Prospectus

Melita Capital plc

dated 4 September 2009

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

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

melita

Your world with you

Manager and Registrar

BOV Bank of Valletta

Legal Counsel

CAMILLERI PREZIOSI ADVOCATES

Sponsor

RIZZO FARRUGIA YOUR INVESTMENT CONSULTANTS

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

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

Prospectus

dated 4th September 2009

by

Melita Capital plc

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

in respect of an issue of

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

Due 30th September 2016

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

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

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

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

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

Manager and Registrar

Bank of Valletta

Legal Counsel

CAMILLERI PREZIOSI
ADVOCATES

Sponsor

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

IMPORTANT INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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DEFINITIONS

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

Act	the Companies Act, Cap. 386 of the Laws of Malta;
Affiliate	Melita Mobile Limited, a private limited liability company registered in Malta with company number C-35794, having its registered office at Gasan Centre, Imriehel By-Pass, Imriehel, Birkirkara, Malta;
Authorised Intermediaries	the banks, financial institutions, stockbrokers and other persons referred to in Annex III of this Prospectus;
Bond(s)	the €25,000,000 bonds of a nominal value of €100 per bond redeemable at their nominal value on the Redemption Date bearing interest at the rate of 7.15% per annum; or in the case of over-subscription by investors and the exercise by the Issuer of the Over-allotment Option, such higher value of bonds as in aggregate would not exceed €30,000,000 in value of bonds issued pursuant to this Prospectus;
Bondholder	a holder of Bonds;
Bond Issue	the issue of the Bonds;
Bond Offer Price	the price of €100 for each Bond;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Designated Early Redemption Dates	Any date between the 30 September 2014 and the 30 September 2016 as the Issuer may determine by giving thirty (30) days prior notice to the Bondholders;
Euro or €	the lawful currency of the Republic of Malta;
Interest Payment Dates	the 30 March and 30 September of each year between and including each of the years 2010 and 2016, provided that if any such day is not a Business Day, such Interest Payment Date will be carried over to the next following day that is a Business Day;
Issuer or Melita Capital	Melita Capital plc, a public limited liability company registered in Malta with company number C-47318, having its registered office at Gasan Centre, Imriehel By-Pass, Imriehel, Birkirkara BKR3000, Malta;
Issue Date	9 October 2009;
Listing Authority	the Malta Financial Services Authority, as appointed in terms of the Financial Markets Act, 1990 (Cap. 345 of the Laws of Malta);
Listing Rules	the listing rules of the Listing Authority;

Malta Stock Exchange or MSE	the Malta Stock Exchange p.l.c, as originally constituted in terms of the Financial Markets Act, 1990 (Cap. 345 of the Laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta and company registration number C-42525;
Manager and Registrar	Bank of Valletta plc;
Melita Capital Group	the Issuer, the Subsidiary and the Affiliate;
Melita Capital Group Company	any one of the companies forming part of the Melita Capital Group;
Melita plc Group	Melita plc and its subsidiaries, that is: - Data Services Limited, a private limited liability company registered in Malta with company number C-32505, having its registered office at Gasan Centre, Imriehel By-Pass, Imriehel, Birkirkara, Malta; - Video-On-Line Limited, a private limited liability company registered in Malta with company number C-19013, having its registered office at Gasan Centre, Imriehel By-Pass, Imriehel, Birkirkara, Malta; and - the Affiliate, in which Melita plc holds 70% of the entire issued share capital;
Melita plc	Melita plc, a public limited liability company registered in Malta with company number C-12715, having its registered office at Gasan Centre, Imriehel By-Pass, Imriehel, Birkirkara, Malta;
Memorandum and Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of the Prospectus;
Offer Period	the period between 28 September 2009 and 2 October 2009 (or such earlier date as may be determined by the Issuer in the event of over-subscription) during which time the Bonds are on offer;
Over-allotment Option	the option of the Issuer to elect to increase the original Bond Issue by an additional €5,000,000 7.15% Bonds 2014-2016 in the event of over-subscription of the original Bond Issue;
Prospectus	this document in its entirety;
Redemption Date	30 September 2016, subject to the Issuer's option to redeem all or any part of the Bonds on any of the Designated Early Redemption Dates;
Redemption Value	the nominal value of each Bond;
Regulation	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements;
Subsidiary	Melita Infrastructure Limited a private limited liability company registered in Malta with company number C-44734, having its registered office at Gasan Centre, Imriehel By-Pass, Imriehel, Birkirkara, Malta.

Part A
- SUMMARY -

Warning to Potential Investors

This summary forms part of the Prospectus containing information concerning the Issuer and the Bonds. This summary is intended to briefly convey the essential characteristics of, and risks associated with, the Issuer and the Bonds.

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

- The summary should be read as merely an introduction to the Prospectus;
- Any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole;
- Civil liability attaches to the Issuer which has tabled this summary as part of the Prospectus and applied for its notification only if the summary is shown to be misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

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

Directors

Joseph A. Gasan *Chairman*	Gasan Centre Imriehel By-Pass, Imriehel Birkirkara BKR3000 Malta
Massimo Prelz *Non-Executive Director*	40 Piccadilly, Sackville House London W1J 0DR United Kingdom
Timothy Simon Green *Non-Executive Director*	40 Piccadilly, Sackville House London W1J 0DR United Kingdom
Robert Savignol *Non-Executive Director*	75, State Street, Boston, MA02109 USA
James Wade *Non-Executive Director*	75, State Street, Boston, MA02109 USA

Paul Connolly *Non-Executive Director*	Waters Edge, Charlotte Quay Dock, Dublin 4, Ireland
Gary Quin *Non-Executive Director*	Waters Edge, Charlotte Quay Dock, Dublin 4, Ireland

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

Advisors to the Issuer

Legal Counsel to the Issuer and Legal Counsel on the Bond Issue:	Camilleri Preziosi Level 3, Valletta Buildings, South Street Valletta – VLT 1103 – MALTA
Sponsor:	Rizzo, Farrugia & Co. (Stockbrokers) Ltd Airways House, Third Floor, High Street, Sliema - SLM 1549 – MALTA
Auditors:	PricewaterhouseCoopers 167, Merchants Street, Valletta – VLT 1174 – MALTA PricewaterhouseCoopers is a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Cap. 281 of the Laws of Malta).
Manager and Registrar:	Bank of Valletta plc BOV Centre, Cannon Road St. Venera – SVR9030 - MALTA

2. Offer Statistics and Expected Timetable

2.1 Brief Overview of Offer Statistics

The Bond Issue is for the amount of €25,000,000, subject, in the event of over-subscription and exercise by the Issuer of the Over-allotment Option, to increase up to a maximum aggregate of €30,000,000. The Bonds shall accrue interest at the rate of seven point one five per cent (7.15%) per annum. The Bonds shall, unless earlier redeemed by the Issuer on a Designated Early Redemption Date by giving not less than thirty (30) days prior notice to the Bondholders, be redeemed at their nominal value on the Redemption Date.

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

2.2 Expected Timetable

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

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

3. Key Information

3.1 Presentation of Financial Information

The Issuer was established on the 16 July 2009 as a holding company having no trading or operational activities of its own. Its object is that of a holding company and as such holds direct shareholding in the other Melita Capital Group Companies. The Issuer's operating and financial performance is therefore directly related to the financial and operating performance of the other Melita Capital Group Companies. Accordingly, all financial and business information reproduced in this Prospectus relates to the Melita Capital Group and/or the Subsidiary and/or the Affiliate, as applicable. This Prospectus also contains references to the Issuer, the Melita Capital Group, the Subsidiary and the Affiliate where it is deemed appropriate that such references could assist an investor to better understand the information contained in this Prospectus. Investors are urged to consult the Definitions section of this document for the precise meanings of those terms.

The Issuer has not been established for a full financial year and accordingly the Issuer does not have financial statements for a full financial year. The Subsidiary, which was registered on 17 July 2008, has financial statements for a period being less than a full financial year as set out in the list below.

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

(1) By virtue of an agreement entered into by and between the Issuer and GMT (Honey I) Sarl, M/C Venture Partners VI L.P., Gee Five Limited and Grand Canal Capital Limited dated 13 August 2009 the Issuer acquired all the issued share capital, with the exception of one share held by Honey II Limited, of the Subsidiary from its shareholders against the issue of new shares to those shareholders, accordingly taking over control of the business operations of the Subsidiary as of that date; and
(2) By virtue of another agreement entered into by and between the Issuer and Melita plc dated 3 September 2009 the Issuer subscribed for thirty per cent (30%) of the total issued share capital of the Affiliate for a cash price of one hundred and twenty thousand euro (€120,000), that is at the nominal value of those shares issued thirty point six five per cent (30.65%) paid up.

The financial statements listed below reflect the position of the Issuer following these transactions and the consolidation of the Subsidiary.

The most recent financial statements available for inspection, as set out in section 10 below of Part A of this Prospectus, are the:

(a) Pro Forma Consolidated Financial Information of the Issuer and Accountants' Report as at 31 May 2009;
(b) Audited Financial Statements of the Issuer for the period commencing on the date of registration of the Issuer and ended 3 September 2009;
(c) Audited Financial Statements of the Subsidiary for the financial period ended 31 May 2009;
(d) Audited Financial Statements of the Affiliate for the financial year ended 31 December 2008 and for the period ended 31 May 2009.

There were no significant changes to the financial position of the Issuer, the Subsidiary or the Affiliate since the end of the financial year/period to which the said Financial Statements relate.

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

The historical information about the Issuer, Subsidiary and Affiliate is available for inspection as set out under the heading "Documents Available for Inspection" in section 10 of Part A of this Prospectus.

Extracts from the Pro Forma Financial Information of the Issuer as at 31 May 2009 and the Forecast for the period ending 31 December 2010 as extracted from the Accountants' Report included in Part E Annex II are set out below. The prospective financial information has been prepared on the basis that the Issuer will exercise the Over-allotment Option to increase the issue to €30,000,000.

Income Statement extracts

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

Statement of Financial Position extracts

	Forecast as at 31 December 2010	Pro Forma as at 31 May 2009
	€	**€**
ASSETS		
Non-current assets		
Property, plant and equipment	9,094,996	9,804,908
Investments - loans and receivables	22,000,000	-
Available for sale financial asset	120,000	120,000
Total non-current assets	**31,214,996**	**9,924,908**
Current assets		
Trade and other receivables	2,082,380	239,510
Cash at bank	410,356	690,243
Total current assets	**2,492,736**	**929,753**
Total assets	**33,707,732**	**10,854,661**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	176,400	176,400
Retained earnings	65,153	(3,000)
Total equity	**241,553**	**173,400**

Statement of Financial Position extracts (continued)

	Forecast as at 31 December 2010	Pro Forma as at 31 May 2009
	€	€
Non-current liabilities		
Shareholders' subordinated loans	3,442,357	2,703,820
Borrowings	29,175,342	3,849,108
Total non current liabilities	**32,617,699**	**6,552,928**
Current liabilities		
Borrowings	-	644,000
Trade and other payables	773,457	3,484,333
Taxation payable	75,023	-
Total current liabilities	**848,480**	**4,128,333**
Total liabilities	**33,466,179**	**10,681,261**
Total equity and liabilities	**33,707,732**	**10,854,661**

Statement of Cash Flows extracts

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

Statement of Changes in Equity extracts

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

Capitalisation and Indebtedness of the Issuer

The following table sets out the capitalisation and indebtedness of the Issuer as at 31 May 2009 and the estimate as at 31 December 2010 after reflecting the issue of the Bonds and after exercising the Over-allotment Option.

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

Notes:

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

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

The following table sets out the capitalisation and indebtedness of the Melita Capital Group as at 31 May 2009 on an aggregated basis and the estimate after reflecting the issue of the Bonds including the exercise of the Over-allotment Option and other forecast movements in indebtedness in the period from 1 June 2009 to 30 September 2009.

	Notes	Melita Infrastructure Limited €	Melita Mobile Limited €	Melita Capital Group Aggregate position €	
Total bank borrowings		4,493,108	11,011,816	15,504,924	
Less: cash in hand and at bank		(515,043)	(837,283)	(1,352,326)	
Net third party debt as at 31 May 2009	1	**3,978,065**	**10,174,533**	**14,152,598**	(a)
- Increase in vendor and project finance in the period 1 June 2009 to 30 September 2009	2	2,506,892	2,262,384	4,769,276	
Increase in Bank borrowings to fund working capital requirements	3	-	6,700,000	6,700,000	
Issue of Bond, net of issue costs	4	7,000,000	22,000,000	29,000,000	
Use of Bond proceeds:					
- Repayment of vendor and project finance		(7,000,000)	(13,274,200)	(20,274,200)	
- Bond proceeds available to fund future working capital requirements	5	-	(8,725,800)	(8,725,800)	
Forecast net third party debt after issue of Bond		**6,484,957**	**19,136,917**	**25,621,874**	(b)
Shareholders' subordinated loans		2,703,820	25,445,804	28,149,624	
Total equity (shareholders' funds)		(126,143)	(9,018,916)	(9,145,059)	
Equity and shareholders' loans as at 31 May 2009	1	**2,577,677**	**16,426,888**	**19,004,565**	(c)
Total capital (debt and equity) as at 31 May 2009	1	**6,555,742**	**26,601,421**	**33,157,163**	(a) + (c)
Total capital (debt and equity) after issue of Bond		**9,062,634**	**35,563,805**	**44,626,439**	(b) + (c)
Gearing ratio as at 31 May 2009		**60.7%**	**38.2%**	**42.7%**	
Pro Forma gearing ratio after issue of Bond		**71.6%**	**53.8%**	**57.4%**	

Notes:

1. Net third party debt and total capital as at 31 May 2009 as per the audited financial statements of Melita Infrastructure Limited and Melita Mobile Limited for the period ending 31 May 2009.
2. Forecast increase in vendor finance and project finance based on management's projections.
3. Drawdown of bank facility to finance projected working capital requirements.
4. Bond proceeds are stated net of Bond Issue costs.
5. Net Bond proceeds available to fund future working capital requirements.

