Arris Group Of Companies

Raising Capital?

An IPO is one of the mechanisms companies may consider when seeking access to funding to realise their growth and innovation potential. When considering the available financing options in public market the following factors will often be viewed as the key consideration:

- Provides access to capital both at the time of admission and through further capital raisings
- Provides a market value on the company's business
- Enhances the company's public profile
- Increases the company's ability to make acquisitions, by using its quoted shares as currency
- Gives shareholders the opportunity to realise all or part of the value of their shareholdings
- Simple admission process
- Less regulatory requirements
- Available tax incentives for investments in companies attractive to both individual and institutional investors

AIM is London Stock Exchange's market for smaller and growing companies. Launched in 1995, it is now well established as a leading growth market with firms from a wide range of countries and sectors. It has access to a diverse set of investors, who understand the needs of entrepreneurial businesses. AIM's success factor is due to its regulatory environment, which has been specifically designed to meet the needs of small growing companies while offering appropriate protection to investor.

Are You Eligible?

AIM's entry requirements are less onerous than most Market and AIM companies are not subject to the Listing Rules of the UK Listing Authority. Instead, they are regulated by AIM Rules for Companies ("AIM Rules"), which have been designed to suit smaller companies. One of the unique of AIM model is that regulatory emphasis is placed on the Nomad, rather than on the company itself.

There are no specific criteria for companies to qualify for AIM. However, before admission to AIM a company must comply with the following:-

- The company must be a public company (or equivalent)
- Shareholders must be able to transfer their shares without any restriction and the shares must be eligible for electronic settlement
- It must appoint a Nomad and broker
- Published accounts must conform with International Accounting Standards such as FRS, or, for certain countries of incorporation, their Generally Accepted Accounting Principles

All companies must produce an admission document or prospectus (prospectus is only applicable for rising more than or equal to 2.5 million euros or to 100 people), which contains the information to enable an investor to assess the company's prospects and the rights attaching to the shares to be admitted. Investors investing in the company at the time of the flotation will base their investment decisions on the information contained in the admission document. Hence the admission document usually includes information about the company and its trading history, details of the directors' backgrounds, the shareholders and its financial information.

Market Requirements

To be suitable for listing, the company will need to satisfy its Nomad that it is suitable. In reviewing a company's suitability the Nomad will look at, among other things track record (although not a must), future prospects, management quality and continuity,

Dual Listing?

There is a fast track admission to AIM for companies already listed in AIM designated market (UKLA Official List, NASDAQ, Deutsche Börse, Australian Stock Exchange, Euronext, Johannesburg Stock Exchange, NYSE, Stockholmsbörsen, Swiss Exchange, Toronto Stock Exchange) for at least 18 months prior to the date of admission to AIM. They can apply for a quotation on AIM without having to publish a full admission document, which provides a cost-effective method for joining AIM. For overseas companies not already quoted on these markets, the admission process is broadly the same as that for a UK company. However, the following specific issues may be relevant:

Structure

We usually will advise clients to incorporate an offshore holding company to hold the foreign companies, prior to the flotation. This will be determined by the compatibility of the foreign company's local regulatory requirements with the UK regulatory regime, tax structuring, the nomad and broker's view on whether such a structure is likely to make it easier for fund raising.

Constitutional Documents

International AIM companies are subject to the law of their incorporation but their articles of association are usually tailored so that they contain certain important provisions of English law. This is to provide the necessary comfort to investors in relation to issue such as free transferability of shares, pre-emption rights and voting rights.

Composition of Board

UK and European investors will normally expect an international company to have at least one UK/Channel Islands based non-executive director on the board.

Beginning the valuation process

The market value of the company is very important to the flotation. The valuation achieved on flotation will usually depend on market conditions at the time. If funds are to be raised, it will affect the proportion of the company's capital which needs to be sold or issued.

Method of flotation

Company may come to the market in any of the following ways, depending on the nature of the business and its capital requirements:

1) Introduction

An introduction is where a company gets listed without raising any capital and therefore often is the least expensive and most straight-forward way of joining the market. Usually, a company can use this method if there is already a fair spread of shareholders and there is no requirement for additional capital.

2) Placing

A placing usually involves offering the shares to selected institutional base investors. This will allow company to raise capital, with lower costs and greater freedom. It may also give company some discretion to choose its investors.

3) Public offer

The broker will offer shares to private and/or institutional investors. In public offer is often used by larger companies as it could be costly. However, this may also bring in private investors who are important in increasing the liquidity of a company's shares.

4) Reverse

A reverse takeover is where the business is acquired by a company which is already listed on AIM with the number of shares being issued by way of consideration is greater than the number already in issue so that the selling shareholders (or some of them) acquire control of the AIM quoted company.

How We Help Our Clients?

There are many advantages of funding business via capital market and we are in position to understand your business needs and make your flotation successful. Whatever method of flotation that you may desire, our IPO team and consultants are ready to advise and help strategies your company to be IPO ready. We are able to put in place the whole team of IPO advisors that has exceptional track record and at the same time suitable to your business needs.