MELITA CAPITAL P.L.C.

Financial Statements
3 September 2009

Company Registration Number: C47318

Directors' report

The directors present their report and the audited financial statements for the period ended 3 September 2009.

Principal activity

Melita Capital p.l.c. was incorporated on 16 July 2009 to carry on the business of a finance and investment company and accordingly these financial statements have been prepared from the date of incorporation to 3 September 2009.

Review of the business

The company was set up on 16 July 2009 and did not operate during the period. The company was formed with the intention to acquire 100% shareholding in Melita Infrastructure Limited (formerly Honey V Limited), a company incorporated on 17 July 2008 and set up to construct and operate a fibre optic submarine cable for the Maltese Islands, and 30% of Melita Mobile Limited, a company which commenced operations in February 2009 with its principal activity being the provision of mobile telephony services.

Results and dividends

The income statement is set out on page 6. The directors do not recommend the payment of a dividend.

Directors

The directors of the company who held office since incorporation were:

Joseph A.Gasan
Massimo Prelz
Jonathan Gillbanks (resigned 23 July 2009)
Robert Savignol
James Wade
Paul Connolly
Gary Quinn (appointed 23 July 2009)
Timothy Green (appointed 23 July 2009)

On behalf of the board

Joseph Gasan
Director

Gary Quinn
Director

Registered office
Gasan Centre
Mriehel By-Pass
Mriehel BKR3000
Malta

4 September 2009

Statement of directors' responsibilities

The directors are required by the Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU as modified by Article 173 of the Companies Act,1995;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act, 1995. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

To the Directors of Melita Capital p.l.c.

Report on the Financial Statements

We have audited the financial statements of Melita Capital p.l.c. on pages 5 to 16 which comprise the statement of financial position as at 3 September 2009 and the income statement, statement of changes in equity and statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU as modified by Article 173 of the Maltese Companies Act,1995 and with the requirements of the said Act. As described in the statement of directors' responsibilities on page 2, this responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements

- give a true and fair view of the financial position of the company as at 3 September 2009, and of its financial performance and its cash flows for the period then ended in accordance with IFRSs as adopted by the EU as modified by Article 173 of the Maltese Companies Act, 1995; and
- have been properly prepared in accordance with the requirements of the said Act.

Independent auditor's report – continued

Report on Other Legal and Regulatory Requirements

We also have responsibilities under the Maltese Companies Act, 1995 to report to you if, in our opinion:

- The information given in the directors' report is not consistent with the financial statements.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

PRICEWATERHOUSECOOPERS

167 Merchants Street
Valletta
Malta

David Valenzia
Partner

4 September 2009

Statement of financial position

	Notes	As at 3 September 2009 €
ASSETS		
Non-current assets		
Investment in subsidiary	4	1,200
Available for sale investment	5	120,000
Total non current assets		121,200
Trade and other receivables	6	31,799
Cash and cash equivalents	7	55,200
Total current assets		86,999
Total assets		208,199
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	8	176,400
Retained earnings		(58,000)
Total equity		118,400
Current liabilities		
Trade and other payables	9	89,799
Total current liabilities		89,799
Total liabilities		89,799
Total equity and liabilities		208,199

The notes on pages 9 to 16 are an integral part of these financial statements.

The financial statements on pages 5 to 16 were authorised for issue by the board on 4 September 2009 and were signed on its behalf by:

Joseph Gasan
Director

Gary Quinn
Director

Income statement

	Notes	Period from 16 July 2009 to 3 September 2009 €
Administrative expenses	10	(58,000)
Loss for the period		(58,000)

The notes on pages 9 to 16 are an integral part of these financial statements.

Statement of changes in equity

	Share capital €	Retained earnings €	Total €
Issue of share capital	176,400	-	176,400
Loss for the financial period - total recognised expense for the period	-	(58,000)	(58,000)
Balance at 3 September 2009	**176,400**	**(58,000)**	**(118,400)**

The notes on pages 9 to 16 are an integral part of these financial statements.

Statement of cash flows

	Notes	Period from 16 July 2009 to 3 September 2009 €
Cash flows from investing activities		
Purchase of investment in associated undertaking		(120,000)
Net cash used in investing activities		(120,000)
Cash flows from financing activities		
Issue of share capital		175,200
Net cash generated from financing activities		175,200
Net movement in cash and cash equivalents		55,200
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	7	55,200

The notes on pages 9 to 16 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

1.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and comply with the Companies Act, 1995. The company is exempt from the preparation of consolidated financial statements by virtue of section 173 of the Maltese Companies Act, 1995. The financial statements have been prepared under the historical cost convention.

The company was incorporated on 16 July 2009 and accordingly these financial statements have been prepared from the date of incorporation to 3 September 2009.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the accounting policies (see Note 3 – Critical accounting estimates and judgements).

Standards, interpretations and amendments to published standards effective in 2009

In 2009, the company adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 16 July 2009. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the company's accounting policies.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the company's accounting periods beginning after 16 July 2009. The company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the company's directors are of the opinion that there are no requirements that will have a possible significant impact on the company's financial statements in the period of initial application.

