

## Agenda

1. Entry Standard – Tailor made capital market access for small and mid-caps ?
2. Capital market environment
3. Case Studies

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## Entry Standard – Tailor made capital market access for small and mid-caps ?

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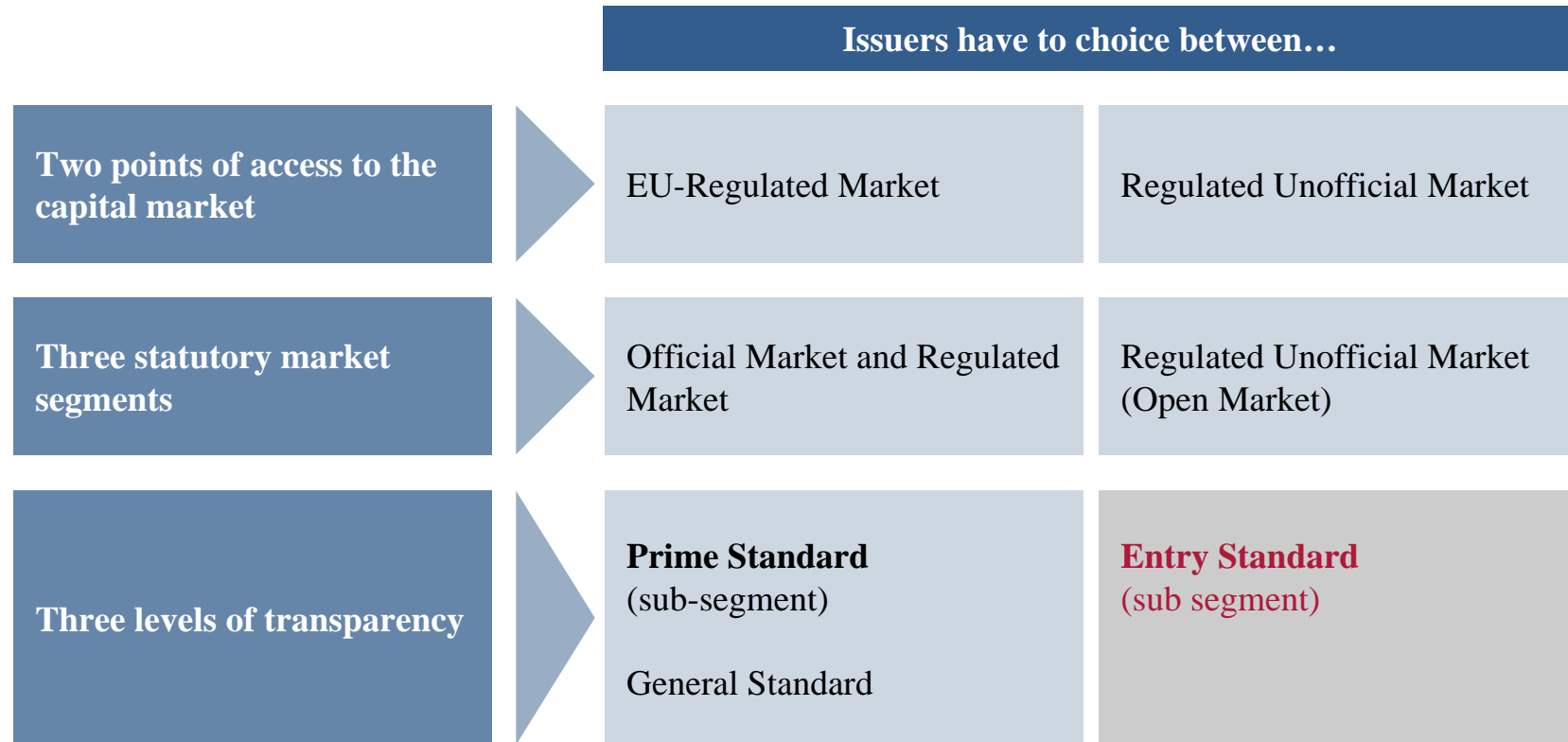
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1. Entry Standard – Tailor made capital market access for small and mid-caps ?

