

This Summary Note is issued in accordance with the provisions of Article 90 of the Companies Act (Chapter 386 of the laws of Malta) and of Commission Regulation (EC) No. 809/2004 of 29<sup>th</sup> 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 30<sup>th</sup> March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4<sup>th</sup> June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30<sup>th</sup> April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of 7<sup>th</sup> March 2014.

Dated the 20<sup>th</sup> day of March 2015

**In respect of an issue of €6,500,000 6.25% Unsecured Bonds 2020 - 2022**  
of a nominal value of €100 per Bond issued at par by

**42 Invest p.l.c.**

A public limited liability company registered in Malta  
with company registration number C-68726

Guaranteed by

**42 Group Limited**

A private limited liability company registered in Malta  
with company registration number C-50116

Prospective investors are to refer to the Guarantee contained in Annex A of the Securities Note forming part of the Prospectus for a description of the scope, nature and term of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in this Summary Note, the Registration Document and the Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by 42 Group Limited.

THE BONDS OFFERED HEREBY ARE BEING ISSUED AND OFFERED THROUGH AN OFFER TO THE PUBLIC IN MALTA BY THE ISSUER. NO APPLICATION HAS BEEN MADE, NOR IS IT INTENDED THAT AN APPLICATION BE MADE, FOR THE SECURITIES ISSUED HEREBY TO BE ADMITTED ON A REGULATED MARKET OR OTHER TRADING PLATFORM. RELIANCE ON THIS SUMMARY NOTE FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE AN INDIVIDUAL TO A SIGNIFICANT RISK OF LOSING ALL OR A SUBSTANTIAL PART OF THE PROPERTY OR OTHER ASSETS INVESTED.

THE BONDS ARE COMPLEX FINANCIAL INSTRUMENTS. A POTENTIAL INVESTOR SHOULD NOT INVEST IN THE BONDS UNLESS HE/SHE HAS THE NECESSARY KNOWLEDGE AND EXPERIENCE TO UNDERSTAND THE RISKS RELATING TO THIS TYPE OF FINANCIAL INSTRUMENT AND UNLESS THE BONDS MEET THE INVESTMENT OBJECTIVES OF THE POTENTIAL INVESTOR AND SUCH INVESTOR IS ABLE TO BEAR ANY INVESTMENT FINANCIAL RISK.

A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO AND APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY ACTING THROUGH THE REGISTRAR OF COMPANIES IN MALTA.

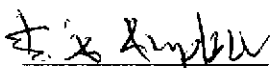
THE REGISTRAR OF COMPANIES ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS, INCLUDING ANY LOSSES INCURRED BY INVESTING IN THESE SECURITIES.


Placement Agent and  
Manager

Legal Counsel

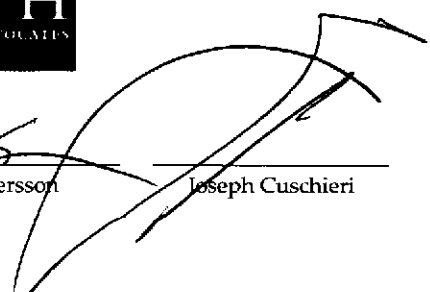
  
**Calamatta Cuschieri**  
SOLICITORS AND ADVOCATES

  
**GVTH**  
ADVOCATES

  
Bengt-Ake Angelow

  
Erik Angelow

  
Johan Persson

  
Joseph Cuschieri

**IMPORTANT INFORMATION**

THIS SUMMARY NOTE CONSTITUTES PART OF A PROSPECTUS DATED 20<sup>TH</sup> MARCH 2015 AND CONTAINS INFORMATION ON THE ISSUER, THE GUARANTOR AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1995 (CHAPTER 386 OF THE LAWS OF MALTA) AND THE COMMISSION REGULATION (EC) NO. 809/2004 OF 29<sup>TH</sup> 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 30<sup>TH</sup> MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4<sup>TH</sup> JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30<sup>TH</sup> APRIL 2013 AND COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7<sup>TH</sup> MARCH 2014.

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

UNLESS OTHERWISE STATED, THE CONTENTS OF THE ISSUER'S OR THE GUARANTOR'S WEBSITES OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S OR THE GUARANTOR'S WEBSITES DO NOT FORM PART OF THE 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 THE BONDS.

**THE REGISTRAR OF COMPANIES ACCEPTS NO RESPONSIBILITY FOR AND MAKES NO REPRESENTATIONS AS TO THE CONTENTS, ACCURACY OR COMPLETENESS OF THE PROSPECTUS 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 THE PROSPECTUS.**

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION: (A) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (B) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (C) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS 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.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY UNLISTED 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 LEGAL ADVISORS, ACCOUNTANTS AND/OR OTHER FINANCIAL ADVISORS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.

THE BONDS SHALL NOT BE ADMITTED TO LISTING ON ANY REGULATED MARKET.

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

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

IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED THE DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4<sup>TH</sup> NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING (THE "PROSPECTUS DIRECTIVE") OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF THE

PROSPECTUS DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN THE PROSPECTUS DIRECTIVE), AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE.

A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO AND APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY ACTING THROUGH THE REGISTRAR OF COMPANIES IN MALTA, AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE COMPANIES ACT.

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

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS BOND ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

This Summary Note is prepared in accordance with the requirements of the Regulation (as defined immediately below).

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7) in the relative disclosure requirement checklist. This Summary Note contains all the Elements required to be included in a summary for this type of securities and Issuer. 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 the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element in question. In this case a short description of the Element is included in this Summary Note with the mention of 'not applicable'.

In this Summary Note the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

"Act" or "Companies Act"	the Companies Act, 1995, Chapter 386 of the laws of Malta;
"Applicant/s"	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
"Application"	the application to subscribe for and purchase Bonds made by an Applicant by completing an Application Form and delivering same to the Placement Agent and Manager (defined below) in accordance with the terms of this Summary Note;
"Application Form"	the form of application for subscription of Bonds, a specimen of which is contained in Annex B of the Securities Note forming part of the Prospectus;
"Appropriateness Test"	the test conducted by any licensed financial intermediary, when providing an investment service (other than investment advice or portfolio management) in relation to the subscription for and the trading of bonds, for the purpose of such licensed financial intermediary determining (after collecting the necessary information) whether the investment service or the bonds in question are appropriate for the prospective Applicant or prospective transferee. In carrying out this assessment, the licensed financial intermediary shall ask the Applicant or the prospective transferee to provide information regarding the Applicant or transferee's knowledge and experience so as to determine that the Applicant or transferee has the necessary experience and knowledge in order to understand the risks involved in relation to the bonds in question or investment service offered or demanded, in accordance with Part BI of the Investment Services Rules. In the event that the licensed financial intermediary considers, on the basis of the test conducted, that the transfer of bonds in question is not appropriate for the Applicant or prospective transferee, the licensed financial intermediary shall reject the Applicant's or prospective transferee's request to subscribe for or acquire such bonds, <b>irrespective of whether the Applicant or transferee is warned that the investment in such bonds is not appropriate for the Applicant or transferee;</b>

"Bonds"	the €6,500,000 unsecured bonds 2020 - 2022 of a nominal value of €100 per bond issued at par and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 6.25% per annum;
"Bondholder"	a holder of Bonds;
"Bond Issue"	the issue of the Bonds;
"Bond Issue Price"	at par (€100 per Bond);
"Business Day"	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
"Company" or "Issuer"	42 Invest p.l.c., a public limited liability company registered under the laws of Malta having its registered office at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta and bearing company registration number C-68726;
"Designated Optional Redemption Period"	any day falling between and including 7 <sup>th</sup> April 2020 and 6 <sup>th</sup> April 2022 when the Issuer shall be entitled, at its option and in its sole discretion, to redeem part or all of the Bonds then outstanding and all interest accrued up to the date of prepayment, by giving at least thirty (30) days' advance written notice to the Bondholders;
"Euro" or "€"	the lawful currency of the Republic of Malta;
"Group"	42 Group Limited (C-50116) and its subsidiary and associated companies, including the Issuer, which are principally involved in the telecommunications industry. Specifically, the Guarantor effectively owns 100% of the share capital of the Issuer, of 42 Telecom Limited, of Haud Systems and of 42 Marketing on a local level, as well as of 42 Telecom AB and of 42 Telecom UK on an international level (all defined below), which are considered to be the subsidiaries within the Group which are material to the Group's operational and financial performance. Further details concerning the above-mentioned Group subsidiaries, particularly in respect of 42 Telecom Limited and HAUD Systems, which are the key operating and trading entities within the Group, are set out in the Registration Document forming part of the Prospectus;
"Guarantee"	the joint and several suretyship of the Guarantor in terms of the guarantee contained in Annex A of the Securities Note forming part of the Prospectus and as described in Element B.18 of this Summary Note;
"Guarantor" or "42 Group Ltd"	42 Group Limited, a private limited liability company registered under the laws of Malta having its registered office at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta and bearing company registration number C-50116;
"Haud Systems" or "HAUD"	Haud Systems Limited, a private limited liability company registered under the laws of Malta having its registered office at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta and bearing company registration number C-53030, and which operates under the brand name HAUD;
"Interest Payment Dates"	1 <sup>st</sup> March and 1 <sup>st</sup> September of each year, between and including each of the years 2015 and 2022, unless part or all of the Bonds are redeemed at the Issuer's sole discretion on any day during the Designated Optional Redemption Period, in respect of the Bonds so redeemed; provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
"Investment Services Rules"	the Investment Services Rules for Investment Services Providers, the standard license conditions applicable to investment services license holders (excluding UCITS Management Companies), issued by the MFSA, as amended from time to time;
"Issue Date"	expected on 7 <sup>th</sup> April 2015;
"Issue Period"	the period between 08.30 hours on 2 <sup>nd</sup> April 2015 and 12.00 hours on 7 <sup>th</sup> April 2015 during which the Bonds are available for subscription;
"Memorandum and Articles of Association" or "M&As"	the memorandum and articles of association of the Issuer and/or the Guarantor (as the case may be) in force at the time of publication of the Prospectus;
"MFSA"	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Chapter 330 of the laws of Malta);
"Placement Agent and Manager"	Calamatta Cuschieri & Co. Limited, a private limited liability company registered under the laws of Malta having its registered office at 3 <sup>rd</sup> Floor, Valletta Buildings, South Street, Valletta VLT 1000, Malta and bearing company registration number C-13729. Calamatta Cuschieri & Co. Limited is authorised to conduct investment services by the MFSA in terms of the Investment Services Act (Chapter 370 of the laws of Malta);
"Prospectus"	collectively this Summary Note, the Registration Document and the Securities Note, all dated 20 <sup>th</sup> March 2015, as such documents may be amended, updated, replaced and supplemented from time to time;
"Prospectus Directive"	Directive 2003/71/EC of the European Parliament and of the Council of 4 <sup>th</sup> 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, as may be amended from time to time;

"Redemption Date"	7 <sup>th</sup> April 2022, unless otherwise redeemed at the Issuer's sole discretion on any day during the Designated Optional Redemption Period;
"Redemption Value"	at par (€100 per Bond);
"Registration Document"	the registration document issued by the Issuer dated 20 <sup>th</sup> March 2015, forming part of the Prospectus;
"Regulation"	Commission Regulation (EC) No. 809/2004 of 29 <sup>th</sup> April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 <sup>th</sup> March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 <sup>th</sup> June 2012 amending Regulation (EC) No. 809/2004 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 of 30 <sup>th</sup> April 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 <sup>th</sup> 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 (Text with EEA relevance);
"Securities Note"	the securities note issued by the Issuer dated 20 <sup>th</sup> March 2015, forming part of the Prospectus;
"Suitability Test"	the process through which a licensed financial intermediary providing investment advice or portfolio management services in relation to the subscription for and trading of bonds obtains such information from the Applicant or prospective transferee as is necessary to enable the licensed financial intermediary to recommend to or, in the case of portfolio management, to effect for, the Applicant or prospective transferee, the investment service and trading in bonds that are considered suitable for him/her, in accordance with Part BI of the Investment Services Rules. The information obtained pursuant to this test must be such as to enable the licensed financial intermediary to understand the essential facts about the Applicant or prospective transferee and to have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended, or to be entered into in the course of providing a portfolio management service, satisfies the following criteria: (a) it meets the investment objectives of the Applicant or prospective transferee in question; (b) it is such that the Applicant or prospective transferee is able financially to bear any related investment risks consistent with the investment objectives of such Applicant or prospective transferee; and (c) it is such that the Applicant or prospective transferee has the necessary experience and knowledge in order to understand the risks involved in the transaction or in the management of his/her portfolio;
"Summary Note"	this document in its entirety dated 20 <sup>th</sup> March 2015, forming part of the Prospectus;
"Terms and Conditions"	the terms and conditions relating to the Bonds as contained in the Prospectus, a summary of which is contained in section E.3 of this Summary Note;
"42 Marketing"	42 Marketing Ltd, a private limited liability company registered under the laws of Malta having its registered office at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta and bearing company registration number C-53993;
"42 Telecom AB"	42 Telecom AB, a company registered under the laws of Sweden having its registered office at Box 1237, 62123 Visby, Gotland, Sweden and bearing company registration number 556695-1223;
"42 Telecom Limited"	42 Telecom Limited, a private limited liability company registered under the laws of Malta having its registered office at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta and bearing company registration number C-50141;
"42 Telecom UK"	42 Telecom UK Ltd, a company registered under the laws of the United Kingdom having its registered office at Fifth Floor, 8/9 New Street, London EC2M 4TP and bearing company registration number 7320167;
"Fortytwo Telecom"	collectively 42 Telecom Limited, 42 Telecom AB and 42 Telecom UK operating under the brand name Fortytwo Telecom.

All references in the Prospectus to "Malta" are to the "Republic of Malta".

Unless it appears otherwise from the context:

- (a) words importing the singular shall include the plural and vice-versa;
- (b) words importing the masculine gender shall include the feminine gender and vice-versa;
- (c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative.

## 1. SECTION A - INTRODUCTION AND WARNINGS

### A.1 Prospective investors are hereby warned that:

- i. This Summary Note is being provided to convey the essential characteristics and risks associated with the Issuer, the Guarantor and the securities being offered pursuant to the Prospectus. 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 Note alone in making a decision as to whether to invest in the securities described herein. Any decision to invest in the Bonds should be based on a consideration of the Prospectus as a whole by the investor; and
- ii. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before legal proceedings are initiated; and
- iii. Civil liability attaches only to those persons who have tabled the Summary Note, including any translation thereof, and who applied for its notification, but only if the Summary Note, when read together with the other parts of the Prospectus, is misleading, inaccurate, inconsistent or does not provide key information in order to aid investors when considering whether to invest in such securities.

### A.2 Consent required for use of the Prospectus during the Issue Period: prospective investors are hereby informed that:

- i. The Issuer has given its express written consent to the Placement Agent and Manager for the use of the Prospectus by the same Placement Agent and Manager for the purpose of final placement and/or subsequent resale of the Bonds. For the purposes of any subscription for Bonds through the Placement Agent and Manager during the Issue Period and any subsequent resale, placement or other offering of Bonds by the Placement Agent and Manager in circumstances where there is no exemption from the requirement to publish a prospectus under the Regulation, the Issuer consents to the use of the Prospectus (and accepts responsibility for the information contained herein) with respect to any such subsequent resale, placement or other offering of Bonds, provided this is limited only:
  - (a) in respect of Bonds subscribed for through the Placement Agent and Manager during the Issue Period;
  - (b) to any resale or placement of Bonds subscribed for as aforesaid taking place in Malta; and
  - (c) to any resale or placement of Bonds subscribed for as aforesaid taking place within the period of 60 days from the date of the Prospectus.
- ii. **In the event of a resale, placement or other offering of Bonds by the Placement Agent and Manager, the Placement Agent and Manager shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.**

## 2. SECTION B – ISSUER AND GUARANTOR

B.1 The legal and commercial name of the Issuer is 42 Invest p.l.c. (registration number C-68726). The legal and commercial name of the Guarantor is 42 Group Limited (registration number C-50116).

B.2 The Issuer was incorporated in Malta on 26<sup>th</sup> January 2015 as a public limited company, registered in terms of the Companies Act and is domiciled in Malta, having its registered office at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta.

The Guarantor was incorporated in Malta on 6<sup>th</sup> July 2010 as a private limited liability company registered in terms of the Companies Act and is domiciled in Malta, having its registered office at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta.

B.4b The Issuer, which is a fully-owned subsidiary of the Guarantor, has been set up to act as a financing company and its business is limited to the raising of capital for the financing of capital projects and the loaning of such capital to the Guarantor and/or its subsidiary companies, the collection of interest therefrom and the settlement, in turn, of interest payable on capital raised from third parties. The Issuer does not have any substantial assets. Its role is limited to the financing of the Group's operations and it is, accordingly, principally dependent on the receipt of loan repayments from Group companies. The two key business areas of the Group are those comprising the operations of Fortytwo Telecom and HAUD.

Below is a summary of details concerning the principal activities and markets, business objectives and trading prospects of Fortytwo Telecom and HAUD:

Fortytwo Telecom originally started business in Sweden in 2001 and entered the market as a telecommunications provider specialising in the transmission of messages (SMS messages specifically). The business gained Mobile Network Operator (MNO) status in Sweden and maintains such status currently. The global demand for application-to-person (A2P) messaging

has continued to grow from that time through to the present, and the company enjoyed the same trend and has consequently experienced healthy growth over the years.

The Group, in-line with its entrepreneurial nature, recognised the changing requirements of the telecom industry which was moving away from MNOs tolerating open 'mutual forgiveness' routes, to needing to capitalize on all potential revenue streams. This created the initial HAUD concept (SMS firewall and filter for MNOs) and the company Haud Systems was established to commercialise the opportunity. The same trends predicted by the Group have now materialized, evidenced by HAUD's initial revenues and growing prospects; with HAUD and its competitors developing the market, the landscape for A2P messaging will be very different moving forward. Over-the-top (OTT) messaging platforms, with their minimal cost structures (more often than not with cost free, online messaging), has impacted the person-to-person (P2P) SMS market with significantly reduced traffic and margins for MNOs, margins which are also currently under threat from Voice over Internet Protocol (VoIP) too. All this is compounding and fuelling the recent shifts in market direction.

The market dynamic and subsequent shifts do not only have significant impact for HAUD, they also affect the telecommunications market populated by Fortytwo Telecom and its competitors. Whilst the previously dominant nature of the inter-connected infrastructure of the world's MNOs presented unique opportunities and threats to their competitors, the new unfolding technological landscape has significantly changed the opportunities and threats of the future.

The effects of such changes will mean that the product portfolio of Fortytwo Telecom will be significantly altered over the coming years. Whilst from a technological point of view this is not a major shift in Fortytwo Telecom's current modus operandi, the nature of how the company engages with its customers and suppliers will be very different.

The core nature of a SMS aggregator such as Fortytwo Telecom is to maintain and manage connections to all the various mobile networks around the world which can terminate SMS. Then to aggregate various sources of application-to-person SMS (A2P SMS) and terminate such, over these managed routes and connections to the required mobile networks. The main aspects are the technical ability to handle and terminate SMS messages at volume and to have the commercial agreements with the target networks. Currently the company uses its own carrier grade short message service centre (SMSC) and architecture, all of which were developed in-house by a dedicated team of developers and engineers. This solution is connected to all major signalling carriers ensuring that Fortytwo Telecom has the ability to terminate SMS on a truly global scale. It has been the cornerstone of all Fortytwo Telecom's success, that such quick and intuitive technological development skill is available to the company in-house.

On its part, HAUD Systems, which is the owner of a proprietary advanced modular filtering solution, specializes in revenue assurance, security and fraud detection through the provision of an SMS firewall and filtering solution.

Haud Systems was set up in 2011 and by the end of that same year it implemented its first installation for a proof of concept with a mobile network operator in the UK. This client continues to be a customer to date. Since then the company has continued developing its product portfolio and filtering methodologies and has acquired other customers in Europe and Asia. It is currently in negotiations with other potential customers in both the Asia-Pacific and Europe, Middle East and Africa regions and has a number of letters of intent signed up to this purpose.

HAUD maximises revenue potential for mobile network operators through the provision of tailor-made solutions to monitor and control messages passing through their networks. This is generally resultant in increased profitability through the generation of revenues from application-to-person (A2P) traffic; a reduction in SMS fraud and spam; and increased subscriber loyalty and churn reduction.

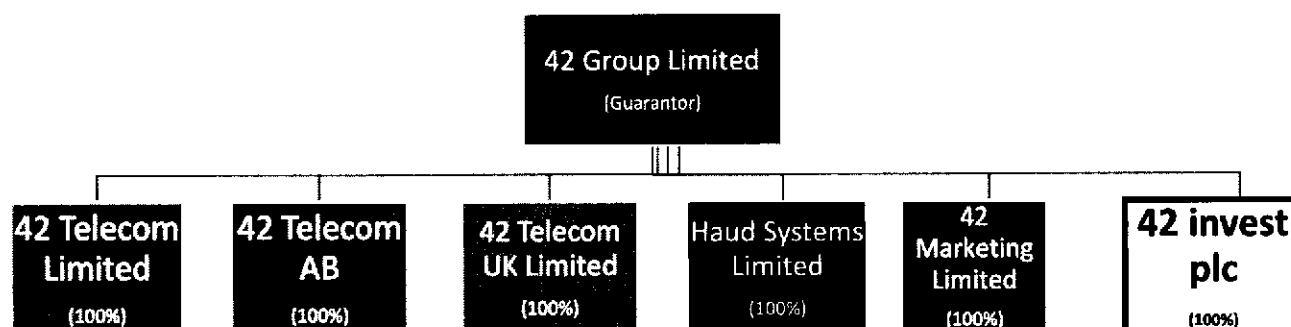
Up until recent times, SMS was a technology which MNOs paid little attention to in terms of revenue leakage, the costs of which were entirely sunk, but it continued to provide a steady source of revenue both on the local and international scene. However, with the onset of revenue challenges such as the EU roaming regulation which hit MNOs' bottom line significantly, more aggressive competitive pricing and infrastructural investments in 3G and Long-Term Evolution (LTE), operators find themselves under significant pressure to deliver and protect their EBITDA margins.

For these reasons, two or three years ago SMS Firewalls started appearing on the market as a specific technical solution as a means to protect MNOs from open routes, provide revenue assurance and enable them to protect their subscribers from fraud and spam.

HAUD has identified the huge potential in capitalizing on these current market opportunities and is offering tools to ensure revenue maximization, identify new sources of revenues, and curb fraud and spam. HAUD's solutions come at a crucial period of evolution within the industry and HAUD is well placed to reap substantial rewards from its efforts.

- B.5 The Issuer is, except for one share which is held by 42 Telecom Limited, a fully-owned subsidiary of the Guarantor, which latter entity is the parent company of the Group.

The organisational structure of the Group, relevant to the Issuer and the Guarantor, is illustrated in the diagram below as at the date of this Summary Note:



- B.9 *Not Applicable:* the Registration Document does not contain any profit forecasts or estimates.
- B.10 *Not Applicable:* The Issuer was set up on 26<sup>th</sup> January 2015 and since incorporation to the date of this Summary Note no financial statements have been prepared. The Guarantor's audit reports on the audited financial statements for the years ended 31<sup>st</sup> December 2011, 2012 and 2013 do not contain any qualifications.
- B.12 The Issuer was set up on 26<sup>th</sup> January 2015 and since incorporation to the date of this Summary Note no financial statements have been prepared. The historical financial information of the Guarantor for the financial year ended 31<sup>st</sup> December 2011, as audited by 3aMalta of Level 2, Palazzo Ca' Brugnera, Valley Road, Birkirkara BKR 9024, Malta, and for the financial years ended 31<sup>st</sup> December 2012 and 2013, as audited by Grant Thornton of Tower Business Centre, Suite 3, Tower Street, Swatar BKR 4013, Malta, is available for inspection at the Issuer's registered office during office hours.

Extracts from the historical financial information of the Guarantor for financial years ended 31<sup>st</sup> December 2011, 2012 and 2013 are set out below. The remaining components of Element B.12 are not applicable, given that there has been no material adverse change in the prospects of the Issuer since the date of its incorporation and there has been no material adverse change in the prospects of the Guarantor since the date of its latest audited financial statements.

Extracts from the consolidated historical financial information of the Guarantor:

**Extract from the Consolidated Income Statements  
for the year ended 31 December**

	2011*	2012*	2013*	2014**
	€'000	€'000	€'000	€'000
<b>Revenue</b>	<b>6,683</b>	<b>6,102</b>	<b>7,398</b>	<b>6,270</b>
<b>Operating profit/(loss)</b>	<b>1,938</b>	<b>(384)</b>	<b>408</b>	<b>32</b>
<b>Profit/(loss) before tax</b>	<b>1,937</b>	<b>(390)</b>	<b>408</b>	<b>28</b>
<b>Profit/(loss) for the year</b>	<b>1,533</b>	<b>(521)</b>	<b>45</b>	<b>129</b>

\* Based on audited financial statements

\*\* Based on unaudited financial information prepared by the Group



### Extract from the Consolidated Statements of Financial Position as at 31 December

	2011*	2012*	2013*	2014**
	€'000	€'000	€'000	€'000
Non-current assets	428	435	625	1,050
Current assets	3,234	2,473	2,120	2,197
<b>Total assets</b>	<b>3,662</b>	<b>2,908</b>	<b>2,745</b>	<b>3,247</b>
Shareholder's equity	1,811	1,453	1,287	1,136
Total liabilities	1,851	1,455	1,458	2,111
<b>Total equity and liabilities</b>	<b>3,662</b>	<b>2,908</b>	<b>2,745</b>	<b>3,247</b>

\* Based on audited financial statements

\*\* Based on unaudited financial information prepared by the Group

### Extract from the Consolidated Statements of Cash Flows for the year ended 31 December

	2011*	2012*	2013*	2014**
	€'000	€'000	€'000	€'000
<b>Net cash generated from/(used in):</b>				
- operating activities	1,471	(1,652)	(29)	154
- investing activities	382	(198)	(361)	(493)
- financing activities	149	902	152	(37)
Effect of foreign currency translation	12	22	1	-
<b>Net movement in cash and cash equivalents</b>	<b>2,014</b>	<b>(926)</b>	<b>(237)</b>	<b>(376)</b>
Cash and cash equivalent at beginning of year	-	2,014	1,088	851
<b>Cash and cash equivalent at end of year</b>	<b>2,014</b>	<b>1,088</b>	<b>851</b>	<b>475</b>

\* Based on audited financial statements

\*\* Based on unaudited financial information prepared by the Group

- B.13 *Not Applicable*: neither the Issuer nor the Guarantor is aware of any recent events which are, to a material extent, relevant to the evaluation of their respective solvency.
- B.14 The Issuer does not itself undertake any trading activities apart from the raising of capital and the advancing thereof to members of the Group. Accordingly, the Issuer is economically dependent principally on the financial and operating performance of the businesses of 42 Telecom Limited and HAUD Systems, which are the key operating and trading entities within the Group (see also sub-Section B.4b above).
- B.15 The Issuer has been set up, and continues to act, as a financing company within the Group, with its main business being limited to the raising of capital for the financing of capital projects and the loaning of such capital to the Guarantor and/or its subsidiary companies. In terms of its Memorandum of Association, the principal object of the Issuer is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, including but not limited to securities and other financial interests. Sub-clause 4(b) of the Company's Memorandum of Association specifically provides that the Issuer is authorised and empowered to issue bonds, commercial paper or any other instruments creating or acknowledging indebtedness and to sell or offer same to the public.

