



**The AIM Market
Opportunities for Ukrainian Companies**

**A PRACTICAL VIEW OF THE NOMAD
AND BROKER ROLES**

**Presentation by
Patrick Booth-Clibborn
Director, Corporate Finance**

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Specialist in Mid and Small-Cap Companies

Introduction

- KBC Peel Hunt
- Role of the Nominated Adviser
- Assessment of appropriateness for AIM
- Role of the Broker
- Flotation Process: Timing + Costs
- Fundraising in London
- Case Study
- AIM vs. Official List
- Conclusion

KBC Peel Hunt

- A leading nominated adviser and broker to over 130 small and mid-cap quoted companies listed in London
- 36 IPO's raising over \$1.8 bn since January 2005
- Proven placing power - over \$4.2 bn raised since January 2005 and \$1.3bn in 2007 YTD
- Strong, in-depth sector knowledge – 20 analysts covering all business sectors
- Part of the global KBC network



Role of the Nominated Adviser

The Nominated Adviser or “Nomad”

- “The most important adviser”
- Company must maintain a Nomad at all times
- The Nomad will:
 - assess the company’s appropriateness for admission
 - co-ordinate admission to trading
 - advise the company on an on-going basis post flotation
- The Nomad is either an independent corporate finance firm or an integrated adviser and broker
- New Rulebook introduced in 2007 regulating nomads

Role of the Nominated Adviser

Pre-float

- Provide advice as to suitability for admission
- Project management
 - planning/structuring
 - co-ordination of other advisers
 - due diligence
 - documentation
 - marketing shares
 - impact
- Management of company's expectations
- Confirm compliance with AIM Rules to LSE

Assessment of appropriateness of company for AIM

The Nomad should:

- Ensure it has a thorough understanding of the company and its market
- Meet and assess the suitability of the board (and other key employees)
- Consider corporate structure and assess key stakeholders
- Oversee commercial, legal and accounting due diligence and assess material findings
- Ensure admission documentation is properly prepared and verified
- Be satisfied that the company has in place sufficient systems, procedures and controls to comply with AIM Rule obligations

Role of the Nominated Adviser

Post-float

- Sounding board that is behind the Chinese Wall
- Ongoing responsibilities
 - maintain regular contact to assess developments and compliance with the AIM Rules
 - review announcements to be made
 - monitor share trading
 - advise company on board changes
- Execution of future transactions
 - advice
 - documentation
 - structuring

Role of the Broker

The Broker

- A Broker must be retained by each AIM company
- Prepares analytical research
- Sales desk places shares with investors (pre and post IPO)
- Corporate broking liaises with institutional fund managers
- Trading and market making to create liquidity
- The Broker will usually be the same firm as the Nomad

Role of the Broker

Pre-float

- Pre-marketing
- Advice on fundraising, including:
 - size of issue
 - free float
 - valuation
- Research
- Marketing

