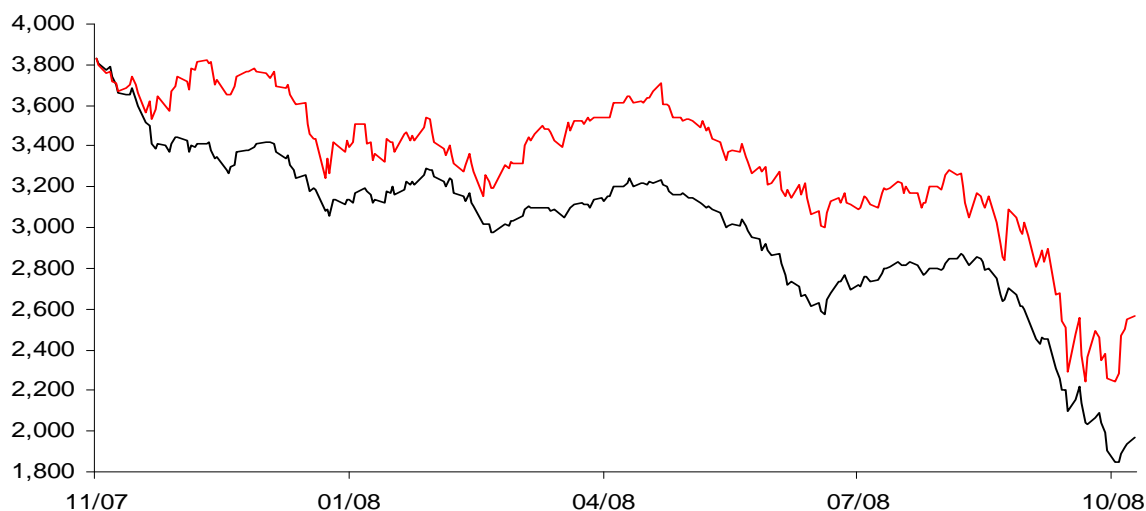


FTSE 100 vs. FTSE SmallCap



Source - Fidessa

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

The stock markets fell severely in October, as credit markets froze, fuel and commodity prices slid on the prospect of a global recession, and hedge funds exacerbated trends by unloading massive stakes. The financial crisis that started in the US last year with a rise in defaults of sub-prime mortgages is still ongoing. Lending among financial institutions, essential for economies to function, was strongly affected after Lehman Brothers' bankruptcy at the end of September sparked concern that more banks would fail. Following this, governments around the world have injected liquidity into the markets. The lack of liquidity has not yet eased, however, as evidenced by record gains in the US dollar during the month. Furthermore, the failure of government intervention in restoring confidence has created malaise among investors.

These negative macro trends have led to a preference for bonds over stocks, given stocks higher perceived risk and stronger sensitivity to growth factors. Small-cap stocks have been the most affected as factors supporting their relative strength so far have faded and their intrinsic risk is higher (the drop in the FTSE Small Cap was 21.2% versus 11.8% for the FTSE 100 over the last month). The rise in risk aversion affecting the stock market in general has disadvantaged small caps given their generally higher liquidity risk and lower visibility of future earnings.

We are, however, believers in flight to quality and selective buys grounded in good fundamentals. Recent developments regarding the takeover of Volkswagen by Porsche send a clear signal that there are still good stocks to buy, regardless of adverse general trends. Examples of this in the small cap arena (as in the large cap arena) include those companies with healthy cash balances, little in the way of debt, good earnings growth, good income yields and low PEG ratios.

A number of companies within our portfolio fit this general profile – for the first time in many years we are seeing our companies trading on prospective price to earnings ratios at levels where even Warren Buffett might be considering buying!

Market Indicator	Price	Previous Month Price	% Change in 1 month	Year High	Year Low
FTSE 100	4377	4960	-11.8	6565	3853
FTSE Small Cap	1939	2459	-21.2	3805	1850

ACCIDENT EXCHANGE

In accordance with established practice we expect Accident Exchange to issue a pre-close trading update in early/mid November ahead of its full year 2008 results announcement.

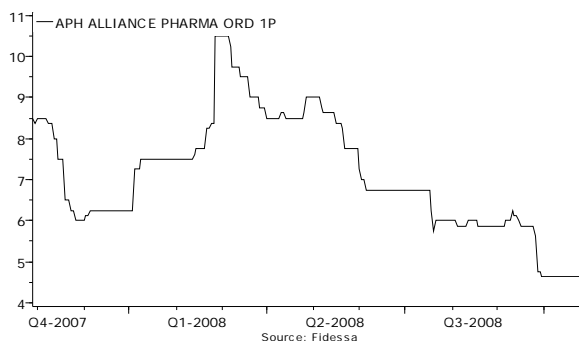
The share price has remained weak over the past month as the investment community awaits news on cash collections, and critically whether the group is now in cashflow positive territory. Followers of the company will also be looking ahead to the re-pricing of the group's £50m Convertible Loan Note Issue in January 2008. Our fully diluted eps estimates below assume conversion takes place at the current worst possible conversion price of 74.5p. It goes without saying that the share price will have to rally strongly over the next few months if shareholders are to avoid further dilution.



Accident Exchange				ACE	Price p.	30.0	
Full List				Specialty Finance	Cap £m	21.3	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
	£m	Profit £m	Profit £m	Diluted eps p.	ratio	p.	%
2007A	119.6	13.6	18.0	18.2	1.6	3.0	10.0%
2008A	165.2	12.1	16.1	13.8	2.2	2.5	8.3%
2009E	201.6	19.4	20.5	13.5	2.2	3.0	10.0%
2010E	No	estimates	at present				

ALLIANCE PHARMA

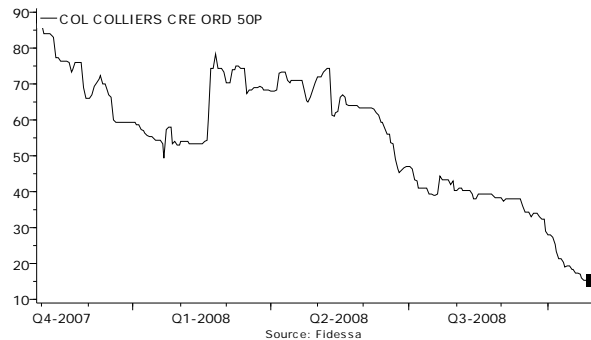
Despite announcing at its results release in September an increase in turnover of close to 28%, profit up 72% and cash generated from operating activities up 73%, Alliance Pharma's share price has fallen by 23%. At 4.625p per share the shares are now trading on a prospective p/e multiple of 3.5x in a sector where the average prospective p/e ratio is 12.2x. Negative sentiment on the stock likely reflects Alliance's debt burden. However, the company has changed its strategy, is now generating strong cash flow, and is paying its debt down. Clearly the Directors think there is a good case for buying at these levels with Richard Wright, the company's Finance Director, recently purchasing 100,000 shares, Andrew Smith, a Non-Exec, adding 40,000 shares to his portfolio and Michael Gatenby, Alliance's Chairman, adding a further 220,000 shares.



