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IPO Opportunities for  
Life Science companies  
on AIM

EUM-BIO International Conference  
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82

£3,053,440,000

£400,000

£368,770,000

# Overview

- What is AIM?
- Listing on AIM
- Some examples

# Why listen to us?

- 12 years' worth of AIM experience
- 130+ wide-ranging deals to-date
- 15 in 2006 alone, raising £100,000,000+
- Regularly advise overseas companies on admission to AIM
- 25+ retained AIM clients

# Typical AIM transactions

- IPO
- Fast track admissions
- Secondary placings
- Offers for subscription
- Acquisitions
- Reverse takeovers
- Rights issues / open offers
- Takeover Code issues
- Warrant / option admissions
- Lock-in derogations
- Continuing obligations
- Depositary Interest and settlement issues
- De-listings

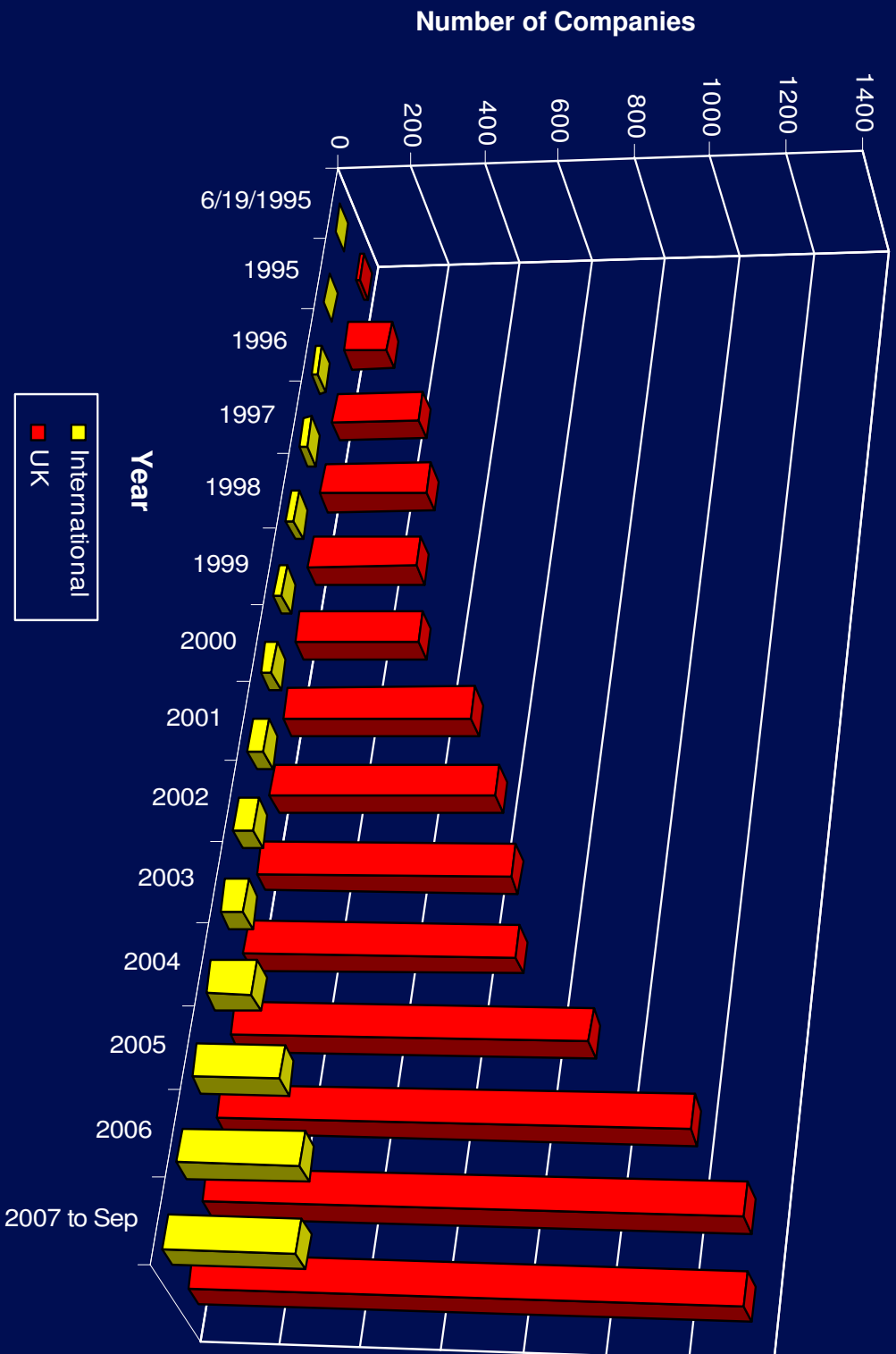
# What is AIM?

