

DE MICCO & FRIENDS

FINANCING AND GROWTH THROUGH AN INITIAL
PUBLIC OFFERING (IPO)

FOR SMALL, MEDIUM AND INNOVATIVE COMPANIES

IPO & Reverse Merger



DE MICCO & FRIENDS
LAWYERS & AUDITORS

„... make ideas happen“

TAKING YOUR COMPANY TO THE STOCK EXCHANGE

A strong and stable equity base is one of the core requirements for the stability and economic growth of your company. Some companies have outstanding products, a good management team, innovative ideas and good growth perspectives. However, all too often they lack the required funding to see through their planned growth on their own. This brochure provides you with a brief overview of the processes and requirements when listing on the stock market.

THE ADVANTAGES OF A STOCK LISTING

An initial public offering (IPO) provides the opportunity for strengthening your equity. An IPO enables you to acquire the equity and liquidity you need from institutional and private investors in order to secure and finance future growth on your own.

In addition to the positive effects of increased liquidity and stronger equity your company also benefits from another advantage. The brand recognition of your company and products will rise massively following an initial public offering.

The IPO is a fairly complex process depending on the respective stock exchange and the market segment where many legal, technical and financial aspects have to be taken into consideration. This is why your entrance to the stock exchange should be organized and accompanied by an experienced partner.

Take note in this brochure of the advantages a stock exchange listing can bring and the requirements which need to be fulfilled.

THE ALTERNATIVE: REVERSE MERGER

The reverse merger conceived by De Micco & Friends provides an alternative to the classic initial public offering. In this instance an organized and structured merger of a company already listed on the stock market merges with a private company which intends to become listed on the stock exchange.

On the international stock exchange floors there are a host of listed companies which are not or are no longer operational. Through the reverse merger according to the De Micco & Friends principle private and listed companies are not only merged but subsequently financed through a structured capital increase.

The reverse merger can be the correct means of entry into the "royal class" of the capital market, in particular, for small and medium-sized companies, providing speedy and cost-effective access.

THE CLASSIC INITIAL PUBLIC OFFERING

Companies listed on the stock exchange are playing in a league of their own. Even before getting listed you must demonstrate your efficiency, your innovative strength and your future perspectives. A listing on the stock exchange means the start of a new growth phase for the company and as often as not the first step towards becoming a global player.

IPO - THE TRANSACTION

In the classic means of access to the stock exchange (IPO - Initial Public Offering), you offer a stake in your company through the selling of shares. Based on the assessment of your company the price and number of shares are calculated. The assessment of your company is based on so-called fundamental data (such as turnover, profits, market presence, innovations, rights and patents) and this must be certified by a professional accountant.

