**PROSPECTUS**

Dated 16 July 2014

# PEFACO INTERNATIONAL P.L.C.

a public limited liability company registered under the laws of Malta with company registration number C 65718 and having its registered office at Tower Business Centre, Suite 3, Tower Street, Swatar BKR 4013, Malta

## Intermediaries Offer of 6,850,000 Ordinary Shares at EUR2.19 per Ordinary Share

**THE LISTING AUTHORITY HAS AUTHORISED THE ADMISSIBILITY TO LISTING OF THE ORDINARY SHARES AS A LISTED FINANCIAL INSTRUMENT. THIS MEANS THAT THE SAID INSTRUMENTS ARE IN COMPLIANCE WITH THE REQUIREMENTS AND CONDITIONS SET OUT IN THE LISTING RULES. IN PROVIDING THIS AUTHORISATION, THE LISTING AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENT, AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENT.**

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE 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 THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.**

**A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISER.**

| Sponsor and Registrar | Global Arranger | Legal Counsel |
|---|---|---|
| Calamatta Cuschieri<br>YOUR PARTNER IN FINANCIAL SERVICES | Maréchal & Associés<br>FINANCE<br>Paris ▪ Abidjan ▪ Brazzaville ▪ Port-Louis<br>N'Djamena ▪ Ouagadougou ▪ Taipei | GANADO<br>ADVOCATES |

## IMPORTANT INFORMATION

THIS PROSPECTUS IS TO BE READ AND CONSTRUED IN CONJUNCTION WITH ANY AND ALL DOCUMENTS WHICH ARE DEEMED TO BE INCORPORATED HEREIN BY REFERENCE (SEE SECTION 13 ENTITLED *"REFERENCE DOCUMENTS"*). THIS PROSPECTUS SHALL BE READ AND CONSTRUED ON THE BASIS THAT SUCH DOCUMENTS ARE INCORPORATED AND FORM PART OF THIS PROSPECTUS.

THE ISSUER CONFIRMS THAT THIS PROSPECTUS CONTAINS ALL INFORMATION WITH RESPECT TO THE ISSUER AND THE ORDINARY SHARES WHICH IS MATERIAL IN THE CONTEXT OF THE INTERMEDIARIES OFFER; THAT THE INFORMATION CONTAINED HEREIN IN RESPECT OF THE ISSUER AND THE ORDINARY SHARES IS ACCURATE IN ALL MATERIAL RESPECTS AND IS NOT MISLEADING; THAT ANY OPINIONS AND INTENTIONS EXPRESSED HEREIN ARE HONESTLY HELD AND BASED ON REASONABLE ASSUMPTIONS; THAT THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT, WHETHER FACT OR OPINION, IN THIS PROSPECTUS MISLEADING IN ANY MATERIAL RESPECT; AND THAT ALL REASONABLE ENQUIRIES HAVE BEEN MADE TO ASCERTAIN ALL FACTS AND TO VERIFY THE ACCURACY OF ALL STATEMENTS CONTAINED HEREIN.

THE DIRECTORS OF THE ISSUER CONFIRM THAT WHERE INFORMATION INCLUDED IN THIS PROSPECTUS HAS BEEN SOURCED FROM A THIRD PARTY, SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED AND AS FAR AS THE DIRECTORS OF THE ISSUER ARE AWARE AND ARE ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

**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 HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.**

NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION, ISSUE ANY ADVERTISEMENT OR MAKE ANY REPRESENTATION WHICH IS NOT CONTAINED OR CONSISTENT WITH THIS PROSPECTUS OR ANY OTHER DOCUMENT ENTERED INTO IN RELATION TO THE INTERMEDIARIES OFFER AND, IF GIVEN OR MADE, SUCH INFORMATION, ADVERTISEMENT OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER.

THE CONTENTS OF THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE DO NOT FORM PART OF THIS PROSPECTUS. ACCORDINGLY NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN ANY ORDINARY SHARES OR THE INTERMEDIARIES OFFER.

NONE OF THE ADVISERS OR ANY PERSON MENTIONED IN THIS PROSPECTUS, OTHER THAN THE ISSUER, IS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS OR ANY SUPPLEMENT THEREOF OR ANY REFERENCE DOCUMENTS, AND ACCORDINGLY, TO THE EXTENT PERMITTED BY THE LAWS OF ANY RELEVANT JURISDICTION, NONE OF THESE PERSONS ACCEPTS ANY RESPONSIBILITY AS TO THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN ANY OF THESE DOCUMENTS.

ALL THE ADVISERS TO THE ISSUER HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE CONTENTS OF AND ANY INFORMATION CONTAINED IN THE PROSPECTUS, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH. EACH PERSON RECEIVING THIS PROSPECTUS ACKNOWLEDGES THAT SUCH PERSON HAS NOT RELIED ON ANY OF THE ADVISERS IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION AND EACH PERSON MUST RELY ON ITS OWN EXAMINATION OF AN INVESTMENT CONNECTED WITH ORDINARY SHARES AND THE INTERMEDIARIES OFFER.

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS DOCUMENT TO INFORM THEMSELVES OF AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAW AND REGULATIONS OF ANY RELEVANT JURISDICTION. APPLICANTS MUST RELY ON THEIR OWN LEGAL ADVISERS, ACCOUNTANTS AND OTHER FINANCIAL ADVISERS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE ORDINARY SHARES AND THE INTERMEDIARIES OFFER.

THIS PROSPECTUS AND ALL REFERENCE DOCUMENTS SHOULD BE READ IN THEIR ENTIRETY BY POTENTIAL INVESTORS BEFORE DECIDING WHETHER TO MAKE ANY INVESTMENT IN ORDINARY SHARES.

**THIS PROSPECTUS AND ANY REFERENCE DOCUMENTS DO NOT CONSTITUTE, AND MAY NOT BE USED FOR THE PURPOSES OF AN OFFER, INVITATION OR SOLICITATION TO ANYONE IN ANY JURISDICTION A) IN WHICH SUCH OFFER, INVITATION OR SOLICITATION IS NOT AUTHORISED OR B) IN WHICH ANY PERSON MAKING SUCH OFFER, INVITATION OR SOLICITATION IS NOT QUALIFIED TO DO SO OR C) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER, INVITATION OR SOLICITATION. THE DISTRIBUTION OF THIS PROSPECTUS AND ANY REFERENCE DOCUMENTS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND ACCORDINGLY PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.**

THE ORDINARY SHARES WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED. SUBJECT TO CERTAIN EXCEPTIONS, THE ORDINARY SHARES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO U.S. PERSONS. FURTHERMORE, IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA), THE ORDINARY SHARES MAY ONLY BE OFFERED, SOLD OR DELIVERED TO "QUALIFIED INVESTORS" (AS DEFINED AND DESCRIBED IN THE PROSPECTUS DIRECTIVE) OR IN OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 3(2) OF THE PROSPECTUS DIRECTIVE. IN ALL CASES THE MAKING OF AN OFFER OF ORDINARY SHARES IN SUCH CIRCUMSTANCES SHALL NOT REQUIRE THE PUBLICATION BY THE ISSUER OR ANY OTHER PERSON OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE.

APPLICATION HAS BEEN MADE FOR THE ORDINARY SHARES TO BE LISTED AND TRADED ON THE OFFICIAL LIST OF MALTA STOCK EXCHANGE PLC. THE OFFICIAL LIST IS A REGULATED MARKET FOR THE PURPOSES OF DIRECTIVE 2004/39/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 21 APRIL 2004 ON MARKETS IN FINANCIAL INSTRUMENTS AMENDING COUNCIL DIRECTIVES 85/611/EEC AND 93/6/EEC AND DIRECTIVE 2000/12/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AND REPEALING COUNCIL DIRECTIVE 93/22/EEC. APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY FOR THE APPROVAL OF THE PROSPECTUS AND FOR DEALINGS TO COMMENCE ONCE THE ORDINARY SHARES ARE AUTHORISED AS ADMISSIBLE TO LISTING BY THE LISTING AUTHORITY.

THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE WITH RESPECT TO THE OFFICIAL LIST OR THE INTERMEDIARIES OFFER, YOU SHOULD CONSULT A LICENSED INVESTMENT ADVISER LICENSED UNDER THE INVESTMENT SERVICES ACT.

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

**THIS PROSPECTUS CAN ONLY BE USED FOR THE PURPOSES FOR WHICH IT HAS BEEN PUBLISHED.**

Olivier Alfred Cauro
Director
For and on behalf of each Director of
**PEFACO INTERNATIONAL P.L.C.**

## FORWARD-LOOKING STATEMENTS

THIS DOCUMENT INCLUDES STATEMENTS THAT ARE, OR MAY BE DEEMED TO BE, “FORWARD-LOOKING STATEMENTS”. THESE FORWARD-LOOKING STATEMENTS CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY, INCLUDING THE TERMS “BELIEVES”, “ESTIMATES”, “ANTICIPATES”, “EXPECTS”, “INTENDS”, “MAY”, “WILL”, OR “SHOULD” OR, IN EACH CASE, THEIR NEGATIVE OR OTHER VARIATIONS OR COMPARABLE TERMINOLOGY. THESE FORWARD-LOOKING STATEMENTS RELATE TO MATTERS THAT ARE NOT HISTORICAL FACTS. THEY APPEAR IN A NUMBER OF PLACES THROUGHOUT THIS DOCUMENT AND INCLUDE STATEMENTS REGARDING THE INTENTIONS, BELIEFS OR CURRENT EXPECTATIONS OF THE ISSUER AND/OR THE DIRECTORS CONCERNING, AMONGST OTHER THINGS, THE ISSUER’S ROLE WITHIN THE ISSUER’S GROUP, OPERATIONS, FINANCIAL CONDITION, LIQUIDITY AND DIVIDEND POLICY OF THE ISSUER. THERE CAN BE NO ASSURANCE THAT THE RESULTS AND EVENTS CONTEMPLATED BY THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS WILL OCCUR.

BY THEIR NATURE, FORWARD-LOOKING STATEMENTS INVOLVE RISKS AND UNCERTAINTIES BECAUSE THEY RELATE TO EVENTS AND DEPEND ON CIRCUMSTANCES THAT MAY OR MAY NOT OCCUR IN THE FUTURE. FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND SHOULD THEREFORE NOT BE CONSTRUED AS SUCH. THE ISSUER’S ACTUAL RESULTS OF OPERATIONS, FINANCIAL CONDITION, LIQUIDITY, DIVIDEND POLICY AND THE DEVELOPMENT OF ITS STRATEGY MAY DIFFER MATERIALLY FROM THE IMPRESSION CREATED BY THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS DOCUMENT. IN ADDITION, EVEN IF THE RESULTS OF OPERATIONS, FINANCIAL CONDITION, LIQUIDITY AND DIVIDEND POLICY OF THE ISSUER ARE CONSISTENT WITH THE FORWARD-LOOKING STATEMENTS CONTAINED IN THIS DOCUMENT, THOSE RESULTS OR DEVELOPMENTS MAY NOT BE INDICATIVE OF RESULTS OR DEVELOPMENTS IN SUBSEQUENT PERIODS. IMPORTANT FACTORS THAT MAY CAUSE THESE DIFFERENCES INCLUDE, BUT ARE NOT LIMITED TO, CHANGES IN ECONOMIC CONDITIONS GENERALLY, LEGISLATIVE/REGULATORY CHANGES, CHANGES IN TAXATION REGIMES, THE AVAILABILITY AND COST OF CAPITAL FOR FUTURE INVESTMENTS AND THE AVAILABILITY OF SUITABLE FINANCING.

INVESTORS ARE ADVISED TO READ THIS PROSPECTUS IN ITS ENTIRETY TOGETHER WITH THE REFERENCE DOCUMENTS, AND IN PARTICULAR, THE HEADING OF EACH SECTION OR ANY PART THEREOF ENTITLED *“RISK FACTORS”* FOR A FURTHER DISCUSSION OF THE FACTORS THAT COULD AFFECT THE ISSUER’S FUTURE PERFORMANCE. IN LIGHT OF THESE RISKS, UNCERTAINTIES AND ASSUMPTIONS, THE EVENTS DESCRIBED IN THE FORWARD-LOOKING STATEMENTS IN THIS DOCUMENT MAY NOT OCCUR. ALL FORWARD-LOOKING STATEMENTS CONTAINED IN THIS DOCUMENT ARE MADE ONLY AS AT THE DATE HEREOF. SUBJECT TO ITS LEGAL AND REGULATORY OBLIGATIONS (INCLUDING UNDER THE LISTING RULES), THE ISSUER AND ITS DIRECTORS EXPRESSLY DISCLAIM ANY OBLIGATIONS TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN TO REFLECT ANY CHANGE IN EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY STATEMENT IS BASED.

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# Definitions

In addition to the defined terms used in the section of this Prospectus entitled *"Terms and Conditions of the Intermediaries Offer"*, the following words and expressions shall bear the following meanings, except where the context otherwise requires:

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| **Admission to Listing or Admitted to Listing** | means the admission to trading of the Ordinary Shares on the Official List by the Listing Authority; |
| **Advisers** | the Advisers to the Issuer whose name and addresses are set out under the heading *"Advisers"* in section 3.1 of this Prospectus; |
| **Applicant** | a person whose name, or persons whose names in the case of joint applicants, appear in the registration details of the application to subscribe to Offer Shares in the form scheduled to the Placing Agreement (an "**Application**"); |
| **Approved Investor** | an applicant verified as an Eligible Investor in terms of the Placing Agreement that has duly executed an Application; |
| **Bonds** | up to EUR16,000,000 9% debt securities due 2019 of EUR100,000 par value each convertible into 31,250 Ordinary Shares in the capital of the Issuer; |
| **Bond Offer** | the offer of the Bonds being made on or around the same as the offer of Ordinary Shares by the Issuer pursuant to a separate offering document (as set out in section 1.4.6 of this Prospectus); |
| **Bond Offer Agreement** | the agreement for the Bond Offer between the Issuer, the Global Arranger and Calamatta Cuschieri & Co Ltd. as registrar for the Bond Offer; |
| **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; |
| **Central Securities Depository or CSD** | the central registration system for dematerialised financial instruments operated by the MSE and authorised in terms of the Financial Markets Act; |
| **CFA Francs – FCFA** | Franc de la Communauté Financière Africaine (African Financial Community Franc) is the currency of Benin, Burkina Faso, Ivory Coast, Guinea Bissau, Mali, Niger, Senegal and Togo (ISO currency code XOF). The CFAF has a fixed parity with the Euro: €1 = CFAF 655.957. |
| **Civil Code** | the Civil Code, Cap. 16 of the laws of Malta; |
| **Companies Act** | the Companies Act, Cap. 386 of the laws of Malta; |
| **The Company, the Issuer** | Pefaco International p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 65718 and having its registered office at Tower Business Centre, Suite 3, Tower Street, Swatar BKR 4013, Malta; |
| **Continuation of** | the Continuation of Companies Regulations, Subsidiary Legislation |

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| **Companies Regulations** | 386.05, the Laws of Malta; |
| **Eligible Investors** | persons meeting the terms set out in section 19.5 of this Prospectus, broadly, persons representing that they are "qualified investors" within the meaning given in Article 2 of the Prospectus Directive that are not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the Intermediaries Offer from within the United States of America, its territories or its possessions, 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. |
| **EUR, Euro, euro** or **€** | means the lawful currency for the time being of the Eurozone; |
| **Excluded Territories** | means the United States of America, Canada, Japan, the Republic of South Africa and any jurisdiction where the extension into or the availability of the Intermediaries Offer would breach any applicable law; |
| **Financial Intermediaries** | the licensed members of the Malta Stock Exchange authorised to conduct investment services business by the MFSA; |
| **Financial Markets Act** | the Financial Markets Act, Cap. 345 of the laws of Malta; |
| **FOB** or **Free on Board** | has the meaning given to that term in the Incoterms® 2010 English Edition – ICC Publications No. 715E, 2010 Edition (ISBN 978-92-842-0080-1); |
| **Global Arranger** | Maréchal & Associés Conseils Finance S.A.S of 14, rue Marignan – 75008 Paris, France in that capacity and as non-exclusive Placing Agent under the Placing Agreement; |
| **Global Arranger Comfort Letter** | has the meaning given to it in section 6.1 – *Expert's Report*; |
| **IAS** | International Auditing Standards; |
| **IFRS** | International Financial Reporting Standards; |
| **Income Tax Act** | the Income Tax Act, Cap. 123 of the laws of Malta; |
| **Intermediaries Offer** | The invitation to offer in accordance with Paragraph 2 of Appendix 3.1 to the Listing Rules as contained in this Prospectus made by the Issuer to the Intermediary to make an offer to subscribe Ordinary Shares for their own account or for the account of Eligible Investors introduced by the Global Arranger, provided that such offers may only be made during the Offer Period; |
| **Intermediary** | Calamatta Cuschieri & Co Ltd., in its capacity as a Financial Intermediary in respect of the Intermediaries Offer; |
| **Investment Services Act** | the Investment Services Act, Cap. 370 of the laws of Malta; |
| **Listing Authority** | the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act; |
| **Listing Rules** | the Listing Rules issued by the Listing Authority; |
| **Malta Financial Services** | the Malta Financial Services Authority Act, Cap. 330 of the laws of |

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| **Authority Act** | Malta; |
| **Malta Stock Exchange or MSE** | Malta Stock Exchange p.l.c., as originally constituted by the Financial Markets Act, bearing company registration number C42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta; |
| **Memorandum and Articles of Association** | the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus and available as a Reference Document; |
| **MFSA** | the Malta Financial Services Authority as established under the Malta Financial Services Authority Act; |
| **Offer Period** | The period between 8.30 a.m. on 25 July 2014 and 5.00 p.m. on 8 August 2014; |
| **Offer Price** | EUR2.19 per Ordinary Share |
| **Offer Shares** | Ordinary Shares the subject of the Intermediaries Offer; |
| **Official List** | the list prepared and published by the Malta Stock Exchange, containing information of the current or most recent prices of all listed securities, together with such other information as the MSE may consider appropriate to include therein; |
| **Ordinary Shares or Shares** | the ordinary shares of nominal value of EUR 1.50 each in the capital of the Issuer; |
| **Overseas Shareholder(s)** | Shareholder(s) with registered address in, or who are citizen(s) in, or resident(s) of, countries other than Malta; |
| **Parent** | Grupo Pefaco S.L. of Calle Muntaner 262, 6º 08021 Barcelona, Spain as majority Shareholder of the Issuer; |
| **PI Group and the Group** | Pefaco International p.l.c. and its subsidiaries at the date of this Prospectus and those to be set up in Nigeria, Ghana, Liberia and Sierra Leone; |
| **Placed Shares** | has the meaning given in section 12.1 (Placing Agreement) of this Prospectus; |
| **Placing Agreement** | The agreement dated on or around the date of this Prospectus between the Issuer, the Intermediary and the Global Arranger as non-exclusive Placing Agent pursuant to which the Intermediaries Offer is made on behalf of the Issuer to Applicants that are Eligible Investors; |
| **Proposed Investors** | has the meaning given to that term in section 12.1 (*Placing Agreement*) of this Prospectus; |
| **Prospectus** | this document in its entirety including the Summary and Reference Documents; |
| **Prospectus Directive** | 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 and amending Directive 2001/34/EC, and as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 and as supplemented by Commission Delegated |

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| | Regulation (EU) No 1392/2014 of 15 April 2014 and as may be further amended from time to time; |
| **Prospectus Regulation** | Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive as amended by Commission Delegated Regulation (EU) No 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No 759/2013 of 30 April 2103 and Commission Delegated Regulation (EU) 382/2014 of 7 March 2014 as may be further amended from time to time; |
| **Reference Documents** | the documents listed in section 13 under the heading "*Reference Documents*"; |
| **Registrar** | Calamatta Cuschieri & Co Ltd., 5th Floor, Valletta Buildings, South Street, Valletta, Malta; |
| **Registrar's Account** | the bank account in the name of the Registrar for the purpose of the Intermediaries Offer; |
| **Regulated Market** | the regulated market in terms of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC and operated by the MSE; |
| **Shareholders or Ordinary Shareholders** | holders of Ordinary Shares of the Issuer; |
| **Subsidiaries** | any company the ultimate holding company of which, as at the date of the Prospectus, is the Company including without limitation the Subsidiaries set out in section 4.4 of this Prospectus; |
| **Summary** | the summary of the Prospectus, as the same is contained in the section of the Prospectus named "*Summary*" and as the same may be amended, supplemented and updated from time to time; |
| **Terms and Conditions** | the Terms and Conditions set out under the heading "*Terms and Conditions of the Intermediaries Offer*" in section 19 of this Prospectus; |
| **US$** | means the lawful currency of the United States of America; and |
| **Valuation Report** | the report prepared by the Global Arranger and referred to by the Issuer in making its determination of the Offer Price as described in section 6.3 of this Prospectus. |

# SUMMARY

This Summary is issued in accordance with the provisions of Chapter 4 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 prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No 486/2012 of the 30 March 2012 amending the Regulation as regards the format and content of the prospectus, the base prospectus, the summary and the final terms as regards the disclosure requirements and as further amended by Commission delegated Regulation (EU) No 862/2012 of 4 June 2012 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors, Commission Delegated Regulation (EU) No 759/2013 amending Regulation (EC) No 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities and Commission Delegated Regulation (EU) No 382/2014 of 7 March 2014 supplementing Directive 2003/71/EC of the European Parliament and of the Council with regard to regulatory technical standards for publication of supplements to the prospectus. This summary should be read as an introduction to the Prospectus.

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E. This Summary contains all the Elements required to be included in a summary for the Issuer and the Ordinary Shares. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element has been included in the summary explaining why it is not applicable.

## Section A – Introduction and Warnings

| Element | Disclosure Requirement | Disclosure |
|---|---|---|
| A.1 | Warning | Prospective investors are hereby warned that:<br>i. This summary is being provided to convey the essential characteristics and risks associated with the Issuer and the securities being offered pursuant to this document. This part is merely a summary and therefore should only be read as an introduction to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this summary in making a decision as to whether to invest in the securities described in this document. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;<br>ii. where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, |

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| | | under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated; and<br>iii. Civil liability attaches only to those persons who have tabled the summary including any translation thereof and who applied for its notification, but only if the summary, when read together with the other parts of the Prospectus, is misleading, inaccurate or inconsistent; or does not provide key information in order to aid investors when considering whether to invest in such securities. |
| A.2 | Any consents to and conditions regarding use of this Prospectus | Not applicable. No consent has been given by the Company or any person responsible for drawing up this Prospectus to use this Prospectus for subsequent sale or final placement of securities by financial intermediaries. |

## Section B – Issuer

| Element | Disclosure Requirement | Disclosure |
|---|---|---|
| B.1 | Legal name<br>Commercial name | Pefaco International p.l.c.<br>Pefaco International |
| B.2 | Domicile and legal form of the Issuer | The Issuer is a public limited company registered in Malta with company registration number C 65718 and operating under the Companies Act (Cap. 386 of the laws of Malta). The Issuer is domiciled in Malta. The registered office of the Issuer is at Tower Business Centre, Suite 3, Tower Street, Swatar BKR 4013, Malta. |
| B.3 | Nature of the Issuer's current operations and its principal activities | The Issuer's principal activity is the control of the Parent's subsidiaries engaged in gaming activities in West Africa. All of the Company's Subsidiaries are duly authorised to engage in gaming activities under exclusive concession contracts or gaming licences granted by local authorities or supervisory bodies responsible for the regulation and control of gaming. The Issuer has operations in Benin, Burkina Faso, the Ivory Coast, Niger and Togo, catering for the local population's needs for recreation facilities. The Company plans to invest in the region of EUR4.5 million over 2014-2017 in its existing operations to expand market share and keep up with technological developments in the industry. It also intends to develop its network to new African countries including Nigeria, Ghana, Liberia and Sierra Leone – a planned investment by the Company of some EUR26.5 million over a period of three years to gain leading market positions there. The Issuer's West Africa strategy is focused on countries that demonstrate the following characteristics:<br>- high growth potential and potential return on investment;<br>- gaming activities are regulated within a clearly defined legal |

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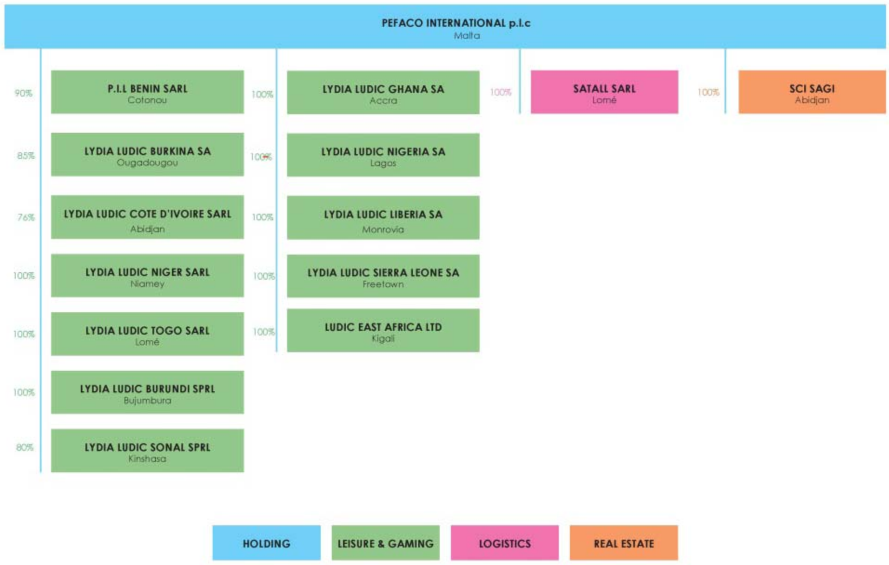
| | | framework; and<br>- there is room for the Company to gain a market leading position catering for the general public. |
| B.4a | Significant recent trends | During the first half of 2013 two of the Subsidiaries, Lydia Ludic Togo and Lydia Ludic Cote d'Ivoire, introduced a cashless system and tablets greatly improving supervision of and reporting on operations. These new tools represent major progress in terms of reliability of data and in terms of client tracking. It is intended that each of the Subsidiaries will have introduced the cashless system and tablets by 2017.<br><br>During the first half of 2013 the Group also sought to reorganise its business, moving operations away from less profitable locations and concentrate on more profitable gaming halls. The Group also invested in new electronic multiplayer machines for branded "VIP" gaming halls, which machines are entirely automatic and offer two new games to customers: Blackjack and Baccarat. The roulette machines purchased for the Group at the end of 2013 proved to be highly profitable when operated from the Group's facilities in Togo, Ivory Coast, Niger and Benin. Accordingly, a decision was made to roll them out to a number of the Group's countries of operation.<br><br>In addition, by the end of 2013, the Group replaced approximately 10% of its oldest machines. In the first half of 2013, the Group destroyed 139 machines and added 150. |
| B.5 | Group description | **Up until the 31st of December 2013**, the Company controlled 5 subsidiaries engaged in leisure and gaming activities in Benin, Burkina Faso, the Ivory Coast, Niger and Togo, as well as a logistics company and a real estate subsidiary.<br><br>**By the end of 2014** it is expected that the Subsidiaries will include Lydia Ludic Burundi and Lydia Ludic Sonal (established in the Republic of Burundi and the Democratic Republic of Congo, respectively) acquired from the Parent and 4 new companies to be established in Nigeria, Ghana, Liberia and Sierra Leone to implement the Group's development plan in those countries. A subsidiary in Rwanda was created in early 2014 called Ludic East Africa ltd; this subsidiary has no activity it only holds a provisional gaming license.<br><br>**LEGAL CHART OF ISSUER'S GROUP PLANNED FOR END OF 2014** |




| | | |
|---|---|---|
| B.6 | Major shareholders | As at the date of this Prospectus, the Parent owned 96.22% of the voting rights of the Issuer. 100% of the shares of the Parent are owned by Strategic Investment Opportunities B.V. ("**SIO**"), a *besloten vennootschap* established in The Netherlands and represented and managed by ITPS Netherlands B.V. with its registered office at Alexanderstraat 23, 2514 JM, The Hague, The Netherlands.<br><br>100% of the shares of SIO are held directly or indirectly by M. Francis Jérôme Perez, Chief Executive Officer of the Issuer, M. Olivier Alfred Cauro, Managing Director of the Issuer and members of their respective families.<br><br>The Ordinary Shares held by the Parent do not entitle the Parent to any voting rights that are different from those of any of the other Ordinary Shares. Other than the management of conflicts of interest at board level in accordance with the Companies Act, particularly the fact that the majority of the Board consists of non-executive members, there are no other measures to ensure that the control of the major shareholders is not abused as none are deemed necessary.<br><br>After allotment of all of the Ordinary Shares that are the subject of the Intermediaries Offer, the Parent will own 71.97% of the Issuer. |
| B.7 | Key financial information and narrative description of significant changes to financial condition and operating results of the | The selected historical financial information set out below relating to the Company has been extracted without material adjustment from the Company's consolidated audited financial statements as at December 31 2013. |

Group during or subsequent to the period covered by the historical financial information

**Consolidated Balance Sheet**

| **ASSETS** | **As at 31 December** | | | | |
|---|---|---|---|---|---|
| In thousands of euros | **2010** | **2011** | **2012** | **2013** | **%** |
| Intangible fixed assets | 42.299 | 40.817 | 42.424 | 40.652 | 74% |
| Property, plant and equipment | 3.107 | 4.634 | 4.433 | 5.650 | 10% |
| Financial assets | 295 | 631 | 881 | 644 | 1% |
| Deferred tax asset | 275 | 275 | 317 | 0 | 0% |
| **NON-CURRENT ASSETS** | **45.976** | **46.358** | **48.054** | **46.946** | **85%** |
| | | | | | 0% |
| Inventories | 7 | 30 | 30 | 88 | 0% |
| Loans to related parties | 0 | 3.988 | 8.522 | 5.076 | 9% |
| Trade and other receivables | 949 | 553 | 2.525 | 2.127 | 4% |
| Cash and cash equivalents | 658 | 842 | 999 | 968 | 2% |
| **CURRENT ASSETS** | **1.614** | **5.413** | **12.076** | **8.260** | **15%** |
| **TOTAL ASSETS** | **47.590** | **51.772** | **60.129** | **55.205** | **100%** |

| **EQUITY AND LIABILITIES** | **As at 31 December** | | | | |
|---|---|---|---|---|---|
| In thousands of euros | **2.010** | **2.011** | **2.012** | **2.013** | **%** |
| Shareholders' equity | 39.444 | 38.958 | 38.411 | 38.042 | 69% |
| Net income attributable to owners | -487 | 766 | -737 | 522 | 1% |
| **EQUITY ATTRIBUTABLE TO OWNERS** | **38.957** | **39.724** | **37.674** | **38.564** | **70%** |
| Non-controlling interests | -1.051 | - 1.324 | -1.015 | -1.055 | -2% |
| **TOTAL EQUITY** | **37.906** | **38.400** | **36.659** | **37.509** | **68%** |
| | | | | | 0% |
| Non-current borrowings | 939 | 2.516 | 4.896 | | 0% |
| Current borrowings | 560 | 2.670 | 5.914 | 8.654 | 16% |
| **Total borrowings** | **1.499** | **5.186** | **10.810** | **8.654** | **16%** |
| | | | | | **0%** |
| Current provisions | 1.395 | 1.296 | 1.550 | 333 | 1% |
| Income tax payable | 568 | 116 | 1.095 | 1.809 | 3% |
| Trade and other payables | 6.223 | 6.776 | 10.017 | 6.901 | 13% |
| **Other liabilities** | **8.186** | **8.188** | **12.662** | **9.043** | **16%** |
| **TOTAL EQUITY AND LIABILITIES** | **47.590** | **51.772** | **60.129** | **55.205** | **100%** |

**Consolidated Income Statement**

| In thousands of euros | 2010 | As a % of Sales | 2011 | As a % of Sales | 2012 | As a % of Sales | 2013 | As a % of Sales |
|---|---|---|---|---|---|---|---|---|
| Sales | 29.980 | 100% | 34.052 | 100% | 36.451 | 100% | 40.077 | 100% |
| Other revenue | 193 | 1% | 315 | 1% | 232 | 1% | 662 | 2% |
| **Total revenue** | **30.173** | **101%** | **34.367** | **101%** | **36.683** | **101%** | **40.739** | **102%** |
| Goods purchased | -2.021 | 7% | -2.143 | 6% | -2.253 | 6% | -2.342 | -6% |
| Personnel expenses | -7.676 | 26% | -8.804 | 26% | -10.672 | 29% | -12.705 | -32% |
| Taxes other than income | -1.688 | 6% | -1.726 | 5% | -2.239 | 6% | -3.887 | -10% |
| External expenses | -4.921 | 16% | -5.793 | 17% | -7.745 | 21% | -5.956 | -15% |
| Management fees Grupo Pefaco | -11.125 | 37% | -11.705 | 34% | -9.874 | 27% | -10.884 | -27% |
| Other operating income and expenses | 95 | 0% | -129 | 0% | | 0% | | 0% |
| **EBITDA** | **2.837** | **9%** | **4.066** | **12%** | **3.900** | **11%** | **4.965** | **12%** |
| Depreciation, amortization and provisions | -3.673 | 12% | -2.600 | 8% | -2.990 | 8% | -2.729 | -7% |
| **Operating income** | **-836** | **-3%** | **1.466** | **4%** | **911** | **2%** | **2.236** | **6%** |
| Financial income | 0 | 0% | 0 | 0% | 0 | 0% | 133 | 0% |
| Financial expenses | -97 | 0% | -347 | 1% | -1.008 | 3% | -903 | -2% |
| Extradinary result | 0 | 0% | 0 | 0% | 0 | 0% | | 0% |
| Income tax | -173 | 1% | -627 | 2% | -812 | 2% | -984 | -2% |
| **NET INCOME FOR THE YEAR** | **-1.106** | **-4%** | **492** | **1%** | **-909** | **-2%** | **482** | **1%** |
| Minority interests | 620 | | -274 | | -172 | | -40 | |
| Net income attributable to owners | -486 | | 766 | | -737 | | 522 | |

**Note regarding management fees paid to the Issuer's main shareholder Grupo Pefaco:** The Issuer benefits from Grupo Pefaco's activities which include: (i) supply services of personnel including temporary staff and key personnel (managers); (ii) research of slot machines on the worldwide market to provide Issuer's subsidiaries with sufficient commercial equipment; (iii) long and hard negotiations with local government and/or national lotteries for the existing subsidiaries to obtain either licenses or necessary approvals on long-term periods to operate in these countries and (iv) all services rendered to prospect new countries which will provide the Issuer with a sustainable growth in the coming years.