## At “Frankfurter Wertpapierbörse” there are three levels of transparency



1. Entry Standard – Tailor made capital market access for small and mid-caps ?

## Requirements for the application and ongoing transparency requirements

	Requirements for the application	Ongoing transparency requirements
<b>Gerogelter Markt</b>	<ul style="list-style-type: none"> <li>■ No minimum age of company</li> <li>■ Issuing volume min. €250,000 and 10,000 shares</li> <li>■ Preparation of company report</li> </ul>	<ul style="list-style-type: none"> <li>■ Publication of annual report</li> <li>■ Min. half-year report</li> <li>■ Ad-Hoc-publication</li> <li>■ Obligation to inform about changes in ownership</li> </ul>
<b>Amittlicher Markt</b>	<ul style="list-style-type: none"> <li>■ Min. three years of company existence</li> <li>■ Estimated market value of admitted shares min. €1.25 Mio.</li> <li>■ Min. free float 25%</li> <li>■ Preparation of prospectus</li> </ul>	<ul style="list-style-type: none"> <li>■ Publication of annual report</li> <li>■ Min. half-year report</li> <li>■ Ad-Hoc-publication</li> <li>■ Obligation to inform about changes in ownership</li> </ul>
<b>Open Market Entry Standard</b>	<ul style="list-style-type: none"> <li>■ Sub segment of Open Market</li> <li>■ Shares have the ability to be held under collective securities accounts</li> <li>■ Prospectus or Exposé</li> <li>■ At least one annual report in the legal form as Aktiengesellschaft</li> <li>■ Appointment of a Listing Partner</li> </ul>	<ul style="list-style-type: none"> <li>■ Publication of audited consolidated financial statement after six months</li> <li>■ Publication of a brief, up-to-date company profile and calendar</li> <li>■ Publication of the interim report after three months</li> <li>■ Immediate publication of important price-sensitive news or facts</li> </ul>
	<p>Additional ongoing transparency requirements for the <b>Prime Standard</b></p>	<ul style="list-style-type: none"> <li>■ Quarterly report</li> <li>■ Internat. Accounting standards</li> <li>■ Publication of company calendar</li> <li>■ Min. one analyst conference per year</li> <li>■ Ad-Hoc publications in English</li> </ul>

» The Entry Standard has lower initial and ongoing transparency requirements

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## Advantages and Disadvantages

Prime Market	Entry Standard
<ul style="list-style-type: none"><li>➤ Positive signal to the capital market, the shareholders and to clients (German corporate governance and reporting standards)</li><li>➤ Strong increased visibility</li><li>➤ Efficient trading floor (floor/XETRA)</li><li>➤ Complete investor access</li><li>➤ Corporate actions will become more complicated</li><li>➤ High ongoing transparency requirements</li><li>➤ Need of Designated Sponsor</li><li>➤ Costs of publication</li><li>➤ Higher access costs because of prospectus requirements</li></ul>	<ul style="list-style-type: none"><li>➤ Quick and cost efficient access to the German capital market</li><li>➤ Reduced formal requirements</li><li>➤ Low ongoing transparency requirements</li><li>➤ Use of the stock market as a trading platform and as a mechanism for price determination</li><li>➤ Efficient trading floor (floor/XETRA)</li><li>➤ Opportunity for further development</li><li>➤ Visibility through all-share Index</li><li>➤ Need of Designated Sponsor</li><li>➤ Lower signal to the German Market</li><li>➤ Lower volume of trading/ liquidity</li><li>➤ Lower interest by institutional investors</li></ul>

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## Main application documents for the Entry Standard

For public offerings: the prospectus is approved and vetted by the national regulator

For private placements: the unpublished exposé, which is the sole responsibility of the company

An undertaking from the admission sponsor to comply with the rules of the Entry Standard and to monitor the transparency requirements to be fulfilled by the company

Proof, that a Deutsche Börse Listing Partner has been appointed

### Costs:

- Legal-/ Tax-/ Disclosure Opinion (if applicable)
- Comfort Letter (if applicable)
- Costs of Listing: €1.500 (exposé), €750 (prospectus), Annual costs: €5.000
- Costs for preparation of exposé/ prospectus
- Designated Sponsor for XETRA-trading

