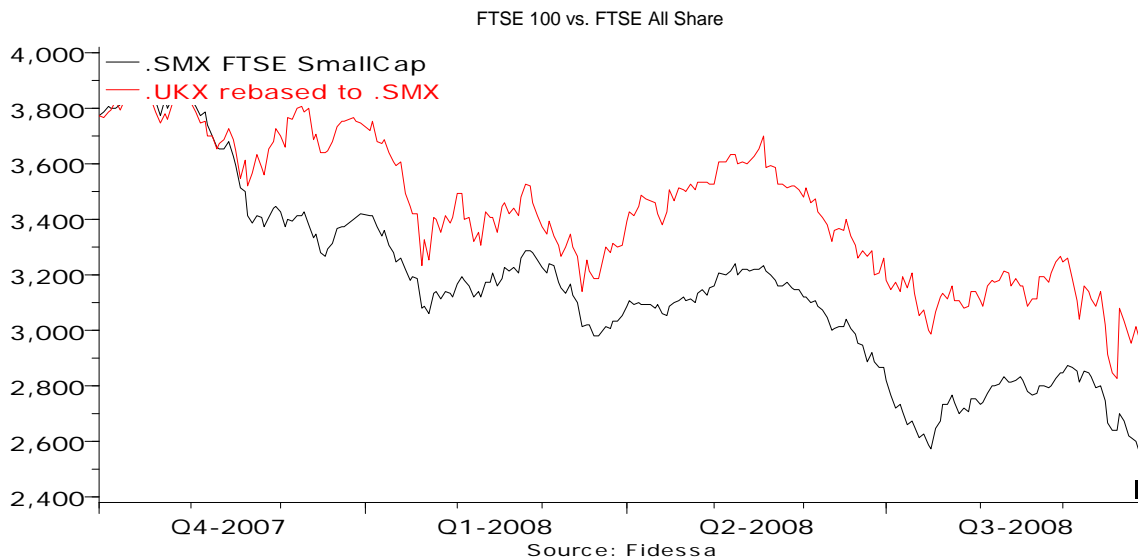


The Monthly October 2008

01 October 2008



SMX FTSE Small cap. UKX FTSE 100.

The problems for small and mid cap companies in the equity markets may shortly be overshadowed by the difficulties in the debt markets. The banks are under pressure, therefore loans and overdrafts are becoming tougher to obtain, and the situation will become worse. 54% of all AIM quoted companies declared a loss at the pre-tax level in their last financial year, and are therefore likely to either want or need to raise additional capital. Other companies are profitable but are cash constrained and would like to raise money for working capital in order to take on new customers, capital spending or acquisitions. All too often now, they will find the debt route for funding expansion firmly barred to them.

Markets could be about to repeat the pattern seen in 1929/30, where share prices halved and then bounced part-way back, before enduring three further years of decline as the recession wiped out corporate earnings and, in a lot of cases, the companies themselves. The big difference between 1929/30 and 2008/9 is the very high level of shorting. A lot of the selling has, in effect, been brought forward and has already taken place.

We have added **Savile Group** to our research list. This AIM company produced some first rate profit figures last month, as its outplacement subsidiary, Fairplace, gained from the redundancies taking place in the City. The services of Savile and its competitors will be in great demand over the coming twelve months.

We have also added **Gresham House plc** to our research list. Gresham House is the UK's oldest investment trust. The Trust has a good historic track record, but is trading at a 56% discount to our estimate of net asset value.

We have produced a 32 page study on '**Run-of-River** power generation' that will be of interest to all project finance and equity providers with an environmental or 'clean energy' interest. Arguably the most important event of the year in terms of 'clean power' generation takes place next month, the 'Call for Power' by the province of British Columbia on the West Coast of Canada. Two analysts from Hardman & Co. spent some time in British Columbia, meeting management of the leading companies, Government officials and regulators. The document will prove useful to all investment managers and bankers either considering supporting one of the bids or projects, or wondering whether to become involved in this major event

Market Indicator	Price	Previous Month Price	% Change in 1 month	Year High	Year Low
FTSE 100	4901	5602	-12.51	6730	4819
FTSE Small Cap	2425	2871	-15.53	3884	2425

ACCIDENT EXCHANGE

The Accident Exchange share price has fallen by a third this month despite the positive tone of August's Annual General Meeting and first quarter Interim Management Statement. We put this down to short selling of the stock - possibly on fears over the group's funding arrangements following Lehman Brother's demise and rumours that Morgan Stanley could be next.

In addition, sentiment towards the sector has been hit by Helphire after the company suggested credit hire volumes would continue to grow but at a lower pace.

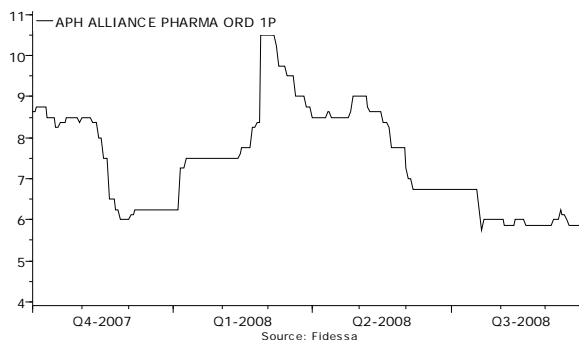


At the current share price of 30.5p, Accident Exchange is trading on a meagre PER of 1.7X 2009E basic eps. The forward yield is 8.6%. For comparison, Helphire is trading on a forward PER of c.6X 2009E eps and has a forward yield of c.10%.

Accident Exchange				ACE		Price p.	30.5
Full List				Specialty Finance		Cap £m	21.7
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
April	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2007A	119.6	13.6	18.0	18.2	1.7	3.0	9.8%
2008A	165.2	12.1	16.1	16.3	1.9	2.5	8.2%
2009E	201.6	19.4	20.5	20.5	1.5	3.0	9.8%
2010E	No	Forecast					

ALLIANCE PHARMA

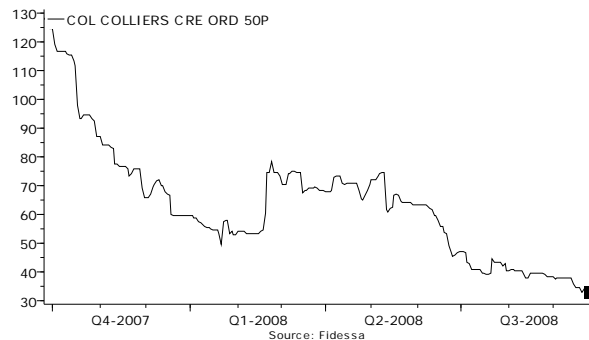
Alliance Pharma's interim results to 30 June 2008 shows a company doing everything that it has said it would. Turnover was up 27.7% on the prior half year, gross profit was up 41.9%, cash generated from operating activities was up 73% and operating profit was up an impressive 472.4%. The company also benefited from a one-off £440,000 cash refund from the HM Revenue & Customs. With its management team very much focused on growing the trading side of Alliance's business this pharma is starting to look very healthy.



