



BURZA CENNÝCH PAPIEROV V BRATISLAVE
BRATISLAVA STOCK EXCHANGE

**Issuing Shares via Initial Public Offering
(IPO)**

November 2009

The list of used abbreviations and acronyms

IPO – initial public offering of shares

BCPB – Bratislava Stock Exchange

NBS – National Bank of Slovakia

CDCP – Central Securities Depository of the Slovak Republic (in Slovak: **Centrálny depozitár cenných papierov SR, a.s.**)

The Securities Act - Act No 566/2001 (Coll.) on Securities and Investment Services and on Amendments and Supplements to Related Laws, as amended by later legislation

The Stock Exchange Act – Act No 429/2002 (Coll.) on the Stock Exchange as amended by later legislation

The Commercial Code – Act No 513/1991 (Coll.) Commercial Code as amended by later legislation

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I. IPO TIMETABLE

An initial public offering of shares comprises a wide range of separate processes, which culminate in the sale of shares to the public and their placement on a public market of securities. Said processes and associated activities can be divided into several connected stages:

Consultations with advisors and preliminary pricing: The issuer creates an internal team of advisors needed for realisation of an IPO.

Selecting external advisors: The internal team of advisors is supplemented with external experts from the ranks of investment bankers, auditors and PR specialists.

Management's decision: After consultations with advisors, preliminary pricing of the company and a draft of what is known as the 'investment story', the company management decides to issue an issue of shares.

Revision and reinforcement of the personnel corporate structure of the issuer to a level required of public companies.

Due diligence and internal evaluation of the issuer: Realisation of due diligence in relation to the issuer and its activity in order to ensure exactness and completeness of all information included in the Prospectus of Security. At the same time, any information necessary to correctly evaluate the issued shares and to set parameters of the entire issue is gathered.

General meeting: In compliance with the Commercial Code, an increase of registered capital must be approved by the general meeting of the company or, respectively, by the executive board based on the general meeting's authorisation.

Decision of a competent statutory body: In compliance with the Commercial Code, an issue of securities must be approved by the general meeting of the company or, respectively, by the executive board based on the general meeting's authorisation.

Establishing relations with agents and issue managers and concluding agreements on compensations during subscription.

Preparation of the Prospectus of Shares: Collecting and arranging all information about the issuer and securities being issued, and submitting this information – in the form of a Prospectus – to the National Bank of Slovakia for approval.

Prospectus approval process: Supplementation of the Prospectus with information, following the NBS's observations.

Publishing the Terms of Issue and the approved Prospectus of Securities: On the day of publication of the Prospectus of Securities, the public offering of securities starts and investors can subscribe the securities in compliance with the Terms of Issue. The primary sale of given securities, when these can be acquired by first investors, lasts until the end of the subscription. Once the primary sale is over, the issuer in co-operation with the manager of the securities issue ensures that the securities are issued and registered in the Central Securities Depository.

Submitting an application for admission to the BSSE: Based on the approved Prospectus, the issuer can apply for conditional admission of shares to the BSSE.

Road show: The presentation of the issuer's shares to potential investors via distribution of a preliminary Prospectus of Securities (without final terms) and meetings with investors.

Book building: After the road show is over, a several-days-long period is set during which the investors send their purchase orders to the issue manager.

Pricing: Determining the number and price of shares being offered.

Conditional trading of shares on the BSSE: Trading of shares on the secondary market, before they are registered in the CDCP and entered into the Companies Register.

Repayment of shares and crediting to accounts: Transfer of financial means from the sale of shares to the issuer's account, and crediting of shares to the capital accounts of their acquirers.

Entry of shares into the Companies Register

Start of proper trading on the BSSE: Once shares are registered in the CDCP, the proper trading starts and transactions concluded within the conditional trading are settled.

By means of a public offering, the issuer usually directs information about the shares offering to investors that are not known beforehand. As there are normally several comparable investment opportunities on the market at the same time, the issuer must aim to provide investors with all necessary information -- by publishing the Terms of Issue and the Prospectus of Shares as well as through various other promotional marketing activities -- and to present itself in such a way that the investors decide to participate in the subscription of the securities being issued.

II. Consultations with advisors and Preliminary Pricing

If a company decides to carry out an IPO of shares, which is an important milestone in development of any company, it is necessary to first create an internal team of advisors. In most cases, such team is later supplemented with external experts for specific areas of the IPO. It is also necessary to address an investment bank – the lead manager of the issue, which can advise the issuer on related matters and will be subsequently in charge of the subscription of the share issue. The selection of an investment bank should be based on the bank's reputation and experience in securities subscription. Equally important is the issuer's intention to sell out the share issue to small investors, or its preference for institutional investors. The selection process, however, is bilateral -- an investment bank considers the provision of services to a given client with attention equal to that of an issuer selecting an investment bank.

