

GROWTH COMPANY

INVESTOR

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New issues on AIM 2006/07



A total of 362 new companies joined AIM in 2006, raising a phenomenal £9.4 billion. To put this figure in context, £10 billion was raised in the five years to December 2005.

Of this year's tally, 281 were admitted following a fundraising and 81 joined by way of an introduction. These figures include 31 companies which transferred from the Official List of the London Stock Exchange (against the 40 that did so in 2005).

Of those searching for new funds, the average fundraising in 2006 was £33.47 million, considerably more than the average of 2005 (£16.78 million) and a quantum leap ahead of the £4.64 million an average AIM company might have been expected to raise in 2001.

As ever, investors had an appetite for companies of all shapes and sizes. 92 companies, a quarter of all new arrivals, raised less than £5 million, while 54 businesses (15 per cent) attracted between £5 million and £10 million, and 42 (12 per cent) tapped investors for between £10 million and £20 million.

Of those with a more voracious appetite for cash, 50 new issues, 14 per cent of the total, attracted between £20 million and £50 million, 27 companies (seven per cent) received between £50 million and £100 million, and 30 (eight per cent) raised £100 million or more.

Busiest brokers and advisers

The brokers and nominated advisers that brought these new issues to AIM are ranked in Tables 1 through to 4 by their fundraising performance as well as the average price performance of their clients.

In terms of total money raised (Tables 1 and 3), Collins Stewart is the clear leader in both the broker and nominated adviser category. This should not surprise keen observers of AIM as this firm has consistently been AIM's largest fundraiser since this research series began. As broker and nomad, it also brought most companies to market - 28 in total.

Its two largest campaigns were the £250

GROWTH COMPANY INVESTOR		DORSEY	
AIM NEW ISSUES			
BROKERS' PERFORMANCE, BY TOTAL RAISED			
Broker	Number of floats	Total raised (£m)	Average price performance (%)
Collins Stewart	28	1685.55	16.51
Deutsche Bank	5	768.49	16.68
Credit Suisse First Boston	4	632.47	3.39
Fairfax IS	5	486.21	7.75
HSBC	3	441.31	13.42
Numis	5	413.60	-2.18
Evolution	14	386.56	16.11
JP Morgan Cazenove	6	375.96	11.66
NM Rothschild	5	356.52	11.68
Panmure Gordon	9	315.32	-7.57
Shore Capital	5	270.81	19.82
KBC Peel Hunt	14	265.53	15.23
Citigroup	1	235.78	-2.82
Canaccord Adams	15	242.28	8.36
UBS	2	230.70	-14.33
Arbutnot	8	191.39	8.63
Bridgewell	7	164.65	-0.32
Seymour Pierce	11	151.96	-0.08
Investec	8	147.16	32.70
LCF Edmond De Rothschild	1	116.75	29.82

GROWTH COMPANY INVESTOR		DORSEY	
AIM NEW ISSUES			
BROKERS' PERFORMANCE, BY PRICE*			
Broker	Number of floats	Total raised (£m)	Average price performance (%)
Keith, Bayley, Rogers	3	3.03	140.90
Beaumont Cornish	3	0.00	113.17
Hichens Harrison	10	44.32	98.96
Westhouse	5	47.05	97.19
JM Finn	3	7.88	74.84
J&E Davy	6	44.43	58.02
Fyshe Horton Finney	3	0.00	46.88
Rowan Dartington	3	3.70	38.36
Smith & Williamson	4	16.27	33.26
Investec	8	147.16	32.70
Arden Partners	5	72.84	28.23
Shore Capital	5	270.81	19.82
HB Corporate	4	3.97	18.26
Libertas Capital	5	110.60	17.50
Corporate Synergy	13	42.93	17.27
Deutsche Bank	5	768.49	16.68
Collins Stewart	28	1685.55	16.51
Evolution	14	386.56	16.11
KBC Peel Hunt	14	265.53	15.23
Cenkos	3	28.93	14.39

* Brokers which brought less than three new issues to AIM in 2006 have been excluded

million-plus it raised for sugarcane-to-ethanol investor Infinity Bio-Energy and gambling software developer Playtech. However, it was active at the smaller end of the market - five of its 27 fundraisings grossed less than £10 million. The average share price performance of the companies for which it is broker was a respectable 16.5 per cent.