The Issuer itself does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company solely for the needs of the Group. The Issuer is, therefore, intended to serve as a vehicle through which the Group will continue to finance the management and administration of the Group's on-going business and new projects that may be undertaken by its subsidiary companies, particularly HAUD in respect of which the Group's management have identified a potential for considerable growth in the immediate to short-term future via the promotion and diffusion of its innovative products and services; and/or enabling the Group to exploit its potential and seize new opportunities arising in the market.

- B.16 The Issuer's current authorised and issued share capital is of €46,588 divided into 46,588 ordinary shares of a nominal value of €1 each, which are subscribed to and allotted as fully paid up shares as follows: (i) 46,587 ordinary shares of €1 each held by 42 Group Limited (C-50116) and (ii) 1 ordinary share of €1 held by 42 Telecom Limited (C-50141).

The Guarantor's current authorised and issued share capital is of €300,000 divided into 300,000 ordinary shares of €1 each, fully paid up and subscribed to as follows: (i) 299,999 ordinary shares held by *Snow Feather Investments Limited*, a company incorporated under the laws of the British Virgin Islands with registration number 1595276; and (ii) 1 ordinary share held by *Sovereign Trust (Malta) Limited* (C-26143), acting as fiduciary nominee.

The Group is ultimately wholly owned, through *Snow Feather Investments Limited*, by Mr Bengt-Ake Angelow as to 75%, whilst the remaining 25% is held by Mr Johan Persson.

In terms of the Articles of Association of the Issuer, the Guarantor is empowered to appoint the directors of the Issuer by means of an ordinary resolution in general meeting, thereby putting it in a position to appoint an absolute majority of the directors of the Issuer and, accordingly, having control over the management and operations of the Issuer.

The Issuer adopts measures in line with the Corporate Governance Guidelines for Public Interest Companies to ensure that its relationship with the Guarantor is, at all times, retained at arm's length and that there is no abuse of power by the Issuer or the Guarantor in the context of related party transactions, including adherence to rules on such related party transactions requiring the sanction of the Audit Committee of the Issuer, which is constituted in its majority by non-executive directors, of which one, being an independent non-executive director in the person of Mr Joseph Cuschieri, also acts as Chairman of the Committee. In this regard, the Audit Committee of the Issuer has the task of ensuring that any potential abuse which may arise in consequence of the foregoing state of affairs is immediately identified and resolved. Mr Joseph Cuschieri in his capacity as Chairman of the Issuer's Audit Committee and in view of his status as an independent, non-executive Director, is specifically entrusted with such oversight.

- B.17 *Not Applicable*: neither the Issuer nor the Guarantor have sought the credit rating of an independent rating agency, and there has been no assessment by any independent rating agency of the Bonds issued by the Issuer.
- B.18 For the purposes of the Guarantee, 42 Group Ltd stands surety jointly and severally with the Issuer and irrevocably and unconditionally guarantees the due and punctual performance of all the obligations undertaken by the Issuer in terms of such Issue. Accordingly, until such time as Bonds remain in issue, the Guarantor undertakes to pay any amounts of principal and interest which may become due and payable should the Issuer default in paying the Bondholders under the Bonds. In such cases the Guarantor would be under an obligation to pay to the Bondholders, upon demand and without the necessity of action first being taken by Bondholders against the Issuer itself, the amount due and payable by the Issuer to such Bondholders. The Guarantor's obligations under the Guarantee shall remain in full force and effect until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

### 3. SECTION C – SECURITIES

- C.1 The Issuer shall issue an aggregate amount of €6,500,000 in Bonds having a nominal value of €100 per Bond, subject to a minimum subscription of €1,000. The Bonds will be issued in fully certificated and registered form, without interest coupons. The Bonds, which are guaranteed by 42 Group Limited, shall bear interest from and including 7<sup>th</sup> April 2015 at the rate of six point two five per cent (6.25%) per annum and shall be repayable in full upon maturity, unless they are previously purchased and cancelled; or in the event that the Issuer exercises the option to redeem all or any part of the Bonds at their nominal value prior to the Redemption Date, between 7<sup>th</sup> April 2020 and 6<sup>th</sup> April 2022 (the "Designated Optional Redemption Period") as the Issuer may determine in its absolute discretion on giving not less than thirty (30) days' notice in writing to the Bondholders.
- C.2 The Bonds are denominated in Euro (€).
- C.5 The Bonds are freely transferrable and may be transferred or transmitted only in whole (in multiples of €100) by the Bondholder in accordance with applicable laws, rules or regulations governing the transfer of the Bonds, from time to time.
- C.8 Investors wishing to participate in and subscribe for the Bonds will be able to do so by duly executing the appropriate Application Form in relation to the Bonds. Execution of the Application Form will entitle such investor to:
- (i) the payment of capital;
  - (ii) the payment of interest;
  - (iii) ranking with respect to other indebtedness of the Issuer and Guarantor in accordance with the status of the Bonds, as follows: "the Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other outstanding and unsecured obligations of the Issuer and the Guarantor, present and future, if any";
  - (iv) attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bonds; and
  - (v) enjoy all such other rights attached to the Bonds emanating from the Prospectus.

- C.9 Interest is expected to accrue on the Bonds as from and including 7<sup>th</sup> April 2015 at the rate of 6.25% per annum on the nominal value thereof, payable semi-annually in arrears on 1<sup>st</sup> March and 1<sup>st</sup> September of each year. The first interest payment will be effected on 1<sup>st</sup> September 2015. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

The gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption Value of the Bonds at maturity is six point two five per cent (6.25%). The Bonds will mature on 7<sup>th</sup> April 2022, unless otherwise redeemed at the Issuer's sole discretion on any day during the Designated Optional Redemption Period.

The remaining component of Element C.9 is not applicable, given that no representative of debt security holders has been appointed.

- C.10 *Not Applicable*: there is no derivative component in the interest payments on the Bonds.

- C.11 The Bonds will not be listed on the Malta Stock Exchange or on any other regulated market. Application has not been filed for the Bonds to be quoted on the Official List or the Alternative Companies List of the Malta Stock Exchange. The directors of the Issuer have no intention of submitting an application for the admissibility of the Bonds to listing and subsequent trading on the Malta Stock Exchange or any other regulated market.

#### **4. SECTION D – RISKS**

Holding of a Bond involves certain risks. Prospective investors should carefully consider, with their own independent financial and other professional advisors, the following risk factors and other investment considerations, as well as all the other information contained in the Prospectus before deciding to acquire Bonds. Prospective investors are warned that by investing in the Bonds they may be exposing themselves to significant risks that may have the consequence of losing a substantial part or all of their investment.

The Prospectus contains statements that are, or may be deemed to be, “forward looking statements”, which relate to matters that are not historical facts and which may involve projections of future circumstances. They appear in a number of places throughout the Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer, the Guarantor and/or their respective directors. These forward looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer's and Guarantor's directors. No assurance is given that the future results or expectations will be achieved.

If any of the risks described below were to materialise, they could have a serious effect on the Issuer's and/or Guarantor's financial results and trading prospects and the ability of the Issuer and/or Guarantor to fulfil their respective obligations under the securities issued by the Issuer from time to time.

Below is a summary of the principal risks associated with an investment in the Issuer and the Bonds – there may be other risks which are not mentioned in this summary. In addition, factors which are deemed material for the purpose of assessing the market risks associated with the Bonds are described below. Investors are, therefore, urged to consult their own financial or other professional advisors with respect to the suitability of investing in the Bonds.

##### **D.2 (a) Risks relating to the Issuer's reliance on the Group**

The Company itself does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company solely for the needs of the Group. The Issuer is mainly dependant on the business prospects of the Group and, therefore, the operating results of the Group have a direct effect on the Issuer's financial position. Accordingly, the risks of the Issuer are indirectly those of the Group.

Consequently, the Issuer is principally dependent, including for the purpose of servicing interest payments on the securities described below and the repayment of the principal amount on Redemption Date, on the receipt of loan repayments from Group companies. In this respect, therefore, the risks intrinsic in the business and operations of Fortytwo Telecom, HAUD and other Group companies have a direct effect on the ability of the Issuer and the Guarantor to meet their respective obligations in connection with the repayment of principal and interest under the Bonds when due.

##### **(b) Risks relating to the business of the Group**

42 Telecom Limited and HAUD Systems are the main operational and revenue-generating companies within the Group and, accordingly, their respective performance most significantly determines the success or otherwise of the Group.

- (i) Fortytwo Telecom's and HAUD's sales are dependent on their own respective continued innovations in hardware, software and services offerings, as well as those by third party partners or suppliers, and the competitiveness of their offerings. A decrease in the rate of innovation, or the lack of acceptance of innovations by customers, could have an adverse effect on Fortytwo Telecom's and HAUD's respective businesses, results of operations or cash flows.
- (ii) Fortytwo Telecom's and HAUD's future success is partly dependent upon their speed to adapt to technological changes. Failure to successfully introduce new or enhanced products to the market may adversely affect Fortytwo Telecom's and HAUD's respective businesses, financial condition and results of operations.
- (iii) General economic conditions could negatively affect technology spending by Fortytwo Telecom's and HAUD's respective customers and put downward pressure on prices, which may have an adverse impact on Fortytwo Telecom's and HAUD's respective businesses, results of operations or cash flows.
- (iv) Fortytwo Telecom and HAUD operate in highly competitive markets. Substantial competition could reduce their respective market share and significantly harm their financial performance. Furthermore, increasing competitive pressures may cause Fortytwo Telecom and/or HAUD to make certain pricing, service or marketing decisions that could have a material adverse effect on their respective revenues, costs, financial conditions and results of operations.
- (v) Failure to provide high-quality services to Fortytwo Telecom's and/or HAUD's customers could adversely impact Fortytwo Telecom's and/or HAUD's reputation and business.
- (vi) If Fortytwo Telecom or HAUD lose any of their key personnel, or are unable to attract and retain the talent required for their business, the business could be disrupted and their financial performance could suffer.
- (vii) Risk to intellectual property and proprietary rights in connection with the prevention of misappropriation of Fortytwo Telecom's and HAUD's proprietary information and technology, in respect of which, however, there can be no assurance that any measures implemented will preclude competitors from developing products with functionality or features similar to those of Fortytwo Telecom and/or HAUD.
- (viii) Fortytwo Telecom's and HAUD's systems and systems of third-party providers may fail which could interrupt Fortytwo Telecom's and/or HAUD's service. A system outage or data loss could have a material adverse effect on Fortytwo Telecom's and HAUD's respective businesses, financial condition and results of operations.
- (ix) Fortytwo Telecom or HAUD may experience software defects, undetected errors or development delays which could damage customer relations, decrease potential profitability and expose Fortytwo Telecom or HAUD to liability.
- (x) Risks relating to the Issuer's and HAUD's limited trading records, resulting from the fact that the Issuer, having been incorporated on 26<sup>th</sup> January 2015, has no trading record or history of operations. Additionally, the Group's projections are highly dependent on the projected cash flow to be generated by Haud Systems, which is a relatively new business operation and is subject to the risks and challenges frequently encountered by companies in the early stages of their development, including the lack of financial stability and the risk of costs exceeding revenues. If such risks were to materialise, they could have a significant impact on the financial position and profitability of the Group.
- (xi) Risks relating to fluctuations in exchange rates which may adversely affect the Group's operating performance.
- (xii) The Issuer has appointed only one (1) independent and non-executive director to its Board of Directors, namely Mr Joseph Cuschieri. Mr Cuschieri, in view of his status as an independent and non-executive director, also acts as Chairman of the Issuer's Audit Committee, with the remaining two (2) members of the Committee, namely Mr Bengt-Ake Angelow and Mr Erik Angelow, being directors of both the Issuer and the Guarantor. This state of affairs may give rise to conflicts of interest.
- (xiii) With the issue of the Bonds, the Group's capital structure is expected to change from one where the Group is fully funded through shareholders' equity to a highly leveraged capital structure. This could have an adverse effect on the financial condition of the Issuer and the Group generally, should actual results differ materially from those anticipated by the Group.

### **D.3 Risks relating to the Bonds**

- (i) The value of investments, including the Bonds, can go up or down and past performance is not necessarily indicative of future performance.
- (ii) The terms and conditions of this Bond Issue are based on Maltese law in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of the Prospectus.
- (iii) The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the principal amount and the interest due under said Bonds by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves, and

save for such exceptions as may be provided by applicable law, shall rank without priority and preference to all other present and future unsecured obligations of the Issuer, if any. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor, if any. In essence, this means that Bondholders will rank *pari passu* (equally) with the other unsecured creditors of the Issuer. In addition, the Bonds are being guaranteed by the Guarantor. The strength of the Guarantee is directly linked to the financial position and solvency of the Guarantor. It is possible that both the Issuer and the Guarantor may be unable to pay any principal amounts and accrued interest which may be outstanding under the Bonds. In that respect, the Bondholders assume the credit risk of both the Issuer and the Guarantor.

- (iv) The Terms and Conditions relating to the Bonds contain provisions for calling meetings of Bondholders in the event that the Issuer wishes to amend any of the Terms and Conditions of the Bond Issue. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.
- (v) The Issuer has the option to redeem the Bonds, in whole or in part, at any time during the Designated Optional Redemption Period, together with any accrued and unpaid interest until the time of redemption. This optional redemption feature may condition the market value of the Bonds. Should the Issuer decide to redeem the Bonds at any time during the Designated Optional Redemption Period, the Bondholder may not be able to reinvest his monies at an equivalent or higher rate.
- (vi) The Bonds are transferable but shall not be traded on any regulated market or other trading facility and, as a result, there may be no liquid market for the Bonds. The market for the Bonds may be less liquid than a regulated market or other trading facility and Bondholders may find it more difficult to identify willing buyers for their Bonds. Bondholders who wish to sell their Bonds may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for the Bonds. The ease of transferability of the Bonds depends on factors beyond the Issuer's control which could impact the trading value of the Bonds, such as the willingness or otherwise of potential buyers and sellers of the Bonds.
- (vii) Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.
- (viii) No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- (ix) There has been no prior market for the Bonds within or outside Malta. Due to the absence of any prior market, there can be no assurance that the price at which the Bonds are issued will correspond to the price at which the Bonds will trade in the market. The market price of the Bonds could be subject to significant fluctuations in response to numerous factors, including the Issuer's and/or the Guarantor's operating results and political and economic developments in or outside Malta.
- (x) The Issuer and/or the Guarantor may incur further borrowings or indebtedness and may create or permit to subsist other security interests upon the whole or any part of their respective present or future undertakings, assets or revenues (including uncalled capital, if any).

#### **Factors which are material for the purpose of assessing the market risks associated with the Bonds**

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment in light of his/her own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his/her particular financial situation, an investment in the Bonds and the impact the Bonds will have on his/her overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect his/her investment and his/her ability to bear the applicable risks.

## 5. SECTION E – OFFER

E.2b The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €6,300,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- a. an amount of €4,500,000 of the net proceeds shall be advanced to HAUD and shall be applied as follows:
  - (i) €3,000,000 to fund capital expenditure, comprising the equipment to be installed at the customer Mobile Network Operator's (MNO's) premises, to enable the implementation of HAUD's SMS firewall and filtering solution; and
  - (ii) €1,500,000 to fund working capital requirements and expenditure relating to the HAUD business development activities, associated with HAUD's early growth phase;
- b. an amount of €750,000 of the net proceeds shall be advanced to 42 Telecom Limited and shall be applied as follows:
  - (i) €500,000 to fund the continued capital expenditure of 42 Telecom Limited in view of the expected growth in 42 Telecom Limited's operations and the launch of new products; and
  - (ii) €250,000 to fund working capital requirements and expenditure relating to 42 Telecom Limited's business development activities;
- c. the remaining balance of the net Issue proceeds in an amount of €1,050,000 shall be applied as follows:
  - (i) €600,000 to fund the Group's research and development and business development activities relating to the launch of new products;
  - (ii) €300,000 to fund the further development of the Group's shared services function, which supports the operations of HAUD and 42 Telecom Limited; and
  - (iii) €150,000 to be used for general corporate funding requirements, including working capital requirements, of the Group.

E.3 The Issuer has appointed Calamatta Cuschieri & Co. Limited as Placement Agent and Manager for the purposes of this Bond Issue and interested investors may contact the Placement Agent and Manager for the purposes of subscribing to Bonds during the Issue Period. Applications for subscriptions to the Bonds will be processed on a first-come-first-served basis and the Issue Period shall close immediately upon attaining full subscription or on the last day of the Issue Period, whichever is the earliest.

The Bonds are open for subscription to all categories of investors, provided that the Placement Agent and Manager shall be required to carry out an Appropriateness Test in respect of each Applicant for the purpose of assessing such Applicant's level of knowledge and experience prior to investing in the Bonds. Applications shall not be accepted by the Placement Agent and Manager unless, based on the results of such Appropriateness Test, the Placement Agent and Manager is satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that the Placement Agent and Manager is providing advice in respect of a purchase of the Bonds by an Applicant, the Placement Agent and Manager shall also be required to conduct a Suitability Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.

The Bond Issue is not underwritten. Should subscriptions for a total of at least €4,500,000 (the "Minimum Amount") not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed.

The total amount of €6,500,000 of Bonds is being reserved for subscription by the Placement Agent and Manager participating in the Placement Offer. The Issuer shall enter into a conditional subscription agreement with the Placement Agent and Manager for the subscription of Bonds, whereby it will bind itself to allocate Bonds thereto up to the total amount of €6,500,000 as aforesaid.

In terms of said subscription agreement entered into with the Placement Agent and Manager, the Issuer will be conditionally bound to issue, and the Placement Agent and Manager will be conditionally bound to subscribe to, up to the total amount of €6,500,000 of Bonds as indicated therein, each subject to:

- a. the Prospectus being approved by the Malta Financial Services Authority acting through the Registrar of Companies in Malta; and
- b. the Minimum Amount of €4,500,000 being subscribed.

In terms of the said subscription agreement, the Placement Agent and Manager may subscribe for Bonds for its own account or for the account of underlying customers, including retail customers.

The following is a synopsis of the general terms and conditions applicable to the Bonds. A Bondholder is deemed to have invested only after having received, read and understood the contents of the Prospectus, including the full terms and conditions contained in the annexes thereto:

**1. Form, denomination and title**

The Bonds will be issued in fully certificated and registered form, without interest coupons, in denominations of any integral multiple of €100, provided that on subscription the Bonds will be issued for a minimum of €1,000. Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments) as the absolute owner of such Bond.

Title to the Bonds may be transferred as provided below under the heading “*Registration, replacement, transfer and exchange*”.

**2. Status of the Bonds**

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the principal amount and the interest due under said Bonds by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves, and save for such exceptions as may be provided by applicable law, shall rank with all other present and future outstanding and unsecured obligations of the Issuer and Guarantor, if any. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor, if any.

As at the date of the Prospectus, neither the Issuer nor the Guarantor have any secured liabilities, indebtedness or bank borrowings.

**3. Redemption, prepayment and purchase**

The Issuer hereby irrevocably covenants in favour of each Bondholder that:

- a. unless previously purchased and cancelled, the Bonds will be redeemed at par (together with interest accrued to the date fixed for redemption) on 7<sup>th</sup> April 2022 by payment direct to the Bondholders whose names are entered in the register of the Bonds. In such a case the Issuer shall be discharged of any and all obligations under the Bonds. However, the Issuer reserves the right to prepay the Bonds prior to the Redemption Date, within the Designated Optional Redemption Period, in whole or in part, together with all interest accrued up to the date of prepayment, by giving not less than thirty (30) days' prior written notice to Bondholders of its intention to effect such prepayment, specifying the date when such prepayment shall be effected. In making an early redemption as aforesaid, the Issuer reserves the right to adopt such redemption policy as it may consider appropriate at its sole discretion;
- b. the Issuer will, until the Bonds have been paid, prepaid or redeemed in accordance with the provisions of sub-clause (a) above, pay directly to the Bondholders by direct credit into the account indicated by them in the Application Form interest on such principal amount for the time being outstanding on the Bonds at the rate of six point two five per cent (6.25%) per annum, which shall be payable semi-annually in arrears on 1<sup>st</sup> March and 1<sup>st</sup> September of each year. The first of such payments shall be made on 1<sup>st</sup> September 2015.

**4. Interest and Yield**

The Bonds shall bear interest from and including 7<sup>th</sup> April 2015 at the rate of 6.25% per annum on the nominal value thereof, payable semi-annually in arrears on 1<sup>st</sup> March and 1<sup>st</sup> September of each year (each an “Interest Payment Date”), the first Interest Payment Date being on 1<sup>st</sup> September 2015. Provided that any Interest Payment Date which falls on a day other than a Business Day, will be carried over to the next following day that is a Business Day.

For Bonds issued at the Bond Issue Price, the gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption Value of the Bonds at maturity is six point two five per cent (6.25%).

**5. Payments**

Payment of the principal amount of a Bond, as well as payment of any instalment of interest on a Bond, will be made by the Issuer in Euro to each Bondholder in whose name such Bond is entered in the register of the Bonds, with interest accrued to the date fixed for redemption, as at the close of business fifteen (15) days prior to the date set for redemption or fifteen (15) days prior to the Interest Payment Date (as the case may be). In the case of payment of the principal amount, this shall be made against surrender of the Bonds by the Bondholders at the registered office of the Issuer or at such other place in Malta as may be notified by the Issuer. The Issuer shall not be responsible for any charges, loss or delay in transmission.

**6. Events of Default**

The Securities Note sets out a list of events of default the occurrence of which would result in the Bonds becoming immediately due and repayable at their principal amount, together with accrued interest.

**7. Registration, replacement, transfer and exchange**

The Issuer shall maintain a register, at its registered office or at such other place in Malta as the directors of the Issuer may determine, in which it shall enter the name, address and identity card number (in the case of an individual) or company

registration number (in the case of a company), as the case may be, of each Bondholder as the holder of Bonds, together with particulars of the Bonds held. A copy of such register shall at all reasonable times during business hours be open to inspection by Bondholders.

The Bonds are freely transferrable and may be transferred or transmitted only in whole (in multiples of €100) by the Bondholder in accordance with applicable laws, rules or regulations governing the transfer of the Bonds, from time to time. If Bonds are transferred or transmitted in part, the transferee thereof will not be registered as a Bondholder.

Any licensed financial intermediary effecting a transfer of Bonds in the secondary market shall be required to carry out an Appropriateness Test and, if providing advice, a Suitability Test, in respect of the transferee, and be satisfied, based on the results of such test (or tests, as applicable), that an investment in the Bonds may be considered appropriate and / or suitable (as applicable) for such transferee.

## 8. Further issues

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further Bonds, debentures, bonds or any other debt securities either having the same terms and conditions as the Bonds in all respects and so that such further issue shall be consolidated and form a single series with the Bonds or otherwise upon such terms and conditions as the Issuer may determine. Any further debt securities so issued may rank *pari passu* in all respects with the Bonds but shall not rank ahead of the Bonds.

## 9. Meetings of the Bondholders

The Issuer may, at any time, convene a meeting of Bondholders to consider and approve any of the following: (i) any matter affecting their interest, including the amendment, modification, waiver, abrogation or substitution of any of the terms or conditions of the Bonds and the rights of the Bondholders, whether or not those rights arise under the Prospectus; and (ii) the exchange or substitution of the Bonds by, or the conversion of the Bonds into, shares, debentures or other obligations or securities of the Issuer.

## 10. Governing law and jurisdiction

The Bonds have been created, and the Bond Issue relating thereto is being made, in terms of the Act. From their inception the Bonds, and all contractual arrangements arising therefrom, shall be governed by and shall be construed in accordance with Maltese law. Any legal action, suit or proceeding against the Issuer arising out of or in connection with the Bonds and/or the Prospectus shall be brought exclusively before the Maltese courts and the Bondholder shall be deemed to acknowledge that he/she/it is submitting to the exclusive jurisdiction of the Maltese courts as aforesaid.

- E.4 Save for the subscription for Bonds by the Placement Agent and Manager and any fees payable to the Placement Agent and Manager in connection with the Bond Issue, to the best of the Issuer's knowledge no person involved in the Issue has an interest material to the Bond Issue.

The Placement Agent and Manager may, on an "execution-only" basis, effect transactions in respect of the Bonds for the account of its customers. Prior to executing any such transactions, the Placement Agent and Manager shall carry out an Appropriateness Test in respect of each prospective investor in the Bonds and shall not accept the prospective investor's Application unless, based on the results of such test, it is satisfied that an investment in the Bonds may be considered appropriate for such prospective investor.

- E.7 The Issue will involve expenses, including professional fees, management, placing and advertising expenses, as well as other miscellaneous costs incurred in connection with this Bond Issue. Such expenses are estimated not to exceed €200,000 and shall be borne by the Issuer and/or the Guarantor. No expenses will be specifically charged to any Bondholder who subscribes for the Bonds. The amount of the expenses will be deducted from the proceeds of the Issue, which, accordingly, will bring the estimated net proceeds from the Bond Issue to €6,300,000. There is no particular order of priority with respect to such expenses.

