



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

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

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

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

COMMENTS

3. LEGAL ISSUES

3.1 Share Capital

- 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

COMMENTS

--

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 Property

- 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

- 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

- 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
- Advertising, marketing and other selling materials

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?
- What are the discounts, terms and credit limits?
- What is their future commitment to the applicant?
- Are there adequate alternative suppliers?

COMMENTS