- » To admit shares to trading, the Frankfurt Stock Exchange needs a maximum of five trading days
- » This requires either a prospectus examined and approved by the Bundesanstalt für Finanzdienstleistungsaufsicht or an exposé prepared by the issuer

1. Entry Standard – Tailor made capital market access for small and mid-caps ?

## What kind of equity stories is the market looking for?

- Established business models – Investors are hardly to convince in a Seed Finance or Concept IPO Phase
- Ideally no hockey-stick stories with a loss making business model
- Looking at trading activities after the IPO, we recommend a listing with a free float of a least €15m to €20m
- Free float should represent at least 25% of the share Capital Post-IPO
- Strong and growing interest of investors in Small- and Micro-Caps due to collected funds by several Fund Managers

» Continental investors still prefer strong and established equity stories with an adequate risk / return profile

## Capital market environment

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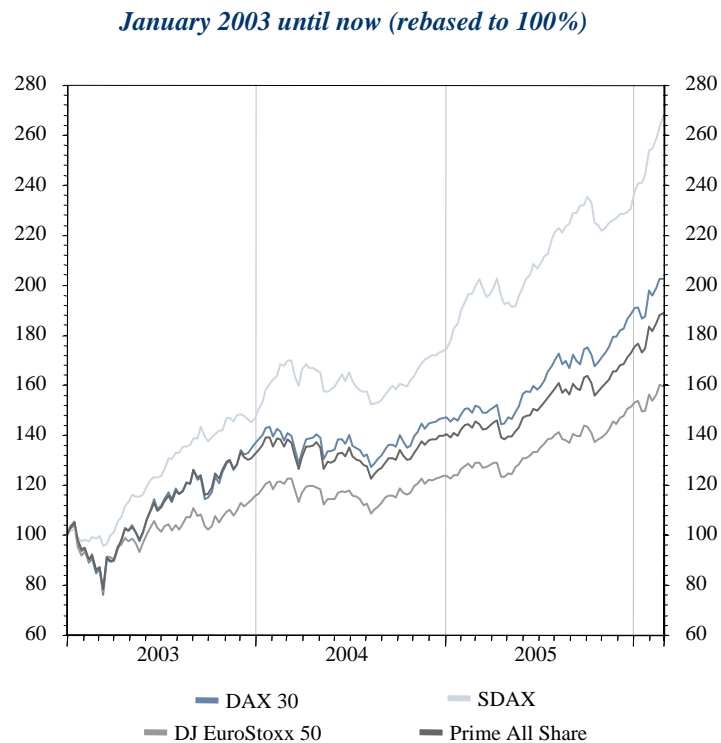
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2. Capital market environment

## Capital market

### Actual development of German Indices / EuroStoxx



Source: Datastream March, 2nd, 2006

### Environment

- The **main business indicators** were non uniform in the US and very positive in Euro-zone especially in Germany. Mid-term the **economic factors** should increase only moderately (because of rising money market interest, risks in the US consumption and already strong level in Germany)
- The **proposed steps of the coalition** (easements regarding depreciation, VAT-increase of 3% in 2007) will have **advanced positive effects**, but will **dampen the growth in 2007**. The German equity market will remain unaffected in total because the long-term growth potential does not increase. A **premium on the DAX in comparison to the EuroStoxx is unjustifiable**
- Both the ECB and the Fed should **increase interest rates** in two more steps to 3.0 and respectively 5.0%.
- According to our 12 months forecast we expect a **moderate decrease in prices of the most important raw materials**, the oil price should move around 55USD/barrel.
- Analysts in Euro-Zone **still scale up their estimates**. However earnings growth will slow down in 2006 below 10%. **Exports and companies' cost cutting** will remain the most important **earnings drivers**. The discount of the EuroStoxx of 7% (DAX P/E 2006e: 13.8 vs. EuroStoxx 50 P/E 2006e: 12.8) enables a better performance of the EuroStoxx 50 until the end of the year. Seeing the strong prices during the past weeks good quarterly reports could already be anticipated

» We expect the DAX at 5.700-5.800 and the EuroStoxx 50 at 3.850-3.900 for the end of the year 2006

