure the group's operations and reduce overheads has been further borne out, with the Stagecoach USA subsidiary moving into the black this half-year to date, and the SportsCoach and Mini Stages franchise networks no longer being a drain on resources and contributing to operating profits. Such restructuring and cost reductions have more than compensated for the estimated £25,000 loss in profits due to the small fall in average student numbers per class.

We have eased back our estimates for the year to May 2010 to take account of the worsening general economic conditions, and whilst management and its franchise network consider price rises in tuition fees for 2009/10. Typically fees have increased in line with inflation each year. We are happy with our y/e May 2009 estimate, which we think is in the right place because of the satisfactory trading so far this year. Our estimates show gentle forward movement for both years.

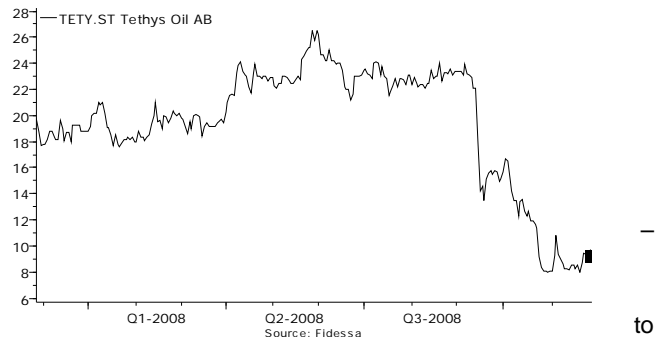


Stagecoach Theatre Arts				STA		Price p.	54.0	
AIM				Theatre Arts		Cap £m	5.3	
Y/E	Group	Network	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	Sales £m	Sales £m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	6.32	26.54	0.37	0.37	1.71	31.6	0.0	0.0%
2008A	6.33	28.47	0.71	0.71	5.10	10.6	2.0	3.7%
2009E	6.46	30.03	0.72	0.72	5.16	10.5	2.1	3.9%
2010E	6.59	31.63	0.76	0.76	5.45	9.9	2.2	4.1%

TETHYS OIL

Tethys Oil has announced its results for the first nine months of 2008. Losses came in at (3,759) TSEK with 4,872 (TSEK – 3,755) in Q3. Forex effects (TSEK 5,435) dominate this third quarter gain relating to the strengthened US dollar in relation to the Swedish krona. The majority of these exchange rate gains were in fact translation differences and are non cash related items.

Earnings per share amounted to SEK – 0.17 (SEK 1.23) for the first nine months 2008 and SEK 0.20 (SEK – 0.21) for the third quarter. Cash and cash equivalents as per 30 September 2008 amounted TSEK 66,991 (TSEK 12,252)



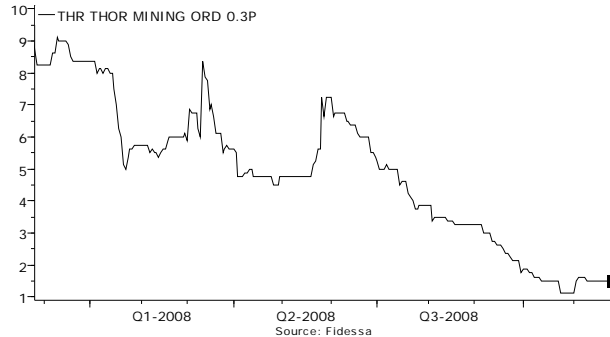
The Dubai International Financial Exchange (DIFX) is currently developing a listing framework for mineral exploration companies. Once the above rules are completed and approved, Tethys Oil may continue with its application to list on the DIFX.

Beyond the bare financials Tethys also announced that Dana Petroleum has secured a rig to drill the spud the first well, the Tafejart-1 on the Bouanane licence in Morocco on behalf of the partner group. The rig is currently drilling a well for another operator in Morocco and once finished there will be mobilized to Bouanane. Tethys has a 12.5 per cent interest in the Bouanane licence and is carried for the first MUS\$ 12 of drilling costs.

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

The molybdenum price has nosedived, from \$33/lb to \$8/lb since mid-September for molybdenum oxide FOB North America, and this will impact all new Mo developments worldwide. Thor has a certain amount of protection, because of other income streams from its Molyhil prospect - tungsten and magnetite. But the price shift is an adverse development nonetheless. The company has made no formal statements since its Annual Report was published in October.

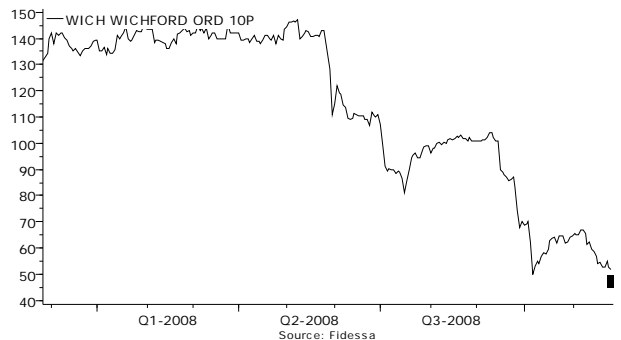


There is better news for Thor from the uranium market – Thor has an interesting uranium prospect, though it is not as far advanced as Molyhil. After sliding since January, the U₃O₈ price has bottomed out in no uncertain manner. It now stands at \$55/lb, which is up 40% in the last six weeks.