Alliance Pharma				APH		Price p.	4.625
AIM				Pharmaceuticals		Cap £m	7.5
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£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

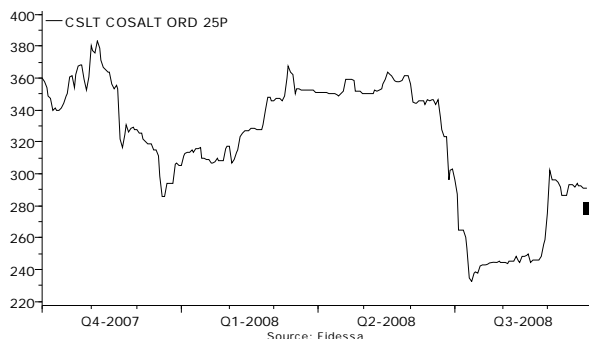
We have put out new forecasts for Colliers CRE for the 2008 and 2009 years, reducing our estimates for the 2008 year from 7.8p per share to 3.4p per share and introducing an estimate of 6.6p per share for the 2009 year. We have also refrained from putting out a dividend forecast given the company's decision to abstain from declaring an interim dividend until more clarity on the property market is available. Along with almost every other company in the property sector Colliers CRE is facing challenging headwinds and our forecasts very much reflect this difficult outlook. Events of the last week or so, the collapse of Lehman Brothers and the takeover of Merrill Lynch, have only served to exacerbate the situation.



Colliers CRE				COL		Price p.	29.0
AIM				Real Estate		Cap £m	13.1
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	1.7	4.6	15.9%
2007A	117.5	12.2	9.4	11.8	2.5	5.0	17.2%
2008E	90.4	3.0	3.0	3.4	8.5	-	-
2009E	91.8	5.3	5.3	6.6	4.4	-	-

COSALT

Cosalt has released an upbeat Interim Management Statement for the third quarter to 27 July 2008. Turnover in the core safety and protection business was up 51% compared to the previous Q3 2007 and encouragingly headline operating margins have been maintained at c.8%, substantially higher than the group's average historic margins of between 3.5% - 4%.



Having established itself as a Pan North Sea oilfield servicing provider, Cosalt has secured new contract extensions with several oil majors including BP, Exxon Mobil (for its Norwegian operations) and Perenco (for its Southern North Sea operations).

Trading conditions in the loss-making Holiday Homes division have worsened but the Board "expects to be able to announce its exit from this business shortly." It remains to be seen whether the division will be sold to a trade buyer or closed.

In other news, the company has announced the successful restructuring of its banking facilities with a £34m unsecured three year committed facility from HSBC and RBS. Further acquisitions in the Marine and Offshore Oil and Gas Markets are being sought and whilst the Cosalt balance sheet is not particularly tight we continue to believe any major deals will be part-financed by paper.

Cosalt				CSLT		Price p.	271.5
Full List				Diversified Inds		Cap £m	66.8
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	26.1	18.75	6.9%
2007A	135.1	1.82	2.69	11.57	23.5	12.0	4.4%
2008E	110.0	5.65	7.55	20.56	13.2	12.0	4.4%
2009E	125.17	7.57	9.67	26.32	10.3	13.0	4.8%

*2008 & 2009 estimates are calculated on a continuing business basis excluding Holiday Homes and Banner.

COUNTRY FOOD AND DINING

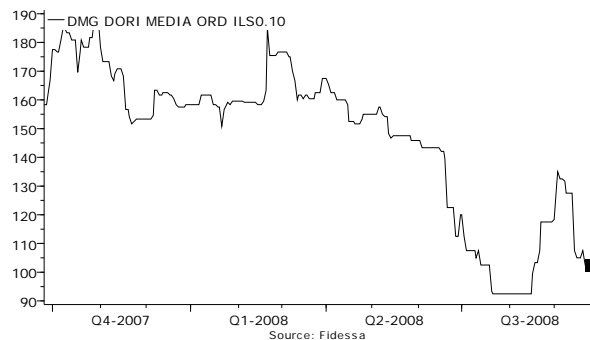
Like-for-like trading at the first unit, in Hungerford Berkshire, is up 8.4% so far this year, which is a creditable performance in any economic conditions, let alone these. A second unit has been purchased, near Bath. Management is confident that the performance of Hungerford can be further improved, and the site was shut for a week at the end of September to enable more upgrades to be made to the site. The Bath unit is on a 7.9 acre site, of which 4.4 acres is surplus to current requirements. A population of at least 177,000 lives within a 16 minute drive of the site. Bath has been operating as a farm shop since 2003, and had a turnover of £0.6m last year, about the same as the existing Hungerford unit. Management is confident that the prospects at Bath are good.

Promoters Smith & Williamson is planning a share issue in order to finance the purchase of more units, so that Country Food and Dining can become Britain’s biggest chain of farm shops. This company is EIS qualifying so comes with the added bonus of tax breaks for private investors. We have produced a new research note outlining progress since the launch of the business and the structure proposed for the current round of fundraising. Please call for a copy.

DORI MEDIA

Following a rise after the results, DMG shares have slipped back in line with the market and are now trading just above the GBP 1 level, towards the bottom of its 52 week range and down from recent highs of nearly 140p.

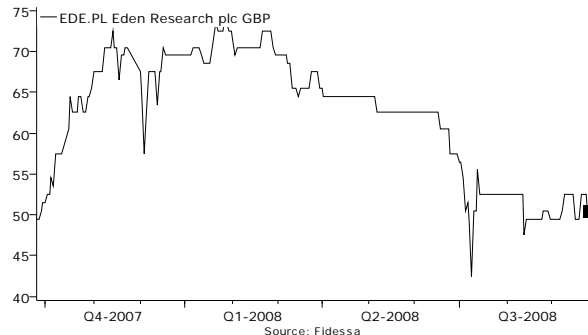
One of the directors has taken the opportunity of the share price weakness to buy shares in recent weeks.



Dori Media AIM				DMG Media		Price p. Cap £m	94.5 19.3
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted Basic eps p.	p/e ratio	Divi p.	Yield %
2006A	20.4	5.1	6.6	28.3	6.1	-	-
2007A	30.0	8.2	8.7	34.5	5.0	-	-
2008E	61.0	10.1	12.6	39.3	4.4	-	-
2009E	82.5	13.0	15.5	43.7	4.0	-	-

EDEN RESEARCH

Eden's interims for H1 2008 were in line with our expectations and favourable. The EU registration of its leading anti-botrytis product 3-AEY is due at year-end 2008, its encapsulation technology has been granted a patent and an important nematocide is being developed. Eden has also identified potential products for mite and whitefly control in glasshouse crops and is in discussion for new distribution deals – especially regarding the cutflowers market in Africa and the high-value fruit market in Japan.

