

Investment Climate in the Slovak Republic

Slovakia - Strategic Location with Great Export Potential

Area (km²):

49,035

Population:

5,379,000

Population density:

109.7 persons/km²

Capital:

Bratislava

Travel distance:

5 hours by car (West-East)

Neighbouring countries:

Austria, Czech Republic, Poland,
Ukraine, Hungary

Member of OECD, WTO, NATO and the EU



Comparative Analysis

S B Slovak British
B C Business Council



e = BMI estimate

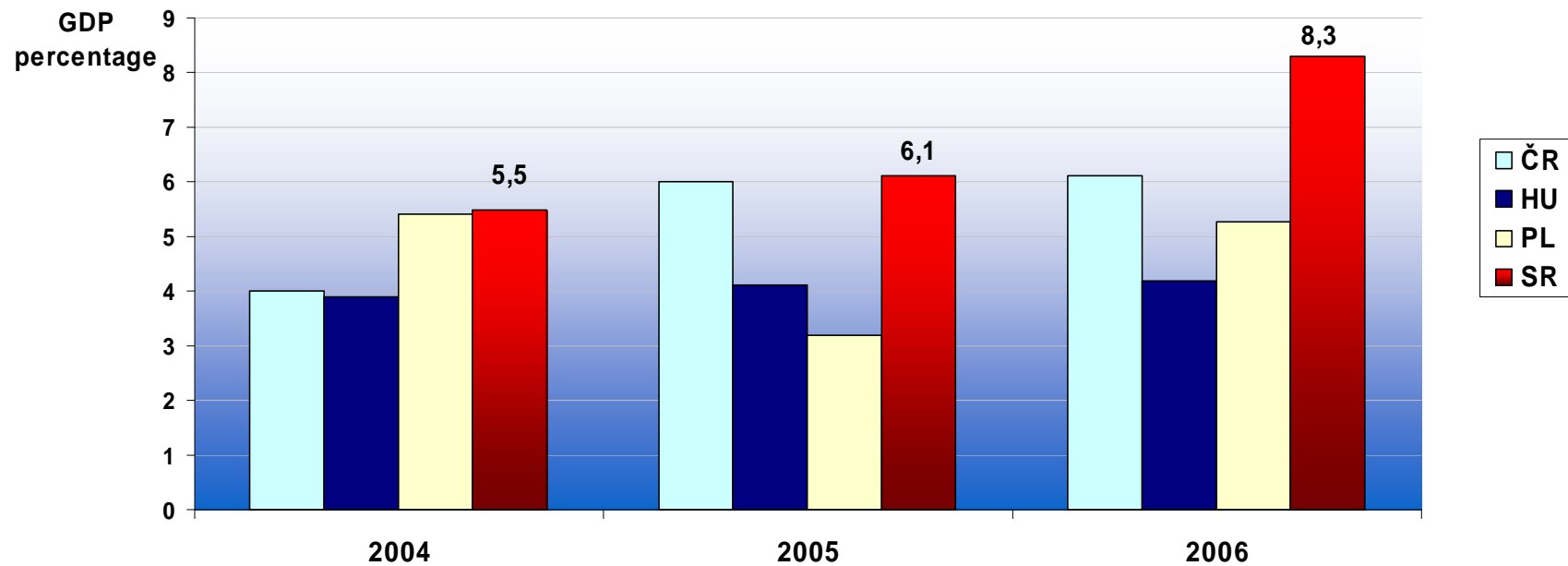
*Reduced rates for food, health-care services

** Used yearly average exchange rate

	Slovakia	Czech	Poland	Hungary
Population in 2007 (millions)	5,4	10.2	38,6	9,9
Real GDP growth in 2006 (2005)	8,3 (6,1)	6,1 (6,0)	5,27 (3,2)	4,2 (4,1)
Unemployment rate in % ,2006	13,3	8,13	14,9	7,5
Corporate Tax in 2006	19	26	19	16 (+4)
Dividend Tax in 2006	0	15	19	20
Personal Income Tax in 2006	19	15-32	19-40	18-38
VAT in 2006	19	19 (5*)	22 (7&3*)	25 (15&5*)
Average wage in £ 2006 (2005)**	343 (316)	485 (451)	441 (417)	442 (435)
Inflation in 2006 (2005) %	4,3 (2,8)	2,1 (1,6)	1,3 (2,2)	4,0 (3,5)