## 6. EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Approval of Prospectus	20 <sup>th</sup> March 2015
Formal Notice	24 <sup>th</sup> March 2015
1. Application Forms available	25 <sup>th</sup> March 2015
2. Issue Period	2 <sup>nd</sup> April 2015 to 7 <sup>th</sup> April 2015
3. Commencement of interest on Bonds	7 <sup>th</sup> April 2015
4. Announcement of basis of acceptance	7 <sup>th</sup> April 2015
5. Issuance of Bonds	7 <sup>th</sup> April 2015
6. Expected dispatch of allotment advices and refunds of unallocated monies	8 <sup>th</sup> April 2015



## REGISTRATION DOCUMENT

This Registration Document is issued in accordance with the provisions of Article 90 of the Companies Act (Chapter 386 of the laws of Malta) and of Commission Regulation (EC) No. 809/2004 of 29<sup>th</sup> 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 30<sup>th</sup> March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4<sup>th</sup> June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30<sup>th</sup> April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of 7<sup>th</sup> March 2014.



Dated 20<sup>th</sup> March 2015

**In respect of an issue of €6,500,000 6.25% Unsecured Bonds 2020 - 2022**  
of a nominal value of €100 per Bond issued at par by

**42 Invest p.l.c.**

A public limited liability company registered in Malta  
with company registration number C-68726

Guaranteed by

**42 Group Limited**

A private limited liability company registered in Malta  
with company registration number C-50116

Prospective investors are to refer to the Guarantee contained in Annex A of the Securities Note forming part of the Prospectus for a description of the scope, nature and term of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in the Summary, this Registration Document and the Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by 42 Group Limited.

THE BONDS OFFERED HEREBY ARE BEING ISSUED AND OFFERED THROUGH AN OFFER TO THE PUBLIC IN MALTA BY THE ISSUER. NO APPLICATION HAS BEEN MADE, NOR IS IT INTENDED THAT AN APPLICATION BE MADE, FOR THE SECURITIES ISSUED HEREBY TO BE ADMITTED ON A REGULATED MARKET OR OTHER TRADING PLATFORM. RELIANCE ON THIS REGISTRATION DOCUMENT FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE AN INDIVIDUAL TO A SIGNIFICANT RISK OF LOSING ALL OR A SUBSTANTIAL PART OF THE PROPERTY OR OTHER ASSETS INVESTED.

THE BONDS ARE COMPLEX FINANCIAL INSTRUMENTS. A POTENTIAL INVESTOR SHOULD NOT INVEST IN THE BONDS UNLESS HE/SHE HAS THE NECESSARY KNOWLEDGE AND EXPERIENCE TO UNDERSTAND THE RISKS RELATING TO THIS TYPE OF FINANCIAL INSTRUMENT AND UNLESS THE BONDS MEET THE INVESTMENT OBJECTIVES OF THE POTENTIAL INVESTOR AND SUCH INVESTOR IS ABLE TO BEAR ANY INVESTMENT FINANCIAL RISK.

THE REGISTRAR OF COMPANIES 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.

Placement Agent and Manager



Legal Counsel



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## **IMPORTANT INFORMATION**

THIS REGISTRATION DOCUMENT CONTAINS INFORMATION ABOUT 42 INVEST P.L.C. (THE ISSUER) AND 42 GROUP LIMITED (THE GUARANTOR) IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1995 (CHAPTER 386 OF THE LAWS OF MALTA) AND THE COMMISSION REGULATION (EC) NO. 809/2004 OF 29<sup>TH</sup> 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 30<sup>TH</sup> MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4<sup>TH</sup> JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30<sup>TH</sup> APRIL 2013 AND COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7<sup>TH</sup> MARCH 2014.

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

UNLESS OTHERWISE STATED, THE CONTENTS OF THE ISSUER'S OR THE GUARANTOR'S WEBSITES OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S OR THE GUARANTOR'S WEBSITES DO NOT FORM PART OF THE 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 THE BONDS.

**THE REGISTRAR OF COMPANIES ACCEPTS NO RESPONSIBILITY FOR AND MAKES NO REPRESENTATIONS AS TO THE CONTENTS, ACCURACY OR COMPLETENESS OF THE PROSPECTUS 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 THE PROSPECTUS.**

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION: (A) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (B) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (C) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS 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 PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (A) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (B) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTOR SINCE SUCH DATE; OR (C) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY UNLISTED 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 LEGAL ADVISORS, ACCOUNTANTS AND/OR OTHER FINANCIAL ADVISORS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.

THE BONDS SHALL NOT BE ADMITTED TO LISTING ON ANY REGULATED MARKET.

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

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

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

A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO AND APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY ACTING THROUGH THE REGISTRAR OF COMPANIES IN MALTA, AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE COMPANIES ACT.

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

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THIS REGISTRATION DOCUMENT UNDER THE HEADING "ADVISORS TO THE ISSUER AND THE GUARANTOR" IN SUB-SECTION 4.4 OF THIS REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS BOND ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

## 1. DEFINITIONS

In this Registration Document the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

"Act" or "Companies Act"	the Companies Act, 1995, Chapter 386 of the laws of Malta;
"Bonds"	the €6,500,000 unsecured bonds 2020 - 2022 of a nominal value of €100 per bond issued at par and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 6.25% per annum, as detailed in the Securities Note forming part of the Prospectus;
"Bondholder"	a holder of Bonds;
"Bond Issue"	the issue of the Bonds;
"Company" or "Issuer"	42 Invest p.l.c., a public limited liability company registered under the laws of Malta having its registered office at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta and bearing company registration number C-68726;
"Designated Optional Redemption Period"	any day falling between and including 7 <sup>th</sup> April 2020 and 6 <sup>th</sup> April 2022 when the Issuer shall be entitled, at its option and in its sole discretion, to redeem part or all of the Bonds then outstanding and all interest accrued up to the date of prepayment, by giving at least thirty (30) days' advance written notice to the Bondholders;
"Directors" or "Board"	the directors of the Company whose names are set out in sub-Section 4.1 of this Registration Document;
"Euro" or "€"	the lawful currency of the Republic of Malta;
"Group"	42 Group Limited (C-50116) and its subsidiary and associated companies, including the Issuer, which are principally involved in the telecommunications industry and are set out in sub-Section 6.1.2 of this Registration Document;
"Guarantee"	the joint and several suretyship of the Guarantor in terms of the guarantee contained in Annex A of the Securities Note forming part of the Prospectus and as described in Element B.18 of the Summary Note forming part of the Prospectus;
"Guarantor" or "42 Group Ltd"	42 Group Limited, a private limited liability company registered under the laws of Malta having its registered office at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta and bearing company registration number C-50116;
"Haud Systems" or "HAUD"	Haud Systems Limited, a private limited liability company registered under the laws of Malta having its registered office at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta and bearing company registration number C-53030, and which operates under the brand name HAUD;
"Memorandum and Articles of Association" or "M&As"	the memorandum and articles of association of the Issuer and/or the Guarantor (as the case may be) in force at the time of publication of the Prospectus;
"MFSA"	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Chapter 330 of the laws of Malta);

"Placement Agent and Manager"	Calamatta Cuschieri & Co. Limited, a private limited liability company registered under the laws of Malta having its registered office at 3 <sup>rd</sup> Floor, Valletta Buildings, South Street, Valletta VLT 1000, Malta and bearing company registration number C-13729. Calamatta Cuschieri & Co. Limited is authorised to conduct investment services by the MFSA in terms of the Investment Services Act (Chapter 370 of the laws of Malta);
"Prospectus"	collectively the Summary Note, this Registration Document and the Securities Note, all dated 20 <sup>th</sup> March 2015, as such documents may be amended, updated, replaced and supplemented from time to time;
"Prospectus Directive"	Directive 2003/71/EC of the European Parliament and of the Council of 4 <sup>th</sup> 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, as may be amended from time to time;
"Redemption Date"	7 <sup>th</sup> April 2022, unless otherwise redeemed at the Issuer's sole discretion on any day during the Designated Optional Redemption Period;
"Registration Document"	this document in its entirety dated 20 <sup>th</sup> March 2015, forming part of the Prospectus;
"Regulation"	Commission Regulation (EC) No. 809/2004 of 29 <sup>th</sup> April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU) No. 486/2012 of 30 <sup>th</sup> March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 <sup>th</sup> June 2012 amending Regulation (EC) No. 809/2004 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 of 30 <sup>th</sup> April 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 <sup>th</sup> 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 (Text with EEA relevance);
"Securities Note"	the securities note issued by the Issuer dated 20 <sup>th</sup> March 2015, forming part of the Prospectus;
"Summary Note"	the summary note issued by the Issuer dated 20 <sup>th</sup> March 2015, forming part of the Prospectus;
"42 Marketing"	42 Marketing Ltd, a private limited liability company registered under the laws of Malta having its registered office at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta and bearing company registration number C-53993;
"42 Telecom AB"	42 Telecom AB, a company registered under the laws of Sweden having its registered office at Box 1237, 62123 Visby, Gotland, Sweden and bearing company registration number 556695-1223;
"42 Telecom Limited"	42 Telecom Limited, a private limited liability company registered under the laws of Malta having its registered office at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta and bearing company registration number C-50141;

"42 Telecom UK"

42 Telecom UK Ltd, a company registered under the laws of the United Kingdom having its registered office at Fifth Floor, 8/9 New Street, London EC2M 4TP and bearing company registration number 7320167;

"Fortytwo Telecom"

collectively 42 Telecom Limited, 42 Telecom AB and 42 Telecom UK operating under the brand name Fortytwo Telecom.

All references in the Prospectus to "Malta" are to the "Republic of Malta".

Unless it appears otherwise from the context:

- a. words importing the singular shall include the plural and vice-versa;
- b. words importing the masculine gender shall include the feminine gender and vice-versa;
- c. the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative.

## **2. RISK FACTORS**

**PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS 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 PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.**

**IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR GUARANTOR'S FINANCIAL RESULTS AND TRADING PROSPECTS AND THE ABILITY OF THE ISSUER AND/OR GUARANTOR TO FULFIL THEIR RESPECTIVE OBLIGATIONS UNDER THE SECURITIES ISSUED BY THE ISSUER FROM TIME TO TIME. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER AS AT THE DATE OF THE PROSPECTUS, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND GUARANTOR FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER AND/OR GUARANTOR.**

**NEITHER THE PROSPECTUS NOR ANY OTHER INFORMATION SUPPLIED HEREIN IN CONNECTION WITH THE BONDS ISSUED BY THE ISSUER (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE PLACEMENT AGENT AND MANAGER THAT ANY RECIPIENT OF THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY BONDS ISSUED BY THE ISSUER. PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS OF THIS DOCUMENT.**

### **2.1 Forward-looking statements**

**The Prospectus and the documents incorporated therein by reference or annexed thereto contain forward-looking statements that include, among others, statements concerning the Issuer's strategies and plans relating to the attainment of its objectives, capital requirements and other statements of expectations, beliefs, anticipated developments and other matters that are not historical facts and which may, accordingly, involve predictions of future circumstances. Prospective investors can generally identify forward-looking statements by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or similar phrases. Such forward-looking statements are inherently subject to a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer's and Guarantor's control.**

**The Issuer cautions prospective investors that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed or implied by such statements, that such statements do not bind the Issuer or the Guarantor with respect to future results and no assurance is given that the professed future results or expectations covered by such forward-looking statements will be achieved.**

**Potential investors are advised to read the Prospectus in its entirety and, in particular, the sections titled "Risk Factors" for a further discussion of the factors that could affect the Issuer's and/or the Guarantor's future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Prospectus may not**

occur. All forward-looking statements contained in the Prospectus are made only as at the date hereof. The Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statements 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.

The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity, unless the Bonds are previously re-purchased and cancelled. An investment in the Bonds involves certain risks, including those described below.

## **2.2 Risks relating to the Issuer's reliance on the Group**

The Company itself does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company solely for the needs of the Group. The Issuer is mainly dependant on the business prospects of the Group and, therefore, the operating results of the Group have a direct effect on the Issuer's financial position. Accordingly, the risks of the Issuer are indirectly those of the Group.

Consequently, the Issuer is principally dependent, including for the purpose of servicing interest payments on the securities described in the Securities Note and the repayment of the principal amount on Redemption Date, on the receipt of loan repayments from Group companies. In this respect, therefore, the risks intrinsic in the business and operations of Fortytwo Telecom, HAUD and other Group companies have a direct effect on the ability of the Issuer and the Guarantor to meet their respective obligations in connection with the repayment of principal and interest under the Bonds when due.

The loan repayments to be effected by Group companies are subject to certain risks. More specifically, the ability of Group companies to effect payments to the Issuer will depend principally on the cash flows and earnings of 42 Telecom Limited, HAUD Systems (which are the key operating and trading entities within the Group) and such other Group companies, which may be restricted by: changes in applicable laws and regulations; by the terms of agreements to which they are or may become party; or by other factors beyond the control of the Issuer and/or Guarantor. The occurrence of any such factor could, in turn, negatively affect the ability of the Issuer and the Guarantor to meet their respective obligations in connection with the repayment of principal and interest under the Bonds when due.

## **2.3 Risks relating to the business of the Group**

42 Telecom Limited and HAUD Systems are the main operational and revenue-generating companies within the Group and, accordingly, their respective performance most significantly determines the success or otherwise of the Group.

### **2.3.1 *Fortytwo Telecom's and HAUD's sales are dependent on their own respective continued innovations in hardware, software and services offerings, as well as those by third party partners or suppliers, and the competitiveness of their offerings.***

The information and communications technology (ICT) industry is characterised by rapid innovation and the frequent introduction of new and enhanced hardware, software and services offerings. Fortytwo Telecom and HAUD have been, and will continue to be, dependent on innovations in hardware, software and services offerings, as well as, the acceptance of those innovations by customers. A decrease in the rate of innovation, or the lack of acceptance of innovations by customers, could have an adverse effect on Fortytwo Telecom's and HAUD's respective businesses, results of operations or cash flows.

In addition, if Fortytwo Telecom and/or HAUD are unable to keep up with changes in technology and new hardware, software and services offerings, for example, by providing the appropriate training to account managers, sales specialists and engineers to enable them to effectively sell such new offerings to customers, Fortytwo Telecom's and HAUD's respective businesses, results of operations or cash flows could be adversely affected.

### **2.3.2 *Fortytwo Telecom's and HAUD's future success is partly dependent upon their speed to adapt to technological changes.***

Fortytwo Telecom's and HAUD's future success depends, in part, on their ability to develop enhancements to their respective existing products and to introduce new products that keep pace with rapid technological developments, changes in customers' needs and any changes in the regulatory environment. Failure to successfully introduce new or enhanced products to the market may adversely affect Fortytwo Telecom's and HAUD's respective businesses, financial condition and results of operations.

No assurance can be given that Fortytwo Telecom's and HAUD's respective products and services will be developed in time to capture market opportunities, will achieve a sufficient level of acceptance in new and existing markets or that Fortytwo



Telecom and HAUD will successfully anticipate rapid technological changes, new industry standards or changes in the regulatory environment.

**2.3.3** *General economic conditions could negatively affect technology spending by Fortytwo Telecom's and HAUD's respective customers and put downward pressure on prices, which may have an adverse impact on Fortytwo Telecom's and HAUD's respective businesses, results of operations or cash flows.*

Weak economic conditions generally, sustained uncertainty about global economic conditions or a prolonged or further tightening of credit markets could cause Fortytwo Telecom's and/or HAUD's respective customers and potential customers to postpone or reduce spending on technology products or services or put downward pressure on prices, which could have an adverse effect on Fortytwo Telecom's and HAUD's respective businesses, results of operations or cash flows.

**2.3.4** *Fortytwo Telecom and HAUD operate in highly competitive markets. Substantial competition could reduce their respective market share and significantly harm their financial performance.*

Fortytwo Telecom and HAUD both already operate in highly competitive markets. This level of competition may increase in the case of either one or both of their respective markets, which may limit the future ability of either business to maintain its market share and revenue level. Businesses join and leave the market and/or expand or reduce their product and/or services ranges in response to competitive forces. Some competitors may have access to greater resources or use strategies such as lower pricing, wider selection of products/services, exclusive products/services, higher promotional and advertising intensity and more efficient sales methods. Increasing competitive pressures may cause Fortytwo Telecom and/or HAUD to make certain pricing, service or marketing decisions that could have a material adverse effect on their respective revenues, costs, financial conditions and results of operations.

Fortytwo Telecom and HAUD expect the competitive landscapes in which they each compete to continue to change as new technologies are developed. To the extent Fortytwo Telecom and HAUD face increased competition to gain and retain customers, they may each be required to reduce prices, increase advertising expenditures or take other actions which could adversely affect their respective businesses, results of operations or cash flows. Additionally, some of Fortytwo Telecom's and/or HAUD's competitors may reduce their prices in an attempt to stimulate sales, which may require Fortytwo Telecom and/or HAUD, as the case may be, to reduce prices. This would require Fortytwo Telecom and/or HAUD, as the case may be, to sell a greater number of products to achieve the same level of net sales and gross profit. If such a reduction in prices occurs and Fortytwo Telecom and/or HAUD, as the case may be, is unable to attract new customers and sell increased quantities of products, Fortytwo Telecom's and/or HAUD's, as the case may be, sales growth and profitability could be adversely affected.

Certain Fortytwo Telecom and HAUD competitors have greater financial, technical, marketing and other resources. In addition, some of these competitors may be able to respond more quickly to new or changing opportunities, technologies and client requirements. There can be no assurance that Fortytwo Telecom and HAUD will be able to compete effectively with current or future competitors or that the competitive pressures will not have a material adverse effect on their respective businesses, results of operations and financial condition.

**2.3.5** *Failure to provide high-quality services to Fortytwo Telecom's and/or HAUD's customers could adversely impact Fortytwo Telecom's and/or HAUD's reputation and business.*

If Fortytwo Telecom and/or HAUD or one of their third-party service providers, as the case may be, fail to provide high quality services to customers or such services result in a disruption of customers' businesses, Fortytwo Telecom's and/or HAUD's reputation with its customers and its business, results of operations or cash flows could be adversely affected.

**2.3.6** *If Fortytwo Telecom or HAUD lose any of their key personnel, or are unable to attract and retain the talent required for their business, the business could be disrupted and their financial performance could suffer.*

Fortytwo Telecom's and HAUD's success is, in each case, heavily dependent upon each companies' ability to attract, develop and retain key personnel to manage and grow the relative business, including key executives, management, sales, services and technical staff.

Fortytwo Telecom's and/or HAUD's inability to attract, develop and retain key personnel could have an adverse effect on their relationships with customers and adversely affect their respective ability to expand their offerings of value-added services and solutions. Moreover, Fortytwo Telecom's and/or HAUD's inability to train their respective sales, services and technical personnel effectively to meet the rapidly changing technology needs of customers could cause a decrease in the overall quality and efficiency of such personnel. Such consequences could adversely affect their respective businesses, results of operations or cash flows.

In common with many businesses, Fortytwo Telecom and HAUD will be relying heavily on the contacts and expertise of their respective senior management teams and other key personnel within the respective businesses. Although no single person is solely instrumental in fulfilling Fortytwo Telecom's and HAUD's respective business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the loss of key personnel. The loss of the services of any of the key personnel could have, in the short term, a material adverse effect on either companies' business.

#### **2.3.7 Risk to intellectual property and proprietary rights.**

Fortytwo Telecom and HAUD regard their intellectual property as critical to their success. They rely and will rely on a combination of trade secret, copyright, trademark and non-disclosure laws, domain name registrations and other contractual agreements and technical measures to protect their intellectual proprietary rights (IPR). Fortytwo Telecom and HAUD generally seek to enter into confidentiality or license agreements with their respective clients.

Despite Fortytwo Telecom's and HAUD's efforts to protect such proprietary rights, unauthorised parties may attempt to obtain and use information that Fortytwo Telecom and HAUD regard as proprietary. There can be no assurance that the steps which have been, are being or will be taken by Fortytwo Telecom and HAUD to protect their respective proprietary information will prevent misappropriation of such technology and proprietary information and that such measures will not preclude competitors from developing products with functionality or features similar to those of Fortytwo Telecom and/or HAUD. In addition, effective copyright and other legal protection may be unavailable or limited in certain countries, and failure by Fortytwo Telecom and/or HAUD to register their respective intellectual property rights in certain countries may make enforcement of their rights more difficult.

Legal proceedings to enforce, protect or defend Fortytwo Telecom's and HAUD's intellectual property rights assigned and/or developed could be burdensome and expensive and could involve a high degree of uncertainty. If Fortytwo Telecom and HAUD cannot successfully enforce or defend such rights, this could have a material adverse effect on their respective businesses and financial condition.

#### **2.3.8 Fortytwo Telecom's and HAUD's systems and systems of third-party providers may fail which could interrupt Fortytwo Telecom's and/or HAUD's service.**

Fortytwo Telecom and HAUD depend on the efficient and uninterrupted operation of their respective computer systems, software, data centres and telecommunications networks, as well as, in certain instances, the systems and services of third parties. A system outage or data loss could have a material adverse effect on Fortytwo Telecom's and HAUD's respective businesses, financial condition and results of operations.

#### **2.3.9 Fortytwo Telecom or HAUD may experience software defects, undetected errors or development delays which could damage customer relations, decrease potential profitability and expose Fortytwo Telecom or HAUD to liability.**

Fortytwo Telecom's and HAUD's products are based on sophisticated software and computing systems that may encounter development delays and the underlying software may contain undetected errors, viruses or defects. Defects in Fortytwo Telecom's and/or HAUD's software products and errors or delays in the processing of electronic transactions could result in additional development costs, diversion of technical and other resources from other development efforts, loss of credibility with current or potential customers, reputational harm or exposure to liability claims.

#### **2.3.10 Risks relating to the Issuer's and HAUD's limited trading records**

Since the Issuer was incorporated on 26<sup>th</sup> January 2015, it has no trading record or history of operations. Additionally, the Group's projections are highly dependent on the projected cash flow to be generated by Haud Systems. HAUD is a relatively new business operation and is subject to the risks and challenges frequently encountered by companies in the early stages of their development, which include, but are not limited to, the lack of financial stability and the risk of costs exceeding revenues. If such risks were to materialise, they could have a significant impact on the financial position and profitability of the Group.

#### **2.3.11 Risks relating to fluctuations in exchange rates**

The Group may be exposed to exchange rate risk and can be impacted by transaction risk, being the risk that the currency of the costs and liabilities of Group companies fluctuates in relation to the Euro (being the reporting currency of all Group companies), which fluctuation may adversely affect the Group's operating performance.

### **2.3.12 Independent and non-executive directors**

The Issuer has appointed only one (1) independent and non-executive Director to the Board of Directors, namely Mr Joseph Cuschieri. Furthermore, Mr Cuschieri is retained by the Group to assist senior group management and executives in the development and implementation of Group strategy but does not himself occupy any executive position within the Group. Mr Cuschieri, in view of his status as an independent and non-executive Director, also acts as Chairman of the Issuer's Audit Committee, with the remaining two (2) members of the Committee, namely Mr Bengt-Ake Angelow and Mr Erik Angelow, being directors of both the Issuer and the Guarantor. This state of affairs may give rise to conflicts of interest.

### **2.3.13 Other risks**

With the issue of the Bonds, the Group's capital structure is expected to change from one where the Group is fully funded through shareholders' equity to a highly leveraged capital structure. This could have an adverse effect on the financial condition of the Issuer and the Group generally should actual results differ materially from those anticipated by the Group.

The Group is subject to taxation, environmental and health and safety laws and regulations. As with any business, the Group is at risk in relation to changes in laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof which cannot be predicted; no assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Prospectus upon the business and operations of Group companies. The Group is also at risk in relation to other factors over which the Group has no control, such as catastrophic events, terrorist attacks and other acts of war or hostility all of which could have an adverse effect on the business, financial condition and profitability of the Group.

The Group is also subject to various counter-party risks and existing or prospective customers defaulting on their obligations with the Group. Such parties may fail to perform or default on their obligations to the Group due to insolvency, lack of liquidity, market or economic downturns, operational failure or other reasons which are beyond the Group's control.

## **3. PERSONS RESPONSIBLE**

Each and all of the Directors of the Issuer whose names appear under the heading "*Identity of Directors, Senior Management, Auditors and Advisors of the Issuer and Guarantor*" in sub-Section 4.1 of this Registration Document accept responsibility for the information contained herein, save for the information specifically relating to the Guarantor, for which the directors of the Guarantor whose names appear in sub-Section 4.2 of this Registration Document are responsible. Mr Bengt-Ake Angelow, Mr Erik Angelow and Mr Johan Persson, being directors of both the Issuer and the Guarantor, accept responsibility for all of the information contained in the Prospectus. To the best of the knowledge and belief of the directors of the Issuer and the Guarantor, who have taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is in accordance with the facts and does not omit anything likely to affect the import of such information. The directors of the Issuer and the Guarantor hereby accept responsibility accordingly.

## **4. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, AUDITORS AND ADVISORS OF THE ISSUER AND GUARANTOR**

### **4.1 Directors of the Issuer**

As at the date of this Registration Document, the Board of the Issuer is composed of the following persons:

Bengt-Ake Angelow	Chairman and non-executive Director
Erik Angelow	Executive Director
Johan Persson	Executive Director
Joseph Cuschieri	Independent, non-executive Director

Mr Erik Angelow and Mr Johan Persson occupy senior executive positions within the Group. The two other Directors, Mr Bengt-Ake Angelow and Mr Joseph Cuschieri, serve on the Board of the Company in a non-executive capacity. Mr Joseph Cuschieri is considered as an independent Director since he is free of any business, family or other relationship with the Issuer, its controlling shareholders or the management of either, that could create a conflict of interest such as to impair his judgement.

The business address of said Directors is The Quay, Portomaso Marina, Portomaso, St. Julians STJ 4011, Malta.

Dr Patricia Mifsud occupies the position of company secretary of the Issuer.