3.3 Reasons for the Offer and Use of Proceeds

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

(i) to substitute project finance currently in place for the Subsidiary in respect of the laying and setting up of a submarine fibre optic cable between Malta and Sicily.

A loan agreement has been entered into between the Issuer and the Subsidiary, in terms of which the Issuer shall advance an amount of up to €7,500,000 to the Subsidiary, to be used for the immediate repayment of the project finance facilities outstanding plus accrued and unpaid interest on such facilities.

(ii) for the funding of the continued capital expenditure associated with the expansion and development of the Affiliate's third generation mobile telephony network, funding of the working capital needs associated with the early growth phase of its operations, and for the general corporate funding purposes of the Affiliate's business.

A loan agreement has been entered into between the Issuer and the Affiliate, in terms of which the Issuer shall advance an amount of up to €17,000,000 (or €22,000,000 in the event of exercise of the Over-allotment Option by the Issuer) to be utilized initially for the repayment of circa €13,500,000 in project finance facilities outstanding. This facility will be replaced by a revolving financing facility of €13,500,000 arranged with a local bank to be drawn over a period of time as required to meet the Affiliate's financing requirements. The revolving banking facility should enable the Affiliate to manage its cash resources more efficiently by having the ability of utilising the facility as and when its capital expenditure and working capital requirements dictate. In terms of the said loan agreement, the shares in the Affiliate not held by the Issuer (that is the shares held by Melita plc amounting to 70% of the entire share capital of the Affiliate) have been pledged by Melita plc in favour of the Issuer. The balance of up to €3,500,000 (or €8,500,000 in the case of the exercise of the Over-allotment Option) will be utilized by the Affiliate for the funding of future growth and expansion of its business and operations.

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

According to the Issuer's estimates, the proceeds of the Bond Issue are sufficient to cover the proposed use of proceeds described in this Prospectus.

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

3.4 Risk Factors

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

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

3.4.1 Forward looking statements

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

3.4.2 Considerations relating to the business of the Issuer

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

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

Melita Capital Group's potential exposure to certain financial risks

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

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

- **The Issuer is a holding company with no business operations or assets other than the ordinary share capital held in the Subsidiary and the Affiliate. Consequently, the Issuer will be wholly dependent on the receipts from the Subsidiary and Affiliate in order to service interest payments on the Bonds, to provide for the sinking fund and eventually to repay the principal of the Bonds.**

- **The risks intrinsic in the business and operations of the Subsidiary and the Affiliate shall have a direct effect on the ability of the Issuer to meet its obligations under the Bond.**

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

Risks inherent in Projections

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

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

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

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

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

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

The Regulatory Environment

- **Any delays in receiving required regulatory approvals, completing interconnection agreements with other carriers, or the enactment of new and adverse regulations or regulatory requirements may have a material adverse effect on the Melita Capital Group's business. In addition, future legislative, judicial and regulatory agency actions could have a material adverse effect on the Melita Capital Group's business.**

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

Licences and Permits

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

System Failures

- The operations of the Melita Capital Group depend on its ability to avoid and mitigate any interruptions or degradation in service for customers. Interruptions in service or performance problems, for whatever reason, could undermine confidence in the services provided by the Melita Capital Group and cause a loss of customers or make it more difficult to attract new ones.

- Any significant interruption or degradation in service could result in lost profits or other losses to customers. Although the Melita Capital Group generally limits liability for service failures in its service agreements and generally excludes any liability for "consequential" damages such as lost profits, a court might not enforce these limitations on liability, which could expose the Melita Capital Group to financial loss.

- If the Melita Capital Group is unable to meet service level commitments with which it often provides its customers, the Melita Capital Group may be required to provide service credits or other compensation to its customers, which could negatively affect the Melita Capital Group's operating results.

- The failure of any equipment on the Melita Capital Group's network, delays, errors, acts of god, terrorist acts, power losses, security breaches, vandalism or other illegal acts, computer viruses, or other causes may significantly affect the business of the Melita Capital Group.

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

Subsidiary's current dependence on Melita plc

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

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

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

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

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

- **The Affiliate's extensive web of roaming agreements with numerous carriers around the world, allowing its customers to roam on those carriers' networks, may be terminated on relatively short notice. Furthermore, the roaming agreements generally cover voice but not data services.**

- **The Affiliate may in future be unable to provide roaming services (particularly in respect of data services) for its customers across all required markets on a cost-effective basis, which would limit its ability to compete effectively for wireless customers.**

Managing the mobile operation's planned growth and competition

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

- **The Issuer is only a minority shareholder in Affiliate, accordingly its influence on the overall strategy and management of the Affiliate could be limited.**

Rapid technological change in the wireless industry

- **The wireless communications industry is experiencing significant technological change. Customer demand for new products and services at competitive prices depends heavily on such technological change. The failure to effectively anticipate or react to such technological changes may result in the loss of customers, the failure to attract new subscribers or the incurring of substantial costs in order to maintain customers, all of which could have a material adverse effect on the Melita Capital Group's business.**

- **Despite the substantial capital invested in the building of the mobile operation's network with 3G technology in order to offer advanced data services, in the event that such upgrades, technologies or services do not remain commercially acceptable, the operation's revenues and competitive position could be materially and adversely affected.**

3.4.3 Considerations relating to the Bonds

General

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

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

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

Prior Ranking Charges

- **The Bonds constitute the general, direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank pari passu, without any priority or preference among themselves and with other unsecured debt other than subordinated debt, if any. Furthermore, subject to the negative pledge clause (Section 4 of Part I of Annex I to this Prospectus), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.**

- **The Bonds are effectively junior to the secured debt and liabilities of the Issuer. Currently the Issuer has no outstanding secured indebtedness. Melita Capital Group Companies currently have banking facilities of €27,200,000 which, following the application of the Bond proceeds, shall initially be reduced to €6,700,000, but which could, during the term of the Bond, increase to a maximum of €20,200,000 through the utilization of a revolving banking facility. As indicated earlier in this section, the Issuer has limited operations of its own and derives substantially all of its revenue and cash flows from the Subsidiary and Affiliate. The Subsidiary and Affiliate, which are separate and distinct from the Issuer, do not guarantee the Bonds, and their respective creditors (including trade creditors and the Issuer itself pursuant to the loans that it shall make available[1]) would generally be entitled to payment from the assets and earnings thereof before those assets and earnings can be distributed to the Issuer as an equity investor. Accordingly, Bondholders' rights in terms of the Bonds would effectively not extend to the assets of either of the Affiliate or the Subsidiary except indirectly through the Issuer and the latter's claim under the loan agreements entered into with each of the Subsidiary and the Affiliate (to the extent that such claims are unsecured) and which shall rank junior to those of the secured creditors of the Subsidiary and the Affiliate.**

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

[1] See Part C Section 4.3 of this Prospectus

Risk inherent in the Bonds

- **Prior to the Bond Issue, there has been no public market nor trading record for the Bonds within or outside Malta. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Second Tier Market once the Bonds are authorised as admissible to listing by the Listing Authority. The Second Tier Market is a market designed primarily for companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial advisor.**

- **The liquidity of the market depends on, amongst others, factors beyond the Issuer's control such as the willingness or otherwise of potential buyers and sellers of the Bonds. The effect that the investors' decisions may have on the trading market would consequently affect the trading value of the Bonds. Other factors over which the Issuer has no control include the time remaining for maturity of the Bonds, the outstanding amount of the Bonds, and the level, direction and volatility of market interest rates generally.**

- **There can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. There can be no assurance, also, that an investor will be able to re-sell his/her Bonds at or above the Bond Offer Price.**

4. Information about the Issuer

4.1 Historical Development

The Issuer was formed on 16 July 2009 as a public limited liability company. The Issuer, which is registered and domiciled in Malta in terms of the Act with company registration number C-47318, has its registered office at Gasan Centre, Imriehel By-Pass, Imriehel, Birkirkara BKR 3000, Malta. The telephone number of the registered office is 27788500.

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

4.2 Business Overview

The Issuer acts as the financing arm of the Melita Capital Group, financing and/or re-financing the other Melita Capital Group Companies' investments in their respective wireless communications and wholesale fibre services, which in tandem offer 3G digital wireless services throughout Malta and wholesale voice and data fibre connectivity from Malta to Sicily.

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

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

The Subsidiary: Melita Infrastructure Limited

The Subsidiary has recently completed the laying and commissioning of a high capacity submerged fibre cable from Malta to Sicily, and holds a seven (7) year service contract with Melita plc to provide Melita plc with a strategic telecommunications link to the rest of Europe.

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

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

The Affiliate: Melita Mobile Limited

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

Principal Investments

Other than the investments in the Subsidiary and the Affiliate described above, the Issuer is not party to any other principal investments, and the Issuer has not entered into or committed for any principal investments subsequent to 3 September 2009 (the date of the last published audited financial statements of the Issuer).

Property, Plant and Equipment

The Subsidiary

The Subsidiary owns and operates an international cable link between Malta and Sicily which provides an international connectivity service to its customers (presently only Melita plc but it is possible that in future the service may be provided to other customers as explained in section 7.1 of Part C of this Prospectus). This fibre optic cable was supplied by Norddeutsche Seekabelwerke GmbH, a long established and reputable supplier of submarine cables, and following an extensive planning process, was laid between April and May 2009, becoming fully operational in June 2009 on completion of extensive testing. The equipment driving the telecommunications services over this link was supplied by a multinational considered to be a leader in this field, Cisco Systems Inc, which also assisted in the design of the overall equipment solution.

Currently the link configuration is based around delivery of Internet Protocol (IP) services but solution design allows for upgrades to include more traditional telephony and telecommunications services (and the potential to upgrade the link to provide several Terabytes of bandwidth). The link distance is less than 110 kilometres in total, and therefore has the advantage that transmission equipment placed at each end is sufficient. In fact the link is interconnected to two facilities, each with the requisite support features, in Malta and Sicily. The Malta end of the link is terminated within Melita Master Telecom Center in Madliena while the Sicily link is terminated within a purpose-built Wind Telecomunicazioni S.p.A. (“WIND”) facility in Pozzallo. Telecommunications services to the rest of Italy and onwards are provided via two distinct paths out of Pozzallo. There is a long term agreement in place with WIND for use of this facility together with access to its national/international networks.

The Subsidiary rents all required office space from Melita plc.

The Affiliate

The Affiliate commenced nationwide commercial services in February 2009, following the erection of over 200 base stations. The key supplier for the mobile network is Ericsson, a global leading supplier of telecommunications solutions. Melita Mobile has integrated portions of its mobile solution into various elements of the fixed infrastructure put in place by a company outside the Melita Capital Group, that is Melita plc, with the intent of providing innovative and converged telecommunications services.

The Affiliate rents all required office space from Melita plc.

Licences

The Subsidiary

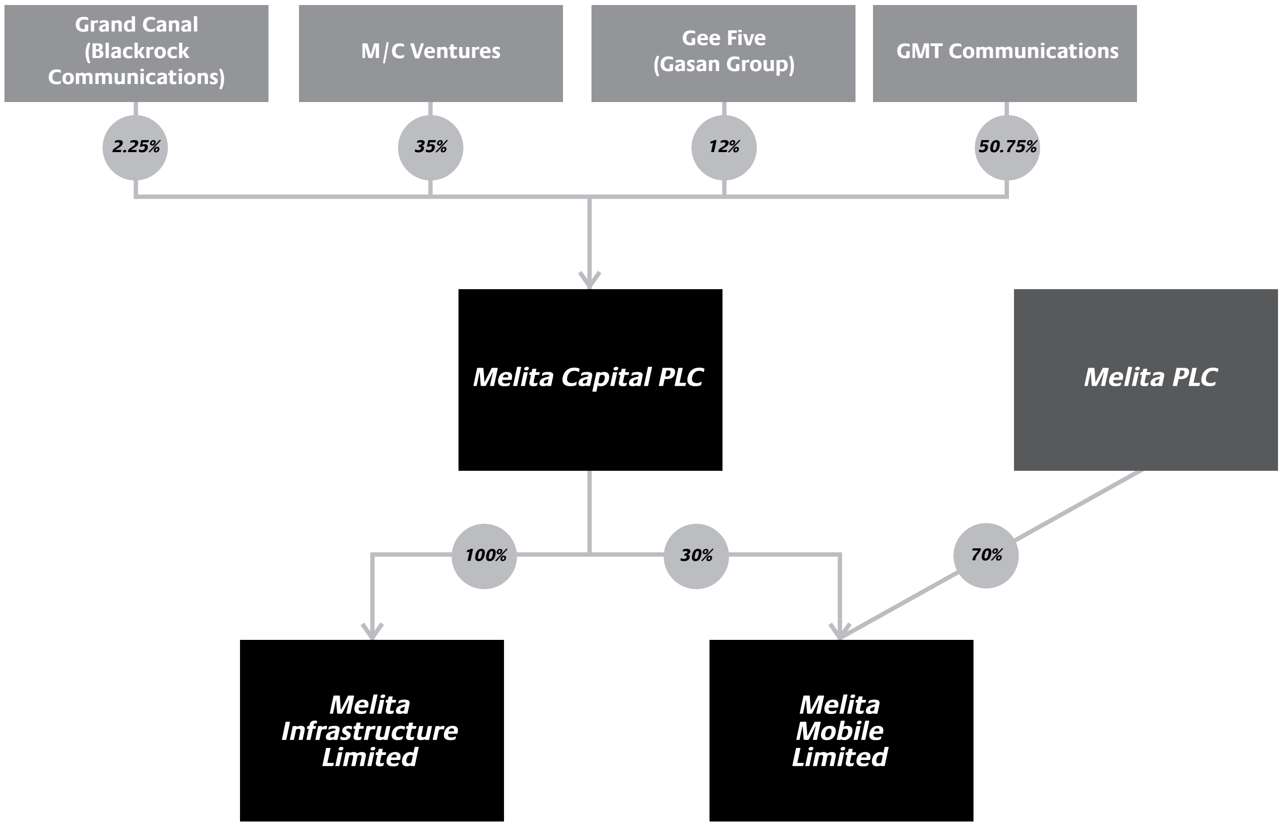
The Subsidiary is deemed by the Malta Communications Authority to be an International Gateway Operator and is subject to the obligations, including redundancy, set out in LN31/2009. The Subsidiary is included in the register of authorised undertakings in terms of Regulation 57 of the Electronic Communications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

The Affiliate

The Affiliate is included in the register of authorised undertakings in terms of Regulation 57 of the Electronic Communications Networks and Services (General) Regulations, 2004. The Affiliate provides mobile voice and data services across the Maltese Islands. On 16 August 2007, Melita Mobile Limited was granted the right of use of radio frequencies for the establishment and operation of a third generation mobile communications network (“3G Licence”) by the Malta Communications Authority, for a term of fifteen (15) years.

