

# Prospectus

*Melita Capital plc*

*dated 4 September 2009*

*Issue of €25,000,000 7.15% Bonds due 2014 - 2016*

*(subject to an Over-allotment Option of an additional €5,000,000)*



*Your world with you*

Manager and Registrar



Legal Counsel

**CAMILLERI PREZIOSI**  
ADVOCATES

Sponsor



This document is a prospectus issued in accordance with the provisions of Chapter 17 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

This document contains information about Melita Capital plc (the "Issuer"), as well as information about the securities in respect of which application has been made for admission to trading on the Second Tier Market of the Malta Stock Exchange. Dealing is expected to commence on 20 October 2009.

# Prospectus

dated 4<sup>th</sup> September 2009

by

## ***Melita Capital plc***

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA  
WITH COMPANY REGISTRATION NUMBER C-47318

in respect of an issue of

**€25,000,000 7.15% Bonds 2014-2016 of a nominal value of €100 per Bond issued at par, or, in the case of exercise of the Over-allotment Option, €30,000,000 7.15% Bonds 2014-2016 of a nominal value of €100 per Bond issued at par.**

**Due 30<sup>th</sup> September 2016**

APPLICATION HAS BEEN MADE TO THE MALTA STOCK EXCHANGE FOR THE BONDS TO BE LISTED AND TRADED ON ITS SECOND TIER MARKET ONCE THE BONDS ARE AUTHORISED AS ADMISSIBLE TO LISTING BY THE LISTING AUTHORITY. THE SECOND TIER MARKET IS A MARKET DESIGNED PRIMARILY FOR COMPANIES TO WHICH A HIGHER INVESTMENT RISK THAN THAT ASSOCIATED WITH ESTABLISHED COMPANIES TENDS TO BE ATTACHED.

A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISOR.

THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

THE BONDS CONSTITUTE THE GENERAL, DIRECT, UNCONDITIONAL, UNSUBORDINATED AND UNSECURED OBLIGATIONS OF THE ISSUER AND SHALL AT ALL TIMES RANK *PARI PASSU*, WITHOUT ANY PRIORITY OR PREFERENCE AMONG THEMSELVES AND WITH OTHER UNSECURED DEBT OTHER THAN SUBORDINATED DEBT, IF ANY.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY.

Manager and Registrar

Legal Counsel

Sponsor



CAMILLERI PREZIOSI  
ADVOCATES





## **IMPORTANT INFORMATION**

THIS DOCUMENT CONSTITUTES A PROSPECTUS AND CONTAINS INFORMATION ON AN ISSUE BY MELITA CAPITAL PLC (THE "ISSUER") OF €25,000,000 BONDS 2014-2016 OF A NOMINAL VALUE OF €100 PER BOND, ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF SEVEN POINT ONE FIVE PER CENT (7.15%) PER ANNUM. IN THE CASE OF OVER-SUBSCRIPTION, THE ISSUER MAY EXERCISE THE OVER-ALLOTMENT OPTION TO INCREASE THE ISSUE TO SUCH HIGHER VALUE OF BONDS AS IN AGGREGATE WOULD NOT EXCEED €30,000,000 IN VALUE OF BONDS. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 30 SEPTEMBER 2016 UNLESS THE ISSUER EXERCISES THE OPTION TO REDEEM ALL OR ANY PART OF THE BONDS ON ANY DATE BETWEEN 30 SEPTEMBER 2014 AND 30 SEPTEMBER 2016 AS THE ISSUER MAY DETERMINE, BY GIVING THIRTY (30) DAYS NOTICE TO BONDHOLDERS.

THIS PROSPECTUS CONTAINS INFORMATION ABOUT THE ISSUER AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT, 1995 (CAP. 386 OF THE LAWS OF MALTA) (THE "ACT") AND COMMISSION REGULATION (EC) NO. 809/2004 OF 29 APRIL 2004 IMPLEMENTING DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AS REGARDS INFORMATION CONTAINED IN PROSPECTUSES AS WELL AS THE FORMAT, INCORPORATION BY REFERENCE AND PUBLICATION OF SUCH PROSPECTUSES AND DISSEMINATION OF ADVERTISEMENTS.

ALL OF THE DIRECTORS OF THE ISSUER, WHOSE NAMES APPEAR UNDER THE HEADING "DIRECTORS", ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS PROSPECTUS IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS OF THE ISSUER ACCEPT RESPONSIBILITY ACCORDINGLY.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS, TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN IN CONNECTION, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS OR ADVISORS.

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.**

THIS PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR BONDS BY ANY PERSON IN ANY JURISDICTION (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION.

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO APPLY FOR ANY SECURITIES ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.



SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

THE BONDS HAVE NOT BEEN NOR WILL THEY BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933 AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE "U.S.") OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON (AS DEFINED IN REGULATION "S" OF THE SAID ACT). FURTHERMORE THE ISSUER WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940 AS AMENDED AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES AND TO THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS, AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE ACT.

**STATEMENTS MADE IN THIS PROSPECTUS ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.**

**APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY FOR THE BONDS TO BE CONSIDERED AS ADMISSABLE TO LISTING ON THE SECOND TIER MARKET. IN ADDITION, APPLICATION HAS ALSO BEEN MADE TO THE BOARD OF DIRECTORS OF THE MALTA STOCK EXCHANGE FOR THE BONDS TO BE ADMITTED TO THE SECOND TIER MARKET UPON ISSUE AND ALLOCATION TO INVESTORS AND INTERMEDIARIES. DEALINGS ARE EXPECTED TO COMMENCE ON THE SAID EXCHANGE ON THE 20 OCTOBER 2009.**

ALL AMOUNTS EXPRESSED IN ONE CURRENCY WITH AN EQUIVALENT AMOUNT IN ANOTHER CURRENCY IN THIS DOCUMENT ARE TAKEN, IN THE CASE OF HISTORICAL VALUES, AT THE HISTORICAL EXCHANGE RATES APPLICABLE AT THE TIME OF THE TRANSACTION.

ALL THE ADVISORS TO THE ISSUER NAMED IN THE PROSPECTUS UNDER THE HEADING "ADVISORS TO THE ISSUER" ON PAGE 13 BELOW HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS ON OFFER WILL BE REPAYABLE IN FULL UPON REDEMPTION. IF YOU NEED ADVICE YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT, CAP. 370 OF THE LAWS OF MALTA.

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## DEFINITIONS

In this Prospectus the following words and expressions shall bear the following meanings except where the context otherwise requires:

|                                   |   |
|-----------------------------------|---|
| Act                               | the Companies Act, Cap. 386 of the Laws of Malta;   |
| Issuer                            | Melita Mobile Limited, a private limited liability company registered in Malta with company registration number 105070037, Birkirkara, Malta;   |
| Authorised Intermediaries         | any person named in Schedule 1 of this Prospectus;  |
| Bond(s)                           | the €25,000,000 bonds of a nominal value of €100 per bond redeemable at their nominal value on the Redemption Date bearing interest at the rate of 7.15% per annum; or in the case of over-subscription by investors and the exercise by the Issuer of the Over-allotment Option, such higher value of bonds as in aggregate would not exceed €30,000,000 in value of bonds issued pursuant to this Prospectus; |
| Bondholder                        | a holder of Bonds;  |
| Bond Issue                        | the issue of the Bonds;   |
| Bond Offer Price                  | the price of €100 for each Bond;  |
| Business Day                      | any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;   |
| Designated Early Redemption Dates | Any date between the 30 September 2014 and the 30 September 2016 as the Issuer may determine by giving thirty (30) days prior notice to the Bondholders;  |
| Euro or €                         | the lawful currency of the Republic of Malta;   |
| Interest Payment Dates            | the 30 March and 30 September of each year between and including each of the years 2010 and 2016, provided that if any such day is not a Business Day, such Interest Payment Date will be carried over to the next following day that is a Business Day;  |
| Issuer or Melita Capital          | Melita Capital plc, a public limited liability company registered in Malta with company registration number 105070037, Birkirkara BKR3000, Malta;   |
| Issue Date                        | 9 October 2009;   |
| Listing Authority                 | the Malta Financial Services Authority, as appointed in terms of the Financial Markets Act, 1990 (Cap. 345 of the Laws of Malta);   |
| Listing Rules                     | the listing rules of the Listing Authority;   |





***Part A***  
***- SUMMARY -***



## Warning to Potential Investors

This summary forms part of the Prospectus containing information concerning the Issuer and the Bonds. This and the Bonds.

You should carefully consider the following criteria for evaluation of this summary:

together with the other parts of the Prospectus.

### 1. Identity of Directors, Advisors and Auditors of the Issuer

#### Directors

**Joseph A. Gasan**  
*Chairman*

Gasan Centre  
Imriehel By-Pass, Imriehel  
Birkirkara BKR3000  
Malta

**Massimo Prelz**  
*Non-Executive Director*

40 Piccadilly,  
Sackville House  
London W1J 0DR  
United Kingdom

**Timothy Simon Green**  
*Non-Executive Director*

40 Piccadilly,  
Sackville House  
London W1J 0DR  
United Kingdom

**Robert Savignol**  
*Non-Executive Director*

75, State Street, Boston,  
MA02109  
USA

**James Wade**  
*Non-Executive Director*

75, State Street, Boston,  
MA02109  
USA





## 2. Offer Statistics and Expected Timetable

### 2.1 Brief Overview of Offer Statistics

The Bond Issue is for the amount of €25,000,000, subject, in the event of over-subscription and exercise by the Issuer of the Over-allotment Option, to increase up to a maximum aggregate of €30,000,000. The Bonds may be earlier redeemed by the Issuer on a Designated Early Redemption Date by giving not less than thirty (30) days prior notice to the Bondholders, be redeemed at their nominal value on the Redemption Date.

Your attention is drawn to Part C section 3 of this Prospectus for a more detailed explanation of the Offer Statistics.

### 2.2 Expected Timetable

|  |                   |
|--|-------------------|
| Pre-Placement Date   | 24 September 2009 |
| Submission of Applications by Preferred Applicants                     | 24 September 2009 |
| Opening of Subscription Lists  | 28 September 2009 |
| Closing of Subscription Lists  | 2 October 2009    |
| Expected Announcement of Basis of Acceptance                           | 9 October 2009    |
| Expected Commencement of Interest on the Bonds                         | 9 October 2009    |
| Expected Dispatch of Allotment Advice and Refund of Unallocated Monies | 16 October 2009   |

The Issuer reserves the right to close the offer of the Bonds before 2 October 2009 in the event of over-subscription, in which case the remaining events set out in the 'Expected Timetable' shall be anticipated in the same chronological order in such a way as to retain the same number of Business Days between the said events.

## 3. Key Information

### 3.1 Presentation of Financial Information

The Issuer was established on the 16 July 2009 as a holding company having no trading or operational activities of its own. Its object is that of a holding company and as such holds direct shareholding in the [REDACTED] could assist an investor to better understand the information contained in this Prospectus. Investors are [REDACTED]

Since the date of registration, the Issuer has entered into the following material transactions:

- (1) By virtue of an agreement entered into by and between the Issuer and GMT (Honey I) Sarl, M/C Venture Partners VI L.P., Gee Five Limited and Grand Canal Capital Limited dated 13 August 2009 the Issuer acquired all the issued share capital, with the exception of one share held by Honey II Limited, of the Subsidiary from its shareholders against the issue of new shares to those shareholders, accordingly taking over control of the business operations of the Subsidiary as of that date; and
- (2) By virtue of another agreement entered into by and between the Issuer and Melita plc dated 3 September 2009 the Issuer subscribed for thirty per cent (30%) of the total issued share capital

consolidation of the Subsidiary.

Prospectus, are the:

- (a) Pro Forma Consolidated Financial Information of the Issuer and Accountants' Report as at 31 May 2009;
- (b) Audited Financial Statements of the Issuer for the period commencing on the date of registration of the Issuer and ended 3 September 2009;

period ended 31 May 2009.

### 3.2 Selected Financial Data, and Information on the Issuer's Capitalisation & Indebtedness

the heading "Documents Available for Inspection" in section 10 of Part A of this Prospectus.

Extracts from the Pro Forma Financial Information of the Issuer as at 31 May 2009 and the Forecast for the period ending 31 December 2010 as extracted from the Accountants' Report included in Part E Annex II exercise the Over-allotment Option to increase the issue to €30,000,000.









## Statement of Changes in Equity extracts

|  | Share capital  | Retained earnings | Total          |
|--|----------------|-------------------|----------------|
|  | €              | €                 | €              |
| <b>Pro Forma for the period ending 31 May 2009</b>     |                |                   |                |
| Issue of shares  | 176,400        | -                 | 176,400        |
|  | -              | (3,000)           | (3,000)        |
| <b>Balance at 31 May 2009</b>                          | <b>176,400</b> | <b>(3,000)</b>    | <b>173,400</b> |
| <b>Forecast for the period ending 31 December 2010</b> |                |                   |                |
| Issue of shares  | 176,400        | -                 | 176,400        |
|  | -              | 65,153            | 65,153         |
| <b>Balance at 31 December 2010</b>                     | <b>176,400</b> | <b>65,153</b>     | <b>241,553</b> |

## Capitalisation and Indebtedness of the Issuer

The following table sets out the capitalisation and indebtedness of the Issuer as at 31 May 2009 and the estimate

|                                  | Notes | 2010<br>Forecast<br>as at<br>31 December 2010<br>€ | 2009<br>Pro Forma<br>as at<br>31 May 2009<br>€ |
|----------------------------------|-------|--|--|
| Borrowings                       |       | -  | 4,493,108                                      |
| 7.15% Bonds 2014-2016            | 1     | 29,175,342   | -  |
| Less cash and cash equivalents   |       | (410,356)  | (690,243)                                      |
| <b>Net third party debt</b>      |       | <b>28,764,986</b>                                  | <b>3,802,865</b>                               |
| Shareholders' subordinated loans |       | 3,442,357  | 2,703,820                                      |
| Total equity                     |       | 241,553  | 173,400  |
| <b>Total capital</b>             |       | <b>3,683,910</b>                                   | <b>2,877,220</b>                               |
| <b>Total capital employed</b>    |       | <b>32,448,896</b>                                  | <b>6,680,085</b>                               |
| <b>Gearing ratio</b>             |       | <b>88.6%</b>                                       | <b>56.9%</b>                                   |

### Notes:

- The 7.15% Bonds 2014-2016 are shown at the value of the proceeds less the net book amount of the Bond issue costs.

**Pro Forma Capitalisation and Indebtedness of the Melita Capital Group including the Affiliate and the Subsidiary after the Issue of the Bonds**

The following table sets out the capitalisation and indebtedness of the Melita Capital Group as at 31 May 2009 and the forecast movements in indebtedness in the period from 1 June 2009 to 30 September 2009.

|   | Notes | Melita<br>Infrastructure<br>Limited<br>€ | Melita<br>Mobile<br>Limited<br>€ | Melita Capital<br>Group<br>Aggregate<br>position<br>€ |           |
|---|-------|--|----------------------------------|---|-----------|
| Total bank borrowings   |       | 4,493,108                                | 11,011,816                       | 15,504,924  |           |
| Less: cash in hand and at bank  |       | (515,043)                                | (837,283)                        | (1,352,326)   |           |
| <b>Net third party debt as at 31 May 2009</b>                                     | 1     | <b>3,978,065</b>                         | <b>10,174,533</b>                | <b>14,152,598</b>                                     | (a)       |
| Forecast movements in indebtedness in the period 1 June 2009 to 30 September 2009 | 2     | 2,506,892                                | 2,262,384                        | 4,769,276   |           |
| Increase in Bank borrowings to fund working capital requirements                  | 3     | -  | 6,700,000                        | 6,700,000   |           |
| Issue of Bond, net of issue costs   | 4     | 7,000,000                                | 22,000,000                       | 29,000,000  |           |
| Use of Bond proceeds:   |       |  |                                  |   |           |
| - Bond proceeds available to fund future working capital requirements             | 5     | -  | (8,725,800)                      | (8,725,800)   |           |
| <b>Forecast net third party debt after issue of Bond</b>                          |       | <b>6,484,957</b>                         | <b>19,136,917</b>                | <b>25,621,874</b>                                     | (b)       |
| Shareholders' subordinated loans  |       | 2,703,820                                | 25,445,804                       | 28,149,624  |           |
| Total equity (shareholders' funds)  |       | (126,143)                                | (9,018,916)                      | (9,145,059)   |           |
| <b>Equity and shareholders' loans as at 31 May 2009</b>                           | 1     | <b>2,577,677</b>                         | <b>16,426,888</b>                | <b>19,004,565</b>                                     | (c)       |
| <b>Total capital (debt and equity) as at 31 May 2009</b>                          | 1     | <b>6,555,742</b>                         | <b>26,601,421</b>                | <b>33,157,163</b>                                     | (a) + (c) |
| <b>Total capital (debt and equity) after issue of Bond</b>                        |       | <b>9,062,634</b>                         | <b>35,563,805</b>                | <b>44,626,439</b>                                     | (b) + (c) |
| Gearing ratio as at 31 May 2009   |       | 60.7%                                    | 38.2%                            | 42.7%   |           |
| Pro Forma gearing ratio after issue of Bond                                       |       | 71.6%                                    | 53.8%                            | 57.4%   |           |

**Notes:**

1. The forecast movements in indebtedness are based on the forecast movements in indebtedness of Melita Infrastructure Limited and Melita Mobile Limited for the period ending 31 May 2009.

2. The forecast movements in indebtedness are based on the forecast movements in indebtedness of Melita Infrastructure Limited and Melita Mobile Limited for the period ending 31 May 2009.

3. The forecast movements in indebtedness are based on the forecast movements in indebtedness of Melita Infrastructure Limited and Melita Mobile Limited for the period ending 31 May 2009.

4. Bond proceeds are stated net of Bond Issue costs.

5. Net Bond proceeds available to fund future working capital requirements.



### 3.3 Reasons for the Offer and Use of Proceeds

The proceeds raised from the Bond Issue, which net of commissions and expenses are expected to amount to €24,000,000 (or €29,000,000 in the event of exercise of the Over-allotment Option by the Issuer), shall be used principally for the funding requirements of the Melita Capital Group Companies, as follows:

(i) for the funding of the continued capital expenditure associated with the expansion and development of the existing operations of the Issuer and the Subsidiary, and for the general corporate funding requirements of the Issuer and the Subsidiary;

A loan agreement has been entered into between the Issuer and the Subsidiary, in terms of which the Issuer shall advance an amount of up to €7,500,000 to the Subsidiary, to be used for the immediate working capital requirements of the Subsidiary for its operations and for the general corporate funding requirements of the Subsidiary.

(ii) for the funding of the continued capital expenditure associated with the expansion and development of the existing operations of the Issuer and the Subsidiary, and for the general corporate funding requirements of the Issuer and the Subsidiary;

(iii) for the funding of the continued capital expenditure associated with the expansion and development of the existing operations of the Issuer and the Subsidiary, and for the general corporate funding requirements of the Issuer and the Subsidiary. Issuer shall advance an amount of up to €17,000,000 (or €22,000,000 in the event of exercise of the Over-allotment Option by the Issuer) to be utilized initially for the repayment of circa €13,500,000 in working capital requirements of the Subsidiary for its operations and for the general corporate funding requirements of the Subsidiary. €13,500,000 arranged with a local bank to be drawn over a period of time as required to meet the working capital requirements of the Subsidiary for its operations and for the general corporate funding requirements of the Subsidiary. In terms of the said loan agreement, the shares of up to €3,500,000 (or €8,500,000 in the case of the exercise of the Over-allotment Option) will be issued to the Subsidiary.

Any amounts of shareholders' loans made available to the Issuer or which may be made available by shareholders shall be made on terms that are to remain outstanding for a period which is at least one (1) year after the Redemption Date and under terms that they shall at all times be subordinated to the Bonds so that the Bonds shall at all times rank in preference and with priority to any other advances made to the Issuer by Shareholders.

The proceeds described in this Prospectus.

Section 4.3 of Part C of this Prospectus provides further information about the reasons for the Bond Issue and the use of proceeds.

### 3.4 Risk Factors

You should carefully consider the following matters, as well as the other information contained in the Prospectus, before making any investment decision with respect to the Issuer or the Bonds. This section contains mere highlights of the Risk Factors set out in detail in Part B of the Prospectus, which, prior to making any investment decision with respect to the Issuer or the Bonds, you are strongly advised to review if necessary with the assistance of your own financial and other professional advisors.

Information contained in this Prospectus contains “forward-looking statements”, which are subject to the qualifications discussed below. If any of the risks described were to materialise, they could have a serious effect on the Issuer’s financial results and the ability of the Issuer to fulfil its obligations under the Bonds to be issued.

#### 3.4.1 Forward looking statements

This Document and the documents incorporated herein by reference or annexed hereto, particularly but not limited to the Forecast referred to in Part E of this Prospectus and appended hereto as Part E Annex II, contain forward looking statements that include, among others, statements concerning matters that are not historical facts and which may involve predictions of future circumstances. The Issuer cautions the reader that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by the statements, and no assurance is given that the future results or expectations will be achieved.