2. Capital market environment

## IPO-Pipeline Germany (selection)

Pipeline					
<i>Official and Regulated Market</i>					
Company	Sector	Date	Company	Sector	Date
Magix AG	Software	March	Infineon Speicherchipsparte	Semiconductor	2006
klickTel	Information desk	April	Air Berlin	Air	2006
Springer S+B Media	Publisher	April	Anycom Technologies	Bluetooth	2006
Ecotel Communication	Telecommunication	1. Half	Bio-Gate	Nanotech	2006
Solarwatt	Solar	1. Half	BrainLAB	Medicin technics	2006
ItN Nanovation	Nanotech	1. Half	Micromet	Biotechnology	2006
Roth & Rau	Solar	1. Half	Navigon	Navigation Software	2006
Bet3000	Sporting bets	1. Half	Street One (CBR Holding)	Clothing	2006
Smartrac Technology	RFID	1. Half	Talanx (HDI/Hannover Rück)	Insurance	2006
PV Crystalox Solar (DT)	Solar	2006	Wilex	Biotechnology	2006
OVB	Finance	2006	Altira	Asset Management	2006/2007
Delticom	Online Retail (tires)	2006	Kabel Deutschland	Cabel TV	2006/2007
Wacker Chemie	Chemicals	2006	Nileg/GAGFAH	Real Estate	2006/2007
Wacker Construction Equipment	Construction	2006	PFAFF Industrie Maschinen	Sewing-machines	2006/2007
Ista (DT)	Energy invoicing	2006			
<i>Listings and smaller IPOs</i>					
Company	Sector	Date	Company	Sector	Date
C-Quadrat	Asset Management	March/April	Hansen Sicherheitstechnik	Explosion Protection	2006
Solar <sup>2</sup>	Solar	1. Quarter	Mobotix	Cameras	2006
Driver & Bengsch	Finance	1. Half	YOC	Mobile Advertising	2006
Falk eSolutions	Internet Marketing	1. Half	Autosafe*	Environmental Technics	2006/2007
20six Weblog Services	Internet Diaries	2006	CITYCOM*	Elektromobile	2006/2007
Aovo Network	Tourism Marketing	2006	Juragent*	Process Financing	2006/2007
Endor	Gaming Equipment	2006			

Source: Going Public February 25th, 2006

2. Capital market environment

## Structure of German IPOs in 2005

IPOs 2005 in Germany – Key factors										
	First Listing	Bookbuilding (€)	Price (€)	Volume (€Mio.)	CI:SP <sup>1</sup>	Rule 144A	Lock-Up (days)	GS <sup>2</sup>	F&F <sup>3</sup>	Class
Rothmann	23.11.2005	fix	1.55	17	100 : 0	no	360	10.0%	yes	bearer
Praktiker	22.11.2005	14.00–15.00	14.50	500	21 : 79	yes	180	15.0%	no	bearer
Thielert	17.11.2005	12.00–14.00	13.50	142	48 : 52	yes	360	10.0%	2.3%	registered
Jerini	01.11.2005	3.20–3.60	3.20	57	100 : 0	no	180*	15.0%	nein	bearer
Lloyd Fonds	28.10.2005	16.00–18.00	16.00	102	57 : 43	no	180*	15.0%	3.6%	bearer
Tipp24	12.10.2005	16.50–20.50	20.50	96	53 : 47	no	180*	15.0%	0.4%	registered
HCI	06.10.2005	19.00–23.00	20.50	320	29 : 71	no	180*	15.0%	5.0%	registered
Q-Cells	05.10.2005	35.00–38.00	38.00	313	71 : 29	yes	180*	15.0%	1.4%	bearer
ErSol	30.09.2005	36.00–42.00	42.00	154	92 : 8	no	180*	13.6%	3.0%	bearer
Interhyp	29.09.2005	36.00–42.00	42.00	103	30 : 70	yes	180	15.0%	4.0%	registered
MTU	06.06.2005	19.00–22.00	21.00	749	48 : 52	yes	180	9.6%	1.4%	registered
Conergy	17.03.2005	48.00–54.00	54.00	243	51 : 49	no	180*	13.9%	3.4%	bearer
Premiere	09.03.2005	24.00–28.00	28.00	1.179	33 : 67	yes	180*	14.2%	3.9%	registered
Paion	11.02.2005	8.00–14.00	8.00	46	100 : 0	yes	180*	15.0%	nein	bearer