4.3 Shareholding Structure

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



5. Trend Information

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

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

The Issuer's growth and future financial and operational performance is dependent on the results of its 100% subsidiary Melita Infrastructure Limited and its 30% associated company Melita Mobile Limited. Melita Capital's investments in the Subsidiary and the Affiliate are supported by solid business fundamentals, both present and future. These investments also constitute an investment in the future of Malta as an information society.

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

The Affiliate: Melita Mobile Limited

The Affiliate sells products and services to customers through its eight (8) retail stores owned and/or leased by the company itself as well as through indirect retailers and the network of stores under the name of the service provider Melita Mobile. Together with Melita plc, Melita Mobile Limited offers customers pricing plans that combine their mobile phone (voice and data), landline, television and broadband into one bill or any combination thereof.

The success of the Affiliate is essentially dependent on a number of key factors:

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

The Affiliate currently has 25,000 subscribers, which at present consist of approximately 85% fixed term contract post-paid customers and approximately 15% non-contracted prepaid customers. Indications are that the vast majority of these customers were prepaid customers who transferred from the company's competitors, rather than being new first time mobile subscribers.

To reduce churn and the subscriber acquisition costs associated with it, the Affiliate will be placing emphasis on customer retention schemes.

It is expected that a significant portion of the funds raised by the Bond Issue will ultimately be dedicated to financing SAC in the early growth stages of the Affiliate's life. In order to attract new customers in this promotional phase, the Affiliate provides a subsidy on each handset ultimately sold to its customers, with the projected return on such investment expected to consist of the customers' use of mobile services over a number of months. It is expected that these costs will fall significantly once the initial launch phase of the mobile operation is completed, and will eventually be funded from operating cashflow.

The Affiliate expects overall market ARPU to decline over time after the market is heavily penetrated due to an increase in the proportion of lower income customers subscribing to a network and using that network's services less frequently, as well as with the onset of increased competitive pressures or decisions by regulators.

The Affiliate expects the combination of its investment in a leading edge Ericsson 3G network together with the synergies that can be created through bundled offerings to customers through Melita plc to place the Affiliate in a position to seek to offset any decreases in ARPU through the introduction of additional value added services and through its own ongoing cost reduction efforts.

The directors of Melita Capital have significant experience in rolling out and developing profitable mobile operators worldwide. These include 'Digicel' in Central America and the Caribbean, 'Esat' in Ireland, 'Metro PCS' in the USA and 'Mobifon' in Romania. The directors have been involved in over thirty (30) launches of mobile operators, all being cases where the new entrant was the second or third player in that market, and accordingly faced competitive threats and opportunities similar to those experienced by Melita Mobile. All launches were indeed successful from a profit-generating perspective as well as from a value-generating perspective.

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

The Maltese mobile market is predominantly characterised by pre-paid subscribers while the ARPU for the post-paid (or contract) users is among the highest in Europe. This highlights the potential to convert more pre-paid users to post-paid contracts by enabling them to enjoy better value pricing. This strategy has been key in launching Melita Mobile that is already enjoying significantly more postpaid subscribers than is the market average. Apart from enabling higher revenues, this strategy is also calculated to achieve higher customer loyalty of the Affiliate's subscriber base. This strategy of aiming to attain a higher than average postpaid split is that the company's initial capital outlay in higher handset subsidies, is expected to lead to higher losses in the initial years of operation as shown below in 2009 and 2010 but is then expected to generate stronger growth in revenues and sustained profitability.

Additionally, the directors believe that the potential of providing 3G services to the Maltese consumer remains largely untapped. The Affiliate's relationship with its parent Melita plc can create the appropriate synergies for rich video content, particularly around sport, to benefit the Maltese consumer via Melita Mobile's 3G services, thus further strengthening the value added services that the Affiliate will be in a position to provide to its subscriber base and further sustaining the case for higher customer loyalty and sustained revenue growth over time.

Melita Mobile Projections

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

The Subsidiary: Melita Infrastructure Limited

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

6. Management and Employees

6.1 Directors

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

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

The business address of each Director is the registered office of the Issuer.

6.2 Aggregate Emoluments of Directors

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

6.3 Employees

As at the date of the Prospectus:

- the Issuer has no employees;
- the Subsidiary has no employees; and
- the Affiliate has 151 full-time employees.

The Issuer has entered into a management and support services agreement with Melita plc in connection with the provision by Melita plc of management services at the strategic and operational level of the Issuer's business. The salient terms and conditions of this agreement may be found in Section 6 of Part C of this Prospectus.

6.4 Holdings in Excess of 5% of Share Capital

On the basis of information available to the Issuer as at the date of this document, 50.75% of the issued share capital of the Issuer is owned by GMT (Honey I) Sa.r.l., 35% is owned by M/C Ventures Partners VI L.P., whereas 12% is owned by Gee Five Limited (the investment arm of the locally-based Gasan Group). No other persons hold a shareholding, direct or indirect, in excess of 5% of the Issuer's total issued share capital.

The Issuer adopts measures in line with the Code of Corporate Governance to ensure that the relationship with its majority shareholders is retained at arm's length, including adherence to rules on related party transactions requiring the sanction of the Audit Committee. Further information on the practices adopted by the Audit Committee in this respect may be found in Section 11.1 of Part C of this Prospectus.

7. Financial Information

The following financial information about the Issuer, Subsidiary and Affiliate is available for inspection as set out in section 10 below of Part A of this Prospectus:

(a) Melita Capital plc – Pro Forma Consolidated Financial Information and Accountants' Report as at 31 May 2009;

(b) Melita Capital plc – Audited Financial Statements for the period commencing on the date of registration of the Issuer and ended 3 September 2009;

(c) Melita Infrastructure Limited – Audited Financial Statements for the financial period ended 31 May 2009;

(d) Melita Mobile Limited – Audited Financial Statements for the financial year ended 31 December 2008 and for the period ended 31 May 2009.

There have been no significant changes to the financial position of the Issuer since the end of the financial period to which the Audited Financial Statements referred to in paragraph (b) above relate.

8. Details of the Bond Issue

8.1 The Bond Issue

The Issuer is making an offering of seven point one five per cent (7.15%) Bonds due 2014-2016 for an aggregate principal amount of €25,000,000 provided that in the event that the Issuer receives Applications in excess of €25,000,000, the Issuer has the option to increase the issue of Bonds by a maximum of an additional €5,000,000 up to an aggregate principal amount of €30,000,000. The Bonds, having a nominal value of €100 each, will be issued at par and shall bear interest at the rate of seven point one five per cent (7.15%) per annum payable semi-annually, the first such payment to be made on 30 March 2010.
The Bonds will, unless previously purchased and cancelled, be redeemed on 30 September 2016, subject to the Issuer's option to redeem all or any of the Bonds at any date between 30 September 2014 and 30 September 2016, as the Issuer may determine on giving not less than thirty (30) days' prior notice to the Bondholders.

The Bond Issue is not underwritten.

8.2 Admission to Trading

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

8.3 Plan for Distribution

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

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

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

8.4 Estimated Expenses of the Bond Issue

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

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

9. Additional Information

9.1 Share Capital

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

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

9.2 Memorandum and Articles of Association

The Memorandum and Articles of Association of the Issuer (C-47318), described in section 15.2 of Part C of this Prospectus, are registered with the Registry of Companies and are available for inspection during the lifetime of this Prospectus at the registered office of the Issuer and at the Registrar of Companies of the Malta Financial Services Authority.

10. Documents Available for Inspection

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

(a) Memorandum and Articles of Association of the Issuer;
(b) Melita Capital plc – Pro Forma Consolidated Financial Information and Accountants' Report as at 31 May 2009;
(c) Melita Capital plc– Audited Financial Statements for the period commencing on the date of registration of the Issuer and ended 3 September 2009;
(d) Melita Infrastructure Limited – Audited Financial Statements for the financial period ended 31 May 2009;
(e) Melita Mobile Limited – Audited Financial Statements for the financial year ended 31 December 2008 and for the period ended 31 May 2009;
(f) Management and Support Services Agreement between the Issuer and Melita plc;
(g) Loan agreement between the Issuer and the Subsidiary; and
(h) Loan agreement between the Issuer and the Affiliate.

Part B
- RISK FACTORS -

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

1.1 Forward looking statements

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

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

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

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

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

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

<u>Melita Capital Group's potential exposure to certain financial risks</u>

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

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

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

<u>Issuer's dependence on payments due by the Subsidiary and Affiliate may be affected by factors beyond the Issuer's control</u>

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

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

Risks inherent in Projections

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

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

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

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

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

The Regulatory Environment

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

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

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

Licences and Permits

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

System Failures

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

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

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

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

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

<u>Subsidiary's current dependence on Melita plc</u>

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

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

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

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

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

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

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

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

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

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

Managing the mobile operation's planned growth and competition

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

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

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

Rapid technological change in the wireless industry

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

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

1.3 Considerations relating to the Bonds

General

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

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

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

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

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

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

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

Prior Ranking Charges

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

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

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

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

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

[2] See Part C Section 4.3 of this Prospectus

Risk inherent in the Bonds

- **Prior to the Bond Issue, there has been no public market nor trading record for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.**

- **Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Second Tier Market once the Bonds are authorised as admissible to listing by the Listing Authority. The Second Tier Market is a market designed primarily for companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial advisor.**

- **The liquidity of the market depends on, amongst others, factors beyond the Issuer's control such as the willingness or otherwise of potential buyers and sellers of the Bonds. The effect that the investors' decisions may have on the trading market would consequently affect the trading value of the Bonds. Other factors over which the Issuer has no control include the time remaining for maturity of the Bonds, the outstanding amount of the Bonds, and the level, direction and volatility of market interest rates generally.**

- **There can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. There can be no assurance, also, that an investor will be able to re-sell his/her Bonds at or above the Bond Offer Price.**

- **Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.**

- **A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference, if different.**

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

- **The Issuer has the option to redeem the Bonds in whole or in part on any of the Designated Early Redemption Dates (in accordance with the provisions of Section 6 of the Terms and Conditions of the Bonds set out in Annex I to this Prospectus), together with any accrued and unpaid interest until the time of redemption. This optional redemption feature may condition the market value of the Bonds.**

- **In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bond it shall call a meeting of Bondholders in accordance with the provisions of Section 10 of the Terms and Conditions of the Bonds set out in Annex I to this Prospectus. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.**

- **The Bonds are based on the requirements of the Listing Rules of the Listing Authority, the Act and the Commission Regulation EC No. 809/2004 of the 29th April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of this Prospectus.**

Part C
- INFORMATION ABOUT THE ISSUER -

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

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

Directors

Joseph A. Gasan *Chairman*	Gasan Centre Imriehel By-Pass, Imriehel Birkirkara BKR3000 Malta
Massimo Prelz *Non-Executive Director*	40 Piccadilly, Sackville House London W1J 0DR United Kingdom
Timothy Simon Green *Non-Executive Director*	40 Piccadilly, Sackville House London W1J 0DR United Kingdom
Robert Savignol *Non-Executive Director*	75, State Street, Boston, MA02109 USA
James Wade *Non-Executive Director*	75, State Street, Boston, MA02109 USA
Paul Connolly *Non-Executive Director*	Waters Edge, Charlotte Quay Dock, Dublin 4, Ireland
Gary Quin *Non-Executive Director*	Waters Edge, Charlotte Quay Dock, Dublin 4, Ireland

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

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

Advisors to the Issuer

Legal Counsel to the Issuer and Legal Counsel on the Bond Issue:	Camilleri Preziosi Level 3, Valletta Buildings, South Street Valletta – VLT 1103 – MALTA
Sponsor:	Rizzo, Farrugia & Co. (Stockbrokers) Ltd Airways House, Third Floor, High Street, Sliema - SLM 1549 – MALTA
Auditors:	PricewaterhouseCoopers 167, Merchants Street, Valletta – VLT 1174 – MALTA PricewaterhouseCoopers is a firm of certified public accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Cap. 281 of the Laws of Malta).
Manager and Registrar:	Bank of Valletta plc BOV Centre, Cannon Road St. Venera – SVR9030 - MALTA

3. Offer Statistics and Expected Timetable

3.1 Offer Statistics

Issuer	Melita Capital plc, a public limited liability company registered in Malta with registration number C-47318;
Amount	The amount of €25,000,000, subject, in the event of the exercising by the Issuer of the Over-allotment Option, to such amount increasing to €30,000,000 in aggregate value of Bonds issued pursuant to this Prospectus;