The following are the respective *curriculum vitae* of the Directors of the Issuer:

Name: **Bengt-Ake Angelow**; Chairman and non-executive Director

Bengt-Ake Angelow has acted as chairman of the Group since 2010. Bengt-Ake has worked and has had international assignments from 1975 in the field of leadership, consultancy in management development and organizational development. Bengt-Ake has four university degrees from the University of Lund and the Stockholm University, both based in Sweden, with legitimacies from the Swedish national medical board and he has a multi-annual post license degree in specialist courses at university in medicine, neuroscience and studied group and organizational development in the USA. He has a broad experience of top management for the state, has acted as director in the County Labour Board, Sweden, state director for five counties, AMS Sweden, Region Gotland and in private companies.

Name: **Erik Angelow**; Executive Director and Chief Executive Officer of the Group

Erik Angelow obtained his education in Computer Science and Information Technology at the Linköping University in Sweden. At a very young age he co-founded the company 42IT AB, now known as 42 Telecom, a telecommunications company focused on mobile messaging solutions which, through Erik's experience in the fields of wireless and mobile network sectors and the support of a young and dynamic team of engineers, reached new heights in the telecommunications industry. In 2010, together with co-founder Johan Persson, Chief Innovation Officer of the Group, Erik relocated to Malta to conduct operations from the Group's newly established local headquarters. As Chief Executive Officer of the Group, Erik is responsible for providing direction to the top management team by setting the strategy and vision for the Group. He is a strategic thinker who is versatile, determined, innovative and hands-on. These qualities have helped the Group to achieve outstanding contractual, operational and commercial results in the fast-paced telecommunications industry over recent years.

Name: **Johan Persson**; Executive Director and Chief Innovation Officer of the Group

Johan Persson received his education at The Institute of Technology at Linköping University, Sweden. Johan heads the Innovation Department within the Group as Chief Innovation Officer and acts as a director of the Board on all Group companies. During the development of the Group, Johan led the technical development as the Chief Technical Officer. Being one of the founders of the Group, he has been an essential part the development of all Group companies.

Name: **Joseph Cuschieri**; Independent, non-executive Director

Joseph Cuschieri is a Certified Public Accountant by profession and a fellow member of the Malta Institute of Accountants of Malta. He is specialised in management accounting, finance, general management and holds a Masters Degree in Business Administration from Henley Management College, UK. Joseph also holds a Diploma in Management Accounting from the chartered Institute of Management Accounting (CIMA), UK. Throughout his professional career, Joseph held various senior executive positions within the private sector, mainly in the construction, services, communications and hospitality sectors, amongst others. Prior to joining the Malta Gaming Authority as Executive Chairman, a role he currently holds, Joseph was Chief Commercial Officer at Vodafone Malta and a senior consultant with Ernst & Young, Malta. During his time at Vodafone, Joseph was involved in key regulatory projects in both Egypt and Turkey. Furthermore, he spent a period of eighteen months enrolled on the Vodafone Group's global leadership development programme. Joseph has vast experience in economic regulation, particularly in the electronic communications sector, following the five years he spent as Chief Operating Officer at the Malta Communications Authority. Joseph currently holds the position of Chairman and CEO of the Malta Gaming Authority.

#### **4.2 Directors of the Guarantor**

As at the date of this Registration Document, the Board of the Guarantor is composed of the following persons:

Bengt-Ake Angelow	Chairman and non-executive Director
Erik Angelow	Executive Director
Johan Persson	Executive Director

The business address of said directors is The Quay, Portomaso Marina, Portomaso, St. Julians STJ 4011, Malta.

Dr Claire Cassar occupies the position of company secretary of the Guarantor.

#### 4.3 Key executives of the Group

In addition to the directors of the Issuer and Guarantor, key members of the Group's Executive Team are the following:

Name: **Glen Warren**; Chief Executive Officer of Fortytwo Telecom

Glen Warren graduated Bachelor of Commerce (Hons) Public and Private Sector Management from the University of Malta, following which he read for and graduated Master Business Administration, also from the University of Malta. Glen has worked in management for top local companies, including various positions within the Gasan Group and the Tumas Group. Glen has consulted for various entities, including Gasan Group, IAL (Libya), Transdev Plus Consortium, ACIM and insurance companies. He has worked on business development plans for local small and medium-sized enterprises and also helped in marketing, corporate structure and corporate governance engineering. In August 2014, Glen was appointed CEO of Fortytwo Telecom and was charged with overall operation of the company, along with developing a new strategy in-line with the constantly evolving market dynamics of the telecoms messaging industry.

Name: **Claire Cassar**; Chief Executive Officer of HAUD

Claire Cassar graduated Bachelor of Arts and Doctor of Laws from the University of Malta, following which she read for a Masters in Economics of Competition Law with the University of Malta. She worked at Vodafone Malta for nine years, during which time she headed the Legal, Regulatory and Corporate Affairs departments. Claire also worked for a short while in Vodafone Qatar during its start-up phase in 2009 as a Marketing Manager. Upon her return to Malta, Claire was appointed as Consumer Sales Manager in Vodafone Malta where she was responsible for the direct and indirect sales channels for Vodafone Malta's consumer segment. Claire joined the Group in 2011 and was appointed as CEO of HAUD in April 2012. Since then she has been responsible for HAUD's start-up phase and its go-to-market strategy, as well as the commercial aspect of HAUD's product offerings. Between September 2011 and December 2013, Claire was also the Group General Counsel for the Group. Since joining the Group, Claire occupies the role of Company Secretary to 42 Group Ltd and some of its subsidiaries. Claire is also currently Chair of the Women's Forum sub-committee as part of the CHOGM 2015 preparations where Malta will host the Commonwealth Heads of Government Summit.

Name: **Theresa Caruana Saydon**; Chief Financial Officer of the Group

Theresa Caruana Saydon graduated Bachelor of Arts in Accountancy from the University of Malta and is a fellow of the Malta Institute of Accountants. She is the Chief Financial Officer of the Group, heading the Finance Department of the Group and is responsible for all financial matters within the Group. Theresa has extensive experience within the finance industry having worked in financial institutions, IT hardware and software services, as well as manufacturing sectors, both at a local and international level.

Name: **Kevin Panzavecchia**; Chief Technical Officer of the Group

Kevin Panzavecchia graduated in Bachelor of Science in Information Technology from the University of Malta in 1999. He worked in various technology driven companies, such as Vodafone Malta, where he held various positions within the technology department, including occupying the post of software development manager for five years. Kevin was part of the technology management team responsible for the delivery of all system development, defining and implementing the technology roadmap and contributing to the overall decision-making process of the organisation. In January 2012 Kevin joined Fortytwo Telecom as Product Development Manager responsible for all the development and operations of the company. After two years, he was appointed Chief Technical Officer of the Group. Since then he has been responsible for the technology teams, strategy and operations of the Group.

#### 4.4 Advisors to the Issuer and Guarantor

##### Legal Counsel

Name: GVTH Advocates

Address: 192, Old Bakery Street, Valletta VLT 1455, Malta

##### Placement Agent and Manager

Name: Calamatta Cuschieri & Co. Limited

Address: 3<sup>rd</sup> Floor, Valletta Buildings, South Street, Valletta VLT 1000, Malta

##### Financial Advisors

Name: PricewaterhouseCoopers

Address: 78, Mill Street, Qormi QRM 3101, Malta

As at the date of the Prospectus, the advisors named under this sub-heading have no beneficial interest in the share capital of the Issuer or the Guarantor. Additionally, save for the terms of engagement relative to their respective services provided in connection with the

preparation of the Prospectus, no transactions have been entered into by the Issuer or the Guarantor with any of the advisors referred to above.

The organisations listed above have advised and assisted the directors of the Issuer and the Guarantor in the drafting and compilation of the Prospectus.

#### 4.5 Statutory Auditors

The Issuer was set up on 26<sup>th</sup> January 2015 and since incorporation to the date of this Registration Document no financial statements have been prepared. The financial statements of the Guarantor for the financial year ended 31<sup>st</sup> December 2011 have been audited by 3aMalta of Level 2, Palazzo Ca' Brugnara, Valley Road, Birkirkara BKR 9024, Malta. The financial statements of the Guarantor for the years ended 31<sup>st</sup> December 2012 and 31<sup>st</sup> December 2013 respectively have been audited by Grant Thornton of Tower Business Centre, Suite 3, Tower Street, Swatar BKR 4013, Malta. Both 3aMalta and Grant Thornton are firms of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Chapter 281 of the laws of Malta).

### 5. SELECTED FINANCIAL INFORMATION

#### 5.1 Selected financial information of the Issuer

The Issuer was registered and incorporated on 26<sup>th</sup> January 2015 to issue the Bonds and forward-loan the proceeds to the Group. The Issuer has not conducted any business and has no trading record.

There has not been any significant change in the financial or trading position of the Issuer, which has occurred since the Company's date of incorporation.

#### 5.2 Selected financial information of the Guarantor

The historical information of the Guarantor is available for inspection as set out under the heading "Documents on display" in Section 15 of this Registration Document.

Extracts from the consolidated historical financial information of the Guarantor:

#### Consolidated Income Statement for the year ended 31 December

	2011*	2012*	2013*	2014**
	€'000	€'000	€'000	€'000
Revenue	6,683	6,102	7,398	6,270
Cost of sales	(2,201)	(3,034)	(3,428)	(2,511)
<b>Gross profit</b>	<b>4,482</b>	<b>3,068</b>	<b>3,970</b>	<b>3,759</b>
Other operating income	1,009	60	17	-
Administrative expenses	(3,553)	(3,512)	(3,579)	(3,727)
<b>Operating profit/(loss)</b>	<b>1,938</b>	<b>(384)</b>	<b>408</b>	<b>32</b>
Net finance costs	(1)	(6)	-	(4)
<b>Profit/(loss) before tax</b>	<b>1,937</b>	<b>(390)</b>	<b>408</b>	<b>28</b>
Tax (expense)/credit	(404)	(131)	(363)	101
<b>Profit/(loss) for the year</b>	<b>1,533</b>	<b>(521)</b>	<b>45</b>	<b>129</b>

\* Based on audited financial statements

\*\* Based on unaudited financial information prepared by the Group

## Consolidated Statements of Financial Position as at 31 December

	2011*	2012*	2013*	2014**
	€'000	€'000	€'000	€'000
Plant and equipment	322	326	419	695
Intangible assets	4	16	206	355
Trade and other receivables	102	93	-	-
<b>Total non-current assets</b>	<b>428</b>	<b>435</b>	<b>625</b>	<b>1,050</b>
Trade and other receivables	1,220	1,284	1,168	1,621
Cash and cash equivalents	2,014	1,088	851	475
Assets held for sale	-	101	101	101
<b>Total current assets</b>	<b>3,234</b>	<b>2,473</b>	<b>2,120</b>	<b>2,197</b>
<b>Total assets</b>	<b>3,662</b>	<b>2,908</b>	<b>2,745</b>	<b>3,247</b>
Share capital	1	1	1	1
Other reserves	297	437	227	(53)
Retained earnings	1,513	1,011	1,076	1,205
Non-controlling interest	-	4	(17)	(17)
<b>Total shareholder's equity</b>	<b>1,811</b>	<b>1,453</b>	<b>1,287</b>	<b>1,136</b>
Deferred tax liability	-	1	6	6
<b>Total non-current liabilities</b>	<b>-</b>	<b>1</b>	<b>6</b>	<b>6</b>
Trade and other payables	1,432	832	352	832
Short-term borrowings	169	584	737	700
Current tax liability	250	38	363	573
<b>Total current liabilities</b>	<b>1,851</b>	<b>1,454</b>	<b>1,452</b>	<b>2,105</b>
<b>Total liabilities</b>	<b>1,851</b>	<b>1,455</b>	<b>1,458</b>	<b>2,111</b>
<b>Total equity and liabilities</b>	<b>3,662</b>	<b>2,908</b>	<b>2,745</b>	<b>3,247</b>

\* Based on audited financial statements

\*\* Based on unaudited financial information prepared by the Group

## Consolidated Statements of Cash Flows for the year ended 31 December

	2011*	2012*	2013*	2014**
	€'000	€'000	€'000	€'000
<b>Cash flows from operating activities</b>				
Profit/(loss) before tax	1,937	(390)	408	28
Adjustments for:				
Depreciation and amortisation	57	83	76	68
Net changes in working capital	191	(1,137)	(271)	338
Income from tax refund	(162)	-	-	-
Bargain purchase gain	(807)	-	-	-
Interest received	(13)	(39)	-	(4)
Provision for tax allocation	283	139	(209)	(280)
<b>Cash generated from /(used in) operating activities</b>	<b>1,486</b>	<b>(1,344)</b>	<b>4</b>	<b>150</b>
Interest received	13	39	-	4
Income tax paid	(28)	(347)	(33)	-
<b>Net cash generated from/(used in) operating activities</b>	<b>1,471</b>	<b>(1,652)</b>	<b>(29)</b>	<b>154</b>
<b>Cash flows from investing activities</b>				
Acquisition of business	(11)	-	-	-
Proceeds from business combination	716	-	-	-
Purchase of plant and equipment and intangible assets	(323)	(198)	(361)	(493)
<b>Net cash generated from/(used in) investing activities</b>	<b>382</b>	<b>(198)</b>	<b>(361)</b>	<b>(493)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of share capital	1	-	-	-
Proceeds from short term borrowings	167	415	148	(37)
Amount advanced by related parties	1	487	4	-
Dividends paid	(20)	-	-	-
<b>Net cash generated from/(used in) financing activities</b>	<b>149</b>	<b>902</b>	<b>152</b>	<b>(37)</b>
Effect of foreign currency translation	12	22	1	-
Net movement in cash and cash equivalents	2,014	(926)	(237)	(376)
Cash and cash equivalent at beginning of year	-	2,014	1,088	851
<b>Cash and cash equivalent at end of year</b>	<b>2,014</b>	<b>1,088</b>	<b>851</b>	<b>475</b>

\* Based on audited financial statements

\*\* Based on unaudited financial information prepared by the Group

### 5.3 Capitalisation and indebtedness of the Guarantor

The table below illustrates the capital and indebtedness of the Guarantor as at 31<sup>st</sup> December 2014 and the pro forma capitalisation and indebtedness after the Bond Issue. As at 31<sup>st</sup> December 2014, 42 Group Ltd had €1,136,000 total shareholders' equity, cash and cash equivalent to €475,000 and no debt.

On 26<sup>th</sup> January 2015, the parent company of 42 Group Ltd subscribed to 298,700 additional shares in 42 Group Ltd in return for the capitalisation of €198,700 retained earnings in the Group and €100,000 shareholders' loans. The total shareholders' equity as at 31<sup>st</sup> December 2014 adjusted for the issue of these additional shares is €1,236,000.

42 Group Ltd's pro forma gearing ratio after the Bond Issue and the issue of the above-mentioned additional share capital is 83% (net borrowings on total capital).



## Capitalisation and indebtedness

	As at 31 December 2014* €'000	Pro forma after the Bond issue** €'000
<b>Shareholders' equity</b>		
Share capital	1	300
Other reserves	(53)	(53)
Retained earnings	1,205	1,006
Non-controlling interest	(17)	(17)
<b>Total shareholders' equity</b>	<b>1,136</b>	<b>1,236</b>
<b>Non-current debt</b>		
Unsecured borrowings	-	6,500
Less cash and cash equivalents	(475)	(475)
<b>Net non-current debt</b>	<b>(475)</b>	<b>6,025</b>
<b>Total capital employed</b>	<b>661</b>	<b>7,261</b>
<b>Gearing ratio***</b>	<b>N/A</b>	<b>83.0%</b>

\* Based on unaudited financial information prepared by the Group

\*\* In addition, to the Bond issue the pro forma capitalisation and indebtedness also reflects the capitalisation of reserves and a shareholder's loan, which was carried out in January 2015.

\*\*\* Gearing ratio is calculated as debt divided by the aggregate of debt and equity

## 6. INFORMATION ABOUT THE ISSUER AND GUARANTOR

### 6.1 History and development of the Issuer and Guarantor

#### 6.1.1 The Issuer

Full legal and commercial name of the Issuer:  
Registered address:

**42 Invest p.l.c.**  
**The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta**

Place of registration and domicile:  
Registration number:

**Malta**  
**C-68726**

Date of registration:

**26<sup>th</sup> January 2015**

Legal form:

**The Issuer is lawfully existing and registered as a public limited company in terms of the Act**

Telephone number:

**+356 27780195**

E-mail address:

**info@fortytwoinvest.com**

Website:

**www.fortytwoinvest.com**

The Issuer is, except for one share which is held by 42 Telecom Limited, a fully-owned subsidiary of the Guarantor, which latter entity is the parent company of the Group.

42 Invest p.l.c. was incorporated on 26<sup>th</sup> January 2015 as a public limited liability company, registered in terms of the Companies Act with company registration number C-68726 and is domiciled in Malta, having its registered office at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta. The Issuer has an authorised and issued share capital of €46,588 divided into 46,588 ordinary shares of €1 each, fully paid up.

The issue of bonds falls within the objects of the Issuer, the principal object of which is to carry on the business of a holding and finance company. The Issuer does not itself undertake any trading activities apart from the raising of capital and the advancing thereof to members of the Group. Accordingly, the Issuer is economically dependent principally on the financial and operating performance of the businesses of 42 Telecom Limited and HAUD Systems, which are the key operating and trading entities within the Group.

The Issuer does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company. The Issuer is, therefore, intended to serve as a vehicle through which the Group will continue to finance the management and administration of the Group's on-going business and new projects that may be undertaken by its subsidiary companies, particularly HAUD in respect of which the Group's management have identified a potential for considerable growth in the immediate to short-term future via the promotion and diffusion of its innovative products and services; and/or enabling the Group to exploit its potential and seize new opportunities arising in the market.

The Issuer operates exclusively in and from Malta.

#### 6.1.2 The Guarantor

Full legal and commercial name of the Guarantor:  
Registered address:

Place of registration and domicile:

Registration number:

Date of registration:

Legal form:

Telephone number:

E-mail address:

Website:

**42 Group Limited**

**The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta**

**Malta**

**C-50116**

**6<sup>th</sup> July 2010**

**The Guarantor is lawfully existing and registered as a private limited liability company in terms of the Act**

**+356 27780195**

**info@fortytwogroup.com**

**www.fortytwogroup.com**

42 Group Ltd is a limited liability company incorporated and registered in Malta on 6<sup>th</sup> July 2010 with company registration number C-50116, having its registered office at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta. 42 Group Ltd is the parent company of the Group.

Today, following a recent share capital increase, the Guarantor has an authorised and issued share capital of €300,000 divided into 300,000 ordinary shares of €1 each, all of which have been fully paid up and subscribed to as follows: (i) 299,999 ordinary shares held by *Snow Feather Investments Limited*, a company incorporated under the laws of the British Virgin Islands with registration number 1595276 and having its registered address situated at Mill Mall, Suite 6, Wickhams Cay 1, PO BOX 3085, Road Town, Tortola, British Virgin Islands; and (ii) 1 ordinary share held by *Sovereign Trust (Malta) Limited*, a company incorporated under the laws of Malta with registration number C-26143 and having its registered address situated at Valley Towers, Suite 5, Valley Road, Birkirkara BKR 9022, Malta, acting as fiduciary nominee.

Upon registration, the Guarantor had an authorised and issued share capital of €1,300 divided into 1,300 ordinary shares of €1 each, fully paid up and subscribed as to: (i) 1,299 ordinary shares held by *Snow Feather Investments Limited*; and (ii) 1 ordinary share held by *Sovereign Trust (Malta) Limited*.

With effect from 26<sup>th</sup> January 2015, the Guarantor's authorised and issued share capital was increased to €300,000 divided into 300,000 ordinary shares of €1 each, fully paid up, as aforesaid pursuant to the issue of 298,700 ordinary shares of €1 each, all of which were allotted to *Snow Feather Investments Limited*.

The Guarantor effectively owns 100% of the share capital of the Issuer, of 42 Telecom Limited, of Haud Systems and of 42 Marketing on a local level, as well as of 42 Telecom AB and of 42 Telecom UK on an international level, which it considers to be the subsidiaries within the Group which are material to the Group's operational and financial performance.

Further details concerning the above-mentioned Group subsidiaries, particularly in respect of 42 Telecom Limited and HAUD Systems which are the key operating and trading entities within the Group, are set out in the following paragraphs:

42 Telecom Limited is based in Malta and was formed in 2010 and took over the main operations and management of Fortytwo Telecom. The majority of clients are directly signed up with this entity and all management functions for the Fortytwo Telecom brand and products reside within this company.

HAUD Systems is based in Malta and is the management centre for HAUD as well as the technology development centre.

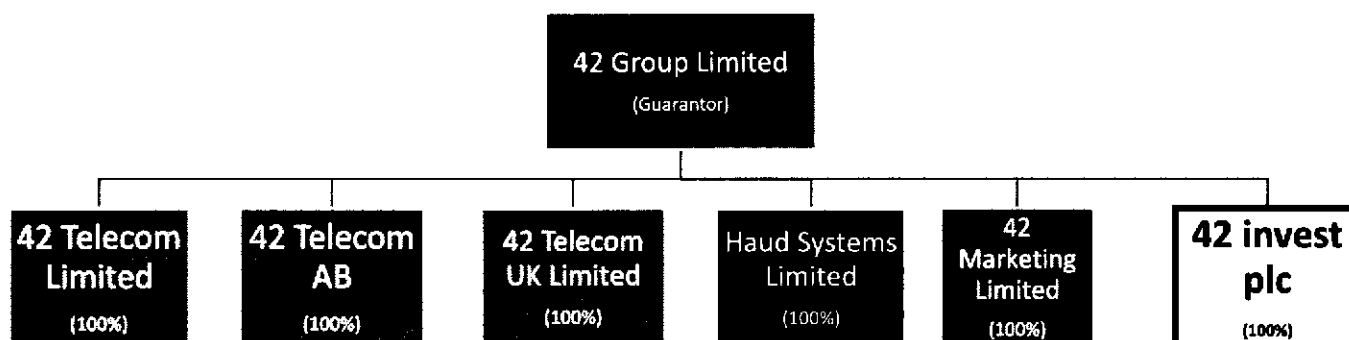
Set up in 2013, 42 Marketing currently holds a dual role. Primarily it handles all the marketing requirements of all of the Group subsidiaries. Furthermore, it also seeks external clients directly through its business-to-consumer (B2C) product offerings and hence offers an online mobile messaging platform. Moreover, it shall start organising conferences in the field of telecommunications from 2015.

42 Telecom AB is the original Swedish company formed in 2001 to deliver application-to-person (A2P) SMS messages. It was this company that grew from success to success and eventually led to the formation of the other companies comprising the Group. 42 Telecom AB has a full Mobile Network Operator (MNO) license within Sweden and is a member of GSMA.

42 Telecom UK was set up in 2010 as a subsidiary company of the Group, to focus mainly on the UK market where it is based. It is also a registered company with OFCOM, the communications regulator in the UK.

## 6.2 Group organisational structure

The organisational structure of the Group, relevant to the Issuer and the Guarantor, is illustrated in the diagram below as at the date of the Prospectus:



## 6.3 Investments since last published financial statements

The Issuer was set up on 26<sup>th</sup> January 2015 and since incorporation to the date of this Registration Document no financial statements have been prepared and no investments have been made by the Issuer during such period.

No material investments have been made by the Guarantor since the date of the last published financial statements, which covered the financial year ended 31<sup>st</sup> December 2013.

## 7. BUSINESS OVERVIEW

### 7.1 The Issuer

As already explained, the Company, 42 Invest p.l.c., is a fully-owned subsidiary of the Guarantor (except for one share which is held by 42 Telecom Limited) and has been set up to act as a financing company.

Accordingly, its business is limited to the raising of capital for the financing of capital projects and the loaning of such capital to the Guarantor and/or its subsidiary companies, the collection of interest therefrom and the settlement, in turn, of interest payable on capital raised from third parties.

A brief overview of two key business areas of the Group, namely those comprising the operations of Fortytwo Telecom and HAUD, including details concerning their principal activities and markets, business objectives and trading prospects, is provided in sub-Sections 7.3 and 7.4 below, respectively.

## **7.2 The Group's business development strategy**

The Group's vision is to be the trusted advisor to its customers, helping them enhance their business performance through innovative technology solutions. The Group's value is its ability to guide, advise, implement and manage telecom solutions for its customers, and the strategy is to grow profitable market share by delivering relevant telecom solutions to customers on a scalable support and delivery platform. With the continual emergence of new technologies and technology solutions in the telecommunications industry, management believes businesses seek technology providers which supply managed services to assist them in designing, deploying and monetising optimal telecom solutions, rather than just supplying products based on price and availability. The Group believes that it is well positioned in the market and can gain profitable market share and provide enhanced value to customers.

## **7.3 Fortytwo Telecom**

### 7.3.1 Business Overview

Fortytwo Telecom originally started business in Sweden in 2001 and entered the market as a telecommunications provider specialising in the transmission of messages (SMS messages specifically). The business gained Mobile Network Operator (MNO) status in Sweden and maintains such status currently. The global demand for application-to-person (A2P) messaging has continued to grow from that time through to the present, and the company enjoyed the same trend and has consequently experienced healthy growth over the years. In fact it was Fortytwo Telecom and its success in the telecommunications industry which established a group of companies (the Group) headquartered in Malta with subsidiaries setup in Malta, the United Kingdom, Sweden and Singapore.

The Group, in-line with its entrepreneurial nature, which enabled it to capitalise on market opportunities in the past, recognised the changing requirements of the telecom industry which was moving away from MNO tolerating open 'mutual forgiveness' routes to needing to capitalize on all potential revenue streams. This created the initial HAUD concept (SMS firewall and filter for MNOs) and the company Haud Systems was established to commercialise the opportunity. The same trends predicted by the Group have now materialized, evidenced by HAUD's initial revenues and growing prospects; with HAUD and its competitors developing the market, the landscape for A2P messaging will be very different moving forward. Over-the-top (OTT) messaging platforms, with their minimal cost structures (more often than not with cost free, online messaging), has impacted the person-to-person (P2P) SMS market with significantly reduced traffic and margins for MNOs, margins which are also currently under threat from Voice over Internet Protocol (VoIP). All this is compounding and fuelling the recent shifts in market direction.

