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The Alternative Investment Market (AIM) of the London Stock Exchange (LSE)

The Market And Its Constituents – A U.S. Focus

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Maximizing Present & Future Value

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AIM AND U.S. COMPANY STATISTICS

Key Statistics (as of June 30, 2008)	Entire AIM Market	U.S. Domiciled U.S. Operating Companies	Foreign Domiciled U.S. Operating Companies
Number of Companies	1,595	44	38
Total Market Cap.	£91.3 Billion	£3.5 Billion	£3.1 Billion
Average Market Cap.	£57 Million	£80 Million	£82 Million
IPO Funds Raised*	Data Not Available	£925 Million	£1,125 Million
Average IPO Funds Raised	Data Not Available	£21 Million	£30 Million
Secondary Offering Funds Raised**	Data Not Available	£324 Million	£424 Million
Average Secondary Offering Funds Raised	Data Not Available	£7 Million	£11 Million
Weighted Share Price Performance			
Full-Year 2007	-1%	+44%	+17%
H1 2008	-8%	+30%	+3%
Average Monthly Liquidity			
Full-Year 2007	4.22%	2.29%	6.32%
H1 2008	4.39%	1.90%	6.64%

* Also includes funds raised for Selling Shareholders concurrent with the IPO.
** Only from January 1, 2005 to June 30, 2008.

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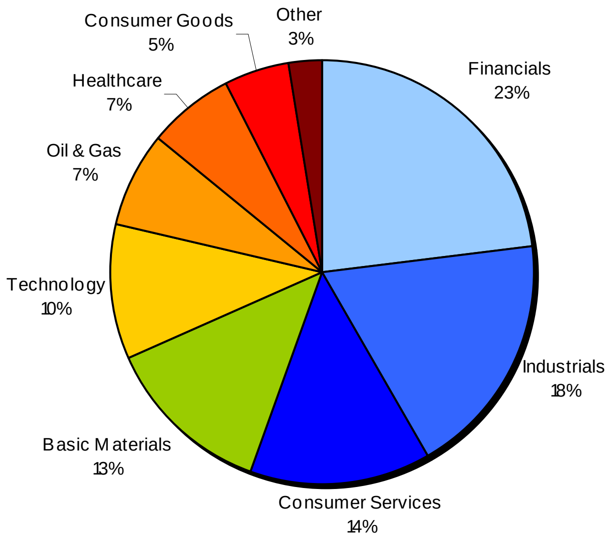
AIM AND U.S. COMPANY CHARTS