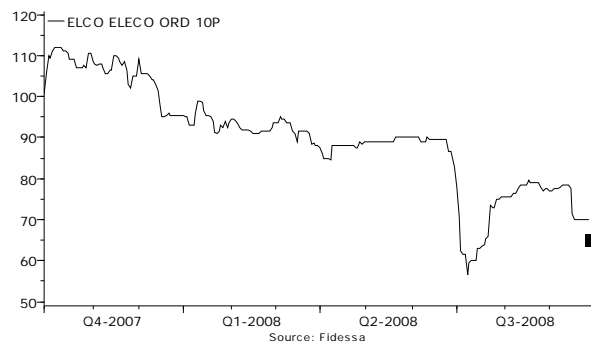


Turnover in H1 2008 mainly comprised of an £84,000 payment from Eden's partner Cheminova, after a positive vinification report. Following 3-AEY registration, Cheminova should make payments of EUR400,000 for each country of registration (the UK, France, Italy and Spain). Amortisation expenses dropped from £558,000 to £240,000, as 3-AEY related R&D costs could be capitalised, given the advanced stage of development of this product. Operating expenses rose due to nematocide related R&D costs to recruitments in the management team, and to share based payment rising. The EU registration is a key step towards revenue generation for Eden.

Eden Research PLUS				EDE Diversified Inds		Price p.	47.5
						Cap £m	24.38
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2007A	0.1	-3.7	-2.6	-5.6	-	-	-
2008A	0.4	-2.6	-2.2	-4.2	-	-	-
2009E	No	Forecast					
2010E	No	Forecast					

ELECO

Full year results showed turnover, profit and dividend ahead of our expectations. EPS were precisely on our projections. The balance sheet is once again rock solid, there is little exposure to the UK housing market, and Eleco is as well positioned going into the recession as any UK construction company good be.



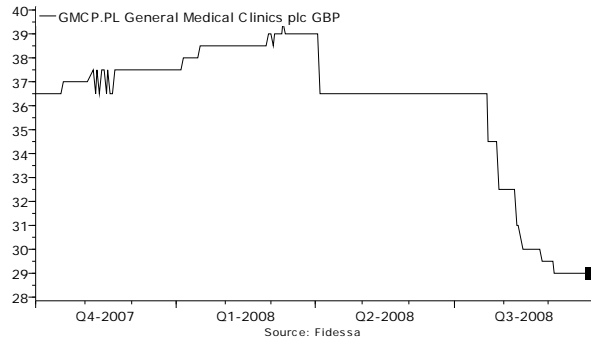
For the current year, we expect pre-tax profits to be maintained and a slight reduction in eps because of a move to a normal (28%) tax charge. Sales will increase because of the acquisition of the Hoveringham pre-cast concrete site (the group's third), and a full year rather than a part year contribution from Milbury Systems.

Eleco AIM				ELCO Diversified Inds		Price p.	62.5
						Cap £m	37.1
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
June	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2006A	61.9	5.9	5.9	9.3	6.7	2.5	4.0%
2007A	84.9	8.2	8.2	10.5	6.0	3.00	4.8%
2008E	92	8.2	8.2	9.8	6.4	3.1	5.0%
2009E	94.0	8.4	8.4	10.0	6.3	3.3	5.2%

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

GENERAL MEDICAL CLINICS

Full year results from General Medical Clinics showed 7.2% growth in adjusted pre-tax profits, with a strong second half more than making up for a disappointing first six months. The company finished the year with cash in the bank of £1.7m, and its decision not to overpay for acquisitions has now been vindicated. Two new clinics were opened during the financial year and a third, in Baker Street, is likely to be open by Christmas. Start-up losses on the Baker Street project will mean that General Medical Clinics may not show any growth in adjusted pre-tax profits during the year, but as a medium term expansion move the decision to open in Baker Street looks eminently sensible. Meanwhile, if they come at the right price, General Medical Clinics is still interested in making acquisitions.

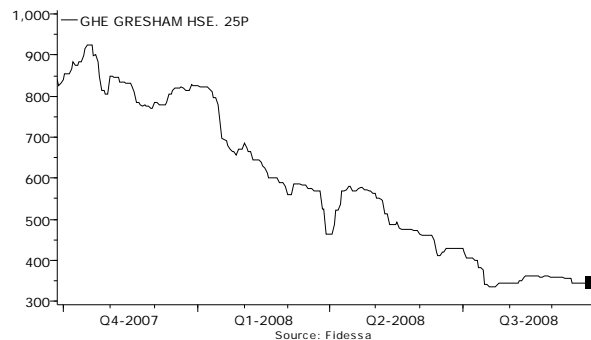


General Medical Clinics has declared a maiden dividend of 0.4p a share.

General Medical Clinics UK: PLUS				GMCP Healthcare		Price p.	29.0
						Cap £m	4.8
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2007A	6.40	0.36	0.43	2.7	10.7	-	-
2008A	6.54	0.30	0.46	1.9	15.3	0.40	1.4%
2009E	Forecasts	Under	Review				-
2010E							-

GRESHAM HOUSE

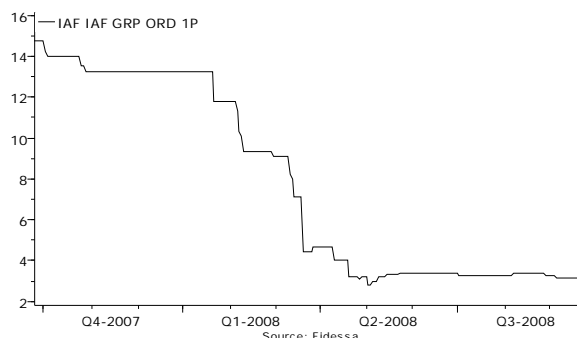
In September we put out a research note on Gresham House plc, the UK's oldest Investment Trust. The Trust is presently invested 30% in securities (88% listed and 12% unquoted) and 70% in property and it returned an impressive 232% over the five years to 31 December 2007. Our sum-of-parts NAV valuation of Gresham House suggests that the Trust is trading at a 56% discount to its June year-end NAV of 781.3p, a substantially wider discount than the UK Investment Trust sector average.



Gresham House UK: FULL LIST				GHE - Equity Investment Instruments		Price p.	345.0
						Cap £m	16.9
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	0.2	6.0	1.7%
2007A	2.80	-4.01	-1.01	-58.9	-0.5	5.0	1.4%
2008E	No	Forecasts					
2009E	No	Forecasts					

IAF GROUP

IAF Group's results, issued in August, now seem pretty good in comparison to some of the other figures being released by quoted stockbroking companies. Arden and Panmure Gordon are two (larger) rivals that have disappointed; Arden's shares are down 75% from their 12 month high, and Panmure shares are down 85%. Anyone expecting good news from this sector in the immediate future is likely to be disappointed. Our forecasts for IAF Group are under review until we can get a clearer idea of the impact new arrival Alex Borrelli is making on the corporate finance department.

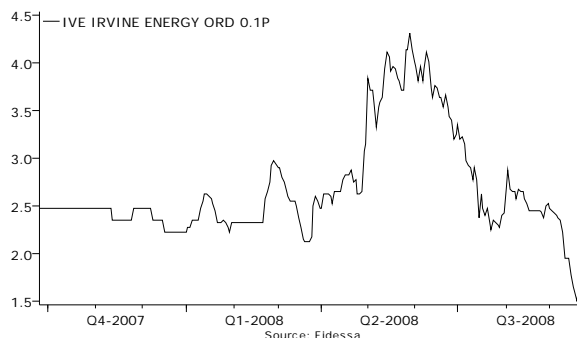


IAF Group					IAF			Price p.	2.3
AIM					Finance			Cap £m	2.3
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield		
June	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%		
2007A	1.19	-1.94	-1.94	-3.32	-	-	-		
2008E	1.48	-2.20	-2.20	-3.2	-	-	-		
2009E	2.25	-0.75	-0.75	-0.6	-	-	-		
2010E	No	Forecasts							

IRVINE ENERGY

Irvine has released its first operations update under the helm of Doug Manner as detailed in our note of 24 September "Woodford shale well encouraging with a surprise from "The Mighty Booch".

