Equity Market

Update

Free to City Equities Customers

Issue 55 JANUARY 2007

Small Company
Selections for 2007

At this time of year it is natural to reflect on the 12-months that have gone before and as New Year's resolutions are put into effect, it seems relevant to draw on lessons learnt.

2006 was another eventful year in the life of AIM and, according to *Baker Tilly's* "Taking Aim Survey", saw a record number of companies joining its ranks. In fact, over the year, 519 companies listed, raising £8.9bn, which included an increased amount of overseas businesses making an appearance. AIM's popularity could be attributed to several factors. Its less onerous listing criteria, compared to the FTSE, makes it a more appealing prospect for smaller organisations and its reputation for growth also makes it attractive. Indeed, *Baker Tilly's* report commented, "AIM is now the world's most successful market for growth companies". This position has certainly been aided by the outstanding performance of some of its constituents since its launch in 1995 and the technology boom of 2000 was also instrumental in raising its profile, taking the market to dizzying new heights. The subsequent crash does not seem to have dampened enthusiasm for the junior market.

"AIM is now the world's most successful market for growth companies"

This growing number of additions does bring with it the risk that there could be a dilutive affect on the quality and calibre of companies on AIM. However, generally speaking the popularity and the continued growth of the market is an encouraging trend. Furthermore, for us at City Equities Limited, it also provides a challenge we relish; to highlight some of the hidden gems that have gone unnoticed. Page three of this edition of Equity Market Update details a few examples of past success stories and multiple bagger winners.

Because City Equities Limited is not sector specific in it quest to identify these undervalued opportunities for its clients, the Companies featured in this issue of the Equity Market Update reflect that fact and address a variety of industries. **Ariana Resources** is a gold exploration play focusing on Turkey, **Cagney** offers marketing services to the UK market, **Elephant Loans** provides loans and mortgages to the sub-prime market and **Essentially** is an acquisitive sports promotion and management business. **Intelligent Environments** provides online software products, **Nexus** is a managed IT services provider, while **Western & Oriental** operates in the luxury holidays market and **Venteco** believes it offers an environmentally friendly pesticide alternative in its Cryonite product. These are all very different businesses, but in our opinion they share characteristics which make them interesting situations to follow.

So, with another year over and a fresh twelve months ahead, we look forward to what 2007 may hold. Naturally, with the potential for higher returns, comes higher risks and investors should always be mindful of this fact, but we hope it will bring the emergence of more innovative and exciting companies that have the growth potential we believe sets the AIM market apart.

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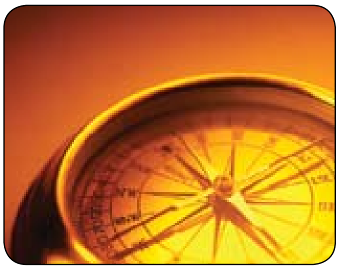

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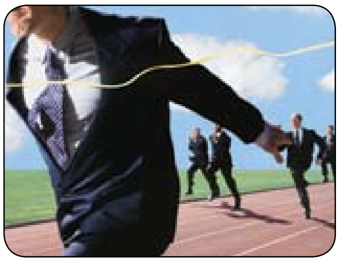

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PAST CITY EQUITIES WINNERS

The shares featured in each quarterly issue of this newsletter form only a small part of the service provided by City Equities. Clients are advised on potential additions that can be made to their portfolio on an ongoing basis, along with possible stocks where profits can be realised. In the table below we have highlighted a sample of recommendations made and acted upon by customers since the end of the technology boom. It outlines the total potential profit that could have been made if these had still been held today, although customers may have taken profits at different and earlier levels in line with their own individual portfolio requirements. It does rather modestly omit the equities recommended during the technology boom of 1997 to 2000, which would have made for even more spectacular reading during this period.

The star performer of those featured below is **Iomart**, which has risen by 1481% to 83p since its recommendation to City Equities clients back in November 2002 at 5.25p. Although, those canny enough to have taken profits at the highest point during this period at 148.50p in March 2005, could had made a profit of £27,286* on a £1,000 investment.

Four resource winners are shown below, including oil exploration company **Petrel Resources**. This was a brave pick, as it was chosen just before the start of the US led invasion of Iraq in late March 2003. It has subsequently risen seven fold to 41.50p, from its recommendation of 5.50p, although it did finish at 129p on 8 October 2004, representing a potential profit of £22,454 on a £1,000 investment! Of more interesting note is the intraday price has been as high as 157p. This situation underlines the fact that sometimes what may seem the worst time to invest may turn out to be the best time.