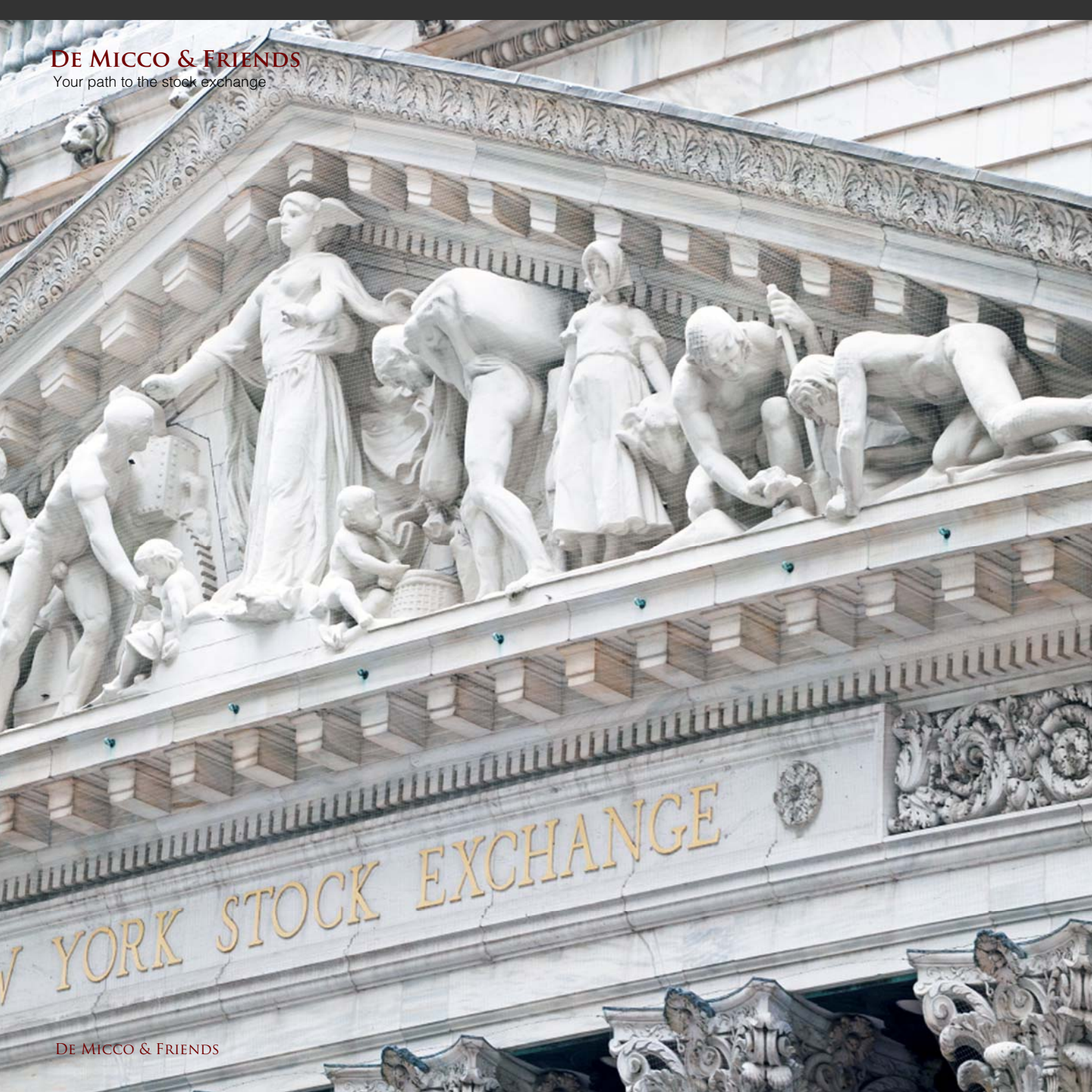
Based on the company's assessment shares are created and issued. In addition to the shares which you as the previous owner also have a right to, in the context of a capital increase further shares are issued which are offered to third parties (shareholders) in exchange for cash. The liquidity gained in this way is then available to your company after successful placement on the stock exchange and deduction of all costs incurred.

An orderly issue of shares is documented in an Offering Memorandum which forms the legal basis for share purchase. The Offering Memorandum contains all data, facts and plans of the issuing company. In particular, the Offering Memorandum contains all relevant risks for the shareholder.

After successful issue the shares of your company are traded on the stock exchange. The share price which represents the current value of the company is determined daily through supply and demand. Naturally the operational success of your company is the main factor determining the price of the share.

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Your path to the stock exchange



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WHAT WE OFFER

De Micco & Friends accompanies you and your company every step of the way to the stock exchange listing. The group and its senior partners have a wealth of experience in countless listings on the stock exchange and other transactions on the capital market.

A SYSTEMATIC STOCK EXCHANGE LISTING

De Micco & Friends are authorities and experts on the capital market. In addition to their expertise the strength of the group lies in their commercial rationale and approach.

In contrast to classic investment banks only experienced entrepreneurs operate and work with De Micco & Friends who not only know the rules and mechanisms of the capital markets but also know and understand how companies operate.

A listing on the stock exchange is a significant step in developing a company. Make use of the services of entrepreneurs who know the business.

As one of the few experts in investment banking De Micco & Friends also bears part of the risk in that the group's reward depends on your success. Thus you are working not only with a consultant but have an investor and partner at your side.

PRACTICAL IMPLEMENTATION

To prepare a successful listing on the stock exchange many measures are required which demand a lot of experience and know-how on the part of the consultant. De Micco & Friends offers you a service package which prepares professionally all the required processes and implements them practically.