Form	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository of the MSE;
ISIN	MT0000471202;
Denomination & Nominal Value	Euro (€)100 per Bond;
Minimum Amount per subscription	Minimum of one thousand Euros (€1,000);
Redemption Date	30 September 2016, subject to the Issuer's option to redeem all or any part of the Bonds on any of the Designated Early Redemption Dates;
Bond Issue Price	€100 for each Bond;
Status of the Bonds	The Bonds constitute the general, direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank pari passu, without any priority or preference among themselves and with other unsecured debt other than subordinated debt, if any;
Listing	Application has been made to the Listing Authority for the Bonds to be considered as admissible to listing on the Second Tier Market, and to the MSE for the Bonds to be listed and traded on its Second Tier Market ;
Offer Period	The period between 28 September 2009 and 2 October 2009 (or such earlier date as may be determined by the Issuer in the event of over-subscription) during which time the Bonds are on offer;
Interest	seven point one five per cent (7.15%) per annum;
Yield	The gross yield calculated on the basis of the interest, the Bond Issue Price and the Redemption value on maturity, is seven point one five per cent (7.15%) per annum;
First Interest Payment Date	30 March 2010;

Interest Payment Date(s)	30 March and 30 September of each year between and including each of the years 2010 and the year 2016, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Redemption Value	The par value of the Bonds;
Manager and Registrar	Bank of Valletta plc;
Sponsor	Rizzo, Farrugia & Co. (Stockbrokers) Ltd;
Notices	Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty-four (24) hours after the letter containing the notice is posted, and in proving such 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;
Governing Law	The Bonds are governed and shall be construed in accordance with Maltese Law;
Jurisdiction	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

3.2 Expected Timetable

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

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

4. Key Information

4.1 Selected Financial Information

The Issuer was established on the 16 July 2009 as a holding company having no trading or operational activities of its own. Its object is that of a holding company and as such holds direct shareholding in the other Melita Capital Group Companies. The Issuer's operating and financial performance is therefore directly related to the financial and operating performance of the other Melita Capital Group Companies. Accordingly, all financial and business information reproduced in this Prospectus relates to the Melita Capital Group and/or the Subsidiary and/or the Affiliate, as applicable. This Prospectus also contains references to the Issuer, the Melita Capital Group, the Subsidiary and the Affiliate where it is deemed appropriate that such references could assist an investor to better understand the information contained in this Prospectus. Investors are urged to consult the 'Definitions' section of this document for the precise meanings of those terms.

The Issuer has not been established for a full financial year and accordingly the Issuer does not have financial statements for a full financial year. The Subsidiary, which was registered on 17 July 2008, has financial statements for a period being less than a full financial year as set out below.

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

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

(2) By virtue of another agreement entered into by and between the Issuer and Melita plc dated 3 September 2009 the Issuer subscribed for thirty per cent (30%) of the total issued share capital of the Affiliate for a cash price of one hundred and twenty thousand euro (€120,000), that is at the nominal value of those shares issued thirty point six five per cent (30.65%) paid up.

The financial statements listed below reflect the position of the Issuer following these transactions and the consolidation of the Subsidiary.

The most recent financial statements available for inspection as set out in section 18 below of Part C of this Prospectus are the:

(a) Pro Forma Consolidated Financial Information of the Issuer and Accountants' Report as at 31 May 2009;

(b) Audited Financial Statements of the Issuer for the period commencing on the date of registration of the Issuer and ended 3 September 2009;

(c) Audited Financial Statements of the Subsidiary for the financial period ended 31 May 2009;

(d) Audited Financial Statements of the Affiliate for the financial year ended 31 December 2008 and for the period ended 31 May 2009.

There were no significant changes to the financial position of the Issuer, the Subsidiary or the Affiliate since the end of the financial year/period to which the said Financial Statements relate.

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

The historical information about the Issuer, Subsidiary and Affiliate is available for inspection as set out under the heading "Documents Available for Inspection" in section 18 of Part C of this Prospectus.

Extracts from the Pro Forma Financial Information of the Issuer as at 31 May 2009 and the Forecast for the period ending 31 December 2010 as extracted from the Accountants' Report included in Part E Annex II are set out below. The prospective financial information has been prepared on the basis that the Issuer will exercise the Over-allotment Option to increase the issue to €30,000,000.

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

Statement of Financial Position extracts

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

Statement of Cash Flows extracts

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

Statement of Changes in Equity extracts

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

Capitalisation and Indebtedness of the Issuer

The following table sets out the capitalisation and indebtedness of the Issuer as at 31 May 2009 and the estimate as at 31 December 2010 after reflecting the issue of the Bonds and after exercising the Over-allotment Option.

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

Notes:

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

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

The following table sets out the capitalisation and indebtedness of the Melita Capital Group as at 31 May 2009 on an aggregated basis and the estimate after reflecting the issue of the Bonds including the exercise of the Over-allotment Option and other forecast movements in indebtedness in the period from 1 June 2009 to 30 September 2009.

	Notes	Melita Infrastructure Limited	Melita Mobile Limited	Melita Capital Group Aggregate position	
		€	€	€	
Total bank borrowings		4,493,108	11,011,816	15,504,924	
Less: cash in hand and at bank		(515,043)	(837,283)	(1,352,326)	
Net third party debt as at 31 May 2009	1	**3,978,065**	**10,174,533**	**14,152,598**	(a)
- Increase in vendor and project finance in the period 1 June 2009 to 30 September 2009	2	2,506,892	2,262,384	4,769,276	
Increase in Bank borrowings to fund working capital requirements	3	-	6,700,000	6,700,000	
Issue of Bond, net of issue costs	4	7,000,000	22,000,000	29,000,000	
Use of Bond proceeds:					
- Repayment of vendor and project finance		(7,000,000)	(13,274,200)	(20,274,200)	
- Bond proceeds available to fund future working capital requirements	5	-	(8,725,800)	(8,725,800)	
Forecast net third party debt after issue of Bond		**6,484,957**	**19,136,917**	**25,621,874**	(b)
Shareholders' subordinated loans		2,703,820	25,445,804	28,149,624	
Total equity (shareholders' funds)		(126,143)	(9,018,916)	(9,145,059)	
Equity and shareholders' loans as at 31 May 2009	1	**2,577,677**	**16,426,888**	**19,004,565**	(c)
Total capital (debt and equity) as at 31 May 2009	1	**6,555,742**	**26,601,421**	**33,157,163**	(a) + (c)
Total capital (debt and equity) after issue of Bond		**9,062,634**	**35,563,805**	**44,626,439**	(b) + (c)
Gearing ratio as at 31 May 2009		**60.7%**	**38.2%**	**42.7%**	
Pro Forma gearing ratio after issue of Bond		**71.6%**	**53.8%**	**57.4%**	

Notes:

1. Net third party debt and total capital as at 31 May 2009 as per the audited financial statements of Melita Infrastructure Limited and Melita Mobile Limited for the period ending 31 May 2009.
2. Forecast increase in vendor finance and project finance based on management's projections.
3. Drawdown of bank facility to finance projected working capital requirements.
4. Bond proceeds are stated net of Bond Issue costs.
5. Net Bond proceeds available to fund future working capital requirements.

4.3 Reasons for the Bond Issue and Use of Proceeds

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

(i) to substitute project finance currently in place for the Subsidiary in respect of the laying and setting up of a submarine fibre optic cable between Malta and Sicily.

A loan agreement has been entered into between the Issuer and the Subsidiary, in terms of which the Issuer shall advance an amount of up to €7,500,000 to the Subsidiary, to be used for the immediate repayment of the project finance facilities outstanding plus accrued and unpaid interest on such facilities;

(ii) for the funding of the continued capital expenditure associated with the expansion and development of the Affiliate's third generation mobile telephony network, funding of the working capital needs associated with the early growth phase of its operations, and for the general corporate funding purposes of the Affiliate's business.

A loan agreement has been entered into between the Issuer and the Affiliate, in terms of which the Issuer shall advance an amount of up to €17,000,000 (or €22,000,000 in the event of exercise of the Over-allotment Option by the Issuer) to be utilized initially for the repayment of circa €13,500,000 in project finance facilities outstanding. This facility will be replaced by a revolving financing facility of €13,500,000 arranged with a local bank to be drawn over a period of time as required to meet the Affiliate's financing requirements. The revolving banking facility should enable the Affiliate to manage its cash resources more efficiently by having the ability of utilizing the facility as and when its capital expenditure and working capital requirements dictate. In terms of the said loan agreement, the shares in the Affiliate not held by the Issuer (that is the shares held by Melita plc amounting to 70% of the entire share capital of the Affiliate) have been pledged by Melita plc in favour of the Issuer. The balance of up to €3,500,000 (or €8,500,000 in the case of the exercise of the Over-allotment Option) will be utilized by the Affiliate for the funding of future growth and expansion of its business and operations.

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

According to the Issuer's estimates, the proceeds of the Bond Issue are sufficient to cover the proposed use of proceeds described in this Prospectus.

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

As at the date of this Prospectus, the Directors of the Issuer are officers of the corporate shareholders, and as such are susceptible to conflicts arising between the potentially diverging interests of the said groups and the Issuer. No private interests or duties unrelated to the Issuer have been disclosed by the Directors which may or are likely to place any of them in conflict with any interests in, or duties towards, the Issuer. The Audit Committee has the task to ensure that any potential conflicts of interest are resolved in the best interests of the Issuer.

5. Information about the Issuer

5.1 Historical Development of the Issuer

5.1.1 Introduction

The Issuer was formed on 16 July 2009 as a public limited liability company. The Issuer, which is registered and domiciled in Malta in terms of the Act with company registration number C-47318, has its registered office at Gasan Centre, Imriehel By-Pass, Imriehel, Birkirkara BKR3000, Malta. The telephone number of the registered office is 27788500.

The Issuer's principal objectives have, since inception, focused on the investment in and the financing/re-financing of wireless communications and wholesale fibre services offering 3G digital wireless services throughout Malta and wholesale voice and data fibre connectivity from Malta to Sicily. Shortly following its incorporation, the Issuer proceeded to acquire 100% of the share capital in the Subsidiary and 30% of the share capital in the Affiliate to meet such objectives.

5.1.2 Principal Objects of the Issuer

The principal objects of the Issuer's activities are set out in Article 3 of the Memorandum of Association and include, but are not limited to, the carrying on of the business of a finance and investment company and in particular but without prejudice to the generality of the foregoing the financing or re-financing of the funding requirements of the business of its subsidiaries and/or associated companies.

5.2 Overview of the Issuer's Business

In view of the principal objectives for which the Issuer was incorporated, the Issuer acts as the financing arm of the Melita Capital Group, financing/re-financing the other Melita Capital Group Companies' investments in their respective wireless communications and wholesale fibre services, which in tandem offer 3G digital wireless services throughout Malta and wholesale voice and data fibre connectivity from Malta to Sicily. In the light of such principal objectives, as indicated above, shortly following its incorporation, the Issuer proceeded to acquire 100% of the share capital in the Subsidiary and 30% of the share capital in the Affiliate.

The Issuer will refinance the existing loans which were utilised by the Subsidiary to fund the laying of the submarine fibre-optic cable between Malta and Sicily as well as financing the ongoing continuous improvement of the Melita Capital Group's wireless communications network. This will complement the investment made in the Affiliate through a combination of equity provided by Melita plc (the 70% shareholder in the Affiliate), quasi-equity investment by the principal shareholders of the Issuer referred to in Part C section 10.2 of the Prospectus, and bank debt, in the amount of approximately €42,500,000, in order to develop the infrastructure currently being used by Melita Mobile.

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

The Subsidiary: Melita Infrastructure Limited

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

This investment forms part of the wider Melita Capital Group's, and the Melita plc Group's, long-term plan to invest in the latest network technologies to provide its customers with a superior experience across all the four services it offers. The submarine cable will provide increased reliability, efficiency and better connectivity for all the Melita plc Group's and the Melita Capital Group's customers and will provide Malta with a greater level of redundancy which is necessary for the country to attract continued foreign direct investment from call-centre, data centre and financial services companies.

The Affiliate: Melita Mobile Limited

On 16 August 2007, after successfully tendering to become the third wireless telecom operator in Malta, the Affiliate was granted a fifteen (15) year 3G licence by the Malta Communications Authority in exercise of the powers conferred on the Authority by the Electronic Communications (Regulation) Act (Cap. 399 of the Laws of Malta).

The Affiliate's commercial services were launched in February 2009, with coverage over approximately 99% of the Maltese population. The Affiliate's immediate objective is to provide 3G wireless services of high quality in terms of coverage, call completion, customer service and value.

Principal Investments

Other than the investments in the Subsidiary and the Affiliate described above, the Issuer is not party to any other principal investments, and the Issuer has not entered into or committed for any principal investments subsequent to 3 September 2009 (the date of the last published audited financial statements of the Issuer).

5.3 Principal Markets and Competition

The Issuer operates exclusively in and from Malta. The Melita Capital Group Companies operate in a highly competitive telecommunications market. The submarine cable laid and commissioned by the Subsidiary is the fourth submarine connection between Malta and Sicily. The Affiliate is the third licensed mobile telecom operator in Malta.

