



ASX

AUSTRALIAN SECURITIES EXCHANGE

IPO: the road to growth and opportunity



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Listing on ASX

FAIR, ORDERLY, and TRANSPARENT MARKETS

The economic role of a stock exchange is to bring together in one market place investors who provide capital and companies that require capital; ASX facilitates this capital formation process by providing a deeply liquid and well regulated secondary trading market.

Many companies have benefited greatly by moving from a private to a publicly listed company. Benefits of going public can include:

- The possibility of an increase in the market value of your company
- Access to a larger capital market
- Exposure to retail and institutional investors, both domestic and international
- Enhancement of your company's profile and ability to attract quality executives and directors
- The potential to achieve a higher price for your company than you may achieve from a private sale.

These and many other benefits are discussed later in this booklet.

This booklet has been designed to:

- Assist you in considering whether listing on ASX is right for your company
- Provide guidance on how to take your first steps towards becoming an ASX listed company
- Provide you with an overview of the listing process which involves:
 - appointing advisers
 - talking to ASX
 - preparing and lodging a prospectus
 - the due diligence process; and
 - preparing the application to list.
- Outline the potential challenges in the pre and post listing stages for your company.



This booklet is by no means intended to be exhaustive. It is important to seek specific corporate, legal and financial advice appropriate to your company's needs.

ASX also lists Managed Funds, ETFs, structured products and warrants. Contact ASX for more information or for a separate brochure about listing these products.

Contents

About ASX	3
Deciding whether to list	4
– Identifying the need for listing your company	
– What advantages does listing offer you?	
The advantages of listing on ASX	6
Issues for consideration	10
Does your company meet the criteria for listing?	11
The Listing Process – step by step guide	13
– Appointing Advisers	
– Talk to ASX	
– Preparation of Prospectus and Due Diligence	
– Lodging the Prospectus	
– Applying to list	
– The IPO Period	
– Admission	
– Commencing Trading	
Operating as a Listed Company	19
– ASX Listing Rules	
– Corporate Governance	
– ASX services for Listed Companies	
Listing Fees	22
Frequently Asked Questions	23

About ASX

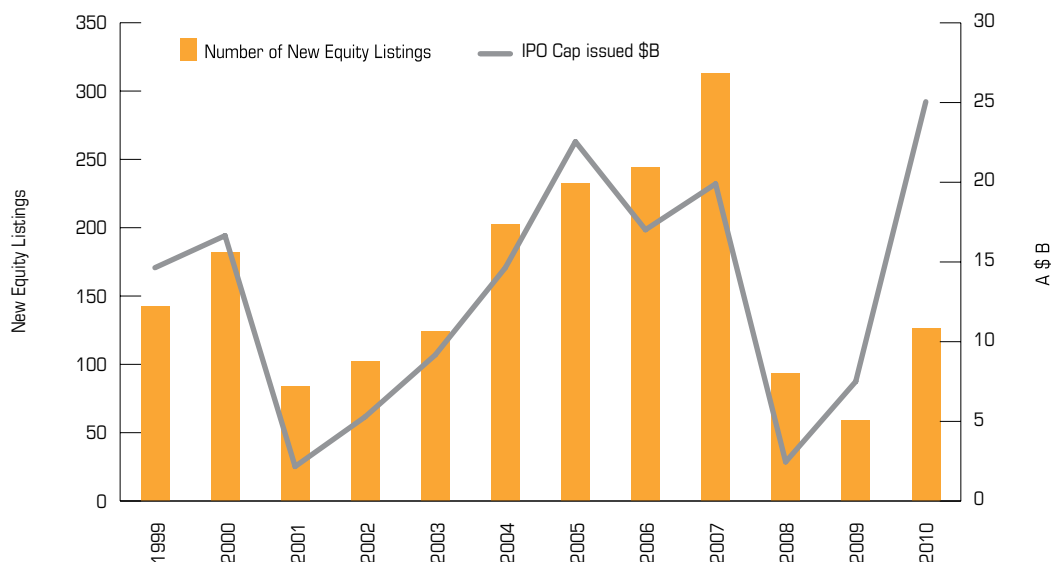
Helping listed companies raise capital – providing opportunities for investors to build their wealth – enabling buyers and sellers to transact with confidence: ASX plays a crucial role in sustaining the health of the Australian economy.

ASX Group was created by the merger of the Australian Stock Exchange and the Sydney Futures Exchange in July 2006 and is today one of the world's top-10 listed exchange groups measured by market capitalisation.

ASX is a multi-asset class, vertically-integrated exchange group whose activities span primary and secondary market services, including the raising, allocation and hedging of capital flows, trading and price discovery (Australian Securities Exchange); central counterparty risk transfer (via subsidiaries of ASX Clearing Corporation); and securities settlement for both the equities and fixed income markets (via subsidiaries of ASX Settlement Corporation).

ASX functions as a market operator, clearing house and payments system facilitator. It also oversees compliance with its operating rules, promotes standards of corporate governance among Australia's listed companies and helps to educate retail investors.

New Listings on ASX – 1999 to 2010 by number and value listed



Deciding whether to list

Identifying the need for listing your company

Many successful privately owned companies will at some point consider listing their shares on a public market and in doing so will need to face some fundamental questions about the future of their business.

Your first step in this process is to determine whether listing is appropriate for your company, a decision which should be consistent with your company's long-term strategic goals.

The most common reasons for listing include:

- Raising capital to fund growth, expansion or acquisitions
- Facilitating an orderly exit for early stage investors, venture capitalists or family interests
- Raising your company's public profile with customers, suppliers, the investment community and the media, especially if you are planning an expansion into new geographical markets
- Ability to attract and provide an alternative remuneration/incentive instrument for the company's directors, executives and employees
- Obtaining an objective market value for your business
- Access to a marketplace for trading
- Making it easier to raise capital in the future.

If you decide that an IPO is your best road to growth and opportunity, you must consider the advantages and disadvantages as well as the potential challenges that may arise.

What advantages does listing offer you?

The world's stock exchanges have been listing companies, trusts and other products for hundreds of years, so the benefits of this path are well known to the market.

These benefits include:

Access to capital for growth – whether your company's growth strategy is based on acquisition, organic growth or a combination of the two, a listing gives it the opportunity to raise capital at the IPO stage and throughout the time of listing to fund its future growth. Subsequent capital raising for listed companies is also greatly simplified, by way of reduced cost and time, once you are already listed.

Higher public and investor profile – listing generally means your company's activities will receive greater media coverage, thus widening awareness of your products or services. Your company may also be covered in analyst reports and may be included in a share market index. This heightened profile may help sustain demand for your company's shares as well as increase the standing and reputation of your business within its particular industry.

Institutional investment – listed companies are able to attract professional or institutional investment as a result of the increased transparency (availability of information) and trading liquidity (ability to buy and sell shares, ease of entry and exit) of a public listing. Depending on the nature of the investing institution, this can bring with it increased business credibility, stability and wider business networks. Having institutional shareholders may also increase the certainty of capital supply should you need additional capital in the future.