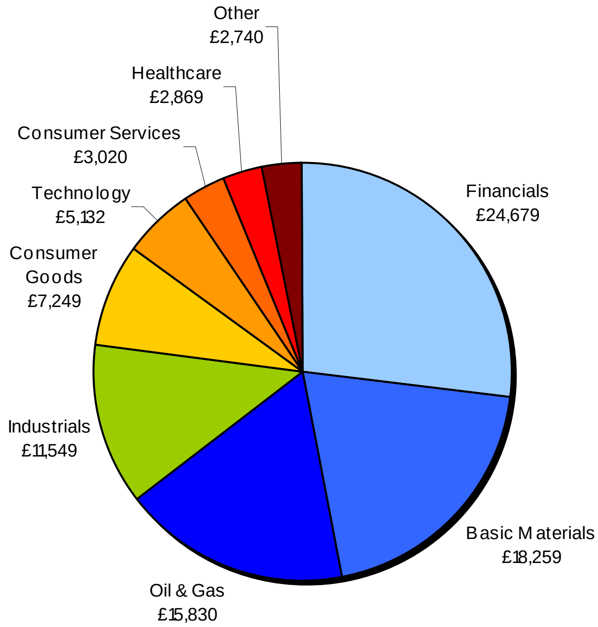
Sector Dispersion – AIM

The sectors in which AIM companies operate are quite diverse



Sector Market Capitalizations – AIM

£91 billion of market capitalization distributed across the following sectors



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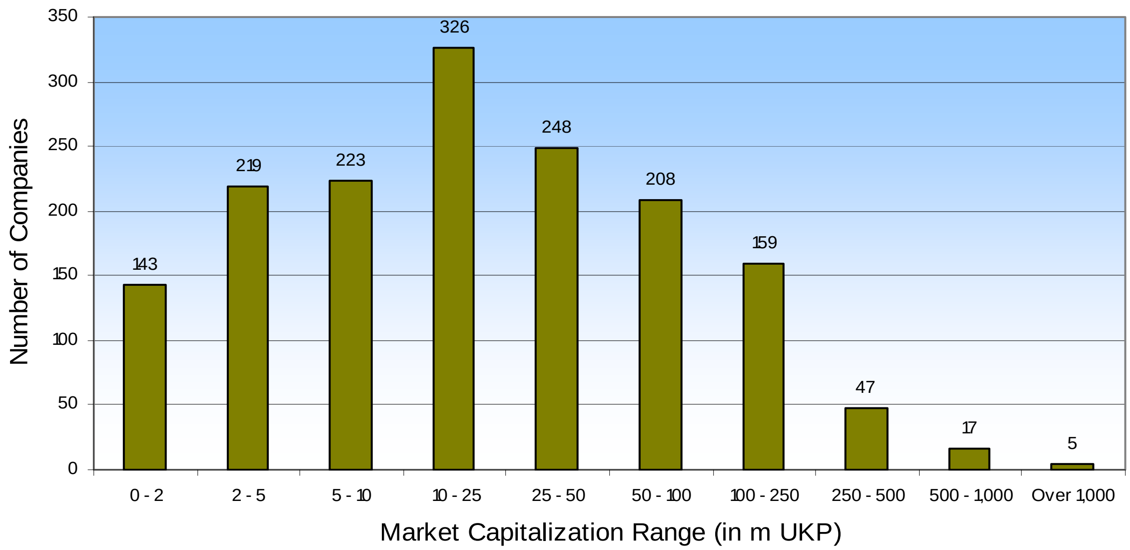
AIM AND U.S. COMPANY CHARTS

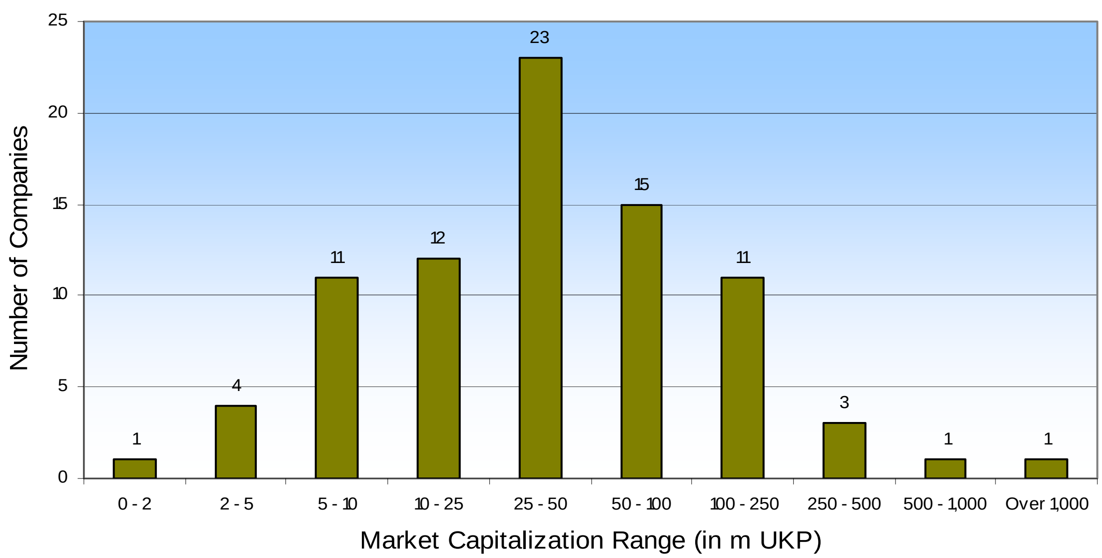
Distribution of Market Capitalization – AIM