#### 3.4.2 Considerations relating to the business of the Issuer

##### *Limited history of the Issuer and limited trading history of the Melita Capital Group*

- The Issuer was incorporated on 16 July 2009 and accordingly has a limited history;
- The Subsidiary and the Affiliate have a limited trading history having been incorporated on 17 July 2008 and having commenced operations in February 2009 (following incorporation on 8 March 2005) respectively;
- The Melita Capital Group is subject to the risks and the difficulties frequently encountered by companies in the early stages of their development and having a business strategy that is as yet unproven. The Directors anticipate that for the interim, prior to turning profitable, the Melita Capital Group will continue to incur operating losses due to a high – yet prudent – level of planned operating and capital expenditures. The Melita Capital Group has incurred significant initial losses, not uncommon in startup operations requiring substantial capital investment. It is likely that the Melita Capital Group’s operating losses will continue in the immediate future. The Directors cannot be certain that the Melita Capital Group will achieve its business objectives or that the Melita Capital Group will be able to successfully compete and achieve market acceptance or otherwise adequately address the risk factors disclosed in this Prospectus, and if this occurs the Melita Capital Group may not achieve or sustain a profitable operation, in which case a significant adverse impact on the Issuer’s ability to service the Bond would arise.



### ***Melita Capital Group's potential exposure to certain financial risks***

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

### ***Issuer's dependence on payments due by the Subsidiary and Affiliate may be affected by factors beyond the Issuer's control***

- **The Issuer is a holding company with no business operations or assets other than the ordinary share capital held in the Subsidiary and the Affiliate. Consequently, the Issuer will be wholly dependent on the receipts from the Subsidiary and Affiliate in order to service interest payments on the Bonds, to provide for the sinking fund and eventually to repay the principal of the Bonds.**
- **The risks intrinsic in the business and operations of the Subsidiary and the Affiliate shall have a direct effect on the ability of the Issuer to meet its obligations under the Bond.**
- **The ability of the Subsidiary and Affiliate to make payments to the Issuer will depend on their respective cash flows and earnings, which may be restricted by changes in applicable laws and regulations, by the terms of agreements to which they are or may become party, or by other factors beyond the control of the Issuer. The occurrence of any such factor could in turn negatively affect the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the Bonds punctually when due.**

### ***Risks inherent in Projections***

- **The Issuer's projected revenues are set out under the heading "FORECASTS" in Part E Annex II of this Prospectus. Forecasts are inherently subject to the risk of adverse unexpected events which may affect the Issuer's revenue streams and its profitability. The projections set out in this document are dependent on a number of assumptions and future expectations that may or may not occur. The occurrence or otherwise of those future expectations could have serious and material effects on the financial position and results of operations not only of the Issuer but also of the other members of the Melita Capital Group, which in turn could, as explained in the previous paragraph, have a material and serious impact on the Issuer's ability to service interest payments on the Bonds and the repayment of the principal on the Bonds on maturity. The Forecast therefore is merely an illustration of a possible future outcome which may or may not occur and the Issuer, its directors, officers and advisors make no representation as to its accuracy or likelihood of occurrence.**

### ***Issuer's dependence on the MSS Agreement and on key personnel***

- **The Issuer is party to a management and support services agreement with Melita plc, whereby Melita plc provides the Issuer with management services at the strategic and operational level of the Issuer's business.**

- **By virtue of such agreement, the Melita Capital Group has access to a small number of key executive officers. Since the Issuer's future success depends in large part on the Issuer's ability to maintain access to highly skilled, knowledgeable, sophisticated and qualified managerial, professional and technical personnel, should, at sometime in the future, Melita plc, experience difficulty in attracting and retaining personnel who possess the skills that the Issuer is seeking, the Issuer may experience a shortage of qualified personnel.**

***Termination of relationships with key suppliers could cause delay and additional costs.***

- **The business of the Melita Capital Group is dependent on third-party suppliers for fibre, computers, software, transmission electronics and related components that are integrated into the Melita Capital Group's network, some of which are critical to the operation of the business. If any of these critical relationships is terminated and the Melita Capital Group is unable to reach suitable alternative arrangements promptly, the Melita Capital Group may experience significant additional costs or may not be able to provide certain services to customers.**

***The Regulatory Environment***

- **Any delays in receiving required regulatory approvals, completing interconnection agreements with other carriers, or the enactment of new and adverse regulations or regulatory requirements may have a material adverse effect on the Melita Capital Group's business. In addition, future legislative, judicial and regulatory agency actions could have a material adverse effect on the Melita Capital Group's business.**
- **The review of the common European regulatory framework (expected to be approved at the end of 2009 or the beginning of 2010) may result in increased regulatory pressure on the Melita Capital Group. Melita Capital Group may also face new regulatory initiatives in the area of mobile telecommunications in Europe, including increased regulatory pressure on international roaming tariffs for data and SMS services and on mobile termination rates. The Melita Capital Group may also face pressure from regulatory initiatives in some European countries regarding the reform of spectrum rights of use and spectrum allocation. Such changes in the regulatory environment could ultimately place significant competitive and pricing pressure on the Group's operations, and could have a material adverse effect on its business, financial condition, results of operation and cash flow.**

***Licences and Permits***

- **Licences and permits which the Melita Capital Group may hold have finite terms, and any inability to renew any of these licences and permits upon termination, or any inability to obtain new licences and permits for new technologies, could adversely affect the Melita Capital Group's business.**





### ***System Failures***

- **The operations of the Melita Capital Group depend on its ability to avoid and mitigate any interruptions or degradation in service for customers. Interruptions in service or performance problems, for whatever reason, could undermine confidence in the services provided by the Melita Capital Group and cause a loss of customers or make it more difficult to attract new ones.**
- **Any significant interruption or degradation in service could result in lost profits or other losses to customers. Although the Melita Capital Group generally limits liability for service failures in its service agreements and generally excludes any liability for “consequential” damages such as lost profits, a court might not enforce these limitations on liability, which could expose the Melita Capital Group to financial loss.**
- **If the Melita Capital Group is unable to meet service level commitments with which it often provides its customers, the Melita Capital Group may be required to provide service credits or other compensation to its customers, which could negatively affect the Melita Capital Group’s operating results.**
- **The failure of any equipment on the Melita Capital Group’s network, delays, errors, acts of god, terrorist acts, power losses, security breaches, vandalism or other illegal acts, computer viruses, or other causes may significantly affect the business of the Melita Capital Group.**

Risks related to the Issuer’s dependence on Melita Infrastructure Limited

### ***Subsidiary’s current dependence on Melita plc***

- **Given that Melita plc is the only commercial entity which presently leases capacity on the submarine cable owned and operated by the Subsidiary, the Subsidiary’s total revenue is currently entirely dependent on Melita plc. Accordingly, should Melita plc experience financial difficulties, a negative impact on the Subsidiary’s financial position and results of operations may affect the ability of the Issuer to meet its obligations under the Bonds.**

Risks related to the Issuer’s dependence on Melita Mobile Limited

### ***Reduced profitability due to low rates of new customer acquisition or high rates of customer turnover***

- **The Affiliate’s rate of customer acquisition and customer turnover may be affected by competitive factors (such as network performance, reliability issues, handset or service offerings and customer care concerns). The Affiliate has in place strategies to acquire new customers and ensure maximisation of customer retention - however such strategies may prove to be unsuccessful. A high rate of customer turnover or low rate of new customer acquisition would reduce revenues and increase the total marketing expenditures required to attract the minimum number of customers required to sustain the mobile operation’s business plan.**

***Loss of competitiveness due to inability to obtain roaming services from other carriers***

- **The Affiliate's extensive web of roaming agreements with numerous carriers around the world, allowing its customers to roam on those carriers' networks, may be terminated on relatively short notice. Furthermore, the roaming agreements generally cover voice but not data services.**
- **The Affiliate may in future be unable to provide roaming services (particularly in respect of data services) for its customers across all required markets on a cost-effective basis, which would limit its ability to compete effectively for wireless customers.**

***Managing the mobile operation's planned growth and competition***

- **The Affiliate has experienced growth in its subscriber base which exceeded its expectations. It is expected that, subject to the effectiveness of its strategies, significant growth will take place in the future. The inability of the Affiliate to manage such growth effectively and efficiently and to put in place the necessary controls at the appropriate time could have a negative effect on the Affiliate's results of operations and financial position.**
- **The Issuer is only a minority shareholder in Affiliate, accordingly its influence on the overall strategy and management of the Affiliate could be limited.**

***Rapid technological change in the wireless industry***

- **The wireless communications industry is experiencing significant technological change. Customer demand for new products and services at competitive prices depends heavily on such technological change. The failure to effectively anticipate or react to such technological changes may result in the loss of customers, the failure to attract new subscribers or the incurring of substantial costs in order to maintain customers, all of which could have a material adverse effect on the Melita Capital Group's business.**
- **Despite the substantial capital invested in the building of the mobile operation's network with 3G technology in order to offer advanced data services, in the event that such upgrades, technologies or services do not remain commercially acceptable, the operation's revenues and competitive position could be materially and adversely affected.**



### 3.4.3 Considerations relating to the Bonds

#### **General**

- **The value of investments can go up or down and past performance is not necessarily indicative of future performance. If in need of advice, you should consult a licensed stockbroker or an investment advisor licensed under the Investment Services Act, Cap. 370 of the Laws of Malta.**

#### ***The Issuer is the sole obligor of the Bonds, which are not guaranteed by the other Melita Capital Group Companies***

- **The Subsidiary and the Affiliate do not guarantee the Issuer's obligations under the Bonds and do not have any obligations with respect to the Bonds. The Subsidiary and the Affiliate are not required to make any capital contributions, loans or other payments to the Issuer with respect to its obligations on the Bonds.**

#### **Prior Ranking Charges**

- **The Bonds constitute the general, direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank pari passu, without any priority or preference among themselves and with other unsecured debt other than subordinated debt, if any. Furthermore, subject to the negative pledge clause (Section 4 of Part I of Annex I to this Prospectus), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.**
- **The Bonds are effectively junior to the secured debt and liabilities of the Issuer. Currently the Issuer has no outstanding secured indebtedness. Melita Capital Group Companies currently have banking facilities of €27,200,000 which, following the application of the Bond proceeds, shall initially be reduced to €6,700,000, but which could, during the term of the Bond, increase to a maximum of €20,200,000 through the utilization of a revolving banking facility. As indicated earlier in this section, the Issuer has limited operations of its own and derives substantially all of its revenue and cash flows from the Subsidiary and Affiliate. The Subsidiary and Affiliate, which are separate and distinct from the Issuer, do not guarantee the Bonds, and their respective creditors (including trade creditors and the Issuer itself pursuant to the loans that it shall make available<sup>1</sup>) would generally be entitled to payment from the assets and earnings thereof before those assets and earnings can be distributed to the Issuer as an equity investor. Accordingly, Bondholders' rights in terms of the Bonds would effectively not extend to the assets of either of the Affiliate or the Subsidiary except indirectly through the Issuer and the latter's claim under the loan agreements entered into with each of the Subsidiary and the Affiliate (to the extent that such claims are unsecured) and which shall rank junior to those of the secured creditors of the Subsidiary and the Affiliate.**
- **The Bonds are senior to the loans granted by GMT (Honey I) Sarl, M/C Venture Partners VI L.P., Gee Five Limited and Grand Canal Capital Limited to each of the Subsidiary and the Affiliate amounting to an aggregate of circa €28,000,000 as at 31 May 2009, which loans are subordinated to any and all claims of the creditors of the Melita Capital Group Companies, including the Bondholders.**

<sup>1</sup> See Part C Section 4.3 of this Prospectus

**Risk inherent in the Bonds**

- **Prior to the Bond Issue, there has been no public market nor trading record for the Bonds within or outside Malta. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Second Tier Market once the Bonds are authorised as admissible to listing by the Listing Authority. The Second Tier Market is a market designed primarily for companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial advisor.**
- **The liquidity of the market depends on, amongst others, factors beyond the Issuer’s control such as the willingness or otherwise of potential buyers and sellers of the Bonds. The effect that the investors’ decisions may have on the trading market would consequently affect the trading value of the Bonds. Other factors over which the Issuer has no control include the time remaining for maturity of the Bonds, the outstanding amount of the Bonds, and the level, direction and volatility of market interest rates generally.**
- **There can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. There can be no assurance, also, that an investor will be able to re-sell his/her Bonds at or above the Bond Offer Price.**

**4. Information about the Issuer**

**4.1 Historical Development**

The Issuer was formed on 16 July 2009 as a public limited liability company. The Issuer, which is registered and domiciled in Malta in terms of the Act with company registration number C-47318, has its registered

|   |   |
|---|---|
| Full Legal and Commercial Name of Issuer: | Melita Capital plc  |
| Registered Address:                       | Gasam Centre, Imrieħel By-Pass,<br>Imrieħel BKR3000, MALTA                                      |
| Place of registration and Domicile:       | Malta   |
| Registration Number:                      | C-47318   |
| Date of registration:                     | 16 July 2009  |
| Legal Form                                | The Issuer is lawfully existing and registered as a public limited company in terms of the Act. |
| Telephone Numbers:                        | 27788500  |
| Website:                                  | www.melitacapital.com   |



## 4.2 Business Overview

Melita Capital Group Companies' investments in their respective wireless communications and wholesale

The Issuer holds 100% of the share capital in Melita Infrastructure Limited and 30% of the share capital in Melita Mobile Limited.

Melita Capital Group's 3G mobile service was commercially launched in Malta in February 2009, whereas the Melita Capital Group's wholesale cable business commenced operations in June 2009 with the provision of carrier services to Melita plc in accordance with the terms of a seven (7) year contract.

### The Subsidiary: Melita Infrastructure Limited

cable from Malta to Sicily, and holds a seven (7) year service contract with Melita plc to provide Melita plc with a strategic telecommunications link to the rest of Europe.

The Subsidiary has commenced operations in June 2009 and once fully operational, it will have the ability to sell additional capacity/carrier services to other entities requiring high capacity data connections to Europe, should the demand arise.

This investment forms part of Melita Capital Group's and the Melita plc Group's long-term plan to invest in the latest network technologies to provide its customers with a superior experience across all the four services it offers.

### The Affiliate: Melita Mobile Limited

**The Affiliate was granted a fifteen (15) year 3G licence by the Malta Communications Authority on 16 August 2007, after successfully tendering to become the third wireless telecom operator in Malta. The Affiliate's commercial services were launched in February 2009, with coverage over approximately 99% of the Maltese** coverage, call completion, customer service and value.

### Principal Investments

other principal investments, and the Issuer has not entered into or committed for any principal investments

## Property, Plant and Equipment

### *The Subsidiary*

The Subsidiary owns and operates an international cable link between Malta and Sicily which provides an international connectivity service to its customers (presently only Melita plc but it is possible that in future the service may be provided to other customers as explained in section 7.1 of Part C of this Prospectus). The link was laid by a leading supplier of submarine cables, and following an extensive planning process, was laid between April and May 2009, becoming fully operational in June 2009 on completion of extensive testing. The equipment driving the telecommunications services over this link was supplied by a multinational considered to be a leader in the industry. The link allows for upgrades to include more traditional telephony and telecommunications services (and the potential to upgrade the link to provide several Terabytes of bandwidth). The link distance is less than 110 kilometres in total, and is interconnected to two facilities, each with the requisite support features, in Malta and Sicily. The Malta end of the link is terminated within Melita Master Telecom Center in Madliena while the Sicily link is terminated within a purpose-built Wind Telecomunicazioni S.p.A. ("WIND") facility in Pozzallo. Telecommunications services to the rest of Italy and onwards are provided via two distinct paths out of Pozzallo. There is a long term agreement in place with WIND for use of this facility together with access to its national/international networks.

### *The Affiliate*

The Affiliate is a mobile network operator with over 200 base stations. The key supplier for the mobile network is Ericsson, a global leading supplier of telecommunications solutions. Melita Mobile has integrated portions of its mobile solution into various services provided by Melita plc, with the intent of providing innovative and converged telecommunications services.

## Licences

### *The Subsidiary*

The Subsidiary is deemed by the Malta Communications Authority to be an International Gateway Operator and is subject to the obligations, including redundancy, set out in LN31/2009. The Subsidiary is included in the register of authorised undertakings in terms of Regulation 57 of the Electronic Communications Networks and Services (General) Regulations, 2004.

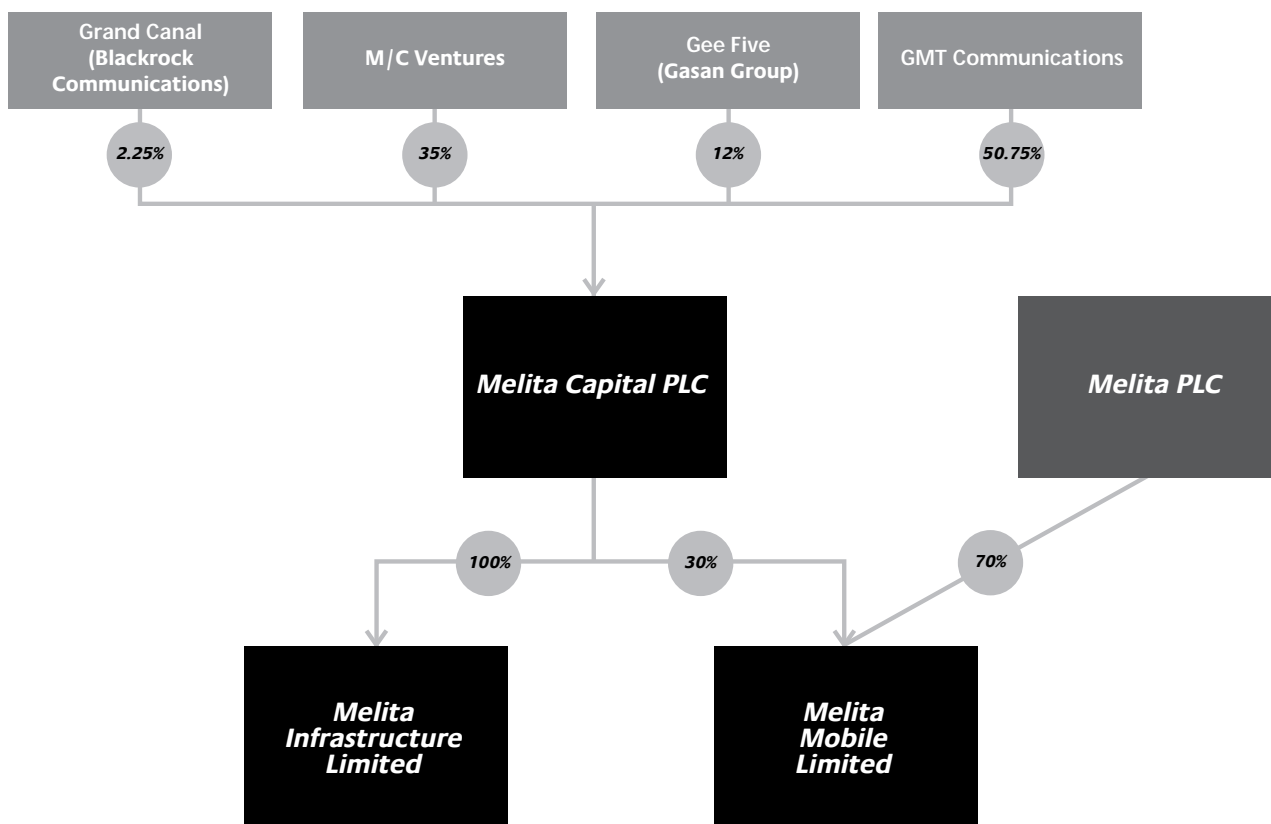


### The Affiliate

The Affiliate is a company established in Malta to provide mobile communications data services across the Maltese Islands. On 16 August 2007, Melita Mobile Limited was granted the right of use of radio frequencies for the establishment and operation of a third generation mobile communications

### 4.3 Shareholding Structure

The following chart outlines the shareholding structure relative to the Issuer:



### 5. Trend Information

There have been no material adverse changes in the prospects of the Issuer since the date of its last published

At the time of publication of this Prospectus, the Issuer considers that generally it shall be subject to the normal business risks associated with the business in which it and the Melita Capital Group is/ are involved, and, barring unforeseen circumstances does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the Issuer and its business, at least with respect to the current financial year.

subsidiary Melita Infrastructure Limited and its 30% associated company Melita Mobile Limited. Melita Capital's future. These investments also constitute an investment in the future of Malta as an information society.

The following is a brief synopsis of the business of Melita Infrastructure Limited and Melita Mobile Limited and the factors and trends expected in the key areas of their respective operations which represent the key areas of operation of the Issuer in the foreseeable future, which are set out in detail in section 7 of Part C of this Prospectus:

**The Affiliate: Melita Mobile Limited**

**The Affiliatesells productsand servicesto customersthroughits eight retailstoresownedand deas** by the company itself as well as through indirect retailers and the network of stores under the name of the service provider Melita Mobile. Together with Melita plc, Melita Mobile Limited offers customers pricing plans that combine their mobile phone (voice and data), landline, television and broadband into one bill or any combination thereof.

the number of subscribers,

- the Average Revenue Per Subscriber ("ARPU");
- the Subscriber Acquisition Cost ("SAC");
- call interconnect and termination costs;
- the retention of subscribers (which is normally viewed in terms of 'churn', that is the number of subscribers terminating their services); and
- the normal running costs associated with running any business.

contract post-paid customers and approximately 15% non-contracted prepaid customers. Indications are that the vast majority of these customers were prepaid customers who transferred from the company's

on customer retention schemes.

the projected return on such investment expected to consist of the customers' use of mobile services over

an increase in the proportion of lower income customers subscribing to a network and using that network's services less frequently, as well as with the onset of increased competitive pressures or decisions by regulators.





the synergies that can be created through bundled offerings to customers through Melita plc to place the added services and through its own ongoing cost reduction efforts.

operators worldwide. These include 'Digicel' in Central America and the Caribbean, 'Esat' in Ireland, 'Metro PCS' in the USA and 'Mobifon' in Romania. The directors have been involved in over thirty (30) launches of mobile operators, all being cases where the new entrant was the second or third player in that market, and accordingly faced competitive threats and opportunities similar to those experienced by Melita Mobile. All launches were

The business strategy underlying these launches was focused on a combination of the drive to provide a top quality network to consumers, a value-led pricing strategy, and a trusted brand. All of the markets in question, as in Malta, were characterised by a strong demand for a value-driven operator to break strongly strategy that should allow Melita Mobile's material penetration of the Maltese mobile market allowing Melita Mobile to continue enjoying the growth that it has achieved since its launch.

