

OFFERING CIRCULAR

Dated 9th September 2014



PEFACO INTERNATIONAL P.L.C.

a public limited liability company registered under the laws of Malta with company registration number C65718 and having its registered office at Tower Business Centre, Suite 3, Tower Street, Swatar BKR 4013, Malta

Up to EUR16,000,000 9% Convertible Bonds due 2019

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APPLICATION HAS BEEN MADE FOR THE BONDS TO BE APPROVED FOR ADMISSIBILITY TO LISTING BY THE LISTING AUTHORITY AND TRADING ON THE EUROPEAN WHOLESALE SECURITIES MARKET AS A REGULATED MARKET AUTHORISED AND SUPERVISED BY THE LISTING AUTHORITY (THE "EUROPEAN WHOLESALE SECURITIES MARKET").

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

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

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FORWARD-LOOKING STATEMENTS

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

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

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

Table of Contents

OFFERING CIRCULAR.....	1
IMPORTANT INFORMATION	2
FORWARD-LOOKING STATEMENTS	5
Definitions	8
1. RISK FACTORS.....	12
1.1 GENERAL	12
1.2 FORWARD-LOOKING STATEMENTS	12
1.3 RISKS RELATING TO THE ISSUER.....	12
1.4 RISKS RELATING TO THE SECURITIES.....	20
2 PERSONS RESPONSIBLE.....	23
3 TRANSACTION OVERVIEW	23
4 ADVISERS AND STATUTORY AUDITORS.....	25
4.1 ADVISERS	25
4.2 STATUTORY AUDITORS.....	26
5 INFORMATION ABOUT THE ISSUER.....	27
5.1 CORPORATE INFORMATION	27
5.2 BOARD OF DIRECTORS AND MANAGEMENT	28
5.3 HISTORY AND DEVELOPMENT	34
5.4 LEGAL CHART	35
5.5 OVERVIEW OF THE ISSUER'S ACTIVITIES	37
5.6 ASSETS AND INVESTMENTS	40
5.7 THE GAMING INDUSTRY IN AFRICA.....	42
5.8 MARKET POSITIONS AND STRATEGY	43
5.9 GENERAL INFORMATION ON THE GROUP'S BUSINESS TRENDS	44
5.10 DEVELOPMENT PROGRAMME.....	46
6 SELECTED FINANCIAL INFORMATION	48
6.1 CONSOLIDATED BALANCE SHEET AS OF DECEMBER 2010, 2011, 2012 AND 2013	49
6.2 CONSOLIDATED INCOME STATEMENTS FOR 2010, 2011, 2012 AND 2013 FISCAL YEARS.....	50
6.3 BREAKDOWN OF REVENUES BY GEOGRAPHIC LOCATION FOR 2010, 2011, 2012 AND 2013.....	51
7 FINANCIAL ANALYSIS.....	51
7.1 EXPERT'S REPORT	51
7.2 FINANCIAL RESULTS	52

8	BUSINESS PLAN	57
8.1	INCOME STATEMENTS	57
8.2	BALANCE SHEETS	58
8.3	CASH FLOW	59
9	FINANCIAL INFORMATION ON THE ISSUER'S ASSETS, FINANCIAL POSITION AND RESULTS	59
9.1	CONSOLIDATED AUDITED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013...	59
9.2	CHANGE SINCE LAST PUBLISHED AUDITED FINANCIAL STATEMENTS.....	94
10	EMPLOYEES – RELATED PARTY TRANSACTIONS.....	94
11	MAJOR SHAREHOLDERS.....	95
12	ADDITIONAL INFORMATION	96
12.1	SHARE CAPITAL.....	96
12.2	DIVIDEND POLICY.....	96
12.3	LEGAL AND ARBITRATION PROCEEDINGS.....	96
12.4	MEMORANDUM AND ARTICLES OF ASSOCIATION	97
13	MATERIAL CONTRACTS	100
13.1	PLACING AGREEMENT.....	100
13.2	BOND OFFER AGREEMENT	101
13.3	GAMING AUTHORITY CONCESSIONS.....	101
13.4	OTHER MATERIAL CONTRACTS	103
14	REFERENCE DOCUMENTS	103
15	ESSENTIAL INFORMATION.....	104
16	DESCRIPTION OF THE BONDS	107
17.	SUMMARY OF PROVISIONS RELATING TO THE BONDS HELD IN THE CENTRAL SECURITIES DEPOSITARY	119
18.	TAXATION	121
19.	EXPENSES OF THE ISSUER/OFFER.....	123
20.	LISTING AND TERMS OF THE UNDERLYING	124
21.	TERMS AND CONDITIONS OF THE BOND OFFER.....	124
21.1	GENERAL	124
21.2	OVERSEAS INVESTORS AND EXCLUDED TERRITORIES.....	125
21.3	REPRESENTATIONS AND WARRANTIES OF ELIGIBLE INVESTORS	126
21.4	GOVERNING LAW	127
21.5	JURISDICTION.....	127

Definitions

In addition to the defined terms used in the section of this Offering Circular entitled “*Terms and Conditions of the Securities Offer*”, the following words and expressions shall bear the following meanings, except where the context otherwise requires:

Admission to Listing, Admitted to Listing	means the admission to trading of the Ordinary Shares on the Official List by the Listing Authority;
Advisers	the Advisers to the Issuer whose name and addresses are set out under the heading “ <i>Advisers</i> ” in section 4.1 of this Offering Circular;
Agency Agreement	means the agreement dated on or around the date of this Offering Circular between the Issuer and the Agent pursuant to which, <i>inter alia</i> , the Agent is appointed Registrar and Redemption and Conversion Agent in respect of the Bonds;
Agent	means Calamatta Cuschieri & Co Ltd. as Registrar and Redemption and Conversion Agent pursuant to the Agency Agreement;
Bondholder	a holder of the Bonds from time to time;
Bonds	up to EUR16,000,000 9% debt securities due 2019 of EUR100,000 par value each convertible into 31,250 Ordinary Shares in the capital of the Issuer;
Bond Offer	the offer of the Bonds by the Issuer pursuant to this Offering Circular and in accordance with the Bond Offer Agreement;
Bond Offer Agreement	the agreement dated on or around the date of this Offering Circular between the Issuer, the Global Arranger and the Agent for the offer and placing of the Bonds;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Central Securities Depository or CSD	the central registration system for dematerialised financial instruments operated by the MSE and authorised in terms of the Financial Markets Act;
CFA Francs – FCFA	Franc de la Communauté Financière Africaine (African Financial Community Franc) is the currency of Benin, Burkina Faso, Ivory Coast, Guinea Bissau, Mali, Niger, Senegal and Togo (ISO currency code XOF). The CFAF has a fixed parity with the Euro: €1 = CFAF 655.957.
Civil Code	the Civil Code, Cap. 16 of the laws of Malta;
Companies Act	the Companies Act, Cap. 386 of the laws of Malta;
Conversion Period	means any Business falling in the period commencing (but excluding) 15 October 2015 to (and including) 30 September 2019;
Company, the Issuer	Pefaco International p.l.c., a public limited liability company registered under the laws of Malta with company registration

	number C65718 and having its registered office at Tower Business Centre, Suite 3, Tower Street, Swatar BKR 4013, Malta;
Continuation of Companies Regulations	the Continuation of Companies Regulations, Subsidiary Legislation 386.05, the Laws of Malta;
Eligible Investors	persons meeting the terms set out in section 21.3 of this Offering Circular, broadly, persons representing that they are “qualified investors” within the meaning given in Article 2 of the Prospectus Directive that are not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the Bond Offer from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the “ United States ”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person.
EUR, Euro, euro or €	means the lawful currency for the time being of the Eurozone;
European Wholesale Securities Market or EWSM	the European Wholesale Securities Market Limited of Garrison Chapel, Castille Place, Valletta VLT 1603, Malta;
Excluded Territories	means the United States of America, Canada, Japan, the Republic of South Africa and any jurisdiction where the extension into or the availability of the offer of Bonds would breach any applicable law;
Face Value	means in respect of a Convertible Bond, EUR100,000;
Final Redemption Date	means 15 October 2019;
Financial Markets Act	the Financial Markets Act, Cap. 345 of the laws of Malta;
FOB or Free on Board	has the meaning given to that term in the Incoterms® 2010 English Edition – ICC Publications No. 715E, 2010 Edition (ISBN 978-92-842-0080-1);
Global Arranger	Maréchal & Associés Conseils Finance S.A.S of 14, rue Marignan – 75008 Paris, France;
Global Arranger Comfort Letter	has the meaning given to that term in section 7.1 - <i>Expert’s Report</i> ;
IAS	International Auditing Standards;
IFRS	International Financial Reporting Standards;
Income Tax Act	the Income Tax Act, Cap. 123 of the laws of Malta;
Intermediaries Offer	the offer by the Issuer of 6,850,000 Ordinary Shares through Calamatta Cuschieri & Co Ltd. as Intermediary pursuant to the Prospectus;
Investment Services Act	the Investment Services Act, Cap. 370 of the laws of Malta;
Issue Date	means 15 October 2014;
Listing Agent	means ISE Listing Services Limited of 28 Anglesea Street, Dublin 2, Ireland;
Listing Authority	the MFSA, appointed as Listing Authority for the purposes of the

	Financial Markets Act;
Listing Rules	the Listing Rules issued by the Listing Authority for the European Wholesale Securities Market;
Malta Financial Services Authority Act	the Malta Financial Services Authority Act, Cap. 330 of the laws of Malta;
Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., as originally constituted by the Financial Markets Act, bearing company registration number C42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
Memorandum and Articles of Association	the memorandum and articles of association of the Issuer in force at the time of publication of this Offering Circular, available as a Reference Document and summarised in section 12.4 of this Offering Circular;
MFSA	the Malta Financial Services Authority as established under the Malta Financial Services Authority Act;
Offering Circular	this document in its entirety including the Reference Documents;
Offer Price	EUR100,000 per Convertible Bond;
Offer Shares	Ordinary Shares the subject of the Intermediaries Offer;
Official List	the list prepared and published by the Malta Stock Exchange, containing information of the current or most recent prices of all listed securities, together with such other information as the MSE may consider appropriate to include therein;
Ordinary Shares or Shares	the ordinary shares of nominal value of EUR 1.50 each in the capital of the Issuer;
Parent	Grupo Pefaco S.L. of Calle Muntaner 262, 6º 08021 Barcelona, · Spain as majority Shareholder of the Issuer;
PI Group and the Group	Pefaco International p.l.c. and its subsidiaries at the date of this Offering Circular and those to be set up in Nigeria, Ghana, Liberia and Sierra Leone;
Prospectus	the document dated 16 July 2014 published by the Issuer pursuant to which the Intermediaries Offer is made;
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, and as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 and as supplemented by Commission Delegated Regulation (EU) No 1392/2014 of 15 April 2014 and as may be further amended from time to time;
Prospectus Regulation	Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive as amended by Commission Delegated Regulation (EU) No 486/2012 of 30 March 2012, Commission Delegated Regulation (EU) No 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No 759/2013 of 30 April 2013 and Commission Delegated Regulation (EU) 382/2014 of 7

	March 2014 as may be further amended from time to time;
Redemption Period	means any Business falling in the period commencing (but excluding) 15 October 2017 to (and including) the Final Redemption Date;
Reference Documents	the documents listed in section 14 under the heading “ <i>Reference Documents</i> ”;
Regulated Market	the regulated market in terms of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC and operated by the EWSM;
Shareholders or Ordinary Shareholders	holders of Ordinary Shares of the Issuer;
Subsidiaries	any company the ultimate holding company of which, as at the date of the Offering Circular, is the Company including without limitation the Subsidiaries set out in section 5.4 of this Offering Circular;
Terms and Conditions	the Terms and Conditions set out under the heading “ <i>Terms and Conditions of the Securities Offer</i> ” in section 21 of this Offering Circular; and
US\$	means the lawful currency of the United States of America.

1. RISK FACTORS

1.1 GENERAL

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

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

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

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

1.2 FORWARD-LOOKING STATEMENTS

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

1.3 RISKS RELATING TO THE ISSUER

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

1.3.1 Financial risks

Liquidity risk

Liquidity risk stems from obligations related to financial liabilities. The management of Company aims at maintaining readily sufficient resources to meet its financial obligations as

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

Credit risks

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

Interest risks

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

Moreover, the Issuer has a low level of borrowings with total borrowings (including current and non - current borrowings) of EUR9.62 million as at 31 December 2013 compared to equity attributable to owners of EUR38.56 million and cash equivalents of EUR969,000. However, as a consequence of issuing the Bonds, the Issuer's debt burden and borrowing costs will multiply many times. Although the rate of interest payable on the Bonds is at a fixed rate, no assurance can be given that the Company will be able to meet some or all of the additional borrowing costs and/or that total debt will not exceed equity available to owners. If the Issuer is unable to remain current in respect of its debt payments this could result in insolvency proceedings with the outcome that Bondholders receive only part or none of their initial investment as a dividend from the Issuer's bankruptcy estate.

Foreign exchange risk

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

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

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

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

1.3.2 Risks related to the legal environment

The gaming industry is highly regulated and the qualifying process is very challenging. Licenses are required for the Company and in some countries, also for its managers, officers and major stakeholders. In certain territories, permits are needed for all gaming premises. It is possible that any license, permit or approval may be revoked, suspended or conditioned at any time. (See details regarding concession contracts and licenses in section 13.3 – *Gaming Authority Concessions*).