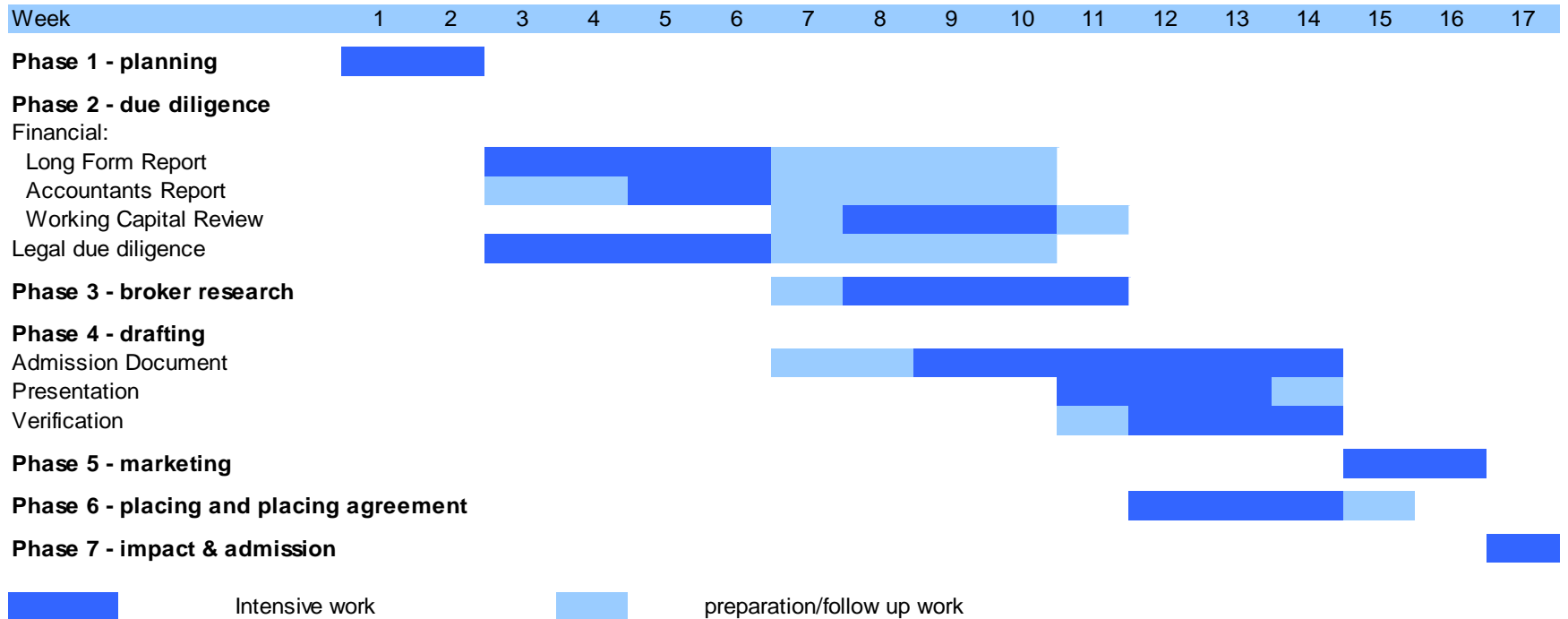
Role of the Broker

Post-float

- Assist in generation of liquidity
- Market making
- Research
- Promotion of shares to investors
- Provide market feedback
- Future fundraisings

Flotation timetable

FLOTATION - OUTLINE TIMETABLE



Key milestones

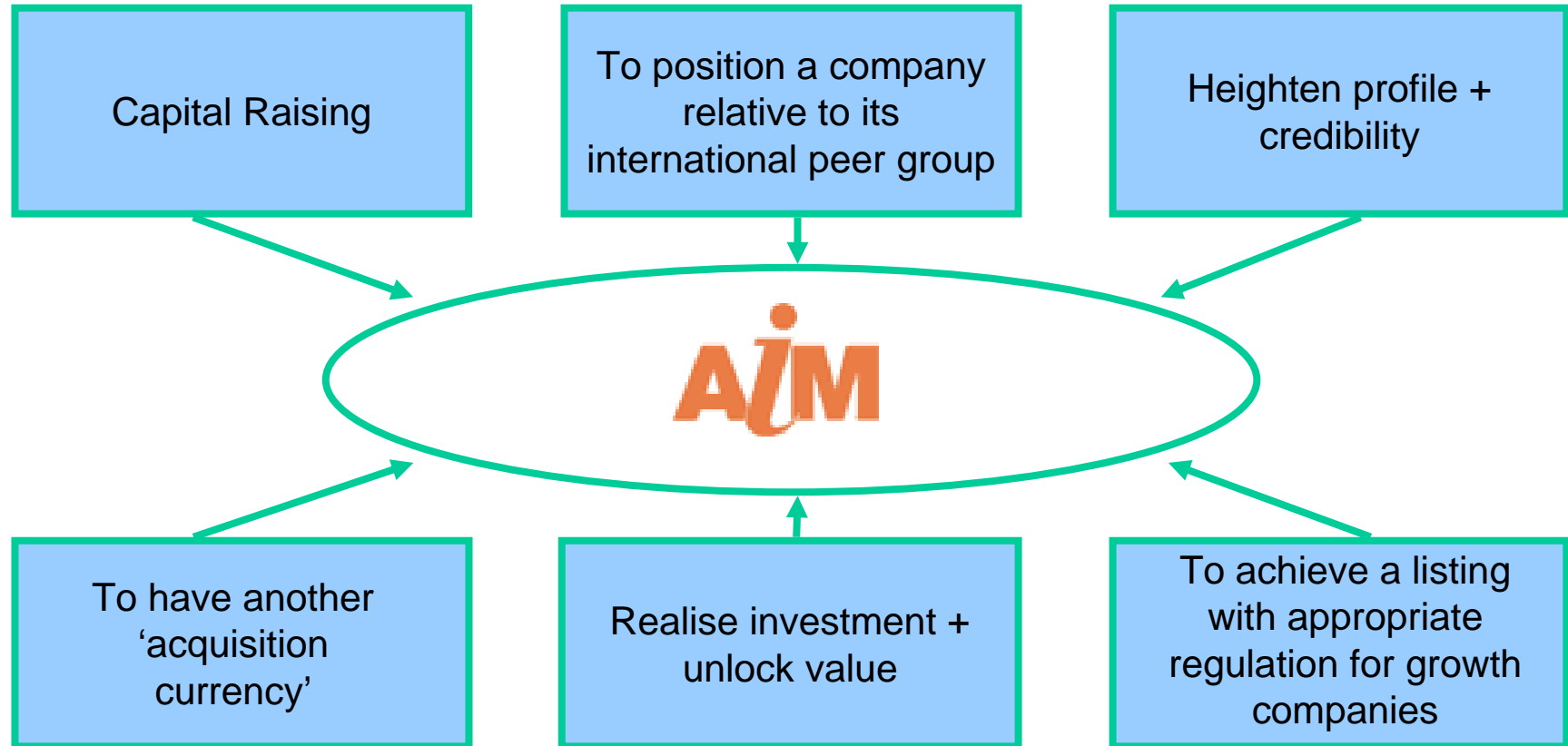
- Engagement of all advisers and briefing them on the IPO process/timetable
- Board structure
 - appointment of non-executive directors
- Group structure in place
- Financial and legal due diligence
- Final year audit
- Marketing and research
- Pathfinder and other admission documentation
- Start of trading