The Maltese mobile market is predominantly characterised by pre-paid subscribers while the ARPU for the post-paid (or contract) users is among the highest in Europe. This highlights the potential to convert more pre-paid users to post-paid contracts by enabling them to enjoy better value pricing. This strategy has been market average. Apart from enabling higher revenues, this strategy is also calculated to achieve higher postpaid split is that the company's initial capital outlay in higher handset subsidies, is expected to lead to higher losses in the initial years of operation as shown below in 2009 and 2010 but is then expected to

Additionally, the directors believe that the potential of providing 3G services to the Maltese consumer remains to its subscriber base and further sustaining the case for higher customer loyalty and sustained revenue growth over time.

## Melita Mobile Projections

|  | 2009    | 2010    | 2011    | 2012    |
|--|---------|---------|---------|---------|
| Revenues   | €7.4    | €17.4   | €24.6   | €29.3   |
| Costs  | (€18.2) | (€19.2) | (€21.0) | (€21.8) |
| EBITDA   | (€10.7) | (€1.8)  | €3.6    | €7.6    |
| (Earnings Before Interest, Tax, Depreciation and Amortization) |         |         |         |         |

**The Subsidiary: Melita Infrastructure Limited**

**The Subsidiary has recently completed the laying and commissioning of a submerged fibre cable from Malta to Sicily.** Under the terms of a seven (7) year contract with Melita plc, the Subsidiary will provide Melita plc with a strategic telecommunications link to the rest of Europe. Although the Subsidiary currently only provides this connectivity to Melita plc, the Subsidiary intends to sell additional capacity/carrier services to other entities requiring high capacity data connections to Europe. Discussions are already underway to provide such services to businesses and institutions in Malta, including government and educational entities. Indications as at the date of this Prospectus have led management to formulate the view that such additional capacity to provide these services.

## 6. Management and Employees

### 6.1 Directors

The Issuer is managed by a Board of Directors currently consisting of seven (7) members, which is entrusted with the administration and management of the Issuer.

and other key members of the management of the Issuer. The Directors are empowered to act on behalf of the Issuer and in this respect have the authority to enter into contracts, sue and be sued in representation of the Issuer. In terms of the Memorandum and Articles of Association the Directors may transact all business of whatever nature of the Issuer not expressly reserved by the Memorandum and Articles of Association to the shareholders in general meeting or by any provision contained in any law for the time being in force.

### 6.2 Aggregate Emoluments of Directors

In terms of the Memorandum and Articles of Association, the Directors shall be paid such amount of remuneration as may be so agreed by an extraordinary resolution of the shareholders of the Issuer. In terms of the Memorandum and Articles of Association of the Issuer, the aggregate emoluments of all Directors in any general meeting, and any notice convening the general meeting during which an increase in the maximum limit of such aggregate emoluments shall be proposed, shall contain a reference to such fact. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Issuer or in connection with the business of the Issuer. Presently, none of the Directors receive remuneration, and since the date of the Issuer's formation, no extraordinary resolution has been taken for this purpose.



## 8. Details of the Bond Issue

### 8.1 The Bond Issue

7KH,VVXHUVDPNLOJDQRRIHULQRI VHYHQRLOWRQHYH SHUFHQW %RQGVGXH IRUDQ aggregate principal amount of €25,000,000 provided that in the event that the Issuer receives Applications in excess of €25,000,000, the Issuer has the option to increase the issue of Bonds by a maximum of an additional €5,000,000 up to an aggregate principal amount of €30,000,000. The Bonds, having a nominal

The Bonds will, unless previously purchased and cancelled, be redeemed on 30 September 2016, subject to the Issuer's option to redeem all or any of the Bonds at any date between 30 September 2014 and 30 September 2016, as the Issuer may determine on giving not less than thirty (30) days' prior notice to the Bondholders.

The Bond Issue is not underwritten.

### 8.2 Admission to Trading

Application has been made to the Listing Authority for the admissibility of the Bonds to listing on a regulated market. The Listing Authority had admitted the Bonds to listing and trading on the Second Tier Market by letter dated 28 August 2009. In addition, application has also been made to the Malta Stock Exchange for the Bonds to be admitted to trading on the Second Tier Market. The Bonds are expected to be admitted to the Second Tier Market of the Malta Stock Exchange with effect from 19 October 2009 and trading is expected to commence on 20 October 2009.

### 8.3 Plan for Distribution

The Issuer is making an offering of Bonds to all categories of investors. The Bonds will be available for subscription during the Offer Period commencing on 28 September 2009 up to and including 2 October 2009, subject to the right of the Issuer to close subscription lists before such date in the case of over-subscription.

The Issuer may enter into conditional subscription agreements prior to the commencement of the Offer Period up to an amount not exceeding 60% of the full amount of the Offer (including the maximum amount of the Over-allotment Option) with a number of Authorised Intermediaries for the subscription of the Bonds, whereby it will bind itself to allocate Bonds to such Authorised Intermediaries upon closing of subscription lists. These agreements will be subject, inter alia, to the admission to trading of the Bonds on the Second Tier Market.

During the Offer Period, Applications may be made through any of the Authorised Intermediaries whose names are set out in Part E Annex III of this Prospectus.

### 8.4 Estimated Expenses of the Bond Issue

Professional fees, costs related to publicity, advertising, printing, listing, registration, sponsor, management and registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue, are estimated not to exceed €1,000,000, and shall be borne by the Issuer.



The overall amount of the placing commission payable to Authorised Intermediaries entering into conditional subscription agreements in terms of Section 19 of Part D of this Prospectus will not exceed €180,000.

## 9. Additional Information

### 9.1 Share Capital

The Issuer has an authorised share capital of €1,000,000 divided into 1,000,000 shares of a nominal value of €1.00 each. The issued share capital of the Issuer, which amounts to €176,400, is divided into 176,400 shares of a nominal value of €1.00 each. Save for one share held by Honey II Group Limited, the issued share capital of the Issuer is split in the following proportions:

- 50.75% held by GMT (Honey I) Sa.r.l.;
- 35% held by M/C Ventures Partners VI L.P.;
- 12% held by Gee Five Limited; and
- 2.25% held by Grand Canal Capital Limited.

### 9.2 Memorandum and Articles of Association

The Memorandum and Articles of Association of the Issuer (C-47318), described in section 15.2 of Part C of this Prospectus, are registered with the Registry of Companies and are available for inspection during the ~~OFFICE HOURS OF THE REGISTRAR~~ Financial Services Authority.

## 10. Documents Available for Inspection

For the duration period of this Prospectus the following documents shall be available for inspection at the registered address of the Issuer:

- (a) Memorandum and Articles of Association of the Issuer;
- (b) Melita Capital plc – Pro Forma Consolidated Financial Information and Accountants’ Report as at 31 May 2009;
- (c) Melita Capital plc– Audited Financial Statements for the period commencing on the date of registration of the Issuer and ended 3 September 2009;
- ~~the period ended 31 May 2009;~~
- (f) Management and Support Services Agreement between the Issuer and Melita plc;
- (g) Loan agreement between the Issuer and the Subsidiary; and
- ~~the period ended 31 May 2009;~~

***Part B***  
***- RISK FACTORS -***



You should carefully consider the following matters, as well as the other information contained in this Prospectus, before making any investment decision with respect to the Issuer.

## 1.1 Forward looking statements

This Document and the documents incorporated herein by reference or annexed hereto, particularly **but not limited to the 'Profit Forecasts or Estimates' referred to in section 7.2 of Part C of this Prospectus and appended in full in Part E Annex II**, contain forward looking statements that include, among others, statements concerning the Issuer's strategies and plans relating to the attainment of its objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may involve predictions of future circumstances.

Investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", or similar phrases. These forward-looking statements are inherently subject to a number of risks, uncertainties, and assumptions. Important factors that could cause actual results to differ materially from the expectations of the Issuer's Directors **include those risks identified under the heading "Risk Factors", and elsewhere in the Prospectus. If any of the risks described were to materialise, they could have a serious effect on the Issuer's financial results and the ability of the Issuer to fulfill its obligations under the securities to be issued.** Accordingly, the Issuer cautions the reader that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by the statements and no assurance is given that the future results or expectations will be achieved.

## 1.2 Considerations relating to the business of the Issuer and the Melita Capital Group

### Limited history of the Issuer and limited trading history of the Melita Capital Group

The Issuer was incorporated as recently as 16 July 2009, and accordingly it has a limited history. **The companies to be financed by the proceeds of the Bond Issue, that is the Subsidiary and the Affiliate, have a limited trading history having been incorporated on 17 July 2008 and having commenced operations in February 2009 (following incorporation on 8 March 2005) respectively.**

**The Melita Capital Group is subject to the risks and the difficulties frequently encountered by companies in the early stages of their development and having a business strategy that is as yet unproven. The Directors anticipate that for the interim, prior to turning profitable, the Melita Capital Group will continue to incur operating losses due to a high – yet prudent – level of planned operating and capital expenditures. The Melita Capital Group has incurred significant initial losses, not uncommon in startup operations requiring substantial capital investment. It is likely that the Melita Capital Group's operating losses will continue in the immediate future. The Directors cannot be certain that the Melita Capital Group will achieve its business objectives or that the Melita Capital Group will be able to successfully compete and achieve market acceptance or otherwise adequately address the risk factors disclosed in this Prospectus, and if this occurs the Melita Capital Group may not achieve or sustain a profitable operation, in which case a significant adverse impact on the Issuer's ability to service the Bond would arise.**

**Melita Capital Group's potential exposure to certain financial risks**

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

Interest rate risk refers to the potential changes in the value of financial assets and liabilities in response to changes in the level of interest rates and their impact on cash flows. The Issuer may be exposed to the risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financing position and cash flows. Changes in interest rates can have an adverse effect on the financial position and operating results of the Issuer.

Counterparty risk arises from credit exposures to counterparties and amounts receivable from Melita Capital Group Companies. Failure on the part of counterparties to fulfil their obligations may impact the business of the Issuer. The Issuer does not hold any collateral as security in this respect. This form of risk is further explained in the remainder of this section 1.2.

**Issuer's dependence on payments due by the Subsidiary and Affiliate may be affected by factors beyond the Issuer's control**

Melita Capital plc is a holding company with no business operations or assets other than the ordinary share capital held in the Subsidiary and the Affiliate. Consequently, the Issuer will be wholly dependent on the receipts from the Subsidiary and Affiliate (as described in Part C section 4.3) in order to service interest payments on the Bonds, to provide for the sinking fund (as described in Part D section 20.11 below) and eventually to repay the principal of the Bonds. In this respect, therefore, the operating results of the other Melita Capital Group Companies have a direct effect on the Issuer's financial position and as such the risks intrinsic in the business and operations of the other Melita Capital Group Companies shall have a direct effect on the ability of the Issuer to meet its obligations under the Bond.

The ability of the Subsidiary and Affiliate to make payments to the Issuer will depend on their respective cash flows and earnings, which may be restricted by changes in applicable laws and regulations, by the terms of agreements to which they are or may become party, including the indentures governing their existing indebtedness, or by other factors beyond the control of the Issuer. The occurrence of any such factor could in turn negatively affect the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the Bonds punctually when due.





### Risks inherent in Projections

**The Issuer's projected revenues are described under the heading 'Profit Forecasts or Estimates' in section 7.2 of Part C of this Prospectus and reproduced in full in Part E Annex II. Forecasts are inherently subject to the risk of adverse unexpected events which may affect the Issuer's revenue streams and its profitability. The Forecast set out in this document is dependent on a number of assumptions and future expectations that may or may not occur. The occurrence or otherwise of those future expectations could have serious and material effects on the financial position and results of operations not only of the Issuer but also of the other members of the Melita Capital Group, which in turn could, as explained in the preceding Risk Factor, have a material and serious impact on the Issuer's ability to service interest payments on the Bonds and the repayment of the principal on the Bonds on maturity. The Forecast therefore is merely an illustration of a possible future outcome which may or may not occur and the Issuer, its directors, officers and advisor make no representation as to their accuracy or likelihood of occurrence.**

### Issuer's dependence on the MSS Agreement and on key personnel

**The Issuer is party to a management and support services agreement (the "MSS Agreement") with Melita plc in connection with the provision by Melita plc of management services at the strategic and operational level of the Issuer's business, enabling the Issuer to benefit from the experience and expertise of Melita plc management. By virtue of the MSS Agreement, Melita Capital Group has access to a small number of key executive officers. The Issuer's future success depends in large part on the Issuer's ability to maintain access to highly skilled, knowledgeable, sophisticated and qualified managerial, professional and technical personnel. Should, at sometime in the future, Melita plc experience difficulty in attracting and retaining personnel who possess the skills that the Issuer is seeking, the Issuer may experience a shortage of qualified personnel.**

### Termination of relationships with key suppliers could cause delay and additional costs

**The business of the Melita Capital Group is dependent on third-party suppliers for fibre, computers, software, transmission electronics and related components that are integrated into the Melita Capital Group's network, some of which are critical to the operation of the business. If any of these critical relationships is terminated, a supplier either exits or curtails its business as a result of the current economic conditions, a supplier fails to provide critical services or equipment, or the supplier is forced to stop providing services due to legal constraints, such as patent infringement, and the Melita Capital Group is unable to reach suitable alternative arrangements promptly, the Melita Capital Group may experience significant additional costs or may not be able to provide certain services to customers. If that happens, the business could be materially adversely affected.**

### The Regulatory Environment

**Telecommunications, internet and cable television services are subject to significant regulation at local, European and international levels. The Melita Capital Group's operations are subject to various regulations, including those regulations promulgated by the Malta Communications Authority, the Consumer and Competition Division within the Ministry of Finance, the Economy and Investment, the Malta Environment and Planning Authority, the Occupational Health and Safety Authority and other**

local regulatory agencies and legislative bodies. These regulations affect the business of the Melita Capital Group and those businesses of existing and potential competitors. Delays in receiving required regulatory approvals, completing interconnection agreements with other carriers, or the enactment of new and adverse regulations or regulatory requirements may have a material adverse effect on the Melita Capital Group's business. In addition, future legislative, judicial and regulatory agency actions could have a material adverse effect on the Melita Capital Group's business.

The Issuer expects the regulatory landscape in Europe to change as a consequence of the revised regulations resulting from the review of the common regulatory framework currently in place in the European Union. These revised regulations are expected to be approved at the end of 2009 or the beginning of 2010 and could result in increases in the regulatory pressure on the competitive environment in every national market. The Melita Capital Group may also face new regulatory initiatives in the area of mobile telecommunications in Europe, including increased regulatory pressure on international roaming tariffs for data and SMS services and on mobile termination rates. In addition, the Melita Capital Group may also face pressure from regulatory initiatives in some European countries regarding the reform of spectrum rights of use and spectrum allocation. Such regulatory actions could place significant competitive and pricing pressure on the Group's operations, and could have a material adverse effect on its business, financial condition, results of operations and cash flow.

#### Licences and Permits

Furthermore, the licences and permits which the Melita Capital Group may hold have finite terms, and any inability to renew any of these licences and permits upon termination, or any inability to obtain new licences and permits for new technologies, could adversely affect the Melita Capital Group's business.

#### System Failures

The Melita Capital Group's operations depend on its ability to avoid and mitigate any interruptions or degradation in service for customers. Interruptions in service or performance problems, for whatever reason, could undermine confidence in the services provided by the Melita Capital Group and cause a loss of customers or make it more difficult to attract new ones. In addition, because many of the services provided by the Melita Capital Group are critical to the businesses of many of its customers, any significant interruption or degradation in service could result in lost profits or other losses to customers. Although the Melita Capital Group generally limits liability for service failures in its service agreements and generally excludes any liability for "consequential" damages such as lost profits, a court might not enforce these limitations on liability, which could expose the Melita Capital Group to financial loss. In addition, the Melita Capital Group often provides its customers with committed service levels. If the Melita Capital Group is unable to meet such service level commitments, the Melita Capital Group may be required to provide service credits or other compensation to its customers, which could negatively affect the Melita Capital Group's operating results.



The failure of any equipment or facility on the Melita Capital Group's network, including network operations control centres, the fibre optic submarine cable and network data storage locations, could result in the interruption of customer service and other corporate functions until necessary repairs are effected or replacement equipment is installed. In addition, the business continuity plans of the Melita Capital Group may not be adequate to address a particular failure that may be experienced. Delays, errors, network equipment or network facility failures, including with respect to network operations control centers, the fibre optic submarine cable and network data storage locations, could also result from natural disasters, disease, accidents, terrorist acts, power losses, security breaches, vandalism or other illegal acts, computer viruses, or other causes.

The business of the Melita Capital Group could be significantly hurt from these delays, errors, failures or faults including as a result of:

- service interruptions;
- exposure to customer liability;
- the inability to install new service;
- the unavailability of employees necessary to provide services;
- the delay in the completion of other corporate functions such as issuing bills and the preparation of financial statements; or
- the need for expensive repairs or modifications to the systems and infrastructure of the Melita Capital Group.

### ***Risks related to the Issuer's dependence on Melita Infrastructure Limited***

#### **Subsidiary's current dependence on Melita plc**

Currently, the Subsidiary's total revenue is entirely dependent on Melita plc, a company owned by the Issuer's shareholders. Melita plc. is the only commercial entity which presently leases capacity on the submarine cable owned and operated by the Subsidiary and accordingly the only client bound to effect payments to the Subsidiary. Accordingly, until such time as the Subsidiary's revenue remains completely dependent on Melita plc, should Melita plc experience financial difficulties this could have a negative impact on the Subsidiary's own financial position and results of operations thereby in turn negatively affecting the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the Bonds punctually when due.

### ***Risks related to the Issuer's dependence on Melita Mobile Limited***

All of the following risk factors which could affect the Affiliate and its mobile telephony operation could, if they were to materialize, have a material adverse effect on the business, financial condition and results of the mobile operation, and, in view of the Affiliate's repayment commitment towards the Issuer (explained in section 4.3 of Part C of this Prospectus), the ability of the Issuer to meet its obligations in respect of the repayment of principal and interest under the Bonds punctually when due could thereby be negatively affected.

**Reduced profitability due to low rates of new customer acquisition or high rates of customer turnover**

The Affiliate's rate of customer acquisition and customer turnover may be affected by competitive factors such as network performance, reliability issues, handset or service offerings (including the ability of customers to cost-effectively roam onto other wireless networks), customer care concerns, phone number portability, and higher deactivation rates among less-tenured customers subscribing as a result of the new market launches.

Although the Affiliate has in place strategies to acquire new customers and ensure maximisation of customer retention, such strategies may prove to be unsuccessful. A high rate of customer turnover or low rate of new customer acquisition would reduce revenues and increase the total marketing expenditures required to attract the minimum number of customers required to sustain the mobile operation's business plan.

**Loss of competitiveness due to inability to obtain roaming services from other carriers**

The Affiliate currently has an extensive web of roaming agreements with numerous carriers around the world, allowing its customers to roam on those carriers' networks. However, these roaming agreements generally cover voice but not data services, and furthermore a number of these agreements may be terminated on relatively short notice.

The European Commission recently adopted a report and order clarifying that mobile telecommunication service providers are required to provide automatic roaming for voice services on just, reasonable and non-discriminatory terms, and has set a cap on that rate. The order, however, does not address roaming for data services nor does it provide or mandate any specific mechanism for determining the reasonableness of roaming rates for voice services, and so the Affiliate's ability to obtain roaming services from other carriers at attractive rates remains uncertain.

The Affiliate may in future be unable to provide roaming services (particularly in respect of data services) for its customers across all required markets on a cost-effective basis, which would limit its ability to compete effectively for wireless customers. This could increase the turnover of customers and decrease the revenues generated by the mobile operation.



### Managing the mobile operation's planned growth and competition

**The Affiliate has experienced growth in its subscriber base which exceeded its expectations in a relatively short period of time, and it is expected that, subject to the effectiveness of its strategies, significant growth will take place in the future. The management of such growth will require, among other things, continued development of financial and management controls and management information systems, stringent control of costs and handset inventories, diligent management of the operation's network infrastructure and its growth, increased spending associated with marketing activities and acquisition of new customers, the ability to attract and retain qualified management personnel, and the training of new personnel. The inability of the Affiliate to manage such growth effectively and efficiently and to put in place the necessary controls at the appropriate time could have a negative effect on the Affiliate's results of operations and financial position. In addition, the Issuer is only a minority shareholder in Affiliate, accordingly its influence on the overall strategy and management of the Affiliate could be limited.**

In addition, continued growth will eventually require the expansion of billing, customer care and sales systems and platforms, which would require additional capital expenditures and increased time and effort on the part of management personnel overseeing such expansion. Furthermore, the implementation of any such systems or platforms, including the transition to such systems or platforms from the operation's existing infrastructure, could result in unpredictable technological or other difficulties.

