

Going Public on the AIM

The Alternative Investment Market on the London Stock Exchange

by Kelvin Khoo and Tracy Tan

The AIM (Alternative Investment Market) is a sub-market of the London Stock Exchange (LSE). An AIM listing allows (relatively) smaller companies to float shares in a more flexible regulatory framework, while enjoying the access of being traded on the public market of the LSE. There is a growing awareness amongst Asian companies on the importance of expanding their international profiles and corporate governance standards to tap into larger funds internationally supported by global institutional investors. Since its inception in 1995, it has attracted over 3,000 companies to be listed on AIM.



Exchange	LSE	NASDAQ	Deutsche Borse	Euronext	Singapore	Hong Kong
Market:	AIM	Capital Market	Entry Standard	Alternext	SGX	GEM
Number of Companies Listed	1,258 *	473	116	139	765	174

* UK companies: 1,020 and Non-UK companies: 238

Benefits of Going to AIM

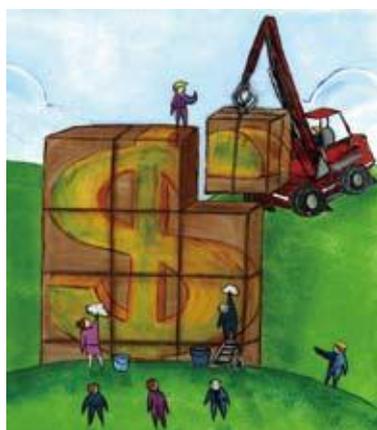
- Opportunity for companies to raise funds through wider market exposure;
- Provide liquidity in a company's share;
- Provides a possible exit route for existing shareholders to realise some or all of their investment;
- Attract, retain and motivate employees via the employee share schemes;
- Enhance company profile and image.

The Attractiveness of an AIM Listing

- The AIM has great credibility amongst institutional investors compared to more junior markets, partly due to the LSE regulating it. This gives AIM companies the potential to access greater amounts of finance than listing on the junior markets;
- Fewer entrance requirements and less onerous continuing obligations;
 - No minimum percentage of shares to be made available to the public on AIM;
 - AIM companies do not need a prior trading record (although, in practice, a trading history is normally essential to demonstrate credibility);
 - No minimum market capitalisation on AIM;
 - The admission document is simpler and does not need prior vetting by the LSE; and
 - Shareholders' approval is not required in many acquisition scenarios.

The Role of Reporting Accountants and Nominated Advisers (Nomad)

The reporting accountant is independent of the company looking to list on AIM and can therefore provide a thorough and impartial assessment of its financial condition. Whereby a company is seeking admission to AIM, the reporting accountant's main responsibility is to carry out due diligence on the company's financial position and report its findings to the Nomad. The Nomad will then use this financial information to determine whether the company is suitable for AIM.



The Accountants' Report is a representation of a company's financial accounts as they will appear in the Admission Document. The long form report typically

contains a detailed review of the accounting systems and controls, their suitability for the size and nature of the business, along with reviews of the personnel, business operations, tax position and a detailed analysis of the issuer's financial position and report.

The working capital review is a report on the company's financial projections. These projections form the basis for the directors to declare that the company would have sufficient working capital for at least 12 months following admission.

Cooperation between UHY London and UHY Malaysian offices

Malaysian companies operate in a well-established legal and corporate regulatory framework. This gives Malaysian companies a head start in AIM listing. The UHY London office, UHY Hacker Young LLP works together with Nomads in London to support Malaysian companies seeking admission to AIM. Malaysian companies enjoy further local support via the Malaysian UHY office in an AIM listing exercise, where the cooperation between UHY London and UHY Malaysian offices ensure effective and efficient delivery to local clients.

ABOUT THE AUTHORS

Kelvin Khoo and Tracy Tan oversee Malaysian AIM listings from their respective offices in Kuala Lumpur and Penang.