Management fees paid to the Parent will no longer be charged after Admission to Listing, as management activities are being transferred from the Parent to the Issuer at that point.

## Consolidated statement of cash flows

| In thousands of euros | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|
| | Year ended 31 December | | | |
| **Consolidated net income (loss) for the period** | -1.107 | 492 | -909 | 482 |
| Adjustments for: | | | | |
| Depreciation of intangible assets | 1.458 | 1.479 | 1.428 | 1.304 |
| Depreciation of property, plant and equipment | 951 | 1.037 | 1.268 | 1.409 |
| Change in provisions | 1.175 | -99 | 253 | -1.217 |
| Gains or losses on disposals of assets | 1.092 | 405 | 678 | 61 |
| Financial income or expense | 97 | 347 | 1.008 | |
| Deferred income tax | -275 | 0 | -42 | 317 |
| Change in working capital | 170 | 1.207 | 3.114 | 1.878 |
| **I. Net cash flow (used in) / from operating activities** | **3.560** | **4.868** | **6.798** | **4.234** |
| Purchases of property, plant and equipment | -2.591 | -3.001 | -1.678 | -2.967 |
| Proceeds from sale of property, plant and equipment | 40 | 59 | 1.713 | 453 |
| Purchases of intangible assets | -816 | -530 | -3.559 | 296 |
| Proceeds from sale of intangible assets | 0 | 0 | 141 | |
| Change in fixed assets supplier | -1.209 | -226 | -482 | |
| Other investments | 44 | -337 | -3.594 | -259 |
| **II. Net cash flow (used in) / from investing activities** | **-4.532** | **-4.034** | **-7.459** | **-2.477** |
| Changes in share capital | 0 | 0 | 0 | |
| Dividends paid to shareholders | 0 | 0 | -22 | 368 |
| Loan to shareholders | 0 | -3.988 | -4.534 | |
| Proceeds from new loans and borrowings | 605 | 3.108 | 5.470 | |
| Repayment of borrowings | 0 | 0 | -1.837 | -1.392 |
| **III. Net cash flow (used in) / from financing activities** | **605** | **-880** | **-923** | **-1.024** |
| Impact from changes in currency rates (IV) | 0 | 0 | 0 | 0 |
| **Net change in cash and cash equivalents (I + II + III + IV)** | **-366** | **-46** | **-1.584** | **733** |
| **Net cash - Opening period** | **545** | **179** | **132** | **-1.450** |
| **Net cash - Closing period** | **179** | **132** | **-1.451** | **-717** |
| Other information | | | | |
| Income tax paid | 4 | -910 | -2 | |
| Net cash comprises: | | | | |
| Banks overdrafts | -479 | -710 | -2.450 | -1.686 |
| Cash and cash equivalents (excluding overdrafts) | 658 | 842 | 999 | 968 |
| **Total cash and cash equivalents in the statement of cash flows** | **179** | **132** | **-1.451** | **-719** |

**Consolidated statement of changes in equity**

| In thousands of euros | Share Capital | Reserves and group share of profit or loss | Currency translation differences | **Equity attributable to owners** | Non controlling interests | **Total Equity** |
|---|---|---|---|---|---|---|
| **Balance as at 31 December 2009** | **30.505** | **8.939** | **-** | **39.444** | **- 431** | **39.013** |
| Capital changes | | | | **-** | | **-** |
| Dividends | | | | **-** | | **-** |
| Net income | | - 487 | | **- 487** | - 620 | **- 1.107** |
| Comprehensive income | | | | **-** | | **-** |
| Changes in scope of consolidation | | | | **-** | | **-** |
| **Balance as at 31 December 2010** | **30.505** | **8.452** | **-** | **38.957** | **- 1.051** | **37.906** |
| Capital changes | | | | **-** | | **-** |
| Dividends | | | | **-** | | **-** |
| Net income | | 766 | | **766** | - 273 | **492** |
| Comprehensive income | | | | **-** | | **-** |
| Changes in scope of consolidation | | | | **-** | | **-** |
| **Balance as at 31 December 2011** | **30.505** | **9.218** | **-** | **39.723** | **- 1.324** | **38.399** |
| Capital changes | | | | **-** | | **-** |
| Dividends | | - 22 | | **- 22** | | **- 22** |
| Net income | | - 737 | | **- 737** | - 172 | **- 909** |
| Comprehensive income | | | | **-** | | **-** |
| Changes in scope of consolidation | | - 1.290 | | **- 1.290** | 482 | **- 808** |
| **Balance as at 31 December 2012** | **30.505** | **7.169** | **-** | **37.674** | **- 1.015** | **36.659** |
| Capital changes | | | | **-** | | **-** |
| Dividends | | | | **-** | | **-** |
| Net income | | 522 | | **522** | - 40 | **482** |
| Comprehensive income | | | | **-** | | **-** |
| Changes in scope of consolidation | | 367 | | **367** | | **368** |
| **Balance as at 31 December 2013** | **30.505** | **8.058** | **-** | **38.563** | **- 1.055** | **37.508** |

| | | |
|---|---|---|
| B.8 | Key pro forma financial information | Not applicable. |
| B.9 | Profit forecast or estimate | |

**P&L analysis for the Group**

In thousands of euros

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|
| Sales | 36,451 | 40,077 | 46,427 | 52,916 | 72,924 | 112,920 |
| Other income | 232 | 662 | 737 | 832 | 947 | 1,089 |
| Operating income | 36,683 | 40,739 | 47,165 | 53,748 | 73,871 | 114,009 |
| Various purchases | (2,253) | (2,343) | (2,786) | (3,646) | (3,949) | (6,236) |
| Post and telecommunication | (362) | (400) | (470) | (558) | (718) | (892) |
| Travel and entertainment | (567) | (448) | (555) | (645) | (831) | (1,067) |
| Repair and maintenance | (420) | (436) | (516) | (934) | (1,024) | (1,266) |
| Insurance | (141) | (138) | (167) | (188) | (227) | (276) |
| Administrative rent | (1,890) | (2,130) | (2,554) | (4,836) | (6,366) | (9,368) |
| Commercial expenses | (1,883) | (940) | (1,146) | (1,413) | (1,807) | (2,269) |
| payroll | (10,672) | (12,705) | (15,184) | (19,351) | (21,842) | (25,388) |
| tax and duties | (2,239) | (3,887) | (4,349) | (4,988) | (6,476) | (8,889) |
| Other administrative expenses | (2,483) | (1,465) | (2,892) | (3,040) | (3,177) | (4,361) |
| Grupo Pefaco management fees | (9,874) | (10,884) | (7,467) | - | - | - |
| Prudential margin | - | - | - | - | (3,800) | (6,914) |
| EBITDA | 3,899 | 4,965 | 9,078 | 14,148 | 23,653 | 47,085 |

| | | |
|---|---|---|
| | | **Note regarding management fees paid to the Issuer's main shareholder Grupo Pefaco:** The Issuer benefits from Grupo Pefaco's activities which include: (i) supply services of personnel including temporary staff and key personnel (managers); (ii) research of slot machines on the worldwide market to provide the Issuer's subsidiaries with sufficient commercial equipment; (iii) long and hard negotiations with local government and/or national lotteries for the existing subsidiaries to obtain either licenses or necessary approvals on long-term periods to operate in these countries and (iv) all services rendered to prospect new countries which will provide the Issuer with a sustainable growth in the coming years.<br><br>The management fees paid to the Parent will no longer be charged after Admission to Listing as management activities are being transferred from the Parent to the Issuer at that point. |
| B.10 | Description of the nature of any qualifications in the audit report on the historical financial information | Not applicable: There are no qualifications to the audit report on the historical financial information. |
| B.11 | Issuer's working capital | The Issuer is of the opinion that the working capital available to the Issuer is sufficient for its business requirements over the coming twelve months of operations. |

## Section C – Securities

| Element | Disclosure Requirement | Disclosure |
|---|---|---|
| C.1 | Type and class of securities | Ordinary shares having a nominal value of EUR1.50 each. The Issuer has no other classes of shares.<br><br>When admitted to trading on the Official List of the Malta Stock Exchange, the Ordinary Shares will be registered with ISIN number MT0000800103. |
| C.2 | Currency | Euro. |
| C.3 | Number of shares issued | On Admission to Listing, there will be 27,186,719 Ordinary Shares in issue, of which 6,850,000 are the subject of the Intermediaries Offer. |
| C.4 | Description of the rights attached to the shares | The Ordinary Shares the subject of the Intermediaries Offer will, when issued and fully paid, rank equally in all respects with all other Ordinary Shares, including the right to attend and vote at general meetings of the Company and to receive all dividends and other distributions. |

| | | |
|---|---|---|
| C.5 | Description of any restrictions on the free transferability of the securities | There are no restrictions on the free transferability of the Ordinary Shares. |
| C.6 | Admission | Application has been made to the Malta Stock Exchange for the Ordinary Shares of the Company to be listed and traded on the Official List of the Malta Stock Exchange and for dealings to commence once the Ordinary Shares are authorised as Admissible to Listing by the Listing Authority, which is anticipated to be on or around the 25 July 2014. |
| C.7 | Dividend policy | Since its incorporation in 2007, the Company has not paid out any dividend as profits were spent on investments, mainly commercial equipment (gaming machines).<br><br>As the Company's priority is the achievement of its development programme, the Directors do not intend to impose a prescriptive dividend payment policy at the writing of this Prospectus, although management does intend to make dividend payments from the end of 2015 onwards.<br><br>The Issuer has no arrangement under which future dividends would be waived or agreed to be waived.<br><br>For information on risks related to the Issuer's ability to pay dividends see D.3 of this summary. |

## Section D – Risks

| Element | Disclosure Requirement | Disclosure |
|---|---|---|
| D.1 | Key information on the key risks that are specific to the Issuer | **Financial risks: The Issuer is subject to the risk of having insufficient financial resources to meet its obligations as they fall due, the increased cost of borrowing and exposure to non-CFA Franc revenues from new operations.**<br><br>**Risks related to the legal environment: The Issuer operates exclusively in the gaming industry which is highly regulated and the qualifying process is extremely challenging: there is a risk that the Issuer and/or any of its Subsidiaries could have a gaming licence, permit or approval required for the lawful undertaking of its activities revoked, suspended or conditioned at any time.**<br><br>**Country risks: The Issuer operates its businesses in West** |

| | | |
|---|---|---|
| | | **Africa, where prevailing adverse political, social and/or economic conditions in its market countries may disrupt its operations and cause losses.**<br><br>**Risks related to the Issuer's activities: the Issuer is subject to threats to its financial position and prospects through exposure to competition, reliance on a limited number of suppliers, failure to keep pace with advancing technology and business seasonality.**<br><br>**Risks related to the Company's operations: the Issuer's business is exposed to various challenges to the Company's operations, including: logistical breakdown, operational performance of business partners, theft and vandalism, dependence on key managers and employees, human resources change management in the face of strong growth and IT systems disruption.**<br><br>**Insurance policies: The Issuer is heavily dependent on the operation of commercial assets owned by the Company, no assurance can be given that insurance policies taken out in respect of these assets fully cover their replacement value or that payment of that amount or any other amount would be made by the carrier should the Issuer make a claim under those policies.**<br><br>**Off-Balance Sheet Commitments: It is possible that the Issuer could in the future determine that it is appropriate to hedge currency and/or interest rate exposure utilising off-balance sheet financial instruments or arrangements, which could expose the Issuer to contingent obligations or losses that are not fully apparent from its financial statements in the form audited.**<br><br>**Exceptional Events and Litigation: The business sectors and the geographical region in which the PI Group operates result in its constant exposure to potential government action. It might not be possible for the Group always to comply with the terms of its various licences and authorisations as a practical matter. Any administrative action by the authorities concerned is likely to have a material impact on management's priorities for the Company's business, the scale and profitability of one or more operations, the reputation of the Company elsewhere, its enterprise value and that of the Ordinary Shares and its general ability to meet its obligations as they fall due.** |

| | | |
|---|---|---|
| D.3 | Key information on the key risks that are specific to the securities | **New Admission to Listing: the Issuer's Shares have not been listed before and without a developed or liquid market, the Shares are likely to be subject to significant price fluctuations for an indefinite period.**<br><br>**Dividend Risk: The Issuer's ability to pay dividends in the future is affected by a number of factors, principally its ability to generate and receive income for such purposes, directly or indirectly, from its operating subsidiaries and associates. The ability of these entities to pay dividends and the Issuer's ability to receive such distributions is subject to applicable local laws and other restrictions, including their respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws. These laws and restrictions could limit the payment of dividends and distributions to the Issuer by its subsidiaries and associates, which could in turn restrict the Issuer's ability to fund other operations or to pay a dividend to holders of the Ordinary Shares.**<br><br>**Share price volatility: the price of the Issuer's Shares could be impacted substantially in response to a number of factors including: news or announcements surrounding the financial results of the Company and/or its competitors; unfavourable trends affecting the Company's legal environment and markets; and announcements related to the Issuer's Shareholders.**<br><br>**Parent sale could adversely affect Share Price: The Parent's decision to sell all or part of its Shares on the market or the perception that such a sale is about to happen, could have a significant impact on the price of the Issuer's Shares.**<br><br>**Dilution risk from capital increase: A new fund raising exercise by the Company could result in a significant reduction of the rights of certain Shareholders in the Issuer as a proportion of the rights attaching to all Shares, possibly with a correspondent reduction in the price obtainable by Shareholders for their Shares in the market.**<br><br>**Dilution risk from dilutive instruments: The issue of financial instruments convertible or exchangeable or entitling the holder to subscribe the Shares of Issuer will result in the expectation that the Issuer's share capital will be diluted and the exercise of such instruments will result in actual dilution. At the date of this Prospectus, the Issuer has published a prospectus relating to the issuance by the Issuer of 160 debt securities each with a principal value of EUR 100,000 to be listed on the European Wholesale Securities Market. Each debt security will be convertible into 31,250 Ordinary Shares at any time within 5 years of issue at the** |

| | | |
|---|---|---|
| | | **option of the holder of the debt security. Accordingly, if all of the debt securities are converted into Ordinary Shares, the issued share capital of the Company will be increased by 5,000,000 Shares and the existing Shareholders diluted accordingly.** |

## Section E – Offer

| Element | Disclosure Requirement | Disclosure |
|---|---|---|
| E.1 | Net proceeds and costs of issue | The net proceeds of the Intermediaries Offer (assuming take up in full of all Ordinary Shares so offered) are expected to be approximately EUR14,001,500 (net of expenses). The total costs, charges and expenses payable by the Company in connection with the Intermediaries Offer are not expected to exceed EUR1,000,000. No expenses will be charged by the Company to the purchasers of the Ordinary Shares. |
| E.2a | Reasons for offer and use of proceeds | The net proceeds of EUR14,001,500 (net of expenses) of the Intermediaries Offer together with the net proceeds of the Bond Offer will be used by the Issuer to fund the development of its existing operations and the commencement of operations in new market countries, namely, Nigeria, Ghana, Liberia and Sierra Leone. |
| E.3 | Terms and conditions of the Intermediaries Offer | The Intermediaries Offer of up to 6,850,000 Ordinary Shares is being made on behalf of the Issuer to Eligible Investors by Intermediaries at the fixed price of EUR2.19 per Ordinary Share. The price of the Ordinary Shares the subject of the Intermediaries Offer is based on a valuation assessment conducted by the Global Arranger.<br><br>The offer of Ordinary Shares will be made only to Eligible Investors, broadly, persons representing that they are "qualified investors" within the meaning given in Article 2 of the Prospectus Directive that are not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the Intermediaries Offer from within the United States of America, its territories or its possessions, 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.<br><br>The allotment of Offer Shares pursuant to the Intermediaries Offer is also conditional, in respect of each applicant, upon a minimum subscription of one hundred thousand and one Euro |

| | | |
|---|---|---|
| | | and ninety-seven Euro Cents (EUR100,001.97) in nominal value of Offer Shares applied for.<br><br>The allotment of Offer Shares pursuant to the Intermediaries Offer is not conditional upon a minimum amount of monies being raised.<br><br>Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to revoke the Offer at any time before the closing of the Offer Period.<br><br>The Terms and Conditions of and any non-contractual obligations arising out of or in relation to the Intermediaries Offer shall be governed by, and construed in accordance with, Maltese law.<br><br>The courts of Malta are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Intermediaries Offer, this Prospectus or Application (including any dispute relating to any non-contractual obligations arising out of or in connection with any of them). |
| E.4 | Material interests | No person involved in the issue or offer of the Ordinary Shares has an interest material to the issue/offer, save for any fees payable to the Global Arranger in consideration for placing Offer Shares with investors. |
| E.5 | Name of person selling securities and Lock-up agreements | Not applicable. |
| E.6 | Dilution resulting from the Intermediaries Offer | After allotment of all of the Ordinary Shares that are the subject of the Intermediaries Offer, the Parent's shareholding in the Issuer will be diluted to 71.97%, while the shareholding of all current shareholders (including the Parent) will be diluted to 74.81%. |
| E.7 | Estimated expenses charged to the investor by the Issuer | Not applicable. No expenses will be charged to the investor by the Issuer. |

# 1. RISK FACTORS

## 1.1 GENERAL

**An investment in the Ordinary Shares involves certain risks. The following risks are those identified by the Issuer as at the date of the Prospectus. Prospective investors should consider carefully, together with their independent financial and other professional advisers, the following risk factors and other investment considerations as well as all the other information contained in this Prospectus and Reference Documents before deciding to make an investment in the Issuer and Ordinary Shares.**

**Some of these risks are subject to contingencies that may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingencies occurring. The sequence in which the risks below are listed is not intended to be indicative of any order of probability of a particular cause of loss arising or of the extent of that loss should it arise.**

**Should any of the risks described below materialise, they could have a serious adverse effect on the Issuer's financial results and trading prospects.**

**The risks and uncertainties discussed below may not be the only ones that the Issuer faces. Additional risks and uncertainties, including those the Directors of the Issuer may not currently be aware of, could well result in a material impact on the financial condition and operational performance of the Issuer. Accordingly, prospective investors should make their own independent evaluation of all risk factors, and should consider all other sections in the Prospectus before investing in the Ordinary Shares. In addition, prospective investors ought to be aware that risk may be amplified due to a combination of risk factors.**

## 1.2 FORWARD-LOOKING STATEMENTS

**This document contains forward-looking statements. No assurance can be given that future results or expectations covered by such forward-looking statements will be achieved. These statements by their nature involve substantial risks and uncertainties, certain of which are beyond the Issuer's control.**

## 1.3 RISKS RELATING TO THE ISSUER

**The risk factors associated with the gaming industry are multiple and varied. Exposure to financial risks, adverse changes in the legal environment faced by the Company, country and political risk and risks arising from the Company's activities and operations arises in the normal course of the Issuer's and Subsidiaries' business.**

### 1.3.1 Financial risks

***Liquidity risk***

**Liquidity risk stems from obligations related to financial liabilities. The management of Company aims at maintaining readily sufficient resources to meet its financial obligations as they come due. To adjust to the dynamic nature of the business, Company's managers ensure**

**financial flexibility by maintaining access to additional credit lines and investing cash surpluses in further equipment. However, absolutely no assurance can be given that the Company will be able to obtain its existing access to lines of credit or at all. Given the uncertain nature of the Company's earnings, particularly as to timing, a withdrawal of credit lines is likely to place it in circumstances of severe financial hardship, which if continuing could result in insolvency. Moreover, on or around the time of the Intermediaries Offer, the Company intends to issue up to EUR16,000,000 in convertible bonds due for repayment in full on their fifth anniversary. The Bonds are also redeemable in full by their holders at any time on or after their third anniversary. If the Issuer is unable to refinance the maturing debt out of newly available funding, it will be forced to rely upon retained earnings or asset sales to redeem it. No assurance can be given whatsoever that replacement funding will be available on favourable or comparable terms or at all. In the same circumstances, the Issuer may not have sufficient retained earnings or be able to make asset sales with a sufficient value to repay maturing debt and it is quite possible therefore that insolvency proceedings could follow.**

***Credit risks***

**Credit risk is that of financial loss resulting from the failure of debtors to honour their financial or contractual obligations. The Company is not exposed to a significant amount of credit risk as all transactions with its customers are operated on a cash basis. However, the Company does make a number of advance payments to its suppliers and providers of logistical services and is exposed therefore to credit worthiness of their businesses. In particular, the Company expects to have a considerable proportion of its new fleet of gaming machines with a single supplier for "tropicalisation" customisation of the Company's business assets. Depending upon the position of a supplier or service provider with its creditors, the Company could be unable to operate the assets affected in its business, causing considerable interruption of earnings and possibly severe losses.**

***Interest risks***

**The Issuer is not significantly exposed to interest rate fluctuations: it does not hold any material interest-bearing assets and does not hold any loan initially issued at floating rates. All of the Issuer's borrowings are on a fixed rate basis.**

**Moreover, the Issuer has a low level of borrowings with total borrowings (including current and non-current borrowings) of EUR9.62 million as at 31 December 2013 compared to equity attributable to owners of EUR38.56 million and cash equivalents of EUR969,000. However, on or around the time of the Intermediaries Offer, the Company intends to issue up to EUR16,000,000 of convertible 9% fixed rate bonds. As a consequence, the Issuer's debt burden and borrowing costs will multiply many times. Although the rate of interest payable on the Company's new debt will be at a fixed rate, no assurance can be given that the Company will be able to meet some or all of the additional borrowing costs and/or that total debt will not exceed equity available to owners. If the Issuer is unable to remain current in respect of its debt payments this could result in insolvency proceedings, where the holders of Ordinary Shares will receive a distribution only after the cost of proceedings and all creditors have been paid. In**

**such circumstances, the holders are likely to receive no distribution at all and when the Company is struck-off the Ordinary Shares will be worthless.**

*Foreign exchange risk*

**The Company operates in UOMEA countries (WAEMU - West African Economic and Monetary Union) that have a common currency, the CFA Franc with a fixed parity with the euro: 1 euro = 655.957 CFA Francs.**

**The Company's exposure to foreign currencies mainly stems from its purchases of commercial equipment on the spot market that are paid for in US dollars. The Company has not recorded any foreign exchange gain or loss on such transactions up to the date of this Prospectus.**

**After Admission to Listing, the Issuer's foreign exchange risk exposure will grow as a consequence of: (i) the integration by the Company of the Parent's gaming subsidiaries established in Burundi and the Democratic Republic of the Congo; and (ii) the setting up of operations in Nigeria, Ghana, Liberia and Sierra Leone, the Group's new target countries.**

**Foreign exchange markets can experience prolonged periods of extreme volatility and this could have a severe negative impact on the Company's earnings. Moreover, all of the Issuer's current earnings are derived from UOMEA countries. Absolutely no assurance can be given that the UOMEA will remain in its current form, with its current members or that it will not disintegrate completely. In such circumstances, the Company could face enormous foreign exchange exposure that it is difficult, uneconomic or impossible to hedge with the consequent risk of severe losses to earnings when its budgets and financial planning use the Euro exclusively as a base currency.**

### 1.3.2 Risks related to the legal environment

**The gaming industry is highly regulated and the qualifying process is very challenging. Licenses are required for the Company and in some countries, also for its managers, officers and major stakeholders. In certain territories, permits are needed for all gaming premises. It is possible that any license, permit or approval may be revoked, suspended or conditioned at any time. (See details regarding concession contracts and licenses in section 12.3 – *Gaming Authority Concessions*).**

**The Issuer was incorporated in 2008 but some of its subsidiaries have been operating in Africa since 1997-1999. Since its incorporation, the Issuer has been consistently successful in securing renewals of authorisations of for its gaming operations in all territories where it operates. Nevertheless, absolutely no assurance can be given that the Issuer's business and operations will avoid being impaired or even required to cease in any or all of its markets because the required authorisations are withdrawn.**

**In the event of a dispute with or appeal against administrative action brought by a gaming authority in the Company's countries of operation, the competent court of jurisdiction is the Court of Arbitration of the Common Court of Justice and Arbitration of the OHADA (Organisation pour l'Harmonisation en Afrique du Droit des Affaires – Organization for the**

**Harmonization of Business Law in Africa). Since its date of incorporation, neither the Company nor any of its Subsidiaries have been the subject of legal proceedings brought by the regulatory authorities responsible for their oversight.**

**However, investors should be aware that absence of such legal proceedings cannot be assured for the foreseeable future and/or at all. Moreover, the rule of law has been barely established in any of the Company's operating territories. If the Company were to become involved in a dispute either privately or with any governmental authority wherever it currently operates or plans to operate in future, absolutely no assurance whatsoever can be given that the Company would be given a fair hearing, a proper opportunity to present its case, not be subject to abuse of process or to unfair, prejudicial and/or arbitrary administrative or criminal fines, penalties or the sequestration of its assets without any right of appeal.**

### 1.3.3 Country risks

**The Issuer and its Subsidiaries operate exclusively in emerging markets in Africa and the almost constant state of political, social and/or economic upheaval prevailing in the PI Group's market countries is likely to disrupt operations and cause losses to a greater or lesser extent at all times. There are certain risk factors which are peculiar to such activities and which require careful consideration by prospective investors since they are not usually associated with activities in more developed markets. Such exposure relates to the risks of major political and economic changes including but not limited to, higher price volatility, the effect of exchange control regulations and the risks of expropriation, nationalisation and/or confiscation of assets. The ineffectiveness of the legal and judicial systems in some of the emerging markets, including those in which the PI Group may be carrying out activities, may pose difficulties for the PI Group in preserving its legal rights.**

**Since the success of the Group depends on a proper understanding of the markets and countries where it does (or proposes to develop) business, an inability to monitor those countries closely, whether because of lack of reliable market information, an interruption in communication flows, an incapacity to visit those countries regularly, or otherwise, raises the country risk to varying extents. At the same time, information relating to the geopolitical and economic situation in the Company's territories of operation is scant and unreliable even on the ground. Radical challenges to the Company's trading environment can erupt wholly without warning and cut across its business planning completely.**

**For example, in the Ivory Coast, the Company was forced to suspend operations for three weeks as a result of the country's political unrest that lasted from November 2010 to April 2011. But in 2011, Lydia Ludic Côte d'Ivoire reported a 76% increase in revenues over 2010, EBITDA grew up from Euro 0.5 million to Euro 1.2 million and net loss was cut from Euro1.6 million to Euro 0.76 million.**

**As at the date of this Prospectus, the PI Group has not experienced any instances of extortion or kidnapping. Nevertheless, an absence of such instances is unlikely to subsist for any meaningful period given the ongoing and in some cases worsening political, social and /or**

**religious unrest in the territories where the Company currently operates and intends to operate in future.**

### 1.3.4 Risks related to the Issuer's activities

***Risk related to competition***

**The Issuer is positioned in the leisure and gaming market, operating slot machines in bars and gaming halls to entertain clients living in the vicinity. The Issuer does not compete with international groups operating luxury hotels and casinos whose customers are business or tourist travellers and affluent residents.**

**In regulated markets where gaming licenses are granted to few operators as well as in competitive markets, the Issuer seldom has more than three or four competitors in each country, most of them owners of hotels or restaurants fitted out with a gaming hall. In countries where gaming activities consist of a State monopoly (the Ivory Coast for instance), the Company's Subsidiary is the sole gaming operator under an exclusive concession contract signed with local authorities and/or the national lottery organizer.**

**The Issuer believes that the gaming industry will expand with economic development in its territories of operation and competition will strengthen as new opportunities will attract an increasing number of market participants. It is possible that the current absence of competition for the Issuer's business could be purely a factor of the nascent market for the services it offers. Accordingly, as the market for gaming services in Africa develops (which development is forecast by the Issuer), the attendant erosion of the PI Group's market share could limit future expansion or even have a negative impact on revenues.**

***Sourcing***

**The Issuer purchases slot machines from several US makers including Bally Technologies, International Game Technology, Aristocrat Inc. and WMS Industries and is not therefore dependent on any one supplier of commercial equipment. However, because of the demanding climatic conditions in Africa, slot machines are required to be adapted for they are deployed in the Company's business. In order to simplify supply lines, the Company sends all machines that it purchases to one specialist workshop in the US for adaptation. Accordingly, difficulties in dealing with this specialist supplier could be highly disruptive to the business of the Issuer, particularly in the short term. Investors should be aware that the Company is dependent upon a small group of specialised suppliers of the machines which are essential to the operation of its business. Accordingly, it is likely that the Company will experience significant price elasticity in the supply of its core business assets. This will be exacerbated as competition for the Issuer's business, particularly in the West African region, increases. Restrictions in the supply and/or increases in the price of gaming machines could have an extremely detrimental effect on the value of the Issuer's business.**

***Technological development***

**The Company needs to renew its gaming machines regularly to revive the players' interest and capitalise on their loyalty – which it partly does by moving the slot machines from one place to**

**another. Nevertheless, technological development is constant in the gaming industry and operators must keep up with technological improvements to increase revenues and maintain a premium brand image with clients. Investors should be aware that absolutely no assurance can be given that the Issuer will be able to deploy sufficient resources in the future to invest the rapid technological development demanded by its customers. Moreover, it is possible that in the medium to long term, the Company will face increasingly stiff competition for the provision of its services from those offering similar games on the internet and/or through mobile telephonic devices.**

***Trade risks***

**The Company is not generally exposed to trade risks: the customer base is made of individuals earning low and average incomes and living in the vicinity of its gaming premises. Should the revenues generated from a location fall below the Company's expectations, the Company will move its commercial equipment to the lowest cost alternative location. The Company does not grant any credit to its customers, all transactions are made on a fully cash provisioned basis. However, investors should be aware that there are certain inertia costs related to establishing the Company's business in any location. Accordingly, it may not always be possible economically to relocate the Company's operations and occasionally, the costs could be significant and materially diminish the Issuer's profits.**

### 1.3.5 Risks related to the Issuer's operations

***Risks related to logistics***

**Logistics is a key issue in the Company's operations. Incidents and delays may occur during the transportation of slot machines or the completion of customs formalities; consequently, operations may not go as smoothly as planned. Up until now, the Company's managers and employees have been able to mitigate the negative impact of such events thanks to their experience and capability to adjust to such occurrences. The PI Group Subsidiary, SATALL (*Service Assistance Technique Africa Lydia Ludic* – Africa Lydia Ludic Technical Assistance Service) which is dedicated to the purchasing of gaming machines and spare parts for the whole Group, also contributes to ease the shipment and customs formalities procedures.**

**Further market diversification will also contribute to cushion the effect of harmful contingencies at the PI Group level. Nevertheless, logistical disruption is a continual hazard to the Company's operations. Accordingly, frequent and/or prolonged periods of delay to the transportation of gaming machines, spares and essential employees or damage to equipment in transit could severely diminish or eliminate profits of certain businesses and materially reduce the value of Ordinary Shares.**

***Risk related to the Company's partners***

**The Issuer earns revenues from slot machines installed in gaming halls managed by the Company's subsidiaries and individually owned and managed local bars. The Company is heavily dependent on its business partners in bar operations for the effective and profitable**

**operation of its gaming machines. Absolutely no assurance can be given that a significant number of bar operations will not be subject to chronic mismanagement and/or fraud and that this will have a material negative impact on the revenues of the Company in one or several territories of operation.**

*Theft and vandalism*

**Gaming machines are recreational facilities available to the general public and customers frequently come to consider them to be public property. Thefts of and damage to the Company's property do occur. Typically, losses incurred by the Company resulting from burglary and vandalism have accounted for less than 0.5% of annual gaming revenues. Nevertheless, it is not possible to assure investors that such low levels of losses from theft and vandalism will be sustained for any period in the future. A material increase in losses from theft and vandalism is likely to have a negative impact on the value of the Company's business and the Ordinary Shares.**

