AIM Advisers, Inc.
Maximizing Present & Future Value

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About AIM Advisers
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 56 U.S.-based companies that are already listed on AIM.

U.S. Company IPO and Secondary Offering Activity – 2011

Highlights

- U.S. companies account for 16% (7 of 45) of AIM IPOs during 2011
  - More than any other country, except the U.K.
- Four of the seven U.S. company IPOs during 2011 are featured in this newsletter
  - Spectra Systems - Providence, Rhode Island - Industrials
    - Raised $22.8m, Market Cap $55.5m, Pre-Money Revenue Multiple 4.5
  - MyCelx Technologies - Gainesville, Georgia - Oil & Gas
    - Raised $19.7m, Market Cap $44.3, Pre-Money Revenue Multiple 5.7
  - Port Erin Biopharma Investments - West Coast - Biotechnology
    - Raised $4.8m for investment in private and public biopharma companies
  - TLA Worldwide - California and New York - Media
    - Raised $28.8m in equity and debt to effect acquisitions valued at $54.5m
- 2005 - 2007, U.S. companies account for 8% (50 of 589) of 'operating company' IPOs
- 2008 - 2011, U.S. companies account for 12% (12 of 104) of 'operating company' IPOs
  - Investors remain cautious and risk adverse, desire exposure to US$ assets/revenue
  - Seeking high-quality, growth-oriented companies from developed markets
- Currently 5% (56 of 1,143) of the companies on AIM are from the U.S.
- End-of-decade expectation is that 10% of AIM will consist of U.S. companies
- Given market conditions, prospective issuers should carefully consider:
  - Suitability before embarking on the process
  - Key advisers, most notably Nomads and Brokers
    - Of which, there are 60 and 100, respectively
- £557m raised from secondary offerings on AIM for 42 U.S. companies since 2009
- 75% of all U.S. companies on AIM have completed at least one secondary since 2009
- Industry and geographic dispersion of the 56 U.S. companies listed on AIM - see page 7

U.S. Company IPOs - Macro View

The tables at the top of the next page for the entire market show that IPOs on AIM held steady during 2011 and that 'operating companies' continued their return to the market, accounting for 84% of the companies and 92% of the gross funds raised. Generally speaking, compared to 2010, the companies that completed IPOs during 2011 were smaller and stronger and simply required less growth capital.

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Entire Market All Companies	Number of IPOs	Gross Funds Raised (in £ millions)	Average Funds Raised (in £ millions)
2008	38	918	24
2009	13	610*	47*
2010	46	1,017	22
2011	45	560	12
Total	**142**	**3,105**	**22**

* Includes two large IPOs focused on acquiring distressed real estate and commercial businesses. If excluded, IPO funds raised drops to £248m.

Entire Market 'Operating Companies'*	Number of IPOs	Gross Funds Raised (in £ millions)	Average Funds Raised (in £ millions)
2008	27	523	19
2009	3	16	5
2010	36	723	20
2011	38	516	14
Total	**104**	**1,778**	**17**

* Generally excludes SPACs, Investing Companies and Investment and Real Estate Funds.

Historically, U.S. companies have accounted for less than 5% of AIM, however, since 2005, there has been a relative surge of U.S. companies completing IPOs on AIM. From 2005 - 2007 and 2008 - 2011, 8% and 12%, respectively, of all 'operating company' IPOs on AIM were of U.S. companies. With a limited number of data points each year, it's difficult to draw firm conclusions; however, it is noteworthy that 16% of AIM IPOs during 2011 were of U.S. companies. The medium-term expectation is that U.S. companies will account for approximately 10% of all companies listed on AIM by decade's end; growing from 56 to over 100.

United States All Companies	Number of IPOs	Gross Funds Raised (in £ millions)	Average Funds Raised (in £ millions)
2008	4	123	31
2009	-	-	N/A
2010	2	52	26
2011	7	45	6
Total	**13**	**220**	**17**

United States 'Operating Companies'*	Number of IPOs	Gross Funds Raised (in £ millions)	Average Funds Raised (in £ millions)
2008	4	123	31
2009	-	-	N/A
2010	2	52	26
2011	6	42	7
Total	**12**	**217**	**18**

While it is encouraging that AIM IPO activity has picked up over the last two years, the market remains below trend (50 - 150) and is expected to remain so for the foreseeable future. While investors remain cautious and risk adverse, it is clear from the relative surge of U.S. companies completing IPOs on AIM since 2005 that they desire exposure to USD assets and revenue streams from high-quality, growth-oriented companies operating in developed markets.