As stated, the market dynamic and subsequent shifts do not only have significant impact for HAUD, they also affect the telecommunications market populated by Fortytwo Telecom and its competitors. Whilst the previously dominant nature of the inter-connected infrastructure of the world's MNOs presented unique opportunities and threats to their competitors, the new unfolding technological landscape has significantly changed the opportunities and threats of the future.

The effects of such changes will mean that the product portfolio of Fortytwo Telecom will be significantly altered over the coming years. Whilst from a technological point of view this is not a major shift in Fortytwo Telecom's current modus operandi, the nature of how the company engages with its customers and suppliers will be very different.

According to a new market report published in Q3 2014 by Transparency Market Research "A2P SMS Market - Global Industry Analysis, Size, Share, Growth, Trends and Forecast, 2014 – 2020", the market is set to grow, with the latest predictions indicating a year-on-year growth of just over 4%, to an estimated total market worth of US\$70 billion in the year 2020. Such market growth being fuelled, based on Group senior management's experience of the industry, by the advantages that SMS specifically gives to A2P traffic in terms of ubiquity and engagement. These advantages have remained constant and are the initial reason for the success of SMS overall, and with it the success of Fortytwo Telecom.

### 7.3.2 SMS

While not a new technology in terms of telecommunications, SMS has proved to be resilient and the preferred medium for A2P traffic for well over a decade. This is based around two very important factors. The first factor is the ubiquity of the SMS protocol and the ability to deliver a message to any device on any mobile network (GSM); that is the ability to transcend geographical constraints, network constraints, handset constraints, platform constraints and almost any other form of variation one finds within the field of mobile communications. The second factor is the engagement of SMS messages. Since SMS messages are delivered to a mobile device, which by its very nature is a very personal device, the engagement level of this communication technology is exceptionally high. Currently and for the predictable future, there is no feasible rival delivery system for mobile content, which has the same level of ubiquity at the same level of engagement.

### 7.3.3 SMS Aggregation

The nature of a SMS aggregator is to maintain and manage connections to all the various mobile networks around the world which can terminate SMS. Then to aggregate various sources of application-to-person SMS (A2P SMS) and terminate such, over these managed routes and connections to the required mobile networks. The main aspects are the technical ability to handle and terminate SMS messages at volume and to have the commercial agreements with the target networks.

In addition to the above core service, there are a number of value added services and features which aggregators usually provide to ensure correct functionality in the A2P SMS aggregator arena.

Due to the various routing options available and various other factors, aggregators will often offer various routing plans and routing logic to the market. Such variation in routing plans offered will enable customers to select criteria which correctly reflect the demands and needs of the SMS being terminated over such routes.

### 7.3.4 The A2P Market

As stated in sub-Section 7.3.1 above, the compound annual growth rate (CAGR) of the market is forecast to grow at just over 4% until 2020. This growth refers to the total revenues spent by final customers on their A2P SMS purchases (market revenue) and in 2020 this global market is predicted to reach US\$70 billion. The shift from traditional open routes, to carefully monitored and filtered international links between MNOs, will drive a measurable change in the manner and format in which the A2P SMS aggregation business operates. In the current scenario governed largely by open routes, providers have used price as the main differentiator in attracting customers and traffic volumes, which has consequently driven down the price per SMS delivered. It has also meant that SMS has been highly appealing to many industries seeking to engage with mobile customers as the opportunity cost for using this method of communication is ultra-low. Coupled with the factors described above, namely that SMS is ubiquitous and highly engaging, it is not difficult to see how the industry has grown from strength to strength.

The above market changes will mean that traditional aggregators will now not only need to spend more time and effort engaging with their customer base in managing changing routes and pricing, but also considerably more time in discussions and negotiations with MNOs as their primary suppliers/partners. As a result, one of the current trends is for MNOs to appoint a selected number of gateway providers into their well filtered and correctly administered networks; in order that they do not have to directly deal with the wave of aggregators seeking connectivity. Aggregators with signalling capability and MNO status will be best positioned to leverage such market changes as they will be able to adopt the existing framework of MNO-to-MNO interworking agreements and connections available to the market. Fortytwo Telecom with such capability is well placed to capitalize on this situation.

The increase of top quality direct termination agreements with MNOs means a special focus offering the most secure and reliable termination of traffic from customer to final destination. This will have an industry impact of trying to reduce the number of hops (the amount of intermediaries between a message transmitter and a message receiver). Quality and speed are therefore the new benchmarks.

Legislation is also getting tighter with respect to the type of messages delivered to consumers, the content of such messages and the need for the customers' consent in advance. More and more responsibility is being placed on message delivery systems in this respect and the technology available from the aggregator will be a deciding factor in which one is selected to transmit and route such messages.

While the market will grow in terms of revenue, Group senior management anticipate that the increased pricing will have the usual impact of lowering overall volumes, as originators of certain categories of SMS messages will find it more cost effective to use other channels for distribution. The largest A2P SMS growth areas are expected to be customer relationship management (CRM) and promotional campaigns. Especially due to the increase in CRM, Group senior management forecast that such trends will understandably cause an increase in two way interaction, namely person-to-application (P2A).

### 7.3.5 Structure

Fortytwo Telecom has a flat management structure, headed by a CEO who is closely supported by the Group CFO, CTO, head of legal and 42 Marketing Ltd offering support and shared services in technology, finance, legal and marketing. A sales department, procurement department, routing department, support department and office administration make up the general areas contained directly within Fortytwo Telecom.

Due to the diverse international nature of the market which Fortytwo Telecom operates within, the organisation employs an equally diverse workforce and skill set in order to enable it to seize the opportunities available.

#### 7.3.6 Infrastructure

Fortytwo Telecom has always been a technologically advanced competitor within the SMS aggregation business. Currently the company uses its own carrier grade short message service centre (SMSC) and architecture, all of which were developed in-house by a dedicated team of developers and engineers. This solution is connected to all major signalling carriers ensuring that Fortytwo Telecom has the ability to terminate SMS on a truly global scale. It has been the cornerstone of all Fortytwo Telecom's success, that such quick and intuitive technological development skill is available to the company in-house. Like all IT-based systems, the job is never complete and such a specialised and technology dependent business like telecommunications means that the team is constantly working on maintaining, updating and building new features and functionality into the company's system.

These systems can be broadly categorised into three main areas. Firstly the actual SMS system, which is where all traffic is processed, and all the routing requirements and logic is applied to ensure accurate and timely termination on each target consumer's handset. Then there is the system which is used by internal employees for all the commercial and technological process required for running the company. Finally, there is the client front end system which is used by clients to input their message content and interact with the company.

With the recent growth of Fortytwo Telecom, expected future growth and the increase in functionality in all of these systems, the requirement for expansion within Fortytwo Telecom's technology section is also very evident. The development and support teams will be increased in line with the requirements to ensure that Fortytwo Telecom's system continues to be the best in industry standards. Various systems and modules are also planned with respect to Fortytwo Telecom's development road map to add further functionality and value added to the product offering for customers.

#### 7.3.7 Customer Profile

Fortytwo Telecom due to having its own SMSC and signalling infrastructure, further enhanced by MNO status in Sweden, acts as an enabler for many other aggregators, who possibly are not as well equipped as Fortytwo Telecom, or do not have the reach to open networks and agreements with MNOs. Therefore, these very technical clients have a specific profile and well defined set of requirements. Such clients need very accurate updates and information, a high level of real-time technical support and a highly reliable system.

The customer profile of an average user is very diverse due to the wide range of use cases that exist for SMS content delivery. Very widely, these are divided into marketing and promotion based campaigns and CRM based message content. This client type generally requires ease of sign-up, simple account management, transparent pricing and a reliable and robust service. Value added in terms of such client could involve ease of system integration to the SMS messaging gateway.

The final customer type is the larger scale user of SMS communications which are normally used for very critical near real-time information sharing, such as account authorization codes, transaction alerts and critical notifications. This customer type is focused on high stability connections with priority delivery protocols to ensure as rapid a delivery as possible of the SMS message.

Generally all customer profiles are trending towards higher quality direct routing and the various other factors as already described, coupled with greater stability.

#### 7.3.8 Suppliers

The aggregator business environment used to be predominantly somewhat of a closed shop, with one aggregator selling their reach and routing to other aggregators. This was especially true for top tier aggregators. As the market has matured, the suppliers of routes and reach today are predominantly the MNOs themselves. Business negotiations therefore have shifted from a supplier relationship between aggregators to a supplier relationship between MNOs and aggregators. Due to the fact that for a large number of MNOs these negotiations and supply agreements pass through the same departments as interworking amongst MNOs, with no specific specialization or focus on the A2P SMS market, negotiations for supply routes currently take somewhat longer than before.

The MNOs are also starting to change their strategy. Groups of MNOs (multiple MNOs under single corporate ownership) are negotiating centrally on behalf of their various networks. The recent industry trend for moving towards SMS hubs is also creating the ability to gain direct connectivity to multiple networks. Such movements make it easier for Fortytwo Telecom to connect to a wide range of networks directly, though the same opportunities are also available to competing aggregators.

#### 7.3.9 Business Model

Fortytwo Telecom's clients connect to the company over a variety of technologies, protocols and application programming interfaces (APIs); to terminate SMS messages over the various routing plans offered. Each client has an account which, based on various

parameters, can be a pre-paid setup or a post-paid setup, with each account type having a number of different ways to affect payment into the company.

Fortytwo Telecom will then, depending on the routing plan being utilized, transmit and terminate the clients' SMS traffic to its final destination; providing all the SMS standard protocols of replies and codes.

Clients have a graphical user interface (GUI) through which they can manage the majority of their own account dynamics, however all clients will have an account manager (various languages available) assigned to them in order to provide personalized account management. Further to this, Fortytwo Telecom provides a 24/7 support service ensuring that all of its client base, irrespective of geographical location and related time zone, experiences the same level of customer support. Fortytwo Telecom's technical team is constantly enhancing and improving the performance of the current system and any updates as required to ensure the level of service and functionality offered is in line with market expectations.

#### 7.3.10 Innovation

Fortytwo Telecom is confident in the latest market predictions which show significant growth over the coming period and all the way into 2020. That stated, the company has a dedicated resource within its structure and an extensive technical team in order to enable the constant monitoring, research and development, forecasting and testing to ensure that the company remains a leader within the ICT field, especially with respect to the A2P messaging services. As the medium may evolve, the requirement to deliver ubiquitous high engagement messages will remain and, therefore, the requirement to ensure that the technological advantage of the organisation remains in such respect is paramount.

### **7.4 HAUD**

#### 7.4.1 Business Overview

HAUD specializes in revenue assurance, security and fraud detection through the provision of an SMS firewall and filtering solution. HAUD's main focus is centered on creating solutions for its customers which provide reliable ease of use and control over communications networks.

Haud Systems was set up in 2011 and by the end of that same year it implemented its first installation for a proof of concept with a mobile network operator in the UK. This client continues to be a customer to date. Since then the company has continued developing its product portfolio and filtering methodologies and has acquired other customers in Europe and Asia. It is currently in negotiations with other potential customers in both the Asia-Pacific and Europe, Middle East and Africa regions and has a number of letters of intent signed up to this purpose.

HAUD maximises revenue potential for mobile network operators through the provision of tailor-made solutions to monitor and control messages passing through their networks. This is generally resultant in:

- a. increased profitability through the generation of revenues from application-to-person (A2P) traffic;
- b. a reduction in SMS fraud and spam; and
- c. increased subscriber loyalty and churn reduction.

HAUD complies with and adheres closely to the IR.70 (the official GSMA SMS SS7 Fraud Permanent Reference Document), the IR.71 (the official GSMA SMS SS7 Fraud Prevention Permanent Reference Document) and the AA.50 (the official GSMA SMS Fraud Criteria).

Moreover, HAUD has a number of commercial models which are very attractive for operators, some of which are capex free and hence easier to acquire and implement by operators.

Finally, HAUD partners with other telecoms players who provide a managed service to such customer MNOs ensuring that they maximize monetization and curb grey route traffic through an experienced use of the HAUD Solution. Such managed service ensures successful implementation of the solution and its management throughout the lifecycle of its existence at the customer MNO.

#### 7.4.2 Service offering

HAUD Systems is the owner of a proprietary advanced modular filtering solution. A comprehensive set of filtering techniques are used to deliver a robust blocking policy in order to ensure revenue assurance and better customer experience within mobile operators.

Some of the techniques operated include:

- a. monitoring of inbound and outbound SMS traffic;
- b. content and phrase detection;
- c. bulk/pattern recognition techniques;
- d. blocking by sender ID (whether numeric or alphanumeric);
- e. blacklisting and whitelisting capabilities;
- f. graphical representation of data and scheduled reporting tools.

#### 7.4.3 Business execution

HAUD's business plans are dynamic. The company intends to expand current operations while launching new ventures and concepts to the market.

The expansion activities include, but are not limited to:

- a. product diversification,
- b. global ready through direct and indirect promotional channels,
- c. intensification of marketing and sales initiatives, as well as,
- d. faster deployment of systems and services.

Apart from expansion, HAUD is also looking at transformation activities, which shall include the introduction of new product lines, diversification of the product portfolio and propositions, as well as the introduction of data filtering in current and new target markets.

HAUD's strategy focuses on attaining faster growth through an increase in sales and marketing efforts which, in turn, should lead to a quicker penetration in new markets.

The funding generated by the Bond Issue is predominantly intended to be used to procure the hardware and equipment necessary to install the HAUD solution in country at the client premises. Furthermore, it is also intended that HAUD Systems shall be able to recruit more technological talent which, in turn, will ensure that the company keeps abreast with innovation and technological advancements, as well as shorten the development cycle of new products in the pipeline.

All these actions are intended to allow HAUD to attain the largest possible share of the market within the shortest possible time period, with the aim of achieving market leader position in the industry.

#### 7.4.4 Target market

HAUD's target market is therefore clearly definable. At present, this consists of over 800 mobile network operators (MNOs) spread around the globe, over 100 mobile virtual network enablers (MVNEs) and over 1,000 full mobile virtual network operators (MVNOs).

To date, HAUD has signed up a few customers, the most significant being Grameenphone, a Bangladesh MNO (part of the Telenor Group) with more than 50 million subscribers. Furthermore, HAUD is in the process of conducting a trial in one of the top 10 MNOs based in Asia and is currently deploying its system commercially in another sizeable operator in the APAC region in Q1 2015.

HAUD has been in touch with over 200 MNOs to date. It has been called to participate in a number of RFP processes for SMS firewalls which are still in the decision phase and has won the first such RFP with Grameenphone in April 2014.

By 2019 HAUD's management targets to have a significant share of the total serviceable market covered with its products and services residing at MNOs across the globe, with an uptake of more than one client signing up per month.

#### 7.4.5 Brand positioning

HAUD has spent much time and resources in strengthening its brand position in the market, thereby pursuing its self-proclaimed target of establishing itself as a thought leader and innovator in the market for SMS Firewalls. This yielded immediate results as in 2013 HAUD carried out an important analysis for two major international operators, one in Europe and one in Africa. The results of these two trials put HAUD on the map as having a solution which can detect and identify the areas of monetization for operators.

This has lead HAUD, up to 31<sup>st</sup> December 2014, to have participated in 8 RFPs. It has won 1 RFP with Grameenphone in Bangladesh (part of the Telenor Group) and is awaiting the outcome of another 6. One RFP was discontinued. Furthermore, HAUD has been asked to do a network profile in Asia, which profiling is expected to start towards the end of March 2015 and this could subsequently result in a new customer for HAUD.



Moreover, HAUD is an associate member of the GSMA (Groupe Speciale Mobile Association) which is an association of mobile operators and other companies operating in the telecommunications eco-system, devoted to supporting the standardisation, deployment and promotion of the GSM mobile phone system. The GSMA spans more than 220 countries, unites around 800 of the world's mobile operators, as well as over 200 companies, including handset manufacturers, software companies, equipment providers and the like.

HAUD is an active member of the GSMA and participates in various fora organised by the GSMA, as well as the annual event in the mobile industry by exhibiting at the GSMA Mobile World Congress for the past 3 years.

As regards to intellectual property, HAUD has produced a number of white papers which are fully copyrighted and it has registered its trademarks in Malta. Furthermore, the logic of the system and the full development of the solution is proprietary to HAUD Solutions.

#### 7.4.6 Business opportunity

Up until recent times, SMS was a technology which MNOs paid little attention to in terms of revenue leakage, the costs of which were entirely sunk, but it continued to provide a steady source of revenue both on the local and international scene. SMS prices were still relatively high and there were more significant areas of revenue and margin that needed the MNO's focus.

However, with the onset of revenue challenges such as the EU roaming regulation which hit MNOs' bottom line significantly, more aggressive competitive pricing and infrastructural investments in 3G and Long-Term Evolution (LTE), operators find themselves under significant pressure to deliver and protect their EBITDA margins. To exacerbate the situation, data is also cannibalizing voice and SMS revenues in the P2P space.

However, with the onset of machine to machine (M2M) technology, there are growing uses for A2P messaging, such as for notifications, and together with the ubiquitous nature of SMS, it is acknowledged that SMS still has a role to play despite its age, and that its growth prospects are healthy and worthy of protecting.

In addition, with the inception of new applications for SMS, there has been a surge in fraudulent and spam messages which need to be controlled and curtailed.

For these reasons, two or three years ago SMS Firewalls started appearing on the market as a specific technical solution as a means to protect MNOs from open routes, provide revenue assurance and enable them to protect their subscribers from fraud and spam.

HAUD has identified the huge potential in capitalizing on these current market opportunities and is offering tools to ensure revenue maximization, identify new sources of revenues, and curb fraud and spam. HAUD's solutions come at a crucial period of evolution within the industry and HAUD is well placed to reap substantial rewards from its efforts.

Timing is of the essence if HAUD is to grow its market share and accelerate its development process, and achieve its full growth potential. The market is receptive as demonstrated by HAUD's early sale successes and by the increase in RFPs relating to this specific area which were issued during 2014.

#### 7.4.7 Pricing models and sales

HAUD's go-to-market strategy involves a highly competitive and flexible pricing model which caters for standard set-up fees and software license fees as a more traditional vendor-client relationship. However, due to constraints on mobile operators to allocate significant capex to operations, HAUD has come up with some attractive capex-free models to assist MNOs in taking up its systems whilst ensuring a good return for both the operator and HAUD itself.

Sales happen either through direct sales effort or through indirect sales channels which are carefully selected in various regions around the globe.

Distribution and logistics is generally handled by HAUD directly or outsourced to local integrators in the home market of the MNO, depending on the most viable and cost effective solution on a case-by-case basis.

## **8. TREND INFORMATION AND TRADING PROSPECTS**

There has been no material adverse change in the prospects of the Issuer since the date of its incorporation and there has been no material adverse change in the prospects of the Guarantor since the date of its latest audited financial statements.

At the time of publication of this Registration Document, the Issuer and the Guarantor consider that their respective future performance is intimately related to the performance of the Group. The Issuer and Guarantor consider that generally they shall be subject to the normal

business risks associated with the industries in which the Group and subsidiary companies are involved and operate, and, barring unforeseen circumstances, do not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of their respective businesses and that of the Group, at least up to the end of the next financial year.

## **9. MANAGEMENT AND ADMINISTRATION**

### **9.1 The Issuer**

#### **9.1.1 The Board of Directors of the Issuer**

The Memorandum of Association of 42 Invest p.l.c. provides that the affairs of the Company shall be managed and administered by a Board of Directors to be composed of not more than six (6) Directors, who are appointed by the shareholders.

Specifically, in terms of the Company's Articles of Association 42 Group Ltd is empowered to appoint the Directors of the Issuer by means of an ordinary resolution in general meeting, thereby putting it in a position to appoint an absolute majority of the Directors of the Issuer and, accordingly, having control over the management and operations of the Issuer.

The Issuer is currently managed by a Board of four (4) Directors, who are responsible for the overall direction and management of the Company. The Board currently consists of two executive Directors, who are entrusted with the Company's day-to-day management, and two non-executive Directors, whose main functions are to monitor the operations of the executive Directors and their performance, as well as to review any proposals tabled by the executive Directors. As at the date of the Prospectus, the Board of the Issuer is composed of the individuals listed in sub-Section 4.1 of this Registration Document.

None of the Directors of the Company have been:

- a. convicted in relation to fraud or fraudulent conduct in the last five (5) years;
- b. made bankrupt or associated with any liquidation or insolvency caused by action of creditors;
- c. the subject of any official public incrimination or sanction by any statutory or regulatory authority; or
- d. disqualified by a court from acting as director or manager in the last five (5) years.

#### **9.1.2 Appointment of Directors**

The Directors of the Issuer are appointed in terms of the Company's Articles of Association as aforesaid. In line with generally accepted principles of sound corporate governance, at least one (1) of the Directors shall be a person independent of the Group.

#### **9.1.3 Removal of the Issuer's Directors**

In terms of the Company's Articles of Association, any Director may be removed at any time by the Company in general meeting, provided that the Director who is to be removed shall be given the opportunity of making representations to the general meeting at which a resolution for his removal is to be taken. The Directors of the Issuer currently in office are expected to remain in office at least until the next Annual General Meeting of the Company.

#### **9.1.4 Powers of the Issuer's Directors**

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

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

In terms of the Memorandum and Articles of Association, the maximum limit of aggregate emoluments of the Directors is to be established by the shareholders in general meeting. Any increases in the maximum limit of Directors' aggregate emoluments have to be approved by the general meeting.

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

#### 9.1.5 Service contracts of the Issuer's Directors

None of the Directors have a service contract with the Issuer.

#### 9.1.6 Aggregate emoluments of the Issuer's Directors

Pursuant to the Company's Memorandum and Articles of Association, the maximum annual aggregate emoluments that may be paid to the Directors are approved by the shareholders in general meeting.

Save for Mr Joseph Cuschieri, none of the Directors of the Issuer will be receiving emoluments for the financial period ending 31<sup>st</sup> December 2015. The aggregate emoluments receivable by Mr Joseph Cuschieri as the independent Director in the aforesaid period will amount to €10,000.

#### 9.1.7 Loans to the Issuer's Directors

There are no loans outstanding by the Issuer to any of its Directors, nor any guarantees issued for their benefit by the Issuer.

### **9.2 The Guarantor**

#### 9.2.1 Directors of the Guarantor

The Memorandum of Association of 42 Group Ltd provides that the board of directors shall be composed of not more than three (3) directors, who are nominated by the shareholders. As at the date of the Prospectus, the Board of the Guarantor is composed of the three (3) individuals listed in sub-Section 4.2 of this Registration Document.

#### 9.2.2 Removal of the Guarantor's directors

A director may, unless he resigns, be removed by an ordinary resolution of the shareholders as provided by Article 140 of the Act. The directors of the Guarantor currently in office are expected to remain in office at least until the next Annual General Meeting of the company.

#### 9.2.3 Powers of the Guarantor's directors

The directors are, by virtue of the Articles of Association of 42 Group Ltd, empowered to transact all business that is not by the Articles expressly reserved for the shareholders in general meeting.

#### 9.2.4 Aggregate emoluments of the Guarantor's Directors

Pursuant to the Guarantor's Memorandum and Articles of Association, the maximum annual aggregate emoluments that may be paid to the directors of the company are approved by the shareholders in general meeting.

None of the directors of the Guarantor have received emoluments up to and including the date of the Prospectus and are not expected to be receiving emoluments for the financial period ending 31<sup>st</sup> December 2015.

#### 9.2.5 Loans to the Guarantor's directors

There are no loans outstanding by the Guarantor to any of its directors, nor any guarantees issued for their benefit by the Guarantor.

### **9.3 Employees of the Group**

The Issuer does not have any employees of its own and is, therefore, reliant on the Group for administrative support. As at the date of this Registration Document, the Group had a total of 57 employees, 17 of which are employed with the Guarantor.

### **9.4 Working Capital**

As at the date of the Prospectus, the directors of both the Company and of the Guarantor are of the opinion that working capital available to the Company and the Guarantor, respectively, is sufficient for the attainment of their objects and the carrying out of their respective business for the next twelve (12) months of operations.

## **10. BOARD PRACTICES**

### **10.1 Compliance with Corporate Governance requirements**

#### **10.1.1 The Issuer**

The Issuer complies with the Corporate Governance Guidelines for Public Interest Companies (the "Guidelines") and is confident that the adoption of the Guidelines has resulted in positive effects accruing to it and that a strong element of corporate governance will permit the Issuer to benefit from greater transparency in its activities as well as in its relations with the market, thereby enhancing integrity and confidence.

The Board deems that during the period running from its incorporation to the date of the Prospectus, the Issuer has fully complied with the requirements of the Guidelines.

To this end and in spite of it not being a mandatory requirement in the Guidelines, the Directors of the Issuer have established an Audit Committee, composed of two non-executive Directors and an executive Director, which assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal controls, the audit process, the process for monitoring compliance with applicable laws and regulations, as well as current best practices and recommendations of good corporate governance.

As at the date of the Prospectus, the members of the Audit Committee are Mr Joseph Cuschieri (*Chairman*), Mr Bengt-Ake Angelow and Mr Erik Angelow, the former two members being non-executive Directors of the Company. Mr Joseph Cuschieri is the independent, non-executive Director considered by the Board to be the director competent in accounting and auditing matters. In his capacity as the Chairman of the Audit Committee, Mr Cuschieri holds meetings with the executive Directors as necessary to review the Company's accounts and operations. The Issuer considers that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof.

The terms of reference of the Audit Committee consist of, *inter alia*, its support to the Board of Directors of the Issuer in its responsibilities in dealing with issues of risk, control and governance. The Board has set formal terms of establishment and of reference of the Audit Committee that establish its composition, role and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with. The Audit Committee, which meets at least once every three (3) months, is a sub-committee of the Board and is directly responsible and accountable to the Board. The Board reserved the right to change the Committee's terms of reference from time to time.

Briefly, the Audit Committee is expected to deal with and advise the Board on:

- a. ensuring that the Company adopts, maintains and, at all times, applies appropriate accounting and financial reporting processes and procedures;
- b. facilitating the independence of the external audit process and addressing issues arising from the audit process;
- c. reviewing the systems and procedures of internal control implemented by management and of the financial statements, disclosures and adequacy of financial reporting; and
- d. ensuring that the Company at all times maintains effective risk management and internal control systems.