1. IPO Team Composition

In addition to the issuer itself, there are several other entities that act during individual stages of the IPO process. Given their specific areas of knowledge, their importance lies in the support of realisation of the IPO of shares and their experience is oftentimes essential for the overall success of the IPO. Within the framework of the IPO preparation team, each of its members fulfils a different role, whereas the knowledge, abilities, experience and commitment of the entire team directly affect many decisions of the issuer concerning the realisation of the initial offering of shares.

The company executive board and executive management: within the framework of the work team, the issuer is usually represented by the general director (chief executive officer) and financial director. Both play a critical role in the initial offering of shares, as they take on responsibility for all associated decisions after consultations with the issue managers, the subscribers and advisors of the issuer. They also decide on fundamental organisational arrangements that affect the public offering, and set the timing of the share issue. They present the company outwards, i.e. before investors and financial groups at road shows, and must ensure that information included in the Prospectus reflects the actual condition of the

company and its activities. All members of the management provide the work team with various information on the company, either personally during workgroup meetings over due diligence or in written form through official announcements and provision of required information to regulatory bodies and the investing public.

Chief executive officer assists the work group in understanding the company's position and activity so that no material facts are omitted during the preparation of the Prospectus of Shares. He oftentimes co-ordinates the due diligence process, prepares financial statements as background documents for auditors and closely co-operates with the issuer's advisors during the preparation of the Prospectus of Shares.

Other members of the team participate in the collection of information necessary to compile the Prospectus, as well as on its internal revision, particularly in parts of technical character.

From a viewpoint of overall success of the IPO, it is necessary to address and subsequently co-operate with various external advisors such as a lead issue manager, a legal advisor, a tax advisor, an auditor and, last but not least, a PR agency.

Lead issue manager is a securities dealer that works in investment banking. The public offering of shares can be managed either by one manager or by several ones (in a syndicate), where one investment bank is selected from among the managers and that bank will perform the tasks of the lead manager (book-running manager). The lead manager always appears on the left of the front page of the Prospectus of Shares, as it plays the most important role over the course of the entire transaction i.e. concludes all agreements with the issuer, determines the timetable of the entire issue and bears responsibility for due diligence, pricing and distribution of shares. It is also responsible for the creation of a syndicate of subscribers, which will help to sell out the share issue among the public.

Syndicate of subscribers guarantees a sufficient distribution of shares. As many as 30 subscribers usually participate in the sale of shares; they are headed by one or two managing subscribers that co-ordinate the entire process on behalf of the entire syndicate. The members of the syndicate participate in preparation and realisation of road show, and are in charge of the sell-out of a major part of the shares on offer. They also recommend a suitable structure and size of the offering.

Legal advisor participates in the preparation of general meetings, ensures entries into the Companies Register, prepares agreements with the issue manager, the auditor, the Central Depository and subscribers as well as with the bank that opens an account for subscription of shares.

Tax advisor acts in specific cases as required by circumstances before the realisation of the IPO or, respectively, during the sale of shares to various investor groups.

Auditor issues a statement concerning the examination of financial information in the Prospectus of Shares, and participates in the due diligence process.

PR agency ensures the issuer's external communication with managers and investors, creates an unmistakable trademark of the issuer and, using suitable instruments, supports the sell-out of the shares being issued.

Overview of the most important duties of the IPO team members:

Legal advisor	Issue manager	Independent auditor	PR agency
Examines and amends various corporate documents	Decides on whether the company can go public	Performs internal inspection	Organises meetings with potential subscribers
Approves documents necessary for IPO process	Carries out due diligence in order to find imperfections	Prepares a timetable for disclosure of public information	Prepares press releases concerning the IPO progress
Prepares a first draft of the Prospectus of Shares	Builds the syndicate of subscribers	Examines whether the company is in order and assesses risks	Prepares certain chapters for the Prospectus of Shares
Answers the comments/observations of regulatory bodies	Evaluates the offering of shares in relation to other public companies	Issues an official report on the audit of annual financial statements	Co-ordinates road shows with potential investors

III. Management's decision

After consultations with external advisors, the issuer will consider possible realisation of the initial offering of shares. This decision-making process is influenced by several important factors. First of all it is the future of the company, which can gain a lot through admission to the Stock Exchange, but can also lose much if the IPO is not successful. It is necessary to negotiate with the present shareholders and demand their consent to the realisation of the IPO because, due to the aforementioned, the present shareholders' share in the company's registered capital will decrease as it is required to ensure a sufficient 'dilution' of shares among the public. The most important point of discussion within the workgroup, however, will be the correct timing of the share issue as a factor that will to the greatest extent affect the overall success, or failure, of the whole process.