Source: Eurostat, national IPA web pages, 2007

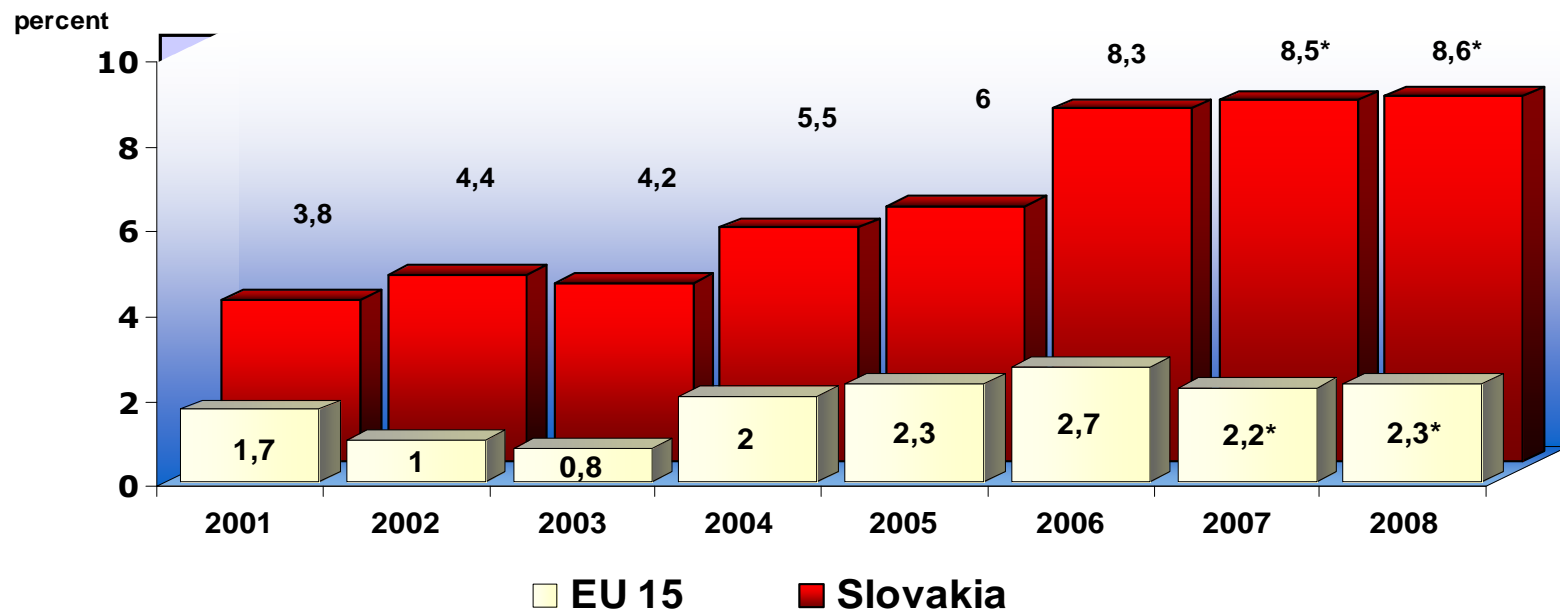
GDP Growth Comparison V4



Source: Eurostat & NBS, May 2007

Forecast Statistical Office of the Slovak Republic ; * Forecast Eurostat

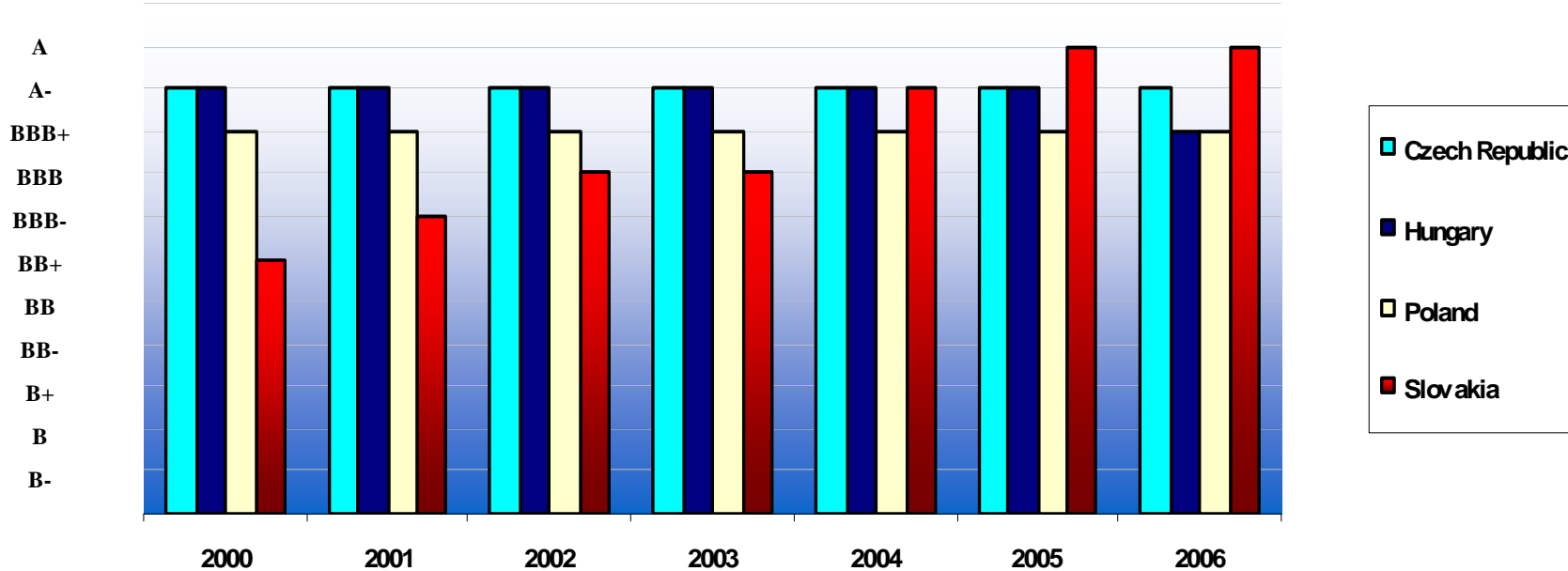
GDP Growth Comparison



Source: Eurostat, May 2007

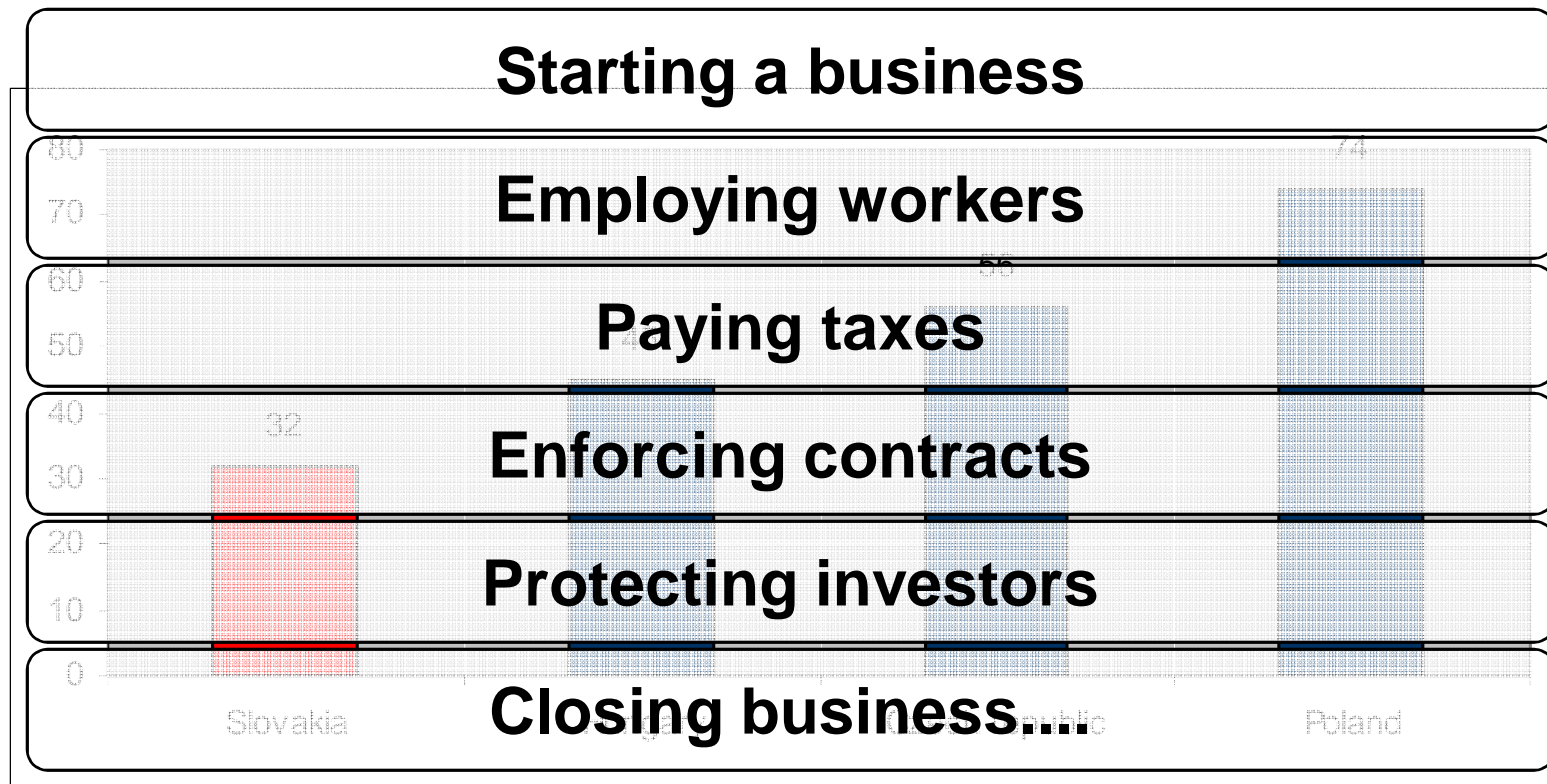
* Forecast Eurostat

Standard & Poor's Ratings Development



Source: Standard and Poor's, December 2006

Ease of Doing Business Comparison



Taxation

19 %

Simple, Fair, Neutral, Effective

Corporate & Individual Income Tax, VAT: **19%**
Change 2007: VAT for medical products **10%**