Alliance Pharma				APH	Price p.	4.625	
AIM				Pharmaceuticals	Cap £m	7.5	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2006A	17.3	0.49	0.49	0.32	14.5	-	-
2007A	18.2	-3.21	0.37	0.23	20.1	-	-
2008E	20.3	2.00	2.00	1.23	3.8	-	-
2009E	21.2	2.50	2.50	1.34	3.5	-	-

COLLIERS CRE

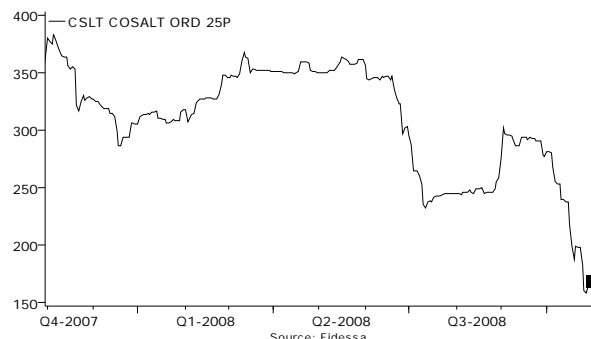
There has been no news flow from Colliers CRE this month. However, we note that Metrovacesa, the Spanish company which acquired the HSBC tower in London last year, and for whom Colliers CRE acted, is now reported to be trying to sell the building back to HSBC. An £810m bridging loan taken out to enable the purchase of the HSBC tower is due to expire on 27 November and Metrovacesa is examining all of its refinancing options. Any sale is likely to result in a substantial capital loss for Metrovacesa. We also note that Savills has put out an updated trading statement announcing that "in light of weaker economic conditions we expect underlying profit before tax to be below the current range of analyst forecasts" despite continuing cost cutting measures. The outlook remains depressed.



Colliers CRE				COL		Price p.	15.5
AIM				Real Estate		Cap £m	7.0
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2006A	93.8	9.7	9.7	17.2	0.9	4.6	29.7%
2007A	117.5	12.2	9.4	11.8	1.3	5.0	32.3%
2008E	90.4	3.0	3.0	3.4	4.6	-	-
2009E	91.8	5.3	5.3	6.6	2.3	-	-

COSALT

Cosalt has announced the disposal of its last, and biggest, non-core business Holiday Homes. The business – including the high end custom lodges business and two freehold factories – has been transferred to Venture Capital specialists the Endless Group for a 'nominal' cash consideration on a debt and cash free basis. At the half year stage the value of the net assets in the Holiday Homes business were £11m, including the two freehold factories at £2.4m. As part of the deal, Endless Group will inherit £11.1m of liabilities. Cosalt will retain the division's debt. It will also retain property valued at approximately £3m.



The transaction will result in a one-off loss on disposal of £15.1m being taken below the Net Profit Line as a Discontinued Activity. Including the Banner disposal, the total loss on discontinued activities for the year will be approx £22.3m.

Cosalt has taken a heavy hit on the disposal but trading conditions in the Holiday Homes marketplace are dire at present (NCC figures show the market was down 40% in September) so retaining the business would have exposed the group to further, potentially significant, trading and cash losses. Strategically, the disposal leaves management free to concentrate on growing the group's non-cyclical marine and offshore safety and protection businesses. Both these businesses operate in legislation-driven end markets and continue to trade strongly.

Cosalt				CSLT		Price p.	169.0
Full List				Diversified Inds		Cap £m	41.6
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	16.2	18.75	11.1%
2007A	66.9	0.07	1.00	3.10	54.5	12.0	7.1%
2008E*	110.0	5.65	7.55	20.56	8.2	12.0	7.1%
2009E*	125.2	7.57	9.67	26.32	6.4	13.0	7.7%

All estimates are calculated on a continuing business basis

COUNTRY FOOD AND DINING

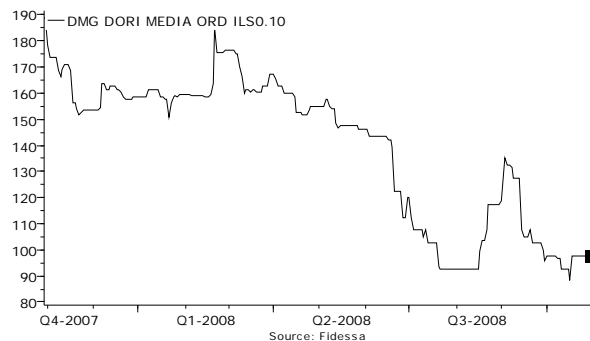
We have produced a new research note on Country Food and Dining, the unquoted farm shop chain being promoted by Smith & Williamson. The first unit has traded well, with impressive like-for-like sales increases, and is profitable before allowance is made for central overheads. Site development work is having a favourable impact. The second site appears to be a sound purchase and has a lot of potential. Experience with the first two sites has confirmed the belief of the directors (and us) that the concept of a chain of farm shops has a great deal of potential, even in the current economic environment.

David Bruce, the man behind the Slug & Lettuce and Firkin pub chains, and until midsummer the Chief Executive of the AIM quoted Capital Pub Company, is the Non-Executive Chairman. He is a man with a strong track record and a good investor following.

We like this company, are pleased with its progress to date, and think investment professionals and IFAs will find a great deal to interest them here.

DORI MEDIA

It's been a starry month for Dori Media as two of the company's Telenovelas have been nominated for international Emmy awards. This year for the first time the Emmys include a new Telenovela category, in which Lalola is one of four nominees. (The increasingly global nature of Telenovela is reflected in the fact that the four telenovelas nominated come from Argentina, Brazil, Russia and Jordan.) Patito Feo has been nominated in the Children and Young people category. The awards will be made on 24 November 2008.



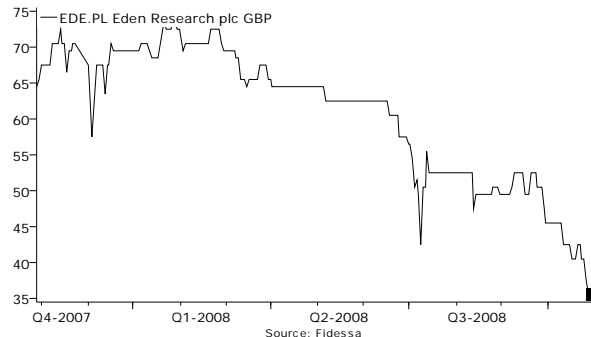
Dori also launched a new youth telenovela, 'La maga' (the sorceress) at Mipcom Junior. It will feature animation as well as live action, putting it at the cutting edge of modern Telenovela.

Dori Media				DMG		Price p.	97.5
AIM				Media		Cap £m	19.9
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2006A	20.4	5.1	6.6	28.3	6.3	-	-
2007A	30.0	8.2	8.7	34.5	5.2	-	-
2008E	61.0	10.1	12.6	39.3	4.5	-	-
2009E	82.5	13.0	15.5	43.7	4.1	-	-

EDEN RESEARCH

Eden Research is still well on track for the EU registration of its leading anti-botrytis product by the end of this year. There have been no other reported developments from the company this month.