- Launched June 1995
- Alternative to the LSE Main Market
- Ideal for growth companies seeking expansion capital
- Access to capital markets
- Combines benefits of public quotation with flexible regulatory approach

# 12 Years on

- The worlds' most successful growth market
- 1,682 listings (1,353 “UK” + 329 overseas)
- £52,734,200,000 raised – new and further
- £101,864,800,000 total market capitalisation
- 39 industry sectors and 90 sub-sectors
- 55% institutional investor base

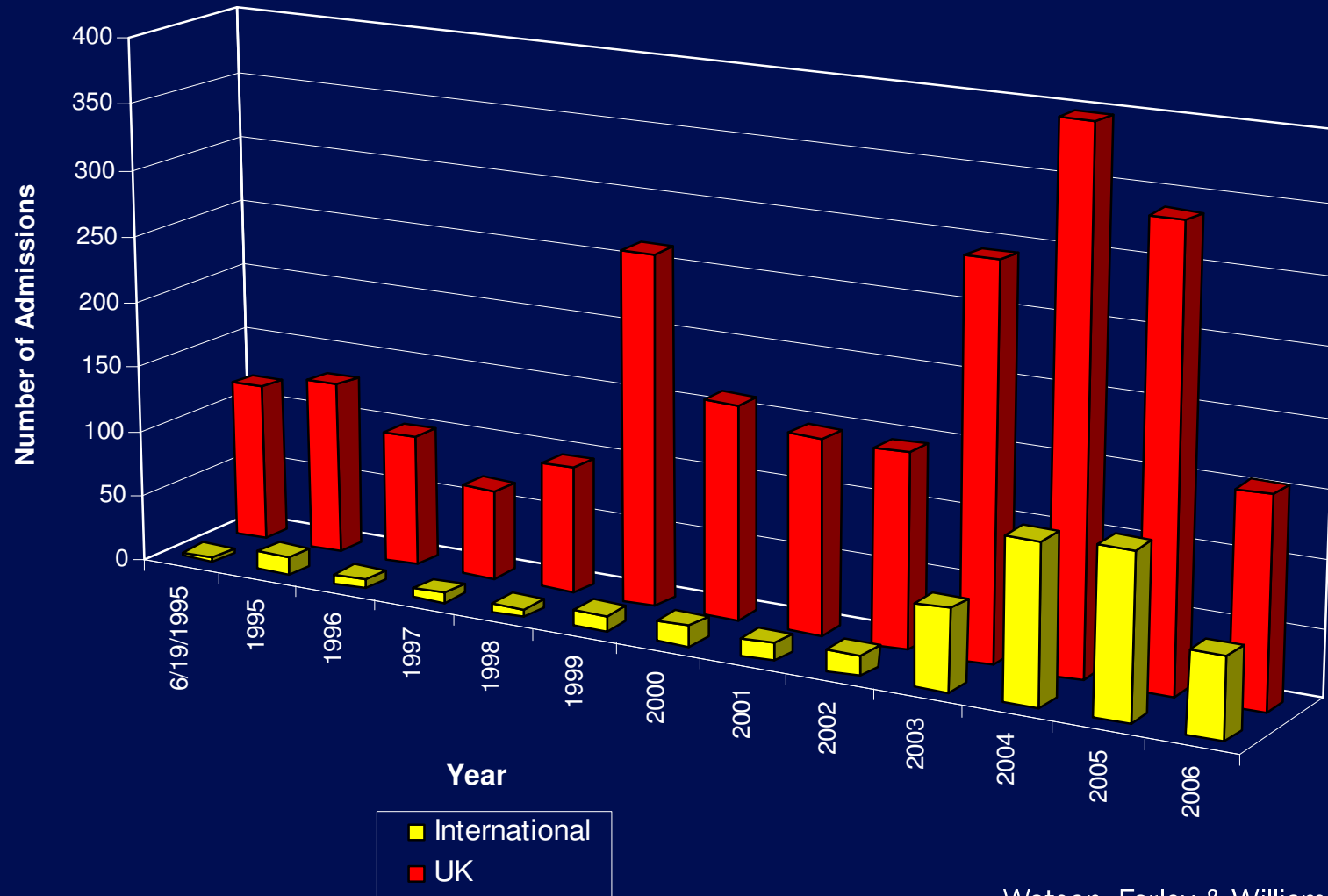
# Number of Companies (since launch)



