

Market-Development Strategy

The following procedure is recommended for developing a new market when working together with an InterGest organisation at the same time.

Part 1: Preparatory Phase

1. **Prepare** a legal and fiscal conception for the permanent foreign establishment
- 1.1 **Analyse** the parent company's situation, as well as that of its shareholders and directors, with regard to company law and taxation
- 1.2 **Define** the foreign establishment's economic purpose (e.g. a purely handling function, realisation and distribution of profits, expenses, salaries, etc.)
- 1.3 **Ascertain** the company's financial requirements und secure financing; assistance is provided in negotiations with local banks.
- 1.4 **Pre-check** operational sequences with regard to their organisational and technical requirements, and also their implementation within the parent and subsidiary company (e.g. hardware/software, interfaces and router link-up)
- 1.5 **Conduct advisory talks** with the parent company's tax consultants, auditors, lawyers and computer specialists about the foreign subsidiary's future concept

Once the preparatory phase has been concluded and the setting-up phase commenced, we then **investigate marketing partners**. This involves using our customer's specifications to look for future marketing partners, and helping him to make his choice. Back-up advice on aspects of industrial law is, of course, always ensured in these matters.

Parallel to the above, we commence **Part 2, the Introductory Phase**, which has to precede the future administrative activity. This includes:

- 2 **developing** the organisational structure
- 2.1 **assisting** with setting up, and notarially recording the foreign subsidiary
- 2.2 **giving support** in building up the personnel structure (in particular, advice on matters of industrial law)

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- 2.2.1 **editing** contracts of employment, registering with the various social insurance institutions etc.
- 2.3 **determining** the classification of accounts, and company accounting, possibly also a classification of group accounts and group reporting.
- 2.4 **preparing** printed forms and paperwork, incl. Terms and Conditions of Sale and Payment, and also General Standard Terms and Conditions.
- 2.5 **drawing up** the supply contract between parent company and subsidiary, and providing assistance in calculating internal transfer prices and offsetting terms.
- 2.6 **technically linking** the foreign subsidiary to the parent company (online/offline).
- 2.7 **drawing up** procedural guidelines in accordance with the form.

The **regular administrative activity and consultation** which then takes place, can, of course, only be described in extremely general terms, as follows:

- 3. practical implementation of the work listed in the procedural guidelines.
 - 3.1 setting up the accounts, as well as the reporting and controlling system.
 - 3.2 monthly reporting, preparation of interim balance sheets etc.
 - 3.3 preparing all periodic declarations in the area of tax, insurance, customs and statistics.
- 4. regular consulting in all legal, fiscal and financial matters relating to the company and the entrepreneur (shareholder, director)
 - 4.1 preparing and implementing measures involving industrial law and social legislation (e.g. procedure of giving notice, election of personnel committee etc.)
 - 4.2 providing information on important legal or administrative changes.
 - 4.3 adjusting to technical improvements, in particular in the area of computers and telecommunications.

For all preparatory activities listed and also the regular administrative activities, we charge you a low monthly flat rate as well as a turnover-related commission.

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This sales-linked commission lies between 3.0 and 0.5% of your net sales, which is calculated as follows:

For the sales tranche from:	EUR 0–1 million:	3.0%
	EUR 1–2 million:	2.5%
	EUR 2–3 million:	2.0%
	EUR 3–4 million:	1.5%
	EUR 4–5 million:	1.0%
	above EUR 5 million:	0.5%

This is, of course, only a general table which attempts to do justice to the fact that the amount of work involved grows constantly with increasing sales. After roughly a year has passed, InterGest will, therefore, sit down with the customer to see whether the table complies with the needs of the actual situation.

Once the three-month trial period has elapsed, the required periods for notice will always be six months to the end of the business year. If business in France is discontinued, however, termination can take place at any time providing a three-month period of notice.

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