A significant change this year was that the previous holders of the second and third spots in Table 1, Numis and Evolution, fell to sixth and seventh respectively due to increasing activity of financial behemoths Deutsche Bank, HSBC and Credit Suisse First Boston (a newcomer to AIM this year). All three brokered a small number of big-money floats.

Deutsche Bank pulled in £768.5 million from just five institutional placings, with Unitech Corporate Parks and Ishaan Real Estate raking in £360 million and £207 million respectively. The former is currently 12 per cent below its issue price.

Among the five fundraisings engineered last year by Mayfair-based Fairfax - a relative newcomer to AIM and at number four in Table 1 - were the IPOs of three property funds for a combined £440 million.

After Collins Stewart, Canadian house Canaccord Adams was the second most active broker on AIM, with 15 floats to raise £242.3 million, followed by small cap specialists Evolution and KBC Peel Hunt, with 14 each.

Performance winners

In price performance terms, Keith Bayley Rogers, broker to small cap and fledgling companies, sits atop the pile of brokers in Table 2 with its three new clients posting gains of 141 per cent. This is entirely due to the 488 per cent surge from Northern Lynx, floated at 1p in April, as the shareprice of its two other charges have fallen.

Of the nominated advisers in Table 4, Zimmerman Adams is number one after its new entrants posted gains of 168.2 per cent, mainly from the 450 and 400 per cent increases of two, Oxeco and Kanyon.

Sector superiority

Although it was an obviously bountiful year

GROWTH COMPANY		DORSEY	
AIM NEW ISSUES			
ADVISERS' PERFORMANCE, BY TOTAL RAISED			
Nomad	Number of floats	Total raised (£m)	Average price performance (%)
Collins Stewart	26	1484.32	16.74
Grant Thornton	13	898.41	23.57
Deutsche Bank	5	768.49	16.68
Credit Suisse First Boston	4	632.47	3.39
HSBC	3	441.31	13.42
Evolution	14	386.56	16.11
JP Morgan Cazenove	6	375.96	11.66
Numis	4	362.47	0.06
Smith & Williamson	5	325.40	19.49
Ernst & Young	4	268.33	1.50
KBC Peel Hunt	13	265.53	2.48
Panmure Gordon	7	260.84	-2.06
Citigroup	1	235.78	-2.82
UBS	2	230.70	-14.33
Canaccord Adams	14	208.03	0.64
Arbuthnot	7	169.78	5.27
Bridgewell	7	164.65	-0.32
KPMG	2	155.80	17.47
Seymour Pierce	11	154.46	1.24
Investec	7	147.16	35.56

GROWTH COMPANY		DORSEY	
AIM NEW ISSUES			
ADVISERS' PERFORMANCE, BY PRICE*			
Nomad	Number of floats	Total raised (£m)	Average price performance (%)
Zimmerman Adams	5	13.41	168.24
Strand Partners	4	34.27	110.98
Westhouse	4	43.55	110.55
Beaumont Cornish	5	0.00	57.65
J&E Davy	7	46.73	47.83
Ruegg	4	10.45	38.5
Rowan Dartington	3	3.70	38.36
Investec	7	147.16	35.56
Arden Partners	5	72.84	28.23
Grant Thornton	13	898.41	23.57
Teather & Greenwood	7	45.18	22.62
Brewin Dolphin	9	65.68	22.17
Cenkos	4	20.93	22.08
John East & Partners	8	14.16	21.41
Corporate Synergy	13	34.57	20.42
Smith & Williamson	5	325.40	19.49
Collins Stewart	26	1484.32	16.74
Deutsche Bank	5	768.49	16.68
Evolution	14	386.56	16.11
HB Corporate	4	4.62	14.51

* Advisers which brought less than three new issues to AIM in 2006 have been excluded

for general financial floats, property and construction became ever more fashionable in 2006 and combined to equal the number of flotations in the resources sector, as 48 new constituents joined the fray.

The most money, by a considerable

margin, was poured into real estate, as a panoply of blue chip investment houses, including Citigroup, UBS and JP Morgan, completed fifteen £100 million-plus property IPOs. In all, over £3.3 billion was devoted to this sector. This is more than any sector has ever raised on AIM and 13.5

per cent of all the new money since AIM's inception. Real estate shares advanced by an average of 25 per cent over the year.