Failure to successfully manage this expected growth and development, to enhance the mobile operation's processes and management systems, or to adequately and expeditiously resolve any such difficulties could have a material adverse effect on its business, financial condition and results of operations.

### Rapid technological change in the wireless industry

**The wireless communications industry is experiencing significant technological change, as evidenced by the ongoing improvements in the capacity and quality of digital technology, the development and commercial acceptance of wireless data services, shorter development cycles for new products and enhancements and changes in end-user requirements and preferences. Customer demand for new products and services at competitive prices depends heavily on such technological change. In the future, competitors may seek to provide competing wireless telecommunications service through the use of developing technologies such as Wi-Fi, LongTerm Evolution (LTE), Ultra Mobile Broadband (UMB), IEEE 802.16m, WiMax and VoIP. Furthermore, at the time Melita Capital Group selects and advances one technology over another, it may not be possible to accurately predict which technology may prove to be the most economical, efficient or capable of attracting subscribers or stimulating usage. The Melita Capital Group may also implement a technology that does not achieve widespread commercial success or that is not compatible with other newly developed technologies. The failure to effectively anticipate or react to such technological changes may result in the loss of customers, the failure to attract new subscribers or the incurring of substantial costs in order to maintain customers, all of which could have a material adverse effect on the Melita Capital Group's business.**

Despite the substantial capital invested in the building of the mobile operation's network with 3G technology in order to offer advanced data services, in the event that such upgrades, technologies or services do not remain commercially acceptable, the operation's revenues and competitive position could be materially and adversely affected. Although a widespread demand for advanced data services at a level that will allow a reasonable return on investment is reasonably expected, this cannot be guaranteed. In addition, in the event that 3G infrastructure networks become less popular in the future, the cost of equipment and handsets capable of utilizing more popular technologies would need to be incurred.

### 1.3 Considerations relating to the Bonds

#### General

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF IN NEED OF ADVICE, YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT, CAP. 370 OF THE LAWS OF MALTA.

THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED, CANCELLED OR REDEEMED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE FALLING ON 30 SEPTEMBER 2016, SUBJECT TO THE RIGHT OF THE ISSUER TO REDEEM ALL OR PART OF THE BONDS ON ANY OF THE DESIGNATED EARLY REDEMPTION DATES, BY GIVING NOT LESS THAN THIRTY (30) DAYS PRIOR NOTICE TO THE BONDHOLDERS.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS, INCLUDING THOSE SET OUT BELOW IN THIS SECTION. BEFORE DECIDING WHETHER TO MAKE AN INVESTMENT IN THE BONDS, PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER (INCLUDING TAX, ACCOUNTING, CREDIT, LEGAL AND REGULATORY) PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS (NOT LISTED IN ORDER OF PRIORITY) AND OTHER INVESTMENT CONSIDERATIONS, TOGETHER WITH ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

NEITHER THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION OR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED INTERMEDIARIES THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY BONDS, SHOULD PURCHASE ANY BONDS.

ACCORDINGLY PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS, AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS PROSPECTUS.



**The Issuer is the sole obligor of the Bonds, which are not guaranteed by the other Melita Capital Group Companies**

The other Melita Capital Group Companies, which are legal entities separate and distinct from the Issuer, do not guarantee the Issuer's obligations under the Bonds and do not have any obligations with respect to the Bonds. Furthermore, none of the other Melita Capital Group Companies are required to make any capital contributions, loans or other payments to the Issuer with respect to its obligations on the Bonds.

**Prior Ranking Charges**

The Bonds constitute the general, direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt other than subordinated debt, if any.

**Furthermore, subject to the negative pledge clause (Section 4 of the Terms and Conditions of the Bonds set out in Annex I to this Prospectus), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.**

Furthermore, the Bonds are effectively junior to the secured debt and liabilities of the Issuer. Currently the Issuer has no outstanding secured indebtedness. The Melita Capital Group Companies currently have banking facilities of €27,200,000 which, following the application of the Bond proceeds, shall initially be reduced to €6,700,000, but which could, during the term of the Bond, increase to a maximum of €20,200,000 through the utilisation of a revolving banking facility. As indicated earlier in this section, the Issuer has limited operations of its own and derives substantially all of its revenue and cash flows from the Subsidiary and Affiliate.

**The Subsidiary and Affiliate, which are separate and distinct from the Issuer, do not guarantee the Bonds, and their respective creditors (including trade creditors and the Issuer itself pursuant to the loans that it shall make available<sup>2</sup>) would generally be entitled to payment from the assets and earnings thereof before those assets and earnings can be distributed to the Issuer as an equity investor. Accordingly, Bondholders' rights in terms of the Bonds would effectively not extend to the assets of either of the Affiliate or the Subsidiary except indirectly through the Issuer and the latter's claim under the loan agreements entered into with each of the Subsidiary and the Affiliate (to the extent that such claims are unsecured) and which shall rank junior to those of the secured creditors of the Subsidiary and the Affiliate.**

**The Bonds are senior to the loans granted by GMT (Honey I) Sarl, M/C Venture Partners VI L.P., Gee Five Limited and Grand Canal Capital Limited to each of the Subsidiary and the Affiliate amounting to an aggregate of circa €28,100,000 as at 31 May 2009, which loans are subordinated to any and all claims of the creditors of the Melita Capital Group Companies, including the Bondholders.**

<sup>2</sup> See Part C Section 4.3 of this Prospectus

**Risk inherent in the Bonds**

- **Prior to the Bond Issue, there has been no public market nor trading record for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.**
- **Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Second Tier Market once the Bonds are authorised as admissible to listing by the Listing Authority. The Second Tier Market is a market designed primarily for companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial advisor.**
- **The liquidity of the market depends on, amongst others, factors beyond the Issuer's control such as the willingness or otherwise of potential buyers and sellers of the Bonds. The effect that the investors' decisions may have on the trading market would consequently affect the trading value of the Bonds. Other factors over which the Issuer has no control include the time remaining for maturity of the Bonds, the outstanding amount of the Bonds, and the level, direction and volatility of market interest rates generally.**
- **There can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. There can be no assurance, also, that an investor will be able to re-sell his/her Bonds at or above the Bond Offer Price.**
- **Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.**
- **A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.**
- **No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.**
- **The Issuer has the option to redeem the Bonds in whole or in part on any of the Designated Early Redemption Dates (in accordance with the provisions of Section 6 of the Terms and Conditions of the Bonds set out in Annex I to this Prospectus), together with any accrued and unpaid interest until the time of redemption. This optional redemption feature may condition the market value of the Bonds.**





- **In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bond it shall call a meeting of Bondholders in accordance with the provisions of Section 10 of the Terms and Conditions of the Bonds set out in Annex I to this Prospectus. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.**
- **The Bonds are based on the requirements of the Listing Rules of the Listing Authority, the Act and the Commission Regulation EC No. 809/2004 of the 29th April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of this Prospectus.**

***Part C***  
***- INFORMATION ABOUT THE ISSUER -***



## 2. Identity of Directors, Advisors and Auditors of the Issuer

The Directors of the Issuer, whose names are set out hereunder, have been advised and assisted in the drafting and compilation of the document by the persons mentioned under the sub-heading “Advisors to the Issuer”.

### Directors

**Joseph A. Gasan**

*Chairman*

Gasas Centre  
Imrieħel By-Pass, Imrieħel  
Birkirkara BKR3000  
Malta

**Massimo Prelz**

*Non-Executive Director*

40 Piccadilly,  
Sackville House  
London W1J 0DR  
United Kingdom

**Timothy Simon Green**

*Non-Executive Director*

40 Piccadilly,  
Sackville House  
London W1J 0DR  
United Kingdom

**Robert Savignol**

*Non-Executive Director*

75, State Street, Boston,  
MA02109  
USA

**James Wade**

*Non-Executive Director*

75, State Street, Boston,  
MA02109  
USA

**Paul Connolly**

*Non-Executive Director*

Waters Edge,  
Charlotte Quay Dock,  
Dublin 4,  
Ireland

**Gary Quin**

*Non-Executive Director*

Waters Edge,  
Charlotte Quay Dock,  
Dublin 4,  
Ireland

The Company Secretary of the Issuer is Dr. Henri Mizzi of Camilleri Preziosi, Level 3, Valletta Buildings, South Street, Valletta VLT1103, Malta.

ALL OF THE DIRECTORS OF THE ISSUER, WHOSE NAMES APPEAR ABOVE (THE “DIRECTORS”), ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS PROSPECTUS IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.

**Advisors to the Issuer**

Legal Counsel to the Issuer and  
Legal Counsel on the Bond Issue: Camilleri Preziosi  
Level 3, Valletta Buildings, South Street  
Valletta – VLT 1103 – MALTA

Sponsor: Rizzo, Farrugia & Co. (Stockbrokers) Ltd  
Airways House, Third Floor, High Street,  
Sliema - SLM 1549 – MALTA

Auditors: PricewaterhouseCoopers  
167, Merchants Street,  
Valletta – VLT 1174 – MALTA

to act as auditors in terms of the Accountancy Profession Act, 1979 (Cap. 281 of the Laws of Malta).

Manager and Registrar: Bank of Valletta plc  
BOV Centre, Cannon Road  
St. Venera – SVR9030 - MALTA

**3. Offer Statistics and Expected Timetable**

**3.1 Offer Statistics**

Issuer Melita Capital plc, a public limited liability company registered in Malta with registration number C-47318;

Amount The amount of €25,000,000, subject, in the event of the exercising by the Issuer of the Over-allotment Option, to such amount increasing to €30,000,000 in aggregate value of Bonds issued pursuant to this Prospectus;



|                                 |   |
|---------------------------------|---|
| Form                            | The Bonds will be issued in fully registered and dematerialised form and will be represented in electronic register maintained on behalf of the Issuer at the Central Securities Depository of the MSE;   |
| ISIN                            | MT0000471202;   |
| Denomination & Nominal Value    | Euro (€)100 per Bond;   |
| Minimum Amount per subscription | Minimum of one thousand Euros (€1,000);   |
| Redemption Date                 | 30 September 2016, subject to the Issuer's option to redeem all or any part of the Bonds on any of the Designated Early Redemption Dates;   |
| Bond Issue Price                | €100 for each Bond;   |
| Status of the Bonds             | The Bonds constitute the general, direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank pari passu, without any priority or preference among themselves and with other unsecured debt other than subordinated debt, if any; |
| Listing                         | Application has been made to the Listing Authority for the Bonds to be considered as admissible to listing on the Second Tier Market, and to the MSE for the Bonds to be listed and traded on its Second Tier Market ;  |
| Offer Period                    | The period between 28 September 2009 and 2 October 2009 (or such earlier date as may be determined by the Issuer in the event of over-subscription) during which time the Bonds are on offer;   |
| Yield                           | The gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption value on maturity,   |
| First Interest Payment Date     | 30 March 2010;  |

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|                          |  |
|--------------------------|--|
| Interest Payment Date(s) | 30 March and 30 September of each year between and including each of the years 2010 and the year 2016, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;   |
| Redemption Value         | The par value of the Bonds;  |
| Manager and Registrar    | Bank of Valletta plc;  |
| Sponsor                  | Rizzo, Farrugia & Co. (Stockbrokers) Ltd;  |
| Notices                  | Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty-four (24) hours after the letter containing the notice is posted, and in proving such <del>NOTICE WAS PROPERLY ADDRESSED TO SUCH BONDHOLDER AT HIS/HER REGISTERED ADDRESS AND POSTED;</del> containing such notice was properly addressed to such Bondholder at his/her registered address and posted; |
| Governing Law            | The Bonds are governed and shall be construed in accordance with Maltese Law;  |
| Jurisdiction             | The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.   |

### 3.2 Expected Timetable

|  |                   |
|--|-------------------|
| Pre-Placement Date   | 24 September 2009 |
| Submission of Applications by Preferred Applicants                     | 24 September 2009 |
| Opening of Subscription Lists  | 28 September 2009 |
| Closing of Subscription Lists  | 2 October 2009    |
| Expected Announcement of Basis of Acceptance                           | 9 October 2009    |
| Expected Commencement of Interest on the Bonds                         | 9 October 2009    |
| Expected Dispatch of Allotment Advice and Refund of Unallocated Monies | 16 October 2009   |

The Issuer reserves the right to close the offer of the Bonds before 2 October 2009 in the event of over-subscription, in which case, the remaining events set out in the 'Expected Timetable' shall be anticipated in the same chronological order in such a way as to retain the same number of Business Days between the said events.



## 4. Key Information

### 4.1 Selected Financial Information

The Issuer was established on the 16 July 2009 as a holding company having no trading or operational activities of its own. Its object is that of a holding company and as such holds direct shareholding in the other Melita business information reproduced in this Prospectus relates to the Melita Capital Group and/or the Subsidiary investor to better understand the information contained in this Prospectus. Investors are urged to consult the

Since the date of registration, the Issuer has entered into the following material transactions:

- (1) By virtue of an agreement entered into by and between the Issuer and GMT (Honey I) Sarl, M/C Venture Partners VI L.P., Gee Five Limited and Grand Canal Capital Limited dated 13 August 2009, the Issuer acquired all the issued share capital, with the exception of one share held by Honey II Limited, of the Subsidiary from its shareholders against the issue of new shares to those shareholders, accordingly taking over control of the business operations of the Subsidiary as of that date; and
- (2) By virtue of another agreement entered into by and between the Issuer and Melita plc dated 3 September 2009 the Issuer subscribed for thirty per cent (30%) of the total issued share capital

consolidation of the Subsidiary.

Prospectus are the:

- (a) Pro Forma Consolidated Financial Information of the Issuer and Accountants' Report as at 31 May 2009;
- (b) Audited Financial Statements of the Issuer for the period commencing on the date of registration of the Issuer and ended 3 September 2009;

period ended 31 May 2009.

## 4.2 Selected Financial Data, and Information on the Issuer’s Capitalisation & Indebtedness

the heading “Documents Available for Inspection” in section 18 of Part C of this Prospectus.

Extracts from the Pro Forma Financial Information of the Issuer as at 31 May 2009 and the Forecast for the period ending 31 December 2010 as extracted from the Accountants’ Report included in Part E Annex II exercise the Over-allotment Option to increase the issue to €30,000,000.

### Income Statement extracts

|                                 | Forecast<br>Period from<br>16 July 2009 to<br>31 December 2010<br>€ | Pro Forma<br>31 May 2009<br>€ |
|---------------------------------|---|-------------------------------|
| Revenue                         | 4,747,696   | -                             |
| Cost of sales                   | (2,872,496)   | -                             |
| <b>Gross profit</b>             | <b>1,875,200</b>  | -                             |
| Administrative expenses         | (621,260)   | (3,000)                       |
| Other income                    | 214,795   | -                             |
| <b>Operating profit/(loss)</b>  | <b>1,468,735</b>  | <b>(3,000)</b>                |
| Finance income                  | 2,124,622   | -                             |
| Finance costs                   | (3,453,181)   | -                             |
| <b>Profit/(loss) before tax</b> | <b>140,176</b>  | <b>(3,000)</b>                |
| Tax expense                     | (75,023)  | -                             |
| <b>Profit/(loss) after tax</b>  | <b>65,153</b>   | <b>(3,000)</b>                |





## Statement of Financial Position extracts

|   | Forecast<br>as at 31 December 2010<br>€ | Pro Forma<br>as at 31 May 2009<br>€ |
|---|---|-------------------------------------|
| <b>ASSETS</b>                           |   |                                     |
| <b>Non-current assets</b>               |   |                                     |
| Property, plant and equipment           | 9,094,996                               | 9,804,908                           |
| Investments - loans and receivables     | 22,000,000                              | -                                   |
| <del>SYDPODEFOHBDPODEHNDQEDDQVWVW</del> | 120,000                                 | 120,000                             |
| <b>Total non-current assets</b>         | <b>31,214,996</b>                       | <b>9,924,908</b>                    |
| <b>Current assets</b>                   |   |                                     |
| Trade and other receivables             | 2,082,380                               | 239,510                             |
| Cash at bank                            | 410,356                                 | 690,243                             |
| <b>Total current assets</b>             | <b>2,492,736</b>                        | <b>929,753</b>                      |
| <b>Total assets</b>                     | <b>33,707,732</b>                       | <b>10,854,661</b>                   |
| <b>EQUITY AND LIABILITIES</b>           |   |                                     |
| <b>Capital and reserves</b>             |   |                                     |
| Share capital                           | 176,400                                 | 176,400                             |
| Retained earnings                       | 65,153                                  | (3,000)                             |
| <b>Total equity</b>                     | <b>241,553</b>                          | <b>173,400</b>                      |
| <b>Non-current liabilities</b>          |   |                                     |
| Shareholders' subordinated loans        | 3,442,357                               | 2,703,820                           |
| Borrowings                              | 29,175,342                              | 3,849,108                           |
| <b>Total non current liabilities</b>    | <b>32,617,699</b>                       | <b>6,552,928</b>                    |
| <b>Current liabilities</b>              |   |                                     |
| Borrowings                              | -                                       | 644,000                             |
| Trade and other payables                | 773,457                                 | 3,484,333                           |
| Taxation payable                        | 75,023                                  | -                                   |
| <b>Total current liabilities</b>        | <b>848,480</b>                          | <b>4,128,333</b>                    |
| <b>Total liabilities</b>                | <b>33,466,179</b>                       | <b>10,681,261</b>                   |
| <b>Total equity and liabilities</b>     | <b>33,707,732</b>                       | <b>10,854,661</b>                   |

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**Statement of Cash Flows extracts**

|   | Forecast<br>Period from<br>16 July 2009 to<br>31 December 2010<br>€ | Pro Forma<br>31 May 2009<br>€ |
|---|---|-------------------------------|
| <b>Operating activities</b>                               |   |                               |
| Cash generated from operations                            | 2,415,081   | -                             |
| Interest paid   | (2,174,167)   | -                             |
| Interest received   | 29,635  | -                             |
| <b>Net cash from operating activities</b>                 | <b>270,549</b>  | <b>-</b>                      |
| <b>Investing activities</b>                               |   |                               |
| Cash acquired upon investment in subsidiary               | 515,043   | 515,043                       |
| Purchase of property, plant and equipment                 | (2,937,436)   | -                             |
| Repayment of bank borrowings                              | (120,000)   | -                             |
| Repayment of bank borrowings                              | (22,000,000)  | -                             |
| <b>Net cash (used in)/from investing activities</b>       | <b>(24,542,393)</b>   | <b>515,043</b>                |
| <b>Financing activities</b>                               |   |                               |
| Issue of share capital                                    | 175,200   | 175,200                       |
| Proceeds from bond issue                                  | 30,000,000  | -                             |
| Bond issue costs  | (1,000,000)   | -                             |
| Increase in bank borrowings                               | 2,507,000   | -                             |
| Repayment of bank borrowings                              | (7,000,000)   | -                             |
| <b>Net cash from financing activities</b>                 | <b>24,682,200</b>   | <b>175,200</b>                |
| <b>Net movement in cash and cash equivalents</b>          | <b>410,356</b>  | <b>690,243</b>                |
| Cash and cash equivalents at the beginning of the period  | -   | -                             |
| <b>Cash and cash equivalents at the end of the period</b> | <b>410,356</b>  | <b>690,243</b>                |

**Statement of Changes in Equity extracts**

|  | Share<br>capital<br>€ | Retained<br>earnings<br>€ | Total<br>€     |
|--|-----------------------|---------------------------|----------------|
| <b>Pro Forma for the period ending 31 May 2009</b>     |                       |                           |                |
| Issue of shares  | 176,400               | -                         | 176,400        |
| Repayment of bank borrowings                           | -                     | (3,000)                   | (3,000)        |
| <b>Balance at 31 May 2009</b>                          | <b>176,400</b>        | <b>(3,000)</b>            | <b>173,400</b> |
| <b>Forecast for the period ending 31 December 2010</b> |                       |                           |                |
| Issue of shares  | 176,400               | -                         | 176,400        |
| Repayment of bank borrowings                           | -                     | 65,153                    | 65,153         |
| <b>Balance at 31 December 2010</b>                     | <b>176,400</b>        | <b>65,153</b>             | <b>241,553</b> |



## Capitalisation and Indebtedness of the Issuer

The following table sets out the capitalisation and indebtedness of the Issuer as at 31 May 2009 and the estimate

Over-allotment Option and other forecast movements in indebtedness in the period from 1 June 2009 to 30 September 2009.

|                                  | Notes | 2010<br>Forecast<br>as at<br>31 December 2010<br>€ | 2009<br>Pro Forma<br>as at<br>31 May 2009<br>€ |
|----------------------------------|-------|--|--|
| Borrowings                       |       | -  | 4,493,108                                      |
| 7.15% Bonds 2014-2016            | 1     | 29,175,342   | -  |
| Less cash and cash equivalents   |       | (410,356)  | (690,243)                                      |
| <b>Net third party debt</b>      |       | <b>28,764,986</b>                                  | <b>3,802,865</b>                               |
| Shareholders' subordinated loans |       | 3,442,357  | 2,703,820                                      |
| Total equity                     |       | 241,553  | 173,400  |
| <b>Total capital</b>             |       | <b>3,683,910</b>                                   | <b>2,877,220</b>                               |
| <b>Total capital employed</b>    |       | <b>32,448,896</b>                                  | <b>6,680,085</b>                               |
| <b>Gearing ratio</b>             |       | <b>88.6%</b>                                       | <b>56.9%</b>                                   |

### Notes:

- The 7.15% Bonds 2014-2016 are shown at the value of the proceeds less the net book amount of the Bond issue costs.