*Dependence on key managers and employees*

**The Company's founders, Francis Perez and Olivier Cauro, have gained considerable experience in gaming activities and conducting business in African countries where they have been working for nearly 20 years. They defined the Company's strategy and led its operating drive since its inception. They have gained strong credentials with local authorities and helped obtain all permits and licenses required to set up operations in all the Issuer's targeted markets.**

**The Company's founders also built up a strong management structure to implement its business strategy, relying on directors and managers educated in Europe, America and Africa, all of them highly qualified, with several years of service at Grupo Pefaco, the Company and/or the Subsidiaries. Investors should consider whether the partial or complete removal of Francis Perez, Olivier Cauro or both of them from involvement in the business of the Issuer could have a material adverse impact on its financial position and prospects as absolutely no assurance can be given that successors appointed to replace Francis Perez and/or Olivier Cauro will manage the Company's business as effectively or as profitably.**

*Excessive demands on available human resources*

**The Company requires highly trained and skilled personnel to achieve its growth objectives. Lack of sufficient human resources could have a significant negative impact on the Issuer's profit margins, potential for future growth or both of them. Recognising the scarcity of qualified personnel in the territories in which it operates, the Company has implemented a dynamic hiring and training policy that both targets local hires and promotes secondments within the PI Group. However, investors cannot be given any assurance that the Company's human resources strategy can be implemented in future as successfully as it has operated in the past, since this depends on a number of local social and economic factors over which the Company has no control.**

*IT Risks*

**The Company has developed its own computer software tailored to the specificity of its business. This software is essentially a database designed to limit human intervention to a minimum and keep a detailed record of all transactions processed on its gaming machines. There are risks associated with the Company's in-house development of software, including:**

- **maintenance and development is limited to the capabilities of the Company's own team of programmers from time to time;**
- **the Company's software is exposed to the consequences of unintentional programming errors and omissions;**
- **database data quality can be affected by human intervention in the operation of the software.**

**Successful deployment and operation of the Company's IT operations are absolutely essential to its profitability. Any failure related to software design, data storage or data input therefore could have a severely negative and possibly lasting impact on the value of the Issuer's business and the Ordinary Shares as well as its ability to meet its obligations generally.**

**The Company is also subject to information technology disruptions due to natural or man-made disasters.**

*Dependence on third party-owned technologies*

**The Issuer's operations have minimal dependence on third party proprietary technology. The Company runs its own software that enables the Group to follow up and record all transactions processed on its gaming machines. Whilst no assurance can be given that this will continue, considerable competition exists between the manufacturers of gaming machines in order to remain at the forefront of what remains a technology driven industry, and whilst machines require adaptation in order to be operated effectively in the Company's market territories, the technology that does so is not proprietary. Nevertheless, investors should be aware that although not currently the case, an individual gaming machine manufacturer could develop proprietary technology that is particularly attractive to consumers and/or results in enhanced profitability for operators. In that scenario, the Issuer could become materially more dependent upon technology owned by its suppliers and face escalating costs in its business over which it has little or no control.**

### 1.3.6 Insurance policies

**The PI Group's operating policy is to take out full property casualty insurance for the gaming halls on which it owns the lease and to establish provision for risks and charges to cover its commercial equipment. As at 31 December 2013 property and equipment cover extended to a maximum total loss for any one claim or in aggregate of EUR330,000. However, insurance policies or claims can be vitiated for one of a number of reasons and casualty insurance cover generally available on the market excludes certain perils to which the business operations of the Issuer are exposed such as war, terrorism, riot, flood and earthquake. Accordingly, investors should be**

**aware that the Issuer is heavily dependent on the operation of commercial assets owned by the Company and no assurance can be given that insurance policies taken out in respect of these assets fully cover their replacement value or that payment of that amount or any other amount would be made by the carrier should the Issuer make a claim under those policies.**

### 1.3.7 Off-balance sheet commitments

**The Issuer does not have any off-balance sheet commitments nor is its business strategy consistent with incurring them in future. Nevertheless, it is possible that the Issuer could in the future determine that it is appropriate to hedge currency and/or interest rate exposure utilising off-balance sheet financial instruments or arrangements. In such circumstances, the Issuer could become exposed to contingent obligations or losses that are not fully apparent from its financial statements in the form audited. Accordingly, investors cannot be certain that the value of Ordinary Shares or the ability of the Issuer to meet its obligations will not be severely impaired by losses from off-balance sheet commitments entered into in future.**

### 1.3.8 Exceptional events and litigation

**The business sectors and the geographical region in which the PI Group operates result in its constant exposure to potential government action. It might not be possible for the Company always to comply with the terms of its various licences and authorisations as a practical matter. Any administrative action by the authorities concerned is likely to have a material impact on management's priorities for the Company's business, the scale and profitability of one or more operations, the reputation of the Company elsewhere, its enterprise value and that of the Ordinary Shares and its general ability to meet its obligations as they fall due. Although as far as the Issuer is aware, there currently are no litigation or other legal proceedings filed, pending or threatened against the Issuer or any of its Subsidiaries, absolutely no assurance can be given that this position will be sustained for any meaningful period.**

## 1.4 RISKS RELATING TO THE SECURITIES

### 1.4.1 Intermediaries Offer simultaneous with Listing

**Prior to their Admission to Listing, the Issuer's Shares will not have been listed on any stock or other recognised or regulated investment exchange. Accordingly, it will be impossible to guarantee a liquid or any market for the Ordinary Shares after Admission to Listing or that such a market, should it develop, will endure. The Offer Price of the Ordinary Shares is based on criteria that may not match future price performance. The price that will be quoted subsequent to Admission to the Official List is likely to vary significantly from that price. If liquidity does not develop for the Company's Ordinary Shares, its Share price may be adversely impacted.**

### 1.4.2 Dividend Risk

**As a matter of Maltese law, a company can only pay dividends to the extent that it has distributable reserves and sufficient cash available for this purpose. The Issuer's ability to pay dividends in the future is affected by a number of factors, principally its ability to generate and**

**receive income for such purposes, directly or indirectly, from its operating subsidiaries and associates. The ability of these entities to pay dividends and the Issuer's ability to receive such distributions is subject to applicable local laws and other restrictions, including their respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws. These laws and restrictions could limit the payment of dividends and distributions to the Issuer by its subsidiaries and associates, which could in turn restrict the Issuer's ability to fund other operations or to pay a dividend to holders of the Ordinary Shares.**

### 1.4.3 Share price volatility

**The market price of the Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the market regarding the Ordinary Shares and/or securities of other entities admitted to trading on the Official List or in the same industry as the Issuer. The fluctuations could result from national and global economic and financial conditions, the market's response to the Intermediaries Offer, market perceptions of Issuer and various other factors and events. In particular the market price of the Ordinary Shares is likely to be particularly sensitive to:**

- **changes in the Company's financial results, forecasts or prospects or in its competitors' situation;**
- **announcements made by competitors or other companies with similar activities and/or announcements regarding the gaming industry including those related the companies' financial results and operations;**
- **unfavourable trends affecting the Company's legal environment and markets; and**
- **announcements related to the Company's shareholders, especially the Parent.**

### 1.4.4 Sales by majority shareholder

**Immediately prior to Admission to Listing, the Parent will own 96.22% of the Company's share capital (19,567,025 Ordinary Shares out of a total of 20,336,719 Ordinary Shares in issue). If all of the Ordinary Shares the subject of the Intermediaries Offer are allotted by to Eligible Investors by the Issuer, the Parent's holding of 19,567,025 Ordinary Shares will be diluted to 71.97% of the 27,186,719 shares Admitted to Listing. If all of the Bonds (that are convertible into Ordinary Shares) that are being offered by the Issuer (on or around the same time as the Offer Shares) pursuant to a separate offering document (as set out in section 1.4.6 below) are converted into Ordinary Shares, the Parent's holding of 19,567,025 Ordinary Shares will be diluted further to 60.79% of the shares Admitted to Listing.**

**If the Parent decides to sell all or part of its Shares on the market or the perception is that such a sale is about to happen, this could have a significant negative impact on the Issuer's Share price.**

### 1.4.5 Dilution risk from capital increase

**It is possible that in future a majority of the Company's then Shareholders may resolve to further increase its issued share capital. Accordingly, if such a capital increase does occur and a**

**Shareholder does not exercise a pre-emption right arising at law or awarded to it by the Company, it is possible that the resultant proportion of its voting rights in the Company and share of any dividend, distribution or sale proceeds will be correspondingly reduced or "diluted".**

**While the funds raised through the Intermediaries Offer and the Bond Offer are expected to adequately meet the Company's capital requirements for the short to medium term, absolutely no assurance can be given that the Board will not resolve at any time that market conditions are such that the Issuer should immediately avail itself of an opportunistic capital raising exercise.**

### 1.4.6 Dilution risk from dilutive instruments

**The issue of financial instruments convertible or exchangeable or entitling the holder to subscribe the Ordinary Shares of Issuer will result in the expectation that the Issuer's share capital will be diluted and the exercise of such instruments will result in actual dilution. At the date of this Prospectus, the Issuer has published a prospectus relating to the issuance by the Issuer of 160 Bonds each with a principal value of EUR100,000 to be listed on the European Wholesale Securities Market. Each Bond will be convertible into 31,250 Ordinary Shares at any time within 5 years of issue at the option of the holder of the Bond. Accordingly, if all of the Bonds are converted into Ordinary Shares, the issued share capital of the Company will be increased by 5,000,000 Shares and the existing Shareholders diluted accordingly.**

### 1.4.7 Equity Risk

**Equity risk is related to the depreciation of assets as a consequence of stock markets' fluctuations. The Company is not exposed to equity risk as the Company's assets do not include listed securities. Nevertheless, investors in the Offer Shares and other Shareholders are fully exposed to the value of the Ordinary Shares. There is currently no market for the Ordinary Shares and no assurance can be given whatsoever that one will develop, including at any time after Admission to Listing. Accordingly, it is possible that circumstances could emerge where there are no buyers for the Ordinary Shares at any price and for an indefinite period, resulting in the Shareholders' loss of the whole of their investment.**

## 2. PERSONS RESPONSIBLE

Each and all of the Directors whose names appear in section 4.2 of this Prospectus, are the persons responsible for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and contains no omission likely to affect its import. The Directors accept responsibility accordingly.

# 3. ADVISERS AND STATUTORY AUDITORS

## 3.1 ADVISERS

| | |
|---|---|
| Legal Counsel | **GANADO Advocates**<br>171, Old Bakery Street<br>Valletta VLT 1455<br>Malta |
| Tax Advisers | **Grant Thornton**<br>Tower Business Centre, Suite 3<br>Tower Street<br>Swatar BKR 4013<br>Malta |
| Sponsor and Registrar | **Calamatta Cuschieri & Co. Ltd.**<br>5th Floor, Valletta Buildings<br>South Street<br>Valletta<br>Malta |

Calamatta Cuschieri & Co Ltd. holds a Category 3 license issued by the MFSA and is a member of the Malta Stock Exchange.

| | |
|---|---|
| Global Arranger | **Maréchal & Associés Conseils Finance SAS**<br>14, rue de Marignan<br>75008 Paris<br>France |

Maréchal & Associés Conseils Finance SAS is a Listing Sponsor for NYSE-Euronext Paris and a Financial Advisor, introducer for the Stock Exchange of Mauritius, partner introducer for the Casablanca Stock Exchange, Sponsor Advisors for the TROP-X Seychelles Securities Exchange, Member of TRACE registered with the ANACOFI-CIF n° E001961 – Association agreed by the AMF (French Stock Exchange Authorities) and registered with Single Register of Insurance Intermediaries, Banking and Finance ORIAS n°13000675.

## 3.2 STATUTORY AUDITORS

**Grant Thornton**
Tower Business Centre, Suite 3
Tower Street
Swatar BKR 4013
Malta

On 26 May 2014, the Issuer resolved that PriceWaterhouse Coopers Audit, SA (*Société d'expertise comptable inscrite de l'ordre de Paris – Ile de France. Société de commissariat aux comptes membre de la compagnie régionale de Versailles.*), a *Société Anonyme* with capital of EUR2,510,460 with its registered office at 63, rue de Villiers, 92200 Neuilly-sur-Seine, France, the auditors appointed in respect of the Company's consolidated accounts for the financial years ending in 2012 would not be reappointed to conduct the independent audit of the consolidated accounts as their yearly contract had expired. On 26 May 2014, the Company appointed CCM-Audit & Conseil (the Ivory Coast representative of RSM International, a worldwide network of independent accounting and advisory firms) to audit the accounts of the Company for the financial year ending 31 December 2013. CCM-Audit & Conseil's registered address is 22 Boulevard Clozel, Abidjan Plateau, Côte d'Ivoire. CCM-Audit & Conseil is a member of the Ordre National des Comptables et Experts-Comptables Agréés de Cote d'Ivoire (National Association of Accountants and Chartered Accountants of the Ivory Coast).

On 14 July 2014, following its redomiciliation to Malta, the Company resolved that Grant Thornton would be appointed as the Company's statutory auditors to audit the accounts of the Company beginning with the financial year ending 31 December 2014.

Grant Thornton, the member firm in Malta of Grant Thornton International Ltd., is a firm of certified public accountants, holding a warrant to practice the profession of accountant and a practising certificate to act as auditors in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta). Grant Thornton is a Registered Audit Firm with the Accountancy Board of Malta with registration number AB/26/84/22.

# 4. INFORMATION ABOUT THE ISSUER

## 4.1 CORPORATE INFORMATION

### *4.1.1* ***Place, number and date of registration, duration, legal form and jurisdiction***

The Company was originally incorporated in the Ivory Coast as Pefaco West Africa S.A. on 31 December 2007 and registered on 15 January 2008 for a 99-year duration from the date of registration as a public limited company (société anonyme) governed by the 17 April 1997 Uniform Act of the OHADA Treaty and all its pertaining laws and regulations. The Company was registered on the Trade and Personal Property Credit Register of Abidjan, Ivory Coast (RCCM - Registre du Commerce et du Crédit Mobilier) under number: CI-ABJ-2008-B-242.

The Company was redomiciled to Malta under the Continuation of Companies Regulations and was registered in as Malta with the Registrar of Companies under the name Pefaco International p.l.c. on 23rd June 2014 with registration number C 65718. Upon its redomiciliation the Company was registered in Malta as a public limited liability company under the Companies Act.

### *4.1.2* ***Registered office and places of operations***

The registered office of the Company is at Tower Business Centre, Suite 3, Tower Street, Swatar BKR 4013, Malta (Phone number: +356 21 320134; Fax number: +356 21331161).

**Head offices of the Issuer's Subsidiaries:**

**Pefaco Industries Limited Bénin SARL:** 08 BP 0199 Phone number: 21 31 55 43

**Lydia Ludic Burkina S.A.:** Rue 4.31 Porte n° 57 BP 10252 Ouagadougou 06

**Lydia Ludic Côte d'Ivoire SARL:** 46, boulevard Achalme, Marcory Résidentielle 01 BP 11029 Abidjan 01

**Lydia Ludic Niger SARL:** Rue du Vox BP 10.806 Niamey

**Lydia Ludic Togo SARL:** Immeuble Clarence Olympio, 15, ure de l'Entente Beniglato 36 BP 30 707 Lomé

The Issuer's Subsidiaries operate gaming machines installed in gaming halls managed by Company employees and local owner operated bars.

As at 31 March 2014, the Company operated 5,128 slot machines installed in 713 locations: 423 bars, 196 mini-halls and 94 gaming halls and "VIP playrooms" operated by the PI Group.

### *4.1.3 Corporate purpose*

The objects of the Company are to carry on the business of financing or re-financing of the funding requirements of the business of any company within the group of which the Company forms part, to issue notes, bonds, commercial paper or other instruments creating or acknowledging indebtedness and the sale and offer thereof to the public, to purchase, hold and operate and improve property of any kind, to hold or dispose of shares or other interest in or securities of any other company, to obtain loans and other funding and to provide security therefor and to carry on any other business which may seem to the Company capable of being conveniently carried on in connection with its business and calculated directly or indirectly to enhance the value of the Company's property or rights

The Issuer, as a holding company, and its five operating Subsidiaries, are engaged in the leisure and gaming industry particularly in the operation of amusement with a prize machines in public venues such as bars and gaming halls. No change in the nature of the business is in contemplation.

## 4.2 BOARD OF DIRECTORS AND MANAGEMENT

As at the date of this Prospectus, the Board of Directors of the Issuer is composed of the persons detailed in section 4.2.1 below. Unless stated in 4.2.2 below, their business address is that of the Issuer. Except for the involvement of Francis Jérôme Perez and Olivier Alfred Cauro in the management of the Company as specified in 4.2.2 below, all Directors hold office in a non-executive capacity.

The Directors of the Issuer as at the date of this Prospectus and their respective first date of appointment to the Board are as follows:

| | Year when first appointed |
|---|---|
| Francis Jérôme Perez | 2008 |
| Olivier Alfred Cauro | 2008 |
| René Le Henry | 2010 |
| Pierre-Michel Pons | 2014 |
| Benjamin Muscat | 2014 |
| Michael Grech *(Chairman)* | 2014 |

The current term of office of all Directors listed above has commenced on the 23 June 2014 and shall end at the closure of the next annual general meeting as per the provisions of the Articles of Association of the Issuer.

#### *4.2.1 Curricula Vitae of the Directors*

- **M. Francis Jérôme Perez, CEO,** a graduate in hospitality and catering has worked with Accor. Then he founded a company to operate slot machines in Portugal and Brazil. He has also owned and managed casinos in France before founding Grupo Pefaco. Nationality: French. Business Address: 262, Calle Montaner, Barcelona.

- **M. Olivier Alfred Cauro**, **Managing Director**, an ENSTA naval engineer and M.I.T. graduate, has worked with several shipping groups (Papachristidis Shipping, Worms/CNN, Norwegian Investa) before he founded Euronav in 1988, Transmer in 1994 and Grupo Pefaco in 1995. Nationality: French. Business Address: 262, Calle Montaner, Barcelona.

- **M. René Le Henry** is a graduate of Paris University Descartes (business administration) and CERFI. He has been working with Grupo Pefaco for ten years and took part in the development of the group's operations in Benin, Niger and Burkina Faso before joining the Company. Nationality: French. Business Address: Tour ALPHA 2000, Plateau, Rue Gourgas, 01 BP 11 109 Abidjan, Ivory Coast.

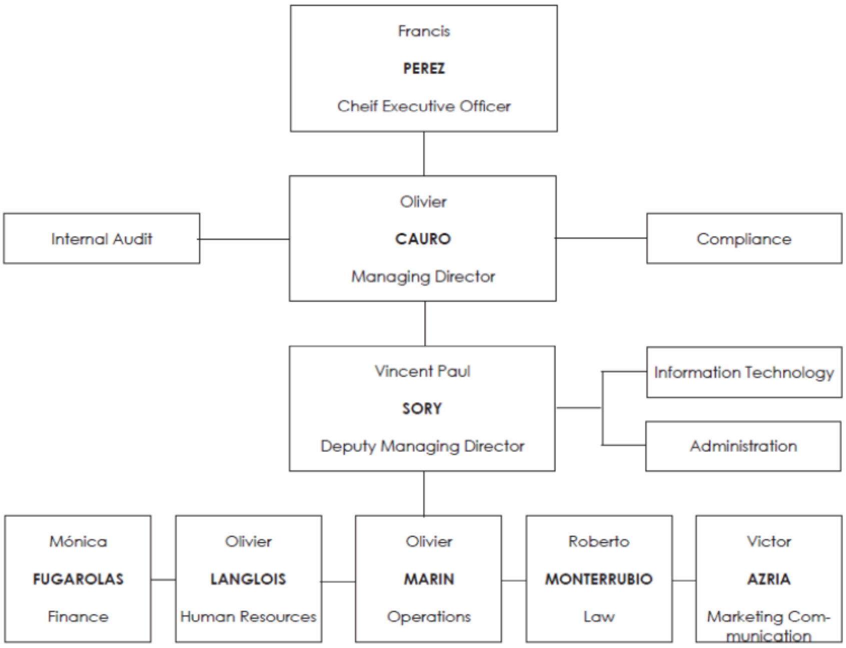
- **M. Pierre-Michel Pons, General Manager of Lydia Ludic Burkina Faso,** graduated from the Université de Bordeaux in agribusiness and business administration and also holds a Masters degree in International Business from the University of Tarragona, Spain. He has worked as a consultant and general manager in Latin America and the Middle East before joining the group in 2002. Nationality: French. Business Address: Rue 43 num. 57 Lot 1150 – Zone residentielle 06 BP 10252 – Ougadougou, Burkina Faso.

- **M. Benjamin Muscat**, is a Certified Public Accountant by profession (Fellow of the Association of Chartered and Certified Accountants – FCCA) with a long career in finance and management positions at a senior executive level. He worked in various industry sectors including switchgear manufacturing, food production, beer and soft drink brewing and production and bottling, international fast food franchising, hospitality and timeshare, construction and real estate development including marketing and selling luxury condominiums. Nationality: Maltese. Business Address: TF 5, Apt 5, Caravaggio Court, Tigne' Point, Sliema TP01, Malta.

- **Dr. Michael Grech**, graduated Bachelor of Arts and Doctor of Laws from the University of Malta. He then pursued a Master of Laws degree at University College, London. He is a partner and heads the intellectual property department at GVTH Advocates. His practice focuses on all aspects of intellectual property law, including the representation of multi-national clients on all aspects of IP law, including brand protection and ant-counterfeiting. Michael also assists GVTH's commercial and corporate department and is part of the firm's team on privatisation matters, advising the Government of Malta as well as private clients. He sits on the boards of a number of local companies, including two publicly listed companies. Michael is also a member of the boards of governors of *Fondazzjoni Patrimonju Malti* and St. Edward's College. He is a Knight of Magistral Grace of the Sovereign Military Order of Malta. Nationality: Maltese. Business Address: 192, Old Bakery Street, Valletta VLT 1455, Malta.

A list of all current and past directorships is set out in Annex I of this Prospectus. There are no family relationships between any of the directors or the executive management of the Company.

### *4.2.2 Management of the Company*




**Details of the Executive Management of the Company not appointed to the Board of Directors appear below:**

- **Vincent Paul Sory, Deputy Managing Director,** is a graduate of Ecole Supérieure des Sciences Economiques of Ouagadougou University. He joined Grupo Pefaco in 2003 where he was in charge of the administrative and financial departments in Burkina Faso and Togo before joining the Issuer. M. Sory has also been director at the BPEC (Banque Populaire pour l'Epargne et le Credit) Bank in Togo since 2012. Business Address: Immeuble Clarence OLYMPIO, 15, rue de l'ENTENTE Beniglato maison 36, BP: 30 Lomé, Togo.

- **Olivier Marin, Chief Operating Officer,** acquired a long experience in the operation of slot machines in emerging countries (Brazil, Argentina etc.) before joining Grupo Pefaco in 1996 to follow up the incorporation and development of gaming subsidiaries in Africa. Business Address: 262, Calle Muntaner, Barcelona.

- **Mónica Fugarolas, Chief Financial Officer,** graduated in economical science and business at the Universidad Autonoma de Barcelona, licensed auditor. She has been part of the Group since 1999 as responsible of accounting and finance. Business Address: 262, Calle Muntaner, Barcelona.

- **Olivier Langlois, Director of human resources**, graduated in physics at the University of Grenoble. He has worked for Mod's Hair at the development of the franchisee network and pilot units before joining Grupo Pefaco in 2008 and the Issuer in 2012. Business Address: 262, Calle Muntaner, Barcelona.

- **Roberto Monterrubio, Legal Director**, graduated in European and international law at the University of Louuvain. He worked as an international legal adviser and lawyer in Spain and Belgium before joining the Parent in 2013. Business Address: 262, Calle Muntaner, Barcelona.

- **Victor Azria, Marketing and Communication Director**, is a graduate of the Law University of Barcelona. He began his career in event marketing with high-end hotels, bars and clubs before creating websites (news, poker) where he was in charge of search marketing. M. Azria is currently Chief Executive Officer of a communications company based in Barcelona called PampleWorks, which he founded in 2008. Business Address: 262, Calle Muntaner, Barcelona.

#### *4.2.3 Private Interests held and Potential Conflicts of Interest*

As at the date of this Prospectus, M. Francis Jérôme Perez and M. Olivier Alfred Cauro hold directly 10 Shares each in the capital of the Company. M. Perez and M. Cauro (and their respective families) are also the 100% ultimate beneficial owners, respectively, of the Parent (see section 10 – *Major Shareholders*). M. René Le Henry, M. Pierre-Michel Pons, M. Benjamin Muscat and Dr. Michael Grech do not hold any Shares in the capital of the Company, directly or indirectly.

Other than as stated in the immediately preceding paragraph, no Shares or share options are held directly by the directors or members of executive management as at the date of this Prospectus. There are no restrictions on the disposal of securities in the Company held by any directors or members of executive management, whether within a certain period of time or otherwise.

There are no potential conflicts of interest between the duties to the Issuer of its directors and senior management and their private interests and/or other duties.

There is no arrangement or understanding with major shareholders, customers, suppliers or others pursuant to which any directors or members of executive management were selected or appointed to their respective positions.

### *4.2.4 Managing Conflicts of Interests*

While the overall tone for instilling a strong culture about the proper management of conflicts of interest is set at the top, situations of potential conflicts of interest with Board members are in the first instance specifically regulated by the Companies Act and by clauses 119 and 120 of the Issuer's Articles of Association. In terms of the Articles of Association, whenever a conflict of interest situation, real or potential, arises in connection with any matter, the interest has to be declared. In particular, the Director concerned refrains from taking part in proceedings relating to the matter and his vote is excluded from the count of the decision. The minutes of Board meetings, as well as those of Board Committees, invariably include a suitable record of such declaration and of the action taken by the individual Director concerned. Similar arrangements apply to Management in the course of the conduct of their duties at board committees. Furthermore, where Directors and management have related party involvements, these are reported and it is an integral part of the Audit Committee's terms of reference to provide oversight on related party transactions. It should also be noted that the majority of the Board is made up of non-executive members.

### *4.2.5 Loans to Directors*

As at the date of this Prospectus, there are no loans outstanding by the Issuer to any of its Directors, or any guarantees issued for their benefit by the Issuer.

### *4.2.6 Audit Committee*

The Audit Committee assists the Board in fulfilling its supervisory and monitoring responsibilities, according to detailed terms of reference included in the Audit Committee Charter and which reflect the requirements of the Listing Rules as well as current best practices and recommendations of good corporate governance. The terms of reference of the Audit Committee, as detailed in the Audit Committee Charter, include:

a) the monitoring of the financial reporting process, including the audit of the annual and consolidated accounts;
b) the monitoring of the effectiveness of the PI Group's internal control, internal audit, compliance and risk management systems;
c) the maintenance of communication on such matters between the Board, Management, the external Auditors and internal auditors;
d) the monitoring and reviewing of the external Auditor's independence, and in particular, the provision of additional services to the Issuer;
e) the monitoring and reviewing of proposed transactions by the PI Group with related parties; and
f) the performance of the PI Group's internal audit functions.

The Audit Committee also considers the arm's length nature of related party transactions, vets and approves them.

The terms of reference of the Audit Committee clearly stipulates its independence from the Board and Management.

The members of the Audit Committee are:

M. Olivier Alfred Cauro
M. Pierre-Michel Pons
M. Benjamin Muscat

The Audit Committee normally requests members of Management to attend its meetings. M. Benjamin Muscat is the Chairman of the Audit Committee and is also the independent member of the Audit Committee who is competent in accounting and/or auditing as required by the Listing Rules.

### *4.2.7 Remuneration of Directors and Executive Management*

The annual general meeting of shareholders approves the maximum annual aggregate remuneration which the Directors may receive for the holding of their office. For the 2014 financial year the maximum aggregate emoluments of the Directors was fixed at EUR950,000.

No Director is entitled to profit sharing, share options or pension benefits from the Issuer or the Group by virtue of his appointment Director. In addition to salaries and bonuses, the Group pays for the health insurance of the Directors and senior executives, which payment constitutes a benefit in kind granted by the Issuer. The members of the executive management are employed under an indefinite contract of service. Apart from a fixed annual emolument, Directors are also remunerated depending upon which committee they sit on.

For senior executives, the remuneration package ensures the right qualities and skills for the proper management of the Group as well as the proper execution of the strategy devised by the Board of Directors.

In 2013, aggregate remuneration paid to directors amounted to approximately Euro 280,000, while the amount of aggregate remuneration paid to senior executives amounted to approximately Euro 496,021. The amount of aggregate benefits in kind granted to directors in 2013 amounted to approximately Euro 35,000, while the amount of aggregate benefits in kind granted to senior executives in 2013 amounted to approximately Euro 172,670.

None of the members of the administrative, management or supervisory bodies of the Issuer have service contracts with the Issuer or any of its Subsidiaries which provide for benefits upon termination of employment.

### *4.2.8 Corporate Governance*

The Board firmly believes that strong corporate governance permits the Issuer and the Group to benefit from greater transparency in its activities as well as in its relations with the market, thereby enhancing integrity and confidence. Although principles set out in the ‘Code of Principles of Good Corporate Governance’ (the “**Code**”) published as Appendix 5.1 to Chapter 5 of the Listing Rules (the

“**Principles**”) are not mandatory, the MFSA has recommended that entities with their securities Admitted to Listing endeavour to adopt such Principles. The Issuer has considered this to be in the best interests of the shareholders because they commit the directors, management and employees of the Company to internationally recognised standards of corporate governance and as a result complies with the Principles directly applicable to it.

Whilst the Issuer complies with the majority of the recommendations set out in the Principles, the Issuer does not comply with the following Principles:

**Development of Succession Policy for Directors**: The Board has not yet felt the need to develop a succession policy as the Company has always been a privately held by a small number of shareholders (two of whom are also remain only executive members of the Board) and until recently there were no plans for its securities to be listed or offered to the public. Given the imminent Admission to Listing of the Ordinary Shares the Board is currently revisiting the issue, particularly following the recent appointment of three new non-executive directors, and intends to develop a succession policy as soon as it has had time to properly discuss and plan out the same.

**Establishment of a Remuneration Committee**: The Company has not set up a remuneration committee as the remuneration of the directors is not performance-related, as permitted by provisions 8.A.2 of the Code.

**Establishment of a Nomination Committee**: Pursuant to the Company’s Articles of Association, the appointment of directors to the Board is reserved exclusively to the Company’s shareholders (in line also with general and commonly accepted practice in Malta). Any shareholder who is entitled to vote on ordinary resolutions of the Company is entitled to nominate a person for appointment as a director of the Company. Furthermore, in terms of the Company’s Articles of Association, the directors themselves are entitled to make recommendations and nominations to the shareholders for the appointment of directors at the next following annual general meeting. Within this context, the Board believes that the setting up of a Nomination Committee is not required since the Board itself has the authority to recommend and nominate directors. This notwithstanding, the Board will retain under review the issue relating to the setting up of a Nomination Committee.

#### *4.2.9 Declaration*

None of the above members of the Board and Management has:

a) any convictions in relation to fraudulent offences for at least the previous 5 years;
b) been associated with any bankruptcies, receiverships or liquidations for at least the previous 5 years;
c) been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous 5 years.

## 4.3 HISTORY AND DEVELOPMENT

The history of the businesses now grouped under the Parent dates back to **1995** when Francis Perez and Olivier Cauro (the "**Founders**") established Pefaco Gaming Technologies Ltda in Brazil after they obtained a gaming license in the state of Victoria. They started operations with a gaming hall equipped with 100 slot machines.

In **1996**, the Founders established Pefaco Comercio do Brazil Ltda, which became the exclusive dealer in Brazil of Aristrocrat Inc., a US and world-leading manufacturer of slot machines. In the same year the Founders incorporated Lydia Ludic Togo to operate 140 machines in Lomé, which company was the first of the (now) Subsidiaries to have been granted a gaming license in Africa.

In **1997**, the Founders established a joint venture in Sao Paulo named Reel Token Ltda with Spanish slot manufacturer Recreativos Franco S.A. In **1998**, against the background consolidation in the Brazilian market, the Founders acquired all of Recreativos Franco S.A.'s share of the joint venture for US$28,000,000 or 10 times the monthly average net gaming revenues, based on revenues recorded over the three months following the transaction.

In **1998**, Francis Perez and Olivier Cauro incorporated the Parent, Grupo Pefaco S.L. in Spain. The Parent is a holding company whose subsidiaries engage in real estate, the hotel business, tourism, leisure and the operation of amusement facilities with a prize machines. After its formation, the Parent acquired Pefaco Gaming Technologies Ltda, Pefaco Comercio do Brazil Ltda, Reel Token Ltda and Lydia Ludic Togo. The Founders decided to focus on African markets and speed up development there and the Parent established subsidiaries in Benin (**1999**), Burundi (**2001**), Burkina Faso (**2002**), Niger (**2004**) and the Democratic Republic of the Congo (**2006**).