1.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The euro is the company's functional and presentation currency.

1. **Summary of significant accounting policies** - continued

1.2 Foreign currency translation - continued

(b) Transactions and balances

Foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

All foreign exchange gains and losses are presented in the income statement within 'other income/(expenses)'.

1.3 Investment in subsidiaries

Investments in subsidiaries are accounted for by the cost method of accounting.

Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the impairment is identified.

The results of the subsidiaries are reflected in these financial statements only to the extent of dividends receivable.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

1.4 Financial Assets

1.4.1 Classification

The company classifies its financial assets in the following category: available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

1.4.2 Recognition and measurement

Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership or has not retained control of the assets. Available-for-sale financial assets are subsequently carried at fair value.

1. Summary of significant accounting policies - continued

1.4 Financial assets - continued

1.4.2 Recognition and measurement - continued

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement within 'investment and other related income'.

Dividends on available-for-sale equity investments are recognised in the income statement within 'investment and other related income' when the company's right to receive payments is established.

1.5 Trade and other receivables

Trade and other receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'selling and other direct expenses'. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and other direct expenses' in the income statement.

1.6 Cash and cash equivalents

Cash and cash equivalents include deposits held at call with banks.

1.7 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

1.8 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.9 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

1. **Summary of significant accounting policies** - continued

1.9 Current and deferred tax - continued

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

1.10 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2. **Financial risk management**

2.1 Financial risk factors

The company's activities potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

The company did not make use of derivative financial instruments to hedge certain risk exposures during the current period.

The Board provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks. The company's exposures to credit risk are analysed as follows:

	2009
	€
Cash and cash equivalents (Note 7)	55,200

The maximum exposure to credit risk at the reporting date in respect of the financial assets mentioned above is disclosed in the respective notes to the financial statements. The company does not hold any collateral as security in this respect.

2. Financial risk management - continued

2.1 Financial risk factors - continued

Cash and cash equivalents

The company banks only with local financial institutions with high quality standing.

Liquidity risk

The company is not exposed to liquidity risk. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the company's obligations.

2.2 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

2.3 Fair values of financial instruments

At 3 September 2009 the carrying amounts of cash at bank, prepayments and accrued expenses reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgments made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS1 (revised).

4. Investment in subsidiary

	€
Period ended 3 September 2009	
Closing cost and carrying amount	1,200

The subsidiary at 3 September 2009 is shown below:

	Registered Office	**Class of shares held**	**Percentage of shares held** %
Melita Infrastructure Limited	Gasan Centre Mriehel By-Pass Mriehel	Ordinary Shares	100

5. Available-for-sale investment

On 3 September 2009 the company subscribed for 168,079 ordinary shares of €2.329373 in Melita Mobile Limited, 30.65% paid up. This investment represented an equity interest of 30% in Melita Mobile Limited. In view of the control exercised by the 70% shareholder in Melita Mobile Limited, through its equity investment and financing arrangements, the stake held by Melita Capital p.l.c. is not deemed to represent significant influence on the company's financial and operating policies. Accordingly, this investment has been treated as an available for sale investment.

	€
Period ended 3 September 2009	
Closing cost and carrying amount	120,000

The available-for-sale investment at 3 September 2009 is shown below:

	Registered Office	**Class of shares held**	**Percentage of shares held** %
Melita Mobile Limited	Gasan Centre Mriehel By-Pass Mriehel	Ordinary Shares	30

6. Trade and other receivables

	2009 €
Prepayments	31,799
	31,799

7. Cash and cash equivalents

For the purposes of the statement of cash flows, the period-end cash and cash equivalents comprise the following:

	2009 €
Cash at bank and in hand	55,200

8. Share capital

	2009
	€
Authorised	
1,000,000 ordinary shares of € 1 each	1,000,000
Issued and fully paid	
176,400 ordinary shares of € 1 each	176,400

9. Trade and other payables

	2009
	€
Amounts falling due within one year	
Accruals	89,799
	89,799

10. Expenses by nature

	2009
	€
Other expenses	58,000
Total administrative expenses	58,000

11. Tax charge

No tax charge has been provided in these financial statements in view of the tax loss incurred by the company.

12. Cash generated from operations

Reconciliation of loss for the period to cash generated from operations:

	2009
	€
Loss for the period	(58,000)
Changes in working capital:	
Trade and other receivables	(31,799)
Trade and other payables	89,799
Cash generated from operations	-

13. Related party transactions

Melita Capital p.l.c. is ultimately owned by GMT (Honey I) Sa.r.l, M/C Ventures Partners VI L.P, Grand Canal Capital Limited, Gee Five Limited and Honey II Group Limited.

All companies forming part of the Melita Group and Honey Group are considered to be related parties due to common shareholding.

14. Statutory information

Melita Capital p.l.c is a public limited liability company and is incorporated in Malta.