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

In the event of a dispute with or appeal against administrative action brought by a gaming authority in the Company's countries of operation, the competent court of jurisdiction is the Court of Arbitration of the Common Court of Justice and Arbitration of the OHADA (Organisation pour l'Harmonisation en Afrique du Droit des Affaires – Organization for the Harmonization of Business Law in Africa). Since its date of incorporation, neither the Issuer nor any of its Subsidiaries have been the subject of legal proceedings brought by the regulatory authorities responsible for their oversight.

However, investors should be aware that absence of such legal proceedings cannot be assured for the foreseeable future and/or at all. Moreover, the rule of law has been barely established in any of the Company's operating territories. If the Company were to become involved in a dispute either privately or with any governmental authority wherever it currently operates or plans to operate in future, absolutely no assurance whatsoever can be given that the Company would be given a fair hearing, a proper opportunity to present its case, not be subject to abuse

of process or to unfair, prejudicial and/or arbitrary administrative or criminal fines, penalties or the sequestration of its assets without any right of appeal.

1.3.3 Country risks

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

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

For example, in the Ivory Coast, the Company was forced to suspend operations for three weeks as a result of the country's political unrest that lasted from November 2010 to April 2011. But in 2011, Lydia Ludic Côte d'Ivoire reported a 76% increase in revenues over 2010, EBITDA grew up from Euro 0.5 million to Euro 1.2 million and net loss was cut from Euro 1.6 million to Euro 0.76 million.

As at the date of this Offering Circular, the PI Group has not experienced any instances of extortion or kidnapping. Nevertheless, an absence of such instances is unlikely to subsist for any meaningful period given the ongoing and in some cases worsening political, social and /or religious unrest in the territories where the Company currently operates and intends to operate in future.

1.3.4 Risks related to the Issuer's activities

Risk related to competition

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

In regulated markets where gaming licenses are granted to few operators as well as in competitive markets, the Issuer seldom has more than three or four competitors in each

country, most of them owners of hotels or restaurants fitted out with a gaming hall. In countries where gaming activities consist of a State monopoly (the Ivory Coast for instance), the Issuer's Subsidiary is the sole gaming operator under an exclusive concession contract signed with local authorities and/or the national lottery organizer.

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

Sourcing

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

Technological development

The Company needs to renew its gaming machines regularly to revive the players' interest and capitalise on their loyalty – which it partly does by moving the slot machines from one place to another. Nevertheless, technological development is constant in the gaming industry and operators must keep up with technological improvements to increase revenues and maintain a premium brand image with clients. Investors should be aware that absolutely no assurance can be given that the Issuer will be able to deploy sufficient resources in the future to invest the rapid technological development demanded by its customers. Moreover, it is possible that in the medium to long term, the Company will face increasingly stiff competition for the provision of its services from those offering similar games on the internet and/or through mobile telephonic devices.

Trade risks

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

1.3.5 Risks related to the Issuer's operations

Risks related to logistics

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

Further market diversification will also contribute to cushion the effect of harmful contingencies at the PI Group level. Nevertheless, logistical disruption is a continual hazard to the Company's operations. Accordingly, frequent and/or prolonged periods of delay to the transportation of gaming machines, spares and essential employees or damage to equipment in transit could severely diminish or eliminate profits of certain businesses and materially impair the Issuer's ability to make payments due in respect of the Bonds and reduced the value of the Ordinary Shares into which the Bonds are convertible.

Risk related to the Company's partners

The Issuer earns revenues from slot machines installed in gaming halls managed by the Company's subsidiaries and individually owned and managed local bars. The Company is heavily dependent on its business partners in bar operations for the effective and profitable operation of its gaming machines. Absolutely no assurance can be given that a significant number of bar operations will not be subject to chronic mismanagement and/or fraud and that this will have a material negative impact on the revenues of the Company in one or several territories of operation.

Theft and vandalism

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

Dependence on key managers and employees

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

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

Excessive demands on available human resources

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

IT Risks

The Company has developed its own computer software tailored to the specificity of its business. This software is essentially a database designed to limit human intervention to a minimum and keep a detailed record of all transactions processed on its gaming machines.

There are risks associated with the Company's in-house development of software, including:

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

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

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

Dependence on third party-owned technologies

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

1.3.6 Insurance policies

The PI Group's operating policy is to take out full property casualty insurance for the gaming halls on which it owns the lease and to establish provision for risks and charges to cover its commercial equipment. As at 31 December 2013 property and equipment cover extended to a maximum total loss for any one claim or in aggregate of EUR 333,000. However, insurance policies or claims can be vitiated for one of a number of reasons and casualty insurance cover generally available on the market excludes certain perils to which the business operations of the Issuer are exposed such as war, terrorism, riot, flood and earthquake. Accordingly, investors should be

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

1.3.7 Off-balance sheet commitments

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

1.3.8 Exceptional events and litigation

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

1.4 RISKS RELATING TO THE SECURITIES

1.4.1 No Market for the Issuer's Securities

Prior to the admission of the Bonds to trading on the EWSM and the Admission to Listing of the Ordinary Shares on the Malta Stock Exchange, no securities of the Issuer will have been listed on any stock or other recognised or regulated investment exchange or otherwise publically traded. Accordingly, it will be impossible to guarantee a liquid or any market either for the Bonds or the Ordinary Shares into which they are convertible after Admission or that such a market, should it develop, will endure. The Offer Price of the Bonds is based on criteria that may not match future price performance. The price quoted by Bondholders willing to sell subsequent to admission to trading on the EWSM is likely to vary significantly from that price. If liquidity does not develop for the Bonds, the price of Bonds in the market is likely to be adversely impacted.

1.4.2 Market risk

Market risk is related to depreciation in the value of securities in relation to market fluctuations. The Company is not exposed to equity risk as the Company's assets do not include listed securities. Nevertheless, investors in the Bonds are fully exposed to changes in their market value as well as that of the Ordinary Shares into which they are convertible. There is currently no market either for the Bonds or for the Ordinary Shares and no assurance can be given whatsoever that one will develop, including at any time after Admission to Listing. Accordingly, it is possible that circumstances could emerge where there are no buyers for Bonds or Ordinary Shares at any price and for an indefinite period and consequently that Bondholders have lost the whole of their investment.

1.4.3 Dividend Risk

The market price of the Bonds is likely to be closely related to trading in the Ordinary Shares. As well as the prevailing market price of the Ordinary Shares into which the Bonds may be converted, potential buyers of the Bonds will be sensitive to differences between the yield of the Bonds prior to conversion and the current and predicted dividend yield of the Ordinary Shares. As a general rule, a low dividend yield on the Ordinary Shares relative to the yield to maturity of the Bonds could have a negative impact on the price of the Bonds. As a matter of Maltese law, a company can only pay dividends to the extent that it has distributable reserves and sufficient cash available for this purpose. The Issuer's ability to pay dividends in the future is affected by a number of factors, principally its ability to generate and receive income for such purposes, directly or indirectly, from its operating subsidiaries and associates. The ability of these entities to pay dividends and the Issuer's ability to receive such distributions is subject to applicable local laws and other restrictions, including their respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws. These laws and restrictions could limit the payment of dividends and distributions to the Issuer by its subsidiaries and associates, which could in turn restrict the Issuer's ability to fund other operations or to pay a dividend to holders of the Ordinary Shares. Given the negative impact on the implied value of the conversion rights attaching to the Bonds, this could have a material adverse effect on their market value.

1.4.4 Share Price Volatility

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

- changes in the Company's financial results, forecasts or prospects or in its competitors' situation;

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

1.4.5 Sales by majority shareholder

Immediately prior to Admission to Listing, the Parent will own 96.22% of the Company's share capital (19,567,025 Ordinary Shares out of a total of 20,336,719 Ordinary Shares in issue). If all of the Ordinary Shares the subject of the Intermediaries Offer are allotted by to investors by the Issuer, the Parent's holding of 19,567,025 Ordinary Shares will be diluted to 71.97% of the 27,186,719 shares Admitted to Listing. If all of the Bonds are converted into Ordinary Shares, the Parent's holding of 19,567,025 Ordinary Shares will be diluted further to 60.79% of the Ordinary Shares Admitted to Listing.

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

1.4.6 Dilution risk from capital increase

It is possible that in future a majority of the Company's then Shareholders may resolve to further increase its issued share capital. Accordingly, if such a capital increase does occur and a Shareholder does not exercise a pre-emption right arising at law or awarded to it by the Company, it is possible that the resultant proportion of its voting rights in the Company and share of any dividend, distribution or sale proceeds represented by the Ordinary Shares into which the Bonds may be converted will be correspondingly reduced or "diluted". While the funds raised through the Bond Offer and the Intermediaries Offer are expected to adequately meet the Company's capital requirements for the short to medium term, absolutely no assurance can be given that the Board will not resolve at any time that market conditions are such that the Issuer should immediately avail itself of an opportunistic capital raising exercise. There are no terms and conditions applicable to the Bonds in such circumstances adjusting conversion rights in favour of the Bondholders and accordingly there could be a material negative impact on the value of the Bonds.

1.4.7 Dilution risk from dilutive instruments

The issue of financial instruments other than the Bonds that are convertible or exchangeable or entitling the holder to subscribe the Ordinary Shares of Issuer will result in the expectation that the Issuer's share capital after conversion of the Bonds will be diluted. It is not possible to give an assurance that no further securities convertible or exchangeable into Ordinary Shares will be issued prior to the latest date on which the Bonds may be converted and there are no terms and conditions applicable to the Bonds in such circumstances adjusting conversion rights in favour of the Bondholders.

2 PERSONS RESPONSIBLE

Each and all of the Directors whose names appear in section 5.2 of this Offering Circular, are the persons responsible for the information contained in this Offering Circular. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and contains no omission likely to affect its import. The Directors accept responsibility accordingly.

3 TRANSACTION OVERVIEW

The following is a brief summary only of certain terms of the Bonds. For a more complete description of the Bonds see the section 16 - *Description of the Bonds*. This section should be read in conjunction with the rest of this Offering Circular. Any decision to invest in the Bonds should be based on a consideration of this Offering Circular as a whole.

Issuer:	Pefaco International p.l.c.
Domicile and legal form of the Issuer:	The Issuer is a Maltese public limited company, incorporated in Malta with company registration number C 65718 and operating under the Companies Act (Cap. 386 of the laws of Malta). The Issuer is domiciled in Malta. The registered office of the Issuer is at Tower Business Centre, Suite 3, Tower Street, Swatar BKR 4013, Malta.
Nature of the Issuer's current operations and its principal activities:	<p>The Issuer's principal activity is the control of its Subsidiaries engaged in gaming activities in West Africa. All of the Subsidiaries are duly authorised to engage in gaming activities under exclusive concession contracts or gaming licences granted by local authorities or supervisory bodies responsible for the regulation and control of gaming (see section 13 - <i>Material Contracts</i>). The Issuer has operations in Benin, Burkina Faso, the Ivory Coast, Niger and Togo where it holds strong positions, catering for the local population's needs for recreation facilities. The Company plans to invest in the region of EUR16 million over 2014-2017 to expand market share and keep up with technological developments in the industry. It also intends to develop its network to new African countries including Nigeria, Ghana, Liberia and Sierra Leone – a planned investment by the Company of some EUR15 million over a period of three years to gain leading market positions there. The Issuer's West Africa strategy is focussed on countries that demonstrate the following characteristics:</p> <ul style="list-style-type: none">- high growth potential and potential return

	<p>on investment;</p> <ul style="list-style-type: none"> - gaming activities are regulated within a clearly defined legal framework; and - there is room for the Company to gain a market leading position catering for the general public.
Bonds:	Up to EUR16,000,000 9% Bonds due 2019.
Registrar and Conversion and Redemption Agent:	Calamatta Cuschieri & Co. Ltd., of 5 th Floor, Valletta Buildings, South Street, Valletta, Malta.
Issue Price:	100% plus accrued interest, if any.
Issue Date:	15 October 2014
Final Redemption Date:	15 October 2019
Currency:	Euro
Form of Bonds:	The Bonds will be issued in registered form without coupons. See section 17.1 - <i>Summary of Provisions Relating to the Bonds While in the Central Securities Depository – Form.</i>
Denominations:	The Bonds will be issued in denominations of EUR100,000 and integral multiples of EUR100,000 in excess thereof.
Status of the Bonds:	The Bonds shall rank <i>pari passu</i> with all unsecured obligations of the Issuer and rateably without discrimination or preference and as unsecured obligations of the Issuer
Interest:	The Bonds will bear interest at a rate of 9% <i>per annum</i> .
Interest Payment Dates:	Interest on the Bonds will be payable annually in arrear on 15 October of each year commencing on 15 October 2015 and the last interest payment date will be 15 October 2019.
Redemption at Option of Bondholders:	The Bonds may be redeemed at the option of Bondholders at their Face Value plus interest accrued but not paid to the date of redemption at any time during the Redemption Period.
Redemption Period	any Business falling in the period commencing (but excluding) 15 October 2017 to (and including) the Final Redemption Date.
Conversion of the Bonds	Each Bond may be converted into 31,250 Ordinary Shares at the option of the Bondholder at any time during the Conversion Period.
Conversion Period	any Business falling in the period commencing (but excluding) 15 October 2015 to (and including) 30 September 2019;
Taxation:	Payments on the Bonds may be made without deduction for or on account of taxes of United Kingdom as described under section 16.3 -

	<i>Description of the Bonds – Interest</i>
Negative Pledge:	The terms and conditions of the Bonds contain a negative pledge provision. See section 16.6 - <i>Description of the Bonds – Negative Pledge & After Acquired Assets</i>
Listing and Trading:	Application has been made to list the Bonds on the European Wholesale Securities Market to be admitted to trading, and the Issuer has submitted this offering memorandum to the Listing Authority for approval in connection with the listing application.
Central Depositary:	The central registration system for dematerialised financial instruments operated by the Malta Stock Exchange and authorised in terms of the Financial Markets Act.
Selling Restrictions:	The offer and sale of the Bonds will be subject to selling restrictions in various jurisdictions, in particular those of the United States of America and the European Economic Area, including Malta. See section 21.2 - <i>Overseas Investors and Excluded Territories</i> and section 21.3 - <i>Representations and Warranties of Eligible Investors</i> .
Use of Proceeds:	The net proceeds of the issue of the Bonds will be used by the Issuer for general corporate purposes.
Risk Factors:	Investing in the Bonds involves certain risks. See section 3 - <i>Risk Factors</i> .
Governing Law:	The Bonds are governed by, and shall be construed in accordance with, Maltese law.