Additionally, the Audit Committee has the role and function of considering and evaluating the arm's length nature of any proposed transaction to be entered into by the Issuer and a related party, given the role and position of the Issuer within the Group, to ensure that the execution of any such transaction is, indeed, at arm's length and on a sound commercial basis and, ultimately, in the best interests of the Issuer. In this regard, the Audit Committee of the Issuer has the task of ensuring that any potential abuse which may arise in consequence of the foregoing state of affairs is immediately identified and resolved. Mr Joseph Cuschieri in his capacity as Chairman of the Issuer's Audit Committee and in view of his status as an independent, non-executive Director, is specifically entrusted with such oversight.

#### **10.1.2 The Guarantor**

The Guarantor is a private company and, accordingly, is not bound by the provisions of the Guidelines. While the Guarantor does not adopt the provisions of the Guidelines, it has specifically tasked the Audit Committee of the Issuer with keeping a watching brief over the operations of the Guarantor.

## 11. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### 11.1 Interests of major shareholders of the Issuer

The Issuer is wholly owned (except for one share which is held by a Group subsidiary company as set out below) by the Guarantor, which is the parent company of the Group.

The authorised and issued share capital of the Issuer is of €46,588 divided into 46,588 ordinary shares of a nominal value of €1 each, which are subscribed to and allotted as fully paid up shares as follows:

<i>Name of Shareholder</i>	<i>Number of shares held</i>
<b>42 Group Limited</b> (C-50116)	<b>46,587 ordinary shares</b>
<b>42 Telecom Limited</b> (C-50141)	<b>1 ordinary share</b>

The Issuer adopts measures in line with the Guidelines to ensure that its relationship with the Guarantor is, at all times, retained at arm's length and that there is no abuse of power by the Issuer or the Guarantor in the context of related party transactions, including adherence to rules on such related party transactions requiring the sanction of the Audit Committee of the Issuer, which is constituted in its majority by non-executive Directors, of which one, being an independent non-executive Director in the person of Mr Joseph Cuschieri, also acts as Chairman of the Committee. In this regard, the Audit Committee of the Issuer has the task of ensuring that any potential abuse which may arise in consequence of the foregoing state of affairs is immediately identified and resolved. Furthermore, any potential conflicts of interest of the directors of the Issuer and Guarantor are addressed as set out in sub-Section 11.3 below.

### 11.2 Interests of major shareholders of the Guarantor

The Guarantor, following a recent share capital increase, has, as at the date hereof, an authorised and issued share capital of €300,000 divided into 300,000 ordinary shares of €1 each, fully paid up and subscribed to as follows: (i) 299,999 ordinary shares held by *Snow Feather Investments Limited*, a company incorporated under the laws of the British Virgin Islands with registration number 1595276 and having its registered address situated at Mill Mall, Suite 6, Wickhams Cay 1, PO BOX 3085, Road Town, Tortola, British Virgin Islands; and (ii) 1 ordinary share held by *Sovereign Trust (Malta) Limited*, a company incorporated under the laws of Malta with registration number C-26143 and having its registered address situated at Valley Towers, Suite 5, Valley Road, Birkirkara BKR 9022, Malta, acting as fiduciary nominee (full details of the above-mentioned increase in share capital are set out in sub-Section 6.1.2 of this Registration Document).

The Group is ultimately wholly owned, through *Snow Feather Investments Limited*, by Mr Bengt-Ake Angelow as to 75%, whilst the remaining 25% is held by Mr Johan Persson.

### 11.3 Directors' interests

To date Mr Bengt-Ake Angelow, Mr Erik Angelow and Mr Johan Persson occupy the position of directors in respect of both the Issuer and the Guarantor. Additionally, Mr Bengt-Ake Angelow and Mr Johan Persson are the ultimate beneficial owners of the Group as to 75% ownership of the Group vesting in Mr Bengt-Ake Angelow and the remaining 25% ownership being held by Mr Johan Persson. Conflicts of interest could potentially arise in relation to transactions involving the Issuer and other Group companies.

The Audit Committee of the Issuer has been specifically tasked with keeping a watching brief to ensure that any conflicts of interest that may arise at any time pursuant to the foregoing state of affairs are duly and appropriately managed. In this regard, Mr Joseph Cuschieri in his capacity as Chairman of the Issuer's Audit Committee and in view of his status as an independent, non-executive Director, is specifically entrusted with such oversight.

To the extent known or potentially known to the Issuer and the Guarantor as at the date of the Prospectus, other than the information contained and disclosed in the Prospectus, there are no conflicts of interest between any duties of the directors of the Issuer and the Guarantor and their private interests and/or their other duties which require disclosure in terms of the Regulation.

In terms of the Articles of Association of the Issuer, a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract or in any transaction or arrangement with the Company shall declare the nature of his interest at a meeting of the Directors pursuant to the provisions of the Act. A Director shall not vote at a meeting of Directors in respect of any contract, arrangement or proposal in which he has a material interest, either directly or indirectly.

## **12. FINANCIAL INFORMATION CONCERNING THE ISSUER'S AND GUARANTOR'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFIT AND LOSSES**

### **12.1 Historical financial information**

The Issuer was set up on 26<sup>th</sup> January 2015 and since incorporation to the date of this Registration Document no financial statements have been prepared.

The Guarantor's audited financial statements for the financial year ended 31<sup>st</sup> December 2011 have been audited by 3aMalta, certified public accountants in Malta. The Guarantor's audited financial statements for the financial years ended 31<sup>st</sup> December 2012 and 31<sup>st</sup> December 2013 respectively have been audited by Grant Thornton, certified public accountants in Malta. These audited financial statements have been published and are available for inspection at the Issuer's registered office during office hours.

### **12.2 Significant change in the Guarantor's financial or trading position**

There has been no significant change in the financial or trading position of the Guarantor which has occurred since 31<sup>st</sup> December 2013. Furthermore, the Issuer and the Guarantor hereby confirm that there has been no material change or recent development which could adversely affect potential investors' assessments in respect of the Bonds, other than the information contained and disclosed in the Prospectus.

## **13. ADDITIONAL INFORMATION**

### **13.1 Memorandum and Articles of Association of the Issuer**

#### 13.1.1 Incorporation

The Company was incorporated on 26<sup>th</sup> January 2015 as a public limited company, registered with the Registry of Companies at the Malta Financial Services Authority in terms of the Companies Act, with company registration number C-68726.

In terms of its Memorandum of Association, the principal object of the Issuer is to purchase or otherwise acquire, under any title whatsoever, to hold and manage, by any title, movable and immovable property or other assets, including but not limited to securities and other financial interests.

Sub-clause 4(b) of the Company's Memorandum of Association specifically provides that the Issuer is authorised and empowered to issue bonds, commercial paper or any other instruments creating or acknowledging indebtedness and to sell or offer same to the public.

The Memorandum and Articles of Association of the Company otherwise regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of Directors. A copy of the Memorandum and Articles of Association of the Company may be inspected during the lifetime of the Prospectus at the registered office of the Company during office hours and at the Registry of Companies during the lifetime of the Company.

#### 13.1.2 Share Capital

The authorised and issued share capital of the Issuer is €46,588 divided into 46,588 ordinary shares of €1 each, fully paid up.

There are no classes of shares and each share confers the right to one (1) vote at general meetings of the Company. All ordinary shares rank *pari passu* in all respects.

The share capital of the Issuer may be increased or decreased by an extraordinary resolution of the shareholders in general meeting. In terms of the Issuer's Memorandum and Articles of Association, none of the capital shall be issued in such a way as would effectively alter the control of the Company or nature of the business, without the prior approval of the Company in general meeting.

The shares of the Company are not listed on the Malta Stock Exchange or on any other regulated market and no application for such listing has been made to date.

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

## **13.2 Memorandum and Articles of Association of the Guarantor**

### **13.2.1 Incorporation**

The Guarantor was incorporated on 6<sup>th</sup> July 2010 as a private limited liability company, registered with the Registry of Companies at the Malta Financial Services Authority in terms of the Companies Act, with company registration number C-50116.

In terms of sub-clause 3(e) of its Memorandum of Association, the Guarantor is, amongst other things, authorised and empowered to guarantee repayment of indebtedness of any person although not in furtherance of its 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, pledge, privilege, lien and/or mortgage over the assets of the company.

The Memorandum and Articles of Association of the Guarantor otherwise regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of directors. A copy of the Memorandum and Articles of Association of the Guarantor may be inspected during the lifetime of the Prospectus at the registered office of the Guarantor during office hours and at the Registry of Companies during the lifetime of the company.

### **13.2.2 Share Capital**

The authorised and issued share capital of the Guarantor is €300,000 divided into 300,000 ordinary shares of €1 each, fully paid up.

There are no classes of shares and each share confers the right to one (1) vote at general meetings of the company.

The share capital of the Guarantor may be increased or decreased by an extraordinary resolution of the shareholders in general meeting. In terms of the Guarantor's Memorandum and Articles of Association, none of the capital shall be issued in such a way as would effectively alter the control of the company or nature of the business, without the prior approval of the company in general meeting.

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

### **13.2.3 Commissions**

There were no commissions, discounts, brokerages or other special terms granted during the two (2) years immediately preceding the publication of the Prospectus in connection with the issue or sale of any capital of the Guarantor or any of its subsidiaries.

## **13.3 Legal and arbitration proceedings**

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Guarantor are aware) during a period covering twelve (12) months prior to the date of the Prospectus which may have, or have had, in the recent past significant effects on the financial position or profitability of the Issuer, the Guarantor or the Group.

## **13.4 Material contracts**

Since their incorporation on 26<sup>th</sup> January 2015 and 6<sup>th</sup> July 2010 respectively, the Issuer and the Guarantor have not entered into any contracts of a material nature which are not in the ordinary course of their business and which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to security holders in respect of the securities being issued pursuant to, and described in, the Securities Note forming part of the Prospectus.

## **14. THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST**

The Prospectus does not contain any statement or report attributed to any person as an expert.

## **15. DOCUMENTS ON DISPLAY**

For the duration period of this Registration Document, the following documents or certified copies thereof, where applicable, shall be available for inspection at the registered office of the Issuer at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta, during office hours:

- i. The Memorandum and Articles of Association of both the Issuer and the Guarantor;
- ii. The audited financial statements of the Guarantor for the financial years ended 31<sup>st</sup> December 2011, 31<sup>st</sup> December 2012 and 31<sup>st</sup> December 2013;
- iii. The Guarantee given by the Guarantor to the Issuer, as set out in Annex A of the Securities Note.



## SECURITIES NOTE

This Securities Note is issued in accordance with the provisions of Article 90 of the Companies Act (Chapter 386 of the laws of Malta) and of Commission Regulation (EC) No. 809/2004 of 29<sup>th</sup> 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 30<sup>th</sup> March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4<sup>th</sup> June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30<sup>th</sup> April 2013 and Commission Delegated Regulation (EU) No. 382/2014 of 7<sup>th</sup> March 2014.



Dated 20<sup>th</sup> March 2015

**In respect of an issue of €6,500,000 6.25% Unsecured Bonds 2020 - 2022**  
of a nominal value of €100 per Bond issued at par by

**42 Invest p.l.c.**

A public limited liability company registered in Malta  
with company registration number C-68726

Guaranteed by

**42 Group Limited**

A private limited liability company registered in Malta  
with company registration number C-50116

Prospective investors are to refer to the Guarantee contained in Annex A of this Securities Note forming part of the Prospectus for a description of the scope, nature and term of the Guarantee. Reference should also be made to the sections entitled "Risk Factors" contained in the Summary, the Registration Document and this Securities Note for a discussion of certain risk factors which should be considered by prospective investors in connection with the Bonds and the Guarantee provided by 42 Group Limited.

THE BONDS OFFERED HEREBY ARE BEING ISSUED AND OFFERED THROUGH AN OFFER TO THE PUBLIC IN MALTA BY THE ISSUER. NO APPLICATION HAS BEEN MADE, NOR IS IT INTENDED THAT AN APPLICATION BE MADE, FOR THE SECURITIES ISSUED HEREBY TO BE ADMITTED ON A REGULATED MARKET OR OTHER TRADING PLATFORM. RELIANCE ON THIS SECURITIES NOTE FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE AN INDIVIDUAL TO A SIGNIFICANT RISK OF LOSING ALL OR A SUBSTANTIAL PART OF THE PROPERTY OR OTHER ASSETS INVESTED.

THE BONDS ARE COMPLEX FINANCIAL INSTRUMENTS. A POTENTIAL INVESTOR SHOULD NOT INVEST IN THE BONDS UNLESS HE/SHE HAS THE NECESSARY KNOWLEDGE AND EXPERIENCE TO UNDERSTAND THE RISKS RELATING TO THIS TYPE OF FINANCIAL INSTRUMENT AND UNLESS THE BONDS MEET THE INVESTMENT OBJECTIVES OF THE POTENTIAL INVESTOR AND SUCH INVESTOR IS ABLE TO BEAR ANY INVESTMENT FINANCIAL RISK.

THE REGISTRAR OF COMPANIES 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.

Placement Agent and Manager



Legal Counsel



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## IMPORTANT INFORMATION

THIS SECURITIES NOTE CONSTITUTES PART OF THE PROSPECTUS DATED 20<sup>TH</sup> MARCH 2015 AND CONTAINS INFORMATION ON AN OFFER BY THE ISSUER IN RELATION TO €6,500,000 BONDS 2020 - 2022 OF A NOMINAL VALUE OF €100 EACH, GUARANTEED BY THE GUARANTOR.

THE BONDS SHALL BE ISSUED AT PAR AND BEAR INTEREST AT THE RATE OF 6.25% PER ANNUM PAYABLE SEMI-ANNUALLY IN ARREARS ON 1<sup>ST</sup> MARCH AND 1<sup>ST</sup> SEPTEMBER OF EACH YEAR UNTIL THE REDEMPTION DATE, WITH THE FIRST INTEREST PAYMENT DATE FALLING DUE ON 1<sup>ST</sup> SEPTEMBER 2015. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 7<sup>TH</sup> APRIL 2022, SUBJECT TO THE ISSUER'S OPTION TO REDEEM ALL OR ANY PART OF THE BONDS AT THEIR NOMINAL VALUE PRIOR TO THE REDEMPTION DATE BETWEEN 7<sup>TH</sup> APRIL 2020 AND 6<sup>TH</sup> APRIL 2022 (THE "DESIGNATED OPTIONAL REDEMPTION PERIOD") AS THE ISSUER MAY DETERMINE ON GIVING NOT LESS THAN THIRTY (30) DAYS NOTICE IN WRITING TO BONDHOLDERS.

THIS SECURITIES NOTE CONTAINS INFORMATION ABOUT THE ISSUER, THE GUARANTOR AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1995 (CHAPTER 386 OF THE LAWS OF MALTA) AND THE COMMISSION REGULATION (EC) NO. 809/2004 OF 29<sup>TH</sup> 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 30<sup>TH</sup> MARCH 2012, COMMISSION DELEGATED REGULATION (EU) NO. 862/2012 OF 4<sup>TH</sup> JUNE 2012, COMMISSION DELEGATED REGULATION (EU) NO. 759/2013 OF 30<sup>TH</sup> APRIL 2013 AND COMMISSION DELEGATED REGULATION (EU) NO. 382/2014 OF 7<sup>TH</sup> MARCH 2014, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER ON EVEN DATE HEREWITH.

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

UNLESS OTHERWISE STATED, THE CONTENTS OF THE ISSUER'S OR THE GUARANTOR'S WEBSITES OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S OR THE GUARANTOR'S WEBSITES DO NOT FORM PART OF THE 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 THE BONDS.

**THE REGISTRAR OF COMPANIES ACCEPTS NO RESPONSIBILITY FOR AND MAKES NO REPRESENTATIONS AS TO THE CONTENTS, ACCURACY OR COMPLETENESS OF THE PROSPECTUS 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 THE PROSPECTUS.**

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION: (A) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (B) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (C) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS 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 PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (A) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (B) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER OR THE GUARANTOR SINCE SUCH DATE; OR (C) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY UNLISTED 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 LEGAL ADVISORS, ACCOUNTANTS AND/OR

OTHER FINANCIAL ADVISORS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE PROSPECTUS.

THE BONDS SHALL NOT BE ADMITTED TO LISTING ON ANY REGULATED MARKET.

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

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

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

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

A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO AND APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY ACTING THROUGH THE REGISTRAR OF COMPANIES IN MALTA, AND HAS BEEN DULY FILED WITH THE REGISTRAR OF COMPANIES IN ACCORDANCE WITH THE COMPANIES ACT.

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

ALL THE ADVISORS TO THE ISSUER AND THE GUARANTOR NAMED IN THE REGISTRATION DOCUMENT FORMING PART OF THE PROSPECTUS UNDER THE HEADING "ADVISORS TO THE ISSUER AND THE GUARANTOR" IN SUB-SECTION 4.4 OF THE REGISTRATION DOCUMENT FORMING PART OF THE PROSPECTUS HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER AND THE GUARANTOR IN RELATION TO THIS BOND ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

## 1. DEFINITIONS

In this Securities Note the following words and expressions shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

"Act" or "Companies Act"	the Companies Act, 1995, Chapter 386 of the Laws of Malta;
"Applicant/s"	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
"Application"	the application to subscribe for and purchase Bonds made by an Applicant by completing an Application Form and delivering same to the Placement Agent and Manager (defined below) in accordance with the terms of this Securities Note;
"Application Form"	the form of application for subscription of Bonds, a specimen of which is contained in Annex B of this Securities Note;
"Appropriateness Test"	shall have the meaning set out in sub-Section 8.4 of this Securities Note;
"Bonds"	the €6,500,000 unsecured bonds 2020 - 2022 of a nominal value of €100 per bond issued at par and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 6.25% per annum, as detailed in this Securities Note;
"Bondholder"	a holder of Bonds;
"Bond Issue"	the issue of the Bonds;
"Bond Issue Price"	at par (€100 per Bond);
"Business Day"	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
"Company" or "Issuer"	42 Invest p.l.c., a public limited liability company registered under the laws of Malta having its registered office at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta and bearing company registration number C-68726;
"Designated Optional Redemption Period"	any day falling between and including 7 <sup>th</sup> April 2020 and 6 <sup>th</sup> April 2022 when the Issuer shall be entitled, at its option and in its sole discretion, to redeem part or all of the Bonds then outstanding and all interest accrued up to the date of prepayment, by giving at least thirty (30) days' advance written notice to the Bondholders;
"Euro" or "€"	the lawful currency of the Republic of Malta;
"Group"	42 Group Limited (C-50116) and its subsidiary and associated companies, including the Issuer, which are principally involved in the telecommunications industry and are set out in sub-Section 6.1.2 of the Registration Document forming part of the Prospectus;
"Guarantee"	the joint and several suretyship of the Guarantor in terms of the guarantee contained in Annex A of this Securities Note and as described in Element B.18 of the Summary Note forming part of the Prospectus;
"Guarantor" or "42 Group Ltd"	42 Group Limited, a private limited liability company registered under the Laws of Malta having its registered office at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta and bearing company registration number C-50116;

"Haud Systems" or "HAUD"	Haud Systems Limited, a private limited liability company registered under the laws of Malta having its registered office at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta and bearing company registration number C-53030, and which operates under the brand name HAUD;
"Interest Payment Dates"	1 <sup>st</sup> March and 1 <sup>st</sup> September of each year, between and including each of the years 2015 and 2022, unless part or all of the Bonds are redeemed at the Issuer's sole discretion on any day during the Designated Optional Redemption Period, in respect of the Bonds so redeemed; provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
"Investment Services Rules"	the Investment Services Rules for Investment Services Providers, the standard license conditions applicable to investment services license holders (excluding UCITS Management Companies), issued by the MFSA, as amended from time to time;
"Issue Date"	expected on 7 <sup>th</sup> April 2015;
"Issue Period"	the period between 08.30 hours on 2 <sup>nd</sup> April 2015 and 12.00 hours on 7 <sup>th</sup> April 2015 during which the Bonds are available for subscription;
"Memorandum and Articles of Association" or "M&As"	the memorandum and articles of association of the Issuer and/or the Guarantor (as the case may be) in force at the time of publication of the Prospectus;
"MFSA"	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Chapter 330 of the Laws of Malta);
"Placement Agent and Manager"	Calamatta Cuschieri & Co. Limited, a private limited liability company registered under the Laws of Malta having its registered office at 3 <sup>rd</sup> Floor, Valletta Buildings, South Street, Valletta VLT 1000, Malta and bearing company registration number C-13729. Calamatta Cuschieri & Co. Limited is authorised to conduct investment services by the MFSA in terms of the Investment Services Act (Chapter 370 of the Laws of Malta);
"Placement Offer"	shall have the meaning set out in sub-Section 6.2 of this Securities Note;
"Prospectus"	collectively the Summary Note, the Registration Document and this Securities Note, all dated 20 <sup>th</sup> March 2015, as such documents may be amended, updated, replaced and supplemented from time to time;
"Prospectus Directive"	Directive 2003/71/EC of the European Parliament and of the Council of 4 <sup>th</sup> 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, as may be amended from time to time;
"Redemption Date"	7 <sup>th</sup> April 2022, unless otherwise redeemed at the Issuer's sole discretion on any day during the Designated Optional Redemption Period;
"Redemption Value"	at par (€100 per Bond);
"Registration Document"	the registration document in its entirety dated 20 <sup>th</sup> March 2015, forming part of the Prospectus;
"Regulation"	Commission Regulation (EC) No. 809/2004 of 29 <sup>th</sup> April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus and dissemination of advertisements, as amended by: Commission Delegated Regulation (EU)

No. 486/2012 of 30<sup>th</sup> March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4<sup>th</sup> June 2012 amending Regulation (EC) No. 809/2004 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 of 30<sup>th</sup> April 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<sup>th</sup> 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 (Text with EEA relevance);

"Securities Note"	this securities note issued by the Issuer dated 20 <sup>th</sup> March 2015, forming part of the Prospectus;
"Suitability Test"	shall have the meaning set out in sub-Section 8.4 of this Securities Note;
"Summary Note"	the summary note issued by the Issuer dated 20 <sup>th</sup> March 2015, forming part of the Prospectus;
"Terms and Conditions"	the terms and conditions relating to the Bonds as contained in the Prospectus, particularly in Section 8 of this Securities Note;
"42 Telecom Limited"	42 Telecom Limited, a private limited liability company registered under the laws of Malta having its registered office at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta and bearing company registration number C-50141.

All references in the Prospectus to "Malta" are to the "Republic of Malta".

Unless it appears otherwise from the context:

- (a) words importing the singular shall include the plural and vice-versa;
- (b) words importing the masculine gender shall include the feminine gender and vice-versa;
- (c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative.

## 2. RISK FACTORS

**THE VALUE OF INVESTMENTS, INCLUDING THE BONDS, CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.**

**THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY ON THE REDEMPTION DATE, UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED, SUBJECT TO THE ISSUER'S OPTION TO REDEEM ALL OR ANY PART OF THE BONDS AT THEIR NOMINAL VALUE PRIOR TO THE REDEMPTION DATE BETWEEN 7<sup>th</sup> APRIL 2020 AND 6<sup>th</sup> APRIL 2022 (THE "DESIGNATED OPTIONAL REDEMPTION PERIOD") AS THE ISSUER MAY DETERMINE ON GIVING NOT LESS THAN THIRTY (30) DAYS NOTICE IN WRITING TO BONDHOLDERS.**

**AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS, INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING.**

**IN ADDITION, FACTORS WHICH ARE DEEMED MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE BONDS ARE DESCRIBED BELOW.**

THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S AND/OR THE GUARANTOR'S FINANCIAL RESULTS AND TRADING PROSPECTS AND THE ABILITY OF THE ISSUER AND/OR GUARANTOR TO FULFIL THEIR RESPECTIVE OBLIGATIONS UNDER THE SECURITIES ISSUED BY THE ISSUER FROM TIME TO TIME.

THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER AND GUARANTOR FACE. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER AND/OR GUARANTOR THAT COULD LEAD TO A DECLINE IN VALUE OF THE SECURITIES.

NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE PLACEMENT AGENT AND MANAGER THAT ANY RECIPIENT OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION THEREWITH, SHOULD PURCHASE ANY BONDS ISSUED BY THE ISSUER.

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

## 2.1 Forward-looking statements

This document contains forward-looking statements which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. Such forecasts and projections do not bind the Issuer or the Guarantor with respect to future results and 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, a few of which are beyond the Issuer's and Guarantor's control.

## 2.2 Risks relating to the Bonds

An investment in the Bonds involves certain risks including, but not limited to, those described below:

### 2.2.1 Changes in laws and regulations

The terms and conditions of this Bond Issue are based on Maltese law in effect as at the date of the Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of the Prospectus.

### 2.2.2 Guarantee

The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the principal amount and the interest due under said Bonds by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves, and save for such exceptions as may be provided by applicable law, shall rank without priority and preference to all other present and future unsecured obligations of the Issuer, if any. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor, if any.

In essence, this means that Bondholders will rank *pari passu* (equally) with the other unsecured creditors of the Issuer. In addition, the Bonds are being guaranteed by the Guarantor and, therefore, Bondholders are entitled to request the Guarantor to pay both the principal amount and the interest due under said Bonds if the Issuer fails to meet any amount. The Guarantee also entitles the Bondholders to take action against the Guarantor without having to first take action against the Issuer. The strength of the Guarantee is directly linked to the financial position and solvency of the Guarantor. It is possible that both the Issuer and the Guarantor may be unable to pay any principal amounts and accrued interest which may be outstanding under the Bonds. In that respect, the Bondholders assume the credit risk of both the Issuer and the Guarantor.

### 2.2.3 Amendments to the Terms and Conditions of the Bond Issue

The Terms and Conditions relating to the Bonds contain provisions in sub-Section 6.13 of this Securities Note for calling meetings of Bondholders in the event that the Issuer wishes to amend any of the Terms and Conditions of the Bond Issue.



These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.

