

GROWTH COMPANY

INVESTOR

THE INDEPENDENT VOICE ON FAST GROWING COMPANIES

INTERNATIONAL COMPANIES ON AIM 2006

AIM is now the leading international market for fast-growth companies in search of funds for expansion. *Growth Company Investor's* unique survey of this area, carried out in association with Pinsent Masons, shows that of the 1,560 companies quoted on the London Stock Exchange's 'junior' market, 277 - nearly 18 per cent - are overseas based.

Their combined market value of £25.2 billion represents an even more significant third of AIM's entire market capitalisation of £74.2 billion. In total, this foreign legion raised £2.5 billion in the 19 months to 31st July.

Wide and deep

AIM's lighter regulatory touch, favourable tax regime and extensive pool of institutional and private investors has given it a truly global appeal, with no less than 27 countries now using the market (see Table 1).

Six of the largest ten companies (see Table 2) hail from Canada, a country with a long association with AIM. However, it is the junior market's increasing ability to attract US companies - at a time when the Nasdaq market is suffering from increasingly cumbersome corporate governance regulations - that is generating most excitement.

Some 36 US companies are quoted on AIM, with a combined market value of £2.2 billion. The largest of these, in market value, is Florida-based speciality financier Peach Holdings (see Table 2), chaired by Dermot Smurfit, which broker Collins Stewart brought to the market in March. Other relatively large US concerns include 121 Media Inc, a £139 million online advertising group with offices in New York and London, and LX TechGroup, a £144 million biotechnology concern.

GROWTH COMPANY INVESTOR 1

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AIM'S GLOBAL REACH

Country of incorporation	Total
Australia	47
Canada	42
Republic of Ireland	38
USA	36
Bermuda	20
British Virgin Islands	19
Cayman Islands	18
Israel	17
Belize	5
Netherlands	5
Cyprus	4
Luxembourg	4
Germany	3
Italy	3
Falkland Islands	2
Hong Kong	2
India	2
Bangladesh	1
Belgium	1
Denmark	1
Gibraltar	1
Japan	1
Malaysia	1
New Zealand	1
Norway	1
Singapore	1
Sweden	1

The allure of the East

In addition to the US, the Far East is becoming a pivotal part of the AIM regime. Satoshi Takahashi's fingerprint technology specialist Secure Design KK won strong support as AIM's first Japanese company when broker Charles Stanley introduced the shares at 47p in July. It has since surged 267 per cent in share price terms (see Table 4).

It was swiftly followed onto the market by Shanghai-based Chinese solar power play ReneSola. Its £26 million float funding through Hanson Westhouse received a warm reception on the strength of its silicon wafers for the solar industry. It too has made

GROWTH COMPANY INVESTOR 2

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INTERNATIONAL COMPANIES BY SIZE

Company	Mkt cap (£m)
First Quantum Minerals	1,387.51
Bema Gold Corp	1,369.07
Yamana Gold Inc	1,359.28
First Calgary Petroleum	979.90
Lancashire Hldgs	608.67
Playtech	544.00
Oilexco Inc	542.28
Urals Energy Public Co	482.86
Hardman Resources NI	478.63
Canaccord Capital Inc	427.93
Roc Oil Co Ltd	379.54
Infinity Bio-Energy	346.55
Peach Hldgs Inc	338.90
Centurion Energy International Inc	313.63
Equator Exploration	272.34
Energy XXI (Bermuda)	256.71
Eastern Platinum Ltd	233.97
Empire Online	226.90
Steppe Cement	218.31
IRF European Finance Investments	200.36

GROWTH COMPANY INVESTOR 3

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INTERNATIONAL CO'S BY MONEY RAISED

Company	Money raised 2005/06 (£m)
Lancashire Hldgs	546.74
Infinity Bio-Energy	272.94
Playtech	265.08
Urals Energy Public Co	185.52
Energy XXI (Bermuda)	182.60
Equator Exploration	178.26
Yamana Gold Inc	166.78
Utilico Emerging Markets Utilities	152.50
First Calgary Petroleum	148.08
Charlemagne Capital Ltd	120.47
Peach Hldgs Inc	120.17
Vinaland	116.75
Roc Oil Co Ltd	115.08
Int Metal Enterprises Inc	114.12
Viceroy Acquisition Corp	98.02
Polyfuel Inc	88.00
Billing Services Group	84.13
European Minerals Corporation	81.05
International Ferro Metals	80.00
Oilexco Inc	72.38

strong early gains. The best performing Asian AIM stock though is China Real Estate Opportunities. It was floated late last year by broker Teather & Greenwood with a brief to identify major greenfield development projects in the People's Republic. Its 679 per cent share price rise is a good indication of how highly the market rates its prospects.

