

# SECURITIES NOTE

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Listing Rules published by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of the 30 March 2012, Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012, Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013, Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015.

This Securities Note contains information about the Bonds being issued by Simonds Farsons Cisk plc. Application has been made for the admission to listing and trading of the Bonds on the Official List of the Malta Stock Exchange. This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

Dated 31 July 2017

**In respect of an Issue of  
€20,000,000 3.50% Unsecured Bonds 2027**  
of a nominal value of €100 per Bond issued at par (the “Bonds”) by



## Farsons

**Simonds Farsons Cisk plc**

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA  
WITH COMPANY REGISTRATION NUMBER C 113  
ISIN: MT0000071234

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

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

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

**APPROVED BY THE DIRECTORS OF SIMONDS FARSONS CISK PLC**

**Louis A. Farrugia**

**Roderick Chalmers**

*signing as Chairman and Director in their own capacity, as Directors of the Company and on behalf of each of Marcantonio Stagno d'Alcontres, Michael Farrugia, Dr Max Ganado, Marina Hogg, Marquis Marcus J Scicluna Marshall and Baroness Christiane Ramsay Pergola.*

SPONSOR & MANAGER



REGISTRAR



MALTA STOCK EXCHANGE plc

LEGAL COUNSEL



ADVOCATES

## IMPORTANT INFORMATION

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY THE ISSUER OF €20,000,000 UNSECURED BONDS 2027 OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR AND BEARING INTEREST AT THE RATE OF 3.50% PER ANNUM PAYABLE ANNUALLY ON 13 SEPTEMBER OF EACH YEAR (OR THE NEXT BUSINESS DAY IMMEDIATELY THEREAFTER SHOULD THE 13 SEPTEMBER FALL ON A DAY WHICH IS NOT A BUSINESS DAY). THE NOMINAL VALUE OF THE BOND WILL BE REPAYABLE IN FULL AT MATURITY ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION; AND

THIS SECURITIES NOTE:

- A. CONTAINS INFORMATION ABOUT THE ISSUER AND THE BONDS IN ACCORDANCE WITH THE REQUIREMENTS OF THE LISTING RULES, THE ACT AND THE REGULATION, AND SHOULD BE READ IN CONJUNCTION WITH THE REGISTRATION DOCUMENT ISSUED BY THE ISSUER; AND
- B. SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE ISSUED BY THE COMPANY AND ACQUIRED BY A BONDHOLDER WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE BONDS UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH THE TERMS OF THIS SECURITIES NOTE.

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

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

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

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

SAVE FOR THE ISSUE IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN MALTA) WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 4 NOVEMBER 2003 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING OR WHICH, PENDING SUCH IMPLEMENTATION, APPLIES ARTICLE 3.2 OF SAID DIRECTIVE, THE BONDS CAN ONLY BE OFFERED TO "QUALIFIED INVESTORS" (AS DEFINED IN SAID DIRECTIVE) AS WELL AS IN ANY OTHER CIRCUMSTANCES WHICH DO NOT REQUIRE THE PUBLICATION BY THE ISSUER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF SAID DIRECTIVE.

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

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

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

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

ALL THE ADVISERS TO THE ISSUER NAMED IN THE PROSPECTUS UNDER THE HEADING "*ADVISERS TO THE ISSUER AND STATUTORY AUDITORS*" UNDER SECTION 4 OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS ISSUE AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