We could feature many more resource stock winners, but to provide balance we have listed a representative mix of winning stocks within different sectors, such as support services company **Mears Group** (+1394%), coffee bar operator **Coffeeheaven International** (+206%) and media company, **Ten Alps** (+283%) to name just a few. At City Equities we endeavour to hunt out companies at the early stage of their growth cycle and those which have recently undergone corporate change and are now ripe for a recovery. Those stocks with just simple bounce back potential are also sought. One share fitting the criteria of an early growth play was **Accident Exchange**, which is one of three stocks producing a ten bagger or more performance, rising by 1169% in just under three years.

It is not always possible to be shrewd enough to sell at the top or even buy at the bottom, but the table below shows if the right selection can be made at the right time and investors are patient enough to ride out any potential storm then substantial gains can be achieved. Furthermore, it must be appreciated penny shares are much more speculative and volatile than blue chip shares and may therefore go down as much as they go up. Nevertheless, if an investment can be captured from a multiple bagger then this could more than compensate for any losers elsewhere in a portfolio. An often overlooked **but simple fact, is that although you can lose 100% of your money in any one stock, at the same time it is also possible to gain substantially more than 100%.**

SHARE	Date	Price Then*	Price Now**	£ Return on £1,000 Investment#	Gain %	HIGH	LOW
Accident Exchange (ACE.L)	21 Apr 04	32.00p	406.00p	£12,688	1169%	498.44p	28.50p
African Diamonds (AFD.L)	9 Jun 04	44.00p	144.50p	£3,284	228%	178.00p	29.27p
Coffeeheaven Int'nl (COH.L)***	26 May 05	13.00p	39.75p	£3,058	206%	40.25p	10.44p
Egdon Resources (EGD.L)	4 Jan 05	30.00p	186.00p	£6,200	520%	219.13p	25.97p
Griffin Mining (GFM.L)	4 Aug 03	16.00p	103.50p	£6,469	547%	108.75p	16.00p
Iomart (IOM.L)	18 Nov 02	5.25p	83.00p	£15,810	1481%	148.50p	4.47p
Mears Group (MER.L)	10 Apr 00	23.50p	351.00p	£14,936	1394%	356.00p	23.50p
Petrel Resources (PET.L)	18 Mar 03	5.50p	41.50p	£7,545	655%	129.00p	5.50p
Tanfield (TAN.L)	20 May 05	20.00p	54.50p	£2,725	173%	56.25p	16.43p
Ten Alps (TAL.L)	11 Mar 03	14.50p	55.50p	£3,828	283%	68.00p	10.25p

* Date of the last recommendation to clients. The majority of clients acquired shares on this date or in the next few trading days. The highest price clients paid for each recommendation is quoted. Clients may have acquired shares at higher or lower prices on previous recommendations.

** Closing mid market price on 20 December 2006.

*** Adjusted for 10-for-1 share consolidation.

Figures do not include transaction costs of buying, selling and any capital gains tax incurred.

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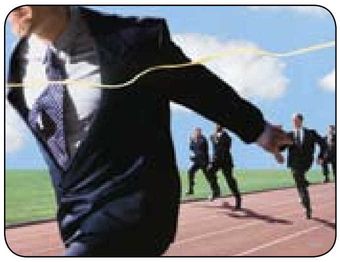

Expand to Victory?
Essentially emerges from the pack. p5

Buying Luxury
Western's team not on holiday. p7

Turkish Delight?

Ariana going for gold

■ ARIANA RESOURCES	
Status	AIM
Code	AAU.L
Recent Price	9.75p (9.00p-10.50p)
High	17.40p
Low	9.44p
Market Cap	£4.9m

With exploration companies, we first look at the people who run them – the resource comes afterwards. Given the multitude of risks faced, you have to be comfortable with the abilities of those charged with developing a project and at Ariana, Steven Poulton and his team have gained our confidence. Even joint broker Ambrian commented, "the Executive Directors are energetic, highly motivated and mobile: desk studies and pin-striped suits is not what this company is about."

Their application of technology, which manifests as the Geographical Information System ('GIS'), has helped refine the search for prospective gold targets and leads the licence application process. Concentrating efforts in Turkey, a largely under-explored territory, the Company now has 106 licences covering 1,755 sq km, having mapped over 500,000 sq km of the country using digital GIS. The main project is located at Sindirgi in Western Turkey and was acquired from Newmont in 2005, with the vendor retaining a smelter royalty should gold pour from the region. Recently, the majority of activity has been on the Arzu South vein, which is part of the Kiziltepe gold-silver prospect within Sindirgi. Consultant SRK has already modelled a 150,000 oz resource from only 5% of the known vein system and the Directors believe Sindirgi has the potential to hold around 1m oz gold. Naturally, they will be keen to prove up the site and move any resource figures to international JORC standards.

