# Prospectus

This Prospectus is issued in accordance with the provisions of Listing Rule 6.4 issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

dated 29 October 2009

**In respect of an Issue of €25,000,000 6.2% Bonds 2016-2019**
(subject to an Over-allotment Option not exceeding €5,000,000)
of a nominal value of €100 per Bond

issued at par
(other than for Mizzi Applicants which are being issued at a discounted rate of €97.50 per Bond)

by

MIZZI ORGANISATION FINANCE plc

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA
WITH COMPANY REGISTRATION NUMBER C29506

(Due 30 November 2019, subject to early redemption at the option of the Issuer on any Early Redemption Date)

Issue Period: from 23 November 2009 to 27 November 2009 (both days included)
(subject to the right of the Issuer to close the Issue in advance in the event of over-subscription)

GUARANTEED ON A JOINT AND SEVERAL BASIS BY

| | | | |
|---|---|---|---|
| Consolidated Holdings Limited | Kastell Limited | Mizzi Holdings Limited | The General Soft Drinks Company Limited |

| Manager & Registrar | Legal Counsel | Sponsor |
|---|---|---|
| Bank of Valletta | CAMILLERI PREZIOSI ADVOCATES | RIZZO FARRUGIA YOUR INVESTMENT CONSULTANTS |

| | | | | |
|---|---|---|---|---|
| John C. Grech<br>*Director*<br>Mizzi Organisation Finance p.l.c. | Brian R. Mizzi<br>*Director*<br>Mizzi Organisation Finance p.l.c. | Kenneth C. Mizzi<br>*Director*<br>Mizzi Organisation Finance p.l.c. | Maurice F. Mizzi<br>*Director*<br>Mizzi Organisation Finance p.l.c. | Louis Camilleri Preziosi<br>*Director*<br>Mizzi Organisation Finance p.l.c. |

## IMPORTANT INFORMATION

THIS PROSPECTUS CONTAINS INFORMATION ON MIZZI ORGANISATION FINANCE P.L.C. (THE "ISSUER") IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES OF THE LISTING AUTHORITY, THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA) AND THE 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.

THIS PROSPECTUS CONTAINS INFORMATION ON AN ISSUE BY THE ISSUER OF €25,000,000 UNSECURED BONDS 2016-2019 OF A NOMINAL VALUE OF €100, ISSUED AT PAR (OTHER THAN FOR MIZZI APPLICANTS IN WHICH CASE THE BONDS ARE BEING ISSUED AT €97.50 PER BOND) AND BEARING INTEREST AT THE RATE OF 6.2% PER ANNUM, PAYABLE SEMI-ANNUALLY ON THE 31 MAY AND 30 NOVEMBER OF EACH YEAR, PROVIDED THAT IN THE EVENT OF OVER-SUBCRIPTION, THE ISSUER MAY, AT ITS SOLE DISCRETION, ISSUE ADDITIONAL BONDS NOT EXCEEDING €5,000,000 AT PAR (OTHER THAN FOR MIZZI APPLICANTS IN WHICH CASE THE BONDS ARE BEING ISSUED AT €97.50 PER BOND). THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 30 NOVEMBER 2019 UNLESS OTHERWISE PREVIOUSLY REDEEMED OR CANCELLED. UNLESS THE ISSUER EXERCISES THE OPTION TO REDEEM ALL OR PART OF THE BONDS ON ANY OF THE EARLY REDEMPTION DATES, BY GIVING NOT LESS THAN SIXTY (60) DAYS NOTICE, IT SHALL REDEEM THE BONDS ON THE REDEMPTION DATE FALLING 30 NOVEMBER 2019.

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER, THE GUARANTORS, THE GUARANTORS' SUBSIDIARIES OR THEIR RESPECTIVE 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, THE GUARANTORS, THE GUARANTORS' SUBSIDIARIES OR THEIR RESPECTIVE DIRECTORS.

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

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR THE BONDS ISSUED BY THE ISSUER 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 PROSPECTUS AND ANY PERSONS WISHING TO APPLY FOR ANY BONDS 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 OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THE PROSPECTUS 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 SECURITIES 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.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE LISTING AUTHORITY IN SATISFACTION OF THE LISTING RULES, 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.

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.

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

**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.**

ALL THE ADVISORS TO THE ISSUER NAMED UNDER THE HEADING "ADVISORS" IN SECTION 18.3 OF THIS PROSPECTUS HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS PUBLIC 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 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 OR ON ANY OF THE EARLY REDEMPTION DATES, AS APPLICABLE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS.

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## DEFINITIONS

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

| | |
|---|---|
| **2002 Bonds** | the Lm10,000,000 (equivalent to €23,293,734) 6.7% Bonds issued by the Issuer pursuant to a prospectus dated 2 May 2002 due to mature on 31 May 2012 unless otherwise redeemed early on the dates falling on 31 May 2010 and 31 May 2011 by giving at least 60 days notice; |
| **2002 Bondholders** | the persons, whether natural or legal, who, as at the Cut-Off Date, appear on the register of debentures of the Issuer (maintained by the CSD) with respect to the 2002 Bonds; |
| **Act** | the Companies Act (Cap. 386, laws of Malta); |
| **Applicant** | a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form; |
| **Application/s** | the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to the Registrar or to any of the Authorised Financial Intermediaries; |
| **Application Form** | the form of application of subscription for Bonds, specimen of which are contained in Annex 4, 5 and 6 of this Prospectus; |
| **Authorised Financial Intermediaries** | the persons referred to in Annex 8 of this Prospectus; |
| **Bond(s)** | the €25,000,000 bonds of a face value of €100 per bond redeemable on the Redemption Date or, at the option of the Issuer, on any Early Redemption Dates, bearing interest at the rate of 6.2% per annum and redeemable at their nominal value; 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 €5,000,000 in value of Bonds issued pursuant to the Prospectus; |
| **Bondholder** | a holder of Bonds; |
| **Bond Issue** | the issue of the Bonds; |
| **Bond Issue Price** | the price of €100 per Bond; |
| **Business Day** | any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business; |
| **CSD** | Central Securities Depository of the Malta Stock Exchange established pursuant to article 24 of the Financial Market Act (Cap. 345, laws of Malta), and situated at Garrison Chapel, Castille Place, Valletta VLT 1063; |
| **Cut-Off Date** | means close of business of the 27 October 2009; |
| **Directors or Board** | the directors of the Issuer whose names are set out in Section 18.1 of the Prospectus; |
| **Early Redemption Date/s** | any day falling between and including the 30 November 2016 and the 30 November 2019; |
| **Employees** | the persons who, as at the 20 October 2009, are either directors or employees of companies within the Mizzi Organisation; |
| **Euro or €** | the lawful currency of the Republic of Malta; |
| **Falcon** | Falcon Wines & Spirits Limited, with registered office situated at Marsa Industrial Estate, Marsa, MRS 3000, Malta, and with company registration number (C3774); |
| **Guarantee** | the guarantee by each of the Guarantors, jointly and severally between themselves and the Issuer, whereby the Guarantors undertake to effect payment of interest and capital repayments of any amounts due and payable by the Issuer to the Bondholders should the Issuer default in paying the Bondholders under the Bonds. A copy of the Guarantee and a description of the nature, scope and terms of the Guarantee are appended to this Prospectus in Annex 3 hereof; |

| | |
|---|---|
| **Guarantors** | all of:<br>a) Consolidated Holdings Limited (C1192), "**Consolidated**";<br>b) Kastell Limited (C2596), "**Kastell**";<br>c) Mizzi Holdings Limited (C813), "**Mizzi Holdings**"; and<br>d) The General Soft Drinks Company Limited (C1591), "**General Soft Drinks**". |
| **Interest Payment Date** | semi-annually on the 31 May and 30 November of each year between, and including, each of the years 2010 and the year 2019, 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; |
| **Issue Date** | expected to be on the 4 December 2009; |
| **Issue Period** | the period between 23 November 2009 and 27 November 2009 (or such earlier date as may be determined by the Issuer in the event of over-subscription) during which time the Bonds are in issue; |
| **Issuer** | Mizzi Organisation Finance p.l.c.; |
| **Listing Authority** | the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act, 1990 (Cap. 345, laws of Malta) by virtue of L.N. 1 of 2003; |
| **Malta Stock Exchange or MSE** | the Malta Stock Exchange p.l.c., established pursuant to article 4 of the Financial Markets Act, 1990 (Cap. 345, laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta and company registration number C42525; |
| **MFSA** | Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, 1988 (Cap. 330, laws of Malta); |
| **Mizzi Family** | the individuals who, as at 20 October 2009, are either directors or shareholders in any one of the Issuer, Demoncada Limited, Demoncada Holdings Limited, Daragon Limited, Maurice Mizzi Investments Limited and Investors Limited; |
| **Mizzi Organisation or the Organisation** | The Guarantors, the Guarantor's subsidiaries (including the Issuer), Falcon and Mizzi Motors, all of which are set out in Annex 9 of this Prospectus; |
| **Mizzi Applicants** | a) the Mizzi Family; and<br>b) the Employees; |
| **Mizzi Applicants' Bond Issue Price** | €97.50 for each Bond, representing a discount of 2.5% to par; |
| **Mizzi Motors** | Mizzi Motors Limited, with registered office situated at 200, Rue D'Argens, Gzira, GZR 1368, Malta and with company registration number (C37267); |
| **Official List** | the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws; |
| **Over-Allotment Option** | the option of the Issuer, at its sole and absolute discretion, to increase the Bond Issue by a maximum of an additional €5,000,000 6.2% Bonds in the event of over-subscription of the Bond Issue; |
| **Preferred Applicants** | a) the Mizzi Applicants; and<br>b) the 2002 Bondholders; |
| **Prospectus** | this document in its entirety, together with the summary contained in Part A hereof; |
| **Redemption Date** | 30 November 2019, or at the Issuer's sole discretion, any of the 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 a prospectus; |
| **Terms and Conditions** | the terms and conditions of the Bonds as contained in Section 32 of this Prospectus. |

# PART A - SUMMARY

## 1. Warnings to Potential Investors

This summary forms part of the Prospectus containing information concerning the Issuer, the Guarantors, the Guarantors' subsidiaries and the Bonds. This summary is intended to briefly convey the essential characteristics of, and risks associated with, the Issuer, the Guarantors, the Guarantors' subsidiaries and the Bonds. You should carefully take into consideration 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 only if the summary is shown to be misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

## 2. Risk Factors

### *2.1 Risk Factors – Issuer and Guarantors*

Investors ought to carefully consider the following matters, and other information contained in the Prospectus, before making any investment decision regarding the Bonds. Should these risks materialise, they could have a serious effect on the Issuer's financial results, trading prospects and the ability of the Issuer to pay the Bond and interest thereon.

### *2.2 Issuer's dependence on Guarantors*

The Issuer was set up to act as a financing company for the Mizzi Organisation. The Mizzi Organisation is not a legal entity; it does not constitute a group of companies in terms of the Act and as is commonly understood. The Mizzi Organisation is a set of companies composed of the Issuer, Consolidated Holdings, Kastell, Mizzi Holdings and General Soft Drinks, (the Guarantors) together with all the Guarantors' subsidiary companies, and Falcon and Mizzi Motors. The Issuer is a subsidiary of one of the Guarantors, that is, Mizzi Holdings. Falcon and Mizzi Motors, though not one of the Guarantors' subsidiaries, nonetheless form part of the Guarantors' beverage and automotive businesses. The related operations of the Guarantors and the activities of Falcon and Mizzi Motors are managed together – this is a result of their common management, economic activities, business structures and processes. Therefore, a negative performance of the Mizzi Organisation will impact the Issuer's performance and the risks of the Mizzi Organisation are those of the Guarantors, including their subsidiaries, and of Falcon and Mizzi Motors.

### *2.3 Inclusion of Falcon & Mizzi Motors in the Combined Financial Information*

The combined financial information included in the Prospectus refers to the consolidated financial information of the Guarantors and their subsidiaries as well as the separate financial information of Falcon and Mizzi Motors. The Bonds are guaranteed by the Guarantors and not by Falcon and Mizzi Motors. The profits of Falcon and Mizzi Motors are not received directly by any of the Guarantors. If the Issuer fails to pay its liabilities when due under the Bonds, Bondholders will not be in a position to seek recourse against either of Falcon or Mizzi Motors.

### *2.4 Risks relating to the Issuer's and Guarantors' Business*

Being a mix of different businesses, the Mizzi Organisation has a number of risks. Below are the main factors that may be relevant to the business of the Mizzi Organisation. Potential investors should pay attention to them before investing in the Bonds.

2.4.1 Risks affecting a number of sectors of the Organisation's activities

*Decrease in spending power and wealth of Maltese consumers*
The Organisation imports, manufactures and/or distributes a range of cars, beverages and other goods to local consumers. The performance of the Organisation is therefore linked to the level of income of the local consumers. Should Malta go into a recession and consumers' incomes reduce, the demand for the products sold by the Organisation may go down and therefore negatively affect the Organisation's revenues.

*Tourism in Malta*
The Organisation, amongst other business operations, operates a hotel, has an indirect interest in two other hotels, operates (with a third party) an English language school, bottles and sells soft drinks and other drinks, and operates retail establishments. The sales made by these businesses are impacted, to different degrees, by tourism and reach a peak in summer. If tourism in Malta were to decrease, this would negatively impact the Organisation's sales in the relevant sectors.

*Level of interest rates*
The Organisation has just completed a large number of capital investments which, amongst others, were financed from bank loans having different interest rates. If the interest charged on such bank loans were to increase, this would impact negatively the Organisation's profits. Interest rate levels also have an effect on the demand and prices of goods such as cars and property. Low interest rates encourage people to borrow and invest in high value capital goods, while higher interest rates normally have the opposite effect. This could, therefore, negatively impact the relevant part of the Organisation's business.

2.4.2 Risks specific to the automotive sector

*Attractiveness of the car models designed by the car manufacturers*
The attractiveness and competitiveness of any brand of cars (vide Section 21.2.1 of the Prospectus), and of certain models, are influenced by a series of factors such as engineering quality, design, the age of a particular model, the brand's plans for its replacement, and cost (which may also be impacted by exchange rates and the incidence of registration taxes). These are all external factors over which the Organisation has no control and, in certain circumstances, may negatively impact the level of demand for some of the vehicles represented by the Organisation.

*Used car imports*
Recently, more used vehicles have been imported into Malta mainly from the United Kingdom and Japan due to the recession in the UK and different car registration and circulation taxes overseas. Any changes in foreign fiscal legislation and economic circumstances favouring the importation of used cars in Malta, is likely to have a negative effect on the sales of new cars in Malta.

*Renewal of franchise agreements*
The Organisation is dependent on its relationship with the car manufacturers which it represents in Malta. In line with international practice, such distribution agreements have expiry dates. This dependence could negatively affect the Organisation's operating results and growth if it were unable to keep the existing relationships or replace them with other relationships on similar terms.

2.4.3 Risks specific to the beverage sector

*Price of raw materials and fuel*
The cost of manufacturing beverages is dependent, amongst others, on the cost of inputs such as concentrate, sugar, PET and energy. If the cost of such inputs increases, the Organisation's related profitability may be negatively affected.

*Competition and new products on the market*
The beverage market is very competitive and dynamic. Unless the Organisation's beverage business remains competitive, other competitors could take on part of the large market share held by the Mizzi Organisation.

2.4.4 Risks specific to the retail and contracting sectors

*Competition*
The retail activities in which Arkadia participates are marked by strong competition that might increase in the future. Too much supply of new retail establishments would negatively impact the Organisation's sales.

*The activity of the construction industry*
The contracting division is dependent on the construction industry. If the level of construction activity in Malta were to decrease, the demand for mechanical and electrical contracting, air-conditioning systems and lifts may also be reduced.

2.4.5 Risks specific to the tourism and leisure sectors

*Weakness of sterling compared to the euro and the state of other European economies*
Sterling decreased in value by about 30% compared to the euro since the third quarter of 2008. This, together with an international economic recession, has affected the number and type of tourists visiting Malta from the United Kingdom during 2009 (this is reflected in the forecast results of the Mizzi Organisation for 2009). If sterling remains weak, or worsens, when compared to the euro, Malta will be a less attractive destination to British tourists, which may result in a drop in tourism arrivals. Such a drop in tourism arrivals in Malta could have a negative impact on the Mizzi Organisation's profits, particularly in the tourism and leisure sectors of the Organisation.

2.4.6 Risks specific to the real estate sector

*Issuance of permits*
The Organisation has a series of properties made up of land and buildings which the Organisation intends to develop. The profits on these possible future developments depend, to a certain extent, on the permits issued by the Malta Environment and Planning Authority. Although a number of the properties concerned already have an outline permit, the Authority still needs to issue a full development permit. Such permits might impose conditions that negatively impact on the profitability of these new projects.

*Property market*
The local property market may be negatively affected by a number of factors such as political developments, government regulations, changes in planning or tax laws, interest rate changes, inflation, the availability of financing and the profits which different investments may provide. These factors are likely to cause property prices to change and an increase in supply and/or a reduction in demand in the property market to which the Organisation is exposed, could negatively impact its financial performance.

## *2.5 Risks relating to the Bonds*

2.5.1 The Bonds have not been traded before and therefore the Issuer cannot ensure the Bonds will be traded at the level of €100 per Bond on the market.

2.5.2 The existence of an active market for the Bonds depends on a number of factors, including the availability of willing buyers and sellers of the Bonds. This is something which is beyond the control of the Issuer. Therefore, the Issuer cannot ensure that the Bonds may be traded during their lifetime and also cannot ensure that they will be traded at above €100 per Bond.

2.5.3 Investment in the Bonds involves the risk that future changes in interest rates may negatively affect the value of the Bonds.

2.5.4 A Bondholder will suffer the risk of any changes in exchange rates between euro (currency of the Bonds) and the Bondholder's actual currency of reference, if different.

2.5.5 The Organisation cannot predict the effect that any future public offerings of the Issuer's securities, or any takeover or merger activity of the Organisation, will have on the market price of the Bonds.

2.5.6 The Bonds constitute the general, direct, unconditional, and unsecured debt obligations of the Issuer and shall at all times rank equally, without any priority or preference among themselves and with other unsecured creditors.

In essence, this means that if the Issuer does not have enough assets to pay all its debts, other creditors that were given security by the Issuer will be paid before the Bondholders and in that case Bondholders will have to compete with other creditors having the same ranking for the remaining assets of the Issuer. This is due to the fact that the Bonds are unsecured and therefore Bondholders are not provided with a preference over other creditors of the Issuer.

In addition, the Bonds are being guaranteed by each of the Guarantors and therefore, Bondholders are entitled to request any of the Guarantors to pay the full amounts due under the Bonds if the Issuer fails to pay itself. The Guarantee also entitles the Bondholders to take action against any of the Guarantors without having to first take action against the Issuer.

2.5.7 The Issuer may redeem all or part of the Bonds on any of the Early Redemption Dates, together with any accrued and unpaid interest until the time of redemption. This optional redemption feature may condition the market value of the Bonds.

2.5.8 In the event that the Issuer wishes to change any of the Terms and Conditions of Issue of the Bond it must call a meeting of Bondholders in accordance with the provisions of 32.13 of the Prospectus which says that a majority of Bondholders may bind all Bondholders even those who did not attend and vote at the meeting, and those that attended and voted differently to the majority.

2.5.9 The terms and conditions of this Bond Issue are based on Maltese law in effect as at the date of this Prospectus. The law, practices and court judgements may change after the date of this Prospectus.

### 2.6 Forward Looking Statements

This Prospectus contains "forward looking statements" which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These forward looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer's Directors. No assurance is given that the future results or expectations will be achieved.

## 3. Identity of Directors, Senior Management, Advisors and Auditors

### 3.1 Directors of the Issuer and the Guarantors

| Issuer | Guarantors | | | |
|---|---|---|---|---|
| | *Consolidated* | *Kastell* | *Mizzi Holdings* | *General Soft Drinks* |
| John C. Grech | Brian R. Mizzi | Brian R. Mizzi | Brian R. Mizzi | Brian R. Mizzi |
| Brian R. Mizzi | Maurice F. Mizzi | Maurice F. Mizzi | Maurice F. Mizzi | Maurice F. Mizzi |
| Kenneth C. Mizzi | Veronica Mizzi | Kenneth C. Mizzi | Kenneth C. Mizzi | Ian Mizzi |
| Maurice F. Mizzi | | Ian Mizzi | | |
| Louis Camilleri Preziosi | | Veronica Mizzi | | |

### 3.2 Senior Management of the Mizzi Organisation

| Name | Position |
|---|---|
| Hugh Mercieca | COO Automotive & Estates Division |
| Brian Azzopardi | General Manager, Waterfront Hotel |
| Antoine Portelli | General Manager, Arkadia |
| Maria Micallef | General Manager, Beverage Division |
| Saviour Abela | General Manager, Titan International |

### 3.3 Advisors

| | |
|---|---|
| ***Legal Counsel to the Issuer*** | Camilleri Preziosi<br>Level 3, Valletta Buildings, South Street, Valletta VLT 1103 – Malta |
| ***Sponsor*** | Rizzo Farrugia & Co. (Stockbrokers) Ltd<br>Airways House, Third Floor, High Street, Sliema SLM 1549 – Malta |
| ***Manager & Registrar*** | Bank of Valletta p.l.c.<br>BOV Centre, Cannon Road, St. Venera SVR 9030 – Malta |

### *3.4 Auditors*

The annual statutory financial statements of the Issuer and the consolidated financial statements of the Guarantors for the financial years ended 31 December 2008 and 31 December 2007 have been audited by PricewaterhouseCoopers of 167, Merchants Street, Valletta, VLT 1174, Malta. PricewaterhouseCoopers is a firm registered as a partnership of certified public accountants holding a practising certificate to act as auditors in terms of the Accountancy Profession Act (Cap. 281, laws of Malta).

## 4. Selected Financial Information

### *4.1 The Issuer*

The Issuer is a special purpose vehicle having the principal object of a financing company for the Mizzi Organisation. Accordingly, its financial statements do not reflect any impacts relating to the core business operations of the Organisation. The Issuer was incorporated with the intention of issuing bonds quoted on the Malta Stock Exchange.

The historical financial information set out below has been extracted with no material adjustment from the audited financial statements of the Issuer for the years ended 31 December 2008 and 31 December 2007 prepared in accordance with International Financial Reporting Standards as adopted by the EU. The said statements have been published and are available on the Issuer's website (www.mizziorganisation.com). They are also available for viewing at the Issuer's registered office together with the auditor's report thereon by PricewaterhouseCoopers.

The Issuer's profit forecast for the year ending 31 December 2009, which comprises the forecast income statement, is extracted from the forecast financial information set out in Annex 1A to this Prospectus.

4.1.1 Historical Financial Information for the Years Ended 31 December 2008 and 2007

**Statements of Financial Position Extracts**

| | As at 31 December | |
|---|---|---|
| | 2008<br>€'000 | 2007<br>€'000 |
| **ASSETS** | | |
| **Non-current assets** | | |
| Loans and advances to related parties | 19,944 | 20,305 |
| **Current assets** | | |
| Loans and advances to related parties | 3,853 | 3,140 |
| Other current assets | 299 | 547 |
| Total current assets | 4,152 | 3,687 |
| **Total assets** | 24,096 | 23,992 |
| **EQUITY AND LIABILITIES** | | |
| **Capital and reserves** | | |
| Share capital | 233 | 233 |
| Retained earnings | 326 | 233 |
| Total equity | 559 | 466 |
| **Non-current liabilities** | | |
| Borrowings | 23,292 | 23,287 |
| **Current liabilities** | | |
| Payables | 245 | 239 |
| Total liabilities | 23,537 | 23,526 |
| **Total equity and liabilities** | 24,096 | 23,992 |

**Income Statements Extracts**

| | Year ended 31 December | |
|---|---|---|
| | 2008<br>€'000 | 2007<br>€'000 |
| Interest receivable | 1,710 | 1,704 |
| Interest payable and similar charges | (1,566) | (1,565) |
| **Net interest income** | 144 | 139 |
| Administrative expenses | (51) | (41) |
| **Profit for the financial year** | 93 | 98 |

**Statements of Cash Flows Extracts**

| | Year ended 31 December | |
|---|---|---|
| | 2008 | 2007 |
| | €'000 | €'000 |
| Net cash generated from operating activities | 106 | 115 |
| Net cash (used in)/generated from investing activities | (352) | 103 |
| **Net movements in cash and cash equivalents** | (246) | 218 |
| **Cash and cash equivalents at beginning of year** | 401 | 183 |
| **Cash and cash equivalents at end of year** | 155 | 401 |

4.1.2 Profit Forecast for the Year Ending 31 December 2009

**Income Statements Extracts**

| | Year ending 31 December 2009 **(Forecast)** €'000 | Year ended 31 December 2008 **(Audited)** €'000 | Year ended 31 December 2007 **(Audited)** €'000 |
|---|---|---|---|
| Interest receivable | 1,742 | 1,710 | 1,704 |
| Interest payable and similar charges | (1,588) | (1,566) | (1,565) |
| **Net interest income** | 154 | 144 | 139 |
| Administrative expenses | (50) | (51) | (41) |
| **Profit for the financial year** | 104 | 93 | 98 |

Forecast income for 2009 consists of finance income from loans and advances to the Guarantors out of bond issue proceeds. Forecast borrowing costs relate to interest expense attributable to the bonds issued. It is assumed that the proposed €25,000,000 6.2% bonds are issued during November 2009 (with possible over-allotment of a further tranche of €5,000,000) with interest commencement date of 1 December 2009. The assumed Bond Issue amount is inclusive of the over-allotment option and is assumed to replace the 2002 Bonds amounting to €23.3 million, currently in issue, carrying a coupon of 6.7%. The forecast is based on the assumption that the currently outstanding bonds will be redeemed in full through the proposed bond issue.

## *4.2 The Guarantors*

The selected financial information set out below represents the combined financial information of the Guarantors together with Falcon and Mizzi Motors, with the latter two entities forming an integral part of the Mizzi Organisation. This information should be read in conjunction with Section 21 "Business Overview".

<u>Preparation of combined financial information</u>

**Combined financial information refers to the aggregate of financial information of a set of companies, entities or group which are owned and managed by the same persons but which do not qualify as a 'group' under generally accepted accounting principles. In the case of a 'group', such 'group' would prepare consolidated financial statements. The Mizzi Organisation does not qualify as a 'group' since there is no parent company (refer to Section 22 'Mizzi Organisation Structure') and therefore cannot prepare consolidated financial statements. The preparation of the combined accounts is, however, based on the principles used to prepare consolidated accounts. The Issuer has chosen to prepare combined financial statements to provide prospective investors with one set of financial information on the Guarantors, the Guarantors' subsidiary companies as well as on two other companies, that is, Falcon and Mizzi Motors. This was done to provide prospective investors the opportunity to get a better insight into the activities of all of the Guarantors, the Guarantors' subsidiaries (including the Issuer) together with Falcon and Mizzi Motors.**

Inclusion of the financial information of Falcon and Mizzi Motors in the Combined Financial Information for the Mizzi Organisation

Falcon and Mizzi Motors are not subsidiaries of the Guarantors. However, their operations and those of the Guarantors (and their subsidiaries) are managed as one business. The operations of Falcon and Mizzi Motors and the related operations of the Guarantors, are managed by one team, have one business structure and operational process. Falcon and Mizzi Motors are owned by the same owners of the Guarantors. For these reasons, the Directors of the Issuer and the Guarantors included Falcon and Mizzi Motors in the combined financial information.

Accordingly, the reference to the Mizzi Organisation includes the Guarantors, the Guarantors' subsidiaries (including the Issuer) as well as Falcon and Mizzi Motors, since all these entities have the same management and control even though they do not form a legal group. In terms of generally accepted accounting practice, all entities managed in this manner should be, and have been, included in the combined financial statements. The combined financial information for the years ended 31 December 2007 and 31 December 2008 has been audited by PricewaterhouseCoopers. The said combined financial statements have been published and are available on the Issuer's website (www.mizziorganisation.com). They are also available for viewing at the Issuer's registered office together with the auditor's report thereon by PricewaterhouseCoopers.

## 4.3 Historical Combined Financial Information for the Years Ended 31 December 2008 and 2007

**Combined Statements of Financial Position Extracts**

| | As at 31 December | |
|---|---|---|
| | 2008 | 2007 |
| | €'000 | €'000 |
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 92,562 | 86,622 |
| Investment property | 22,440 | 16,722 |
| Investments in associates | 16,495 | 15,967 |
| Trade and other receivables | 9,764 | 7,537 |
| Other non-current assets | 2,191 | 2,592 |
| Total non-current assets | 143,452 | 129,440 |
| **Current assets** | | |
| Inventories | 19,170 | 22,819 |
| Trade and other receivables | 28,726 | 29,442 |
| Other current assets | 4,586 | 4,131 |
| Total current assets | 52,482 | 56,392 |
| **Total assets** | 195,934 | 185,832 |
| **EQUITY AND LIABILITIES** | | |
| **Capital and reserves** | | |
| Share capital | 2,468 | 2,468 |
| Revaluation reserves | 37,884 | 37,334 |
| Fair value gains and other reserves | 10,614 | 10,831 |
| Retained earnings | 35,741 | 35,621 |
| Total equity | 86,707 | 86,254 |
| **Non-current liabilities** | | |
| Borrowings | 53,183 | 40,392 |
| Deferred tax liabilities | 9,078 | 8,708 |
| Total non-current liabilities | 62,261 | 49,100 |
| **Current liabilities** | | |
| Trade and other payables | 21,455 | 28,415 |
| Borrowings | 25,214 | 21,894 |
| Other current liabilities | 297 | 169 |
| Total current liabilities | 46,966 | 50,478 |
| Total liabilities | 109,227 | 99,578 |
| **Total equity and liabilities** | 195,934 | 185,832 |

**Combined Income Statements Extracts**

| | Year ended 31 December | |
|---|---|---|
| | 2008 | 2007 |
| | €'000 | €'000 |
| Revenue | 111,138 | 120,699 |
| Cost of sales | (83,299) | (94,121) |
| **Gross profit** | 27,839 | 26,578 |
| Selling and other direct expenses | (14,420) | (13,833) |
| Administrative expenses | (10,820) | (9,439) |
| Gains from changes in fair value of investment property | - | 1,465 |
| Other operating income | 1,490 | 921 |
| **Operating profit** | 4,089 | 5,692 |
| Investment and other related income | 53 | (132) |
| Finance income | 56 | 92 |
| Finance costs | (4,200) | (2,989) |
| Share of profit of associates | 962 | 706 |
| **Profit before tax** | 960 | 3,369 |
| Tax expense | (308) | (611) |
| **Profit for the financial year** | 652 | 2,758 |

**Combined Statements of Cash Flows Extracts**

| | Year ended 31 December | |
|---|---|---|
| | 2008 | 2007 |
| | €'000 | €'000 |
| Net cash generated from operating activities | 1,788 | 5,136 |
| Net cash used in investing activities | (15,930) | (21,612) |
| Net cash generated from financing activities | 11,940 | 10,565 |
| **Net movements in cash and cash equivalents** | (2,202) | (5,911) |
| Effects of exchange rates fluctuations on the translation of cash flows from foreign operations | (292) | (61) |
| **Cash and cash equivalents at beginning of year** | (17,795) | (11,823) |
| **Cash and cash equivalents at end of year** | (20,289) | (17,795) |

During the financial year ended 31 December 2008, turnover amounted to €111.1 million representing a decrease of 8% or €9.6 million compared to the turnover levels registered in 2007. This was mainly attributable to the lower revenues from companies within the automotive sector as car sales slowed drastically in anticipation of the revision of the registration tax system by Government. The decline in revenues during 2008 was also impacted by the weaker economic conditions prevailing in particular during the second half of the year. However the gross profit of the Mizzi Organisation increased by 4.7% to €27.8 million with the gross profit margin increasing by 3 percentage points to 25%. This improvement is mainly due to stronger trading performance in the beverage and retailing sectors during 2008.

The operating results, after taking into account all selling, direct and administrative expenses, overall depreciation expense of €5.4 million and other operating income of €1.5 million, amounted to a profit of €4.1 million, representing a 28% decline over the previous year. This fluctuation is mainly due to the fair value gains on investment property of €1.5 million registered in the income statement in 2007 which were not repeated in the following year. For the same reason, the earnings before interest, tax, depreciation and amortisation (EBITDA) declined by €1.1 million or 9.6% to €10.5 million with the EBITDA margin slightly lower at 9.5%.

Finance costs increased to €4.2 million as a result of the increased borrowings required to partly finance the capital expenditure programme of the Organisation mainly relating to the new factory and warehouses for General Soft Drinks, the rebuilding of showrooms and garage at Continental Cars and the opening of additional Arkadia business outlets. Pre-tax profits generated by the Mizzi Organisation amounted to €0.96 million in 2008 compared to €3.37 million in 2007. The resultant profit for the period after accounting for taxation amounted to €0.65 million (2007: €2.76 million).

The total asset base of the Mizzi Organisation as at 31 December 2008 amounted to €195.9 million representing an increase of €10.1 million or 5.4% over the previous year. This was in the main due to an increase in the carrying amount of its property, plant and equipment from €86.6 million as at 31 December 2007 to €92.6 million as at 31 December 2008 as well as an increase in the carrying amount of investment property to €22.4 million from €16.7 million in 2007. This increase is a reflection of the extensive capital expenditure and investment programme of the Organisation in the last few years. Total borrowings increased by €16.1 million during the year to €78.4 million as at 31 December 2008 with the total equity position marginally higher at €86.7 million. The gearing level increased from 41% at 31 December 2007 to 46% accordingly, while financing costs as a percentage of earnings before interest and tax increased from 48% in 2007 to 82%. This increase is also impacted by the inclusion of fair value gains on investment property within the earnings base for 2007. As outlined in section 19.5 of the Prospectus, the Organisation is addressing this matter accordingly.

### *4.4 Combined Profit Forecast for the Year Ending 31 December 2009*

The forecast combined income statement for the year ending 31 December 2009 for the Mizzi Organisation, which comprises the Guarantors, their subsidiaries (one of which being the Issuer), Falcon and Mizzi Motors, is set out below. The profit forecast and the material assumptions upon which it is based, together with the Accountants' Report thereon, can be found in Annex 1B to this Prospectus. The profit forecast included in the Annex and the extracts hereunder are also based on the interim unaudited financial information of the Issuer and the combined interim financial information of the Mizzi Organisation, which are reproduced in Annex 2A and 2B, respectively.

Whilst care has been exercised to ensure that the forecast combined income statement is based upon reasonable assumptions, the profit forecast is made in light of information available to the Directors of the entities constituting the Mizzi Organisation at the time of its preparation and is subject to the risks and uncertainties intrinsic to any forecast of future events.

**Combined Income Statements Extracts**

| | Year ending 31 December 2009 **(Forecast)** €'000 | Year ended 31 December 2008 **(Audited)** €'000 | Year ended 31 December 2007 **(Audited)** €'000 |
|---|---|---|---|
| Revenue | 105,197 | 111,138 | 120,699 |
| Cost of sales | (77,184) | (83,299) | (94,121) |
| **Gross profit** | 28,013 | 27,839 | 26,578 |
| Selling and other direct expenses | (14,073) | (14,420) | (13,833) |
| Administrative expenses | (9,395) | (10,820) | (9,439) |
| Gains from changes in fair value of investment property | - | - | 1,465 |
| Other operating income | 525 | 1,490 | 921 |
| **Operating profit** | 5,070 | 4,089 | 5,692 |
| Investment and other related income | 56 | 53 | (132) |
| Finance income | 490 | 56 | 92 |
| Finance costs | (4,153) | (4,200) | (2,989) |
| Share of profit of associates | 153 | 962 | 706 |
| **Profit before tax** | 1,616 | 960 | 3,369 |
| Tax expense | (432) | (308) | (611) |
| **Profit for the financial year** | 1,184 | 652 | 2,758 |
| **EBITDA** | 11,016 | 10,534 | 11,655 |
| Net interest expense | 3,663 | 4,144 | 2,897 |
| Depreciation | 5,737 | 5,430 | 5,389 |

## *4.5 Capitalisation and indebtedness*

The current and forecast capitalisation and indebtedness of the Mizzi Organisation, computed on a combined basis, showing the position assuming that the over-allotment option has been utilised, is set out below. This information has been derived on the basis of the combined financial information of the Mizzi Organisation as highlighted in Section 19.2 of this Prospectus.

It has been assumed for the sake of simplicity that the current bonds, that is, the 2002 Bonds, will be redeemed in full from the proceeds of the proposed issue.

**Gearing levels at 31 December**

| | 2009 (Forecast) €'000 | 2008 (Actual) €'000 | 2007 (Actual) €'000 |
|---|---|---|---|
| Total borrowings | 83,285 | 78,397 | 62,286 |
| Less cash and cash equivalents | (9,931) | (3,075) | (2,319) |
| Net debt | 73,354 | 75,322 | 59,967 |
| Total equity | 86,888 | 86,707 | 86,254 |
| Total assets employed in the business | 160,242 | 162,029 | 146,221 |
| Net debt/total assets employed | 46% | 46% | 41% |

The past seven years since the issue of the existing 6.7% 2002 Bonds have represented a period of unprecedented investment for the Mizzi Organisation, marked, *inter alia*, by the rebuilding of showrooms and garage at Continental Cars (which followed the completion of a similar redevelopment at Muscats Motors); the opening of additional Arkadia business outlets; and the building and equipping of a new factory and warehouses for General Soft Drinks.

This intense investment programme has served to modernise the Organisation's core properties across its range of business activities. The investments made were in part driven by new business opportunities, such as the expansion of Arkadia business outlets. In other areas the investment was driven by necessity, such as the challenge of continually meeting consumer and brand expectations across the automobile business; and the change in soft drinks packaging that came into force in 2008. The total capital expenditure incurred during this period has amounted to €75.6 million, of which €27.7 million was funded by a net increase in borrowings while €47.9 million was funded from cash flows generated from operating profits.

The increase in net borrowings in 2007 and 2008 relates, in the main, to the building and equipping of a new factory for General Soft Drinks. This major investment, totalling €24.7 million, was funded by separate loans taken out for the purpose. The investment qualified for reduced rates of interest in terms of the Business Promotion Act.

The next few years of operations should in contrast be marked by a period of consolidation and a materially reduced capital expenditure requirement. There will also be scope for the disposal of surplus assets such as the Qormi factory previously occupied by General Soft Drinks, which has been vacated recently.

The financial objective of the Mizzi Organisation is that of maintaining a balance between ongoing debt and equity, looking in the longer term at retaining gearing at a level of circa 20% to 25% of the total assets employed in the business. The Organisation is accordingly aiming to reduce net borrowings to circa €40 million in the years ahead, including a mix of overdraft facilities, bank loans and bonds. The Bonds that are the subject of this Issue have been planned on this basis and will accordingly be used in their entirety, net of Bond Issue costs and inclusive of the over-allotment option, for the re-financing of existing borrowings.

