

The European Trade Association for Business Angels, Seed Funds and Early Stage Market Players

DUE DILIGENCE CHECK LIST

Company Name:
Representative:
Applicant's Name and Address:
Post Code/Zip Code
Country
Telephone number:
Fax number :
Registered number of applicant company:

1. CORPORATE AND ORGANISATIONAL DUE DILIGENCE

Business Plan (including executive summary, operational plan and complete financials.

1.1 Minutes



Minutes of shareholders meetings

		٦
		I

Minutes of board of directors

Minutes of permanent committees of the board

Annual reports and other reports and communications with stockholders, employees, suppliers and customers.

COMMENTS

PAGE 5

1.2 Charter Documents

Articles	or Certificate of Incorporation
----------	---------------------------------

Drafts of documents related to proposed reincorporation

Bylaws, as amended to date

Good standing certificates

List of jurisdictions in which the Company or any of its subsidiaries or affiliates is qualified to do business

COMMENTS

Γ

2. MANAGEMENT TEAM

	List of officers and directors
	Management structure organisation chart
	Management team CVs and Past employment References
	Information regarding subsidiaries
	Information regarding joint ventures or partnerships
	Agreements relating to mergers, acquisitions, or dispositions by the Company
	Listing of employees by office and department.
	Employee agreements.
	Consulting contracts
	All other employee compensation, bonus, incentive, retirement, benefits etc
	Employee Confidentiality and Proprietary Rights Agreement
	Officers and directors questionnaires
	Contracts with unions and other labour agreements
	Loans to and guarantees for the benefit of directors, officers or employees
	Affiliation agreements with advertising agencies or public relations firms
	Share ownership of directors and of the five most highly compensated officers
CO	MMENTS

PAGE 6

3. LEGAL ISSUES

3.1 Share Captial

Shareholders' lists (including list of optionees and warrant holders, number of shares and dates of issuance, and consideration paid)
Agreements relating to the purchase, repurchase, sale or issuance of securities
Agreements relating to voting of securities and restrictive share transfers
Agreements relating to pre-emptive or other preferential rights
Agreements relating to registration rights
Evidence of qualification or exemption under applicable Laws
Documents relating to any conversion, recapitalisation, reorganisation, or significant restructuring of the Company

COMMENTS

3.2 Other Agreements

	Marketing agreements
	Management and service agreements
	Forms of secrecy, confidentiality and nondisclosure agreements
	Contracts outside ordinary course of business
	Indemnification contracts and similar arrangements for officers and directors
	Agreements with officers, directors and affiliated parties
	Any agreements with competitors
	Any agreements restricting the company's right to compete or other agreements material to the business
СО	MMENTS

3.3 Litigation



Any litigation, claims, and proceedings threatened or pending

Any litigation involving an executive officer or director, including executive officers or directors concerning bankruptcy,

Any consent decrees, injunctions, judgments, other decrees or orders, settlement agreements, or similar matters.

All attorneys' letters to auditors, including those of any predecessor corporation and subsidiaries

COMMENTS

3.4 Compliance with laws

Any citations and notices received from government agencies, including those of any predecessor or subsidiary

Any pending or threatened investigations and governmental proceedings

All material governmental permits, licenses, etc., of the Company presently in force

All documents filed with home country or foreign securities regulatory agency, if any.

Any material reports to and correspondence with any government entity or government agencies

COMMENTS

3.5	Pro	per	ty
-----	-----	-----	----

Leases of real property.

Any documents showing any certification of compliance with regulatory standards



Financing leases and sale and lease-back agreements

Conditional sale agreements

Equipment leases

COMMENTS

4. INTELLECTUAL PROPERTY MATTERS

		1
L		L
		L

List of all foreign and domestic patents, patent applications, copyrights, patent licenses and copyright licenses held by the Company

List of any trademarks, trademark applications, trade names, or service marks

Claims of infringement or misappropriation of others' patents, copyrights, trade secrets, or other proprietary rights

Copies of all agreements in-licensing or acquiring any technology, including without limitation software licenses, patent licenses, or other technology licenses, or any development or joint-development agreements

Copies of all agreements out-licensing or selling any technology, including without limitation any software licenses, patent licenses, or other technology licenses, or any distribution, or sales-representative agreements

COMMENTS

5. FINANCIAL DUE DILIGENCE

5.1 Debt Financing

All debt instruments, credit agreements, and guarantees entered into by the Company, including lease financing, which are currently in effect

All material correspondence with lenders, including all compliance reports submitted by the Company or its accountants

Any loans and guarantees of third-party obligations

Any agreements restricting the payment of cash dividends

COMMENTS

5.2 Financial Information

Audited/Unaudited financial statements, including those of any predecessor corporations.
Interim financial statements
Budget plan, including revisions to date with respect to the budget plan for the current fiscal year for the Company and its subsidiaries and affiliates

The Company's long-range strategic plan, any other documents concerning its long-range plans, and any information concerning the Company's compliance therewith

PAGE 9

Disclosure documents used in private placements of the Company's or any of its subsidiaries' or affiliates' securities, or institutional- or bank-loan applications since inception
Any other material agreements with creditors
Significant correspondence with independent public accountants, including management letters
Any reports and studies prepared by outside consultants on the Company's or its subsidiaries' or affiliates' business or financial condition.
Reports and materials prepared for the Company's board of directors or a committee thereof
Contracts with investment bankers and brokers

COMMENTS

5.3 Tax Matters

Local, national and/or registration in any other country, local status, copy of tax returns

5.4 Acquisitions/Divestitures



Acquisitions or divestitures (including related documentation)

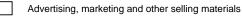
Current plans or negotiations relating to potential acquisitions or divestitures

COMMENTS

6. MARKETS AND COMPETITION

6.1 General Market Information

Copies of all market research or marketing studies concerning the company's business conducted



6.2 Customers and Markets



Obtain customer references and contact for verification for information given

Check the percentage of sales of each customer. Determine major customers for each product line
Competition - determine total size of market (s) and the main competitors (by name) with market shares
Determine estimated life spans of products and trends in market size and fashions.
Describe sales force and distribution channels. How do these compare with competitors?
State if independent market report should be commissioned before making investment in applicant.

COMMENTS

6.3 Suppliers

	Who are the main suppliers?
\square	What are the discounts, terms

L

Γ

What are the discounts, terms and credit limits?

What is their future commitment to the applicant?

Are there adequate alternative suppliers?

COMMENTS