The first horizontal Woodford shale well, Jones 1-5H has been successfully fracture stimulated with good indications that gas will flow commercially once the frac fluids have been recovered. Irvine is in the right place at the right time – the company just needs to prove that the shales are commercial.



Early oil production data released shows commercial progress with good news of around 250k barrels of recoverable net reserves projected in the Booch Formation sands (assuming a 6% primary sweep efficiency). This will make an attractive shallow target with 33 additional drilling sites identified for development. At the Hartshorne Coal CBM prospect, again in Oklahoma, drilling contractors have been identified and approvals are in progress for four wells. The only fly in the ointment is at Niobrara which has seen some technical problems management are still working on.

Irvine's Irvine's market value slipped quite dramatically recently following commodity prices on their recent downward slope exacerbated by investor fear over the management reshuffle. Irvine's listed Australian partner K2 remained a useful source of information but investors wanted to hear it directly from the horses' mouth. Overall we think it is now clear that progress has been made sating jitters as the release pleasantly surprised the market. We will be re-assessing our financial forecasts and valuation on the back of Irvine's Interim results.

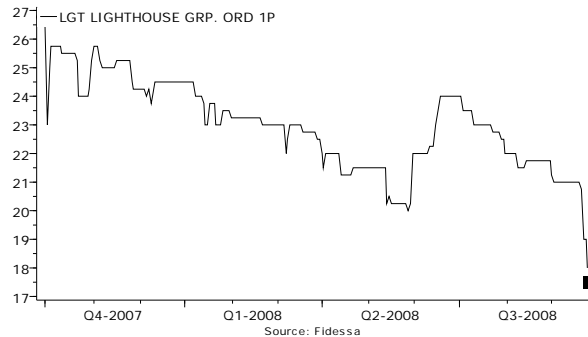
Irvine Energy					IVE			Price p.	2.0
AIM					Oil & Gas			Cap £m	14.8
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield		
December	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%		
2006A	0.0	-0.2	-0.3	-0.12	-	-	-		
2007A	0.0	-0.9	-1.1	-0.20	-	-	-		
2008E	-	-	-	-	-	-	-		
2009E	-	-	-	-	-	-	-		

LIGHTHOUSE GROUP

Interim results showed a 44% decline in pre-tax profit and FY08 profits will be lower than market expectations. The profit warning overshadowed good progress in several areas notably the seamless integration of the Sumus business, payment of a first interim dividend and a healthy 61% rise in cash balances to £12.3m. This cash balance is equivalent to 68% of the current market capitalisation.

Having realised the combined group's original target of annualised cost savings of £1m ahead of plan, we understand an additional £1m of cost savings have now been made to bring costs into line with reduced turnover expectations. The Board believes this action will be sufficient to "protect trading expectations for 2009 and beyond." On a more positive note, there is always the possibility that Lighthouse will use the current downturn to its advantage by acquiring distressed rivals at opportunistic prices.

IFA's continue to account for over two-thirds of all retail financial product distribution in the UK and when the financial cycle eventually turns, Lighthouse will be in a strong position to benefit on account of its increased scale and rock solid balance sheet.



Lighthouse Group				LGT		Price p.	15.5
AIM				Specialty Finance		Cap £m	11.7
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2006A	47.1	0.7	2.2	2.9	5.3	0.0	-
2007A	53.0	2.7	2.7	2.9	5.3	0.3	1.6%
2008E	No	Forecast					
2009E	No	Forecast					

LOK'NSTORE

Self-storage operator Lok'nStore will be announcing full year results for the year to end July 2008 on 7 November 2008 and is now in close period.

Like Big Yellow and Safestore, Lok'nStore is clearly experiencing less buoyant trading conditions as a result of the slowdown in UK economic activity. However average rental rates are increasing and all companies in the sector are looking to take advantage of the challenging trading conditions in the investment property marketplace to pick up good sites at keener prices.

With the shares currently trading at 122p, Lok'nStore is trading at a significant 55% discount to its June 2007 year-end NAV of 270p share.

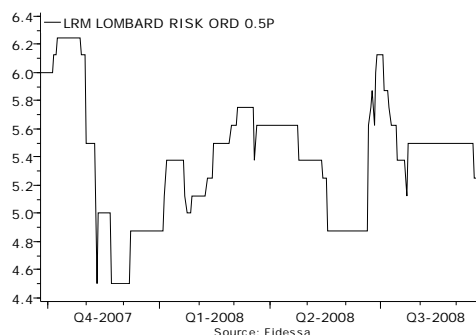


Lok'nStore				LOK		Price p.	115
AIM				Support Services		Cap £m	30.8
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
July	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2006A	8.95	-0.04	-0.02	-0.50	-	-	-
2007A	10.67	0.95	0.37	1.20	95.8	0.67	0.6%
2008E	10.81	-0.76	-0.56	-2.10	-	1.10	1.0%

2009E	11.60	-1.01	-1.01	-3.80	-	1.20	1.0%
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LOMBARD RISK MANAGEMENT

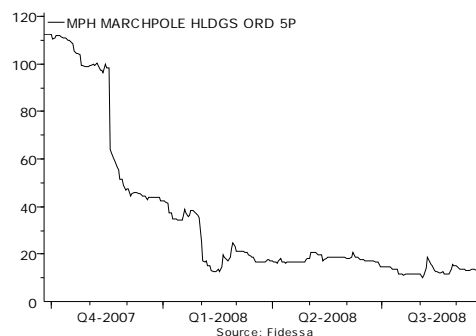
Results for the year to end-March 2008 showed turnover up 27% and a much reduced loss. Operational breakeven and overall profit was achieved in the second half of the year. There is very little exposure in the forward order book to the problem banks that have been dominating the headlines over the past month. The results are the first to be issued under IFRS. Our estimates are under review and a full research note will appear shortly.



Lombard Risk Mgt				LRM	Price p.		4.625
AIM				Software	Cap £m		6.2
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2007A	6.7	-1.3	-1.3	-1.0	-	-	-
2008A	8.5	-1.1	-1.1	-0.7	-	-	-
2009E	Forecasts	Under	Review				
2010E	Forecasts	Under	Review				

MARCHPOLE

Shareholders at this fashion group have approved a £2.5m financing that will allow the group to build inventory ahead of its critical new deal, the right to represent DKNY menswear worldwide from the coming 2008 winter season. The deal brings in Atlas Design AB of Sweden as the largest shareholder, and cuts Michael Morris, the flamboyant fashion guru who has been the dominant force in the boardroom, to 20%. Earlier this year an executive chairman, Chris Phillips, was appointed, so the shape of the board has changed markedly over the past year.