Thanks to the number of licences, investors have a spread of risk and the Directors run a tight ship so we don't see funding as a concern for a while. The market cap is low for an operation with so much acreage and available cash resources, however retail demand for the shares has been limited and a relatively narrow trading range this year suggests that Ariana does not feature on too many radar screens.

So, will 2007 be the year to change that? The multi-licence approach certainly adds to potential newsflow and we may read about more, now that a deal has been signed to bring in a local partner, Besler. It is early days, but the story could mature quite quickly.

Surprise! Surprise!

Cagney is making progress

■ CAGNEY	
Status	AIM
Code	CGNY.L
Recent Price	3.88p (3.75p-4.00p)
High	9.25p
Low	3.88p
Market Cap	£3.2m

Cagney, the acquisitive integrated marketing services business, has made a mixed start on AIM. Commercially, it has made good progress, but this hasn't fed through to investor interest. However, we are expecting a flurry of activity in 2007 that could catch some by surprise.

The key challenge for companies that grow through acquisition is being able to integrate them. The ability to align new businesses strategically, commercially and operationally is fundamental to the value creation logic behind acquisitions. Paul Simons, CEO, had four businesses from different marketing disciplines to deal with when Cagney came to AIM in February 2006, so integration could have been problematic. However, at the interims he noted that few problems had been encountered and the integration had been "very successful", a point supported by, what we consider to be, a strong trading performance. Indeed, the first full quarter of trading to 30 June, generated turnover of £2.9m and PBT of £127k. On an annualised basis this would represent sales of £11.6m and PBT of £508k, which would be a more than decent first year performance, given the change in mentality required by the principals of the four businesses. This, so far, has not been recognised by the market.

However we believe this lack of awareness could change in 2007. Our optimism is based on an expected step change to the acquisition strategy. We anticipate at least one significant acquisition, with perhaps one or two smaller additions along the way. Direct and online marketing will be areas high on the hit list, although research and media planning would also complement the existing businesses. Some may have expected the next acquisition(s) much sooner, but it is always better to do the right deal rather than the quick one. On the back of this we would expect a PR offensive, as well as some guidance from the Company's broker, KBC Peel Hunt, to provide the market with expectations going forward.

We expect Cagney to be busy in 2007 and at this point, Paul will be well on the way to his goal of creating a £100m cap integrated marketing services company.

Forget me not

Elephant's debt relief

■ ELEPHANT LOANS & MORTGAGES

Status	AIM
Code	ELEP.L
Recent Price	2.88p (2.75p-3.00p)
High	4.50p
Low	2.63p
Market Cap	£7.0m

Elephant has made a move into a fast growing segment of the financial services market, which has provided a new and exciting dimension to the business. This may break the initial perception some investors may have of this being a mature and dull Company.

As its name suggests, Elephant's current focus is on the provision of secured loans and mortgages. The Company acts as a sort of middle man by providing borrowers with new loans or consolidating existing debts using lending products from other companies. Non-standard or sub-prime borrowers typically falling outside the standard parameters of high street lenders, provide the core customer base, who are targeted via a variety of direct marketing methods such as local radio advertising. Instead of national call centres, Elephant provides a more personal and friendly service than its competitors, via high street branches. Elephant has recorded a profit in each of the last four years and is now looking to move up a level by entering the Individual Voluntary Arrangements (IVAs) arena.

One of the first to enter this market, Debt Free Direct, has seen its shares rise over ten fold since IPO. In the middle of last year, Elephant launched its own IVA business called DebtSmashers, which is acting as a packager and introducer of IVAs to accounting firm, Haines Watt. DebtSmashers fits in well with the core business, as customers can be advised to follow the IVA route, if debt consolidation or new loan provision are inappropriate.

The IVA market is experiencing phenomenal growth, with IVA approvals rising from 5,000 in 2002 to an estimated 40,000 last year. This is expected to increase further, with stockbroker Charles Stanley predicting a long term average of 60,000 per year. One of the reasons behind this growth, is that some of those in higher socio-economic groups are more likely to opt for IVAs due to the stigma attached to bankruptcy *(Source: Experian)*.