1,595 companies, median £18 million, average £57 million, 73% £5 to £250 million



Distribution of Market Capitalization – U.S. Companies

82 companies, median £39 million, average £81 million, 88% £5 to £250 million



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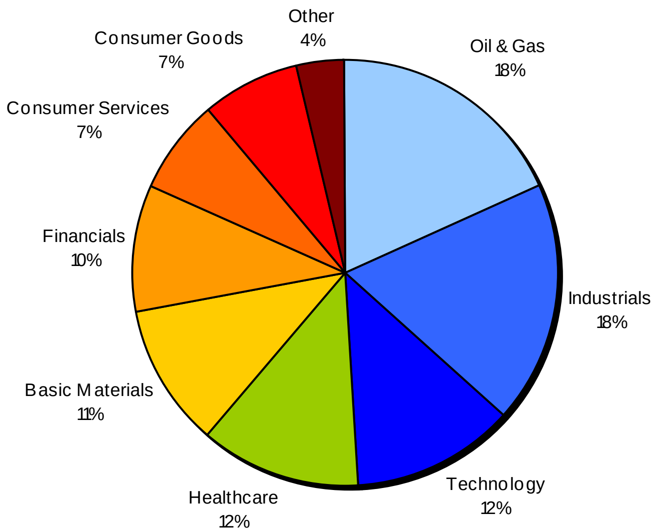
AIM AND U.S. COMPANY CHARTS

Sector Dispersion – U.S. Companies



Industrials	50% renewable energy companies focused on fuel cells, solar and storage
Healthcare	60% pharmaceuticals and biotech, 40% healthcare equipment and services
Basic Materials	50% chemicals/compounds for health and growth of plants and agricultural
Consumer Services	70% media companies with some unique technology
Consumer Goods	70% fuel cells and manufacturing of zero emissions vehicles
Other	One focused on generation of electricity from waves and another from wind

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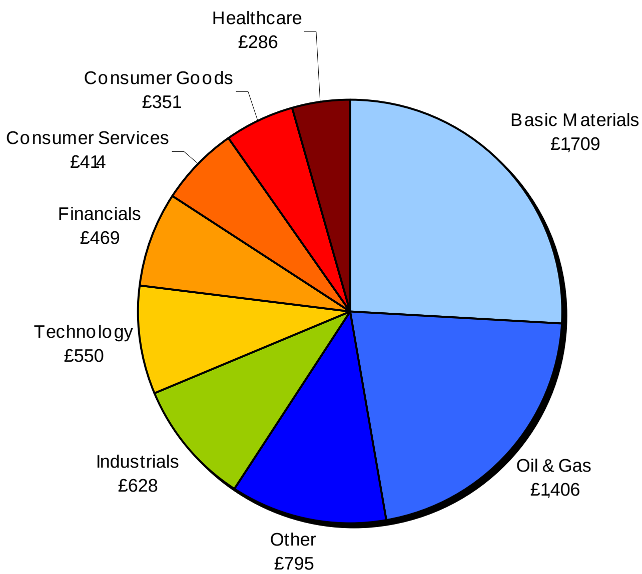
AIM AND U.S. COMPANY CHARTS

Sector Market Capitalizations – U.S. Companies

£7 billion of market capitalization distributed across the following sectors



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AIM COMPARED TO OTHER FINANCING ALTERNATIVES

The best way to continue to finance a privately held business is often simply the same way in which it has historically been financed.

For small and medium-sized U.S. companies, the private capital raising choices are typically:

- Founders and Existing Shareholders
- Banks
- Venture Capitalists (VCs) and/or Private Equity Firms (PE Firms)

However, in cases where those sources of capital are either unavailable or inadequate; and the company wants to act on aggressive growth plans, the public markets may be an appropriate alternative where the capital raising choices are typically:

- Traditional NASDAQ IPO
- Traditional AIM IPO
- Traditional IPO on another Global Growth Stock Exchange
- U.S. SPAC
- U.S. Reverse Merger
- U.S. Shelf Registration

While AIM and NASDAQ are not really competitive since the average NASDAQ listed company commands a market capitalization 12 times larger than the average AIM listed company, NASDAQ is included below for illustrative purposes.

With AIM as the benchmark, its relative strengths and weaknesses are <u>generally</u> as follows:

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AIM COMPARED TO OTHER FINANCING ALTERNATIVES

Financing Alternative	Proceeds	Valuation	Liquidity	Time	Cost	Reg.	Further Proceeds
Founders and Existing Shareholders	▼	▼	▼	▼	▼	▼	▼
Banks	▼	▼	▼	▼	▼	▼	▼
VCs / PE Firms	▼	▼	▼	▼	▼	▼	▼
NASDAQ IPO	▲	▲	▲	▲	▲	▲	▲
Other Global IPO	▼	▼	▲	▲	▲	▲	▼
U.S. SPAC	▲	▲	▲	▼	▲	▲	▲
U.S. Reverse Merger	▼	▼	▼	▼	▼	▲	▼
U.S. Shelf Registration	▲	▲	▲	▼	▼	▲	▲

Deciding between AIM and the private sources of capital leads to unambiguous conclusions, however, the decision between AIM and the other sources of public capital would be complex if it were not for one key point. **Market capitalization.** This is the primary, and often the only, filter companies need to determine whether AIM or the U.S. public markets is a better choice.

