



# TAGLICHBROTHERS

The Standard of Excellence in the Microcap Market

Member: FINRA, SIPC

## Earnings Note

*Investors should consider this report as only a single factor in making their investment decision.*

### Littlefield Corporation

**Rating: Speculative Buy**

Luis Martins

**LTFD \$0.67 (OTC BB)**

October 30, 2008

*Littlefield Corporation (OTC BB: LTFD) engages in the development, ownership, and operation of charitable bingo halls in the United States. LTFD also engages in the party rental business. Its operations are primarily conducted in two segments, Littlefield Entertainment and Littlefield Hospitality.*

On October 29, 2008, LTFD announced preliminary 2008 third quarter results for the period ended September 30, 2008. Below are the Company's results along with Taglich Brothers' estimates (\$ 000's):

	Q3 (9/08)A	Q3 (9/08)E
Revenues	\$ 2,534	\$ 2,700
Total Direct Costs	<u>2,547</u>	<u>2,285</u>
<b>Gross Profit</b>	(13)	415
<i>Gross Margins</i>	-0.5%	15.4%
Total operating expenses	<u>492</u>	<u>660</u>
Operating income	(505)	(245)
Operating margins	-19.93%	-9.07%
Net income (loss) for common	<u>\$ (759)</u>	<u>\$ (235)</u>
EPS diluted	<u>\$ (0.05)</u>	<u>\$ (0.01)</u>
Weighted average shares (diluted)	<u>16,755</u>	<u>16,900</u>
<u>% of revenue</u>		
Operating Expenses	19.42%	24.44%
<u>year / year growth</u>		
revenues	-3.16%	3.19%

*\* Please view our disclaimer located on page 5.*

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**Estimate Analysis:** Revenues fell short of Taglich Brothers' expectations due to lower revenues from both the entertainment (\$2.1 million versus estimated \$2.2 million) and hospitality operations (\$0.431 million versus estimated \$0.434 million). Bottom line results also fell short due to lower than expected revenues and gross margins (-0.5% versus estimated 15.4%). The large variance in gross margin can be largely attributed to hall start-up expenses and staff additions. SG&A expenses were \$0.168 million lower than expected.

3Q08 results were adversely impacted by \$0.580 million in notable items stemming from hall renovations in Texas, legal expenses, and non-cash compensation expense.

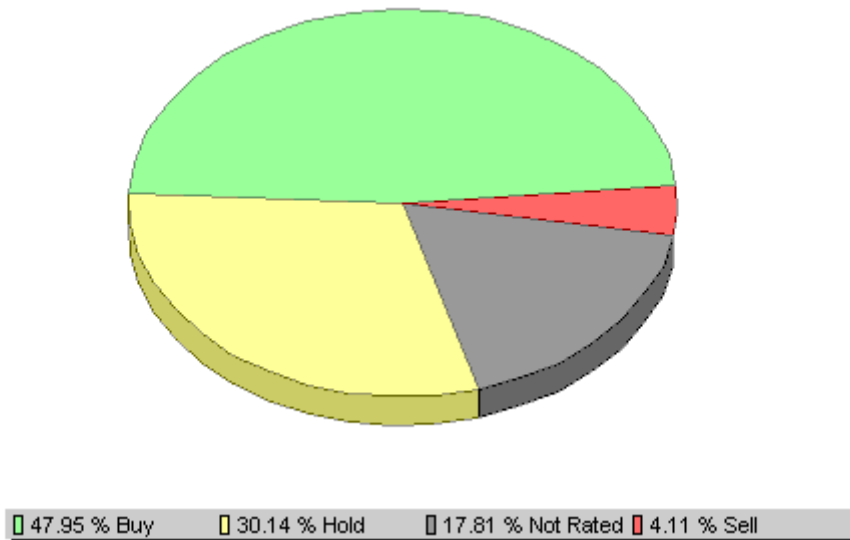
**Rating:** We are maintaining our Speculative Buy rating.

**Risks:** Please review our latest research report (dated September 15, 2008) for a summary of the principal risks underlying the stock.

# Littlefield Corporation



## Taglich Brothers Current Ratings Distribution



Investment Banking Services for Companies Covered in the Past 12 Months		
Rating	#	%
Buy	0	0
Hold	1	6.67%
Sell	0	0
Not Rated	0	0

Meaning of Ratings

Buy

We believe the Company is undervalued relative to its market and peers. We believe its risk reward ratio strongly advocates purchase of the stock relative to other stocks in the marketplace. Remember, with all equities there is always downside risk.

Speculative Buy

We believe that the long run prospects of the Company are positive. We believe its risk reward ratio advocates purchase of the stock. We feel the investment risk is higher than our typical “buy” recommendation. In the short run, the stock may be subject to high volatility and continue to trade at a discount to its market.

Neutral

We will remain neutral pending certain developments.

Underperform

We believe that the Company may be fairly valued based on its current status. Upside potential is limited relative to investment risk.

Sell

We believe that the Company is significantly overvalued based on its current status. The future of the Company's operations may be questionable and there is an extreme level of investment risk relative to reward.

**Some notable Risks within the Microcap Market**

**Stocks in the Microcap segment of the market have many risks that are not as prevalent in Large-cap, Blue Chips or even Small-cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the microcap segment of the market.**

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From time to time our analysts may choose to withhold or suspend a rating on a company. We continue to publish informational reports on such companies; however, they have no ratings or price targets. In general, we will not rate any company that has too much business or financial uncertainty for our analysts to form an investment conclusion, or that is currently in the process of being acquired.

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All research issued by Taglich Brothers, Inc. is based on public information. The company paid for the creation and dissemination of research reports for the first year a monetary fee of \$24,000 (USD) on September 2007 and after the first year of publication will pay a monthly monetary fee of \$2,000 (USD) to Taglich Brothers, Inc. for the creation and dissemination of research reports.

**I, Luis Martins, the research analyst of this earnings note, hereby certify that the views expressed in this note accurately reflect my personal views about the subject securities and issuers; and that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report.**