The Organisation's banking facilities as at 31 December 2008 amounted to €65,628,000 (2007: €71,946,000). These facilities are mainly secured by:

a) joint and several guarantees by various entities forming part of the Mizzi Organisation, supported by general hypothecary guarantees over the assets of the entities involved and special hypothecary guarantees over properties held;
b) general hypothecs on the assets of certain entities within the Organisation supported by special hypothecs over assets and properties held together with special privileges on property;
c) pledge over bills of exchange drawn; and
d) pledge on inventories.

**Key information with respect to indebtedness**

| | 2009 (Forecast) €'000 | 2008 (Actual) €'000 | 2007 (Actual) €'000 |
|---|---|---|---|
| **Profit before tax** | 1,616 | 960 | 3,369 |
| Net interest expense | 3,663 | 4,144 | 2,897 |
| Depreciation | 5,737 | 5,430 | 5,389 |
| **EBITDA** | **11,016** | **10,534** | **11,655** |
| EBIT | 5,279 | 5,104 | 6,266 |
| Interest expense | 4,153 | 4,200 | 2,989 |
| EBITDA | 11,016 | 10,534 | 11,655 |
| Interest expense and capital repayments | 7,228 | 6,702 | 5,593 |
| **Debt cover (number of times)** | **1.52** | **1.57** | **2.08** |
| Total borrowings | | 78,397 | 62,285 |
| Total capital employed | | 139,890 | 126,645 |
| **Debt asset cover (number of times)** | | **1.78** | **2.03** |

## 5. Information about the Issuer and the Guarantors

### *5.1 Historical Development*

5.1.1 The Issuer

| | |
|---|---|
| Full Legal & Commercial Name of Company: | Mizzi Organisation Finance p.l.c. |
| Registered Address: | Mizzi House, National Road, Blata l-Bajda, Hamrun |
| Place of registration & Domicile: | Malta |
| Registration Number: | C29506 |
| Date of registration: | 28 March 2002 |
| Legal Form: | The company is lawfully existing and registered as a Public Limited Liability Company in terms of the Act |
| Telephone Number: | +356 25969000 |
| Email: | bondinfo@mhl.mizzi.com.mt |
| Website: | www.mizziorganisation.com |

5.1.2 The Guarantors

| | Consolidated | Kastell |
|---|---|---|
| Full Legal & Commercial Name of Company: | Consolidated Holdings Limited | Kastell Limited |
| Registered Address: | Mizzi House, National Road, Blata l-Bajda, Hamrun | Mizzi House, National Road, Blata l-Bajda, Hamrun |
| Place of registration & Domicile: | Malta | Malta |
| Registration Number: | C1192 | C2596 |
| Date of registration: | 26 July 1968 | 18 August 1972 |
| Legal Form: | The company is lawfully existing and registered as a Private Limited Liability Company in terms of the Act | The company is lawfully existing and registered as a Private Limited Liability Company in terms of the Act |
| Telephone Number: | +356 25969000 | +356 25969000 |

| | Mizzi Holdings | General Soft Drinks |
|---|---|---|
| Full Legal & Commercial Name of Company: | Mizzi Holdings Limited | The General Soft Drinks Company Limited |
| Registered Address: | Mizzi House, National Road, Blata l-Bajda, Hamrun | Marsa Industrial Estate, Marsa |
| Place of registration & Domicile: | Malta | Malta |
| Registration Number: | C813 | C1591 |
| Date of registration: | 7 April 1967 | 6 May 1969 |
| Legal Form: | The company is lawfully existing and registered as a Private Limited Liability Company in terms of the Act | The company is lawfully existing and registered as a Private Limited Liability Company in terms of the Act |
| Telephone Number: | +356 25969000 | +356 25969000 |

# 6. Business Overview – Principal Markets and Activities of the Mizzi Organisation

## *6.1 The Issuer*

The Issuer, by virtue of the Offering Memorandum dated 2 May 2002, had issued to the general public 100,000 bonds with a nominal value of Lm100 for each bond (defined as the ‘**2002 Bonds**’). The bonds were effectively issued on 31 May 2002 for Lm100 each bond with the exception of 4,846 bonds issued at the Employee Bond Price of Lm97.50 per bond under the terms and conditions of the Employee Offering. The said bonds were then admitted to the Official List of the Malta Stock Exchange. The bonds are subject to a fixed interest rate of 6.7% per annum payable six monthly in arrears on 31 May and 30 November in each year. All such bonds are redeemable at par on 31 May 2012 unless otherwise redeemed in whole or in part, at the option of the Issuer, on each of 31 May 2009, 31 May 2010 and 31 May 2011 (each an Optional Redemption Date).

Each of the Guarantors guaranteed and continue to guarantee, on a joint and several basis with the Issuer and between themselves, the repayment of the nominal value of the bonds on the redemption date, the interest due on each interest payment date and the due and punctual performance of all the obligations undertaken by the Issuer. The bond proceeds were advanced to the Guarantors pursuant, and subject, to the terms and conditions in the Offering Memorandum, as amended by a supplementary agreement.

The Issuer had entered into loan agreements with each of Consolidated, Kastell and Mizzi Holdings pursuant to which the Issuer had advanced to each of such companies a portion of the proceeds from the 2002 Bond issue. Such advances bear interest at the fixed rate of 7.2% per annum and are subject to a repayment schedule over the period up to 30 April 2012. Repayments are utilised by the Issuer for the purposes of funding a financing arrangement with United Acceptances Finance Limited, another entity forming part of the Mizzi Organisation.

The Issuer did not conduct any business or transactions other than as outlined above.

## *6.2 The Guarantors*

The Mizzi Organisation is a conglomerate of business units spanning a broad portfolio of business interests and industry sectors including automotive, tourism and leisure, retailing, manufacturing, services, real estate and mechanical and engineering contracting, employing just under 1,000 people. The operations of the Mizzi Organisation stem from operations which commenced in 1919. The Organisation's vision is to pursue its role as a multi-disciplined group with a wide range of business activities allowing it to benefit from the advantages of diversification. Its philosophy has three fundamental goals:

- To seek to maintain and improve its position in its core business activities;
- To identify new investment opportunities in new areas of business both locally and overseas, thus further expanding its portfolio of business activities and fulfilling its role of a diversified Organisation; and
- To provide its shareholders with an attractive return on their investment.

The Mizzi Organisation's core strategy in achieving these goals is to allow a high level of autonomy to its operational business units whilst ensuring that each operational unit follows the same key strategic direction. The legal structure of the Organisation, outlined in Section 22 below, is important to ensure the segregation of certain potentially competing businesses within the Organisation, particularly in the automotive sector, where autonomy of the different operations is key to the effective management of potential conflicts between different automotive franchises represented in Malta by the Mizzi Organisation.

The Organisation's philosophy, however, is that the management and strategic planning processes within the Organisation should be geared to follow the main economic drivers of the Organisation's core business lines. In this context, the Organisation, through Mizzi Holdings, acts as the bridge between the different operations composing the Organisation. It provides centralised corporate and support services to the other members of the Organisation, including strategic planning on an organisation-wide basis, legal services, treasury management, overall management control, human resource management, quality control, public relations and IT support.

The Organisation believes that, with its wide range of business interests, the provision of these services through Mizzi Holdings is key for the Organisation and its shareholders to benefit from cost management and to ensure an adequate level of monitoring of its operational units and their performance. At the operational level, each principal subsidiary has autonomy and flexibility. This mechanism, together with the support provided centrally through Mizzi Holdings, is designed to ensure that business decisions are made and subsequently implemented within the time frames required in the competitive environment and markets in which the entities operate.

The Mizzi Organisation consists of four main groups of companies which control several operational subsidiaries in a diverse range of economic activities, the parents of which are each of the Guarantors and two other operational companies being Falcon and Mizzi Motors. The diagram contained in Section 22 sets out the corporate structure of the Mizzi Organisation.

As outlined previously, the core business activities of the Mizzi Organisation comprise the following sectors:

- Automotive;
- Beverage;
- Retail and contracting;
- Tourism and leisure;
- Real estate; and
- Other services

A brief overview of these business sectors follows. For a more detailed review thereof, kindly view Section 21 of the Prospectus.

### 6.2.1 Automotive Sector

This sector is the highest contributor to the Organisation's revenues. Six companies within the Organisation are responsible for the importation, marketing, distribution and sale of automobiles together with aftermarket operations and related activities. These companies employ an aggregate number of around 200 people and contributed total revenues of approx €46 million in relation to the financial year ended 31 December 2008, which revenues accounted for 41% of the Organisation's turnover for the year then ended.

Over the years the automotive sector in Malta has become highly competitive with a wider range of new motor vehicle franchises and models imported at competitive prices. In addition, the second hand car import market has grown substantially in the last few years. The registration tax system applicable up to 31 December 2008 was such that the registration tax on new and second hand vehicles was computed on the basis of a percentage of the vehicle's value with the percentage applied, which could reach 75%, depending on the vehicle's engine capacity. The registration tax on second hand cars imported was subject to minimum amounts. This system has in past years resulted in car prices in Malta being higher than in other countries, a differential that is amplified when compared to local income levels, and in cars being retained for longer periods, with relatively high second hand car prices. This has in recent years encouraged the importation of second hand vehicles, particularly from Japan, which like the UK imposes no registration tax on new vehicles.

Significant changes, including a reduction in registration tax and corresponding increases in annual circulation taxes, were announced during the course of 2008, and implemented at the beginning of 2009. Under the revised system, registration tax is calculated on the basis of the vehicle's registration value, $CO_2$ emissions and length with lower registration taxes for smaller and low emission cars. At the same time, minimum taxes on imports of second hand cars from EU countries have been removed. In spite of this, the overall impact of the revised tax regime is expected to favour the importation of new cars, which are more efficient on emission levels. Moreover, the trend of reducing registration tax and increasing annual circulation taxes is important to the new car sector, and has already served to reduce the value of second hand vehicles circulating within the Maltese islands; which should, in turn, encourage the earlier scrapping of older vehicles.

In the short term, however, new car imports have been adversely impacted. The delay between the announcement and the implementation of the revised proposals led to a significant slowdown in sales as prospective buyers awaited the revision in taxes. More recently, the market has been inundated with substantial imports from the United Kingdom, at the expense of imports both of new cars and of imports from Japan. This reflects the combined impact of a severely weakened sterling against the euro and of the severe economic downturn in the United Kingdom, giving rise to an increased availability of used cars accompanied with downward pressures on prices. While the volume of new car imports in 2009 has not been lower than the norm, reflecting also a spillage of demand from 2008, the volume of second hand imports has surged.

Looking ahead, the market is facing mixed signals in the short term. While the weakness of sterling persists, second hand car prices in the United Kingdom are currently showing material increases, and this will impact the importation of such vehicles. A recovery in sterling would, in the opinion of the Directors, serve to accentuate this shift, leading to a position that is more favourable than that which existed prior to last year's fiscal changes.

Within this turbulent market, the Organisation's market share has held well. The Organisation's particular strength has always been the wide range of brands represented by its separate subsidiaries. While the market share of any particular brand may be expected to vary from year to year, due to factors such as the quality of the current models, pricing competitiveness and exchange rates, the varied mix retailed by the Organisation has over the years enabled it to maintain a consistent overall market share. The Organisation also benefits from the material investment made in recent years in its showrooms, service centres and related facilities, that have served to enhance client service.

As explained above, the Mizzi Organisation expects that in due course the current inflow of second hand vehicles will decrease. Such imports are nevertheless likely to continue to feature within the Maltese auto market, even if on a reduced scale, until such time as registration taxes are eliminated or very significantly reduced. Given these circumstances, the Organisation's car companies have from this year commenced the importation of second hand cars from the United Kingdom.

The Organisation has a positive track record with respect to securing its distribution agreements. Although in line with international industry practice the distribution agreements with foreign principals have expiry dates, these agreements have always been renewed by the foreign principals. With the recent investments made in showroom and garage facilities, the consistent level of sales achieved and the quality of service provided to customers, the Organisation's auto subsidiaries are confident of the continued renewal of their franchises.

The Organisation has adopted an arm's length approach to the management and financing of the various car companies comprised in the automotive sector, on a basis which is consistent with that adopted for other sectors. This is important to ensure that each company is allowed to perform at the highest level of its potential within its target market. At the operational level, each car company is headed by a management team which is given the necessary autonomy and flexibility to ensure that the appropriate decisions are made at the company level. This guarantees the confidentiality of information and allows each brand to benefit from the enterprise, research and market analysis of that company's management team.

6.2.2 Beverage Sector

The beverage sector is another significant contributor to the turnover of the Mizzi Organisation with a contribution of approximately 23% during the financial year ended 31 December 2008. The main company within this sector is General Soft Drinks that for the past forty years has been the authorised bottler of internationally known brands. Its brands currently include Coca-Cola®, Fanta®, Sprite®, Dr Pepper®, Schweppes® and Kristal®. General Soft Drinks currently employs over 200 employees. The company has established itself as a leader in the beverage sector in Malta, a position which the Organisation seeks to strengthen.

The beverage sector in Malta is a highly competitive market with other significant players in the market apart from General Soft Drinks and its business is highly seasonal in nature and is characterised by significantly higher sales in the summer months. Following Malta's accession to the European Union, the industry has been subjected to a fundamental change with respect to packaging regulations. A longstanding legal notice which had restricted the sale of non-alcoholic beverages to refillable glass containers was repealed towards the end of 2007, thus opening the way for the sale of soft drinks in PET one way containers of varying sizes, and in cans, as from 1 January 2008. While the change away from glass has facilitated competition from imports, it also offers advantages in terms of enhanced demand generated by the added shopper convenience and by the impact of upsizing. Across the market, the 0.3 litre glass bottle has migrated to a 0.5 litre PET bottle; while the 1 litre glass bottle has been replaced by 1.5 or 2 litre PET containers.

The Organisation resolved to modify its business model and invested heavily in the latest technology plant which is geared up for bottling of non-carbonated beverages in plastic containers. The company secured for this purpose a long-term leasehold over a plot of land in Marsa and the company constructed its plant on this property, which project was finalised during 2008, without disturbing the continued production of soft drinks in glass bottles within the old factory at Qormi. The capital investment in this respect was in the region of €25 million. The new factory accommodates extensive warehousing. Due to logistical constraints, General Soft Drinks' warehouses were previously located at a rented site close to the former Qormi factory. Apart from eliminating unnecessary rental charges, the new factory has created efficiencies by eliminating the extensive double handling of products that was previously necessary.

Falcon imports various world known brands for distribution in Malta. The brands include Nestea®, Powerade®, Burn®, Apollinaris®, Evian®, Stella Artois®, Golden Pils®, Gaudianello® and Leggera® together with carbonated canned drinks such as Coca-Cola®, Fanta® and Sprite®. Falcon also runs a vending machine operation across the Maltese Islands.

6.2.3 Retail and Contracting Sector

The Mizzi Organisation has been involved in the retail sector for a number of years. The Organisation has diversified its involvement in the retailing sector through the development and launch of the Arkadia Commercial Centre in Victoria, Gozo and through its equity interest in Plaza Centres p.l.c. This sector was in the past a relatively minor contributor to the overall revenues and financial results of the Organisation. However in view of the diversification and expansion of the Organisation's interests in this respect, the retailing sector is today an important component of the Organisation's business.

In 1998, the Organisation launched a retail complex in Victoria Gozo known as the Arkadia Commercial Centre. Arkadia Marketing Limited, the company that owns and operates the complex, was the first to adopt the department store concept in Malta and Gozo. The complex provides customers with the availability of leading retail brands such as Adams®, Dorothy Perkins®, Jennyfer®, Killah®, Miss Selfridge®, Miss Sixty®, Morgan®, Springfield®, Tom Tailor® and Urban Jungle®. In the last few years, Arkadia has been successful in securing franchising agreements with other international high street brands including Peacocks®, Piazza Italia® and Orsay®; and also in developing its own retail outlets such as things*®, Boulevard® and Pearl®. The Complex also hosts third party outlets such as McDonalds®, Body Shop®, Vodafone® and other well established brands as tenants. The company runs a profitable food store operation from the retail mall.

During 2008, the Organisation completed and launched a sizable extension to the complex, which project involved aggregate capital expenditure amounting to €1.8 million. This extension is mainly being utilised to house expanded outlets for the company's franchises and accommodate the retail names and other initiatives referred to previously.

Taking advantage of the momentum brought about by the mall's success story, the Organisation initiated similar retail operations from other premises in Malta and overseas. Arkadia runs a large food store operation from rented premises in Portomaso, St Julians. It operates Peacocks® outlets from rented outlets in the most popular shopping spots in Sliema, Valletta and Paola; and it runs a Piazza Italia® operation from rented premises in Birkirkara. Arkadia manages things*® shops from rented outlets in Valletta, Sliema and St Julians together with owned premises in Bugibba. The Organisation is continually seeking to secure other premises in prime shopping areas to pursue the expansion and consolidation of its retail operations, achieving further economies of scale and enhancing its return from this operation.

Arkadia is the master franchisee for the Peacocks® brand in a number of Eastern European countries. In recent years the company opened several retail outlets in Slovakia and Czech Republic, but the results achieved were not satisfactory, incurring material losses. Accordingly during 2008 this overseas operation was restructured to secure adequate returns which are commensurate with the risks undertaken. During the financial year ending 31 December 2009, the Organisation runs four outlets in Slovakia's main cities namely Bratislava (within Aupark Shopping Centre), Kosice (within Optima Shopping Centre), Nitra and Trnava. The Organisation is forecasting revenues from such outlets amounting to approximately €2.5 million for the year ending 31 December 2009 and accordingly this operation going forward does not represent a significant concentration of risk to the Organisation's activities. The 2009 forecasted results from this operation reflect a modest loss but are considered adequate by the Organisation taking cognisance of the changes implemented in recent months, and the potential of future profits as further experience is gained in these new markets.

The total turnover of the Arkadia and other related retail operations amounted to over €27.1 million for the year ended 31 December 2008, representing 24% of the Organisation's overall revenues.

The Organisation, through its shareholding in Mizzi Associated Enterprises Limited ("**MAE**"), is a significant equity holder in Plaza Centres p.l.c. ("**Plaza**"), a company whose shares are listed on the Malta Stock Exchange. MAE controls a 16% stake in Plaza. Plaza owns and operates one of the largest and most equipped retail malls in Malta, which is situated in the heart of Malta's popular shopping district, Sliema.

The Organisation's presence in the contracting sector over the last thirty five years is attributable to Titan International Limited ("**Titan**"). The activities of the company include:

- contracting of local mechanical and electric engineering works,
- installing industrial and residential air-conditioning systems and lifts, and
- wholesaling and retailing of air-conditioning units, electrical components, power tools and other related products.

Titan is the representative in Malta of brands such as Haier®, LG®, Otis®, Hitachi®, Vortice® and Crabtree® amongst others. The Organisation's continued involvement in the white goods and home appliances sector mainly consists of its retailing operation with respect to the Zanussi® franchise. The Organisation has been actively involved in this sector for the last sixty years and is currently seeking to rationalise its operation in this sector by focusing on diversification of its product and brand range in the face of stiff and ever increasing competition.

6.2.4 Tourism and Leisure Sector

The Mizzi Organisation has always been involved in the tourism sector, which is one of the key industries in the Maltese economy. The returns from the tourism industry in Malta are predominantly seasonal with the peak registered in the summer months. The performance of the Organisation's tourism segment obviously follows closely the trends experienced within the Maltese tourism industry generally.

The Organisation owns and operates the Waterfront Hotel, which is situated along Sliema's sea-front promenade. The quality of Waterfront's finishes, its location, the level of service provided and accordingly the reputation established by the hotel contributed significantly to its securing a constant high level of occupancy. The hotel manages to secure on an ongoing basis contractual arrangements with significant tour operators mainly in Germany and the UK. Given its central location and on-line booking facilities, the hotel also manages to achieve an attractive level of direct sales, at higher yields. The Waterfront Hotel has also been successful in encouraging patrons to utilise the various facilities within the hotel, resulting in significant additional revenues.

Through its shareholding in MAE, the Organisation also has indirect equity interests in the Mellieha Bay Hotel (50%) and the Comino Hotel (24%). The Organisation was also one of the pioneers in teaching of English as a foreign language. Together with Frosch Touristik, the Organisation established the Institute of English Language Studies Limited in the early 1990's. The Organisation has a 50% stake in this operation.

6.2.5 Real Estate Sector

The Mizzi Organisation has always been very active in the Real Estate sector. Over the years, the Organisation has accumulated a significant portfolio of assets located in prime locations. The Organisation's strategy was always that of owning prime sites from which it conducts its business activities. As outlined previously the car companies principally operate from owned premises and the Organisation owns the Waterfront Hotel and the Arkadia complex. The Organisation's corporate offices at Blata l-Bajda are also owned by the Organisation and the Organisation is currently endeavouring to lease out vacant floors in these premises.

The Organisation also holds a significant portfolio of investment properties having a carrying amount, stated at fair value, of €22.5 million as at 31 December 2008. This portfolio includes large prime sites in Qormi (premises vacated by General Soft Drinks), Blata l-Bajda, Mellieha (the former Festaval complex), St Julians and Birzebbugia. These properties, which are surplus to the Organisation's operational requirements, are earmarked for potential resale or for future redevelopment once the necessary plans and permits are finalised and funding is in place. They currently constitute a dormant store of value.

The Mizzi Organisation is currently finalising the development of residential and commercial complexes in Gzira, Naxxar and Swieqi, which developments are intended for eventual disposal.

The Organisation holds a portfolio in excess of 50 residential and commercial properties in Malta that are mostly leased out directly to tenants, at low rates, on a long term basis. Recent legislative developments should assist the Organisation in gradually realising the underlying value of these assets.

6.2.6 Other Activities

There are other operations of the Organisation that are not categorised within the sectors mentioned above. The main activity in this respect is the financing operation carried out by United Acceptances Finance Limited ("**UAFL**"). This company finances hire purchase sales effected by the Organisation's car companies as well as sales by Titan for domestic and industrial air-conditioning systems, lifts and related equipment. The income of the Organisation from this activity comprises interest and other finance income from managing these credit facilities. The Organisation has taken advantage of its wide consumer base who acquire products and services on credit terms and created, through UAFL, a one-stop shop service by providing them with the product or service they require and, simultaneously, catering for their financing requirements. This also ensures that the operational companies manage better their cash flows by securing funds upon sale of goods and services in relation to transactions financed through hire purchase arrangements granted by UAFL.

UAFL has put in place a stringent framework on controls in relation to credit management and adopts strict credit ratings criteria with respect to acceptance and monitoring of hire purchase exposures. This also gives rise to more efficient centralised monitoring of customer accounts in view of the extensive experience accumulated by UAFL. Over the years, UAFL has contributed positively to the Organisation's results.

The Organisation has a 51% interest in MAE with Alf. Mizzi and Sons Limited being the other shareholder. The principal activities of the MAE group include the development of property mainly situated in Santa Maria Estates, Tas-Sellum and Wardija for trading and rental purposes, together with the ownership and operation of the Mellieha Bay Hotel. Entities over which the MAE group exercises significant influence include Kemmuna Limited (47.5%), which is the owner and operator of the Comino Hotel, and Plaza Centres p.l.c. (16%).

Kastell, through The Players Group Limited, holds an equity interest in Maltco Lotteries Limited. Maltco Lotteries Limited was set up in 2004 and has the exclusive licence to operate all National Lottery games in Malta. This company is currently operating most of the games which previously fell under the responsibility of the Departments of Public Lotto and include the Super 5 lottery, U*BET, the Lotto, Horseracing betting and instant lotteries (Scratchers). It offers its services through an extensive network of lotto booths situated throughout the islands.

The Mizzi Organisation also holds an equity interest in the companies forming part of the FirstUnited group. The FirstUnited group comprises FirstUnited Insurance Brokers Limited, FirstUnited Insurance Management Limited and FirstUnited Investments Limited. The FirstUnited companies are financial services providers that operate from Malta as insurance brokers, financial advisors, insurance managers and risk consultants. The said group also provides retirement planning services.

## *6.3 Trend Information and Trading Prospects*

The Directors of the companies constituting the Mizzi Organisation expect that the Organisation will in the absence of unforeseen circumstances, at least, maintain the financial and trading results that it has achieved in the past two financial years. Given that 2008 and 2009, as already explained, have been particularly turbulent ones in the new car import business, the Directors are also reasonably confident that trading profitability may improve in the immediate years ahead. Profitability is also expected to be enhanced as operating cash flows are largely applied towards a reduction in the borrowings incurred to finance the heavy investment cycle just completed, touching principally upon its auto businesses, Arkadia and General Soft Drinks.

The Organisation's auto business has just passed through a turbulent period that was particularly accentuated in the second half of 2008. A generally soft market scenario may persist in the months ahead. Sales in the immediate future may be negatively impacted by the large recent influx of imports, which to some extent may represent future sales that have been anticipated as buyers took advantage of favourable market conditions in the United Kingdom. The market will also need to absorb a build up of stocks that have been recorded by second hand car importers.

In spite of this, the Organisation's auto sales up to July 2009 are showing an improvement compared to the same period in 2008, and this improvement is expected to continue. The auto sector is set to account for a material part of the profit improvement being forecast by the Organisation in 2009. Moreover, looking beyond the immediate short term, the outlook is generally positive. In particular, as the impact of economic recovery becomes more pronounced overseas, it is likely that the recent influx of second hand imports from the United Kingdom will subside. The Organisation is well positioned to benefit from an upturn in the new car market, having completed the capital investment needed to meet the higher expectations of its customers and franchisors alike.

The major investment just completed at General Soft Drinks, including the associated warehousing, should lead to operational efficiencies in the years ahead. The positive results attained by this company in 2008, when operations at the new factory had yet to settle down, provide a sound basis for further improvement. 2009 has to date been a relatively less positive year given the downturn in tourism and the unsettled economic environment, which has inevitably impacted on discretionary spending, but this company is set to remain a flagship of the Mizzi Organisation.

The current economic and tourism downturn is impacting the Organisation in other businesses, such as the Waterfront and a number of Arkadia's local operations. The Organisation's profit forecast for 2009 reflects this. Improvements should be expected as Malta's main tourism markets recover. Economic recovery should also benefit Arkadia's overseas operations, which have just completed a major restructuring.

The Organisation has invested €75.6 million in new capital expenditure since 2002, with a number of major renewal projects impacting the Organisation simultaneously. The Organisation's investment needs in the immediate years ahead are reduced, and, as already explained, its annual cash generation will in future be substantially directed at debt reduction. This is in turn expected to yield material reductions in interest costs.

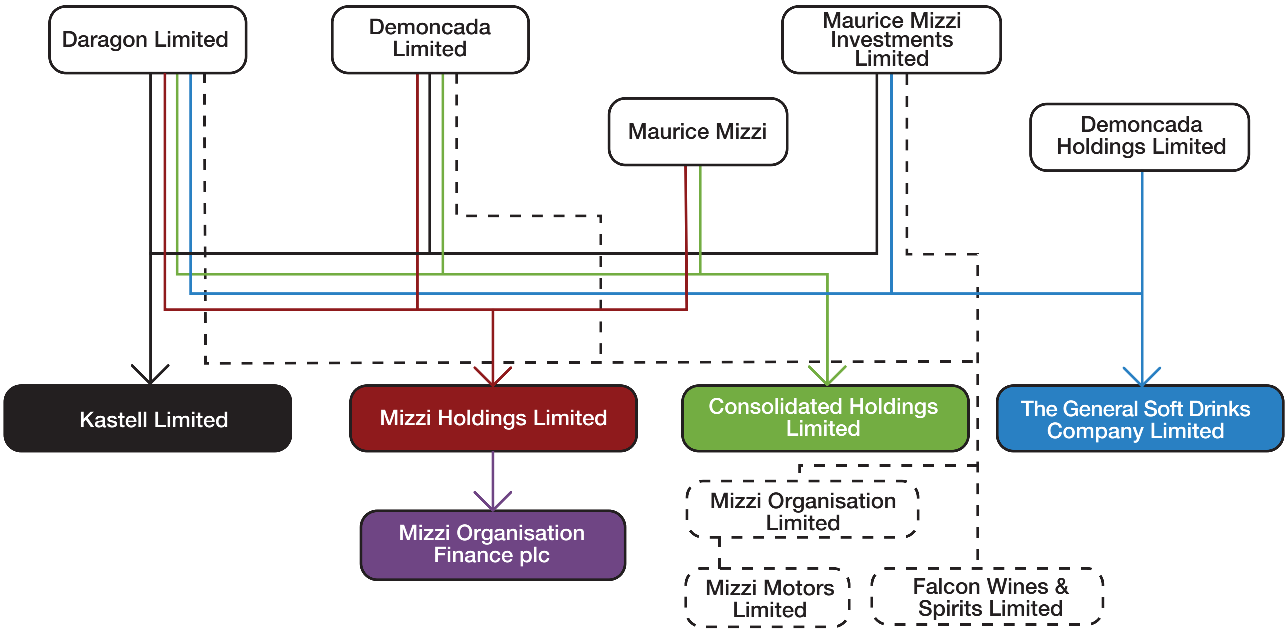
The Mizzi Organisation's business is diversified in different areas of operation. The directors believe that this diversification will continue to provide the Organisation with resilience to withstand the pressures in those areas of its business which may be more vulnerable to national and international economic and competitive pressures.

There has been no material adverse change in the prospects of the Issuer and Guarantors since 31 December 2008, being the date of the latest audited financial statements.

## 7. Mizzi Organisation Structure

The Mizzi Organisation is a conglomerate of business units spanning a broad portfolio of business interests and industry specific sectors ranging from the automotive, tourism, leisure, manufacture, services, real estate and mechanical and engineering contracting industries, employing just under 1,000 people.

The Mizzi Organisation consists of four main groups of companies which control several operational subsidiaries in a diverse range of economic activities, the parents of which are each of the Guarantors and two other operational companies being Falcon and Mizzi Motors. The following diagram sets out the corporate structure of the Mizzi Organisation: -




### *7.1 Dependence on Guarantors*

The Issuer is essentially a special purpose vehicle set up to act as a financing company taking cognisance of the financing and investment requirements of the Mizzi Organisation. The Issuer is dependent on the business prospects, operating results and financial position of the Mizzi Organisation and the risks relating to the Issuer are predominantly those attributable to the Guarantors and their subsidiaries. Investors ought to carefully consider the risk factors relating to the Mizzi Organisation and the Bonds being issued by the Issuer and guaranteed by the Guarantors contained in Part B of this Prospectus.

## 8. Board of Directors and Senior Management

### *8.1 Board of Directors*

The board of directors, described in Section 3 of this Summary, manages each of the Issuer and the Guarantors. The board of directors are responsible for the overall management of the said companies, establishing policy guidelines for the management thereof, including the responsibility for the appointment of all executive officers and other key members of management.

8.1.1 Curriculum Vitae of Directors of the Issuer and the Guarantors

**John C. Grech**
John C. Grech is a leading business and management consultant providing services both locally and internationally. He served as Chairman of Bank of Valletta p.l.c., Middlesea Valletta Life Assurance Company Limited and the Malta Tourism Authority and also served as President of Mediterranean Bank Network. He is currently the Vice Chairman of FIMBank p.l.c. John C. Grech is also a visiting Professor at the University of Malta. He is currently the Chairman of the following companies: EMCS Investments Limited, EMCS Holdings Limited, EMCSI Corporate Services Limited, Accelerate Malta Limited, Melitaunipol Insurance Agency Limited, Melitaunipol Financials Limited, Central Cement Limited and Jumbo Bags Limited.

**Louis Camilleri Preziosi**

Louis Camilleri Preziosi is a lawyer by profession. He read law at the University of Malta and University College London. He has been very active in private practice since 1965 and is the founder of the law firm Camilleri Preziosi, from which he retired as partner in December 2000 retaining the position of consultant. He is specialised in the practice of commercial law and has over the years established himself as an eminent commercial lawyer in Malta. He has advised both local and foreign clients on several areas of law.

**Brian R. Mizzi**

Brian Mizzi was born in 1946 and educated at St. Edward's College, Malta. He worked with, and obtained his articles from, the then firm of accountants, Turquand Youngs. In 1971, Brian Mizzi returned to Malta where he assumed directorships of several Mizzi Organisation companies including Festa Limited and The General Soft Drinks Company Limited. In the late nineties, he was assigned the responsibility of developing the Arkadia Commercial Complex in Victoria, Gozo and the Waterfront Hotel at the Strand in Gzira. Since then, he has retained the managing directorship of both these companies as well as of The General Soft Drinks Company Limited which under his direction has recently seen the development and completion of a totally "new build" state of the art bottling factory in Marsa. Brian Mizzi is currently managing director of the Institute of English Language Studies Limited and also sits on the main board of directors of the Mizzi Organisation.

**Kenneth C. Mizzi**

Kenneth Mizzi was born in 1948 and is a qualified Chartered Accountant. After working with Touche Ross in London, he returned to Malta and joined the family business in 1971. Over the years he has served as a director on the Board of the Malta Development Corporation (1978-1980) and a number of other parastatal companies. He also served as director on the board of Mid-Med Bank Limited and of HSBC Fund Management (Malta) Limited. He is also managing director of SAK Limited, the franchisee and retailer of The Body Shop products in Malta and a director of Banif Bank (Malta) p.l.c. Kenneth Mizzi is managing director of Muscats Motors Limited and United Acceptances Finance Limited.

**Maurice F. Mizzi**

Maurice Mizzi was born in 1936 and was educated at St. Aloysius College, Malta and read law at the University of Malta where he obtained a Diploma of Legal Procurator. He joined the family business in 1957 and was appointed on the board of a number of Mizzi Organisation companies including Car Assembly Ltd as managing director. He is currently managing director of Continental Cars Limited, Mizzi Limited and Titan International Limited. In the past, Maurice has held a number of chairmanships for the government including Mediterranean Film Studios (1984-1990) and the Malta Development Corporation (1997-1998). He has been the Honorary Consul of Iceland since 1978. He also served as a director on the Board of Plaza Centres p.l.c., Allcom Limited, Technical and Management Services Limited, Datatrak Holdings p.l.c., Datatrak Systems Limited, Datastream Limited, and Go p.l.c. He is currently, *inter alia*, director of MIDI p.l.c., Mizzi Associated Enterprises Limited and Banif Bank (Malta) p.l.c.

**Veronica Mizzi**

Veronica Mizzi was born in 1952 and attended the Convent of the Sacred Heart, Malta. She then attended finishing school at St. Dorothy's Convent in Fribourg, Switzerland where she studied French and secretarial studies. After she majored in French, she furthered her studies in the French, German and Italian languages in Switzerland and Germany. In 1983, Veronica Mizzi set up a Body Shop Franchise in Como, Italy (together with her sister Angele). She is currently an alternate Director on the Mizzi Organisation main board of directors and Mizzi Estates Limited. She also sits on various 'ad hoc' committees in connection with the Mizzi business. Veronica is also on the fund-raising committee of Din l-Art Helwa, Malta.

**Ian Mizzi**

Ian Mizzi was born in 1960 and attended St. Edward's College and De La Salle College, Malta. He then furthered his studies at Luther College, Decorah, Iowa, USA where he majored in Business Administration and Computer Science. Subsequently, he obtained an MBA with distinction in e-business from the University of Grenoble in France. In the interim, he was responsible for the running of the General Soft Drinks Company Limited until 1998, at which time he joined the Mizzi Organisation Corporate Office as an executive director. Ian has held various posts within the Malta Trade Fair Corporation including the presidency between 2002 and 2004, as well as posts within the Malta Federation of Industry, prior to its merger with the Malta Chamber of Commerce. When the automotive division was re-organised in 2007, Ian Mizzi assumed managing directorships of Industrial Motors Limited and Nissan Motors Sales Limited and currently sits on the main board of the Mizzi Organisation as an alternate director. In 2008, Ian was appointed non-resident Maltese Ambassador to the Kingdom of Morocco.

## 8.2 *Management Structure*

The Issuer is a special purpose vehicle incorporated under the laws of Malta to act as the finance company for the Mizzi Organisation. The business of the Issuer is managed by its board of directors and does not separately employ any senior management. The overall management of each Guarantor is entrusted to its board of directors who are the persons responsible for establishing the strategy of each Guarantor and their operating subsidiaries, including the responsibility for the appointment of all executive officers and other key members of management. The board of directors of the business lines of each Guarantor are supported by a number of executive staff, the most senior of which are the following:-

**Hugh Mercieca**
Hugh Mercieca joined, the then, Barclays Bank D.C.O. in Malta in 1961 and was admitted as an Associate of the Chartered Institute of Bankers in 1967. He left Mid-Med Bank Ltd (today HSBC Bank Malta p.l.c.), the successor of Barclays Bank D.C.O. in 1978 to join the Mizzi Organisation as credit controller. He was appointed company secretary to all the Mizzi Organisation companies in late 2004 and in addition has held the post of Board Secretary since 1997. On the re-organisation of the corporate office in August of 2005 he assumed the position of Head Corporate Office and in May of 2008 he was promoted to Chief Operating Officer of the Mizzi Organisation Automotive Division. Hugh Mercieca had occupied the post of Chief Operating Officer of the Mizzi Organisation Estates Division since 2005 and under his direction various sites are being developed. Hugh also sits on the Board of FirstUnited Insurance Brokers Ltd as director and FirstUnited Insurance Management Ltd as company secretary.

**Brian Azzopardi**
Brian Azzopardi was born in 1969 and attended De La Salle College and the New Lyceum Complex, Malta. In 1991 he obtained a B.A. (Hons) degree in Accountancy. From 1991 to 2000 he was employed with the Air Malta Group and the Corinthia Group and held various senior accounting posts. In late 2000 he joined The Waterfront Hotel Limited as Financial Controller and in July 2006 he was appointed General Manager of The Waterfront Hotel, a position he has held since.

**Antoine Portelli**
Antoine Portelli was born in 1974 and attended the Ninu Cremona Lyceum Complex in Gozo. He then furthered his studies at the University of Malta where he obtained a B.Sc in Computing and Business Studies, as well as a diploma in Management Studies from the University of Malta. Subsequently, he was employed with Crimsonwing (Malta) Ltd as technical co-ordinator. Mid to late nineties he was employed by M.I.T.T.S. with duties ranging from trainee to project team leader. From 1999 to 2004 he held senior positions with IT duties with Global Software Development Ltd, as well as Innovate Ltd. In 2004 he joined Arkadia Marketing Limited as deputy general manager and from late 2008 has held the post of general manager with overall responsibility for the local business as well as the overseas operations.

**Maria Micallef**
Maria Micallef was born in 1970 and attended St. Dorothy's Convent, Malta. In June 1991, while reading for a Bachelor of Science degree in chemistry and biology at the University of Malta, she joined the General Soft Drinks Company Limited as a student worker. This led to a series of promotions and in December of 1997 she was appointed director of operations with responsibility for production, quality assurance and maintenance of the production plant. In late 1998 she was promoted to General Manager which post she has occupied since that time. In March 1999 she obtained an MBA with Distinction from Maastricht School of Management with a first in class position. From 2004 to 2008 she served on various Coca Cola Company Europe committees and, during the interim, led the company team in the development of the new plant and premises in Marsa. She currently holds directorships at the Institute of English Language Studies Limited, FirstUnited Insurance Brokers Ltd and FirstUnited Insurance Management Ltd representing the interests of the Mizzi Organisation.