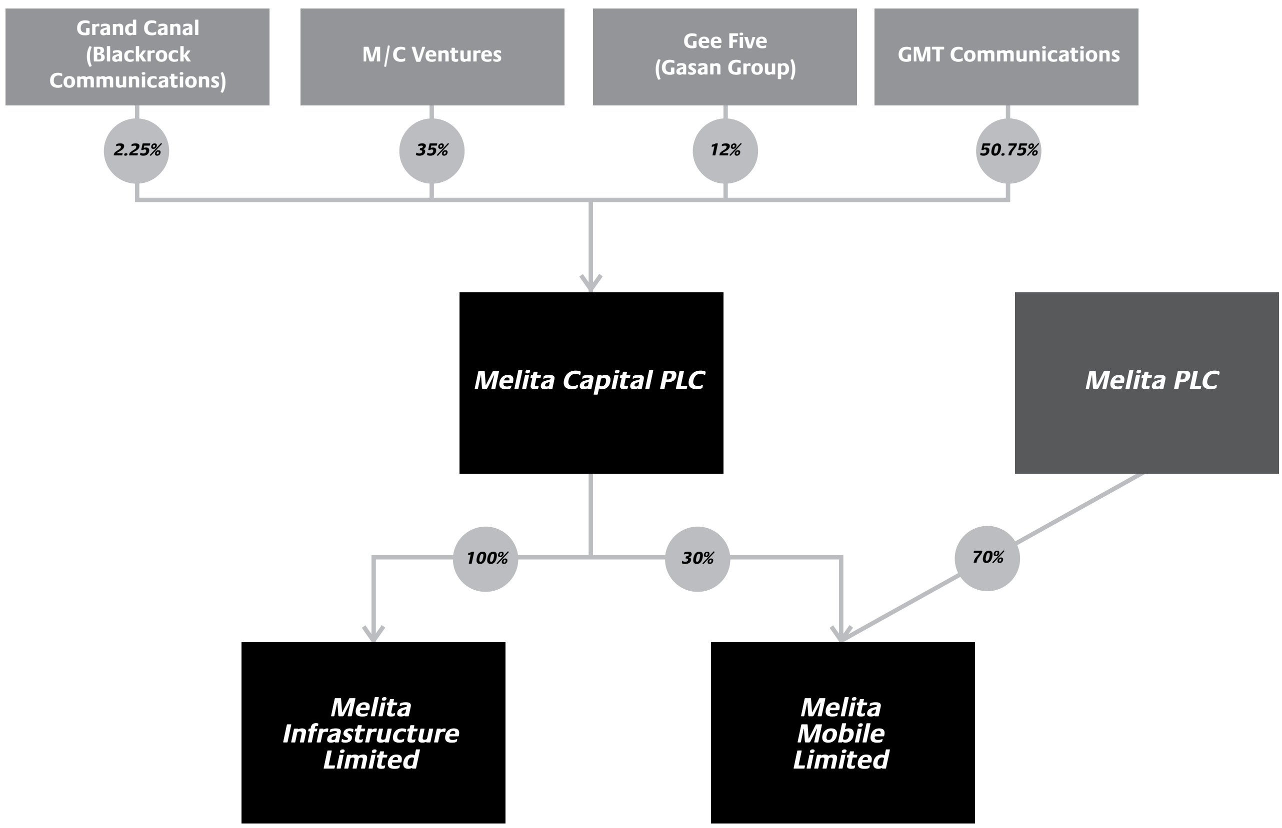
The Issuer expects both the other Melita Capital Group Companies to face significant ongoing competition in the future. In respect of the Affiliate's mobile operation, however, the Issuer is of the view that the Affiliate's business model is suitably geared to provide the operation with competitive strengths in designing, constructing and operating a wireless 3G network that will be responsive to customers' needs and will provide superior voice and data services.

Through its association, at shareholders level, with Melita plc and its subsidiaries, the Melita Capital Group Companies are in a position to offer customers an integrated telecoms package through the provision of: fixed line telephony (Melita plc); internet services (the Melita plc subsidiary Data Services Limited); cable television (Melita plc); and mobile telephony (the Affiliate). In addition, to further strengthen the infrastructural base of the Melita Capital Group, the Subsidiary provides dedicated international connectivity to all communications operations of the Melita Capital Group and the wider Melita plc Group. The directors believe that the current set-up will enable the Melita Capital Group to achieve a leading position to retain its status as a foremost communications player in the local market.

6. Organisational Structure

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

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



The Issuer is the sole shareholder of the Subsidiary, Melita Infrastructure Limited, and has a 30% holding in the Affiliate, Melita Mobile Limited. On [-] the Issuer subscribed for 168,079 ordinary shares in the Affiliate having a nominal value of €2.329373 per share, 30.65% paid up. In view of the control exercised by the 70% shareholder in the Affiliate, through its equity investment and financing arrangements, the stake held by the Issuer is not deemed to represent significant influence on the Affiliate's financial and operating policies. Accordingly, this holding is being reflected by the Issuer as a strategic investment.

The Issuer is dependent on the Subsidiary and Affiliate for its income, which is derived from interest receivable on loans advanced to the Subsidiary and Affiliate.

The Issuer is party to a management and support services agreement (the "MSS Agreement") with Melita plc in connection with the provision by Melita plc of management services at the strategic and operational level of the Issuer's business, enabling the Issuer to benefit from the experience and expertise of Melita plc management. In terms of the MSS Agreement, Melita plc also provides the Issuer with financial accounting services on an arm's length basis.

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

- the commitment of an executive team;
- an experienced, senior management team of international calibre; and
- an effective monitoring system assuring controls on standards and performance.

7. Trend Information and Forecasts

7.1 Trend Information

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

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

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

Introduction

Following its incorporation on 16 July 2009, the Issuer acquired 100% of the total issued share capital of the Subsidiary and 30% of the total issued share capital of the Affiliate. The remaining 70% of the Affiliate's shares are held by Melita plc, the leading home entertainment, broadband and fixed line telephony service provider which has serviced the local market since 1992. The Melita Capital Group is a wireless communications and wholesale fibre provider that offers 3G digital wireless services throughout Malta and wholesale voice and data fibre connectivity from Malta to Sicily.

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

Melita Capital's investments in the Subsidiary and the Affiliate are supported by solid business fundamentals, both present and future. These investments also constitute an investment in the future of Malta as an information society.

The Affiliate: Melita Mobile Limited

The Affiliate sells products and services to customers through its eight (8) retail stores owned and/or leased by the company itself as well as through indirect retailers and the network of stores under the name of the service provider 'Melita Mobile'. The Affiliate currently offers 24-month fixed contracts for mobile voice and data plans to its post-paid customers, as well as non-contracted pre-paid voice and data services. Due to the fact that Melita Mobile Limited remains a 70% subsidiary of Melita plc, the Affiliate (and, similarly, Melita plc) has the ability to offer customers pricing plans that will combine their mobile phone (voice and data), landline, television and broadband into one bill or any combination thereof. There are arm's length agreements in place to determine how revenue is shared where bundled packages combining the services of the Affiliate with Melita plc are sold.

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

As at the year end 2008 the Malta Communications Authority ("MCA") reported that the mobile subscriber base in Malta amounted to 385,636 users. With a total Maltese population base of 410,000 this represented a subscriber penetration base of 94%, marking a significant increase from the 76% penetration rate in 2004. In the same report the MCA noted that the division of post-paid and prepaid subscribers was 13.6% and 86.4% respectively. The Affiliate currently has 25,000 subscribers, which at present consist of approximately 85% fixed term contract post-paid customers and approximately 15% non-contracted prepaid customers. Indications are that the vast majority of these customers were prepaid customers who transferred from the company's competitors, rather than being new first time mobile subscribers.

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

As stated in this Prospectus (see Section 4.3 of Part C of this Prospectus), it is expected that a significant portion of the funds raised by the Bond Issue will ultimately be dedicated to financing SAC in the early growth stages of the Affiliate's life.
In order to attract new customers in this promotional phase, the Affiliate provides a subsidy on each handset ultimately sold to its customers, with the projected return on such investment expected to consist of the customers' use of mobile services over a number of months. SAC is inclusive of all transportation and duty costs as well as a fulfilment fee and the cost of SIM cards incurred as new customers are activated. It is expected that these costs will fall significantly once the initial launch phase of the mobile operation is completed, and will ultimately be funded from operating cashflow rather than from the company's reserves.

According to the MCA, ARPUs in the Maltese market for the quarter ended 31 December 2008 were €198.69 and €49.13 for post-paid and prepaid respectively. As with the majority of mobile telecommunications markets, the Affiliate expects overall market ARPU to decline over time after the market is heavily penetrated due to an increase in the proportion of lower income customers subscribing to a network and using that network's services less frequently, as well as with the onset of increased competitive pressures or decisions by regulators. The Affiliate expects the combination of its investment in a leading edge Ericsson 3G network together with the synergies that can be created through bundled offerings to customers through Melita plc to place the Affiliate in a position to seek to offset any decreases in ARPU through the introduction of additional value added services and through its own ongoing cost reduction efforts.

The directors of Melita Capital have significant experience in rolling out and developing profitable mobile operators worldwide. These include 'Digicel' in Central America and the Caribbean, 'Esat' in Ireland, 'Metro PCS' in the USA and 'Mobifon' in Romania. The directors have been involved in over thirty (30) launches of mobile operators, all being cases where the new entrant was the second or third player in that market, and accordingly faced competitive threats and opportunities similar to those experienced by Melita Mobile. All launches were indeed successful from a profit-generating perspective as well as from a value-generating perspective.

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

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

Apart from enabling higher revenues this strategy is also calculated to achieve higher customer loyalty of the Affiliate's subscriber base. This strategy of aiming to attain a higher than average post-paid split is that the company's initial capital outlay in higher handset subsidies, is expected to lead to higher losses in the initial years of operation as shown below in 2009 and 2010 but is then expected to generate stronger growth in revenues and sustained profitability.

Additionally, the Directors believe that the potential of providing 3G services to the Maltese consumer remains largely untapped. The Affiliate's relationship with its parent Melita plc, can create the appropriate synergies for rich video content particularly around sport, to benefit the Maltese consumer via Melita Mobile's 3G services, thus further strengthening the value added services that the Affiliate will be in a position to provide to its subscriber base and sustain further the case for higher customer loyalty and sustained revenue growth over time.

Melita Mobile Projections

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

The Subsidiary: Melita Infrastructure Limited

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

7.2 Profit Forecasts or Estimates

Information relative to the profit forecasts or estimates of the Issuer results from the information contained under the heading "Selected Financial Information" in Section 4.1 of Part C of this Prospectus. The forecast financial statements, together with significant assumptions and relevant accounting policies for the Issuer, are included in Part E. Additionally, Part E Annex II contains the report prepared by the independent accountants which confirms that the forecasts have been properly compiled on the basis stated therein and that the basis of accounting used for the forecast financial information is consistent with the accounting policies of the Issuer.

In relation to the forward-looking financial information referred to above, the investor is advised to take cognizance of, and if necessary seek expert advice on, the risk factors set out in Part B of this Prospectus under the sub-headings "**Forward-looking Statements**" and "**Risks inherent in Projections**."

8. Working Capital

The Directors, having made due and careful enquiry, are of the opinion that the working capital available to the Issuer and its subsidiaries will be sufficient for their requirements at least for the next twelve (12) months.

9. Management

9.1 The Board of Directors of the Issuer

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

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

Meetings of the Board of Directors are usually held at the registered office of the Issuer but may with the consent of all the Directors be held outside Malta.

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

9.1.1 Curriculum Vitae of the Directors of the Issuer

The following are short curriculum vitae of the Directors:

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

Mr. Gasan assumed the running of the family business in 1971 and in the mid-seventies initiated and directed an expansion and diversification programme which resulted in the evolvement of the Gasan Group to its present level of development. Under his Chairmanship, the Gasan Group successfully expanded its portfolio of activities; established leadership of the automotive business; captured a significant share of the insurance market; secured a strong presence in the development of residential and commercial property and maximized business opportunities in the engineering and information and communications technology sectors. The result has been the creation of a dynamic enterprise with the necessary human and financial resources to continue to seek fresh opportunities at home and abroad.

Mr. Massimo Prelz

Mr. Massimo Prelz joined GMT as a Partner in 2004 and is one of Europe's leading venture capital investors in telecommunications and media companies. He was previously managing director for Europe at Advent International, where he spent eight (8) years building and positioning the firm's European presence in telecommunications and media. Since 1988, Mr Prelz has completed over twenty four (24) venture capital investments within Europe and the USA, and is or has been a member of the board of directors of numerous companies. Mr Prelz has an MBA from the Wharton School of Finance. An Italian citizen, he is also fluent in French and English. Current directorships include Melita plc, PEPcom, Redext and Jazztel.

Mr. Timothy Simon Green

Mr Timothy Simon Green is a founding partner of GMT. He joined BCEL in 1993 and has seventeen (17) years of private equity investment experience, initially focused on early-stage high technology financings and more recently on the communications industry. He spent three (3) years with Baring Private Equity Partners, originally as group finance director and subsequently as an investment partner. He is a former manager of KPMG London, focusing on acquisition, due diligence and traditional audit assignments.

Mr Green is a qualified Chartered Accountant, holds an MSc in Management from the Sloan Fellowship Masters Programme at the London Business School and studied accountancy at Bristol Polytechnic. Current directorships include Docu Group, Multicom Security and Primesight.

Mr. Robert Savignol

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

Mr. James F. Wade

Mr. James F. Wade graduated from the University of Notre Dame in 1978 with a BBA in Finance, and was then employed by the Harris Bank in Chicago. He received an MBA from Harvard Business School, joined M/C Partners in 1982, and became a partner in 1987. Mr. Wade has been responsible for developing the firm's involvement in the telecom service sectors, including mobile wireless, broadband wireless, CLEC, fibre and residential broadband providers. As Managing Partner of M/C Venture Partners, Mr. Wade leads the investment process including determining sector focus, seeking out management teams, founding new companies and working with financial sources that provide debt and equity capital to grow companies. He currently serves on the boards of directors of Cavalier Telephone, Revol, NuVox Communications, Open Mobile, Lightower Holdings, Melita plc and Cellular One of East Texas. He also holds an observer seat on the Board of Directors of Airband.

Mr. Paul Connolly

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

Mr. Gary Quin

Gary Quin is Chief Executive Officer of Blackrock Communications, a telecommunications specific private equity firm focused on opportunities in developing markets. He is also currently Vice Chairman of Grand Canal Capital, a Bermudan-based private investment firm. Mr Quin holds an honours degree in European Economic Studies and Modern Languages from University College Cork, Ireland and a Master's degree in Business Administration from Trinity College Dublin, Ireland.

