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.

Secondary Offering Activity – 2012

Highlights

- £2.5 billion ($4.0 billion) raised in secondary offerings during 2012

- Secondary offerings continue to decline, signaling a shift towards increasing IPO activity
  - Valuations for the 1,100 companies currently listed on AIM are now 'fair'
  - Companies are maturing, as is AIM in its 18th year, and simply require less capital
  - Economies outside the U.K. are gathering pace, accounting for 69% of AIM IPOs
  - Ratio of secondary offering to IPO funds raised was 6:1 in 2010/2011, now 3.6:1

- Global macroeconomics exaggerated the natural course of the secondary offering market
  - QE2 assisted the surge in activity during 2010, which carried into 2011
  - Debt ceiling debate et al. acted as a counterbalance during 2011
  - QE3 launched in late 2012, however, with diminishing or no effect
  - Data shows these events cut across all aspects of the secondary offering market
    - Gross capital raised
    - Distribution of capital raises
    - Average capital raised

- Average size of secondary offerings continues to decline but for a positive reason

  2010 - £8m ($13m) 2011 - £7m ($11m) 2012 - £5m ($8m)

- Relative number of AIM-listed companies completing secondary offerings holds steady

  2010 - 56% 2011 - 45% 2012 - 48%

	IPO Funds Raised (in £ millions)	Secondary Offering Funds Raised (in £ millions)
2010	1,017	5,738
2011	560	3,616
2012	695	2,478
Total	**2,272**	**11,832**

Since the LSE launched AIM in 1995, an aggregate of £80 billion ($128 billion) has been raised for growth-oriented SMEs, £35 billion ($56 billion) for IPOs and £45 billion ($72 billion) for Secondary Offerings. It appears as if AIM is about to enter a new IPO cycle for three main reasons; two connected to the secondary offering market and one driven by the global economy.

Since we are now a few years out from the worst of the global financial crisis, valuations for the vast majority of the 1,100 companies listed on AIM are now 'fair' and, as these companies have

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naturally matured, they simply require less growth capital, causing investors to shift towards IPOs. There is early evidence of this shift in that the ratio of secondary offering funds raised to IPO funds raised was approximately 6:1 during 2010 and 2011, reducing to 3.6:1 during 2012.

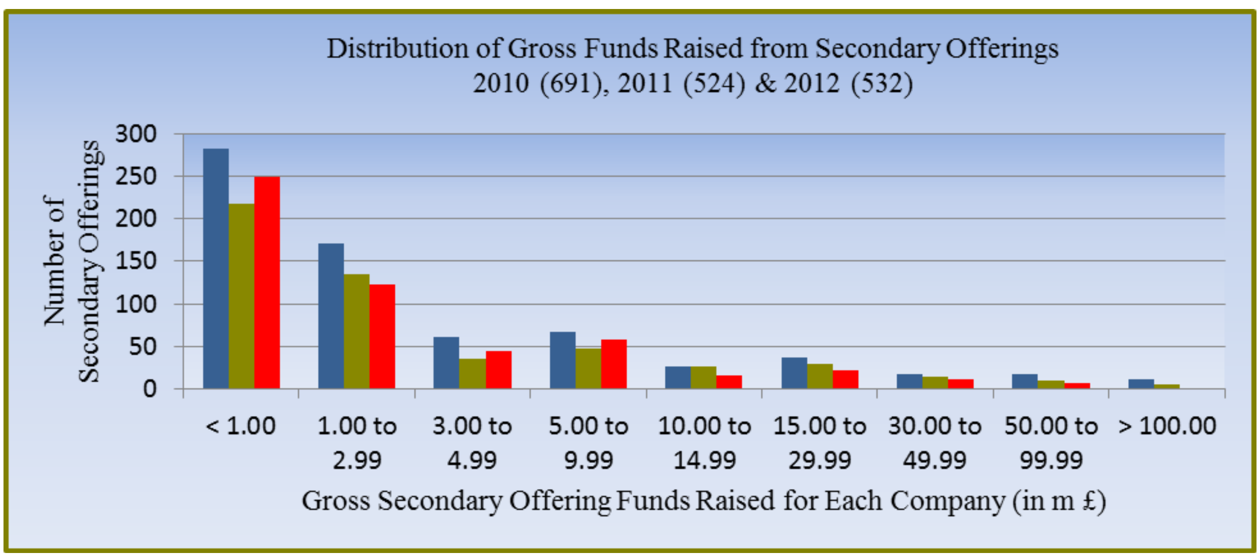
The global macroeconomic healing process is still underway and appears to be gathering pace outside the U.K. and Continental Europe. While approximately 60% of the 1,100 companies listed on AIM are based in the U.K., only 31% of AIM IPOs from 2010 - 2012 were for U.K. companies. Over that same timeframe, there has been a relative surge of AIM IPOs from the world's two largest economies, the U.S. and China, accounting for 8% and 9%, respectively, where growth prospects remain good. The internationalization of AIM is expected to continue.