**Saviour Abela**
Saviour Abela was born in 1965 and attended St. Aloysius College, Malta. He then furthered his studies at the New Lyceum Complex, Msida and the University of Malta where he obtained a Mechanical and Engineering Honours degree. From 1988 to 1994 he held posts with STMicroelectronics (Malta) Limited and Medserv p.l.c. and in mid 1994 he joined Titan International Ltd as contracts and operations manager. In late 1998 he was promoted to General Manger of Titan International Ltd, a post he has held since.

## 8.3 *Audit Committee Practices*

### 8.3.1 Audit Committee

The Audit Committee's primary objective is to assist the Board in fulfilling its oversight responsibilities over the financial reporting processes, financial policies, related party transactions, risk management and internal control structure. The Audit Committee reports directly to the Board of Directors. The Committee is at all times accountable to the

Board and through its Chairman, reports to the Board on a regular basis. The Committee makes recommendations to the Directors where in its view certain improvements or changes are required. The Committee is made up of Dr John C. Grech, Non Executive Director and Chairman of the Issuer, Dr Louis Camilleri Preziosi, Non-Executive Director of the Issuer and Kenneth C. Mizzi, Executive Director of the Issuer.

### *8.4 Major Shareholders*

8.4.1 The Issuer

The majority of the issued share capital of the Issuer is held by Mizzi Holdings. The presence of an audit committee has the task to ensure that any potential abuse is managed, controlled and resolved in the best interests of the Issuer. The presence of independent non-executive directors on the board of the Issuer aims to minimise the possibility of any abuse of control by its major shareholder. Furthermore, in terms of the memorandum and articles of association of the Issuer, in the event that a director has a personal material interest, either directly or indirectly, in any contract or arrangement with the Issuer, such director is not entitled to vote on any decisions taken in connection therewith. This ensures that any director sitting on the boards of Mizzi Holdings and the Issuer is precluded of using his vote on any decisions involving a contract or arrangement between Mizzi Holdings and the Issuer. As at the date of this Prospectus, Maurice F. Mizzi, Kenneth C. Mizzi and Brian R. Mizzi sit on the board of directors of both Mizzi Holdings and the Issuer.

8.4.2 The Guarantors

The issued share capital of Kastell is held by Daragon Limited, Maurice Mizzi Investments Limited and Demoncada Limited in equal proportions (each holding approximately 33.3%). The issued share capital of Mizzi Holdings and Consolidated is held by Daragon Limited, Demoncada Limited and Mr Maurice Mizzi in equal proportions (each holding approximately 33.3%). The issued share capital of General Soft Drinks is held by Daragon Limited, Maurice Mizzi Investments Limited and Demoncada Holdings Limited in equal proportions each holding approximately 33.3% (together with Mizzi Holdings owning 2 shares). Accordingly, none of Demoncada Limited, Demoncada Holdings Limited, Maurice Mizzi Investments Limited, Maurice Mizzi and Daragon Limited alone has control of any of the Guarantors.

## 9. Historical Information

The historical financial information of the Issuer and the historical consolidated information of each of the Guarantors is included in the audited financial statements for the years ended 31 December 2008 and 31 December 2007 in accordance with International Financial Reporting Standards as adopted by the EU.

For the purposes of the Prospectus and in terms of the requirements of the Listing Rules as issued by the Listing Authority, historical combined financial information of the Guarantors and their subsidiaries, together with Falcon and Mizzi Motors, has been prepared on the basis as described in Section 19. The combined financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The above mentioned historical information has been audited by PricewaterhouseCoopers and can be viewed at the Issuer's registered office or on the web site address www.mizziorganisation.com. PricewaterhouseCoopers is a firm registered as a partnership of certified public accountants holding a practising certificate to act as auditors in terms of the Accountancy Profession Act (Cap. 281, laws of Malta).

The interim financial information of the Issuer and the combined interim financial information of the entities constituting the Mizzi Organisation for the six month period ended 30 June 2009 are reproduced in Annexes 2A and 2B, respectively.

In the published interim financial information of the Issuer for the period ended 30 June 2009, the 2002 bonds have been presented as non-current borrowings. The 2002 bonds are redeemable at par (€100 for each bond) on 31 May 2012 unless otherwise redeemed in whole or in part at the option of the Issuer on each of 31 May 2009, 31 May 2010 and 31 May 2011 (each an Optional Redemption Date). As at the date of authorisation for issue of the interim financial information i.e. 10 August 2009, the board of the Issuer had not yet resolved to apply any of the optional redemption dates and accordingly the bonds were presented as non-current liabilities, assuming the instruments will be redeemed at the latest redemption date.

Subsequent to 10 August 2009, the board of the Issuer resolved to propose the issuance of bonds during November 2009 to replace the 2002 bonds. Accordingly, the maturity of the 2002 Bonds in the combined interim financial information is based on the assumption that the 2002 Bonds will be redeemed at the earliest optional redemption date i.e. 31 May 2010 considered the earliest contractual maturity date for disclosure purposes. The 2002 Bonds have been presented as current liabilities in this financial information.

## 10. Significant Change in Issuer's and Guarantors' Financial or Trading Position

There has been no significant adverse change in the financial or trading position of the Issuer and the Guarantors since 31 December 2008, being the date of the latest audited financial statements.

## 11. Additional Information

### *11.1 Share Capital of Issuer and Guarantors*

11.1.1 Issuer

The authorised share capital of the Issuer is €1,164,686.70. The issued share capital is €232,937.34 fully paid up, divided into 1,000 ordinary shares of a nominal value of €232.937339 each and subscribed as to 1 ordinary share by Kastell and 999 ordinary shares by Mizzi Holdings.

11.1.2 Kastell

The authorised and issued share capital of Kastell is €4,654.09, fully paid up divided into 1,998 ordinary shares of a nominal value of €2.329373 each and subscribed by Daragon Limited (C2562), Maurice Mizzi Investments Limited (C36640) and Demoncada Limited (C2577), each holding 666 ordinary shares.

11.1.3 Consolidated

The authorised share capital of Consolidated is €1,164,686.50. The issued share capital is €746,796.98 fully paid up, divided into 320,600 ordinary shares of a nominal value of €2.329373 each and subscribed by Daragon Limited (C2562) and Demoncada Limited (C2577), each holding 106,866 ordinary shares, and Maurice Mizzi holding 106,868 ordinary shares.

11.1.4 Mizzi Holdings

The authorised share capital of Mizzi Holdings is €2,329,373. The issued share capital is €1,597,018.13 fully paid up, divided into 685,600 ordinary shares of a nominal value of €2.329373 each and subscribed by Daragon Limited (C2562) and Maurice Mizzi, each holding 228,533 ordinary shares, and Demoncada Limited (C2577) holding 228,534 ordinary shares.

11.1.5 General Soft Drinks

The authorised and issued share capital of General Soft Drinks is €116,468.65, fully paid up divided into 50,000 ordinary shares of a nominal value of €2.329373 each and subscribed by Daragon Limited (C2562), Demoncada Holdings Limited (C3858) and Maurice Mizzi Investments Limited (C36640), each holding 16,666 ordinary shares, and Mizzi Holdings holding 2 ordinary shares.

### *11.2 Memorandum and Articles of Association*

11.2.1 Issuer's Objects

The principal object of the Issuer is to carry on the business of a finance and investment company in connection with the ownership, development, operation and financing of the business activities of the companies forming part of the Mizzi Organisation whether in Malta or overseas. The objects and powers of the Issuer can be found under the section 'Objects' in the memorandum of association, a copy of which is available for viewing for the lifetime of the Issuer at the Registry of Companies in Malta.

11.2.2 Guarantors' Objects

**Kastell**
The principal object of Kastell is to acquire, hold and deal in any shares, stock, bonds, debentures or other securities and titles of credit, without limitation as to sources, origin or nationality and to promote, finance, organise or deal with in any other manner, project, scheme or connected with industrial and immovable property; and to act as consultant, manager or developer of any such project, scheme or development.

**Consolidated and Mizzi Holdings**

The principal object of Consolidated and Mizzi Holdings is to purchase or otherwise acquire, hold and deal in any shares, debentures, stocks, bonds, scrip, or other security not involving unlimited liability issued by any company or association or any supreme, municipal, local or other authority, whether in Malta or any overseas country or place.

**General Soft Drinks**

The principal object of General Soft Drinks is to produce bottle, can, package, sell and distribute any beverages, soft drinks, dietetic products and foodstuffs in general and to purchase, take on lease or in exchange, hire, sell or otherwise acquire or dispose of any immovable or movable property for the purpose of attaining its objects.

The objects and powers of each of the Guarantors can be found under the section 'Objects' in the respective memorandum of association, copies of which are available for viewing for the lifetime of the Guarantors at the Registry of Companies in Malta.

## 12. Reasons for the Issue and use of proceeds

The proceeds of the Bond Issue, including the Over-Allotment Option, net of the costs relating thereto, will be firstly used to repay any amounts due by the Issuer with respect to the 2002 Bonds as and when the 2002 Bonds are due for repayment. Any part of the proceeds which remain available to the Issuer thereafter shall be advanced by the Issuer to any of the Guarantors to enable them to partly refinance their existing borrowings contracted in respect of the construction of the General Soft Drinks factory and other capital expenditure.

## 13. Expenses

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €750,000. There is no particular order of priority with respect to such expenses. Accordingly, the net amount of proceeds from the Bond Issue is estimated to be €24,250,000 or, in the case of the exercise of the over-allotment option, €29,250,000.

The overall amount of the placing commission payable to Authorised Financial Intermediaries entering into conditional placement agreements in terms of Section 34.5.1 of this Prospectus will not exceed €30,000.

## 14. Issue Statistics

| | |
|---|---|
| Amount: | €25,000,000 subject to the Over-Allotment Option described below; |
| Over-allotment Option: | at the sole and absolute discretion of the Issuer, additional Bonds not exceeding an aggregate of €5,000,000 may be issued at the Bond Issue Price in the event of over-subscription; |
| 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 CSD; |
| Denomination: | euro (€); |
| Guarantee: | the Guarantors are, jointly and severally with the Issuer and between themselves, guaranteeing the payment of the nominal value of the Bonds on the Redemption Date and of the interest on the Bonds on each Interest Payment Date; |
| ISIN: | MT0000211210; |
| Minimum amount per subscription: | minimum of €2,000 and multiples of €100 thereafter; |
| Redemption Date: | 30 November 2019 unless otherwise redeemed on any of the Early Redemption Dates; |
| Early Redemption Dates: | any day falling between and including the 30 November 2016 and the 30 November 2019; |
| Bond Issue Price: | at par (€100 per Bond), (other than for Mizzi Applicants in which case the Bonds are being issued at €97.50 per Bond); |
| Status of the Bonds: | the Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt; |
| Listing: | application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List; |

| | |
|---|---|
| Issue Period: | the period between 23 November 2009 and 27 November 2009 (or such earlier date as may be determined by the Issuer in the event of over-subscription) during which the Bonds are on offer; |
| Interest: | 6.2% per annum; |
| Interest Payment Date(s): | semi-annually on the 31 May and 30 November of each year as from 2010; |
| First Interest Payment Date: | 31 May 2010; |
| Redemption Value: | at par (€100 per Bond); |
| Not Underwritten: | the Bonds shall not be underwritten; |
| Preferred Applicants: | a) the Mizzi Applicants; and<br>b) the 2002 Bondholders. |
| Mizzi Applicants' Bond Issue Price: | €97.50 per Bond, representing a discount of 2.5% to par and only available to Mizzi Applicants; |
| Governing Law of Bonds: | the Bonds are governed by 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. |

## 15. Expected Time-table of Bond Issue

| | |
|---|---|
| Issuance of Formal Notice | 2 November 2009 |
| Application Forms available | 6 November 2009 |
| Pre-Placement Period | 20 November 2009 |
| Preferred Applicants' Period | 20 November 2009 |
| Opening of subscription lists | 23 November 2009 |
| Closing of subscription lists | 27 November 2009 |
| Commencement of interest on the Bonds | 1 December 2009 |
| Announcement of basis of acceptance | 4 December 2009 |
| Expected dispatch of allotment advices and refunds of unallocated monies | 11 December 2009 |

The Issuer reserves the right to close the Bond Issue before 27 November 2009 in the event of over-subscription, in which case, the remaining events set out above (other than the commencement of interest on the Bonds) 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.

## 16. Details of the Bond Issue

### *16.1 Admission to Trading*

16.1.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 26 October 2009.

16.1.2 Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to this Prospectus to be listed and traded on its Official List.

16.1.3 The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 14 December 2009 and trading is expected to commence on 15 December 2009.

### *16.2 Plan of Distribution and Allotment*

16.2.1 During the Issue Period, Applications for subscription to the Bonds may be made through the Sponsor or any of the Authorised Financial Intermediaries. The Bonds are open for subscription to all categories of investors.

16.2.2 It is expected that an allotment advice to Applicants will be dispatched within five Business Days of the announcement of the allocation policy. Dealings in the Bonds may not commence prior to the said notification. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373, laws of Malta) (and regulations made thereunder). Such monies will not bear interest while retained as aforesaid.

## *16.3 Placing Arrangements*

The Bonds shall be available for subscription in three tranches:

a) By Authorised Financial Intermediaries for the account of their clients (other than Preferred Applicants) pursuant to, *inter alia*, the provisions of Section 34.5.1 of the Prospectus;

b) By Mizzi Applicants through Authorised Financial Intermediaries pursuant to, *inter alia*, the provisions of 34.5.2 of the Prospectus;

c) By 2002 Bondholders through Authorised Financial Intermediaries pursuant to, *inter alia*, the provisions of 34.5.3 of the Prospectus

16.3.1 Pre-Placement Period

The Issuer intends to enter into conditional placement agreements with Authorised Financial Intermediaries for the benefit of their clients other than Preferred Applicants (the "**Placement Agreements**") prior to the commencement of the Issue Period up to an amount not exceeding 10% of the maximum aggregate amount of Bonds being issued (including the over-allotment option), that is, €3,000,000, the "**Placed Portion**", with respect to the subscription of Bonds by Authorised Financial Intermediaries.

Authorised Financial Intermediaries may submit the completed Placement Agreements together with subscription proceeds in cleared funds on the 20 November 2009, the "**Pre-Placement Period**".

The minimum aggregate subscription amount for each Placement Agreement during the Pre-Placement Period shall be €500,000 and Placement Agreements for a lesser amount shall not be eligible for the Placed Portion and shall be disregarded.

16.3.2 Mizzi Applicants

The Issuer has reserved 3.33% of the maximum aggregate amount of Bonds being issued (including the over-allotment option), that is, €1,000,000, for subscription by Mizzi Applicants, the "**Mizzi Portion**". Such Mizzi Applicants shall receive a pre-printed application form by mail directly from the Issuer and shall be required to submit same to Authorised Financial Intermediaries together with cleared funds on the 19 November 2009, the "**Mizzi Applicants' Period**".

Each Application submitted by a Mizzi Applicant shall be accompanied by the subscription proceeds in cleared funds, corresponding to the Mizzi Applicants' Bond Issue Price, on the day of submission of the relevant application.

The minimum investment amount for Mizzi Applicants shall be €2,000 in value of Bonds. All such applications must be received during the Mizzi Applicants' Period in order for Mizzi Applicants to benefit from the Mizzi Applicants' Bond Issue Price and from the preferential treatment afforded thereto.

16.3.3 2002 Bondholders

The Issuer has reserved 80% of the maximum aggregate amount of Bonds being issued (including the over-allotment option), that is, €24,000,000, for subscription by 2002 Bondholders, the "**2002 Portion**". The 2002 Bondholders shall receive a pre-printed application form by mail directly from the Issuer and shall be required to submit same to Authorised Financial Intermediaries together with cleared funds on the 19 November 2009, the "**2002 Applicants' Period**".

The Issuer shall allocate the Bonds to those 2002 Bondholders indicating their agreement, by virtue of the submission of the duly completed Application Form, to settle the consideration for the Bonds by surrendering in the Issuer's favour, the 2002 Bonds of an equivalent value in Euro with a preferred allocation over all other Applicants up to the level of the 2002 Portion. 2002 Bondholders shall be required to apply for the value of their holding of the 2002 Bonds, rounded up to the nearest €100 or rounded up to the nearest €1,000, the "**Cash Top-Up**"), subject to a minimum application of €1,000.

Such transfer shall be without prejudice to the rights of the 2002 Bondholders to receive interest on the 2002 Bonds up to and including 30 November 2009.

The Issuer intends to settle in cash the difference between the coupon rates of 6.7% on the 2002 Bonds and 6.2% on the Bonds, from 1 December 2009 up to 31 May 2010, to all 2002 Bondholders applying under the 2002 Applicants' Period and who as a result have elected to settle their consideration for the Bonds by transferring their holding of the 2002 Bonds to the Issuer, as above described.

By submitting the signed pre-printed Application Form, 2002 Bondholders, shall be deemed to confirm that:

(a) their holding of the 2002 Bonds indicated in the said Application Form are being surrendered in favour of the Issuer; and
(b) the pre-printed Application Form constitutes the 2002 Bondholder's irrevocable mandate to the Issuer to:
    i. surrender the said 2002 Bonds in the Issuer's favour and to pay the Cash Top-Up, if any, in consideration of the issue of Bonds; and
    ii. engage, the services of such brokers or intermediaries as may be necessary to fully and effectively carry out all procedures necessary with the MSE for the surrender of the said 2002 Bonds and to fully and effectively vest title in the appropriate number of Bonds in the 2002 Bondholder.

2002 Bondholders wishing to surrender their 2002 Bonds in exchange of the Bonds shall only be entitled to do so during the 2002 Applicants' Period. Subsequent Applications by 2002 Bondholders are to be made by submitting the Application Form contained in Annex 4 and must be accompanied by cleared funds, at which stage, no preference shall be provided to their application.

In the event that a 2002 Bondholder intends to apply for more Bonds than the value of 2002 Bonds held by him/her, subject to the Cash Top-Up, such 2002 Bondholder shall be required to submit the Application Form contained in Annex 4 during the Issue Period *pari passu* with the general public and must be accompanied by cleared funds, at which stage, no preference shall be provided to their application.

2002 Bondholders ought to note that the availability of a discount, that is, the acquisition of the Bonds at the price of €97.50 per Bond (as opposed to the nominal value of €100 per Bond) is only available to the Mizzi Applicants. For the avoidance of doubt, 2002 Bondholders who, by virtue of the definition attributed thereto in this Prospectus, are also Mizzi Applicants, such 2002 Bondholders being also Mizzi Applicants shall be equally entitled to apply for the Bonds at the discount of €97.50 per Bond. Accordingly, whilst being provided with a preference over the general public in terms of their allocation, 2002 Bondholders who do not qualify as Mizzi Applicants are not entitled to acquire the Bonds at a discount.

16.3.4 Treatment of Placed Portion and Preferred Portion

The Placed Portion and the Preferred Portion shall be subject to the following limits:

(i) The Authorised Financial Intermediaries for the benefit of their clients (other than Preferred Applicants) shall be entitled to subscribe to up to a maximum aggregate amount of €3,000,000.
(ii) The Mizzi Applicants shall be entitled to apply, through the services of Authorised Financial Intermediaries, for up to a maximum aggregate amount of €1,000,000.
(iii) The 2002 Bondholders shall be entitled to apply, through the services of Authorised Financial Intermediaries, for up to a maximum aggregate amount of €24,000,000.

The above shall be subject to the following:

(a) any amount not taken up by the Authorised Financial Intermediaries for the benefit of their clients (other than Preferred Applicants) under (i) above shall be available for subscription by Mizzi Applicants, subject to a combined limit of €4,000,000. Any excess remaining thereafter relating to the Mizzi Applicants shall automatically participate during the Issue Period *pari passu* with other applicants without prejudice to their right to be allotted Bonds at the Mizzi Applicants' Bond Issue Price; and
(b) any amount not taken up by Mizzi Applicants under (ii) above shall be available to Authorised Financial Intermediaries for the benefit of their clients (other than Preferred Applicants) during the Pre-Placement Period, subject to a combined limit of €4,000,000. Any excess remaining thereafter shall be scaled down and the unsatisfied applications or part thereof shall be cancelled and refunds shall be given by the Issuer in accordance with the Placement Agreements; and
(c) any amount not taken by 2002 Bondholders under (iii) shall be available for subscription by Authorised Financial Intermediaries for the benefit of their clients (other than Preferred Applicants) and by Mizzi Applicants, equally between them.

The limit described in (iii) above is equivalent to the principal amount of 2002 Bonds outstanding as at the date Prospectus together with the maximum number of Cash Top-Ups. Accordingly, it is not anticipating that the 2002 Bondholders will require the utilisation of any unsubscribed portion of the limits described in (i) and (ii) above.

16.3.5 Treatment of Applications by Mizzi Applicants being 2002 Bondholders

In the event that a Mizzi Applicant is also a 2002 Bondholder, such Mizzi Applicant shall benefit from the discount being provided to Mizzi Applicants (that is, the Mizzi Applicants' Bond Issue Price) in surrendering his/her 2002 Bonds in favour of the Issuer in consideration of the subscription of Bonds. Accordingly, in such an event, the Mizzi Applicant shall receive, in cash, €2.50 of every Bond being subscribed to in consideration of the cancellation of their holding of 2002 Bonds.

## *16.4 Public Offer*

16.4.1 The balance of the Bonds not subscribed to during the Pre-Placement Period, the Mizzi Applicants' Period and the 2002 Applicants' Period shall be offered and issued to the general public in Malta during the Issue Period at the Bond Issue Price.

16.4.2 2002 Bondholders are at liberty to apply for Bonds during the Issue Period, at which stage, no preference shall be afforded to their Application. Furthermore, Mizzi Applicants shall also be at liberty to apply for Bonds during the Issue Period at the Mizzi Applicants' Bond Issue Price but, in so doing, no preference shall be afforded to their Application.

# PART B – RISK FACTORS

## 17. Risk Factors – Issuer and Guarantors

One 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. If any of the risks described were to materialise, they could have a serious effect on the Issuer's and the Guarantors' financial results, trading prospects and their ability to fulfil their obligations under the Bonds.

### *17.1 Issuer's dependence on Guarantors*

The Issuer is essentially a special purpose vehicle set up to act as a financing company taking cognisance of the financing and investment requirements of the Mizzi Organisation. The Mizzi Organisation does not constitute a legal entity nor does it constitute a group of companies within the meaning of the Companies Act (Cap. 386, laws of Malta). It is a conglomerate of companies composed of the Issuer, the Guarantors, that is, Consolidated Holdings Limited, Kastell Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited, together with all the Guarantors' subsidiary companies, and Falcon and Mizzi Motors. The Bonds are being guaranteed by the Guarantors. The Issuer is a subsidiary of one of the Guarantors, that is, Mizzi Holdings. Falcon and Mizzi Motors form an integral part of the Guarantors' beverage and automotive businesses. Indeed, the related operations of the Guarantors, including their subsidiaries, and the activities of Falcon and Mizzi Motors are managed on a collective basis as a single economic entity. The related operations, organised by business area, are directed by one common management team; common business structures and operational processes reflect the integration of the economic activities of the different entities involved in the same business sector. On this basis, the Issuer is dependent on the business prospects, operating results and financial position of the Mizzi Organisation. Furthermore, the risks relating to the Issuer are predominantly those attributable to the Guarantors, together with their subsidiaries, Falcon and Mizzi Motors.

### *17.2 Inclusion of Falcon & Mizzi Motors in the Combined Financial Information*

The combined financial information presented as part of this Prospectus includes the consolidated financial information of the Guarantors and their subsidiaries as well as the separate financial information of Falcon and Mizzi Motors. Falcon and Mizzi Motors do not guarantee the repayment of the Bonds and the earnings generated by Falcon and Mizzi Motors are not directly attributable to either of the Guarantors. Accordingly, prospective Bondholders should be aware that they have no recourse against Falcon and Mizzi Motors in the event of a default by the Issuer under the Bonds.

### *17.3 Risks relating to the Issuer's and Guarantors' Business*

Being a conglomerate of different businesses, the Mizzi Organisation carries a number of risks. Below are the main key factors that the Directors of the entitles constituting the Mizzi Organisation feel may be relevant to the business of the Mizzi Organisation and should therefore be considered before investing in the Bonds being issued by the Issuer and guaranteed by the Guarantors.

17.3.1 Risks affecting a number of sectors of the Organisation's activities

*Decrease in spending power and affluence of local consumers*
The Organisation imports, manufactures and/or distributes a range of cars, beverages and other consumer goods within different market categories. The success or otherwise of the Organisation is closely correlated to the level of income of the local consumers. Hence in the event that the local economy is faced with a recessionary period in which consumers' incomes are negatively impacted, the demand for the products sold by the Organisation may diminish, resulting in lower revenues for the Organisation.

*Local tourism*
The Organisation, *inter alia*, operates a hotel, and has an indirect interest in two others, operates an English language school in partnership with a third party, bottles and sells soft drinks and other beverages, and operates retail establishments. The sales of these businesses are impacted, to different degrees, by tourism and reach a peak in the summer months. Should the level of local tourism decrease, this would have a negative effect on the sales made by the Organisation in all the sectors concerned.

*Level of interest rates*
The Organisation has just completed a heavy capital investment cycle that has resulted in high borrowings, which include bank loans carrying variable interest rates. In the event that the Organisation suffers an increase in interest rates, this would therefore impact negatively on its profitability. The prevailing level of interest rates also has an effect on the demand and prices of high value capital goods such as motor vehicles and real estate. Low interest rates encourage people to borrow and invest in high value capital goods, while higher interest rates tend to have the opposite effect.

17.3.2 Risks specific to the automotive sector

*Attractiveness of the car models designed by the car manufacturers*
The attractiveness and competitiveness of any brand of motor vehicles (vide Section 21.2.1 of this Prospectus), and of particular models, are influenced by a host of factors such as engineering quality, design, the age of a particular model, the brand's plans for its replacement, and cost (which may also be impacted, *inter alia*, by exchange rates and the incidence of registration taxes). These are all external factors over which the Organisation has no control and, in certain circumstances, may negatively impact the level of demand for some of the vehicles represented by the Organisation.

*Used car imports*
The car market in Malta has in recent years witnessed a higher incidence of used vehicles being imported primarily from Japan and the United Kingdom. The incidence of such imports has been influenced by the changes in car registration and circulation taxes, and by the economic recession in the United Kingdom, that has resulted in an excessive supply of second hand vehicles and in a weakened Sterling exchange rate. Any changes in fiscal legislation and economic circumstances overseas, which favour the importation of used cars, is likely to have an adverse impact on the sales of new cars.

*Renewal of franchise agreements*
The Organisation is highly dependent on its relationship with the car manufacturers which it represents in Malta. In line with international industry practice, the distribution agreements with foreign principals have expiry dates. This dependence could adversely affect the Organisation's operating results and growth strategy if it were unable to maintain the existing relationships or replace them with alternative relationships on equivalent terms and conditions.

17.3.3 Risks specific to the beverage sector

*Price of raw materials and fuel*
The cost of manufacture of beverages is dependent, *inter alia*, on the cost of inputs such as concentrate, sugar, PET and energy. Should the cost of such inputs increase, it may not necessarily be possible to pass on the added expense in higher sales prices, resulting in added pressure on margins.

*Competition and new products on the market*
The beverage market is a highly competitive one witnessing constant change, the evolution of new products and also the launch of new brands such as retailers' own labels. Unless the beverage division of the Organisation remains dynamic and competitive, other competitors in the market are likely to take on part of the significant market share currently being enjoyed by the Mizzi Organisation.

17.3.4 Risks specific to the retail and contracting sectors

*Competition*
The retail activities in which Arkadia participates are marked by intense competition that might intensify as new retail developments currently in the course of construction come on the market. An excessive supply of new retail establishments would adversely impact on the Organisation's sales revenues.

*The activity of the construction industry*
The contracting division is dependent on the activity of the construction industry. Should the level of activity within the construction industry decrease the relative demand for mechanical and electrical contracting, air-conditioning systems and lifts may also diminish.

17.3.5 Risks specific to the tourism and leisure sectors

*Weakness of Sterling compared to the euro and the state of other economies in Europe*
Sterling depreciated by circa 30% against the euro since the third quarter of 2008 and this factor, coupled with an international economic recession, has affected the level of tourists visiting Malta from the United Kingdom during 2009 (which impact is reflected in the forecast results for 2009). If Sterling remains weak, or weakens further, when compared to the euro, Malta will be a less attractive destination to British tourists, which may result in a drop in tourism arrivals. Such a drop in tourism arrivals in Malta could have a negative impact on the profits generated by the Mizzi Organisation, with particular reference to the business lines described in Section 21.2.4 of this Prospectus having a direct relation to the tourism and leisure sectors.

The overall economic circumstances within Malta's main tourism markets could affect tourists' disposal income and negatively impact the number of tourists visiting Malta and in earnings resulting therefrom.

17.3.6 Risks specific to the real estate sector

*Issuance of permits*
The Organisation carries a portfolio of real estate assets. Most of the portfolio is made up of land and buildings earmarked for development. The profitability of these projects depends, to a certain extent, on the permits issued by the Malta Environment and Planning Authority. Although a number of the properties concerned already have an outline permit, the Authority will need to issue a permit specific to the developments in question, which might result in conditions and limitations that impact the future profitability of these new projects.

*Property market*
The strength and performance of the local property market may be affected by a number of factors such as political developments, government regulations, changes in planning or tax laws, interest rate fluctuations, inflation, the availability of financing and yields of alternative investments. Such factors may be expected to cause property prices to fluctuate. An increase in supply and/or a reduction in demand in the property segments in which any of the Guarantors have an exposure, could negatively impact the Guarantors' financial performance.

## *17.4 Risks relating to the Bonds*

17.4.1 Prior to the Bond Issue, there has been no public market or 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.

17.4.2 The existence of an orderly and liquid market for the Bonds depends on a number of factors, including the presence of willing buyers and sellers of the Issuer's Bonds at any given time. Such presence is dependent upon the individual decisions of investors over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell the Bonds at, or above, the Bond Issue Price, or at all.

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

17.4.4 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.

17.4.5 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.

17.4.6 The Bonds constitute the general, direct, unconditional, and unsecured debt obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt. Furthermore, subject to the negative pledge clause (Section 32.7), 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.

17.4.7 The Issuer has the option to redeem the Bonds in whole or in part on any of the Early Redemption Dates (in accordance with the provisions of Section 32.9), together with any accrued and unpaid interest until the time of redemption. This optional redemption feature may condition the market value of the Bonds.

17.4.8 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 32.13. 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.

17.4.9 The terms and conditions of this Bond Issue are based on Maltese law 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 Maltese law or administrative practice after the date of this Prospectus.

### *17.5 Forward Looking Statements*

This Prospectus contains "forward looking statements" which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. These forward looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Issuer's Directors. No assurance is given that the future results or expectations will be achieved.

## PART C – INFORMATION ABOUT THE ISSUER

### 18. Identity of Directors, Senior Management, Advisors and Auditors

As at the date of this Prospectus, the Board of Directors of the Issuer is constituted by the following persons: -

#### *18.1 Directors of the Issuer*

| | |
|---|---|
| John C. Grech | Chairman |
| Brian R. Mizzi | Director |
| Kenneth C. Mizzi | Director |
| Maurice F. Mizzi | Director |
| Louis Camilleri Preziosi | Director |

**THE DIRECTORS OF THE ISSUER ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF THEIR KNOWLEDGE AND BELIEF (AFTER HAVING 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.**

The persons listed under the sub-heading "Advisors" have advised and assisted the Directors in the drafting and compilation of the Prospectus.

#### *18.2 Directors of the Guarantors*

***Consolidated***

Brian R. Mizzi
Maurice F. Mizzi
Veronica Mizzi

***Kastell***

Brian R. Mizzi
Maurice F. Mizzi
Kenneth C. Mizzi
Ian Mizzi
Veronica Mizzi

***Mizzi Holdings***

Brian R. Mizzi
Kenneth C. Mizzi
Maurice F. Mizzi

***General Soft Drinks***

Brian R. Mizzi
Ian Mizzi
Maurice F. Mizzi

#### *18.3 Advisors*

***Legal Counsel to the Issuer***

Name: Camilleri Preziosi
Address: Level 3, Valletta Buildings, South Street
Valletta VLT 1103 - Malta

***Sponsor***

Name: Rizzo Farrugia & Co. (Stockbrokers) Ltd
Address: Airways House, Third Floor, High Street,
Sliema SLM 1549 - Malta

***Manager & Registrar***

Name: Bank of Valletta p.l.c.
Address: BOV Centre, Cannon Road
St Venera SVR 9030 - Malta

#### *18.4 Auditors*

Name: PricewaterhouseCoopers
Address: 167, Merchants Street, Valletta VLT 1174 - Malta

The annual statutory financial statements of the Issuer, and the consolidated financial statements of the Guarantors for the financial years ended 31 December 2008 and 31 December 2007 have been audited by PricewaterhouseCoopers. PricewaterhouseCoopers is a firm registered as a partnership of certified public accountants holding a practising certificate to act as auditors in terms of the Accountancy Profession Act (Cap. 281, laws of Malta).

## 19. SELECTED FINANCIAL INFORMATION

### *19.1 The Issuer*

The Issuer is a special purpose vehicle having the principal object of a financing company for the Mizzi Organisation. Accordingly, its financial statements do not reflect any impacts relating to the core business operations of the Organisation. The Issuer was incorporated with the intention of issuing bonds quoted on the Malta Stock Exchange.

The historical financial information set out below has been extracted with no material adjustment from the audited financial statements of the Issuer for the years ended 31 December 2008 and 31 December 2007 prepared in accordance with International Financial Reporting Standards as adopted by the EU. The said statements have been published and are available on the Issuer's website www.mizziorganisation.com. They are also available for viewing at the Issuer's registered office together with the auditor's report thereon by PricewaterhouseCoopers.

The Issuer's profit forecast for the year ending 31 December 2009, which comprises the forecast income statement, is extracted from the forecast financial information set out in Annex 1A to this Prospectus.

19.1.1 Historical Financial Information for the Years Ended 31 December 2008 and 2007

**Statements of Financial Position Extracts**

| | As at 31 December | |
|---|---|---|
| | 2008 €'000 | 2007 €'000 |
| **ASSETS** | | |
| **Non-current assets** | | |
| Loans and advances to related parties | 19,944 | 20,305 |
| **Current assets** | | |
| Loans and advances to related parties | 3,853 | 3,140 |
| Other current assets | 299 | 547 |
| Total current assets | 4,152 | 3,687 |
| **Total assets** | 24,096 | 23,992 |
| **EQUITY AND LIABILITIES** | | |
| **Capital and reserves** | | |
| Share capital | 233 | 233 |
| Retained earnings | 326 | 233 |
| Total equity | 559 | 466 |
| **Non-current liabilities** | | |
| Borrowings | 23,292 | 23,287 |
| **Current liabilities** | | |
| Payables | 245 | 239 |
| Total liabilities | 23,537 | 23,526 |
| **Total equity and liabilities** | 24,096 | 23,992 |

**Income Statements Extracts**

| | Year ended 31 December | |
|---|---|---|
| | 2008 €'000 | 2007 €'000 |
| Interest receivable | 1,710 | 1,704 |
| Interest payable and similar charges | (1,566) | (1,565) |
| **Net interest income** | 144 | 139 |
| Administrative expenses | (51) | (41) |
| **Profit for the financial year** | 93 | 98 |

**Statements of Cash Flows Extracts**

| | Year ended 31 December | |
|---|---|---|
| | 2008 | 2007 |
| | €'000 | €'000 |
| Net cash generated from operating activities | 106 | 115 |
| Net cash (used in)/generated from investing activities | (352) | 103 |
| **Net movements in cash and cash equivalents** | (246) | 218 |
| **Cash and cash equivalents at beginning of year** | 401 | 183 |
| **Cash and cash equivalents at end of year** | 155 | 401 |

19.1.2 Profit Forecast for the Year Ending 31 December 2009

**Income Statements Extracts**

| | Year ending 31 December 2009 **(Forecast)** €'000 | Year ended 31 December 2008 **(Audited)** €'000 | Year ended 31 December 2007 **(Audited)** €'000 |
|---|---|---|---|
| Interest receivable | 1,742 | 1,710 | 1,704 |
| Interest payable and similar charges | (1,588) | (1,566) | (1,565) |
| **Net interest income** | 154 | 144 | 139 |
| Administrative expenses | (50) | (51) | (41) |
| **Profit for the financial year** | 104 | 93 | 98 |

Forecast income for 2009 consists of finance income from loans and advances to the Guarantors out of bond issue proceeds. Forecast borrowing costs relate to interest expense attributable to the bonds issued. It is assumed that the proposed €25,000,000 6.2% bonds are issued during November 2009 (with possible over-allotment of a further tranche of €5,000,000) with interest commencement date of 1 December 2009. The assumed bond issue amount is inclusive of the over-allotment option and is assumed to replace the 2002 Bonds amounting to €23.3 million, currently in issue, carrying a coupon of 6.7%. The forecast is based on the assumption that the currently outstanding bonds will be redeemed in full through the proposed bond issue.

## *19.2 The Guarantors*

The selected financial information set out below represents the combined financial information of the Guarantors, including their subsidiaries (including the Issuer) together with Falcon and Mizzi Motors, with the latter two entities forming an integral part of the Mizzi Organisation. This information should be read in conjunction with Section 21 "Business Overview".

<u>Preparation of combined financial information</u>

**Combined financial information is the aggregate of the financial information of segments, separate entities or groups which are commonly owned and managed but which fail to meet the definition of a 'group' under generally accepted accounting principles. In such circumstances, there is no parent entity which could, or is allowed to, prepare consolidated financial statements reflecting the results and financial position of all such entities brought together as if they were one economic entity. However the owners of businesses structured in this manner would frequently require financial information that incorporates the financials of all entities controlled and managed even though preparation of consolidated accounts is not possible. Accordingly, combined financial statements are prepared and relied upon in such situations where it is not possible to prepare consolidated financial statements which encompass all assets and liabilities that are entirely owned by the same parties and that have been managed together as a single economic entity during the period under review. The preparation of combined accounts is based on principles which are modelled on consolidation principles and practice; with**

the major difference being that there is no parent entity in such structures unlike when consolidated financial information is prepared.

Ultimately, common individuals forming part of the Mizzi family and/or common individual companies owned by these individuals, equally own the Guarantors. However the Guarantors do not form a legal group and fail to meet the definition of a 'group' under IAS 27 "Consolidated and Separate Financial Statements". The financial results and financial position of the Guarantors are not consolidated into the financial statements of a single legal company on a statutorily required basis, since no individual entity owns or controls the Guarantors (refer to Section 22 'Mizzi Organisation Structure').