<sup>1</sup> CI = Capital Increase; SP = Secondary Placement (pre Greenshoe)    <sup>2</sup> Greenshoe    <sup>3</sup> Friends & Family    \* 360 days for management and selling shareholders

» Several IPOs of 2005 had a high Secondary Placement quota (especially Praktiker, HCI, Interhyp, Premiere) which arouse partly strong criticism

2. Capital market environment

## New companies in Entry Standard 2005 and 2006

Company	Type*	Date	issue price/ first price**	actual price***	performance
Nanostart AG	LI	06.06.05	4.30	31.40	630.23%
FRIMAG Frankfurter Immobilien	NI	21.06.05	6.50	12.50	92.31%
ifa systems	NI	11.07.05	30.50	45.00	47.54%
EOP Biodiesel	PP	14.09.05	7.60	12.78	68.16%
AMITELO	LI	12.10.05	1.10	1.70	54.55%
TECON Technologies	PP	20.10.05	10.85	9.30	-14.29%
DESIGN Bau	NI	25.10.05	20.00	26.50	32.50%
Leonardo Ventue GmbH & Co. KGaA	LI	31.10.05	2.65	2.48	-6.42%
NanoFocus	LI	14.11.05	14.70	15.00	2.04%
Biopetrol Industries	PP	21.11.05	8.20	15.00	82.93%
Aragon	LI	28.11.05	10.25	18.00	75.61%
EUTEX European Telco Exchange	NI	01.12.05	10.20	11.25	10.29%
CasMaker gaming & entertainment	LI	14.12.05	8.40	9.10	8.33%
Plan Optik	NI	29.12.05	20.00	31.99	59.95%
Neosino Nanotechnologie	LI	04.01.06	91.00	119.00	30.77%
conVISUAL AG	LI	13.01.06	9.75	9.60	-1.54%
Bavaria Industriekapital AG	NI	26.01.06	26.00	29.70	14.23%
Frogster Interactive Pictures	NI	10.02.06	13.50	14.00	3.70%

\* NI = new issue, LI = listing/introduction, PP = private placement  
 \*\* issue price for NI and PP, first price for LI  
 \*\*\*XETRA, as of March 15th, 2006

## Case Studies

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3. Case Studies

## IPO of SQS

*Sal. Oppenheim*

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Placing of Ordinary Shares and  
Admission to Trading on AIM  
*September 2005*



**SQS Software Quality Systems AG**

Placing of 6,736,830 ordinary shares of €1 each at  
190p per share and admission to trading on AIM

Transaction volume: GBP 12,8 Mio.

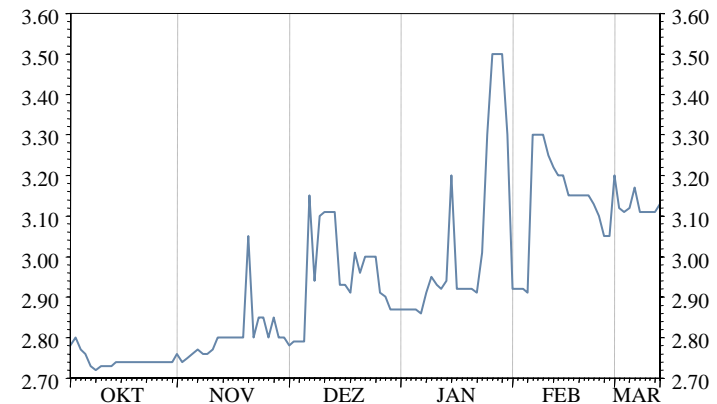
**Sal. Oppenheim jr. & Cie. KGaA**  
Joint Bookrunner