Another new venture that has received a welcome reception is Fujian Province-based China Biodiesel International, which boasts a proprietary catalyst for biodiesel production to help China's drive to source more energy from renewable sources. Two Indian companies, coal bed methane play Great Eastern Energy and Delhi river toll concern Noida Toll Bridge, are already on AIM and many more are anxious to follow.

Closer to Europe, Israel has listed 17 companies on AIM, many in software, telecoms and electronics. One, Leadcom Integrated Solutions, an international telecoms equipment supplier headed by Ari Alcalay, trebled from last year's 32p float price to 90p before settling back to 52.5p.

Kosher food specialist Gold Frost, controlled by the Nasdaq-quoted G Willi food group, has performed respectably. However, Selector, floated back in 1996, failed to make its water purification business a success and, having fallen 99 per cent, is now a shell company (see Table 5 for the worst AIM performers).

Irish-based Fortfield Investments also became a shell after an unsuccessful attempt to thrive in electronic equipment. To date, the company has lost 98.9 per cent of its value.

BEST PERFORMING COMPANIES

List date	Company	Price increase (%) since joining AIM	Recent price (p)	Mkt cap (£m)
9/4/01	First Quantum Minerals	1918.90	2937.5	1,387.51
2/6/99	BB Hldgs	1792.15	200	128.24
26/9/01	Petroceltic International	1183.33	19.25	119.46
14/4/03	Consolidated Minerals	1075.00	70.5	159.59
18/5/04	Crosby Capital Partners Inc	1045.83	68.75	173.51
30/7/02	First Calgary Petroleum	683.65	407.5	979.90
22/12/05	China Real Estate Opportunities SA	679.41	662.5	133.86
12/6/03	Centurion Energy International Inc	486.96	337.5	313.63
29/6/99	CPL Resources	458.00	279	101.23
2/7/04	RC Group Hldgs	452.50	55.25	94.09
21/12/01	Centamin Egypt	366.67	28	130.80
23/12/04	121media Inc	352.04	1107.5	139.26
10/3/06	Fun Technologies Inc	326.47	290	174.73
23/9/05	Glencar Mining	310.00	10.25	23.19
15/12/04	Raven Capital Inc	305.00	20.25	0.00
14/7/06	Secure Design KK	267.02	172.5	27.34
30/6/97	Griffin Mining	226.00	81.5	147.25
28/11/03	Yamana Gold Inc	217.19	507.5	1,359.28
25/1/05	Petroworld Corp	200.00	30	0.00
14/10/04	Falkland Oil & Gas	190.00	116	106.06

Resources still on top

Although AIM's international companies hail from a diverse range of sectors – with finance and software well represented – the dominant sectors are General Mining, Exploration and Gold Mining (see Table 6).

One of the most successful and acquisitive ventures is Canadian-based West African copper producer and explorer First Quantum Minerals, whose shares performed best in the period under review (see Table 4) and which now commands a market value of nearly £1.4 billion.

A majority of resource ventures are from Australia and Canada. They have listed on

AIM during the prolonged resources boom, tapping London's traditional appetite for far-flung mines and wells. Some, such as First Quantum, Perth-based manganese and nickel star Consolidated Minerals, Irish oil and gas counter Petroceltic International – with prospects from Algeria to Donegal – and First Calgary Petroleum, have amply rewarded investors' faith.

Three Canadian resource companies – First Quantum; Bema Gold, with operations in Chile, Russia and South Africa; and Yamana Gold, developing gold and copper projects in Brazil – together account for £4 billion of the market value of AIM's international

WORST PERFORMING COMPANIES

List date	Company	Price increase (%) since joining AIM	Recent price (p)	Mkt cap (£m)
23/7/96	Selector	-99.02	0.65	1.60
23/7/98	Fortfield Investments	-98.92	1.05	1.39
18/5/98	Dimension Resources	-98.90	0.33	0.69
10/9/01	Healthy Living Centres	-96.67	0.30	0.54
10/12/97	Razorback Vehicles Corp	-94.12	6.00	1.59
3/7/00	Murchison United NI	-90.50	2.85	8.84
29/6/04	Palandri	-89.33	4.00	2.89
14/1/05	Alltracel Pharmaceuticals	-88.90	9.88	12.97
15/7/02	Sky Capital Hldgs	-88.11	22.00	6.41
7/5/04	CNG Travel Group	-87.86	12.50	6.32