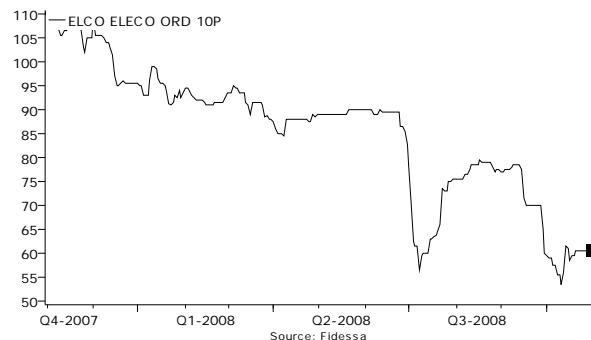
The accelerating growth in food demand, driven by demographics and by economic growth in Asia and China, combined with various factors which are slowing the growth in supply, is resulting in a shortage in food supply, sending food prices to record highs. At the same time, awareness of the dangers posed by traditional pesticides has increased and some pesticides are getting banned as suspected carcinogens. Eden Research is well positioned to benefit from these trends.



Eden Research PLUS				EDE Diversified Inds		Price p. Cap £m	35.5 18.22
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
December							
2007A	0.1	-3.7	-2.6	-5.6	-	-	-
2008A	0.4	-2.6	-2.2	-4.2	-	-	-
2009E	No estimates at present						
2010E	No estimates at present						

ELECO

The Annual Meeting takes place in early November, and we expect Eleco to take advantage of this situation to issue an update on current trading. The share price has been knocked back in recent weeks in line with every other company in the sector. However, only 15% of Eleco's workload is from the UK or Irish housing sectors, and the largest profit earner at present is the pre-cast concrete operation, where Eleco has built up a strong market position in student accommodation and other public sector work. Also, the software operations are not only profitable but have considerable potential to move forward rapidly.



The balance sheet is strong, with net spare cash, and we like this company.

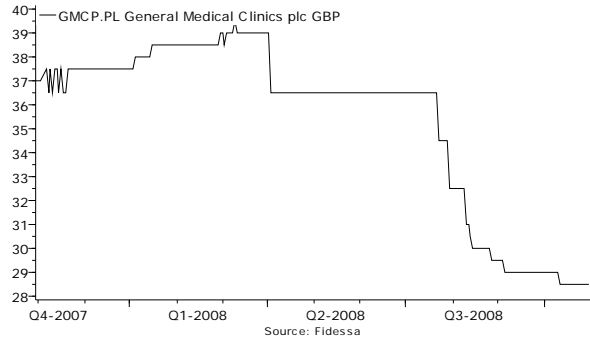
Eleco AIM				ELCO Diversified Inds		Price p. Cap £m	60.5 35.9
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
June							
2006A	61.9	5.9	5.9	9.3	6.5	2.5	4.1%
2007A	84.9	8.2	8.2	10.5	5.8	3.0	5.0%
2008E	92	8.2	8.2	9.8	6.2	3.1	5.1%
2009E	94.0	8.4	8.4	10.0	6.1	3.3	5.4%

2007 Actual Results restated for IFRS. 2006 results are UK GAAP and not directly comparable.

GENERAL MEDICAL CLINICS

General Medical Clinics PLC held its Annual General Meeting this month and all resolutions were passed, including the approval of the company's maiden dividend of 0.4p per share.

General Medical Clinics also stated that trading for the current financial year is encouraging. The company is seeing increasing activities and revenues compared to last year. General Medical has increased its focus on marketing activities while maintaining its tight control on central overheads going forward. The result of marketing is being seen in several new clients using General Medical's services and cross selling to existing clients.

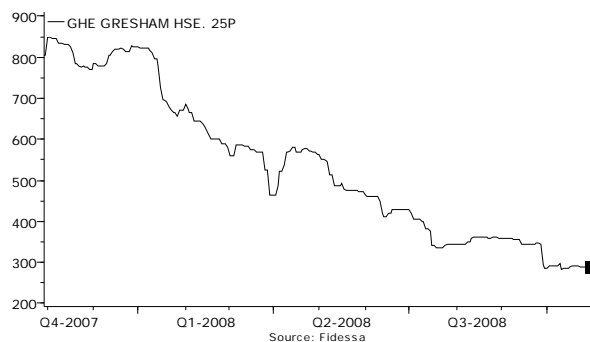


We visited the site of the company's planned Baker Street Clinic earlier this month. The clinic, which is in a very visible location, is undergoing refurbishment work and the presence of the site is already acting as direct marketing to the people in this office building. The clinic is expected to be open in January 2009.

General Medical Clinics				GMCP		Price p.	28.5
UK: PLUS				Healthcare		Cap £m	4.7
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
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				-

GRESHAM HOUSE

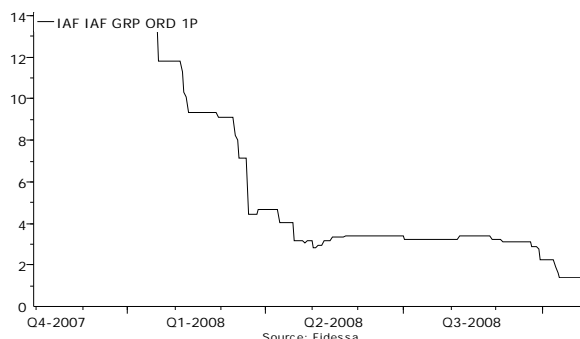
In our note on Gresham House plc, the UK's oldest Investment Trust, which we released in September we noted that the Trust was in an ongoing dispute with a major shareholder, Parkwood Property Investments. Subsequent to our note, the Chairman and Managing Director of Gresham House, Mr Alfred Stirling and Non-Executive Directors, Mr Nicholas Rowe, Mr Thomas Rowe and Mr Richard Lane have resigned. Mr Derek Lucie-Smith, a Partner at Parkwood, has been appointed as Chief Executive Officer, Mr John Lorimer, also of Parkwood, has been appointed as Property Director while Mrs Rosemary Chopin-John, a Trustee of the Rowe Trust, has been appointed as a Non-Executive Director.



Gresham House				GHE - Equity		Price p.	287.5
UK: FULL LIST				Investment Instruments		Cap £m	14.1
Y/E	Income	Declared	Adjusted	Declared	NAV/Share	Divi	Yield
Dec	£m	Profit £m	Profit £m	eps p.	p	p.	%
2006A	3.29	7.21	0.43	131.7	902.4	6.0	2.1%
2007A	2.80	-4.01	-1.01	-58.9	837.9	5.0	1.7%
2008E	No	estimates	at present				
2009E	No	estimates	at present				

IAF GROUP

The turmoil in the stock market over the past month means that no investors are currently looking at quoted stockbrokers – this is the least loved sector in the market at present. This ought to attract contrarians. We shall produce an updated research note, with new estimates, shortly.

