

Additional rules for mining, oil and gas companies

- A recent competent person's report on all material assets and liabilities should be included in the admission document
- A qualified person (who may be from the issuer) with at least five years' relevant sector experience should review and sign off on each resource or drilling update notified to the market

Considerations for non-EEA* issuers

Additional considerations for non-EEA* issuers are set out below:

Considerations for non-EEA* issuers	
Financial information	<ul style="list-style-type: none">• Financial information may be presented in accordance with IFRS, US GAAP, Australian IFRS, Japanese GAAP and Canadian GAAP (or national GAAP with a reconciliation to one of the above standards)
Fast track route	<ul style="list-style-type: none">• A streamlined process for admission to AIM• Must have been quoted on an AIM Designated Market for at least 18 months**• Required to publish a detailed pre-admission announcement (an admission document is not required)

* EEA countries and including the Channel Islands and Isle of Man

** See the London Stock Exchange website for a list of Designated Markets

Taxation considerations

Tax incentives available to individual and corporate investors which enhance the attractiveness of some AIM companies compared to Main Market companies include:

- Individual investment via the Enterprise Investment Scheme
- Inheritance tax exemption after two years of ownership
- Investment by Venture Capital Trusts

The reliefs will only apply to companies carrying on certain trading activities and, in the first two cases, relief is restricted to smaller companies.

The place of incorporation or other residence status of the company raising funds may also be a relevant factor in the investor's entitlement to tax relief.

The rate of capital gains tax for UK individuals is 28%; a 10% rate would apply on the first £5 million of gains where the owner qualifies for Entrepreneurs' Relief, which requires, inter alia, an office or employment and ownership of 5% of the share capital and votes in trading company.

AIM indices

The main indices are:

- FTSE AIM 50 UK Index (UK domiciled only)
- FTSE AIM 100 Index (UK and international)
- FTSE AIM All-Share Index (UK and international)

Each index has specific eligibility criteria relating to general liquidity and free float requirements.



The PwC Capital Markets Group

The PwC Capital Markets Group comprises specialists who provide a broad range of services to companies and investment banks in connection with London capital market transactions, including:

- Preparations for becoming a public company
- Acting as reporting accountant on capital markets transactions
- Undertaking financial and business due diligence investigations
- Advising on regulatory issues
- Assisting with GAAP conversion projects
- Selecting the right market and advisory team

The PwC Capital Markets Group is part of the PricewaterhouseCoopers global network of capital markets specialists. For more information visit www.pwc.co.uk/capitalmarkets

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Companies can gain a London listing through a variety of securities and routes to market. Each of these are quite different in terms of their characteristics and regulatory requirements.

This series of guides provide a brief overview of the key issues and regulatory requirements that a company should consider in contemplating a listing in London.



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Listing in London

A guide to a flotation on AIM

PwC Capital Markets Group comprises specialists who provide a broad range of services to companies and investment banks in connection with London capital market transactions.

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Floating on AIM

Since the launch of the market in 1995, AIM has emerged as the most successful growth market of its kind in the world. It has developed rapidly both in terms of the number and diversity of companies admitted to the market, and the range of institutional and retail investors involved. Its success is built on a simplified regulatory environment which has been specifically designed for the needs of small and emerging companies.

Regulatory environment

AIM companies are governed by the AIM Rules for Companies which set out the requirements and guidance for companies quoted or wishing to be quoted on AIM. The admission document requirements are based on the FSA Prospectus Rules requirements with certain (optional) exclusions. Admission documents relating to a public offer in the UK will require the approval of the FSA.

Key differences between AIM and the Main Market

AIM	Main Market
<ul style="list-style-type: none"> No minimum number of shares to be in public hands 	<ul style="list-style-type: none"> Minimum 25% shares in public hands
<ul style="list-style-type: none"> No trading record requirement (minimum three years if available) 	<ul style="list-style-type: none"> Normally three year trading record required
<ul style="list-style-type: none"> Prior shareholder approval required only for reverse takeovers and fundamental disposals 	<ul style="list-style-type: none"> Prior shareholder approval required for significant transactions, including significant acquisitions, disposals and related party transactions
<ul style="list-style-type: none"> Admission documents not pre-vetted by the Exchange. The FSA will vet an AIM admission document where it is also a Prospectus under the Prospectus Directive 	<ul style="list-style-type: none"> Pre-vetting of admission documents by the FSA
<ul style="list-style-type: none"> Nominated adviser and broker required at all times 	<ul style="list-style-type: none"> Sponsors needed for new applicants and significant transactions
<ul style="list-style-type: none"> No minimum market capitalisation 	<ul style="list-style-type: none"> Minimum market capitalisation of £700,000
<ul style="list-style-type: none"> Appropriate corporate governance measures, as agreed with the nominated adviser - high standards are expected 	<ul style="list-style-type: none"> Comply with UK Corporate Governance Code or explain why not

Role of the nominated adviser

The initial role of the nominated adviser is to ensure that the company is appropriate to be quoted on AIM and ensure that the AIM Rules are complied with on flotation. As required by the AIM Rules for Nominated Advisers, the nominated adviser must undertake sufficient due diligence, advise the company of its primary or secondary market disclosure requirements and liaise with the Exchange and the company's other advisers. A nominated adviser must be retained at all times to advise and guide the directors and ensure that the company complies with the AIM Rules for Companies on an ongoing basis.