Improved valuation – being listed generates an independent valuation by the market. The market values listed shares based on all available information, and the ASX market provides an extremely efficient valuation mechanism in the form of ASX TradeMatch®, ASX's ultra-low latency, high capacity automated trading system.

Greater efficiency – the requirement for more rigorous disclosure tends to lend itself to better systems and controls, improved management information, and greater operating efficiency of the business as a whole.

Providing a (secondary) market for your company's shares – post-listing trading stimulates liquidity in your company's shares, and gives shareholders the opportunity to realise the value of their holdings. This can help broaden your shareholder base, because investors know that they can readily enter and exit their holdings; it also facilitates further capital raising.

It is important to differentiate between primary and secondary markets. When a company issues shares directly to investors in an IPO, this is referred to as the primary market. The secondary market refers to the trading of shares on the ASX trading system – ASX TradeMatch® following the primary issue. Although it is referred to as the secondary market function of the sharemarket, this daily trading of shares in listed companies is a critical activity of the sharemarket.

Alignment of employee/management interests and commitment – being listed simplifies the process and increases the benefit of remunerating your employees and executives with shares. Share-based remuneration can also help align the interests of employees with the goals of the organisation by increasing their long-term commitment to the business. Employee incentive schemes give employees an opportunity to share in your company's growth; this in turn helps the company attract and retain high-quality employees, executives and directors.

Reassurance of customers and suppliers – companies listed on ASX generally find that the perception of their financial and business strength is improved. Completion of the rigorous due diligence process that is conducted as part of the listing process, and ongoing compliance with continuous disclosure rules can reassure other companies who have business dealings with your company.

The advantages of listing on ASX

Access to deep and liquid markets with a history of strong and consistent performance

ASX can provide your company with access to retail and institutional investors and exposure to investors throughout the world. By listing with ASX, you will become part of a select group of companies on the global capital stage. Listing on ASX has helped thousands of companies achieve their growth ambitions and successfully make the transition to public ownership.

The Australian Story

Australia offers a highly competitive market with an open, transparent and world best practice regulatory environment. Australia's dynamic financial markets are among the largest, fastest growing and most sophisticated in the Asia Pacific region and its equity market is the second largest by free-float market capitalisation (other than Japan).

The Australian economy has recorded 19 years of uninterrupted growth to 2010, despite two global downturns. The 2010 Institute for Management Development (IMD) World Competitiveness Yearbook rated Australia's economy the second most resilient in the world. For countries with populations greater than 20 million, Australia ranked first in 2009 and 2010, and has topped this category in eight of the previous nine years¹. The stable political and economic environment of the Australian landscape provides a very compelling case for business investment.

Dynamics of the Australian marketplace

Compulsory Superannuation

At the heart of the growth of the Australian market is Australia's compulsory superannuation scheme. It is estimated that around 40 per cent of the current compulsory superannuation levy of 9 per cent of every working Australian's annual gross income flows directly into Australian equity markets. This ensures there is always a steady flow of capital looking for investment opportunities.

Share ownership

The success of your capital raising depends on the ability to generate investor interest and to gain the necessary spread of shareholders. Australia is among the highest in the world for share ownership; according to the most recent ASX share ownership study, 43 per cent of the population or 7.26 million Australian adults own shares directly or indirectly (via their superannuation) which creates a large pool of potential investors.²

The Sharemarket

ASX is now ranked as the world's 6th largest exchange by market capitalisation of floating capital.³ As one of the major global markets, ASX is able to attract international investors. Approximately 40 per cent of ASX's market capitalisation is currently owned by international investors; access to these investors can improve the profile and demand for your company's stock and provide you with a globally-based valuation.

The choice of ASX as a listing destination offers further advantages:

Liquidity – The ability to convert assets into cash easily, quickly and with little or no loss of capital. A high degree of liquidity is vitally important to your company's ability to raise capital, sustain a fair value for your shares and provide investor confidence. Fundamental to the decision to invest is the ability to divest; investors need to be confident that they can exit that investment in a timely and low cost way.

Strong long-term growth – ASX has experienced strong, long-term growth in many of the key indicators of market quality and size.

Over the last ten years:

- Market turnover, a measure of trading activity, has grown more than five-fold
- Market capitalisation (value of listed companies) has more than doubled
- Liquidity has more than doubled – in 2010 domestic liquidity was 93 per cent compared with just 40 per cent in 1995.

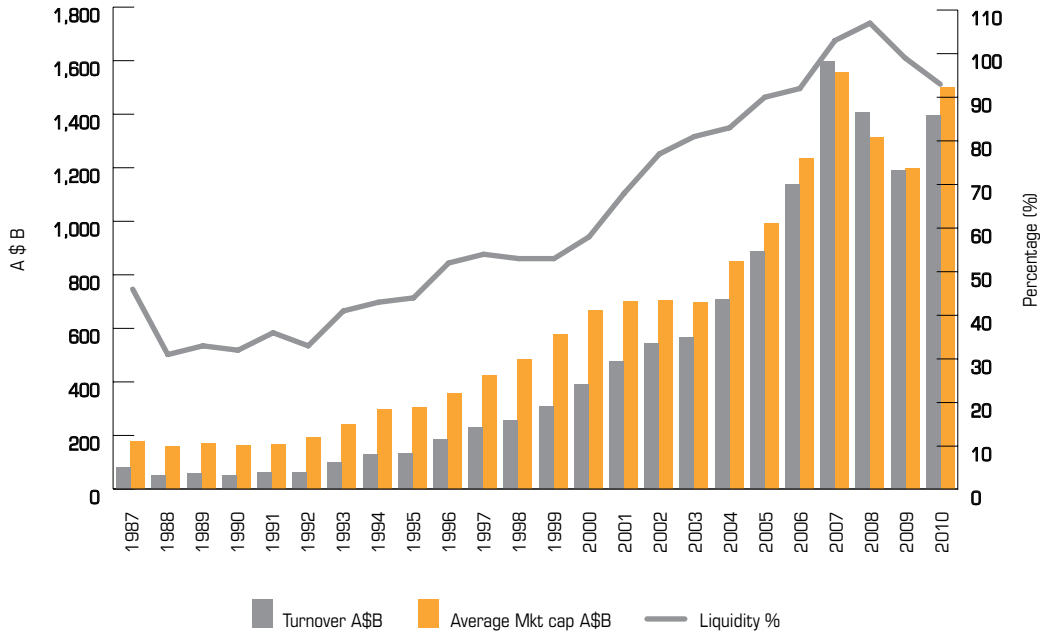
1 Austrade, IMD World Competitiveness Yearbook (WCY) 2010