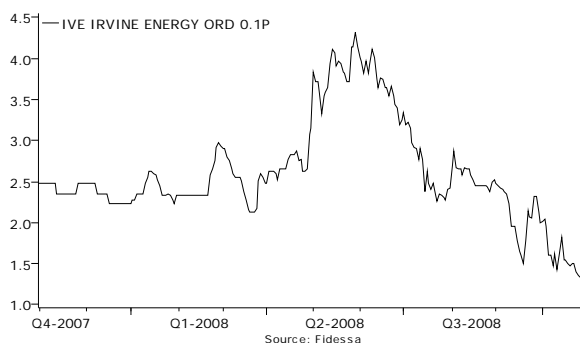


IAF Group				IAF		Price p.	1.4
AIM				Finance		Cap £m	1.4
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	1.19	-1.94	-1.94	-3.32	-	-	-
2008E	1.48	-2.20	-2.20	-3.2	-	-	-
2009E	2.25	-0.75	-0.75	-0.6	-	-	-
2010E	No estimates at present						

IRVINE ENERGY

Irvine have not released any new news since our last note 'Awaiting developments soon' on 10 October.

We await news. Specifically we are waiting for an independent assessment of the CBM contingent gas resources in the Hartshorne coal by Netherland & Sewell and data from the Jones1-5H well. Watch this space.



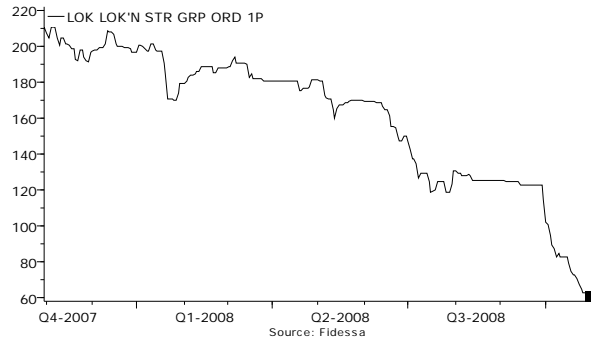
Irvine Energy				IVE		Price p.	1.5
AIM				Oil & Gas		Cap £m	10.7
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2006A	0.0	-0.2	-0.3	-0.12	-	-	-
2007A	0.0	-0.9	-1.1	-0.20	-	-	-
2008E	No estimates at present			-	-	-	-
2009E	No estimates at present			-	-	-	-

LOK'NSTORE

Lok'nStore will be releasing its full year 2008 results at the end of the week and we expect these to be in line with our estimates.

In this context, the substantial 46% decline in the share price over the past month looks overdone. Recent trading updates from the sector suggest occupancy levels are down against a backdrop of falling housing market transactions and the strains on consumer spending but almost all the major players have responded by pushing up prices, including Lok'nStore.

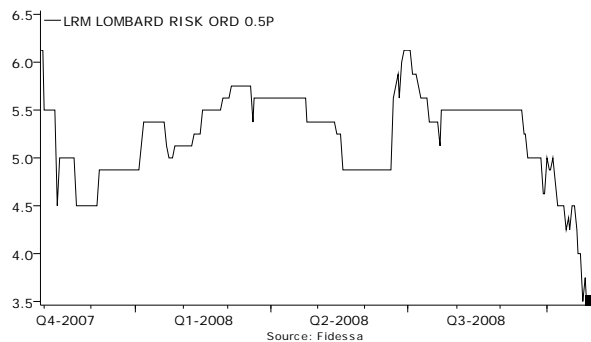
In terms of asset values, the commercial property market has slowed significantly since the group's last external asset valuation and it will be interesting to see what impact this has had on the July 2008 valuation.



Lok'nStore AIM	LOK Support Services					Price p. Cap £m	60 16.1
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted Basic eps p.	p/e ratio	Divi p.	Yield %
2006A	8.95	-0.04	-0.02	-0.50	-	0.0	0.0%
2007A	10.67	0.95	0.37	1.20	50.0	0.67	1.1%
2008E	10.81	-0.76	-0.56	-2.10	-	1.10	1.8%
2009E	11.60	-1.01	-1.01	-3.80	-	1.20	2.0%

LOMBARD RISK MANAGEMENT

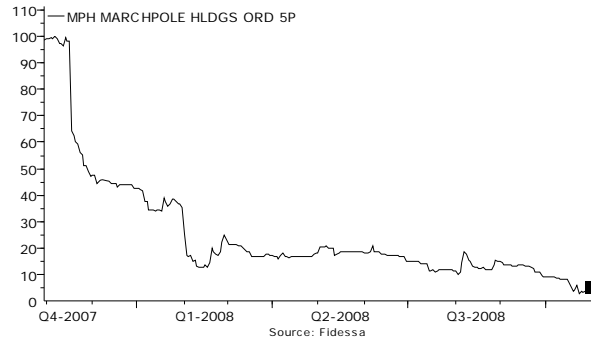
LRM this month received further funding in directors' loans from CEO and Chairman John Wisbey (a further £620,000) and non-executive director Brian Crowe (£200,000). These loans carry an interest rate of 1% a month and will help support working capital during the first half of the year.



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 %
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	-	-

MARCHPOLE

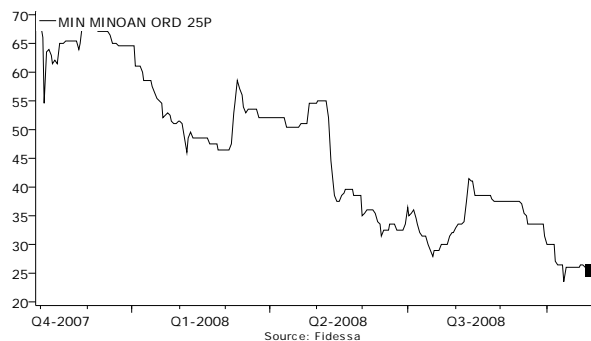
A dour trading statement at the Annual Meeting leads us to withdraw our forecasts for further consideration. On the downside, the entire UK fashion industry is experiencing dire trading conditions at the moment. On the upside, the new deal with DKNY, which gives Marchpole the right to represent DKNY in menswear for seven years for most of the world, is potentially a huge revenue earner and will be contributing from H2 of the current financial year.



Marchpole	MPH				Price p.	4.75	
Full list	General Retailing				Cap £m	1.3	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2007A	90.5	6.2	6.2	15.3	0.8	3.75	78.9%
2008A	44.7	-6.1	-6.1	-19.9	-	1.1	23.2%
2009E	No	estimates	at present				
2010E	No	estimates	at present				

MINOAN

The appeal hearing against the Greek Government's approval of Minoan's development at Cavo Sidero is scheduled to be heard at the end of this week. We envisage any resolution of this outstanding court case to provide a positive impetus to Minoan's share price.