The timing of a share issue is influenced by both external and internal factors. Many of them can be modified in an efficient manner; the influence of others can be eliminated to a certain extent.

External factors of the timing of issue:

- Situation on the capital market
- Investor sentiment
- Prices of alternative sources
- Competition's intentions
- Industry cycle

Internal factors of the timing of issue:

- § Corporate activities, e.g. summoning of a general shareholder meeting
- § Annual financial statements
- § Situation in human resources
- § Planned investments
- § Planned mergers and acquisitions

IV. Due Diligence and Internal Evaluation of the Company

The realisation of the due diligence process is a prerequisite for compilation of the Prospectus of Shares that will contain all information necessary for investors to decide to buy the issuer's shares. Due diligence is an internal examination process focused on the economic, financial, tax and legal areas. The entire process is directed by the lead issue manager who bears responsibility towards investors for completeness and truthfulness of all information included in the Prospectus of Shares. The results of due diligence serve as a basis for compilation of the Prospectus of Shares; the internal evaluation of the company is a basis for setting a price range of shares in the Prospectus. Based on the results of due diligence and evaluation, a definite decision will be made concerning the realisation of a share issue, whereby the evaluation itself must be approved by shareholders.

Due diligence is a key task for the entire team. Each member involved in the preparation of the Prospectus is responsible for every factual inaccuracy or omission of a material fact, until the moment when each person participating in the preparation states, in the Prospectus, that he/she has performed all acts and taken all measures to ensure that the included information is accurate and up-to-date.

Within the framework of due diligence, the company management must provide the members of the preparatory team with various documents that explain the issuer's activity. The extent of those documents is specified by the issue manager. The following information and documents are usually required:

- Fundamental corporate documents: articles of association, proceedings from the meetings of executive/supervisory board members, internal regulations
- Information on shareholders
- Information on subsidiary companies
- Information on issuance of other securities
- Data from annual financial statements
- Copies of concluded agreements
- List of suppliers and customers
- Information on sales and marketing
- Information on the management including compensation schemes
- Information on employees including organisational chart
- Overview of situation in the given industry
- Information on concluded insurance policies
- Information on foreign operations

V. Decision of a Competent Statutory Body

While the first draft of the Prospectus of Shares is being prepared based on information from due diligence, it is necessary to summon a general shareholder meeting that will decide on the issuance of shares via an IPO. The general meeting is prepared by legal advisors of the issuer. Provided that there are no complications, the general meeting approves a maximum volume of shares by which registered capital will be increased, and authorises the company executive board for further action necessary to successfully realise the initial public offering.

Special attention must be paid when determining the pre-emption rights of the existing shareholders; the general meeting should possibly approve that such rights are not to be

granted to the existing shareholders. Gaining the shareholders' consent to an increase of registered capital can be very time-consuming in certain cases; it is therefore convenient to ensure their consent beforehand so that the course of the public offering is not substantially disturbed.

VI. Preparation of Prospectus and Its Approval by NBS

1. Particulars of Prospectus of Security

Information from the due diligence phase, supplemented with various other legal documents and economic data, are a precondition to start the preparation of the Prospectus of Security in compliance with a pre-agreed structure of the Prospectus. Pursuant to §121 Section 11 of the Securities Act, the particulars of the Prospectus of Security are set by the *Commission Regulation No 809/2004/EC from 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.*

The regulation in the Slovak language is publicly available at the following address:

[http://eur-](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2004R0809:20070301:SK:PDF)

[lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2004R0809:20070301:SK:PDF](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2004R0809:20070301:SK:PDF)

The English version is available at the following address:

[http://eur-](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2004R0809:20070301:EN:PDF)

[lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2004R0809:20070301:EN:PDF](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2004R0809:20070301:EN:PDF)

A methodical paper has been written concerning the issue of preparation of the prospectuses of shares and bonds. It is named "Particulars, as to the content, of a Prospectus of Security for realisation of public offering and for admission of securities to trading on regulated market" and is available on the NBS website:

http://www.nbs.sk/_img/Documents/DFT/KAPTRH/VP/obsnal.pdf

The Prospectus of Security must contain well-arranged and intelligible information necessary to enable investors to correctly evaluate the issuer, its assets and liabilities, financial situation, profit, losses, outlooks and entities that have taken over the guarantees for repayment of securities, or for associated yields and rights. The Prospectus must contain information on the issuer, information on the securities which the public offering refers to or which are to be admitted to trading on a regulated market, and a summary which will in a concise and generally comprehensible manner state a basic characteristic of the issuer, the security and the entity that has taken over the guarantee for repayment of securities or for yields and risks associated with them.