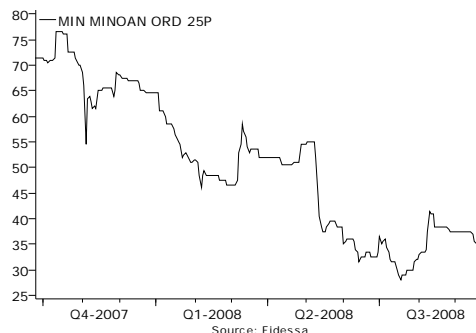


We expect a significant fall in turnover in the current year, but a recovery to breakeven, while in the year to March 2010 there will be a big hike in sales and a profit, because of a full year of the DKNY deal. We are not at this stage prepared to forecast the 2010 profit, but are watching the situation closely.

Marchpole				MPH	Price p.		9.25
Full list				General Retailing	Cap £m		2.5
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
March	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2007A	90.5	6.2	6.2	15.3	0.8	3.75	40.5%
2008A	44.7	-6.1	-6.1	-19.9	-	1.1	11.9%
2009E	30.0	0	0	0	-	0.5	5.4%
2010E	45.0	No	Forecasts			0.8	8.6%

MINOAN

We have had no more news from the Minoan Group regarding the development at Cavo Sidero in Crete. The next date for expected news is 7 November when the appeal hearing against the Greek Government's approval of Minoan's Environmental Impact Assessment is scheduled.

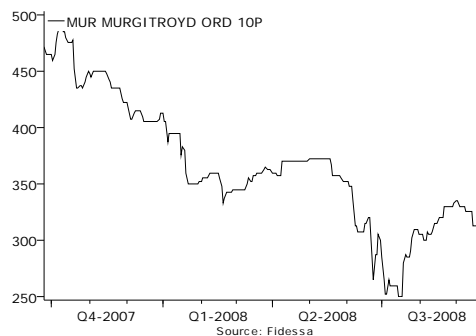


Minoan Group				MIN		Price p.	31.5
AIM				Leisure & Hotels		Cap £m	15.5
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
September	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2006A*	0.0	-0.9	-0.9	-3.2	-	-	-
2007A*	0.0	-0.8	-0.8	-2.1	-	-	-
2008A**	0.0	-1.7	-1.7	-3.6	-	-	-
2008E	No	Forecast					

*March year end **12 months to March

MURGITROYD

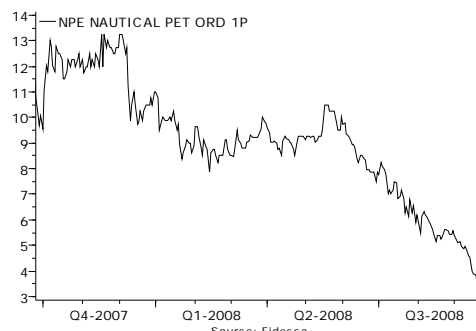
David Castles, the Deputy Chairman of European Patent and Trade Mark Attorney, Murgitroyd Group, has exercised his option to acquire 40,000 shares in Murgitroyd at the price of 181.0p per share. This represents 0.47% of Murgitroyd's shares and is Mr Castle's entire shareholding in the company.



Murgitroyd				MUR		Price p.	297.5
AIM				Support Services		Cap £m	24.6
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	14.0	9.0	3.0%
2008A	25.7	2.9	3.1	25.3	13.4	9.5	3.2%
2009E	29.8	3.6	3.6	29.9	11.4	11.3	3.8%
2010E	31.3	3.8	3.8	31.9	10.6	12.0	4.0%

NAUTICAL PETROLEUM

As detailed in our note "Second Kraken Appraisal Well Spudded" on 24 September, Nautical spudded well 9/2b-3 on 21st September using the 'Sedco 704' drilling rig designed to test how deep the oil actually goes within the Heimdal Sands by intersecting the water contact (OWC). The well has been brought forward from the original plan putting the 'Kraken consortium' ahead on plans to submit a field development plan by the end of 2009. Results from the well are expected in mid October and assuming that the well is drilled within budget, Nautical will have no financial exposure to the well cost.



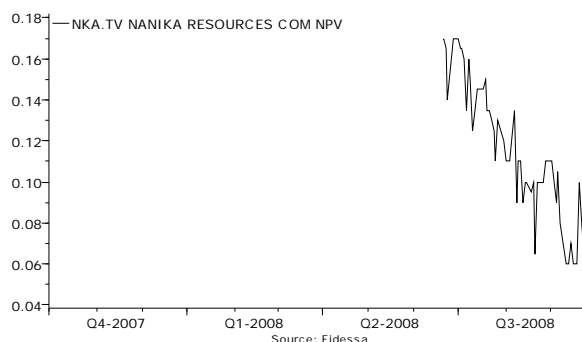
Nautical shareholders have approved the share consolidation plan. Shares will now be consolidated on the basis of 20 Ordinary Shares of 1p each for 1 New Ordinary Share of 20p. The new ordinary shares were admitted to trading on AIM at 8.00am Friday, 26th September 2008.

Drilling on Hydra (on Block 3/27a) is set to proceed in October.

Nautical Petroleum AIM				NPE Oil	Price p. Cap £m	5.5 55.0	
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted Basic eps p.	p/e ratio	Divi p.	Yield %
June							
2006A	0.0	-7.2	-7.2	-0.78	-	-	-
2007A	0.0	-0.9	-0.5	-0.05	-	-	-
2008E	0.0	-4.6	-4.6	-0.38	-	-	-
2009E	0.0	-1.6	-1.6	-0.13	-	-	-

NANIKA RESOURCES

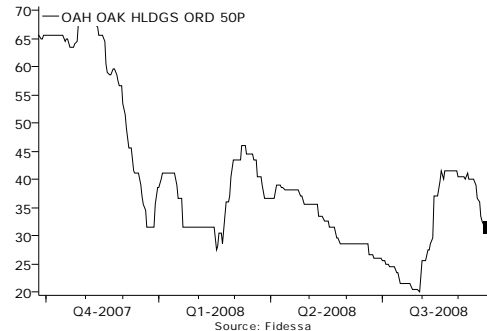
The formal agreement with the South Korean business partners regarding development of the Lucky Ship molybdenum prospect and offtake of ore/concentrate has still not been concluded. This has been a negative influence on the share price, because investors in Nanika's home city of Vancouver had been hoping the paperwork on this transaction would be completed in early summer. A conclusion to this deal is badly needed by the marketplace and by the company.



Nanika/New Cantech TSX-V				NCV:TSX-V Mining Exploration	Price CANc. Cap. CAN\$	7.5 4.7	
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted Basic eps p.	p/e ratio	Divi p.	Yield %
December							
2006A	No	estimates	at present				
2007A							
2008E							
2009E							

OAK HOLDINGS

There have been no further announcements from Oak Holdings since the company announced that 1) a Development Agreement has been signed between itself and the Rotherham Metropolitan Borough Council formalising the Council's approval of YES!, the mixed use leisure and entertainment resort to be built in Rotherham, South Yorkshire and 2) a formal valuation has put Oak's interests in YES! at £21.0m. This suggests Oak's shares should be trading at circa 125p and not the 29.5p at which the shares are currently trading. A positive announcement from Oak on funding would likely see these shares rally.