Thor Mining				THR		Price p.	1.5
AIM				Mining		Cap £m	2.2
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	-1.3	-	-	-
2008A	0.0	-1.1	-1.1	-0.8	-	-	-
2009E	No	estimates	at present				
2010E	No	estimates	at present				

WICHFORD

Wichford's final results as at 30 September 2008 are due mid December. The update on the company's NAV which will be provided on that occasion should be especially useful to investors at a time of strong perceived uncertainty regarding property valuations, given the lack of liquidity in the property market. Beyond this, we still believe that Wichford's business model focused on long-term government occupiers, is robust. Wichford's stock currently shows an attractive dividend yield. This is all the more the case as the share price sharply fell early October on the announcement that interest rate swaps on the company's debt with Lehman Brothers vehicles may no longer be valid, and it has not recovered since then.

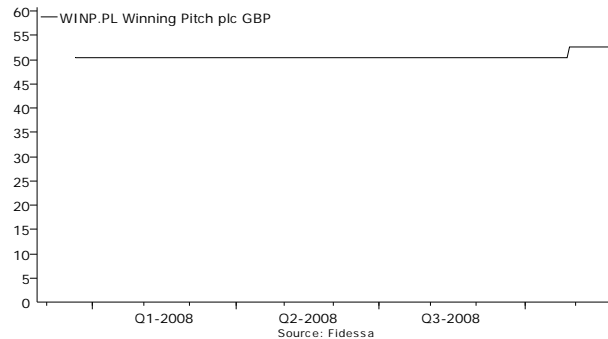


Part of the share price fall was justified because Wichford 'rebased' its dividend from the 10.2p paid in f/y September 2007 to '7p to 8p', but much of the rest was due to fear of contamination by association, and was an over-reaction.

Wichford				WICH		Price p.	48.3
Full List				Property		Cap £m	64.5
Y/E	N.A.V	Declared	Trading	Trading	Premium /	Divi	Yield
September	p.	PBT £m	PBT £m	Eps p.	Disc to NAV	p.	%
2006A	217	52.9	8.0	8.1	-37%	9.5	19.7%
2007A	208	-9.6	11.6	9.7	-35%	10.2	21.1%
2008E	121	96.1	12.0	9.0	-18%	7.0	14.5%
2009E	132	31.0	12.1	9.1	-17%	7.5	15.5%

WINNING PITCH

We have updated our forecasts for Winning Pitch following the company being awarded a £7.0m contract by the Northwest Regional Development Agency. The award of this contract, against international competition, clearly demonstrates Winning Pitch’s capacity for handling contracts of size and provides the company with a springboard for future growth. We are looking for turnover in the year to 30 September of circa £1.3m, increasing to £2.3m in 2008 and £3.5m in 2010. Further contract wins will only add to this top line. Please refer to our note of 24 November for further information.

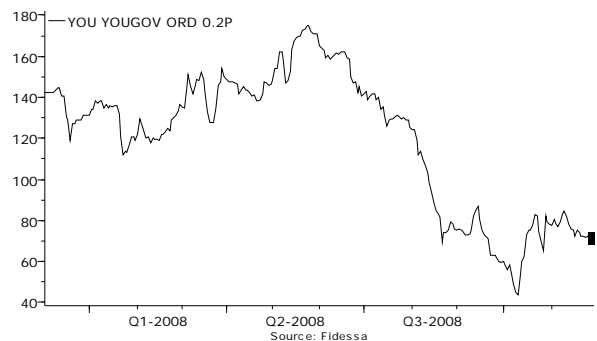


Winning Pitch PLUS				WINP Support Services		Price p.	52.5
						Cap £m	2.7
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A*	0.44	0.14	0.14	2.70	19.4	-	-
2008E	1.30	-0.03	0.10	2.00	26.3	-	-
2009E	2.30	0.24	0.24	3.70	14.2	-	-
2010E	3.50	0.67	0.67	10.30	5.1	-	-

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

YOUGOV

YouGov’s shares have risen close to 60% from a low of 44.75p just prior to the release of the company’s full year results on 13 October to the current 71.25p per share. One of YouGov’s more recent polls is particularly pertinent to the current environment – an estimated six million people apparently find themselves “constantly struggling” or “falling behind with commitments” and some “42% of people are buying own label or value brands”. These findings provide a taste of what YouGov’s forthcoming “Recession Tracker” is likely to reveal.



Research Now, has just put out a pre-close trading update, in which the company has announced growth in its revenues of 55% and operating profits up 120%, some 10% above market expectations. Demand for the company’s online fieldwork and panel services remains strong despite the current economic conditions and this can only auger well for YouGov.

YouGov AIM				YOU Media		Price p.	71.3
						Cap £m	68.2
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	9.3	-	-
2009E	50.3	7.3	9.8	7.9	9.0	-	-
2010E	No estimates at present						

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