If an IPO is realised, it is not possible to state in the Prospectus the final price and the number of shares being offered within a public offering. Therefore the Prospectus must include the criteria or conditions according to which such information will be specified, or -- in the case of price -- its maximum level, or the investors must be enabled to revoke the admission of a public offer to buy or subscribe shares at least two working days after publication of the final price and the number of shares that the public offering will refer to. The final price and the number of offered shares must be reported to the NBS, and published pursuant to §125a Section 2 of the Securities Act before the start of the offering.

The issuer can decide whether to elaborate the Prospectus as a single document or a material comprised of separate documents. In the latter case, the Prospectus must be divided into a registration document, a description of securities and a summary document.

2. Approval of Prospectus of Security

The Prospectus of Security is approved by the National Bank of Slovakia (NBS), based on a request from the announcer of a public offering of securities or an entity applying for admission of securities to trading on the Stock Exchange. The NBS will decide on approval of the Prospectus and inform the applicant of the decision within 10 working days (or, respectively, 20 working days if the public offering of securities refers to securities issued by an issuer whose securities have not yet been admitted to trading on the regulated market and who has not publicly offered securities prior to the date of submission of the application for approval of the Prospectus) from submission of a draft Prospectus. Not meeting these deadlines by the NBS is not deemed as the approval of the Prospectus.

Every new material fact, factual error or inaccuracy in the information included in the Prospectus, which could affect the correct evaluation of securities, must be stated in a Supplement to the Prospectus. The NBS's deadline for approval of the Supplement is 7 working days.

3. Fees Associated with Approval of Prospectus of Security

If the application for approval of the Prospectus is submitted by the issuer, pursuant to Section 2 Item No 4 of the Ordinance of the NBS from 6 May 2008 as regards the fees for operations of the NBS, the fee for approval of a Prospectus of Security elaborated as a single document is €1327.76. The fees for approval of individual parts of a Prospectus of Security comprised of separate documents are as follows:

Approval of registration document	€663.88
Approval of summary document	€331.94
Approval of description of securities	€331.94

The approval of a Supplement to the Prospectus of Security is subject to a fee of €33.19.

If the application for approval of the Prospectus is submitted by the announcer of a public offering of shares who is not the issuer of the securities that the public offering of securities refers to, or by an entity that applies for admission to trading on the regulated market, pursuant to Item 4 of the aforementioned Ordinance, the fee for approval of a Prospectus of Security elaborated as a single document is €199.16. The fees for approval of individual parts of a Prospectus of Securities comprised of separate documents are as follows:

Approval of registration document	€66.39
Approval of summary document	€66.39
Approval of description of securities	€66.39

4. Publication of Prospectus of Security

The issuer is obligated to publish the approved Prospectus at an appropriate time prior to the public offering of securities or admission to trading on the regulated market, however, not later than on the day of the start of the public offering of securities or the start of trading of given securities on the regulated market. In the event of an initial public offering (IPO), which refers to shares that have not yet been admitted to trading on the regulated market and are to

be admitted to trading for the first time, the Prospectus must be published at least 6 working days before the end of this offering.

A Prospectus of Shares can be published in one of the following ways:

- a) In the nationwide daily press or via sufficient dissemination in Member States where the public offering of securities is being carried out or where admission to trading on the regulated market is being requested, or
- b) making it available, in written form, free of charge in the operating premises of the regulated market to which the securities are being admitted to trading, or at the issuer's registered office and in the operating premises of financial institutions placing or selling securities and in the operating premises of entities that ensure the repayment of nominal value of securities and the payout of yields from securities, or
- c) making it available, in electronic form, on the issuer's website, on the websites of financial institutions placing or selling securities and on the websites of entities that ensure the repayment of nominal value of securities and the payout of yields from securities, or
- d) making it available, in electronic form, on the website of the regulated market to which the admission to trading is being requested, or
- e) making it available, in electronic form, on the website of the NBS if the NBS has decided to provide such service.

An issuer that has published the Prospectus pursuant to Point a) or b) is obligated to publish it also in the manner pursuant to Point c), if the public offering refers to shares in a total value exceeding 20 000 000 €

In cases pursuant to Points b) through e), the issuer/announcer of a public offering of securities/entity applying for admission to trading on the regulated market is obligated to publish an "Announcement of Publication of the Prospectus" in the nationwide daily press or via sufficient dissemination in Members States where the public offering of securities is being carried out or the admission to trading on the regulated market is being requested, publication of the Prospectus and the place where it can be obtained.

The wording and format of the Prospectus and its Supplements, published or publicly available, must be consistent with the wording of the Prospectus approved by the NBS.