Assuming there are compelling reasons for a company to go public in the first instance, if the company is not expected to command a market capitalization of at least $500 million, it should favor AIM over the U.S. public markets. Companies below this threshold are simply too small for the U.S. markets and would garner little attention from institutional investors, research analysts and the general public; the results of which are often a languishing share price, illiquidity and an inability to raise additional capital. Viewed from the perspective of AIM, less than 5% of the companies listed on AIM had a market capitalization greater than $500 million as of June 30, 2008.

Comparing the regulatory burden of the AIM Rules for Companies to the U.S. Securities and Exchange Commission's Rules and Regulations (including Sarbanes-Oxley) is not a worthwhile exercise. Again, market capitalization is the gating factor. A company that can command a market capitalization of at least $500 million should be of a sufficient size where the internal and external costs of U.S regulation are outweighed by the ability to raise more capital, obtain a higher valuation and achieving stronger liquidity.

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WHY AIM AND WHO ARE THE KEY PROFESSIONAL ADVISERS?

There are many reasons why U.S. companies decide to list on AIM, some of which are unique to AIM and some of which are not. They are as follows:

1. Raise cash to continue with the company's business
2. Raise cash to pursue specific growth opportunities, organic and/or acquisition
3. Raise cash to pursue specific growth opportunities in the U.K. and/or Europe
4. Create a currency in shares for acquisitions
5. Recapitalize the balance sheet, swapping debt for equity
6. Exit, partial or otherwise, of existing shareholders
7. Create the opportunity for additional capital raisings via secondary offerings
8. Establish a market value for the company if the longer term strategy is to be acquired
9. Regulatory environment appropriate to typical size and stage of development of company
10. Be noticed – attract an appropriate shareholder base and equity research following
11. Bolster confidence with current and prospective business partners
12. Attract, retain and incentivize employees and the board with shares and/or share options
13. Prepare the company for a dual listing in the U.S. or elsewhere

The listing requirements on AIM are non-prescriptive. There is no minimum public float, no minimum initial equity, no minimum market capitalization and no minimum level of profitability. In fact, a company does not even have to have a trading (i.e. operating) history in order to be admitted to AIM, although, if this is the case, there is a mandatory one year post-IPO lock up for certain existing shareholders. Once listed, there are no minimum share price or market capitalization requirements.

Nominated Adviser or "Nomad"
The most important professional adviser. Solely responsible for determining the suitability of a company seeking admission to AIM. Guides the company through the IPO and orchestrates the work of the company's other professional advisers. On an ongoing basis, ensures the company is complying with the AIM Rules for Companies, reviews and advises on the nature and form of regulatory announcements and provides advice on business strategies and general market conditions.

Broker
Assists the company in raising capital and makes a market in the company's shares. Plays a crucial role in the capital raising process; acting as an introducer to appropriate institutions and other prospective investors, supports the transaction with the publication of equity research and sizes and prices the transaction in consultation with the company. On an ongoing basis, makes a market in the company's shares, publishes additional research, provides advice on general market conditions and assists with secondary offerings. The Nomad and Broker roles are often fulfilled by the same company.

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WHY AIM AND WHO ARE THE KEY PROFESSIONAL ADVISERS?

Attorney
Legal due diligence, including verifying the Admission Document, at the direction of the Nomad, with supporting evidence for all statements of fact and representations from the Directors as to why they believe statements of opinion to be true.

Auditor
Issues an opinion on the company's historic financial statements.

Reporting Accountant
Financial due diligence, at the direction of the Nomad, encompassing four reports; a Long Form Report, a Short Form Report, an Adequacy of Financial Reporting Systems Report and a Working Capital Report. The Reporting Accountant has no ongoing role.

Independent Equity Research
Augments the Broker's research in support of the transaction or is the sole provider of research if the Broker does not have internal equity research capabilities. On an ongoing basis, publishes additional research and can help with introductions to prospective investors.

