

## **Prospectus.**

In the very near future there will be offers of new shares (and bonds) issues. It is of absolute importance that prospective investors read through the PROSPECTUS before deciding to invest. The following is an extract from 'mymoneybox' the MFSA web-site consumer section. For more detailed information go to this link: <http://mymoneybox.mfsa.com.mt/pages/print.aspx?id=40&t=>

### **What is an Initial Public Offering?**

An initial public offering (sometimes referred to as IPO or "flotation" occurs when a company offers its shares to the public for the first time to raise capital. For this purpose, the company issues a prospectus, which is a document that will help you decide whether the company is a suitable investment for you.

A **prospectus** is required by law to contain all the information you and your investment firm would need so as to make an informed investment decision about the company. It must clearly disclose any risks associated with the investment.

You should not only be interested in what the prospectus says but also think about the matters that it is silent on. Understand the assumptions in the forecasts: Many companies make profit forecasts in their prospectuses which are not met. So you need to read the prospectus critically and decide whether the assumptions made in the prospectus are reasonable. The company should disclose what assumptions were made in preparing those forecasts.