

The Directors
KPMG Investments Malta Ltd
Portico Building,
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Malta

3 February 2015

Independent assurance report in connection with the acquisition by KPMG Investments Malta Ltd of the remaining shares in Crimsonwing plc following the voluntary bid on 28 November 2014

KPMG Investments Malta Ltd ("the Offeror") issued a voluntary public take-over bid ("the Bid") in respect of all the issued shares (the "Shares") in Crimsonwing p.l.c. ("the Company") at a cash price of €0.8327 per share ("the Offer Price") on 28 November 2014.

We understand that the Offeror has acquired or has firmly contracted to acquire shares representing 97.7% of the issued Shares carrying voting rights of the Company and 97.7% of the voting rights comprised in the Bid. We further understand that the Offeror intends to exercise its rights under Listing Rule 11.42 to require all the holders of the remaining Shares to sell those Shares to the Offeror at a fair price.

You have requested us, as the appointed independent expert, to report to you, as the Offeror, in accordance with Listing Rule 11.43.

Listing Rule 11.43 states that in order to establish a fair price, the Offeror must appoint an independent expert to draw up a report determining the price considered to be a fair and reasonable value of those Shares (the "**Fair Price**"), which price must however be equivalent to or higher than the equitable price (the "**Equitable Price**").

This report is being given in terms of rule 11.43 of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and for no other purpose whatsoever.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed, to the fullest extent permitted by law, we do not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with our report, required by and given solely for the purposes of complying with Listing Rule 11.43.

Applicable criteria

The criteria for determining the Fair Price by the independent expert are not outlined in the Listing Rules. However, Listing Rule 11.1 provides that the objective of Chapter 11 is: "to implement the provisions of Directive 2004/25/EC on takeover bids (the "Directive") and that in the event that any of the Listing Rules are in conflict with the provisions of the Directive, the Directive shall prevail."

In view of this provision, and after appropriate consultation, we concluded that the criteria for determining the Fair Price are to be interpreted in accordance with the provisions of the Directive, which under Article 15(5) provides that, in relation to squeeze-out rights, following a voluntary bid, the consideration offered in the bid shall be presumed to be fair where, through acceptance of the bid, the offeror has acquired securities representing not less than 90% of the capital carrying voting rights comprised in the bid. Accordingly, in view of the fact that the Offeror has acquired or has firmly contracted to acquire Shares representing 97.7% of the capital carrying voting rights comprised in the bid, the Offer Price shall be presumed to be the Fair Price.

The criteria for determining the Equitable Price are set out in Listing Rule 11.39 as follows:

- 11.39.1 The price offered for the security should not be below the weighted average price of the security or the security transactions made on a Regulated Market during the previous six (6) months;
- 11.39.2 The price offered for the security should not be below the highest price paid for the security by the Offeror or persons Acting In Concert with the Offeror during the previous six (6) months;
- 11.39.3 The price offered for the security should not be below the weighted average price paid for the security by the Offeror or persons Acting In Concert with the Offeror during the previous six (6) months;
- 11.39.4 The price of the security should not be lower than ten percent (10%) below the weighted average price of the security within the previous ten trading days.

Our interpretation, of Listing Rule 11.39, following appropriate consultation, is that the Equitable Price must be determined with reference to the date of the launch of the Bid. Since the official Bid was made on 28 November 2014, the six-month period and the ten trading day period referred to in Listing Rule 11.39 relate to the period ending on the 28 November 2014. Accordingly, for the purposes of this report, we have calculated the Equitable Price on this basis.

Respective responsibilities of the directors and of Deloitte Services Limited

It is the responsibility of the directors of the Offeror to establish a fair price at which to require all the holders of the remaining Shares to sell those Shares to the Offeror.

Our responsibility is to report to the Offeror on the price that we determine to be a fair and reasonable value of those Shares and whether such price is equivalent to or higher than the Equitable Price in accordance with the applicable criteria set out above.

Work performed

We conducted our engagement in accordance with International Standards on Assurance Engagements 3000 – Assurance Engagements other than Audits or reviews of Historical financial Information issued by the International Assurance Standards Board (“ISAE 3000”).

Our procedures comprised the following:

- We noted the Offer Price of €0.8327 in the publicly available Offer Document issued by the Offeror on 28 November 2014;
- We obtained direct confirmation from the appointed registrar that the Offer has been accepted in respect of 97.7% of the issued Shares carrying voting rights of the Company and 97.7% of the voting rights comprised in the Bid;
- We ensured that the Offer Price is not below the weighted average price of the Shares of the Company for the six months from 29th May 2014 to 28th November 2014 by comparing it to publicly available information from the Malta Stock Exchange;

- We ensured that the Offer Price is not lower than ten percent below the weighted average price of the Shares of the Company for the ten trading days from 17th November 2014 to 28th November 2014 by comparing it to publicly available information from the Malta Stock Exchange;
- We obtained a confirmation from the Offeror that neither the Offeror nor persons acting in concert with the Offeror have acquired any Shares in the Company during the six months from 29th May 2014 to 28th November 2014. To the extent practicable, we corroborated this confirmation by reviewing publicly available documents relating to transactions in Shares of the Company during the six months from 29th May 2014 to 28th November 2014.

Conclusion

In our opinion, based on the procedures performed and the evidence obtained, and in accordance with the applicable criteria set out above, the price of €0.8327 per share is a fair and reasonable value of those Shares and is higher than the Equitable Price.



David Bonett
Principal
Deloitte Services Limited