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U.S. Company IPOs - 2011's Featured Transactions

The table and summaries below provide some high-level insights into four of the U.S. company IPOs on AIM during 2011. Further details can be found by clicking on the company name, which leads to a comprehensive, four-page summary of each transaction.

The diversity of the sectors in which these four companies operate is worth noting and reinforces the message to private companies seeking additional growth capital for the next stage of their development that AIM is open to companies from all sectors. The three most important factors, in the eyes of prospective U.K. investors, are the quality of the company's management team, international operations/plans and future growth prospects.

In terms of valuation, it appears appropriate to assess Spectra Systems and MyCelx Technologies using their pre-money revenue multiples, whereas TLA Worldwide can be assessed using traditional valuation metrics; the Adjusted EBITDA multiple and P/E ratio.

(in USD millions)	Spectra Systems	MyCelx Technologies	Port Erin Biopharma	TLA Worldwide
AIM Super-Sector	Industrials	Oil & Gas	Healthcare	Media
Gross Capital Raised	$22.8	$19.7	$4.8	$18.8[2]
Opening Market Capitalization	55.5	44.3	5.3	54.5[3]
Revenue	7.3	4.3	N/A	11.4
EBITDA	0.6	0.5	N/A	N/A
Adjusted EBITDA	0.8	N/A	N/A	5.5
Net Income	0.4	0.3	N/A	4.9[4]
(Multiples/Ratio)				
Pre-Money Revenue	4.5	5.7	N/A	4.8
Post-Money Revenue	7.6	10.3	N/A	N/A
Pre-Money EBITDA	54.5[1]	49.2[1]	N/A	N/A
Pre-Money Adjusted EBITDA	40.1[1]	N/A	N/A	9.9
Pre-Money P/E	81.8[1]	82.0[1]	N/A	11.1[4]

Spectra Systems invents, develops, manufactures and markets advanced, technology-based products used to mark, track and authenticate high-value goods. The Company's security materials include proprietary and patented consumables and hardware and software systems which authenticate bank notes, documents, passports and products such as pharmaceuticals, software, optical disks and branded luxury goods. The Company's consumables, hardware and software often work together as a public and/or covert 'lock-and-key' system in the authentication process. Spectra Systems was founded in 1996 to commercialize technology licensed from Brown University, is based in Providence, Rhode Island and has 20 employees. Future growth opportunities are focused on the United Kingdom, India and China.

[1] Not particularly meaningful given the relatively small denominators.
[2] In addition to the $18.8m of equity capital raised from U.K. investors, the company also secured a $10.0m debt facility from a U.S. bank.
[3] Since the purpose of this IPO was to effect two acquisitions, this is the value of the acquired companies, which is more relevant for analysis.
[4] Since the acquired companies were LLCs, this is pre-tax net income. Assuming tax at 40%, net income and P/E ratio would be 2.9m and 18.8.

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MyCelx Technologies is a clean water technology company focused on the oil and gas, power, marine and heavy manufacturing sectors. The Company's system consists of equipment (a coalescer and/or a polisher) and consumable filtration media infused with an organic chemical polymer that creates cohesion, as opposed to provoking separation. The footprint of MyCelx's system is 25% that of competing technologies, is cost-effective and achieves better results by permanently and immediately removing free, emulsified and dissolved hydrocarbons from water upon contact to levels of 0 - 10 parts per million at any flow rate. MyCelx was co-founded in 1994 by the scientist who invented the polymer and an experienced oil industry executive, is based in Gainesville, Georgia and has 18 employees. Future growth opportunities are initially focused on the Middle East and Gulf of Mexico. An important element of MyCelx's IPO was its ability to raise \$5.8m of the \$19.7m from tax-advantaged Venture Capital Trust and Enterprise Investment Scheme Investors.

Port Erin Biopharma Investments provides a good, generic example of an AIM-listed Investing Company, which could be formed for any purpose, however, an element precedent is association with and/or backing from individuals who are 'known quantities' with demonstrable track records of success. In the case of Port Erin Biopharma, the Company's Non-Executive Chairman is a renowned global investor, entrepreneur and author with an estimated net worth of \$800 million. The Company intends to co-invest, wherever possible, alongside its Chairman in private and public biotechnology and biopharmaceutical companies he identifies, primarily on the West Coast of the United States. The Company chose AIM for its IPO for many of the typical reasons; AIM's public profile, its broad investor base, liquidity and access to institutional and other investors. While the Company's Chairman is obviously wealthy, as is often the case, the accumulation of great wealth is the result of intelligence, hard work and the use of other people's money, therefore, it is access to the world's deepest pool of internationally-focused investors in London that will be most important over the medium-to-long-term.