The Mizzi Organisation is not a legal entity or a group of companies within the meaning of the Companies Act (Cap. 386, laws of Malta). It is a conglomerate of companies, principally comprising, the Guarantors and their respective subsidiaries. The Organisation however also includes Falcon and Mizzi Motors, which are an integral component of the Guarantors' beverage and automotive business activities. Consolidated financial information including all entities forming part of the Mizzi Organisation are not drawn up due to the same reasons outlined previously. Combined financial information for the Mizzi Organisation has been prepared and extracts therefrom have been reflected below. This combined financial information has been prepared solely to assist the owners of the Mizzi Organisation to present the financial position and results of the entities forming part of the Organisation in connection with this Prospectus. The combined financial information has been prepared on the basis of the assumption that the Mizzi Organisation has operated as a legal group, by aggregating the consolidated financial information of the Guarantors and all their subsidiaries together with the separate financial information of Falcon and Mizzi Motors. The aggregated financial information has been adjusted to eliminate the impacts of all intra-Organisation transactions and balances, and to reflect the appropriate classification of and accounting treatment for property owned by the Organisation taking cognisance of use of such assets from the Organisation's perspective.

Inclusion of the financial information of Falcon and Mizzi Motors in the Combined Financial Information for the Mizzi Organisation

The operations of the Guarantors and their subsidiaries together with those of Falcon and Mizzi Motors are managed on a unified basis as a single economic entity. The related operations, organised by business area, are directed by one common management team; common business structures and operational processes reflect the integration of the economic activities of the different entities involved in the same business sector. Falcon and Mizzi Motors are also owned in the same manner as the Guarantors. In fact, the Guarantors, Falcon and Mizzi Motors are all owned by the same parties in the same proportions and are managed together as a single economic entity, notwithstanding the fact that a certain degree of autonomy and flexibility is granted to individual operating companies. The Guarantors and their subsidiaries together with Falcon and Mizzi Motors constitute the Mizzi Organisation, since all these entities are under common management and control even though they do not form a legal group.

In terms of generally accepted accounting practice, all entities managed in this manner should be, and have been, included in the combined financial statements.

The historical financial information has been extracted with no material adjustment from the audited combined financial statements of the Mizzi Organisation for the years ended 31 December 2008 and 31 December 2007 prepared in accordance with International Financial Reporting Standards as adopted by the EU. The said combined financial statements have been published and are available on the Issuer's website (www.mizziorganisation.com). They are also available for viewing at the Issuer's registered office together with the auditor's report thereon by PricewaterhouseCoopers.

## *19.3 Historical Combined Financial Information for the Years Ended 31 December 2008 and 2007*

**Combined Statements of Financial Position Extracts**

| | As at 31 December | |
|---|---|---|
| | 2008 | 2007 |
| | €'000 | €'000 |
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 92,562 | 86,622 |
| Investment property | 22,440 | 16,722 |
| Investments in associates | 16,495 | 15,967 |
| Trade and other receivables | 9,764 | 7,537 |
| Other non-current assets | 2,191 | 2,592 |
| Total non-current assets | 143,452 | 129,440 |
| **Current assets** | | |
| Inventories | 19,170 | 22,819 |
| Trade and other receivables | 28,726 | 29,442 |
| Other current assets | 4,586 | 4,131 |
| Total current assets | 52,482 | 56,392 |
| **Total assets** | 195,934 | 185,832 |
| **EQUITY AND LIABILITIES** | | |
| **Capital and reserves** | | |
| Share capital | 2,468 | 2,468 |
| Revaluation reserves | 37,884 | 37,334 |
| Fair value gains and other reserves | 10,614 | 10,831 |
| Retained earnings | 35,741 | 35,621 |
| Total equity | 86,707 | 86,254 |
| **Non-current liabilities** | | |
| Borrowings | 53,183 | 40,392 |
| Deferred tax liabilities | 9,078 | 8,708 |
| Total non-current liabilities | 62,261 | 49,100 |
| **Current liabilities** | | |
| Trade and other payables | 21,455 | 28,415 |
| Borrowings | 25,214 | 21,894 |
| Other current liabilities | 297 | 169 |
| Total current liabilities | 46,966 | 50,478 |
| Total liabilities | 109,227 | 99,578 |
| **Total equity and liabilities** | 195,934 | 185,832 |

**Combined Income Statements Extracts**

| | Year ended 31 December | |
|---|---|---|
| | 2008 | 2007 |
| | €'000 | €'000 |
| Revenue | 111,138 | 120,699 |
| Cost of sales | (83,299) | (94,121) |
| **Gross profit** | 27,839 | 26,578 |
| Selling and other direct expenses | (14,420) | (13,833) |
| Administrative expenses | (10,820) | (9,439) |
| Gains from changes in fair value of investment property | - | 1,465 |
| Other operating income | 1,490 | 921 |
| **Operating profit** | 4,089 | 5,692 |
| Investment and other related income | 53 | (132) |
| Finance income | 56 | 92 |
| Finance costs | (4,200) | (2,989) |
| Share of profit of associates | 962 | 706 |
| **Profit before tax** | 960 | 3,369 |
| Tax expense | (308) | (611) |
| **Profit for the financial year** | 652 | 2,758 |

**Combined Statements of Cash Flows Extracts**

| | Year ended 31 December | |
|---|---|---|
| | 2008 | 2007 |
| | €'000 | €'000 |
| Net cash generated from operating activities | 1,788 | 5,136 |
| Net cash used in investing activities | (15,930) | (21,612) |
| Net cash generated from financing activities | 11,940 | 10,565 |
| **Net movements in cash and cash equivalents** | (2,202) | (5,911) |
| Effects of exchange rates fluctuations on the translation of cash flows from foreign operations | (292) | (61) |
| **Cash and cash equivalents at beginning of year** | (17,795) | (11,823) |
| **Cash and cash equivalents at end of year** | (20,289) | (17,795) |

During the financial year ended 31 December 2008, turnover amounted to €111.1 million representing a decrease of 8% or €9.6 million compared to the turnover levels registered in 2007. This was mainly attributable to the lower revenues from companies within the automotive sector as car sales slowed drastically in anticipation of the revision of the registration tax system by Government. The decline in revenues during 2008 was also impacted by the weaker economic conditions prevailing in particular during the second half of the year. However the gross profit of the Mizzi Organisation increased by 4.7% to €27.8 million with the gross profit margin increasing by 3 percentage points to 25%. This improvement is mainly due to stronger trading performance in the beverage and retailing sectors during 2008.

The operating results, after taking into account all selling, direct and administrative expenses, overall depreciation expense of €5.4 million and other operating income of €1.5 million amounted to a profit of €4.1 million, representing a 28% decline over the previous year. This fluctuation is mainly due to the fair value gains on investment property of €1.5 million registered in the income statement in 2007 which were not repeated in the following year. For the same reason, the earnings before interest, tax, depreciation and amortisation (EBITDA) declined by €1.1 million or 9.6% to €10.5 million with the EBITDA margin slightly lower at 9.5%.

Finance costs increased to €4.2 million as a result of the increased borrowings required to partly finance the capital expenditure programme of the Organisation mainly relating to the new factory and warehouses for General Soft Drinks, the rebuilding of showrooms and garage at Continental Cars and the opening of additional Arkadia business outlets. Pre-tax profits generated by the Mizzi Organisation amounted to €0.96 million in 2008 compared to €3.37 million in 2007. The resultant profit for the period after accounting for taxation amounted to €0.65 million (2007: €2.76 million).

The total asset base of the Mizzi Organisation as at 31 December 2008 amounted to €195.9 million representing an increase of €10.1 million or 5.4% over the previous year. This was in the main due to an increase in the carrying amount of its property, plant and equipment from €86.6 million as at 31 December 2007 to €92.6 million as at 31 December 2008 as well as an increase in the carrying amount of investment property to €22.4 million from €16.7 million in 2007. This increase is a reflection of the extensive capital expenditure and investment programme of the Organisation in the last few years. Total borrowings increased by €16.1 million during the year to €78.4 million as at 31 December 2008 with the total equity position marginally higher at €86.7 million. The gearing level increased from 41% in 2007 to 46% accordingly, while financing costs as a percentage of earnings before interest and tax increased from 48% at 31 December 2007 to 82%. This increase is also impacted by the inclusion of fair value gains on investment property within the earnings base for 2007. As outlined in section 19.5 of the Prospectus, the Organisation is addressing this matter accordingly.

## *19.4 Combined Profit Forecast for the Year Ending 31 December 2009*

The forecast combined income statement for the year ending 31 December 2009 for the Mizzi Organisation, which comprises the Guarantors, their subsidiaries (one of which being the Issuer), Falcon and Mizzi Motors, is set out below. The profit forecast and the material assumptions upon which it is based, together with the Accountants' Report thereon, can be found in Annex 1B to this Prospectus. The profit forecast included in the Annex and the extracts hereunder are also based on the interim unaudited financial information of the Issuer and the combined interim financial information of the Mizzi Organisation, which are reproduced in Annex 2A and 2B, respectively.

Whilst care has been exercised to ensure that the forecast combined income statement is based upon reasonable assumptions, the profit forecast is made in light of information available to the Directors at the time of its preparation and is subject to the risks and uncertainties intrinsic to any forecast of future events.

**Combined Income Statements Extracts**

| | Year ending 31 December 2009 **(Forecast)** €'000 | Year ended 31 December 2008 **(Audited)** €'000 | Year ended 31 December 2007 **(Audited)** €'000 |
|---|---|---|---|
| Revenue | 105,197 | 111,138 | 120,699 |
| Cost of sales | (77,184) | (83,299) | (94,121) |
| **Gross profit** | 28,013 | 27,839 | 26,578 |
| Selling and other direct expenses | (14,073) | (14,420) | (13,833) |
| Administrative expenses | (9,395) | (10,820) | (9,439) |
| Gains from changes in fair value of investment property | - | - | 1,465 |
| Other operating income | 525 | 1,490 | 921 |
| **Operating profit** | 5,070 | 4,089 | 5,692 |
| Investment and other related income | 56 | 53 | (132) |
| Finance income | 490 | 56 | 92 |
| Finance costs | (4,153) | (4,200) | (2,989) |
| Share of profit of associates | 153 | 962 | 706 |
| **Profit before tax** | 1,616 | 960 | 3,369 |
| Tax expense | (432) | (308) | (611) |
| **Profit for the financial year** | 1,184 | 652 | 2,758 |
| **EBITDA** | 11,016 | 10,534 | 11,655 |
| Net interest expense | 3,663 | 4,144 | 2,897 |
| Depreciation | 5,737 | 5,430 | 5,389 |

## 19.5 *Capitalisation and indebtedness*

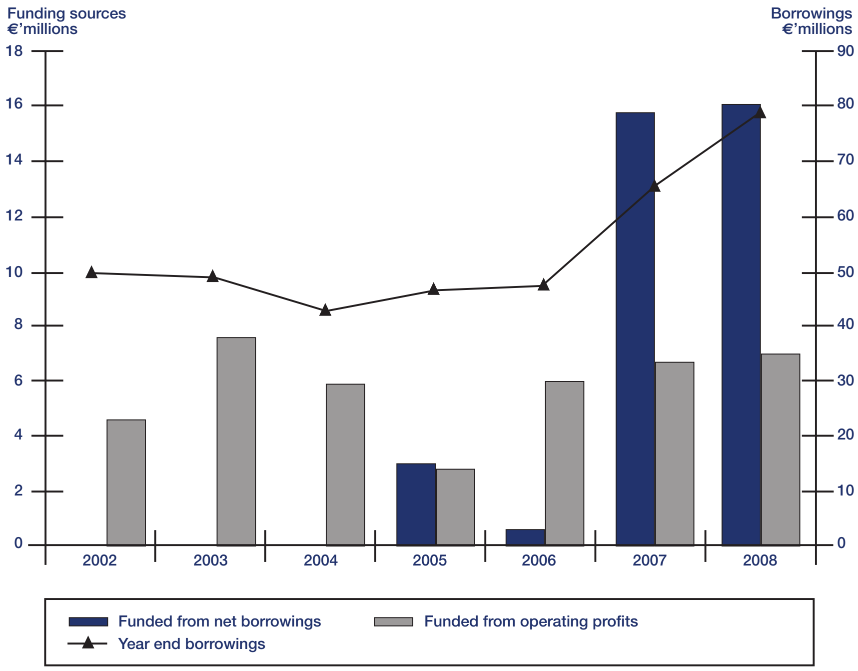
The current and forecast capitalisation and indebtedness of the Mizzi Organisation, computed on a combined basis, showing the position assuming that the over-allotment option has been utilised, is set out below. This information has been derived on the basis of the combined financial information of the Mizzi Organisation as highlighted in Section 19.2 of this Prospectus. It has been assumed for the sake of simplicity that the current 2002 Bonds will be redeemed in full from the proceeds of the proposed issue.

**Gearing levels at 31 December**

| | 2009 **(Forecast)** €'000 | 2008 **(Actual)** €'000 | 2007 **(Actual)** €'000 |
|---|---|---|---|
| Total borrowings | 83,285 | 78,397 | 62,286 |
| Less cash and cash equivalents | (9,931) | (3,075) | (2,319) |
| Net debt | 73,354 | 75,322 | 59,967 |
| Total equity | 86,888 | 86,707 | 86,254 |
| Total assets employed in the business | 160,242 | 162,029 | 146,221 |
| Net debt/total assets employed | 46% | 46% | 41% |

The past seven years since the issue of the existing 6.7% 2002 Bonds have represented a period of unprecedented investment for the Mizzi Organisation, marked, *inter alia*, by the rebuilding of showrooms and garage at Continental Cars (which followed the completion of a similar redevelopment at Muscats Motors); the opening of additional Arkadia business outlets; and the building and equipping of a complete new factory and warehouses for General Soft Drinks.

This intense investment programme has served to modernise the Organisation's core properties across its range of business activities. The investments made were in part driven by new business opportunities, such as the expansion of Arkadia business outlets. In other areas the investment was driven by necessity, such as the challenge of continually meeting consumer and brand expectations across the automobile business; and the change in soft drinks packaging that came into force in 2008. The total capital expenditure incurred during this period has amounted to €75.6 million, of which €27.7 million was funded by a net increase in borrowings while €47.9 million was funded from cash flows generated from operating profits.




The increase in net borrowings in 2007 and 2008 relates in the main to the building and equipping of a new factory for General Soft Drinks.

This major investment, totalling €24.7 million, was funded by separate loans taken out for the purpose. The investment qualified for reduced rates of interest in terms of the Business Promotion Act.

The next few years of operations should in contrast be marked by a period of consolidation and a materially reduced capital expenditure requirement. There will also be scope for the disposal of surplus assets such as the Qormi factory previously occupied by General Soft Drinks, which has been vacated recently.

| Repayments scheduled in | Principal amount €'000 |
|---|---|
| 2010 | 2,986 |
| 2011 | 4,016 |
| 2012 | 3,988 |
| 2013 | 3,863 |
| 2014 | 3,316 |
| 2015 | 3,193 |
| 2016 | 8,604 |
| 2017 | 2,851 |
| 2018 | 2,550 |
| 2019 | 1,950 |
| | **37,317** |

The maturity of the Organisation's bank loan commitments has been negotiated on this basis and is illustrated in the table opposite. The financial objective of the Mizzi Organisation is that of maintaining a balance between ongoing debt and equity, looking in the longer term at retaining gearing at a level of circa 20% to 25% of the total assets employed in the business. The Organisation is accordingly aiming to reduce net borrowings to circa €40 million in the years ahead, including a mix of overdraft facilities, bank loans and bonds. The Bonds that are the subject of this Issue have been planned on this basis and will accordingly be used in their entirety, net of Bond Issue costs and inclusive of the over-allotment option, for the re-financing of existing borrowings.

The Organisation's banking facilities as at 31 December 2008 amounted to €65,628,000 (2007: €71,946,000). These facilities are mainly secured by:

a) joint and several guarantees by various entities forming part of the Mizzi Organisation, supported by general hypothecary guarantees over the assets of the entities involved and special hypothecary guarantees over properties held;
b) general hypothecs on the assets of certain entities within the Organisation supported by special hypothecs over assets and properties held together with special privileges on property;
c) pledge over bills of exchange drawn; and
d) pledge on inventories.

**Key information with respect to indebtedness**

| | 2009 **(Forecast)** €'000 | 2008 **(Actual)** €'000 | 2007 **(Actual)** €'000 |
|---|---|---|---|
| **Profit before tax** | 1,616 | 960 | 3,369 |
| Net interest expense | 3,663 | 4,144 | 2,897 |
| Depreciation | 5,737 | 5,430 | 5,389 |
| **EBITDA** | **11,016** | **10,534** | **11,655** |
| EBIT | 5,279 | 5,104 | 6,266 |
| Interest expense | 4,153 | 4,200 | 2,989 |
| EBITDA | 11,016 | 10,534 | 11,655 |
| Interest expense and capital repayments | 7,228 | 6,702 | 5,593 |
| **Debt cover (number of times)** | **1.52** | **1.57** | **2.08** |
| Total borrowings | | 78,397 | 62,285 |
| Total capital employed | | 139,890 | 126,645 |
| **Debt asset cover (number of times)** | | **1.78** | **2.03** |

## 20. Information about the Issuer and the Guarantors

### *20.1 Historical Development*

20.1.1 The Issuer

| | |
|---|---|
| Full Legal & Commercial Name of Company: | Mizzi Organisation Finance p.l.c. |
| Registered Address: | Mizzi House, National Road, Blata l-Bajda, Hamrun |
| Place of registration & Domicile: | Malta |
| Registration Number: | C29506 |
| Date of registration: | 28 March 2002 |
| Legal Form: | The company is lawfully existing and registered as a Public Limited Liability Company in terms of the Companies Act (Cap. 386, laws of Malta) |
| Telephone Number: | +356 25969000 |
| Email: | bondinfo@mhl.mizzi.com.mt |
| Website: | www.mizziorganisation.com |

20.1.2 The Guarantors

| | *Consolidated* | *Kastell* |
|---|---|---|
| Full Legal & Commercial Name of Company: | Consolidated Holdings Limited | Kastell Limited |
| Registered Address: | Mizzi House, National Road, Blata l-Bajda, Hamrun | Mizzi House, National Road, Blata l-Bajda, Hamrun |
| Place of registration & Domicile: | Malta | Malta |
| Registration Number: | C1192 | C2596 |
| Date of registration: | 26 July 1968 | 18 August 1972 |
| Legal Form: | The company is lawfully existing and registered as a Private Limited Liability Company in terms of the Companies Act (Cap. 386, laws of Malta) | The company is lawfully existing and registered as a Private Limited Liability Company in terms of the Companies Act (Cap. 386, laws of Malta) |
| Telephone Number: | +356 25969000 | +356 25969000 |

| | *Mizzi Holdings* | *General Soft Drinks* |
|---|---|---|
| Full Legal & Commercial Name of Company: | Mizzi Holdings Limited | The General Soft Drinks Company Limited |
| Registered Address: | Mizzi House, National Road, Blata l-Bajda, Hamrun | Marsa Industrial Estate, Marsa, |
| Place of registration & Domicile: | Malta | Malta |
| Registration Number: | C813 | C1591 |
| Date of registration: | 7 April 1967 | 6 May 1969 |
| Legal Form: | The company is lawfully existing and registered as a Private Limited Liability Company in terms of the Companies Act (Cap. 386, laws of Malta) | The company is lawfully existing and registered as a Private Limited Liability Company in terms of the Companies Act (Cap. 386, laws of Malta) |
| Telephone Number: | +356 25969000 | +356 25969000 |

### 20.2 Investments

The Organisation has not entered into significant contracts for additional investments after the end of the reporting period covered by the last audited combined financial statements. As explained elsewhere in the Prospectus, the Mizzi Organisation has undertaken significant investments over the past few years and does not have further significant investment plans for the immediate few years. The business entities forming part of the Organisation have continued on already committed investments that had been contracted for prior to 31 December 2008.

## 21. Business Overview – Principal Markets and Activities of the Mizzi Organisation

### 21.1 The Issuer

The Issuer was incorporated and set up on 28 March 2002 to act as a finance company for the Mizzi Organisation and is a fully owned subsidiary of Mizzi Holdings (refer to the corporate structure of the Mizzi Organisation contained in Section 22).

By virtue of the Offering Memorandum dated 2 May 2002, Mizzi Organisation Finance p.l.c. had issued for subscription to the general public 100,000 bonds with a face value of Lm100 for each bond (defined as the '**2002 Bonds**'). The bonds had been issued effectively on 31 May 2002 at the Bond Offer Price of Lm100 each bond with the exception of 4,846 bonds issued at the Employee Bond Price of Lm97.50 per bond under the terms and conditions of the Employee Offering. The said bonds were subsequently admitted to the Official List of the Malta Stock Exchange. The bonds are subject to a fixed interest rate of 6.7% per annum payable six monthly in arrears on 31 May and 30 November in each year. All such bonds are redeemable at par on 31 May 2012 unless otherwise redeemed in whole or in part, at the option of the Issuer, on each of 31 May 2009, 31 May 2010 and 31 May 2011 (each an Optional Redemption Date).

Consolidated, Kastell, Mizzi Holdings and General Soft Drinks guaranteed and continue to guarantee, on a joint and several basis with the Issuer and between themselves, the repayment of the nominal value of the bonds on the redemption date, the interest due on each interest payment date and the due and punctual performance of all the obligations undertaken by the Issuer. The bond proceeds were advanced to the Guarantors pursuant to and subject to the terms and conditions in the Offering Memorandum, as amended by a supplementary agreement.

The Issuer had entered into loan agreements with each of Consolidated, Kastell and Mizzi Holdings pursuant to which the Issuer had advanced to each of such companies a portion of the proceeds from the 2002 Bond issue. Such advances bear interest at the fixed rate of 7.2% per annum and are subject to a repayment schedule over the period up to 30 April 2012. Repayments are utilised by the Issuer for the purposes of funding a financing arrangement with United Acceptances Finance Limited, another entity forming part of the Mizzi Organisation.

The Issuer did not conduct any business or transactions other than as outlined above.

### 21.2 The Guarantors

The Mizzi Organisation is a conglomerate of business units spanning a broad portfolio of business interests and industry sectors including automotive, tourism and leisure, retailing, manufacturing, services, real estate and mechanical and engineering contracting, employing just under 1,000 people. The operations of the Mizzi Organisation stem from operations which commenced in 1919. The Organisation's vision is to pursue its role as a multi-disciplined group with a wide range of business activities allowing it to benefit from the advantages of diversification. Its philosophy has three fundamental goals:

- To seek to maintain and improve its position in its core business activities;
- To identify new investment opportunities in new areas of business both locally and overseas thus further expanding its portfolio of business activities and fulfilling its role of a diversified Organisation; and
- To provide its shareholders with an attractive return on their investment.

The Mizzi Organisation's core strategy in achieving these goals is to allow a high level of autonomy to its operational business units whilst ensuring that each operational unit follows the same key strategic direction. The legal structure of the Organisation, outlined in Section 22 below, is important to ensure the segregation of certain potentially competing businesses within the Organisation, particularly in the automotive sector, where autonomy of the different operations is key to the effective management of potential conflicts between different automotive franchises represented in Malta by the Mizzi Organisation.

The Organisation's philosophy, however, is that the management and strategic planning processes within the Organisation should be geared to follow the main economic drivers of the Organisation's core business lines. In this context, the Organisation, through Mizzi Holdings, acts as the bridge between the different operations composing the Organisation. It provides centralised corporate and support services to the other members of the Organisation, including strategic planning on an organisation-wide basis, legal services, treasury management, overall management control, human resource management, quality control, public relations and IT support.

The Organisation believes that, with its wide range of business interests, the provision of these services through Mizzi Holdings is key for the Organisation and its shareholders to benefit from cost management and to ensure an adequate level of monitoring of its operational units and their performance. At the operational level, each principal subsidiary has autonomy and flexibility. This mechanism, together with the support provided centrally through Mizzi Holdings, is designed to ensure that business decisions are made and subsequently implemented within the time frames required in the competitive environment and markets in which the entities operate.

The Mizzi Organisation consists of four main groups of companies which control several operational subsidiaries in a diverse range of economic activities, the parents of which are each of the Guarantors and two other operational companies being Falcon and Mizzi Motors. The diagram contained in Section 22 sets out the corporate structure of the Mizzi Organisation.

As outlined previously, the core business activities of the Mizzi Organisation comprise the following sectors:

- Automotive;
- Beverage;
- Retail and contracting;
- Tourism and leisure;
- Real estate; and
- Other services

An overview of these business sectors follows.

21.2.1 Automotive Sector

This sector is the highest contributor to the Organisation's revenues. The Organisation owes its origins to Mr Spiro Mizzi's enterprise in the automotive sector and the experience accumulated over the years by the Organisation is expected to retain it in its position in this sector.

Six companies within the Organisation are responsible for the importation, marketing, distribution and sale of automobiles together with aftermarket operations and related activities. These companies employ an aggregate number of around 200 people and contributed total revenues of approx €46 million in relation to the financial year ended 31 December 2008, which revenues accounted for 41% of the Organisation's turnover for the year then ended.

Continental Cars Limited ("**CCL**") is the sole distributor in Malta of the world renowned marques Volkswagen®, Audi® and Porsche®. CCL operates from property owned by the Mizzi Organisation in Testaferrata Street, Gzira and Princess Margaret Street, Gzira. The premises house modern showrooms, spare parts operation and extensive servicing facilities, which have been reconstructed in recent years in two phases, entailing capital expenditure amounting to €5.2 million. The latter phase of the project was finalised during the financial year ended 31 December 2008. A significant portion of the space is available for lease out to third party tenants. During the financial year ended 31 December 2008, CCL contributed revenues amounting to €10 million.

Industrial Motors Limited ("**IML**") is the sole distributor in Malta of the international brands Mitsubishi®, Renault Trucks®, Seat® and Suzuki®. During 2008, IML's turnover amounted to €7.2 million. In addition to services associated with the sale of automobiles, IML also operates a service station in National Road, Blata l-Bajda. IML operates from property owned by the Mizzi Organisation in the said location.

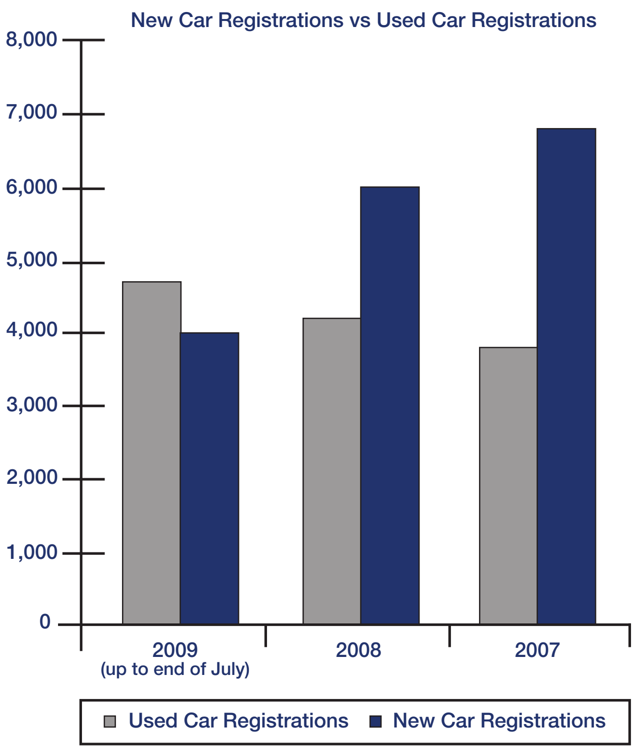
Muscats Motors Limited ("**MML**") is the sole distributor of the prestigious international brands BMW®, Mini®, Land Rover®, Citroen® and Daihatsu®. MML's turnover for year ended 31 December 2008 amounted to €21.9 million. The company also runs the BMW Premium Selection operation which comprises the retailing of imported and other approved second hand BMW vehicles. MML operates from property owned by the Organisation in Rue D'Argens, Gzira, consisting of showrooms, offices, spare parts workshops, servicing and mechanical repair facilities.

In recent years, MML has invested significantly by constructing the BMW Building and by refurbishing the other premises of the company in Rue d'Argens. Capital expenditure in this respect amounted to €5.3 million and was completed in 2001. The BMW Building, which has been constructed and finished according to franchisor international standards, is a state-of-the-art and modern building housing the BMW and Mini brands. A substantial area of the premises is leased out to third parties. The property also has further development potential which could yield significant returns to the Organisation once firm plans in this respect are implemented.

Nissan Motor Sales Limited ("**NMSL**") is the sole distributor of Nissan® vehicles in Malta. The company operates a showroom and servicing facilities from premises in Antonio Bosio Street, Msida. Turnover for the financial year ended 31 December 2008 amounted to €2.6 million.

Mizzi Automotive Services Limited ("**MAS**") mainly provides panel beating and spray painting services. The company operates a high quality vehicle repair centre in rented premises at Tal-Handaq, Qormi and is recognised as an authorised repairer by the Malta Insurance Agents Association. The company also manages an aftermarket wholesale and retail car parts operation from the premises referred to above and other premises rented by Mizzi Organisation in Marsa. Its brand representations include AGIP Oils® products.

Mizzi Motors leases out motor vehicles to third parties, principally under operating lease arrangements. The company's activity is on the increase with the company's fleet of leased out vehicles at 30 June 2009 being close to the 150 mark. Motor vehicle leasing is becoming increasingly popular, with employers including vehicle leases within remuneration packages for their employees and simultaneously subcontracting the management of the corporate fleet of vehicles. The wide range of franchises represented by the Mizzi Organisation, and the Organisation's experience in management of fleets of vehicles, both provide a competitive edge for Mizzi Motors in the car leasing market.



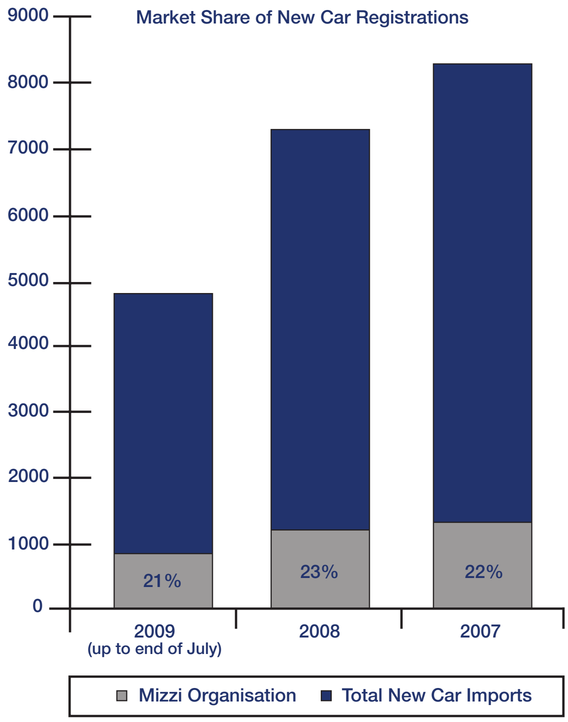

Over the years the automotive sector in Malta has become highly competitive with a wider range of new motor vehicle franchises and models imported at competitive prices. In addition, the second hand car import market has grown substantially in the last few years as evidenced by the official statistics included in the adjacent table.

The registration tax system applicable up to 31 December 2008 was such that the registration tax on new and second hand vehicles was computed on the basis of a percentage of the vehicle's value with the percentage applied, which could reach 75%, depending on the vehicle's engine capacity. The registration tax on second hand cars imported was subject to minimum amounts. This system has in past years resulted in car prices in Malta being higher than in other countries, a differential that is amplified when compared to local income levels, and in cars being retained for longer periods, with relatively high second hand car prices. This has in recent years encouraged the importation of second hand vehicles, particularly from Japan, which like the UK imposes no registration tax on new vehicles.

Significant changes, including a reduction in registration tax and corresponding increases in annual circulation taxes, were announced in the course of 2008, and implemented at the beginning of 2009. Under the revised system, registration tax is calculated on the basis of the vehicle's registration value, $CO_2$ emissions and length with lower registration taxes for smaller and low emission cars. At the same time, minimum taxes on imports of second hand cars from EU countries have been removed. In spite of this, the overall impact of the revised tax regime is expected to favour the importation of new cars, which are more efficient on emission levels. Moreover, the trend of reducing registration tax and increasing annual circulation taxes is important to the new car sector, and has already served to reduce the value of second hand vehicles circulating within the Maltese islands; which should, in turn, encourage the earlier scrapping of older vehicles.

In the short term, however, new car imports have been adversely impacted. The delay between the announcement and the implementation of the revised proposals led to a significant slowdown in sales as prospective buyers awaited the revision in taxes. More recently, the market has been inundated with substantial imports from the United Kingdom, at the expense of imports both of new cars and of imports from Japan. This reflects the combined impact of a severely weakened sterling against the euro and of the severe economic downturn in the United Kingdom, giving rise to an increased availability of used cars accompanied with downward pressures on prices. While the volume of new car imports in 2009 has not been lower than the norm, reflecting also a spillage of demand from 2008, the volume of second hand imports has surged.

Looking ahead, the market is facing mixed signals in the short term. While the weakness of sterling persists, second hand car prices in the United Kingdom are currently showing material increases, and this will impact the importation of such vehicles.  A recovery in sterling would, in the opinion of the Directors, serve to accentuate this shift, leading to a position that is more favourable than that which existed prior to last year's fiscal changes.




Within this turbulent market, the Organisation's market share has held well, as detailed opposite. The Organisation's particular strength has always been the wide range of brands represented by its separate entities. While the market share of any particular brand may be expected to vary from year to year, due to factors such as the quality of the current models, pricing competitiveness and exchange rates, the varied mix retailed by the Organisation has over the years enabled it to maintain a consistent overall market share. The Organisation also benefits from the material investment made in recent years in its showrooms, service centres and related facilities, that have served to enhance client service.

As explained above, the Mizzi Organisation expects that in due course the current inflow of second hand vehicles will decrease. Such imports are nevertheless likely to continue to feature within the Maltese auto market, even if on a reduced scale, until such time as registration taxes are eliminated or very significantly reduced. Given these circumstances, the Organisation's car companies have from this year commenced the importation of second hand cars from the United Kingdom. For instance, Muscats Motors runs a BMW Premium Selection operation which comprises the retailing of imported and other approved second hand BMW vehicles, offering buyers a high degree of assurance on the integrity and history of an imported second hand vehicle.

The Organisation has a positive track record with respect to securing its distribution agreements. Although in line with international industry practice the distribution agreements with foreign principals have expiry dates, these agreements have always been renewed by the foreign principals. With the recent investments made in showroom and garage facilities, the consistent level of sales achieved and the quality of service provided to customers, the Organisation's auto subsidiaries are confident of the continued renewal of their franchises.

The Organisation has adopted an arm's length approach to the management and financing of the various car companies comprised in the automotive sector, on a basis which is consistent with that adopted for other sectors. This is important to ensure that each company is allowed to perform at the highest level of its potential within its target market. At the operational level, each car company is headed by a management team which is given the necessary autonomy and flexibility to ensure that the appropriate decisions are made at company level. This guarantees the confidentiality of information and allows each brand to benefit from the enterprise, research and market analysis of that company's management team.

21.2.2 Beverage Sector

The beverage sector is another significant contributor to the turnover of the Mizzi Organisation with a contribution of approximately 23% during the financial year ended 31 December 2008.

The main company within this sector is General Soft Drinks that for the past forty years has been the authorised bottler of internationally known brands. Its brands currently include Coca-Cola®, Fanta®, Sprite®, Dr Pepper®, Schweppes® and Kristal®. General Soft Drinks currently employs over 200 employees. The company has established itself as a leader in the beverage sector in Malta, a position which the Organisation seeks to strengthen.

The beverage sector in Malta is a highly competitive market with other significant players in the market apart from General Soft Drinks. General Soft Drinks' expertise in this sector, the quality of its products, the effectiveness of its marketing and sales efforts together with the efficient distribution network the company has developed over the years contribute to the continued success registered over the years, making a significant contribution to the overall financial results of the Organisation.

General Soft Drinks' business is highly seasonal in nature and is characterised by significantly higher sales in the summer months. This is due to the convergence of two factors, being the natural increase in consumption of beverages in the hot summer months and the incidence of tourist arrivals in Malta.

Following Malta's accession to the European Union, the industry has been subjected to a fundamental change with respect to packaging regulations. A longstanding legal notice which had restricted the sale of non-alcoholic beverages to refillable glass containers was repealed towards the end of 2007, thus opening the way for the sale of soft drinks in PET one way containers of varying sizes, and in cans, as from 1 January 2008.

While the change away from glass has facilitated competition from imports, it also offers advantages in terms of enhanced demand generated by the added shopper convenience and by the impact of upsizing. Across the market, the 0.3 litre glass bottle has migrated to a 0.5 litre PET bottle; while the 1 litre glass bottle has been replaced by 1.5 or 2 litre PET containers.

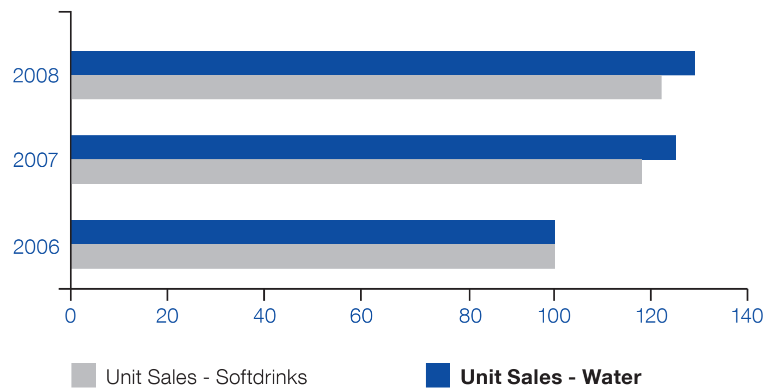
The Organisation resolved to modify its business model and invested heavily in a new latest technology plant which is geared up for bottling of non-carbonated beverages in plastic containers. The company secured for this purpose a long-term leasehold over a plot of land in Marsa and the company constructed its plant on this property, which project was finalised during 2008, without disturbing the continued production of soft drinks in glass bottles within the old factory at Qormi. The capital investment in this respect was in the region of €25 million. The plant is of the highest finish quality, with latest technology in bottling and state-of-the-art equipment as recommended by the franchisor. The factory was constructed in line with relevant international standards and has allowed General Soft Drinks to increase production levels and simultaneously enhance efficiency levels.

This major investment has been fully supported by The Coca-Cola Company, which has granted General Soft Drinks a suitably extended franchise contract.

The new factory accommodates extensive warehousing. Due to logistical constraints, General Soft Drinks' warehouses were previously located at a rented site close to the former Qormi factory. Apart from eliminating unnecessary rental charges, the new factory has created efficiencies by eliminating the extensive double handling of products that was previously necessary.

The modified package sizes, coupled with a successful tourism season, contributed to an increased level of sales in 2008, as depicted in the chart below. The production efficiency gains the new plant has brought about have moreover secured significant returns to the company and have enhanced General Soft Drinks' competitiveness.