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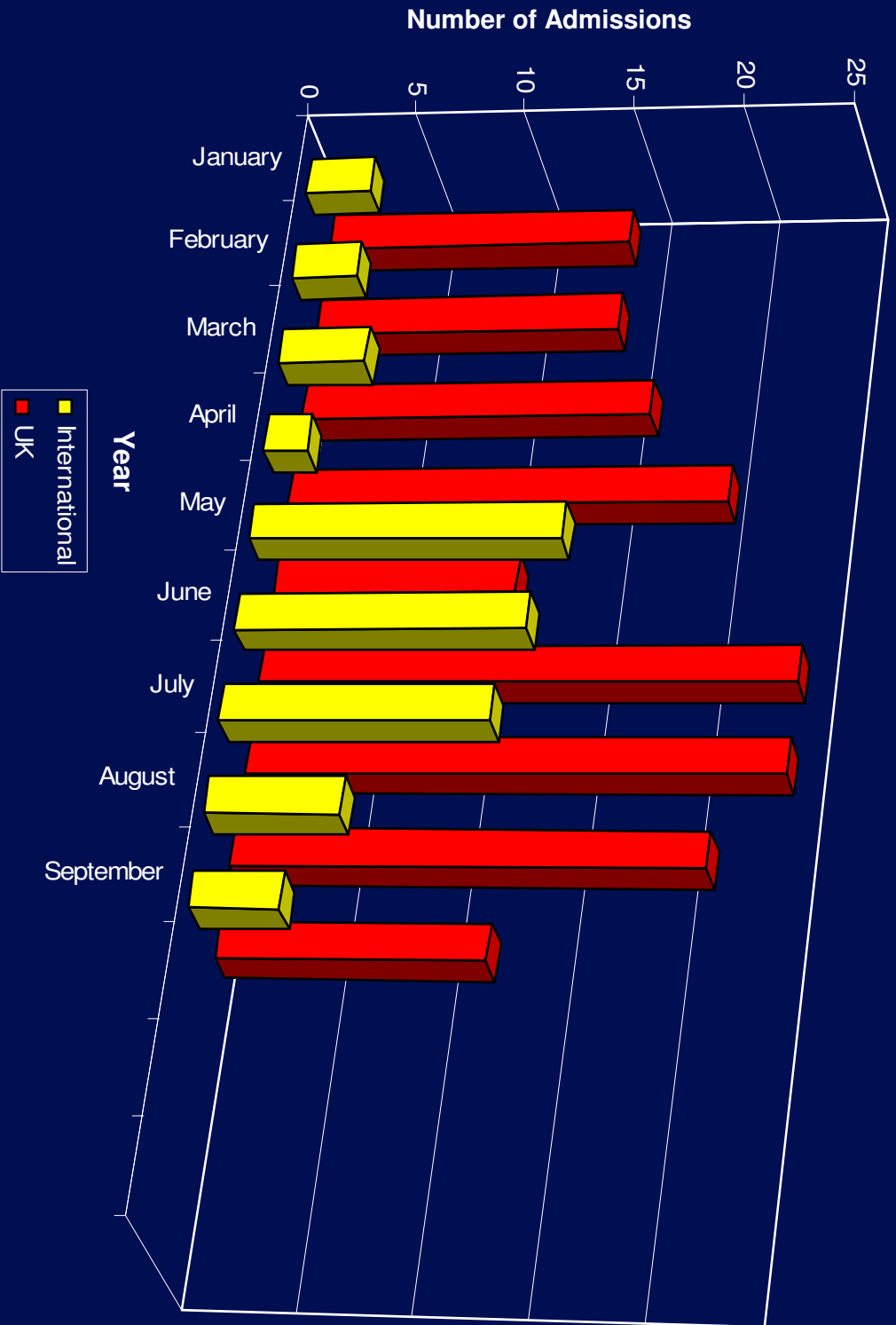
# Number of Admissions (since launch)