In **2006**, all of the Parent's Brazilian subsidiaries were sold in order for it to concentrate on its business in Africa.

In **2007**, as part of a reorganization process recommended by world leading consulting firms Kroll, PwC and Landwell aiming to improve efficiency and spur growth, the Parent incorporated Pefaco West Africa S.A. in Abidjan. Complying with its consultants' recommendations, Pefaco West Africa S.A. was established to enforce the highest standards in terms of process control, monitoring, reporting and accounting.

Pefaco West Africa S.A. became the regional holding company created to supervise and drive the development of the gaming subsidiaries in the UEMOA zone (Union Economique et Monétaire Ouest Africaine – West African Economic and Monetary Union). In particular, Pefaco West Africa S.A. commenced operations in the Ivory Coast in cooperation with LONACI (Loterie Nationale de Côte d'Ivoire - Ivory Coast's national lottery) under the terms of an exclusive concession contract, under the terms of which:

- LONACI grants to Grupo Pefaco the right to install and operate slot machines in public venues (bars, gaming halls, nightclubs, hotels etc.) in the Ivory Coast for a 10-year renewable period; and
- LONACI receives a 4 million euro lump sum settlement to be paid over three years and an annual license equal to 8% of net gaming revenues recorded by Lydia Ludic Côte d'Ivoire.

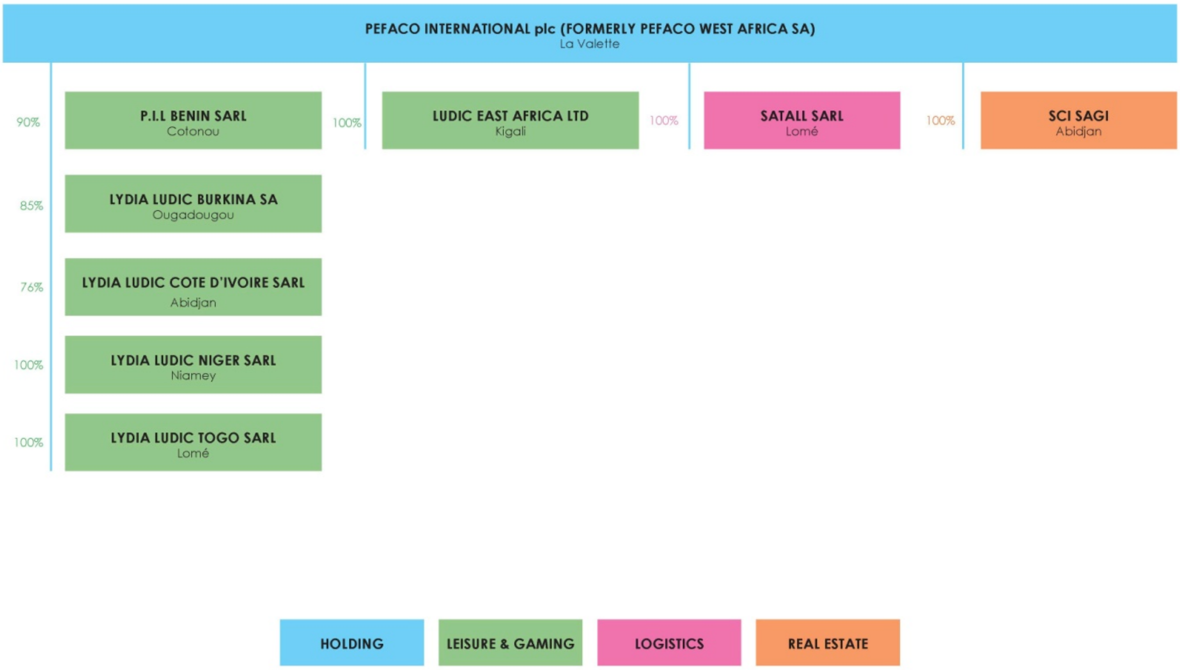
**On 23rd June 2014**, Pefaco West Africa S.A. redomiciled to Malta under the Continuation of Companies Regulations and was registered in Malta under the name Pefaco International p.l.c.. Immediately following redomiciliation, the Issuer applied for Admission of its Ordinary Shares to the Official List in connection with the Intermediaries Offer. The move to and listing in Malta, the Intermediaries Offer and offer of the Bonds to be listed on the European Wholesale Securities Market are integral parts of its development strategy targeting new markets in Africa.

## 4.4 LEGAL CHART

**Up until the 31st of December 2013**, the Company controlled 5 subsidiaries engaged in leisure and gaming activities in Benin, Burkina Faso, the Ivory Coast, Niger and Togo, as well as a logistics company (SATALL SARL) and a real estate subsidiary (SCI SAGI).

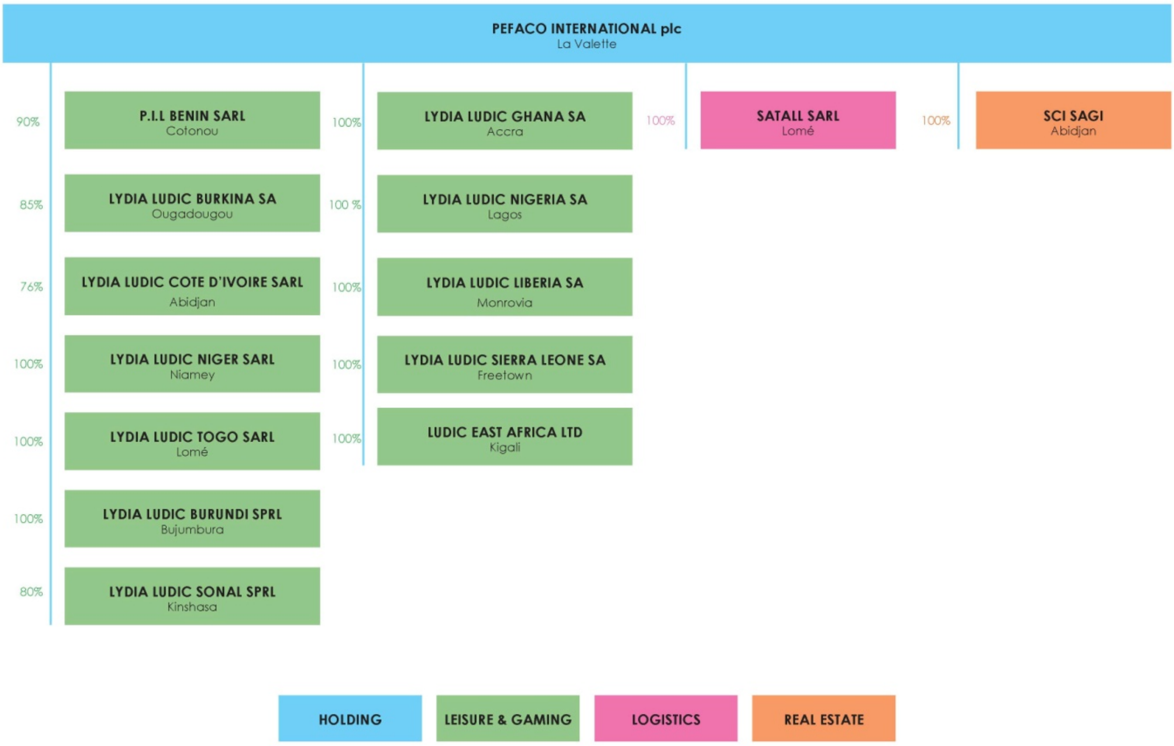
**In early 2014**, the Issuer incorporated a subsidiary in Rwanda called Ludic East Africa ltd; this subsidiary has not yet commenced activities and only holds a provisional gaming license.

The following group chart represents the current PI Group structure:




**Between Admission to Listing and the end of 2014**, the Issue intends to acquire all of the Parent's shareholdings in Lydia Ludic Burundi and Lydia Ludic Sonal to the Issuer. The Issuer also intends to incorporate 4 new companies in Nigeria, Ghana, Liberia and Sierra Leone to implement the PI Group's development plan in those countries (a description of which can be found in section 4.10 of this Prospectus).

The following group structure chart represents the PI Group following of the acquisition and incorporation of these 6 companies.




- **Lydia Ludic Burkina** is 15% owned by the National Lottery of Burkina Faso.

- **Lydia Ludic Côte d'Ivoire**'s minority shareholders are la Financière du Parc (10%), la Financière OG (10%), Guy Martinez (2.03%) and Paramont, Suisse (2%).

  Financière du Parc is the private company of Gilbert Ganivenq, the founder of Groupe Proméo SA, a France-based company specialized in real estate development within the tourism industry. Groupe Proméo SA has its shares listed on the Paris Stock Exchange.

  Financière OG is the private company of Olivier Ganivenq, son of Gilbert Ganivenq. Guy Martinez is a close business associate of Gilbert Ganivenq.

  Paramont, Suisse is the private company of Julien Ruggieri, entrepreneur and son of Charles Ruggieri the founder and main shareholder of Bâtipart, a holding company with interests in real estate among other activities. Bâtipart holds 40.2% of Groupe Proméo SA.

- **Lydia Ludic SONAL** is 20% owned by SONAL - Société Nationale de Loterie de la République Démocratique du Congo, the Democratic Republic of Congo's national lottery.

- **SATALL** began operating in 2013 as the purchaser and provider of gaming machines for the entire Issuer's group of companies.

- **SCI SAGI** will own real estate rented by the PI Group Subsidiaries.  At present, SCI SAGI has no activity.

- **PIL BENIN**: the company's manager holds 10% of its share capital as trustee for the Issuer.

- **Ludic East Africa Ltd** was created in early 2014; this subsidiary has not yet commenced activities and only holds a provisional gaming license. It is 100% owned by the Issuer.

## 4.5 OVERVIEW OF THE ISSUER'S ACTIVITIES

### *4.5.1 The business model*

Dedicated to popular entertainment, the Company specialises in the operation of amusement facilities with gaming machines in public venues. The Issuer's business model is based on the founders' expertise in gaming and experience of conducting business in Africa. It works within the following typical constraints:

- ✓ A clearly defined legal framework for gaming activities;
- ✓ An exclusive concession contract or a gaming licence granted by supervisory authorities;
- ✓ 5% to 8% taxes on gaming revenues;
- ✓ EBITDA margin at 30% to 35% of sales; and
- ✓ A pay-out rate that is high enough to encourage player loyalty (pay-out is the share of gaming revenues redistributed to players as winnings).

The table below shows the licences and concession contracts obtained by the Issuer and its subsidiaries. These licences and concession contracts are material to the Issuer's business and profitability as the PI Group cannot carry on its gaming business and activities within its operating territories without them. Within the two years immediately preceding the date of this Prospectus, no member of the PI Group has entered into any contracts other than contracts entered into in the ordinary course of business or as described in section 12 – *Material Contracts*.

| Licenses | | | | |
|---|---|---|---|---|
| **Subsidiaries** | **Contract** | **Signing date** | **Duration** | **Gaming tax as a % of revenue** |
| | | **Integrated before 31/12/2013** | | |
| Lydia Ludic Togo SARL<br>Opening year: 1997 | Exclusive concession | September 1996 - Renewed in November 2010 | 15 Years | 5% |
| PIL Benin SARL<br>Opening year: 1999 | Non-exclusive Gaming License | January 1999 - Renewed in December 2013 | 2 Years | Variable 4% - 10% |
| Lydia Ludic Burkina SA<br>Opening year: 2002 | Non-exclusive Gaming License | June 2001 - Renewed June 2013 | 5 Years | 5% |
| Lydia Ludic Niger SARL<br>Opening year: 2004 | Non-exclusive Gaming License | May 2012 | 2 Years | 20% |
| Lydia Ludic Côte d'Ivoire SARL<br>Opening year: 2009 | Exclusive Concession | November 2009 | 10 years | 8% |
| | | **Integrated in 2014** | | |
| Ludic East Africa ltd.<br>Opening year: 2014 | Provisional License | April 2014 | Until start of operations | 13% |
| | | **To be integrated by 31/12/2014** | | |
| Lydia Ludic Burundi SPRL<br>Opening year:2001 | Exclusive Concession | May 2000 | 15 years | 5% |
| Lydia Ludic Sonal SPRL (DRC)<br>Opening year: 2006 | Non-exclusive Gaming License | Renewed every year in December | 1 Year | |
| Lydia Ludic Nigeria SA | Gaming licenses from states | In progress | | |
| Lydia Ludic Ghana SA | Non-exclusive Gaming License | In progress | | |
| Lydia Ludic Liberia SA | Non-exclusive Gaming License | In progress | | |
| Lydia Ludic Sierra Leone SA | Non-exclusive Gaming License | In progress | | |

### *4.5.2 The Company's Target Markets*

There is a promising and virtually untapped potential for gaming activities in Africa: outside the largest cities where movie theatres, bars, restaurants and the like can be found, there are few recreation facilities for the general public. Slot machines are entertaining, cheap and can be enjoyed collectively contrary to most games of chance.

Gaming halls opened by the Company are welcomed by the communities in which its Subsidiaries operate, since they create jobs, hire local employees in preference and support local charities and not-for-profit associations. The Subsidiaries are conscious of their corporate and social responsibility and are managed with a view to their long term prospects as companies fully committed to their host country's economic development.

The Issuer applies the following criteria to select its countries of establishment:

- Gaming activities are poorly developed.
- Competition if any is scarce and limited to three or four contenders, most of them owner of a single gaming hall. The Issuer's Subsidiaries are typically the only professional operators entitled to engage in gaming activities as the holders of an exclusive concession contract signed with local authorities.
- Transportation system, communication network and public infrastructures (power supply) provide satisfactory operating conditions: electricity for the machines and means of transportation for employees in charge of maintenance, meter reading, fund collection and transfer.
- Safety for employees and operations.
-

In monopolistic markets (such as in Ivory Coast) the Company is sought after by local authorities and/or potential partners because of its long standing presence in Africa and its credentials in gaming. In open markets (Ghana for instance), the Company assesses prospects for opportunities and growth before applying for a gaming licence with local supervisory authorities.

#### *4.5.3 Selection of locations for slot machines*

The Issuer searches out venues to install gaming machines and studies the neighbourhood (availability of recreation facilities for example), inhabitants and potential clients. The location is chosen according to its availability, attractiveness, catchment area and potential attendance. The Issuer avoids installing slot machines near places of worship and schools.

If the location does not meet expectations the machines are relocated. This gives flexibility in asset allocation and the Issuer can swiftly adjust to changes in market conditions.

When the machines are installed in bars, the Issuer's Subsidiaries take charge of capital expenditure (purchase of the machines and other equipment, premises refurbishment and fitting out). The bar owner / operator is responsible for the power supply and premises maintenance. In return, the owner / operator receives 10% to 20% of the Company's gaming revenues under the terms of an agreement entered into with the Subsidiary.

#### *4.5.4 Operational roll-out*

**After 18 to 24 months**, the business of the Company in a new location reaches break-even point with a positive EBITDA. Increase in revenues is progressive, as the Company would rather proceed smoothly relying on word of mouth to promote its gaming activities. Company personnel are initially dedicated to commercial development and focus on raising revenues per machine, notably by moving the machines to better locations.

PI Group Subsidiary employees control takings meters regularly and depending upon the location type (gaming hall or bar) inspections take place daily or at the outside, weekly in the presence of the Company's partner and owner of the premises. The latter receives its share of the gaming revenues every other week or every month.

**Transportation and logistics** are among the most important issues in operating gaming machine business. The Issuer's Subsidiaries take charge of machine delivery, maintenance and shifting as well as the trips of employees in charge of maintenance and fund collection.

#### *4.5.5 Purchasing, maintenance and amortisation of slot machines*

Prices of APMs ("**Amusement with a Prize Machines**") vary from US$700 to US$2,000 (Free on Board) for the cheapest ones. Progressive jackpot games and double-sided LCD screen machines cost around US$5,000 and the price of multiplayer games (8 posts including poker, baccarat, black jack and dice) reaches US$156,000. The cost of purchase also includes:

- 'tropicalisation' cost to adapt APMs to climatic and operating conditions in Africa (humidity, heat, dust etc.);
- freight and delivery charges; and
- taxes and duties.

In all, minimum investment expenditure amounts to US$5,000 for each basic APM delivered, installed and ready for operation. The useful life of an APM is amortised in the Issuer's accounts over a period of 60 months but in practice they can be operated by the Company for a period of up to 10 years.

Almost all of the Issuer's APM assets are purchased from US manufacturers including IGT, Bally, WMS, and Aristocrat. US made machines are more expensive than Chinese, Russian or Bulgarian ones but they meet high standard requirements, are checked by US authorities and generally last longer. Spare parts for US made APMs are also easier to source for repair and maintenance.

The maintenance cost *per annum* of an APM is approximately 2% to 3% of purchasing cost. Employees in charge of APM maintenance are trained within the group, particularly in Burkina Faso: Lydia Ludic Burkina is the Issuer's largest subsidiary and it has a work force possessing all the required skills in mechanical, electrical and electronic engineering. However, as activity develops, Subsidiaries tend to develop capabilities to train their own staff. The lack of subcontractors and qualified personnel compels the Issuer to integrate the whole value chain of production and distribution with the required skills and expertise to operate.

#### *4.5.6 Control and reporting*

The Company's IT Department has developed software to follow-up, control and report data from operations. Every transaction conducted at an APM (bets, winning pay out, jackpots) are recorded daily and reconciliation is made with the funds actually collected. All Subsidiaries possess the necessary human resources for fund collection and provision, machine repair and maintenance.

## 4.6 ASSETS AND INVESTMENTS

The Issuer has no assets in Malta. The Issuer's principal investments are the Subsidiaries. In this regard, the Issuer made no principal investments in the years 2010-2013 as it did not acquire or incorporate subsidiaries during that period. The Issuer's principal investments that are currently in progress are the subsidiaries that the Issuer intends to acquire from the Parent or incorporate in 2014 as described in section 4.4 of this Prospectus. The description of these intended subsidiaries can be found in sections 4.9 and 4.10 of this Prospectus, which includes the geographic distribution of these investments and their method of financing.

### 4.6.1 *Intangible fixed assets*

The Company's main assets are made of intangible fixed assets including:
- goodwill accounted for on the acquisition of the relevant Subsidiary;
- acquired in the form of a gaming licence; and
- computer software:

**Intangible fixed assets**

| In thousands of euros | Licenses | Software | Other intangible assets | Total |
|---|---|---|---|---|
| ***Year ended 31 December 2011*** | | | | |
| At 1 January 2011 | 11.982 | 4 | 264 | 12.251 |
| Additions | - | 23 | - | 23 |
| Disposals | - | - | (27) | (27) |
| Depreciation | (1.400) | (11) | (68) | (1.479) |
| **Closing net value** | **10.582** | **17** | **169** | **10.769** |
| **At 31 December 2011** | | | | |
| Deemed cost | 11.982 | 27 | 237 | 12.247 |
| Accumulated depreciation | (1.400) | (11) | (68) | (1.479) |
| *Net book value* | 10.582 | 17 | 169 | 10.769 |
| ***Year ended 31 December 2012*** | | | | |
| At 1 January 2012 | 10.582 | 17 | 169 | 10.769 |
| Additions | 406 | 7 | - | 413 |
| Disposals | - | - | (141) | (141) |
| Depreciation | (1.454) | (14) | 40 | (1.428) |
| **Closing net value** | **9.535** | **10** | **68** | **9.612** |
| **At 31 December 2012** | | | | |
| Deemed cost | 10.989 | 24 | 28 | 11.041 |
| Accumulated depreciation | (1.454) | (14) | 40 | (1.428) |
| *Net book value* | 9.535 | 10 | 68 | 9.612 |
| ***Year ended 31 December 2013*** | | | | |
| At 1 January 2013 | 9.535 | 10 | 68 | 9.613 |
| Additions | 4.473 | 44 | 72 | 4.589 |
| Disposals | - | (2) | (91) | (93) |
| Depreciation | (6,218) | (50) | - | (6,268) |
| **Closing net value** | **7.790** | **2** | **49** | **7.841** |
| **At 31 December 2013** | | | | |
| Deemed cost | 14.008 | 52 | 49 | 14.109 |
| Accumulated depreciation | (6,218) | (50) | - | (6,268) |
| *Net book value* | 7.790 | 2 | 49 | 7.841 |

The information in the above table has been extracted from the audited consolidated financial information of the PI Group for 2013.

PI Group Subsidiaries operate under the *Lydia Ludic* brand name which was registered with OAPI (Organisation Africaine de la Propriété Intellectuelle – African Organization for Intellectual Property) on 9 June 2011 under n°3201101768, but is not accounted for in the PI Group balance sheet.

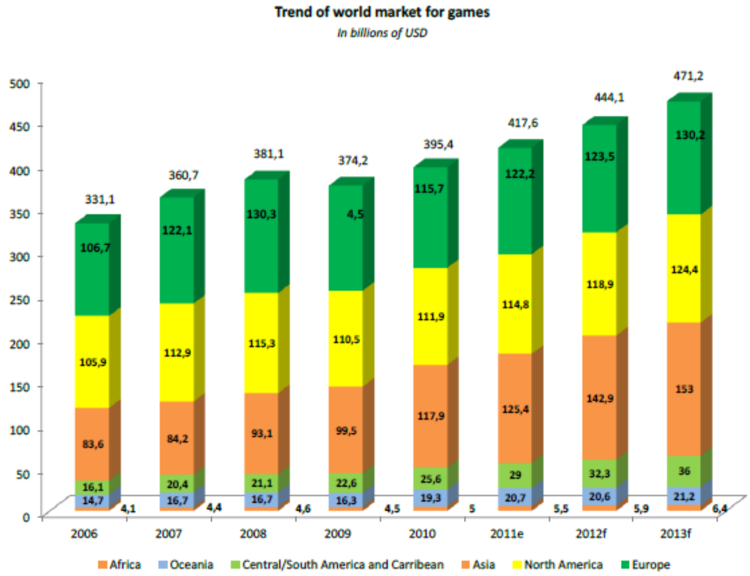
The PI Group has conventions and agreements with the national lotteries of Burkina Faso (LONAB), the Ivory Coast (LONACI), Niger (LONANI) and Togo (LONATO). See section 12 – *Material Contracts*.

## 4.7 THE GAMING INDUSTRY IN AFRICA

The gaming market in Africa is difficult to comprehend due to the lack of consistent and comprehensive data. Where the information contained in this section 4.7 has been sourced from a third party, it is accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Reports on the world gaming market are available but figures vary significantly from one source to another. However, the Issuer believes that the sources/reports mentioned below indicate that **the gaming industry is at its early stages in Africa and it has a huge growth potential.**

The world gaming market amounted to 418 billion dollars in 2011 (source: *Global Betting and Gaming Consultants*), up 5.6% from 2010. Africa accounted for 1.3% of the world market with total revenues of 5.5 billion dollars.




In their report entitled *The taxation of Gambling in Africa*, François Vaillancourt and René Ossa (Andrew Young School, Georgia State University) underline the low development of the African gaming market relative to its GDP and population.

| WORLD GAMBLING TURNOVER | Effective gambling turnover before pay out of winnings *Billions of US$* | Government gambling income *Billions of US$* | GDP *Billions of US$* | Population *Billions* |
|---|---|---|---|---|
| WORLD | 631,3 | 313,0 | 69 489,0 | 6,8 |
| Of which: | | | | |
| Africa | 1,2% | 1,4% | 3,2% | 19% |
| Asia and Middle East | 22,8% | 20,8% | 30,7% | 59% |
| North America | 27,5% | 35,2% | 24,4% | 5% |
| South and Central America - Caribbeans | 8,6% | 5,2% | 11,9% | 9% |
| Oceania | 4,7% | 4,7% | 1,3% | 1% |
| Europe | 35,1% | 32,7% | 28,5% | 7% |

*Source : Andrew Young School of Georgia State University's calculations based on Global Gaming Report 2008, United Nations Population and CIA world factbook.*

Africa's gaming market is the smallest after that of Oceania – the latter including revenues from the Australian market, one of the world's leading territories in terms of gaming revenues *per capita*.

The table immediately below extracted from François Vaillancourt and René Ossa's report presents the 10 countries with the largest national gaming revenues and the largest in the African market, the Republic of South Africa, ranked 25th.

| TEN LARGEST NATIONAL GAMBLING MARKETS BY DECREASING SIZE AND LARGEST AFRICAN MARKET | Effective gambling turnover *Billions of US$* | *As a % of world total* |
|---|---|---|
| 1. United States | 151,37 | 24,0% |
| 2. Japan | 74,42 | 11,8% |
| 3. Italy | 31,28 | 4,9% |
| 4. United Kingdom | 53,81 | 8,5% |
| 5. Canada | 21,30 | 3,5% |
| 6. Australia | 26,92 | 4,3% |
| 7. France | 25,47 | 4,0% |
| 8. Spain | 23,64 | 3,7% |
| 9. Germany | 17,89 | 2,8% |
| 10. Macau | 8,23 | 1,3% |
| 1st African market : 25. South Africa | 3,08 | 1,6% |

*Source : Global Gaming Report 2008.*

**The Issuer believes that the present stage of Africa's gaming market relative to the size of its economy and population suggests that it will experience rapid expansion over the coming years as economic growth accelerates with dramatic improvements in the standard of living.**

## 4.8 MARKET POSITIONS AND STRATEGY

The Company wants to entertain the general public and address the needs for recreational activities of clients living in the vicinity of its gaming premises. The Issuer does not compete with international groups operating luxury hotels and casinos that target premium customers.

In regulated markets where gaming licenses are granted to few operators as well as in competitive markets (such as Nigeria and Ghana), the Issuer seldom has more than three or four competitors in each country, most of them owners of hotels or restaurants fitted out with a gaming hall.

In countries where gaming activities are a State monopoly (the Ivory Coast for instance), the relevant PI Group Subsidiary is the sole gaming operator under an exclusive concession agreement signed with local authorities and/or the national lottery organizer.

The Group's development strategy has two strands:

1. To strengthen positions, improve efficiency and raise profitability in its traditional markets: Benin, Burkina Faso, the Ivory Coast, Niger, Togo, Democratic Republic of Congo and Burundi: the Company is constantly upgrading its gaming machines, improving performance and monitoring and training personnel to meet increasing demands on skilled human resources.

2. To expand in other African countries where it has identified opportunities, initially in Nigeria, Ghana, Liberia and Sierra Leone. The Issuer intends to establish a broad network and win significant market share in these promising new markets.

## 4.9 GENERAL INFORMATION ON THE GROUP'S BUSINESS TRENDS

The first half of 2013 represented a major step forward in terms of innovation for the Company. Lydia Ludic Togo and Lydia Ludic Cote d'Ivoire introduced a cashless system and tablets greatly improving supervision of and reporting on operations. These new tools represent major progress not only in terms of reliability of data but also in terms of client tracking. As these new technologies are entirely automated, they decrease human intervention at input stage and with that the possibility of input errors, although human intervention remains crucial to the subsequent verification of that data. The Issuer now has a full working knowledge of the application of this technology and thus has the capacity to implement these new systems in a timely manner in other countries. It is intended that each of the Subsidiaries will have introduced the cashless system and tablets by 2017.

The first half of 2013 also saw a major improvement in terms of reorganisation of the Group's business. The Group has sought to move operations away from less profitable locations and concentrate on more profitable gaming halls. The Group has invested in new electronic multiplayer machines for branded "VIP" gaming halls. These new machines are entirely automatic and offer two new games to our customers: Blackjack and Baccarat. The roulette machines purchased for the Group at the end of 2013 proved to be highly profitable when operated from the Group's facilities in Togo, Ivory Coast, Niger and Benin. Accordingly, a decision was made to roll them out to a number of the Group's countries of operation.

In addition, by the end of 2013, the Group replaced approximately 10% of its oldest machines. In the first half of 2013, the Group destroyed 139 machines and added 150.

The chart below specifies the number of APM acquisitions by the Group by Subsidiary in 2013:

| | Benin | Burkina | Ivory Coast | Niger | Togo | Total |
|---|---|---|---|---|---|---|
| Slots | - | 38 | 320 | 50 | 110 | 518 |
| Multi-players | - | | 6 | | 2 | 8 |

***PIL Benin***

The Group’s Benin Subsidiary showed slower growth in the first half of 2013. The Company has commenced a reorganisation of the Subsidiary’s business by closing less profitable bars and focusing on gaming halls. In addition, many bars did not follow the health and safety standards of the Company and thus risked tarnishing its image. By the end of June 2013, the Company had withdrawn 147 APMs from underperforming owner / operator locations. No other major developments are being considered for this Subsidiary.

***Lydia Ludic Burkina***

New progressive legislation has been passed in Burkina Faso that has provided the Company with the opportunity to open up new gaming spaces and thus enter a phase of significant development, although this legislation has not yet come into force. The Burkina Faso Subsidiary plans to open 8 new gaming halls in the territory before the end of 2014. New employees have been trained and the machines are ready to be installed in the gaming halls pending the coming into force of the aforementioned legislation.

***Lydia Ludic Ivory Coast***

The Group’s development programme continues to progress in this high potential country. Important progress has been made in terms of operational control thanks to the introduction of tablets early in 2013. These tablets facilitate communication of operating data and reduce input errors.

During the first semester of 2014 the Company remodelled one of its branded “VIP” halls and introduced 2 new multiplayer machines (manufactured by Digideal) offering Baccarat and Poker. This newly remodelled venue is located in the country capital: Abidjan and was reopened in February 2014. This VIP gaming hall is now the group's largest venue.

As of the end of May 2014, the Ivory Coast Subsidiary has 1,027 gaming machines in operation.

***Lydia Ludic Niger***

The political and social environment in Niger is both complex and challenging and the pace of the Company in this territory has been slower than Management would wish. Nevertheless, the Company has successfully restructured a significant proportion of its operations in Niger. The Company is focussing its business development efforts on gaming halls rather than bars as their supervision is more straightforward and they have proven to be more lucrative. The Company has introduced a BITO (bill in ticket out) system in our branded “VIP” gaming hall which represents an important step forward in a country where control is a significant issue.

In October 2013 the Group opened a second branded “VIP” hall with roulette machines in the capital city of Niamey. The Niger Subsidiary also acquired a total of 50 slot machines during 2013.

***Lydia Ludic Togo***

The Togo Subsidiary underwent an important phase of its operational development during 2013 with the introduction of new tools and products.

The Subsidiary introduced a cashless system for all available games in the Company's largest gaming hall in Togo which facilitates the control of operations. The advantages of this system are numerous: it enables the Company to track the gaming habits of its clients and thus introduce a loyalty programme. In addition, being totally automated, the cashless system eliminates almost all human intervention and with that the possibility of input errors. This system also provides management with a constant stream of operating data in real time, which data is analysed locally in real time and subsequently at group level.

The Subsidiary acquired a new multiplayer machine (manufactured by Digideal) offering two new games to the Company's clients in Togo: baccarat and blackjack. The Company has also recently installed a second electronic roulette APM.

Lydia Ludic Togo as Lydia Ludic Burundi currently organise poker tournaments through the brand name "African Poker Tour", the main intention of which is to attract a new type of clients to our venues. There has been an increase in "African Poker Tour" activity after a slow beginning in 2013

As of the end of 2013, the Togo Subsidiary had acquired and installed: 1 multiplayer Digideal machine, 1 electronic roulette machine and 110 slot machines.

***Lydia Ludic Burundi***

The Parent's Burundi subsidiary was founded in 2001 in Bujumbura. Lydia Ludic Burundi currently has operations in 5 cities: Bujumbura, Gitega, Kayanza, Ngozi y Rumonge, totalling 11 gaming halls, 79 partner bars and 1 poker room. Lydia Ludic Burundi employs 271 people.

***Lydia Ludic Sonal***

The Parent's Congo subsidiary was founded in 2006 in Kinshasa. Lydia Ludic Sonal is currently operating from Kinshasa and Matadi, totalling 14 gaming halls and 16 partner bars. Lydia Ludic Sonal employs 88 people.

## 4.10 DEVELOPMENT PROGRAMME

The Issuer plans to invest around EUR4.5 million in the PI Group's existing operations over the next 3 years in order to strengthen its positions in territories where the Group is already established by expanding distribution networks and modernising its fleet of gaming machines. This investment will include the Issuer's acquisition of Lydia Ludic Burundi and Lydia Ludic Sonal from the Parent. Approximately EUR500,000 will be used as working capital and to terminate a portion of expensive overdraft facilities currently utilised by the Group, while approximately EUR4 million will used for the purchase new machines and the upgrading or fitting out of existing/new gaming halls.

The Issuer also plans to invest around EUR26.5 million over the next 3 years in the expansion of PI Group's network to new markets on the African continent, with an estimated EUR18.9 million required for capital expenditure (i.e. to finance the initial purchase of machines and the fitting out of gaming halls) and an estimated EUR7.6 million required for working capital. This Issuer's investment in each of the newly targeted market countries, including the incorporation of a new Subsidiary in each, is broken down further as follows:

**Nigeria**: This is one of the most populated African countries with 155 million inhabitants of which more than 50% live in urban areas. With the exception of Lagos and Abuja (where 5 and 2 casinos respectively can be found catering for foreign visitors and affluent Nigerians) there are few recreation facilities for middle class customers.