**Evolution Securities Limited**  
Nominated Adviser, Joint Bookrunner

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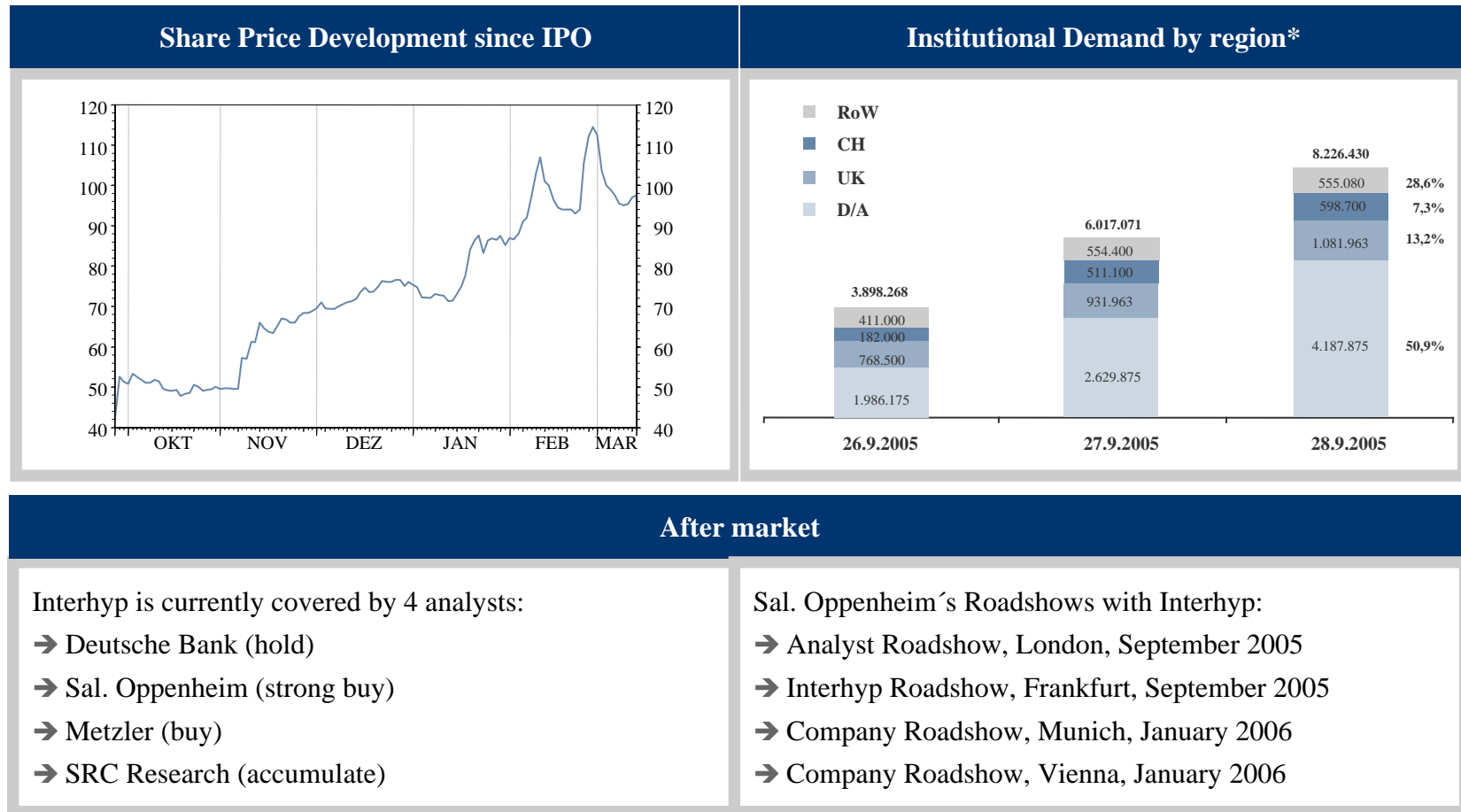
### Share Price Development since IPO



- Decision for AIM Listing at a time where the German market was not ready for Small IPO's
- AIM Listing was also part of the UK Strategy of SQS
- Strong demand came from continental Investors at significant higher price levels
- High cost of trading and settlement for continental investors led to a second listing on the Frankfurt Entry Standard

3. Case Studies

## IPO of Interhyp AG



» Strong demand in all addressed regions from high class institutional investors

*Sal. Oppenheim*

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Sal. Oppenheim Investment Banking

## Capital Market Developments for Entrepreneurs – Entry Standard

A presentation for the  
**Network Centric Services Conference**

21st of March, 2006