With the interest rate cycle upwards, the macro environment for sub prime lenders and IVA providers appears favourable. As Elephant's IVA business becomes more established, we look forward to the shares being rated, we hope, at similar multiples to existing IVA companies.

Expand to Victory?

Essentially emerges from the pack

■ ESSENTIALLY GROUP

Status	AIM
Code	ESN.L
Recent Price	16.00p (15.00p-17.00p)
High	18.00p
Low	16.00p
Market Cap	£10.7m

Essentially, the sports marketing and representation business, has expanded quickly. The benefits of its acquisition strategy have not yet been recognised, but we believe this will change during 2007.

The acquisition of GSM, which coincided with a move to AIM transformed the Group. GSM is a rugby union player management and rights business, which added scale, and gave the plc a platform to grow. It appears to be trading well as a first deferred consideration of around £1m, 68% of the maximum, was paid in November. We expect this to continue during 2007. Our confidence is based on the excitement surrounding the Rugby World Cup in France this year. As with other major sporting events the star players receive greater exposure and with GSM's roster packed with many of the top players, in particular from the tournament favourites New Zealand, there could be potentially lucrative transfers, sponsorship deals and other marketing opportunities to exploit before and after the tournament.

Further acquisitions have moved ESN towards becoming a holistic sports marketing consultancy. Accelerate brought strategic brand and sponsorship consultancy, as well as events creation expertise. The introduction of leading brands could be beneficial for the F1 division, which looks to bring teams and sponsors together. The new F1 season begins in March, so there may be news here before long, while we hope Accelerate can tap into the internal 'resources' to develop new event ideas. The acquisition of Eight Group and the purchase of the remainder of PSS established a professional services division able to offer brands, teams, federations and players tax, legal and financial management advice. This in-house expertise will be offered across the Group, but will hopefully allow it to penetrate new sports markets. The benefit of these acquisitions should emerge during 2007, when Corporate Synergy expects PBT of £2.5m and EPS of 2.17p, while in 2006 it expects PBT of £1.27m and EPS of 1.6p, which suggests upside from the current levels.

We believe the management have made judicious purchases, which have expanded Essentially's services, improved cross-selling opportunities and smoothed the revenue curve. The build up to the Rugby World Cup provides Essentially the perfect PR platform in 2007.

Breakthrough?

Intelligent Environments is no longer marking time

■ INTELLIGENT ENVIRONMENTS GROUP	
Status	AIM
Code	IEN.L
Recent Price	6.25p (5.75p-6.75p)
High	6.25p
Low	2.63p
Market Cap	£10.2m

The Internet is now a well-established medium and financial services businesses are increasingly looking for ways to utilise its potential to acquire customers. Consequently, Intelligent Environments' time may have come.

Small companies typically rely on partnerships to allow them to punch above their weight and Intelligent Environments is no different. It has distribution, technology and implementation partners through which its on-line applications solutions are offered. Distribution is obviously key and IEN has been able to attract new partners, while using existing partners to expand. Certegy and Nomad were added in H1 2006 and extended IEN's market reach into storecards and prepaid cards and both have delivered in terms of customers and revenues. The more long-standing relationship with First Data International recently stimulated attention by signing up Barclaycard to provide credit card and loans processing for its new partnership programmes in the UK. It will use IEN's NetFinance System and the deal opens up an array of potential customers such as Thomas Cook, the Student Union, Sky and Argos Retail, who are all partners of Barclaycard. We believe the potential here could be huge, particularly with Argos and we hope for news in 2007.

Another reason for our confidence is that IEN is transitioning its business model away from the traditional upfront licence and maintenance structure to one based on transactional volumes. The logic is to reduce the dependence on lumpy revenues, while increasing the visibility and quality of the earnings going forward. IEN is focused on pushing these terms on new deals and this is the case with customers introduced by Certegy and Nomad, as well as with FDI/Barclaycard. The benefits of migrating to such a model will be felt over the longer-term, as the revenue recognition policy has to change, but broker Dawnay Day, following the Barclaycard deal, suggested, "the potential scope of this new relationship should, in time, transform the revenue and profitability outlook for IEN". Points we echo.

We expect these transactional revenues to emerge during 2007, as well as more contracts and a further move into the black that should be deserving of a re-rating. Intelligent Environments may then just make up for lost time.

