AIM Advisers, Inc.
Maximizing Present & Future Value

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<u>About AIM Advisers</u>
AIM Advisers helps small and medium-sized, growth-oriented U.S. companies complete IPOs on the Alternative Investment Market (AIM) of the London Stock Exchange. AIM Advisers also provides a range of services to the 57 U.S.-based companies that are already listed on AIM.

U.S. Company Performance – Share Price and Liquidity – 2009

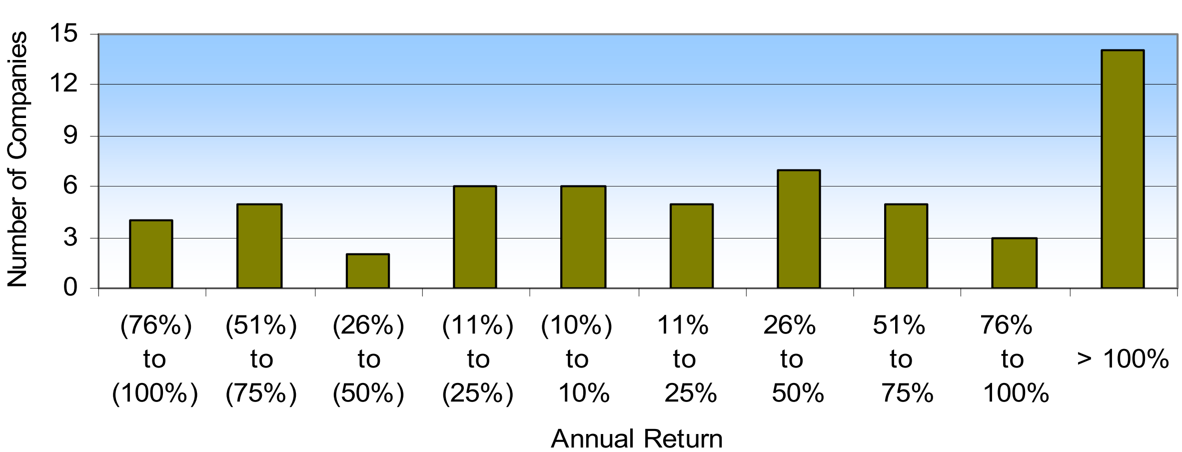
Highlights

- U.S. domiciled companies* achieve a weighted return of 44%
- Foreign domiciled U.S. operating companies** achieve a weighted return of 83%
- FTSE AIM All-Share Index rises 66%
- Significant liquidity difference between U.S. and foreign domiciled U.S. companies

While there were 41 U.S. domiciled and 35 foreign domiciled U.S. operating companies listed on AIM as of the beginning of 2009, only 26 of the former and 31 of the latter traded on AIM for the entire year. The loss of 19 U.S. companies from AIM during 2009 is not unexpected; AIM lost 293 companies during 2009 to end the year with just under 1,300 companies. The U.S. share of delistings was only 6.5%, which is less than the 7.8% share of U.S. company IPOs on AIM from 2005 – 2009 (66 of 846). It is during the early years when it typically becomes evident that a company's commercial aspirations will not be achieved, often resulting in a reevaluation of its public company status, a natural process that has been accelerated by the financial crisis.

Of the 19 U.S. companies that left AIM during 2009, there was an even split between those citing a lack of liquidity and a low profile on the market and those where the business simply failed. These companies are not included in the chart and analysis below because their aggregate market capitalization as of the beginning of 2009 was only 19% of the U.S. companies' market capitalization and one large company dominated and actually increased in value, therefore, their effect on the share price return analysis is immaterial.

Distribution of 2009 Share Price Returns for U.S. Companies



* U.S. operating companies listed on AIM directly through a U.S. entity.
** U.S. operating companies listed on AIM through a UK or tax haven entity with central operations and/or decision making in the U.S.

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2009 was clearly a 'stock picker's year' with 14 of the 57 U.S. companies posting returns of more than 100%.

The weighted returns in the table below were calculated using the average market capitalizations of the companies during the year, similar to how an index fund would calculate returns.

Index	Unweighted	Weighted	Weighted Excluding Market Cap. > £150m
U.S. Domiciled Companies	116%	44%	44%
Foreign Domiciled Companies	55%	83%	22%
FTSE AIM All-Share Index	N/A	66%	N/A

The returns for the U.S. domiciled companies are heavily skewed by one company which returned a staggering 2,686%. If this company is excluded, the unweighted return would drop to 13% and the weighted return would actually be negative 9%. If similar analysis was carried out on the constituents of the FTSE AIM All-Share Index, the likely conclusion is that 2009 was also a 'stock picker's year' on the broader market.