**Unit Sales of Soft drinks and Water (2006 data = 100)**




Falcon imports various world known brands for distribution in Malta. The brands include Nestea®, Powerade®, Burn®, Apollinaris®, Evian®, Stella Artois®, Golden Pils®, Gaudianello® and Leggera® together with carbonated canned drinks such as Coca-Cola®, Fanta® and Sprite®. Falcon also runs a vending machine operation across the Maltese Islands.

21.2.3 Retail and Contracting Sector

The Mizzi Organisation has been involved in the retail sector for a number of years. Originally the Organisation was involved in the sale of white goods and home appliances. More recently, the Organisation has diversified its involvement in the retailing sector through the development and launch of the Arkadia Commercial Centre in

Victoria, Gozo and through its equity interest in Plaza Centres p.l.c. This sector was in the past a relatively minor contributor to the overall revenues and financial results of the Organisation. However in view of the diversification and expansion of the Organisation's interests in this respect the retailing sector is today an important component of the Organisation's business.

In 1998, the Organisation launched a retail complex in Victoria Gozo known as the Arkadia Commercial Centre. Arkadia Marketing Limited, the company that owns and operates the complex, was the first to adopt the department store concept in Malta and Gozo.

The complex provides customers with the availability of leading retail brands such as Adams®, Dorothy Perkins®, Jennyfer®, Killah®, Miss Selfridge®, Miss Sixty®, Morgan®, Springfield®, Tom Tailor® and Urban Jungle®. In the last few years, Arkadia has been successful in securing franchising agreements with other international high street brands including Peacocks®, Piazza Italia® and Orsay®; and also in developing its own retail outlets such as things*®, Boulevard® and Pearl®. The company is continuously striving to increase other widely known and successful brands to its portfolio.

The Complex also hosts third party outlets as McDonalds®, Body Shop®, Vodafone® and other well established brands as tenants. The company runs a profitable food store operation from the retail mall.

During 2008, the Organisation completed and launched a sizable extension to the complex, which project involved aggregate capital expenditure amounting to €1.8 million. This extension is mainly being utilised to house expanded outlets for the company's franchises and accommodate the retail names and other initiatives referred to previously.

Taking advantage of the momentum brought about by the mall's success story, the Organisation initiated similar retail operations from other premises in Malta and overseas. Arkadia runs a large food store operation from rented premises in Portomaso, St Julians. It operates Peacocks® outlets from rented outlets in the most popular shopping spots in Sliema, Valletta and Paola; and it runs a Piazza Italia® operation from rented premises in Birkirkara. Arkadia manages things*® shops from rented outlets in Valletta, Sliema and St Julians together with owned premises in Bugibba. The Organisation is continually seeking to secure other premises in prime shopping areas to pursue the expansion and consolidation of its retail operations, achieving further economies of scale and enhancing its return from this operation.

Arkadia is the master franchisee for the Peacocks® brand in a number of Eastern European countries. In recent years the company opened several retail outlets in Slovakia and Czech Republic, but the results achieved were not satisfactory, incurring material losses. Accordingly during 2008 this overseas operation was restructured to secure adequate returns which are commensurate with the risks undertaken. During the financial year ending 31 December 2009, the Organisation runs four outlets in Slovakia's main cities namely Bratislava (within Aupark Shopping Centre), Kosice (within Optima Shopping Centre), Nitra and Trnava. The Organisation is forecasting revenues from such outlets amounting to approximately €2.5 million for the year ending 31 December 2009 and accordingly this operation going forward does not represent a significant concentration of risk to the Organisation's activities. The 2009 forecasted results from this operation reflect a modest loss but are considered adequate by the Organisation taking cognisance of the changes implemented in recent months, and the potential of future profits as further experience is gained in these new markets.

The total turnover of the Arkadia and other related retail operations amounted to over €27.1 million for the year ended 31 December 2008, representing 24% of the Organisation's overall revenues.

The Organisation, through its shareholding in Mizzi Associated Enterprises Limited ("**MAE**"), is a significant equity holder in Plaza Centres p.l.c. ("**Plaza**"), a company whose shares are listed on the Malta Stock Exchange. MAE controls a 16% stake in Plaza. Plaza owns and operates one of the largest and most equipped retail malls in Malta, which is situated in the heart of Malta's popular shopping district, Sliema.

The Organisation's presence in the contracting sector over the last thirty five years is attributable to Titan International Limited ("**Titan**"). The activities of the company include:

- contracting of local mechanical and electric engineering works,
- installing industrial and residential air-conditioning systems and lifts, and
- wholesaling and retailing of air-conditioning units, electrical components, power tools and other related products.

Titan is the representative in Malta of brands such as Haier®, LG®, Otis®, Hitachi®, Vortice® and Crabtree® amongst others. The Organisation's continued involvement in the white goods and home appliances sector mainly consists of its retailing operation with respect to the Zanussi® franchise.

The Organisation's continued involvement in the white goods and home appliances sector mainly consists of its retailing operation with respect to the Zanussi® franchise. The Organisation has been actively involved in this sector for the last sixty years and is currently seeking to rationalise its operation in this sector by focusing on diversification of its product and brand range in the face of stiff and ever increasing competition.

21.2.4 Tourism and Leisure Sector

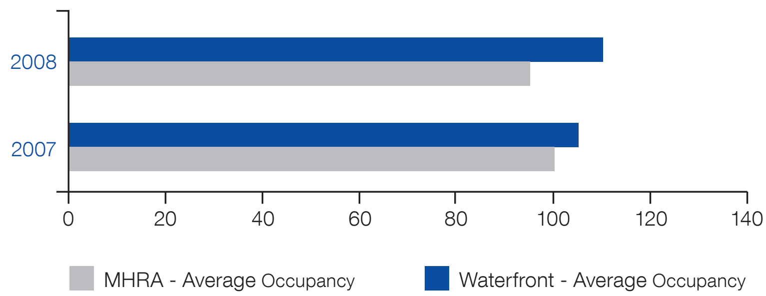
The Mizzi Organisation, has always been involved in the tourism sector, which is one of the key industries in the Maltese economy. The returns from the tourism industry in Malta are predominantly seasonal with the peak registered in the summer months. The performance of the Organisation's tourism segment obviously follows closely the trends experienced within the Maltese tourism industry generally.

The Organisation owns and operates the Waterfront Hotel, which is situated along Sliema's sea-front promenade. The Waterfront is a four star hotel with 116 rooms and various facilities such as a restaurant, a roof-top pool, conference and banqueting facilities and private parking. Waterfront also operates the Basilico restaurant, Star Café and an outside catering operation, Seasons.

The hotel's excellent location offers views of the Valletta fortifications, Marsamxetto Harbour and Manoel Island.

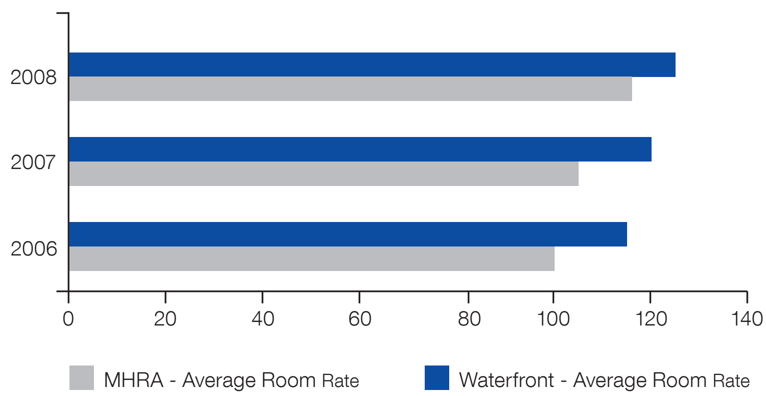
The quality of Waterfront's finishes, its location and the level of service provided and accordingly the reputation established by the hotel contributed significantly to its securing a constant high level of occupancy. Waterfront has consistently reported average occupancy levels and room rates that have been comfortably higher than the industry averages, as illustrated below. The hotel manages to secure on an ongoing basis contractual arrangements with significant tour operators mainly in Germany and the UK. Given its central location and on-line booking facilities, the hotel also manages to achieve an attractive level of direct sales, at higher yields.

**Average Occupancy MHRA Vs Waterfront (MHRA 2007 data = 100)**




*Source: MHRA survey results for Q4 2008*[1]

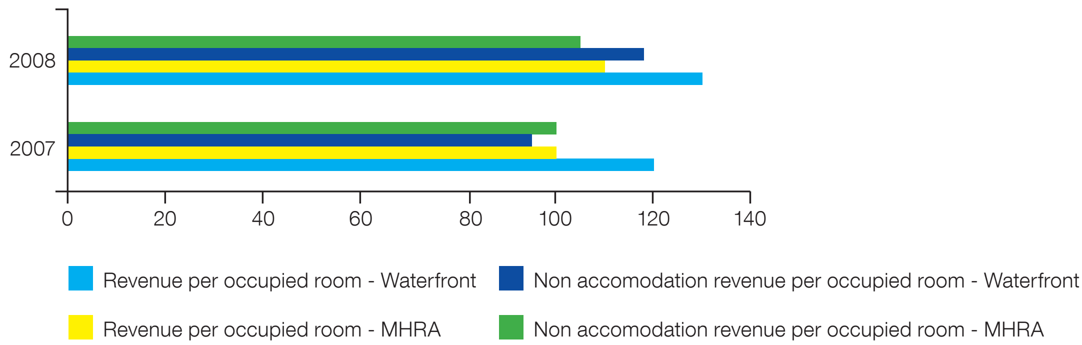
**Average Room Rates - MHRA Vs Waterfront (MHRA 2006 data = 100)**




[1] *The Information extracted from the MHRA has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information pubblished by the MHRA, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

The Waterfront Hotel has also been successful in encouraging patrons to utilise the various facilities within the hotel, resulting in significant additional revenues. The hotel's total revenue per occupied room during the financial year ended 31 December 2008 was approximately 19% higher than the average for the four star hotel sector as a whole.

**Revenue Benchmarks - MHRA Vs Waterfront Hotel (MHRA 2007 data = 100)**




Through its shareholding in MAE, the Organisation also has indirect equity interests in the Mellieha Bay Hotel (50%) and the Comino Hotel (24%).

The Mellieha Bay Hotel is a 313 room four star hotel located in Malta's prime sandy beach. Its facilities include indoor and outdoor pools together with private beach, tennis courts and diving school.

The Comino Hotel, including its bungalows, is the only tourist development on the island of Comino and enjoys spectacular views of Gozo and Santa Maria Bay in Comino. It is a 140 room four star resort featuring outdoor pools, dive centre with water sports facilities, two small sandy beaches, extensive grounds and tennis courts. While built in the 1960's, this hotel occupies a unique site offering excellent redevelopment prospects.

The Organisation was one of the pioneers in teaching of English as a foreign language. Together with Frosch Touristik the Organisation established the Institute of English Language Studies Limited in the early 1990's. The Organisation has a 50% stake in this operation.

21.2.5 Real Estate Sector

The Mizzi Organisation has always been very active in the Real Estate sector. Over the years, the Organisation has accumulated a significant portfolio of assets located in prime locations.

The Organisation's strategy was always that of owning prime sites from which it conducts its business activities. As outlined previously the car companies principally operate from owned premises and the Organisation owns the Waterfront Hotel and the Arkadia complex. The Organisation's corporate offices at Blata l-Bajda are also owned by the Organisation and the Organisation is currently endeavouring to lease out vacant floors in these premises.

The Organisation also holds a significant portfolio of investment properties having a carrying amount, stated at fair value, of €22.5 million as at 31 December 2008.

This portfolio includes large prime sites in Qormi (premises vacated by General Soft Drinks), Blata l-Bajda, Mellieha (the former Festaval complex), St Julians and Birzebbugia. These properties, which are surplus to the Organisation's operational requirements, are earmarked for potential resale or for future redevelopment once the necessary plans and permits are finalised and funding is in place. They currently constitute a dormant store of value.

The Mizzi Organisation is currently finalising the development of residential and commercial complexes in Gzira, Naxxar and Swieqi, which developments are intended for eventual disposal.

The Organisation holds a portfolio in excess of 50 residential and commercial properties in Malta that are mostly leased out directly to tenants, at low rates, on a long term basis. Recent legislative developments should assist the Organisation in gradually realising the underlying value of these assets.

21.2.6 Other Activities

There are other operations of the Organisation that are not categorised within the sectors mentioned above. The main activity in this respect is the financing operation carried out by United Acceptances Finance Limited ("**UAFL**"). This company finances hire purchase sales effected by the Organisation's car companies as well as sales by Titan for domestic and industrial air-conditioning systems, lifts and related equipment. The income of the Organisation from this activity comprises interest and other finance income from managing these credit facilities. The Organisation has taken advantage of its wide consumer base who acquire products and services on credit terms and created, through UAFL, a one-stop shop service by providing them with the product or service they require and, simultaneously, catering for their financing requirements. This also ensures that the operational companies manage better their cash flows by securing funds upon sale of goods and services in relation to transactions financed through hire purchase arrangements granted by UAFL.

UAFL has put in place a stringent framework on controls in relation to credit management and adopts strict credit ratings criteria with respect to acceptance and monitoring of hire purchase exposures. This also gives rise to more efficient centralised monitoring of customer accounts in view of the extensive experience accumulated by UAFL. Over the years, UAFL has contributed positively to the Organisation's results.

The Organisation has a 51% interest in MAE with Alf. Mizzi and Sons Limited being the other shareholder. The principal activities of the MAE group include the development of property mainly situated in Santa Maria Estates, Tas-Sellum and Wardija for trading and rental purposes, together with the ownership and operation of the Mellieha Bay Hotel. Entities over which the MAE group exercises significant influence include Kemmuna Limited (47.5%), which is the owner and operator of the Comino Hotel, and Plaza Centres p.l.c. (16%).

Kastell, through The Players Group Limited, holds an equity interest in Maltco Lotteries Limited. Maltco Lotteries Limited was set up in 2004 and has the exclusive licence to operate all National Lottery games in Malta. This company is currently operating most of the games which previously fell under the responsibility of the Departments of Public Lotto and include the Super 5 lottery, U*BET, the Lotto, Horseracing betting and instant lotteries (Scratchers). It offers its services through an extensive network of lotto booths situated throughout the islands.

The Mizzi Organisation also holds an equity interest in the companies forming part of the FirstUnited group. The FirstUnited group comprises FirstUnited Insurance Brokers Limited, FirstUnited Insurance Management Limited and FirstUnited Investments Limited. The FirstUnited companies are financial services providers that operate from Malta as insurance brokers, financial advisors, insurance managers and risk consultants. The said group also provides retirement planning services.

## *21.3 Trend Information and Trading Prospects*

The Directors of the companies constituting the Mizzi Organisation expect that the Organisation will in the absence of unforeseen circumstances, at least, maintain the financial and trading results that it has achieved in the past two financial years. Given that 2008 and 2009, as already explained, have been particularly turbulent ones in the new car import business, the Directors are also reasonably confident that trading profitability may improve in the immediate years ahead. Profitability is also expected to be enhanced as operating cash flows are largely applied towards a reduction in the borrowings incurred to finance the heavy investment cycle just completed, touching principally upon its auto businesses, Arkadia and General Soft Drinks.

The Organisation's auto business has just passed through a turbulent period that was particularly accentuated in the second half of 2008. A generally soft market scenario may persist in the months ahead. Sales in the immediate future may be negatively impacted by the large recent influx of imports, which to some extent may represent future sales that have been anticipated as buyers took advantage of favourable market conditions in the United Kingdom. The market will also need to absorb a build up of stocks that have been recorded by second hand car importers.

In spite of this, the Organisation's auto sales up to July 2009 are showing an improvement compared to the same period in 2008, and this improvement is expected to continue. The auto sector is set to account for a material part of the profit improvement being forecast by the Organisation in 2009. Moreover, looking beyond the immediate short term, the outlook is generally positive. In particular, as the impact of economic recovery becomes more pronounced overseas, it is likely that the recent influx of second hand imports from the United Kingdom will subside. The Organisation is well positioned to benefit from an upturn in the new car market, having completed the capital investment needed to meet the higher expectations of its customers and franchisors alike.

The major investment just completed at General Soft Drinks, including the associated warehousing, should lead to operational efficiencies in the years ahead. The positive results attained by this company in 2008, when operations at the new factory had yet to settle down, provide a sound basis for further improvement. 2009 has to date been a relatively less positive year given the downturn in tourism and the unsettled economic environment, which has inevitably impacted on discretionary spending, but this company is set to remain a flagship of the Mizzi Organisation.

The current economic and tourism downturn is impacting the Organisation in other businesses, such as the Waterfront and certain of Arkadia's local operations. The Organisation's profit forecast for 2009 reflects this. Improvements should be expected as Malta's main tourism markets recover. Economic recovery should also benefit Arkadia's overseas operations, which have just completed a major restructuring.

The Organisation has invested €75.6 million in new capital expenditure since 2002, with a number of major renewal projects impacting the Organisation simultaneously. The Organisation's investment needs in the immediate years ahead are reduced, and as already explained its annual cash generation will in future be substantially directed at debt reduction. This is in turn expected to yield material reductions in interest costs.

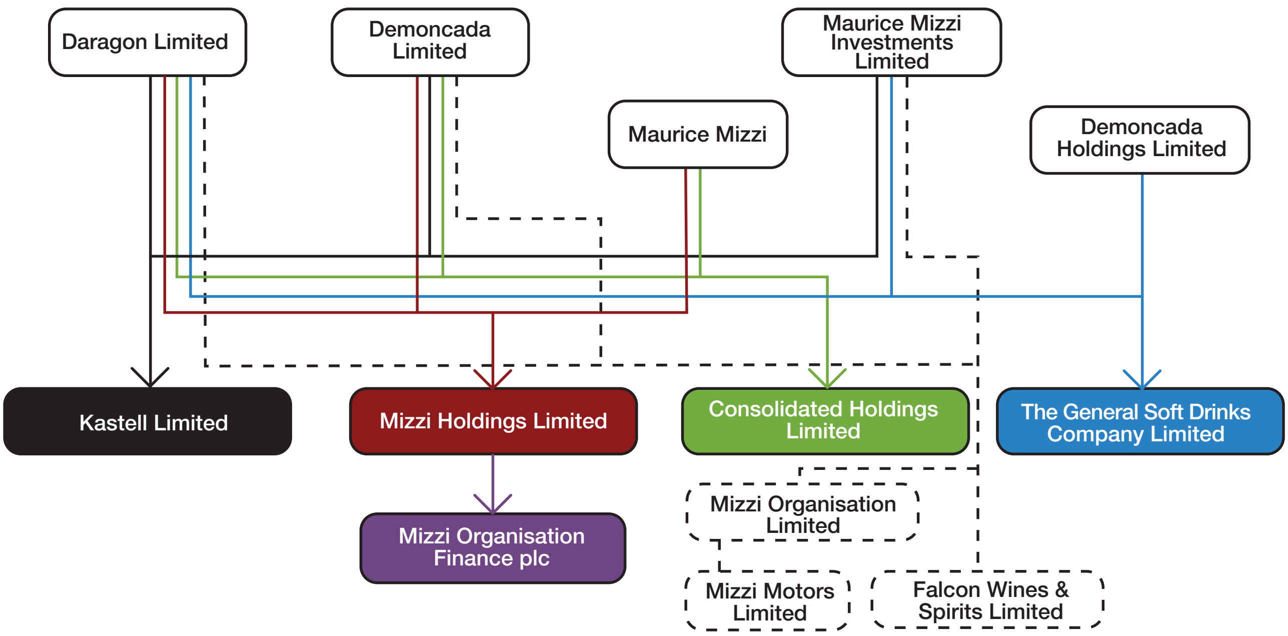
The Mizzi Organisation's business is diversified in different areas of operation. The directors believe that this diversification will continue to provide the Organisation with resilience to withstand the pressures in those areas of its business which may be more vulnerable to national and international economic and competitive pressures.

There has been no material adverse change in the prospects of the Issuer and the Guarantors since 31 December 2008, being the date of the latest audited financial statements.

## 22. Mizzi Organisation Structure

The Mizzi Organisation is a conglomerate of business units spanning a broad portfolio of business interests and industry specific sectors ranging from the automotive, tourism, leisure, manufacture, services, real estate and mechanical and engineering contracting industries, employing just under 1000 people.

The Mizzi Organisation consists of four main groups of companies which control several operational subsidiaries in a diverse range of economic activities, the parents of which are each of the Guarantors and two other operational companies, being Falcon and Mizzi Motors. The following diagram sets out the corporate structure of the Mizzi Organisation: -




### *22.1 The Issuer*

The issued share capital of the Issuer is fully paid up and subscribed as follows:

| | |
|---|---|
| Kastell | 1 ordinary share of €232.937339 |
| Mizzi Holdings | 999 ordinary shares of €232.937339 |

## 22.2 Kastell

The issued share capital of Kastell is fully paid and subscribed as follows:

| | |
|---|---|
| Daragon Limited | 666 ordinary shares of €2.329373 |
| Maurice Mizzi Investments Limited | 666 ordinary shares of €2.329373 |
| Demoncada Limited | 666 ordinary shares of €2.329373 |

Kastell, directly or indirectly, subscribed to more than 10% of the issued share capital of the following companies within the Mizzi Organisation:

| Company Name | Percentage of Holding |
|---|---|
| Advanced Logistics Limited | 100% (through Arkadia Marketing Limited) |
| Arkadia International s.r.o. | 100% |
| Arkadia Marketing Limited | 100% |
| Arkadia Retail s.r.o | 100% |
| Continental Cars Imports Ltd | 100% |
| Continental Cars Limited | 100% |
| Festa Limited | 100% |
| Hubbalit Developments Limited | 100% |
| Malta Farmhouses Limited | 100% (through Festa Limited) |
| Mizzi Automotive Services Limited | 66.7% (through Nissan Motors Sales Limited & Continental Cars Limited) |
| Mizzi Limited | 100% |
| Mizzi Organsation International s.r.o. | 100% |
| Nissan Motor Sales Limited | 100% |
| Russian Motors Limited | 100% |
| St. Paul's Court Limited | 100% |
| Titan International Limited | 100% |

## 22.3 Mizzi Holdings

The issued share capital of Mizzi Holdings is fully paid and subscribed as follows:

| | |
|---|---|
| Daragon Limited | 228,533 ordinary shares of €2.329373 |
| Demoncada Limited | 228,534 ordinary shares of €2.329373 |
| Maurice Mizzi | 228,533 ordinary shares of €2.329373 |

Mizzi Holdings, directly or indirectly, subscribed to more than 10% of the issued share capital of the following companies within the Mizzi Organisation:-

| Company Name | Percentage of Holding |
|---|---|
| Mizzi Automotive Services Limited | 33.3% (through Muscats Motors Limited) |
| Mizzi Brothers Limited | 100% |
| Mizzi Estates Limited | 99.9% |
| Mizzi Organisation Finance p.l.c. | 100% |
| Muscats Motors Limited | 100% |

## 22.4 Consolidated

The issued share capital of Consolidated is fully paid and subscribed as follows:

| | |
|---|---|
| Daragon Limited | 106,866 ordinary shares of €2.329373 |
| Demoncada Limited | 106,866 ordinary shares of €2.329373 |
| Maurice Mizzi | 106,868 ordinary shares of €2.329373 |

Consolidated, directly or indirectly, subscribed to more than 10% of the issued share capital of the following companies within the Mizzi Organisation:

| Company Name | Percentage of Holding |
|---|---|
| Industrial Motors Limited | 100% |
| The Waterfront Hotel Limited | 100% |
| United Acceptances Finance Limited | 100% |

### *22.5 General Soft Drinks*

The issued share capital of General Soft Drinks is fully paid and subscribed as follows:

| | |
|---|---|
| Daragon Limited | 16,666 ordinary shares of €2.329373 |
| Demoncada Holdings Limited | 16,666 ordinary shares of €2.329373 |
| Maurice Mizzi Investments Limited | 16,666 ordinary shares of €2.329373 |
| Mizzi Holdings Limited | 2 ordinary shares of €2.329373 |

General Soft Drinks, directly or indirectly, has subscribed to more than 10% of the issued share capital of the following company within the Mizzi Organisation:

| Company Name | Percentage of Holding |
|---|---|
| Bevmed Co. Limited | 100% |

### *22.6 Dependence on Guarantors*

The Issuer is essentially a special purpose vehicle set up to act as a financing company taking cognisance of the financing and investment requirements of the Mizzi Organisation. The Issuer is dependent on the business prospects, operating results and financial position of the Mizzi Organisation and the risks relating to the Issuer are predominantly those attributable to the Guarantors, including their subsidiaries, together with Falcon and Mizzi Motors. Investors ought to carefully consider the risk factors relating to the Mizzi Organisation and the Bonds being issued by the Issuer and guaranteed by the Guarantors contained in Part B of this Prospectus.

## 23. Board of Directors and Senior Management

### *23.1 Board of Directors*

A board of directors manages each of the Issuer and the Guarantors. The board of directors are responsible for the overall management of the said companies, establishing policy guidelines for the management thereof, including the responsibility for the appointment of all executive officers and other key members of management.

The following is a list of the persons who act as directors of the Issuer and/or the Guarantors:

| **Name & Surname** | | | | **Company Name** | |
|---|---|---|---|---|---|
| Dr John C. Grech | Issuer | | | | |
| Dr Louis Camilleri Preziosi | Issuer | | | | |
| Kenneth C. Mizzi | Issuer | Kastell | | Mizzi Holdings | |
| Brian R. Mizzi | Issuer | Kastell | Consolidated | Mizzi Holdings | General Soft Drinks |
| Maurice F. Mizzi | Issuer | Kastell | Consolidated | Mizzi Holdings | General Soft Drinks |
| Veronica Mizzi | | Kastell | Consolidated | | |
| Ian Mizzi | | Kastell | | | General Soft Drinks |

The business address of each director of the Issuer and the Guarantors is the registered office of the respective company on which he/she acts as director. A list of the existing directorships (other than of the Issuer) and past directorships (within the past five years) of each of the persons indicated hereunder are contained in Annex 7.

23.1.1 Curriculum Vitae of Directors of the Issuer and the Guarantors

**John C. Grech**
John C. Grech is a leading business and management consultant providing services both locally and internationally. He served as Chairman of Bank of Valletta p.l.c., Middlesea Valletta Life Assurance Company Limited and the Malta Tourism Authority and also served as President of Mediterranean Bank Network. He is currently the Vice Chairman of FIMBank p.l.c. John C. Grech is also a visiting Professor at the University of Malta. He is currently the Chairman of the following companies: EMCS Investments Limited, EMCS Holdings Limited, EMCSI Corporate Services Limited,

Accelerate Malta Limited, Melitaunipol Insurance Agency Limited, Melitaunipol Financials Limited, Central Cement Limited and Jumbo Bags Limited.

**Louis Camilleri Preziosi**

Louis Camilleri Preziosi is a lawyer by profession. He read law at the University of Malta and University College London. He has been very active in private practice since 1965 and is the founder of the law firm Camilleri Preziosi, from which he retired as partner in December 2000 retaining the position of consultant. He is specialised in the practice of commercial law and has over the years established himself as an eminent commercial lawyer in Malta. He has advised both local and foreign clients on several areas of law.

**Brian R. Mizzi**

Brian Mizzi was born in 1946 and educated at St. Edward's College, Malta. He worked with, and obtained his articles from, the then firm of accountants, Turquand Youngs. In 1971, Brian Mizzi returned to Malta where he assumed directorships of several Mizzi Organisation companies including Festa Ltd and The General Soft Drinks Company Limited. In the late nineties, he was assigned the responsibility of developing the Arkadia Commercial Complex in Victoria, Gozo and the Waterfront Hotel at the Strand in Gzira. Since then, he has retained the managing directorship of both these companies as well as of The General Soft Drinks Company Ltd which under his direction has recently seen the development and completion of a totally "new build" state of the art bottling factory in Marsa. Brian Mizzi is currently managing director of the Institute of English Language Studies Limited and also sits on the main board of directors of the Mizzi Organisation.

**Kenneth C. Mizzi**

Kenneth Mizzi was born in 1948 and is a qualified Chartered Accountant. After working with Touche Ross in London, he returned to Malta and joined the family business in 1971. Over the years he has served as a director on the Board of the Malta Development Corporation (1978-1980) and a number of other parastatal companies. He also served as director on the board of Mid-Med Bank Limited and of HSBC Fund Management (Malta) Limited. He is also managing director of SAK Limited, the franchisee and retailer of The Body Shop products in Malta and a director of Banif Bank (Malta) p.l.c. Kenneth Mizzi is managing director of Muscats Motors Limited and United Acceptances Finance Limited.

**Maurice F. Mizzi**

Maurice Mizzi was born in 1936 and was educated at St. Aloysius College, Malta and read law at the University of Malta where he obtained a Diploma of Legal Procurator. He joined the family business in 1957 and was appointed on the board of a number of Mizzi Organisation companies including Car Assembly Ltd as managing director. He is currently managing director of Continental Cars Limited, Mizzi Limited and Titan International Limited. In the past, Maurice has held a number of chairmanships for the government including Mediterranean Film Studios (1984-1990) and the Malta Development Corporation (1997-1998). He has been the Honorary Consul of Iceland since 1978. He also served as a director on the Board of Plaza Centres p.l.c., Allcom Limited, Technical and Management Services Limited, Datatrak Holdings p.l.c., Datatrak Systems Limited, Datastream Limited, and Go p.l.c. He is currently also, *inter alia*, director of MIDI p.l.c., Mizzi Associated Enterprises Limited and Banif Bank (Malta) p.l.c.

**Veronica Mizzi**

Veronica Mizzi was born in 1952 and attended the Convent of the Sacred Heart, Malta. She then attended finishing school at St. Dorothy's Convent in Fribourg, Switzerland where she studied French and secretarial studies. After she majored in French, she furthered her studies in the French, German and Italian languages in Switzerland and Germany. In 1983, Veronica Mizzi set up a Body Shop Franchise in Como, Italy (together with her sister Angele). She is currently an alternate Director on the Mizzi Organisation main board of directors and Mizzi Estates Limited. She also sits on various 'ad hoc' committees in connection with the Mizzi business. Veronica is also on the fund-raising committee of Din l-Art Helwa, Malta.

**Ian Mizzi**

Ian Mizzi was born in 1960 and attended St. Edward's College and De La Salle College, Malta. He then furthered his studies at Luther College, Decorah, Iowa, USA where he majored in Business Administration and Computer Science. Subsequently, he obtained an MBA with distinction in e-business from the University of Grenoble in France. In the interim, he was responsible for the running of the General Soft Drinks Company Limited until 1998, at which time he joined the Mizzi Organisation Corporate Office as an executive director. Ian has held various posts within the Malta Trade Fair Corporation including the presidency between 2002 and 2004, as well as posts within the Malta Federation of Industry, prior to its merger with the Malta Chamber of Commerce. When the automotive division was re-organised in 2007, Ian Mizzi assumed managing directorships of Industrial Motors Limited and Nissan Motors Sales Limited and currently sits on the main board of the Mizzi Organisation as an alternate director. In 2008, Ian was appointed non-resident Maltese Ambassador to the Kingdom of Morocco.

## *23.2 Management Structure*

The Issuer is a special purpose vehicle incorporated under the laws of Malta to act as the finance company for the Mizzi Organisation. The business of the Issuer is managed by its board of directors and does not separately employ any senior management.

Furthermore, the overall management of each Guarantor is entrusted to its board of directors who are the persons responsible for establishing the strategy of each Guarantor and their operating subsidiaries, including the responsibility for the appointment of all executive officers and other key members of management.

The board of directors of the business lines of each Guarantor are supported by a number of executive staff, the most senior of which are the following persons:

**Hugh Mercieca**
Hugh Mercieca joined, the then, Barclays Bank D.C.O. in Malta in 1961 and was admitted as an Associate of the Chartered Institute of Bankers in 1967. He left Mid-Med Bank Ltd (today HSBC Bank Malta p.l.c.), the successor of Barclays Bank D.C.O. in 1978 to join the Mizzi Organisation as credit controller. He was appointed company secretary to all the Mizzi Organisation companies in late 2004 and in addition has held the post of Board Secretary since 1997. On the re-organisation of the corporate office in August of 2005 he assumed the position of Head Corporate Office and in May of 2008 he was promoted to Chief Operating Officer of the Mizzi Organisation Automotive Division. Hugh Mercieca had occupied the post of Chief Operating Officer of the Mizzi Organisation Estates Division since 2005 and under his direction various sites are being developed. Hugh also sits on the Board of FirstUnited Insurance Brokers Ltd as director and FirstUnited Insurance Management Ltd as company secretary.

**Brian Azzopardi**
Brian Azzopardi was born in 1969 and attended De La Salle College and the New Lyceum Complex, Malta. In 1991 he obtained a B.A. (Hons) degree in Accountancy. From 1991 to 2000 he was employed with the Air Malta Group and the Corinthia Group and held various senior accounting posts. In late 2000 he joined The Waterfront Hotel Limited as Financial Controller and in July 2006 he was appointed General Manager of The Waterfront Hotel, a position he has held since.

**Antoine Portelli**
Antoine Portelli was born in 1974 and attended the Ninu Cremona Lyceum Complex in Gozo. He then furthered his studies at the University of Malta where he obtained a B.Sc in Computing and Business Studies, as well as a diploma in Management Studies from the University of Malta. Subsequently, he was employed with Crimsonwing (Malta) Ltd as technical co-ordinator. Mid to late nineties he was employed by M.I.T.T.S. with duties ranging from trainee to project team leader. From 1999 to 2004 he held senior positions with IT duties with Global Software Development Ltd, as well as Innovate Ltd. In 2004 he joined Arkadia Marketing Limited as deputy general manager and from late 2008 has held the post of general manager with overall responsibility for the local business as well as the overseas operations.

**Maria Micallef**
Maria Micallef was born in 1970 and attended St. Dorothy's Convent, Malta. In June 1991, while reading for a Bachelor of Science degree in chemistry and Biology at the University of Malta, she joined the General Soft Drinks Company Limited as a student worker. This led to a series of promotions and in December of 1997 she was appointed director of operations with responsibility for production, quality assurance and maintenance of the production plant. In late 1998 she was promoted to General Manager which post she has occupied since that time. In March 1999 she obtained an MBA with Distinction from Maastricht School of Management with a first in class position. From 2004 to 2008 she served on various Coca Cola Company Europe committees and, during the interim, led the company team in the development of the new plant and premises in Marsa. She currently holds directorships at the Institute of English Language Studies Limited, FirstUnited Insurance Brokers Ltd and FirstUnited Insurance Management Ltd representing the interests of the Mizzi Organisation.

**Saviour Abela**
Saviour Abela was born in 1965 and attended St. Aloysius College, Malta. He then furthered his studies at the New Lyceum Complex, Msida and the University of Malta where he obtained a Mechanical and Engineering Honours degree. From 1988 to 1994 he held posts with STMicroelectronics (Malta) Limited and Medserv p.l.c. and in mid 1994 he joined Titan International Limited as contracts and operations manager. In late 1998 he was promoted to General Manger of Titan International Limited, a post he has held since.

### *23.3 Conflict of Interest*

Mr Brian R. Mizzi, Mr Kenneth C. Mizzi and Mr Maurice F. Mizzi, all directors of the Issuer, are also directors of a number of the Guarantors. Such directorships are disclosed in Section 23.1 of this Prospectus. The audit committees of the Issuer has the task of ensuring that any potential conflicts of interest that may arise at any moment, pursuant to these different roles held by directors, are handled according to law. To the extent known or potentially known to the Issuer and the Guarantors as at the date of the Prospectus, there are no other potential conflicts of interest between any duties of the directors of the Issuer and of the Guarantors and their private interests and/or their other duties which require disclosure in terms of law.

### *23.4 Audit Committee Practices*

23.4.1 Audit Committee

The Audit Committee's primary objective is to assist the Board in fulfilling its oversight responsibilities over the financial reporting processes, financial policies and internal control structure. The Audit Committee reports directly to the Board of Directors. The Committee is at all times accountable to the Board and through its Chairman, reports to the Board on a regular basis. The Committee makes recommendations to the Directors where in its view certain improvements or changes are required. The Committee is made up of:

a) Dr John C. Grech, Non Executive Director and Chairman of the Issuer
b) Dr Louis Camilleri Preziosi, Non-Executive Director of the Issuer
c) Kenneth C. Mizzi, Executive Director of the Issuer

23.4.2 Role

The role of the Committee is determined principally by the Listing Rules. In essence, it is entrusted to ensure that the Issuer has the appropriate measures in place to identify, manage, minimise and control its risks. Furthermore, it has the authority to make recommendations to the Board and to approve the remuneration terms of engagement of the external auditors. The Committee shall be required to advise the Board of Directors on the following matters:

(a) its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
(b) maintaining communications on such matters between the Board, management and the independent auditors; and
(c) preserving the Issuer's assets by understanding the Issuer's risk environment and determining how to deal with those risks.

In the discharge of this role, but without prejudice to the generality of the foregoing, the Committee shall *inter alia* have the responsibility:

(a) to review the significant financial reporting issues and judgments made in connection with the preparation of the Issuer's financial statements, interim reports, preliminary announcements and related formal statements. The Audit Committee should also review the clarity and completeness of disclosures in the financial statements;
(b) to review the Issuer's internal financial controls and the Issuer's internal control and risk management systems;
(c) to consider annually whether there is a need for an internal audit function and make a recommendation to the board;
(d) to make recommendations to the Board in relation to the appointment of the external auditors and to approve the remuneration and terms of engagement of the external auditors with the aim of requesting shareholder approval;
(e) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;
(f) to make proposals for the development and implementation of a policy on the engagement of the external auditors to provide non-audit services to the Issuer;
(g) unless dealt with in any other manner, to monitor and scrutinise Related Party Transactions falling within the ambits of the Listing Rules and to make its recommendations to the Board on any proposed Related Party Transactions falling within the scope of the Listing Rules.

23.4.3 Meetings

In terms of the terms of reference of the Committee and in terms of the Listing Rules, the Committee shall meet at least four times a year. The chairman of the committee may convene additional meetings as and when he/she considers it appropriate. The quorum for the dispatch of business of the committee is two (2) members. Committee meetings should be attended by each of the Finance director or equivalent officer within the Issuer (or his representative) and a representative of the external auditors;

23.4.4 Remuneration

The members of the Committee are entitled to such reasonable remuneration to recompense them for the responsibilities assumed in being a member of the Committee.

23.4.5 Related Party Transactions

The Committee must monitor and scrutinise Related Party Transactions falling within the ambits of the Listing Rules and make its recommendations to the Board on any proposed Related Party Transactions falling within the scope of the Listing Rules. The said monitoring function of the Committee is to be undertaken with the view to ensure that the execution of any such transaction is at arm's length and on a commercial basis and is ultimately in the best interests of the Issuer. In this context the Committee may call in to the meeting such officers of the Issuer and advisers as it may consider appropriate to enable it to make a proper and exhaustive assessment of the proposed transaction.

## *23.5 Compliance with Corporate Governance Regime*

The Issuer supports the Code of Principles of Good Corporate Governance (the "**Code**") forming part of the Listing Rules. The Issuer is confident that the adoption of the Code has resulted in positive effects accruing to the Issuer.