4 ADVISERS AND STATUTORY AUDITORS

4.1 ADVISERS

Legal Counsel

GANADO Advocates
171, Old Bakery Street
Valletta VLT 1455
Malta

Tax Advisers

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

Global Arranger

Maréchal & Associés Conseils Finance SAS

14, rue de Marignan
75008 Paris
France

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

4.2 STATUTORY AUDITORS

Grant Thornton

Tower Business Centre, Suite 3
Tower Street
Swatar BKR 4013
Malta

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

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

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

5 INFORMATION ABOUT THE ISSUER

5.1 CORPORATE INFORMATION

5.1.1 Place, number and date of registration, duration, legal form and jurisdiction

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

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

5.1.2 Registered office and places of operations

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

Head offices of the Issuer's Subsidiaries:

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

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

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

Lydia Ludic Niger SARL: Rue du Vox BP 10.806 Niamey

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

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

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

5.1.3 *Corporate purpose*

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

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

5.2 BOARD OF DIRECTORS AND MANAGEMENT

As at the date of this Offering Circular, the Board of Directors of the Issuer is composed of the persons detailed in section 5.2.1 below. Unless stated in 5.2.2 below, their business address is that of the Issuer. Except for the involvement of Francis Jérôme Perez and Olivier Alfred Cauro in the management of the Company as specified in 5.2.2 below, all Directors hold office in a non-executive capacity.

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

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

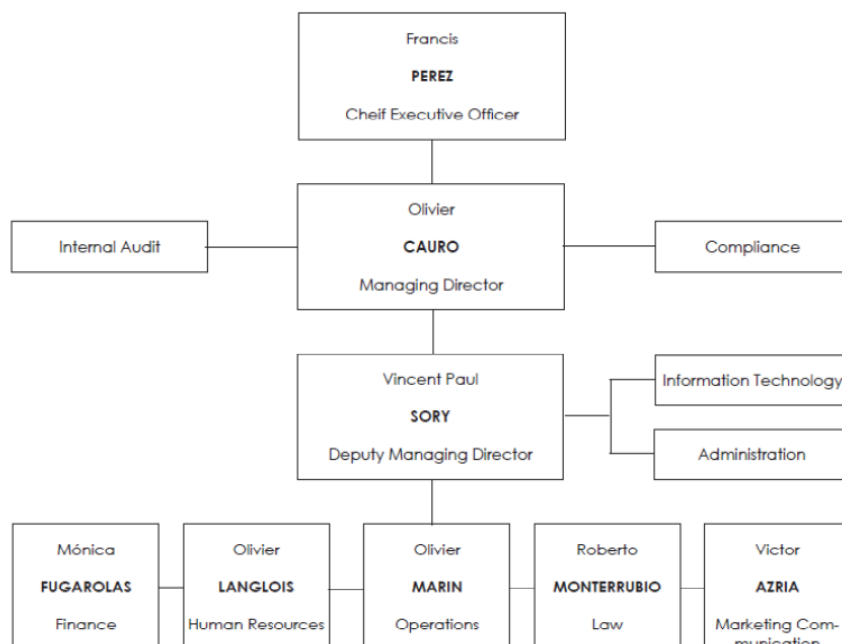
The current term of office of all Directors listed above has commenced on the 23 June 2014 and shall end at the closure of the next annual general meeting as per the provisions of the Articles of Association of the Issuer.

5.2.1 *Curricula Vitae of the Directors*

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

- **M. Olivier Alfred Cauro, Managing Director**, an ENSTA naval engineer and M.I.T. graduate, has worked with several shipping groups (Papachristidis Shipping, Worms/CNN, Norwegian Investa) before he founded Euronav in 1988, Transmer in 1994 and Grupo Pefaco in 1995. Nationality: French. Business Address: 262, Calle Montaner, Barcelona.
- **M. René Le Henry** is a graduate of Paris University Descartes (business administration) and CERFI. He has been working with Grupo Pefaco for ten years and took part in the development of the group's operations in Benin, Niger and Burkina Faso before joining the Company. Nationality: French. Business Address: Tour ALPHA 2000, Plateau, Rue Gourgas, 01 BP 11 109 Abidjan, Ivory Coast.
- **M. Pierre-Michel Pons, General Manager of Lydia Ludic Burkina Faso**, graduated from the Université de Bordeaux in agribusiness and business administration and also holds a Masters degree in International Business from the University of Tarragona, Spain. He has worked as a consultant and general manager in Latin America and the Middle East before joining the group in 2002. Nationality: French. Business Address: Rue 43 num. 57 Lot 1150 – Zone résidentielle 06 BP 10252 – Ougadougou, Burkina Faso.
- **M. Benjamin Muscat**, is a Certified Public Accountant by profession (Fellow of the Association of Chartered and Certified Accountants – FCCA) with a long career in finance and management positions at a senior executive level. He worked in various industry sectors including switchgear manufacturing, food production, beer and soft drink brewing and production and bottling, international fast food franchising, hospitality and timeshare, construction and real estate development including marketing and selling luxury condominiums. Nationality: Maltese. Business Address: TF 5, Apt 5, Caravaggio Court, Tigne' Point, Sliema TP01, Malta.
- **Dr. Michael Grech**, graduated Bachelor of Arts and Doctor of Laws from the University of Malta. He then pursued a Master of Laws degree at University College, London. He is a partner and heads the intellectual property department at GVTH Advocates. His practice focuses on all aspects of intellectual property law, including the representation of multinational clients on all aspects of IP law, including brand protection and anti-counterfeiting. Michael also assists GVTH's commercial and corporate department and is part of the firm's team on privatisation matters, advising the Government of Malta as well as private clients. He sits on the boards of a number of local companies, including two publicly listed companies. Michael is also a member of the boards of governors of *Fondazzjoni Patrimonju Malti* and St. Edward's College. He is a Knight of Magistral Grace of the Sovereign Military Order of Malta. Nationality: Maltese. Business Address: 192, Old Bakery Street, Valletta VLT 1455, Malta.

5.2.2 Management of the Company



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

- **Vincent Paul Sory, Deputy Managing Director**, is a graduate of Ecole Supérieure des Sciences Economiques of Ouagadougou University. He joined Grupo Pefaco in 2003 where he was in charge of the administrative and financial departments in Burkina Faso and Togo before joining the Issuer. M. Sory has also been director at the BPEC (Banque Populaire pour l'Epargne et le Credit) Bank in Togo since 2012. Business Address: Immeuble Clarence OLYMPIO, 15, rue de l'ENTENTE Beniglato maison 36, BP: 30 Lomé, Togo.
- **Olivier Marin, Chief Operating Officer**, acquired a long experience in the operation of slot machines in emerging countries (Brazil, Argentina etc.) before joining Grupo Pefaco in 1996 to follow up the incorporation and development of gaming subsidiaries in Africa. Business Address: 262, Calle Muntaner, Barcelona.
- **Mónica Fugarolas, Chief Financial Officer**, graduated in economical science and business at the Universidad Autonoma de Barcelona, licensed auditor. She has been part of the Group since 1999 as responsible of accounting and finance. Business Address: 262, Calle Muntaner, Barcelona.
- **Olivier Langlois, Director of human resources**, graduated in physics at the University of Grenoble. He has worked for Mod's Hair at the development of the franchisee network and pilot units before joining Grupo Pefaco in 2008 and the Issuer in 2012. Business Address: 262, Calle Muntaner, Barcelona.

- **Roberto Monterrubio, Legal Director**, graduated in European and international law at the University of Louvain. He worked as an international legal adviser and lawyer in Spain and Belgium before joining the Parent in 2013. Business Address: 262, Calle Muntaner, Barcelona.
- **Victor Azria, Marketing and Communication Director**, is a graduate of the Law University of Barcelona. He began his career in event marketing with high-end hotels, bars and clubs before creating websites (news, poker) where he was in charge of search marketing. M. Azria is currently Chief Executive Officer of a communications company based in Barcelona called PampleWorks, which he founded in 2008. Business Address: 262, Calle Muntaner, Barcelona.

5.2.3 Private Interests held and Potential Conflicts of Interest

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

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

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

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

5.2.4 Managing Conflicts of Interests

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

5.2.5 Loans to Directors

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

5.2.6 Audit Committee

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

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

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

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

The members of the Audit Committee are:

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

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

5.2.7 Remuneration of Directors and Executive Management

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

No Director is entitled to profit sharing, share options or pension benefits from the Issuer or the Group by virtue of his appointment as Director. In addition to salaries and bonuses, the Group pays for the

health insurance of the Directors and senior executives, which payment constitutes a benefit in kind granted by the Issuer. The members of the executive management are employed under an indefinite contract of service. Apart from a fixed annual emolument, Directors are also remunerated depending upon which committee they sit on.

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

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

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

5.2.8 Corporate Governance

The Board firmly believes that strong corporate governance permits the Issuer and the Group to benefit from greater transparency in its activities as well as in its relations with the market, thereby enhancing integrity and confidence. Although principles set out in the ‘Code of Principles of Good Corporate Governance’ published as Appendix 5.1 to Chapter 5 of the Listing Rules (the “**Principles**”) are not mandatory, the MFSA has recommended that entities with their securities Admitted to Listing endeavour to adopt such Principles. The Issuer has considered this to be in the best interests of the shareholders because they commit the directors, management and employees of the Company to internationally recognised standards of corporate governance and as a result complies with the Principles directly applicable to it. The Issuer complies with the majority of the recommendations set out in the Principles.

5.2.9 Declaration

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

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

5.3 HISTORY AND DEVELOPMENT

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

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

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

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

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

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

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

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

On 23rd June 2014, Pefaco West Africa S.A. redomiciled to Malta under the Continuation of Companies Regulations and was registered in Malta under the name Pefaco International p.l.c..

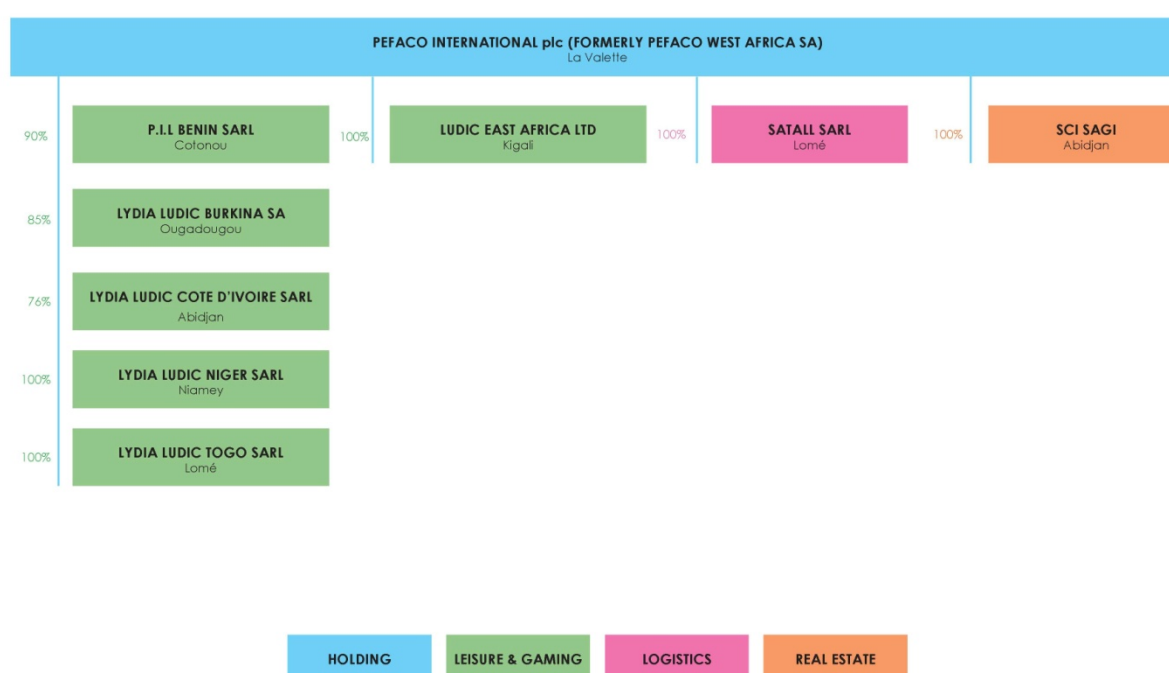
Immediately following redomiciliation, the Issuer applied for Admission of its Ordinary Shares to the Official List in connection with the Intermediaries Offer. The move to and listing in Malta, the Intermediaries Offer and offer of the Bonds to be listed on the European Wholesale Securities Market are integral parts of its development strategy targeting new markets in Africa.