From 2001 until 2005, he was a Managing Director of Connolly Corporate Finance, a Dublin, Ireland and New York, USA-based boutique investment bank focussed on the telecommunications industry. During that time he led various financing and M&A transactions for Digicel, the Central American and Caribbean based mobile phone operator, including over US$2 billion in bond financing. He also led several telecommunications private equity transactions across Central and Eastern Europe, for an ultra high net worth individual. From 1999 to 2001, Mr Quin was a senior vice president of Inishowen Capital Partners, a New York based telecommunications focussed hedge fund. Prior to his MBA, he was Head of Sales with Auditone, a healthcare equipment supplier and from 1997 to 1998 was a professional athlete with the Irish national rowing team.

9.1.2 MSS Agreement

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

In terms of the MSS Agreement, the persons responsible for managing the Issuer are the following:

Chief Executive Officer – Stephen Wright	Gasan Centre Imriehel By-Pass, Imriehel Birkirkara BKR3000 Malta
Chief Financial Officer – Michael Maltby	Gasan Centre Imriehel By-Pass, Imriehel Birkirkara BKR3000 Malta
Chief Technical Officer – Simon Montanaro	Gasan Centre Imriehel By-Pass, Imriehel Birkirkara BKR3000 Malta

9.2 Aggregate Emoluments of Directors

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

9.3 Loans to Directors

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

9.4 Removal of Directors

A Director may, unless he resigns, be removed by the shareholder appointing him or by an ordinary resolution of the shareholders as provided in article 140 of the Act.

9.5 Powers of Directors

By virtue of the Memorandum and Articles of Association of the Issuer, the Directors are empowered to transact all business which is not by the Articles or by the Act expressly reserved for the shareholders in general meeting. The powers of the Directors of the Issuer are better described in Part C section 15.2 below.

9.6 Employees

As at the date of the Prospectus:

- the Issuer has no employees;
- the Subsidiary has no employees; and
- the Affiliate has 151 full-time employees.

10. Management Structure and Shareholding

10.1 Management Structure of the Issuer

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

The Directors may from time to time appoint any person to the office of Chief Executive of the Issuer for such period, and on such terms, as they think fit, and, subject to the terms of any agreement entered into in any particular case, may revoke such appointment. The Chief Executive may be asked to attend board meetings or general meetings of the Issuer provided that he shall have no right to vote thereat. If the person appointed to the office of Chief Executive is a director of the Issuer he shall be designated as Managing Director. In such case, such person shall have the right to attend and vote at board meetings in his capacity of director of the Issuer. The Directors may entrust to and confer upon a Chief Executive (or Managing Director, if applicable) any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

The Directors have appointed Mr Joseph Gasan as Chairman of the Issuer. The Issuer is a holding company and as such does not undertake any business activity or operation. Each of the Subsidiary and the Affiliate have their own management structures that manage their respective business. Furthermore, the Issuer is party to a management and support services agreement (the "MSS Agreement") with Melita plc in connection with the provision by Melita plc of management services at the strategic and operational level of the Issuer's business. A summary of the salient terms and conditions of the MSS Agreement are found in Section 6 of Part C of this Prospectus.

The Directors believe that the current organisational structure is adequate for the current activities of the Issuer as a holding company and of each of the Subsidiary and the Affiliate. The Directors will maintain this structure under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

10.2 Principal Shareholders of the Issuer

The four principal shareholders of the Issuer are:

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

GMT (Honey I) Sa.r.l. is wholly owned by the GMT Communications Partners third and current fund, GMT Communications Partners III, LP (GMT III). GMT Communications Partners is a leading private equity firm focusing on investments in the European communications industry. With a sixteen (16) year record of active investing, the GMT team is Europe's longest-established private equity firm specialising in the communications arena. GMT has established three funds since its launch in 1993 and has since made twenty eight (28) investments across eighteen (18) countries. GMT has organised syndicated portfolio financings - including equity and debt - with a total value in excess of €3.5 billion.

GMT's founders' first pan-European Communications fund was Baring Communications Equity Limited (BCEL). BCEL was established in 1993 with the support of London-based Baring Private Equity Partners, a global private equity firm and former member of ING Group, and US-based Communications Equity Associates, an investment banking and private equity firm. These origins reflect GMT's global outlook on industry trends, investment methods, deal sourcing and access to capital from its earliest stage of development.

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

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

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

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

Gee Five Limited: 12% shareholders

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

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

Grand Canal Capital Limited: 2.25% shareholders

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

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

The composition of the Board of Directors (see preceding paragraph) ensures that no shareholder can exercise undue control over the Board of Directors, and is intended to secure a balance of power between shareholders. This balance is further strengthened by the decision-making process requiring, at both director and shareholder level, qualified majorities for those corporate matters typically considered to be of greatest importance. In fact, at shareholder level, in terms of the Memorandum and Articles of Association of the Issuer, while ordinary resolutions may, in practice, be passed at general meeting by GMT alone, the overwhelming majority of matters specified in the same Memorandum and Articles require M/C Ventures' written consent or direction and, in relation to some of these matters, the consent or approval of either of M/C Ventures or Gee Five Limited. The shareholding structure of the Issuer is set out in this section 10.2 as well as in Section 6 of Part C of this Prospectus.

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

11. Audit Practices

11.1 Audit Committee

The Audit Committee's primary objective is to assist the Board in fulfilling its responsibilities: in dealing with issues of risk, control and governance; and review the financial reporting processes, financial policies and internal control structure. The Committee oversees the conduct of the internal and external audit and acts to facilitate communication between the Board, management, the external auditors and the internal audit team.

In view of the set up of the Melita Capital Group, although the Audit Committee is set up at the level of the Issuer, its main tasks are related principally to the activities of the Subsidiary and to a limited extent to the activities of the Affiliate. The Affiliate's audit committee function is undertaken at the level of Melita plc, its 70% shareholder.

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

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

- monitoring the integrity of the financial statements issued by the company, as well as the internal control structures (including the appropriateness and security of computer systems being utilized), the financial reporting process (ensuring that the recommendations made by external auditors are implemented in a timely manner) and financial policies of the company;
- maintaining communications on such matters between the Board, management and the external auditors;
- preserving the Issuer's assets by understanding the Issuer's risk environment and determining how to deal with those risks;
- the appointment of the external Auditor and the approval of the remuneration and terms of engagement thereof following appointment by the shareholders in general meeting.

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

(a) the company's internal financial control systems;
(b) the external audit functions, including the external auditor's independence, objectivity and effectiveness;
(c) the information upon which the management bases its decision to consider the business as a going concern;
(d) the accounting policies adopted and assumption made;
(e) whether the company's financial statements compare well with the industry norm;
(f) the company's annual and interim financial statements, and to evaluate the completeness of the financial information presented and investigate any significant variances from previous years;
(g) the adherence to laws and regulations and compliance with the Listing Rules;
(h) the financial performance of related companies, in relation to any outstanding borrowings the latter may have with the company; and
(i) the company's tax position.

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

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

11.2 Internal Audit

The role of the internal audit team is to carry out systematic risk-based reviews and appraisals of the operations of the Issuer (as well as of the Subsidiary and the Affiliate from time to time thereof) for the purpose of advising management and the Board, through the Audit Committee, on the efficiency and effectiveness of internal management policies, practices and controls. This function is expected to promote the application of best practices within the Issuer's organisational structure.

The internal audit unit reports directly to the Audit Committee.

12. Corporate Governance

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

13. Historical Financial Information

The historical financial information about the Issuer is available for inspection as set out in section 18 below.

There have been no significant changes to the financial or trading position of the Issuer since the end of the financial period to which the last Audited Financial Statements referred to in section 18(c) below of Part C of this Prospectus relate.

14. Litigation

The Directors are not aware of any current litigation against or otherwise involving the Issuer, including actual, pending or threatened governmental, legal or arbitration proceedings, which the Directors consider could have significant effects on the Issuer's financial position or profitability.

15. Additional Information

15.1 Share Capital

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

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

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

It is not expected that shares in the Issuer shall be issued during the next financial year, whether fully or partly paid up, in consideration for cash or otherwise.

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

15.2 Memorandum and Articles of Association

(a) Objects

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

The main objects for which the Issuer is constituted are set out in article 3 of the Memorandum of Association of the Issuer and include, but are not limited to, the carrying on of the business of a finance and investment company and in particular but without prejudice to the generality of the foregoing the financing or re-financing of the funding requirements of the business of its subsidiaries and/or associated companies.

A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of this Prospectus at the registered office of the Issuer and at the Registrar of Companies of the Malta Financial Services Authority.

(b) Voting Rights & Restrictions

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

Whenever there are preference shares in issue, the holders thereof shall have the same rights as the holders of Ordinary shares in receiving notices, reports, financial statements and in attending general meetings of the Issuer. However, such holders of preference shares, shall not, as holders of preference shares, have the right to vote at General Meetings except on a resolution:

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

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

(c) Appointment of Directors

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

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

(d) Powers of Directors

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

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

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

In terms of the Memorandum and Articles of Association, the Board of Directors may exercise all the powers of the Issuer to borrow money and give security therefor, as they think fit.

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

16. Material Contracts

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

17. Third Party Information and Statement by Experts

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

The Accountant's report dated 5 August 2009 has been included in the form and context in which it appears with the authorisation of PricewaterhouseCoopers of 167, Merchants Street, Valletta, Malta. The foregoing experts do not have a beneficial interest in the Issuer.

18. Documents Available for Inspection

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

(a) Memorandum and Articles of Association of the Issuer;
(b) Melita Capital plc – Pro Forma Consolidated Financial Information and Accountants' Report as at 31 May 2009;
(c) Melita Capital plc– Audited Financial Statements for the period commencing on the date of registration of the Issuer and ended 3 September 2009;
(d) Melita Infrastructure Limited – Audited Financial Statements for the financial period ended 31 May 2009;
(e) Melita Mobile Limited – Audited Financial Statements for the financial year ended 31 December 2008 and for the period ended 31 May 2009;
(f) Management and Support Services Agreement between the Issuer and Melita plc;
(g) Loan agreement between the Issuer and the Subsidiary; and
(h) Loan agreement between the Issuer and the Affiliate.

Part D
- INFORMATION ABOUT THE BONDS -

19. Details of the Bond Issue

The Bond Issue

The Issuer is making an offering of seven point one five per cent (7.15%) Bonds due 2014 - 2016 for an aggregate principal amount of €25,000,000, provided that in the event that the Issuer receives applications to subscribe for Bonds, a specimen of which is found in Part III of Annex I, (the "Applications" or "Application Forms") in excess of €25,000,000, the Issuer has the option to increase the issue of Bonds by a maximum of an additional five million Bonds (€5,000,000) up to an aggregate principal amount of €30,000,000, to the general public. The Bonds, having a nominal value of €100 each, will be issued at par and shall bear interest at the rate of seven point one five per cent (7.15%) per annum payable semi-annually, the first such payment to be made on 30 March 2010.

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

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

Plan for Distribution

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

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

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

Preferred Applicants and Allocation Policy

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

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

The Issuer will determine and announce the allocation policy for the allotment of the Bonds within five (5) Business Days of the closing of subscriptions in at least one newspaper. Notification of allotments shall be made by the Central Securities Depository of the MSE once the Bonds have been admitted to the Second Tier Market of the MSE.

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

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

Offer Period

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

Refunds

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

20. Information concerning the Securities

20.1 Description and Type of Securities

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

The Bonds have been created in terms of the Act. The Bonds will be issued in uncertificated form, and following admission of the Bonds to the Second Tier Market of the Malta Stock Exchange, the Bonds shall be held in book-entry form by the Central Security Depository of the Malta Stock Exchange.

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

20.2 Status

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

20.3 Terms and Conditions of Issue

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

20.4 Interest

The Bonds shall accrue interest at the rate of 7.15% per annum payable semi-annually on 30 March and 30 September of each year. Interest shall accrue as from the date of announcement of the basis of allotment and allocation policy of the Bonds. The first Interest Payment Date is expected to be 30 March 2010.

20.5 Maturity and Redemption

The Bonds shall become due for final redemption on 30 September 2016, provided that the Issuer reserves the right to redeem the Bonds or any part thereof on any of the Designated Early Redemption Dates, as the Issuer may determine, on giving not less than thirty (30) days notice to Bondholders. Redemption of the Bonds shall be made at the nominal value of the Bonds. In addition, the Issuer reserves the right to purchase, from the market at any time after issue, Bonds for cancellation.

20.6 Public Offer

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

20.7 Authorisations

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

20.8 Expected Date of Issue of the Bonds

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

20.9 Exchange Controls

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

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

20.10 Taxation

General

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

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which the Issuer is not aware that any 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 professional advice in this respect should be sought accordingly.

Malta tax on Interest

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act, (Cap. 123, Laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest (subject to certain exceptions where a lower rate would apply), pursuant to article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta). Bondholders who do not fall within the definition of a "recipient" do not qualify for the said rate and should seek advice on the taxation of such income as other rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder need not declare the interest so received in his income tax return. Furthermore, Bondholders in receipt of interest net of the final withholding tax are not subject to further tax in respect of such income. However any tax withheld is not available to any Bondholder for a credit against that Bondholder's tax liability or for a refund as the case may be.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such Bondholder will be obliged to declare the interest so received in his income tax return and be subject to tax on it at the standard rates applicable to that person at that time. Additionally, in this latter case, the Issuer will advise the Inland Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients unless the beneficiary does not qualify as a "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta). Any such election made by a "recipient" Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

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

European Union Savings Directive

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

Maltese taxation of capital gains on transfer of the Bonds

On the assumption that the Bonds would not fall within the definition of "securities" in terms of article 5(1)(b) of the Income Tax Act, that is, "shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return", no tax on capital gains is chargeable in respect of transfer of the Bonds held as capital assets at the time of disposal.