American Dream

Nexus partners up for growth

■ NEXUS MANAGEMENT	
Status	AIM
Code	NXS.L
Recent Price	1.78p (1.70p-1.85p)
High	1.78p
Low	0.31p
Market Cap	£14.0m

Establishing routes to market is key for small companies like Nexus Management. The recent deal with US-based PD Financial could become, if recent sales trends continue throughout 2007, something of an expressway for the IT managed services provider.

In October last year Nexus acquired 24% of direct marketing business PD Financial and entered into a three year marketing agreement. Initially this may seem like an odd move, but on closer reflection it could prove to be a masterstroke. PD markets brand-name electronic products such as HP, Compaq, Panasonic, Sony and Apple to targeted consumers, pre-approved for credit by GE. The upside is that 50% of PD's sales come from computers and these consumers are offered the chance, as part of a bundled package to add-on Nexus's Help Desk for $120 per year. PD's computer sales target was 1,000 per month, but it actually achieved 1,394 in October, with 445 of Nexus's help desk service contracts being sold, generating around $54k. We believe the upward trend has continued and expect it to do so throughout 2007.

Currently, the market has little guidance as to what to expect from 2007 and beyond. Full-year figures for 18-months to September 2006 are due in January and we are hopeful for further positive news on trading from PD then. However, the numbers won't reflect any contribution from PD. Small cap tipster Tom Winnifrith *(The Business - 16 December 2006)* reckons profits for the current year to September 2007 could reach £1.1m, with EPS of 0.1375p growing to 0.2p the following year. He suggests a PE of 15 is fair for a high growth, cash generative business, which would see the shares at 2p and at 3p in the next financial year. This follows a move into the B2B arena, Nexus's core business, in the US in 2007 with PD and GE.

The relationship with PD ties Nexus in with GE and the presence of the major provides confidence that market access, particularly to the B2B space can be achieved. In doing so it has the opportunity to make a step change and elevate itself above other AIM-listed managed service providers.

Snow time

Venteco heads for the spotlight

■ VENTECO

Status	AIM
Code	VTO.L
Recent Price	2.00p (1.75p-2.25p)
High	4.00p
Low	2.00p
Market Cap	£7.0m

The acquisition of CTS has given Venteco a clearly defined commercial direction. The question now is will adoption of its Cryonite technology in various sectors endorse this decision? Recent trials suggest that it is gaining traction.

Eradicating pests has long been the source of headaches for businesses. It causes significant disruption, as the harmful chemicals used in the extermination process often require the evacuation of premises, resulting in expensive downtime. In Cryonite, Venteco hopes to offer a solution to this problem. The technology was acquired in August 2006, when CTS Technologies was reversed in. It works by spraying carbon dioxide through a special nozzle that converts it into a snow-like form at -80°C. This essentially freezes and kills the insect and has been shown to be effective in a broad spectrum of pests such as wasps, bed bugs and moths. Because it is does not use poisons and is a “dry” solution, there is no need to evacuate or halt production, thus reducing downtime. Furthermore, it can also be used in areas that wouldn’t normally be treatable, such as food preparation areas in hospitals and schools.

Another string to Cryonite’s bow is that it doesn’t require pesticide registration. The pesticide industry is highly regulated, with legislation, such as the Food Quality Production Act limiting the use of certain chemicals. Pressure on retailers to address this issue has been evidenced by Marks & Spencer’s decision to commit to voluntarily phase out pesticides and Venteco hopes that if this trend continues, customers may be forced to seek alternative solutions, such as Cryonite. The technology has merits, but much of the challenge for Venteco lies with its adoption and it has had some success. In October there was a successful trial at a UK hotel, which broadens the markets open to penetration, while an agreement with Terminix, the world’s largest pest control and termite company, for the use of Cryonite in 50 of its branches in America was also welcome.

Going forward, Venteco plans to add environmentally friendly pest control solutions, but for now, the spotlight remains on Cryonite and we look forward to updates as momentum builds.

Buying Luxury

Western’s team not on holiday

■ WESTERN & ORIENTAL

Status	AIM
Code	WEST.L
Recent Price	14.00p (13.00p-15.00p)
High	26.00p
Low	10.50p
Market Cap	£7.2m

A strong and experienced management team along with a clear and ambitious vision are two key ingredients desirable for any small capped AIM stock. Luxury travel group Western & Oriental (W&O) under the strategic guidance of David Howell appears to be able to tick both of these boxes.

