



**The Quoted
Companies Alliance**

PRESS RELEASE – 27 June 2007

SMALLER QUOTED COMPANIES FEEL UNDERVALUED

- Official List concern over regulatory burden -

27 June 2007: Smaller quoted companies are less satisfied with their markets than they were 12 months ago, according to joint research published today by PKF Accountants & business advisers and the Quoted Companies Alliance.

The survey, *Smaller quoted companies – making the right market choice*, canvassed the views of 158 directors of Fully Listed, AIM and PLUS companies and reveals that overall 62% of companies (61% for Official List outside the FTSE 350, 62% for AIM) are satisfied with their markets, 7% lower than the 2006 survey.

Fourteen per cent of respondents said they would not choose to list on the same market again, with 86% of Official List companies from this group giving 'the burden of regulation' as the main reason. Only 20% of AIM companies who would not list again were concerned about regulation, reflecting the junior market's lighter-touch controls, but there was greater concern about AIM being 'not the right market', the costs, and time and effort taken to list.

Of all Official List respondents, exactly half thought that regulation was too onerous while 78% of AIM respondents considered the regulation to be 'about right'. Just 4% of AIM respondents would welcome stricter regulation.

Only 48% of AIM respondents and 39% from the Official List believe that the market values their shares fairly with the lack of independent research being cited by 32% as the main reason and 23% believing there to be little interest in their sector generally.

At 57%, Official List directors are more likely to feel they receive 'the notice they deserve' from analysts and the media, with only 48% of AIM directors believing the same. Smaller quoted

companies appear to feel that their size works against them with 18% from the Official List and 17% from AIM feeling that larger companies have more credibility with investors and a further 14% and 13% respectively feeling that the press and analysts are not interested in smaller businesses.

Mark Lister, Corporate Finance Partner at PKF said, "For smaller companies, it is clear that a listing on AIM, rather than being a stepping stone to the Official List, is often an end in its own right. In recent years, the trend has been for companies to transfer from the Official List to AIM rather than the other way round although there are signs of a reversal in this trend due to the increasing size of AIM companies.

"Regulation is clearly the key issue for smaller Official List companies and the greatest source of dissatisfaction. The lighter touch regulatory environment that AIM companies experience remains attractive to smaller companies and the majority would be well advised to make their home there until they achieve a certain size that makes it sensible to move to the main market."

John Pierce, Chief Executive of the Quoted Companies Alliance said, "Choosing the right market is vital to any company thinking of listing. There are differences between the markets available which need to be fully understood by the Boards of budding small-caps when they make their decision.

"As this survey shows, the choice companies make may affect their visibility as a plc and the liquidity of shares. Being on the Full List involves a greater level of regulation but there is still a cachet to being there and perhaps greater visibility to investors. Every company is different, each has to make their own decision on the market they decide to choose. It's a decision that needs to be carefully considered because it could be critical to their future."

Copies of the report are available by emailing: Julie.barrett@uk.pkf.com, or can be downloaded from www.pkf.co.uk.

- ends -

For media further information:

Jason Gowar, PR Manager Tel: 020 7065 0573

Jane Murray, PR Executive Tel: 020 7065 0135

PKF Accountants & business advisers

1. PKF is a leading firm of accountants and business advisers with more than 1,800 partners and staff operating in 23 offices in the UK mainland firm, a wholly-owned financial planning company and associated offshore practices. The firm specialises in advising growing and entrepreneurial/owner-managed businesses, AIM and fully listed companies, and also has extensive experience in the public and not-for-profit sectors. Principal services include assurance and advisory; taxation; consultancy; corporate recovery and insolvency; corporate finance and forensic. The firm has particular expertise in advising sectors such as hotels and leisure; mining and resource; public sector; real estate and construction; professional practices; not-for-profit; and medical. The firm's web site is www.pkf.co.uk.
2. PKF (UK) LLP also offers financial services through its FSA authorised company, PKF Financial Planning Limited. PKF (Isle of Man) LLC is a limited liability company registered in the Isle of Man. PKF (Guernsey) Limited is incorporated in Guernsey.
3. PKF (UK) LLP is a member of PKF International which is an association of legally independent firms with more than 14,650 people operating in 119 countries around the world.

The Quoted Companies Alliance ('QCA')

1. The Quoted Companies Alliance (QCA) is the only organisation dedicated solely to fighting for the interests of small and mid-cap companies in one of the most important sectors of the UK economy - the thousands of companies outside the FTSE 350 on the Main List, including those companies on AIM and PLUS. Its members also include companies seeking listing on a UK equity market, either the Main List (ex FTSE 350), those on AIM and PLUS. The QCA promotes the interests and views of its members to Government, Europe, regulators and other professional bodies, educates its members on best practices and provides a vital forum for networking. Celebrating 15 years in 2007, the QCA forms its views through highly focused committees and working groups comprising senior representatives from across the smaller quoted companies sector.
2. The QCA is committed to the continuance of vibrant quoted company markets and believes that the sector has a vital part to play in determining the future health of the UK economy.

Contact: John Pierce, Chief Executive

Telephone: 020 7600 3745

Email: john.pierce@quotedcompaniesalliance.co.uk

Website: www.quotedcompaniesalliance.co.uk