No double taxation

Dividend tax: **0%**
Inheritance and Gift Tax: **0%**
Real Estate Transfer Tax: **0%**
Repatriation of profits: **100%**

Flexible Labour Market

- **3 months probation period**
- **Weekly working time 40 hrs net (excluding 30 min. break)
+ 8 hrs overtime per week**
- **Annual leave of 20 days (25 days after 15 yrs of employment)**
- **150 hrs of overtime per year can be ordered by the employer
(a further 250 hrs of overtime annually can be agreed with employees)**
- **No obligation to pay bonuses for 150 hrs of overtime per year**
- **Bonuses for overtime (25%) and for working on bank holidays (50%)**

WHY SLOVAKIA?

- ☞ Rated by the World Bank as being one of the 20 most investor--friendly countries in the world
- ☞ 350 million potential customers within a radius of 1000 km.
- ☞ Investment incentive packages
- ☞ Highly skilled and flexible workforce
- ☞ Low cost of labour and liberal labour code.
- ☞ Wide selection of land available for purchase
- ☞ Excellent telecommunications infrastructure
- ☞ Highway network growing steadily
- ☞ Excellent rail services for both passengers and freight
- ☞ Trans European water transportation via the River Danube
- ☞ Direct international air services between Bratislava and many European cities
- ☞ A country of considerable natural beauty.