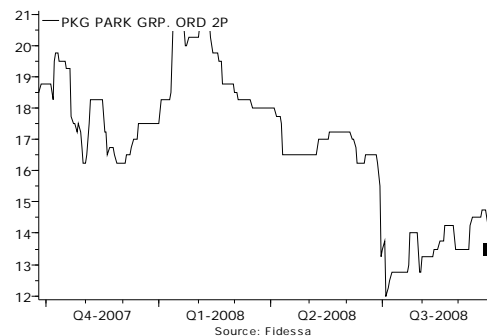


Oak Holdings				OAH	Price p.	29.5	
AIM				Real Estate	Cap £m	4.4	
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
October	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2006A	0.1	-0.6	-0.6	-3.8	-	-	-
2007A	0.4	-0.5	-0.5	-3.1	-	-	-
2008E	No	Forecast					
2009E							

PARK GROUP

The AGM Statement was encouraging, and we are comfortable with our estimates. Peter Johnson said that the company 'is performing in line with expectations', that 'the outlook for the business remains positive', and that 'the good progress made by the company to date will continue'.

There was £101m cash on deposit at the time he made his statement (23 September), a 33% increase on a year previously. This suggests to us that our forecast growth rate for the Christmas Savings business may have been conservative. Some website orders are already being taken for Christmas 2009.



The shares have outperformed the market, and significantly outperformed the sector recently (the sector contains HBOS and Bradford & Bingley, so outperformance is not difficult). A stock overhang has prevented the share price really moving, but we understand that most of this has now been cleared. The shares yield in the region of 9% prospectively; this is one of the highest yields in the sector as well as one of the safest.

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	Basic 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	5.3	1.3	9.8%
2010E	278.1	7.00	7.0	3.0	4.9	1.4	10.6%

PHOTO-ME INTERNATIONAL

Photo-Me International's Q1 Interim Management Statement reported that trading was 'encouraging' in May and June but 'disappointing' in July. It was issued before the August figures were fully available internally. The company 'continues to aim to achieve, at least, stability in the current year relative to last year's adjusted result', the announcement said.

We are maintaining our estimate because Q1 is always a quiet quarter in terms of profit for the quarter, and the wording used suggests that very little has changed overall since we last had a formal statement from the company.

No indication has been given on the relative performance of the two divisions, other than to state that more printing kiosks and amusement machines have been sited.

Debt was virtually unchanged at end-July at £45.1m. We have been forecasting a reduction in debt to £22m by end-April 2009. In this latest statement the company says that there will be a 'significant' cut in the debt level.

The AGM is on October 29, and we shall review our forecast in the light of the trading statement that will be made then.

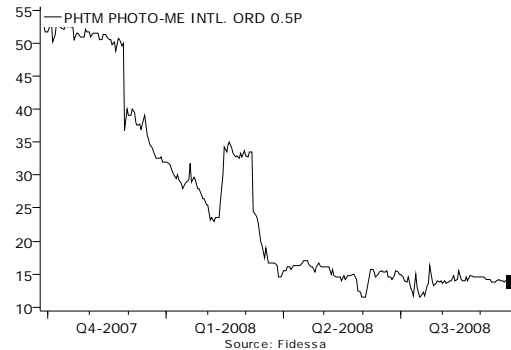
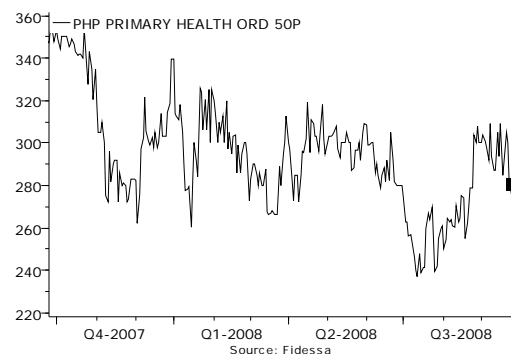


Photo-Me Full List	PHTM Support Services				Price p. Cap £m	13.5 48.5	Yield	16.6%
Y/E	Sales	EBITDA	Adjusted	Adjusted	p/e	Divi	Yield	
April	£m	£m**	Profit £m**	Basic eps p.**	ratio	p.	%	
2007A*	212.8	46.0	13.9	2.4	6.0	2.4	16.6%	
2008A	209.6	35.8	-6.9	-2.0	-	-	-	
2009E	200.1	36.4	1.3	0.2	72.5	-	-	
2010E	192.2	38.5	4.8	0.9	16.1	0.2	1.4%	

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

PRIMARY HEALTH PROPERTIES

There have been no further developments at Primary Health Properties during the month. The only item of note is that the share price of one rival owner of medical properties, Assura Group, has been weak. Assura has a different business model, however, which places considerable emphasis on provision of services and operation of pharmacies as well as property ownership.



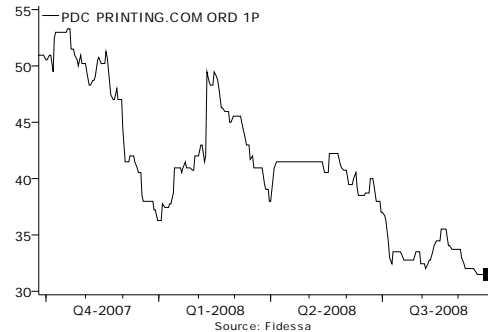
Primary Health Full List	PHP Real Estate				Price p. Cap £m	258.0 86.7	Yield	5.2%
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield	
December	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%	
6/2006A	11.1	18.4	3.9	16.5	15.6	13.5	5.2%	
6/2007A	14.1	14.3	4.0	14.6	17.7	15.0	5.8%	
12/2007/A*	15.7	-12.8	4.2	13.8	18.7	15.5	6.0%	
12/2008/E	18.0	2.0	4.2	12.5	20.6	16.5	6.4%	

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

PRINTING.COM

Franchised high street 'business to business' print chain Printing.com has come to the end of its half year trading period and we expect the interim results to be announced in early-mid November.

Last month we scaled back our estimates for both the current year and next on the back of management's caution over the short term outlook. Whilst promotional budgets are being cut as a result of the current economic slowdown Printing.com's highly competitive price point and special monthly offers should mitigate the full impact of the downturn. We also note that the expansion of the bolt-on estate has continued in line with expectations, the Network Partners programme has generated its first orders and discussions with potential Master Franchisees overseas are continuing.



We will be reviewing our estimates again after the interim results announcement.

Printing.com				PDC		Price p.	30.5
AIM				Retailing		Cap £m	14.3
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	9.0	2.50	8.2%
2008A	13.5	2.4	2.4	3.5	8.7	3.00	9.8%
2009E	14.3	2.5	2.5	3.8	8.0	3.10	10.2%
2010E	16.4	2.8	2.8	4.2	7.3	3.30	10.8%

R.E.A. HOLDINGS

Interim results showed a robust 91% rise in turnover and a 73% rise in adjusted pre-tax profit after stripping out the IFRS gain on biological assets. The results cover a period when the average CPO price, CIF Rotterdam was c.70% higher than the comparable period in 2007 although some of this will have been offset by Indonesian export tax.

As mentioned in our September monthly, palm oil prices have fallen substantially over the past six months, from \$1400m/t in March to \$790m/t currently, and consequently we are reviewing our estimates. A new research note will be available shortly.