The Company plans to first establish in Abuja and then expand operations in the whole country while steering clear of unstable North and North-Eastern regions. The Company intends to install 3,214 slot machines in 92 gaming halls opened in 12 cities for a total investment of EUR20.5 million.

**Ghana**: With an average annual GDP growth rate of 7.9% and 24 million inhabitants of which more than 50% live in urban areas, the Issuer believes that Ghana offers promising prospects. The two main established gaming operators running 12 and 5 gaming halls respectively are active in the South and mainly cater to foreigners and wealthy Ghanaians. The Company will base itself in the North of Ghana; home to the same ethnic groups living in bordering Burkina Faso where the Group has been operating for more than 10 years. The Company will then expand southward. It plans to open 40 gaming halls in 38 cities (1,300 slots in total) for a total investment of EUR3 million.

**Liberia and Sierra Leone**: The Company plans to open 4 branded "VIP" gaming halls two in Monrovia and two in Freetown, each one of them equipped with 60 machines, 4 multiplayer games and a poker room for a total investment of EUR3 million.

The Issuer also intends to embark on a programme to increase revenues per APM on the back of the following strategic initiatives:

- gaming machines will be installed in wider, more attractive and welcoming halls for increased footfall / client attendance;
- "VIP" rooms to be opened in numerous venues with Liberia and Sierra Leone expected to show particularly sharp increases in revenues per machine;
- an increase in the rate of fleet renewal (especially in Togo) to rekindle players' interest and raise their loyalty to the *Lydia Ludic* brand;
- relocation of slot machines to optimise operating conditions - Lydia Ludic Niger for instance, will transfer operations from less profitable bars and move its fleet to better attended venues.

The Issuer believes that generally speaking, its competitive clout has been strengthening. It has successfully enforced an expansionist strategy to oust competitors by venue maximisation, occasionally to the detriment of profitability. Based on the limited information generally available to management, acquired in the conduct of the PI Group's business in Africa and all of which is set out in this Prospectus, the Issuer understands that its Subsidiaries are the market leaders in their respective territories even when they are not the exclusive gaming operator in those territories. Accordingly, the Issuer might be able to be more selective in choosing locations to optimise operating conditions and raise revenues per machine. This should contribute significantly to a boost in sales and operating margins from 2013 levels.

The Group is also planning on expanding the "African Poker Tour" to promote its gaming activities, bolster reputation and establish its brand image as a game organiser. This expansion will form part of the Issuer's investments in both its existing operations as well as in the new markets it is targeting. The "African Poker Tour" was started in Togo and Burundi in 2012 and it will be rolled out in all countries where the Group has operations throughout 2015. "African Poker Tour" is the brand name for poker tournaments designed after the format developed in Las Vegas by the Second Annual Gambling Fraternity for Texas Hold'em Poker and later for the World Series of Poker. Introduced and organised by the Company, the "African Poker Tour" will provide a pan-African playing field and give African players the opportunity to compete against players from other continents.

# 5. SELECTED FINANCIAL INFORMATION

The financial information contained in this section 5 has been extracted from the consolidated audited financial statements of the PI Group for the periods indicated in the tables below.

## 5.1 CONSOLIDATED BALANCE SHEET AS OF DECEMBER 2010, 2011, 2012 AND 2013

**Consolidated Balance Sheet**

| **ASSETS** | **As at 31 December** | | | | |
|---|---|---|---|---|---|
| In thousands of euros | **2010** | **2011** | **2012** | **2013** | **%** |
| Intangible fixed assets | 42.299 | 40.817 | 42.424 | 40.652 | 74% |
| Property, plant and equipment | 3.107 | 4.634 | 4.433 | 5.650 | 10% |
| Financial assets | 295 | 631 | 881 | 644 | 1% |
| Deferred tax asset | 275 | 275 | 317 | 0 | 0% |
| **NON-CURRENT ASSETS** | **45.976** | **46.358** | **48.054** | **46.946** | **85%** |
| | | | | | 0% |
| Inventories | 7 | 30 | 30 | 88 | 0% |
| Loans to related parties | 0 | 3.988 | 8.522 | 5.076 | 9% |
| Trade and other receivables | 949 | 553 | 2.525 | 2.127 | 4% |
| Cash and cash equivalents | 658 | 842 | 999 | 968 | 2% |
| **CURRENT ASSETS** | **1.614** | **5.413** | **12.076** | **8.260** | **15%** |
| **TOTAL ASSETS** | **47.590** | **51.772** | **60.129** | **55.205** | **100%** |

| **EQUITY AND LIABILITIES** | **As at 31 December** | | | | |
|---|---|---|---|---|---|
| In thousands of euros | **2.010** | **2.011** | **2.012** | **2.013** | **%** |
| Shareholders' equity | 39.444 | 38.958 | 38.411 | 38.042 | 69% |
| Net income attributable to owners | -487 | 766 | -737 | 522 | 1% |
| **EQUITY ATTRIBUTABLE TO OWNERS** | **38.957** | **39.724** | **37.674** | **38.564** | **70%** |
| Non-controlling interests | -1.051 | - 1.324 | -1.015 | -1.055 | -2% |
| **TOTAL EQUITY** | **37.906** | **38.400** | **36.659** | **37.509** | **68%** |
| | | | | | 0% |
| Non-current borrowings | 939 | 2.516 | 4.896 | | 0% |
| Current borrowings | 560 | 2.670 | 5.914 | 8.654 | 16% |
| **Total borrowings** | **1.499** | **5.186** | **10.810** | **8.654** | **16%** |
| | | | | | **0%** |
| Current provisions | 1.395 | 1.296 | 1.550 | 333 | 1% |
| Income tax payable | 568 | 116 | 1.095 | 1.809 | 3% |
| Trade and other payables | 6.223 | 6.776 | 10.017 | 6.901 | 13% |
| **Other liabilities** | **8.186** | **8.188** | **12.662** | **9.043** | **16%** |
| **TOTAL EQUITY AND LIABILITIES** | **47.590** | **51.772** | **60.129** | **55.205** | **100%** |

## 5.2 CONSOLIDATED INCOME STATEMENTS FOR 2010, 2011, 2012 AND 2013 FISCAL YEARS

**Consolidated Income Statement**

| In thousands of euros | 2010 | As a % of Sales | 2011 | As a % of Sales | 2012 | As a % of Sales | 2013 | As a % of Sales |
|---|---|---|---|---|---|---|---|---|
| Sales | 29.980 | 100% | 34.052 | 100% | 36.451 | 100% | 40.077 | 100% |
| Other revenue | 193 | 1% | 315 | 1% | 232 | 1% | 662 | 2% |
| **Total revenue** | **30.173** | **101%** | **34.367** | **101%** | **36.683** | **101%** | **40.739** | **102%** |
| Goods purchased | -2.021 | 7% | -2.143 | 6% | -2.253 | 6% | -2.342 | -6% |
| Personnel expenses | -7.676 | 26% | -8.804 | 26% | -10.672 | 29% | -12.705 | -32% |
| Taxes other than income | -1.688 | 6% | -1.726 | 5% | -2.239 | 6% | -3.887 | -10% |
| External expenses | -4.921 | 16% | -5.793 | 17% | -7.745 | 21% | -5.956 | -15% |
| Management fees Grupo Pefaco | -11.125 | 37% | -11.705 | 34% | -9.874 | 27% | -10.884 | -27% |
| Other operating income and expenses | 95 | 0% | -129 | 0% | | 0% | | 0% |
| **EBITDA** | **2.837** | **9%** | **4.066** | **12%** | **3.900** | **11%** | **4.965** | **12%** |
| Depreciation, amortization and provisions | -3.673 | 12% | -2.600 | 8% | -2.990 | 8% | -2.729 | -7% |
| **Operating income** | **-836** | **-3%** | **1.466** | **4%** | **911** | **2%** | **2.236** | **6%** |
| Financial income | 0 | 0% | 0 | 0% | 0 | 0% | 133 | 0% |
| Financial expenses | -97 | 0% | -347 | 1% | -1.008 | 3% | -903 | -2% |
| Extradinary result | 0 | 0% | 0 | 0% | 0 | 0% | | 0% |
| Income tax | -173 | 1% | -627 | 2% | -812 | 2% | -984 | -2% |
| **NET INCOME FOR THE YEAR** | **-1.106** | **-4%** | **492** | **1%** | **-909** | **-2%** | **482** | **1%** |
| Minority interests | 620 | | -274 | | -172 | | -40 | |
| Net income attributable to owners | -486 | | 766 | | -737 | | 522 | |

## 5.3 BREAKDOWN OF REVENUES BY GEOGRAPHICAL LOCATION FOR 2010, 2011, 2012 AND 2013

**Segment reporting**

| In thousands of euros | Benin | Burkina Faso | Ivory Coast | Niger | Togo | Holding | Inter-companies | Total |
|---|---|---|---|---|---|---|---|---|
| **Year ended 31 December 2010** | | | | | | | | |
| Total Revenue | 6.560 | 12.560 | 2.800 | 3.034 | 5.219 | 837 | - 837 | **30.173** |
| EBITDA | 607 | 362 | 508 | 154 | 705 | 501 | - | **2.837** |
| Net income | 58 | - 109 | - 1.611 | 73 | 374 | 284 | - 176 | **- 1.107** |
| **Year ended 31 December 2011** | | | | | | | | |
| Total Revenue | 6.553 | 13.142 | 4.919 | 3.535 | 6.217 | 594 | - 594 | **34.367** |
| EBITDA | 641 | 462 | 1.223 | 280 | 1.340 | 120 | - | **4.066** |
| Net income | 263 | 88 | - 764 | 148 | 831 | 97 | - 170 | **492** |
| **Year ended 31 December 2012** | | | | | | | | |
| Total Revenue | 5.871 | 14.759 | 6.642 | 2.756 | 6.645 | 468 | - 458 | **36.682** |
| EBITDA | 1.010 | 315 | 1.414 | - 145 | 1.615 | - 307 | - | **3.901** |
| Net income | 337 | - 22 | - 704 | - 238 | 939 | - 1.063 | - 158 | **- 909** |
| **Year ended 31 December 2013** | | | | | | | | |
| Total Revenue | 5.728 | 16.047 | 8.922 | 3.027 | 7.016 | 581 | - 581 | **40.739** |
| EBITDA | 1.165 | 442 | 1.787 | 46 | 1.603 | - 79 | - | **4.965** |
| Net income | 571 | 72 | - 118 | - 30 | 893 | - 749 | - 157 | **482** |

# 6. FINANCIAL ANALYSIS

## 6.1 EXPERT'S REPORT

The financial analysis report and commentary contained in this section 6 of the Prospectus has been prepared on behalf of the Issuer by the Global Arranger, Maréchal & Associés Conseils Finance S.A.S, in connection with the Intermediaries Offer. The financial information contained in this section 6 has been extracted from the consolidated audited financial statements of the PI Group for the periods indicated in the tables below.

The Global Arranger has consented in writing to the inclusion of its report and commentary as it appears in this section 6 subject to the terms and conditions of its comfort letter to the Issuer dated 30th June 2014 (the "**Global Arranger Comfort Letter**") and it has not withdrawn its consent prior to the delivery of this Prospectus to the Listing Authority for approval.

- The Global Arranger has a share capital of EUR100,000 and is registered in the Paris trade register of corporations under n ° 513 500 843.
- The Global Arranger is an Authorised Representative registered with the New York Stock Exchange-EURONEXT and the Casablanca Stock Exchange.
- The Global Arranger is a Financial Investment Advisor registered with ORIAS (the French registry of assurance, banking and finance intermediaries – www.orias.fr/welcome) on the unique registry of

Insurance Intermediaries, Banking and Finance under registration number 13000675 and registered with the ANACOFI (the French financial advisers association – www.ancofi.asso.fr) under No. E001961

- ANACOFI is an Association approved by the AMF (the financial regulator in France – www.amf-france.org ).
- The Global Arranger is appointed Exclusive Strategic Adviser: Council of The Entente headquartered in Abidjan – Ivory Coast.
- Neither the Global Arranger nor any of its affiliates has any securities of the Issuer or any other member of the PI Group.
- The Global Arranger and its affiliates have no right to subscribe or to nominate persons to subscribe for securities in any member of the PI Group.

## 6.2 FINANCIAL RESULTS

**CONSOLIDATED INCOME STATEMENT 2010-2013**

**Consolidated Income Statement**

| In thousands of euros | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|
| Sales | 29.980 | 34.052 | 36.451 | 40.077 |
| Other revenue | 193 | 315 | 232 | 662 |
| **Total revenue** | **30.173** | **34.367** | **36.683** | **40.739** |
| Goods purchased | -2.021 | -2.143 | -2.253 | -2.342 |
| Personnel expenses | -7.676 | -8.804 | -10.672 | -12.705 |
| Taxes other than income | -1.688 | -1.726 | -2.239 | -3.887 |
| External expenses | -4.921 | -5.793 | -7.745 | -5.956 |
| Management fees Grupo Pefaco | -11.125 | -11.705 | -9.874 | -10.884 |
| Other operating income and expenses | 95 | -129 | | |
| **EBITDA** | **2.837** | **4.066** | **3.900** | **4.965** |
| Depreciation, amortization and provisions | -3.673 | -2.600 | -2.990 | -2.729 |
| **Operating income** | **-836** | **1.466** | **911** | **2.236** |
| Financial income | 0 | 0 | 0 | 133 |
| Financial expenses | -97 | -347 | -1.008 | -903 |
| Extradinary result | 0 | 0 | 0 | |
| Income tax | -173 | -627 | -812 | -984 |
| **NET INCOME FOR THE YEAR** | **-1.106** | **492** | **-909** | **482** |
| Minority interests | 620 | -274 | -172 | -40 |
| Net income attributable to owners | -486 | 766 | -737 | 522 |

As evidence of the efficiency the Issuer's business model and management's expertise in the African markets, the table above shows that EBITDA was positive throughout the period. For comparison purposes, it should be noted that management fees paid to the Parent will no longer be charged after Admission to Listing, as management activities are being transferred from the Parent to the Issuer at that point.

In 2013, the Group increased its revenues by more than 11% compared to the same period last year. In 2012, the Group experienced a slowdown with revenues growing by a mere 7% after a 14% Compound Annual Growth Rate between 2009 and 2011. The Subsidiaries in the Ivory Coast (+34.5% in 2013 after a 35% increase in 2012), Niger (+10%) and Burkina Faso (+8.5%) recorded a steady growth but sales declined in Benin (-2%) while sales of Lydia Ludic Togo were up 7% after a 7% increase in 2012.

In Benin, activity in Cotonou harbour, the country's heart-lung machine, was still disrupted by reorganization steps taken by port authorities in 2012 and 2013, resulting in a restrained 2% decline in revenues for the Issuer's Subsidiary in Benin compared to the 10.5% cut in 2012. The Group aims a return to economic growth in Benin in 2014.

In Niger, economic activity bolstered in 2013 after a cut in 2012 following the fallout of the war in Libya. As expected, the situation improved and Group's revenues in Niger significantly rebounded this year as the Niger Subsidiary replaced many of its slot machines.

Operating income was up to 2,236KEuro in 2013 versus 910KEuro in 2012 thanks to reducing external expenses and decreasing amortization charges (-10%) compared to 2012. Consolidated net income was a 482KEuro profit in 2013 against a 910KEuro loss in 2012 as financial expenses declined from -1008KEuro in 2012 to +133KEuro in 2013. Net income excluding minority interests for 2013 resulted in a 522KEuro profit (as against 737KEuro in 2012): Lydia Ludic Côte d'Ivoire recorded the highest loss at (118)KEuro and Lydia Ludic Togo recorded the highest profit at 893KEuro.

Year on year (i.e. 2012-2013), revenues are up 10% to 40.7 million Euro. Despite still heavy management fees in 2013 and capital expenditures incurred by the development of the distribution networks, the Group recorded a positive net result at 482KEuro (excluding minority interests) in 2013 versus a 910KEuro loss in 2012.

## CONSOLIDATED BALANCE SHEET 2010-2013

## Consolidated Balance Sheet

| ASSETS | As at 31 December | | | |
|---|---|---|---|---|
| In thousands of euros | 2010 | 2011 | 2012 | 2013 |
| Intangible fixed assets | 42.299 | 40.817 | 42.424 | 40.652 |
| Property, plant and equipment | 3.107 | 4.634 | 4.433 | 5.650 |
| Financial assets | 295 | 631 | 881 | 644 |
| Deferred tax asset | 275 | 275 | 317 | 0 |
| **NON-CURRENT ASSETS** | **45.976** | **46.358** | **48.054** | **46.946** |
| Inventories | 7 | 30 | 30 | 88 |
| Loans to related parties | 0 | 3.988 | 8.522 | 5.076 |
| Trade and other receivables | 949 | 553 | 2.525 | 2.127 |
| Cash and cash equivalents | 658 | 842 | 999 | 968 |
| **CURRENT ASSETS** | **1.614** | **5.413** | **12.076** | **8.260** |
| **TOTAL ASSETS** | **47.590** | **51.772** | **60.129** | **55.205** |

| EQUITY AND LIABILITIES | As at 31 December | | | |
|---|---|---|---|---|
| In thousands of euros | 2.010 | 2.011 | 2.012 | 2.013 |
| Shareholders' equity | 39.444 | 38.958 | 38.411 | 38.042 |
| Net income attributable to owners | -487 | 766 | -737 | 522 |
| **EQUITY ATTRIBUTABLE TO OWNERS** | **38.957** | **39.724** | **37.674** | **38.564** |
| Non-controlling interests | -1.051 | - 1.324 | -1.015 | -1.055 |
| **TOTAL EQUITY** | **37.906** | **38.400** | **36.659** | **37.509** |
| Non-current borrowings | 939 | 2.516 | 4.896 | |
| Current borrowings | 560 | 2.670 | 5.914 | 8.654 |
| **Total borrowings** | **1.499** | **5.186** | **10.810** | **8.654** |
| Current provisions | 1.395 | 1.296 | 1.550 | 333 |
| Income tax payable | 568 | 116 | 1.095 | 1.809 |
| Trade and other payables | 6.223 | 6.776 | 10.017 | 6.901 |
| **Other liabilities** | **8.186** | **8.188** | **12.662** | **9.043** |
| **TOTAL EQUITY AND LIABILITIES** | **47.590** | **51.772** | **60.129** | **55.205** |

Intangible fixed assets are the main item of the Group's balance sheet and include goodwill that was accounted for on the Company's incorporation and arising from the shares in the (Benin, Burkina Faso, Niger and Togo) Subsidiaries being contributed to the Issuer's capital by the Parent at that time. The current value of the Group's goodwill is 32.8 million Euro.

75% of tangible fixed assets are made of commercial equipment (slot machines). Financial assets amount to 8.3 million Euro including a 5.1 million Euro loan to the Parent.

Shareholders' equity accounts for 70% of total equity and liabilities. To date, the Group's development has been financed primarily by shareholder equity investment. In 2013, total borrowings fell down to 8.7 million Euro compared to 10.8 million Euro in 2011.

Given the above considerations, the Group's current financial position remains sound with net financial debt (excluding cash and cash equivalent) at 22% of shareholders' equity.

The following statement of cash flows below shows that the Group has been generating positive net cash flows since 2010, enabling it to self-finance capital expenditures.

## CONSOLIDATED STATEMENT OF CASH FLOWS 2010-2013

**Consolidated statement of cash flows**

| | Year ended 31 December | | | |
|---|---|---|---|---|
| In thousands of euros | **2010** | **2011** | **2012** | **2013** |
| **Consolidated net income (loss) for the period** | -1.107 | 492 | -909 | 482 |
| Adjustments for: | | | | |
| Depreciation of intangible assets | 1.458 | 1.479 | 1.428 | 1.304 |
| Depreciation of property, plant and equipment | 951 | 1.037 | 1.268 | 1.409 |
| Change in provisions | 1.175 | -99 | 253 | -1.217 |
| Gains or losses on disposals of assets | 1.092 | 405 | 678 | 61 |
| Financial income or expense | 97 | 347 | 1.008 | |
| Deferred income tax | -275 | 0 | -42 | 317 |
| Change in working capital | 170 | 1.207 | 3.114 | 1.878 |
| **I. Net cash flow (used in) / from operating activities** | **3.560** | **4.868** | **6.798** | **4.234** |
| Purchases of property, plant and equipment | -2.591 | -3.001 | -1.678 | -2.967 |
| Proceeds from sale of property, plant and equipment | 40 | 59 | 1.713 | 453 |
| Purchases of intangible assets | -816 | -530 | -3.559 | 296 |
| Proceeds from sale of intangible assets | 0 | 0 | 141 | |
| Change in fixed assets supplier | -1.209 | -226 | -482 | |
| Other investments | 44 | -337 | -3.594 | -259 |
| **II. Net cash flow (used in) / from investing activities** | **-4.532** | **-4.034** | **-7.459** | **-2.477** |
| Changes in share capital | 0 | 0 | 0 | |
| Dividends paid to shareholders | 0 | 0 | -22 | 368 |
| Loan to shareholders | 0 | -3.988 | -4.534 | |
| Proceeds from new loans and borrowings | 605 | 3.108 | 5.470 | |
| Repayment of borrowings | 0 | 0 | -1.837 | -1.392 |
| **III. Net cash flow (used in) / from financing activities** | **605** | **-880** | **-923** | **-1.024** |
| Impact from changes in currency rates (IV) | 0 | 0 | 0 | 0 |
| **Net change in cash and cash equivalents (I + II + III + IV)** | **-366** | **-46** | **-1.584** | **733** |
| **Net cash - Opening period** | **545** | **179** | **132** | **-1.450** |
| **Net cash - Closing period** | **179** | **132** | **-1.451** | **-717** |
| Other information | | | | |
| Income tax paid | 4 | -910 | -2 | |
| Net cash comprises: | | | | |
| Banks overdrafts | -479 | -710 | -2.450 | -1.686 |
| Cash and cash equivalents (excluding overdrafts) | 658 | 842 | 999 | 968 |
| **Total cash and cash equivalents in the statement of cash flows** | **179** | **132** | **-1.451** | **-719** |

## 6.2 VALUATION – OFFER PRICE

There is no established and/or liquid market for the Ordinary Shares, including the Offer Shares. Accordingly, in arriving at the Offer Price for the Intermediaries Offer, the Issuer consulted with the Global Arranger as described below. Other than as described below, no method was applied to determine the Offer Price and no person other than the Issuer set the criteria for or was formally responsible for the determination of the Offer Price.

The Issuer determined the Offer Price by reference to a valuation report dated January 2014 prepared for the Issuer by the Global Arranger (the "**Valuation Report**"). The Valuation Report uses two parallel approaches to place an "equilibrium" or enterprise value on the Issuer: one that applies a discounted cash flow forecast for the Issuer's business and the other based on establishing a value based on a comparable multiple of earnings relative to the Issuer's "peer group" of gaming businesses. The equilibrium value suggested for the Issuer in the Valuation Report is the arithmetic mean of the values produced by these two approaches. This equilibrium value is then discounted by 23% to reflect the absence of any market for the Issuer's Ordinary Shares and applied proportionately to the number of Offer Shares to result in the Offer Price.

The Valuation Report is a Reference Document and is available for inspection as described in section 16 of this Prospectus. No expenses or taxes will be specifically charged to investors in Ordinary Shares in connection with the preparation, submission or availability of the Valuation Report.

# 7. CONSOLIDATED PROJECTED FINANCIAL STATEMENTS

These consolidated projected financial statements and forecast information for the PI Group are presented in thousands of Euro and were approved by the Directors for issue on 15 July 2014. The forecast accounts and forecast information are still correct as at the date of this Prospectus.

Since the forecast information for the financial years ending 31 December 2014 onwards that is contained in this section 7 constitutes a forecast of the Issuer's financial position and prospects, it has not been extracted from the Issuer's audited financial statements. Any financial information relating to the financial years ending 31 December 2013 and earlier has been included for comparison purposes only and has been extracted from the Issuer's consolidated audited financial statements for the financial years indicated.

The forecasts have been properly prepared to represent in all material respects the financial position and assets and liabilities of the PI Group for the years ending as indicated in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The basis on which the forecasts have been prepared is therefore consistent with that for the preparation of the Issuer's consolidated audited financial statements for the period ending 31 December 2013 as they are reproduced in section 8 of this Prospectus.

The main assumptions used to establish the forecast information in this section 7 are set out in the Auditor's Report on the Issuer's consolidated projected financial statements prepared by Grant

Thornton and issued on 15 July 2014 (the "**Auditor's Report on Consolidated Projected Financial Statements**"). The Auditor's Report on Consolidated Projected Financial Statements has been prepared in accordance with the requirements of Item 13.2 of Annex I of EU Regulation EC 809/2004, and is incorporated into this Prospectus by reference.

## 7.1 INCOME STATEMENTS

Forecast accounts have been established for years 2014, 2015 and 2016. Forecast information has been established for year 2017.

**P&L analysis for the Group**

In thousands of euros

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|
| Sales | 36,451 | 40,077 | 46,427 | 52,916 | 72,924 | 112,920 |
| Other income | 232 | 662 | 737 | 832 | 947 | 1,089 |
| **Operating income** | **36,683** | **40,739** | **47,165** | **53,748** | **73,871** | **114,009** |
| **EBITDA** | **3,899** | **4,965** | **9,078** | **14,148** | **23,653** | **47,085** |
| Amortization and depreciation | (2,736) | (2,713) | (2,924) | (4,039) | (5,006) | (9,484) |
| Provisions | (254) | (16) | (17) | (18) | (319) | (57) |
| **EBIT** | **909** | **2,236** | **6,137** | **10,091** | **18,329** | **37,544** |
| Net Interest expense | (1,008) | (770) | (2,063) | (1,463) | (1,443) | (1,443) |
| **Pretax income** | **(99)** | **1,466** | **4,074** | **8,628** | **16,886** | **36,101** |
| Income tax | (812) | (984) | (2,171) | (4,806) | (5,161) | (8,548) |
| **Net income** | **(911)** | **482** | **1,902** | **3,821** | **11,724** | **27,554** |
| Minority interest | 172 | (40) | (462) | (1,367) | (1,585) | (2,493) |
| **Result, part of the group** | **(739)** | **442** | **1,440** | **2,454** | **10,140** | **25,060** |

## 7.2 BALANCE SHEETS

Forecasts have been established for years 2014, 2015 and 2016. Forecast information has been established for year 2017. The forecast consolidated balance sheets can be analysed as follows:

**Balance Sheet**

In thousands of euros

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Intangible fixed assets | 42,424 | 40,652 | 41,180 | 39,996 | 38,532 | 37,068 |
| Property, plant and equipment | 4,818 | 5,650 | 8,132 | 16,215 | 23,187 | 39,545 |
| Financial assets | 496 | 644 | 679 | 687 | 698 | 708 |
| NON-CURRENT ASSETS | 47,738 | 46,946 | 49,992 | 56,898 | 62,417 | 77,320 |
| Inventories | 30 | 88 | 94 | 94 | 94 | 94 |
| Deferred tax asset | 317 | - | - | - | - | - |
| Accounts receivable | 2,110 | 157 | 216 | 298 | 374 | 427 |
| Other debtors | 8,522 | 6,769 | 6,846 | 6,828 | 6,812 | 6,794 |
| Prepaid expenses | 414 | 277 | 420 | 588 | 802 | 924 |
| Cash and cash equivalents | 999 | 968 | 25,706 | 23,519 | 31,087 | 45,353 |
| CURRENT ASSETS | 12,392 | 8,259 | 33,282 | 31,327 | 39,170 | 53,592 |
| TOTAL ASSETS | 60,130 | 55,205 | 83,274 | 88,225 | 101,587 | 130,912 |
| EQUITY AND LIABILITIES | | | | - | - | - |
| Capital stock | 30,505 | 30,505 | 45,505 | 45,505 | 45,505 | 45,505 |
| Reserves | 10,070 | 10,052 | 10,074 | 10,146 | 10,269 | 10,776 |
| Retained earnings | (2,164) | (2,515) | (2,095) | (726) | 1,605 | 11,237 |
| Result, part of the group | (737) | 522 | 1,440 | 2,454 | 10,140 | 25,060 |
| EQUITY ATTRIBUTABLE TO OWNERS | 37,674 | 38,564 | 54,924 | 57,378 | 67,518 | 92,578 |
| Minority interest reserve | - | (1,015) | (975) | (513) | 854 | 2,439 |
| Result allocated to minority interest | (1,015) | (40) | 462 | 1,367 | 1,585 | 2,493 |
| TOTAL EQUITY | 36,659 | 37,509 | 54,412 | 58,233 | 69,957 | 97,511 |
| Provisions for risk | 1,550 | 333 | 1,085 | 1,157 | 1,210 | 1,266 |
| Financial debt | 8,360 | 6,968 | 17,898 | 17,618 | 17,597 | 17,597 |
| Cash overdraft | 2,450 | 1,686 | - | - | - | - |
| Accounts payable | - | 3,834 | 3,940 | 4,864 | 5,631 | 6,219 |
| Tax and payroll debt | 1,095 | 1,808 | 2,425 | 2,665 | 3,208 | 4,023 |
| Other debt | 10,017 | 3,068 | 3,515 | 3,689 | 3,983 | 4,295 |
| TOTAL LIABILITIES | 23,472 | 17,695 | 28,862 | 29,992 | 31,629 | 33,400 |
| TOTAL EQUITY AND LIABILITIES | 60,131 | 55,205 | 83,273 | 88,225 | 101,586 | 130,911 |

## 7.3 CASH FLOW

**Cash flows**

In thousands of euros

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|
| Cash flow generated (used) by operating activities | | | | | | |
| Result part of the group | (739) | 482 | 1,440 | 2,454 | 10,140 | 25,060 |
| Result allocated to minority interest | (172) | - | 462 | 1,367 | 1,585 | 2,493 |
| Amortization of intangible fixed assets | 1,428 | 1,409 | 1,414 | 1,465 | 1,466 | 1,466 |
| Depreciation of tangible fixed assets | 1,268 | 1,304 | 1,509 | 2,574 | 3,540 | 8,018 |
| Variation of provisions | 253 | (1,217) | 752 | 72 | 53 | 56 |
| Variation of operating assets | 678 | 1,878 | (286) | (232) | (274) | (156) |
| Variation of operating liabilities | 4,080 | - | 1,170 | 1,338 | 1,605 | 1,715 |
| Cash flow generated (used) by operating activities | 6,796 | 4,234 | 6,463 | 9,039 | 18,114 | 38,653 |
| Cash flow generated (used) by investing activities | | | | | | |
| Acquisition of intangible fixed assets | 35 | 256 | (1,942) | (281) | (1) | (1) |
| Acquisition of tangible fixed assets | (3,418) | (2,514) | (3,992) | (10,657) | (10,513) | (24,375) |
| Acquisition of financial fixed assets | (4,076) | - | (35) | (8) | (11) | (10) |
| Other investments | - | (172) | - | - | - | - |
| Cash flow generated (used) by investing activities | (7,459) | (2,477) | (5,969) | (10,946) | (10,525) | (24,387) |
| Cash flow generated (used) by financing activities | | | | | | |
| Variation of Reserves | (4,556) | (456) | - | - | - | - |
| Variation of capital stock | - | - | 15,000 | - | - | - |
| Variation of financial debts | 3,633 | 997 | 10,930 | (280) | (21) | - |
| Cash flow generated (used) by financing activities | (923) | (1,024) | 25,930 | (280) | (21) | - |
| Total cash flow generated (used) during the fiscal year | (1,586) | 733 | 26,423 | (2,187) | 7,568 | 14,266 |
| Cash - beginning of year | 842 | 999 | 968 | 25,706 | 23,519 | 31,087 |
| Bank overdraft - beginning of year | (710) | (2,450) | (1,686) | - | - | - |
| Total cash - beginning of year | 132 | (1,451) | (717) | 25,706 | 23,519 | 31,087 |
| Cash - end of year | 999 | 968 | 25,706 | 23,519 | 31,087 | 45,353 |
| Bank overdraft - end of year | (2,450) | (1,686) | - | - | - | - |
| Total cash - end of year | (1,451) | (718) | 25,706 | 23,519 | 31,087 | 45,353 |
| Total cash flow generated (used) during the fiscal year | (1,586) | 733 | 26,423 | (2,187) | 7,568 | 14,266 |

# 8. FINANCIAL INFORMATION ON THE ISSUER'S ASSETS, FINANCIAL POSITION AND RESULTS – CONSOLIDATED AUDITED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

The following are the audited financial statements of the Issuer for the financial year ending 31 December 2013. CCM-Audit & Conseil has consented in writing to the inclusion of its report and commentary in the form and context in which it appears in this section 8 and it has not withdrawn its consent prior to the delivery of this Prospectus to the Listing Authority for approval.

C C M – Audit & Conseil
Cabinet Christian Marmignon
RSM Correspondent

**PEFACO WEST AFRICA (PWA)**
**Independent Auditors' report on the consolidated financial Statements**
**For the year ended 31 december 2013**

**July 7th 2014**
**To the chairman of the board of Directors**
**Pefaco West Africa (PWA)**
**Abidjan – Plateau Alpha 2000**
**Côte d'Ivoire**

Ladies and Gentlemen

In compliance with your request, we have audited the accompanying consolidated financial statements of Pefaco West Africa for the year ended 31 December 2013.