## Pro Forma Capitalisation and Indebtedness of the Melita Capital Group including the Affiliate and the Subsidiary after the Issue of the Bonds

The following table sets out the capitalisation and indebtedness of the Melita Capital Group as at 31 May 2009

Over-allotment Option and other forecast movements in indebtedness in the period from 1 June 2009 to 30 September 2009.

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|   | Notes    | Melita<br>Infrastructure<br>Limited | Melita<br>Mobile<br>Limited | Melita Capital<br>Group<br>Aggregate<br>position |                  |
|---|----------|-------------------------------------|-----------------------------|--|------------------|
|   |          | €                                   | €                           | €  |                  |
| Total bank borrowings   |          | 4,493,108                           | 11,011,816                  | 15,504,924                                       |                  |
| Less: cash in hand and at bank  |          | (515,043)                           | (837,283)                   | (1,352,326)                                      |                  |
| <b>Net third party debt as at 31 May 2009</b>                         | <b>1</b> | <b>3,978,065</b>                    | <b>10,174,533</b>           | <b>14,152,598</b>                                | <b>(a)</b>       |
| <b>FOR THE PERIOD FROM 1 JUNE 2009 TO 30 SEPTEMBER 2009</b>           |          |                                     |                             |  |                  |
| period 1 June 2009 to 30 September 2009                               | 2        | 2,506,892                           | 2,262,384                   | 4,769,276  |                  |
| Increase in Bank borrowings to fund working capital requirements      | 3        | -                                   | 6,700,000                   | 6,700,000  |                  |
| Issue of Bond, net of issue costs                                     | 4        | 7,000,000                           | 22,000,000                  | 29,000,000                                       |                  |
| Use of Bond proceeds:   |          |                                     |                             |  |                  |
| - Bond proceeds available to fund future working capital requirements | 5        | -                                   | (8,725,800)                 | (8,725,800)                                      |                  |
| <b>Forecast net third party debt after issue of Bond</b>              |          | <b>6,484,957</b>                    | <b>19,136,917</b>           | <b>25,621,874</b>                                | <b>(b)</b>       |
| Shareholders' subordinated loans                                      |          | 2,703,820                           | 25,445,804                  | 28,149,624                                       |                  |
| Total equity (shareholders' funds)                                    |          | (126,143)                           | (9,018,916)                 | (9,145,059)                                      |                  |
| <b>Equity and shareholders' loans as at 31 May 2009</b>               | <b>1</b> | <b>2,577,677</b>                    | <b>16,426,888</b>           | <b>19,004,565</b>                                | <b>(c)</b>       |
| <b>Total capital (debt and equity) as at 31 May 2009</b>              | <b>1</b> | <b>6,555,742</b>                    | <b>26,601,421</b>           | <b>33,157,163</b>                                | <b>(a) + (c)</b> |
| <b>Total capital (debt and equity) after issue of Bond</b>            |          | <b>9,062,634</b>                    | <b>35,563,805</b>           | <b>44,626,439</b>                                | <b>(b) + (c)</b> |
| Gearing ratio as at 31 May 2009                                       |          | 60.7%                               | 38.2%                       | 42.7%  |                  |
| Pro Forma gearing ratio after issue of Bond                           |          | 71.6%                               | 53.8%                       | 57.4%  |                  |

**Notes:**

1. The Melita Infrastructure Limited and Melita Mobile Limited for the period ending 31 May 2009.

2. The Melita Infrastructure Limited and Melita Mobile Limited for the period ending 31 May 2009.

3. The Melita Infrastructure Limited and Melita Mobile Limited for the period ending 31 May 2009.

4. Bond proceeds are stated net of Bond Issue costs.

5. Net Bond proceeds available to fund future working capital requirements.



### 4.3 Reasons for the Bond Issue and Use of Proceeds

The proceeds raised from the Bond Issue, which net of commissions and expenses are expected to amount to €24,000,000 (or €29,000,000 in the event of exercise of the Over-allotment Option by the Issuer) shall be used principally for the funding requirements of the Melita Capital Group Companies, as follows:

(i) for the funding of the continued capital expenditure associated with the expansion and development of the Subsidiary, and for the general corporate funding associated with the early growth phase of its operations, and for the general corporate funding

A loan agreement has been entered into between the Issuer and the Subsidiary, in terms of which the Issuer shall advance an amount of up to €7,500,000 to the Subsidiary, to be used for the immediate repayment of the Subsidiary's existing bank loans.

(ii) for the funding of the continued capital expenditure associated with the expansion and development of the Subsidiary, and for the general corporate funding associated with the early growth phase of its operations, and for the general corporate funding

(iii) for the funding of the continued capital expenditure associated with the expansion and development of the Subsidiary, and for the general corporate funding associated with the early growth phase of its operations, and for the general corporate funding

Issuer shall advance an amount of up to €17,000,000 (or €22,000,000 in the event of exercise of the Over-allotment Option by the Issuer) to be utilized initially for the repayment of circa €13,500,000 in existing bank loans of the Subsidiary, and for the funding of the continued capital expenditure and working capital requirements dictate. In terms of the said loan agreement, the shares of up to €3,500,000 (or €8,500,000 in the case of the exercise of the Over-allotment Option) will be

Any amounts of shareholders' loans made available to the Issuer or which may be made available by shareholders shall be made on terms that are to remain outstanding for a period which is at least one (1) year after the Redemption Date and under terms that they shall at all times be subordinated to the Bonds so that the Bonds shall at all times rank in preference and with priority to any other advances made to the Issuer by Shareholders.

The proceeds described in this Prospectus.

### 4.4 Interest of Natural and Legal Persons involved in the Bond Issue

No private interests or duties unrelated to the Issuer have been disclosed by the Directors which may or are likely to conflict with the interests of the Issuer.

## 5. Information about the Issuer

### 5.1 Historical Development of the Issuer

#### 5.1.1 Introduction

The Issuer was formed on 16 July 2009 as a public limited liability company. The Issuer, which is registered and domiciled in Malta in terms of the Act with company registration number C-47318, has its registered

incorporation, the Issuer proceeded to acquire 100% of the share capital in the Subsidiary and 30% of the

#### 5.1.2 Principal Objects of the Issuer

The principal objects of the Issuer's activities are set out in Article 3 of the Memorandum of Association and funding requirements of the business of its subsidiaries and/or associated companies.

### 5.2 Overview of the Issuer's Business

light of such principal objectives, as indicated above, shortly following its incorporation, the Issuer proceeded

of the Melita Capital Group's wireless communications network. This will complement the investment made quasi-equity investment by the principal shareholders of the Issuer referred to in Part C section 10.2 of the Prospectus, and bank debt, in the amount of approximately €42,500,000, in order to develop the infrastructure currently being used by Melita Mobile.

The Melita Capital Group currently provides 3G digital wireless service throughout Malta and wholesale voice and Malta in February 2009, whereas the Melita Capital Group's wholesale cable business commenced operations in June 2009 with the provision of carrier services to Melita plc in accordance with the terms of a seven (7) year contract.



## The Subsidiary: Melita Infrastructure Limited

7KH6XEVLGLD... cable from Malta to Sicily, and holds a seven (7) year service contract with Melita plc to provide Melita plc with a strategic telecommunications link to the rest of Europe. The Subsidiary will also have the ability to sell additional capacity/carrier services to other telecommunications companies, data service companies, corporates, government agencies and other entities requiring high capacity data connections to Europe, should the demand arise.

This investment forms part of the wider Melita Capital Group's, and the Melita plc Group's, long-term plan to invest in the latest network technologies to provide its customers with a superior experience across all the ... for all the Melita plc Group's and the Melita Capital Group's customers and will provide Malta with a greater level of redundancy which is necessary for the country to attract continued foreign direct investment from ...

## The Affiliate: Melita Mobile Limited

On 16 August 2007, after successfully tendering to become the third wireless telecom operator in Malta, ... the powers conferred on the Authority by the Electronic Communications (Regulation) Act (Cap. 399 of the Laws of Malta).

... quality in terms of coverage, call completion, customer service and value.

## Principal Investments

2WKHWKDWK... other principal investments, and the Issuer has not entered into or committed for any principal investments ...

## 5.3 Principal Markets and Competition

The Issuer operates exclusively in and from Malta. The Melita Capital Group Companies operate in a highly competitive telecommunications market. The submarine cable laid and commissioned by the Subsidiary is ... operator in Malta.

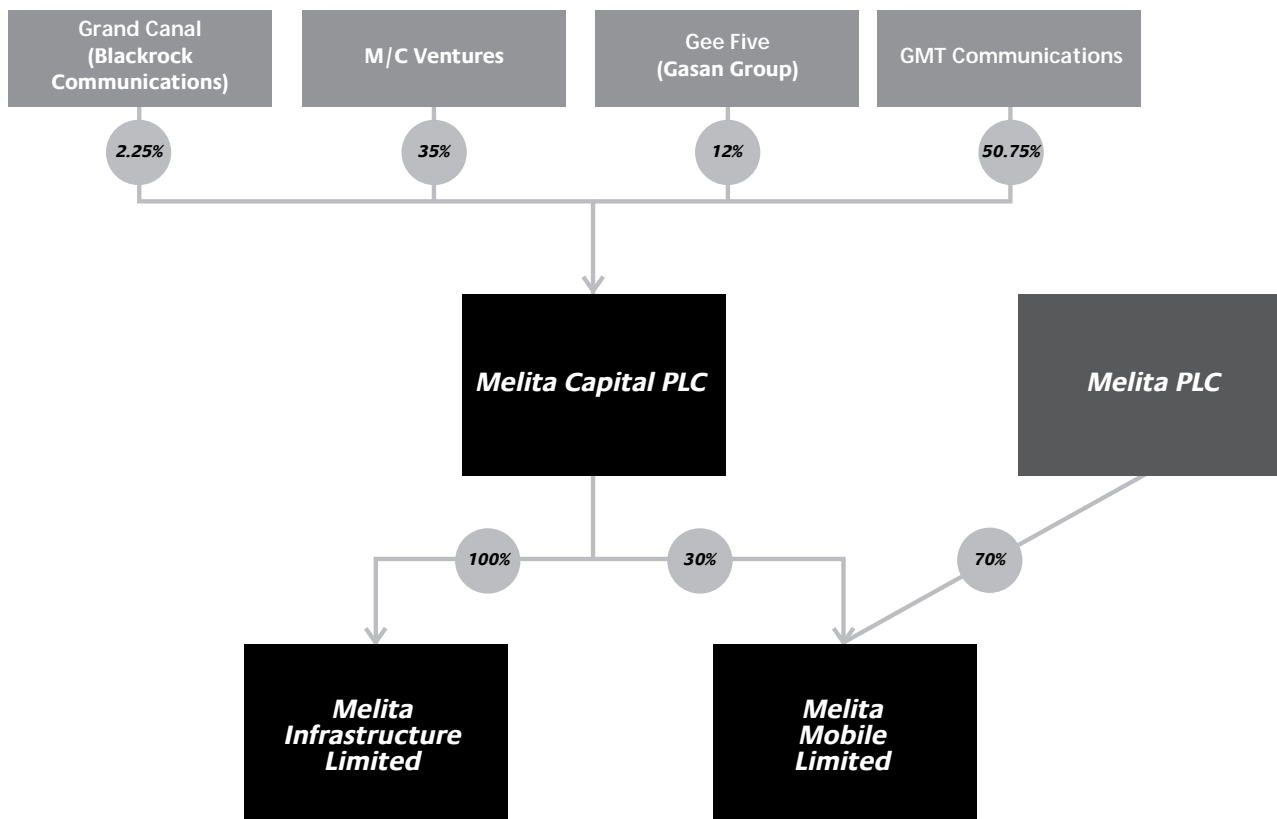
... constructing and operating a wireless 3G network that will be responsive to customers' needs and will provide superior voice and data services.

Through its association, at shareholders level, with Melita plc and its subsidiaries, the Melita Capital Group provides a range of services including fixed line telephony (Melita plc); internet services (the Melita plc subsidiary Data Services Limited); cable television services (the Melita plc subsidiary Data Services Limited). Through its association with Melita plc, the Melita Capital Group, the Subsidiary provides dedicated international connectivity to all communications operations of the Melita Capital Group and the wider Melita plc Group. The directors believe that the current set-up will enable the Melita Capital Group to achieve a leading position to retain its status as a foremost communications player in the local market.

## 6. Organisational Structure

Save for one share held by Honey II Group Limited, the Issuer is 50.75% owned by GMT (Honey I) Sa.r.l., 35% owned by M/C Ventures Partners VI L.P., 12% owned by Gee Five Limited (the investment arm of the locally-based Gasan Group), and 2.25% owned by Grand Canal Capital Limited. Further information on the principal shareholders of the Issuer is set out in Section 10.2 of Part C of this Prospectus.

The following structure chart outlines the shareholding structure relative to the Issuer:







The Issuer is the sole shareholder of the Subsidiary, Melita Infrastructure Limited, and has a 30% holding in having a nominal value of €2.329373 per share, 30.65% paid up. In view of the control exercised by the 70%

The Issuer is party to a management and support services agreement (the “MSS Agreement”) with Melita plc in connection with the provision by Melita plc of management services at the strategic and operational services on an arm’s length basis.

The MSS Agreement also ensures that the Issuer is in a position to sustain its streamlined organisational structure at the top executive and central administrative level, by having continued and guaranteed access to the senior management, engineering and support personnel of Melita plc. The agreement has a renewable term of three years. In terms of the MSS Agreement, in consideration for the support services afforded by Melita plc, the Issuer shall pay Melita plc an amount of €70,000 per annum (inclusive of the fees of advisors, consultants and independent contractors engaged by Melita plc to perform the services set out in the MSS Agreement, but exclusive of out-of-pocket expenses which Melita plc may incur in providing the said services).

enjoyed by the Issuer pursuant to the MSS Agreement, which include:

- 1)
- 2)
- 3)

## 7. Trend Information and Forecasts

### 7.1 Trend Information

There have been no material adverse changes in the prospects of the Issuer since the date of its registration.

At the time of publication of this Prospectus, the Issuer considers that generally it shall be subject to the barring unforeseen circumstances does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be considered likely to have a material effect on the

The following are the factors and trends expected in the key areas of operation of the Melita Capital Group in the foreseeable future:

## Introduction

Following its incorporation on 16 July 2009, the Issuer acquired 100% of the total issued share capital of the Melita Capital Group, which has serviced the local market since 1992. The Melita Capital Group is a wireless communications and cable business which has serviced the local market since 1992. The Melita Capital Group is a wireless communications and cable business which has serviced the local market since 1992.

The commercial launch of the Melita Capital Group's 3G Mobile service in Malta took place in February 2009, whereas the Melita Capital Group's wholesale cable business commenced in June 2009 with the provision of carrier services to Melita plc pursuant to the terms of a seven (7) year contract. Neither the Subsidiary nor

both present and future. These investments also constitute an investment in the future of Malta as an information society.

## The Affiliate: Melita Mobile Limited

**The Affiliatesells productsand servicesto customersthroughits eight (8) retailstoresowned and/orleased** by the company itself as well as through indirect retailers and the network of stores under the name of Melita Mobile Limited and data plans to its post-paid customers, as well as non-contracted pre-paid voice and data services. Due Melita plc) has the ability to offer customers pricing plans that will combine their mobile phone (voice and data), landline, television and broadband into one bill or any combination thereof. There are arm's length agreements in place to determine how revenue is shared where bundled packages combining the services

on a number of key factors: the number of subscribers, the Average Revenue Per Subscriber ("ARPU") and the Subscriber Acquisition Cost ("SAC"), the retention of subscribers (which is normally viewed in terms of churn, that is the number of subscribers terminating their services), and the normal running costs associated with running any business.

As at the year end 2008 the Malta Communications Authority ("MCA") reported that the mobile subscriber base in Malta amounted to 385,636 users. With a total Maltese population base of 410,000 this represented In the same report the MCA noted that the division of post-paid and prepaid subscribers was 13.6% and Indications are that the vast majority of these customers were prepaid customers who transferred from the



In line with other markets, the company's management team is of the view that the Maltese mobile penetration rate will increase to 119% of the population. This is due to the fact that as the market matures, many subscribers will hold multiple communications devices. This is very much in line with other market experiences. Management expects the division between post-paid and prepaid customers to quickly fall in line with current norms in the mobile market. To reduce churn and the SACs associated with it, the company will be placing emphasis on customer retention schemes.

ultimately sold to its customers, with the projected return on such investment expected to consist of the customers' use of mobile services over a number of months. SAC is inclusive of all transportation and duty costs

According to the MCA, ARPU in the Maltese market for the quarter ended 31 December 2008 were €198.69 and €49.13 for post-paid and prepaid respectively. As with the majority of mobile telecommunications due to an increase in the proportion of lower income customers subscribing to a network and using that network's services less frequently, as well as with the onset of increased competitive pressures or decisions together with the synergies that can be created through bundled offerings to customers through Melita additional value added services and through its own ongoing cost reduction efforts.

operators worldwide. These include 'Digicel' in Central America and the Caribbean, 'Esat' in Ireland, 'Metro PCS' in the USA and 'Mobifon' in Romania. The directors have been involved in over thirty (30) launches of mobile operators, all being cases where the new entrant was the second or third player in that market, and accordingly faced competitive threats and opportunities similar to those experienced by Melita Mobile. All launches were

The business strategy underlying these launches was focused on a combination of the drive to provide a top quality network to consumers, a value-led pricing strategy, and a trusted brand. All of the markets in question, as in Malta, were characterised by a strong demand for a value-driven operator to break strongly strategy that should allow Melita Mobile's material penetration of the Maltese mobile market allowing Melita Mobile to continue enjoying the growth that it has achieved since its launch.

The Maltese mobile market is predominantly characterised by pre-paid subscribers while the ARPU for the post-paid (or contract) users is among the highest in Europe. This highlights the potential to convert more pre-paid users to post-paid contracts by enabling them to enjoy better value pricing. This strategy has been market average.

Apart from enabling higher revenues this strategy is also calculated to achieve higher customer loyalty of the company's initial capital outlay in higher handset subsidies, is expected to lead to higher losses in the initial years of operation as shown below in 2009 and 2010 but is then expected to generate stronger growth in

Additionally, the Directors believe that the potential of providing 3G services to the Maltese consumer remains base and sustain further the case for higher customer loyalty and sustained revenue growth over time.

### Melita Mobile Projections

|          | 2009    | 2010    | 2011    | 2012    |
|----------|---------|---------|---------|---------|
| Revenues | €7.4    | €17.4   | €24.6   | €29.3   |
| Costs    | (€18.2) | (€19.2) | (€21.0) | (€21.8) |
| EBITDA   | (€10.7) | (€1.8)  | €3.6    | €7.6    |

(Earnings Before Interest, Tax, Depreciation and Amortization)

### The Subsidiary: Melita Infrastructure Limited

to Sicily. Under the terms of a seven (7) year contract with Melita plc, the Subsidiary will provide Melita plc with a strategic telecommunications link to the rest of Europe. Although currently the Subsidiary only provides this connectivity to Melita plc, the Subsidiary intends to sell additional capacity/carrier services to other entities requiring high capacity data connections to Europe. Discussions are already underway to provide such services to businesses and institutions in Malta, including government and educational entities. Indications as at the date of this Prospectus have led management to formulate the view that such additional capacity to provide these services.

## 7.2 Profit Forecasts or Estimates

**Information relative to the profit forecasts or estimates of the Issuer results from the information contained** under the heading "Selected Financial Information" in Section 4.1 of Part C of this Prospectus. The forecast included in Part E. Additionally, Part E Annex II contains the report prepared by the independent accountants



cognizance of, and if necessary seek expert advice on, the risk factors set out in Part B of this Prospectus under the sub-headings “Forward-looking Statements” and “Risks inherent in Projections.”

## 8. Working Capital

The Directors, having made due and careful enquiry, are of the opinion that the working capital available to the

## 9. Management

### 9.1 The Board of Directors of the Issuer

The Issuer is managed by a Board of Directors currently consisting of seven (7) members, which is entrusted with the overall direction, administration and management of the Issuer. The responsibility of the Directors is a collective one, although within the structure of a unitary board, the main functions of the Directors are in practice complementary.

and other key members of the management of the Issuer. The Directors are empowered to act on behalf of the Issuer and in this respect have the authority to enter into contracts, sue and be sued in representation of the Issuer. In terms of the Memorandum and Articles of Association they may transact all business of whatever nature of the Issuer not expressly reserved by the Memorandum and Articles of Association to the shareholders in general meeting or by any provision contained in any law for the time being in force.

consent of all the Directors be held outside Malta.

All Directors of the Issuer sitting on the Audit Committee are of a non-executive capacity.