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# Number of Admissions (2007 to-date)



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# Asia-Pacific Companies on AIM

- PRC (56)
- Australia (55)
- Malaysia (9)
- Vietnam (5)
- Singapore (4)
- Hong Kong (3)
- India (3)
- New Zealand (1)

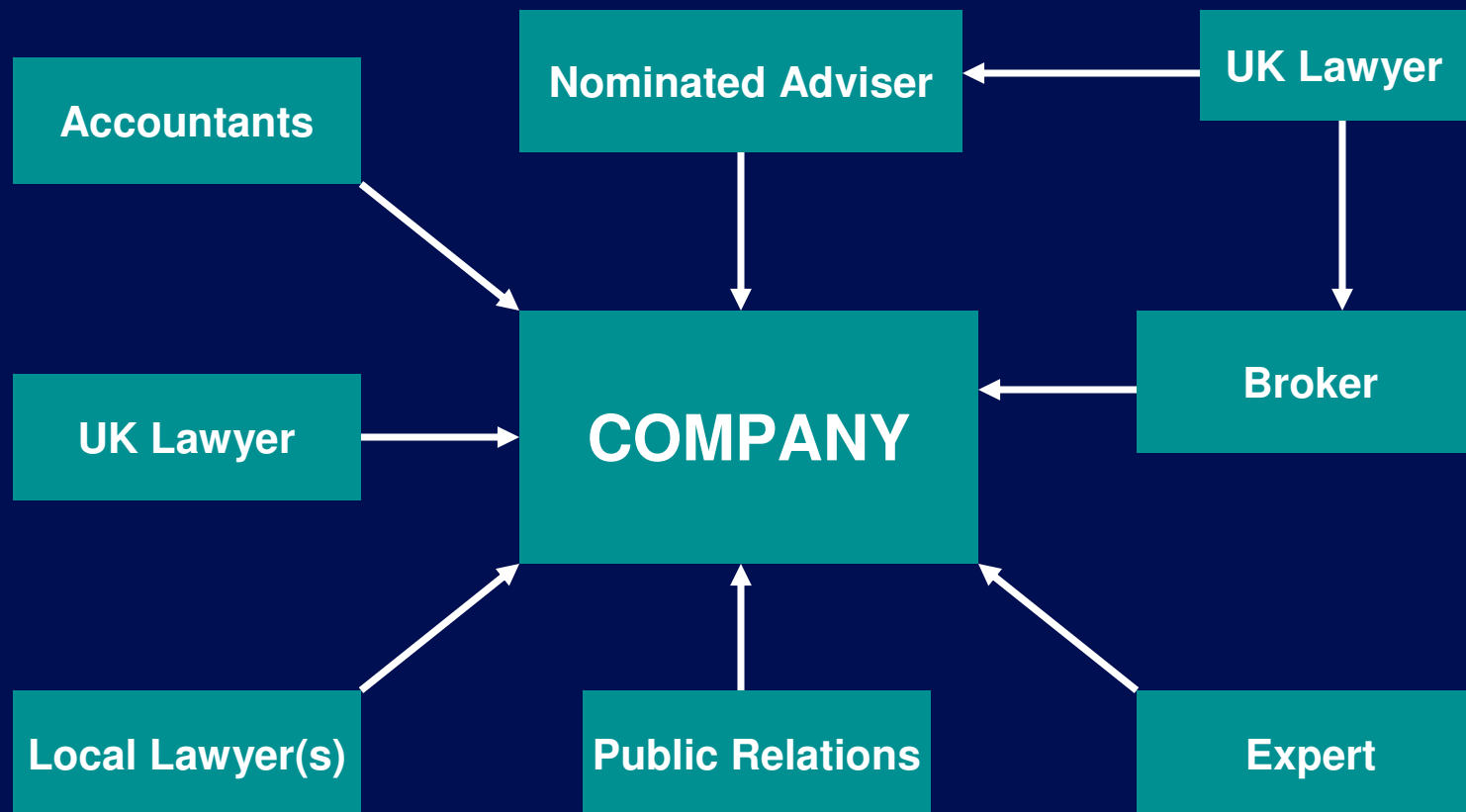
# Attractiveness of AIM

- Light regulatory touch appropriate for smaller companies
- AIM Rules
- Disclosure based approach with less onerous requirements
- Limited regulation of transactions
- Simple and swift admission process

# No...!!!

- ...trading record requirement
- ...minimum earnings requirement
- ...minimum market capitalisation
- ...minimum fundraising (except “investing companies”)
- ...minimum share price
- ...minimum number of shareholders
- ...minimum % of shares in public hands
- ...Sarbanes-Oxley

# Appointment of Key Advisers



# AIM Advisers

- Nominated Adviser (NOMAD)
  - AIM-accredited
  - Assesses and confirms issuer suitability to LSE
  - Transaction manager
  - Babysitter and bodyguard
  - Ongoing advice – compliance with AIM Rules
- Broker
  - AIM-accredited
  - Creates market in company's shares
  - Raises funds
  - Interfaces with institutions

# AIM Advisers

## ■ Lawyers

- Legal due diligence and advice on structure
- Admission Document and verification
- NoBro & Placing agreements
- AIM Rules and securities laws
- Advice on selection of other advisers

## ■ Accountants

- Financial due diligence
- Long and Short form reports
- Working capital report
- Tax