#### **2.2.4 Early redemption**

The Issuer has the option to redeem the Bonds, in whole or in part, at any time during the Designated Optional Redemption Period, together with any accrued and unpaid interest until the time of redemption. This optional redemption feature may condition the market value of the Bonds. Should the Issuer decide to redeem the Bonds at any time during the Designated Optional Redemption Period, the Bondholder may not be able to reinvest his monies at an equivalent or higher rate.

#### **2.2.5 Trading and liquidity risks**

The Bonds are transferable but shall not be traded on any regulated market or other trading facility and, as a result, there may be no liquid market for the Bonds. The market for the Bonds may be less liquid than a regulated market or other trading facility and Bondholders may find it more difficult to identify willing buyers for their Bonds. Bondholders who wish to sell their Bonds may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for the Bonds.

The ease of transferability of the Bonds depends on factors beyond the Issuer's control which could impact the trading value of the Bonds, such as the willingness or otherwise of potential buyers and sellers of the Bonds.

The trading value of the Bonds may also be impacted by other factors, such as the time remaining for maturity of the Bonds, the outstanding amount of the Bonds and the level, direction and volatility of market interest rates generally.

Prior to the issue of the Bonds, there has been no public market nor trading record for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will be traded subsequent to their offer. Neither can there be any assurance that an investor will be able to resell his/her Bonds at or above the Bond Issue Price.

The Issuer has not sought the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds.

In the event that the Issuer redeems all or part of the Bonds at any time during the Designated Optional Redemption Period, Bondholders may not be able to reinvest the redemption proceeds at similar conditions.

#### **2.2.6 Interest and exchange rate risk**

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.

#### **2.2.7 Effect of future public offerings, takeover or merger activity**

No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.

#### **2.2.8 No prior market for the Bonds**

There has been no prior market for the Bonds within or outside Malta. Due to the absence of any prior market, there can be no assurance that the price at which the Bonds are issued will correspond to the price at which the Bonds will trade in the market. The market price of the Bonds could be subject to significant fluctuations in response to numerous factors, including the Issuer's and/or the Guarantor's operating results and political and economic developments in or outside Malta.

#### **2.2.9 Prior ranking charges**

The Issuer and/or the Guarantor may incur further borrowings or indebtedness and may create or permit to subsist other security interests upon the whole or any part of their respective present or future undertakings, assets or revenues (including uncalled capital, if any).

## **2.3 Factors which are material for the purpose of assessing the market risks associated with the Bonds**

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment in light of his/her own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his/her particular financial situation, an investment in the Bonds and the impact the Bonds will have on his/her overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect his/her investment and his/her ability to bear the applicable risks.

## **3 PERSONS RESPONSIBLE**

Each and all of the Directors of the Issuer whose names appear under the heading "*Identity of Directors, Senior Management, Auditors and Advisors of the Issuer and Guarantor*" in sub-Section 4.1 of the Registration Document accept responsibility for the information contained herein, save for the information specifically relating to the Guarantor, for which the directors of the Guarantor whose names appear in sub-Section 4.2 of the Registration Document are responsible. Mr Bengt-Ake Angelow, Mr Erik Angelow and Mr Johan Persson, being directors of both the Issuer and the Guarantor, accept responsibility for all of the information contained in the Prospectus. To the best of the knowledge and belief of the directors of the Issuer and the Guarantor, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The directors of the Issuer and the Guarantor hereby accept responsibility accordingly.

## **4 CONSENT REQUIRED IN CONNECTION WITH THE USE OF THE PROSPECTUS BY THE PLACEMENT AGENT AND MANAGER**

The Issuer has given its express written consent to the Placement Agent and Manager for the use of the Prospectus by the same Placement Agent and Manager for the purpose of final placement and/or subsequent resale of the Bonds. The Issuer accepts full responsibility for the content of the Prospectus also with respect to any subsequent resale or final placement of the Bonds by the Placement Agent and Manager.

The Placement Agent and Manager will only be permitted to use the Prospectus in the Republic of Malta.

There are no other conditions attached to the consent given by the Issuer to the Placement Agent and Manager which are relevant for the use of the Prospectus.

Calamatta Cuschieri & Co. Limited, a private limited liability company duly registered and validly existing under the laws of Malta with company registration number C-13729 and having its registered office at 3<sup>rd</sup> Floor, Valletta Buildings, South Street, Valletta VLT 1000, Malta (the 'Placement Agent and Manager') is the only financial intermediary that is permitted to use the Prospectus for the purpose of final placement of the Bonds.

All information on the Terms and Conditions of the Bonds which are offered to any investor by the Placement Agent and Manager is to be provided by the Placement Agent and Manager to the investor prior to such investor subscribing to any Bonds. Any interested investor has the right to request that the Placement Agent and Manager provide the investor with all and any information on the Prospectus, including the Terms and Conditions of the Bonds.

**The Placement Agent and Manager using the Prospectus in connection with a resale or placement of Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the**

effect that it is using the Prospectus for such resale and placement in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.

Other than as set out above, neither the Issuer or the Guarantor, nor the Placement Agent and Manager, has authorised (nor do they authorise or consent to the use of the Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer, the Guarantor or the Placement Agent and Manager and neither the Issuer, the Guarantor or the Placement Agent and Manager has any responsibility or liability for the actions of any person making such offers.

If the investor is in doubt as to whether he/she can rely on the Prospectus and/or who is responsible for its contents, the investor should obtain legal advice in that regard.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with the Prospectus. If given or made, such information and/or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or the Placement Agent and Manager. The Issuer does not accept responsibility for any information not contained in the Prospectus.

**In the event of a resale, placement or other offering of Bonds by the Placement Agent and Manager, the Placement Agent and Manager shall be responsible to provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.**

Any resale, placement or offering of Bonds to an investor by the Placement Agent and Manager will be made in accordance with any terms and other arrangements in place between such Placement Agent and Manager and such investor, including as to price, allocations and settlement arrangements. Where such information is not contained in the Prospectus, it will be the responsibility of the Placement Agent and Manager at the time of such resale, placement or offering to provide the investor with that information, and neither the Issuer nor the Guarantor has any responsibility or liability for such information.

## **5 KEY INFORMATION**

### **5.1 Reasons for the Issue and use of proceeds**

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €6,300,000, will be used by the Issuer for the following purposes, in the amounts and order of priority set out below:

- a. an amount of €4,500,000 of the net proceeds shall be advanced to HAUD and shall be applied as follows:
  - (i) €3,000,000 to fund capital expenditure, comprising the equipment to be installed at the customer Mobile Network Operator's (MNO's) premises, to enable the implementation of HAUD's SMS firewall and filtering solution; and
  - (ii) €1,500,000 to fund working capital requirements and expenditure relating to the HAUD business development activities, associated with HAUD's early growth phase;
- b. an amount of €750,000 of the net proceeds shall be advanced to 42 Telecom Limited and shall be applied as follows:
  - (i) €500,000 to fund the continued capital expenditure of 42 Telecom Limited in view of the expected growth in 42 Telecom Limited's operations and the launch of new products; and
  - (ii) €250,000 to fund working capital requirements and expenditure relating to 42 Telecom Limited's business development activities;
- c. the remaining balance of the net Issue proceeds in an amount of €1,050,000 shall be applied as follows:
  - (i) €600,000 to fund the Group's research and development and business development activities relating to the launch of new products;
  - (ii) €300,000 to fund the further development of the Group's shared services function, which supports the operations of HAUD and 42 Telecom Limited; and
  - (iii) €150,000 to be used for general corporate funding requirements, including working capital requirements, of the Group.

### **5.2 Estimated expenses and proceeds of the Issue**

The Issue will involve expenses, including professional fees, management, placing and advertising expenses, as well as other miscellaneous costs incurred in connection with this Bond Issue. Such expenses are estimated not to exceed €200,000 and shall be borne by the Issuer and/or the Guarantor. No expenses will be specifically charged to any Bondholder who subscribes for the Bonds. The amount of the expenses will be deducted from the proceeds of the Issue, which, accordingly, will bring the estimated net proceeds from the Bond Issue to €6,300,000. There is no particular order of priority with respect to such expenses.

### 5.3 Issue statistics

"Amount"	€6,500,000;
"Application Forms available to Bondholders"	25 <sup>th</sup> March 2015;
"Bond Issue Price"	at par (€100 per bond);
"Denomination"	Euro (€);
"Events of Default"	the events listed in sub-Section 6.12 of this Securities Note;
"Governing law and jurisdiction"	the Prospectus and the Bonds are governed by and shall be construed in accordance with Maltese law. The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Prospectus and/or the Bonds;
"Interest"	the Bonds shall bear interest from and including 7 <sup>th</sup> April 2015 at the rate of six point two five per cent (6.25%) per annum payable semi-annually in arrears on each of the Interest Payment Dates;
"Issue"	Bonds denominated in Euro having a nominal value of €100 each, which will be issued at par and shall bear interest at the rate of 6.25% per annum;
"Listing"	no application has been made, nor is it intended that an application be made, for the Bonds to be admitted on a regulated market or other trading platform;
"Minimum amount per subscription"	one thousand Euro (€1,000) and multiples of one hundred Euro (€100) thereafter;
"Placement Offer"	the Issuer shall enter into a conditional subscription agreement with the Placement Agent and Manager for the subscription of the total amount of €6,500,000 of Bonds being issued pursuant to the Prospectus, whereby it will bind itself to allocate all of such Bonds to the Placement Agent and Manager;
"Plan of Distribution"	the Bonds shall be available for subscription to the Placement Agent and Manager through the Placement Offer, either for its own account or on behalf of clients, including retail customers;
"Redemption Value"	at par (€100 per Bond);
"Status of the Bonds"	the Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other outstanding and unsecured obligations of the Issuer and the Guarantor, present and future, if any;
"Underwriting"	the Bonds are not underwritten. Should subscriptions for a total of at least €4,500,000 (the "Minimum Amount") not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed.

### 5.4 Interest of natural and legal persons involved in the Issue

Save for the subscription for Bonds by the Placement Agent and Manager and any fees payable to the Placement Agent and Manager in connection with the Bond Issue, to the best of the Issuer's knowledge no person involved in the Issue has an interest material to the Bond Issue.

The Placement Agent and Manager may, on an “**execution-only**” basis, effect transactions in respect of the Bonds for the account of its customers. Prior to executing any such transactions, the Placement Agent and Manager shall carry out an Appropriateness Test in respect of each prospective investor in the Bonds and shall not accept the prospective investor’s Application unless, based on the results of such test, it is satisfied that an investment in the Bonds may be considered appropriate for such prospective investor.

## 5.5 Expected timetable of principal events

Approval of Prospectus	20 <sup>th</sup> March 2015
Formal Notice	24 <sup>th</sup> March 2015
1. Application Forms available	25 <sup>th</sup> March 2015
2. Issue Period	2 <sup>nd</sup> April 2015 to 7 <sup>th</sup> April 2015
3. Commencement of interest on Bonds	7 <sup>th</sup> April 2015
4. Announcement of basis of acceptance	7 <sup>th</sup> April 2015
5. Issuance of Bonds	7 <sup>th</sup> April 2015
6. Expected dispatch of allotment advices and refunds of unallocated monies	8 <sup>th</sup> April 2015

## 6 INFORMATION CONCERNING THE BONDS

Each Bond shall be issued on the terms and conditions set out in this Securities Note and, by subscribing to or otherwise acquiring the Bonds, the Bondholders are deemed to have knowledge of all the terms and conditions of the Bonds hereafter described and to accept and be bound by the said terms and conditions.

### 6.1 General

6.1.1 Each Bond forms part of a duly authorised issue of an aggregate amount of €6,500,000 6.25% bonds due 2020 - 2022 of a nominal value of €100 per Bond, issued by 42 Invest p.l.c. at par, guaranteed by 42 Group Limited.

6.1.2 The issue of the Bonds and the publication of the Prospectus has been authorised by a resolution of the Board of Directors of the Issuer dated 6<sup>th</sup> February 2015. The Guarantee being given by the Guarantor in respect of the Bonds has been authorised by a resolution of the board of directors of the Guarantor dated 6<sup>th</sup> February 2015.

6.1.3 The Bonds shall bear interest at the rate of 6.25% per annum payable semi-annually in arrears on 1<sup>st</sup> March and 1<sup>st</sup> September of each year (each an “Interest Payment Date”), the first Interest Payment Date falling on 1<sup>st</sup> September 2015. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

6.1.4 Unless previously purchased and cancelled, the Bonds shall be redeemed at the Redemption Value of €100 per Bond (together with interest accrued to the date fixed for redemption) on 7<sup>th</sup> April 2022 (the “Redemption Date”); or in the event that the Issuer exercises the option to redeem all or any part of the Bonds at their nominal value prior to the Redemption Date, between 7<sup>th</sup> April 2020 and 6<sup>th</sup> April 2022 (the “Designated Optional Redemption Period”) as the Issuer may determine in its absolute discretion on giving not less than thirty (30) days’ notice in writing to the Bondholders.

6.1.5 The currency of the Bonds is Euro (€).

6.1.6 The Bond Issue is not underwritten. Should subscriptions for a total of at least €4,500,000 (the “Minimum Amount”) not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed.

6.1.7 The Bonds will not be listed on the Malta Stock Exchange or on any other regulated market. Application has not been filed for the Bonds to be quoted on the Official List or the Alternative Companies List of the Malta Stock Exchange. The Directors of the Issuer have no intention of submitting an application for the admissibility of the Bonds to listing and subsequent trading on the Malta Stock Exchange or any other regulated market.

6.1.8 Should any Application not be accepted, or be accepted for fewer Bonds than those applied for, the monies or the balance of the amount paid but not allocated will be returned by the Issuer and/or the Placement Agent and Manager without interest by direct credit into the Applicant’s bank account as indicated by the Applicant in the Application Form within five (5) Business Days from the date of final allocation. The Issuer will not be responsible for any charges, loss or delays in transmission of the refunds. In this regard, any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the

Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta), and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

6.1.9 The minimum subscription amount of Bonds that can be subscribed for by Applicants is €1,000, and in multiples of €100 thereafter. Applications for subscriptions to the Bonds may be made through the Placement Agent and Manager during the Issue Period on a first-come-first-served basis. The Issue Period shall close immediately upon attaining full subscription or on the last day of the Issue Period, whichever is the earliest.

6.1.10 There are no special rights attached to the Bonds other than the right of the Bondholders to payment of capital and interest (as detailed below) and in accordance with the ranking specified in sub-Section 6.6.1 of this Securities Note.

## **6.2 Placement Offer**

The total amount of €6,500,000 of Bonds is being reserved for subscription by the Placement Agent and Manager participating in the Placement Offer. The Issuer shall enter into a conditional subscription agreement with the Placement Agent and Manager for the subscription of Bonds, whereby it will bind itself to allocate Bonds thereto up to the total amount of €6,500,000 as aforesaid.

In terms of said subscription agreement entered into with the Placement Agent and Manager, the Issuer will be conditionally bound to issue, and the Placement Agent and Manager will be conditionally bound to subscribe to, up to the total amount of €6,500,000 of Bonds as indicated therein, each subject to:

- a. the Prospectus being approved by the Malta Financial Services Authority acting through the Registrar of Companies in Malta; and
- b. the Minimum Amount of €4,500,000 being subscribed.

In terms of the said subscription agreement, the Placement Agent and Manager may subscribe for Bonds for its own account or for the account of underlying customers, including retail customers.

The subscription agreement will become binding on each of the Issuer and the Placement Agent and Manager upon delivery, provided that the Placement Agent and Manager would have paid to the Issuer all subscription proceeds in cleared funds on delivery of the subscription agreement.

## **6.3 Distribution and allotment**

The Issuer has appointed Calamatta Cuschieri & Co. Limited as Placement Agent and Manager for the purposes of this Bond Issue and interested investors may contact the Placement Agent and Manager for the purposes of subscribing to Bonds during the Issue Period. Subscription to the Bonds must be accompanied by full price of the Bonds applied for in Euro and in cleared funds at the Issue Price. Payment may be made either in cash or by cheque payable to 'Calamatta Cuschieri & Co. Limited'. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Placement Agent and Manager reserve the right to invalidate the relative Application and not to issue the Bonds to the interested investor.

The Bonds are open for subscription to all categories of investors, provided that the Placement Agent and Manager shall be required to carry out an Appropriateness Test in respect of each Applicant for the purpose of assessing such Applicant's level of knowledge and experience prior to investing in the Bonds. Applications shall not be accepted by the Placement Agent and Manager unless, based on the results of such Appropriateness Test, the Placement Agent and Manager is satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that the Placement Agent and Manager is providing advice in respect of a purchase of the Bonds by an Applicant, the Placement Agent and Manager shall also be required to conduct a Suitability Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.

By not later than 7<sup>th</sup> April 2015, the Issuer shall determine and announce the result of the Bond Issue through a press release in at least one (1) local newspaper.

The Bonds are expected to be issued and the allotment letters are expected to be dispatched to the subscribers on 7<sup>th</sup> April 2015 (the "Issue Date"). Dealing in the Bonds may not commence prior to the said notification.

## **6.4 Form, denomination and title**

The Bonds will be issued in fully certificated and registered form, without interest coupons, in denominations of any integral multiple of €100, provided that on subscription the Bonds will be issued for a minimum of €1,000. Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including

the making of any payments) as the absolute owner of such Bond. The Bonds, and transfers thereof, shall be registered as provided under sub-Section 6.5 "Registration, replacement, transfer and exchange" below.

## **6.5 Registration, replacement, transfer and exchange**

6.5.1 The Issuer shall maintain a register, at its registered office or at such other place in Malta as the Directors of the Issuer may determine, in which it shall enter the name, address and identity card number (in the case of an individual) or company registration number (in the case of a company), as the case may be, of each Bondholder as the holder of Bonds, together with particulars of the Bonds held. A copy of such register shall at all reasonable times during business hours be open to inspection by Bondholders.

6.5.2 The Bonds are freely transferrable and may be transferred or transmitted only in whole (in multiples of €100) by the Bondholder in accordance with applicable laws, rules or regulations governing the transfer of the Bonds, from time to time. If Bonds are transferred or transmitted in part, the transferee thereof will not be registered as a Bondholder.

6.5.3 Any person becoming entitled to a Bond/s in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may, from time to time, properly be required by the Issuer, elect either to be registered himself as holder of the Bond/s or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Issuer a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond/s, or procuring the transfer of the Bond/s, in favour of that person. Provided always that if a Bond is transmitted or transferred in furtherance of this paragraph 6.5.3, a person will not be registered as a Bondholder unless such transmission or transfer is made in multiples of €100.

6.5.4 All transfers and transmissions are subject in all cases to any pledge (duly constituted in terms of law) of the Bonds and to any applicable laws and regulations.

6.5.5 The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the person to whom the transfer/transmission has been made.

6.5.6 The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) Business Days preceding the due date for any payment of interest on the Bonds or the due date for redemption.

6.5.7 Any licensed financial intermediary effecting a transfer of Bonds in the secondary market shall be required to carry out an Appropriateness Test and, if providing advice, a Suitability Test, in respect of the transferee, and be satisfied, based on the results of such test (or tests, as applicable), that an investment in the Bonds may be considered appropriate and / or suitable (as applicable) for such transferee.

## **6.6 Status of the Bonds and negative pledge**

6.6.1 The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall be guaranteed in respect of both the principal amount and the interest due under said Bonds by the Guarantor, and shall at all times rank *pari passu*, without any priority or preference among themselves, and save for such exceptions as may be provided by applicable law, shall rank with all other present and future outstanding and unsecured obligations of the Issuer and Guarantor, if any. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer and the Guarantor, if any.

As at the date of the Prospectus, neither the Issuer nor the Guarantor have any secured liabilities, indebtedness or bank borrowings.

6.6.2 The Issuer and Guarantor with respect to their respective assets undertake, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of their respective present or future assets or revenues to secure any Relevant Indebtedness (as defined below) of the Issuer and Guarantor unless the Issuer and Guarantor, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, take any and all action necessary to ensure that:

- (i) all amounts payable by them under the Bonds are secured by a Security Interest equally and rateably with the Relevant Indebtedness in question being so secured; or
- (ii) such other Security Interest as approved by a resolution duly passed by the Bondholders in accordance with the provisions of sub-Section 6.13 of this Securities Note.

6.6.3 For the purposes of this sub-Section and of sub-Section 6.12 *"Events of Default"*, the following terms shall bear the following meanings:

"Relevant Indebtedness" means any indebtedness in respect of:

- (a) monies borrowed;
- (b) any debenture, bond, note, loan, stock or other security creating or acknowledging indebtedness;
- (c) any acceptance credit;
- (d) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset;
- (e) leases entered into primarily as a method of raising finance or financing the acquisition of the asset leased;
- (f) amounts raised under any other transaction having the commercial effect of borrowing or raising of money;
- (g) any guarantee, indemnity or similar assurance in respect of any such indebtedness.

"Security Interest" means any privilege, hypothec, pledge, lien, charge or other encumbrance which grants rights of preference to a creditor over the assets of the Issuer or Guarantor, as the case may be.

"Permitted Security Interest" means:

- (a) any Security Interest arising by operation of law;
- (b) any Security Interest securing payment refund obligations under promise of sale agreements relating to immovable property;
- (c) any Security Interest securing any indebtedness of the Issuer and Guarantor created for the sole purpose of financing or raising finance for the redemption of all the Bonds;
- (d) any Security Interest securing any Relevant Indebtedness, including bank loans or overdrafts, in the ordinary course of business;
- (e) any other Security Interest (in addition to those referred to in (a), (b), (c) and (d) above) securing Relevant Indebtedness of the Issuer and Guarantor in an aggregate outstanding amount, from time to time, not exceeding eighty percent (80%) of the amount resulting after taking the Relevant Value (as defined below) and subtracting therefrom (i) the aggregate value of the liabilities of the Issuer and Guarantor secured by Security Interests referred to in (a), (b) (c) and (d) above and (ii) the aggregate principal amount of all Bonds still outstanding at the time.

Provided that the aggregate Security Interests referred to in (d) and (e) above do not result in the amount arrived at after taking the Relevant Value and subtracting therefrom the aggregate value of the liabilities of the Issuer and Guarantor secured by Security Interests referred to in (a), (b), (c), (d) and (e) above being less than one hundred and six point two five per cent (106.25%) of the aggregate principal amount of all Bonds still outstanding.

"Relevant Value" means the value of the assets of the Issuer and Guarantor calculated on the basis of their book value (as reflected in the accounts of the Issuer and Guarantor) and in the case of immovable property adjusted by reference to the open market value of the said immovable property of the Issuer and Guarantor respectively as determined by their respective directors on the basis of independent professional advice/valuation procured by them.

## **6.7 Interest and Yield**

6.7.1 The Bonds shall bear interest from and including 7<sup>th</sup> April 2015 at the rate of 6.25% per annum on the nominal value thereof, payable semi-annually in arrears on 1<sup>st</sup> March and 1<sup>st</sup> September of each year (each an "Interest Payment Date"), the first Interest Payment Date being on 1<sup>st</sup> September 2015. Provided that any Interest Payment Date which falls on a day other than a Business Day, will be carried over to the next following day that is a Business Day. Each Bond will cease to bear interest from and including its due date for redemption, unless payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the rate specified above plus one per cent (1%), but in any event not in excess of the maximum rate of interest allowed by Maltese law. In terms of article 2156 of the Civil Code (Chapter 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.

6.7.2 When interest is required to be calculated for any period of less than a full year, such interest shall be calculated on the basis of the actual number of days elapsed from and including the most recent Interest Payment Date or, as appropriate, the Issue Date divided by the actual number of days (365 or 366 as the case may be) in the respective year.

6.7.3 For Bonds issued at the Bond Issue Price, the gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption Value of the Bonds at maturity is six point two five per cent (6.25%).



## **6.8 Payments**

6.8.1 Payment of the principal amount of a Bond, as well as payment of any instalment of interest on a Bond, will be made by the Issuer in Euro to each Bondholder in whose name such Bond is entered in the register of the Bonds, with interest accrued to the date fixed for redemption, as at the close of business fifteen (15) days prior to the date set for redemption or fifteen (15) days prior to the Interest Payment Date (as the case may be). In the case of payment of the principal amount, this shall be made against surrender of the Bonds by the Bondholders at the registered office of the Issuer or at such other place in Malta as may be notified by the Issuer. Such payment shall be effected by means of a direct credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the Bondholder. Such payment shall be effected seven (7) days prior to the date set for redemption or seven (7) days prior to the Interest Payment Date (as the case may be). The Issuer shall not be responsible for any charges, loss or delay in transmission. Upon payment of the Redemption Value, the Bonds shall be redeemed and the appropriate entry made in the register of the Bonds.

6.8.2 All payments with respect to the Bonds are subject in all cases to any pledge (duly constituted) of the Bonds and to any applicable fiscal or other laws and regulations. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer may be compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

6.8.3 No commissions or expenses shall be charged by the Issuer to the Bondholders in respect of payments made in accordance with this sub-Section 6.8. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

## **6.9 Redemption, prepayment and purchase**

6.9.1 The Issuer hereby irrevocably covenants in favour of each Bondholder that:

- a. unless previously purchased and cancelled, the Bonds will be redeemed at par (together with interest accrued to the date fixed for redemption) on 7<sup>th</sup> April 2022 by payment direct to the Bondholders whose names are entered in the register of the Bonds. In such a case the Issuer shall be discharged of any and all obligations under the Bonds. However, the Issuer reserves the right to prepay the Bonds prior to the Redemption Date, within the Designated Optional Redemption Period, in whole or in part, together with all interest accrued up to the date of prepayment, by giving not less than thirty (30) days' prior written notice to Bondholders of its intention to effect such prepayment, specifying the date when such prepayment shall be effected. In making an early redemption as aforesaid, the Issuer reserves the right to adopt such redemption policy as it may consider appropriate at its sole discretion. The notice of prepayment shall be effective only on actual receipt by the Bondholders and once received by such Bondholder shall be irrevocable and shall oblige the Issuer to make, and the Bondholders to accept, such prepayment on the date specified in the notice;
- b. the Issuer will, until the Bonds have been paid, prepaid or redeemed in accordance with the provisions of sub-clause (a) above, pay directly to the Bondholders by direct credit into the account indicated by them in the Application Form interest on such principal amount for the time being outstanding on the Bonds at the rate of six point two five per cent (6.25%) per annum, which shall be payable semi-annually in arrears on 1<sup>st</sup> March and 1<sup>st</sup> September of each year. The first of such payments shall be made on 1<sup>st</sup> September 2015;
- c. the Issuer shall be discharged from any payment obligations under this clause upon payment made net of any withholding or other taxes due or which may be due under Maltese law and which have been paid to the Bondholders.