2 ASX – 2010 Share Ownership Study

3 Standard & Poor's, Global Equity Indices Monthly Update, April 2010

ASX Equity Market Turnover

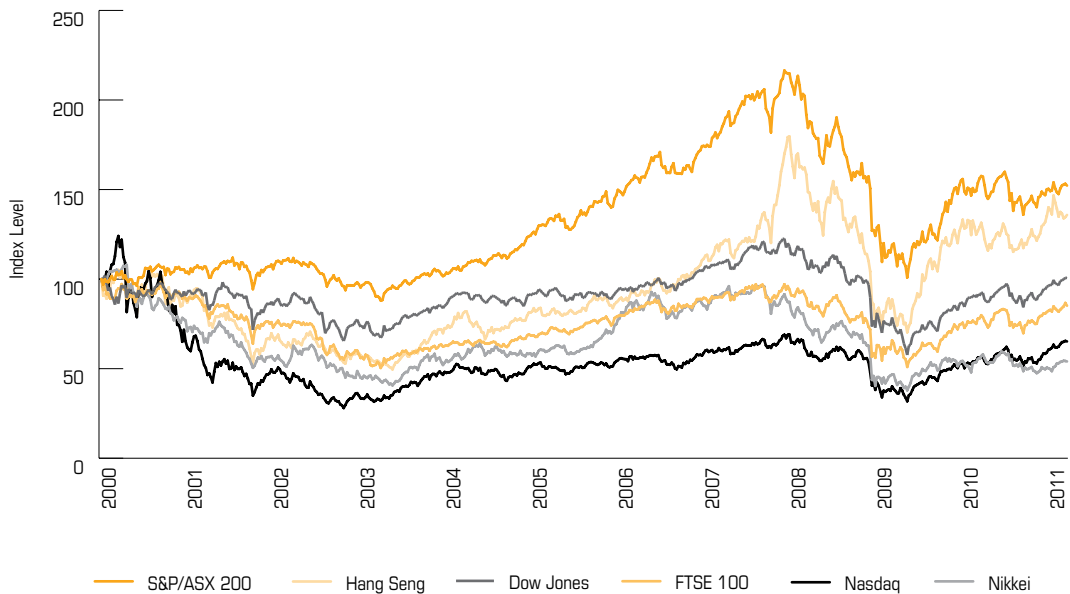
Average Total Market Capitalisation and Liquidity (1987 to 2010)



The benchmark ASX equity market index has performed well against major international indices, as the chart below demonstrates.

The relative performance of the S&P/ASX 200 index

Global performance comparison



World class market technology

ASX markets are driven by leading edge electronic trading, settlement and registry systems. This contributes to secondary market transaction costs that are the lowest in the Asia-Pacific region⁴, thereby ensuring an accurate valuation of your stock, reduced cost of capital and increased liquidity.

ASX is one of the first exchanges in the world to provide an integrated trading infrastructure across cash and derivative markets, providing ASX customers with efficiencies, while offering new trading possibilities such as contingent trading across equities, warrants, listed managed investments (LMIs), interest rate securities, exchange traded options and ASX futures.

CHESS

CHESS (Clearing House Electronic Sub-register System) is ASX's equity settlement system that is operated by the ASX Settlement Pty Limited (ASX Settlement), a wholly owned subsidiary of the ASX. ASX Settlement authorises participants such as brokers, custodians, institutional investors and settlement agents to access CHESS and settle trades made by themselves or on behalf of their clients.

Three business days after a buyer and seller agree to a trade, CHESS effects the settlement of that trade. It does this by transferring the title or legal ownership of the shares while simultaneously facilitating the transfer of money for those shares between participants via their respective banks. This type of settlement is called Delivery versus Payment (DvP). It is irrevocable.

In addition to performing settlement, CHESS electronically registers the title (ownership) of shares on its sub-register. This registration is secure and is an efficient means for holders to register title of their shares if they intend to trade them.

CHESS Primary Market Facility

The ability to access initial and ongoing capital in an efficient manner is vital to listed companies. ASX recognises this importance and assists in facilitating capital raisings for Issuers through the CHESS Primary Market Facility. This facility streamlines the entire process by enabling Issuers to collect cleared funds in a fully automated manner using the world class CHESS DvP settlement function. The CHESS Primary Market Facility can be used for Broker Firm IPO Allocations, Institutional Book Builds and Placements.

Inclusion in S&P/ASX indices

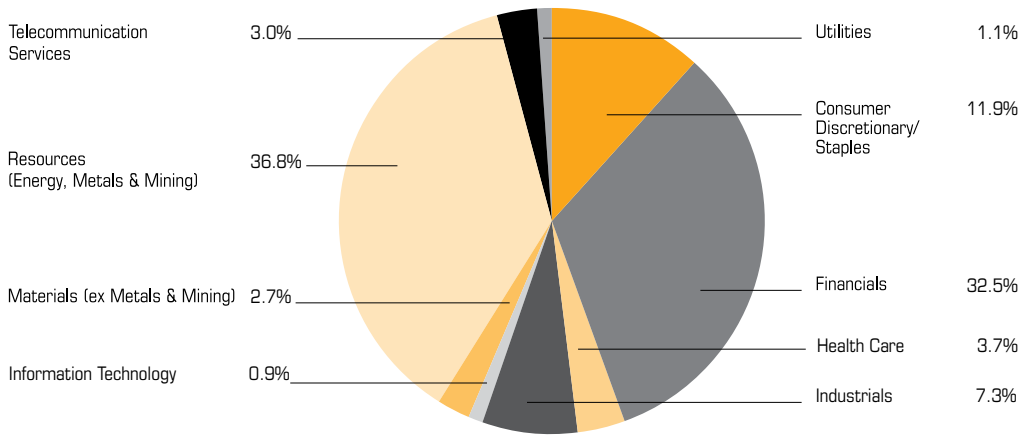
Companies listed on ASX may be eligible for inclusion in a variety of indices produced and managed by Standard & Poor's (S&P/ASX indices). Inclusion is subject to criteria determined by Standard & Poor's and can benefit your company since many institutional investors use indices as a benchmark for the performance of their investment funds, and portfolios will hold shares included in that index.

⁴ In a global survey, over FY07 ASX was a top quartile performer in terms of market impact costs (8th out of 47 global exchanges surveyed by Elkins McSherry, a leading transaction cost analysis provider). GSCS Information Services Q1 2007 Broker Execution Survey, "the Trade" Issue 12 April-June 2007.