#### 9.1.1 Curriculum Vitae of the Directors of the Issuer

The following are short curriculum vitae of the Directors:

##### Mr. Joseph A. Gasan

Mr. Joseph A. Gasan is the Chairman of Gasan Group Limited, the Issuer, Melita plc, GasanMamo Insurance Limited and several companies constituting the Gasan Group. He is also a director of several companies including MIDI plc, Kemmuna Limited, International Automobiles Limited and TumasGasan Holdings Limited.

Mr. Gasan assumed the running of the family business in 1971 and in the mid-seventies initiated and directed present level of development. Under his Chairmanship, the Gasan Group successfully expanded its portfolio

market; secured a strong presence in the development of residential and commercial property and maximized business opportunities in the engineering and information and communications technology sectors. The company continues to seek fresh opportunities at home and abroad.

**Mr. Massimo Prelz**

Mr. Massimo Prelz joined GMT as a Partner in 2004 and is one of Europe's leading venture capital investors in telecommunications and media companies. He was previously managing director for Europe at Advent International, a leading venture capital firm in telecommunications and media. Since 1988, Mr Prelz has completed over twenty four (24) venture capital investments within Europe and the USA, and is or has been a member of the board of directors of numerous companies. Mr Prelz speaks French and English. Current directorships include Melita plc, PEPcom, Redext and Jazztel.

**Mr. Timothy Simon Green**

Mr Timothy Simon Green is a founding partner of GMT. He joined BCEL in 1993 and has seventeen (17) years of experience in the telecommunications industry. He spent three (3) years with Baring Private Equity Partners, a leading private equity firm, in KPMG London, focusing on acquisition, due diligence and traditional audit assignments.

Mr Green completed a Masters Programme at the London Business School and studied accountancy at Bristol Polytechnic. Current directorships include Docu Group, Multicom Security and Primesight.

**Mr. Robert Savignol**

Mr. Robert Savignol, an American and French national, joined M/C Venture Partners in July of 2004 and focuses on investments in Europe. Previously, Mr. Savignol worked as a Director of Corporate Development for NTL, the United Kingdom's largest cable television provider. Prior to joining NTL, Mr. Savignol was an investment banker with Salomon Brothers in New York, focusing on mergers and acquisitions in the telecommunications industry. He graduated magna cum laude from Boston University with degrees in Finance and Economics and received an MBA from the Harvard Business School. He currently serves on the Board of Directors of Attenda Limited, GTS Central Europe, Melita plc, NuVox Communications and Zayo Group.

**Mr. James F. Wade**

Mr. James F. Wade graduated from the University of Notre Dame in 1978 with a BBA in Finance, and was then employed by the Harris Bank in Chicago. He received an MBA from Harvard Business School, joined M/C Partners in 1982, and became a partner in 1987. Mr. Wade has been responsible for developing the investment process for the company and has been instrumental in the development of the company's portfolio of telecommunications and residential broadband providers. As Managing Partner of M/C Venture Partners, Mr. Wade leads the investment process including determining sector focus, seeking out management teams, founding new companies and providing ongoing support. He currently serves on the boards of directors of Cavalier Telephone, Revol, NuVox Communications, Open Mobile, Lightower Holdings, Melita plc and Cellular One of East Texas. He also holds an observer seat on the Board of Directors of Airband.





**Mr. Paul Connolly**

Mr. Paul Connolly is Chairman of Blackrock Communications and Connolly Corporate Finance Ltd., a Dublin and New York based investment bank focussed on the TMT sector. Mr Connolly was a director of Esat Telecommunications Limited (“Esat Telecom”), an Irish telecommunications company from 1997 to 2000. Whilst at Esat telecom Mr Connolly oversaw all its capital market transactions including private placements, high yield bond issuances, Esat Telecom’s initial public offering and listing on the Nasdaq National Market in 1997 and the eventual sale of Esat Telecom to British Telecommunications plc for US\$2.65 billion. Mr Connolly was a director of Digicel Limited, a Caribbean based Telecommunications Company from its inception in 2000 to 2006 during which time he oversaw senior debt and mezzanine debt issuance, various merger  
Meats Limited from 1987 through 1991 and prior to that worked with KPMG as an accountant from 1981 to 1987. He has completed almost 40 international transactions including the initial public offering and listings on the Nasdaq National Market of three (3) companies. Mr Connolly holds a Bachelor of Commerce degree from University College Dublin, Ireland and is a fellow of the Institute of Chartered Accountants in Ireland.

**Mr. Gary Quin**

DU\ 4XLQLV&KLHIFXWLYH2IFHU RI %ODFNURRPPXQLFDWLROVWHOFRPPXQLFDWLROBLF SULDYDWH HTXLWXP IRFXVHGRQRSSRUWXQLWLDGSHYHORSLQDUNHWW LVDOVRXUHQWVPH&KDLUPDQI UDQG &DODQDSLWDDHUPXGDCQEDVHSGJLYDWEYHVWPHQW OU 4XLQKROGVDQKRQRXUGHJUHLQXURSHDQ Economic Studies and Modern Languages from University College Cork, Ireland and a Master’s degree in Business Administration from Trinity College Dublin, Ireland.

From 2001 until 2005, he was a Managing Director of Connolly Corporate Finance, a Dublin, Ireland and New York, USA-based boutique investment bank focussed on the telecommunications industry. During that  
private equity transactions across Central and Eastern Europe, for an ultra high net worth individual. From 1999 to 2001, Mr Quin was a senior vice president of Inishowen Capital Partners, a New York based telecommunications focussed hedge fund. Prior to his MBA, he was Head of Sales with Auditone, a healthcare equipment supplier and from 1997 to 1998 was a professional athlete with the Irish national rowing team.

**9.1.2 MSS Agreement**

The Issuer is party to a management and support services agreement (the “MSS Agreement”) with Melita plc in connection with the provision by Melita plc of management services at the strategic and operational  
accounting services on an arm’s length basis. A summary of the salient terms and conditions of the MSS Agreement are found in Section 6 of Part C of this Prospectus.







## 9.6 Employees

As at the date of the Prospectus:

- the Issuer has no employees;
- the Subsidiary has no employees; and

☐

## 10. Management Structure and Shareholding

### 10.1 Management Structure of the Issuer

The overall management of the Issuer is vested in a Board of Directors consisting of a minimum of six (6) directors. In terms of the Memorandum and Articles of Association the directors may transact all business of whatever nature of the Issuer not expressly reserved by the Memorandum and Articles of Association to the shareholders in general meeting or by any provision contained in any law for the time being in force.

☐

particular case, may revoke such appointment. The Chief Executive may be asked to attend board meetings or general meetings of the Issuer provided that he shall have no right to vote thereat. If the person appointed ☐

☐

case, such person shall have the right to attend and vote at board meetings in his capacity of director of the Issuer. The Directors may entrust to and confer upon a Chief Executive (or Managing Director, if applicable) any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may ☐

☐

withdraw, alter or vary all or any of such powers.

The Directors have appointed Mr Joseph Gasan as Chairman of the Issuer. The Issuer is a holding company and ☐ their own management structures that manage their respective business. Furthermore, the Issuer is party to a management and support services agreement (the “MSS Agreement”) with Melita plc in connection with the provision by Melita plc of management services at the strategic and operational level of the Issuer’s business. A summary of the salient terms and conditions of the MSS Agreement are found in Section 6 of Part C of this Prospectus.

The Directors believe that the current organisational structure is adequate for the current activities of the Issuer ☐ under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

## 10.2 Principal Shareholders of the Issuer

The four principal shareholders of the Issuer are:

### **GMT (Honey I) Sa.r.l.: 50.75% shareholders**

GMT (Honey I) Sa.r.l. is wholly owned by the GMT Communications Partners third and current fund, GMT Communications Partners III, LP (GMT III), which is a private equity fund focused on investments in the European communications industry. With a sixteen (16) year record of active investing, GMT III has established three funds since its launch in 1993 and has since made twenty eight (28) investments across Europe with a total value in excess of €3.5 billion.

BCEL was established in 1993 with the support of London-based Baring Private Equity Partners, a global private equity firm. BCEL has benefited from Baring's extensive experience in the telecommunications sector, its sophisticated methods, deal sourcing and access to capital from its earliest stage of development.

GMT's second fund, GMT Communications Partners II, LP (GMT II) closed in November 2000. The partners completed twenty four (24) investments in total across both funds, with twelve (12) investments in each. GMT II is now fully invested and BCEL has been fully realised. GMT II's performance consistently ranks in the top quartile of European private equity funds.

GMT's third and current fund, GMT Communications Partners III, LP (GMT III) closed in July 2007. The partners have completed four investments to date in this fund: Asiastieto in July 2006, Melita Cable in July 2007, Primesight in October 2007 and Bigpoint in August 2008.

### **M/C Venture Partners VI L.P.: 35% shareholders**

M/C Venture Partners is a venture capital firm focused exclusively on the communications, media and information technology sectors. Over the past twenty five (25) years, the principals of M/C Venture Partners have invested over US \$1.8 billion in almost 100 emerging companies of all stages of growth. The firm's current investment vehicle, M/C Venture Partners VI, is a US\$550 million venture capital fund raised in 2006. M/C Venture Partners has strong institutional backing from leading pension funds and university endowments, as well as a long track record of success. M/C Venture Partners investment professionals are based in Boston, San Francisco and London.

### **Gee Five Limited: 12% shareholders**

Gee Five Limited is wholly owned by Gasan Group Limited, the ultimate parent company of the Gasan Group of Companies. It is the investing arm of the Gasan Group and besides its interest in the Issuer, it holds 12% of the issued share capital of Honey III Limited which in turn indirectly through Honey IV Limited owns all but one share in the issued share capital of Melita plc. Besides telecommunications, Gee Five Limited holds a portfolio of investments in other sectors. The company's assets as at 31 December 2008 amounted to €48,800,000.



The Gasan Group is also engaged in the operation of motor vehicle dealerships and related services, the provision of insurance services, the holding and renting of property as well as the provision of electrical and mechanical engineering contracting services, lifts and air conditioners.

### Grand Canal Capital Limited: 2.25% shareholders

Blackrock Communications is a private equity vehicle focussed on telecommunications opportunities in Europe, with a geographical bias towards Central and Eastern Europe. Blackrock has put together a specialised team  
Blackrock is currently backed by three large (more than US\$5 billion) hedge funds which have committed to invest between €20m and €100m in equity each per Blackrock-led transaction, depending on the asset, deal size and jurisdiction.

In terms of the Memorandum and Articles of Association of the Issuer, for as long as GMT (Honey I) Sa.r.l. and Honey II Group Ltd BVI, M/C Venture Partners VI L.P. and Gee Five Limited continue to hold shares in the Issuer they shall be entitled at any time to appoint two (2), two (2) and one (1) person to the Board as non executive directors respectively, with the remaining 2 independent and non-executive directors being appointed by co-option of the Board of Directors. The presence of one (1) director appointed by GMT (Honey I) Sa.r.l. and Honey II Group Ltd BVI, one (1) director appointed by M/C Venture Partners VI L.P. and one (1) director appointed by Gee Five Limited shall be required to constitute a quorum for any Board Meeting.

The composition of the Board of Directors (see preceding paragraph) ensures that no shareholder can exercise undue control over the Board of Directors, and is intended to secure a balance of power between shareholders. This balance is further strengthened by the decision-making process requiring, at both director and shareholder level, in terms of the Memorandum and Articles of Association of the Issuer, while ordinary resolutions the same Memorandum and Articles require M/C Ventures' written consent or direction and, in relation to some of these matters, the consent or approval of either of M/C Ventures or Gee Five Limited. The shareholding structure of the Issuer is set out in this section 10.2 as well as in Section 6 of Part C of this Prospectus.

Furthermore, as pointed out in Section 11.1 of Part C of the Prospectus, the Audit Committee (consisting of a majority of independent and non-executive directors) has the role and function of scrutinising and evaluating any proposed transaction to be entered into by the Issuer and a related party, to ensure that the execution of any such transaction is at arm's length and on a commercial basis and ultimately in the best interests of the Issuer.

## 11. Audit Practices

### 11.1 Audit Committee

control structure. The Committee oversees the conduct of the internal and external audit and acts to facilitate communication between the Board, management, the external auditors and the internal audit team.

*Melita Capital plc*  
*- INFORMATION ABOUT THE ISSUER -*

In view of the set up of the Melita Capital Group, although the Audit Committee is set up at the level of the Issuer, its main tasks are related principally to the activities of the Subsidiary and to a limited extent to the 70% shareholder.

The Board has set formal terms of establishment and the terms of reference of the Audit Committee that establish its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with. The Audit Committee is a sub-committee of the Board and is directly responsible and accountable to the Board. The Board reserves the right to change these terms of reference from time to time.

- control structures (including the appropriateness and security of computer systems being utilized),
- maintaining communications on such matters between the Board, management and the external auditors;
- preserving the Issuer's assets by understanding the Issuer's risk environment and determining how to deal with those risks;
- the appointment of the external Auditor and the approval of the remuneration and terms of engagement thereof following appointment by the shareholders in general meeting.

Furthermore, pursuant to its terms of reference, the Audit Committee is charged with the monitoring and review of, inter alia:

- (b) the external audit functions, including the external auditor's independence, objectivity and effectiveness;
- (c) the information upon which the management bases its decision to consider the business as a going concern;
- (d) the accounting policies adopted and assumption made;
- (g) the adherence to laws and regulations and compliance with the Listing Rules;
- (i) the company's tax position.

In addition, the Audit Committee also has the role and function of scrutinising and evaluating any proposed transaction to be entered into by the Issuer or the Subsidiary and a related party, to ensure that the execution of any such transaction is at arm's length and on a commercial basis and ultimately in the best interests of the Issuer.

Joseph A. Gasan acts as chairman of the Audit Committee, whilst Timothy Simon Green and Paul Connolly act as members. Paul Connolly is independent and is competent in accounting and/or auditing.



## 11.2 Internal Audit

The role of the internal audit team is to carry out systematic risk-based reviews and appraisals of the operations management policies, practices and controls. This function is expected to promote the application of best practices within the Issuer’s organisational structure.

The internal audit unit reports directly to the Audit Committee.

## 12. Corporate Governance

The Issuer has only been in existence since the 16 July 2009, and given the brevity of this period it has not as yet put in place all the structures necessary to be fully compliant with the Code of Principles of Good Corporate Governance contained in Appendix 8.1 of the Listing Rules (the “Code”). The Issuer declares its full support of the Code and undertakes to fully comply with the Code over the coming year by taking all such steps which may be considered necessary or conducive for such purpose. In the interim, and as a step towards the attainment of full compliance with the principles and requirements enunciated in the Code to the extent that this is considered complementary to the size, nature and operations of the Issuer, the Issuer has ensured that the composition of its Board of Directors is in line with the requirements of the Code, and has already set up an Audit Committee having a composition and terms of reference that comply with the requirements of the Code. Going forward, in view of the reporting structure adopted by the Code, the Issuer shall, on an annual basis in its annual report, explain the level of the Issuer’s compliance with the principles of the Code and, in line with the comply or explain philosophy of the Code, explain the reasons for non-compliance, if any.

## 13. Historical Financial Information

7KHKL VWRUI QDQFLD QIRUPDWURERXWKH VVXH UDYDLOD ERULQVSHFWLURQ HVXWLVQVHFWLURQ EHORZ  
7KHU KDYEHHQOR VLIQLFDQWKDOJHWRWKI QDQFLD QWUDGLSFLVWLRLQ WKH VVXH ULOFHWKH HQGRI WKH  
QDQFLD QHULRQVZKLFK WKI QDQFLD QDQFLD QDQFLD QDQFLD QDQFLD QDQFLD QDQFLD QDQFLD QDQFLD QDQFLD  
this Prospectus relate.

## 14. Litigation

The Directors are not aware of any current litigation against or otherwise involving the Issuer, including actual, pending or threatened governmental, legal or arbitration proceedings, which the Directors consider could

## 15. Additional Information

### 15.1 Share Capital

The Issuer has an authorised share capital of €1,000,000 divided into 1,000,000 shares of a nominal value of €1.00 each. The issued share capital of the Issuer, which amounts to €176,400, is divided into 176,400 shares of a nominal value of €1.00 each, which are held as follows:

- GMT (Honey I) Sa.r.l. holds 89,522 shares of a nominal value of €1.00 each, fully paid up;
- M/C Ventures Partners VI L.P. holds 61,740 shares of a nominal value of €1.00 each, fully paid up;
- Gee Five Limited holds 21,168 shares of a nominal value of €1.00 each, fully paid up;
- Grand Canal Capital Limited holds 3,969 shares of a nominal value of €1.00 each, fully paid up; and
- Honey II Group Limited BVI holds 1 share of a nominal value of €1.00, fully paid up.

In terms of the Issuer's Memorandum and Articles of Association, no issue of shares in the Issuer shall take place without the consent of each of GMT (Honey I) Sa.r.l., Honey II Group Limited and M/C Venture Partners VI L.P.

paid up, in consideration for cash or otherwise.

There is no capital of the Issuer which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Issuer is to be put under option.

### 15.2 Memorandum and Articles of Association

#### (a) Objects

The Memorandum and Articles of Association of the Issuer (C-47318) is registered with the Registry of Companies.

The main objects for which the Issuer is constituted are set out in article 3 of the Memorandum of Association of the funding requirements of the business of its subsidiaries and/or associated companies.

A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of the Services Authority.

#### (b) Voting Rights & Restrictions

The holders of Ordinary shares in the Issuer are entitled to vote at meetings of the shareholders of the Issuer on the basis of one vote for each share held.



Whenever there are preference shares in issue, the holders thereof shall have the same rights as the holders of ordinary shares of the Issuer. However, such holders of preference shares, shall not, as holders of preference shares, have the right to vote at General Meetings except on a resolution:

- (a) For the purpose of reducing the capital of the Issuer; or
- (b) For the purpose of winding up of the Issuer; or
- (c) For the purpose of any proposal submitted to the meeting which directly affects their rights and privileges; or
- (d) For the purpose of effecting the dividend on preference shares when the dividend on their shares is in arrears for more than six (6) months.

In the circumstances mentioned in (a) to (d) above, the holders of preference shares are entitled to vote at meetings of the shareholders of the Issuer on the basis of one vote for each preference share held.

### **(c) Appointment of Directors**

At present, in terms of the Memorandum and Articles of Association, the Board shall consist of seven (7) Directors, who were appointed as follows:

- GMT (Honey I) Sa.r.l. and Honey II Group Limited BVI appointed two (2) persons to the Board as non executive directors;
- M/C Ventures Partners VI L.P. appointed two (2) persons to the Board as non-executive directors;
- Gee Five Limited appointed one (1) person to the Board as a non-executive director; and
- the remaining two (2) independent non-executive directors were co-opted by the members of the Board.

### **(d) Powers of Directors**

The Directors are vested with the management of the Issuer, and their powers of management and administration emanate directly from the Memorandum and Articles of Association and the law. The Directors are empowered to act on behalf of the Issuer and in this respect have the authority to enter into contracts, sue and be sued in representation of the Issuer. In terms of the Memorandum and Articles of Association they may do all such things that are not by the Memorandum and Articles of Association reserved for the Issuer in general meeting.

Directors may not vote on any proposal, issue, arrangement or contract in which they have a material interest.

The amount of remuneration payable to the Directors is, in terms of the Memorandum and Articles of Association, to be established by an extraordinary resolution of the shareholders.

In terms of the Memorandum and Articles of Association, the Board of Directors may exercise all the powers of the Issuer.

There are no provisions in the Issuer's Memorandum and Articles of Association regulating the retirement or non-retirement of Directors over an age limit.



## 16. Material Contracts

Save for what is otherwise disclosed in Section 9.1.2 of Part C of this Prospectus, the Issuer has not entered into any material contract which is not in the ordinary course of its business.

## 17. Third Party Information and Statement by Experts

Save for the Accountant's report on the Projected Financial Statements of the Issuer as set out in Part E Annex II and available for inspection as set out in section 18 below, this Prospectus does not contain any statement or report attributed to any person as an expert.

The Accountant's report dated 5 August 2009 has been included in the form and context in which it appears with the authorisation of PricewaterhouseCoopers of 167, Merchants Street, Valletta, Malta. The foregoing

## 18. Documents Available for Inspection

For the duration period of this Prospectus the following documents shall be available for inspection at the registered address of the Issuer:

- (a) Memorandum and Articles of Association of the Issuer;
- (b) Melita Capital plc – Pro Forma Consolidated Financial Information and Accountants' Report as at 31 May 2009;
- (c) Melita Capital plc– Audited Financial Statements for the period commencing on the date of registration of the Issuer and ended 3 September 2009;

and for the period ended 31 May 2009;

- (d) Management and Support Services Agreement between the Issuer and Melita plc;
- (e) Loan agreement between the Issuer and the Subsidiary; and

- (f) Management and Support Services Agreement between the Issuer and Melita plc;
- (g) Loan agreement between the Issuer and the Subsidiary; and





***Part D***  
***- INFORMATION ABOUT THE BONDS -***



## 19. Details of the Bond Issue

### The Bond Issue

The Bonds will be issued in a principal amount of €25,000,000, provided that in the event that the Issuer receives applications to subscribe for Bonds, a specimen of which is found in Part III of Annex I, (the “Applications” or “Application Forms”) in excess of €25,000,000, the Issuer has the option to increase the issue of Bonds by a maximum of an additional €5,000,000. The Bonds, having a nominal value of €100 each, will be issued at par and shall bear interest at the rate of 5% per annum from 30 March 2010.