Financial PR
Advises the market-facing executives on how to interact with investors, the financial press and the media. On an ongoing basis, provides consultation on the nature and form of commercial and regulatory announcements and actively engages with opinion makers and thought leaders amongst the financial press and industry specific media.

Company Secretary
Handles routine legal notices and filings with Companies House. Role can be fulfilled by someone within the company or can be outsourced to a third party.

Timetable and Cost
Once all of the above advisers are appointed, an IPO on AIM takes approximately 3 – 4 months to complete at an aggregate cost of approximately 10% of the gross funds raised.

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SERVICES FOR PROSPECTIVE NEW AIM ENTRANTS

Anyone who has ever had the experience of working on an IPO, or even witnessing the process, understands that there is no shortage of complex tasks that must be completed, often very quickly.

I recognize that every executive management team and company has differing levels of sophistication and internal resources available to it, therefore, the following bundles of services are presented as a menu from which a company seeking admission to AIM can choose.

With six years of experience on AIM as the former CFO of a U.S.-based, AIM-listed company that completed an IPO and three secondary offerings, I have deep knowledge of all aspects of the market and extensive relationships in London.

Assembling the Team

- Understanding the company's specific situation, from a U.S. perspective, and advising on the process, timing and strategy of listing on AIM
- Introductions to key professional advisers, most notably Nomads and Brokers
- Assessment of all professional advisers for the selection of a final working group

It is crucial that a U.S. company seeking admission to AIM thoroughly investigates all of its options with respect to its various professional advisers. These advisers are often the key factor to a successful listing / IPO and to success in the aftermarket.

Investment Case

- Creation of the financial model and supporting business case
- Assisting the company and Broker with sizing and pricing the IPO with reference to likely prospective investor reaction
- Oversight of house and/or independent equity research
- Creation of the investor presentation which executive management will deliver

Companies get one chance to present their investment case to prospective investors, therefore, it is important that it be sound, well thought out and supported by as many facts as possible. Being viewed by prospective investors as balanced and reasonable builds credibility and assists in their risk / reward analysis and investment decision.

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SERVICES FOR PROSPECTIVE NEW AIM ENTRANTS

Accounting and Auditing

- Assessment and documentation of internal controls
- Assisting the Reporting Accountant with their four reports
- Preparing internal management accounts for audit
- Preparing supporting schedules and gathering documents for the Auditor
- Preparing U.S GAAP or IFRS financial statements for audit and inclusion in the Admission Document
- Liaising with the Auditor in connection with their detailed fieldwork

For those companies that have not been subjected to audits in prior years, this will be a significant exercise since three years of audited financial statement are required. For companies that have been subjected to audits in prior years, it's not necessary to change your audit firm; however, if they are unable to act as the Reporting Accountant, one must be engaged.

Legal

- Gathering, reviewing and summarizing documents for the Attorneys
- Assisting the company, Attorneys and Nomad with drafting the Admission Document
- Assisting the Attorneys with verifying the Admission Document, as directed by the Nomad

The verification process is quite extensive and requires supporting evidence for all statements of fact and representations from the Directors as to why they believe statements of opinion to be true. Proper preparation and drafting of the Admission Document in the first instance can save a significant amount of time and cost.

Ongoing Advisory

- Advising on the timing and size of secondary offerings and other strategic decisions
- Advising on communications with the Nomad, Broker and Investors
- Oversight of house and/or independent equity research
- Advising on the form and content of commercial and regulatory announcements
- Advising on the performance of the company's professional advisers

After having been engaged, to a greater or lesser extent, in a company's admission to AIM, I will have a vast repository of knowledge about the company, its professional advisers, investor base and the multitude of personalities involved. Admission to AIM signifies the beginning of life as a public company.

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SERVICES FOR EXISTING AIM-LISTED U.S. COMPANIES

The 82 U.S.-based, AIM-listed companies have undoubtedly had very different experiences since coming to AIM; however, there are some commonalities amongst those that face challenges.

As the former CFO of a U.S.-based, AIM-listed company, I have personally addressed the major challenges by leading the post-IPO change of Nomad/Broker on two occasions, by completing three secondary offerings and by engaging a firm to write independent equity research.

