



Turbulent times
require advice that
adds value and
looks beyond

KPMG in SLOVAKIA





Matters currently on the Board agenda

Navigating through the current economic conditions will be challenging for some time to come. Is there a way to minimize short-term pain and maximize long-term competitive advantage? What costs should be cut what should not? And what lessons can be learned from previous downturns and how organizations managed during those times?

We listen to our clients and understand their needs, and then we contribute where we can add most value.

Approach of keeping things as simple as possible often works when dealing with comprehensive issues, without mitigating their significance.

We believe we are able to provide a clear, insightfull advice to your specific challenges even in these difficult times and provide you with advisory that adds value and looks beyond. In this document, we briefly summarize some of the major challenges and how we can assist in solving them.



Tax Advisory Services

Agenda topic	How we can assist you	Value to you	Selected experience
Historical compliance with tax laws	<ul style="list-style-type: none"> Perform a health check focused on identifying tax risks and opportunities. We develop practical recommendations for any issues identified. 	<ul style="list-style-type: none"> Assurance that your in-house tax team are working effectively. Visibility on contingent tax liabilities and tax saving opportunities. 	<ul style="list-style-type: none"> We have completed more than 500 taxation health checks/ due diligence reviews over the past 10 years.
Planning to optimize future taxation obligations	<ul style="list-style-type: none"> We help develop strategies aiming to optimize taxation obligations. Areas considered include: <ul style="list-style-type: none"> Utilisation of tax losses. Debt push downs. Foreign exchange transactions. Dividend/Royalties/Interest /Management fee flows. Customs duties. 	<ul style="list-style-type: none"> Taxation obligations at a minimum required level. 	<ul style="list-style-type: none"> Our team advise many Slovak companies annually on taxation planning strategies.
Planning to improve cash flows	<ul style="list-style-type: none"> Estimation of FY09 tax base and arranging the postponement of prepayments. Critical assessment of the processes around VAT. We focus on software, trade payment terms and filing dates. Structuring transactions/ flows of goods/ services to help optimize VAT cash flows 	<ul style="list-style-type: none"> Improve FY09 and future cash flow. 	<ul style="list-style-type: none"> In 2008 we assisted a number of companies in reducing their FY08 corporate income tax prepayments.
Access to state aid <ul style="list-style-type: none"> Cash grants Infrastructure Deferred tax obligations 	<ul style="list-style-type: none"> Prepare and submit state aid applications. Assist in negotiations with Slovak and EU authorities. Review state aid compliance and assess risk of claw back. 	<ul style="list-style-type: none"> Access to state aid on a timely basis. Mitigate the risk of state aid claw backs. 	<ul style="list-style-type: none"> We have advised many of the largest companies in Slovakia in securing state aid including KIA, Samsung and Sony.
Compliance with the new Slovak transfer pricing rules	<ul style="list-style-type: none"> Assist clients in preparing and maintaining the obligatory transfer pricing documentation. 	<ul style="list-style-type: none"> Assurance that you are in compliance with Slovak tax laws. Avoidance of penalties. 	<ul style="list-style-type: none"> Our local tax team work closely with KPMG CEE's Transfer Pricing team in Warsaw, Prague and Budapest.
Thin capitalization rules	<ul style="list-style-type: none"> Assist clients in planning their debt/ equity ratio and loans structure prior to the application of thin capitalization rules. 	<ul style="list-style-type: none"> Help minimize tax non-deductible interest costs in Slovakia 	<ul style="list-style-type: none"> We have the knowledge and experience to assist clients in this area and for other related matters.