The Bonds will, unless previously purchased and cancelled, be redeemed on 30 September 2016, subject to the Issuer’s option to redeem all or any of the Bonds at any date between 30 September 2014 and 30 September 2016, as the Issuer may determine on giving not less than thirty (30) days’ notice.

The Bond Issue is not underwritten. In the event that the total aggregate principal amount of the Bonds amounting to €25,000,000 is not fully subscribed, no allotment of the Bonds shall be made, the Applications shall be deemed not to have been accepted by the Issuer and all money received from the person whose name, or persons whose names in the case of joint applicants, appear in the registration details of an Application Form (the “Applicant/s”) shall be refunded accordingly.

### Plan for Distribution

The Issuer is making an offering of Bonds to all categories of investors. The Bonds will be available for subscription during the Offer Period commencing on 28 September 2009 up to and including 2 October 2009, subject to the right of the Issuer to close subscription lists before such date in the case of over-subscription.

The Issuer may enter into conditional subscription agreements prior to the commencement of the Offer Period up to an amount not exceeding 60% of the full amount of the Offer (including the maximum amount of the Over-allotment Option) with a number of Authorised Intermediaries for the subscription of the Bonds, whereby it will bind itself to allocate Bonds to such Authorised Intermediaries upon closing of subscription lists. These agreements will be subject, inter alia, to the admission to trading of the Bonds on the Second Tier Market.

During the Offer Period, Applications may be made through any of the Authorised Intermediaries whose names are set out in Part E Annex III of this Prospectus.

### Preferred Applicants and Allocation Policy

The Issuer has reserved €3,000,000, that is, 10% of the aggregate amount of Bonds being issued (including the Over-allotment Option), for subscription by any director and/or full-time employee of the Melita Capital Group and the Melita plc Group (the “Preferred Applicants”).

Such Preferred Applicants shall receive a pre-printed Application Form by mail directly from the Issuer and shall be required to submit same to the Issuer together with clear funds by the 24 September 2009. Any part of the amount reserved for Preferred Applicants which is not taken up by Preferred Applicants will be made available for pre-placement with Authorised Intermediaries.

Securities Depository of the MSE once the Bonds have been admitted to the Second Tier Market of the MSE.

Dealing shall commence upon admission to trading of the Bonds by the MSE and subsequent to the

In accordance with the requirement of Listing Rule 17.27.4, all Preferred Applicants subscribing to the Bonds shall not dispose of any interest therein for a period of one (1) year from the date of the Bonds' authorisation for admissibility to listing, save in the cases set out in the said Listing Rule.

#### Offer Period

The Bonds will be available for subscription during the Offer Period commencing on 28 September 2009 up to and including 2 October 2009, subject to the right of the Issuer to close subscription lists before such date in the event that the Offer of Bonds is over-subscribed.

#### Refunds

If any Application is not accepted, or is accepted for fewer Bonds than those applied for, the monies or the balance of the amount paid but not allocated, as the case may be, will be returned by the Issuer without interest by direct credit into Applicant's bank account as indicated by the Applicant on the Application Form. The Issuer will not be responsible for any loss or delay in transmission.

## 20. Information concerning the Securities

### 20.1 Description and Type of Securities

Once issued, the Bonds shall constitute the unconditional debt obligations of the Issuer that bind the Issuer to pay to Bondholders interest on each Interest Payment Date and the nominal value of the Bonds on the Redemption Date. The Bonds shall be issued at a nominal value of €100 per Bond. The Bonds shall be denominated in Euros.

admission of the Bonds to the Second Tier Market of the Malta Stock Exchange, the Bonds shall be held in book-entry form by the Central Security Depository of the Malta Stock Exchange.

Subject to the admission to listing of the Bonds to the Second Tier Market of the Malta Stock Exchange, the Bonds are expected to be assigned the following ISIN code: MT0000471202.



## 20.2 Status

The Bonds constitute the general, direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank pari passu, without any priority or preference among themselves and with other unsecured debt other than subordinated debt, if any. The Issuer undertakes that any future indebtedness it may create with its shareholders, or any of them, shall at all times be under terms and conditions that the maturity for repayment of such debt shall fall after the Redemption Date and that any such indebtedness shall be subordinated to the rights of Bondholders.

## 20.3 Terms and Conditions of Issue

The full terms and conditions of the issue of the Bonds are contained in Annex I (Part I) contained in Part E of this Prospectus.

## 20.4 Interest

The Bonds shall accrue interest at the rate of 7.15% per annum payable semi-annually on 30 March and 30 September of each year. Interest shall accrue as from the date of announcement of the basis of allotment and

## 20.5 Maturity and Redemption

The Issuer reserves the right to redeem the Bonds or any part thereof on any of the Designated Early Redemption Dates, as the Issuer may determine, on giving not less than thirty (30) days notice to Bondholders. Redemption of the Bonds shall be made at the nominal value of the Bonds. In addition, the Issuer reserves the right to purchase, from the market at any time after issue, Bonds for cancellation.

## 20.6 Public Offer

The Bonds shall be issued and offered to the general public in Malta as well as to Authorised Intermediaries either for their own account or on behalf of investors represented by such Authorised Intermediaries. In the latter case, the Issuer shall not, unless due notice in writing is given to it, verify the relations existing between an Authorised Intermediary and its client and shall not and at all times recognise as a Bondholder the person registered as such in the register of bonds held for this purpose.

## 20.7 Authorisations

The issue of the Bonds was authorised by the Issuer's Board of Directors by resolution dated 23 July 2009. The Listing Authority authorised the Bonds as admissible to listing on the Second Tier Market of the Malta Stock Exchange pursuant to the Listing Rules by virtue of a letter dated 28 August 2009. The Bonds are being created as debt instruments of the Issuer under the Act.

## 20.8 Expected Date of Issue of the Bonds

The expected date of Issue of the Bonds is 9 October 2009.

## 20.9 Exchange Controls

It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying, including any requirements relating to exchange control (whether in terms of the External Transactions Act, Cap. 233, Laws of Malta or otherwise) in Malta and in the countries of their nationality, residence or domicile.

The obligation to comply with any applicable exchange control or other such regulations (such as those relating to external transactions) rests with the investor and not with the Issuer, Manager, Registrar, or any of the Authorised Intermediaries.

## 20.10 Taxation

### General

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and disposal as well as any income/gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which the Issuer is not aware that the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors. The precise implications for Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

### Malta tax on Interest

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise withholding tax, currently at the rate of 15% of the gross amount of the interest (subject to certain exceptions where a lower rate would apply), pursuant to article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta). seek advice on the taxation of such income as other rules may apply.

withholding tax are not subject to further tax in respect of such income. However any tax withheld is not available to any Bondholder for a credit against that Bondholder's tax liability or for a refund as the case may be.



In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due the interest so received in his income tax return and be subject to tax on it at the standard rates applicable to that person at that time. Additionally, in this latter case, the Issuer will advise the Inland Revenue on an annual basis. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c) of the Income Tax Act, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act are not taxable in Malta on the interest received from the Bonds and the Issuer will pay the interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

**European Union Savings Directive**

Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Malta Commissioner of Inland Revenue who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the EU Savings Directive 2003/48/EC.

**Maltese taxation of capital gains on transfer of the Bonds**

(b) of the Income Tax Act, that is, “shares and stocks and such like instrument that participate in any way in the profits of a company” are chargeable in respect of transfer of the Bonds held as capital assets at the time of disposal.

**Duty on documents and transfers**

Transfers of instruments of a company quoted on a Recognised Investment Exchange, as is the MSE, redemptions and transfers of the Bonds is exempt from Maltese duty.

**INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE MAIN ANTICIPATED MALTESE TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.**

## 20.11 Sinking Fund

The Issuer shall set aside and accumulate 50% of the value of the issued Bonds, thus creating a cash reserve from its annual surpluses to meet part of the redemption proceeds on the Redemption Date.

The Board of Directors of the Issuer reserves the power with respect to the investment of funds allocated to the sinking fund, provided that, save where market conditions may dictate otherwise from time to time, the investment of these proceeds will only be made either for the purpose of the Issuer buying back Bonds for cancellation in terms of section 20.5 of Part D of the Prospectus, or for investing in:

- debt securities issued or guaranteed by any sovereign state within the Eurozone or which is a member of the OECD or other debt securities which are rated as AAA by a recognized international rating agency, without incurring exchange risk, at the lower of cost and market value; and/or
- the sinking fund as aforesaid.

In making such investment decisions, the directors will apply the necessary level of prudence, taking into account the then current market circumstances and the obligations of the Issuer over the term of the Bond. The directors shall keep under review their investment policies with respect to the assets constituting the sinking fund for the term of the Bond and shall determine the asset allocation of the sinking fund with a view to the then current market and overall economic conditions.

The proceeds constituting the sinking fund shall be settled on trust to an authorised trustee independent of the Issuer. The trustee shall not be required or bound to, ensure, monitor or otherwise procure the creation and funding of the said sinking fund by the Issuer. In the event of a cancellation or redemption in full of all outstanding Bonds, any funds remaining in the sinking fund thereafter shall be distributed by the authorised trustee to the Issuer.

## 21. Admission to Trading

The Bonds are expected to be admitted to the Second Tier Market of the Malta Stock Exchange with effect from 19 October 2009 and trading is expected to commence on 20 October 2009.

## 22. Estimated Expenses of the Bond Issue

Professional fees, costs related to publicity, advertising, printing, listing, registration, sponsor, management and registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue, are estimated not to exceed €1,000,000 and shall be borne by the Issuer.

The overall amount of the placing commission payable to Authorised Intermediaries entering into conditional subscription agreements in terms of section 19 of Part D of this Prospectus will not exceed €180,000.





***Part E***  
**- ANNEXES -**



#### 4. Status of the Bonds and Negative Pledge

- (a) The Bonds constitute the general, direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank pari passu, without any priority or preference among themselves and with other unsecured debt other than subordinated debt, if any;
- (b) The Issuer undertakes, for as long as any principal or interest under the Bonds or any of the Bonds ~~is or may be secured by a Security Interest~~ at the same time or prior thereto the Issuer's indebtedness under the Bonds, shares in and is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

For the purposes of this Clause and of Clause 7 ("Events of Default") below:

"Financial Indebtedness" means any indebtedness in respect of (A) monies borrowed; (B) any debenture, bond, note, loan stock or other security; (C) any acceptance credit; (D) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or ~~cost of acquisition is payable~~ under any other transaction having the commercial effect of borrowing or raising of money; (G) any guarantee, ~~or any other financial obligation~~

"Security Interest" means any privilege, hypothec, pledge, lien, charge or other encumbrance or real right which grants rights of preference to a creditor over the assets of the Issuer;

"Permitted Security Interest" means (A) any Security Interest arising by operation of law; (B) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business; (C) any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Issuer, in an aggregate outstanding amount not exceeding eighty per cent (80%) of the difference between the value of the unencumbered assets of the Issuer and the aggregate principal amount of Bonds outstanding at the time.

Provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the unencumbered assets of the Issuer being less than 107.15% of the aggregate principal amount of the Bonds still outstanding;

"Unencumbered assets" means assets which are not subject to a Security Interest.

#### 5. Payments

- (a) Payment of the principal amount of a Bond will be made in euro to the person in whose name such Bond is registered, with interest accrued to the Redemption Date, against surrender of such Bond at ~~the Issuer's office~~ way of a cheque drawn on a bank in Malta.



- (b) Payment of interest on a Bond will be made in euro to the person in whose name such Bond is registered by credit transfer into such bank account as the Bondholder may designate from time to time.
- (c) All payments with respect to the Bonds are subject in all cases to any pledge (duly constituted) of the Issuer. All payments by the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed or levied by or on behalf of the Government of Malta or authority thereof or therein having power to tax.
- (d) No commissions or expenses shall be charged to the Bondholders in respect of such payments.

## 6. Redemption and Purchase

- (a) Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with any interest accrued thereon) on or before 30 September 2016, as the Issuer may determine, on giving not less than thirty (30) days prior notice to the Bondholders.
- (b) The Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.
- (c) All Bonds so purchased will be cancelled forthwith and may not be re-issued or re-sold.

## 7. Events of Default

The Bonds shall become immediately due and repayable at their principal amount together with accrued interest if any of the following events (“Events of Default”) shall occur:-

- (i) the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- (ii) the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- (iii) an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or
- (iv) the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- (v) the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or





## 9. Further Issues

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further bonds, notes, debentures or any other debt securities, whether ranking pari passu in all respects with or subordinated

## 10. Meetings of Bondholders

The Terms and Conditions contained herein may be amended with the approval of Bondholders at a meeting called for that purpose in accordance with the terms hereunder.

- (a) In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bond it shall call a meeting of Bondholders by giving such Bondholders not less than fourteen (14) days notice in writing setting out in the notice the time, place and date set for the meeting and the matters to be discussed thereat.
- (b) A meeting of Bondholders shall only validly and properly proceed to business if there is quorum present at the commencement of the meeting. For this purpose a quorum shall be considered present if there is present at the meeting Bondholders representing at least 25% of the value of the Bonds then outstanding.
- (c) Once a quorum is declared present by the Chairman of the meeting (who shall be the person who in accordance with the regulations of the Issuer would chair a general meeting of shareholders), the meeting may then proceed to business and the directors of the Issuer or their representatives shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that the Terms and Conditions of Issue of the Bonds ought to be amended as proposed by the Issuer. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present.
- (d) The voting process shall be managed by the Company Secretary of the Issuer under the supervision and scrutiny of the Auditors of the Issuer.
- (e) The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% of the value of the Bonds then outstanding is voted in favour of the proposal.
- (f) Save for the above, the rules generally applicable to the Issuer during general meetings of shareholders shall apply.

## 11. Bonds held Jointly

In respect of a Bond held jointly by several persons (including but not limited to husband and wife), the joint holders shall nominate one of their number as their representative and his/her name will be entered in the register with such designation. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond so held. In the absence of such nomination and until such nomination is made, the person registered holder of the Bond so held.

## 12. Bonds held Subject to Usufruct

In the respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond so held and shall have the right to receive interests on the Bond but shall not, during the continuance of the Bond, have the right to dispose of the Bond so held without the consent of the bare owner.

## 13. Governing Law and Jurisdiction

- (a) The Bonds are governed by and shall be construed in accordance with Maltese law.
- (b) Any legal action, suit, action or proceeding against the Issuer arising out of or in connection with a Bond shall be brought exclusively before the Maltese Courts.

## 14. Notices

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty-four (24) hours after the letter containing the notice is posted, and in proving such such Bondholder at his registered address and posted.

## 15. Listing

The Bonds, upon issue and subscription, shall be admitted to the Second Tier Market of the Malta Stock Exchange, accordingly all the terms and conditions herein contained shall be read in conjunction with the Listing Rules and with Bye-Laws of the Malta Stock Exchange applicable from time to time.





Payment may be made either in cash or by cheque payable to “The Registrar – Melita Capital plc Bond Issue”. In the event that a cheque accompanying an Application Form is not honoured on its Form.

6. By completing and delivering an Application Form you (as the Applicant (s)):

(a) **irrevocably** number for which the Application is accepted) at the Bond Offer Price subject to the Prospectus, these Terms and Conditions of Application and the Memorandum and Articles of Association of the Issuer;

(b) authorise the Registrar and the Directors of the Issuer to include your name or in the case of joint Bonds allocated to you;

remittance is not so honoured, you will not be entitled to receive a registration advice, or to be registered in the register of Debentures or to enjoy or receive any rights in respect of such Bonds unless and until you make payment in cleared funds for such Bonds and such payment is accepted by the Issuer (which acceptance shall be made in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection to unconditional acceptance by the Issuer of such late delivery of consideration in respect of such Bonds, the Issuer may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case you will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);

(d) agree that the registration advice and other documents and any monies returnable to you may Prevention of Money Laundering Act 1994 (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;

(e) agree that all Applications, acceptances of Applications and contracts resulting therefrom will be governed by, and construed in accordance with Maltese law and that you submit to the jurisdiction of the Maltese Courts and agree that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law in any court of competent jurisdiction;

(f) warrant that, if you sign the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, you have due authority to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be and Conditions of Application and undertake to submit your power of attorney or a copy thereof duly



(g) agree that all documents in connection with the Issue of the Bonds and any returned monies including refund of all unapplied Application monies will be returned at your risk by direct credit into

(h) agree that, having had the opportunity to read the Prospectus, you have, and shall be deemed to have had, notice of all information and representations concerning the Issuer and the Issue of the Bonds contained therein;

relation to the Issuer or the Issue of the Bonds other than those contained in the Prospectus and you accordingly agree that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;

below and the warning in this section 6;

(k) warrant that you are not under the age of eighteen (18) years or if you are lodging an Application in the

(l) agree that such Application Form is addressed to the Issuer and that in respect of those Bonds for which

of the Bonds;

(n) agree to provide the Registrar and/or Issuer as the case may be, with any information which it may request in connection with your Application(s);

(o) agree that Rizzo, Farrugia & Co. (Stockbrokers) Ltd will not, in their capacity of Sponsor, treat you as their customer by virtue of your making an Application for the Bonds and that Rizzo, Farrugia & Co. (Stockbrokers) Ltd will owe you no duties or responsibilities concerning the price of the Bonds or their suitability for you;

(p) warrant that, in connection with your Application, you have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your Application in any territory and that you have not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the Bond Issue or your Application;

(q) warrant that if you are a non-resident, any funds forming the Application monies accompanying your Application Form emanate from a foreign source or foreign currency account held in Malta and that all applicable exchange control permits and authorisations have been duly and fully complied with;

Act of 1933, as amended (the "Securities Act") and that you are not accepting the invitation comprised in the Prospectus from within the United States of America, its territories or its possessions, any State of the United States of America or any area subject to its jurisdiction (the "United States") or on behalf or for the

account of anyone within the United States or anyone who is a U.S. person, unless you indicate otherwise on the Application Form in accordance with the instructions of the Application Form.

7. The Bonds have not been and will not be registered under the Securities Act and accordingly may not ~~be offered or sold in the United States or to U.S. persons.~~
8. No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to him nor should he in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issues, transfer or other taxes required to be paid in such territory.
9. For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 (Legal Notice 180 of 2008), all Authorised Intermediaries are under a duty to communicate, upon request, all information they hold about clients, pursuant to Articles 1.2(d) and 2.4 of the "Code of Conduct for Members of the Malta Stock Exchange" appended as Appendix IV to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the Authorised Intermediaries are Malta Stock Exchange members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 440 of the Laws of Malta) for the purposes, and within the terms of, the Malta Stock Exchange's Data Protection Policy as published from time to time.
10. ~~The Issuer may, from time to time, announce by way of press release, the basis of acceptance of Applications and allocation policy to be adopted.~~
11. ~~The Issuer may, from time to time, announce by way of press release, the basis of acceptance of Applications and allocation policy to be adopted.~~
12. Application has been made to the Malta Stock Exchange for the Bonds to be admitted to the Second Tier Market for trading. Dealing shall commence upon admission to trading of the Bonds by the MSE ~~on 28 September 2009.~~
13. The Application lists for the Bonds will open at 08:30 hours on 28 September 2009 and will close as soon thereafter as may be determined by the Issuer but not later than 17:00 hours on 2 October 2009, subject to the right of the Issuer to close subscription lists before such date in the event that the Bond Issue is over-subscribed.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS ON OFFER WILL BE REPAYABLE IN FULL UPON REDEMPTION. AN INVESTOR SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR, LICENSED UNDER THE INVESTMENT SERVICES ACT (CAP. 370 OF THE LAWS OF MALTA) FOR ADVICE.