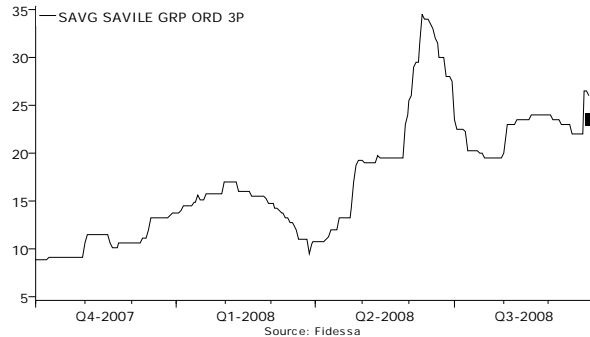
Meanwhile REA has announced that all three of the resolutions heard at its recent EGM relating to the capitalisation issue and the adoption of new articles of association were duly passed. As a result shareholders on the register as at 24 September 2008 will be allocated one new 9% cumulative preference share for every 25 ordinary shares held. Following the capitalisation issue REA has 32,573,856 ordinary shares and 14,902,954, 9% cumulative preference shares in issue.

R.E.A. Holdings				RE.		Price p.	355.0
Full List				Food		Cap £m	116.4
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
December	USDm	Profit USDm	Profit USDm	Basic eps p.	ratio	p.	%
2006A	33.1	19.76	11.06	17.8	36.4	1.0	0.3%
2007A	57.6	47.01	38.98	73.0	8.9	2.0	0.6%
2008E	Forecasts	Under	Review				
2009E	Forecasts	Under	Review				

SAVILE GROUP

We have initiated coverage of outplacement, talent management and mentoring specialist Savile Group. Results for the year to June 2008 were good, showing a strong return to profit after two years of modest losses. The second half of last year was particularly impressive. We expect profits to be comfortably over £1m for the current financial year. .

With City redundancies rising daily, Savile is in the right place at the right time with its outplacement business. Its outplacement brand, Fairplace, is one of the best known in the marketplace. The board of directors at Savile is relatively new, with six of the nine directors having been in place for less than two years, and there is a great deal of energy and enthusiasm here to drive the group forward. Also, there is over £1m of net cash in the company, and it is cash generative.



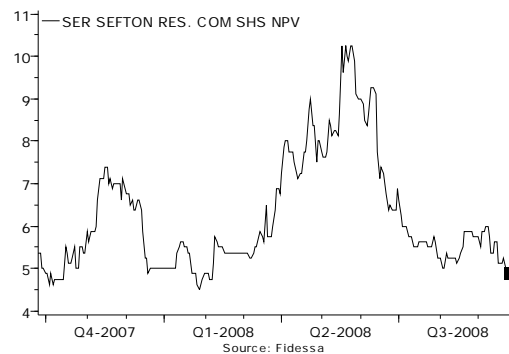
We produced our first research note on 24 September, and will be updating regularly as changes happen in the City job market and Human Capital space. Since we produced our note, rival outplacement group Penna has confirmed that industry conditions are strong, saying that its business in this area was up 20% on a year earlier.

Savile Group	SAVG	Price p.	26.0				
UK:	Support Services	Cap £m	3.8				
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted Basic eps p.	p/e ratio	Divi p.	Yield %
2007A	5.10	-0.19	0.21	2.2	11.8	-	-
2008A	7.00	0.72	0.90	6.0	4.3	-	-
2009E	9.00	1.19	1.21	4.9	5.3	-	-
2010E		No	Forecast				

SEFTON RESOURCES

Sefton's interim results showed the company's strongest financial performance to date with first half oil and gas revenues more than doubling to \$2,595k, up from the \$1,276k seen in H1: detailed in our note of September 9.

Since this publication, the market price of Sefton has fallen to around 4.9p/share with AIM market malaise and stock market turbulence. This is "just plain daft" given the progress made in recent months and with the company looking to commence exploration activities in Kansas. This expansion would not be happening unless there was sufficient cash flow to provide support and sufficient upside to make it worthwhile to investors.



Our core value for the Californian assets is \$28.7m (11.8p/share) with an upside with enhanced recovery to \$81.8m (33.6p/share). Boomfield Corporate Finance Ltd has been appointed as NOMAD, with Religare Hichens Harrison plc as broker as of 1 October 2008.

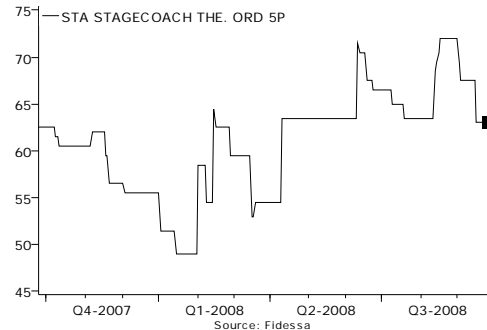
Sefton Resources	SER	Price p.	4.5				
AIM	Oil and Gas	Cap £m	6.2				
Y/E	Sales USD\$m	Declared Profit \$m	Adjusted Profit \$m	EPS c/share	p/e ratio	Divi p.	Yield %
December							
2006A	2.70	-0.38	-0.38	-0.56	-	-	-
2007A	2.98	0.21	0.21	0.40	-	-	-
2008E	7.96	4.46	4.01	3.40	9.0	-	-
2009E	No	Forecast					

STAGECOACH THEATRE ARTS

We continue to be happy with progress at Stagecoach Theatre Arts. Having announced record results in 2008, the company traded in line with expectations during the first quarter of its current 2009 financial year and importantly the September School Term has started encouragingly with no decrease in UK student numbers from the Summer 2008 Term.

Overseas the newly signed Greek franchise has opened its first school and we understand discussions with a further three potential international franchisee partners in Latvia, Dubai and most recently Sweden are progressing satisfactorily.

The company's return to the dividend list was approved at the Annual General Meeting in mid September. A dividend of 2p/share will be paid on 25 November to those shareholders on the register as at 7 November 2008.

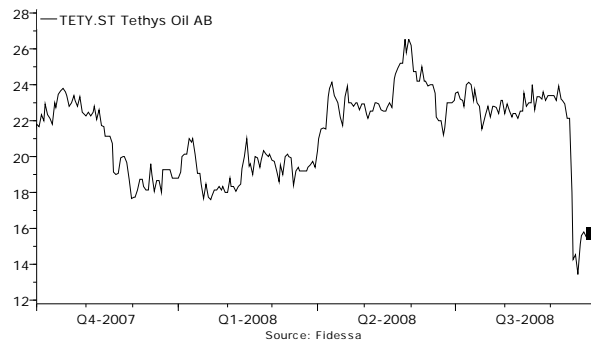


Stagecoach Theatre Arts	STA	Price p.	63.0				
AIM	Theatre Arts	Cap £m	6.2				
Y/E	Sales	Declared	Adjusted	Adjusted	p/e	Divi	Yield
May	£m	Profit £m	Profit £m	Basic eps p.	ratio	p.	%
2007A	6.32	0.37	0.37	1.71	36.8	-	-
2008A	6.33	0.71	0.71	5.1	12.4	2.0	3.2%
2009E	6.46	0.72	0.72	5.14	12.3	2.2	3.5%
2010E	6.91	0.90	0.90	6.54	9.6	2.4	3.8%

TETHYS OIL

The JAS-2 appraisal well has been suspended with the flow test delayed until a new rig can be contracted-in to re-complete the well. This will unfortunately delay production from Jebel Aswad by a few months as the test results from the well are needed to optimise design work prior to field production

In Turkey drilling of the Copkoy-1 exploration well has commenced targeting just shy of 34BCF of gas in two Tertiary sandstone reservoirs identified during the 2007 2D seismic campaign. The primary target an Oligocene sand body is the main reservoir for local natural gas production making this a relatively low risk well – with we estimate a 1 in 3 chance of success. At a gas price of \$7/MMCF our discounted cash flow analysis indicates Tethys' net interest for 8.2 BCF of producible reserves to be valued around \$11.4m on success, compared to the current \$3.8m we are carrying in our risked valuation at present.