- Assessment of maturity to go public
- Assessment and/or drafting of an equity story
- Business valuation
- Legal due diligence
- Financial due diligence
- Taxation issues for the previous owners
- Development of the Memorandum
- Selection of designated sponsors and market makers
- Investor relations
- Corporate governance
- Risk management
- Listing formalities

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STOCK MARKET LISTING THROUGH REVERSE MERGER

The mechanisms and processes of reverse merger are very similar to the classic stock market listing. The main difference is that there is no "Initial Public Offering" as the existing company (or shell) is already listed on the stock market. In this transaction the cash and physical assets of the private company are brought in in the context of raising the capital of the listed company by means of shares. The stock market listing in the context of a reverse merger can take place much more quickly and at a significantly lower cost.

REVERSE MERGER - THE TRANSACTION

A number of companies are listed on the international trading floors which for a variety of reasons are not or no longer operational (often called shell companies). In certain instances in addition to the initial capital and cash assets the placement on the stock exchange is in itself the main value of the company.

Compared to this there are private companies, perhaps yours, which are operationally successful, make profits, offer innovative products and perspectives for the future and are seeking stock market placement to avail themselves of the advantages of being present on the stock market.

In the reverse merger following the principle of De Micco & Friends your company is merged with the listed company. You contribute your company, physical assets, and rights, patents or cash assets to the listed company and receive the majority holding in the form of shares.

In the reverse merger the placement on the stock market involves an exchange of physical and cash assets of a company for shares traded on the stock market.

In addition, in the context of raising capital as is the case in the classical placement on the stock exchange, new shares can be sold to investors for cash thus increasing the liquidity of your company.

Of course in the case of reverse mergers the regulations governing the specific stock market must be complied with. As it is a matter of an indirect take-over of a listed company which may have its own history, in the context of due diligence possible risks arising from inherited liabilities of the stock exchange candidates must be carefully examined.

As a rule the transaction is usually made by means of a shareholders meeting where the prepared decisions (investment of cash and physical assets, selection of new company bodies, change of the company name, amendments to the articles of association, capital increases ...) are approved.

REVERSE MERGER - THE SERVICES

Companies from various sectors and industries may be placed on the stock market through reverse merger and make successful use of the unique capital market instruments for their growth. The investment banking experts at De Micco & Friends have a wealth of experience of reverse market transactions in different stock markets. In particular small and medium-sized enterprises avail themselves of this opportunity to usher in the next development phase.

THE APPROACH

As a first step the status quo, the maturity of the company to go public is assessed. On the basis of various sets of criteria which take into account all the requirements of the specific stock market and sectors it is ascertained which requirements your company has already fulfilled and which, if necessary, remain to be fulfilled.

Subsequently, De Micco & Friends drafts, in cooperation with you, an action plan containing all the required measures and processes. In order not to place too many demands on your time which distract from your daily business, De Micco & Friends' IPO team takes over the major part of these required activities.

In all projects carried out by the De Micco & Friends Group, we focus on the successful implementation of a transaction. In the majority of cases, the Group is also involved as an investor in the transactions, the reverse merger transactions can be offered at a favourable and calculable flat-rate price.

PRACTICAL IMPLEMENTATION

De Micco & Friends is involved as an investor in listed companies which are either available or can be prepared for a reverse merger transaction. For this reason projects can be concluded in a short space of time and in a cost-effective manner:

- Evaluation of your company in the context of the specific stock market requirements
- Due Diligence in the listed company
- Takeover negotiations and deal structuring
- Development/optimization of the equity story
- "Beauty Contest" with designated sponsors and market makers
- Assessment and presentation of the company
- Drafting, assessment of contracts, developing the Memorandum and presentation
- Preparation of the shareholders assembly
- Coordination of investor relations
- Structuring and placement of capital increases with institutional investors...

THE RISKS AND COSTS OF A STOCK MARKET LISTING

THE CLASSIC IPO

The success of going public depends on many factors. A classic listing is seen as successful when institutional and private investors are convinced of the value of the company and its future perspectives.

Yet even in the case of optimally structured and professionally prepared transactions sudden, unexpected market events, political or economic issues and even natural disasters can cause investors to retreat. In the past such situations have led even large companies to cancel or postpone entering the stock market.

Essentially the costs for the classic stock market placement depend on the specific stock market, the stock market segment which determines the specific regulations, the amount of capital placement and the efforts put into public relations and investor relations.

Larger companies combine the stock market placement with a large-scale international marketing or image campaign which leads to a corresponding rise in costs. A classic stock market placement - depending on the stock market segment - can cost from 300,000 to several million Euro. The time period for the classic stock market placement is between 6 and 12 months.