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

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# 1. DEFINITIONS

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

<b>Act</b>	the Companies Act (Cap. 386 of the laws of Malta);
<b>Applicant/s</b>	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
<b>Application Form</b>	the forms of application of subscription for Bonds, specimen of which is contained in Annex II of this Securities Note;
<b>Application/s</b>	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to any of the Authorised Financial Intermediaries;
<b>Authorised Financial Intermediaries</b>	the licensed stockbrokers and financial intermediaries listed in Annex I of this Securities Note;
<b>Bond Issue or Offer</b>	the issue of the Bonds;
<b>Bond Issue Price</b>	the price of €100 per Bond;
<b>Bondholder</b>	a holder of Bonds;
<b>Bonds</b>	the €20,000,000 3.50% bonds 2027 to be issued by the Issuer pursuant to the Prospectus;
<b>Business Day</b>	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>Company or Issuer</b>	Simonds Farsons Cisk plc, a public limited liability company duly registered and validly existing under the laws of Malta with company registration number C 113 and with its registered office at The Brewery, Mdina Road, Mriehel, Birkirkara BKR 3000, Malta;
<b>CSD</b>	the Central Securities Depository of the Malta Stock Exchange established pursuant to Chapter 4 of the Malta Stock Exchange Bye-Laws, having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
<b>Cut-Off Date</b>	1 August 2017;
<b>Directors or Board</b>	the directors of the Issuer whose names are set out under the heading “ <i>Directors and Company Secretary</i> ” in section 7.1 of the Registration Document;
<b>Euro or €</b>	the lawful currency of the Republic of Malta;
<b>Exchange, Malta Stock Exchange or MSE</b>	Malta Stock Exchange plc, as originally constituted in terms of the Financial Markets Act (Cap. 345 of the laws of Malta), having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta, and bearing company registration number C 42525;
<b>Farsons Group or Group</b>	the Issuer (as parent company) and its Subsidiaries;
<b>Interest Payment Date</b>	13 September of each year between and including each of the years 2018 and the year 2027, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;

<b>Issue Period</b>	9 August 2017 to 5 September 2017 at 12:00 CET, both days included;
<b>Listing Authority</b>	the Board of Governors, acting as the Listing Authority under the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta);
<b>Listing Rules</b>	the listing rules of the Listing Authority;
<b>Maturing Bondholder/s</b>	holder/s of Maturing Bonds;
<b>Maturing Bonds</b>	the 6.0% bonds 2017/2020 to be redeemed by the Company on 13 September 2017, with ISIN MT0000071226, issued by the Issuer further to a prospectus dated 10 May 2010 and amounting to €15,000,000 as at the date of the Prospectus;
<b>MFSA</b>	Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the laws of Malta);
<b>Nominal Value or Par Value</b>	€100 per Bond;
<b>Official List</b>	the list prepared and published by the Malta Stock Exchange, containing information of all listed securities, together with such other information as the Malta Stock Exchange may consider appropriate to include therein;
<b>Prospectus</b>	collectively the Summary Note, the Registration Document and this Securities Note;
<b>Redemption Date</b>	13 September 2027;
<b>Redemption Value</b>	the nominal value of each Bond;
<b>Registrar</b>	the Malta Stock Exchange;
<b>Registration Document</b>	the registration document issued by the Issuer dated 31 July 2017, forming part of the Prospectus;
<b>Regulation</b>	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended by Commission Delegated Regulation (EU) No. 486/2012 of 30 March 2012 amending Regulation (EC) No. 809/2004 as regards the format and the content of the prospectus, the base prospectus, the summary and the final terms and as regards the disclosure requirements; Commission Delegated Regulation (EU) No. 862/2012 of 4 June 2012 amending Regulation (EC) No. 809/2004 as regards information on the consent to use of the prospectus, information on underlying indexes and the requirement for a report prepared by independent accountants or auditors; Commission Delegated Regulation (EU) No. 759/2013 of 30 April 2013 amending Regulation (EC) No. 809/2004 as regards the disclosure requirements for convertible and exchangeable debt securities; Commission Delegated Regulation (EU) No. 382/2014 of 7 March 2014 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of supplements to the prospectus; and Commission Delegated Regulation (EU) No. 2016/301 of 30 November 2015 amending Regulation (EC) No. 809/2004 as regards to regulatory technical standards for publication of the prospectus and dissemination of advertisements;
<b>Securities Note</b>	this document in its entirety;
<b>Sponsor and Manager or Sponsor or Manager</b>	Rizzo, Farrugia & Co. (Stockbrokers) Limited, an authorised financial intermediary licensed by the MFSA and a member of the MSE, bearing registration number C 13102 and having its registered office at Airways House, Third Floor, High Street, Sliema, SLM 1549, Malta;