Support for Small to Mid cap companies

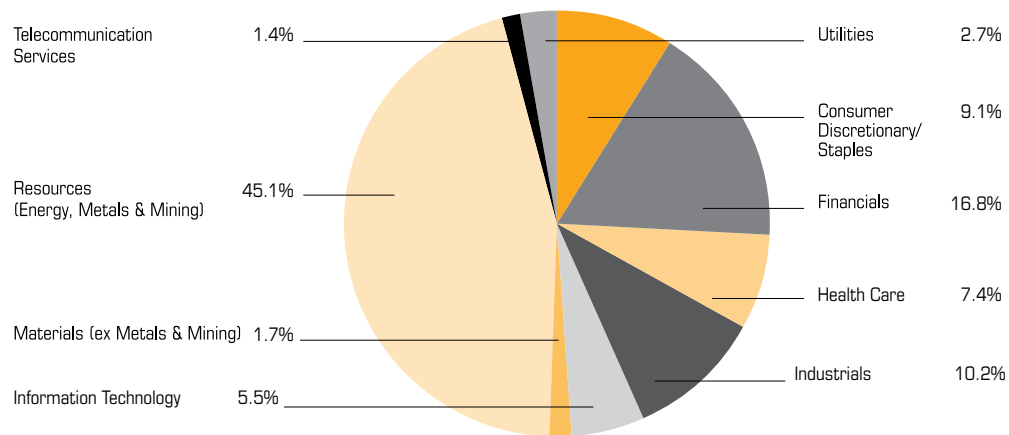
ASX recognises the requirement to cater for the specific needs of companies having regard to the sector in which they operate and their size and stage of development. This approach is reflected in the ASX Listing Rules and various ASX programs conducted to support and foster different sectors of the market.

Market Capitalisation by Industry: December 2010



Listed Companies by Industry: December 2010

There are over 2,200 listed entities on ASX



Issues for consideration

In deciding whether listing is appropriate for your company, you should also consider the potential drawbacks, obligations and costs of being a publicly listed company. These issues may also be common to unlisted companies with outside shareholders and include:

Susceptibility to market conditions – no matter how well run a business, the price and liquidity of its shares can be affected by market conditions beyond its control, market rumour, general economic conditions or events elsewhere in the same industry.

Disclosure requirements and ongoing reporting – the process of becoming listed involves a much higher degree of disclosure and corporate governance than may be required of a private organisation and can involve additional management time, costs and investment in information and compliance systems.

Media exposure – heightened media exposure has been mentioned as a benefit of listing, but there are times in the life of a company that greater media exposure may instead be unwelcome.

Costs and fees – there are costs involved in floating a company, maintaining a listing and raising additional capital. The total costs of listing are likely to include, amongst other expenses, underwriting or brokerage fees, accounting, legal and other professional fees (e.g. independent expert fees) as well as prospectus costs and ASX listing fees. A later section of this booklet outlines the listing fees charged by ASX.

You may be able to negotiate fixed fees for certain services e.g. legal or accounting services at the beginning of your IPO process which will provide some certainty in the overall costs.

Potential loss of control – the sale of shares in a company inevitably involves ceding a degree of control to outside shareholders. This means that certain corporate transactions, such as related party transactions, may require the prior approval of shareholders. Depending on the proportion of equity that original investors retain, there is also the possibility that your company may be subjected to takeover bids at some point in the future.

Management time – being listed, and in particular the IPO process, can use up considerable management time which might otherwise be directed to running the business.

Directors' responsibilities – management and directors of a private company may find that they simply do not like the implications of running a listed business. Greater disclosure of salaries, restrictions on share dealing on price sensitive information, and the need to invest time and money in investor relations are all additional responsibilities of a listed company.

Does your company meet the criteria for listing?

The ASX Listing rules set out the specific requirements which an organisation has to meet to list on ASX's market and are underpinned by a set of principles that ensure the quality of the market ASX operates. To be eligible to list on ASX, your company must satisfy a specific set of minimum admission criteria, including structure, size and number of shareholders.

There are many listing rules, but some of the key criteria to be eligible for listing are summarised in the following table:

ADMISSION CRITERIA ⁵		GENERAL REQUIREMENT
Number of shareholders		Minimum 500 investors @ A\$2,000 or Minimum 400 investors @ A\$2,000 and 25% held by unrelated parties
Company size	Profit test ⁶	A\$1 million net profit over past 3 years + A\$400,000 net profit over last 12 months or
	Assets test ⁶	A\$2 million Net Tangible Assets or A\$10 million market capitalisation

In addition, you should also consider whether the investment community will view your company as an attractive business with good commercial prospects. Unless this view is favourable, your listing may falter as the prospects for an actively traded secondary market in the medium to longer term will be uncertain.

⁵ For further details of admission criteria see ASX Listing Rules.

⁶ A Company applying for admission to the Official List under the Assets test (i.e. the Net Tangible Assets test or the Market Capitalisation test) does not have to satisfy the test at the time their listing application is made, provided the company will meet the test at the successful completion of its fund raising under the IPO.

Is your company prepared for listing?

Directors and managers need to examine a wide range of factors in order to gauge the organisation's preparedness for listing. Professional advisers are often used to assist in resolving some of these issues. The issues that need thorough consideration include:

- What are the organisations long-term goals and strategies?
- Are there skill gaps at the senior management and board level? How will these be filled in a listed environment?
- Are directors and senior managers prepared for greater disclosure, accountability and transparency after listing?
- Is the organisation's culture ready for listing?
- Are there tax issues to be resolved?
- Are strategies in place to retain key employees and key customers?
- What initiatives (e.g. acquisitions) need to be completed before listing?
- Are the operational, financial and management information systems sufficiently robust for a listed company?
- Have you taken account of good corporate governance practices?
- Is the timing right for a listing, in terms of both the business and of market conditions?
- Do you understand what investors and the market expect and require from you?
- Are you ready to open your company to the discipline of the capital market?

Depending on your answers to these questions, you may need to consider some or all of the following before you begin the listing process:

Appointment of Advisers – you may need to identify and appoint advisers to co-ordinate your company's listing process. Advisers may include stockbrokers, underwriters, accountants, lawyers, tax specialists, and public/investor relations advisers.

Structural Changes – you and your advisers may determine that changes to the board, operations of the business, corporate structure or your company's constitution are warranted to facilitate the optimal result for your listing. Any such changes need to be finalised prior to listing. Any acquisitions, divestments, and recruitment of new directors or senior management should be pursued as a matter of priority.

Cultural Changes – listing can have a significant impact on the culture of an organisation, and a culture change program may be appropriate. Being a listed company often requires a change of behavioural norms, including, for example, the need to make prompt announcements to the market of material information (continuous disclosure).

Taxation issues – the taxation issues involved in listing can be complex and should be clarified as early as possible. Your advisers may be able to guide you through this area.

Financial Reports – as part of your prospectus, you will need to present comparable historical financial results. Your financial systems and corporate structures need to be able to meet this requirement.

Valuation – the market value of your business is central to listing. If funds are to be raised, it will affect the proportion of the company's shares which need to be issued. Also, the value of the business might be affected by any corporate restructuring and board appointments made in the run up to listing. It is advisable early in the process for you and your advisers to undertake some basic financial analysis to estimate a realistic valuation of your company.