Approximate flotation costs

Nomad and broker	\$400 – 600k plus 4-5% commission
Legal adviser to Company	\$200 – 450k
Legal adviser to Nomad	\$80 - 120k
Reporting accountants	\$200 – 350k
PR adviser	\$60 - 90k
Printing	\$30 - 40k
Admission fees and out of pockets	\$20 – 30k
TOTAL:	\$1 - 2m + commission

Listing in London

Reasons for Admission to AIM



Listing in London

What makes a suitable company?

- Strong management team & non executive directors
- High growth opportunities
- Strong intellectual property/product portfolio/assets
- Track record
- Good corporate governance
- Market liquidity
- Incentivised management

Listing in London

Likely investor reception

- Why London?
- Peer group relative valuations
- Recent UK–quoted local company performance
- Discredited growth stories
- Sectors

Listing in London

Key criteria for a successful listing on AIM

- Efficient due diligence, structuring and documentation
- Valuation
- Appropriate marketing
 - Test marketing
 - Institutional roadshow
- Obtaining the right shareholders
- Appropriate non-executive directors
- Focused and incentivised management

Case study – Volga Gas plc



Volga Gas

Flotation on AIM

Funds raised \$117m

Initial Mkt Cap. \$310m

*Nominated Adviser/Joint
Broker*

April 2007

- An independent gas exploration and production company, which currently holds three subsoil licences in the Volga region of European Russia.
- Floated on AIM by KBC Peel Hunt and Renaissance Capital in April 2007 at a market cap of \$310m, with a \$117m placement
- Float process took 4 months
- Total float costs \$8.6m
- Key feature: stabilisation - KBC Peel Hunt had an over-allotment option over 8% of the placing (not exercised)

Successful flotation and placement.

AIM vs. Official List

Official List

- Minimum 25% shares in public hands
- Normally 3 year trading record required
- Prior shareholder approval required for substantial acquisitions and disposals
- Minimum market cap
- Pre-vetting by UKLA

AIM

- No minimum shares to be in public hands
- No trading record required
- No prior shareholder approval for transactions (except reverse takeovers)
- No Minimum market cap
- Admission documents not pre-vetted by UKLA or Exchange (unless prospectus)

Conclusion: Ensuring a successful London listing

- Eligibility
- Attractive investment opportunity
 - Growth profile
 - Management and board structure / corporate governance
- Valuation
- Post – IPO activity
- Advisers

Thank you

For further information please contact:

Patrick Booth-Clibborn
Director, Corporate Finance
KBC Peel Hunt Ltd, London
+44 20 7418 8900

patrick.bc@kbcpeelhunt.com