5. Announcing the Publication of Prospectus of Security

The announcement of publication of the Prospectus contains the following information:

1. The issuer's identification data;
2. Type, class and number of securities that are to be offered and/or for which the admission to trading is being requested;
3. Planned time schedule of the offering/admission to trading;
4. A statement that the Prospectus has been published together with the place where it can be obtained;
5. If the Prospectus has been published in printed form, the addresses where and a time period during which its copies are publicly available;
6. If the Prospectus has been published in electronic form, the addresses where investors can request for a printed copy;
7. The date of announcement (i.e. publication) of the Prospectus.

6. Validity of Prospectus of Security

A Prospectus of Security is valid for a period of 12 months from its first publication, provided that the obligation to update the Prospectus via its Supplements pursuant to § 125c) of the Act is met.

In the case of a Prospectus comprised of three parts, the registration document is valid for a period of 12 months from its publication, provided that the obligation to update it via Supplements to the Prospectus pursuant to § 125c) of the Act is met. If the registration document is supplemented with an approved and published description of securities and a summary document, these documents form a valid Prospectus.

7. Foreign Shares

The shares of a foreign issuer issued in a Member State of the European Union, as well as the shares of a foreign issuer issued in the Slovak Republic can be publicly offered or, respectively, be the object of an application for admission to trading on the regulated market organised by the BSSE based on a Prospectus of Security and its Supplements, approved by a foreign supervisory authority, on the condition that the NBS has been informed of the Prospectus approval through delivery of a notice that confirms that the Prospectus of Security is elaborated in conformity with the Directive No 2003/71/EC and Ordinance No 809/2004 of the European Parliament and of the Council.

The notice of approval of the Prospectus is sent to the National Bank of Slovakia, at the issuer's request, by the relevant supervisory authority of the issuer's home country. The following documents must be enclosed with the notice:

- a copy of the Prospectus or, respectively, its electronic version,
- a translation of the Prospectus summary into the Slovak language,
- confirmation of approval of the Prospectus by the relevant supervisory authority of the issuer's home country, which must be delivered to the NBS in written form either as the original or an authenticated copy.

Based on the above-mentioned documents and once they are published, shares can be publicly offered on the territory of the Slovak Republic or, respectively, the BSSE can be requested to admit these shares to trading on the regulated market.

A Prospectus of Security approved by the relevant supervisory authority of the issuer's home country must be elaborated in a language acknowledged by the NBS as the official language i.e. Slovak, Czech, English or a language commonly used in the field of international finance.

VII. Road Show

Immediately after the Prospectus of Security is approved and published, the issuer can decide to do what is known as a road show i.e. a set of presentations of the issuer, its activities and issued shares at meetings with potential investors. The company management and representatives of the key issue manager usually go through several meetings in all major cities, as well as abroad, in order to promote the Prospectus of Shares and answer any questions of those interested and potential members of the syndicate of subscribers. If the issuer intends to sell out an entire share issue to institutional investors, the company

management go through several one-on-one meetings with the representatives of all important institutions.

A road show aims to present the company as a whole, and stimulate the potential investors' interest to buy the shares being issued. If the issuer is very convincing and carefully includes all material information in the Prospectus of Shares, demand for shares may significantly exceed their offer, which will push their price upwards during the subscription stage.

In the course of the road show, the issue manager collects data on preliminary interest from investors. Small investors usually place orders for a required number of share units; institutional investors, along with the number of shares, specify a maximum limit price at which they are willing to buy the indicated amount. No share can be officially sold at this stage, however; therefore all orders are only deemed as a show of interest to buy the issuer's shares and are not legally binding.

The marketing process can last several months, hence it is not possible for the issue manager to specify, in any related documents, certain information such as the final price of IPO, the level of discount for dealers, the names of all members of the subscription syndicate and so forth. Once this stage is concluded, the issuer and the lead manager meet and agree upon two final details of the offering of shares: the offered price for shares and the exact number of shares that can be sold. Subsequently, the issuer concludes an Underwriting Agreement with the subscribers, after which final information on the price and number of shares is added to the Prospectus of Shares. The publication of the final terms can start the trading of shares. Transactions are usually concluded three days later, when the lead manager deposits a financial counter-value of shares into the issuer's account. The lead manager can then settle the IPO transactions with investors.

VIII. Book Building and Pricing

Book building is a stage in which agreements on subscription of a share issue are concluded. Technically it runs in two ways: 1) the entire issue is subscribed by the lead manager who will subsequently sell it out on the secondary market, or 2) the issue is subscribed in partial volumes by subscribers; the other managers try to sell the remaining part of the unsubscribed issue. From a legal viewpoint, both methods are based on contractual relation between the issuer and the subscribers either through an Agreement on Share Issue Subscription via full underwriting, or through an Agreement on Issue Subscription based on best effort which does not oblige the issue manager to pay the issuer for a volume of shares that has not been subscribed.