The Listing Process – step by step guide

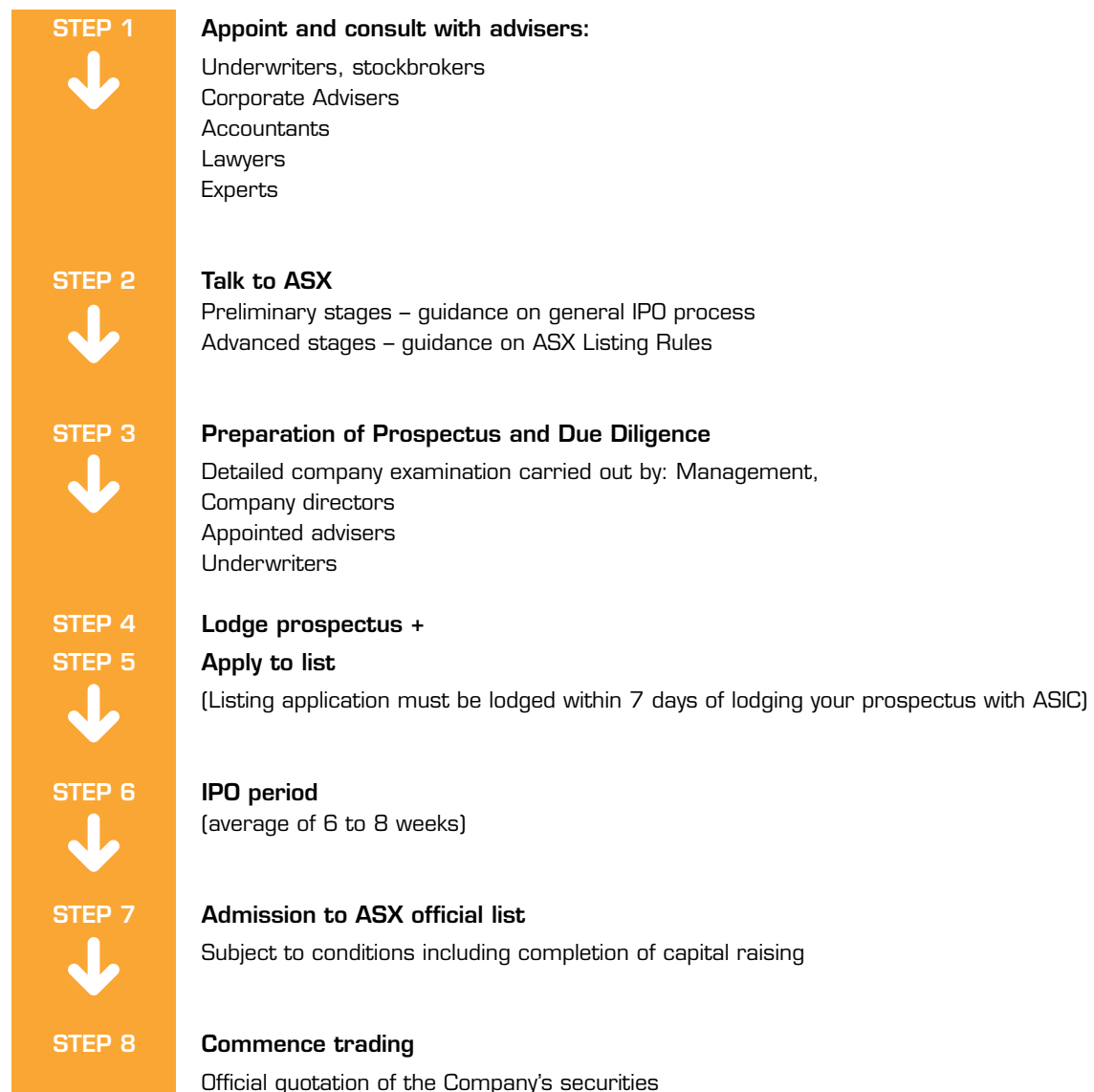
The timetable for listing, from the time you make the decision to list to the actual listing is influenced by a number of variables such as the complexity and scale of the transaction, how quickly the listing documentation can be prepared and how quickly funds are received from investors. The time taken to list can range from three months to two years, with six months being typical.

What's involved?

The importance of effective planning and project management should not be underestimated. Detailed preparatory work undertaken by management prior to appointing advisers may save a significant amount of time and money.

Pre IPO structuring matters for consideration include a review of the board composition, determining the ideal legal structure for the float and identifying the businesses within the group that will be included or not included.

The listing process usually involves the following steps:



Depending on your circumstances, the need for, and order of, these steps may vary.

Step 1 Appointing advisers

Professional advisers play an integral role in achieving a successful listing. Professional advisers can assist with a wide range of issues including legal, financial, accounting, valuation, prospectus preparation, due diligence, underwriting and marketing of the IPO. There are also specialist advisers such as independent valuation experts for specific industries such as the mining industry.

The importance of choosing quality professional advisers should not be underestimated. The range of different aspects on which you need advice may mean that you require a team of professional advisers, each with their own area of specialisation.

Critical to your company's listing success is appointing advisers who will understand your current business and where you want to take it. Most companies start with their existing accountants/advisers and solicitors who may possess the necessary skills and expertise to advise on the IPO process. If existing advisers do not have the necessary specialised IPO experience, then you should consult with them to identify additional or alternative suitable advisers. It is advisable to prepare a key profile of your company's current business together with a summary of its financial position before you approach potential advisers.

Professional advisers may be able to assist you with:

Corporate Structure, Prospectus, Legal Matters

- Legal structure and constitution
 - Board structure
 - Corporate governance
 - Material contracts
 - Intellectual Property
- Review of current or impending litigation
- Requirement for experts' reports
- Prospectus preparation
- Due diligence

Financial Matters

- Historical accounts
- Forecasts
- Taxation
- Valuation of assets
- Valuation of business

Marketing and Distribution of Securities

- Project management of the IPO
- Type and amount of fundraising
- Pricing and marketing of the issue
- Underwriting
- Allocation of securities

Communications

- Investor relations and Public relations
- Government relations

Key advisers who can assist you are:

Corporate Advisers – advise on the corporate and strategic implications of an IPO. In some cases this role may be undertaken by the Underwriter.

Stockbrokers and Investment Banks – offer services that can assist with the management of the listing process including:

- Analysis of the company and the industry in which it operates to determine the level of investor demand
- Advice on the structure, size and timing of the IPO
- Advice on the offer price and number of shares in the IPO – will it be a fixed price or a price determined by bookbuild?
- Company Valuation – Usually based on a price earnings multiple consistent with peer group companies with a possible premium for growth prospects
- Identifying investors from their institutional and retail client bases
- Lead or joint underwriting
- Marketing of the IPO using existing channels and contacts.

Underwriters – Underwriters provide certainty in capital raising by agreeing to purchase any shares not taken up by investors under the IPO. There is no specific requirement to appoint an underwriter, but many companies that raise funds at the time of listing appoint underwriters to ensure the receipt of sufficient funds. Stockbroking firms, investment banks and other financial institutions usually provide underwriting services.