5.4 LEGAL CHART

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

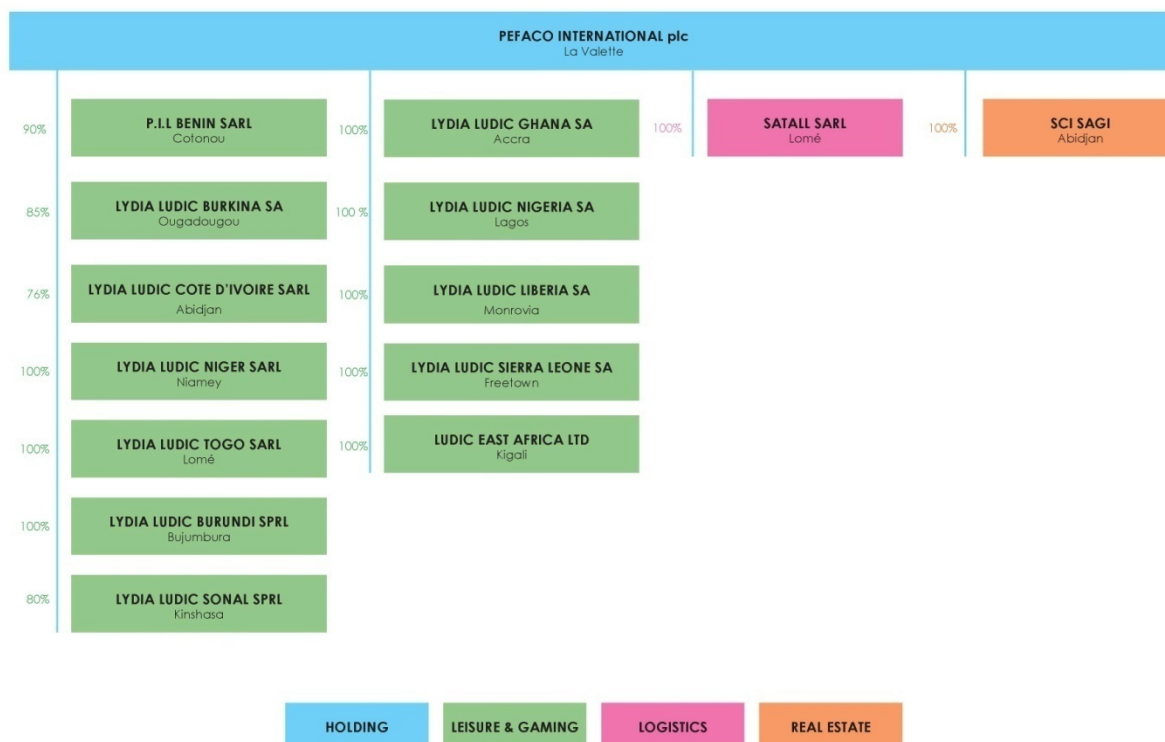
In early 2014, the Issuer incorporated a subsidiary in Rwanda called Ludic East Africa ltd; this subsidiary has not yet commenced activities and only holds a provisional gaming license.

The following group chart represents the current PI Group structure:



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

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



- **Lydia Ludic Burkina** is 15% owned by the National Lottery of Burkina Faso.
- **Lydia Ludic Côte d'Ivoire's** minority shareholders are la Financière du Parc (10%), la Financière OG (10%), Guy Martinez (2.03%) and Paramont, Suisse (2%).

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

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

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

- **Lydia Ludic SONAL** is 20%-owned by SONAL - Société Nationale de Loterie de la République Démocratique du Congo, the Democratic Republic of Congo's national lottery.
- **SATALL** began operating in 2013 as the purchaser and provider of gaming machines for the entire Issuer's group of companies.
- **SCI SAGI** will own real estate rented by the PI Group Subsidiaries. At present, SCI SAGI has no activity.
- **PIL BENIN:** the company's manager holds 10% of its share capital as trustee for the Issuer.

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

5.5 OVERVIEW OF THE ISSUER'S ACTIVITIES

5.5.1 *The Business Model*

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

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

The table below shows the licences and concession contracts obtained by the Issuer and its subsidiaries. These licences and concession contracts are material to the Issuer's business and profitability as the PI Group cannot carry on its gaming business and activities within its operating territories without them. Within the two years immediately preceding the date of this Offering Circular, no member of the PI Group has entered into any contracts other than contracts entered into in the ordinary course of business or as described in section 13 – *Material Contracts*.

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

5.5.2 The Company's Target Markets

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

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

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

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

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

5.5.3 Selection of locations for slot machines

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

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

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

5.5.4 Operational roll-out

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

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

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

5.5.5 Purchasing, maintenance and amortisation of slot machines

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

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

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

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

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

5.5.6 Control and reporting

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

5.6 ASSETS AND INVESTMENTS

The Issuer has no assets in Malta. The Issuer’s principal investments are the Subsidiaries. In this regard, the Issuer made no principal investments in the years 2010-2013 as it did not acquire or incorporate any subsidiaries in that period. The Issuer’s principal investments that are currently in progress are the subsidiaries that the Issuer intends to acquire from the Parent or incorporate in 2014 as described in section 5.4 of this Offering Circular. The description of these intended subsidiaries can be found in sections 5.9 and 5.10 of this Offering Circular, which includes the geographic distribution of these investments and their method of financing.

5.6.1 Intangible fixed assets

The Company's main assets are made of intangible fixed assets including:

- goodwill accounted for on the acquisition of the relevant Subsidiary;
- acquired in the form of a gaming licence; and
- computer software:

Intangible fixed assets

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

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

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

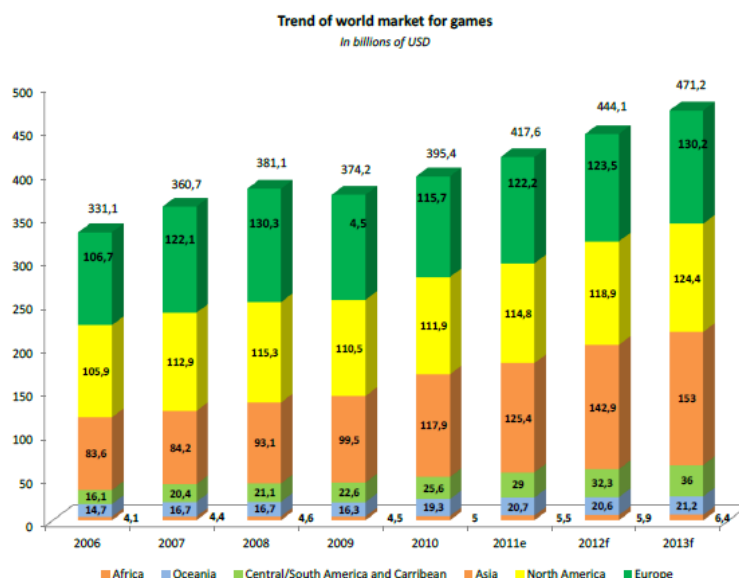
The PI Group has conventions and agreements with the national lotteries of Burkina Faso (LONAB), the Ivory Coast (LONACI), Niger (LONANI) and Togo (LONATO) – see section 13 - *Material Contracts*.

5.7 THE GAMING INDUSTRY IN AFRICA

The gaming market in Africa is difficult to comprehend due to the lack of consistent and comprehensive data. Where the information contained in this section 5.7 has been sourced from a third party, it is accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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

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



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

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

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

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

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

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

Source : Global Gaming Report 2008.

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

5.8 MARKET POSITIONS AND STRATEGY

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

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

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

The Group's development strategy has two strands:

1. To strengthen positions, improve efficiency and raise profitability in its traditional markets: Benin, Burkina Faso, the Ivory Coast, Niger, Togo, Democratic Republic of Congo and Burundi: the Company is constantly upgrading its gaming machines, improving performance and monitoring and training personnel to meet increasing demands on skilled human resources.
2. To expand in other African countries where it has identified opportunities, initially in Nigeria, Ghana, Liberia and Sierra Leone. The Issuer intends to establish a broad network and win significant market share in these promising new markets.

5.9 GENERAL INFORMATION ON THE GROUP'S BUSINESS TRENDS

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

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

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

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

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

PIL Benin

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

Lydia Ludic Burkina

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

Lydia Ludic Ivory Coast

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

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

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

Lydia Ludic Niger

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

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

Lydia Ludic Togo

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

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

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

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

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

Lydia Ludic Burundi

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

Lydia Ludic Sonal

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

5.10 DEVELOPMENT PROGRAMME

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

The Issuer also plans to invest around EUR26.5 million over the next 3 years in the expansion of PI Group's network to new markets on the African continent, with an estimated EUR18.9 million

required for capital expenditure (i.e. to finance the initial purchase of machines and the fitting out of gaming halls) and an estimated EUR7.6 million required for working capital. This Issuer's investment in each of the newly targeted market countries, including the incorporation of a new Subsidiary in each, is broken down further as follows:

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

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

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

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

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

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

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

The Group is also planning on expanding the "African Poker Tour" to promote its gaming activities, bolster reputation and establish its brand image as a game organiser. This expansion will form part of

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

6 SELECTED FINANCIAL INFORMATION

The financial information contained in this section 6 has been extracted from the consolidated audited financial statements of the PI Group for the periods indicated in the tables below.

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

Consolidated Balance Sheet					
ASSETS					
In thousands of euros	As at 31 December				
	2010	2011	2012	2013	%
Intangible fixed assets	42.299	40.817	42.424	40.652	74%
Property, plant and equipment	3.107	4.634	4.433	5.650	10%
Financial assets	295	631	881	644	1%
Deferred tax asset	275	275	317	0	0%
NON-CURRENT ASSETS	45.976	46.358	48.054	46.946	85%
					0%
Inventories	7	30	30	88	0%
Loans to related parties	0	3.988	8.522	5.076	9%
Trade and other receivables	949	553	2.525	2.127	4%
Cash and cash equivalents	658	842	999	968	2%
CURRENT ASSETS	1.614	5.413	12.076	8.260	15%
TOTAL ASSETS	47.590	51.772	60.129	55.205	100%
EQUITY AND LIABILITIES					
In thousands of euros	As at 31 December				
	2.010	2.011	2.012	2.013	%
Shareholders' equity	39.444	38.958	38.411	38.042	69%
Net income attributable to owners	-487	766	-737	522	1%
EQUITY ATTRIBUTABLE TO OWNERS	38.957	39.724	37.674	38.564	70%
Non-controlling interests	-1.051	- 1.324	-1.015	-1.055	-2%
TOTAL EQUITY	37.906	38.400	36.659	37.509	68%
					0%
Non-current borrowings	939	2.516	4.896		0%
Current borrowings	560	2.670	5.914	8.654	16%
Total borrowings	1.499	5.186	10.810	8.654	16%
					0%
Current provisions	1.395	1.296	1.550	333	1%
Income tax payable	568	116	1.095	1.809	3%
Trade and other payables	6.223	6.776	10.017	6.901	13%
Other liabilities	8.186	8.188	12.662	9.043	16%
TOTAL EQUITY AND LIABILITIES	47.590	51.772	60.129	55.205	100%

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

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

6.3 BREAKDOWN OF REVENUES BY GEOGRAPHIC LOCATION FOR 2010, 2011, 2012 AND 2013

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

7 FINANCIAL ANALYSIS

7.1 EXPERT'S REPORT

The financial analysis report and commentary contained in this section 7 of the Offering Circular has been prepared on behalf of the Issuer by the Global Arranger, Maréchal & Associés Conseils Finance S.A.S, in connection with the Intermediaries Offer. The financial information contained in this section 7 has been extracted from the consolidated audited financial statements of the PI Group for the periods indicated in the tables below.

The Global Arranger has consented in writing to the inclusion of its report and commentary as it appears in this section 7 subject to the terms and conditions of its comfort letter to the Issuer dated 30 June 2014 (the “**Global Arranger Comfort Letter**”) and it has not withdrawn its consent prior to the delivery of this Offering Circular to the Listing Authority for approval.

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

13000675 and registered with the ANACOFI (the French financial advisers association – www.ancofi.asso.fr) under No. E001961

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

7.2 FINANCIAL RESULTS

CONSOLIDATED INCOME STATEMENT 2010-2013

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

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

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

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

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

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

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

CONSOLIDATED BALANCE SHEET 2010-2013

Consolidated Balance Sheet				
ASSETS	As at 31 December			
	2010	2011	2012	2013
In thousands of euros				
Intangible fixed assets	42.299	40.817	42.424	40.652
Property, plant and equipment	3.107	4.634	4.433	5.650
Financial assets	295	631	881	644
Deferred tax asset	275	275	317	0
NON-CURRENT ASSETS	45.976	46.358	48.054	46.946
Inventories	7	30	30	88
Loans to related parties	0	3.988	8.522	5.076
Trade and other receivables	949	553	2.525	2.127
Cash and cash equivalents	658	842	999	968
CURRENT ASSETS	1.614	5.413	12.076	8.260
TOTAL ASSETS	47.590	51.772	60.129	55.205
EQUITY AND LIABILITIES	As at 31 December			
	2.010	2.011	2.012	2.013
In thousands of euros				
Shareholders' equity	39.444	38.958	38.411	38.042
Net income attributable to owners	-487	766	-737	522
EQUITY ATTRIBUTABLE TO OWNERS	38.957	39.724	37.674	38.564
Non-controlling interests	-1.051	- 1.324	-1.015	-1.055
TOTAL EQUITY	37.906	38.400	36.659	37.509
Non-current borrowings	939	2.516	4.896	
Current borrowings	560	2.670	5.914	8.654
Total borrowings	1.499	5.186	10.810	8.654
Current provisions	1.395	1.296	1.550	333
Income tax payable	568	116	1.095	1.809
Trade and other payables	6.223	6.776	10.017	6.901
Other liabilities	8.186	8.188	12.662	9.043
TOTAL EQUITY AND LIABILITIES	47.590	51.772	60.129	55.205

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

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

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

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS 2010-2013

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

8 BUSINESS PLAN

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

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

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

The main assumptions used to establish the forecast information in this section 7 are set out in the Auditor's Report on the Issuer's consolidated projected financial statements prepared by Grant Thornton and issued on 15 July 2014 (the "**Auditor's Report on Consolidated Projected Financial Statements**"). The Auditor's Report on Consolidated Projected Financial Statements has been prepared in accordance with the requirements of Item 13.2 of Annex I of EU Regulation EC 809/2004, and is incorporated into this Offering Circular by Reference.