Pricing is a stage in which final conditions are stipulated, that is the price of shares being offered and their number within the framework of a given issue. The final conditions are based on knowledge gained from book building, whereby the determination of the final price is affected by the following factors:

- Specified price range,
- Analyses and comparisons,
- Development of the market and industry,
- Investor sentiment.

IX. Repayment and Crediting to Accounts

After pricing, the subscribed shares are repaid to the account of the issuer who ensures that an increase of registered capital is entered into the Companies Register. Once the change is entered into the Companies Register, the shares are credited to capital accounts of their acquirers in the CDCP, which concludes the process of issuance of shares.

1. Registration of Shares in the CDCP

Registration of an issue of book-entry shares means the assignment of an ISIN and entry of information about the issue into the issuer's register. Registration of a share issue in the CDCP comprises three stages:

1. The CDCP assigns ISINs in compliance with the law, the international standard ISO 6166 and its obligations as a member of the Association of National Numbering Agencies. Based on a submitted application ('Application for Assignment of/Change of Particulars/Cancellation of ISIN') signed by persons authorised to act on the applicant's behalf (the issuer or an entity authorised by the issuer), the CDCP will assign an ISIN to the issue of securities. A part of the application is the original or an officially authenticated copy of a transcript from the Companies Register, not more than 3 months old. The application is available at www.cdcp.sk, in the 'Application Forms' section. The application can be sent by post or delivered in person to the CDCP's mailroom. If the application is correctly filled out and accompanied by required documents (either originals or officially authenticated copies) that confirm the applicant's identity, existence, authorisation and manner of procedure in compliance with legal regulations in effect, the CDCP will assign an ISIN within 5 days from the fulfilment of all conditions for ISIN assignment. The issuer will be sent written information about the ISIN assignment by post.
2. The issuer subsequently signs with the CDCP an agreement on registration of an issue of book-entry shares. Specimens of agreements can be obtained upon request by e-mail, by post or in person in the CDCP. The issuer shall enclose primarily the following annexes and documents to the agreement:
 - Basic information about the issue of book-entry shares and its issuer;
 - Entry in the account of a securities owner or, respectively, the CDCP and the issuer conclude an Agreement on Submission of Instructions on Technical Data Mediums;
 - A document confirming the assignment of an ISIN to the share issue;
 - The original or an officially authenticated copy of a transcript from the Companies Register of the issuer (not more than 3 month old);
 - Notarial record on the founding of the joint-stock company or, respectively, on an increase of registered capital;
 - Auditor's statement concerning the repayment of registered capital of the joint-stock company;
 - Auditor's licence (a copy) or, respectively, a decision granting a licence of the Slovak Chamber of Auditors; if the auditor is a legal entity, its transcript from the Companies Register (not more than 3 months old) must be also enclosed.
3. Based on the agreement with the issuer, the CDCP registers the share issue in the issuer's register and credits the shares to the accounts of first owners. If the registration of securities relates to up to 10 shareholders/owners, the CDCP makes this entry based on the information specified in certificate-form enclosures, which are part of the

agreement. If the registration of shares relates to more than 10 shareholders/owners, the CDCP will make the entry based on the information the issuer submits on a technical data medium (a floppy disk, a CD, etc).

Fees associated with registration of a securities issue in the CDCP:

(Based on the CDCP Fee Scale effective from 1 January 2009)

Prices for assignment of ISIN are listed below:

Volume of securities issue (€)	Price (€)
Up to 331 939.00	33.19
331 939.01 - 1 659 696.00	66.39
1 659 690.01 - 16 596 959.00	165.97
16 596 959.01 and more	331.94

Price range for registration of a share issue:

Volume of share issue (€)	Base fee (€) + % of issue volume	Price (€) at maximum volume
Up to do 16 596 959.00	165.97 + 0.10%	16 762.93
16 596 959.01 – 33 193 919.00	16 762.93 + 0.08%	30 040.50
33 193 919.01 and more	30 040.50 + 0.06%	A maximum of 165 969.59

The CDCP will provide a **90-percent discount** on the shares registration fee, if the issuer binds itself to have the share issue admitted to trading on the BSSE's listed market within three months from the date of registration.

In the event that the share issue is admitted to trading on the BSSE's listed market, the CDCP will provide the issuer with a **50-percent discount** on shareholder lists (issued for the purpose of general shareholder meetings and dividend payout) during the entire period of trading of the issue on the BSSE' listed market.