For smaller IPOs, it may be practical to commission a stockbroker to manage the marketing of your company's shares rather than to use an underwriter.

The underwriters, stockbrokers or investment banks will want to be assured that your company's business and management are suitable for a listing, and that the float will appeal to the market in the initial instance and the long term. As a guide, information you will be required to disclose will include:

- Business plans including product/services, customers, inventory, suppliers
- Business Infrastructure, management and marketing structures
- Any information relating to foreign operations
- Revenues, assets, liabilities and profit/loss history
- Any patents and/or product development activities.

Lawyers – the legal aspects of a float can be complex. Legal advisers can assist with the listing in the following ways:

- Advice on corporate structure(s)
- Assessing the legal environment in which the company operates and protecting the company's legal rights
- Advice on ASX Listing Rule matters and Corporations Act requirements
- Involvement or running of the due diligence process and prospectus preparation
- Preparing and reviewing documents such as the entity's constitution, employee share scheme, dividend reinvestment plan, and drafting and reviewing material contracts including the underwriting agreement
- Management of the application for listing on ASX.

Accountants – accounting firms provide services that can assist with the management of the listing process including:

- Audits and reporting on historical financial results
- Reviewing forecasts made in the prospectus
- Ensuring that all financial data is compliant and meets legal and regulatory obligations
- Taxation and general financial advice on the structure of the IPO
- Valuation of assets
- Advice on the type of investment vehicle to use.

Many accounting firms also provide **corporate advisory** services similar to stockbrokers and investment banks.

Share registries – Listed companies generally appoint a share registry to manage their register of share holders. The share registry's role generally includes:

- Processing applications for the IPO
- Producing and updating the share register
- Ongoing handling of the register, share transfers, dividend payments and share purchase plans
- Despatching documentation to shareholders on an ongoing basis.

Communications and Investor Relations consultants – you may decide to use communications consultants to assist in the marketing and publicity for the IPO. The aim of engaging these professionals is to ensure that:

- Your company's float attracts investor attention and press coverage
- Investor road shows are organised and well run
- Your company's message to prospective institutional and retail investors is appropriately shaped
- Press releases and other marketing communications essential to your float are developed and distributed.

Other experts – depending on the nature of your listing, other experts may be of assistance in providing specialist advice or reports. These may include geological, patent, and scientific experts as well as real estate valuation experts.

Step 2 Talk to ASX

At a preliminary stage

ASX welcomes the opportunity to find out more about your business and to help you with general guidance on the listing process and to advise you on ASX's role in that process.

At a more advanced stage

There are often regulatory, structural and constitutional issues that need to be clarified prior to listing. ASX recognises that all companies are different, and we encourage companies interested in listing to meet with us to discuss their specific circumstances.

ASX can provide you with insight into the listing process, and answer queries regarding the ASX Listing Rules and general business issues including:

- Constitution documents
- Whether ASX would be likely to treat any securities as restricted and apply escrow provisions
- Related Party transactions
- Employee incentive schemes
- Management agreements
- Listing timetables, and
- Meeting initial and ongoing Listing Rule obligations generally.

If you would like to have a preliminary discussion with ASX, email listings@asx.com.au or call 131 279.

Step 3 Preparation of Prospectus and Due Diligence

Preparing a Prospectus

In most cases, a Prospectus or similar disclosure document such as a Product Disclosure Statement (PDS) is required to list a company. The prospectus is issued by the company offering shares and a PDS is issued for offers of financial products other than shares, usually by Managed Investment Schemes.

A prospectus is required to contain all the information that investors and their advisers would require and expect to make an informed assessment of the offer being made. It generally provides the background, financial status and management structure of the organisation to enable investors to make an informed decision about whether to invest.

Typically, a prospectus includes the following information:

- Company background and prospects of the organisation
- Information about the board and management
- Details of the offer and the rights attaching to the shares
- Financial information – assets and liabilities + profit and losses
- Summary of material contracts
- Statement of the proposed application of the funds
- Expert reports – scientific, geological, patent attorney, mining tenement status.

As a starting point it may be useful to obtain copies of prospectuses of companies that have listed recently to get an idea of what is required.

The due diligence process

The due diligence process is integral to the preparation of the prospectus and allows all parties concerned to satisfy themselves of their legal responsibilities, the structure of the transaction, and the content of the prospectus.

A Due Diligence Committee is usually established to conduct this process. The process involves an all encompassing examination of your company and detailed verification of the information disclosed in the prospectus. The process is carried out by key participants in the IPO process including:

- Directors and senior management of the company
- The Underwriter
- Lawyers
- Accountants.

The Corporations Act has liability provisions relating to making false or misleading statements in, or material omissions from a prospectus. These apply to the company, its directors and other persons involved in the preparation of the prospectus.

Given the important responsibility for disclosure and the associated Corporations Act liabilities, it is vital that appropriate professional advice is obtained for the preparation of the prospectus.

It is also a reason for giving careful consideration to the selection of your professional advisers and the conduct of the due diligence process.

Importantly, the due diligence process also provides a statutory defence against potential liability under the Corporations Act in certain circumstances.

Step 4 Lodging the Prospectus

The prospectus is lodged with ASIC once approved by the company's board.

After lodgement with ASIC, a company cannot accept subscriptions under a prospectus for a period of 7 days. This period can be extended by ASIC to 14 days during which time ASIC can require amendments to be made to the document. If at the end of this exposure period, ASIC is not satisfied that the prospectus complies with the Corporations Act, it can issue an order to stop the offer or require the issue of a supplementary prospectus.

ASIC has issued guidance on the preparation and content of prospectuses. Please visit the ASIC website on www.asic.gov.au for more information on the Corporations Act and prospectus preparation.

Step 5 Applying to list

Having prepared and lodged your prospectus with ASIC, you are now able to submit your listing application to ASX. The application form is contained in Appendix 1A of the ASX Listing Rules and must be received by ASX with the relevant admission fees within seven days of lodging your prospectus with ASIC. ASX will review your application and Prospectus to ensure that it satisfies ASX's Listing Rules. The ASX Listing Rules can be found on the ASX website at www.asx.com.au/listing_rules

Step 6 The IPO period

Typically, the prospectus is not printed and the offer is not officially launched until the end of the 7/14 day exposure period.

It is common for companies to conduct roadshows to market the offer to institutional investors and private client brokers.

There are very limited circumstances in which investor briefings may take place before ASIC lodgement. Companies should take particular care to obtain legal advice as to the strict circumstances in which pre ASIC lodgement publicity of an IPO can occur.

Step 7 Admission

ASX Listings Advisers may seek additional information to assess your application and to ensure that sufficient information is available for investors to make informed decisions once your company's shares start trading. Once your application has been reviewed and approved, your company will be admitted to the ASX Official List and trading will commence once certain conditions have been met.