First in Table 5 (and second in terms of money raised) is the general financial sector. It enjoyed a stellar year, as new entrants brought with them £1.67 billion of new cash, with five £100 million-plus IPOs, three of which from Collins Stewart. Likewise, the sector for equity investment instruments was bolstered by five fundraisings of more than £100 million, the largest being the £269 million gathered by Credit Suisse First Boston on behalf of Partners Group Global Opportunities.

These three sectors by far eclipse the rest, including the £305.4 million raised in the resources sectors for a 16.3 per cent average price rise.

The excellent share performance of the sole new entrant from the life insurance sector, Just Retirement, made that sector the best performer by price, followed closely by electronic and electrical equipment, up 48 per cent, and construction and materials, up 42 per cent.

Gains and losses

The performance of individual companies is examined in greater detail in Tables 6 and 7, where Chinese silicon wafer recycler ReneSola, brokered and advised by Westhouse Securities, posted the best improvement. Eager investors have piled into the profitable company, driving its shares up 509 per cent from the 79p at which it raised £26.5 million in August to 481p by the end of December.

Apart from penny shares, the next most significant rise came from property investment company O Twelve Estates, which had rocketed up 188 per cent by the end of the year. Back in March, Collins Stewart brokered and advised on its £122.5 million fundraising at 100p.

Enjoying a far more unpleasant ride post float is charity lottery company Chariot. Originally floated in February, raising £9.6 million at 115p with the assistance of Noble & Company, it has lost almost all of its value due to lacklustre ticket sales.

There are similarly disappointed investors in the £11 million Arbuthnot-advised float of network services play Netservices, the £38 million IPO of US

AIM NEW ISSUES MOST ACTIVE SECTORS

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Sector	Number of floats	Total raised (£m)	Average price performance (%)
General Financial	61	1674.89	17.98%
Real Estate	39	3344.82	25.11%
Mining	36	188.30	12.07%
Equity Investment Instruments	22	1459.73	7.67%
Software & Computer Services	22	258.63	3.63%
Support Services	20	174.48	32.56%
Travel & Leisure	18	452.18	-11.14%
Media	17	178.62	8.76%
Electronic & Electrical Equipment	16	102.13	47.47%
Oil & Gas Producers	12	117.06	20.58%
Pharmaceuticals & Biotechnology	11	119.57	-2.78%
Construction & Materials	9	203.20	42.30%
Industrial Engineering	9	55.01	4.85%
Technology Hardware & Equipment	9	42.05	8.25%
Chemicals	6	140.45	8.59%
Oil Equipment, Services & Distribution	6	96.66	11.39%
General Retailers	6	57.57	24.86%
Health Care Equipment & Services	6	31.61	27.16%
Mobile Telecommunications	5	15.94	1.85%
Industrial Metals	4	275.51	-18.68%
Fixed Line Telecommunications	4	13.43	-31.04%
Personal Goods	4	1.66	21.41%
Food Producers	3	8.36	-0.26%
Household Goods	3	6.25	30.65%
Electricity	2	70.90	41.44%
Industrial Transportation	2	40.15	-28.62%
Automobiles & Parts	2	20.50	6.89%
Nonlife Insurance	2	15.79	-2.16%
Life Insurance	1	86.96	55.41%
Banks	1	75.28	-59.00%
Nonequity Investment Instruments	1	50.00	1.00%
General Industrials	1	25.00	5.49%
Food & Drug Retailers	1	1.05	33.33%
Tobacco	1	0.00	-90.00%

AIM NEW ISSUES BEST PERFORMING COMPANIES

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Company	Date	Price performance (%)	Money raised (£m)	Adviser
ReneSola	8-Aug-06	508.86	26.47	Westhouse
Northern Lynx	4-Apr-06	488.00	1.00	Strand Partners
Oxeco	21-Dec-06	450.00	3.00	Zimmerman Adams
Kanyon	10-Oct-06	400.00	3.50	Zimmerman Adams
Aukett Fitzroy Robinson	25-Apr-06	249.08	0.00	Beaumont Cornish
O Twelve Estates	27-Mar-06	188.50	122.50	Collins Stewart
Oilex	16-Feb-06	168.29	0.00	RFC Corporate Finance
IX Europe	7-Apr-06	162.50	10.00	Investec
Appian Technology	4-Jan-06	155.00	2.08	John East & Partners
Silverdell	21-Apr-06	154.00	5.70	Collins Stewart
Worthington Nicholls	12-Jun-06	152.00	8.70	Corporate Synergy
Siteserv	15-Nov-06	139.19	7.04	J&E Davy
Petronett Resources	27-Sep-06	125.00	8.21	J&E Davy
Tasty	4-Jul-06	121.15	1.75	Evolution
ARC Fund Management	11-Jul-06	117.86	0.00	Beaumont Cornish
Ceramic Fuel Cells	2-Mar-06	111.90	37.19	Libertas Capital
Uramin	21-Apr-06	108.70	34.25	Matrix
Biofutures International	5-May-06	102.50	3.02	Ruegg
GMO	6-Sep-06	98.00	5.00	Corporate Synergy
Plant Impact	16-Oct-06	93.42	3.85	Grant Thornton