THE REVERSE MERGER TRANSACTIONS

As the stock market entry has already taken place in the past in the case of a reverse merger, the risks and costs are significantly clearer. For share placement, however, the same conditions apply as in the classic placement. Depending on the volumes of shares to be issued and the stock market regulations there is also an obligation to publish a prospectus.

Essentially the costs of a reverse merger depend on the framework data of the listed company. There are listed reverse merger candidates which are no longer operational but which have large amounts of cash. This cash is available to the company making the takeover following the merger but must be added to the transaction.

The transaction costs alone for a reverse merger are between 100,000 and 300,000 Euro. De Micco & Friends conclude reverse merger transactions in 2 to 6 months.

As an experienced investor and reverse merger expert De Micco & Friends have access to a pool of suitable listed companies. For this reason the transactions can be concluded in a short time and in a cost-effective manner.

LISTING ON FOREIGN STOCK EXCHANGES

GOING GLOBAL

Generally it is useful to choose the stock exchange at the operational location of the company. Investors prefer to be involved in their local markets which they know best. In addition, the publicity effect caused by going public is much greater on the local market where the company operates.

In certain cases, however, it may be wise to select a foreign stock exchange. In certain stock exchange locations there is, for example, higher liquidity which has a positive effect on the future trading of shares. Other stock exchange locations can be interesting as they are preferred by international investors or specialize in certain industrial sectors. Some stock exchanges, as, for example is currently the case in Frankfurt or London, have become much more open to foreign companies in regard to their regulations and readiness to allow new share issues. As a consequence even medium-sized US, Russian and Chinese companies have gone public on European stock exchanges through an IPO or reverse merger.

De Micco & Friends is present in the most varied of markets and constantly monitors and observes developments in the capital markets. The Group will naturally provide you with competent support when deciding on the stock market location for your company.

DE MICCO & FRIENDS - STOCK MARKETS

The group operates on the most important capital markets. An international well-established network of transaction experts, legal advisors and accountants guarantees optimal transaction execution.

- German Stock Exchange, Frankfurt
- German Stock Exchange, Open Market
- London Stock Exchange
- London GXG exchange (also for start-ups)
- London AIM (alternative investment market)
- Dubai NASDAQ
- Swiss Exchange, Zurich
- Madrid Stock Exchange
- Italian Stock Exchange, Milan
- EURONEXT, Paris (NYSE)
- Vienna Stock Exchange
- Istanbul Stock Exchange
- New York Stock Exchange (NYSE)
- NASDAQ, New York
- NASDAQ, OTC
- Singapore Stock Exchange (SGX)
- Hong Kong Exchanges (HKEX) ...

YOUR PATH TO THE STOCK EXCHANGES WITH DE MICCO & FRIENDS

The value of your company will grow sustainably with your stock market placement. As a listed company you will be able to use communication and financial instruments reserved only for listed companies.

ADVANTAGES OF A LISTING

- Listed companies receive much greater attention from the media and analysts. The popularity of your company and your products will increase instantly.
- Your company will be more attractive for investors as it fulfils publicity and transparency provisions.
- You have access to investor groups and financial market instruments reserved solely for listed companies.
- Listed companies are sought-after employers on account of their future and growth perspectives. It will be easier for you to recruit qualified managers and skilled staff.
- Through acquisitions you have the opportunity to grow and to pay with shares which helps your liquidity.
- You will become a member of an international group of companies in which your commercial operations can participate...

ADVANTAGES OF COOPERATION

- During the whole process you can concentrate on your business operations as De Micco & Friends takes over the major part of the processes which are both time and work intensive.
- De Micco & Friends is remunerated depending on their success and thus are a part of the project risk.
- De Micco & Friends cooperates internationally with experienced investors. Your capital placement will be presented directly to the decision-makers of potential investors.
- As an investor De Micco & Friends speaks the same language as investors. Personal contact with interested parties increases the probability of investment exponentially.
- De Micco & Friends is known as an experienced investor, experienced consultancy and reliable partner on the international capital market. This gives your project greater stature from the outset with investors and partners.

DE MICCO & FRIENDS

www.demicco.ch

DE MICCO & FRIENDS SPAIN

C. Llorenc y Vicens 3
07002 Palma de Mallorca
Spain

eMail: palma@demicco.es
Phone: +34 871 955 077

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