Step 8 Commencing Trading

Once ASX has considered your listing application, you will be advised in writing of the outcome. This will be in the form of a decision containing the conditions that need to be satisfied before the company is admitted to the official list (such as closing the offer, raising the minimum subscription amount, allotting and issuing securities and having sufficient shareholder spread), and the conditions that must be fulfilled before quotation can commence (such as despatch of holding statements, return of any refund money and provision of a shareholder distribution schedule and a statement setting out the names of the top 20 holders). Quotation will normally commence on the third business day following despatch of holding statements to shareholders. Your shares will be quoted on ASX's trading system, ASX TradeMatch®.

Operating as a Listed Company

Once you have listed your company on ASX, you will be able to enjoy the advantages currently available to over 2,200 other ASX-listed companies. Your initial capital raising and the ability to turn to the market for additional capital now gives you greater ability to fund future growth or acquisitions. Your company will have a higher profile in the media, the investment community and in the public domain generally. Institutions will now be more likely to consider investing in your company, given the increased transparency and ease of trading an ASX listing brings.

Continuing obligations

Compliance with the ASX Listing Rules is a continuing obligation for an ASX listed company.

ASX Listing Rules

The ASX Listing Rules govern the initial listing of a company, and also set out the requirements that must be met for a listed company to maintain listed status on ASX. They set out the minimum standards of behaviour required of companies to ensure that the market in their shares is fair, orderly and transparent. The Listing Rules are binding contractually, and are also enforceable under the Corporations Act.

Continuous Disclosure – ASX Listing Rule 3.1 is a key rule imposing a general obligation on listed companies to disclose material information to the market in a timely manner. The general disclosure obligation requires companies to immediately release to the market any information which a reasonable person would expect to have a material effect on the price or value of its shares. There are some specific exceptions ('carve out' provisions) with regard to providing confidential information. ASX may also require a company to provide information for release to the market in order to correct or prevent a false market. As a guide, a false market is a market trading on incorrect or incomplete information, regardless of the source of the information.

Periodic Disclosure – in addition to continuous disclosure obligations, ASX listed companies are required to submit certain reports at regular intervals:

- Half Yearly Reports;
- Preliminary Final Reports;
- Annual Reports; and
- Quarterly activities and cashflow reports (certain companies only).

For more details on the ASX Listing Rules please visit the Listed Companies section of the ASX website on www.asx.com.au/listing_rules

Corporate Governance

Market integrity and a high standard of corporate governance are closely linked. Underlying ASX's approach to governance is its' commitment to disclosure. ASX believes disclosure, in an orderly and timely fashion, is the best way to equip investors with the information they need to judge the suitability of their investment, and to provide listed companies with the flexibility they need to carry out their business successfully.

ASX played a major role in developing the Principles of Good Corporate Governance and Best Practice Recommendations in 2003. These Principles are primarily non-prescriptive. If a listed company considers the particular Recommendations are not appropriate to its circumstances, it has the flexibility – under the so-called "if not, why not?" approach – not to adopt them, as long as it explains why. Under the Listing Rules companies are required to disclose in each annual report the extent to which they have complied with the Recommendations. This is in line with ASX's disclosure focus.

An exception to the “if not, why not?” approach relates to the composition and operation of audit committees. Companies included in the S&P/ASX All Ordinaries index must have an audit committee. Companies within the S&P/ASX 300 Index are required by the ASX Listing Rules to also comply with the best practice recommendations of the ASX Corporate Governance Council in relation to the composition, operation and responsibility of the audit committee. For more details, please refer to the Recommendations at www.asx.com.au/corporate_governance

ASX Services for Listed Companies

ASXOnline

ASXOnline provides an efficient and effective means for Listed Companies to interact with ASX. As well as being able to e-lodge announcements and maintain company details online, ASXOnline allows Listed Companies to access up-to-date news and information, recent company announcements, Listing Rules and amendments, reporting dates and email newsletters.

Once you have listed, you will be allocated a username and password to access this site making your communications with ASX easier, faster and more secure.

Company Announcements Platform – CAP

ASX operates the Company Announcements Platform (CAP) for dissemination of announcements from entities listed on ASX. When announcements lodged electronically by companies via ASXOnline have been cleared for release to the market, CAP disseminates announcements via newswires, market data vendors and the ASX public website.

Listing Company Orientation Seminars

Orientation seminars conducted by ASX help in developing an understanding of the day to day experiences of a listed company. Topics include:

- Corporate Governance
- Continuous disclosure
- Ongoing Listing Rule compliance
- Price queries and trading halts
- Company announcements
- Surveillance
- ASX Trade and CHES

Investor Relations Courses

To assist companies with their investor relations needs, ASX and AIRA (Australasian Investor Relations Association) have developed short courses covering the essentials of investor relations practices for small to mid cap companies. The courses, offered in all major cities, feature some of Australia’s most experienced investor relations and capital markets professionals. More information can be found on the AIRA website www.aira.org.au

Corporate Profile

ASX Corporate Profile is an ASX service that allows listed companies to bring their story to life and distribute their message to over a million potential investors every month by the recording and display on the ASX website of a corporate video.

ASX IR Intelligence

ASX IR Intelligence is a suite of online investor relations products including miraqle shares® that offers online access to share trading data on individual stocks, peers, sectors, and indices, delivering valuable insights into market trading activity and performance. Companies can complement their access to miraqle shares® by subscribing to additional modules within the miraqle service that focus on identifying shareholders and managing and facilitating shareholder communications.

ASX Spotlight series – Investor Roadshows

The Spotlight Series offers listed companies a unique platform to raise their profile amongst the all-important institutional investor category both locally and internationally. Events are held throughout the year within Australia and in the global centres of London, New York, Singapore, Hong Kong and Toronto.

Companies Calendar

A number of different tools are used by listed companies typically during results time to help engage investors, including media conferences, broker and analyst briefings and one-on-one briefings. The ASX website provides a link to a Companies Calendar where ASX listed companies can register dates for their company announcements.

Listed Emblem

The ASX listed emblem instantly signals a company's listed status.

The emblem stamps a mark of integrity via the ASX brand, and conveys to the market that you have met ASX's listing standards. It also communicates that you are providing investors with quality, liquidity, transparency and market efficiency. You can use the emblem on all domestic and global communications including your annual reports, newsletters and website.

ASX iPhone Application

ASX's iPhone application provides real-time company announcement alerts and stock prices for all equity securities. Listed companies can closely monitor their own announcement releases and review their stock prices, plus the performance of the S&P/ASX 200 and the All Ords indices.

More information can be found on the ASX website www.asx.com.au/iphone



Listing Fees

ASX charges an initial fee upon listing and annual fees while companies remain listed. At the time of listing you will be required to pay an initial listing fee and a pro rata annual fee for the remainder of the financial year; in subsequent financial years the annual fee will apply. Fees are calculated on the basis of the value of the securities that are quoted; fees also apply if your company raises additional capital following the IPO.