8.1 INCOME STATEMENTS

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

P&L analysis for the Group

In thousands of euros

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

8.2 BALANCE SHEETS

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

Balance Sheet

In thousands of euros

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

8.3 CASH FLOW

Cash flows

In thousands of euros

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

9 FINANCIAL INFORMATION ON THE ISSUER'S ASSETS, FINANCIAL POSITION AND RESULTS

9.1 CONSOLIDATED AUDITED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

The following are the audited financial statements of the Issuer for the financial year ending 31 December 2013. CCM-Audit & Conseil has consented in writing to the inclusion of its report and commentary in the form and context in which it appears in this section 9.1 and it has not withdrawn its consent prior to the delivery of this Offering Circular to the Listing Authority for approval.

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

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

Ladies and Gentlemen

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

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

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

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

CCM Audit & Conseil
RSM *Correspondent*



Christian Marmignon
Chartered Accountant

PEFACO WEST AFRICA (PWA)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

PWA – Consolidated Financial Statements for the year ended December 31, 2013



Summary

1	Consolidated Balance sheet	4
2	Consolidated Income statement and Consolidated Statement of Comprehensive Income	5
3	Consolidated Statement of Changes in Equity	6
4	Consolidated Statement of Cash Flows	7
5	Notes to the consolidated financial statements	8
5.1	Company information	8
5.1.1	Presentation of PWA	8
5.1.2	Evolution of the last three years	9
5.2	Basis of preparation and adoption of IFRS	9
5.3	Summary of significant accounting policies	9
5.3.1	Principles of consolidation	9
5.3.2	Segment reporting	11
5.3.3	Foreign currency translation	11
5.3.4	Goodwill	12
5.3.5	Intangible assets	12
5.3.6	Property, plant and equipment	13
5.3.7	Impairment of non-financial assets	13
5.3.8	Inventories	14
5.3.9	Trade receivables	15
5.3.10	Financial assets and liabilities	15
5.3.11	Cash and cash equivalents	16
5.3.12	Share capital	16
5.3.13	Provisions	16
5.3.14	Employee benefits	17
5.3.15	Current and deferred income tax	17
5.3.16	Presentation of revenues	18
5.3.17	Management fees Grupo Pefaco	18
5.3.18	Leases	19
5.3.19	Earnings per share	19

5.3.20	Earnings before Income Tax, Depreciation and Amortization (EBITDA)	19
5.4	Financial risk management	20
5.4.1	Financial risks factors	20
5.4.2	Capital management	22
5.5	Use of estimates	22
5.6	Segment reporting	22
5.7	Notes related to the Consolidated Balance Sheet	23
5.7.1	Goodwill	23
5.7.2	Other intangible assets	24
5.7.3	Property, plant and equipment	25
5.7.4	Inventories	25
5.7.5	Financial assets and liabilities by category	26
5.7.6	Loans to related parties	28
5.7.7	Trade and other receivables	28
5.7.8	Cash and cash equivalents in the statement of cash flows	28
5.7.9	Borrowings	29
5.7.10	Provisions	29
5.8	Notes related to the consolidated Income statement	29
5.8.1	Employee salary expenses	29
5.8.2	Depreciation, amortization and provisions	30
5.8.3	Financial expenses	30
5.8.4	Income tax	31
5.9	Related Party transactions	31
5.10	Events after reporting period	32

1 Consolidated Balance sheet

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

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

2 Consolidated Income statement and Consolidated Statement of Comprehensive Income

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

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

3 Consolidated Statement of Changes in Equity

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

4 Consolidated Statement of Cash Flows

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

Net cash is as follows:

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

5 Notes to the consolidated financial statements

5.1 Company information

5.1.1 Présentation of PWA

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

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

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

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

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

The Group is currently established in the following countries:

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

These financial statements are presented in thousand of euros.

5.1.2 Evolution of the last three years

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

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

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

5.2 Basis of preparation and adoption of IFRS

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

5.3 Summary of significant accounting policies

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

5.3.1 Principles of consolidation

The financial statements consolidate the accounts of PWA and its subsidiaries. Subsidiaries are those entities which PWA controls by having the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by PWA and are deconsolidated from the date the control

ceases. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated.

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

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

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



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

5.3.2 Segment reporting

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

5.3.3 Foreign currency translation

5.3.3.1 Functional and presentation currency

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

5.3.3.2 Transactions and balances

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

5.3.4 Goodwill

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

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

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

5.3.5 Intangible assets

5.3.5.1 Acquired licenses

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

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

5.3.5.2 Other intangible assets

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

5.3.6 Property, plant and equipment

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

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

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

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

5.3.7 Impairment of non-financial assets

At each balance sheet date, the carrying amounts of the intangible assets, property, plant and equipment and investment property will be reviewed in order to

determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

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

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

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

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

5.3.8 Inventories

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

5.3.9 Trade receivables

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

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

5.3.10 Financial assets and liabilities

5.3.10.1 Financial assets (loans and receivables)

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

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

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

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

5.3.10.2 Financial liabilities

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

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

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

5.3.11 Cash and cash equivalents

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

5.3.12 Share capital

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

5.3.13 Provisions

Provisions for various reasons are recognized when:

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

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

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

5.3.14 Employee benefits

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

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

5.3.15 Current and deferred income tax

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

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

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the

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

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

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

5.3.16 Presentation of revenues

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

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

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

5.3.17 Management fees Grupo Pefaco

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

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

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

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

5.3.18 Leases

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

PWA has no finance leases.

5.3.19 Earnings per share

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

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

PWA has no dilutive instruments.

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

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

5.4 Financial risk management

5.4.1 Financial risks factors

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

5.4.1.1 Markets risks

5.4.1.1.1 Local market risks

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

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

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

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

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

5.4.1.1.2 Foreign exchange risk

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

5.4.1.1.3 Price risk

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

5.4.1.2 *Liquidity risks*

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

5.4.1.3 *Credit risks*

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

5.4.1.4 *Interest rate risks*

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

The Group is not exposed to interest rate variations.

5.4.2 Capital management

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

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

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

5.5 Use of estimates

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

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

5.6 Segment reporting

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

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

Performances made by the subsidiaries are as follows:

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

5.7 Notes related to the Consolidated Balance Sheet

5.7.1 Goodwill

Goodwill change is as follows:

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

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

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

5.7.2 Other intangible assets

Other intangible assets have evolved as follows:

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

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

5.7.3 Property, plant and equipment

Property, Plant and equipment have evolved as follows:

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

5.7.4 Inventories

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

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

5.7.5 Financial assets and liabilities by category

5.7.5.1 Financial assets

The company's financial assets are classified as follows:

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

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

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

5.7.5.2 Financial liabilities

The company's financial liabilities are classified as follows:

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

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

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

5.7.6 Loans to related parties

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

5.7.7 Trade and other receivables

Trade and other receivables are as follows:

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

5.7.8 Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents are as follows:

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

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

5.7.9 Borrowings

Borrowings are presented as follows:

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

5.7.10 Provisions

Changes in provisions are presented as follows:

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

5.8 Notes related to the consolidated Income statement

5.8.1 Employee salary expenses

Employee salary expenses are evolved as follows:

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

The Company headcounts are evolved as follows:

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

5.8.2 Depreciation, amortization and provisions

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

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

5.8.3 Financial expenses

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

5.8.4 Income tax

The breakdown of income tax is presented as follows:

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

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

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

5.9 Related Party transactions

The transactions carried out with related parties are the following:

- Sales of goods and services:

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

- Loans to related parties

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

5.10 Events after reporting period

We were not aware of subsequent events.

9.2 CHANGE SINCE LAST PUBLISHED AUDITED FINANCIAL STATEMENTS

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

10 EMPLOYEES – RELATED PARTY TRANSACTIONS

10.1 EMPLOYEES

Employee benefit expenses and total headcount were as follows:

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

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

10.2 RELATED PARTY TRANSACTIONS

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

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

Sales of Goods and Services:

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

Loans to Related Parties:

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

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

10.3 EXECUTIVE SHARE OPTION SCHEME

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

11 MAJOR SHAREHOLDERS

The following shareholders hold in excess of five per cent of the Issuer's Bonds at the date of this Offering Circular:

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

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

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

The Parent is not a party to the Bond Offer Agreement between the Issuer, the Global Arranger and the Agent nor is it a party to the Placing Agreement in respect of the Intermediaries Offer between the

Issuer, Calamatta Cuschieri & Co Ltd. and the Global Arranger and does not intend to purchase any of the Bonds or subscribe to any Offer Shares that are the subject of the Intermediaries Offer.

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

Other than the management of conflicts of interest at board level as described in section 5.2.4 of this Prospectus, particularly the fact that the majority of the Board consists of non-executive members, there are no other measures to ensure that the control of the major shareholders is not abused as none are deemed necessary.

12 ADDITIONAL INFORMATION

12.1 SHARE CAPITAL

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

12.2 DIVIDEND POLICY

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

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

12.3 LEGAL AND ARBITRATION PROCEEDINGS

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

12.4 MEMORANDUM AND ARTICLES OF ASSOCIATION

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

12.4.1 Objects

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

- a) to carry on the business of financing or re-financing of the funding requirements of the business of any company within the group of which the Company forms part;
- b) to issue notes, bonds, commercial paper or other instruments creating or acknowledging indebtedness and the sale and offer thereof to the public;
- c) to purchase, acquire, own, hold, manage, lease, administer, sell or otherwise dispose of property of any kind, whether immovable or movable, personal or real, and whether or not belonging to the Company, and to subscribe for, take, purchase or otherwise acquire, hold, sell or dispose of shares or other interest in or securities of any other company;
- d) to obtain loans, overdrafts, credits and other financial and monetary facilities without limit and otherwise borrow or raise money in such manner as the Company shall think fit, whether as sole borrower or jointly with other persons and/or severally, and to provide by way of security for the repayment of the principal and interest thereon and/or the fulfilment of any of the Company's obligations, a hypothec, pledge, privilege, lien, mortgage or other charge or encumbrance over the assets of the Company;
- e) to guarantee the obligations and/or the repayment of indebtedness of any person although not in furtherance of the Company's corporate purpose and whether or not the Company receives any consideration or derives any direct or indirect benefit therefrom, and to secure such guarantee by means of a hypothec, privilege, lien, mortgage, pledge or other charge or encumbrance over the assets of the Company;
- f) to improve, manage, develop, let on lease or otherwise, hypothecate, charge, sell, dispose of or otherwise deal with all or any of the property and rights of the Company;
- g) to carry on any other business which may seem to the Company capable of being conveniently carried on in connection with its business and calculated directly or indirectly to enhance the value of the Company's property or rights;
- h) to carry out such activities as may be ancillary to the above or as may be necessary or desirable to achieve the above objects.

12.4.2 Directors

- a) The administration and management of the Issuer shall be vested in a Board of Directors consisting of not less than four (4) and not more than seven (7) directors, all of which shall be individuals.
- b) An election of Directors shall take place at every annual general meeting of the Company. All Directors, except a Managing Director, shall retire from office at least once every three (3) years. The Directors shall be elected on an individual basis by ordinary resolution of the Company in general meeting.
- c) Directors shall hold office from the close of the general meeting at which they are appointed until the next following annual general meeting, but will be eligible for re-election. Any Directors howsoever appointed in the interim and whether to fill a casual vacancy, as an addition to the Board or otherwise, shall hold office only until the next following annual general meeting of the Company, but will be eligible for re-election.
- d) The Company, may, by ordinary resolution, remove a director before the expiration of his term of office.
- e) The maximum amount of aggregate emoluments of all Directors in any one financial year, as well as any increase of such emoluments, shall be determined pursuant to a resolution passed by the Company at a general meeting for which notice of the proposed aggregate emoluments or any increase thereto has been duly given to Members.
- f) A Director shall not be required to have a shareholding qualification and a Director who is not a Member shall be entitled to attend and speak at general meetings of the Company.

12.4.3 Classes of Shares

The Ordinary Shares are the only class of shares of the Company in issue.

12.4.4 Variation of Rights

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

12.4.5 Annual and other general meetings

- a) The annual general meetings of the Company shall be held at such time and place as the Directors shall appoint.
- b) The Directors may convene an extraordinary general meeting whenever they think fit. Extraordinary general meetings may also be convened on such requisition, or in default, may be convened by such requisitionists as provided by Article 129 of the Companies Act. If at any time there are not in Malta sufficient Directors capable of acting to form a quorum, any

Director, or any two shareholders of the Company, may convene an extraordinary general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors.

- c) A notice convening an annual general meeting shall specify the meeting as such and a notice convening a meeting to pass an extraordinary resolution shall specify the intention to propose the text of the resolution as an extraordinary resolution and the principal purpose, effect and scope thereof.
- d) A general meeting of the Company shall be deemed not to have been duly convened unless at least twenty-one (21) days' prior notice has been issued in writing to all shareholders entitled to receive such notice. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it was given.
- e) Only those shareholders entitled to receive notice of a general meeting shall be entitled to be admitted to and participate thereat.
- f) Notice of every general meeting shall be given to:
 - (a) every registered shareholder except those shareholders who (having no registered address in Malta) have not supplied the Company with an address for the giving of notices to them; and
 - (b) the Directors; and
 - (c) the auditor/s for the time being of the Company.