In some respects, weighted results are a self-fulfilling prophesy in that companies with increasing share prices, and therefore increasing market capitalizations, become more heavily weighted relative to those with decreasing share prices / market capitalizations. In addition, a company that is performing well has a better chance of completing a secondary offering and for its share price to hold up relative to the dilutive effects, further increasing its market capitalization and relative weighting. This was even more true during 2009 compared to 2008 because of the full-year effect of the challenging capital raising environment. When these factors are controlled for by weighting the companies' returns by their market capitalizations as of the beginning of 2009, the 26 U.S. domiciled companies lost 25% and the 31 foreign domiciled U.S. operating companies gained 52%.

In terms of average monthly liquidity (see the table below), the foreign domiciled U.S. operating companies outperformed the U.S. domiciled companies and, in fact, the AIM market as a whole. In more normal times, all of the weighted results exceed all of the unweighted results, reflecting the positive relationship between a company's liquidity and its market capitalization. The unweighted results represent the level of monthly liquidity that the average company can expect to achieve. The reversal of this relationship for the U.S domiciled companies indicates that relative trading volumes were greatest for the companies with the smallest market capitalizations. This could represent investors coming into companies that they felt were undervalued but is more likely reflective of investors exiting small companies where they are no longer comfortable with the risk/reward relationship. This view is supported by the share price underperformance of the U.S. domiciled companies relative to the foreign domiciled U.S. operating companies and the AIM market as a whole.

Average Monthly Liquidity	Foreign Domiciled U.S. Operating Companies	U.S. Domiciled Companies	Entire AIM Market
Weighted	5.84%	1.30%	5.72%
Unweighted	4.85%	2.65%	3.97%

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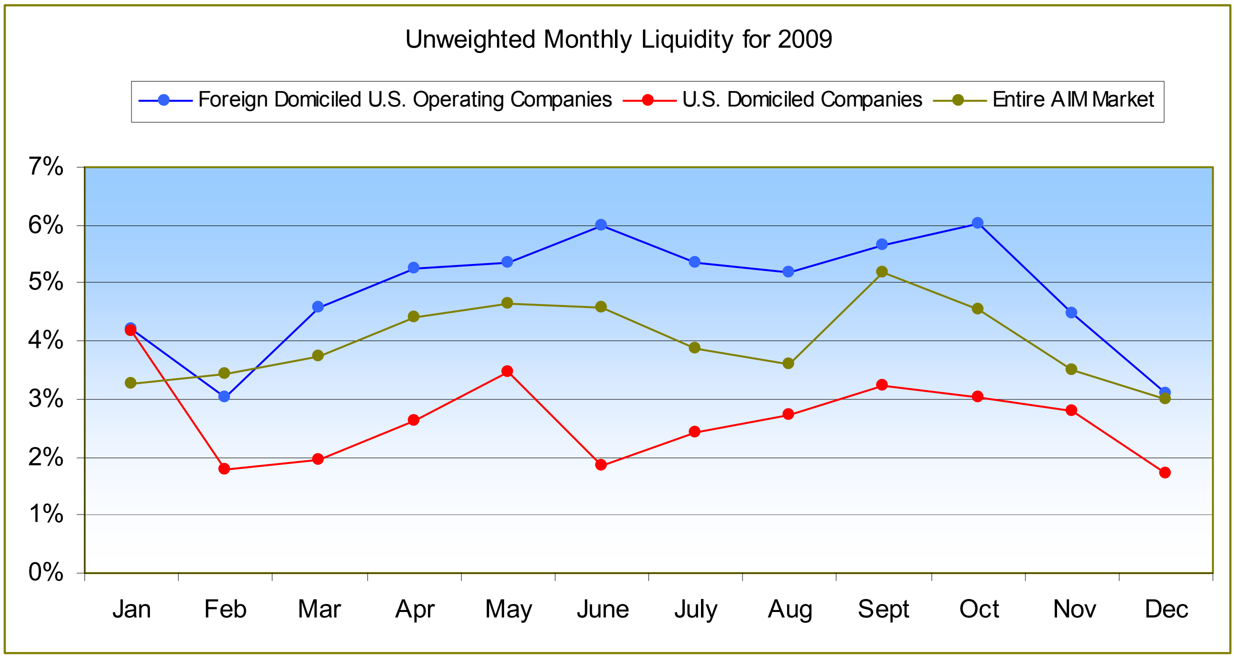

The key takeaway from the chart above is that there is a liquidity advantage for U.S. companies that list on AIM via a UK holding company. The four main reasons being:

1. Once the Reg. S period expires, the IPO shares can trade directly within CREST
2. Pre-IPO shares not subject to Reg. S can immediately trade directly within CREST
3. Articles of incorporation fully conform to UK law providing comfort to UK investors
4. Institutional investors only allocate a portion of their investments to non-UK companies

Nevertheless, irrespective of where a company is domiciled, liquidity can be improved. The reasons for a lack of liquidity are often company specific and not obvious. As a consequence, thoughtful and thorough investigation is needed in order to formulate actionable solutions. Several strategic decisions can be taken during the planning of the IPO to minimize the risk of lack of liquidity becoming a problem in the first instance.