The following table provides a guide to the fees that currently apply to listings with a value of up to A\$500 million. Please note that these fees do not include GST.

Market Capitalisation*	Initial Fee	Annual Fee
\$10m	\$43,700	\$19,970
\$50m	\$75,600	\$26,130
\$100m	\$95,620	\$33,800
\$200m	\$125,620	\$36,665
\$500m	\$215,620	\$45,260

The above fees apply as of 1 July 2009

* Calculation based on securities for which quotation is sought.

ASX's current Schedule of Listing Fees can be found in Listing Rule Guidance Note 15, on the ASX website at www.asx.com.au/listing_rules. ASX Listing fees are only part of the overall cost of listing. Please refer to the Frequently Asked Questions section in this booklet for more information on additional costs involved.

The ASX equity listing fee calculator has been designed to provide you with a guide to equity listing fees. It is important to note that these fees do not include GST. The fee calculator can be found on the ASX website at www.asx.com.au/listingcost

Restricted securities – Escrow

Depending on which admission test applies to your company, trading in some proportion of shares may be restricted for up to two years; these shares are held in Escrow.

Escrow is designed to protect the integrity of the market. In general terms, the escrow provisions apply to businesses that are substantially speculative, or without an established track record. The basis of escrow is to enable the market to value and understand the company's business over a period of time before the shares of vendors and promoters can be traded.

If a company satisfies the Profit test then Escrow (i.e. the restriction on selling securities) does not generally apply. Refer to Chapter 9, Appendix 9b and Guidance Note 11 of the ASX Listing Rules for more information.

Escrow provisions are complex, so you should seek advice from specialist advisers, or from your ASX Listings Adviser.

Frequently Asked Questions

How long does it take to list?

The timetable for listing depends on the complexity and scale of the transaction, how quickly the listing documents can be prepared and how quickly funds are received from investors. The time taken to list can range from three months to two years, with six months being typical.

How large does my company have to be to meet the listing criteria?

Your company will need to meet one of the following criteria:

- Aggregated profit after tax of at least A\$1 million (in aggregate) over the last 3 years plus A\$400,000 over the last 12 months and your company is still profitable
- At least A\$2 million in net tangible assets, which includes amounts raised under the IPO (after deducting the costs of fundraising), or
- A market capitalisation of at least A\$10 million (post-IPO).

These are minimum requirements set by the Listing Rules and may not necessarily reflect the minimum size necessary to gain investor support.

How much does it cost to list?

For capital raisings of between A\$20 million and A\$50 million, total costs including underwriting, prospectus preparation costs, and listing fees typically range between 5% to 10% of funds raised.

As a guide to the total cost of an IPO, since January 2005, average and median total costs of actual listings on ASX according to market size were as follows:

Market Capitalisation	% of amount raised (average)	% of amount raised (median)
Less than \$10m	10.7%	9.5%
\$10m to \$50m	10.2%	9.7%
\$50m to \$100m	9.5%	7.2%
\$100m to \$500m	5.7%	5.6%
More than \$500m	3.6%	3.7%

Source: These figures were compiled by ASX from the disclosed figures in company prospectuses over a six month period.

As part owner of my private company, are there any restrictions on selling my shares once the company is listed?

Depending on the admission test applying to your company, trading in some proportion of the shares may be subject to escrow restrictions for up to two years.

These escrow provisions are designed to protect the integrity of the market. In general terms, they apply to businesses that are substantially speculative, or that do not yet have an established track record. The basis of escrow is to allow a company to develop such a record, and to enable the market to value and understand the business over a period of time before company founders are able to exit their investments. Escrow provisions are complex, so you should seek advice from specialist advisers, or from ASX.

How long does a company have to be trading before it can float?

Under the assets test in the ASX admission requirements a company is not required to have a minimum trading history. Under the profit test the minimum trading period prior to listing is three years.

At what stage should my company approach ASX?

While Step 1 in the listings process usually involves the appointment of advisers to assist you, ASX welcomes the opportunity to discuss your application with you at every stage. As your listing applications progresses, you will be allocated a dedicated ASX Adviser who will continue to be your main contact throughout and even after the listing process.

How do I go about preparing a prospectus?

The issuing of a prospectus is a key component of the listing process and the prospectus itself must satisfy a number of legal requirements. It is recommended that you speak to your legal and financial advisers for assistance in preparing the prospectus. The Australian Securities and Investments Commission (ASIC) has responsibility for enforcing the legal requirements for prospectuses.

How do I choose an ASX code?

An entity's three letter ASX code must begin with the first letter of the entity's name and must not have been used within the last 10 years. ASX can check the availability of codes for you and, if required, reserve your preferred code.

Does the ASX have a comprehensive list of companies that provide share registry services to ASX listed companies?

A list of share registries can be found on www.asxonline.com/Participants/REGSearch

Do I need to use a stockbroker and an underwriter if I want to float my company?

ASX does not have any requirement for an issue to be underwritten or for a sponsoring broker to an IPO. However, if the company fails to meet the minimum subscription level specified in its prospectus it will not achieve admission to the Official List.

It is common in smaller floats for one or more brokers to manage distribution of an IPO issue for a fee or commission based on a percentage of the funds raised. This is different to an underwriting as the agreement is to undertake the exercise on a best endeavours basis – i.e. the broker does not have an obligation to take up any proportion of the issue if the company fails to attract subscriptions.

Does the ASX have a preferred list of Professional Advisers, Underwriters and Brokers?

ASX does not have a preferred list, but ASX can provide you with a sample list of Advisers used by other ASX listed companies. You can request a targeted list of advisers to be sent to you based on your industry, size and region to assist you with choosing your appropriate advisers.

What are the requirements for a foreign incorporated company to list on ASX?

Generally the requirements are the same as for Australian companies. However there may be some additional requirements placed on a company to ensure that investors have a similar level of investor protection enjoyed by investors in Australian incorporated companies. There are also likely to be some additional statutory requirements, for example, the need to register as a foreign company with the Australian Securities and Investment Commission. Please refer to the general requirements in Section 1.11 of the ASX Listing Rules.

What are the ASX Corporate Governance requirements?

To assist companies to meet their stakeholder expectations, the ASX Corporate Governance Council has developed the 'Principles of Good Corporate Governance and Best Practice Recommendations'. Under the Listing Rules companies are required to provide a statement in their annual report disclosing the extent to which they have followed the best practice recommendations. Further information on these principles can be obtained from www.asx.com.au

What are the next steps?

As discussed at the beginning of this booklet, the first step is to determine whether listing is appropriate for your company, a decision which must be guided by your company's long-term strategy. In making the decision to list, you must consider the advantages and disadvantages as well as the issues for consideration outlined in this booklet.

If you would like to have a preliminary discussion with us, please email us at listings@asx.com.au or call us on 131 279. You can also view more information about listing on ASX on our website at www.asx.com.au/listing





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