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

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

13 MATERIAL CONTRACTS

13.1 PLACING AGREEMENT

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

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

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

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

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

The Global Arranger shall have the right to terminate the Placing Agreement by giving notice at any time at or prior to the last day of the offering period for the Ordinary Shares if:

- (i) The Company shall have failed, refused or been unable, at or prior to that date, to perform any material agreement on its part to be performed under the Placing Agreement;
- (ii) Any other material condition of the Company’s obligations under the Placing Agreement is not fulfilled;
- (iii) An application for the Ordinary Shares to be admitted to listing on the Official List of the Malta Stock Exchange has been refused.

As at the date of this Offering Circular and to the best of the Issuer's knowledge, there are no facts or circumstances which would entitle the Global Arranger to withdraw from its commitments under the Placing Agreement. A commission of 5% of the offer price of EUR2.19 for each Ordinary Share placed with investors by the Global Arranger pursuant to the Placing Agreement is payable to the Global Arranger by the Issuer. If all of the 6,850,000 Shares the subject of the Intermediaries Offer are allotted to investors introduced by the Placing Agent, this will represent a commission of EUR750,075 payable by the Issuer out of the proceeds of the Intermediaries Offer.

13.2 BOND OFFER AGREEMENT

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

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

- (i) The Company shall have failed, refused or been unable, at or prior to that date, to perform any material agreement on its part to be performed under the Bond Offer Agreement;
- (ii) Any other material condition of the Company's obligations under the Bond Offer Agreement is not fulfilled;
- (iii) An application for the Bonds to be admitted to trading on the European Wholesale Securities Market has been refused.

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

13.3 GAMING AUTHORITY CONCESSIONS

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

Benin

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

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

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

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

Burkina Faso

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

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

Ivory Coast

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

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

Niger

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

Togo

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

13.4 OTHER MATERIAL CONTRACTS

Other than the contracts summarised in sections 13.1-13.3 (inclusive) of this Offering Circular, the Issuer has not entered into any material contract, other than contracts entered into in the ordinary course of business, to which the Issuer or any member of the Group is a party, for the two years immediately preceding publication of this Offering Circular.

14 REFERENCE DOCUMENTS

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

- a. The Memorandum and Articles of Association of the Issuer;
- b. The Instrument;
- c. The Agency Agreement;
- d. The Global Arranger Comfort Letter;
- e. The Audited Financial Statements of the Issuer and the Group (including its subsidiaries) for the financial years ended 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013;
- f. The Auditor's Report on Consolidated Projected Financial Statements; and
- g. The Prospectus dated 16 July 2014 in respect of the Admission to Listing and an intermediaries offer of Ordinary Shares.

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

15 ESSENTIAL INFORMATION

15.1 WORKING CAPITAL STATEMENT

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

15.2 CAPITALISATION AND INDEBTEDNESS

The following tables show the capitalisation and indebtedness of the Issuer at 30 April 2014, which tables have been prepared on behalf of the Issuer by Grant Thornton. Grant Thornton has consented in writing to the inclusion of these tables and its commentary as it appears in this section 15.2 and it has not withdrawn its consent prior to the delivery of this Offering Circular to the Listing Authority for approval.

Capitalisation and Indebtedness

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

¹ Including Minority Interest and excluding retained earnings

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

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

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

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

Split of convertible bond between equity and liability

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

in thousands of euros

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

Allocation of bond issue costs between equity and liability components

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

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

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

Detailed breakdown of Indebtedness as at 30 April 2014

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

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

The Issuer also had non-current indebtedness of €1.6 million, thereby resulting in a Net Financial Indebtedness of €5.97 million as at 30th April 2014.

15.3 CAPITAL RESOURCES

A detailed financial analysis was prepared on behalf of the Issuer by the Global Arranger in connection with the Bond Offer, which analysis can be found in section 7 of this Offering Circular.

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

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

Given the above considerations, the Group's current financial position remains sound with total indebtedness at 28% of total funding requirements (excluding retained earnings). This will increase to 33% as a result of the bond issue, as is shown in section 7.2 of this Prospectus. A detailed analysis of the Issuer's cash flows can also be found in section 7.2.

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

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

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

16 DESCRIPTION OF THE BONDS

The following is a description of the terms and conditions of the Instrument and the Bonds. It does not, however, describe all of the terms of the Instrument or the Bonds and should be read together with the Instrument because it and not this description, defines the rights of the Bondholders and the obligations of the Issuer. The Instrument is available for inspection in the manner described under section 14 (Reference Documents).

The issue of the Bonds was authorised by a resolution of the Board of Directors of the Issuer passed on 14 July 2014 (the “**Resolution**”). An instrument constituting the Bonds dated on or around the date of this Offering Circular (the “**Instrument**”) was executed by the Issuer pursuant to the Resolution. An agency agreement dated on or around the date of this Offering Circular (the “**Agency Agreement**”) was entered into, *inter alia*, in relation to the Bonds between the Issuer and Calamatta Cuschieri & Co Ltd. (as the Registrar and Redemption and Conversion Agent). The Agency Agreement is available for inspection in the manner described under section 14 (*Reference Documents*). The persons for the time being entered in the Register (as defined below) as the holders of the Bonds (the “**Bondholders**”) are deemed to have notice of all the provisions of the Agency Agreement applicable to them.

16.1 DEFINITIONS

In this section, unless the context otherwise requires, or except as otherwise expressly provided, the following definitions apply:

Articles means the articles of association of the Issuer from time to time.

Agency Agreement means the agreement dated on or around the date of this Offering Circular between the Issuer and the Agent pursuant to which, *inter alia*, the Agent is appointed Registrar and Redemption and Conversion Agent in respect of the Bonds.

Agent means Calamatta Cuschieri & Co Ltd. as Registrar and Redemption and Conversion Agent pursuant to the Agency Agreement.

Bonds means the EUR16,000,000 nominal amount 9% Convertible Bonds due 2019 of the Issuer constituted or as the case may be the amount thereof for the time being issued and outstanding, and the expression outstanding in relation thereto means any of the Bonds which has been issued other than any Bonds which has been redeemed or which has been purchased by the Issuer.

Bond Certificate means a certificate for a Bond, substantially in the form set out in Schedule B to the Instrument.

Bondholders means the person or persons for the time being entered in the Register as the holders of the Bonds.

Business Day means any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business.

Companies Act means the Companies Act, Cap. 386 of the laws of Malta;

Conditions means the Terms and Conditions of the Bonds annexed to and incorporated by reference in the Instrument and reference to a numbered Condition shall be interpreted accordingly.

Conversion Form means the form to be made available to Bondholders on contacting the Agent pursuant to the Agency Agreement for the exercise of conversion rights pursuant to Condition 9.

Conversion Period means any Business falling in the period commencing (but excluding) 15 October 2015 to (and including) 30 September 2019.

CSD means the Central Securities Depository as the central registration system for dematerialised financial instruments operated by the MSE and authorised in terms of the Financial Markets Act.

EUR means the lawful currency for the time being of the Eurozone.

Face Amount means in relation to a Bond, EUR100,000.

Final Redemption Date means 15 October 2019.

Financial Markets Act means the Financial Markets Act, Cap. 345 of the laws of Malta;

Issue Date means 15 October 2014.

Listing Authority means the MFSA, appointed as Listing Authority for the purposes of the Financial Markets Act;

Malta Financial Services Authority Act means the Malta Financial Services Authority Act, Cap. 330 of the laws of Malta;

MFSA means the Malta Financial Services Authority as established under the Malta Financial Services Authority Act;

MSE means Malta Stock Exchange p.l.c., as originally constituted by the Financial Markets Act, bearing company registration number C42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;

Ordinary Shares means the ordinary shares of nominal value of EUR 1.50 each in the capital of the Issuer.

Redemption Form means the form to be made available to Bondholders on contacting the Agent pursuant to the Agency Agreement for the exercise of redemption rights pursuant to Condition 8.

Redemption Period means any Business falling in the period commencing (but excluding) 15 October 2017 to (and including) the Final Redemption Date.

Register means the register of the Bonds and Bondholders maintained by the CSD.

Security Interest means any mortgage, charge, hypothec (whether fixed or floating, legal or equitable), pledge, lien, assignment by way of security or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

16.2 CREATION AND ISSUE

16.2.1 The Issuer has created the Bonds which shall be subject to the terms and conditions contained in the Instrument and to the Conditions.

16.2.2 The Bonds may be issued from time to time by a resolution of the board of directors upon payment of the nominal amount thereof.

16.2.3 The whole of the Bonds shall rank *pari passu* with all unsecured obligations of the Issuer and rateably without preference and as unsecured obligations of the Issuer.

16.3 INTEREST

Except in accordance with 16.3.3 below, the Issuer shall pay interest on the Bond at the rate of 9 *per cent. per annum*.

16.3.1 Interest on the bonds shall be paid free and clear of any withholding or deduction for or on account of any present or future taxes, duties assessments or governmental charges (collectively “**Taxes**”) of whatever nature imposed or levied by or on behalf of the Republic of Malta or any tax authority thereof, unless the withholding or deduction of such Taxes is required by law. In that event, the Issuer shall pay such additional amounts as will result in Bondholders receiving such amounts as they would have received had no such withholding or deduction been required.

16.3.2 Such interest will accrue on a daily basis from the date of issue on the basis of a 360 day year divided into 12 months of thirty days. Interest will be paid annually in arrear on the Face Amount of a Bond on each anniversary of the Issue Date (each an “**Interest Payment Date**”) up to and including the Final Redemption Date, or if that date is not a Business Day, the Business Day immediately following that day. Payments will be made to the Bondholder by the Agent by cheque or bank transfer in accordance with the payment details recorded for the Bondholder in the Register.

16.3.3 In the event that the Face Amount of any Bond or part thereof or any accrued interest on any Bond is not paid or repaid when due in accordance with these Conditions, the amount so payable shall bear interest at the rate of 1 per cent. above the rate specified under 16.3 above, from time to time, from the due date to the actual date of payment.

16.4 REPAYMENT

- 16.4.1** Subject to the provisions of 16.4.2, 16.5, 16.8 and 16.9 below, the Bonds shall be repayable in their Face Amount and on the Final Redemption Date provided that if such day is not a Business Day such sum shall be repaid on the next succeeding Business Day.
- 16.4.2** Any and all Bonds purchased, repaid or converted pursuant to any of the provisions of the Instrument shall be cancelled and shall not be re-issued.

16.5 ACCELERATED REPAYMENT

The Bonds shall, upon the giving of written notice by a Bondholder to the Issuer, become immediately repayable if:

- 16.5.1** a resolution is passed at any general meeting of the Issuer or an order is made for the winding-up of the Issuer or a liquidator, provisional liquidator or official receiver is appointed (in each case otherwise than for the purposes of an amalgamation or reconstruction on terms previously sanctioned by an Extraordinary Resolution of the Bondholders);
- 16.5.2** default is made by the Issuer for more than five Business Days in the performance or observance of any covenant, condition or provision binding on it under the Instrument including the Conditions which is materially prejudicial to the interests of Bondholders generally and the same is not remedied within 15 Business Days after notice of such default has been given to the Issuer by any Bondholder requiring the Issuer to remedy the same;
- 16.5.3** the Issuer is unable to pay its debts within the meaning of Article 214.(5) of the Companies Act or ceases to carry on its business; or
- 16.5.4** a distress or other execution is levied or sued out, upon or against any part of the property of the Issuer and is not discharged within 15 Business Days of having been so levied or sued out;
- 16.5.5** the Issuer becomes insolvent or makes a general assignment for the benefit of its creditors or admits in writing its inability to pay its lawful debts as they mature;
- 16.5.6** by reason of default by the Issuer any moneys borrowed or any loan stock or notes or other such obligation (whether secured or unsecured) of the Issuer which has not been remedied shall become repayable and the holder thereof shall have duly demanded repayment and not within 15 Business Days withdrawn such demand;
- 16.5.7** the security created by any mortgage, hypothec, pledge, security assignment or charge executed by the Issuer shall have become enforceable and the holder shall have enforced the same; or
- 16.5.8** the Issuer is in default of any material provision under the Conditions or the Instrument and, if capable of remedy, such default is not remedied within 15 Business Days after notice of such default has been given to the Issuer by a Bondholder requiring the Issuer to remedy the same.

The Issuer shall give immediate written notice to the Bondholders on the occurrence of any of the above-mentioned circumstances (or any matter which would constitute such a circumstance but for a provision relating to the remedy thereof).

16.6 NEGATIVE PLEDGE AND AFTER ACQUIRED ASSETS

16.6.1 The Issuer undertakes that, save as described in 16.6.2 below, it will not at any time prior to the Final Redemption Date or if later the date upon which no Bond is outstanding, except in the ordinary course of its business or with the prior written consent of an Extraordinary Resolution create, purport to create or permit to subsist any security interest on, or in relation to, any of its assets.

16.6.2 The restriction in 16.6.1 above shall not apply to security interests created in connection with the acquisition of assets by the Issuer after the date of the Instrument not exceeding EUR100,000,000 where the security interest concerned attaches only to those acquired assets and the amount secured by the security interests does not exceed 90 per cent. of the price paid for those acquired assets.