Financial Advisory Services

Agenda topic	How we can assist you	Value to you	Selected experience
Getting the highest possible value when disposing of businesses	<ul style="list-style-type: none"> We rapidly prepare businesses for sale highlighting value. With deep sector knowledge and experience we identify prospective buyers. 	<ul style="list-style-type: none"> Transparent sale process helping to ensure the maximum possible value is secured for stakeholders. 	<ul style="list-style-type: none"> KPMG in Slovakia was chosen as the advisor on more than 300 transactions in the past 10 years in the country. We recently facilitated the disposal of a large asset providing regular updates and increased transparency to the financing bank throughout the process.
Market consolidation	<ul style="list-style-type: none"> Identify businesses for sale. Assist you in acquiring targets. 	<ul style="list-style-type: none"> Management are not distracted from the existing business. Successful acquisition which adds value to your business. 	
Valuation of assets & businesses	<ul style="list-style-type: none"> We value assets and businesses using a variety of techniques including DCF and multiples. We complete impairment reviews and purchase price allocations as required under IFRS. We provide trainings on latest valuation techniques and trends. 	<ul style="list-style-type: none"> Independent valuation. Assist you in discussions with your auditors on impairment reviews and purchase price allocations. Staff knowledge and motivation. 	<ul style="list-style-type: none"> We have valued a variety of assets and businesses. We provide annual valuation training to two leading banks in Slovakia.
Access to financing	<ul style="list-style-type: none"> We assist in preparing fit for purpose robust financial information as required by lenders. We assist in negotiations with lenders. 	<ul style="list-style-type: none"> Clients are well prepared for refinancing discussions with lenders providing answers to questions with confidence. 	<ul style="list-style-type: none"> We prepared a financial model which was used by a leading Slovak bank in discussions with its client. Whilst working hands-on with the client the model was prepared at the request of the bank.
Cash management	<ul style="list-style-type: none"> We analyse historical and projected financial information focusing on cash generation and leakage. We assist clients in preparing fit for purpose financial models including different scenarios and options. 	<ul style="list-style-type: none"> Increased free cash flows. 	<ul style="list-style-type: none"> We worked with an electronics manufacturer identifying cash flow improvement areas. We further assisted in implementing the proposed changes.
Increased exposure to fraud	<ul style="list-style-type: none"> We advise clients on their exposure to fraud and provide guidance on how to minimize such cases. We review the facts and provide an independent view on specific cases of fraud. 	<ul style="list-style-type: none"> Reduced losses from fraud. Independent review on the facts surrounding specific cases. Access to information that may not be readily available or may be hidden, about relevant parties. 	<ul style="list-style-type: none"> We have investigated numerous cases including where we acted as an expert witnesses in litigation.

Risk Advisory Services

Agenda topic	How we can assist you	Value to you	Selected experience
Strategy, operating model and performance assessment in the current environment	<ul style="list-style-type: none"> Using our deep sector knowledge we can assess the effectiveness of your strategy and operating model. We can quickly assess overall company performance 	<ul style="list-style-type: none"> Our independent and experienced view on the strengths and weakness of your company. Provide insight on how to generate value in turbulent times. 	<ul style="list-style-type: none"> We have advised various Slovak companies on their strategy and current performance. In all cases our local team was supplemented by sector specialists from the global network of KPMG member firms.
Cost reduction initiatives	<ul style="list-style-type: none"> We complete analysis to support management decisions. We focus on areas for cost cutting, net financial impact and the impact on other parts of the business. We project manage cost reduction programs. 	<ul style="list-style-type: none"> Independent view on proposed cost cutting programs. Management are not distracted from the existing business. Reduced costs. 	<ul style="list-style-type: none"> We have worked in both the public sector and corporate sector advising on such matters as procurement, IT, HR and supply chains.
Revenue assurance	<ul style="list-style-type: none"> We analyze revenue streams and underlying processes to help ensure revenue leakage is minimized. 	<ul style="list-style-type: none"> Reduced revenue loss. 	<ul style="list-style-type: none"> In 2008 we completed a revenue assurance project for a Top 10 Slovak corporate.
Process and organizational improvements	<ul style="list-style-type: none"> We analyze and advise on stream-lining processes including changes to the organizational structure. Our analysis is based on leading practical knowledge and benchmarking data. 	<ul style="list-style-type: none"> Increased process efficiency. Retain key talent. 	<ul style="list-style-type: none"> In 2008 we managed several projects for some of the Top 10 Slovak corporates which involved alterations to the organizational structure.
Maintaining control	<ul style="list-style-type: none"> We can analyze the risks facing your company and assess the controls in place. 	<ul style="list-style-type: none"> An independent view on the risks facing your company. Fit for purpose recommendations where deficiencies noted. 	<ul style="list-style-type: none"> We have completed enterprise risk management assessments for some of the largest financial institutions and companies in Slovakia.
Security of company information	<ul style="list-style-type: none"> We can assess controls over access to information technology systems. 	<ul style="list-style-type: none"> An independent view and assurance on the quality of controls over access to your information technology system. 	<ul style="list-style-type: none"> Our team of 10 security specialists have completed 200 Information Technology security reviews in the past 3 years.
Quality of internal controls over processes	<ul style="list-style-type: none"> We can assess the effectiveness of internal controls. 	<ul style="list-style-type: none"> An independent view and assurance on the quality of your internal controls. 	<ul style="list-style-type: none"> We have either independently or in a joint client team completed 10 reviews in 2008.



Succeeding in turbulent times

Navigating through the current economic conditions will be challenging for some time to come. Is there a way to minimize short-term pain and maximize long-term competitive advantage? What costs should be cut what should not? And what lessons can be learned from previous downturns and how organizations managed during those times?

To help you, KPMG member firms do care to provide insights that may inspire business leaders' response to the challenges we all are facing these days:

- A four part Mastering Management series of Financial Times in association with KPMG member firms "Managing in a Downturn"
<http://www.ft.com/reports/managingdownturn>
- Various KPMG materials related to the financial crisis
www.kpmg.com/succeeding

Contact us and we will be happy to discuss with you any of the topics raised in this document or your specific concerns and interests.

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