SECTOR BREAKDOWN

Sub sector	Average of share price performance (%)	No. of companies
General Mining	79.47	31
Exploration & Production	155.50	30
Gold Mining	65.23	23
Specialty Finance	144.98	17
Diamonds & Gemstones	6.82	11
Real Estate Holding & Development	110.73	10
Software	25.21	10
Equity Investment Instruments	5.03	9
Electronic Equipment	44.62	8
Biotechnology	-10.79	8

MOST ACTIVE INSTITUTIONAL INVESTORS

Institutional investor	No. of companies
Fidelity	11
JP Morgan	10
Gartmore	9
CDS	9
RAB	9
Artemis	8
National Nominees	8
Merrill Lynch	6
ANZ Nominees	4
Chase Nominees	4

contingent. These and companies such as Egypt-focused Centurion Energy and gold play Centamin Egypt are among AIM's top performers, reflecting a resources bull market that has run for so long people are beginning to ask when the music is going to stop.

Resources can also be risky, however. Dimension Resources, floated eight years ago to quarry precious stones in South Africa, has been seeking to do something else after losing nearly 99 per cent of its value (see Table 5).

Murchison United was also nearly wiped out by problems thwarting its copper and zinc projects in Portugal and Tasmania, but, after losing 90 per cent of its value, is now toying with uranium exploration in West Africa. Paul Atherley, Murchison's ex-boss, is faring better with another AIM group, Leyshon Resources, with gold and copper projects in China.

Offshore attractions

Resource companies by no means hog all the limelight. Lancashire Holdings, London-

market specialist in short-tail property, marine, aviation and energy insurance underwriting, commands an AIM tag of £609 million after raising £547 million with its AIM float at the end of 2005. The venture is based in Bermuda, which is both an international reinsurance centre and a tax haven, and Lancashire is not the only AIM counter to have chosen the tax-haven route.

Bermuda also plays host to Gulf Keystone Petroleum, United Arab Emirates-backed prospector for oil and gas in Algeria. Playtech, which raised £265 million at 257p when it came to the market in March and now sports AIM's sixth highest market value, develops and licences software for the gambling industry and is based in the British Virgin Islands. This is corporate home to Russian resource hopeful Amur Minerals among others.

Lord Ashcroft's BB Holdings operates financial services, distribution and staffing businesses in Belize, where it is based along with his corporately active Bombshell Holdings and shell Onesource Services. BB, with backers including serial investor Nigel Wray, has risen nearly 1,800 per cent since coming to AIM in 1999. Crosby Capital Partners, ex-Nomura star Simon Fry's wheeler-dealing investment group, has thrived from its Cayman Islands base and has seen its shares rise more than 1,000 per cent since 2004.

Chinese companies have so far mostly preferred a corporate base outside the People's Republic, for tax and legal reasons. China Real Estate is based in Luxembourg and China Biodiesel's corporate base is the

British Virgin Islands.

Dual-listings are not uncommon amongst the foreign players on AIM. African Copper is listed on Toronto and AIM and says it finds Canadian regulations more onerous than London's. Amsterdam-based and Dutch-controlled mining engineering group Bateman Industries does most of its business in South Africa but is listed only on AIM for tax and regulatory reasons and several Australian companies have done the same.

In August, West Australian-based mining entrepreneur Keith Liddell pulled off a successful £22 million float simultaneously on AIM and Toronto for South African platinum hopeful Platmin. Liddell's Aussie-quoted Mineral Securities has key stakes in China gold play Tianshan, also quoted Down Under, and Bermuda-based Zambezi Resources, which is quoted only on AIM, as is similarly-based affiliate Zambezi Nickel.

Playing the field

Global institutional investors play an important role in supporting AIM floats from abroad and holding on to significant stakes.

The most active investor in this field is Fidelity (see Table 7). It has holdings in 11 international AIM companies, including Murchison, Toronto-based SouthernEra Diamonds, Aussie environmental chemicals outfit Virotec International and 121 Media. Wall Street giant JP Morgan has ten significant stakes, almost all in resources, such as Glencar, Roc Oil and Aztec Resources.