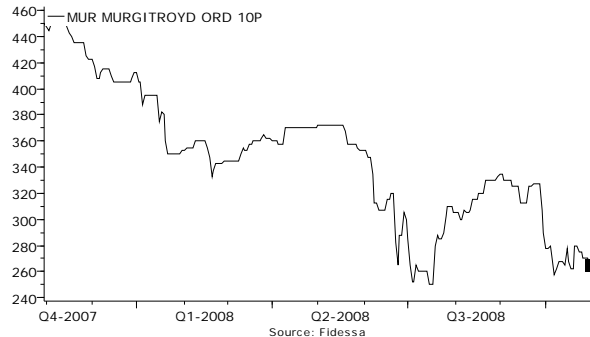


Minoan Group	MIN				Price p.	24.5	
AIM	Leisure & Hotels				Cap £m	13.3	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
September	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2006A*	0.0	-0.9	-0.9	-3.2	-	-	-
2007A*	0.0	-0.8	-0.8	-2.1	-	-	-
2008A**	0.0	-1.7	-1.7	-3.6	-	-	-
2008E	No	estimates	at present				

*March year end **12 months to March

MURGITROYD

There has been no news flow from the Murgitroyd Group over the last month. However, a trading statement issued in October by RWS Holdings, also in the intellectual property space, indicated that both revenues and profit (while below consensus expectations) are likely to be well ahead of the previous year. The company's patent translation business is progressing well and is "underpinned by growth in the number of patent grants worldwide".

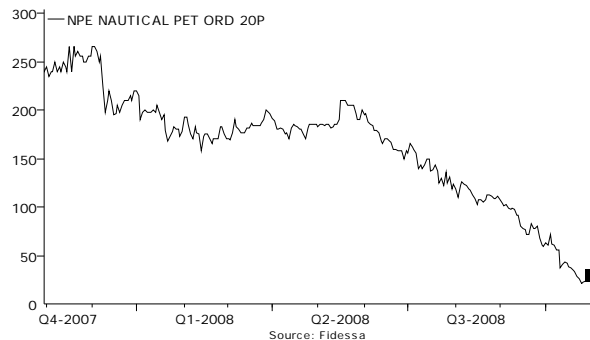


Murgitroyd AIM	MUR Support Services					Price p. Cap £m	265.0 22.5
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted Basic eps p.	p/e ratio	Divi p.	Yield %
May							
2007A	22.8	2.9	2.9	24.2	11.0	9.0	3.4%
2008A	25.7	2.9	3.1	25.3	10.5	9.5	3.6%
2009E	29.8	3.6	3.6	29.9	8.9	11.3	4.3%
2010E	31.3	3.8	3.8	31.9	8.3	12.0	4.5%

NAUTICAL PETROLEUM

Nautical announced its final results for the year ended 30 June 2008 on 16 October. The company reported a widening loss of 4.520m (2007: £391k) in line with our forecasts on the back of well flagged exploration write-offs.

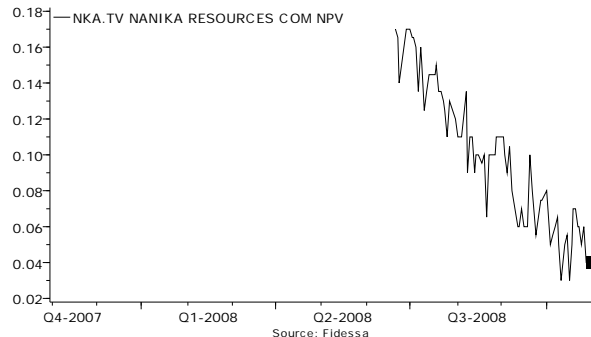
The company reported it had a cash balance in excess of £20m and is trading in the market at around cash value at this time. So, yes, the recent step out well at Kraken was dry but the market seems to be continuing to discount the company in its entirety based on a poor understanding of the base economics of Kraken and Mariner, see our last note 'Step-out well misses target leaving company trading close to cash' published on 14 October. This is especially the point as rig and service company rates are now starting to fall off sharply.



Nautical Petroleum AIM	NPE Oil					Price p. Cap £m	5.5 55.0
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				

NANIKA RESOURCES

We still await confirmation of the deal with Nanika's South Korean business partners regarding development of the Lucky Ship molybdenum prospect. This is a most interesting orebody, and it is most frustrating to all concerned that the South Koreans have not yet concluded all the formalities. The share price has been weak because some investors in Nanika's home City of Vancouver have become fed up of waiting and shifted their attention elsewhere.



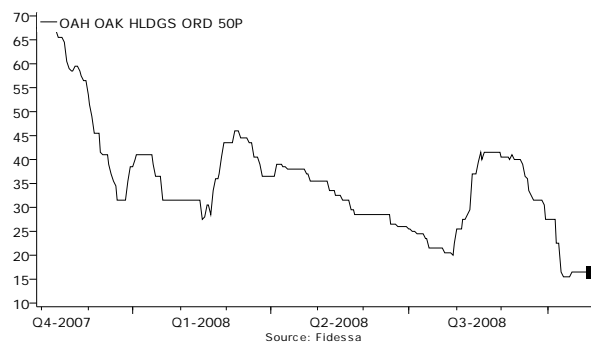
Nanika/New Cantech
TSX-V

NCV:TSX-V Price CANc. 0.04
Mining Exploration Cap. CAN\$ 0.0

Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
2006A	No	estimates	at present				
2007A	No	estimates	at present				
2008E	No	estimates	at present				
2009E	No	estimates	at present				

OAK HOLDINGS

Oak Holdings has been exploring the different ways in which it can raise capital to continue the funding of the YES! project in South Yorkshire. As Oak's shares are currently trading at less than the nominal value of the ordinary shares in issue, a reconstruction of its share capital will be necessary in order that new equity might be issued, and a General Meeting on the issue has been convened for 6 November. It is proposed that each existing ordinary share of 50p be subdivided into 10 shares of 5p each and that 9 of these shares be reclassified as deferred shares. The new deferred shares will have no voting or dividend rights and will only have rights to a repayment of the nominal value of the shares.



Oak Holdings
AIM

OAH Price p. 16.5
Real Estate Cap £m 2.5

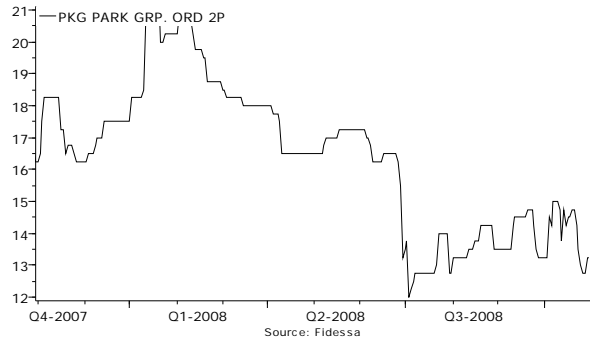
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
October	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2006A	0.1	-0.6	-0.6	-3.8	-	-	-
2007A	0.4	-0.5	-0.5	-3.1	-	-	-
2008E	No	estimates	at present				
2009E	No	estimates	at present				

PARK GROUP

We reiterate our positive view of this company. Park is the dominant provider of Christmas savings schemes in the UK and has a smaller but rapidly growing market share in the corporate voucher marketplace.

The AGM Statement of last month (23 September) confirmed that good progress was being made.

Park is a cash rich business, as the company receives customers' savings and banks them and only sends vouchers and Christmas gifts out in November. Also, it earns much of its profit on its cash balances which have improved. There was £101m cash on deposit at the time of the last AGM Statement, a 33% increase on a year previously. The dividend appears secure and the shares yield in the region of 11% prospectively which is one of the highest yields in the sector. It's worth noting that the share price has performed much better than the large cap banks which have been plagued by the financial crisis.