Duty on documents and transfers

In terms of article 50 of the Financial Markets Act (Cap 345, Laws of Malta), as the Bonds constitute financial instruments of a company quoted on a Recognised Investment Exchange, as is the MSE, redemptions and transfers of the Bonds is exempt from Maltese duty.

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

20.11 Sinking Fund

The Issuer hereby undertakes that from the financial year ending 31 December 2011, it shall, over a period of five (5) years therefrom, build a sinking fund the value of which will by the end of such period be equivalent to 50% of the value of the issued Bonds, thus creating a cash reserve from its annual surpluses to meet part of the redemption proceeds on the Redemption Date.

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

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

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

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

21. Admission to Trading

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

22. Estimated Expenses of the Bond Issue

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

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

Part E
- ANNEXES -

Annex I

Part I – Terms and Conditions of the Bond

The rights attaching to the Bonds are those set out in the terms and conditions of issue set out in this Annex I, which terms and conditions the Bondholders and any person claiming through or under a Bondholder are hereby deemed to have received knowledge of and to have accepted to be bound by.

1. General

(a) Each Bond forms part of a duly authorised issue of registered Bonds of a nominal value of €100 each Bond, issued by the Issuer at the Bond Offer Price of €100 per Bond, of an aggregate principal amount of €25,000,0000 (except as otherwise provided under clause 9 "Further Issues" below) or in the event of the exercise by the Issuer of the Over-allotment Option an aggregate of €30,000,000, which shall bear interest at the rate of 7.15% per annum.

(b) Unless previously purchased and cancelled, the Bonds shall be redeemable at the nominal value on any date between 30 September 2014 and 30 September 2016, as the Issuer may determine, on giving not less than thirty (30) days prior notice to the Bondholders.

2. Form, Denomination and Title

The Bonds will be issued in fully registered form, without coupons, in denominations of any integral multiple of €100. The Bonds, and transfer thereof, shall be registered as provided under Clause 8 "Registration, Replacement, Transfer and Exchange" below. A person in whose name a Bond shall be registered shall (to the fullest extent permitted by law) be treated at all times and for all purposes as the absolute owner of such Bond regardless of any notice of ownership or trust.

3. Interest

(a) The Bonds shall, from the Issue Date, bear interest at the rate of 7.15% per annum on the nominal value of the Bond, payable semi-annually in arrears, on 30 March and 30 September of each year, the first payment becoming due on 30 March 2010 (each such day, an "**Interest Payment Date**"). Each Bond will cease to bear interest from and including its due date of redemption unless, upon due presentation, payment of the principal in respect of the Bond is improperly withheld or refused or unless the Issuer defaults in which event interest shall continue to accrue at the rate specified above or at the rate of two per cent (2%) per annum above the European Central Bank's refinancing rate, whichever is the greater; and

(b) When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of a three hundred and sixty (360) day year consisting of twelve (12) months of thirty (30) days each, and, in the case of an incomplete month, the number of days elapsed.

4. Status of the Bonds and Negative Pledge

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

(b) The Issuer undertakes, for as long as any principal or interest under the Bonds or any of the Bonds 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 its present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer, unless at the same time or prior thereto the Issuer's indebtedness under the Bonds, shares in and is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

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

"**Financial Indebtedness**" means any indebtedness in respect of (A) monies borrowed; (B) any debenture, bond, note, loan stock or other security; (C) any acceptance credit; (D) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance for the acquisition of that asset; (E) leases entered into primarily as a method of raising finance for 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 against financial loss of any person;

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

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

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

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

5. Payments

(a) Payment of the principal amount of a Bond will be made in euro to the person in whose name such Bond is registered, with interest accrued to the Redemption Date, against surrender of such Bond at the registered office of the Issuer or at such other place in Malta as may be notified by the Issuer by way of a cheque drawn on a bank in Malta.

(b) Payment of interest on a Bond will be made in euro to the person in whose name such Bond is registered as at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate from time to time.

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

(d) No commissions or expenses shall be charged to the Bondholders in respect of such payments.

6. Redemption and Purchase

(a) Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on any date between 30 September 2014 and 30 September 2016, as the Issuer may determine, on giving not less than thirty (30) days prior notice to the Bondholders.

(b) The Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

(c) All Bonds so purchased will be cancelled forthwith and may not be re-issued or re-sold.

7. Events of Default

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

(i) the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or

(ii) the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or

(iii) an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or

(iv) the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or

(v) the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or

(vi) 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 one million two hundred fifty thousand Euros (€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

(vii) 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 one million two hundred fifty thousand Euros (€1,250,000) or its equivalent at any time.

8. Registration, Replacement, Transfer and Exchange

(a) A register of the Bonds will be kept by the Issuer at the Central Securities Depository ('CSD') of the MSE, wherein there will be entered the names and addresses of the Bondholders and particulars of the Bonds held by them respectively and a copy of such register will at all reasonable times during business hours be open to inspection at the registered office of the Issuer.

(b) Bonds shall be issued in uncertificated form and shall be maintained in book-entry form at the CSD of the MSE. The Bonds shall accordingly be evidenced by a book-entry in the register of Bondholders held by the CSD. The CSD will, on request, issue a statement of holdings to Bondholders evidencing their entitlement to Bonds held in the register kept by the CSD.

(c) A Bond may be transferred only in whole in accordance with the rules and procedures applicable from time to time at the Malta Stock Exchange.

(d) Any person becoming entitled to a Bond 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 or the Malta Stock Exchange, elect either to be registered himself as holder of the Bond 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 executing to that person a transfer of the Bond.

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

(f) The cost and expenses of effecting any exchange or registration of transfer or transmission except for the expenses of delivery by 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 Issuer.

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

9. Further Issues

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further bonds, notes, debentures or any other debt securities, whether ranking pari passu in all respects with or subordinated to the Bonds (or in all respects save for the first payment of interest thereon).

10. Meetings of Bondholders

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

(a) In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bond it shall call a meeting of Bondholders by giving such Bondholders not less than fourteen (14) days notice in writing setting out in the notice the time, place and date set for the meeting and the matters to be discussed thereat.

(b) A meeting of Bondholders shall only validly and properly proceed to business if there is quorum present at the commencement of the meeting. For this purpose a quorum shall be considered present if there are Bondholders present, in person or by proxy, accounting for at least fifty per cent (50%) in nominal value of the Bonds then outstanding.

(c) Once a quorum is declared present by the Chairman of the meeting (who shall be the person who in accordance with the regulations of the Issuer would chair a general meeting of shareholders), the meeting may then proceed to business and the directors of the Issuer or their representatives shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that the Terms and Conditions of Issue of the Bonds ought to be amended as proposed by the Issuer. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present.

(d) The voting process shall be managed by the Company Secretary of the Issuer under the supervision and scrutiny of the Auditors of the Issuer.

(e) The proposal placed before a meeting of Bondholders shall only be considered approved if at least seventy-five per cent (75%) in nominal value of the Bondholders present at the meeting shall have voted in favour of the proposal.

(f) Save for the above, the rules generally applicable to the Issuer during general meetings of shareholders shall apply.

11. Bonds held Jointly

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

12. Bonds held Subject to Usufruct

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

13. Governing Law and Jurisdiction

(a) The Bonds are governed by and shall be construed in accordance with Maltese law.

(b) Any legal action, suit, action or proceeding against the Issuer arising out of or in connection with a Bond shall be brought exclusively before the Maltese Courts.

14. Notices

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

15. Listing

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

Part II – Terms and Conditions of Application

The contract created between the Issuer and a Bondholder further to the Issuer's acceptance of an Application submitted by the Applicant shall be subject to the terms and conditions set out herein:

1. Subject to all other terms and conditions of Application set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down any Application, including multiple or suspected multiple Applications, 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 is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted. If any Application is not accepted, or if any Application is accepted for fewer Bonds than those applied for, then the Applicant shall receive a refund of the price of the Bonds applied for but not allocated. The Application monies or the balance of the amount paid on Application will be returned by the Issuer by direct credit into the Applicant's bank account as indicated in the Application, within five (5) Business Days from the date of final allocation. No interest shall be due on refunds and any risk of loss or gain that may emerge on exchange of refunds from the currency of denomination of the Bonds applied for into the base currency of the Applicant shall be at the charge or for the benefit of the Applicant.

2. In the case of joint Applications, reference to the Applicant in these Terms and Conditions of Application is a reference to each Applicant, and liability therefore is joint and several. Furthermore, as joint Applicants, each Applicant warrants that he/she has only submitted one Application Form in his/her name.

3. Any person, whether natural or legal, shall be eligible to submit an Application, and any one person, whether directly or indirectly, should not submit more than one 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 on behalf of, and bind, such Applicant. It shall not be incumbent on the Issuer or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorised.

4. 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 payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interests shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.

5. All applications for the subscription of Bonds must be submitted on Application Forms within the time limits established herein (refer to Expected Timetable set out in Part C section 3.2 of this Prospectus). The minimum subscription of Bonds is €1,000 in value. Applications in excess of the said minimum thresholds must be in multiples of €100. The completed Application Forms are to be lodged with any of the Authorised Intermediaries mentioned in this Prospectus. All Application Forms must be accompanied by the full price of the Bonds applied for in the currency of designation of the Bonds applied for and in cleared funds.

Payment may be made either in cash or by cheque payable to "The Registrar – Melita Capital plc Bond Issue". In the event that a cheque accompanying an Application Form is not honoured on its first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application Form.

6. By completing and delivering an Application Form you (as the Applicant (s)):
(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 Offer Price subject to the Prospectus, these Terms and Conditions of Application and the Memorandum and Articles of Association of the Issuer;

(b) authorise the Registrar and the Directors of the Issuer to include your name or in the case of joint Applications, the first named Applicant, in the register of Debentures of the Issuer in respect of the Bonds allocated to you;

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

(d) agree that the registration advice and other documents and any monies returnable to you may be retained pending clearance of your remittance and any verification of identity as required by the Prevention of Money Laundering Act 1994 (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;

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

(f) warrant that, if you sign the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, you have due authority to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of Application and undertake to submit your power of attorney or a copy thereof duly certified by a lawyer or notary public if so required by the Registrar;

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

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

(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;

(j) confirm that you have reviewed and you will comply with the restriction contained in section 7 below and the warning in this section 6;

(k) warrant that you are not under the age of eighteen (18) years or if you are lodging an Application in the name and for the benefit of a minor, warrant that you are the parents or legal guardian/s of the minor;

(l) agree that such Application Form is addressed to the Issuer and that in respect of those Bonds for which your Application has been accepted, you shall receive a registration advice confirming such acceptance;

(m) confirm that in the case of a joint Application the first named Applicant shall be deemed the holder of the Bonds;

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

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

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

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

(r) represent that you are not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act")) and that you are not accepting the invitation comprised in the Prospectus from within the United States of America, its territories or its possessions, any State of the United States of America or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person, unless you indicate otherwise on the Application Form in accordance with the instructions of the Application Form.

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

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

9. For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2008 (Legal Notice 180 of 2008), all Authorised Intermediaries are under a duty to communicate, upon request, all information they hold about clients, pursuant to Articles 1.2(d) and 2.4 of the "Code of Conduct for Members of the Malta Stock Exchange" appended as Appendix IV to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the Authorised Intermediaries are Malta Stock Exchange members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 440 of the Laws of Malta) for the purposes, and within the terms of, the Malta Stock Exchange's Data Protection Policy as published from time to time.

10. Within five (5) Business Days from the closing of the subscription lists, the Issuer shall determine, and either directly or through the Registrar, announce by way of press release, the basis of acceptance of Applications and allocation policy to be adopted.

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

12. Application has been made to the Malta Stock Exchange for the Bonds to be admitted to the Second Tier Market for trading. Dealing shall commence upon admission to trading of the Bonds by the MSE and following notification to the applicants of their respective allotments.

13. The Application lists for the Bonds will open at 08:30 hours on 28 September 2009 and will close as soon thereafter as may be determined by the Issuer but not later than 17:00 hours on 2 October 2009, subject to the right of the Issuer to close subscription lists before such date in the event that the Bond Issue is over-subscribed.

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

Part III – Specimen Application Form

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

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

APPLICANT *(see notes 3 to 7)*

A ☐ Non-Resident ☐ Minor (under 18) ☐ Body Corporate/ Body of Persons ☐ CIS-Prescribed Fund ☐ Employee

B

TITLE (Mr/Mrs/Ms/ ......)	FULL NAME & SURNAME / REGISTERED NAME		
ADDRESS			
			POSTCODE
MSE A/C NO. (if applicable)	I.D. CARD / PASSPORT / COMPANY REG. NO.	TEL. NO.	MOBILE NO.

C **ADDITIONAL (JOINT) APPLICANTS** *(see note 3)* *(please use additional Application Forms if space is not sufficient)*

TITLE (Mr/Mrs/Ms/ ......)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.
TITLE (Mr/Mrs/Ms/ ......)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.

D **MINOR'S PARENTS / LEGAL GUARDIAN/S** *(see note 5)* *(to be completed ONLY if the Applicant is a minor)*

I	TITLE (Mr/Mrs/Ms/ ......)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.
II	TITLE (Mr/Mrs/Ms/ ......)	FULL NAME & SURNAME	I.D. CARD / PASSPORT NO.

E **I/WE APPLY TO PURCHASE AND ACQUIRE** *(see notes 8 to 9)*:

AMOUNT IN FIGURES	AMOUNT IN WORDS
€	

Melita Capital p.l.c. 7.15% Bonds 2014 - 2016 (minimum €1,000 and in multiples of €100 thereafter) or any smaller amount of Bonds for which this Application may be accepted at the Bond Offer Price, as defined in the Prospectus dated 4th September 2009 (the "Prospectus"), payable in full upon application under the Terms and Conditions as defined in the said Prospectus.

F **RESIDENT - WITHHOLDING TAX DECLARATION** *(see note 10)* *(to be completed ONLY if the Applicant is a Resident of Malta)*

☐ I/We elect to have Final Withholding Tax deducted from my/our interest.