The decision to float

Once you have decided to float you will need to critically appraise your existing business, identifying the extent to which it will meet the AIM admission requirements. These requirements may be analysed into the following areas:

- General suitability – preparation and planning
- Eligibility for admission
- Continuing obligations/filing requirements

General suitability and initial considerations

Planning and good preparation are crucial to a successful flotation. The following are the key suitability issues that you will need to consider:

- Preparation of a well constructed, attractive investor 'story'
- Establishing an experienced board of directors and management team
- Corporate governance implications
- Suitability of existing capital and organisation structure
- Appropriateness of the financial 'track record'
- Quality of management information and financial reporting procedures
- Tax planning
- Legal 'housekeeping'
- Management and employee incentives
- Preparation of a company website

Eligibility for admission

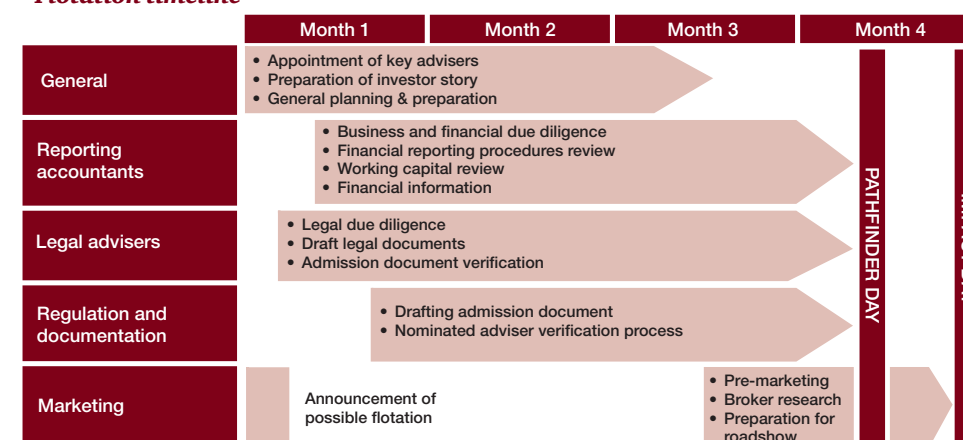
A company must meet the eligibility requirements as set out in the AIM Rules. The main requirements are set out below:

Main eligibility requirements
<ul style="list-style-type: none"> Appointment and retention of a nominated adviser and broker* Production of an admission document Preparation of financial information for inclusion in the admission document <ul style="list-style-type: none"> Three years of audited financial information (if available) If the financial information is more than nine months old, unaudited interim financial information with comparatives is required At a minimum, the last two years of the financial information must be restated onto the basis to be applied in the issuers next annual accounts, being IFRS (or equivalent standards for non-EEA companies – see overleaf) Sufficient working capital for at least 12 months from the date of admission Adequate financial reporting procedures

* The nominated adviser and broker must be registered with the Exchange. See the London Stock Exchange website for a list of approved nominated advisers and brokers.



Flotation timeline



Continuing obligations and financial reporting

The main continuing obligations and financial reporting requirements:

Continuing obligations and financial reporting	
Nominated adviser and broker	<ul style="list-style-type: none"> An Exchange approved nominated adviser and broker must be retained at all times
Price sensitive information	<ul style="list-style-type: none"> New developments which, if made public, would result in a substantial movement in the share price must be notified without delay
Annual report and accounts	<ul style="list-style-type: none"> The annual accounts must be signed and published within six months of the year end
Half-yearly reports (unaudited)	<ul style="list-style-type: none"> Half-yearly reports must be published within three months of the period end and contain primary statements with comparatives, as a minimum
Significant transactions	<ul style="list-style-type: none"> Reverse takeovers require re-admission to AIM including publication of an admission document and shareholder approval Disposals in a twelve month period exceeding 75% in any of the class tests set out in the AIM Rules require publication of a circular and shareholder approval An announcement is required for substantial transactions exceeding 10% of any of the class tests and outside the ordinary course of business and related party transactions exceeding 5% of any of the class tests
Further issues	<ul style="list-style-type: none"> An admission document will only be required where a prospectus is required under the Prospectus Rules, a new class of securities is to be admitted or the transaction qualifies as a reverse takeover
Lock-in arrangements	<ul style="list-style-type: none"> Where a company's main activity is a business which has not been independent and revenue earning for at least two years, certain related parties and employees must not dispose of their shares for one year
Website	<ul style="list-style-type: none"> A website showing information on the business and all information made available to shareholders over the past 12 months must be maintained

Additional rules for investing companies

Investing companies may float on AIM subject to the following additional rules:

- Minimum of £3 million in cash to be raised on or immediately before admission
- Details of the investing strategy must be published in the admission document
- Shareholders are required to approve the investing strategy on an annual basis until the company is no longer considered an investing company
- Companies which become investing companies through divestment are required to make an acquisition within twelve months of the date of divestment
- An acquisition which departs substantially from the stated investing strategy must be treated as a reverse takeover