<b>Subsidiary/ies</b>	<p>each of</p> <ul style="list-style-type: none"> <li>• EcoPure Limited registered under the laws of Malta with company registration number C 19492;</li> <li>• Farsons Distribution Services Limited registered under the laws of Malta with company registration number C 34575;</li> <li>• Farsons Beverage Imports Company Limited registered under the laws of Malta with company registration number C 476;</li> <li>• Quintano Foods Limited registered under the laws of Malta with company registration number C 33660;</li> <li>• Food Chain Limited registered under the laws of Malta with company registration number C 753;</li> <li>• Trident Estates Limited registered under the laws of Malta with company registration number C 27157;</li> <li>• Portanier Warehouses Limited registered under the laws of Malta with company registration number C 29563;</li> <li>• Sliema Fort Company Limited registered under the laws of Malta with company registration number C 22415;</li> <li>• Galleria Management Limited registered under the laws of Malta with company registration number C 19528;</li> <li>• Mensija Catering Company Limited registered under the laws of Malta with company registration number C 5391;</li> <li>• Neptune Properties Limited registered under the laws of Malta with company registration number C 79214;</li> <li>• Trident Park Limited registered under the laws of Malta with company registration number C 79212;</li> <li>• Malta Deposit and Return System Limited registered under the laws of Malta with company registration number C 38304 – in liquidation; and</li> <li>• FSG Company Limited registered under the laws of Malta with company registration number C 27784 – in liquidation.</li> </ul>
<b>Summary Note</b>	the summary note issued by the Issuer dated 31 July 2017, forming part of the Prospectus; and
<b>Terms and Conditions</b>	the terms and conditions of issue of the Bonds set out in this Securities Note.

All references in the Prospectus to “Malta” are to the “Republic of Malta”.

Unless it appears otherwise from the context:

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

## 2. RISK FACTORS

### 2.1 General

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

THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY ON THE REDEMPTION DATE UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED AND CANCELLED.

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, (II) NOR SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER OR THE SPONSOR OR AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY BONDS, SHOULD PURCHASE ANY BONDS.

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

### 2.2 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 Prospectus and include statements regarding the intentions, beliefs or current expectations of the Company and/or the respective Directors concerning, amongst other things, its strategies and business plans, results of operations, financial condition, liquidity, prospects and the markets in which it operates. 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 actual results of operations, financial condition, liquidity, dividend policy and the strategic development of the Issuer may differ materially from the forward-looking statements contained in this Prospectus. In addition, even if the results of operations, financial condition, liquidity and dividend policies of the Issuer are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include:

- i. continued, sustained or worsening global economic conditions and in particular economic weakness in the areas in which the Issuer operates;
- ii. increased competition; and
- iii. increased regulation;

**Potential investors are advised to read this document in its entirety and, in particular, “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. The Company 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.**



## 2.3 General

In so far as prospective investors seek advice from Authorised Financial Intermediaries concerning an investment in the Bonds, Authorised Financial Intermediaries are to determine the suitability of prospective investors' investment in the Bonds in the light of said prospective investors' own circumstances. The Bonds may not be a suitable investment for all investors. In particular, Authorised Financial Intermediaries should determine whether each prospective investor:

- i. has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Prospectus or any applicable supplement;
- ii. has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency;
- iii. understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- iv. is able to evaluate possible scenarios for economic, interest rate and other factors that may affect his/her/its investment and his/her/its ability to bear the applicable risks.

## 2.4 Risks Relating to the Bonds

### • Orderly and Liquid Market

The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Issuer's Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Accordingly, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price or at all.

### • Subsequent Changes in Interest Rates

The Bonds have a fixed interest rate, accordingly investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds and their transferability.

### • Currency Risk

Any investor whose currency of reference is not the Euro shall bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the Bondholder's currency of reference.

### • Changes in Circumstances

No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time. If such changes take place they could have an adverse effect on the market price for the Bonds.

### • Changes to Terms and Conditions

In the event that the Issuer wishes to amend any of the Terms and Conditions of Issue of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of section 6.13 of this Securities Note. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

### • Changes in Law

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

- Future Public Offerings

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

- Additional Indebtedness and Security

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

- Discontinuation of Listing

Even after the Bonds are admitted to trading on the MSE, the Issuer is required to remain in compliance with certain requirements relating *inter alia* to the free transferability, clearance and settlement of the Bonds in order to remain a listed company in good standing. Moreover, the Listing Authority has the authority to suspend trading or listing of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Bonds on the MSE. Any such trading suspensions or listing revocations/discontinuations described above could have a material adverse effect on the liquidity and value of the Bonds.