☐ I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).

G **NON-RESIDENT - DECLARATION FOR TAX PURPOSES** *(see note 11)* *(to be completed ONLY if the Applicant is a Non-Resident)*

TAX COUNTRY		TOWN OF BIRTH	
T I N (Tax Identification Number)		COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD	COUNTRY OF ISSUE	NUMBER	ISSUE DATE

☐ I/We am/are **NOT** Resident in Malta but I/we am/are Resident in the European Union.

☐ I/We am/are **NOT** Resident in Malta and I/we am/are **NOT** Resident in the European Union.

H **INTEREST MANDATE** *(see note 10)*

BANK	BRANCH	ACCOUNT NUMBER

I **I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, dated 4th September 2009 and subject to its Terms and Conditions which I/we fully accept. Furthermore, I/we confirm that this is the only Application Form I/we am/are submitting on my/our behalf or on behalf of the company or other entity I/we represent.**

Signature/s of Applicant/s
(Both parents or legal guardian/s are/is to sign if Applicant is a minor)
(All parties are to sign in the case of a joint Application)

Date

AUTHORISED INTERMEDIARY'S STAMP	AUTHORISED INTERMEDIARY'S CODE	Application Number

Melita Capital p.l.c.

Notes on how to complete this Application Form and other information

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

1. This Application is governed by the Application Conditions contained in [Part II of Annex I] of the Prospectus dated 4th September 2009. Capitalised terms not defined herein, shall unless the context otherwise requires have the meanings ascribed to them in the Prospectus dated 4th September 2009.

2. The Application Form is to be completed in BLOCK CHARACTERS.

3. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels B and C **but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds. Interest and redemption proceeds will be issued in the name of such Bondholder (Vide note 7 below).**

4. Applicants who are Non-Resident in Malta for tax purposes, must indicate their passport number in Panel B and complete panel G; the relative box in Panel A must also be marked appropriately.

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

6. In the case of a body corporate, the name of the entity, exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.

7. **APPLICANTS WHO HOLD SECURITIES ON THE MALTA STOCK EXCHANGE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**

8. Applications must be for a minimum of €1,000 and thereafter in multiples of €100.

9. Payment in Euro may be made by cheque payable to 'The Registrar – Melita Capital p.l.c. Bond Issue'. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.

10. Only Applicants who hold a valid official Maltese Identity Card or Companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of Final Withholding Tax), but he/she will be obliged to declare interest so received on his/her income tax return. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in Panel A) will have Final Withholding Tax, currently 10% deducted from interest payments. Applicants will receive their interest directly in a bank account held locally in Euro and such choice is to be indicated in Panel H. If any Application is not accepted, or is accepted for fewer Bonds after the closure of the Subscription Lists, than those applied for, the monies or the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the Applicant's bank account as indicated in Panel H.

11. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. European Council Directive 2003/48/EC on the Taxation of Savings Income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the Directive applies (called a "specified territory") then the interest paid will be reported.

12. Subscription Lists will open at 08.30 hours on 28th September 2009 and will close at 17.00 hours on 2nd October 2009. The Issuer reserves the right, however, to close the Bond Issue before the 2nd October 2009 in the event of over-subscription. Any Applications received by the Registrar after the subscription lists close will be rejected. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond Issue as contained in the Prospectus dated 4th September 2009.

13. Completed Application Forms are to be delivered to the office of the Issuer, the Registrar or any Authorised Financial Intermediary listed in the Prospectus, during normal office hours. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not received by the closing of the subscription lists.

14. The Bonds will be listed and traded on the Second Tier Market, which market is designed primarily for companies to which a higher investment risk than that associated with established companies tends to be attached.

15. By completing and delivering an Application Form you (as the Applicant(s)):
    a. acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act 2001;
    b. acknowledge that the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for and
    c. acknowledge that you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The request must be signed by yourself, as the Applicant to whom the personal data relates.

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

Annex II
- FORECAST FINANCIAL INFORMATION OF THE ISSUER -

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– FORECAST CONSOLIDATED FINANCIAL INFORMATION OF THE ISSUER

Summary of Significant Assumptions and Accounting Policies

1. Introduction

The forecast consolidated financial statements of Melita Capital plc (“the Issuer”) for the financial period ending 31 December 2010 have been prepared to provide financial information for the purposes of inclusion in the Prospectus of Melita Capital plc dated 4 September 2009. These forecast consolidated financial statements, set out on pages 108 to 110, and the assumptions below are the sole responsibility of the Directors of the Issuer.

The forecast consolidated financial statements have been based on unaudited financial information comprising the forecast financial information of the Issuer covering the period from 16 July 2009, the date of incorporation of the Issuer, to 31 December 2010. The forecast consolidated financial statements include the consolidated results of the Melita Capital Group, which comprises the Issuer, Melita Infrastructure Limited (“the Subsidiary”) and Melita Mobile Limited (“the Affiliate”).

The Issuer acquired the entire share capital of the Subsidiary (save for one share) on 13 August 2009 in exchange for shares. The effective date of this transaction is 31 May 2009. Accordingly, the forecast consolidated financial statements include the results of the Subsidiary from the effective date to 31 December 2010. In addition, on 3 September 2009 the Issuer has also subscribed for 30% shareholding in the Affiliate for an initial consideration of €120,000.

The forecast consolidated financial statements are intended to show a possible outcome based on assumptions as to future events, which the directors expect to take place, and on actions the directors expect to take. Events and circumstances frequently do not occur as expected and therefore actual results may differ materially from those included in the forecast consolidated financial statements. Attention is drawn, in particular, to the risk factors set out in the Prospectus, which describe the primary risks associated with the business to which the forecast consolidated financial statements relate.

The directors have exercised due care and diligence in adopting these assumptions. The forecast financial information was formally approved on 4 September 2009 and the stated assumptions reflect the judgements made by the directors at that date. The assumptions that the directors believe are significant to the forecast consolidated financial statements are set out in Section 3 below.

2. Significant Accounting Policies

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

3. Basis of Preparation and Principal Assumptions

The principal assumptions relating to the environment in which the Issuer operates, and the factors which are exclusively outside the influence of the directors and which underlie the forecast consolidated financial statements are the following:

- there will be no material adverse events originating from market and economic conditions including consumer spending levels on telecommunication services and technological developments that would endanger the ability of the Subsidiary and the Affiliate to meet their commitments to the Issuer;
- the Melita Capital Group will continue to enjoy the confidence of its bankers;
- the basis and rates of taxation will not change materially throughout the period covered by the forecast; and
- the rate of inflation will not exceed that experienced in the last few years.

The principal assumptions relating to the environment in which the Issuer operates, and the factors which the directors can influence and which underlie the forecast consolidated financial statements, are the following:

3.1 Revenues

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

3.2 Gross profit

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

- cost of connectivity is based on the contracted rates set out in the Subsidiary's agreement with the Italian service provider and the forecast level of data throughput generated by the Melita plc Group activities;
- depreciation charge is based on the economic lifetime of the submarine cable of 20 years; and
- estimated maintenance provision based on a percentage of capital expenditure of the submarine cable.

3.3 Administrative expenses and other income

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

3.3.2 Other income comprises the loan arrangement fee receivable from the Affiliate.

3.4 Bond proceeds utilisation, finance income and expenses

3.4.1 The forecast consolidated financial statements have been based on the assumption that the Over-allotment Option will be exercised and accordingly, it is assumed that, the gross proceeds raised will amount to €30,000,000. Out of the proceeds, net of the €1,000,000 estimated bond issue costs, €22,000,000 will be advanced to the Affiliate. The remaining €7,000,000 will be used to substitute project finance currently in place for the Subsidiary in respect of the laying and setting up of the submarine cable. These advances are covered by loan agreements, which set out the interest and capital repayment schedules within the term of the Bond.

3.4.2 The Issuer's forecast finance income relates to interest receivable on the loan advanced to the Affiliate at the contracted rate of 7.65% per annum. The loan agreement provides for the Affiliate to commence payment of interest on 31 December 2011 and for it to be accrued up to that date.

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

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

3.5 Investment in available-for-sale financial asset

3.5.1 The carrying amount of the investment in the available-for-sale financial asset represents the paid-up amount of the shares in the Affiliate. It is assumed that the unpaid amount of the shares will not be called up in the forecast period.

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

3.6 Taxation

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

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

4. Conclusion

The directors of Melita Capital plc believe that the assumptions on which the forecasts are based are reasonable. The directors further believe that, in the absence of unforeseen circumstances outside their control, the working capital available to the Issuer will be sufficient for the carrying out of its business.

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

Mr Joseph A. Gasan
Chairman

Mr Gary Quin
Director

Forecast consolidated income statement

for the period ending 31 December 2010

	Forecast Period from 16 July 2009 to 31 December 2010 €
Revenue	4,747,696
Cost of sales	(2,872,496)
Gross profit	1,875,200
Administrative expenses	(621,260)
Other income	214,795
Operating profit	1,468,735
Finance income	2,124,622
Finance costs	(3,453,181)
Profit before tax	140,176
Tax expense	(75,023)
Profit for the period	65,153
Earnings per share (cents)	36c9

Forecast consolidated statement of financial position

As at 31 December 2010

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

Forecast consolidated statement of cash flows

for the period ending 31 December 2010

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

Forecast consolidated statement of changes in equity

for the period ending 31 December 2010

	Share capital €	Retained earnings €	Total €
Balance at 16 July 2009	176,400	-	176,400
Profit for the financial period	-	65,153	65,153
Balance at 31 December 2010	**176,400**	**65,153**	**241,553**

PRICEWATERHOUSECOOPERS

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Facsimile +356 21 244 768
www.pwc.com

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

4 September 2009

Dear Sirs,

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

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

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

Directors' responsibility for the forecast consolidated financial statements

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

Accountants' responsibility

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

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

Basis for opinion

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

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

Opinion

In our opinion:

- the forecast consolidated financial statements have been properly compiled on the basis stated; and

- this basis is consistent with the accounting policies adopted by Melita Capital plc.

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

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

Yours faithfully,

David Valenzia
Partner
for and behalf of

PRICEWATERHOUSECOOPERS
167, Merchants Street,
Valletta
Malta

Annex III
- LIST OF AUTHORISED INTERMEDIARIES -

Members of the Malta Stock Exchange

Atlas Investment Services Ltd Abate Rigord Street, Ta' Xbiex XBX 1121	Tel: 2132 2590 www.altas.com.mt	Fax: 2132 2584
Bank of Valletta plc Financial Markets & Investments Division, BOV Centre, Cannon Road, St Venera SVR 9030	Tel: 2131 2020 www.bov.com	Fax: 2275 3348
Calamatta Cuschieri & Co Ltd Fifth Floor, Valletta Buildings South Street, Valletta VLT 1103	Tel: 2568 8688 www.cc.com.mt	Fax: 2568 8256
Charts Investment Management Service Ltd Valletta Waterfront, Vault 17, Pinto Wharf Floriana FRN 1913	Tel: 2122 4106 www.charts.com.mt	Fax: 2124 1101
Curmi & Partners Ltd Finance House, Princess Elizabeth Str, Ta' Xbiex XBX 1102	Tel: 2134 7331 www.curmiandpartners.com	Fax: 2134 7333
Financial Planning Services Ltd 4, Marina Court, No 1,G Calì Street, Ta' Xbiex XBX 1421	Tel: 2134 4255	Fax: 2134 1202
FINCO Treasury Management Ltd Level 5, The Mall Complex, The Mall Floriana FRN 1470	Tel: 2122 0002 www.fincotrust.com	Fax: 2124 3280
GlobalCapital Financial Management Ltd 120, The Strand Gzira GZR 1027	Tel: 2131 0088 www.globalcapital.com.mt	Fax: 2328 2207
Hogg Capital Investments Ltd Regent House, Level 3, Suite 33 Bizazza Street, Sliema SLM 1641	Tel: 2132 2872 www.hoggcapital.com	Fax: 2134 2760
HSBC Stockbrokers (Malta) Ltd 233, Republic Street Valletta VLT 1116	Tel: 2597 2241 www.hsbc.com.mt	Fax: 2597 2494
Rizzo, Farrugia & Co (Stockbrokers) Ltd Airways House, Third Floor High Street, Sliema SLM 1549	Tel: 2258 3000 www.rizzofarrugia.com	Fax: 2258 3001

Investment Services Providers

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

MFSP Financial Management Ltd 220 Immaculate Conception Street, Msida MSD 1838	Tel: 2132 2426 www.mfsp.com.mt	Fax: 2132 2190
Michael Grech Financial Investment Services Ltd No 1 Mican Court, J.F.Kennedy Square, Victoria Gozo	Tel: 2155 4492 www.michaelgrechfinancial.com	Fax: 2155 9199
MZ Investment Services Ltd P.O. Box 24/55 MZ House, St Rita Street, Rabat RBT 1523	Tel: 2145 3739 www.mzinvestments.com	Fax: 2145 3407
Quest Investment Services Ltd 101, Townsquare Ix-Xatt Ta' Qui-Si-Sana Sliema SLM 3112	Tel: 21343 500 www.questinvestments.eu	Fax: 21313 733

Your world with you

Issuer

Melita Capital plc, Gasan Centre, Imriehel By-Pass, Imriehel, Malta.

Advisors to the Issuer

Reporting Accountants

PricewaterhouseCoopers, 167, Merchants Street, Valletta, Malta.

Legal Counsel

Camilleri Preziosi, Level 3, Valletta Buildings, South Street, Valletta, Malta.

Sponsor

Rizzo, Farrugia & Co (Stockbrokers) Ltd., Airways House, Third Floor, High Street, Sliema, Malta.

Manager & Registrar

Bank of Valletta plc, BOV Centre, Cannon Road, St. Venera, Malta.

www.melitacapital.com