Secondary Offerings / Independent Equity Research

By virtue of the fact that AIM caters to small and medium-sized, growth-oriented companies, a handful of companies do exceptionally well, some tread water and many perform below initial expectations. The main challenge for those in the latter category is raising additional capital in a secondary offering. At this stage, there is often a disconnect between the type of investor the company's Broker is able to access (i.e. larger institutions) and the type of investor that may be interested in the company (i.e. smaller institutions, private client brokers and/or high-net-worth individuals).

A possible solution, particularly if the company's Broker is no longer providing equity research coverage, is the engagement of one of the half dozen firms in London that provides independent equity research as a service. While the research is paid for by the company, this is well understood in London with the readership viewing the research as credible. The extent of services provided by the Independent Equity Research firm can be tailored to the company's needs, however, it is important to engage with a firm that has analysts with deep expertise in your industry and focuses on companies of your current market capitalization.

The power of independent equity research is in its wide distribution, as opposed to the Broker's more narrow distribution to their trading clients, and the ability to analyze the readership download activity. Once the readership amongst institutions, private client brokers and high-net-worth individuals is determined, specific strategies can be devised to address those parties. The benefits are two-fold; to organize a targeted secondary offering and to increase liquidity in the shares for the longer term.

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SERVICES FOR EXISTING AIM-LISTED U.S. COMPANIES

Liquidity Studies

Lack of liquidity is a common criticism of AIM, however, it compares quite well to the most appropriate U.S. analog, the third (lowest) tier of NASDAQ, the NASDAQ Capital Market. Nevertheless, if a company is confident about its future prospects, it desires some level of liquidity in order to obtain a fair valuation.

The key benefits of positive liquidity are:

1. Investors are satisfied with their returns
2. Less dilution from secondary offerings
3. Attractiveness of shares to acquisition targets
4. Increased morale and excitement about the company from its employees and board who often own shares and/or hold share options

The company specific reasons for a lack of liquidity are usually not straightforward. Upon engagement for a liquidity study, I would work with executive management, and perhaps the board, as well as a number of the company's professional advisers in order to formulate actionable solutions.

Board / Audit Committee Appointments

As the former CFO of an AIM-listed company and a CPA who qualifies under the Combined Code of Corporate Governance as "having recent and relevant financial experience", I would be pleased to consider appropriate board and/or audit committee appointments.

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MARK McGOWAN'S BIO

Prior to forming AIM Advisers, Mr. McGowan was the CFO of DDD Group plc, an AIM-listed company with its corporate headquarters in Santa Monica, California. Mark joined DDD in 2001 as the then Canadian public company began preparing for its reorganization out of Canada and into the U.K. via an IPO on AIM in 2002. Mark then led several rounds of post-IPO investment into DDD, including; a strategic investment in 2004 and separate financings in 2005 and 2006 from a variety of U.K.-based investors.

As a publicly traded software company, Mark oversaw all accounting, finance and regulatory functions, including; U.S. GAAP, U.K. GAAP and IFRS compliance, corporate strategy, financial modeling, budgeting and taxation and worked closely with DDD's nomad, broker, attorney, auditor, house and independent equity research analysts, registrar, company secretary and insurance agent. In addition, Mark led the post-IPO change of nomad/broker in 2004 and 2007 and evaluated the company's options with respect to the engagement of an independent equity research firm in 2005.

Mark's strategic advice to DDD's Board and CEO assisted with the commercialization of the company's technology in 2003 with Sharp Corporation for their 3D laptop PC, with Arisawa Manufacturing in 2004 for their 3D TV and with Samsung in 2005 for their 3D mobile phone; yielding the company's single largest commercial contract. Mark attended all board meetings, assisted in the recruitment of two board members who are well-respected, international businessmen, and actively participated in all board-level decisions.

Prior to joining DDD, Mark was the Assistant Divisional Director for Grant Thornton International's Asia-Pacific Division, a Senior Manager with Grant Thornton Hong Kong and a Senior Manager in Grant Thornton's Los Angeles office from 1993 - 2001. During this time, Mark helped oversee the operations and client needs of Grant Thornton's Asia-Pacific Division, which spans 14 countries, from China to Australia and from India to Japan, with 70 offices and 3,500 employees. Mark also worked within Grant Thornton Hong Kong on internal operational issues, with the Hong Kong firm's U.S. and European clients and with a variety of Grant Thornton's Los Angeles office clients on audits, IPOs and other financial advisory assignments.

Mark started his career in 1991 with an accounting firm in Philadelphia, earned his CPA license in 1993 and earned his MBA from UCLA Anderson in 2003.