TLA Worldwide was founded to effect the simultaneous acquisition of two companies; one based in California, founded in 2004, and the other based in New York, founded in 2000. The purpose of the acquisitions, and the future strategy, is to capitalize on the opportunity to consolidate and professionalize the business of baseball athlete representation and create a full-service offering with the addition of sports marketing and management. The athlete representation market is highly fragmented with 60 - 70 groups throughout the U.S.; with no one group having a market share of athletes greater than 10%. The acquisitions were valued at \$55 million, where the eight Members of the acquired LLCs received the entire \$26 million of net proceeds from the financing, plus the equivalent of \$15 million in deferred shares, for an eventual 43% stake in the AIM-listed public Company, and the potential for earn-out / retention bonus payments of up to \$14 million over five years. Major League Baseball (MLB) is broadcast in more than 200 countries and 28% of the players (47% of minor leaguers) were born outside the U.S. The strong financial performance and complementary nature of the acquired companies, along with MLB's strategy to further internationalize the game, provided the compelling rationale for the transaction and valuation. An important element of TLA Worldwide's IPO was its ability to raise \$11.3m of the \$18.8m from tax-advantaged Venture Capital Trust and Enterprise Investment Scheme investors.

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U.S. Company Secondary Offerings

The 56 U.S. companies listed on AIM account for 4.9% of the 1,143 companies listed on the market and their share of secondary offering funds raised was quite consistent with that weighting during 2009 and 2010. Over the years, the U.S. companies have accessed capital, grown, and are now more advanced in terms of their stage-of-development relative to AIM as a whole. As such, many are now self-sustaining and required less growth capital during 2011.

When reviewing the table below for the secondary offering activity on the market as a whole, one anomaly should be adjusted for in order to arrive at a fair comparison. During 2009, there were three large Placing & Open Offers which raised an aggregate of £1.1 billion for real estate investment, development and management companies. Historically, the vast majority of secondary offerings on AIM take the form of Placings and are much smaller in size. When the adjustments are made, the aggregate secondary offering funds raised during 2009 drops from £4.9 billion to £3.8 billion and the average drops from £6.38 million to £5.03 million.

Entire Market All Companies	Number of Secondaries*	Gross Funds Raised (in £ millions)	Average Funds Raised (in £ millions)
2009	762	4,861**	6.38**
2010	691	5,738	8.30
2011	524	3,616	6.90
Total	**1,977**	**14,215**	**7.19**

* This is the number of discrete secondary offering transactions. Some companies completed more than one secondary offering per year.
** Includes three large Placing & Open Offers for real estate companies. If excluded, the gross and average drop to £3,814m and £5.03m.

When reviewing the table below for the secondary offering activity of the U.S. companies listed on AIM, one anomaly should be adjusted for in order to arrive at a fair comparison. During 2010, one U.S. company attracted a strategic investment of £152 million ($243 million), ultimately leading to an outright acquisition. If this large strategic investment is excluded, the average funds raised from secondary offerings drops from £14.53 million to £6.89 million, more in line with the averages for 2009 and 2011.

United States All Companies	Number of Secondaries*	Gross Funds Raised (in £ millions)	Average Funds Raised (in £ millions)
2009	23	184	8.00
2010	19	276**	14.53**
2011	17	97	5.71
Total	**59**	**557**	**9.44**

* This is the number of companies that completed secondary offerings as opposed to the number of discrete secondary offering transactions.
** Includes one large strategic investment of £152m. If excluded, the gross and average drop to £124m and £6.89m.

Of the 59 U.S. companies that completed secondary offerings since 2009, 17 completed secondary offerings in more than one year, therefore, 75% of the U.S. companies (42 of 56) have completed at least one secondary offering since 2009.

The distribution of gross funds raised by these 59 U.S. companies is illustrated in the chart at the top of the next page. Since 2009, 86% (51 of 59) of the U.S. companies that have completed secondary offerings have raised between £1 and £30 million.