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing (« ISA »). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

01 B.P. 659 Abidjan 01 - Côte d'Ivoire - Tél : 20 22 39 66 - Fax : 20 21 35 36 - Email : ccm@aviso.ci
« Les Acacias » - 22, boulevard Clozel - Abidjan Plateau - RCCM : CI-ABJ-03-2792 - CC : 9708830 V

In our opinion, the consolidated financial statements for the year ended 31 December 2013 present fairly, in all material respects, the financial position and assets and liabilities of the group constituted by the persons or entities included in the consolidation and the results of its operations for the years then ended in accordance with IFRS as issued by the International Accounting Standards Board (« IASB »).

CCM Audit & Conseil
**RSM** *Correspondent*

Christian Marmignon
**Chartered Accountant**

**PEFACO WEST AFRICA (PWA)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**Summary**

## 1 Consolidated Balance sheet

| ASSETS | | Year ended 31 December | | |
|---|---|---|---|---|
| **In thousands of euros** | **Notes** | **2013** | **2012** | **2011** |
| Goodwill | 5.7.1 | 32 812 | 32 812 | 30 048 |
| Other Intangile assets | 5.7.2 | 7 840 | 9 612 | 10 769 |
| Property, plants and equipment | 5.7.3 | 5 650 | 4 433 | 4 634 |
| Other non-current financial assets | | 644 | 385 | 632 |
| Restricted cash | | 0 | 496 | |
| Deferred tax assets | 5.8.4 | 0 | 317 | 275 |
| ***Non-current assets*** | | ***46 946*** | ***48 055*** | ***46 358*** |
| Inventories | 5.7.4 | 88 | 30 | 30 |
| Loans to related parties | 5.7.6 | 5 076 | 8 522 | 3 988 |
| Trade and other receivables | 5.7.7 | 2 127 | 2 525 | 553 |
| Cash and cash equivalents | 5.7.8 | 968 | 999 | 843 |
| ***Current assets*** | | ***8 259*** | ***12 076*** | ***5 414*** |
| **Total assets** | | **55 205** | **60 131** | **51 772** |

| EQUITY AND LIABILITIES | | Year ended 31 December | | |
|---|---|---|---|---|
| **In thousands of euros** | **Notes** | **2013** | **2012** | **2011** |
| Share capital | | 30 505 | 30 505 | 30 505 |
| Additional paid in capital and legal reserve | | 10 052 | 10 070 | 10 034 |
| Other reserves | | (2 515) | (2 164) | (1 581) |
| Currency translation reserves | | | | |
| Net income for the period attributable to owners | | 522 | (737) | 766 |
| ***Equity attributable to owners*** | | ***38 564*** | ***37 674*** | ***39 724*** |
| Non-controlling interest | | (1 055) | (1 015) | (1 325) |
| ***Total Equity*** | ***3*** | ***37 509*** | ***36 659*** | ***38 399*** |
| Non-current borrowings | 5.7.9 | | 4 896 | 2 516 |
| Non-current provisions | | | | |
| Deferred tax liabilities | | | | |
| ***Non-current liabilities*** | | ***0*** | ***4 896*** | ***2 516*** |
| Current borrowings | 5.7.9 | 8 654 | 5 914 | 2 670 |
| Current provisions | 5.7.10 | 333 | 1 550 | 1 296 |
| Income tax payable | | 1 809 | 1 095 | 116 |
| Trade and other payables | 5.7.5 | 6 901 | 10 017 | 6 776 |
| ***Current liabilities*** | | ***17 697*** | ***18 576*** | ***10 858*** |
| **Total Equity and liabilities** | | **55 206** | **60 131** | **51 773** |

# 2 Consolidated Income statement and Consolidated Statement of Comprehensive Income

| In thousands euros | Notes | Year ended 31 December 2013 | 2012 | 2011 |
|---|---|---|---|---|
| Net gaming revenues | | 40 077 | 36 451 | 34 052 |
| Beverage revenues | | 662 | 232 | 315 |
| **Total revenues** | **5.6** | **40 739** | **36 683** | **34 367** |
| Goods purchased | | (2 342) | (2 253) | (2 143) |
| Personnel expenses | 5.8.1 | (12 705) | (10 672) | (8 804) |
| Taxes other than income | | (3 887) | (2 239) | (1 726) |
| External expenses | | (5 956) | (7 745) | (5 793) |
| Management fees Grupo Pefaco | 5.10 | (10 884) | (9 874) | (11 705) |
| Other operating income and expenses | | | | (129) |
| **EBITDA** | | **4 965** | **3 900** | **4 067** |
| Depreciation, amorisation and provisions | 5.8.2 | (2 729) | (2 990) | (2 600) |
| **Operating income** | | **2 236** | **910** | **1 467** |
| Financial income | 5.8.3 | (903) | | |
| Financial expenses | 5.8.3 | 133 | (1 008) | (347) |
| Income tax | 5.8.4 | (984) | (812) | (627) |
| **Net income for the year** | | **482** | **(910)** | **493** |
| *Net income attributable to owners* | | *522* | *(737)* | *766* |
| *Net income attributable to non-controlling interest* | | *(40)* | *(172)* | *(273)* |
| Number of shares | | 2 001 002 | 2 001 002 | 2 001 002 |

| In thousands euros | Year ended 31 December 2013 | 2012 | 2011 |
|---|---|---|---|
| Net income for the year | 482 | (909) | 492 |
| Other comprehensive income | | | |
| **Comprehensive income (expense) for the year** | **482** | **(909)** | **492** |
| *Comprehensive income attributable to owners* | 522 | (737) | 766 |
| *Comprehensive income attributable to non-controlling interest* | (40) | (172) | (273) |

## 3 Consolidated Statement of Changes in Equity

| In thousands of euros | Share capital | Reserves and group share of profit and loss | Currency transaltion differences | **Equity attributable to owners** | Non controlling interests | **Total Equity** |
|---|---|---|---|---|---|---|
| **Balance as at January 1st, 2011** | **30 505** | **8 452** | | **38 957** | **(1 051)** | **37 906** |
| Capital changes | | | | 0 | | 0 |
| Dividends | | | | 0 | | 0 |
| Net income | | 766 | | 766 | (273) | 493 |
| Comprehensive income | | | | 0 | | 0 |
| Change in scope consolidation | | | | 0 | | 0 |
| **Balance as at December 31, 2011** | **30 505** | **9 218** | **0** | **39 723** | **(1 324)** | **38 399** |
| Capital changes | | | | 0 | | 0 |
| Dividends | | (22) | | (22) | | (22) |
| Net income | | (737) | | (737) | (172) | (909) |
| Comprehensive income | | | | 0 | | 0 |
| Change in scope consolidation | | (1 290) | | (1 290) | 482 | (808) |
| **Balance as at December 31, 2012** | **30 505** | **7 169** | **0** | **37 674** | **(1 014)** | **36 660** |
| Capital changes | | | | 0 | | 0 |
| Dividends | | 0 | | 0 | | 0 |
| Net income | | 522 | | 522 | (40) | 482 |
| Comprehensive income | | | | 0 | | 0 |
| Change in scope consolidation | | 367 | | 367 | | 367 |
| **Balance as at December 31, 2013** | **30 505** | **8 058** | **0** | **38 563** | **(1 054)** | **37 509** |

## 4 Consolidated Statement of Cash Flows

| In thousands of euros | Notes | Year ended 31 December 2013 | 2012 | 2011 |
|---|---|---|---|---|
| **Consolidated net income (loss) for the period** | **2** | **482** | **(909)** | **492** |
| Adjustments for: | | | | |
| • Depreciation of intangible assets | 5.7.2 | 1 304 | 1 428 | 1 479 |
| • Depreciation of property, plant and equipment | 5.7.3 | 1 409 | 1 268 | 1 037 |
| • Change in provision | 5.7.10 | (1 217) | 253 | (99) |
| • Gains or losses on disposals of assets | | 61 | 678 | 405 |
| • Financial income or expense | 5.7.3 | | 1 008 | 347 |
| • Deferred income tax | 5.7.4 | 317 | (42) | |
| • Change in working capital | | 1 878 | 3 114 | 1 207 |
| **I. Net cash flow (used in)/ from operating activities** | | **4 234** | **6 798** | **4 868** |
| Purchases of property, plant and equipment | 5.7.3 | (2 967) | (1 678) | (3 001) |
| Proceeds from sale of property, plant and equipment | | 453 | 1 713 | 59 |
| Purchase of intangible assets | 5.7.2 | 296 | (3 559) | (530) |
| Proceeds from sale of intangible assets | | | 141 | |
| Change in fixed assets suppliers | | | (482) | (226) |
| Other investments | 3 | (259) | (3 594) | (337) |
| **II. Net cash flow (used in)/ from investing activities** | | **(2 477)** | **(7 459)** | **(4 035)** |
| Change in share capital | | | | |
| Dividends paid to shareholders | 3 | 368 | (22) | |
| Loans to shareholders | | | (4 534) | (3 988) |
| Proceeds from new loans and borrowings | | | 5 470 | 3 108 |
| Repayments of borrowings | | (1 392) | (1 837) | |
| **III. Net cash flow (used in)/ from financing activities** | | **(1 024)** | **(923)** | **(880)** |
| IV. Impact from changes in currency rates | | | | |
| **Net Change in cash and cash equivalents (I+II+III+IV)** | | **733** | **(1 584)** | **(47)** |
| Net cash - Opening period | | (1 450) | 132 | 179 |
| Net cash - Closing period | | (717) | (1 451) | 132 |
| **Net Change in cash and cash equivalents** | | **733** | **(1 583)** | **(47)** |

Net cash is as follows:

| In thousands of euros | Year ended 31 December 2013 | 2012 | 2011 |
|---|---|---|---|
| Cash and cash equivalents (excluding overdraft) | 969 | 999 | 842 |
| Bank overdraft | (1 686) | (2 450) | (710) |
| **Total cash and cash equivalents in the statement of cash flows** | **(717)** | **(1 451)** | **132** |

# 5 Notes to the consolidated financial statements

## 5.1 Company information

### 5.1.1 Présentation of PWA

Pefaco West Africa (PWA) is a holding company with subsidiaries established in West African countries throughout the commercial brand Lydia Ludic. PWA is a leisure & gaming group that operates 5.253 slot machines, which is broken down as follows:

| LLCI | Bénin | Burkina | Niger | Togo | TOTAL |
|---|---|---|---|---|---|
| 1.270 | 1.166 | 1.636 | 287 | 894 | **5.253** |

The Group is present in more than 94 cities in 5 countries and has several "VIP playrooms" in different countries.

PWA is a subsidiary of Grupo Pefaco, Spanish Group established in Africa, South America and Europe, specialized in the leisure & gaming activities as well as in hospitality services. As of December 31, 2013, the share capital is owned by Grupo Pefaco (99%) and two private persons (1%) who are the managers of Grupo Pefaco.

PWA is a private limited company and incorporated and domiciled in Ivory Coast. The address of its registered office is Tour Alpha 2000, Rue Gourgas, 22ième étage, porte 1, Abidjan – Plateau, Ivory Coast.

The Group is currently established in the following countries:

- Benin;
- Togo;
- Burkina Faso;
- Togo;
- Ivory.

These financial statements are presented in thousand of euros.

### 5.1.2 Evolution of the last three years

The Group keeps negotiating new licenses in order to diversify its activities and start business in new countries.

In 2009, the Group's main shareholder, Grupo Pefaco, obtained from the Ivorian government the exclusive right to exploit slot machines in Côte d'Ivoire. PWA has incorporated Lydia Ludic Côte d'Ivoire (LLCI) which started in September 2009. At this date, LLCI purchased from Grupo Pefaco, the exclusive license right in Ivory Coast in exchange of 37,5% of LLCI shares. Following this transaction, LLCI remaining license debt amounted to Euros 4 million.

In April 2012, Grupo Pefaco sold 13,5% of LLCI shares to PWA. At 31/12/2013, PWA owns 76% of LLCI shares.

## 5.2 Basis of preparation and adoption of IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.5.

## 5.3 Summary of significant accounting policies

The main accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented.

### 5.3.1 Principles of consolidation

The financial statements consolidate the accounts of PWA and its subsidiaries. Subsidiaries are those entities which PWA controls by having the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by PWA and are deconsolidated from the date the control ceases. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated.

Non controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to no-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity. Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control, are accounted for as equity transactions.

PWA holds five operating subsidiaries fully consolidated on all periods presented. In addition, PWA hold 100% stakes in the company Building West Africa (BWA), in the company Satall and in the SCI Sagi. BWA, started in 2009, was created to promote social property in West Africa. The company has been liquidated and thus has not been consolidated in PWA consolidated accounts on all period presented. SCI Sagi has been created in 2011 and does not hold any significant assets or liabilities, and has no significant activities to date. Satall subsidiary is a purchasing platform for the whole group, has been excluded from the consolidation scope as non material at the end of 2013.

The Group organization chart excluding BWA, Satall and SCI Sagi is presented as follows:


The consolidation scope of the Group for the year ended December 31, 2013 is as follows:

| Company name | Country | % Control | % interest | Consolidation Method |
|---|---|---|---|---|
| Lydia Ludic Burkina Faso | Burkina Faso | 85% | 85% | Full integration |
| Pefaco Industries Benin | Benin | 90% | 90% | Full integration |
| Lydia Ludic Niger | Niger | 100% | 100% | Full integration |
| Lydia Ludic Togo | Togo | 100% | 100% | Full integration |
| Lydia Ludic Cote d'Ivoire | 76% | 76% | 76% | Full integration |

### 5.3.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocation resources and assessing performance of the operating segments, has been identified as the general manager that makes strategic decisions. Segment reporting is detailed in note 5.6.

### 5.3.3 Foreign currency translation

#### *5.3.3.1 Functional and presentation currency*

PWA and all subsidiaries are using the XOF (FCFA) as their functional currency. The presentation used for the present consolidated financial statements is the Euro. XOF has a fixed exchange rate with the Euro (1 Euro = FCFA 655,957) for all the periods presented. As the result, the Group's currency reserve will be equal to zero

#### *5.3.3.2 Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement within "Financial income" or "Financial expenses".

### 5.3.4 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over PWA's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquire.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each cash generating (CGU), or group of CGUs, that is expected to benefit from the synergies of combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGU level. The identified CGUs correspond to the geographical areas where the Group operates.

As December 31, 2013, the Group operates five CGUs respectively in Benin, Togo, Burkina Faso, Niger and Côte d'Ivoire. The goodwill has been allocated based on fair value of each entity sold by Grupo Pefaco to PWA, and is presented in note 5.7.1.

### 5.3.5 Intangible assets

#### *5.3.5.1 Acquired licenses*

Separately acquired licenses are shown at historical cost. Licenses acquired in a business combination are recognized at fair value at the acquisition date. Licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses aver their estimated useful lives.

For the year ended December 31, 2013, no acquisition has been made by PWA. The previous acquisition concerns a license and exclusive rights authorizing the Group to operate in Côte d'Ivoire, in 3009 for a total consideration of Euros 14 million. This license granted for a ten year period is amortized on a ten year period using the straight-line method. An add on license in Côte d'Ivoire has been acquired in 2012 for an amount of Euros 0, 4 million.

#### 5.3.5.2 *Other intangible assets*

They include computer software. Acquired computer software licenses are capitalized based on the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives of three to five years.

### 5.3.6 Property, plant and equipment

Property, plant and equipment (PPE) should be recognized initially at cost. Cost comprises all directly attributable costs in bringing the asset to the location and condition necessary for normal use. Subsequently, either the cost or revaluation model may be applied. An entity must apply the same measurement model consistently to each class of PPE. Revaluation surpluses are recognized as other comprehensive income and accumulated in equity Items of PPE must be depreciated on a systematic basis over their useful life. On disposal, the difference between the carrying amount of the asset and proceeds received is recognized in profit or loss.

Repairs and maintenance costs are charged to consolidated statement of comprehensive income during the period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives, as follows:

| Fixed assets categories | Amortization |
|---|---:|
| General facilities | 10 years |
| Commercial equipment | 5 years |
| Office equipment | 5 to 10 years |
| Computer equipment | 3 to 10 years |
| Office furniture | 5 years |
| Vehicles | 5 years |

### 5.3.7 Impairment of non-financial assets

At each balance sheet date, the carrying amounts of the intangible assets, property, plant and equipment and investment property will be reviewed in order to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the greater of the fair value less cost to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market conditions. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the Cash Generating Unit to which the asset belongs will be estimated.

Goodwill arising on acquisition is allocated to the Cash Generating Units that are expected to benefit from the synergies of the acquisition. Those groups of Cash Generating Units represent the lowest level within the Group at which goodwill is monitored for internal management purposes. The recoverable amount of the Cash Generating Unit that carries a goodwill is tested for impairment annually as or on such other occasions that events or changes in circumstances indicate that it might be impaired.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

In case of impairment losses related to Cash Generating Units that carry a goodwill the carrying amount of any goodwill allocated to the Cash Generating Unit is reduced first. If the amount of impairment losses exceeds the carrying amount of goodwill, the difference is generally allocated proportionally to the remaining non-current assets of the Cash Generating Unit to reduce their carrying amounts accordingly.

Where an impairment loss subsequently reverses, the carrying amount of the asset (Cash Generating Unit) is increased to the revised estimate of its recoverable amount. The revised amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (Cash Generating Unit) in prior years. A reversal of an impairment loss is recognized as income immediately. However, impairment losses of goodwill may not be reversed.

### 5.3.8 Inventories

Inventories are stated at the lower cost of net realizable value. Cost is determined using the first in, first out (FIFO) method. PWA's inventories are composed of chips of beverages. It excludes borrowing costs. If carrying value exceeds net realizable amount, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

### 5.3.9 Trade receivables

Trade receivables are amounts due from customers for merchandises sold and services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value, less provision for impairment.

### 5.3.10 Financial assets and liabilities

#### *5.3.10.1 Financial assets (loans and receivables)*

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in active market. They are include in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence or impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement.

PWA loans and receivables are mainly composed of trade receivable, cash and cash equivalents and financial loan and deposit.

### 5.3.10.2 Financial liabilities

Financial liabilities are liabilities that must be settled in cash or other financial assets. These especially include trade accounts payable, derivative financial liabilities and components of financial debt, mainly bonds and other securitized liabilities, liabilities to financial institutions and finance lease liabilities. Financial liabilities are initially carried at fair value. This includes any transaction costs directly attributable to the acquisition of financial liabilities, which are not carried at fair value through profit or loss in future periods.

PWA liabilities at amortized costs mainly include borrowings and trade payables.

PWA's financial assets and liabilities by category by category are disclosed in the note 5.7.5.

### 5.3.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hands, deposits, held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

### 5.3.12 Share capital

The Company's shares are ordinary shares only. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as deduction, net of tax, from the proceeds.

### 5.3.13 Provisions

Provisions for various reasons are recognized when:

i. The group has a present legal or constructive obligation as result of past events;

ii. It is probable that an outflow of resources will be required to settle the obligation;
iii. The amount has been reliably estimated.

Provisions are estimated at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted where the effect is material.

### 5.3.14 Employee benefits

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The group could have both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

The group has recognized no employee benefits provision as their estimation is non material because of the high turnover rate and with a weak average age ranging.

### 5.3.15 Current and deferred income tax

The tax expense for the periods presented is comprised of current and deferred taxes. Tax is recognized in the income statement, except when it relates to items recognized in other incomprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable from previous year.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit as well as for unused tax losses or credits. In principle, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax assets and liabilities are also recognized on temporary differences arising from business combinations except to the extent they arise from goodwill that is not taken into account for tax purposes.

Deferred taxes are calculated at the enacted or substantially enacted tax rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited to the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also recognized directly in equity.

Deferred income tax assets and liabilities are presented as non-current items in the statement of financial position.

### 5.3.16 Presentation of revenues

Group's revenues include net gaming revenues, gaming entry fees and revenues from the sale of food and beverages. Net gaming revenues relate to amounts gambled less amounts paid out to players.

The group earns revenue primarily from machines and games operated and owned by the Group and located in rented premises or bars.

However, a growing parts of revenues derives from machines installed outside from its premises (particularly in bars). In this particular case, the Group pays back of revenues generated by the machine to the owner of the premises where the machine is installed (around 10% of revenues depending on the country). Revenue is presented after deduction of this commission.

### 5.3.17 Management fees Grupo Pefaco

The Group benefits from its main shareholders' activities which include:

i. Supply services of personnel including temporary staff and key personnel (managers…);
ii. Research of slot machines on the worldwide market to provide PWA subsidiaries with sufficient commercial equipment;

iii. Long and hard negotiations with local governments and/or national lotteries for the existing subsidiaries to obtain either licenses or necessary approvals on long term periods to operate in these countries and;
iv. All services rendered to prospect new countries which will provide PWA with a sustainable growth in the coming years.

In light of the development plan of PWA, and the transfer of all the gaming operations of Grupo Pefaco to PWA, whilst the management fees should decrease drastically in the coming years, Grupo Pefaco intends to transfer over the next 24 months all these related party activities, which were performed until now by Grupo Pefaco personnel in Barcelona.

### 5.3.18 Leases

Leases in which not substantially all the risks and rewards have been transferred to the lessee are classified as operating leases.

PWA has no finance leases.

### 5.3.19 Earnings per share

PWA presents earnings per share in accordance with IAS 33. Basic earnings per share (EPS), is calculated by dividing the net income (loss) for the period attributable to equity owners of PWA by the weighted average number of commun shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments.

PWA has no dilutive instruments.

### 5.3.20 Earnings before Income Tax, Depreciation and Amortization (EBITDA)

EBITDA presented by PWA represents the sum of the line items "Operating income" and the "depreciation, Amortization and provision" as presented in the Consolidated Income Statement.

## 5.4 Financial risk management

### 5.4.1 Financial risks factors

PWA activities are exposed to a variety of financial risk: market risk, credit risk and liquidity risk. The group's overall risk management program focuses on the un predictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance.

#### *5.4.1.1 Markets risks*

##### 5.4.1.1.1 Local market risks

The gaming industry is linked to the local jurisdiction and local regulatory requirements:

- Licenses and/or permits;
- Documentation of qualifications;
- Other required approvals for companies who manufacture or distribute gaming equipment and services, including but not limited to approvals for new products;
- Individual suitability of officers, directors, major shareholders, and key employees.

To expand into new jurisdictions, PWA may need to be licensed, obtain approvals of its products and/or seek licensure of its officers, directors, major stockholders, key employees, or business partners.

Any license, permit, approval or finding of suitability may be revoked, suspended or conditioned at any time.

PWA has been active and present in West Africa markets since 1996. It is well inserted in the local environment and is major job provider. It operates in regulated areas and the market risks are no greater than markets risks in similar industries elsewhere. It is an environment still with low regulatory constraints as most states where we are operating do not perceive as essential to regulate more at this stage.

##### 5.4.1.1.2 Foreign exchange risk

Foreign exchange risks arising on business transactions, is not material in light of the Group's minimal exposure to currencies other than the FCFA (which has a fixed parity with the Euro).

##### 5.4.1.1.3 Price risk

The Group is not exposed to price risk on its goods.

#### *5.4.1.2 Liquidity risks*

Liquidity risk is that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. PWA objective in managing liquidity risk is to maintain sufficient readily available resources in order to meet its financial obligations as they come due.

#### *5.4.1.3 Credit risks*

PWA is not exposed to any credit risk since all transactions are operated on a cash basis. The Company does not grant any credit to its clients. This highly reduces bad debt risk for all operating subsidiaries of the Group.

#### *5.4.1.4 Interest rate risks*

The Group does not hold any material interest-bearing assets, and does not hold any loans initially issued a floating rates. All Company's borrowing are on a fixed rate basis.

The Group is not exposed to interest rate variations.

### 5.4.2 Capital management

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

PWA has a low level of borrowings with a net debt of Euros 9.622 million as at December 2013. The net debt is as follows:

| In thousands of euros | 12/31/2013 | 12/31/2012 |
|---|---|---|
| Financial Debt | 6 968 | 8 360 |
| Cash overdraft | 1 686 | 2 450 |
| Cash | 968 | (999) |
| Restricted cash | | (496) |
| **Total** | **9 622** | **9 315** |

## 5.5 Use of estimates

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

## 5.6 Segment reporting

The Group operates only one business segment (gaming). The management considers the business from a geographic perspective and also the performance in the countries it operates. The performance of the operating segments is evaluated on the basis on a measure of revenue and EBITDA.

Goodwill and licenses represent the major assets held by the Group and are followed by the Group's general manager.

Performances made by the subsidiaries are as follows:

| In thousands of euros | Burkina Faso | Benin | Niger | Togo | Ivory Coast | PWA | Inter Companies | Total |
|---|---|---|---|---|---|---|---|---|
| **Year ended December 31, 2011** | | | | | | | | |
| ***Income statement*** | | | | | | | | |
| Total revenue | 13 142 | 6 553 | 3 535 | 6 217 | 4 919 | 594 | (594) | **34 366** |
| EBITDA | 462 | 641 | 280 | 1 340 | 1 223 | 120 | | **4 066** |
| Net Income | 88 | 263 | 148 | 831 | (764) | 97 | (170) | **493** |
| ***Assets*** | | | | | | | | |
| Goodwill | 13 120 | 7 074 | 1 059 | 8 795 | | | | **30 048** |
| Licenses | | | | | 10 582 | | | **10 582** |
| **Year ended December 31, 2012** | | | | | | | | |
| ***Income statement*** | | | | | | | | |
| Total revenue | 14 759 | 5 871 | 2 756 | 6 645 | 6 642 | 468 | (594) | **36 547** |
| EBITDA | 315 | 1 010 | (145) | 1 615 | 1 414 | (307) | | **3 902** |
| Net Income | (22) | 337 | (238) | 939 | (704) | (1 063) | (158) | **(909)** |
| ***Assets*** | | | | | | | | |
| Goodwill | 13 120 | 7 074 | 1 059 | 8 795 | 2 764 | | | **32 812** |
| Licenses | | | | | 9 535 | | | **9 535** |
| **Year ended December 31, 2013** | | | | | | | | |
| ***Income statement*** | | | | | | | | |
| Total revenue | 16 047 | 5 728 | 3 027 | 7 016 | 8 922 | 581 | (581) | **40 739** |
| EBITDA | 442 | 1 165 | 46 | 1 603 | 1 787 | (79) | | **4 965** |
| Net Income | 72 | 571 | (30) | 893 | (118) | (749) | (157) | **482** |
| ***Assets*** | | | | | | | | |
| Goodwill | 13 120 | 7 074 | 1 059 | 8 795 | 2 764 | | | **32 812** |
| Licenses | | | | | 14 008 | | | **14 008** |

## 5.7 Notes related to the Consolidated Balance Sheet

### 5.7.1 Goodwill

Goodwill change is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| **In thousands of euros** | **2013** | **2012** | **2011** |
| Net book value at the beginning of the period | 32 812 | 30 048 | 30 048 |
| Additions | | 2 764 | |
| Impairment losses | | | |
| Disposals | | | |
| **Total Goodwill** | **32 812** | **32 812** | **30 048** |

The summary of goodwill allocation for each CGU is as follows:

| In thousands of euros | Year ended 31 December 2013 | 2012 | 2011 |
|---|---|---|---|
| Lydia Ludic Burkina Faso | 13 120 | 13 120 | 13 120 |
| Pefaco Industries Ltd Benin | 7 074 | 7 074 | 7 074 |
| Lydia Ludic Niger | 1 059 | 1 059 | 1 059 |
| Lydia Ludic Togo | 8 795 | 8 795 | 8 795 |
| Lydia Ludic Côte d'Ivoire | 2 764 | 2 764 | |
| **Total Goodwill** | **32 812** | **32 812** | **30 048** |

### 5.7.2 Other intangible assets

Other intangible assets have evolved are as follows:

| In thousands of euros | Licenses | Softwares | Other Intangible assets | Total |
|---|---|---|---|---|
| ***Year ended December 31, 2011*** | | | | |
| At January 1st, 2011 | 11 982 | 4 | 264 | 12 250 |
| Additions | | 23 | | 23 |
| Disposals | | | (27) | (27) |
| Depreciation | (1 400) | (11) | (68) | (1 479) |
| **At December 31, 2011** | **10 582** | **16** | **169** | **10 767** |
| At December 31, 2011 | | | | |
| Deemed cost | 11 982 | 27 | 237 | 12 246 |
| Accumulated depreciation | (1 400) | (11) | (68) | (1 479) |
| *Net book value* | *10 582* | *16* | *169* | *10 767* |
| ***Year ended December 31, 2012*** | | | | |
| At January 1st, 2012 | 10 582 | 17 | 169 | 10 768 |
| Additions | 406 | 7 | | 413 |
| Disposals | | | (141) | (141) |
| Depreciation | (1 454) | (14) | 40 | (1 428) |
| **At December 31, 2012** | **9 534** | **10** | **68** | **9 612** |
| At December 31, 2012 | | | | |
| Deemed cost | 10 989 | 24 | 28 | 11 041 |
| Accumulated depreciation | (1 454) | (14) | 40 | (1 428) |
| *Net book value* | *9 535* | *10* | *68* | *9 613* |
| ***Year ended December 31, 2013*** | | | | |
| At January 1st, 2013 | 9 535 | 10 | 68 | 9 613 |
| Additions | 4 473 | 44 | 72 | 4 589 |
| Disposals | | (2) | (91) | (93) |
| Depreciation | (6 218) | (50) | 0 | (6 268) |
| **At December 31, 2013** | **7 790** | **2** | **49** | **7 841** |
| At December 31, 2013 | | | | |
| Deemed cost | 14 008 | 52 | 49 | 14 109 |
| Accumulated depreciation | (6 218) | (50) | 0 | (6 268) |
| *Net book value* | *7 790* | *2* | *49* | *7 841* |

The significant amount concerns a license and exclusive rights to operate in Ivory Coast acquired in 2009 for a total of Euros 14 millions. The other intangible assets are not significant.

### 5.7.3 Property, plant and equipment

Property, Plant and equipment have evolved as follows:

| In thousands of euros | Land and buildings | General facilities | Commercial equipment | Office equipment | Computer equipment | Office furniture | Vehicles | Other | Total |
|---|---|---|---|---|---|---|---|---|---|
| At December 31, 2012 | | | | | | | | | |
| Deemed cost | 802 | 443 | 3 730 | 56 | 95 | 47 | 276 | 250 | 5 699 |
| Accumulated depreciation | 0 | (100) | (938) | (33) | (37) | (8) | (111) | (39) | (1 266) |
| Net book value | **802** | **343** | **2 792** | **23** | **58** | **39** | **165** | **211** | **4 433** |
| **Year ended December 31, 2013** | | | | | | | | | |
| At January 1st, 2013 | 0 | 1 806 | 6 032 | 218 | 240 | 132 | 1 010 | 445 | 9 883 |
| Reclassifications | 802 | (986) | 505 | (54) | (23) | (31) | (46) | (168) | (1) |
| Additions | | 173 | 2 771 | 10 | 70 | 15 | 21 | 1 539 | 4 599 |
| Disposals | | (625) | (284) | (33) | (20) | (52) | (95) | (1 695) | (2 804) |
| Depreciation | | (394) | (4 425) | (145) | (192) | (46) | (819) | (8) | (6 029) |
| **At December 31, 2013** | **802** | **(26)** | **4 599** | **(4)** | **75** | **18** | **71** | **113** | **5 648** |
| At December 31, 2013 | | | | | | | | | |
| Deemed cost | 802 | 368 | 9 024 | 141 | 267 | 64 | 890 | 121 | 11 677 |
| Accumulated depreciation | 0 | (394) | (4 425) | (145) | (192) | (46) | (819) | (8) | (6 029) |
| Net book value | **802** | **(26)** | **4 599** | **(4)** | **75** | **18** | **71** | **113** | **5 648** |

### 5.7.4 Inventories

Inventories which mainly include chips and beverages, are as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| **In thousands of euros** | **2013** | **2012** | **2011** |
| Gross value | 88 | 30 | 30 |
| Depreciation | | | |
| **Total** | **88** | **30** | **30** |

### 5.7.5 Financial assets and liabilities by category

#### *5.7.5.1 Financial assets*

The company's financial assets are classified as follows:

| | December 31, 2013 | | | | |
|---|---|---|---|---|---|
| **In thousands of euros** | **Loans and receivables** | **Assets at fair value through profit and loss** | **Available for sale** | **Total net book value per balance sheet** | **Fair value** |
| **Assets as per balance sheet** | | | | 0 | 0 |
| Other non current financial assets | 644 | | | 644 | 644 |
| Loans to related parties | 5 076 | | | 5 076 | 5 076 |
| Trade and other receivables | 2 127 | | | 2 127 | 2 127 |
| Restricted cash | | | | 0 | 0 |
| Cash and cash equivalents | 968 | | | 968 | 968 |
| **Total Financial assets** | **8 815** | **0** | **0** | **8 815** | **8 815** |

| | December 31, 2012 | | | | |
|---|---|---|---|---|---|
| **In thousands of euros** | **Loans and receivables** | **Assets at fair value through profit and loss** | **Available for sale** | **Total net book value per balance sheet** | **Fair value** |
| ***Assets as per balance sheet*** | | | | | |
| Other non current financial assets | 385 | | | 385 | 385 |
| Loans to related parties | 8 522 | | | 8 522 | 8 522 |
| Trade and other receivables | 2 525 | | | 2 525 | 2 525 |
| Restricted cash | 496 | | | 496 | 496 |
| Cash and cash equivalents | 999 | | | 999 | 999 |
| **Total Financial assets** | **12 927** | **0** | **0** | **12 927** | **12 927** |

| In thousands of euros | December 31, 2011<br>Loans and receivables | Assets at fair value through profit and loss | Available for sale | Total net book value per balance sheet | Fair value |
|---|---|---|---|---|---|
| ***Assets as per balance sheet*** | | | | | |
| Other non current financial assets | 632 | | | 632 | 632 |
| Loans to related parties | 3 988 | | | 3 988 | 3 988 |
| Trade and other receivables | 553 | | | 553 | 553 |
| Restricted cash | | | | 0 | 0 |
| Cash and cash equivalents | 842 | | | 842 | 842 |
| **Total Financial assets** | **6 015** | **0** | **0** | **6 015** | **6 015** |

### 5.7.5.2 Financial liabilities

The company's financial liabilities are classified as follows:

| In thousands of euros | December 31, 2013<br>Liabilities at fair value through profit and loss | Other financial liabilities at amortized cost | Total net book value per balance sheet | Fair value |
|---|---|---|---|---|
| **Liabilities as per balance sheet** | | | 0 | 0 |
| Current and non-current borrowings | | 8 654 | 8 654 | 8 654 |
| Trade and other payables | | 6 901 | 6 901 | 6 901 |
| **Total Financial assets** | **0** | **15 555** | 15 555 | **15 555** |

| In thousands of euros | December 31, 2012<br>Liabilities at fair value through profit and loss | Other financial liabilities at amortized cost | Total net book value per balance sheet | Fair value |
|---|---|---|---|---|
| **Liabilities as per balance sheet** | | | | |
| Current and non-current borrowings | | 10 810 | 10 810 | 10 810 |
| Trade and other payables | | 10 017 | 10 017 | 10 017 |
| **Total Financial assets** | **0** | **20 827** | 20 827 | **20 827** |

| In thousands of euros | Liabilities at fair value through profit and loss | Other financial liabilities at amortized cost | Total net book value per balance sheet | Fair value |
|---|---|---|---|---|
| | December 31, 2011 | | | |
| **Liabilities as per balance sheet** | | | | |
| Current and non-current borrowings | | 5 186 | 5 186 | 5 186 |
| Trade and other payables | | 6 776 | 6 776 | 6 776 |
| **Total Financial assets** | **0** | **11 962** | 11 962 | **11 962** |

### 5.7.6 Loans to related parties

Loans to related parties concern exclusively Grupo Pefaco's loans outstanding.