Global macroeconomic developments exaggerated, and are highly correlated with, secondary offering activity. The pattern is easy to spot with respect to the ***gross secondary offering funds raised*** since an average of 1,144 companies have been listed on AIM since 2010 (i.e. lots of data points), however, such a firm conclusion cannot be drawn with respect to the IPO market since, by its very nature, it consists of relatively few discrete transactions during any given year.

When QE2 was launched during 2010, secondary offering activity surged, which carried over, with diminishing effect, into 2011. When the debt ceiling debate et al. unfolded during the summer of 2011, secondary offering activity contracted. The launch of QE3 in late 2012 has had a diminishing or no effect. These events cut across all aspects of the secondary offering market.

The table below shows that the ***distribution of gross funds raised from secondary offerings*** is also consistent with this pattern, shifting from larger to smaller. The chart provides more detail.

(in £ millions)	2010	2011	2012
< 3	66%	67%	70%
3 - 10	18%	16%	20%
10 - 50	12%	14%	9%
> 50	4%	3%	1%



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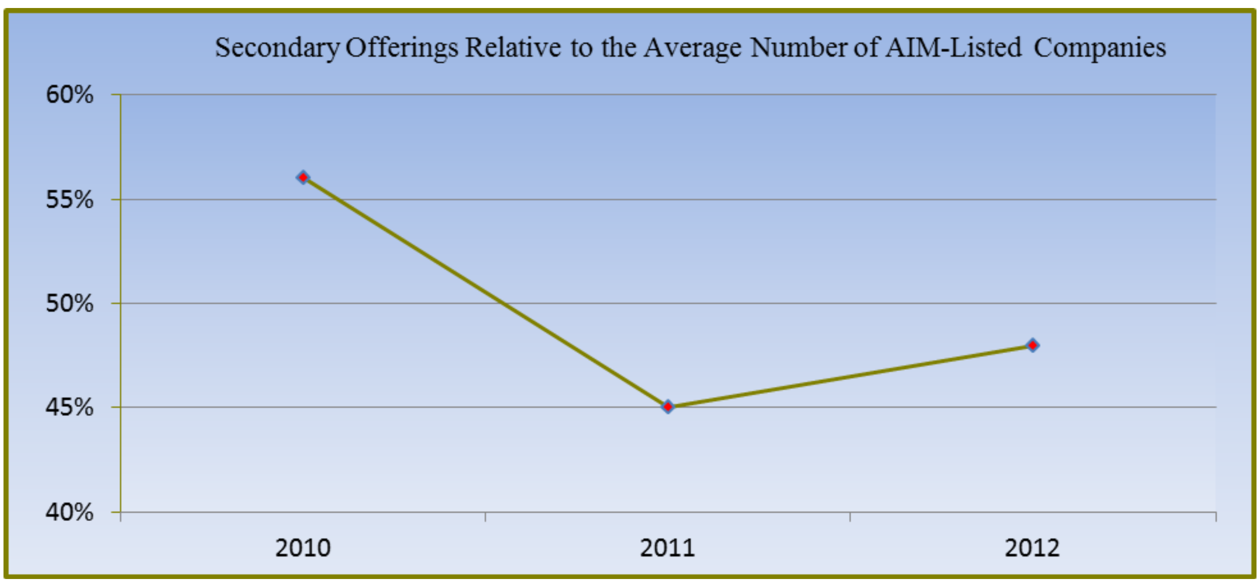
The next table shows that the ***average funds raised from secondary offerings*** is also consistent with these patterns.

	Number of Secondaries*	Gross Funds Raised (in £ millions)	Average Funds Raised (in £ millions)
2010	691	5,738	8.30
2011	524	3,616	6.90
2012	532	2,478	4.66
Total	**1,747**	**11,832**	**6.77**

* This is the number of discrete secondary offering transactions. Some companies completed more than one secondary offering per half-year.

On the surface, one might conclude that the companies that completed secondary offerings during 2012 simply could not raise more capital; however, the fact is that these companies, and AIM now in its 18th year, have matured quite a bit over the last two years and simply require less growth capital. The chart below supports this conclusion since the ***relative number of AIM-listed companies completing secondary offerings*** actually increased slightly during 2012.



If one were to look back to 2008 and 2009, the vast majority of weak companies were expelled in the wake of the global financial crisis as investors selected those that would remain by providing access to secondary offering funds. Generally speaking, secondary offering funds raised from 2010 - 2012 have been used to execute on organic and/or acquisitive growth opportunities.