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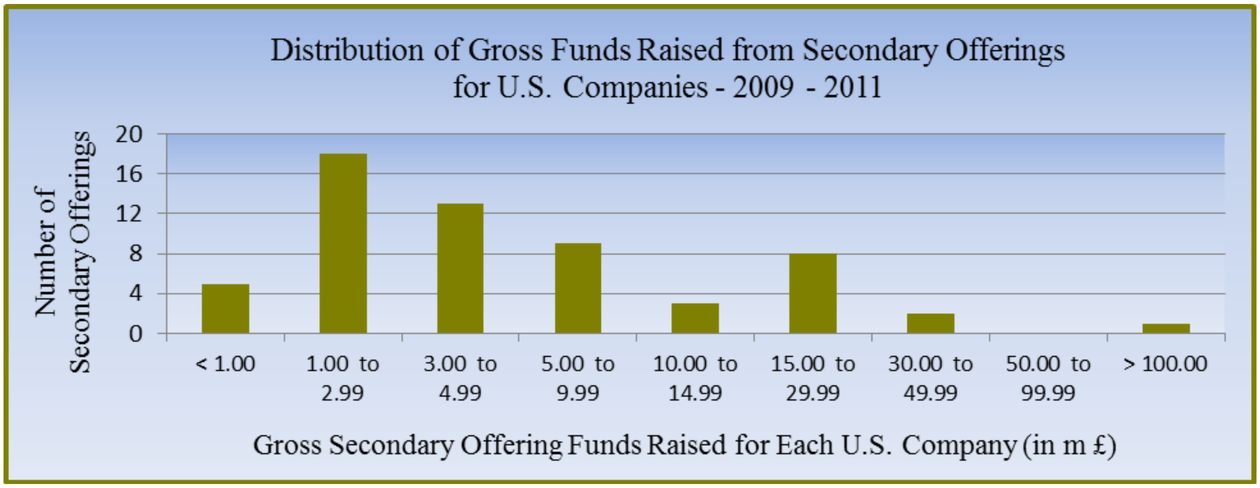

U.S. Company Selling Shareholder Activity

The ability of existing shareholders to sell some or all of their holdings in an AIM IPO depends on a variety of factors; the most important of which are the strength of the company and the level of investor support. Historically, from 2005 – 2007, 22% of U.S. company IPOs on AIM included selling shareholders who were often either founders of the company, longstanding members of executive management or the board of directors, commercial partners who had made a strategic investment in the company or VCs/PEGs who invested in and nurtured the company for several years prior to its IPO.

Two of the four U.S. company IPOs on AIM during 2008 included selling shareholders. In one of these transactions, the Chairman and President, who had been with the company since 1969, sold 30% of his stake for £26 million ($42 million). One of the two U.S. company IPOs on AIM during 2010 included selling shareholders. In that transaction, the selling shareholders included a PEG, a VC, a Strategic Investor and several Angel Investors for an aggregate of £19 million ($30 million). No U.S. company IPO on AIM during 2011 included selling shareholders.

While selling shareholders are most common in conjunction with an IPO, U.S. company insiders have sold in the aftermarket in organized transactions on three occasions since 2004; twice as part of secondary offerings and once on a standalone basis. In all three instances, the companies were performing exceptionally well with the organized insider selling driven by a need to "satisfy excess demand" for the company's shares. There were no such transactions from 2009 – 2011; however, insider selling in the normal course of daily share trading is commonplace.

U.S. Company Accredited Investor and Qualified Institutional Buyer (QIB) Activity

U.S. accredited investors and QIBs are permitted to participate in AIM IPOs and secondary offerings. Historically, from 2005 – 2008, they have provided 20% of the funding for U.S. company IPOs on AIM and 20% of the secondary offering funds raised for those companies.

From 2009 – 2011, 27% (16 of 59) of the U.S. companies that completed secondary offerings were at least partially financed by accredited investors or QIBs, providing 40% of the total funds raised, however, this is skewed by the £152 million ($243 million) discussed above and would have otherwise only been 17%.

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U.S. Company Industry and Geographic Dispersion

AIM-listed companies are organized into 90 sub-sectors which feed into 40 sectors which feed into 10 super sectors. The 56 U.S. companies that are listed on AIM are quite diverse and operate in eight of the 10 super sectors.

There is a concentration of oil and gas exploration and production companies in Texas, which includes two oil and gas field technology services companies. The other major concentration is in industrial and consumer technology, including; computing, biotech and cleantech, between Boston and Washington D.C. and in California.

Industrials is comprised mainly of a wide range of industrial technology companies; from body armor for the military and other customers to the marking, tracking and authentication of high-value goods to B2B electronic payment companies.

Within Basic Materials, three of the eight produce chemicals/compounds for the health and growth of fish, plants and agriculture, three are mining concerns, one is a forestry investment fund and one is a clean water antimicrobial technology company.

Consumer Services consists of a media company with some unique technology, a restaurant operator and an athlete representation agency. The Consumer Goods company is developing fuel cells for vehicles.