1. Pursuant to section C2.2 of the AIM Disciplinary Procedures and Appeals Handbook (the “Handbook”), the Exchange announces that four AIM companies have been privately censured and fined a total of £170,000 by the AIM Executive Panel in the last six months.

2. The Exchange actively monitors compliance with the AIM Rules for Companies and the AIM Rules for Nominated Advisers, and will take action - either publicly or privately - where AIM companies or nominated advisers breach those rules. Public action against AIM companies is reserved for the most serious cases, generally involving significant market impact. The Exchange takes private action in other cases, which assists in enabling disciplinary actions to be concluded in an effective and timely manner.

3. The sanctions imposed in each of the disciplinary actions set out in this Notice have taken into account various factors, including the seriousness of the breaches, their market impact (or lack of it), and the size and financial resources of the relevant party. In each case, the party concerned has undertaken appropriate remedial action to ensure future compliance with the AIM Rules.

4. A summary of the four disciplinary actions is set out below:

   - An AIM company was privately censured and fined £75,000 for breaches of AIM Rule 10. The company released two announcements in which it made misleading and unrealistically optimistic statements about the prospects and actual results of its operations. A corrective announcement was subsequently released to the market.

   - An AIM company was privately censured and fined £55,000 for breaches of Rule 3, Schedule Two, paragraph (k) and Rule 31 of the AIM Rules.
The company failed to disclose arrangements entered into with certain third parties in relation to a subscription for shares on admission. The company also failed to seek advice from its nominated adviser as to whether or not a similar proposed arrangement should have been disclosed in its admission document in compliance with the AIM Rules.

- An AIM company was privately censured and fined £25,000 for breaches of AIM Rules 10, 11 and 31. The company delayed announcing price sensitive information for almost two months and the announcement, when made, mischaracterised the cause of a significant fall in expected profits. The company also failed to consult its nominated adviser in relation to potential disclosure requirements arising from increasingly adverse trading conditions facing its business.

- An AIM company was privately censured and fined £15,000 for breaches of AIM Rules 11 and 17. The company delayed announcing price sensitive information by several weeks. The company also failed to notify the market of an expected delay to a refinancing in circumstances where it had previously disclosed to the market that this refinancing would be completed within a certain deadline.

5. The Exchange is publishing details of these disciplinary actions in this Notice on an anonymous basis, for the purpose of emphasising to AIM companies and their nominated advisers the expected standards of conduct on AIM in respect of the particular issues raised in each case. The Exchange has identified the following key issues arising from these actions:

- One company used over-optimistic language when updating the market on its future prospects, without giving any explanation as to the assumptions on which those expectations were based and the associated risks. Careful consideration needs to be given by AIM companies and their advisers as to whether any forward-looking statements notified to the market are potentially misleading to investors in the absence of such explanations.

- The same company prematurely announced positive results from its operations before proper verification had been carried out to ensure the accuracy of those results. Whilst price sensitive information must be released without delay in accordance with the AIM Rules, companies must also take reasonable care to ensure that such information is not false, misleading or deceptive. This is particularly relevant in circumstances where companies may be keen to release positive news to the market as soon as possible.

- In one case, a company postponed disclosure of a negative trading update in the belief that its trading performance would improve in the short term and/or that it would shortly be in a position to announce other positive news at the same time. Neither of these factors are legitimate reasons for delaying disclosure under the AIM Rules.

- One company did not update the market on the progress of a refinancing,
despite the fact that it had previously notified the market that the refinancing would be completed by a certain deadline and that deadline had passed. This illustrates the importance of AIM companies and their advisers taking into account information previously notified to the market when considering a company’s disclosure requirements under the AIM Rules.

- Material facts were omitted from a company’s admission document in breach of paragraph (k) of Schedule Two, AIM Rule 3. When preparing an admission document, AIM companies and their advisers should review carefully any matters relating to the admission (or any associated share subscription) which are not being disclosed. Although such matters may not fall within a specific disclosure requirement of the AIM Rules, they may nonetheless be relevant to investors and potentially fall to be disclosed under paragraph (k) of Schedule Two.

- It is a fundamental tenet of the AIM Rules that AIM companies liaise appropriately with their nominated advisers. Nominated advisers are responsible for advising and guiding companies as to their responsibilities under the AIM Rules. Failure to seek and take into account such advice is not only a breach of AIM Rule 31, but also increases the risk of the company acting in non-compliance with the AIM Rules. The Exchange regards a company’s failure to liaise appropriately with its nominated adviser as a particularly serious matter.

6. Any queries relating to this AIM Notice should be addressed to: aiminvestigations@londonstockexchange.com.

Bob Beauchamp
Manager, Investigations & Enforcement
AIM Regulation

Notes:

The disciplinary actions referred to in this Notice are in addition to the public censures and/or fines imposed on Subsea Resources plc and Meridian Petroleum plc, as announced in AIM Disciplinary Notices AD4 and AD5 on 1 February 2008 and 19 June 2008 respectively.

AIM Rules for Companies, February 2007

Under AIM Rules 42 and 44, if the Exchange considers that an AIM company has breached its responsibilities under the AIM Rules, it can refer the matter to the AIM Executive Panel (“AEP”).

Under the AIM Disciplinary Procedures and Appeals Handbook, in force at the time, if the AEP finds, on the balance of probabilities, that the AIM company has breached the AIM Rules it may impose one or more of the following sanctions:
• censure the nominated adviser (such censure to remain private insofar as disclosing the identity of the censured party);
• impose a fine of up to £50,000 for each breach; or
• refer the case to the AIM Disciplinary Committee.

AIM Disciplinary Procedures and Appeals Handbook, Section C2.2

Under this section, the Exchange retains the right to publish, without disclosing the identity of any party concerned, in part, in summary or in full the findings of the AIM Executive Panel, where the Exchange believes to do so would be of assistance to the market.