6.9.2 Subject to the provisions of this sub-Section 6.9, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike. All Bonds so purchased will be cancelled forthwith and may not be re-issued or re-sold.

## **6.10 Representations and warranties**

6.10.1 Each of the Issuer and Guarantor represent and warrant to the Bondholders, that shall be entitled to rely on such representations and warranties, that:

- a. they are duly incorporated and validly existing under the laws of Malta and have the power to carry on their respective business as it is now being conducted and to hold their respective property and other assets under legal title; and
- b. they have the power to execute, deliver and perform their respective obligations under the Prospectus and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and

performance of the same, and further that no limitation on their respective power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions or the Prospectus; and

- c. no litigation, arbitration or administrative proceedings are taking place, pending or, to the knowledge of the officers of the Issuer and the Guarantor, threatened against the Issuer and/or the Guarantor which could have a material adverse effect on the business, assets or financial condition of the Issuer and/or the Guarantor, as the case may be.

6.10.2 The Prospectus contains all relevant material information with respect to the Issuer and the Guarantor and all information contained in the Prospectus is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer and/or the Guarantor, their respective businesses and financial position, the omission of which would, in the context of issue of the Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

### **6.11 Rights attached to the Bonds**

There are no special rights attached to the Bonds other than the right of the Bondholders to:

- a. the payment of capital;
- b. the payment of interest;
- c. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of sub-Section 6.6 hereof;
- d. attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond Issue; and
- e. enjoy all such other rights attached to the Bonds emanating from the Prospectus.

### **6.12 Events of default**

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

- a. the Issuer and/or the Guarantor, as the case may be, shall fail to pay any interest on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer and/or the Guarantor, as the case may be, by any Bondholder; or
- b. the Issuer and/or the Guarantor, as the case may be, shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer and/or the Guarantor, as the case may be, by any Bondholder; or
- c. an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or
- d. the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- e. the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due within the meaning of section 214(5) of the Companies Act or otherwise becomes insolvent; or
- f. there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is taken for the payment of money in excess of €1,250,000 or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or
- g. any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined above) of the Issuer in excess of €1,250,000 or its equivalent at any time.

### **6.13 Meetings of the Bondholders**

6.13.1 The Issuer may, at any time, convene a meeting of Bondholders to consider and approve by Extraordinary Resolution (as defined below) any of the following: (i) any matter affecting their interest, including the amendment, modification, waiver, abrogation or substitution of any of the terms or conditions of the Bonds and the rights of the Bondholders, whether or not those rights arise under the Prospectus; and (ii) the exchange or substitution of the Bonds by, or the conversion of the Bonds into, shares, debentures or other obligations or securities of the Issuer.

6.13.2 Notice in writing shall be given to Bondholders by the Issuer at least fourteen (14) clear days before the meeting (excluding the day on which the notice is given and the day for which it is given). The notice shall specify the date, time and location of the meeting.

6.13.3 The instrument appointing a proxy shall be deposited at least forty-eight (48) hours before the time fixed for the meeting at such place as the Issuer shall designate or approve and, in default, it shall not be valid unless the Chairman of the meeting decides otherwise before the meeting proceeds to business. A proxy need not be a Bondholder.

6.13.4 The Chairman of a meeting of Bondholders shall be the Chairman of the Board of Directors of the Issuer or such other person as the Issuer may nominate in writing from time to time. The Chairman of an adjourned meeting need not be the same person as the Chairman of the original meeting.

6.13.5 The following may attend and speak at a meeting of Bondholders: (i) the Chairman of the meeting; (ii) representatives and Directors of the Issuer; and (iii) Bondholders and/or their proxies. No other person shall be entitled to attend or speak at a meeting.

6.13.6 Bondholders holding in aggregate at least 50% in nominal value of the Bonds for the time being outstanding (present in person or by proxy) shall constitute a quorum.

6.13.7 No business (except when choosing a Chairman in accordance with sub-Section 6.13.4 above) shall be transacted at a meeting of Bondholders unless a quorum is present at the commencement of the meeting. If a quorum is not present within thirty (30) minutes from the time initially fixed for the meeting, it shall stand adjourned to such date, time and place as the Chairman may decide. The Issuer shall within two (2) days from the date of the original meeting publish in at least one (1) local newspaper the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting the number of Bondholders present, in person or by proxy, shall constitute a quorum and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.

6.13.8 Each matter submitted to a meeting shall be decided by a show of hands unless a poll is (before or following the result of the show of hands) demanded by the Chairman. Every Bondholder shall be entitled to one (1) vote for each Bond held whether on a show of hands or on a poll. Voting, whether on a show of hands or on a poll, shall be taken in such manner as the Chairman of the meeting shall direct. The voting process shall be managed by the Company Secretary under the supervision and scrutiny of the auditors of the Issuer.

6.13.9 An Extraordinary Resolution shall be binding on all Bondholders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The Issuer shall give notice of the passing of an Extraordinary Resolution to Bondholders within fourteen (14) days, but failure to do so shall not invalidate the resolution.

6.13.10 The Chairman shall have the power to decide upon any other procedural issues that may arise in connection with meetings of Bondholders.

In this sub-Section 6.13, unless the context otherwise requires;

- a. "Extraordinary Resolution" means a resolution proposed by the Issuer and passed at a meeting duly convened and held in accordance with the provisions of this sub-Section by a majority of at least sixty-six per cent (66%) in nominal value of the Bondholders present at that meeting, in person or by proxy;
- b. Reference to a meeting is to a meeting of Bondholders and includes any adjournment thereof.

#### **6.14 Further issues**

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further Bonds, debentures, bonds or any other debt securities either having the same terms and conditions as the Bonds in all respects and so that such further issue shall be consolidated and form a single series with the Bonds or otherwise upon such terms and conditions as the Issuer may determine. Any further debt securities so issued may rank *pari passu* in all respects with the Bonds but shall not rank ahead of the Bonds.

#### **6.15 Bonds held jointly**

In respect of a Bond held jointly by several persons (including husband and wife), the joint holders shall nominate one (1) of their number as their representative and his/her name will be entered in the register with such designation. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or the first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

## **6.16 Bonds held subject to usufruct**

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

## **6.17 Governing law and jurisdiction**

6.17.1 The Bonds are governed by and shall be construed in accordance with Maltese law.

6.17.2 Any legal action, suit or proceedings against the Issuer arising out of or in connection with the Bonds and/or the Prospectus shall be brought exclusively before the Maltese courts.

## **6.18 Notices**

Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty-four (24) hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his/her registered address and posted.

# **7 TAXATION**

## **7.1 General**

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

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. 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.

This information is being given solely for the general information of investors; the precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and specific professional advice in this respect should be sought by investors and prospective investors accordingly.

## **7.2 Malta tax on interest**

As a general rule, bondholders who are resident in Malta are subject to tax on the interest from the Bonds, either at the income tax rate of 35% in the case of companies or at the progressive tax rates (going up to 35%) in the case of individuals.

However, insofar that the bondholder falls within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Chapter 123 of the laws of Malta) and the said bondholder does not elect otherwise, interest will be paid to such person net of a final withholding tax, on the basis that the interest is paid in respect of a public issue as required in the Income Tax Act. Currently final withholding tax is applied at a rate of ten per cent (10%) of the gross amount of the interest where the bondholder is a collective investment scheme which is a prescribed fund, or at a rate of fifteen per cent (15%) of the said gross amount in other cases.

Bondholders which do not fall within the definition of a "recipient" do not qualify for the said rates and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident bondholder who is an individual need not declare the interest so received on his income tax return. No person shall be charged to further Maltese income tax in respect of such income. Tax withheld shall in no case be available to any person as a credit in Malta against that person's tax liability or be available for a refund, as the case may be.

If a valid election is made by an eligible bondholder to receive the interest due without deduction of final tax, interest is paid gross and such person may be obliged to declare the interest and be subject to tax on it at the applicable rates. Additionally, in this latter case the

Issuer and/or any such other payor of the interest will advise the Maltese Inland Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients.

Any election made by an eligible bondholder at the time of the application may be subsequently changed by giving notice in writing to the Issuer and/or payor of the interest. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c)(i) of the Income Tax Act, bondholders who are not tax resident in Malta and who satisfy the applicable conditions set out in the Income Tax Act should not be taxable in Malta on the interest received and should receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer and/or the payor in terms of law. Foreign tax implications may apply.

### **7.3 Exchange of information and the European Union Savings Directive**

Persons who are not resident in Malta should note that payment of interest to individuals and certain entities residing in another EU Member State or in certain other States who have concluded an appropriate agreement with Malta is or may be reported to the Malta Commissioner for Revenue. In turn, the Commissioner may exchange the information with the competent authorities of the State where the recipient of the interest is resident or citizen, automatically or upon request.

Bondholders may also be required to provide certain self-certification documents as may be necessary for similar compliance matters (including FATCA and the Common Reporting Standard).

### **7.4 Malta tax on capital gains on transfer of the Bonds**

On the assumption that the Bonds would not fall within the definition of “securities” in terms of the applicable definition for income tax purposes and that such Bonds are held by the Bondholder as a capital asset (eg. not for trading purposes), no Maltese income tax should be chargeable in respect of any capital gain arising on the transfer of the Bonds.

Gains that arise on the transfer of the Bonds, when such bonds are not held as a capital asset by the Bondholder, may be taxable in the hands of the Bondholder in accordance with the applicable provisions of the Income Tax Act.

### **7.5 Duty on documents and transfers**

No Maltese duty on documents and transfers should be chargeable on the issue of the Bonds.

After the issue, future transfers of the bonds between bondholders may be dutiable at the applicable rate or rates according to the provisions of the Maltese law, specifically the Duty on Documents and Transfers Act, unless appropriate exemptions apply.

## **8 TERMS AND CONDITIONS OF THE ISSUE**

8.1 The contract created by the acceptance of an Application shall be subject to the Terms and Conditions set out herein. If any Application is not accepted or if any Application is accepted for fewer Bonds than those applied for, the Application monies or the balance of the amount paid on Application will be returned by the Issuer, without interest, by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. The Issuer will not be responsible for any charges, loss or delay in transmission. In this regard, any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta), and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

8.2 Subject to all other terms and conditions set out in the Prospectus, the Issuer and the Placement Agent and Manager reserve the right to reject, in whole or in part, or to scale down any Application and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which, in the opinion of the Issuer and the Placement Agent and Manager, is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents and/or payments. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.

In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each Applicant, and liability therefor is joint and several.

8.3 Any person, whether natural or legal, shall be eligible to submit an Application and any one (1) person, whether directly or indirectly, should not submit more than one (1) Application Form. In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person authorised to sign and bind such Applicant. It shall not be incumbent on

the Issuer or the Placement Agent and Manager to verify whether the person or persons purporting to bind such an Applicant is or are in fact duly authorised.

Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder; provided that the Issuer has been duly notified, in writing, of the fact that the minor has attained the age of eighteen (18) years.

8.4 The completed Application Forms are to be lodged with the Placement Agent and Manager. The Placement Agent and Manager shall, prior to accepting an Application, conduct an Appropriateness Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that the Placement Agent and Manager is providing advice in respect of a purchase of the Bonds by an Applicant, the Placement Agent and Manager shall also be required to conduct a Suitability Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.

For the purpose of this Securities Note, the term **"Appropriateness Test"** means the test conducted by any licensed financial intermediary, when providing an investment service (other than investment advice or portfolio management) in relation to the subscription for and the trading of bonds, for the purpose of such licensed financial intermediary determining (after collecting the necessary information) whether the investment service or the bonds in question are appropriate for the prospective Applicant or prospective transferee. In carrying out this assessment, the licensed financial intermediary shall ask the Applicant or the prospective transferee to provide information regarding the Applicant or transferee's knowledge and experience so as to determine that the Applicant or transferee has the necessary experience and knowledge in order to understand the risks involved in relation to the bonds in question or investment service offered or demanded, in accordance with Part BI of the Investment Services Rules. In the event that the licensed financial intermediary considers, on the basis of the test conducted, that the transfer of bonds in question is not appropriate for the Applicant or prospective transferee, the licensed financial intermediary shall reject the Applicant's or prospective transferee's request to subscribe for or acquire such bonds, **irrespective of whether the Applicant or transferee is warned that the investment in such bonds is not appropriate for the Applicant or transferee**:

For the purpose of this Securities Note, the term **"Suitability Test"** means the process through which a licensed financial intermediary providing investment advice or portfolio management services in relation to the subscription for and trading of bonds obtains such information from the Applicant or prospective transferee as is necessary to enable the licensed financial intermediary to recommend to or, in the case of portfolio management, to effect for, the Applicant or prospective transferee, the investment service and trading in bonds that are considered suitable for him/her, in accordance with Part BI of the Investment Services Rules. The information obtained pursuant to this test must be such as to enable the licensed financial intermediary to understand the essential facts about the Applicant or prospective transferee and to have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended, or to be entered into in the course of providing a portfolio management service, satisfies the following criteria:

- a. it meets the investment objectives of the Applicant or prospective transferee in question;
- b. it is such that the Applicant or prospective transferee is able financially to bear any related investment risks consistent with the investment objectives of such Applicant or prospective transferee; and
- c. it is such that the Applicant or prospective transferee has the necessary experience and knowledge in order to understand the risks involved in the transaction or in the management of his/her portfolio.

8.5 By completing and delivering an Application Form, you as the Applicant(s) shall:

- a. irrevocably offer to purchase the number of Bonds specified in your Application Form (or any smaller number for which the Application is accepted) at the Bond Issue Price subject to the Prospectus, the terms and conditions thereof and the Memorandum and Articles of Association of the Issuer; and
- b. authorise the Placement Agent and Manager and the Directors of the Issuer to include your name or, in the case of joint Applications the first named Applicant, in the register of debentures of the Issuer in respect of the Bonds allocated to you; and
- c. warrant that your remittance will be honoured on first presentation and agree that, if such remittance is not so honoured, you will not be entitled to receive a registration advice, or to be registered in the register of debentures or to enjoy or receive any rights in respect of such Bonds unless and until payment in cleared funds for such Bonds is

received and accepted by the Issuer and/or the Placement Agent and Manager (which acceptance shall be made in the absolute discretion of the Issuer and/or the Placement Agent and Manager and may be on the basis that the Issuer and/or the Placement Agent and Manager is indemnified against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of such remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Issuer and/or the Placement Agent and Manager of such late payment in respect of such Bonds, the Issuer and/or the Placement Agent and Manager may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case you will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment); and

- d. agree that the registration advice and other documents and any monies returnable by the Issuer and/or the Placement Agent and Manager may be retained pending clearance of the remittance and any verification of identity as required by all applicable laws and regulations in Malta, including the Prevention of Money Laundering Act, 1994 (and regulations made thereunder) and that such monies will not bear interest; and
- e. agree that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese law and that you submit to the exclusive jurisdiction of the Maltese courts and agree that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of applications and contracts in any other manner permitted by law in any court of competent jurisdiction; and
- f. warrant that if you sign the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, you have due authority to do so and such person, corporation, corporate entity or association of persons will also be bound accordingly, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions and undertake to submit a power of attorney or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and/or the Placement Agent and Manager; and
- g. agree that all documents in connection with the issue of the Bonds and any returned monies, including refunds of all unapplied Application monies, will be sent at your risk and may be sent in the case of documents by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form and in the case of monies by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form; and
- h. agree that, having had the opportunity to read the Prospectus, you have and shall be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained herein; and
- i. confirm that in making such Application you are not relying on any information or representation in relation to the Issuer or the issue of the Bonds other than those contained in the Prospectus and you, accordingly, agree that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation; and
- j. warrant that you are not under the age of eighteen (18) years or if you are lodging an Application in the name and for the benefit of a minor, warrant that you are the parents or legal guardian/s of the minor; and
- k. warrant that all information given in the Application Form was not incorrect or misleading; and
- l. agree that such Application Form is addressed to the Issuer and/or the Placement Agent and Manager and that in respect of those Bonds for which application has been accepted by the Issuer and/or the Placement Agent and Manager, you shall receive a registration advice confirming such acceptance; and
- m. confirm that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Bonds; and
- n. agree to provide the Placement Agent and Manager and/or the Issuer, as the case may be, with any information which it/they may request in connection with your Application(s); and
- o. agree that Calamatta Cuschieri & Co. Limited in its capacity of Placement Agent and Manager will not treat you as its customer by virtue of your making an Application for Bonds or by virtue of your Application to subscribe for Bonds being accepted and that Calamatta Cuschieri & Co. Limited will owe you no duties or responsibilities concerning the price of the Bonds or their appropriateness and suitability for you; and

- p. warrant that, in connection with the Application, you have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your Application in any territory and that you have not taken any action which will or may result in the Issuer or the Placement Agent and Manager acting in breach of the regulatory or legal requirements of any territory in connection with the Bond Issue or your Application; and
- q. warrant that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with; and
- r. represent that you 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 (the "Securities Act")] and that you are not 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, unless indicated otherwise on the Application Form in accordance with the instructions on the Application Form; and
- s. agree that, in all cases, any refund of unallocated Application monies will be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. No interest shall be due on refunds. The Issuer and/or the Placement Agent and Manager shall not be responsible for any changes, loss or delay in transmission; and
- t. confirm that you have completed an Appropriateness Test at the time of filing an Application with the Placement Agent and Manager, providing the information necessary for the Placement Agent and Manager to assess your level of knowledge about investing in the Bonds and experience in this area of investing; and
- u. warrant that the information given for the purpose of completing such Appropriateness Test was not incorrect or misleading in any way.

8.6 The Bonds have not been and will not be registered under the Securities Act and, accordingly, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.

8.7 No person receiving a copy of the Prospectus in any territory other than Malta may treat the same as constituting an invitation or offer to him/her nor should he/she in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to him/her or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

8.8 Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions, in the Application Forms, in any of the Annexes and in any other document issued pursuant to the Prospectus.

8.9 If the Application Form(s) and proof of payment of cleared funds do not reach the Placement Agent and Manager by the close of the Issue Period, the Application will be deemed to have been declined.

8.10 Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to revoke the Issue at any time before the closing of the Issue Period. The circumstances in which such revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.

8.11 The Issuer has not sought assessment of the Bonds by any independent credit rating agency.



**ANNEX A**

**THE GUARANTEE**

**42 GROUP LIMITED**

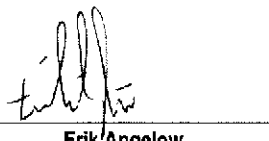
To All Bondholders:

Reference is made to the issue of €6,500,000 6.25% unsecured bonds due 2020 - 2022 (the "Bonds") by 42 Invest p.l.c. (the "Issuer") pursuant to and subject to the terms and conditions contained in a Prospectus to be dated 20<sup>th</sup> March 2015 (the "Prospectus").

Now, therefore, by virtue hereof we, 42 Group Limited, hereby stand surety jointly and severally with the Issuer and irrevocably and unconditionally guarantee the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertake to pay all amounts of principal and interest which may become due and payable should the Issuer default in paying the Bondholders under the Bonds.

All words and expressions used in this guarantee in their capitalised form shall, unless the context otherwise requires, have the same meaning assigned to them in the Prospectus.

Signed and executed on this the 6<sup>th</sup> of February 2015, after approval of the board of directors of 42 Group Limited at its meeting of the same date.

  
**Bengt-Ake Angelow**  
Director  
**Erik Angelow**  
Director  
**Johan Persson**  
Director

## NATURE, SCOPE AND TERMS OF THE GUARANTEE

### 1. Nature of the Guarantee

The offering of Bonds that will be made by the Issuer pursuant to the Prospectus will be made with the benefit of the joint and several corporate Guarantee of the Guarantor, the full terms of which are set out in clause 4 below.

### 2. Scope of the Guarantee

The Guarantee is unconditional and shall cover all payments that may be due to Bondholders pursuant to the Prospectus. The Guarantee binds the Guarantor to pay to Bondholders any amount of interest or capital under the Bonds that may have become due under the terms of issue of a Bond.

### 3. Information about the Guarantor

All relevant information about the Guarantor as required in terms of applicable law may be found in the Registration Document forming part of the Prospectus.

Key details of the Guarantor are listed below:

<i>Full legal and commercial name:</i>	42 Group Limited
<i>Registered address:</i>	The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta
<i>Registration number:</i>	C-50116
<i>Telephone number:</i>	+356 27780195
<i>E-mail address:</i>	info@fortytwogroup.com
<i>VAT Registration number:</i>	MT20680505

### 4. Terms of the Guarantee

#### 4.1 Guarantee

For the purposes of the Guarantee, the Guarantor irrevocably and unconditionally guarantees to each Bondholder that if for any reason the Issuer fails to pay any sum payable by it to such Bondholder pursuant to the terms of the Bonds detailed in the Securities Note as and when the same shall become due, the Guarantor will pay to such Bondholder on demand the amount payable by the Issuer to such Bondholder. Such payment shall be made in the currency in force in Malta at the time the payment falls due. This Guarantee shall apply to all Bonds issued on or after 7<sup>th</sup> April 2015 in accordance with the terms of the Prospectus.

#### 4.2 Guarantor as joint and several surety

The Guarantor will be liable under this Guarantee as joint and several surety with the Issuer.

#### 4.3 Guarantor's continuing obligations

The Guarantor's obligations under this Guarantee are and will remain in full force and effect by way of continuing security until no sum remains payable to any Bondholder pursuant to the issue of the Bonds.

#### 4.4 Repayment to the Issuer

If any payment received by a Bondholder is, on subsequent liquidation or insolvency of the Issuer, avoided under any laws relating to liquidation or insolvency, such payment will not be considered as having discharged or diminished the liability of the Guarantor, and this Guarantee will continue to apply as if such payment had at all times remained owing by the Issuer.

#### 4.5 Indemnity

As a separate and alternative stipulation, the Guarantor unconditionally and irrevocably agrees that any sum expressed to be payable by the Issuer pursuant to the terms of the Bonds but which is for any reason (whether or not now known or becoming known to the Issuer, the Guarantor or any Bondholder) not recoverable from the Guarantor, will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Bondholder on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Guarantee, gives rise to a separate and independent obligation from the other obligations in this Guarantee and gives rise to a separate and independent cause of action.

#### 4.6 Status of Guarantee

The obligation of the Guarantor under this Guarantee constitutes a general, direct, unconditional and unsecured obligation of the Guarantor and ranks equally with all its other existing and future unsecured obligations, if any, except for any debts for the time being preferred by law.

#### 4.7 Power to execute

The Guarantor hereby warrants and represents with each Bondholder that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Guarantee, and that this Guarantee constitutes a legal, valid and binding obligation of the Guarantor in accordance with the terms laid out in this clause 4.

#### 4.8 Deposit and production of the Guarantee

The instrument creating this Guarantee shall be deposited with and held by the Issuer at its registered address for the benefit of the Bondholders until all obligations of the Guarantor have been discharged in full. Until such time, the Guarantor acknowledges the right of every Bondholder to obtain a copy of the instrument creating the Guarantee, which shall be available for inspection at the registered office of the Issuer at The Quay, Portomaso Marina, Portomaso, St. Julian's STJ 4011, Malta during the term of the Bond during office hours.

#### 4.9 Subrogation

Until all amounts which may be payable under the terms of the Bonds have been irrevocably paid in full, the Guarantor shall not by virtue of this Guarantee be subrogated to any rights of any Bondholder or claim in competition with the Bondholders against the Issuer.

#### 4.10 Governing law and jurisdiction

This Guarantee is governed by and shall be construed in accordance with Maltese law, and any disputes which may arise out of or in connection with this Guarantee are to be settled exclusively by the Courts of Malta.

**ANNEX B – SPECIMEN APPLICATION FORM**


42 Invest plc  
EUR 6,500,000 6.25% Unsecured Bonds 2020-2022

<b>APPLICANT</b>			
<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Corporate	<input type="checkbox"/> CIS
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME / REGISTERED NAME	
ADDRESS			
			POST CODE
MSE A/C NO. (if applicable)		I.D. CARD / PASSPORT / COMPANY REG. NO.	
E-MAIL ADDRESS		TEL NO.	MOBILE NO.
<b>ADDITIONAL (JOINT) APPLICANTS</b> <small>(please use additional application form if space is not sufficient)</small>			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
		I.D. CARD / PASSPORT NO.	
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	
		I.D. CARD / PASSPORT NO.	
<b>I/We apply to purchase and acquire the amount set out below</b>			
AMOUNT IN FIGURES €		AMOUNT IN WORDS	
42 Invest plc EUR 6,500,000 6.25% Bonds 2020-22 at the Bond Issue Price (at par) pursuant to the Prospectus dated 20 <sup>th</sup> March 2015 (minimum €1,000 and in multiples of €100 thereafter)			
<b>RESIDENT - WITHHOLDING TAX DECLARATION</b> <small>(to be completed ONLY if the Applicant is a Resident of Malta)</small>			
<input type="checkbox"/> I/We elect to have Final Withholding Tax deducted from my/our interest.			
<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).			
<b>NON-RESIDENT DECLARATION FOR TAX PURPOSES</b> <small>(to be completed ONLY if the Applicant is a Non-Resident)</small>			
TAX COUNTRY		TOWN OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD NUMBER		ISSUE DATE	
<input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union.			
<input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.			
<b>INTEREST, REFUND AND REDEMPTION MANDATE</b> <small>(completion of this panel is mandatory)</small>			
BANK		IBAN	
I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions (as defined therein) which I/we fully accept.			
Signature/s of Applicant/s <small>(Parent/s or legal guardian/s is/are to sign if Applicant is a minor) (All parties are to sign in the case of a joint Application)</small>		Date	
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP		AUTHORISED FINANCIAL INTERMEDIARY'S CODE	