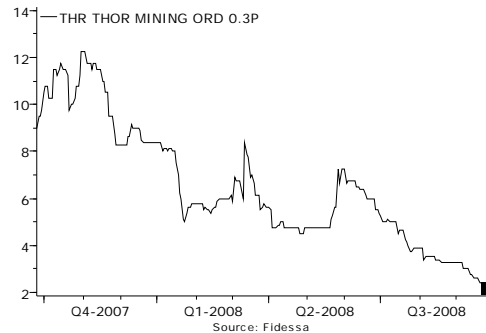
Please see our note of 29 September "Jebel Aswad Testing Suspended – Awaiting Rig. Drilling continues in Turkey".

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

THOR MINING

Our latest research note gives calculations, for the first time, on the possible value of the magnetite in Thor Mining's Molyhil development in Australia. Molyhil is primarily a molybdenum and tungsten orebody, but the additional revenue stream of selling magnetite for coal washing, at possibly US\$250/tonne, will be useful at a time when debt project finance for new mines is difficult to obtain and bankers are becoming cautious about the projects they are prepared to back.

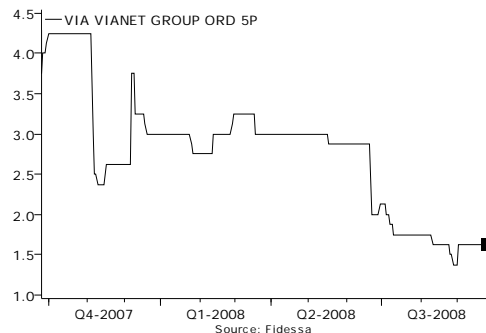
In its Preliminary Statement for the year to end-June 2008, Thor Mining disclosed a pre-tax loss of £1.1m, an improvement on the previous year's loss of £1.4m. Once again there was no sales revenue, because Thor does not yet have an operating mine. There was £1.3m cash in the bank at end-June. This puts Thor Mining in a better position than some junior exploration companies, but will not be enough to see Molyhil through to production. We look for either a buy-in to Molyhil by another operator or a modest share issue in order to provide adequate liquidity. Management will be keen to dilute no more than absolutely necessary given the current share price, but in this credit crisis, cash is king.



Thor Mining AIM				THR Mining		Price p. Cap £m	1.88 2.6
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted Basic 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	Forecasts					
2009E	No	Forecasts					

VIANET

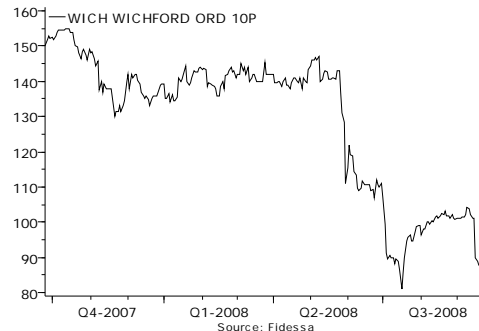
Interim results showed sales up 85%, improved gross margins but a slightly higher pre-tax loss. A full research note will be issued shortly. Meanwhile our estimates are under review.



Vianet AIM				VIA IT Hardware		Price p. Cap £m	1.38 3.5
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m	Adjusted Basic eps p.	p/e ratio	Divi p.	Yield %
December							
2006A	0.6	-1.7	-1.7	-0.7	-	-	-
2007A	1.0	-1.7	-1.7	-0.8	-	-	-
2008E	Forecasts	Under	Review				
2009E							

WICHFORD

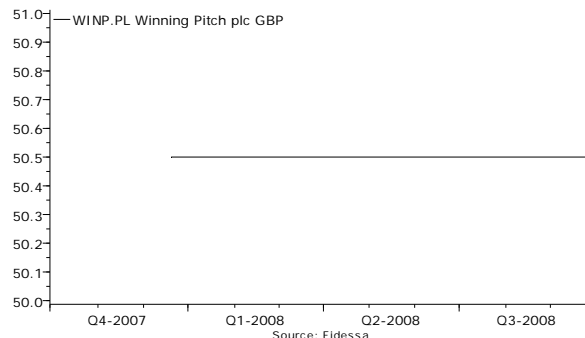
There have been no new trading development from Wichford following the announcement of its Trillium deal and The Hague purchase of last month. This property company remains relatively protected from market influence thanks to its focus on government occupiers. It also enjoys limited LTV bank covenants and limited interest rate and currency risk and has been considering using its cash reserve to either make acquisitions at attractive prices or buy back its own shares.



Wichford					WICH	Price p.	68.0
Full List					Property	Cap £m	90.9
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	14.0%
2007A	208	-9.6	11.6	9.7	-35%	10.2	15.0%
2008E	121	-96.1	13.8	10.4	-18%	10.4	15.3%
2009E	132	31.0	16.0	12.1	-17%	10.6	15.6%

WINNING PITCH

We were reminded of the thinking behind business consultancy Winning Pitch in a recent article on leadership that appeared in the Training and Development section of Edge Magazine. According to John Leach, CEO of Winning Pitch, "Humility, respect for others and a desire to make a difference remain the qualities that underpin great leadership. Running in parallel with these is an intense determination to succeed" he says. "Such leaders then gain the license to drive forward and are trusted because they deliver".



Winning Pitch					WINP	Price p.	50.5
PLUS					Support Services	Cap £m	2.5
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	Forecasts					
2009E	No	Forecasts					

YUOGOV

YouGov announced in August that, as a result of heavy investment in both its people and its assets, its normalised operating profit before tax for the year to 31 July 2008 will be lower than market expectations. Toluna, another player in the same space, has now issued a similar statement. While this company's group revenue grew by 36% in the six months ended 30 June 2008 profit before tax was more or less equivalent to that earned in the prior corresponding period. As with YouGov, this reflects a significant investment in order to boost future revenue growth. The online market research space continues to grow rapidly and companies in the space absolutely must position themselves to take advantage of the potential opportunities.



YouGov AIM				YOU Media		Price p. Cap £m	56 51.9
Y/E	Sales £m	Declared Profit £m	Adjusted Profit £m*	Adjusted Basic eps p.	p/e ratio	Divi p.	Yield %
July							
2006A	9.6	4.1	4.1	4.2	34.6	-	-
2007A	14.3	5.6	5.7	6.1	23.9	-	-
2008E	40.5	4.2	8.5	6.1	17.3	-	-
2009E	50.3	8.9	11.1	7.9	14.7	-	-

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

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