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	3.7	1.2	9.1%
2008A	225.1	4.5	5.2	2.2	6.7	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

The trading statement at the Annual Meeting was encouraging, if short on detail. Following this, we expect satisfactory first half profit figures. However, investors should remember that Photo-Me usually makes the bulk of its profits in H1, sometimes all of it. The economy is deteriorating rapidly in the company's H2, and this will affect the performance of the Manufacturing Division.

On the other hand, Photo-Me is a prime beneficiary of the collapse of Sterling. Most of its profit is earned in non-Sterling areas. Because of this, the outcome for the full twelve months should still prove sound. We will be producing a new research note analysing the currency impact; please call for a copy.

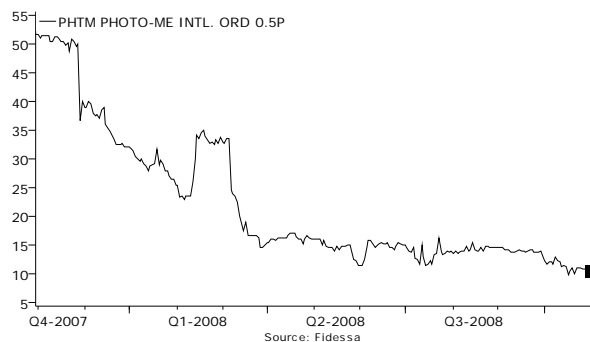


Photo-Me				PHTM		Price p.	10.8
Full List				Support Services		Cap £m	38.6
Y/E	Sales	EBITDA	Adjusted	Adjusted	p/e	Divi	Yield
April	£m	£m**	Profit £m**	eps p.**	ratio	p.	%
2007A*	212.8	46.0	13.9	2.4	4.5	2.4	22.3%
2008A	209.6	35.8	-6.9	-2.0	-	-	-
2009E	210.4	36.4	1.1	0.2	53.8	-	-
2010E	202.2	38.5	5.8	1.1	9.8	-	-

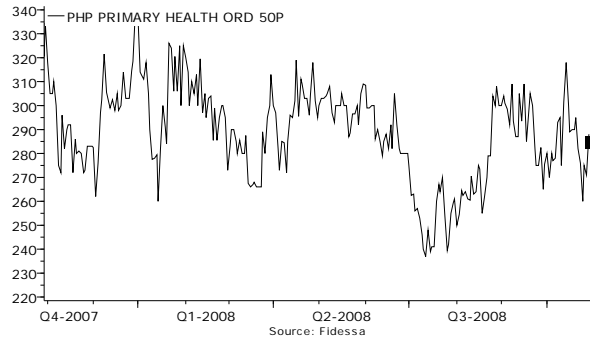
*Restated by management for sale of US business **Before exceptional items

PRIMARY HEALTH PROPERTIES

PHP is focused on purchasing primary health care premises and leasing them back to NHS GPs and other public health care professionals, with long-term leases and rent payments funded by the NHS. Therefore, despite being involved in property, it is predominantly a cash-flow driven company, capable of delivering secure cash flows with good long-term visibility.

Of note, the UK Government is currently pushing forward super-surgeries projects as a form of public spending aiming to help offset the economic downturn. In London alone, a joint committee of the 31 primary care trusts have approved plans to provide at least 150 super-surgeries, with the first expected to open in April 2009. These super-surgeries will be a combination of networks of existing GP practices and new buildings of the type provided by PHP.

The funding is secure and the Group banks only with RBS, AIB and Abbey National/Santander, none of which is likely to lack Government support in the case of necessity. We continue to view PHP as predominantly a secure cash-flow and yield play. As interest rates fall the 5.9% prospective yield will be increasingly attractive.



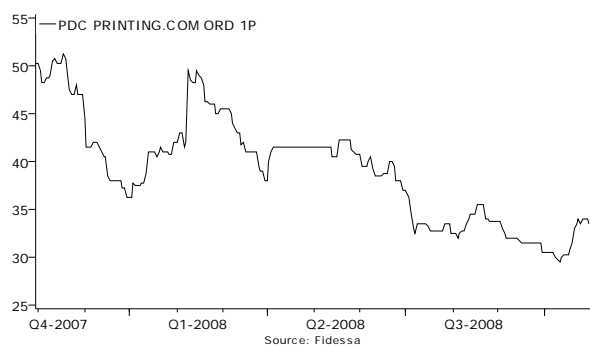
Primary Health Full List				PHP Real Estate		Price p.	277.5
						Cap £m	93.2
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	eps p.	ratio	p.	%
6/2006A	11.1	18.4	3.9	16.5	16.8	13.5	4.9%
6/2007A	14.1	14.3	4.0	14.6	19.0	15.0	5.4%
12/2007/A*	15.7	-12.8	4.2	13.8	20.1	15.5	5.6%
12/2008/E	18.0	2.0	4.2	12.5	22.2	16.5	5.9%

*12 Month Period- change of year end from June to Dec.

PRINTING.COM

Printing.com's pre-close trading update confirmed what we already knew – overall volumes are ahead of last year but not as buoyant as the Board would like. The statement also confirmed that the rate of expansion within the bolt-on franchise continues apace.

Interim results will be announced on 10 November and we will be looking to update our estimates shortly afterwards.

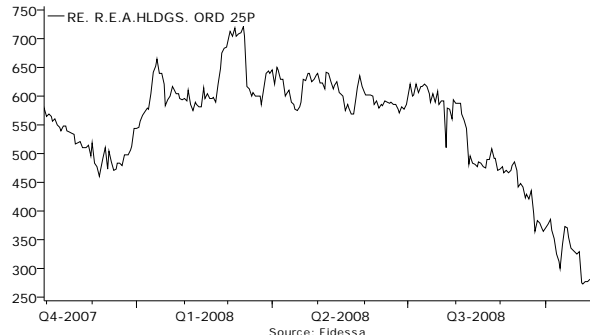


Printing.com AIM				PDC Retailing		Price p.	33.5
						Cap £m	15.7
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2007A	12.1	2.3	2.3	3.4	9.9	2.50	7.5%
2008A	13.5	2.4	2.4	3.5	9.6	3.00	9.0%
2009E	14.3	2.5	2.5	3.8	8.8	3.10	9.3%
2010E	16.4	2.8	2.8	4.2	8.0	3.30	9.9%

R.E.A. HOLDINGS

Palm oil prices have fallen 69% since peaking in March and at the present \$435m/t are now back to average historical levels. The falls mirror developments in the oil industry where the price of crude oil has fallen 55% from its peak in mid-July to \$66 barrel as US recession fears take hold.

The price decline will dent industry profits and the share price performance of all three London-quoted palm oil producers over the past month – REA (down 22%), MP Evans (down 36%) and Anglo Eastern (down 37%) reflects this.