The Board deems that, during the reporting periods referred to in this Prospectus, the Issuer has been substantially in compliance with the requirements of the Code to the extent that was considered complementary to the size, nature and operations of the Issuer.

## *23.6 Major Shareholders*

23.6.1 The Issuer

The majority of the issued share capital of the Issuer is held by Mizzi Holdings. The presence of an audit committee has the task to ensure that any potential abuse is managed, controlled and resolved in the best interests of the Issuer. The presence of independent non-executive directors on the board of the Issuer aims to minimise the possibility of any abuse of control by its major shareholder. Furthermore, in terms of the memorandum and articles of association of the Issuer, in the event that a director has a personal material interest, either directly or indirectly, in any contract or arrangement with the Issuer, such director is not entitled to vote on any decisions taken in connection therewith. This ensures that any director sitting on the boards of Mizzi Holdings and the Issuer is precluded of using his vote on any decisions involving a contract or arrangement between Mizzi Holdings and the Issuer. As at the date of this Prospectus, Maurice F. Mizzi, Kenneth C. Mizzi and Brian R. Mizzi sit on the board of directors of both Mizzi Holdings and the Issuer.

23.6.2 The Guarantors

The issued share capital of Kastell is held by Daragon Limited, Maurice Mizzi Investments Limited and Demoncada Limited in equal proportions (each holding approximately 33.3%). The issued share capital of Mizzi Holdings and Consolidated is held by Daragon Limited, Demoncada Limited and Mr Maurice F. Mizzi in equal proportions (each holding approximately 33.3%). The issued share capital of General Soft Drinks is held by Daragon Limited, Maurice Mizzi Investments Limited and Demoncada Holdings Limited in equal proportions each holding approximately 33.3% (together with Mizzi Holdings owning 2 shares). Accordingly, none of Demoncada Limited, Demoncada Holdings Limited, Maurice Mizzi Investments Limited, Mr Maurice F. Mizzi and Daragon Limited alone has control of any of the Guarantors.

## 24. Historical Information

The historical financial information of the Issuer and the historical consolidated information of each of the Guarantors is included in the audited financial statements for the years ended 31 December 2008 and 31 December 2007 in accordance with International Financial Reporting Standards as adopted by the EU.

For the purposes of the Prospectus and in terms of the requirements of the Listing Rules as issued by the Listing Authority, historical combined financial information of the Guarantors and their subsidiaries, together with Falcon and Mizzi Motors, has been prepared on the basis as described in Section 19. The combined financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The above mentioned historical information has been audited by PricewaterhouseCoopers and can be viewed at the Issuer's registered office or on the web site address www.mizziorganisation.com. PricewaterhouseCoopers is a firm registered as a partnership of certified public accountants holding a practising certificate to act as auditors in terms of the Accountancy Profession Act (Cap. 281, laws of Malta).

The interim financial information of the Issuer and the combined interim financial information of the entities constituting the Mizzi Organisation for the six month period ended 30 June 2009 are reproduced in Annexes 2A and 2B respectively.

In the published interim financial information of the Issuer for the period ended 30 June 2009, the 2002 bonds have been presented as non-current borrowings. The 2002 bonds are redeemable at par (€100 for each bond) on 31 May 2012 unless otherwise redeemed in whole or in part at the option of the Issuer on each of 31 May 2009, 31 May 2010 and 31 May 2011 (each an Optional Redemption Date). As at the date of authorisation for issue of the interim financial information i.e. 10 August 2009, the board of the Issuer had not yet resolved to apply any of the optional redemption dates and accordingly the bonds were presented as non-current liabilities, assuming the instruments will be redeemed at the latest redemption date.

Subsequent to 10 August 2009, the board of the Issuer resolved to propose the issuance of bonds during November 2009 to replace the 2002 bonds. Accordingly, the maturity of the 2002 bonds in the combined interim financial information is based on the assumption that the bonds will be redeemed at the earliest optional redemption date i.e. 31 May 2010 considered the earliest contractual maturity date for disclosure purposes. The bonds have been presented as current liabilities in this financial information.

## 25. Litigation

There is no governmental, legal or arbitration proceedings against the Issuer and/or the Guarantors, including any pending or threatened proceedings, of which the Issuer is aware and considers could have significant effects on the Issuer's and/or the Guarantors' financial position or profitability.

## 26. Significant Change in Issuer's and Guarantors' Financial or Trading Position

There has been no significant adverse change in the financial or trading position of the Issuer and of the Guarantors since 31 December 2008, being the date of the latest audited financial statements.

## 27. Additional Information

### *27.1 Share Capital of Issuer and Guarantors*

27.1.1 Issuer

The authorised share capital of the Issuer is €1,164,686.70. The issued share capital is €232,937.34 fully paid up, divided into 1,000 ordinary shares of a nominal value of €232.937339 each and subscribed as follows:

| | |
|---|---|
| Kastell | 1 ordinary share of €232.937339 |
| Mizzi Holdings | 999 ordinary shares of €232.937339. |

27.1.2 Kastell

The authorised and issued share capital of Kastell is €4,654.09, fully paid up divided into 1,998 ordinary shares of a nominal value of €2.329373 each and subscribed as follows:

| | |
|---|---|
| Daragon Limited (C2562) | 666 ordinary shares of €2.329373 |
| Maurice Mizzi Investments Limited (C36640) | 666 ordinary shares of €2.329373 |
| Demoncada Limited (C2577) | 666 ordinary shares of €2.329373 |

27.1.3 Consolidated

The authorised share capital of Consolidated is €1,164,686.50. The issued share capital is €746,796.98 fully paid up, divided into 320,600 ordinary shares of a nominal value of €2.329373 each and subscribed as follows:

| | |
|---|---|
| Daragon Limited (C2562) | 106,866 ordinary shares of €2.329373 |
| Demoncada Limited (C2577) | 106,866 ordinary shares of €2.329373 |
| Maurice F. Mizzi | 106,868 ordinary shares of €2.329373 |

27.1.4 Mizzi Holdings

The authorised share capital of Mizzi Holdings is €2,329,373. The issued share capital is €1,597,018.13 fully paid up, divided into 685,600 ordinary shares of a nominal value of €2.329373 each and subscribed as follows:

| | |
|---|---|
| Daragon Limited (C2562) | 228,533 ordinary shares of €2.329373 |
| Demoncada Limited (C2577) | 228,534 ordinary shares of €2.329373 |
| Maurice F. Mizzi | 228,533 ordinary shares of €2.329373 |

27.1.5 General Soft Drinks

The authorised and issued share capital of General Soft Drinks is €116,468.65, fully paid up divided into 50,000 ordinary shares of a nominal value of €2.329373 each and subscribed as follows:

| | |
|---|---|
| Daragon Limited (C2562) | 16,666 ordinary shares of €2.329373 |
| Demoncada Holdings Limited (C3858) | 16,666 ordinary shares of €2.329373 |
| Maurice Mizzi Investments Limited (C36640) | 16,666 ordinary shares of €2.329373 |
| Mizzi Holdings Limited | 2 ordinary shares of €2.329373 |

### *27.2 Memorandum and Articles of Association*

27.2.1 Issuer's Objects

The principal object of the Issuer is to carry on the business of a finance and investment company in connection with the ownership, development, operation and financing of the business activities of the companies forming part of the Mizzi Organisation whether in Malta or overseas. The objects and powers of the Issuer can be found under the section 'Objects' in the memorandum of association, a copy of which is available for viewing for the lifetime of the Issuer at the Registry of Companies in Malta.

27.2.2 Guarantors' Objects

**Kastell**

The principal object of Kastell is to acquire, hold and deal in any shares, stock, bonds, debentures or other securities and titles of credit, without limitation as to sources, origin or nationality and to promote, finance, organise or deal with in any other manner, project, scheme or connected with industrial and immovable property; and to act as consultant, manager or developer of any such project, scheme or development.

**Consolidated and Mizzi Holdings**

The principal object of Consolidated and Mizzi Holdings is to purchase or otherwise acquire, hold and deal in any shares, debentures, stocks, bonds, scrip, or other security not involving unlimited liability issued by any company or association or any supreme, municipal, local or other authority, whether in Malta or any overseas country or place.

**General Soft Drinks**

The principal object of General Soft Drinks is to produce bottle, can, package, sell and distribute any beverages, soft drinks, dietetic products and foodstuffs in general and to purchase, take on lease or in exchange, hire, sell or otherwise acquire or dispose of any immovable or movable property for the purpose of attaining its objects.

The objects and powers of each of the Guarantors can be found under the section 'Objects' in the respective memorandum of association, copies of which are available for viewing for the lifetime of the Guarantors at the Registry of Companies in Malta.

## 28. Material Contracts

The Issuer and the Guarantors have not entered into any material contracts, that are not in the ordinary course of their business, which could result in any member thereof being under an obligation or entitlement that is material to the Issuer's or the Guarantors' ability to meet their obligations to Bondholders in respect of the Bonds.

# PART D – INFORMATION ABOUT THE BONDS

## 29. Reasons for the Issue and use of proceeds

The proceeds of the Bond Issue, including the Over-Allotment Option, net of the costs relating thereto, will be firstly used to repay any amounts due by the Issuer with respect to the 2002 Bonds as and when the 2002 Bonds are due for repayment. Any part of the proceeds which remain available to the Issuer thereafter shall be advanced by the Issuer to any of the Guarantors to enable them to partly refinance their existing borrowings contracted in respect of the construction of the General Soft Drinks factory and other capital expenditure.

## 30. Expenses

Professional fees, and costs related to publicity, advertising, printing, listing, registration, sponsor, management, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €750,000. There is no particular order of priority with respect to such expenses. Accordingly, the net amount of proceeds from the Bond Issue is estimated to be €24,250,000 or, in the case of the exercise of the over-allotment option, €29,250,000.

The overall amount of the placing commission payable to Authorised Financial Intermediaries entering into conditional placement agreements in terms of Section 34.5.1 of this Prospectus will not exceed €30,000.

## 31. Issue Statistics

| | |
|---|---|
| Amount: | €25,000,000 subject to the Over-Allotment Option described below; |
| Over-allotment Option: | at the sole and absolute discretion of the Issuer, additional Bonds not exceeding an aggregate of €5,000,000 may be issued at the Bond Issue Price in the event of over-subscription; |
| 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 CSD; |
| Denomination: | euro (€); |
| Guarantee: | the Guarantors are, jointly and severally with the Issuer and between themselves, guaranteeing the payment of the nominal value of the Bonds on the Redemption Date and of the interest on the Bonds on each Interest Payment Date; |
| ISIN: | MT0000211210; |
| Minimum amount per subscription: | minimum of €2,000 and multiples of €100 thereafter; |
| Redemption Date: | 30 November 2019 unless otherwise redeemed on any of the Early Redemption Dates; |
| Early Redemption Dates: | any day falling between and including the 30 November 2016 and the 30 November 2019; |
| Bond Issue Price: | at par (€100 per Bond), (other than for Mizzi Applicants in which case the Bonds are being issued at €97.50 per Bond); |
| Status of the Bonds: | the Bonds constitute the general, direct, unconditional, and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt; |
| Listing: | application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List; |
| Issue Period: | the period between 23 November 2009 and 27 November 2009 (or such earlier date as may be determined by the Issuer in the event of over-subscription) during which the Bonds are on offer; |
| Interest: | 6.2% per annum; |
| Interest Payment Date(s): | semi-annually on the 31 May and 30 November of each year as from 2010; |
| First Interest Payment Date: | 31 May 2010; |
| Redemption Value: | at par (€100 per Bond); |
| Not Underwritten: | the Bonds shall not be underwritten; |

| | |
|---|---|
| Preferred Applicants: | a) the Mizzi Applicants; and<br>b) the 2002 Bondholders. |
| Mizzi Applicants' Bond Issue Price: | €97.50 per Bond, representing a discount of 2.5% to par and only available to Mizzi Applicants; |
| Governing Law of Bonds: | the Bonds are governed by 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. |

## 32. Information Concerning The Securities to be Issued and Admitted to Trading

### *32.1 General*

32.1.1 Each Bond forms part of a duly authorised issue of registered Bonds of a nominal value of €100 per Bond issued by the Issuer at par (other than for Mizzi Applicants in which case the Bonds are being issued at €97.50 per Bond) up to the principal amount of €25,000,000 (except as otherwise provided under clause 32.12 "Further Issues") subject to the exercise by the Issuer of, the Over-Allotment Option whereby the Issuer may issue further Bonds up to an aggregate amount of €5,000,000 provided that in no event the aggregate nominal value of the Bonds outstanding at any time shall exceed €30,000,000.

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

32.1.3 Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned the following ISIN: MT0000211210.

32.1.4 Unless redeemed on any of the Early Redemption Dates, all outstanding Bonds shall be redeemed by the Issuer on the Redemption Date at par.

32.1.5 The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.

32.1.6 The Issue Date of the Bonds is expected to be the 4 December 2009.

### *32.2 Ranking of the Bonds*

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

### *32.3 Rights attached to the Bonds*

There are no special rights attached to the Bonds other than the right of the Bondholders to payment of capital and interest and in accordance with the ranking specified at Section 32.2 hereof.

### *32.4 Interest*

32.4.1 The Bonds shall bear interest from and including 2010 at the rate of 6.2% per annum on the nominal value thereof, payable annually in arrears on each "Interest Payment Date". The first interest payment will be paid on 31 May 2010. In the event that any Interest Payment Date falls on a day other than a Business Day, the interest payment date will be carried over to the next following day that is a Business Day.

32.4.2 When interest is required to be calculated for any 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.

### *32.5 Yield*

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is six point two per cent (6.2%).

### *32.6 Registration, Form, Denomination and Title*

32.6.1 Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There will be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting same.

32.6.2 The CSD will issue, upon a request by the Bondholder, a statement of holdings to Bondholders evidencing their entitlement to Bonds held in the register kept by the CSD.

32.6.3 The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiples of €100, provided that, on subscription, the Bonds will be issued for a minimum value of €2,000, other than for 2002 Bondholders, in which case, the minimum value is €1,000.

32.6.4 Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments) as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading 'Transferability of the Bonds' in Section 32.11 of this Prospectus.

### *32.7 Negative Pledge*

32.7.1 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, is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

"**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 Interes**t" 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 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 one hundred and six point two per cent of the aggregate principal amount of the Bonds still outstanding;

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

### *32.8 Payments*

32.8.1 Payment of the principal amount of a Bond will be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Redemption Date. The Issuer shall not be responsible for any loss or delay in transmission. Upon payment of the Redemption Value the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

32.8.2 In the case of Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment, the Issuer and/or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Bonds.

32.8.3 Payment of interest on a Bond will be made to the person in whose name such Bond is registered 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, which is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission.

32.8.4 All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer 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, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

32.8.5 No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

### *32.9 Redemption and Purchase*

32.9.1 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 30 November 2019, provided that the Issuer reserves the right to redeem all or any part of the Bonds on any one or more of the Early Redemption Dates. The Issuer shall give at least sixty (60) days' notice in writing to all Bondholders of its intention to effect such earlier redemption, stating the number of Bonds that will be redeemed on that Early Redemption Date and the manner in which it shall select the Bonds for such early redemption.

32.9.2 Subject to the provisions of this section 32.9, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

32.9.3 All Bonds so redeemed or purchased will be cancelled forthwith and may not be re-issued or re-sold.

### *32.10 Events of Default*

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

a) The Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder; or

b) 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

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

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

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

f) There shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is taken for the payment of money in excess of €2,500,000 or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or

g) Any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined above) of the Issuer in excess of €2,500,000 or its equivalent at any time.

### *32.11 Transferability of the Bonds*

32.11.1 The Bonds are freely transferable and once admitted to the Official List of the MSE, shall be transferable in accordance with the rules and regulations of the MSE applicable from time to time.

32.11.2 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 CSD, 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 CSD, a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.

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

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

32.11.5 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.

### *32.12 Further Issues*

The Issuer may, from time to time, without the consent of the Bondholder, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities either having the same terms and conditions as any outstanding debt securities of any series (including the Bonds) and so that such further issue shall be consolidated and form a single series with the outstanding debt securities of the relevant series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue.

### *32.13 Meetings of Bondholders*

32.13.1 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.

32.13.2 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.

32.13.3 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.

32.13.4 Once a quorum is declared present by the Chairman of the meeting (who shall be the person who in accordance with the memorandum and articles of association of the Issuer would chair a general meeting of members of the Issuer), the meeting may then proceed to business and the directors or their representative 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.

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

32.13.6 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.

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

### *32.14 Authorisations and approvals*

The Board of Directors of the Issuer authorised the Bond Issue pursuant to a board of directors' resolution passed on the 20 October 2009.

### *32.15 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.

### *32.16 Sinking Fund*

32.16.1 The Issuer hereby undertakes that as from the end of the financial year ending 31 December 2011, it shall build a sinking fund the value of which will by the Redemption Date be equivalent to 50% of the value of the issued Bonds. This is expected to create a cash reserve from the Guarantor's annual surpluses, comprising net cash inflows from operating activities of the Guarantors i.e. operating profits adjusted for non-cash items and working capital changes, to meet part of the redemption proceeds on the Redemption Date.

32.16.2 The Board of Directors of the Issuer reserves the power to invest the 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 32.9 of this Prospectus, and will comprise:

- hire purchase bills of exchange to the Issuer;
- 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 security which the Directors may consider appropriate for the building of the sinking fund as aforesaid.

32.16.3 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 Bonds. The directors shall keep under review their investment policies with respect to the assets constituting the sinking fund for the term of the Bonds 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.

32.16.4 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 authorized trustee to the Issuer.

## 33. Taxation

### *33.1 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.

### 33.2 *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 (subject to certain exceptions) at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the Income Tax Act (Cap. 123, 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 special 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 reciept 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, 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.

### 33.3 *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.

### 33.4 *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.

### 33.5 *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 regulated market Exchange, as is the MSE, redemptions and transfers of the Bonds are 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.

## 34. Terms and Conditions of the Bond Issue

### *34.1 Expected Time-table of Bond Issue*

| | |
|---|---|
| Issuance of Formal Notice | 2 November 2009 |
| Application Forms available | 6 November 2009 |
| Pre-Placement Period | 20 November 2009 |
| Preferred Applicants' Period | 20 November 2009 |
| Opening of subscription lists | 23 November 2009 |
| Closing of subscription lists | 27 November 2009 |
| Commencement of interest on the Bonds | 1 December 2009 |
| Announcement of basis of acceptance | 4 December 2009 |
| Expected dispatch of allotment advices and refunds of unallocated monies | 11 December 2009 |

The Issuer reserves the right to close the Bond Issue before 27 November 2009 in the event of over-subscription, in which case, the remaining events set out above (other than the commencement of interest on the Bonds) 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.

### *34.2 General*

34.2.1 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE. In the event that the Bonds are not admitted to the Official List of the MSE, the Application monies will be returned by the Issuer without interest by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. Furthermore, in the case of Applications submitted by 2002 Bondholders, the instructions to surrender their respective holding of the 2002 Bonds shall be automatically revoked, without further formalities.

34.2.2 The Issuer has not established an aggregate minimum subscription level for the Bond Issue. Accordingly, in the event that the Bond Issue is not fully subscribed, but provided that the Bonds are listed on the Official List of the Malta Stock Exchange, the subscribed portion of the Bonds shall be allocated to the respective Applicants in accordance with the terms of this Prospectus.

34.2.3 The contract created by the acceptance of an Application shall be subject to the terms and conditions set out in this Prospectus and the Memorandum and Articles of the Issuer.

34.2.4 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 external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.

34.2.5 The amount of the Bond Issue is €25,000,000 subject to the Over-Allotment Option in virtue of which the Issuer may, at its sole and absolute discretion, issue additional Bonds not exceeding an aggregate value of €5,000,000, issued at par (other than for Mizzi Applicants in which case the Bonds are being issued at €97.50 per Bond), in the event of over-subscription.

34.2.6 If the Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have bound his principal, or the relative corporation, corporate entity, or association of persons and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such intermediary may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Registrar.

34.2.7 In the case of joint Applications, reference to the Applicant in these terms and conditions is a reference to each Applicant, and liability therefor is joint and several. In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-à-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner and shall not be entitled to the repayment of principal on the Bond.

34.2.8 In the event that an Applicant has not been allocated any Bonds or has been allocated a smaller number of Bonds that the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk, within five (5) Business Days from the date of final allocation.

34.2.9 The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America 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.

34.2.10 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 such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.

34.2.11 It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

34.2.12 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 Bondholders at his registered address and posted. Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in the Application Form and in any other document issued pursuant to the Prospectus.

34.2.13 The subscription lists during the Issue Period will open at 08.30 hours on 23 November 2009 and will close as soon thereafter as may be determined by the Issuer but not later than 12.00 hours on 27 November 2009. 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 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.

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

34.2.15 In the case of joint Applications, 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. The person whose name shall be inserted in the field entitled "Applicant" on the Application Form, or first-named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders whose names appear in the field entitled "Additional Applicants" in the Application Form or joint holders in the register as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.

34.2.16 Subject to all other terms and conditions 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.

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

34.2.18 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for during the Issue Period is €2,000.

34.2.19 Application Forms and the pre-printed applications for Preferred Applicants must be lodged with any of the Authorised Financial Intermediaries.

34.2.20 All Application Forms must be accompanied by the full price of the Bonds applied for in euro and in clear funds at the Bond Issue Price or at the Mizzi Applicants' Bond Issue Price, as the case may be. Payment may be made either in cash or by cheque payable to "The Registrar – Mizzi Bond Issue 2009" and/or by instructions to surrender the 2002 Bonds, as the case may be. 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.

34.2.21 Within five (5) Business Days from the closing of the subscription lists, the Issuer shall determine and announce the basis of acceptance of Applications and allocation policy to be adopted through a press release in at least one local newspaper.

34.2.22 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations 2003 as amended from time to time, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Code of Conduct for Members of the Malta Stock Exchange" appended as Appendix IV to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed Authorised Financial 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, laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time;

34.2.23 By completing and delivering an Application Form, you, as the Applicant shall:

a) agree to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
b) warrant that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the person completing the Application Form; in the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
c) the Issuer and the MSE may process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for in accordance with the Data Protection Act, Cap 440 of the laws of Malta. The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates;
d) confirm that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than those contained in this Prospectus and accordingly agree/s 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;
e) agree that the registration advice and other documents and any monies returnable to you may be retained pending clearance of your remittance or surrender of the 2002 Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act 1994 (and regulations made thereunder) and that such monies will not bear interest;
f) agree to provide the Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application(s);
g) warrant, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with 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 issue of the Bond or your Application;
h) warrant that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
i) 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 Bondholders or to enjoy or receive any rights in respect of such Bonds unless you make payment in cleared funds, or the 2002 Bonds have been surrendered in favour of the Issuer, as the case may be, for the Bonds and such payment is

accepted by the Registrar (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, or effectively surrender the 2002 Bonds, as the case may be) and that, at any time prior to unconditional acceptance by the Registrar of such late payment 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 any 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);

j) represent that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;

k) agree that Rizzo Farrugia & Co. (Stockbrokers) Ltd will not, in their capacity of Sponsors 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;

l) agree that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form;

m) renounce to any rights applicant(s) may have to set off any amounts applicant(s) may at any time owe the Issuer against any amount due under the terms of these Bonds.

### *34.3 Plan of Distribution and Allotment*

34.3.1 During the Issue Period, Applications for subscription to the Bonds may be made through the Sponsor or any of the Authorised Financial Intermediaries. The Bonds are open for subscription to all categories of investors.

34.3.2 It is expected that an allotment advice to Applicants will be dispatched within five Business Days of the announcement of the allocation policy. Dealings in the Bonds may not commence prior to the said notification. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373, laws of Malta) (and regulations made thereunder). Such monies will not bear interest while retained as aforesaid.

### *34.4 Pricing*

Subject to the Mizzi Applicants' Bond Issue Price in the case of Mizzi Applicants, the Bonds are being issued at par, that is, at €100 per Bond.

### *34.5 Placing Arrangements*

The Bonds shall be available for subscription in three tranches:

a) By Authorised Financial Intermediaries for the account of their clients (other than Preferred Applicants) pursuant to, *inter alia*, the provisions of Section 34.5.1 of this Prospectus;

b) By Mizzi Applicants through Authorised Financial Intermediaries pursuant to, *inter alia*, the provisions of 34.5.2 of this Prospectus;

c) By 2002 Bondholders through Authorised Financial Intermediaries pursuant to, *inter alia*, the provisions of 34.5.3 of this Prospectus

34.5.1 Pre-Placement Period

The Issuer intends to enter into conditional placement agreements with Authorised Financial Intermediaries for the benefit of their clients other than Preferred Applicants (the "**Placement Agreements**") prior to the commencement of the Issue Period up to an amount not exceeding 10% of the maximum aggregate amount of Bonds being issued (including the over-allotment option), that is, €3,000,000, the "**Placed Portion**" with respect to the subscription of Bonds by Authorised Financial Intermediaries.

Upon completion and submission of the Placement Agreements, the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will bind itself to subscribe to, a number of Bonds, subject to the Bonds being admitted to the Official List of the Malta Stock Exchange. Each Placement Agreement will become binding on both the Issuer and the Authorised Financial Intermediary upon delivery, subject to the Issuer having received all subscription proceeds in cleared funds on delivery of the Placement Agreement.

Authorised Financial Intermediaries may submit the completed Placement Agreements together with subscription proceeds in clear funds on the 20 November 2009, the "**Pre-Placement Period**".

The minimum aggregate subscription amount for each Placement Agreement during the Pre-Placement Period shall be €500,000 and Placement Agreements for a lesser amount shall not be eligible for the Placed Portion and shall be disregarded.

34.5.2 Mizzi Applicants

The Issuer has reserved 3.33% of the maximum aggregate amount of Bonds being issued (including the over-allotment option), that is, €1,000,000, for subscription by Mizzi Applicants, the "**Mizzi Portion**". Such Mizzi Applicants shall receive a pre-printed application form by mail directly from the Issuer and shall be required to submit same to Authorised Financial Intermediaries together with clear funds on the 19 November 2009, the "**Mizzi Applicants' Period**".

Each application submitted by a Mizzi Applicant shall be accompanied by the subscription proceeds in clear funds, corresponding to the Mizzi Applicants' Bond Issue Price, on the day of submission of the relevant application.

The minimum investment amount for Mizzi Applicants, shall be €2,000 in value of Bonds.

All such applications must be received during the Mizzi Applicants' Period in order for Mizzi Applicants to benefit from the Mizzi Applicants' Bond Issue Price and from the preferential treatment afforded thereto.

34.5.3 2002 Bondholders

The Issuer has reserved 80% of the maximum aggregate amount of Bonds being issued (including the over-allotment option), that is, €24,000,000, for subscription by 2002 Bondholders, the "**2002 Portion**". The 2002 Bondholders shall receive a pre-printed application form by mail directly from the Issuer and shall be required to submit same to Authorised Financial Intermediaries together with cleared funds on the 19 November 2009, the "**2002 Applicants' Period**".

The Issuer shall allocate the Bonds to those 2002 Bondholders indicating their agreement, by virtue of the submission of the duly completed Application Form, to settle the consideration for the Bonds by surrendering in the Issuer's favour, the 2002 Bonds of an equivalent value in Euro with a preferred allocation over all other Applicants up to the level of the 2002 Portion. 2002 Bondholders shall be required to apply for the value of their holding of the 2002 Bonds, rounded up to the nearest €100 or rounded up to the nearest €1,000, the "**Cash Top-Up**"), subject to a minimum application of €1,000.

Such transfer shall be without prejudice to the rights of the 2002 Bondholders to receive interest on the 2002 Bonds up to and including 30 November 2009.

The Issuer intends to settle in cash the difference between the coupon rates of 6.7% on the 2002 Bonds and 6.2% on the Bonds, from 1 December 2009 up to 31 May 2010, to all 2002 Bondholders applying under the 2002 Applicants' Period and who as a result have elected to settle their consideration for the Bonds by transferring their holding of the 2002 Bonds to the Issuer as above described.

By submitting the signed pre-printed Application Form, 2002 Bondholders, shall be deemed to confirm that:

(a) their holding of the 2002 Bonds indicated in the said Application Form are being surrendered in favour of the Issuer; and
(b) the pre-printed Application Form constitutes the 2002 Bondholder's irrevocable mandate to the Issuer to:
    i. surrender the said 2002 Bonds in the Issuer's favour and to pay the Cash Top-Up, if any, in consideration of the issue of Bonds; and
    ii. engage, the services of such brokers or intermediaries as may be necessary to fully and effectively carry out all procedures necessary with the MSE for the surrender of the said 2002 Bonds and to fully and effectively vest title in the appropriate number of Bonds in the 2002 Bondholder.

2002 Bondholders wishing to surrender their 2002 Bonds in exchange of the Bonds shall only be entitled to do so during the 2002 Applicants' Period. Subsequent Applications by 2002 Bondholders are to be made by submitting the Application Form contained in Annex 4 and must be accompanied by clear funds, at which stage, no preference shall be provided to their application.

In the event that a 2002 Bondholder intends to apply for more Bonds than the value of 2002 Bonds held by him/her, subject to the Cash Top-Up, such 2002 Bondholder shall be required to submit the Application Form contained in Annex 4 during the Issue Period *pari passu* with the general public and must be accompanied by clear funds, at which stage, no preference shall be provided to their application.

2002 Bondholders ought to note that the availability of a discount, that is, the acquisition of the Bonds at the price of €97.50 per Bond (as opposed to the nominal value of €100 per Bond) is only available to the Mizzi Applicants. For the avoidance of doubt, 2002 Bondholders who, by virtue of the definition attributed thereto in this Prospectus, are also Mizzi Applicants, such 2002 Bondholders being also Mizzi Applicants shall be equally entitled to apply for the Bonds at the discount of €97.50 per Bond. Accordingly, whilst being provided with a preference over the general public in terms of their allocation, 2002 Bondholders who do not qualify as Mizzi Applicants are not entitled to acquire the Bonds at a discount.

34.5.4 Treatment of Placed Portion and Preferred Portion

The Placed Portion, the Mizzi Portion and the 2002 Portion shall be subject to the following limits:

(i) The Authorised Financial Intermediaries for the benefit of their clients (other than Preferred Applicants) shall be entitled to subscribe to up to a maximum aggregate amount of €3,000,000.
(ii) The Mizzi Applicants shall be entitled to apply, through the services of Authorised Financial Intermediaries, for up to a maximum aggregate amount of €1,000,000.
(iii) The 2002 Bondholders shall be entitled to apply, through the services of Authorised Financial Intermediaries, for up to a maximum aggregate amount of €24,000,000.

The above shall be subject to the following:

(a) any amount not taken up by the Authorised Financial Intermediaries for the benefit of their clients (other than Preferred Applicants) under (i) above shall be available for subscription by Mizzi Applicants, subject to a combined limit of €4,000,000. Any excess remaining thereafter relating to the Mizzi Applicants shall automatically participate during the Issue Period *pari passu* with other applicants without prejudice to their right to be allotted Bonds at the Mizzi Applicants' Bond Issue Price; and
(b) any amount not taken up by Mizzi Applicants under (ii) above shall be available to Authorised Financial Intermediaries for the benefit of their clients (other than Preferred Applicants) during the Pre-Placement Period, subject to a combined limit of €4,000,000. Any excess remaining thereafter shall be scaled down and the unsatisfied applications or part thereof shall be cancelled and refunds shall be given by the Issuer in accordance with the Placement Agreements; and
(c) any amount not taken by 2002 Bondholders under (iii) shall be available for subscription by Authorised Financial Intermediaries for the benefit of their clients (other than Preferred Applicants) and by Mizzi Applicants, equally between them.

The limit described in (iii) above is equivalent to the principal amount of 2002 Bonds outstanding as at the date Prospectus together with the maximum number of Cash Top-Ups. Accordingly, it is not anticipating that the 2002 Bondholders will require the utilisation of any unsubscribed portion of the limits described in (i) and (ii) above.

34.5.5 Treatment of Applications by Mizzi Applicants being 2002 Bondholders

In the event that a Mizzi Applicant is also a 2002 Bondholder, such Mizzi Applicant shall benefit from the discount being provided to Mizzi Applicants (that is, the Mizzi Applicants' Bond Issue Price) in surrendering his/her 2002 Bonds in favour of the Issuer in consideration of the subscription of Bonds. Accordingly, in such an event, the Mizzi Applicant shall receive, in cash, €2.50 of every Bond being subscribed to in consideration of the cancellation of their holding of 2002 Bonds.

### *34.6 Public Offer*

34.6.1 The balance of the Bonds not subscribed to during the Pre-Placement Period, the Mizzi Applicants' Period and the 2002 Applicants' Period shall be offered and issued to the general public in Malta during the Issue Period at the Bond Issue Price.

34.6.2 2002 Bondholders are at liberty to apply for Bonds during the Issue Period, at which stage, no preference or discount shall be afforded to their Application. Furthermore, Mizzi Applicants shall also be at liberty to apply for Bonds during the Issue Period at the Mizzi Applicants' Bond Issue Price but, in so doing, no preference shall be afforded to their Application.

### *34.7 Admission to Trading*

34.7.1 The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 26 October 2009.

34.7.2 Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to this Prospectus to be listed and traded on the Official List of the Malta Stock Exchange.

34.7.3 The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 14 December 2009 and trading is expected to commence on 15 December 2009.

## 35. 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 and the Guarantors;
(b) Audited Financial Statements of the Issuer for the years ended 31 December 2008 and 31 December 2007;
(c) Audited Consolidated Financial Statements of the Guarantors for the years ended 31 December 2008 and 31 December 2007;
(d) Audited Financial Statements of Falcon and Mizzi Motors for the years ended 31 December 2008 and 31 December 2007;
(e) Historical Combined Financial Statements of the Guarantors, Falcon and Mizzi Motors for the years ended 31 December 2008 and 31 December 2007, and the auditor's report thereon;
(f) Unaudited Interim Financial Information of the Issuer for the six month periods ended 30 June 2009 and 30 June 2008;
(g) Unaudited Combined Interim Financial Information of the Guarantors, Falcon and Mizzi Motors for the six month periods ended 30 June 2009;
(h) Audited Financial Statements of the Guarantors' subsidiaries for the years ended 31 December 2008 and 31 December 2007; and
(i) The Guarantee.

The documents described in Sections 35(b), (c), (e), (f) and (g) are available for the lifetime of the Prospectus for viewing on the Issuer's website www.mizziorganisation.com.

## Annex 1A – Profit Forecast of the Issuer and Accountants' Report

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## SUMMARY OF SIGNIFICANT ASSUMPTIONS AND ACCOUNTING POLICIES

### *1. Introduction*

The profit forecast of Mizzi Organisation Finance p.l.c. (the "Issuer") for the year ending 31 December 2009 has been prepared to provide financial information for the purposes of inclusion in the Prospectus of Mizzi Organisation Finance p.l.c. dated 29 October 2009. The profit forecast, set out on page 89, and the assumptions below are the sole responsibility of the directors of the Issuer.

The profit forecast for the year ending 31 December 2009 has been based on the following unaudited financial information:

a) the published interim financial information of Mizzi Organisation Finance p.l.c. for the six month period ended 30 June 2009;
b) the forecast financial information of Mizzi Organisation Finance p.l.c. covering the period from 1 July 2009 to 31 December 2009.

The prospective financial information is 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 prospective financial information. 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 prospective financial information relates.

The directors have exercised due care and diligence in adopting these assumptions. The profit forecast was formally approved on 29 October 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 prospective financial information are set out below.

### *2. Significant accounting policies*

The significant accounting policies of Mizzi Organisation Finance p.l.c. are set out in its audited financial statements for the financial year ended 31 December 2008. 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 profit forecast. In 2009, the Issuer adopted new standards, amendments and interpretations to existing standards that are mandatory for the Issuer's accounting period beginning on 1 January 2009. The adoption of these revisions to the requirements of International Financial Reporting Standards as adopted by the EU did not result in substantial changes to the Issuer's accounting policies.

### *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 profit forecast are the following:

- there will be no material adverse events originating from market and economic conditions including spending levels, exchange rate movements, employment and job growth, which would encumber the Guarantors' ability to meet its commitments to the Issuer, beyond those already reflected in the forecast;
- the basis and rates of taxation will not change materially throughout the period covered by the forecast.

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 financial information, are explained below.

#### 3.1 Interest receivable

Interest receivable comprises interest income from loans and advances granted to the Guarantors out of the bond issue proceeds on the basis of contracted fixed rates, assuming the over-allotment option is exercised. It has been assumed that the Issuer will retain a constant spread between the interest rate on its loans receivable and its cost of borrowings.

#### 3.2 Interest payable and similar charges

This consists of finance costs on the bonds issued, comprising fixed coupon interest and the amortisation of bond issue expenses. It has been assumed that the proposed €30 million 6.2% bonds are issued during November 2009 with interest commencement date of 1 December 2009. This amount is inclusive of the over-allotment option and is assumed to replace the 2002 bonds of €23.3 million, currently in issue, carrying a coupon of 6.7%. The forecast is based on the assumption that the currently outstanding bonds will be redeemed in full through the proposed bond issue.

### 3.3 Administrative expenses

Administrative expenses consist of the costs of general management of the activities of the Issuer. These include primarily professional fees and other general overheads. No significant increases are anticipated and the forecast in relation to these costs has been based on prior year experience together with the level of expenditure incurred in the first six months of 2009.

### 3.4 Taxation

Current tax is provided at 35% of the chargeable income for the year.

## *4. Conclusion*

The directors of Mizzi Organisation Finance p.l.c. believe that the assumptions on which the forecast is 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 29 October 2009 and signed on its behalf by:

Dr John C. Grech
Chairman

Maurice F. Mizzi
Director

## PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2009

| | €'000 |
|---|---|
| Interest receivable | 1,742 |
| Interest payable and similar charges | (1,588) |
| **Net interest income** | 154 |
| Administrative expenses | (50) |
| **Profit for the financial year** | 104 |

PRICEWATERHOUSECOOPERS

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The Directors
Mizzi Organisation Finance p.l.c.
Mizzi House
National Road
Blata l-Bajda
Hamrun
Malta

29 October 2009

Dear Sirs,

**Independent Accountants' Report on the Profit Forecast of Mizzi Organisation Finance p.l.c.**

We report on the profit forecast of Mizzi Organisation Finance p.l.c. (the 'Issuer') for the year ending 31 December 2009. The profit forecast, the basis of preparation and the material assumptions upon which the forecast is based, are set out on pages 87 to 89 of the Prospectus issued by Mizzi Organisation Finance p.l.c. dated 29 October 2009.

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' responsibilities for the profit forecast**
It is the responsibility of the Directors of the Issuer to prepare the profit forecast and the assumptions upon which it is based as set out on pages 87 to 89, in accordance with the requirements of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and EU Regulation EC 809/2004.

**Accountants' responsibility**
It is our responsibility to form an opinion as required by Listing Rule 9.19 issued by the Listing Authority of the Malta Financial Services Authority and Annex IV item 9.2 of EU Regulation EC 809/2004 as to the proper compilation of the profit forecast, in so far as the application of the underlying accounting policies and accuracy of calculations are concerned, and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the Listing Rules, consenting to its inclusion in the Prospectus.