X. Admission of Shares to Stock Exchange Market

After publishing the Prospectus of Security, the issuer can submit to the Stock Exchange – as early as during the road show – an application for admission of shares to one of the markets whose admission criteria the issuer and the issue of shares meet. In such a case, the Stock Exchange will decide on conditional admission of the share issue to a relevant market, whereby the start of trading will have to wait until the issuance of shares is successfully concluded.

In addition to conditional admission of shares, the BSSE can also decide on conditional trading of shares following the issuer's request. Subscribed, but not yet issued, shares can be conditionally traded on the BSSE until the moment of their definitive issuance.

The BSSE organises trading on two markets, with the market of listed securities being further divided into two segments:

Issuing Shares via Initial Public Offering
(IPO)



The Stock Exchange markets differ from one another primarily in terms of conditions for admission of securities to trading, as well as the periodicity of fulfilment of information duties by the issuers. Only securities that meet the required admission criteria can be admitted to the main listed market, which is reflected in higher liquidity of securities and in the fact that, if necessary, an investor can anytime buy or sell securities admitted to trading on the listed market.

For securities to be admitted to the regulated free market, the fulfilment of the following general conditions is required:

- Securities must be fungible;
- Their transferability must not be limited;
- They must be book-entry securities;
- A Prospectus of Security has been approved,;
- The issue price has been fully repaid;
- Subscription of securities, based on a public offering, has been successfully concluded.

The fulfilment of the aforementioned general conditions is required also for admission of shares to the listed market.

Based on an application submitted by the issuer or a Stock Exchange member, the BSSE will decide on admission of shares within 60 days from submission or supplementation of the application.

1. Conditions for Admission of Shares to a Relevant BSSE Market

The procedure for admission of shares to the listed and regulated free markets, as well as the necessary conditions applying to securities and their issuer, are stipulated in the Rules for Securities Admission to the Stock Exchange Markets.

The complete wording of the Stock Exchange Rules of the BSSE is available at:
http://www.bsse.sk/Content/SK/Burza/burzove_pravidla.lst/DEFAULT.HTM

Conditions for admission of shares to the main listed market and parallel listed market

SHARES	Main Listed Market	Parallel Listed Market
Period of business activity (years)	3	3

Issuing Shares via Initial Public Offering
(IPO)

Market capitalisation of issue	€16 596 959.44	€8 298 479.72
Free float (% of issue)	25	25
Number of owners of issue	100	-
Number of shares in issue (units)	-	-
Positive economic result (years)	3	3

2. Application for Admission of Shares to a Relevant Stock Exchange Market

Shares are admitted to a relevant market of the BSSE on the basis of an application for admission of shares and an approved Prospectus. The application is submitted by the issuer or a Stock Exchange member authorised by the issuer. The application must refer to all shares of the same type, issued by the same issuer, with which (the shares) the same rights are associated. Excluded from the application can be shares held in possession in order to control the issuer, or such shares that cannot be traded for a certain time based on a legitimately concluded agreement, if the Stock Exchange acknowledges that it will not endanger the interests of the owners of the shares for which the application is being submitted. The exclusion from the application must refer to all shares with the same ISIN. The fact that the application only covers a part of shares of the same type must be stated in the application, together with reasons.

Information in the application and in the Prospectus must not be older than 3 months from the day of elaboration of the application. The application contains identification data of the issuer and material characteristics of shares, the admission of which is to be decided on. Annexes to the application are the Prospectus of Shares approved by the NBS, the NBS's decision approving the Prospectus, a transcript from the Companies Register and financial statements for relevant calendar periods.

Complete requirements as to the content of the application are set out in Article 3 of the Stock Exchange Rules for Admission of Shares, which are available at:
http://www.bsse.sk/Content/SK/Burza/burzove_pravidla.lst/DEFAULT.HTM

3. Fees for Admission of Shares to the BSSE

In the case of an IPO, the one-off stock exchange fee for admission of shares to the BSSE's listed market is **0 €**. The issuer is only required to pay the annual stock exchange fees for placement of securities on a relevant market in compliance with the Fee Order of the BSSE, that is 1 659.70 € for placement on the parallel listed market and 4 979.09 € for placement on the main listed market.

XI. Overview of Fees Associated with Issue of Shares

Securities dealers apply various rates to the consulting services provided during issuance of securities. The below-mentioned fees are the maximum possible rates for listed services; the rates can be lower or zero. An issuer can realise many of the listed services at own cost; however, if the issuer is not experienced in securities issuance, it exposes itself to a risk that securities will not be subscribed in the expected volume. It is quite

Issuing Shares via Initial Public Offering
(IPO)

likely that competing securities dealers will not charge some of the listed fees. It is therefore necessary to negotiate details concerning the extent and level of paid operations with a relevant securities dealer, or to select a securities dealer whose price for issuance and issue placement is the most favourable for the issuer.