media company Burst by Altium Capital, and Inova, a £10 million flotation by Daniel Stewart

AIM's international footprint

Last year, 122 new international companies joined AIM, raising £4.7 billion between them. The US led the foreign contingent, with 17 companies gleaming no less than £448 million from a wide variety of institutional investors. On average, American AIM companies have witnessed their shares fall by 9.2 per cent, largely due to the collapses of Legacy Distribution and Burst Media, down 90 and 78 per cent respectively.

The Cayman Islands, British Virgin Islands, Bermuda, the Isle of Man and the Channel Islands have proved popular, for obvious reasons. In all, these tax-friendly jurisdictions accounted for £3.3 billion of new money raised, largely because many of the biggest IPOs were based in such regions. The Isle of Man, for instance, was the base from which Hirco raised £380 million, and where Ishan and Equest were able to garner over £200 million each.

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 January 2007

Change in market cap is from 1 January 2006 to 1 January 2007

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AIM NEW ISSUES WORST PERFORMING COMPANIES

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Company	Date	Price performance (%)	Money raised (£m)	Adviser
Chariot	6-Feb-06	-99.67	9.60	Noble
Legacy Distribution	16-Mar-06	-90.00	0.00	Corporate Synergy
Netservices	8-Mar-06	-82.39	11.00	Arbuthnot
Arthro Kinetics	2-Mar-06	-81.25	6.00	Nomura
Mobestar	25-Apr-06	-80.00	0.00	City Financial Associates
Burst Media	21-Apr-06	-78.05	37.94	Altium Capital
Inova	19-May-06	-70.00	10.00	Daniel Stewart
Microfuze International	13-Feb-06	-67.50	2.51	Nabarro Wells
Atelis	9-May-06	-66.25	1.00	City Financial Associates
Elitel Telecom	20-Feb-06	-64.62	8.03	Charles Stanley
Bodisen Biotech	6-Feb-06	-63.36	12.00	Charles Stanley
Adept Telecom	15-Feb-06	-60.36	5.00	Strand Partners
Cape Diamonds	26-May-06	-60.00	13.00	WH Ireland
European Islamic Investment Bank	17-May-06	-59.00	75.28	Evolution
Mobile Streams	15-Feb-06	-58.62	6.94	Bridgewell
Solomon Gold	10-Feb-06	-58.00	5.00	Williams de Broe
Cheekymoon Entertainment	4-Apr-06	-53.43	0.00	John East & Partners
Kleenair Systems	20-Mar-06	-53.33	1.25	ARM
IGM	24-May-06	-51.92	9.95	Libertas Capital
Cagney	13-Feb-06	-51.50	2.03	ARM

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AIM NEW ISSUES INTERNATIONAL FOOTPRINT

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Country of Origin	No of companies	Total raised (£m)	Average price performance (%)
UK	238	4693.67	15.64
USA	17	448.50	-9.20
Australia	15	93.79	20.06
Canada	12	178.79	10.89
Cayman Islands	12	751.48	2.10
Isle of Man	10	1293.99	5.34
British Virgin Islands	9	363.24	62.19
Republic of Ireland	9	64.71	42.52
Bermuda	6	338.06	-4.51
Channel Islands	6	449.98	6.27
Cyprus	5	243.75	5.56
Netherlands	5	279.92	12.08
Israel	3	16.85	5.93
Hong Kong	2	2.55	32.86
South Africa	2	17.49	33.42
Belize	1	0.00	-23.28
India	1	25.65	-38.50
Italy	1	8.03	-64.62
Japan	1	0.00	6.51
Singapore	1	6.15	-8.33
Sweden	1	16.26	41.94

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