**Basis of preparation of the profit forecast**
The profit forecast has been prepared on the basis stated on pages 87 and 88 of the Prospectus and is based on the unaudited interim financial results for the six months ended 30 June 2009 and a forecast to 31 December 2009. The profit forecast is required to be presented on a basis consistent with the accounting policies of the Issuer.

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**Basis of opinion**

We have examined the basis of compilation and the accounting policies of the accompanying profit forecast of the Issuer for the year ending 31 December 2009 in accordance with the ISAE 3000 "Assurance Engagements Other than Audits and Reviews of Historical Financial Information". Our work included evaluating the basis on which the historical financial information included in the profit forecast has been prepared and considering whether the profit forecast has been accurately computed based upon the disclosed assumptions and the accounting policies of the Issuer. The assumptions upon which the profit forecast is based are solely the responsibility of the Directors and accordingly we express no opinion on the validity of the assumptions. However, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the profit forecast have not been disclosed and whether any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the profit forecast has been properly compiled on the basis stated, in so far as the application of the underlying accounting policies and accuracy of calculations are concerned.

Since the profit forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the profit forecast and differences may be material.

**Opinion**

In our opinion, the profit forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Issuer.

**Emphasis of matter**

Without qualifying our opinion, we draw attention to the fact that the profit forecast is not intended to, and does not, provide all the information and disclosures necessary to give a true and fair view of the results of the operations of the Issuer in accordance with International Financial Reporting Standards as adopted by the EU.

Yours faithfully,

F Axisa

Fabio Axisa
Partner

PRICEWATERHOUSECOOPERS
167 Merchants Street
Valletta
Malta

## Annex 1B – Combined Profit Forecast of the Mizzi Organisation and Accountants' Report

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## SUMMARY OF SIGNIFICANT ASSUMPTIONS AND ACCOUNTING POLICIES

### *1. Introduction*

The combined profit forecast of all the entities constituting the Mizzi Organisation for the year ending 31 December 2009 has been prepared to provide financial information for the purposes of inclusion in the Prospectus of Mizzi Organisation Finance p.l.c. dated 29 October 2009. The combined profit forecast, set out on page 99, and the assumptions below are the sole responsibility of the directors of all the entities constituting the Mizzi Organisation.

As outlined previously, the Mizzi Organisation is not a legal entity and does not constitute a group of companies within the meaning of the Companies Act (Cap. 386, laws of Malta). The Organisation is a conglomerate of companies principally comprising Consolidated Holdings Limited, Kastell Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited (the "Guarantors" in respect of the Bond Issue), together with all their respective subsidiaries. The Mizzi Organisation also includes Falcon Wines & Spirits Limited and Mizzi Motors Limited, which are an integral component of the Guarantors' beverage and automotive business activities.

Ultimately, common individuals forming part of the Mizzi family and/or common individual companies owned by these individuals equally own the Guarantors. However the Guarantors do not form a legal group and fail to meet the definition of a 'group' under IAS 27 "Consolidated and Separate Financial Statements". The financial results and financial position of the Guarantors are not consolidated into the financial statements of a single legal company on a statutorily required basis, since no individual entity owns or controls the Guarantors. The operations of the Guarantors and the other two entities forming part of the Mizzi Organisation (Falcon Wines & Spirits Limited and Mizzi Motors Limited) are managed on a unified basis. The Guarantors and these two companies are all owned by the same parties in the same proportions and are managed together as a single economic entity.

The combined profit forecast has been prepared on the basis of the assumption that the Mizzi Organisation operates as a legal group. The forecast combined financial information for the Mizzi Organisation has been prepared by aggregating the consolidated financial information of the Guarantors and their subsidiaries together with the stand-alone financial information of Falcon Wines & Spirits Limited and Mizzi Motors Limited, since all these entities are under common management and control but do not form a legal group. The aggregated financial information has been adjusted to eliminate the impacts of all intra-Organisation transactions, and to reflect the appropriate accounting treatment for property owned by the Organisation taking cognisance of use of such assets from the Organisation's perspective.

The combined profit forecast for the year ending 31 December 2009 has been based on the following unaudited financial information:

a) the combined financial information, based on unaudited management accounts, of all the entities constituting the Mizzi Organisation for the six month period ended 30 June 2009;
b) the forecast combined financial information of the Organisation covering the period from 1 July 2009 to 31 December 2009.

Generally, the forecast financial information is based on management budgets, flexed to reflect expectations on the basis of the first six months of the financial year and the actual level of activity registered subsequent to 30 June 2009. The Organisation's management has experience with respect to the impact of seasonality in their business and have therefore reflected this factor in their forecasts.

The prospective financial information is intended to show a possible outcome based on assumptions as to future events, which the directors of the entities constituting the Organisation 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 prospective financial information. Attention is drawn, in particular, to the risk factors set out in the Prospectus which describe the primary risks associated with the business and operations to which the prospective financial information relates.

The directors of all the entities constituting the Mizzi Organisation have exercised due care and diligence in adopting these assumptions. The combined profit forecast was formally approved on 29 October 2009 and the stated assumptions reflect the judgements made by the directors of the entities forming part of the Organisation at that date. The assumptions that the directors believe are significant to the prospective financial information are set out below.

## 2. *Significant accounting policies*

The significant accounting policies of the Mizzi Organisation are set out in its audited combined financial statements for the financial years ended 31 December 2008. 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 combined financial information. In 2009, the entities constituting the Mizzi Organisation adopted new standards, amendments and interpretations to existing standards that are mandatory for the accounting period beginning on 1 January 2009. The adoption of these revisions to the requirements of International Financial Reporting Standards as adopted by the EU did not result in substantial changes to the accounting policies of the entities constituting the Mizzi Organisation.

## 3. *Basis of preparation and principal assumptions*

The principal assumptions relating to the environment in which the Mizzi Organisation operates, and the factors which are exclusively outside the influence of the directors and which underlie the combined profit forecast are the following:

- there will be no material adverse events originating from market and economic conditions including spending levels, exchange rate movements, employment and job growth, beyond those already reflected in the forecast;
- the Mizzi Organisation will continue to enjoy the confidence of its suppliers and bankers;
- the basis and rates of taxation will not change materially throughout the period covered by the forecast.

The principal assumptions relating to the environment in which the Mizzi Organisation operates, and the factors which the directors can influence and which underlie the combined profit forecast, are outlined below. In view of the range and diversity of the operations of the Mizzi Organisation, the principal assumptions applied are analysed by operating segments of the Organisation.

### 3.1 Revenues

The revenues in the forecast are based on the fair value of the consideration receivable for the sale of goods and services in the ordinary course of the Organisation's activities. Revenue is recognised upon the delivery of products or performance of services, net of sales taxes and discounts.

Sales of goods are recognised when the Organisation delivers products to the customer, the customer accepts the products and collectibility of the related receivables is reasonably assured.

Revenue from services is generally recognised in the period the services are provided, based on the services performed to date as a percentage of the total services to be performed. Accordingly, revenue from services is recognised by reference to the stage of completion of the transaction under the percentage of completion method. In relation to long-term contracts, the Organisation also uses the percentage of completion method to determine the appropriate amount of revenue and costs to recognise in a given period. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date in relation to the estimated total costs for the contract. When the outcome of a contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue and contract costs are recognised over the period of the contract, respectively, as revenue and expenses.

(a) Automotive sector
The revenue forecast in relation to sale of motor vehicles is based on management budgets which take into account actual results up to 30 June 2009 as reported in management accounts for the period then ended. These budgets have been flexed to reflect the level of actual car sales registered subsequent to 30 June 2009 and the resulting trends taking cognisance of current year developments with respect to franchises and car models. Also, experience from prior years evidencing a usual slow down in the latter part of the year has been taken into account. The forecast is based on the assumption that the number of car sales in the six month period ending 31 December 2009 will be 7% lower than the level of actual sales registered in the first six months of 2009 and 27% higher than the sales in the same six month period for 2008. These volume driven fluctuations are principally influenced by the incidence of the introduction of car models and the wide range of car franchises and models represented by the Organisation. The directors are of the opinion that the latter six month period of 2008 cannot be utilised as a reasonable benchmark in view of the unusually low sales registered attributable to expectations and uncertainty surrounding the introduction of the revised car registration tax. Approximately 40% of the forecast revenue from car sales for the six months ended 31 December 2009 has been attained by car deliveries registered during July and August 2009.

Revenue forecast in relation to sale of spare parts, workshop and related services is largely based on the trend experienced during 2009 to date as reflected in the management accounts to 30 June and the actual activity registered in July and August. The after sales activities are proving to be a growth area considering market developments, in particular the increased number of vehicles on the market. The experience accumulated in previous years in relation to the pattern characterising these operations, whereby the level of business activity tends to slow down in the latter six months of the year, has been taken into account. Revenues for the six month period ending 31 December 2009 is expected to drop by 6% when compared to sales registered in the first six months of 2009. Turnover for the entire year from these activities is assumed to increase by 8.5% compared to the previous year in view of the trend development referred to above.

Operating lease rental income from motor vehicles has been forecast on the basis of existing lease contracts with actual clients at the time of preparing this forecast.

(b) Beverage

Revenue from the sale of bottled beverages in the six month period ending 31 December 2009 is forecast to be 30% higher than the level of actual sales registered in the first six months of the year. This is mainly attributable to the seasonality factor, which is also influenced by the incidence of tourism activity levels. The Organisation is assuming that a 5% increase in sales volumes of bottled beverages will occur in the latter six months of the year as compared to the sales volumes registered in the six month period ended 31 December 2008. It is expected that the overall level of sales prices and discounting will remain at approximately the same levels prevailing during the first six months of 2009. However it has been assumed that net sales prices of the principal bottled beverages effective during the six month period ending 31 December 2009 will increase by 9% compared to the price levels attained during the same six month period during 2008. The increase is mainly due to the Organisation's pricing strategy and a shift in the mix of products sold with more pronounced weighting in favour of sales of PET bottled products. The actual revenues registered in the months of July and August 2009 have met the Organisation's expectation in this respect.

(c) Retailing

In view of the current economic conditions in the domestic market and the trends in the tourism sector, the Organisation is forecasting a reduction in sales of goods from the retailing sector throughout most of its retail activities or outlets. The forecast revenues for the year ending 31 December 2009 reflects an overall decline of 2% in retail sales when compared to the activity registered during the year ended 31 December 2008. It is expected that certain retail activities will experience a decline in sales which exceeds 2% but this impact is partially offset by activities initiated during the year ending 31 December 2009 and by the level of activity in other operations which have not been specifically impacted in a negative manner.

(d) Hospitality and leisure

The Organisation's hotel revenues for the six month period ending 31 December 2009 have been forecast principally on the basis of contracted room rates with tour operators and other agents. A key assumption in respect of hotel revenues is the expected occupancy level. In view of the trends experienced in the level of tourism the Organisation is forecasting a reduction of 4% in the overall average occupancy levels for the latter six months of 2009 when compared to the actual occupancy levels registered during the same period in 2008. The impact on revenues attributable to lower occupancy levels is expected to be partially offset by a 2% increase in expected room rates. Overall, considering its assumptions in relation to occupancy levels and room rates, the Organisation is forecasting a net decrease in revenues of approximately 2% when comparing the six month period ending 31 December 2009 to the same period ended 31 December 2008.

(e) Contracting services

The Organisation's activity in the six month period ending 31 December 2009 in respect of the provision of mechanical and electrical contracting services is largely based on contracts or orders already in place at the time of preparation of this forecast. The activities in this respect are analysed into industrial contracts and activities in the residential and light commercial sector, with industrial contracts contributing a significant portion of contracting revenues. Overall sales for the year ending 31 December 2009 are forecast to be 17% lower than the revenues attained during 2008; reflecting a forecast 23% decrease in revenues from industrial contracts and a 21% decline in activity in the residential and light commercial sectors. These assumptions are based on the trends established by the results attained in the first six months of the year, the level of activity registered subsequent to 30 June 2009 and as outlined previously on the basis of the current order book. The forecast reduction in the demand for the Organisation's services and products in this area is reflective of the prevailing market and economic conditions, together with other environmental and climate factors.

(f) Other services

(i) Interest and related income from hire purchase financing

The forecast income from granting hire purchase finance for the six month period ending 31 December 2009 is mainly dependent on the level of forecast motor vehicle and other sales which are expected to be financed by the Organisation's hire purchase finance arm. The Organisation is able to forecast the portion of sales of goods and services which are expected to be financed through hire purchase arrangements on the basis of experience accumulated over the years. This portion is expected to remain constant throughout the year ending 31 December 2009. Based on the level of forecast car and other sales, revenue from this activity for 2009 is expected to decrease by 8% when compared to the 2008 income levels assuming hire purchase interest rates are retained at the fixed level applicable throughout 2008 and in the first six months of 2009.

(ii) Rental income from investment property
Rental income has been forecast principally on the basis of existing tenant agreements in place at the date of preparation of the combined profit forecast.

## 3.2 Cost of sales

(a) Automotive sector
Cost of sales in relation to motor vehicles and spare parts comprises expenditure involved in bringing goods to their location and condition ready to be sold, including the costs of importing cars and spare parts together with other direct costs related to delivery of the vehicles to customers. The cost of sales forecast is based on the current cost structures and is heavily influenced by the expected sales mix. The cost of sales with respect to services provided in this sector will consist primarily of personnel directly engaged in providing the service, cost of parts utilised and attributable direct overheads, including related depreciation charges. Overall, gross profit margins in the automotive sector forecast for the six month period ending 31 December 2009 are not expected to change significantly from the experience in the previous months during 2009.

(b) Beverage
The cost of sales in relation to beverages bottled by the Organisation includes the costs of raw materials and direct consumables utilised and direct labour utilised in the manufacturing process. It also comprises all direct production overheads, including depreciation expense, together with indirect overheads that can be reasonably allocated to the production function. Depreciation is computed on the basis of the estimated useful lives of the assets reflected in the Organisation's accounting policies adopted in the preparation of the combined financial statements for the year ended 31 December 2008, taking cognisance of forecast additions and disposals during 2009. Cost of sales for bottled beverages is analysed into its fixed and variable cost components. Fixed costs have been assumed to remain constant overall throughout 2009 with the fixed costs per unit declining by approximately 6% in view of increased activity levels. Variable costs per unit sold are expected to remain relatively constant throughout 2009 with the level of aggregate variable costs moving in line with the level of sales.

Cost of sales in relation to imported beverages comprises expenditure involved in bringing the goods to their location and condition ready to be sold, including principally the costs of importing such goods.

Gross margins from this sector registered during the first six months of 2009 have remained in line with the experience relating to the same period last year. It is forecast that overall gross margins in percentage terms, for bottled beverages, in the latter half of 2009 will improve by 1% when compared to the level registered in the six month period ended 31 December 2008. The improved margins are due to the impact of increased production levels in relation to lower fixed costs per unit and the expected sales mix with more prominence of products with better margins.

(c) Retailing
Cost of sales with regard to goods sold in the Organisation's retailing operations consists of expenditure involved in bringing goods to their location and condition ready to be sold, principally importation costs together with other direct costs related to handling such products. The forecast is largely based on current purchase prices and is flexed for the quantities expected to be sold. Average gross profit margins in this sector for the six month period ending 31 December 2009 are forecast to remain on the same levels experienced in the first six months of 2009. Overall margins for the entire year are forecast to be slightly higher when compared to the 2008 actual margins.

(d) Hospitality and leisure
Hotel cost of sales mainly includes direct labour and direct costs attributable to the provision of accommodation, food and beverage and related services together with an apportionment of overheads, including certain depreciation charges, which can be allocated to the provision of the services referred to above. Cost of sales can be analysed into its fixed and variable components. The forecast assumes that the level of fixed costs will remain in line with that experienced in the first half of 2009, whilst the variable costs are expected to represent the same proportion of revenues as in the initial six month period of 2009.

(e) Contracting services
Cost of sales for the contracting sector represents expenses which are directly attributable to the related activity. It would principally include direct labour and cost of direct materials allocated specifically to contracts or work orders, together with indirect overheads which can be allocated in a reasonable manner to contract activity. Cost of materials utilised relate to expenditure involved in bringing the goods to their location and condition ready to be utilised. Gross margins (in percentage terms) on industrial contract activity for the year ending 31 December 2009 are forecast to be around 3% higher than the level experienced during 2008. The forecast margins are based on negotiated terms on contracts in place at the time of approval of this Prospectus. With regard to residential and light commercial activity, it is being assumed that a reduction of 2% in gross profit percentage margins will be experienced in view of increases in prices of imported equipment.

(f) Other services
Cost of sales attributable to the hire purchase financing activity consists of interest costs related to the Organisation's borrowings utilised to fund hire purchase arrangements. The forecast costs are based on the expected level of financing required to fund the forecast level of hire purchase arrangements. Interest costs have been computed utilising contracted rates and considering the floating interest rate nature of the borrowings, the forecast expense has been based on interest rates applicable at the date of approving the Prospectus.

### 3.3 Selling and other direct expenses

These expenses comprise the Organisation's costs incurred which are directly related to the selling of goods and services, which are not included in cost of sales, and in the case of certain operations to the distribution of such goods sold to customers. Selling and other direct expenses mainly consist of the payroll costs of the sales, marketing and distribution functions, agent commissions, advertising, all costs of maintaining showrooms and sales outlets, including depreciation charges, and transport costs arising on the distribution of finished goods. Variable costs have been flexed on the basis of forecast sales from the respective sectors of the Organisation but are expected to represent approximately a fixed portion of revenues. Fixed costs are forecast to remain in line with the level of expenditure incurred during the first six months of 2009 and during the previous financial year. Where deemed necessary, costs were adjusted to reflect the impact of inflation.

### 3.4 Administrative expenses

Administrative expenses consist of the costs of general management of the activities of the Mizzi Organisation. These include primarily the payroll costs of the administrative function, professional fees, certain depreciation costs for instance of maintaining the administration buildings and other general overheads. No significant increases are anticipated and the forecast in relation to these costs has been based on prior year experience together with the level of expenditure incurred in the first six months of 2009. Costs were adjusted to reflect effects of inflation, where deemed appropriate.

### 3.5 Finance income

The amounts reflected in the forecast mainly comprise interest income actually received up to 30 June 2009 and amounts expected to accrue subsequent to that date based on amounts actually due as at 30 June 2009.

### 3.6 Finance costs

Interest costs in relation to the Organisation's borrowings, consisting of floating rate bank borrowings and fixed rate bonds, have been forecast on the basis of the forecast level of financing outstanding during the period covered by the forecast and utilising contracted rates. In the case of floating interest rate borrowings, the forecast has been based on interest rates applicable at the date of approving the Prospectus. In relation to the bonds, it has been assumed that the proposed €30 million 6.2% bonds are issued during November 2009 with interest commencement date of 1 December 2009. This amount is inclusive of the over-allotment option and is assumed to replace the 2002 bonds of €23.3 million, currently in issue, carrying a coupon of 6.7%. The forecast is based on the assumption that the currently outstanding bonds will be redeemed in full through the proposed bond issue.

### 3.7 Share of profits of associates

The amounts recognised in the combined profit forecast for the year ending 31 December 2009 are based on the forecast results of the Organisation's associates, which comprise management accounts for the initial six month period of the financial year and a forecast up to the end of the reporting period.

### 3.8 Taxation

Current tax is provided at 35% of the chargeable income for the year.

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

## 4. *Conclusion*

The directors of the entities constituting the Mizzi Organisation believe that the assumptions on which the forecast is based are reasonable. The directors further believe that, in the absence of unforeseen circumstances outside their control, the working capital available to the Mizzi Organisation, including the Issuer and the Guarantors, will be sufficient for the carrying out of its business.

Approved by the boards of directors of the entities constituting the Mizzi Organisation on 29 October 2009 and signed on their behalf by:

Brian R. Mizzi
Director

Consolidated Holdings Limited
Kastell Limited
Mizzi Holdings Limited
The General Soft Drinks Company Limited

Kenneth C. Mizzi
Director

Kastell Limited
Mizzi Holdings Limited

## COMBINED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2009

| | €'000 |
|---|---|
| Revenue | 105,197 |
| Cost of sales | (77,184) |
| **Gross profit** | 28,013 |
| Selling and other direct expenses | (14,073) |
| Administrative expenses | (9,395) |
| Other operating income | 525 |
| **Operating profit** | 5,070 |
| Investment and other related income | 56 |
| Finance income | 490 |
| Finance costs | (4,153) |
| Share of profit of associates | 153 |
| **Profit before tax** | 1,616 |
| Tax expense | (432) |
| **Profit for the financial year** | 1,184 |

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The Directors
Consolidated Holdings Limited; Kastell Limited;
Mizzi Holdings Limited; Mizzi Motors Limited
Mizzi House
National Road
Blata l-Bajda
Hamrun
Malta

The Directors
The General Soft Drinks Company Limited; Falcon Wines & Spirits Limited
Marsa Industrial Estate
Marsa
Malta

29 October 2009

Dear Sirs,

**Independent Accountants' Report on the Combined Profit Forecast of Consolidated Holdings Limited, Kastell Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited and their subsidiaries, and Falcon Wines & Spirits Limited and Mizzi Motors Limited (collectively referred to as the "entities constituting the Mizzi Organisation").**

We report on the combined profit forecast of the entities constituting the Mizzi Organisation for the year ending 31 December 2009. The combined profit forecast, the basis of preparation and the material assumptions upon which the forecast is based, are set out on pages 93 to 99 of the Prospectus issued by Mizzi Organisation Finance p.l.c. dated 29 October 2009.

The basis of preparation of the combined profit forecast is set out on page 93 to 98. The combined profit forecast includes the forecast financial information of all the entities constituting the Mizzi Organisation and has been prepared on the basis of the assumption that the Mizzi Organisation operates as a legal group and a single consolidated entity.

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' responsibilities for the combined profit forecast**
It is the responsibility of the Directors of the entities constituting the Mizzi Organisation to prepare the combined profit forecast and the assumptions upon which it is based, as set out on pages 93 to 99, in accordance with the requirements of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and EU Regulation EC 809/2004.

**Accountants' responsibility**
It is our responsibility to form an opinion as required by Listing Rule 9.19 issued by the Listing Authority of the Malta Financial Services Authority and Annex IV item 9.2 of EU Regulation EC 809/2004 as to the proper compilation of the combined profit forecast, in so far as the application of the underlying accounting policies and accuracy of calculations are concerned, and to report that opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the Listing Rules, consenting to its inclusion in the Prospectus.

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**Basis of preparation of the combined profit forecast**

The combined profit forecast has been prepared on the basis stated on pages 93 to 98 of the Prospectus and is based on the unaudited management accounts for the six months ended 30 June 2009 and a forecast to 31 December 2009. The combined profit forecast is required to be presented on a basis consistent with the accounting policies of the entities constituting the Mizzi Organisation.

**Basis of opinion**

We have examined the basis of compilation and the accounting policies of the accompanying combined profit forecast of the entities constituting part of the Mizzi Organisation for the year ending 31 December 2009 in accordance with the ISAE 3000 "Assurance Engagements Other than Audits and Reviews of Historical Financial Information". Our work included evaluating the basis on which the historical financial information included in the combined profit forecast has been prepared and considering whether the combined profit forecast has been accurately computed based upon the disclosed assumptions and the accounting policies of the entities constituting the Mizzi Organisation. The assumptions upon which the combined profit forecast is based are solely the responsibility of the Directors of the entities constituting the Mizzi Organisation and accordingly we express no opinion on the validity of the assumptions. However, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the combined profit forecast have not been disclosed and whether any material assumption made by the Directors appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the combined profit forecast has been properly compiled on the basis stated, in so far as the application of the underlying accounting policies and accuracy of calculations are concerned.

Since the combined profit forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the combined profit forecast and differences may be material.

**Opinion**

In our opinion, the combined profit forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the entities constituting the Mizzi Organisation.

**Emphasis of matter**

Without qualifying our opinion, we draw attention to the fact that as described on page 93 of the Prospectus, the combined profit forecast has been prepared assuming that the Mizzi Organisation operates as a legal group and a single consolidated entity. The combined profit forecast may not necessarily be indicative of results that would actually occur if the Mizzi Organisation operates as a single consolidated entity during the year ending 31 December 2009.

Further, we draw attention to the fact that the combined profit forecast is not intended to, and does not, provide all the information and disclosures necessary to give a true and fair view of the results of the operations of the entities constituting the Mizzi Organisation in accordance with International Financial Reporting Standards as adopted by the EU.

Yours faithfully,

F Axisa

Fabio Axisa
Partner

PRICEWATERHOUSECOOPERS

167 Merchants Street
Valletta
Malta

## Annex 2A – Interim Financial Information of the Issuer

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## INTERIM DIRECTORS' REPORT

The following Half-Yearly Report is published pursuant to the terms of Chapters 8 and 9 of the Malta Financial Services Authority Listing Rules and the Prevention of Financial Markets Abuse Act 2005. The condensed financial information has been extracted from the company's unaudited financial statements for the six months ended 30 June 2009 and has been reviewed in terms of ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

The Directors have the pleasure of reporting the company's interim results for the six months ended 30 June 2009.

### Principal activity

The company's principal activity is to carry on the business of a finance and investment company in connection with ownership, development, operation and financing of the business activities of the companies forming part of the Mizzi Organisation. The proceeds from the bonds issued for subscription to the general public have been advanced by the company to related parties forming part of the Mizzi Organisation.

### Review of financial performance

Interest income, principally receivable from related parties, earned by the company during the six month period up to 30 June 2009 amounted to €850,422 (2008: €848,670). Profit before taxation for the period amounted to €41,058 (2008: €40,384), after deducting administrative expenses of €26,508 (2008: €25,526). Earnings per share, reflecting the profit after taxation divided by the weighted average number of ordinary shares in issue during the period, amounted to €41.01 (2008: €40.08). Furthermore, at the time of authorising this interim financial information for issue the directors are not anticipating any significant changes during the forthcoming six months.

### Dividends

During the period under review, the directors proposed the payment of a net interim dividend to the company's ordinary shareholders amounting to €150,000 (2008: Nil).

### Directors statement pursuant to Listing Rule 9.44k.3

The directors confirm that, to the best of their knowledge:

- the condensed interim financial statements give a true and fair view of the financial position of the company as at 30 June 2009 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting and IAS 34 "Interim Financial Reporting"; and
- the interim Directors' report includes a fair review of the information required in terms of Listing Rule 9.44q.

On behalf of the board

Dr John C. Grech
Chairman

Maurice F. Mizzi
Director

10 August 2009

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The Directors
Mizzi Organisation Finance p.l.c.
Mizzi House
National Road
Blata l-Bajda
Hamrun
Malta

10 August 2009

Dear Sirs,

**Independent Auditor's Report on review of interim financial information of Mizzi Organisation Finance p.l.c.**

**Introduction**
We have reviewed the accompanying condensed statement of financial position of Mizzi Organisation Finance p.l.c. as at 30 June 2009 and the related condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the six-month period then ended. The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by the EU applicable to IAS 34 "Interim financial reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of review**
We conducted our review in accordance with ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Malta Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Conclusion**
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

Yours faithfully,

F Axisa

Fabio Axisa
Partner

PRICEWATERHOUSECOOPERS
167 Merchants Street
Valletta
Malta

## CONDENSED STATEMENT OF FINANCIAL POSITION

| | **As at 30 June 2009 (unaudited) €'000** | As at 31 December 2008 (audited) €'000 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Loans and advances to related parties | **20,006** | 19,944 |
| **Current assets** | | |
| Loans and advances to related parties | **3,911** | 3,853 |
| Other current assets | **228** | 299 |
| Total current assets | **4,139** | 4,152 |
| **Total assets** | **24,145** | 24,096 |
| **EQUITY AND LIABILITIES** | | |
| **Capital and reserves** | **450** | 559 |
| **Non-current liabilities** | | |
| Borrowings | **23,295** | 23,292 |
| **Current liabilities** | | |
| Payables | **400** | 245 |
| Total liabilities | **23,695** | 23,537 |
| **Total equity and liabilities** | **24,145** | 24,096 |

The condensed interim financial information on pages 105 to 107 was authorised for issue by the board on 10 August 2009 and were signed on its behalf by:

Dr John C. Grech
Chairman

Maurice F. Mizzi
Director

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

| | Six months ended 30 June | |
|---|---|---|
| | **2009** | 2008 |
| | **€'000** | €'000 |
| Interest receivable, principally from related parties | **850** | 849 |
| Interest payable and similar charges | **(782)** | (783) |
| **Net interest income** | **68** | 66 |
| **Profit for the financial period - total comprehensive income** | **41** | 40 |
| Earnings per share (expressed in € per share) | **41.01** | 40.08 |

## CONDENSED STATEMENT OF CHANGES IN EQUITY

| | Share capital €'000 | Retained earnings €'000 | Total €'000 |
|---|---|---|---|
| Balance at 1 January 2008 | 233 | 233 | 466 |
| Total comprehensive income for the period ended 30 June 2008 | - | 40 | 40 |
| Balance at 30 June 2008 | 233 | 273 | 506 |
| Balance at 1 January 2009 | 233 | 326 | 559 |
| Total comprehensive income for the period ended 30 June 2009 | - | 41 | 41 |
| Dividends | - | (150) | (150) |
| **Balance at 30 June 2009** | **233** | **217** | **450** |

## CONDENSED STATEMENT OF CASH FLOWS

| | Six months ended 30 June | |
|---|---|---|
| | **2009** | 2008 |
| | **€'000** | €'000 |
| Net cash generated from operating activities | **50** | 58 |
| Net cash used in investing activities | **(120)** | (286) |
| **Net movements in cash and cash equivalents** | **(70)** | (228) |
| **Cash and cash equivalents at beginning of period** | **155** | 401 |
| **Cash and cash equivalents at end of period** | **85** | 173 |

## NOTES TO THE CONDENSED FINANCIAL INFORMATION

### 1. *Basis of preparation*

This condensed interim financial information for the six months ended 30 June 2009 has been prepared in accordance with IAS 34 "Interim financial reporting". The condensed interim financial information, should be read in conjunction with the annual financial statements for the year ended 31 December 2008 which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. This condensed interim financial information has been reviewed, not audited, by the company's independent auditors.

### 2. *Accounting policies*

The accounting policies applied in this interim financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2008, as described in those financial statements.

In 2009, the company adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 1 January 2009. The adoption of these revisions to the requirements of International Financial Reporting Standards as adopted by the EU did not result in substantial changes to the company's accounting policies as outlined previously.

New standards, amendments to standards and interpretations, which are mandatory for the first time for the financial year beginning on 1 January 2009 and which are relevant to the company, include:

- IAS 1 (revised) "Presentation of financial statements". This interim financial information has been prepared under the revised disclosure requirements, principally in relation to the presentation of the statement of comprehensive income and the requirement that all 'non-owner changes in equity' are to be shown in a performance statement.

- IFRS 8 "Operating segments". The company has one reportable segment and accordingly no revised disclosures are required in this condensed interim financial information.

### 3. *Borrowings*

Borrowings represent the carrying amount of the bonds which the company has issued to the general public. Such bonds are redeemable at par at the latest on 31 May 2012 but are redeemable in whole or in part at the option of the company on 31 May 2010 and 31 May 2011 (Optional Redemption Dates). As at the date of authorisation for issue of this financial information, the board had not yet resolved to apply any of the optional redemption dates and accordingly the bonds were presented as non-current liabilities, assuming the instruments will be redeemed at the latest redemption date.

### 4. *Earnings per share*

Earnings per share is calculated by dividing the profit attributable to the owners of the company by the weighted average number of ordinary shares in issue during the financial period.

| | Six months ended 30 June | |
|---|---|---|
| | **2009** | 2008 |
| Net profit attributable to owners of the company | **€41,012** | €40,079 |
| Weighted average number of ordinary shares in issue | **1,000** | 1,000 |
| Earnings per share | **€41.01** | €40.08 |

## 5. *Dividends*

During the period ended 30 June 2009, a final ordinary dividend relating to the year ended 31 December 2008, of €150 per ordinary share amounting to a net dividend of €150,000, was approved by the shareholders. No dividends were approved in the comparative period.

## 6. *Related party transactions*

Mizzi Organisation Finance p.l.c. forms part of the Mizzi Organisation, which comprises Mizzi Holdings Limited, Consolidated Holdings Limited, Kastell Limited and The General Soft Drinks Company Limited, together with their subsidiaries. The Organisation also comprises other companies ultimately owned and controlled in the same proportions by members of the Mizzi family, including Falcon Wines & Spirits Limited and Mizzi Motors Limited. Mizzi Holdings Limited is the company's immediate parent and also its ultimate controlling party. All companies forming part of the Mizzi Organisation and their shareholder companies are related parties since these companies are all ultimately owned by members of the Mizzi family. Three of the company's directors are members of the Mizzi family.

In the opinion of the directors, disclosure of related party transactions, which are generally carried out on commercial terms and conditions, is only necessary when the transactions effected have a material impact on the operating results and financial position of the company. The aggregate invoiced amounts in respect of a considerable number of transaction types carried out with related parties are not considered material and accordingly they do not have a significant effect on this interim financial information. Transactions with companies forming part of Mizzi Organisation principally include advances effected by the company, mainly out of the bond issue proceeds. Interest receivable earned from these transactions and balances in this respect as at the end of the reporting period are disclosed below:

| | Six months ended 30 June | |
|---|---|---|
| | **2009** | 2008 |
| | **€'000** | €'000 |
| **Interest receivable** | | |
| - from parent company | **396** | 427 |
| - from other related parties | **454** | 420 |
| | **850** | 847 |

| | **As at 30 June 2009** | As at 31 December 2008 |
|---|---|---|
| | **€'000** | €'000 |
| **Loans and advances** | | |
| - to parent company | **11,102** | 11,102 |
| - to other related parties | **12,815** | 12,695 |
| **Receivables in respect of interest** | | |
| - from parent company | **66** | 65 |
| - from other related parties | **76** | 77 |

Whilst receivables in respect of interest are interest free and repayable on demand, loans and advances are subject to interest at the fixed rate of 7.2% per annum and are principally repayable within 5 years from the end of the reporting period.

Key management personnel compensation, consisting of director's remuneration, for the six month period ended 30 June 2009 amounted to €3,500 (2008: €3,500).

## Annex 2B – Combined Interim Financial Information of the Mizzi Organisation

TABLE OF CONTENTS

## DIRECTORS' STATEMENT

The directors of all the entities constituting the Mizzi Organisation are responsible for the preparation and fair presentation of the condensed combined interim financial information of the Mizzi Organisation.

The directors confirm that, to the best of their knowledge, the accompanying condensed combined interim financial information gives a true and fair view of the financial position of the entities constituting the Mizzi Organisation as at 30 June 2009 and of their financial performance and cash flows for the six month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting and IAS 34 "Interim Financial Reporting".

Approved by the boards of directors of the entities constituting the Mizzi Organisation on 29 October 2009 and signed on their behalf by:

Brian R. Mizzi
Director

Consolidated Holdings Limited
Kastell Limited
Mizzi Holdings Limited
The General Soft Drinks Company Limited

Kenneth C. Mizzi
Director

Kastell Limited
Mizzi Holdings Limited

## CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION

| | As at 30 June 2009 (unaudited) €'000 | As at 31 December 2008 (audited) €'000 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | **92,585** | 92,562 |
| Investment property | **21,779** | 22,440 |
| Investments in associates | **15,775** | 16,495 |
| Other non-current assets | **13,332** | 11,955 |
| Total non-current assets | **143,471** | 143,452 |
| **Current assets** | | |
| Inventories | **19,041** | 19,170 |
| Trade and other receivables | **26,000** | 28,726 |
| Other current assets | **3,411** | 4,586 |
| Total current assets | **48,452** | 52,482 |
| **Total assets** | **191,923** | 195,934 |
| **EQUITY AND LIABILITIES** | | |
| **Capital and reserves** | **85,781** | 86,707 |
| **Non-current liabilities** | | |
| Borrowings | **36,539** | 53,183 |
| Deferred tax liabilities | **9,294** | 9,078 |
| Total non-current liabilities | **45,833** | 62,261 |
| **Current liabilities** | | |
| Trade and other payables | **21,111** | 21,455 |
| Borrowings | **39,013** | 25,214 |
| Other current liabilities | **185** | 297 |
| Total current liabilities | **60,309** | 46,966 |
| Total liabilities | **106,142** | 109,227 |
| **Total equity and liabilities** | **191,923** | 195,934 |

The condensed combined interim financial information on pages 112 to 114 was authorised for issue by the boards of directors of the entities constituting the Mizzi Organisation on 29 October 2009 and were signed on their behalf by:

Brian R. Mizzi
Director

Kenneth C. Mizzi
Director

## CONDENSED COMBINED INCOME STATEMENT

| | Six months ended 30 June | |
|---|---|---|
| | **2009** | 2008 |
| | **€'000** | €'000 |
| **Revenue** | **49,848** | 58,811 |
| **Gross profit** | **12,894** | 13,153 |
| **Operating profit** | **1,497** | 1,477 |
| Net finance costs | **(1,744)** | (1,907) |
| Share of results of associates | **(435)** | 364 |
| **Loss before tax** | **(640)** | (16) |
| Tax expense | **(171)** | (175) |
| **Loss for the period** | **(811)** | (191) |
| Earnings per share (expressed in € per share) | **(0.77)** | (0.18) |

## COMBINED STATEMENT OF COMPREHENSIVE INCOME

| | Six months ended 30 June | |
|---|---|---|
| | **2009** | 2008 |
| | **€'000** | €'000 |
| **Loss for the period** | **(811)** | (191) |
| **Other comprehensive income** | | |
| Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to capital gains | **(47)** | (89) |
| Losses from changes in fair value of available-for-sale financial assets | **(90)** | (212) |
| Currency translation differences | **22** | (249) |
| **Other comprehensive income** | **(115)** | (550) |
| **Total comprehensive income for the period** | **(926)** | (741) |

## CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY

| | Share capital €'000 | Revaluation reserves €'000 | Fair value gains and other reserves €'000 | Retained earnings €'000 | Total €'000 |
|---|---|---|---|---|---|
| Balance at 1 January 2008 | 2,468 | 37,335 | 10,830 | 35,621 | 86,254 |
| Total comprehensive income for the period ended 30 June 2008 | - | (301) | (249) | (191) | (741) |
| Transfers to retained earnings upon realisation of amounts recognised directly in equity | - | (131) | (35) | 166 | - |
| Balance at 30 June 2008 | 2,468 | 36,903 | 10,546 | 35,596 | 85,513 |
| Balance at 1 January 2009 | 2,468 | 37,884 | 10,613 | 35,742 | 86,707 |
| Total comprehensive income for the period ended 30 June 2009 | - | (137) | 22 | (811) | (926) |
| Transfers to retained earnings upon realisation of amounts recognised directly in equity | - | (112) | 96 | 16 | - |
| **Balance at 30 June 2009** | **2,468** | **37,635** | **10,731** | **34,947** | **85,781** |

## CONDENSED COMBINED STATEMENT OF CASH FLOWS

| | Six months ended 30 June | |
|---|---|---|
| | **2009 €'000** | 2008 €'000 |
| Net cash generated from operating activities | **5,836** | 4,998 |
| Net cash used in investing activities | **(3,237)** | (14,197) |
| Net cash generated from financing activities | **6,410** | 8,195 |
| **Net movements in cash and cash equivalents** | **9,009** | (1,004) |
| Effects of exchange rates fluctuations on the translation of cash flows of foreign operations | **23** | (421) |
| **Cash and cash equivalents at beginning of period** | **(20,288)** | (17,795) |
| **Cash and cash equivalents at end of period** | **(11,256)** | (19,220) |

# NOTES TO THE COMBINED INTERIM FINANCIAL INFORMATION

## *1. Basis of preparation*

This condensed combined interim financial information of the Mizzi Organisation for the six months ended 30 June 2009 has been prepared in accordance with IAS 34 "Interim financial reporting". The condensed combined interim financial information, which has not been audited or reviewed, should be read in conjunction with the historical combined financial information of the Mizzi Organisation for the years ended 31 December 2008 and 2007 which has been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The Mizzi Organisation is not a legal entity and does not constitute a group of companies within the meaning of the Companies Act, Cap 386 of the laws of Malta. The Organisation is a conglomerate of companies principally comprising Consolidated Holdings Limited, Kastell Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited (the "Guarantors"), together with all their respective subsidiaries. The Mizzi Organisation also includes Falcon Wines & Spirits Limited and Mizzi Motors Limited, which are an integral component of the Guarantors' beverage and automotive business activities. Indeed, the related operations of the Guarantors and the activities of these two entities are managed on a collective basis.