The Group’s strategy is to grow by adding profitable UK travel companies in the luxury sector. By aiding sector consolidation, the management hope to generate synergies via cross selling of products, improved margins through better purchasing power, efficient back office functions and reduced geographic risk. W&O certainly seems to have hit the ground running, by adding four further acquisitions to the two it acquired at its IPO in March last year to give a current tally of nine. With further acquisitions being sought, more companies may well have been added by the time you read this. The headline results for the year to 30 September 2006 that showed a loss of £1.1m on turnover of £8.2m only told part of the story, as the full impact from the majority of recent acquisitions have yet to be recorded. A better guide, was provided in the pro-forma numbers, which outlined a gross profit of £3.9m before goodwill and central costs on turnover of £26.8m

For many companies, the prospect of integrating this number of businesses would seem a daunting and challenging task. However at W&O, Chairman David Howell seems to have taken this in his stride, given that he has been here before at lastminute.com, where he played an instrumental role in the acquisition of 14 companies over a period of four years as CFO. This led to the former dotcom flop increasing revenues from £200m to a cool £1bn, which lifted the shares by 450% until the companies eventual takeover.

Investors appear to have taken a ‘wait and see’ attitude to W&O, which would appear to be just too cautious. We certainly expect to hear more from the Company in 2007 in terms of new acquisition news and more importantly a re-rating by the market to reflect the changes being made.

SELECTIONS FOR 2006 REVIEW

For the Alternative Investment Market and our annual selections in particular, 2006 proved to be as much a disappointing year as 2005, compared to the bull markets of the previous two years. Our selections fell on average by 10.8%, compared to a 0.4% drop in the AIM and 10.3% rise in the FTSE 100 index. Again we have witnessed blue chip stocks leading the way. One would think this state of affairs can not necessarily last for ever, especially when considering that the gap between FTSE 100 yields and interest rates is continuing to widen, as interest rates move higher and dividend yields fall. Hopefully, with value being eroded at the blue chip end, 2007 will see a return to investors seeking pure capital growth plays in the smaller cap arena such as those recommended by City Equities.

Of the seven stocks, one that stood head and shoulders above the rest was Albidon, which more than doubled in price over the period, with a 113.1% return as investors warmed to continuing good news from the advancement of the Munali deposit and completion of a $35m fund raising. The other advancing stock at the period end finishing post was Oxford BioMedica, recording a 35.6% gain in response to positive developments of its leading cancer immunotherapy product TroVax, which is moving ever nearer to a potentially lucrative commercialisation point.

It is interesting to note that all of the five remaining shares that ended the period in the red, all operate in the technology, media and telecom sectors. The continuing popularity of resources stocks and those with a Chinese related story may have played a part in diverting interest away from such TMT situations.

Although we have quoted the period-end positions for each selection, most of these have traded at higher levels during the year, including NMI Security which reached 1.70p (+36%) on 8 May 2006 in response to news on the gaining of a Swedish underground railway contract. News on the contract front has indeed been upbeat from NMI over the last year, but continued director selling sent out a conflicting message to investors which seems to have been a major factor in sending the shares south to end at 0.25p (-80%). Other surprise fallers included Bulgarian focused broadcasting and content production company, Apace Media (-21.4%). With Bulgaria now part of the European Union, investors may finally wake up to the potential of this Group.

SHARE	Price** 3 Jan 06	Price** 21 Dec 06	£ Return on £1,000 Investment*	Gain/ Loss %	HIGH	LOW
Albidon (ALD.L)	30.50p	65.00p	£2,131	+113.1	67.00p	30.50p
Apace Media (APA.L)	21.00p	16.50p	£786	(21.4)	23.50p	15.50p
Centrom (CET.L)	4.50p	1.50p	£333	(66.7)	4.54p	1.38p
ID Data (IDD.L)	0.98p	0.73p	£740	(26.0)	1.04p	0.45p
NMI Security (NMI.L)	1.25p	0.25p	£200	(80.0)	1.70p	0.25p
Oxford BioMedica (OXB.L)	29.50p	40.00p	£1,356	+35.6	40.00p	20.00p
Telephone Maintenance (TEL.L)#	106.50p	74.00p	£695	(30.5)	114.09p	49.48p
OVERALL LOSS			-£759 (10.8%)			

Adjusted for 50-for-1 consolidation.

* Figures do not include transaction costs of buying, selling and any capital gains tax incurred.

** Opening mid market prices.

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RISK WARNING

There is an extra risk of losing money when shares are bought in some smaller companies including 'Penny Shares'. There is a big difference between the buying price and the selling price of these shares. If they have to be sold immediately, you may get back much less than you paid for them. The price may change quickly and it may go down as well as up. The past is not necessarily a guide to future performance.

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