# Admission Process Overview

AN AIM IPO CAN TAKE 4 - 6 MONTHS FROM START TO FINISH

Months 1-2

Months 2-3

Months 3-4

Months 4-5

Months 5-6

## ■ IPO Preparation

- Board composition (including NEDs)
- Management composition
- Corporate governance
- Corporate and capital structure
- Business plan
- Outstanding legal issues
- Monthly management reporting
- IFRS / IAS
- Aspiration plans
- Advisory team

## ■ Preparation

- Due diligence
- Offer structure
- Valuation
- Research
- A-D drafting
- Audited Financials

## ■ Marketing

- Research publication
- Pre-marketing
- Blackout period

## ■ Roadshow / bookbuilding

- Pathfinder A-D
- Book opened to orders
- Roadshow

## ■ AIM Admission

- Pricing
- Allocation
- Final A-D
- Aftermarket

ADMISSION

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# Non-UK Companies

- Subject to the same eligibility criteria as UK companies
- Local law issues
- Restructuring
- Takeover Code protection
- Electronic settlement of securities
- Streamlined secondary listing

# Admission Documentation

- Admission Document
- Due diligence report(s)
- Verification notes
- NoBro / Placing agreements
- Lock-in / Orderly Market agreements
- Responsibility documents
- Corporate Governance
- Share Option Scheme
- Service / Employment / NED agreements
- DI / Custody / Registrar agreements

# Continuing Obligations

- Disclosure of price-sensitive information
- Notification of substantial transactions
- Notification of related party transactions
- Reverse takeovers / major disposals
- Publication of accounts
- Share dealing restrictions
- Securities laws – UK and local