### 5.7.7 Trade and other receivables

Trade and other receivables are as follows:

| In thousands of euros | Year ended 31 December 2013 | 2012 | 2011 |
|---|---|---|---|
| Trade receivables | | | 12 |
| Prepaid expenses | | 414 | 114 |
| Other receivables (tax, social) | 2 127 | 2 110 | 428 |
| Impairment of trade and other receivables | | | |
| **Total net Trade and other receivables** | **2 127** | **2 524** | **554** |

### 5.7.8 Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents are as follows:

| In thousands of euros | Year ended 31 December 2013 | 2012 | 2011 |
|---|---|---|---|
| Cash and cash equivalents (excluding overdrafts) | 969 | 999 | 842 |
| Bank overdrafts | (1 686) | (2 450) | (710) |
| **Total** | **(717)** | **(1 451)** | **132** |

Cash and cash equivalents excluding overdraft are only composed of cash at hand.

### 5.7.9 Borrowings

Borrowings are presented as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| **In thousands of euros** | **2013** | **2012** | **2011** |
| Bank borrowings | 6 968 | 8 360 | 4 476 |
| Overdrafts | 1 686 | 2 450 | 710 |
| **Total** | **8 654** | **10 810** | **5 186** |

### 5.7.10 Provisions

Changes in provisions are presented as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| **In thousands of euros** | **2013** | **2012** | **2011** |
| At January 1st | 1 549 | 1 296 | 1 395 |
| Charged(credited) to the income statement: | | | |
| Additionnal provisions | | 253 | |
| Reversal provisions | (1 216) | | (99) |
| Unused amount reversed | | | |
| **At December 31** | **333** | **1 549** | **1 296** |

## 5.8 Notes related to the consolidated Income statement

### 5.8.1 Employee salary expenses

Employee salary expenses are evolved as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| **In thousands of euros** | **2013** | **2012** | **2011** |
| Wages and salaries | 11 470 | 9 595 | 7 748 |
| Social securities costs | 1 235 | 1 077 | 1 056 |
| **Total** | **12 705** | **10 672** | **8 804** |

The Company headcounts are evolved as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Headcounts - Expatriate staff | 37 | 30 | 28 |
| Headcounts - Local staff | 2 688 | 2 639 | 2 491 |
| **Total** | **2 725** | **2 669** | **2 519** |

### 5.8.2 Depreciation, amortization and provisions

The breakdown of depreciation, amortization and provisions is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| **In thousands of euros** | 2013 | 2012 | 2011 |
| Depreciation of intangible assets | (1 409) | (1 428) | (1 479) |
| Depreciation of tangible assets | (1 237) | (1 268) | (1 037) |
| Provisions for risks and charges | | (253) | 99 |
| Other depreciation, amortization and provisions | (83) | (40) | (183) |
| **Total** | **(2 729)** | **(2 989)** | **(2 600)** |

### 5.8.3 Financial expenses

| | Year ended 31 December | | |
|---|---|---|---|
| **In thousands of euros** | 2013 | 2012 | 2011 |
| Financial expenses | (903) | (1 008) | (347) |
| **Total** | **(903)** | **(1 008)** | **(347)** |

### 5.8.4 Income tax

The breakdown of income tax is presented as follows:

| In thousands of euros | Year ended 31 December 2013 | 2012 | 2011 |
|---|---|---|---|
| Current tax | (984) | (854) | (627) |
| Deferred tax | 0 | 42 | |
| **Total** | **(984)** | **(812)** | **(627)** |

The breakdown of deferred tax assets by nature, is presented as follows:

| In thousands of euros | Deferred tax assets: Tax losses | Provisions | Total |
|---|---|---|---|
| At December 31, 2011 | | 275 | 275 |
| Changed to the income statement | 0 | 42 | 42 |
| **At December 31, 2012** | **0** | **317** | **317** |
| Changed to the income statement | | | 0 |
| **At December 31, 2013** | **0** | **317** | **317** |

## 5.9 Related Party transactions

The transactions carried out with related parties are the following:

- Sales of goods and services:

| In thousands of euros | Year ended 31 December 2013 | 2012 | 2011 |
|---|---|---|---|
| Related party transactions | (10 884) | (9 847) | (11 705) |
| **Total management fees to related parties** | **(10 884)** | **(9 847)** | **(11 705)** |

- Loans to related parties

| In thousands of euros | Year ended 31 December | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Loan to related parties | 5 076 | 8 522 | 3 988 |
| Trade receivables | 381 | 163 | 553 |
| **Total receivables to related parties** | **5 457** | **8 685** | **4 541** |

## 5.10 Events after reporting period

We were not aware of subsequent events.

# 9. EMPLOYEES – RELATED PARTY TRANSACTIONS

## 9.1 EMPLOYEES

Employee benefit expenses and total headcount were as follows:

| In thousands of euros | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|
| Wages and salaries | 11.470 | 9.595 | 7.748 | 6.755 |
| Social security costs | 1.235 | 1.077 | 1.056 | 921 |
| **Total employee benefit expenses** | **12.705** | **10.672** | **8.804** | **7.676** |

| | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|
| Headcounts - Expatriate staff | 37 | 30 | 28 | 27 |
| Headcounts - Local staff | 2.688 | 2.639 | 2.491 | 2.262 |
| **Total headcounts** | **2.725** | **2.669** | **2.519** | **2.289** |

## 9.2 RELATED PARTY TRANSACTIONS

The following tables contain the related party information required to be included in this Prospectus for the years 2010-2013 and is taken from the Group's consolidated audited financial statements for the year ended 31 December 2013 prepared by CCM-Audit & Conseil and reproduced in full as section 8 above. CCM-Audit & Conseil have confirmed in its report to the Issuer that this information has been prepared in accordance with the relevant International Financial Reporting Standards as issued by the International Accounting Standards Board.

The transactions carried out with related parties relate to sales of goods and services and loans to related parties.

**Sales of Goods and Services:**

| | Year ended 31 December | | |
|---|---|---|---|
| In thousands of euros | 2013 | 2012 | 2011 |
| Related party transactions | (10 884) | (9 847) | (11 705) |
| **Total management fees to related parties** | **(10 884)** | **(9 847)** | **(11 705)** |

**Loans to Related Parties:**

| In thousands of euros | Year ended 31 December 2013 | 2012 | 2011 |
|---|---|---|---|
| Loan to related parties | 5 076 | 8 522 | 3 988 |
| Trade receivables | 381 | 163 | 553 |
| **Total receivables to related parties** | **5 457** | **8 685** | **4 541** |

No material changes have taken place since the 31 December 2013. The transactions with related parties during the period from 1 January 2014 up to the date of this Prospectus are a continuation of the transactions referenced in the table above and no new types of transactions have been entered into.

## 9.3 EXECUTIVE SHARE OPTION SCHEME

The Issuer does not currently have an executive share option scheme in place although the Board of Directors intends to discuss the introduction of such a scheme in 2015.

# 10. MAJOR SHAREHOLDERS

The following shareholders hold in excess of five per cent of the Issuer's Ordinary Shares at the date of this Prospectus:

| | Number of Shares | Percentage Holding |
|---|---|---|
| Grupo Pefaco S.L. | 19,567,025 | 96.22% |

The Ordinary Shares held by the Parent rank *'pari passu'* with all the other Shares in the Issuer.

The Ordinary Shares held by the Parent do not entitle the Parent to any voting rights that are different from those of any of the other Ordinary Shares.

The Parent is not a party to the Placing Agreement in respect of the Intermediaries Offer between the Issuer, Calamatta Cuschieri & Co Ltd. and the Global Arranger and does not intend to subscribe any Offer Shares.

100% of the shares of the Parent are owned by Strategic Investment Opportunities B.V. ("**SIO**"), a *besloten vennootschap* established in The Netherlands and represented and managed by ITPS Netherlands B.V. with its registered office at Alexanderstraat 23, 2514 JM, The Hague, The Netherlands. 100% of the shares of SIO are held directly or indirectly by M. Francis Jérôme Perez, Chief Executive Officer of the Issuer, M. Olivier Alfred Cauro, Managing Director of the Issuer and members of their respective families. After allotment of all of the Ordinary Shares that are the subject of the Intermediaries Offer, the Parent will own 71.97% of the Issuer.

Other than the management of conflicts of interest at board level as described in section 4.2.4 of this Prospectus, particularly the fact that the majority of the Board consists of non-executive members, there are no other measures to ensure that the control of the major shareholders is not abused as none are deemed necessary. As noted above the Ordinary Shares all of the same voting and other rights and the Parent does not have any preferential rights as the majority shareholder of the Company.

# 11. ADDITIONAL INFORMATION

## 11.1 SHARE CAPITAL

The current issued share capital of the Company is EUR 30,505,078.50 divided into 20,336,719 Ordinary Shares with a nominal value of EUR1.50 each. All of the Company's issued share capital is fully paid up. The current authorised share capital of the Company is EUR 48,480,030 divided into 32,320,020 Ordinary Shares with a nominal value of EUR1.50 each. Other than the increase in the Company's authorised share capital from EUR30,505,079 to EUR 48,480,030 upon the redomiciliation of the Company to Malta, which increase was effected for the purposes of the Intermediaries Offer and the Bond Offer, there have been no significant changes to the authorised share capital of the Issuer in the three years preceding the date of this Prospectus.

## 11.2 ADDITIONAL INFORMATION RELATING TO THE CAPITAL OF THE ISSUER

At an extraordinary general meeting of the Issuer held on 14 June 2014, the Issuer resolved to issue 160 debt securities each with a principal value of EUR100,000 to be listed on the European Wholesale Securities Market. Each debt security will be convertible into 31,250 Ordinary Shares at any time within 5 years of issue at the option of the holder of the debt security. Accordingly, if all of the debt securities are converted into Ordinary Shares, the issued share capital of the Company will be increased by 5,000,000 Shares. Ignoring yield considerations on both the debt securities and the Ordinary Shares, the effective conversion price (based on the principal value of each debt security and number of Ordinary Shares into which each debt security is converted) will be EUR3.20 per Ordinary Share. Conversion rights will be exercised by a debt security holder presenting the appropriate documentation required by the Issuer under the terms of issue of the debt securities. Although the issue of the debt securities is subject to the pre-emption rights of the existing shareholders of the Issuer (because of the conversion right attaching to the debt securities being issued), which pre-emption rights were unanimously waived by all of the Issuer's shareholders by the same General Resolution of the Issuer referred to above, the exercise of the conversion right by holders of the debt securities will not be subject to any pre-emption rights. Other than the conditions for conversion described in this section, there are no restrictions on the conversion rights of the holders of the debt securities.

## 11.3 DIVIDEND POLICY

Since its establishment in Ivory Coast in 2007, the Issuer has not paid out any dividend as profits were spent on investments, mainly commercial equipment (gaming machines).

As the Issuer's priority is the achievement of its development programme, Management intends to make dividend payments from the end of 2015 onwards.

## 11.4 LEGAL AND ARBITRATION PROCEEDINGS

In the 12 months preceding the date of this Prospectus there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had in the recent past, significant effects on the Issuer and/or the PI Group's financial position or profitability.

## 11.5 CHANGE SINCE LAST PUBLISHED AUDITED FINANCIAL STATEMENTS

Since 31 December 2013, being the date of the Issuer's last published audited financial statements, there has been no significant or material adverse change in the financial or trading position or prospects of the Issuer or the PI Group.

## 11.6 MEMORANDUM AND ARTICLES OF ASSOCIATION

The following is a summary and explanation of the current Memorandum and Articles of Association of the Issuer, which are Reference Documents and therefore both available for inspection from the Issuer and incorporated by reference into this Prospectus.

### 11.6.1 Objects

The objects for which the Company is established, which can be found in clause 4 of the Company's Memorandum of Association, are:-

a) to carry on the business of financing or re-financing of the funding requirements of the business of any company within the group of which the Company forms part;

b) to issue notes, bonds, commercial paper or other instruments creating or acknowledging indebtedness and the sale and offer thereof to the public;

c) to purchase, acquire, own, hold, manage, lease, administer, sell or otherwise dispose of property of any kind, whether immovable or movable, personal or real, and whether or not belonging to the Company, and to subscribe for, take, purchase or otherwise acquire, hold, sell or dispose of shares or other interest in or securities of any other company;

d) to obtain loans, overdrafts, credits and other financial and monetary facilities without limit and otherwise borrow or raise money in such manner as the Company shall think fit, whether as sole borrower or jointly with other persons and/or severally, and to provide by way of security for the repayment of the principal and interest thereon and/or the fulfilment of any of the Company's obligations, a hypothec, pledge, privilege, lien, mortgage or other charge or encumbrance over the assets of the Company;

e) to guarantee the obligations and/or the repayment of indebtedness of any person although not in furtherance of the Company's corporate purpose and whether or not the Company receives any consideration or derives any direct or indirect benefit therefrom, and to secure such guarantee by means of a hypothec, privilege, lien, mortgage, pledge or other charge or encumbrance over the assets of the Company;

f) to improve, manage, develop, let on lease or otherwise, hypothecate, charge, sell, dispose of or otherwise deal with all or any of the property and rights of the Company;

g) to carry on any other business which may seem to the Company capable of being conveniently carried on in connection with its business and calculated directly or indirectly to enhance the value of the Company's property or rights;

h) to carry out such activities as may be ancillary to the above or as may be necessary or desirable to achieve the above objects.

### 11.6.2 Directors

a) The administration and management of the Issuer shall be vested in a Board of Directors consisting of not less than four (4) and not more than seven (7) directors, all of which shall be individuals.

b) An election of Directors shall take place at every annual general meeting of the Company. All Directors, except a Managing Director, shall retire from office at least once every three (3) years. The Directors shall be elected on an individual basis by ordinary resolution of the Company in general meeting.

c) Directors shall hold office from the close of the general meeting at which they are appointed until the next following annual general meeting, but will be eligible for re-election. Any Directors howsoever appointed in the interim and whether to fill a casual vacancy, as an addition to the Board or otherwise, shall hold office only until the next following annual general meeting of the Company, but will be eligible for re-election.

d) The Company, may, by ordinary resolution, remove a director before the expiration of his term of office.

e) The maximum amount of aggregate emoluments of all Directors in any one financial year, as well as any increase of such emoluments, shall be determined pursuant to a passed by the Company at a general meeting for which notice of the proposed aggregate emoluments or any increase thereto has been duly given to Members.

f) A Director shall not be required to have a shareholding qualification and a Director who is not a Member shall be entitled to attend and speak at general meetings of the Company.

### 11.6.3 Classes of Shares

The Ordinary Shares are the only class of shares of the Company in issue. See section 15.5 below for a description of the rights attaching to the Ordinary Shares.

### 11.6.4 Variation of Rights

The rights attached to the Ordinary Shares or other classes of shares that may be created in the future may only be varied with the consent in writing of the holders of not less than 80% of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. This threshold of consent for the variation of rights is more significant than that required by law.

### 11.6.5 No Change of Control Provisions

There is no provision of the Issuer's Memorandum and Articles of Association that would have an effect of delaying, deferring or preventing a change in control of the Issuer.

### 11.6.6 Annual and Other General Meetings

a) The annual general meetings of the Company shall be held at such time and place as the Directors shall appoint.

b) The Directors may convene an extraordinary general meeting whenever they think fit. Extraordinary general meetings may also be convened on such requisition, or in default, may be convened by such requisitionists as provided by Article 129 of the Companies Act. If at any time there are not in Malta sufficient Directors capable of acting to form a quorum, any Director, or any two shareholders of the Company, may convene an extraordinary general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors.

c) A notice convening an annual general meeting shall specify the meeting as such and a notice convening a meeting to pass an extraordinary resolution shall specify the intention to propose the text of the resolution as an extraordinary resolution and the principal purpose, effect and scope thereof.

d) A general meeting of the Company shall be deemed not to have been duly convened unless at least twenty-one (21) days' prior notice has been issued in writing to all shareholders entitled to receive such notice. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it was given.

e) Only those shareholders entitled to receive notice of a general meeting shall be entitled to be admitted to and participate thereat.

f) Notice of every general meeting shall be given to:

(a) every registered shareholder except those shareholders who (having no registered address in Malta) have not supplied the Company an address for the giving of notices to them; and
(b) the Directors; and
(c) the auditor/s for the time being of the Company.

No other persons shall be entitled to receive notice of general meetings.

g) No business shall be transacted at any general meeting unless a quorum of shareholders is present, in person or by proxy, at the time when the meeting proceeds to business; save as herein otherwise provided shareholders, present in person or by proxy, entitled to attend and vote at the meeting and holding in aggregate not less than fifty percent plus one (50% + 1) votes of the shares having voting rights in the Company shall constitute a quorum. Provided that should there not be a quorum within half an hour of the appointed time, the shareholder or shareholders present shall constitute a quorum and the meeting can then proceed to transact business. If within half an hour from the time appointed for the commencement of the meeting, a quorum is not present, the meeting howsoever called, shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Directors may determine and if at the adjourned meeting a quorum is not yet present within half an hour from the time appointed for the meeting, the shareholders present shall constitute a quorum.

# 12. MATERIAL CONTRACTS

## 12.1 PLACING AGREEMENT

The Placing Agreement has been entered into by and between Calamatta Cuschieri & Co Ltd. as Intermediary, the Global Arranger as non-exclusive Placing Agent and the Company as Issuer. In terms of the Placing Agreement, the Placing Agent agrees to use its best efforts to promote and place up to 6,850,000 Ordinary Shares in the Issuer with Eligible Investors at the Offer Price of EUR2.19 per Ordinary Share (the “**Placed Shares**”).

The Placing Agent shall by close of business on each business day in France transmit to the Intermediary an updated list of proposed subscribers to the Offer Shares (“**Proposed Investors**”) and the amount of Placed Shares to be subscribed together with the completed Application received by the Placing Agent from the Proposed Investor.

The Intermediary shall, with the assistance of the Placing Agent and the Issuer, verify that the Proposed Investors qualify as Approved Investors. Should any further documentation be required from a Proposed Investor in order to verify that such investor qualifies as an Eligible Investor or generally to complete or execute the Application, the Placing Agent shall, upon a request by the Intermediary, use its reasonable efforts to contact such Proposed Investor and generally assist with procuring the relevant outstanding documentation from the Proposed Investor.

The Placing Agent shall direct Approved Investors to deposit in cleared funds subscription monies in a bank account in the name of Calamatta Cuschieri & Co Ltd. – Clients A/C. Pursuant to the Placing Agreement, the Issuer agrees that it will, through the Intermediary, allot Offer Shares to Approved Investors who have provided proof of payment of the in respect of all Offer Shares the subject of the relevant Application by no later than 10:00 am on the expected date of allotment indicated in this Prospectus.

The Intermediary may also accept Applications and subscription monies from Eligible Investors that are introduced or proposed to the Intermediary by persons other than the Global Arranger and any references to 'Placing Agent' in the Placing Agreement that relate to the Intermediary's functions as the Issuer's authorised intermediary under the Placing Agreement are construed to include such other potential introducers of Eligible Investors.

The Global Arranger shall have the right to terminate the Placing Agreement by giving notice at any time at or prior to the last day of the Offer Period if:

(i) The Company shall have failed, refused or been unable, at or prior to that date, to perform any material agreement on its part to be performed under the Placing Agreement;

(ii) Any other material condition of the Company's obligations under the Placing Agreement is not fulfilled;

(iii) An application for the Ordinary Shares to be admitted to listing on the Official List of the Malta Stock Exchange has been refused.

As at the date of this Prospectus and to the best of the Issuer's knowledge, there are no facts or circumstances which would entitle the Global Arranger to withdraw from its commitments under the Placing Agreement.

## 12.2 BOND OFFER AGREEMENT

The Bond Offer Agreement has been entered into by and between the Global Arranger as non-exclusive Bond Placing Agent, the Company as Issuer and Calamatta Cuschieri & Co Ltd. as Registrar for the Bond Offer. The Global Arranger has, subject to the satisfaction of a number of conditions, undertaken in favour of the Company on a best efforts basis to introduce investors to the Issuer for all of the Bonds and place such Bonds with Eligible Investors.

The Global Arranger shall have the right to terminate the Bond Offer Agreement by giving five Business Day's written notice that:

(i) The Company shall have failed, refused or been unable, at or prior to that date, to perform any material agreement on its part to be performed under the Bond Offer Agreement;

(ii) Any other material condition of the Company's obligations under the Bond Offer Agreement is not fulfilled;

(iii) An application for the Bonds to be admitted to trading on the European Wholesale Securities Market has been refused.

A commission of 6% of the Bonds placed with investors by the Global Arranger pursuant to the Bond Offer Agreement is payable to the Global Arranger by the Issuer. If the EUR16,000,000 maximum amount of the Bond Offer is placed, this will represent a commission of EUR960,000 payable by the Issuer out of the proceeds of the Bond Offer.

## 12.3 GAMING AUTHORITY CONCESSIONS

There follows below a summary of the licence and concession contracts obtained by the Issuer and its Subsidiaries from the national gaming authorities in the jurisdictions where these are required for the PI Group to operate. These licences and concession agreements are material to the Issuer's business and profitability as the PI Group cannot carry on its gaming business and activities in the relevant jurisdictions without them.

***Benin***

The Benin Subsidiary is the holder of a non-exclusive gaming licence granted by the national gaming authority that is renewable every two years. The first such licence was granted to the Subsidiary in January 1999. The gaming licence was last renewed on 24 December 2013 for a term of two years.

The Benin gaming licence authorises the Subsidiary to operate gaming machines in a public venue in the following cities: Cotonou, Abomey-Calavi, Bohicon, Lokossa, Porto-Novo, Pobe, Save, Djougou, Natitingou, Parakou, Brmbereke, Kandi, Banikoara, N'Dali and Malanville.

Under the terms of its licence, the Benin Subsidiary is obliged to pay a monthly gaming tax in arrear to the National Lottery (*Loterie National du Benin*) charged on revenues from gaming operations in Benin that month as they fall into the bands shown in the table below:

| Gaming Tax Percentage | Monthly Turnover Band |
|---|---|
| 10% | From FCFA 0 to FCFA 500,000,000 |
| 8% | From FCFA 500,000,001 to FCFA 1,000,000,000 |
| 6% | From FCFA 1,000,000,001 to FCFA 1,500,000,000 |
| 5% | From FCFA 1,500,000,001 to FCFA 2,000,000,000 |
| 4% | Greater than FCFA 2,000,000,000 |

### *Burkina Faso*

The Burkina Faso Subsidiary was first granted a non-exclusive gaming licence by the National Lottery (LONAB) in June 2001. Gaming licences granted by LONAB have a term of 5 years and the Subsidiary's licence was most recently renewed on 15 June 2013. The gaming licence is limited to premises specifically designed to operate gaming machines, i.e. the Subsidiary is not authorised to operate APMs in bars, only gaming parlours.

Under the terms of the licence, LONAB collects a 5% gaming tax on gaming revenues generated in Burkina Faso from the Subsidiary in arrear each month. The licence is valid until June 2018.

### *Ivory Coast*

On 19 November 2009, the Parent signed an exclusive concession agreement with Ivorian National Lottery (LONACI) which has the monopoly on all activities related to lotteries and other games of chance. As it has no expertise in gaming, LONACI conceded to the Parent an exclusive right to operate gaming machines on Ivorian territory for the next 10 years. Under the terms of the concession agreement, the Parent was to establish a subsidiary in Ivory Coast to provide all equipment, financial and human resources required for Ivory Coast operations and pay monthly royalties of 8% of revenues to LONACI. Accordingly, the Subsidiary's exclusive concession is valid until November 2019.

The premium payable to LONACI in respect of the grant of the Ivorian licence has been recently renegotiated on the basis that the Subsidiary pays a sum of FCFA 20,000,000 per month until the premium has been fully paid.

### *Niger*

The Niger Subsidiary was first granted a gaming licence by the National Lottery (LONANI) in 2004 and has been renewable every two years thereafter. The LONANI licence grants the Niger Subsidiary the right to operate gaming machines in all public venues across the country. The licence was last renewed on 31 May 2012.

### *Togo*

The Togo Subsidiary has an exclusive gaming concession covering the whole territory of the Republic of Togo granted by the National Lottery (LONATO) for a term of 15 years. The first concession was signed by LONATO in September 1996 and expired in September 2011. The concession was last renewed for a term of over15 years on 8 November 2010 and expires in September 2026. Under the terms of the Togo licence, a gaming tax of 5% of monthly gaming revenues is payable by the Subsidiary in arrear to LONATO.

## 12.4 OTHER MATERIAL CONTRACTS

Other than as disclosed above, there are no material contracts, other than contracts entered into in the ordinary course of business, to which the Issuer or any member of the Group is a party, for the two years immediately preceding publication of this Prospectus.

# 13. REFERENCE DOCUMENTS

The following Reference Documents are incorporated by reference into this Prospectus and are available for physical inspection at the Issuer's registered office for the duration of the Prospectus:

a. The Memorandum and Articles of Association of the Issuer;

b. The Audited Financial Statements of the Issuer and the Group (including its subsidiaries) for the financial years ended 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013;

c. The Valuation Report;

d. The Auditor's Report on Consolidated Projected Financial Statements; and

e. The Global Arranger Comfort Letter.

The Reference Documents may also be inspected on the Issuer's website: www.pefacointernational.com.

# 14. ESSENTIAL INFORMATION

## 14.1 WORKING CAPITAL STATEMENT

The Board of Directors is of the opinion that the working capital available to the Issuer and the Group is sufficient for its business requirements over the coming twelve months of operations. Following the issue of the Bonds described the Issuer will not have foreseeable borrowing requirements for the foreseeable future.

## 14.2 CAPITALISATION AND INDEBTEDNESS

The following tables show the capitalisation and indebtedness of the Issuer at 30 April 2014, which tables have been prepared on behalf of the Issuer by Grant Thornton. Grant Thornton has consented in writing to the inclusion these tables and its commentary as it appears in this section 14.2 and it has not withdrawn its consent prior to the delivery of this Prospectus to the Listing Authority for approval.

**Capitalisation and Indebtedness**

| in thousands of euros | Actual as at 30 April 2014 | Reflecting impact of bond and share issues |
|---|---|---|
| Capitalisation | | |
| Share Capital | 30,506 | 42,336 |
| Other Reserves | 10,046 | 14,773 |
| Total equity[1] | 40,552 | 57,109 |
| | | |
| Total current debt | | |
| Guaranteed | - | - |
| Secured | - | - |
| Unguaranteed/Unsecured | 4,319 | 3,668 |
| | 4,319 | 3,668 |
| | | |
| Total non-current debt | | |
| Guaranteed | - | - |
| Secured | - | - |
| Unguaranteed/Unsecured | 11,560 | 24,913 |
| | 11,560 | 24,913 |
| | | |
| Total indebtedness | 15,879 | 28,580 |
| | | |
| Borrowings as a percentage of total financial | 28% | 33% |
| Interest cost[2] | 3.59 | 3.56 |

*[1] Including Minority Interest and excluding retained earnings*

*[2] Interest cover was not adjusted to reflect payment of overdraft facility*

This table provides an analysis of the impact of both the share and convertible bond issue. The issue of the Offer Shares is expected to increase share capital and share premium by a total of €15,001,500 representing the gross proceeds. Issue costs in relation to the share option are to be expensed to the income statement immediately. The Issuer also plans to pay a minor overdraft facility (€1.7 million) using a portion of the proceeds raised through the share issue.

The convertible bond represents a hybrid financial instrument with both equity and liability elements. Accounting for the instrument requires the split of these two components. This is done by assigning as equity the difference between the gross bond proceeds and the present value of future cash flows originating to bondholders when discounted at a rate for a non-convertible bond of a similar nature.

This discount rate was estimated based upon the interest rates charged for bank borrowings owed by the Issuer. Such bank borrowings carry a similar risk portfolio to the bond in issue to the extent that the borrowings are also unsecured and reflect the underlying country risk mix experienced by the whole group. The bank borrowings selected as a comparable (but unconvertible) instruments however are of a shorter-term than the bond being issued. A longer term period is normally associated with higher interest rates and therefore the comparable interest rate was adjusted to reflect the longer payment term by reference to differentials exhibited in other bond markets. The table below illustrates the resulting split.

**Split of convertible bond between equity and liability**

| | |
|---|---|
| Interest rate of comparable bond | 11.3% |
| Actual Bond rate | 9.0% |

| in thousands of euros | |
|---|---|
| Total liability component | |
| Present value of interest payable (actual interest payment discounted at interest rate of comparable bond) | 6,036,496 |
| PV of principal payable at end of term dicounted using interest rate of comparable bond | 8,408,479 |
| | 14,444,975 |
| Equity element (residual) | 1,555,025 |
| Gross proceeds | 16,000,000 |

**Allocation of bond issue costs between equity and liability components**

| in thousands of euros | Equity Component | Liability Component | Total |
|---|---|---|---|
| Gross proceeds | 1,555,025 | 14,444,975 | 16,000,000 |
| Issue cost allocated at prorata | 117,599 | 1,092,401 | 1,210,000 |
| Net proceeds | 1,437,426 | 13,352,574 | 14,790,000 |

All bond issue costs are amortised over the life of the bond using an effective interest rate that reflects the actual interest payments that will arise (i.e. as if based on total gross proceeds).

The Issuer's indebtedness as at 30th April 2014 is further analysed in the table below.

**Detailed breakdown of Indebtedness as at 30 April 2014**

| in thousands of Euros | Actual as at 30 April 2014 |
|---|---|
| A. Cash | (1,013) |
| B. Cash equivalent (Overdraft) | 1,769 |
| C. Trading securities | - |
| **D. Liquidity (A) + (B)+( C)** | **756** |
| **E. Current Financial Receivable** | **-** |
| F. Current Bank debt | - |
| G. Current portion of non current debt | 3,563 |
| H. Other current financial debt | - |
| **I. Current Financial Debt (F)+(G)+(H)** | **3,563** |
| **J. Net Current Financial Indebtedness (I)+(E)+(D)** | **4,319** |
| K. Non-current Bank loans | 3,623 |
| L. Bonds Issued | - |
| M. Other non-current loans | 7,937 |
| **N. Non-current Financial Indebtedness (K)+(L)+(M)** | **11,560** |
| **O. Net Financial Indebtedness (J)+(N)** | **15,879** |

The Issuer's total cash and cash equivalents amounted to a negative €0.8 million as at 30th April 2014, composed of a positive cash balance of €1 million and an overdraft of €1.7 million. As at 30th April 2014, the Issuer had a current portion of long-term debt of €3.6 million, bringing the total current financial indebtedness €3.6 million.