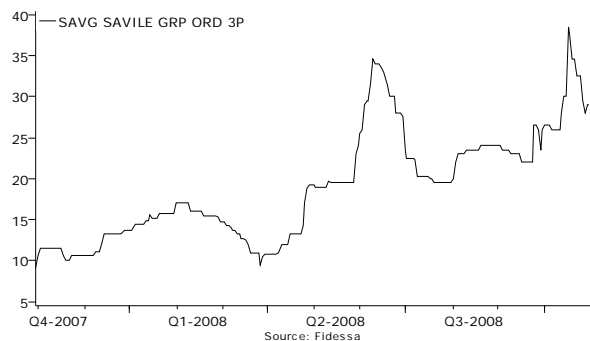
Interestingly, whilst the current oil price is below the level at which new field exploration projects are economically viable, the palm oil price would have to fall below \$250m/t for the industry to stop investing in new hectareage. We continue to believe the industry has very attractive long term growth potential.

R.E.A. Holdings				RE.	Price p.	278.5	
Full List				Food	Cap £m	91.3	
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	28.6	1.0	0.4%
2007A	57.6	47.01	38.98	73.0	7.0	2.0	0.7%
2008E	No	estimates	at present				
2009E	No	estimates	at present				

SAVILE GROUP

The tone of Savile’s AGM Statement was upbeat. The outplacement industry is enjoying boom trading conditions at present as corporations look to restructure and downsize, particularly in the financial services sector where Savile is well represented. The company’s talent management operations are also said to be ‘holding up well’ despite the fact that spend in this area is discretionary and therefore susceptible to cost cuts.

Underlining the strong forward momentum, the company has recently expanded its business development and sales capacity and is actively seeking further acquisitions in the human capital space.



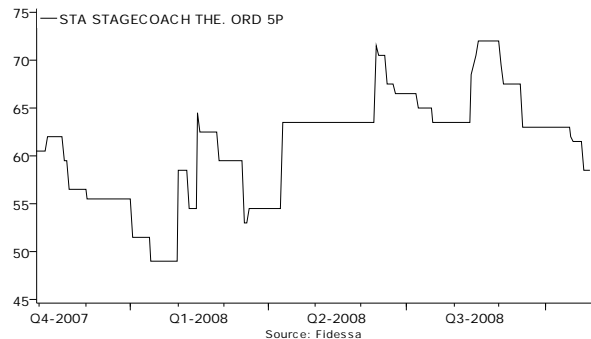
On 29 October 2008 the Company issued a circular informing shareholders of a general meeting on 30 November 2008 to seek approval to reduce the amount standing to the credit of the share premium account of the Company by £2,184,193 in order to eliminate losses for the same amount. If approved by shareholders and the Court, this will enable the Company to pay dividends from any profits arising after the restructuring date as well as enabling the company to buy its own shares.

Savile Group				SAVG	Price p.	29.0	
UK:				Support Services	Cap £m	4.2	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2007A	5.10	-0.19	0.21	2.2	13.2	-	-
2008A	7.00	0.72	0.90	6.0	4.8	-	-
2009E	9.00	1.19	1.21	4.9	5.9	-	-
2010E	No	estimates	at present				

STAGECOACH THEATRE ARTS

Since our last monthly update we understand Stagecoach Theatre Arts is seeing the first signs of student numbers being hit by the recession as franchisees lose students through parents' redundancy. In response the company is encouraging its franchisees to step up their marketing activity and in January the group is planning to launch Stagecoach Parties, a bolt-on for existing franchisees, which it anticipates will generate additional income and marketing opportunities at very low cost.

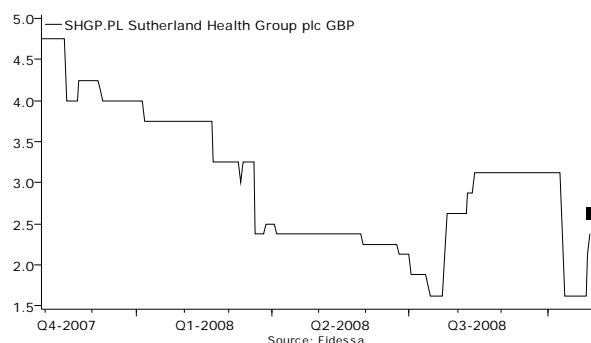
We understand 10% of the network has signed up to Stagecoach Parties to date and further interest is expected ahead of the festive season.



Stagecoach Theatre Arts				STA		Price p.	58.5	
AIM				Theatre Arts		Cap £m	5.8	
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	34.2	0.0	0.0%
2008A	6.33	28.47	0.71	0.71	5.10	11.5	2.0	3.4%
2009E	6.46	30.03	0.72	0.72	5.14	11.4	2.2	3.8%
2010E	6.91	31.83	0.90	0.90	6.54	8.9	2.4	4.1%

SUTHERLAND HEALTH GROUP

Sutherland Health Group has published encouraging interim results. This small and niche company is an NHS supplier in the areas of sexual health, patient hygiene and diagnostic products. It has been showing good revenue growth and expanding its product range, thanks to its collaborative approach to the NHS's needs. Interim results showed that turnover rose by 26% year on year to £410k and gross operating margins improved, rising from 43.3% to 48.8%, thanks to an increase in own-label products. Losses from ordinary activities decreased to £57.8k (v £65.8k).

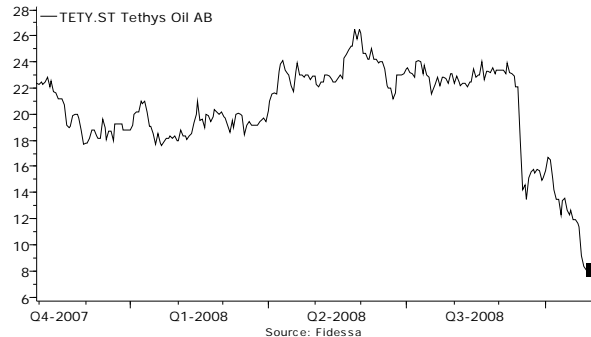


SHG plc				SHG		Price p.	3.125	
PLUS				Healthcare		Cap £m	1.5	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield	
March	£m	Profit £m	Profit £m	eps p.	ratio	p.	%	
2007A	0.60	-0.23	-0.23	-0.61	-	0.0	-	
2008A	0.70	-0.17	-0.17	-0.52	-	0.0	-	
2009E	No	estimates	at present				-	
2010E	No	estimates	at present				-	

TETHYS OIL

In Turkey, the Copkoy-1 well in the Thrace Basin has been plugged and abandoned which is unfortunate as it was deemed to be a relatively low risk well. The deepest zone targeted briefly flared gas but this flow was short lived while the two shallower zones failed to flow any gas to the surface. Tethys will now conduct a post-drilling analysis of the data with the operator, Aladdin.