Gartmore and CDS have nine major holdings apiece, heavily weighted towards

BROKERS RANKED BY MONEY RAISED

Broker	No. of companies	Money raised 2005/06 (to July)
Collins Stewart	20	1202.65
Canaccord Adams	24	617.94
Merrill Lynch	1	546.74
Evolution Securities	22	371.73
Seymour Pierce	14	323.97
Numis	16	267.03
NM Rothschild	5	265.19
Morgan Stanley	2	227.52
Oriel Securities	4	213.01
KBC Peel Hunt	13	185.60

BROKERS RANKED BY CLIENTS' SHARE PERFORMANCE SINCE IPO

Broker	Average of share price performance (%)	No. of companies
Fyshe Horton Finney	1792.15	4
Dawnay Day	1045.83	1
Mirabaud Securities	596.42	4
Numis	269.98	16
J&E Davy	235.64	13
Keith Bayley Rogers	226.00	2
Daniel Stewart,	166.67	1
JP Morgan Securities	146.32	1
Walker Crips	136.50	4
NM Rothschild	117.41	5

resources. Aggressive investment group RAB Capital, itself quoted on AIM, holds stakes in nine companies, including strongly performing Falklands Oil & Gas, BDI Mining and volatile Gladstone Pacific Nickel, and has played a crucial role in the floats of many more.

Artemis sports eight international AIM holdings, Merrill Lynch six and ANZ Nominees and Chase Nominees four each.

Making it happen

International companies depend on – and pay for – professional advisers to check their corporate credentials and make their AIM floats possible, to market their shares and try to maintain a public appetite afterwards and to ensure they stick to the regulatory straight and narrow. In the light of the recent resources boom, it is not surprising that Canadian-owned Canaccord Adams is nominated adviser and broker to 24 companies, more than any of its rivals (see Tables 8 and 10).

In money raised, Collins Stewart comes out top, accounting for more than £1 billion as broker and adviser, followed by Canaccord Adams. It has raised £618 million as broker and nominated adviser. Merrill Lynch came third in both categories on the strength of Lancashire Holdings.

Fyshe Horton Finney came first among brokers on share price performance, entirely because of an overall gain of nearly 1,800 for its four Belize-based, Lord Ashcroft-headed client companies. Runners up were Dawnay Day, Mirabaud, Numis and Davy.

Cenkos Securities showed the best

nominated adviser's share price performance, with an 894 per cent overall gain for five client companies. Teather & Greenwood came second, with a 679 per cent increased for three companies, followed by J&E Davy, with an impressive 216 per cent gain for 13 companies.

Accountants and lawyers play key roles here, with the big groups leading the field. Of the accountants, KPMG handles 43 AIM international companies, including China Real Estate and First Calgary; followed by Deloitte with 36, including Fortfield, Betcorp and Consolidated Minerals; and Grant Thornton with 31, which include Petra Diamonds and Cayman Islands-based Raven Capital, backed by financier Andrew Regan's AIM-quoted Corvus Capital.

Solicitor Berwin Leighton Paisners handles 12 companies, including Leadcom, Bateman and Playtech. Fladgate Fielder looks after nine, including Raven and Corvus-backed insurer Gable Holdings, as do Field Fisher Waterhouse (including Dimension Resources) and Watson Farley Williams, with Consolidated

Minerals and Zambezi Nickel among others.

Elsewhere, Pinsent Masons handles Philippines-focused Copper Resources, chaired by ex-Ashanti Goldfields boss Sir Sam Jonah, and Reconstruction Capital. Andrew Greystoke's colourful Atlantic Law handles Australian wine producer Palandri and US-based food group Legacy Distribution.

Sources
The AIM Guide
www.growthcompany.co.uk
www.growthbusiness.co.uk
AIM Market Statistics (London Stock Exchange)
All data and prices correct as of 1 August 2006

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ADVISERS RANKED BY MONEY RAISED		
Adviser	No. of companies	Money raised 2005/06 (to July)
Collins Stewart	20	1076.32
Canaccord Adams	24	619.40
Merrill Lynch,	1	546.74
Nabarro Wells	15	535.00
Grant Thornton	18	507.97
Evolution Securities	21	300.89
Morgan Stanley	2	227.52
KBC Peel Hunt	12	157.37
Numis	11	153.00
Arbuthnot Securities	1	152.50

GROWTH COMPANY		Pinsent Masons 11
ADVISORS RANKED BY CLIENTS' SHARE PERFORMANCE SINCE IPO		
Advisor	Average of share price performance (%)	No. of companies
Cenkos Securities	894.07	5
Teather & Greenwood	679.41	3
J&E Davy	216.55	13
RFC Corporate Finance	213.41	13
Numis	210.45	11
Arbuthnot Securities	182.35	1
Thenberg & Kinde Fondkommission	166.67	1
HB-Corporate	117.26	3
Charles Stanley	110.05	4
KBC Peel Hunt	106.95	12

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