The Issuer also had non-current indebtedness of €11.6 million, thereby resulting in a Net Financial Indebtedness of €15.97 million as at 30th April 2014.

## 14.3 CAPITAL RESOURCES

A detailed financial analysis was prepared on behalf of the Issuer by the Global Arranger in connection with the Intermediaries Offer, which analysis can be found in section 6 of this Prospectus.

To date, the Group's development has been financed primarily by shareholder equity investment. Shareholders' equity accounted for c.70% of total funding requirements as at the 30th April 2014.

Total bank borrowings as at the 30th April 2014 stood at €7.9 million, down from €10.8 million in 2011. The Group is not tied up by any material covenants in relation to this debt and does not suffer from any seasonality issues which require the Group to operate a substantial overdraft. The Issuer's current overdraft facility (which when netted against cash held in other parts of the Group amounts to c.€0.7m) was incurred as a result of temporary losses upon the setting up of new operations and the Issuer intends to immediately settle this minor overdraft facility upon conclusion of the Intermediaries Offer and the issue of the Offer Shares (and to be financed in part from the proceeds of the Intermediaries Offer).

Given the above considerations, the Group's current financial position remains sound with total indebtedness at 28% of total funding requirements (excluding retained earnings). This will increase to 33% as a result of the bond issue, as is shown in section 6.2 of this Prospectus. A detailed analysis of the Issuer's cash flows can also be found in section 6.2.

To date all of the Issuer's operations are carried out in a single currency – the French Community of AfricaFranc (CFA Franc). The CFA Franc has a fixed parity with the Euro: €1 = CFA Franc 655.957 and the Issuer is not exposed to any legal or economic restriction relating to the exchange of currencies (subject to the availability of foreign currency at any point in time).

The Issuer's subsidiaries are however all members of the West African Economic and Monetary Union (UEMOA) zone which imposes a withholding tax on dividends of 10% remitted abroad. Other restrictions imposed by the Organisation for the Harmonization of Business Law in Africa (OHADA), is the legal reserve, which requires that upon generating positive net result, the Subsidiaries must allocate 5% of the net yearly result into a legal reserve until 20% of the paid up capital is so reserved.

Within the UEMOA zone, loans to related companies within the Group incur a withholding tax of 10% on interests and a 1% financial tax.

## 14.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

No person involved in the issue or offer of the Ordinary Shares has an interest material to the issue/offer, save for any fees payable to the Global Arranger as described in section 17 below.

## 14.5 REASONS FOR THE OFFER AND USE OF PROCEEDS

The expected net proceeds of EUR14,001,500 (i.e., net of expenses) from the Intermediaries Offer together with the expected net proceeds of EUR14,790,000 from the Bond Offer will be used by the Issuer to fund the Group's development programme as described in detail in sections 4.10 and 7 of this Prospectus. While the expected total net proceeds of the Intermediaries Offer and Bond Offer are expected to amount to approximately EUR28,791,500, the Issuer plans to invest around EUR31 million between its existing operations (EUR4.5 million) and in expanding its network to new market countries, namely Nigeria, Ghana, Liberia and Sierra Leone (EUR26.5 million). The additional EUR2,208,500 or so that the Issuer believes it will need to fund the Group's development programme will be funded by the revenues of the Group's existing operations over the next 3 years. There is no order of priority for the two principal intended uses of the net proceeds from the Intermediaries Offer and Bond Offer (i.e. investment in existing operations and investment in new market countries).

# 15. INFORMATION CONCERNING THE SECURITY

## 15.1 GENERAL

The Ordinary Shares the subject of the Intermediaries Offer amount to 6,850,000 Ordinary Shares (with a nominal value of EUR 1.50 each) which, if subscribed to in full at the Offer Price, will amount to gross principal proceeds of fifteen million, one thousand, five hundred Euro (EUR 15,001,500). The Issuer's ISIN number is MT0000800103.

## 15.2 APPLICABLE LAWS

The Ordinary Shares are issued in accordance with the requirements of the Listing Rules, the Companies Act, the Prospectus Directive and the Prospectus Regulation.

## 15.3 REGISTRATION, DENOMINATION, FORM AND TITLE

The Issuer will not issue share certificates representing the fully paid up Ordinary Shares as the Ordinary Shares will be represented in uncertificated form by the appropriate entry in the electronic register of the Issuer's shareholders maintained on behalf of the Issuer at the Malta Stock Exchange. There will be entered into such electronic register the names and addresses of the holders of the Ordinary Shares and the number of Ordinary Shares held by them. It is expected that the Malta Stock Exchange will issue a notice on 11 August 2014 and such date shall constitute the date of issue, allotment as well as Listing of the Ordinary Shares. It is also expected that the Malta Stock Exchange will issue registration advices to each shareholder immediately thereafter.

Any shareholder in whose name the Ordinary Shares are registered may (to the fullest extent permitted by the applicable laws) be deemed and treated at all times and for all purposes as the owner of the Ordinary Shares. Title to the Ordinary Shares is transferred in accordance with the provisions of section 16.7 of this Prospectus.

## 15.4 CURRENCY OF THE ORDINARY SHARES

The currency of the Ordinary Shares is Euro.

## 15.5 RIGHTS ATTACHED TO THE ORDINARY SHARES

### 15.5.1 Ranking

The Ordinary Shares the subject of the Intermediaries Offer will, when issued and fully paid up, rank *pari passu* in all respects with all other Ordinary Shares of the Issuer, including with regard to the right to receive notice of and attend general meetings, voting rights, dividends and distribution of assets upon winding up of the Issuer.

### 15.5.2 Class of Ordinary Shares

The Ordinary Shares the subject of the Intermediaries Offer form a single class with all other Ordinary Shares of the Issuer. In terms of the Issuer's Memorandum and Articles the rights attached to any class of shares may only be varied with the consent in writing of the holders of not less than 80% of the issued shares of that class, or by means of an extraordinary resolution passed at a separate general meeting of the holders of shares of that class.

Currently, the Issuer does not have any preference shares in issue and thus the right of the Ordinary Shareholders in respect of dividends declared by the Issuer or in respect of the distribution of assets of the Issuer upon winding up does not rank after the preferred rights of any preference shareholders.

### 15.5.3 Dividends & Dividend Rights

In accordance with the Companies Act, the authority to declare dividends lies with the Issuer's shareholders in the general meeting. However, in terms of the Issuer's Memorandum and Articles, no dividend shall exceed the amount recommended by the Directors. As stated in section 16.2, the Issuer's policy on dividend distributions has been one aimed at balancing payouts from cash profits with prudent retentions.

Subject to the above, the Directors have the authority to declare such interim dividends as appear to the Directors to be justified by the Issuer's profits.

The Ordinary Shares carry the right to participate in any distribution of dividend declared by the Issuer as well as the right for to participate in any distribution of capital made whether on a winding up or otherwise. There are no fixed dates on which an entitlement to a dividend arises nor is there a time limit after which an entitlement to a dividend lapses. There are no dividend restrictions or procedures for non-resident holders.

All dividends declared shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend payable to any shareholder all sums of money (if any) presently payable by the shareholder to the Company on account of calls or otherwise in relation to the shares of the Company.

### 15.5.4 Voting Rights

The Ordinary Shares will entitle the holder thereof to one vote for every share and will have a nominal value of EUR1.50. Voting rights may also be exercised by the appointment of a proxy at the meeting of the Shareholders as detailed below.

### 15.5.5 Shareholder Meetings Rights

In accordance with the provisions of the Companies Act and of the Issuer's Articles of Association, the holders of the Ordinary Shares will have the right to attend general meetings which might be called by the Directors whenever they deem fit.

Notice in writing shall be given to each shareholder at least twenty-one (21) clear days before the meeting (excluding the day on which the notice is given and the day for which it is given). A notice convening a general meeting shall contain: (a) the date, time of commencement of the meeting and venue of the general meeting together with the proposed agenda for the general meeting; (b) a clear and precise description of the procedures that shareholders must comply with in order to be able to participate in and to vote at the general meeting, including all other information required by the Listing Rules; (c) state the date falling thirty (30) days immediately preceding the dates set for the general meeting and explain that only those who are shareholders on that date shall have the right to participate and vote in general meeting; (d) indicate where and how the full, unabridged text of the documents to be submitted to the general meeting (including, where applicable, the annual report) and of any draft resolutions may be obtained, unless the draft resolutions are included as part of the notice itself; and (e) indicate the address of the internet site on which the foregoing information (and all other information required to made available to shareholders in accordance with the Listing Rules and applicable law) will be made available. The notice shall also specify whether there will be required decisions of ordinary or special business. If the latter, the notice has to specify the general nature, effect and scope of the business. The instrument appointing a proxy shall be deposited at least 24 hours before the time fixed for the meeting at such place as the Issuer shall designate or approve.

See also Section 11.6.6 – *Annual and Other General Meetings.*

### 15.5.6 Pre-emption rights in respect of new issues of shares

In terms of Article 88 of the Companies Act and Article 17 of the Company's Articles of Association, the Shareholders are afforded pre-emption rights in respect of a new issue of Shares for cash in proportion to the share capital held by them, provided that this right of pre-emption may be restricted or withdrawn by extraordinary resolution of the general meeting or by the Board and, in the latter case, provided that the Board is authorised to issue Shares in accordance with Article 85 of the Act for so long as the Board remains so authorised. The Board is so authorised to issue Shares pursuant to Article 4 of the Company's Articles of Association and will remain so authorised during the Offer Period.

The Board of Directors at a meeting held on 14 July 2014 and the Shareholders in an extraordinary general meeting also held on 14 July 2014, each unanimously resolved that the Shareholders' pre-emption rights be withdrawn in relation to the Offer Shares.

### 15.5.7 No Redemption or Conversion Rights

The Ordinary Shares are not redeemable and not convertible into any other form of security.

## 15.6 AUTHORISATIONS AND APPROVALS FOR THE LISTING AND INTERMEDIARIES OFFER

The Shareholders, in an extraordinary general meeting held on 14 July 2014, unanimously resolved by ordinary resolution to approve the (1) listing of all the Company's Ordinary Shares on the Official List of the Malta Stock Exchange and (2) Intermediaries Offer being made pursuant to this Prospectus.

## 15.7 TRANSFERIBILITY OF ORDINARY SHARES

The Ordinary Shares are freely transferable and dealings on the Malta Stock Exchange of the Ordinary Shares not subject to the Intermediaries Offer are expected to commence on 29 July 2014. Dealings on the Malta Stock Exchange of the Offer Shares are expected to commence on 13 August 2014. The Ordinary Shares shall be transferable in accordance with the rules and regulations of the Malta Stock Exchange applicable from time to time.

All transfers and transmissions are subject in all cases to any pledge (duly constituted) in respect of any Ordinary Shares and to any applicable laws and regulations.

## 15.8 RESTRICTIONS AND TAKEOVER BIDS

No restrictions are provided for the free transferability of the Ordinary Shares.

No mandatory takeover bids, or public takeover bids and/or squeeze out and sell out rules have occurred in relation to the Issuer's Shares during the financial periods referred to in this Prospectus.

## 15.9 TAXATION

### 15.9.1 General

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation in respect of the Ordinary Shares, 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 the holders of the fully paid up Ordinary Shares. This information, which does not constitute legal or tax advice, and which does not purport to be exhaustive refers only to the holders of the Ordinary Shares who do not deal in securities in the course of their trading activity.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation in Malta, as known to the Issuer at the date of the Prospectus. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject-matter referred to in the preceding paragraph, may change from time to time and may vary depending on the jurisdiction of the investor.

The information is being given solely for the general information of investors. The precise implications for investors will depend on their particular circumstances and professional advice in this respect should be sought accordingly.

### 15.9.2 Taxation Status of the Company

The Company is subject to tax in Malta on taxable profits excluding certain interest income at the standard corporate tax rate which currently stands at 35%. Certain interest income may, at the option of the Company, be received net of a final tax, currently at the rate of 15% of the gross amount of the interest, in which case such profits will be allocated to the Final Tax Account of the Company.

### 15.9.3 Taxation of Dividends Paid to the Company's Shareholders

Dividends distributed to Shareholders resident in Malta, other than companies, from untaxed profits are subject to 15% withholding tax which may be treated as a final tax at the option of the recipient Shareholders. The Company will deduct this 15% withholding tax from the amount of the dividend and will remit such withholding tax to the Commissioner for Revenue, when distributing out of untaxed profits.

All other dividends distributed to Shareholders are not subject to any further tax.

Under Malta's imputation system of taxation, a person is subject to tax, where applicable, on the dividend grossed up by the tax paid by the distributing company on the profits out of which the dividend is distributed. A shareholder is only entitled to claim a refund of the difference between the marginal rate of tax on the grossed up dividend and the 35% tax paid by the Company with regard to that part of the dividend included in the shareholder's total taxable income not exceeding the 25% tax bracket threshold.

### 15.9.4 Capital Gains on the transfer of the Ordinary Shares

In accordance with the current legislation, if and for so long as the Ordinary Shares are shares in a company listed on the Malta Stock Exchange, no tax on capital gains is payable in Malta on the transfer of the Ordinary Shares.

### 15.9.5 Duty on Documents and Transfers

In accordance with the current legislation, if and for so long as the Ordinary Shares are shares in a company listed on the Malta Stock Exchange, no duty on documents and transfers is payable in Malta on any transfer of these Ordinary Shares.

**THE ABOVE INFORMATION IS BASED ON TAX LAW AND PRACTICE APPLICABLE AS AT THE DATE OF THIS PROSPECTUS. PROSPECTIVE INVESTORS ARE CAUTIONED THAT TAX LAW AND PRACTICE AND THE LEVELS OF TAX RELATING TO THE COMPANY AND ITS SHAREHOLDERS MAY CHANGE FROM TIME TO TIME. PROSPECTIVE INVESTORS ARE THEREFORE URGED TO SEEK PEROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF THE ORDINARY SHARES, AS WELL AS DIVIDEND PAYMENTS MADE BY THE COMPANY. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO INVESTORS WHO DO NOT DEAL IN ORDINARY SHARES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.**

## 16. EXPENSES OF THE ISSUER/OFFER

The Intermediaries Offer will involve expenses including publicity, printing, listing, registration, legal, sponsor, management and registrar fees and other miscellaneous costs. Such expenses are estimated not to exceed EUR1,000,000 and shall be borne by the Issuer. No expenses will be specifically charged by the Issuer to any Eligible Investor who subscribes for Ordinary Shares. The amount of the expenses will be deducted from the proceeds of the Intermediaries Offer, which accordingly will bring the net proceeds from the Intermediaries Offer to circa EUR14,001,500 if all of the Ordinary Shares the subject of the Intermediaries Offer are allotted to Eligible Investors.

A commission of 5% of the Offer Price of each Ordinary Share placed by the Global Arranger (as Placing Agent) shall be payable to the Global Arranger. If all of the Offer Shares are allotted to Eligible Investors introduced by the Placing Agent, this will represent a commission of EUR750,075.

All of the above commissions have been included in the calculation of expenses in relation to the Intermediaries Offer. Other than the above, there are no other commissions which are payable by the Issuer in connection with the Intermediaries Offer.

## 17. DILUTION

Subject to Admission, 6,850,000 Ordinary Shares will be issued at the Offer Price pursuant to the Intermediaries Offer. After allotment of all of the Ordinary Shares that are the subject of the Intermediaries Offer, the Parent's shareholding in the Issuer will be diluted to 71.97%, while the shareholding of all current shareholders (including the Parent) will be diluted to 74.81%. At the date of this Prospectus, the Issuer has published a prospectus relating to the issuance by the Issuer of the Bonds. If all of the Bonds that are to be issued by the Issuer are converted into Ordinary Shares in accordance with the terms of the Bonds, the issued share capital of the Issuer will increase by a further 5,000,000 Shares and Shareholders will be diluted further by approximately 25%.

# 18. EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change. Times of day shown are the time in Malta expressed in accordance with the 24 hour clock.

| Event | Date |
|---|---|
| **Publication of this Prospectus** | 16 July 2014 |
| **Admission of the Ordinary Shares not subject to the Intermediaries Offer to the Official List** | 25 July 2014 |
| **Commencement of Offer Period** | 08:30 on 25 July 2014 |
| **Commencement of trading in the Ordinary Shares on the regulated market of the Malta Stock Exchange** | 29 July 2014 |
| **Close of Offer Period** | 17:00 on 8 August 2014 |
| **Allotment and Admission to Listing of Offer Shares** | 11 August 2014 |
| **Issuer announces results of the Intermediaries Offer by Company Announcement through the Regulatory News Service of the Malta Stock Exchange** | 11 August 2014 |
| **Commencement of trading in the Offer Shares on the regulated market of the Malta Stock Exchange** | 13 August 2014 |

# 19. TERMS AND CONDITIONS OF THE INTERMEDIARIES OFFER

## 19.1 GENERAL

### 19.1.1 Introduction

The Company is proposing to raise proceeds by way of an Intermediaries Offer of 6,850,000 Ordinary Shares, in aggregate.

The Ordinary Shares will be offered for subscription by Eligible Investors at the Offer Price of EUR2.19 per Ordinary Share, payable in full on acceptance by the Eligible Investor.

Application has been made to the Listing Authority to authorise the Ordinary Shares to be admitted to trading on the Official List of the Malta Stock Exchange. It is expected that the issue date and allotment as well as the listing of the Ordinary Shares will be as follows:

(i) The Ordinary Shares not subject to the Intermediaries Offer are expected to be listed on 25 July 2014 and that dealings in the Ordinary Shares not subject to the Intermediaries Offer will commence on 29 July 2014; and

(ii) The Offer Shares are expected to be allotted to Eligible Investors on 11 August 2014 and that dealings in the Offer Shares will commence on 13 August 2014.

The Offer Shares will, when issued and fully-paid, rank equally in all respects with all other Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared after the date of this Prospectus.

The allotment of Offer Shares pursuant to the Intermediaries Offer and the Placing Agreement is conditional, in respect of each applicant, upon a minimum subscription of one hundred thousand and one Euro and ninety-seven Euro Cents (EUR100,001.97) in nominal value of Offer Shares applied for and a representation in form and substance satisfactory to the Issuer and the Intermediary that the applicant for subscription is an Eligible Investor.

The allotment of Offer Shares pursuant to the Intermediaries Offer is not conditional upon a minimum amount of monies being raised. Accordingly, the allotment of Ordinary Shares pursuant to the Intermediaries Offer (and the Placing Agreement) shall be valid notwithstanding that not all the Offer Shares which the Company was entitled to issue pursuant to this Prospectus have been issued.

In accordance with these Terms and Conditions and the Placing Agreement, no Ordinary Shares are being made available to the public pursuant to the Intermediaries Offer.

Entitlements to Offer Shares will be rounded up to the nearest whole number of Ordinary Shares.

It is the responsibility of investors wishing to apply for Offer Shares to inform themselves as to the legal requirements of so applying in Malta and in the countries of their nationality, residence or domicile.

No major shareholder, director or member of the executive management of the Company intends to subscribe to the Intermediaries Offer. The Global Arranger has informed the Issuer that several Eligible Investors are interested in subscribing for more than five percent of the Offer Shares.

**The attention of recipients of this Prospectus or any person who has a contractual or other legal obligation to forward this Prospectus or other related document into a jurisdiction other than Malta is drawn to section 19.4 below. The offer of Ordinary Shares and the Intermediaries Offer will not be made into the Excluded Territories.**

### 19.1.2 Definitions

Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions and/or in any other document issued pursuant to the Prospectus.

#### 19.1.3 Notices

This Prospectus and accompanying documentation are expected to be mailed to Proposed Investors at their registered addresses as held by the Global Arranger and/or Intermediary by 17 July 2014.

#### 19.1.4 Right to Revoke the Offer

Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to revoke the Offer at any time before the closing of the Offer Period.

The circumstances in which such revocation might occur are expected to be exceptional, for example in the case of extraordinary injection of capital exogenous to the Intermediaries Offer or where a significant change in market conditions occurs.

In the event of a revocation in whole or in part of the Intermediaries Offer, the payment monies will be returned by means of a cheque in Euro, without interest, and mailed at the investor's own risk to the address appearing on the Application. The Company and the Registrar expressly disclaim any and all responsibility for any remittances that may be lost or otherwise mislaid through the mail.

#### 19.1.5 Announcement of results of Intermediaries Offer

On 11 August 2014, the Issuer shall announce the results of the Intermediaries Offer by means of a Company Announcement.

Dealing in the Offer Shares is expected to commence on 13 August 2014 which could possibly be prior to the receipt by each Shareholder or person holding Ordinary Share on its behalf of notification of registration from the CSD of the Malta Stock Exchange.

### 19.2 PAYMENT BY APPROVED INVESTORS

Delivery of the allotment letter(s) together with proof of payment (in cleared funds and net of transfer charges) by Approved Investors to the Intermediary for the account of Calamatta Cuschieri & Co Ltd. Client A/C must be made as soon as possible after the date of the Application and in any event so as to be received by the Intermediary by not later than 10.00a.m. on 11 August 2014.

No interest will be paid on payments made before they are due.

### 19.3 PROCEDURE IN RESPECT OF INTERMEDIARIES OFFER

Pursuant to the Placing Agreement, the Global Arranger as non-exclusive Placing Agent has agreed to use its best efforts to promote and place up to 6,850,000 Ordinary Shares in the Issuer with Eligible Investors at the Offer Price of EUR2.19 per Ordinary Share.

The Placing Agent shall by close of business on each business day in France transmit to the Intermediary an updated list of Proposed Investors and the amount of Placed Shares to be subscribed together with the completed Application received by the Placing Agent from the Proposed Investor.

The Intermediary shall, with the assistance of the Placing Agent and the Issuer, verify that the Applicant on behalf of the Proposed Investors qualify as Approved Investors. Should any further documentation be required from a Proposed Investor in order to verify that such investor qualifies as an Eligible Investor or generally to complete or execute the Application, the Placing Agent shall, upon a request by the Intermediary, use its reasonable efforts to contact such Proposed Investor and generally assist with procuring the relevant outstanding documentation from the Proposed Investor.

Offers for the Ordinary Shares by Proposed Investors will be transmitted to the Issuer by the Intermediary. These offers will be accepted by the Issuer on behalf and for account of Proposed Investors strictly on the basis of best price, and oversubscriptions will be allocated accordingly. In other words, the Offer Shares will be allocated to the highest bidder first with the lower bids scaled back in price order, save where this would result in less than 25% of the Ordinary Shares being held in the hands of the public. Payment for the Offer Shares will only be accepted following any such reduction, so there will be no instances of excess payments having to be refunded.

The Placing Agent shall direct Approved Investors to deposit, in cleared funds, subscription monies in the Intermediary's bank account, who will be accepting the subscription monies on behalf of the Issuer. The Intermediary may also accept Applications and subscription monies from Proposed Investors that are introduced or proposed to the Intermediary by persons other than the Global Arranger and any references to 'Placing Agent' in this Prospectus that relate to the Intermediary's functions as the Issuer's authorised intermediary under the Placing Agreement shall be construed to include such other potential introducers of Eligible Investors.

The Issuer however reserves the right not to accept any offer if, in its sole discretion, it considers such offer not to be in the interest of Shareholders. In the event that there are offers at the same price for more than there are Offer Shares available, these will be allocated *pro rata* to the respective applicant, as the case may be. In respect of the Intermediaries Offer, a determination by the Registrar as to the acceptance or otherwise by the Issuer of an offer shall be conclusive and binding on the Global Arranger and all applicants.

In terms of Appendix 3.1 of the Listing Rules, the Listing Authority may require a list of the names of Intermediaries other than the Sponsor to whom securities were allocated and a list of the names and addresses of the clients of the Intermediary and clients of the Global Arranger introduced to the Intermediary to whom securities were in turn allocated.

The minimum number of Offer Shares for which an Eligible Investor may submit one or more offers shall be 45,663 (forty-five thousand six hundred and sixty-three) Ordinary Shares in the aggregate.

The minimum price for which an offer may be submitted shall be the Offer Price – EUR2.19 per share.

Acceptance and allocation of offers will be communicated to the Global Arranger on behalf of Approved Investors as soon as practicable but in any event not later than 17:00 hours on 11 August 2014.

The invitation to offer by the Issuer will be made pursuant exclusively to and as subject to the Prospectus and the Terms and Conditions set out herein.

Any Offer Shares not subscribed to during the Intermediaries Offer will be subject to the terms set out in the Placing Agreement.

## 19.4 OVERSEAS SHAREHOLDERS AND EXCLUDED TERRITORIES

### 19.4.1 General

**THE OFFER OF ORDINARY SHARES UNDER THE INTERMEDIARIES OFFER TO PERSONS RESIDENT IN, OR WHO ARE CITIZENS OF, OR WHO HAVE A REGISTERED ADDRESS IN, COUNTRIES OTHER THAN MALTA MAY BE AFFECTED BY THE LAW OF THE RELEVANT JURISDICTION. THOSE PERSONS SHOULD CONSULT THEIR PROFESSIONAL ADVISERS (INCLUDING TAX ADVISERS) AS TO WHETHER THEY REQUIRE ANY GOVERNMENTAL OR OTHER CONSENTS OR NEED TO OBSERVE ANY OTHER FORMALITIES TO ENABLE THEM TO PURCHASE OR HOLD SECURITIES OF THE ISSUER.**

This section sets out the restrictions applicable to Eligible Investors who have registered addresses and/or who are citizens or residents of Excluded Territories.

Any person (including, without limitation, nominees and trustees) outside Malta wishing to purchase or hold Ordinary Shares must satisfy himself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

**The comments set out in this section are intended as a general guide only and any potential investor who is in doubt as to his position should consult his independent professional adviser without delay.**

Receipt of this document or any document that relates to it will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this document will be sent for information only and should not be copied or redistributed. No person receiving a copy of this document in any Excluded Territory, may treat the same as constituting an invitation or offer to him, nor should he in any event deal with this Prospectus **unless, in the relevant territory, such an invitation or offer could lawfully be made to him without contravention of any unfulfilled registration or other legal or regulatory requirements**.

### 19.4.2 United States of America and Canada

This document and any document that relates to it are intended only for use in connection with the Intermediaries Offer outside of the United States of America and Canada and are not to be given or sent, in whole or in part, to any person within the United States of America or Canada.

## 19.5 REPRESENTATIONS AND WARRANTIES OF ELIGIBLE INVESTORS

By completing and delivering to the Global Arranger and/or the Intermediary an application to subscribe to Offer Shares, each Applicant:

(a) subject to the right of the Issuer (or the Intermediary on its behalf) to reject, in whole or in part, an Application and subject to the right of the Issuer to revoke the offer as each right is respectively set out in this Prospectus, agrees that it has entered into a contract with the Issuer as subject to all the terms and conditions set out in this Prospectus;

(b) agrees to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Company and the issue of the Ordinary Shares contained therein;

(c) confirms that in completing an Application, no reliance was placed on any information or representation in relation to the Issuer or the issue of Ordinary Shares other than those contained in this Prospectus and accordingly agrees 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;

(d) agrees to provide the Registrar, the Intermediary, the Global Arranger and/or the Company, as the case may be, with any documents and/or information which they may request in connection with the Application;

(e) warrants, in connection with the Application, to 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 the Application in any territory and that it has 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 issue of the Offer Shares;

(f) warrants that all applicable exchange control or other such regulations have been duly and fully complied with;

(g) represents that neither it nor the Eligible Investor (if different) is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, 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;

(h) represents that the Eligible Investor does not have his registered address and/or is not a citizen or resident of any Excluded Territory and is a person meeting the criteria set down in Annex II to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC;

(i) agrees that Calamatta Cuschieri & Co. Ltd. in its capacity as Sponsor and Registrar will not treat the Eligible Investor as its customer by virtue of Eligible Investor completing the Application;

(j) agrees that all documents in connection with the issue of the Offer Shares will be mailed at the Eligible Investor's own risk and may be sent at the address (or, in the case of joint Applications, the address of the first named Eligible Investor) as set out in the Application;

(k) for the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations, 2003 as subsequently amended, the Intermediary is under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Code of Conduct for Members of the Malta Stock Exchange" appended as Appendix 3.6 to Chapter 3 of the Malta Stock Exchange Bye-Laws. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 440, laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time.

## 19.6 NO UNDERWRITING COMMITMENT BY GLOBAL ARRANGER

The Placing Agreement does not constitute and does not include any firm commitment by the Global Arranger, the Intermediary or any other person to underwrite the Intermediaries Offer. In the Placing Agreement, the Global Arranger agrees to introduce Eligible Investors to the Intermediary as Applicants for Offer Shares on a "best efforts" basis.

## 19.7 TIMES AND DATES

The Company shall in its discretion be entitled to amend the dates that the Prospectus or any Application is despatched or amend or extend the latest date for acceptance or instruction under the Intermediaries Offer and all related dates set out in this Prospectus and any Application and in such circumstances shall notify the Listing Authority and make a company announcement. **In the event that such a company announcement is made, Eligible Investors may not receive any further written communication in respect of such amendment or extension of the dates included in this Prospectus.**

If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Intermediaries Offer specified in the Prospectus, the latest date for acceptance or instruction under the Intermediaries Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

## 19.8 GOVERNING LAW

The Terms and Conditions as set out in this Prospectus, Applications and any non-contractual obligations arising out of or in relation to the Intermediaries Offer shall be governed by, and construed in accordance with, Maltese law.

## 19.9 JURISDICTION

The courts of Malta are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Intermediaries Offer, this Prospectus or Application (including any dispute relating to any non-contractual obligations arising out of or in connection with any of them).

By accepting rights under the Intermediaries Offer, as the case may be, in accordance with the instructions set out in the Prospectus and the Application, Eligible Investors and any other person who participates in the Intermediaries Offer, irrevocably submit to the jurisdiction of the courts of Malta and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

ISSUER
**Pefaco International p.l.c.**
Tower Business Centre, Suite 3
Tower Street
Swatar BKR 4013
Malta

SPONSOR, INTERMEDIARY and REGISTRAR
**Calamatta Cuschieri & Co Ltd.**
5th Floor, Valletta Buildings
South Street
Valletta
Malta

GLOBAL ARRANGER
**Maréchal & Associés Conseils Finance S.A.S**
14, rue Marignan
75008 Paris
France

LEGAL COUNSEL
**GANADO Advocates**
171 Old Bakery Street
Valletta VLT 1455
Malta

Annex I – CURRENT AND PAST DIRECTORSHIPS OF BOARD MEMBERS

M. Francis J. Perez (Chairman)

| Present Directorships | Past Directorships |
|---|---|
| • Pefaco International p.l.c.<br>• Grupo Pefaco S.A. | None |

M. Olivier A. Cauro

| Present Directorships | Past Directorships |
|---|---|
| • Pefaco International p.l.c.<br>• Grupo Pefaco S.A.<br>• Société d'Exploitation Hotelière du Togo S.A.<br>• Pefaco Hoteles S.L.<br>• Pefaco Portugal S.A.<br>• Strategic Investment Opportunities B.V. | None |

M. René Le Henry

| Present Directorships | Past Directorships |
|---|---|
| • Pefaco International p.l.c.<br>• Lydia Ludic Burkina S.A. | None |

M. Pierre-Michel Pons

| Present Directorships | Past Directorships |
|---|---|
| • Pefaco International p.l.c.<br>• Lydia Ludic Burkina S.A. | None |

M. Benjamin Muscat

| Present Directorships | Past Directorships |
|---|---|
| • Novum Bank Ltd<br>• Equiom Malta Ltd<br>• Equiom (Malta) Services Ltd<br>• AIS Capital Management Investment Fund SICAV<br>• S3 Global Multi-Strategy Fund (Valletta) | • Solutions & Infrastructure Services Ltd<br>• Tigne Mall p.l.c.<br>• Tapina Co Ltd<br>• Tigne' Point Marketing Ltd<br>• MBE Ltd<br>• Kamata BV |

| | |
|---|---|
| SICAV p.l.c.<br>• S3 Global Multi-Strategy Fund (Malta) SICAV p.l.c.<br>• NEAM Ltd<br>• RBC Services Ltd<br>• Stellewagn Finance Co Ltd<br>• Schembri Finance Ltd<br>• Schembri Asphalt Ltd<br>• Remedia Ltd<br>• VASALA Ltd<br>• EKRA Ltd<br>• Wigam Holdings Ltd<br>• Real Trade Ltd<br>• Real Finance Ltd<br>• Windel Ltd | |

Dr. Michael Grech

| Present Directorships | Past Directorships |
|---|---|
| • Pefaco International p.l.c.<br>• Tumas Investments p.l.c.<br>• Dolmen Properties p.l.c.<br>• Zifio Limited<br>• Kabbee International Limited<br>• Maxi Limited<br>• Orme Scientific Limited | None |

**END OF PROSPECTUS**