If an issuer has qualified professionals available, money can be saved on legal consulting as well as on fees for preparation of the Prospectus of Security, should the issuer decide to compile one. The issuer can also decide to ensure dividend payments at own cost. We need to emphasise, however, that unless an issuer has enough own experience with aforementioned activities and professionals for specific areas available, one of securities dealers should definitely be contacted. This is aimed at meeting a single criterion – one of successful issuance of a securities issue through which the issuer acquires needed financial resources for further development, and reinforces its position in a competitive environment. It is not sensible to strive to minimise cost no matter what, as long as it can endanger successful issuance of a securities issue.

Fees of CDCP, NBS and BSSE associated with issue and placement of shares on the main listed market, parallel listed market and regulated free market:

	Maximum fee	Volume of issue (€)		
		3 319 391.89	16 596 959.45	33 193 918.88
<i>Fees of the CDCP</i>				
ISIN assignment	According to CDCP's price range	165.97	165.97	331.94
Issue of shares in CDCP	According to CDCP's price range	3 485.36*	16 762.93*	30 040.50*
<i>Fees of the NBS</i>				
Approval of Prospectus		1 327.76	1 327.76	1 327.76
<i>Fees of the BSSE</i>				
One-off fee for shares admission – IPO	0	0	0	0
Annual fee on main listed market	4 979.09	4 979.09	4 979.09	4 979.09
Annual fee on parallel listed market	1 659.70	1 659.70	1 659.70	1 659.70
Annual fee on regulated free market	165.97	165.97	165.97	165.97

** A 90-percent discount can be applied to these fees, if the issuer binds itself to have the share issue admitted to trading on the BSSE's listed market within 3 months from the date of issue registration.*

List of BSSE Members

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Dexia banka Slovensko a.s.

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Fax: 041/51 114 30, 51 114 35

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RM-S Market, o.c.p., a.s.

Nám. SNP 14, P.O. Box 127, 810 00 Bratislava 1
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SEVISBROKERS FINANCE o.c.p., a.s.

Kuzmányho 8, 010 01 Žilina
Tel.: 041/50 787 00, 50 787 11, 50 787 41, 50 787 68
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Tatra banka, a.s.

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UniCredit Bank Slovakia a.s.

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Dictionary of Terms

Agent – a securities dealer that acts on behalf of its clients in the purchase and sale of securities.

Share – a security with which the rights of its owner – the shareholder are associated, particularly the right to participate in the company's control, its profit and liquidation balance in the event of termination of the company.

The Stock Exchange – an institution authorised to operate a public market of securities i.e. to ensure, at a specified place and time and via authorised entities, the meeting of supply and demand in the purchase and sale of securities and, on this basis, determine the real market price (stock price) of securities.

Security – a certificate-form or a book-entry form document, the value of which can be expressed in money and which incorporates certain rights depending on the type of security. On the basis of the security, the owner can demand the fulfilment of its legitimate claims and the issuer must fulfil its obligations.

Issue of securities – a set of mutually fungible securities of the same type, issued by one company with the same date of issue.

Issue price of security - a price at which the issuer sells the security at the time of its issue.

Issuer – a legal entity/natural person that has issued, is issuing or has decided to issue a security.

Initial public offering (IPO) – the initial issue of publicly tradeable shares by their issuer.

Investor – an entity that has given its holdings to another entity in exchange for securities, which provide the investor with certain rights.

ISIN – a security identification code based on an international numbering system for identification of securities.

Capital market – a segment of the financial market where securities with a maturity period of more than 1 year are traded.

Price of security (stock price) – a price of a security specified and published by the Stock Exchange according to the Stock Exchange Rules.

Primary market of securities – a market where securities being issued are subscribed. It is the first placement of securities on the market; the returns from their sale go to the issuer.

Prospectus of Security – a document that contains information about the security being issued and the issuer. It helps investors to evaluate the risk associated with the purchase of these securities.

Secondary market of securities – a market where such securities are traded which have been credited, after the primary sale of the issue, to the accounts of the first owners (usually the Stock Exchange) who further offer them for sale.

Securities subscription – the purchase of issued securities on the primary market by a securities dealer for the purpose of their further sale.

At first sight, the realisation of an initial public offering seems rather complicated and incorporating a whole range of various steps. Any small misstep at any stage can eventually result in failure. A careful preparation of the whole process, however, utilising professional knowledge of advisors and legal experts is a good precondition for the acquisition of capital through an IPO. If this booklet has not provided answers to the questions you might have in this context, we will be glad to answer them at the below-mentioned contact addresses.

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