16.7 UNDERTAKINGS

Whilst any Bond remains in issue the following shall apply:

16.7.1 Bondholders shall have made available to them, at the same time and in the same manner as the same are made available to Shareholders, copies of the audited accounts of the Issuer (with the relevant directors' and auditors' reports) together with a list of the directors of the Issuer and copies of all other circulars or notices which are made available to shareholders but to the extent that any such information is made available to a Bondholder in its capacity as a Shareholder, the requirements of this provision 16.7.1 shall be deemed to have been met; and

16.7.2 No resolution shall be passed by the Issuer for its winding up unless, prior to the taking effect of such resolution, 20 Business Days prior written notice shall have been given to the Bondholders setting out the nature of the resolution;

16.7.3 No resolution shall be passed by the Issuer for a stock split or any other sub division of the nominal value of its ordinary share capital; and

16.7.4 If any offer is made to all holders of equity share capital of the Issuer generally (other than the offeror and parties acting in concert with the offeror (as determined in accordance with Chapter 11 of the Listing Rules of the Listing Authority) to acquire the whole or a proportion of such equity share capital, the Issuer will as soon as possible give notice of such offer to the Bondholders.

16.8 REDEMPTION

- 16.8.1** The Issuer may redeem some all or any of the Bonds that have not been previously redeemed or converted at any time during the Redemption Period by payment of the Face Amount of the Bonds redeemed to the Agent on behalf of the Bondholders.
- 16.8.2** A Bondholder may redeem all or any of the Bonds recorded against its name in the Register at any time during the Redemption Period by presentation to the Agent of a Redemption Form duly executed by the Bondholder.
- 16.8.3** The Issuer will make payment to the Bondholder in respect of Bonds redeemed in accordance with 16.8.2 no later than 60 days after delivery to the Agent of the duly executed Redemption Form.

16.9 CONVERSION

- 16.9.1** A Bondholder may convert all or any of the Bonds recorded against its name in the Register at any time during the Conversion Period into 31,250 Ordinary Shares for each Bond converted by presentation to the Agent of the Conversion Form in respect of the Bonds to be converted duly executed by the Bondholder.
- 16.9.2** A Bondholder exercising its conversion rights under Condition 9.1 will receive the Ordinary Shares to which it is entitled free of charge and funding and will be recognized by the Issuer as a Shareholder for all purposes (including entitlement to dividends or other distributions) in respect of all such shares on the date on which the related duly executed Conversion Form is delivered to the Agent, or if such day is not a Business Day, the Business Day immediately following that day.
- 16.9.3** Conversion rights attaching to the Bonds are not transferrable by a Bondholder to a third party.

16.10 TRANSFER, TITLE AND BENEFIT

- 16.10.1** The Bonds shall be transferable in integral multiples of EUR100,000 Face Value by instrument of transfer in any usual or common form or such other form as may be approved by or on behalf of the Issuer. The provisions of 16.18 below relating to the transfer, transmission and registration of the Bonds shall apply.
- 16.10.2** The Issuer will recognise the registered holder of any Bond as the absolute owner thereof and shall not, except as ordered by a court of competent jurisdiction, be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Bond may be subject and the receipt of the registered holder for the time being of any Bond or in the case of joint registered holders the receipt of any of them for the interest from time to time due in respect thereof or for any other moneys payable in respect thereof shall be a good discharge to the Issuer notwithstanding any notice it may have whether express or otherwise of the right, title, interest or claims of any other person to or in such Bond, interest or moneys. The Issuer shall not be bound to enter any notice of any trust whether express implied or constructive on the Register.

16.10.3 Every Bondholder duly registered as such will be recognised by the Issuer as entitled to his Bond but subject to any set off right or cross claim on the part of the Issuer against the holder of the Bond.

16.11 MODIFICATIONS TO THE INSTRUMENT

16.11.1 Any modification to the Instrument may be effected only in writing, executed by the Issuer and expressed to be supplemental thereto, and, save in the case of a modification which is of a formal, minor or technical nature or made to correct a manifest error only, if it shall first have been sanctioned by an Extraordinary Resolution of the Bondholders.

16.11.2 A memorandum of every such supplemental writing to the Instrument shall be endorsed on the Instrument.

16.11.3 Written notice of every modification to the Instrument shall be given by the Issuer or the Agent on its behalf to the Bondholders.

16.12 INSPECTION AND COPIES

Every Bondholder shall be entitled to inspect a copy of the Instrument and the Agency Agreement at the registered office of the Issuer during normal business hours on any Business Day and shall be entitled to receive a copy of the Instrument (and any memorandum supplemental thereto) certified by the Issuer's secretary as a true copy against payment of such charges as the directors of the Issuer may reasonably impose to cover the cost of making such copies available.

16.13 NO CERTIFICATES

The Bonds will be issued in dematerialised form and deposited with the CSD. A Bondholder's entitlement to Bonds will be entered into and evidenced by the Register. The Issuer will not issue any certificates in relation to the Bonds. For the purpose of the exercise by Bondholders of redemption rights pursuant to Condition 8 and conversion rights pursuant to Condition 9, the Issuer shall cause the Agent to issue, respectively Redemption Forms and Conversion Forms to Bondholders pursuant to the Agency Agreement.

16.14 LAW

16.14.1 The Instrument and the Bonds shall be governed by and construed in accordance with the laws of Malta.

16.14.2 The courts of Malta are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This is for the benefit of each of the Bondholders and shall not limit the right of any of them to take Proceedings in

any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

16.15 CENTRAL SECURITIES DEPOSITORY

The Bonds will be issued in fully registered and dematerialised form and are represented in uncertificated form by the appropriate entry in the electronic register maintained by the CSD on behalf of the Issuer.

Because the Bonds will be held at the CSD, investors will have to rely on its procedures for transfer, payment and communications with the Issuer.

The CSD will maintain records of the beneficial interests in the Bonds.

The Issuer will discharge its payment obligations under the Bonds by making payments to the CSD, for distribution to their account Bondholders. Bondholders must rely on the procedures of the CSD to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, holdings of Bonds through the CSD.

16.16 REGISTER

The Issuer shall require the CSD at all times to keep a Register showing the amount of the Bond(s) for the time being outstanding, redeemed or converted and the date of issue, redemption and/or conversion thereof and the names and addresses of the Bondholders and the persons deriving title under them and any such person or any person authorised by such person shall be at liberty at all reasonable times during office hours to inspect the Register and to take copies of or extracts from the same or any part thereof. The Register may be closed by the CSD for such periods and at such times (not exceeding in aggregate 30 days in one calendar year) as it may think fit.

16.17 AMBIGUITY

The Conditions are subject to the terms and provisions of the Instrument and in the event of any ambiguity or inconsistency the Instrument shall prevail.

16.18 TRANSFER, NOTICES AND PRESCRIPTION

16.18.1 Subject always to 16.18.2 below, the following shall apply:

16.18.1.1 a transfer of a Bond shall be made by instrument of transfer in the usual or common form or in any other form which may be approved by the Issuer;

16.18.1.2 each instrument of transfer must be left for registration at the registered office of the Issuer accompanied by the relative Bond Certificate and such other evidence as the

Issuer may properly require to prove the title of the transferor and his right to transfer the Bond or compliance with any condition imposed by the board of directors of the Issuer as a condition of the transfer provided that the Issuer may dispense with the production of any Bond Certificate upon such evidence of its loss or destruction and such indemnity, whether with or without security being given, as it may consider expedient;

16.18.1.3 all instruments of transfer which have been registered shall be retained by the Issuer; and

16.18.1.4 no fee shall be charged for the registration of a transfer of Bond.

16.18.2 The Bonds are freely transferable.

16.18.3 If a Bondholder dies the survivor or survivors where he was a joint Bondholder, and his personal representatives where he was a sole Bondholder or the only survivor of joint Bondholders, shall be the only persons recognised by the Issuer as having any title to his interest; but nothing herein contained shall release the estate of a deceased Bondholder from any liability in respect of any Bond which had been jointly held by him.

16.18.4 A person becoming entitled to Bond(s) in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as the board of directors of the Issuer may properly require, elect either to become the registered holder of the Bond(s) or to have some person nominated by him to become the registered holder of the Bond(s). If he elects to become the registered holder he shall give notice to the Issuer to that effect. If he elects to have another person so registered he shall execute an instrument of transfer of the Bond(s) to that person. All the provisions relating to the transfer of Bond shall apply to the said notice or instrument of transfer as if it were an instrument of transfer executed by a Bondholder and the death or bankruptcy of the Bondholder had not occurred.

16.18.5 A person becoming entitled to Bond(s) in consequence of the death or bankruptcy of a Bondholder shall have the rights to which he would be entitled if he were the holder of the Bond(s), except that he shall not, before being registered as the holder of the Bond(s), be entitled in respect of it to attend or vote at any meeting of Bondholders.

16.18.6 The interest or other moneys payable in respect of Bond(s) or any part thereof may be paid by bank transfer through the CSD or by cheque or warrant sent through the post at the risk of the Bondholder or Bondholders to the registered address of the Bondholder or, in the case of joint Bondholders, to the registered address of that one of the joint Bondholders who is first named on the Register in respect of such holding or to such person and to such address as the Bondholder or the joint Bondholders may in writing direct.

16.18.7 Any notice or other document (including a Bond Certificate) may be given or sent to any Bondholder by sending the same by first class post in a pre-paid letter addressed to such Bondholder at his registered address. In the case of joint Bondholders a notice given to the Bondholder whose name stands first in the Register in respect of such Bond shall be sufficient notice to all joint holders. Notice may be given to the persons entitled to any Bond in consequence of the death or bankruptcy of any Bondholder by sending the same by first class post in a pre-paid envelope addressed to them by name or by the title of the representative or trustees of such Bondholder at the address (if any) provided to the

Registrar for the purpose by such persons or (until such address is supplied) by giving notice in the manner in which it would have been given if the death or bankruptcy had not occurred.

- 16.18.8** Any notice given or document sent by first class post shall be deemed to be served or received at the expiration of 48 hours after the time when it shall have been posted and in proving such service or receipt it shall be sufficient to prove that the envelope containing the notice or document was properly addressed stamped and posted.
- 16.18.9** Claims in respect of principal, interest and other amounts payable in respect of a Bond will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest or any other amounts) from the relevant date of payment.

16.19 MEETINGS OF THE BONDHOLDERS

- 16.19.1** The Issuer may at any time and shall within 15 Business Days of receipt of a request in writing signed by the Bondholder(s) together holding not less than one-tenth in nominal value of the Bond(s) for the time being outstanding, convene a meeting of the Bondholders.
- 16.19.2** 14, or in the case of a meeting convened for the purpose of passing an Extraordinary Resolution, 21 clear days' notice specifying the place, day and hour of meeting shall be given to the Bondholders of any meeting of Bondholders. Any such notice shall specify the general nature of the business to be transacted at the meeting thereby convened, but except in the case of a resolution to be proposed as an Extraordinary Resolution it shall not be necessary to specify the terms of any resolutions to be proposed. The non-receipt of notice by any Bondholder shall not invalidate any resolution passed at any such meeting. Notwithstanding the foregoing a meeting called by shorter notice than hereinbefore provided for shall be deemed to have been duly called if it is so agreed by a majority in number of Bondholders having a right to attend and vote at the meeting and together holding not less than 95 per cent. in nominal value of the Bond(s) for the time being outstanding.
- 16.19.3** The Chairman of the Issuer or, in his absence, any person nominated by the Bondholders shall be entitled to take the chair at every such meeting and if no such nomination is made or if at any meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting the Bondholders present shall choose one of their number to be Chairman. The directors, the secretary and solicitors of the Issuer and any other person authorised in that behalf by the directors may attend such meeting.
- 16.19.4** At any such meeting any person or persons holding or representing by proxy one-tenth in nominal value of the Bond(s) for the time being outstanding shall form a quorum for the transaction of business. No business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum is present at the

commencement of business.

- 16.19.5** If within 15 minutes from the time appointed for any meeting of the Bondholders a quorum is not present, the meeting shall, if convened upon the requisition of the Bondholders, be dissolved. In any other case it shall stand adjourned to such day and time (being not less than 5 Business Days thereafter) and to such place as may be appointed by the Chairman and at such adjourned meeting the Bondholders present in person or by proxy and entitled to vote whatever the nominal value of the Bond(s) held by them shall form a quorum and shall have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place.
- 16.19.6** Notice of any adjournment meeting shall be given as provided herein and such notice shall state that any Bondholder(s) present in person or by proxy at the adjourned meeting will form a quorum.
- 16.19.7** The Chairman may, with the consent of (and shall if directed by) any such meeting, adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.
- 16.19.8** Every question submitted to a meeting of Bondholders shall be decided on a poll.
- 16.19.9** Bondholders or, in the case of joint Bondholders, any one of them shall be entitled to vote either in person or by proxy and in the latter case as if such joint Bondholder were solely entitled to the relevant Bond. If more than one of such joint Bondholders is present at any meeting either personally or by proxy the vote of the senior who tenders a vote (seniority being determined by the order in which the joint Bondholders are named in the Register) shall be accepted to the exclusion of the votes of the other joint Bondholders.
- 16.19.10** Every instrument appointing a proxy must be in writing signed by the appointer or his attorney or in the case of a corporation executed as a deed or signed by its attorney and shall be in the form set out below or such other form as the board of directors of the Issuer may decide.

Up to EUR16,000,000 9 *per cent.* convertible subordinated bonds due 2019

I/We ** of ** being a Bondholder or Bondholders of the above Bond hereby appoint ** of ** as my/our proxy to vote for me/us and on my/our behalf at the meeting of Holders of the to be held on ** and at any adjournment thereof;

such instrument of proxy shall, unless the contrary is stated thereon, be valid as well for an adjournment of the meeting as for the meeting to which it relates and need not be witnessed.