## Part III – Specimen Application Form



Melita Capital p.l.c.  
ISSUE of 7.15% Bonds 2014-2016  
APPLICATION FORM

Please read the notes overleaf before completing this Application Form. **Mark 'X' if applicable.**

|                                     |  |   |   |
|-------------------------------------|--|---|---|
| <b>APPLICANT (see notes 3 to 7)</b> |  |   |   |
| <b>A</b>                            | <input type="checkbox"/> Non-Resident  | <input type="checkbox"/> Minor (under 18) | <input type="checkbox"/> Body Corporate/<br>Body of Persons |
|                                     | <input type="checkbox"/> CIS-Prescribed Fund   | <input type="checkbox"/> Employee         |   |
| <b>B</b>                            | TITLE (Mr/Mrs/Ms/.....)  | FULL NAME & SURNAME / REGISTERED NAME     |   |
|                                     | ADDRESS  |   |   |
|                                     |  |   | POSTCODE  |
|                                     | MSE A/C NO. (if applicable)  | I.D. CARD / PASSPORT / COMPANY REG. NO.   | TEL. NO.  |
|                                     |  |   | MOBILE NO.  |
| <b>C</b>                            | <b>ADDITIONAL (JOINT) APPLICANTS (see note 3)</b> <small>(please use additional Application Forms if space is not sufficient)</small>  |   |   |
|                                     | TITLE (Mr/Mrs/Ms/.....)  | FULL NAME & SURNAME                       | I.D. CARD / PASSPORT NO.                                    |
|                                     | TITLE (Mr/Mrs/Ms/.....)  | FULL NAME & SURNAME                       | I.D. CARD / PASSPORT NO.                                    |
| <b>D</b>                            | <b>MINOR'S PARENTS / LEGAL GUARDIANS (see note 5)</b> <small>(to be completed ONLY if the Applicant is a minor)</small>  |   |   |
| <b>I</b>                            | TITLE (Mr/Mrs/Ms/.....)  | FULL NAME & SURNAME                       | I.D. CARD / PASSPORT NO.                                    |
| <b>II</b>                           | TITLE (Mr/Mrs/Ms/.....)  | FULL NAME & SURNAME                       | I.D. CARD / PASSPORT NO.                                    |
| <b>E</b>                            | <b>I/WE APPLY TO PURCHASE AND ACQUIRE (see notes 8 to 9):</b>  |   |   |
|                                     | AMOUNT IN FIGURES<br>€   | AMOUNT IN WORDS                           |   |
|                                     | Melita Capital p.l.c. 7.15% Bonds 2014 - 2016 (minimum €1,000 and in multiples of €100 thereafter) or any smaller amount of Bonds for which this Application may be accepted at the Bond Offer Price, as defined in the Prospectus dated 4th September 2009 (the "Prospectus"), payable in full upon application under the Terms and Conditions as defined in the said Prospectus.   |   |   |
| <b>F</b>                            | <b>RESIDENT - WITHHOLDING TAX DECLARATION (see note 10)</b> <small>(to be completed ONLY if the Applicant is a Resident of Malta)</small>  |   |   |
|                                     | <input type="checkbox"/> I/We elect to have Final Withholding Tax deducted from my/our interest.   |   |   |
|                                     | <input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).   |   |   |
| <b>G</b>                            | <b>NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see note 11)</b> <small>(to be completed ONLY if the Applicant is a Non-Resident)</small>  |   |   |
|                                     | TAX COUNTRY  | TOWN OF BIRTH                             |   |
|                                     | TIN (Tax Identification Number)  | COUNTRY OF BIRTH                          |   |
|                                     | PASSPORT/NATIONAL I.D. CARD  | COUNTRY OF ISSUE                          | NUMBER  |
|                                     |  |   | ISSUE DATE  |
|                                     | <input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union.   |   |   |
|                                     | <input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.   |   |   |
| <b>H</b>                            | <b>INTEREST MANDATE (see note 10)</b>  |   |   |
|                                     | BANK   | BRANCH                                    | ACCOUNT NUMBER  |
| <b>I</b>                            | I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, dated 4th September 2009 and subject to its Terms and Conditions which I/we fully accept. Furthermore, I/we confirm that this is the only Application Form I/we am/are submitting on my/our behalf or on behalf of the company or other entity I/we represent. |   |   |
|                                     | Signature/s of Applicant/s<br><small>(Both parents or legal guardian/s are/is to sign if Applicant is a minor)<br/>(All parties are to sign in the case of a joint Application)</small>  |   | Date  |
|                                     | AUTHORISED INTERMEDIARY'S STAMP  | AUTHORISED INTERMEDIARY'S CODE            | Application Number  |



## Melita Capital p.l.c.

### Notes on how to complete this Application Form and other information

The following notes are to be read in conjunction with the Prospectus dated 4th September 2009

1. This Application is governed by the Application Conditions contained in [Part II of Annex I] of the Prospectus dated 4th September 2009. Capitalised terms not defined herein, shall unless the context otherwise requires have the meanings ascribed to them in the Prospectus dated 4th September 2009.
2. The Application Form is to be completed in BLOCK CHARACTERS.
3. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels B and C **but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds. Interest and redemption proceeds will be issued in the name of such Bondholder (Vide note 7 below).**
4. Applicants who are Non-Resident in Malta for tax purposes, must indicate their passport number in Panel B and complete panel G; the relative box in Panel A must also be marked appropriately.
5. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in panel A must be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years. The address to be inserted in Panel B is to be that of the parents / legal guardian/s.
6. In the case of a body corporate, the name of the entity, exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. **APPLICANTS WHO HOLD SECURITIES ON THE MALTA STOCK EXCHANGE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**
8. Applications must be for a minimum of €1,000 and thereafter in multiples of €100.
9. Payment in Euro may be made by cheque payable to 'The Registrar – Melita Capital p.l.c. Bond Issue'. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
10. Only Applicants who hold a valid official Maltese Identity Card or Companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of Final Withholding Tax), but he/she will be obliged to declare interest so received on his/her income tax return. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in Panel A) will have Final Withholding Tax, currently 10% deducted from interest payments. Applicants will receive their interest directly in a bank account held locally in Euro and such choice is to be indicated in Panel H. If any Application is not accepted, or is accepted for fewer Bonds after the closure of the Subscription Lists, than those applied for, the monies or the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the Applicant's bank account as indicated in Panel H.
11. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. European Council Directive 2003/48/EC on the Taxation of Savings Income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the Directive applies (called a "specified territory") then the interest paid will be reported.
12. Subscription Lists will open at 08.30 hours on 28th September 2009 and will close at 17.00 hours on 2nd October 2009. The Issuer reserves the right, however, to close the Bond Issue before the 2nd October 2009 in the event of over-subscription. Any Applications received by the Registrar after the subscription lists close will be rejected. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond Issue as contained in the Prospectus dated 4th September 2009.
13. Completed Application Forms are to be delivered to the office of the Issuer, the Registrar or any Authorised Financial Intermediary listed in the Prospectus, during normal office hours. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not received by the closing of the subscription lists.
14. The Bonds will be listed and traded on the Second Tier Market, which market is designed primarily for companies to which a higher investment risk than that associated with established companies tends to be attached.
15. By completing and delivering an Application Form you (as the Applicant[s]):
  - a. acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act 2001;
  - b. acknowledge that the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for and
  - c. acknowledge that you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The request must be signed by yourself, as the Applicant to whom the personal data relates.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on issue will be repayable in full upon redemption. An investor should consult a licensed stockbroker or an investment adviser, licensed under the Investment Services Act (Cap. 370 of the Laws of Malta), for advice.



***Annex II***  
***- FORECAST FINANCIAL INFORMATION***  
***OF THE ISSUER -***





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### – FORECAST CONSOLIDATED FINANCIAL INFORMATION OF THE ISSUER

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## Summary of Significant Assumptions and Accounting Policies

### 1. Introduction

The forecast consolidated financial statements, set out on pages 108 to 110, and the assumptions below are the sole responsibility of the Directors of the Issuer.

The forecast consolidated financial statements of the Issuer are based on the consolidated results of the Melita Capital Group, which comprises the Issuer, Melita Infrastructure Limited

The Issuer acquired the entire share capital of the Subsidiary (save for one share) on 13 August 2009 in exchange for shares. The effective date of this transaction is 31 May 2009. Accordingly, the forecast consolidated financial statements are based on an initial consideration of €120,000.

The forecast consolidated financial statements are based on assumptions as to future events, which the directors expect to take place, and on actions the directors expect to take. Events and circumstances frequently do not occur as expected and therefore actual results may differ from those drawn, in particular, to the risk factors set out in the Prospectus, which describe the primary risks associated with the Issuer's business.

The forecast consolidated financial statements are based on assumptions as to future events, which the directors expect to take place, and on actions the directors expect to take. Events and circumstances frequently do not occur as expected and therefore actual results may differ from those drawn, in particular, to the risk factors set out in the Prospectus, which describe the primary risks associated with the Issuer's business.

### 2. Significant Accounting Policies

The significant accounting policies of the Issuer are set out in the Pro Forma Consolidated Financial Information of the Issuer prepared as at 31 May 2009. Where applicable, these accounting policies, in so far as they relate to recognition and measurement criteria, have been consistently applied in the preparation of the forecast financial statements.



### 3. Basis of Preparation and Principal Assumptions

The principal assumptions relating to the environment in which the Issuer operates, and the factors which statements are the following:

- consumer spending levels on telecommunication services and technological developments that
- 
- forecast; and
- 

The principal assumptions relating to the environment in which the Issuer operates, and the factors which the

#### 3.1 Revenues

3.1.1 Revenue represents the projected income of the Subsidiary generated from the lease of bandwidth at the rates set out in the service agreement with Melita plc. The forecast level of demand of the submarine cable is based on the projected capacity requirement of the Melita plc Group.

#### 3.2 Gross profit

3.2.1 **Gross profit represents the profit earned after deducting the cost of sales during the period. Cost of sales includes the cost to connect the submarine cable to the mainland service provider, the depreciation charge and maintenance costs. Cost of sales is based on the following assumptions:**

- the Italian service provider and the forecast level of data throughput generated by the Melita plc Group activities;
- 
- 

#### 3.3 Administrative expenses and other income

3.3.1 Administrative expenses consist primarily of the charges for services provided by Melita plc as set out in the management and support services agreement with Melita plc; the cost of amortisation of the Bond issue fees over the term of the Bond; annual listing and registration fees; and other corporate expenses.

#### 3.4 Bond proceeds utilisation, finance income and expenses

3.4.1 **The forecast consolidated financial statements have been based on the assumption that the Over-allotment Option will be exercised and accordingly, it is assumed that, the gross proceeds raised**

will amount to €30,000,000. Out of the proceeds, net of the €1,000,000 estimated bond issue costs, the balance of €29,000,000 will be used to finance the construction of the submarine cable. These advances are covered by loan agreements, which set out the interest and capital repayment schedules within the term of the Bond.

The loan agreements will commence payment of interest on 31 December 2011 and for it to be accrued up to that date.

3.4.3 Finance costs represent interest due on the Bonds, shareholders' loans and bank borrowings. For the purpose of the calculation of the interest payable on the Bonds, it is expected that interest will commence with effect from 9 October 2009 and has been accounted for at 7.15% per annum. Interest on bank borrowings is assumed at 4.52% per annum.

3.4.4 Interest is payable on the shareholders' loan at the rate of 12.83% per annum. The shareholders' loan agreement provides for this loan to be subordinated to the Bonds and for the interest to be accrued in the intervening period.

### 3.5 Investment in available-for-sale financial asset

3.5.1 The carrying amount of the investment in the available-for-sale financial asset represents the paid-up amount of the investment called up in the forecast period.

3.5.2 No dividends are assumed to be received in the forecast period.

### 3.6 Taxation

3.6.1 Tax is provided at 35% of the chargeable income for the period.

3.6.2 No provision for tax on the results of the Subsidiary in the period ending 31 December 2010 has been made in view of the investment tax aid expected to be approved by the Government of Malta. No recognition

## 4. Conclusion

The directors of Melita Capital plc believe that the assumptions on which the forecasts are based are reasonable. The directors further believe that, in the absence of unforeseen circumstances outside their control, the forecasts are realistic.

Approved by the Board of Directors on 4 September 2009 and signed on its behalf by:



Mr Joseph A. Gasan  
Chairman



Mr Gary Quin  
Director



## Forecast consolidated income statement

for the period ending 31 December 2010

Forecast  
Period from  
16 July 2009 to  
31 December 2010  
€

|                                   |                    |
|-----------------------------------|--------------------|
| Revenue                           | 4,747,696          |
| Cost of sales                     | <b>(2,872,496)</b> |
| <b>Gross profit</b>               | <b>1,875,200</b>   |
| Administrative expenses           | <b>(621,260)</b>   |
| Other income                      | 214,795            |
| <b>Operating profit</b>           | <b>1,468,735</b>   |
| Finance income                    | 2,124,622          |
| Finance costs                     | <b>(3,453,181)</b> |
| <b>Profit before tax</b>          | <b>140,176</b>     |
| Tax expense                       | <b>(75,023)</b>    |
| <b>Profit for the period</b>      | <b>65,153</b>      |
| <b>Earnings per share (cents)</b> | <b>36c9</b>        |

**Forecast consolidated statement of financial position**

As at 31 December 2010

|                                      | Forecast<br>€     |
|--------------------------------------|-------------------|
| <b>ASSETS</b>                        |                   |
| <b>Non-current assets</b>            |                   |
| Property, plant and equipment        | 9,094,996         |
| Investments - loans and receivables  | 22,000,000        |
| ☞DLODEOHIRUVDOHQDQFLDODVVHW          | 120,000           |
| <b>Total non-current assets</b>      | <u>31,214,996</u> |
| <b>Current assets</b>                |                   |
| Trade and other receivables          | 2,082,380         |
| Cash at bank                         | 410,356           |
| <b>Total current assets</b>          | <u>2,492,736</u>  |
| <b>Total assets</b>                  | <u>33,707,732</u> |
| <b>EQUITY AND LIABILITIES</b>        |                   |
| <b>Capital and reserves</b>          |                   |
| Share capital                        | 176,400           |
| Retained earnings                    | 65,153            |
| <b>Total equity</b>                  | <u>241,553</u>    |
| <b>Non-current liabilities</b>       |                   |
| Shareholders' subordinated loans     | 3,442,357         |
| Borrowings                           | 29,175,342        |
| <b>Total non-current liabilities</b> | <u>32,617,699</u> |
| <b>Current liabilities</b>           |                   |
| Trade and other payables             | 773,457           |
| Taxation payable                     | 75,023            |
| <b>Total current liabilities</b>     | <u>848,480</u>    |
| <b>Total liabilities</b>             | <u>33,466,179</u> |
| <b>Total equity and liabilities</b>  | <u>33,707,732</u> |



## Forecast consolidated statement of cash flows

for the period ending 31 December 2010

|   | Forecast<br>Period from<br>16 July 2009 to<br>31 December 2010<br>€ |
|---|---|
| <b>Operating activities</b>                               |   |
| Cash generated from operations                            |   |
| Interest paid   | 2,415,081   |
| Interest received   | (2,174,167)   |
|   | 29,635  |
| <b>Net cash from operating activities</b>                 | <b>270,549</b>  |
| <b>Investing activities</b>                               |   |
| Acquisition of subsidiary net of cash acquired            | 515,043   |
| Purchase of property, plant and equipment                 | (2,937,436)   |
| Purchase of shares in associate                           | (120,000)   |
| Loan granted to associate                                 | (22,000,000)  |
|   | <b>(24,542,393)</b>   |
| <b>Net cash used in investing activities</b>              | <b>(24,542,393)</b>   |
| <b>Financing activities</b>                               |   |
| Issue of share capital                                    | 175,200   |
| Proceeds from bond issue                                  | 30,000,000  |
| Bond issue costs  | (1,000,000)   |
| Increase in bank borrowings                               | 2,507,000   |
| Repayment of bank loans                                   | (7,000,000)   |
|   | <b>24,682,200</b>   |
| <b>Net cash from financing activities</b>                 | <b>24,682,200</b>   |
| <b>Net movement in cash and cash equivalents</b>          | <b>410,356</b>  |
| Cash and cash equivalents at the beginning of the period  | -   |
| <b>Cash and cash equivalents at the end of the period</b> | <b>410,356</b>  |

## Forecast consolidated statement of changes in equity

for the period ending 31 December 2010

|                                    | Share<br>capital<br>€ | Retained<br>earnings<br>€ | Total<br>€     |
|------------------------------------|-----------------------|---------------------------|----------------|
| Balance at 16 July 2009            | 176,400               | -                         | 176,400        |
| <del>FORWARD MOVEMENTS</del>       | -                     | 65,153                    | 65,153         |
| <b>Balance at 31 December 2010</b> | <b>176,400</b>        | <b>65,153</b>             | <b>241,553</b> |



**PricewaterhouseCoopers**

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Facsimile +356 21 244 768  
[www.pwc.com](http://www.pwc.com)

The Directors  
Melita Capital plc  
Gasam Centre  
Imriehel By-Pass  
Mriehel  
Malta

4 September 2009

Dear Sirs,

**Independent Accountants' Report on the forecast consolidated financial statements of Melita Capital plc**

We report on the forecast consolidated financial statements of Melita Capital plc for the financial period ending 31 December 2010, which comprise the forecast consolidated income statement, statement of financial position, statement of cash flows, and statement of changes in equity. The forecast consolidated financial statements are set out in Annex II of Melita Capital plc's Prospectus dated 4 September 2009 on pages 108 to 110.

This report is required in terms of rule 9.19 of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and is given for the purpose of complying with that regulation and for no other purpose.

**Directors' responsibility for the forecast consolidated financial statements**

The directors are responsible for the preparation of the forecast consolidated financial statements together with the notes and assumptions on which they are based in accordance with the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and EU Regulation EC 809/2004, as set out on pages 105 to 107.

**Accountants' responsibility**

Our responsibility is to form an opinion, in terms of the requirements of Listing Rule 9.19 and Annex IV item 9.2 of EU Regulation EC 809/2004, as to whether the forecast consolidated financial statements, in so far as the application of the underlying accounting policies and accuracy of calculations are concerned, have been properly compiled on the basis adopted by the directors of Melita Capital plc.

The forecast consolidated financial statements and the assumptions on which they are based relate to the future and may be affected by unforeseen events. The variation between forecast and actual results may be material. Consequently, we express no opinion on the validity of the assumptions on which the forecast consolidated financial statements are based nor how closely the results actually achieved will compare with the forecast consolidated financial statements.





## Basis for opinion

We have examined the basis of compilation and the accounting policies of the accompanying forecast consolidated financial statements of Melita Capital plc for the period ending 31 December 2010 in accordance with the International Standard on Assurance Engagements 3000 – Assurance Engagements Other than Audits or Reviews of Historical Financial Information. Our work included an evaluation of the procedures undertaken by the directors in compiling the forecast consolidated financial statements and the consistency of the forecast consolidated financial statements with the accounting policies adopted by Melita Capital plc.

We have planned and performed our work so as to obtain all the information and the explanations which we considered necessary in order to provide us with reasonable assurance that the forecast consolidated financial statements, in so far as the accounting policies and calculations are concerned, have been properly compiled on the basis stated.

## Opinion

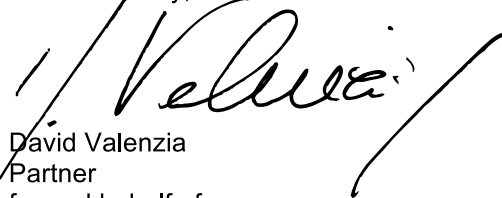
In our opinion:

- the forecast consolidated financial statements have been properly compiled on the basis stated; and
- this basis is consistent with the accounting policies adopted by Melita Capital plc.

Further, we emphasise that the forecast consolidated financial statements are not intended to, and do not, provide all the information and disclosures necessary to give a fair presentation of the results of the operations of Melita Capital plc in accordance with International Financial Reporting Standards as adopted by the EU.

The opinion is solely intended for the purpose of this Prospectus dated 4 September 2009. Readers are cautioned that the forecast consolidated financial statements may not be appropriate for any other purpose. We accept no responsibility to any other person in respect of, arising out of, or in connection with our work.

Yours faithfully,



David Valenzia  
Partner  
for and behalf of

**PRICEWATERHOUSECOOPERS** 

167, Merchants Street,  
Valletta  
Malta

***Annex III***  
***- LIST OF AUTHORISED INTERMEDIARIES -***



## Investment Services Providers

|   |  |                |
|---|--|----------------|
| <b>All Invest Company Limited</b><br>Rosewall Building, Level 2,<br>Triq-Villabate, M'scala By-pass, Zabbar                       | Tel: 2167 886  | Fax: 21821933  |
| <b>APS Bank Ltd</b><br>APS House, St Anne Square,<br>Floriana   | Tel: 2122 6644<br><a href="http://www.apsbank.com.mt">www.apsbank.com.mt</a>                           | Fax: 2560 3001 |
| <b>Crystal Finance Investments Ltd</b><br>6, Freedom Square,<br>Valletta VLT 1011   | Tel: 2122 6190<br><a href="http://www.crystal.com.mt">www.crystal.com.mt</a>                           | Fax: 21226188  |
| <b>D.B.R. Investments Ltd</b><br>Deber, Nigret Road, Zurrieq ZRQ 3172   | Tel: 2164 7763   | Fax: 2164 7765 |
| <b>Growth Investments Ltd</b><br>Middle Sea House<br>Floriana FRN 1442  | Tel: 2123 4582<br><a href="http://www.growthinvestmentsonline.com">www.growthinvestmentsonline.com</a> | Fax: 2124 9811 |
| <b>HSBC Bank Malta plc</b><br>241/2, Republic Street<br>Valletta VLT 1116   | Tel: 2597 2209<br><a href="http://www.hsbc.com.mt">www.hsbc.com.mt</a>                                 | Fax: 2597 2475 |
| <b>Island Financial Services Ltd</b><br>Insurance House<br>Salvu Psaila Str, Birkirkara BKR 9078                                  | Tel: 23855555<br><a href="http://www.islandins.com">www.islandins.com</a>                              | Fax: 2385 5238 |
| <b>Jesmond Mizzi Financial Services Ltd</b><br>67, Flat 3, South Street<br>Valletta VLT 1105                                      | Tel: 2122 4410<br><a href="http://www.jmfs.net">www.jmfs.net</a>                                       | Fax: 2122 3810 |
| <b>Joseph Scicluna Investment Services Ltd</b><br>Bella Vista Court, Level 3<br>Gorg Borg Olivier Street, Victoria VCT 2517, GOZO | Tel: 2156 5707   | Fax: 2156 5706 |
| <b>Lombard Bank Malta plc</b><br>Lombard House 59, Republic Street<br>Valletta VLT 1117   | Tel: 2124 8411<br><a href="http://www.lombardmalta.com">www.lombardmalta.com</a>                       | Fax: 2558 1150 |
| <b>Mercieca Financial Investment Services Ltd</b><br>'Mercieca', John F Kennedy Square,<br>Victoria, Gozo VCT 2580                | Tel: 2155 3892   | Fax: 2155 3892 |