We have revised down our valuation for Copkoy by around 1SEK/share in our risked discounted EMV to 31.8SEK/share (ex recent currency fluctuations for which we will need to rebase). So all in all although an obvious disappointment it is relatively minor in terms of carrying value- especially given the current market price of around 8SEK/share



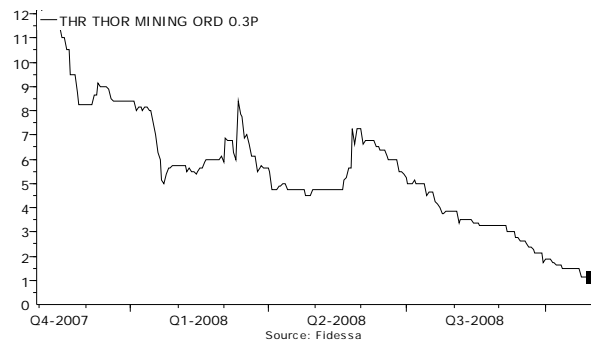
In Oman the 3D seismic acquisition programme over the Jebel Aswad structure on block 15 has been successfully completed and data processing is expected to be completed during December. We will review and update our projections again once plans are firmed up for re-completion work on the JAS-2 well.

Tethys Oil AIM	TETY.SE Oil	Price p. Cap £m	15.1 362.4				
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
December							
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

Thor Mining's board was upbeat at the Annual Meeting last month, although no formal trading statement was issued. We have a new research note in preparation.

The key development here is the increasing likelihood of the Molyhil development being able to yield commercial quantities of Magnetite as well as Molybdenum and Tungsten. Magnetite is used for coal washing, and if the grade is good enough fetches a premium price for this purpose. The Thor magnetite meets these criteria.



There is also the prospect of expanding the proposed development by further drilling. This is due to take place shortly. If successful, and we believe the preliminary indications are very good, then the proposed development may be very much larger than currently envisaged, and an expansion of the mine life from the current 3.5 – 5.5 years to 10 or even 15 years might be possible.

Thor Mining AIM	THR Mining	Price p. Cap £m	1.1 1.7				
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted eps p.	p/e ratio	Divi p.	Yield %
June							
2006A	0.0	-0.7	-0.7	-1.1	-	-	-
2007A	0.0	-1.4	-1.4	-1.3	-	-	-
2008E	No estimates at present						
2009E	No estimates at present						

WICHFORD

Wichford shares fell to a 52-week-low in early October on the announcement that interest rate swaps on its debt with Lehman Brothers vehicles may no longer be valid. Part of the share price fall is justified because Wichford is 'rebasin' its dividend from the 10.2p paid in f/y September 2007 to '7p to 8p'.

Much of the rest was due to fear of contamination by association. We believe this fear has been overstated for several reasons. The maximum financial impact for y/e September 2008 is likely to be a reversing of the £1.8m 'paper' profit recognised in the interim accounts as 'mark to market' of the swaps position under IFRS

accountancy rules – an asset to which no investment manager gave much credence. We estimate the maximum financial impact for future financial years to be £3.9m a year, or c. 1p a share, until 2012. As interest rates fall, the sum will shrink or turn positive. The security trustee and agent's functions of the swaps have always been undertaken by an outside agent. The swap counterparty's guarantor is in Chapter 11; not only is this a very much gentler regime than Administration, it affects the bondholders in the securitisation vehicles rather than Wichford. There were no covenants of significance attached to these loans, so the risk of Wichford being forced to repay these loans must be slim. We have produced a research document on the topic, please call for a copy.

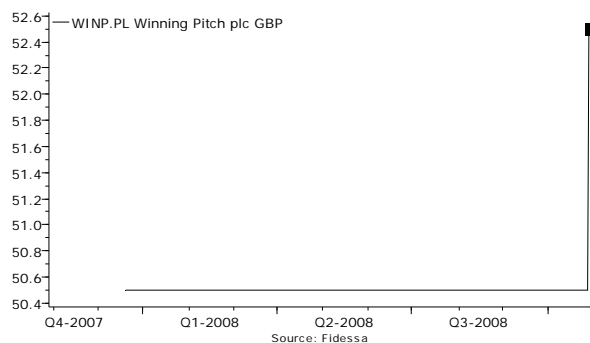
Wichford's dividend yield, currently at 12%, will prove hugely interesting to funds requiring income, and is in our opinion a great deal safer than the market is assuming. There is also scope for significant capital gain when the market realises this.



Wichford Full List	WICH Property	Price p.	64.8				
		Cap £m	86.6				
Y/E	N.A.V	Declared	Trading	Trading	Discount to	Divi	Yield
September	p.	PBT £m	PBT £m	Eps p.	NAV	p.	%
2006A	217	52.9	8.0	8.1	-37%	9.5	14.7%
2007A	208	-9.6	11.6	9.7	-35%	10.2	15.8%
2008E	121	96.1	12.0	9.0	-18%	7.0	10.8%
2009E	132	31.0	12.1	9.1	-17%	7.5	11.6%

WINNING PITCH

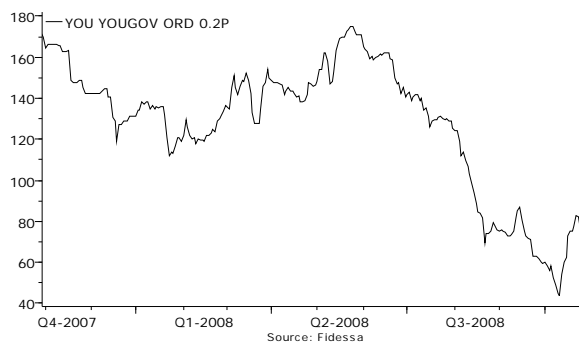
Winning Pitch has just announced a major win – a £7.0m, 3 year contract, from the Northwest Regional Development Agency, the local authority body responsible for driving the economic development and regeneration of England's Northwest. This is quite something for a company that in its first set of interims since listing on PLUS last year turned over circa £750,000. Under the terms of the contract the team at Winning Pitch will be coaching and supporting over 1,000 high growth SME businesses. We will be producing a note in the near future.



Winning Pitch PLUS	WINP Support Services	Price p.	52.5				
		Cap £m	2.6				
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2006A	0.3	0.2	0.2	-	-	-	-
2007A	0.4	0.1	0.1	-	-	-	-
2008E	No estimates		at present				
2009E	No estimates		at present				

YUOGOV

Online market researcher YouGov released its full year results last month which included for the first time earnings from the acquisitions of Zaper, Polimetrix and Psychonomics last year. As previously indicated to the market revenues were circa £40.0m and normalised group operating profit was £8.7m. A healthy £3.1m was generated in cash from operations leaving YouGov at the year end with a bank balance of £13.4m. YouGov is continuing to invest in its operations in anticipation of the growth opportunities it sees in the market ahead – the online portion of the market research market is expected to reach US\$4.3b by 2008. Growth continues unabated at circa 20%.



YouGov AIM				YOU Media		Price p. Cap £m	76.5 73.2
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	12.1	-	-
2008A	40.4	4.0	7.9	7.7	9.9	-	-
2009E	50.3	7.3	9.8	7.9	9.7	-	-
2010E	No estimates at present					-	-

*Declared net profit before tax plus amortisation and excluding exceptional items

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Hardman & Co

4-5 Castle Court
London
EC3V 9DL
United Kingdom

Tel: +44(0)20 7929 3399
Fax: +44(0)20 7929 3377

www.hardmanandco.com