- 16.19.11** The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority shall be deposited at the registered office of the Issuer not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote and, in default, the instrument of proxy shall not, unless the directors of the Issuer otherwise decide, be treated as valid.

A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of proxy or of the authority under which the instrument of proxy is given or transfer of the Bond in respect of which it is given unless previous intimation in writing of such death, insanity, revocation or transfer shall have been received at the registered office of the Issuer.

16.19.12 On a poll every Bondholder present in person or by proxy shall have one vote for every one thousand dollars in nominal value of the Bond of which he is the holder.

16.19.13 A meeting of the Bondholders shall in addition to the powers herein given have the following powers exercisable by Extraordinary Resolution namely:

16.19.13.1 power to sanction any compromise or arrangement proposed to be made between the Issuer and the Bondholders provided it is one which the court would have jurisdiction to sanction under the Companies Act if the requisite majority at a meeting of the Bondholders summoned pursuant to that Act has agreed thereto;

16.19.13.2 power to sanction any abrogation, modification or compromise or any arrangement in respect of the rights of the Bondholders against the Issuer or its property, whether such rights shall arise under this Instrument or otherwise and in particular (but without limiting in any way the general power conferred by this Paragraph) power to sanction any agreement for postponing or advancing the time for the payment of the Bond(s) and/or interest thereon, for reducing the rate of interest or for the capitalisation thereof or for the acceptance in satisfaction of or exchange for the Bond(s) of any shares, debentures or other securities of the Issuer or any other company formed or hereafter to be formed;

16.19.13.3 power to assent to any modification of the provisions contained in this Instrument which shall be proposed by the Issuer; and

16.19.13.4 power to give any authority or sanction which under the provisions of this Instrument is required to be given by Extraordinary Resolution.

16.19.14 An Extraordinary Resolution shall be binding upon all the Bondholders whether present or not present at such meeting and each of the Bondholders shall be bound to give effect thereto accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof, the intention being that it shall rest with the meeting to determine without appeal whether or not the circumstances justify the passing of such resolution.

16.19.15 Subject to 16.19.16 below, the expression Extraordinary Resolution means a resolution passed at a meeting of the Bondholders duly convened and held in accordance with the provisions herein contained by a majority consisting of not less than 75 per cent. of the votes given on such poll.

- 16.19.16** Notwithstanding any other provision of this provision 16.19, a resolution in writing signed by the holders at least 75 per cent. in nominal amount of the Bond(s) for the time being outstanding who are for the time being entitled to receive notice of meetings in accordance with provisions herein contained shall for all purposes be as valid and effectual as an Extraordinary Resolution. Such resolution in writing may be contained in one document or in several documents in like form each signed by one or more Bondholders.
- 16.19.17** Minutes of all resolutions and proceedings at every such meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer and any such minutes if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or by the Chairman of the next succeeding meeting of the Bondholders shall be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly convened and held and all resolutions passed thereat to have been duly passed.

17. SUMMARY OF PROVISIONS RELATING TO THE BONDS HELD IN THE CENTRAL SECURITIES DEPOSITARY

17.1 FORM

The Bonds shall be issued in fully registered and dematerialised form without interest coupons and are represented in uncertificated form by the appropriate entry in the electronic register maintained by the CSD on behalf of the Issuer. 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/or EWSM account numbers of the Bondholders and particulars of the Bonds held by them respectively and a copy of the Bondholder's entry into the register will, at all reasonable times during business hours, be open to the inspection of the Bondholders at the registered office of the Issuer. Title to the Bonds shall be evidenced by an entry in the register of Bonds held by the CSD. 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.

17.2 PAYMENTS

Payment of the principal amount of the Bonds will be made in EURO by the Issuer to the person in whose name such Bonds are registered as at the close of business on the Final Redemption Date, with interest accrued up to (but excluding) the Final Redemption Date, by means of a direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in EURO. Such payment shall be effected on the Final Redemption Date. The Issuer shall not be responsible for any loss or delay in transmission. Upon payment of the redemption value of the Bonds (which, unless otherwise provided, is its nominal amount), the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

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 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.

Payment of any instalment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business on 7 Business 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, provided such bank account is denominated in EURO.

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

17.3 NOTICES

So long as the Bonds is held with the CSD or any alternative clearing system, notices required to be given to Bondholders may be given by their being delivered to the CSD or, as the case may be, the alternative clearing system, rather than by notification as required by the Conditions in which case such notices shall be deemed to have been given to Bondholders on the date of delivery to CSD or, as the case may be, the Alternative Clearing System.

17.4 PRESCRIPTION

Claims in respect of principal, interest and other amounts payable in respect of the Bonds will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest or any other amounts) from the relevant date of payment.

17.5 MEETINGS FOR HOLDERS OF DEMATERIALISED CERTIFICATES

The holder of a Bond shall be treated as one person for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each EUR100,000 Face Amount of Bonds held.

17.6 PURCHASE AND CANCELLATION

Cancellation of any dematerialised Bond which is required by the Conditions to be cancelled will be effected by reduction in the principal amount of that on its presentation to or to the order of the Agent for annotation.

17.7 REDEMPTION

The option for the Issuer to redeem the Bonds provided for in the Conditions may be exercised by the Issuer giving notice to the holders of the Bonds within the time limits set out in the Conditions, substantially and stating the principal amount of Bonds in respect of which the option is exercised.

18. TAXATION

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation in respect of the Bonds, including their acquisition, holding and disposal, any income/gains derived therefrom or made on their disposal, and their conversion into ordinary shares, as well as any income/gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to the holders of the fully paid up Bonds and, if applicable the Ordinary Shares into which they may be converted. In view of the convertible element of the bonds, care should be taken and advice sought in connection with the tax treatment of such conversion option. This information, which does not constitute legal or tax advice, and which does not purport to be exhaustive refers only to the holders who do not deal in securities in the course of their trading activity.

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

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

18.1 TAXATION OF INTEREST PAID TO BONDHOLDERS

Since interest is payable in respect of a Bond which is subject to 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 of the laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. 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 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. No person shall be charged to further tax in respect of such income.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of a final tax, interest shall be paid gross and such person 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 Department on an annual basis in respect of all interest paid gross and of the identity of all such recipients unless the beneficiary is a non-resident of Malta. Any such election made by a resident 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 and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

18.2 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 States is reported on an annual basis to the Malta Commissioner for 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.

18.3 CAPITAL GAINS ON THE TRANSFER OF THE BONDS

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

18.4 DUTY ON DOCUMENTS AND TRANSFERS ON TRANSFER OF THE BONDS

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

18.5 TAXATION OF DIVIDENDS PAID TO THE COMPANY'S SHAREHOLDERS

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

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

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

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

18.6 CAPITAL GAINS ON THE TRANSFER OF THE ORDINARY SHARES

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

18.7 DUTY ON DOCUMENTS AND TRANSFERS

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

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

19. EXPENSES OF THE ISSUER/OFFER

The offer of the Bonds by the Issuer will involve expenses including publicity, printing, listing, registration, legal, sponsor, management and registrar fees and other miscellaneous costs. Such expenses are estimated not to exceed EUR1,210,000 and shall be borne by the Issuer. No expenses will be specifically charged by the Issuer to any Eligible Investor who subscribes for Bonds. The amount of the expenses will be deducted from the proceeds of the Bond issue, which accordingly will bring the net proceeds from the issue of the Bonds to circa EUR14,790,000 if all of the Bonds offered are subscribed by investors.

A commission of 6% on the Face Amount of all Bonds placed by the Global Arranger with investors pursuant to the Bond Offer Agreement is payable to the Global Arranger by the Issuer, which commission would amount to EUR960,000 if the EUR16,000,000 maximum amount of the Bond Offer is placed by the Global Arranger.

The above commission has been included in the calculation of expenses in relation to the Bond Offer. Other than the above, there are no other commissions that are expected to be payable by the Issuer in connection with the Bond Offer.

20. LISTING AND TERMS OF THE UNDERLYING

The Ordinary Shares of the Issuer into which the Bonds are convertible were admitted to trading on the Official List of the Malta Stock Exchange on 25 July 2014 with International Securities Identification Number MT0000800103. Details of trading in the Ordinary Shares including trading volumes and prices can be obtained from the website of the Malta Stock Exchange (<http://www.borzamalta.com.mt/>). The Prospectus published by the Issuer on 16 July 2014 for the admission of the Ordinary Shares to listing and the accompanying intermediaries offer of Ordinary Shares is a Reference Document and is therefore incorporated by reference into this Offering Circular.

Conversion of a Bond into a fixed number of 31,250 Ordinary Shares is not conditional upon trading in the Ordinary Shares on a regulated market. Accordingly, there are no market disruption or settlement disruption events that affect the Ordinary Shares as the underlying instrument for the Bonds.

The terms and conditions of the Bonds prohibit the Issuer from resolving to sub-divide the nominal value of the Ordinary Shares. There are no adjustment rules with relation to events concerning the Ordinary Shares as the underlying instrument for the Bonds.

21. TERMS AND CONDITIONS OF THE BOND OFFER

21.1 GENERAL

21.1.1 Introduction

The Company is proposing to raise proceeds by way of an offer of Bonds with an aggregate Face Value of up to EUR16,000,000.

The Bonds will be offered for subscription by Eligible Investors at their Face Value of EUR100,000 payable in full on acceptance by the Eligible Investor.

Application has been made to the Listing Authority for the Bonds to be admitted to trading on the European Wholesale Securities Market. The ISIN (International Security Identification Number) for the Bonds will be published by company announcement on the Issue Date together with the results of the Bond Offer. It is expected that the date for listing of the Bonds will be the Issue Date.

The Bond Offer is not conditional upon a minimum amount of monies being raised. Accordingly, the allotment of Bonds pursuant to the Bond Offer Agreement shall be valid notwithstanding that not all the Bonds which the Company was entitled to issue pursuant to this Offering Circular and the Resolution have been issued.

In accordance with these Terms and Conditions, no Bonds are being made available to the public pursuant to the Bond Offer.

Entitlements to Bonds will be rounded up to the nearest whole number of Bonds.

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

The attention of recipients of this Offering Circular or any person who has a contractual or other legal obligation to forward this Offering Circular or other related document into a jurisdiction other than Malta is drawn to section 21.2 below. The Bond Offer will not be made into the Excluded Territories.

21.1.2 Definitions

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

21.1.3 Notices

This Offering Circular and accompanying documentation are expected to be mailed to Eligible Investors at their registered addresses as held by the Global Arranger and/or the Agent by 19 September 2014.

21.2 OVERSEAS INVESTORS AND EXCLUDED TERRITORIES

21.2.1 General

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

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

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

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

Receipt of this document or any document that relates to it will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this document

will be sent for information only and should not be copied or redistributed. No person receiving a copy of this document in any Excluded Territory, may treat the same as constituting an invitation or offer to him, nor should he in any event deal with this Offering Circular **unless, in the relevant territory, such an invitation or offer could lawfully be made to him without contravention of any unfulfilled registration or other legal or regulatory requirements.**

21.2.2 United States of America and Canada

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

21.3 REPRESENTATIONS AND WARRANTIES OF ELIGIBLE INVESTORS

By completing and delivering to the Global Arranger and/or the Agent an application to subscribe Bonds, each Applicant:

- (a) is subject to the right of the Issuer (or the Agent on its behalf) to reject, in whole or in part, an application and subject to the right of the Issuer to revoke the offer as each right is respectively set out in this Offering Circular, agrees that it has entered into a contract with the Issuer as subject to all the terms and conditions set out in this Offering Circular;
- (b) agrees to have had the opportunity to read the Offering Circular and to be deemed to have had notice of all information and representations concerning the Company and the issue of the Bonds contained therein;
- (c) confirms that in completing an application, no reliance was placed on any information or representation in relation to the Issuer or the issue of Bonds other than those contained in this Offering Circular and accordingly agrees that no person responsible solely or jointly for the Offering Circular or any part thereof will have any liability for any such other information or representation;
- (d) agrees to provide the Registrar, the Global Arranger and/or the Company, as the case may be, with any documents and/or information which they may request in connection with the application;
- (e) warrants, in connection with the application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with the application in any territory and that it has not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds;
- (f) warrants that all applicable exchange control or other such regulations have been duly and fully complied with;
- (g) represents that neither it nor the Eligible Investor (if different) is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Offering Circular from within the United States of America, its territories or its possessions, or any

area subject to its jurisdiction (the “United States”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;

- (h) represents that the Eligible Investor does not have his registered address and/or is not a citizen or resident of any Excluded Territory and is a person meeting the criteria set down in Annex II to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC;
- (i) agrees that all documents in connection with the issue of the Bonds will be mailed at the Eligible Investor’s own risk and may be sent at the address (or, in the case of joint applications, the address of the first named Eligible Investor) as set out in the application;

21.4 GOVERNING LAW

The Terms and Conditions as set out in this Offering Circular, applications to subscribe Bonds and any non-contractual obligations arising out of or in relation to the Bond Offer shall be governed by, and construed in accordance with, Maltese law.

21.5 JURISDICTION

The courts of Malta are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Bond Offer, this Offering Circular or application to subscribe Bonds (including any dispute relating to any non-contractual obligations arising out of or in connection with any of them).

By accepting the Bond Offer, as the case may be, in accordance with the instructions set out in the Offering Circular and the relevant application to subscribe Bonds, Eligible Investors and any other person who participates in the Bond Offer, irrevocably submit to the jurisdiction of the courts of Malta and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

ISSUER

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END OF OFFERING CIRCULAR