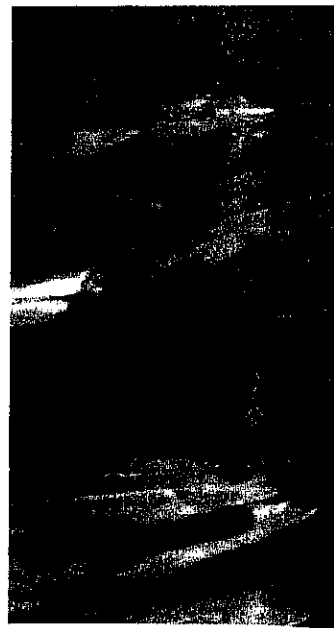


minnows

Ver Haill drops a long line down to AIM's depths, fishing for tiny ventures with technologies and innovations that could deliver significant profits for investors over the long term



There has been a defining trend on AIM these few years it has been the growth in the size of the companies listed. When *Growth Company Investor* conducted its annual Spotlight research earlier this year, we discovered ventures valued at over £1 billion, 24 valued at over £500 million and no fewer than 234 at over £100 million. The average company worth more than £50 million.

All of this is to be welcomed – above all underlines AIM's growing maturity – one unintended negative side effect has been to shift investor's attention away from the many pioneering inventive minnows.

In order to redress the balance, *Growth Company Investor* has trawled the lower echelons of the market in search of those that are unloved and/or overlooked, but that may also be on the cusp of a big splash in their respective sectors.

for ideas

One of the most innovative outfits around is Imaginatik. Its product is not only very original and on the right, but it boasts an ability to enable investors to drill down into the collective genius of many human assets.

Chief Executive Mark Turrell has essentially developed software that captures ideas from suppliers, supply chains, customers and/or the general public in order that these ideas may be utilised effectively. It is, in effect, a digital version of the idea box, but with added functionality.

In the old pre-digital age, staff might have been expected to come up with cost-saving ideas, suggestions for new products, marketing ideas and so on, in return for recognition and rewards. Many of these ideas ended up on the shelf due to organisational inertia, internal politics or a lack of regulatory and legal issues.

Imaginatik cuts through all of this by enabling investors to search for new ideas within a company to get direct access.

Proof of its utility as a growth tool is Imaginatik's client list, which spans the global corporate pantheon: Yahoo, Pfizer, Nestlé, Nokia, and Coca-Cola are users. Turrell claims one client, multi-billion dollar pharma group Bristol-Myers Squibb, 'added £200 million of value' as a result of the 500 ideas generated by its network. Another, an unnamed chemical company, turned a suggestion from a truck driver into a £22.5 million revenue stream.

Since floating last December with a modest £1.5 million institutional placing at 7.5p, growth has been considerable. A trading statement in March indicated that sales for the year to March would show a rise of 'nearly 80 per cent' over the previous year to around £2.5 million, although losses were posted at the pre-tax line. 'We're just at a very early stage still,' reminds Turrell, 'and we expect to grow very quickly.'

Institutional shareholders (and canny investors) such as Artemis and Octopus agree, and are no doubt pleased by Turrell's claim that the current pipeline is 'six times larger than it was this time last year'. The shares, up 23 per cent already, could reward a speculative punt.

Totally ready

Totally is known to investors mostly as the print and online publisher of Jewish-focused newspapers. But it has some fiendishly clever proprietary technology that it is using to serve other markets.

For instance, the software it developed for the TotallyJewish.com website – the development of which held back the company's financial performance in the past – handles a full-service dating micro-site, another for flat-sharing and another for jobs, as well as the general news and blogs that all website must have these days.

Totally has since applied its expertise and proprietary software to the Greek and Cypriot community in London (one of the biggest ethnic

groups in the capital with more than 300,000 people) via a revenue-sharing partnership with London Greek Radio. Another partnership has been consummated with specialist foreign language recruiter TopLanguageJobs to create an online community portal for the expat population in the UK.

Its publishing business is stable and providing cash, but thanks to the expansion in internet use and Totally's ability to widen its commercial net, growth is accelerating after a few years in the doldrums. A trading statement in January revealed that 2006 will show a 'significant increase' in sales, transforming the group from one that posted losses of £215,000 to one that should deliver a positive earnings figure (albeit before interest, tax, depreciation and amortisation).

Recently, an exciting revenue-sharing deal was inked with Richard Desmond's Northern & Shell, the owner of the *Daily Express* and *Daily Star* newspapers and *OK!* magazine, to apply Totally's knowledge and software to the websites of these three titles. This is a terrific endorsement from a major publishing house and to capitalise on its momentum Totally raised £500,000 at the end of March to focus on generating more partnerships.

Totally's shares still remain a speculation for the brave, but this £3 million penny stock is beginning to shine.

Can 1.3 billion people be wrong?

Only three drug developers around the world have a product for the bowel disorder post-operative ileus (POI) and Phynova is one. It is also one of only a few to be developing a product to relieve symptoms of chronic hepatitis-C (HCV) as well as dengue fever (a potentially fatal tropical disease that affects 40 million people each year).

If that doesn't excite, you might wish to contemplate the products in development that