This combined interim financial information has been prepared on the basis of the assumption that the Mizzi Organisation has operated as a legal group. The combined interim financial information for the Mizzi Organisation has been prepared by aggregating the consolidated financial information of the Guarantors and their subsidiaries together with the stand-alone financial information of the other two companies (Falcon Wines & Spirits Limited and Mizzi Motors Limited) constituting the Mizzi Organisation, since all these entities are under common management and control but do not form a legal group. In terms of generally accepted accounting practice, all entities managed in this manner should be, and have been, included in the combined financial information.

## *2. Accounting policies*

Except as described below, the accounting policies applied in this interim financial information are consistent with those used in the preparation of the historical combined financial statements of the Mizzi Organisation for the years ended 31 December 2008 and 2007, as described in those financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings. Accordingly, income tax expense is recognised based on management's best estimate of the weighted average income tax rate expected for the full financial year.

In 2009, the entities constituting the Mizzi Organisation adopted new standards, amendments and interpretations to existing standards that are mandatory for the accounting period beginning on 1 January 2009. The adoption of these revisions to the requirements of International Financial Reporting Standards as adopted by the EU did not result in substantial changes to the accounting policies of the entities constituting the Mizzi Organisation.

New standards, amendments to standards and interpretations, which are mandatory for the first time for the financial year beginning on 1 January 2009 and which are relevant to the Organisation, include:

- IAS 1 (revised) "Presentation of financial statements". This interim financial information has been prepared under the revised disclosure requirements, principally in relation to the presentation of the statement of comprehensive income and the requirement that all 'non-owner changes in equity' are to be shown in a performance statement. The revised standard prohibits the presentation of items of income and expense ('non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from 'owner changes in equity' in a statement of comprehensive income. As a result the Organisation presents all 'owner changes in equity' in the statement of changes in equity, whereas all 'non-owner changes in equity' are presented in the statement of comprehensive income.

- IAS 23 (amendment) "Borrowing costs". The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition and construction or development of a qualifying asset (one that takes a substantial period of time to get ready for use) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. No changes to the Organisation's accounting policies were required in this respect.

## 2. *Accounting policies* - continued

- IFRIC 13 “Customer loyalty programmes”. IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive, the arrangement is a multiple-element arrangement, and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. This application of the requirements of this interpretation did not have a significant impact on the Organisation’s financial results.

## 3. *Property, plant and equipment*

| | Six months ended 30 June | |
|---|---|---|
| | **2009** | 2008 |
| | **€’000** | €’000 |
| Opening net book amount as at 1 January | **92,562** | 86,622 |
| Additions | **2,835** | 14,371 |
| Disposals | **(181)** | (317) |
| Depreciation charge | **(2,631)** | (2,780) |
| Exchange differences | **-** | 172 |
| Closing net book amount as at 30 June | **92,585** | 98,068 |

Additions to property, plant and equipment during the period ended 30 June 2009 relate to ongoing capital expenditure in the ordinary course of the Organisation’s activities and do not reflect extensive capital projects undertaken unlike the comparative figure of additions for the six month period ended 30 June 2008.

## 4. *Investment property*

| | Six months ended 30 June | |
|---|---|---|
| | **2009** | 2008 |
| | **€’000** | €’000 |
| Opening carrying amount as at 1 January | **22,440** | 16,722 |
| Additions | **539** | 235 |
| Reclassification from assets classified as held for sale | **509** | - |
| Reclassification to inventories | **(1,709)** | - |
| Closing carrying amount as at 30 June | **21,779** | 16,957 |

Additions to investment property during the period ended 30 June 2009 principally relate to capital expenditure on specific property developments. The transfer from assets classified as held for sale relates to reclassification as a result of management’s decision to retain property, which was previously earmarked for disposal, for the purposes of rental and capital appreciation. The transfer to inventories relates to reclassification of property as a result of changes in intended use evidenced by development with a view to sale.

## 5. *Borrowings*

The significant movements in borrowings during the six month period ended 30 June 2009 are attributable to bank financing as follows:

| | Six months ended 30 June | |
|---|---|---|
| | **2009** | 2008 |
| | **€'000** | €'000 |
| Proceeds from bank borrowings | **7,013** | 8,593 |
| Repayments of bank borrowings | **(585)** | (379) |

## 6. *Operating profit*

The following items of unusual nature, size or incidence have been reflected in operating profit during the six month period ended 30 June 2008:

i) inventory write-downs amounting to €573,000 in relation to motor vehicle stocks attributable to the market circumstances prevailing during the period; and
ii) a decrease in the depreciation charge of €330,000 as a result of the review of the estimated remaining useful life of certain components of plant and machinery and motor vehicles within property, plant and equipment.

The effect of the latter changes in accounting estimates has been included in the determination of the financial results for the period ended 30 June 2008 in accordance with the requirements of IAS 8. This change affects the depreciation charge in each period during the remaining useful life of the assets and the effects are recognised in the subsequent periods accordingly.

## 7. *Earnings per share*

Earnings per share is calculated by dividing the loss attributable to the owners of the Mizzi Organisation by the aggregate weighted average number of ordinary shares of the Guarantors, Falcon Wines & Spirits Limited and Mizzi Motors Limited in issue during the financial period.

| | Six months ended 30 June | |
|---|---|---|
| | **2009** | 2008 |
| Net loss attributable to owners of the Organisation | **(€811,082)** | (€190,896) |
| Aggregate weighted average number of ordinary shares in issue | **1,059,700** | 1,059,700 |
| Earnings per share | **(€0.77)** | (€0.18) |

## 8. *Capital commitments*

Commitments for capital expenditure approved by the directors but not provided for in these financial statements as at the end of the reporting period were as follows:

| | **As at 30 June 2009 €'000** | As at 31 December 2008 €'000 |
|---|---|---|
| Commitments in relation to property development (refer to Notes 3 and 4) | **1,700** | 2,490 |

## *9. Related party transactions*

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating policy decisions.

The entities forming part of the Mizzi Organisation are ultimately fully owned by Daragon Limited, Demoncada Holdings Limited, Demoncada Limited, Maurice Mizzi Investments Limited and Maurice Mizzi. Members of the Mizzi family in turn ultimately own and control the above mentioned companies.

Accordingly, the members of the Mizzi family, the shareholder companies mentioned above, all entities owned or controlled by the members of the Mizzi family and the shareholder companies, the associates of the Organisation and the Organisation's key management personnel are the principal related parties of the entities constituting the Mizzi Organisation.

In the opinion of the directors of the entities constituting the Organisation, disclosure of related party transactions, which are generally carried out on commercial terms and conditions, is only necessary when the transactions effected have a material impact on the operating results and financial position of the Organisation. The aggregate invoiced amounts in respect of a considerable number of transaction types carried out with related parties are not considered material and accordingly they do not have a significant effect on this combined financial information.

In the ordinary course of their operations, Organisation entities sell goods held for resale and provide services to associates, key management personnel and other related parties mentioned above, for trading purposes. The Organisation's related party transactions also include financing transactions, principally advances, with associates and other related parties together with property and motor vehicle operating lease rental income receivable from associates. These transactions carried out with related parties do not have a material effect on the operating results and financial position of the Organisation and accordingly have not been disclosed for the purposes of giving a true and fair view.

The transactions referred to above were carried out on commercial terms.

Balances with the Organisation's related parties which were outstanding as at end of the reporting periods were as follows:

| | **As at 30 June 2009 €'000** | As at 31 December 2008 €'000 |
|---|---|---|
| Amounts owed by associates | **311** | 367 |
| Amounts owed to associates | **(333)** | (555) |
| Amounts owed by key management personnel | **300** | 175 |
| Amounts owed by other related parties | **1,126** | 1,149 |

These amounts are unsecured, interest free and are repayable on demand.

Key management personnel compensation, consisting of directors' remuneration, for the six month period ended 30 June 2009 amounted to €286,577 (2008: €278,126).

## *10. Seasonality*

The Organisation's revenue principally arising from its beverage, retailing, hospitality and leisure sectors, is subject to seasonal fluctuations, with peak demands in the second and, more importantly, third quarters of the year. However in view of the wide diversification in the Organisation's business sectors and other market factors, the seasonality factor is not deemed to have a significant impact on the Organisation's revenue streams. For the six months ended 30 June 2009, the Organisation's level of sales represent 47% of the total forecast revenues for the year ending 31 December 2009, whilst on the other hand in the comparative period the first six months of the year contributed 53% of the total revenues for the year ended 31 December 2008. The gross profit and return levels are however influenced by the seasonality factor with higher returns registered in the latter six months of the financial year.

## Annex 3 – The Guarantee

To All Bondholders

We make reference to the issue of €25,000,000 6.2% Bonds 2016-2019 by Mizzi Organisation Finance p.l.c. (the "**Issuer**") pursuant to, and subject to, the terms and conditions contained in the Prospectus dated 29 October 2009, the "**Bonds**".

Now therefore, by virtue hereof, each of Kastell Limited, Consolidated Holdings Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited, hereby stand surety, jointly and severally with the Issuer and between themselves and unconditionally and irrevocably guarantee the due and punctual performance of all the obligations undertaken by the Issuer under the Bonds and, without prejudice to the generality of the foregoing, undertake to pay all amounts of principal and interest which may become due and payable by the Issuer to the Bondholders should the Issue default in paying such amounts of principal and interest to Bondholders.

We understand that the aggregate principal amount of Bonds issued by the Issuer may be increased by a maximum aggregate amount of €5,000,000 in the event that Issuer exercises its Over-Allotment Option. This guarantee shall extend to such increased amount which shall in no event exceed the aggregate amount of €30,000,000.

All capitalised terms used in this guarantee, shall unless the context otherwise requires, have the same meaning assigned to them in the Prospectus.

This guarantee shall be construed in accordance with the laws of Malta.

Signed and executed on this the 29 day of October 2009, after due approval of the Board of Directors of each of Kastell Limited, Consolidated Holdings Limited, Mizzi Holdings Limited and The General Soft Drinks Company Limited at a meeting of the board of directors.

Maurice Mizzi
For and on behalf of
Kastell Limited
Consolidated Holdings Limited
Mizzi Holdings Limited
The General Soft Drinks Company Limited

Kenneth Mizzi
For and on behalf of
Kastell Limited
Consolidated Holdings Limited
Mizzi Holdings Limited
The General Soft Drinks Company Limited

Brian Mizzi
For and on behalf of
Kastell Limited
Consolidated Holdings Limited
Mizzi Holdings Limited
The General Soft Drinks Company Limited

MIZZI ORGANISATION FINANCE plc

€25,000,000
6.2% BONDS 2016 - 2019
APPLICATION FORM

Application Number

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

**A** **APPLICANT** *(see notes 2 to 7)*

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

**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 GUARDIANS** *(see note 6)* *(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 & 9)*:

| AMOUNT IN FIGURES | AMOUNT IN WORDS |
|---|---|
| € | |

Mizzi Organisation Finance p.l.c. 6.2% BONDS 2016 - 2019 (minimum €2,000 and in multiples of €100 thereafter) at the Bond Issue Price, as defined in the Prospectus dated 29 October 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).

In terms of Article 33.2 of Prospectus dated 29 October 2009, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholders does not fall within the definition of "recipient" in terms of Article 41 (c) of the Income Tax Act, 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, pursuant to article 33 of the Income Tax Act.

**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)* *(Completion of this Section is Mandatory)*

| 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 29 October 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 |
|---|---|
| | |

SPECIMEN

# MIZZI ORGANISATION FINANCE 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 29 October 2009 regulating the Bond Issue***

1. This Application is governed by the Terms and Conditions contained in the Prospectus dated 29 October 2009. Capitalised terms not defined herein, shall unless the context otherwise requires have the meanings ascribed to them in the Prospectus dated 29 October 2009.

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

3. Applicants are to insert full personal details in Panel A. In the case of a joint application full details of all individuals - including I.D. Card Numbers - must be given in Panels A and B but the person whose name appears in Panel A 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 5 below)

4. Applicants who are Non-Resident in Malta for tax purposes, must indicate their passport number in Panel A and complete panel E.

5. **APPLICANTS WHO HOLD SECURITIES ON THE MALTA STOCK EXCHANGE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL A. APPLICANTS ARE TO NOTE THAT ANY BONDS 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.**

6. Applications must be for a minimum of €2,000 and thereafter in multiples of €100.

7. Payment in Euro (equivalent to €97.50 for each Bond) may be made by cheque payable to 'The Registrar - Mizzi 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.

8. Only Applicants who hold a valid official Maltese Identity Card 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. Applicants will receive interest directly in a bank account held locally in Euro and such choice is to be indicated in Panel F. If any Application is not accepted, or is accepted for fewer Bonds after 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 F.

9. 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.

10. Completed Application Forms are to be delivered to, the Registrar or any Authorised Financial Intermediary listed in the Prospectus, during normal office hours by not later than 19 November 2009. 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 date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond as contained in the Prospectus. Any applications received by the Registrar from Authorised Financial Intermediaries after 20 November 2009 will be rejected.

11. By completing and delivering this Application Form, you (as the Applicant(s)) shall acknowledge that the Issuer and the MSE may process the personal data that the Applicant provides in this Application Form, for all purposes necessary and subsequent to the Bond Issue applied for in accordance with the Data Protection Act, Cap 440 of the laws of Malta. The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Issuer and/or the MSE. Any such request must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by 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 offer 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.**

MIZZI ORGANISATION FINANCE plc

€25,000,000
6.2% BONDS 2016 - 2019
APPLICATION FORM

Application Number

Please read the notes overleaf before completing this Application Form.

**APPLICANT** *(see notes 2 to 5)*

A

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

B **ADDITIONAL (JOINT) APPLICANT (SPOUSES ONLY)** *(see note 3)*

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

C **I/WE APPLY TO PURCHASE AND ACQUIRE** *(see notes 6 and 7)*

| NOMINAL AMOUNT IN FIGURES Box 1 | NOMINAL AMOUNT IN WORDS Box 1 |
|---|---|
| € | |
| AMOUNT PAYABLE IN FIGURES Box 2 | AMOUNT PAYABLE IN WORDS Box 2 |
| € | |

Mizzi Organisation Finance p.l.c. 6.2% BONDS 2016 - 2019 minimum €5,000 and in multiples of €100 thereafter (to be specified in Box 1 above) at €97.50 for each Bond, representing a discount of 2.5% to par (the Mizzi Applicants' Bond Issue Price) the equivalent of which needs to be specified in Box 2 above, as defined in the Prospectus dated 29 October 2009 (the Prospectus) payable in full upon application under the Terms and Conditions as defined in the said Prospectus.

D **RESIDENT - WITHHOLDING TAX DECLARATION** *(see note 8)* *(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).

In terms of Article 23.2 of Prospectus dated 29 October 2009, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholders does not fall within the definition of "recipient" in terms of Article 41 (c) of the Income Tax Act, 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, pursuant to article 33 of the Income Tax Act.

E **NON-RESIDENT - DECLARATION FOR TAX PURPOSES** *(see note 8)* *(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.

F **INTEREST MANDATE** *(see note 8)* *(Completion of this Section is Mandatory)*

| BANK | BRANCH | ACCOUNT NUMBER |
|---|---|---|

G **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 29 October 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*
*(All parties are to sign in the case of a joint Application)*

*Date*

| *AUTHORISED INTERMEDIARY'S STAMP* | *AUTHORISED INTERMEDIARY'S CODE* |
|---|---|

## MIZZI ORGANISATION FINANCE 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 29 October 2009 regulating the Bond Issue***

1. **This Application is governed by the Terms and Conditions contained in the Prospectus dated 29 October 2009. Capitalised terms not defined herein, shall unless the context otherwise requires have the meanings ascribed to them in the Prospectus dated 29 October 2009.**

2. **The Application Form is to be completed in BLOCK LETTERS.**

3. **Applicants are to insert full personal details in Panel A. In the case of a joint application full details of all individuals - including I.D. Card Numbers - must be given in Panels A and B but the person whose name appears in Panel A 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 5 below)**

4. **Applicants who are Non-Resident in Malta for tax purposes, must indicate their passport number in Panel A and complete panel E.**

5. **APPLICANTS WHO HOLD SECURITIES ON THE MALTA STOCK EXCHANGE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL A. APPLICANTS ARE TO NOTE THAT ANY BONDS 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.**

6. **Applications must be for a minimum of €2,000 and thereafter in multiples of €100.**

7. **Payment in Euro (equivalent to €97.50 for each Bond) may be made by cheque payable to 'The Registrar - Mizzi 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.**

8. **Only Applicants who hold a valid official Maltese Identity Card 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. Applicants will receive interest directly in a bank account held locally in Euro and such choice is to be indicated in Panel F. If any Application is not accepted, or is accepted for fewer Bonds after 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 F.**

9. **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.**

10. **Completed Application Forms are to be delivered to, the Registrar or any Authorised Financial Intermediary listed in the Prospectus, during normal office hours by not later than 19 November 2009. 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 date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond as contained in the Prospectus. Any applications received by the Registrar from Authorised Financial Intermediaries after 20 November 2009 will be rejected.**

11. **By completing and delivering this Application Form, you (as the Applicant(s)) shall acknowledge that the Issuer and the MSE may process the personal data that the Applicant provides in this Application Form, for all purposes necessary and subsequent to the Bond Issue applied for in accordance with the Data Protection Act, Cap 440 of the laws of Malta. The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Issuer and/or the MSE. Any such request must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by 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 offer 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.**

MIZZI ORGANISATION FINANCE plc

**€25,000,000**
**6.2% BONDS 2016 - 2019**
**APPLICATION FORM**

*Application Number*

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

**APPLICANT**

A

| TEL. NO. | MOBILE NO. |
|---|---|
| | |

B **Nominal value of Mizzi Organisation Finance p.l.c. 6.7% Bonds 2009 / 2012 ("2002 Bonds") held in Euro:**

I/We apply to purchase and acquire the amount set out below in Mizzi Organisation Finance p.l.c. 6.2% Bonds 2016 - 2019 at the Bond Issue Price (at par) pursuant to the Prospectus dated 29 October 2009.

AMOUNT IN FIGURES Box 1 €

AMOUNT IN WORDS

AMOUNT IN FIGURES Box 2 €

If your holding of the 2002 Bonds set out in Box 1 is less than €1,000, the amount of 6.2% Bonds 2016 - 2019 which you can apply for and the amount set out in Box 2 must be €1,000. If your holding of 2002 Bonds set out in Box 1 is more than €1,000, the amount of 6.2% Bonds 2016 - 2019 applied for and the amount set out in Box 2 must not be less than €1,000 and not more than the amount of your holding of the 2002 Bonds set out in Box 1 rounded up to the nearest integral multiple of €100 or €1,000. See note 3 overleaf.

AMOUNT IN FIGURES Box 3 Difference payable on Application for rounding up purposes €

*Application for an amount in excess of the said amounts may be made by completing a separate Application.*

C **RESIDENT - WITHHOLDING TAX DECLARATION** *(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).

In terms of Article 39.2 of Prospectus dated 29 October 2009, 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, 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 pursuant to article 33 of the Income Tax Act.

D **NON-RESIDENT - DECLARATION FOR TAX PURPOSES** *(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. NUMBER | COUNTRY OF ISSUE | NUMBER | ISSUE DATE |

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

E **INTEREST MANDATE (see note 11)** *(Completion of this section is MANDATORY)*

| BANK | BRANCH | ACCOUNT NUMBER |
|---|---|---|
| | | |

This Application Form is to be submitted in the case where the Applicant selects, as a method of payment for the Mizzi Organisation Finance p.l.c. 6.2% Bonds 2016 - 2019 being applied for, to transfer to the Issuer all or part of the Mizzi Organisation Finance p.l.c. 2002 Bonds held by the Applicant as at the Cut-Off date for the nominal value of which is set out in Euro in Box 1 of Panel B above. By submitting this signed Application Form, 2002 Bondholders, shall be deemed to confirm that:

(a) their holding of the 2002 Bonds indicated in this Application Form are being surrendered in favour of the Issuer; and
(b) this Application Form constitutes the 2002 BOndholder's irrevocable mandate to the Issuer to:
   i. surrender the said 2002 Bonds in the Issuer's favour and to pay the Cash Top - Up, if any, in consideration of the issue of Bonds; and
   ii. engage the services of such brokers or intermediaries as may be necessary to fully and effectively carry out all procedures necessary with the MSE for the surrender of the said 2002 Bonds and to fully and effectively vest title in the appropriate number of Bonds in the 2002 Bondholder.

F **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 29 October 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)*
*Bare owner/s and usufructuary/ies to sign in case of Bondholding that are subject to usufruct*

*Date*

| AUTHORISED INTERMEDIARY'S STAMP | AUTHORISED INTERMEDIARY'S CODE |
|---|---|
| | |

SPECIMEN

# MIZZI ORGANISATION FINANCE 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 regulating the Bond issue***

1. This application is governed by the Terms and Conditions contained in the Prospectus dated 29 October 2009. Capitalised terms not defined herein shall unless the context otherwise requires, have the meanings ascribed to them in the Prospectus dated 29 October 2009.

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

3. This Application Form is not transferable and entitles you to a preferential treatment as a bondholder of Mizzi Organisation Finance p.l.c. 6.7% Bonds 2016 - 2019

4. Interest and redemption proceeds will be issued in the name of the person as shown in Panel A.

5. This Application Form is to be submitted in the case where the Applicant selects, as a method of payment for the Mizzi Organisation Finance p.l.c. 6.7% Bonds 2016 - 2019 being applied for, to transfer to the Issuer all or part of the Mizzi Organisation Finance p.l.c. ("2002 Bonds") held by the Applicant at the Cut-Off Date, the nominal value of which is set out in Euro in Box 1 overleaf. By submitting this signed Application Form, 2002 Bondholders, shall be deemed to confirm that:
   - (a) their holding of the 2002 Bonds indicated in this Application Form are being surrendered in favour of the Issuer; and
   - (b) this Application Form constitutes the 2002 Bondholder's irrevocable mandate to the Issuer to:
     - i. surrender the said 2002 Bonds in the Issuer's favour and to pay the Cash Top - Up, if any, in consideration of the Issue of Bonds; and
     - ii. engage the services of such brokers or intermediaries as may be necessary to fully and effectively carry out all procedures necessary with the MSE for the surrender of the said 2002 Bonds and to fully and effectively vest title in the appropriate number of Bonds in the 2002 Bondholder.

6. The amount set out in Box 2 must be in multiples of €100. Since the Issuer will be giving preference to Applications made by the holder of the 2002 Bonds up to their full amount rounded up to (a) €1,000, if less than €1,000 or (b) to the nearest integral multiple of €100 or €1,000. Any such Applicant must ensure that the relative Application Form is accompanied by payment of the difference between the full price of the amount of Bonds applied for and the nominal value of the 2002 Bonds being transferred. The amount representing such difference, which is to be inserted in Box 3, may be made payable to 'The Registrar - Mizzi Bond Issue' which is to be attached to the Application Form being submitted to any Authorised Financial Intermediary listed in Annex 7 of the Prospectus.

7. Where the Applicant wishes to acquire a number of 6.7% Bonds 2016 - 2019 having an aggregate value which exceeds the amount in respect of which preference is given as indicated in paragraph 3 above, the Applicant may do so through any of the Authorised Financial Intermediaries listed in Annex 5 of the Security Note, subject to availability.

8. In the event that a 2002 Bondholder is also a Mizzi Applicant (the Mizzi Family and Employees) as defined in the Prospectus, such Mizzi Applicant shall benefit from the discount being provided to Mizzi Applicants (that is Mizzi Applicants' Bond Issue Price) in surrendering his/her 2002 Bonds in favour of the Issuer in consideration of the subscription of Bonds. Accordingly, in such an event, the Mizzi Applicant shall receive, in cash €2.50 of every Bond being subscribed to in consideration of the surrender of their holding of 2002 Bonds.

9. Applicants who are Non-Resident in Malta for tax purposes, must complete Panel D overleaf.

10. In the case where a 2002 Bondholder is a body corporate, Applications must be signed by duly authorised representative/s indicating their capacity in which they are signing.

11. 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 return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund will have Final Withholding Tax, currently at 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 E overleaf.

12. 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.

13. THE MSE ACCOUNT NUMBER HAS BEEN PRE-PRINTED IN PANEL A AND REFLECTS THE MSE ACCOUNT NUMBER ON THE ISSUER'S REGISTER AT THE CSD AS AT CLOSE OF BUSINESS 28 OCTOBER 2009. APPLICANTS ARE TO NOTE THAT BONDS 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 THE DETAILS APPEARING OVERLEAF.

14. Completed Application Forms are to be delivered at any of the Authorised Financial Intermediaries listed in the Prospectus, during normal office hours by not later than 19 November 2009. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for such remittances not received by closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the terms and conditions of the Bond as contained in the Prospectus. Any Applications received by the Registrar from Authorised Financial Intermediaries after 20 November 2009 will be rejected

15. By completing and delivering this Application Form, you (as the Applicant(s)) shall acknowledge that the Issuer and the MSE may process the personal data that the Applicant provides in this Application Form, for all purposes necessary and subsequent to the Bond Issue applied for in accordance with the Data Protection Act, Cap 440 of the laws of Malta. The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Prospectus. The requests must further be signed by 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 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.**

## Annex 7 – Other Directorships

**John C. Grech**
Accelerate Malta Limited,
Add-One Limited,
Add One IT Services Limited,
Central Cement Limited,
Economic & Management Consultancy Services Limited
EMCS Investments Limited,
EMCS Holdings Limited,
EMCS Corporate Services Limited,
Emcs International Services Limited,
Europa Research and Consultancy Limited,
Fimbank p.l.c.
Melitaunipol Insurance Agency Limited,
Melitaunipol Financials Limited,
Middle Sea Insurance p.l.c.,
Jumbo Bags Limited,
SBR Real Estate Ltd, and
Unipol Holdings Limited.

**Maurice F. Mizzi**
Advanced Logistics Limited,
Arkadia Marketing Limited,
Banif Bank (Malta) p.l.c.,
Bulgarian Property Investments Limited,
Central Mediterranean Development Corporation Limited,
Chalet Bulgari Limited,
Consolidated Holdings Limited,
Continental Cars Limited,
Continental Cars (Imports) Limited,
Falcon Wines & Spirits Limited,
Festa Limited,
Future Design Limited,
Investors Limited,
Heritage Motor Company Limited,
Hubbalit Developments Limited,
Kastell Limited,
Lada Motors Limited,
M3D Limited,
Malta Farmhouses Limited,
Maltese North African Investments Limited,
Maurice Mizzi Investments Limited,
Mellieha Bay Hotel Limited,
MIDI p.l.c.,
Mizzi Automotive Services Limited,
Mizzi Limited,
Mizzi Brothers Limited,
Mizzi Holdings Limited,
Mizzi Estates Limited,
Mizzi Europe Investments Limited,
Mizzi Associated Enterprises Limited,
Mizzi Capital Projects Limited,
Mizzi Motors Limited,
Mizzi Organisation Limited,
MM2 Limited,
Premium Realty Limited,
Sky Telecom Limited,
St. Pauls Court Limited,
Telemail Limited,
The General Soft Drinks Company Limited,
The Waterfront Hotel Limited,
Titan International Limited, and
United Acceptances Finance Limited.

**Past Directorships**
Datatrak Holdings p.l.c.,
Devilhena Limited,
Duemila Limited,
Festa Holdings Limited,
Mizzi Insurance Agency Limited,
Mizzinvest Limited,
Plaza Centres p.l.c., and
Volksbank Malta Limited.

**Kenneth C. Mizzi**
Banif Bank (Malta) p.l.c.,
Demoncada Limited,
Demoncada Holdings Limited,
Festa Limited,
Heritage Motor Company Limited,
Hubbalit Developments Limited,
Kastell Limited,
Malta Farmhouses Limited,
Mizzi Automotive Services Limited,
Mizzi Brothers Limited,
Mizzi Capital Projects Limited,
Mizzi Estates Limited,
Mizzi Holdings Limited,
Mizzi Limited,
Mizzi Motors Limited,
Mizzi Organisation Limited,
Muscats Motors Limited,
SAK Limited,
SAK International Limited,
Sigma Shipping Co Ltd,
The Waterfront Hotel Limited,
Titan International Limited, and
United Acceptances Finance Limited.

***Past Directorships***
Duemila Limited,
Festa Holdings Limited,
HSBC Bank Malta p.l.c.,
Hsbc Finance(Malta)Limited,
Mega Imports Limited, and
Mizzinvest Limited.

**Brian R. Mizzi**
Advanced Logistics Limited,
Arkadia Marketing Limited,
Berkeley Limited,
Bevmed Co. Limited,
Cenmed Holdings Limited,
Central Mediterranean Development Corporation Limited
Consolidated Holdings Limited,
Continental Cars (Imports) Limited,
Continental Cars Limited,
Daragon Limited,

Festa Limited,
Gozo Farmhouses Limited,
Gozo Heritage Limited,
Hibiscus Company Limited,
Holiday Estates Limited,
Hubbalit Developments Limited,
Industrial Motors Limited,
Institute of English Language Studies Limited,
Kastell Limited,
Kemmuna Limited,
Lapsi Estates Limited,
Malta Deposit and Return System Limited (in dissolution),
Mellieha Bay Hotel Limited,
Mizzi Associated Enterprises Limited,
Mizzi Brothers Limited,
Mizzi Captial Projects Limited,
Mizzi Estates Limited,
Mizzi Organisation Limited,
Malta Farmhouses Limited,
Mizzi Holdings Limited,
Mizzi Limited,
Ogygia Limited,
Plaza Centres p.l.c.,
St. Paul's Court Limited
Targa Developments Limited,
The General Soft Drinks Company Limited,
The Waterfront Hotel Limited,
Titan International Limited, and
United Acceptances Finance Limited.

**Past Directorships**
Euroventure Limited,
Festa Holdings Limited,
J.M. Investments Limited,
Mega Imports Limited,
Mizzi Europe Investments Limited,
Mizzi Insurance Agency Limited,
Mizzinvest Limited, and
Voyagair Limited.

**Ian Mizzi**
Berkeley Limited,
Daragon Limited,
Enterprise Software Limited, fairs & Exhibitions Limited,
Falcon Wines & Spirits Limited,
Gozo Farmhouses Limited,
Gozo Heritage Limited,
Hibiscus Company Ltd,
Industrial Motors Limited,
Kastell Limited,
Muscats Motors Limited,
Nissan Motor Sales Limited,
Primax Limited,
Ogygia Limited,
The General Soft Drinks Company Limited, and
Thuya Holdings Limited.

**Past Directorships**
J.M. Investments Limited

**Veronica Mizzi**
Anchor Song Limited,
Consolidated Holdings Limited,
Demoncada Limited,
Demoncada Holdings Limited,
Eleven Developments Limited,
Mizzi Organisation Limited, and
Kastell Limited.

**Louis Camilleri Preziosi**
Peninsula Holdings Limited,
Peninsula Investments Limited, and
Thomas Smith & Co Ltd.

**Past Directorships**
Mamo, Camilleri-Preziosi & Ganado Nominee Company Limited.

**Hugh Mercieca**
FirstUnited Insurance Brokers Limited,
Recame Limited, and
The Players Group Limited.

**Maria Micallef**
Institute of English Language Studies Limited,
FirstUnited Insurance Brokers Limited,
FirstUnited Insurance Management Limited, and
FirstUnited Investments Limited.

## ANNEX 8 – AUTHORISED FINANCIAL INTERMEDIARIES

**Members of the Malta Stock Exchange**

| | | |
|---|---|---|
| **Atlas Investment Services Ltd**<br>Abate Rigord Street, Ta' Xbiex MSD 12 | Tel: 2132 2590<br>Fax: 2132 2584 | www.atlas.com.mt |
| **Bank of Valletta p.l.c.**<br>Financial Markets & Investments Division,<br>BOV Centre, Cannon Road, St. Venera SVR 9030 | Tel: 2131 2020<br>Fax: 2275 3348 | www.bov.com |
| **Calamatta Cuschieri & Co. Ltd**<br>5th Floor, Valletta Buildings,<br>South Street, Valletta VLT 1103 | Tel: 2568 8688<br>Fax: 2568 8256 | www.cc.com.mt |
| **Charts Investment Management Service Ltd**<br>Valletta Waterfront - Vault 17<br>Pinto Wharf, Floriana FRN 1913 | Tel: 2122 4106<br>Fax: 2124 1101 | www.charts.com.mt |
| **Curmi & Partners Ltd**<br>Finance House, Princess Elizabeth Street,<br>Ta' Xbiex XBX 1102 | Tel: 2134 7331<br>Fax: 2134 7333 | www.curmiandpartners.com |
| **Financial Planning Services Ltd**<br>4, Marina Court, G Cali Street,<br>Ta' Xbiex | Tel: 2134 4255<br>Fax: 2134 1202 | |
| **FINCO Treasury Management Ltd**<br>Level 5, The Mall Complex,<br>The Mall, Floriana | Tel: 2122 0002<br>Fax: 2124 3280 | www.fincotrust.com |
| **GlobalCapital Financial Management Ltd**<br>Operation Centre, Balzan Valley Road,<br>Balzan BZN 08 | Tel: 2131 0088<br>Fax: 2328 2207 | www.globalcapital.com.mt |
| **Hogg Capital Investments Ltd**<br>Regent House, Level 3, Suite 33<br>Bisazza Street, Sliema SLM 1641 | Tel: 2132 2872<br>Fax: 2134 2760 | www.hoggcapital.com |
| **HSBC Stockbrokers (Malta) Ltd**<br>233, Republic Street<br>Valletta | Tel: 2597 2241<br>Fax: 2597 2494 | www.hsbcmalta.com |
| **Rizzo, Farrugia & Co. (Stockbrokers) Ltd**<br>Airways House, Third Floor,<br>High Street, Sliema SLM 1549 | Tel: 2258 3000<br>Fax: 2258 3001 | www.rizzofarrugia.com |
| **Lombard Bank Malta p.l.c.**<br>59, Republic Street,<br>Valletta VLT 1117 | Tel: 2558 1114<br>Fax: 2558 1815 | www.lombardmalta.com |

## Investment Services Providers

| | | |
|---|---|---|
| **APS Bank Ltd**<br>17, Republic Street,<br>Valletta | Tel: 2559 3400<br>Fax: 2559 3167 | www.apsbank.com.mt |
| **Crystal Finance Investments Ltd**<br>6, Freedom Square,<br>Valletta | Tel: 2122 6190<br>Fax: 2122 6188 | www.crystal.com.mt |
| **D. B. R. Investments Ltd**<br>Deber, Nigret Road,<br>Zurrieq | Tel: 2164 7763<br>Fax: 2164 7765 | |
| **Growth Investments Ltd**<br>Middlesea House,<br>Floriana | Tel: 2123 4582<br>Fax: 2124 9811 | www.growthinvestmentsonline.com |
| **HSBC Bank Malta p.l.c.**<br>233, Republic Street<br>Valletta | Tel: 2597 2209<br>Fax: 2597 2475 | www.hsbcmalta.com |
| **Island Financial Services Ltd**<br>Insurance House,<br>Salvu Psaila Street, Birkirkara, BKR 9078 | Tel: 2385 5555<br>Fax: 2385 5238 | www.islandins.com |
| **Jesmond Mizzi Financial Services Ltd**<br>67, Flat 3, South Street,<br>Valletta | Tel: 2122 4410<br>Fax: 2122 3810 | www.jmfs.net |
| **Joseph Scicluna Investment Services Ltd**<br>Level 3, Bellavista Court,<br>Gorg Borg Olivier Street, Gozo | Tel: 2156 5707<br>Fax: 2156 5706 | |
| **MFSP Financial Management**<br>220 Immaculate Conception Str.,<br>Msida | Tel: 21322426<br>Fax: 21332190 | |
| **Michael Grech Financial Investment Services Ltd**<br>No 1 Mican Court, J.F.Kennedy Square,<br>Victoria Gozo | Tel: 2155 4492<br>Fax: 2155 9199 | www.michaelgrechfinancial.com |
| **MZ Investment Services Ltd**<br>P.O. Box 24/55, MZ house, St Rita Street,<br>Rabat RBT1523 | Tel: 2145 3739<br>Fax: 2145 3407 | www.mzinvestments.com |
| **Quest Investment Services Limited**<br>101, Townsquare, Ix-Xatt ta' Qui-si-sana,<br>Sliema, SLM 3112 | Tel: 2134 3500<br>Fax: 2131 3733 | www.questinvestments.eu |

## Annex 9 – Mizzi Organisation

**Kastell Limited**
Advanced Logistics Limited
Arkadia International s.r.o.
Arkadia Marketing Limited
Arkadia Retail s.r.o.
Continental Cars (Imports) Limited
Continental Cars Limited
Festa Limited
Hubbalit Developments Limited
Malta Farmhouses Limited
Mizzi Automotive Services Limited
Mizzi Limited
Mizzi Organisation International s.r.o.
Nissan Motor Sales Limited
Russian Motors Limited
St. Paul's Court Limited
Titan International Limited

**Consolidated Holdings Limited**
Industrial Motors Limited
The Waterfront Hotel Limited
United Acceptances Finance Limited

**Mizzi Holdings Limited**
Mizzi Brothers Limited
Mizzi Estates Limited
Mizzi Organisation Finance p.l.c.
Muscats Motors Limited

**The General Soft Drinks Company Limited**
Bevmed Co. Limited

**Falcon Wines & Spirits Limited**

**Mizzi Motors Limited**

# NOTES

## NOTES