# Verona Pharma plc

- Life sciences company dedicated to R&D of new therapeutic drugs for treatment of allergic rhinitis and other chronic respiratory diseases
- Incorporated in the UK in February 2005 as Isis Resources plc
- Initially admitted to AIM in March 2005
- September 2006, acquired 100% of Canadian incorporated Rhinopharma Limited via reverse takeover, changing its name to Verona Pharma plc
- Raised £2,000,000 on IPO by way of placing

# ICB Financial Group

- ICB Financial Group Holdings AG, a Swiss holding company
- International banking business in emerging countries
- Management office in Malaysia
- Pre-IPO fundraising of £10,000,000 to provide sufficient working capital for AIM
- May 2007 admitted to AIM with £180m market cap
- 1<sup>st</sup> Swiss company and 3<sup>rd</sup> bank to list on AIM
- Approx 20% increase in share price since IPO

# Hardman Resources Ltd

- ASX-listed oil and gas company with international assets including promising exploration interests offshore Mauritania
- Admitted to AIM in March 2002 with a market cap of £85,000,000
- One of the first Australian companies to use depositary interest structure for electronic settlement
- October 2002 - £9,000,000 institutional placing
- July 2003 - £9,500,000 institutional placing

# Hardman Resources Ltd

- June 2004 - £70,000,000 equity fundraising (£35,000,000 entitlement issue + £35,000,000 international placing)
- January 2006 - US\$100,000,000 project financing facility
- May 2006 - £65,000,000 international placing
- January 2007 - Shareholders accepted takeover offer by LSE main board listed Tullow Oil plc

# Hardman Resources Ltd

- 60% premium on prevailing market share price
- 335% increase from initial market share price
- Valued at around £600,000,000, over 700% increase on AIM admission market cap

# Albidon Ltd

- ASX-listed, Australian-managed, BVI-incorporated, minerals explorer
- International exploration assets including promising nickel project in Zambia
- Admitted to AIM in March 2004 with initial market cap of £13,500,000 and raising £6,000,000 on IPO
- October 2005 - £5,000,000 institutional placing
- June 2006 - £5,000,000 institutional placing
- October 2006 - £18,000,000 institutional placing

# Albidon Ltd

- April 2007 - US\$60,000,000 project financing + US\$20,000,000 subordinated debt + US\$5,000,000 equity placing
- Current market cap of over £160,000,000 represents 1,000% increase since IPO
- 600% increase in share price since IPO

# Why list at all?

- Access to capital markets
- Create a market in the company's shares
- Obtain an objective valuation
- Encourage employee commitment
- Enhance profile
- Promoter exit

# Why consider AIM?

- Light regulatory touch and disclosure based approach
- Less onerous rule book
- Limited regulation of transactions
- Simple and swift admission process
- No pre-vetting by a central regulator
- Access to extensive international capital market with little (or no) initial fundraising

# Selected AIM transactions

## Hardman Resources Limited

Advising AIM and ASX listed Hardman on its AIM listing, placings and entitlement issue to raise over £150m to accelerate its oil and gas production offshore Mauritania

## ICB Financial Group Holdings AG

Advising ICB (the first Swiss company to list on AIM), a Malaysian bank, on its admission to AIM and \$10m pre-admission fundraising giving it a market capitalisation of \$180m

## Albidon Limited

Advising AIM and ASX listed Albidon on its placings to raise £24m and US\$60m project financing facility with Barclays and EIB in connection with its Munali nickel project in Zambia

## Verona Pharma Plc

Advising biotechnology firm Verona Pharma Plc on its reverse takeover of Rhinopharma Ltd and additional £2m fundraising

## JM Finn & Co

Advising JM Finn & Co on the AIM admission of Singapore based, Hallin Marine, and placings raising over £10m

## Genesis Petroleum Corporation plc

Advising Genesis on its reverse takeover, placings and cash shell acquisition to raise £13m

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For more information...

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