- Ranking of Bonds

The Issuer has not granted any security over any of its assets and therefore as security for its obligations under the Bonds. Accordingly, the Issuer's obligations under the Bonds are unsecured obligations ranking equally with its other present and future unsecured obligations. Furthermore, subject to the negative pledge clause set out in section 6.3 of this Securities Note, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

### 3. PERSONS RESPONSIBLE

Each and all of the Directors of the Issuer whose names appear under the heading "*Directors and Company Secretary*" in section 7.1 of the Registration Document, accept responsibility for the information contained in this Securities Note.

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 Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

All representations and other statements made in the Prospectus are made by the Issuer, and the Directors take sole responsibility for all such statements and representations. The Sponsor (acting also as the Manager) and the Issuer's respective advisers have advised and assisted the Issuer in the preparation of this document, but none make any representation or statement, unless otherwise expressly stated in the Prospectus, and each of them disclaims any responsibility for any representations and other statements made in the Prospectus.

### 4. CONSENT FOR THE USE OF THE PROSPECTUS

**Consent required in connection with the use of the Prospectus during the Issue Period by the Authorised Financial Intermediaries:**

For the purposes of any subscription for Bonds through any of the Authorised Financial Intermediaries during the Issue Period and any subsequent resale, placement or other offering of Bonds by such Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Regulation, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale, placement or other offering of Bonds, provided this is limited only:

- in respect of Bonds subscribed for through Authorised Financial Intermediaries listed in Annex I of this Securities Note during the Issue Period;

- ii. to any resale or placement of Bonds taking place in Malta;
- iii. to any resale or placement of Bonds taking place within the period of 60 days from the date of the Prospectus.

None of the Issuer, the advisers identified in section 4 of the Registration Document or any of their respective advisers take any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of Bonds.

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

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus. If the investor is in doubt as to whether it can rely on the Prospectus and/or who is responsible for its contents, she/he should obtain legal advice.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Prospectus. If given or made, it must not be relied upon as having been authorised by the Issuer or Sponsor. The Issuer does not accept responsibility for any information not contained in this Prospectus.

**In the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary will provide information to investors on the terms and conditions of the resale, placement or other offering at the time such is made.** Where such information is not contained in the Prospectus, it will be the responsibility of the applicable Authorised Financial Intermediary at the time of such offer to provide the investor with that information and neither the Issuer, the Sponsor or other Authorised Financial Intermediary has any responsibility or liability for such information.

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

**Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement or other offering of the Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using this Prospectus for such resale, placement or other offering in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.**

## 5. ESSENTIAL INFORMATION

### 5.1 Interest of Natural and Legal Persons Involved in the Issue

Save for the possible subscription for the Bonds by any Authorised Financial Intermediary and any fees payable to Rizzo, Farrugia & Co (Stockbrokers) Ltd. as Sponsor in connection with the Bond Issue, so far as the Issuer is aware, no other person involved in the Issue has a material interest in the Bond Issue.

### 5.2 Reasons for the Issue and Use of Proceeds

The proceeds raised from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €19,600,000, will be used by the Issuer for the following purposes, in the amounts and order set out below:

- i. a maximum amount of €15,000,000 will be used by the Issuer for the purpose of redeeming the Maturing Bonds remaining in issue as at the Cut-off Date;

- ii. the remaining amount of approximately €4,600,000 will be used by the Issuer for general corporate purposes including the funding of the capital investment programme planned for the next few years, as detailed in section 5.6 of the Registration Document.

In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for and the proceeds from the Bond Issue shall be applied for the purposes and in the order set out above.

Any residual amount required by the Issuer for the purposes of (i) and (ii) above which shall not have been raised through the Bond Issue shall be financed through alternative funding sources.

### 5.3 Expenses of the Issue

The Issue will involve expenses, including professional fees and costs related to printing, listing, registration, sponsor, management, selling commission and other miscellaneous costs incurred in connection with this Bond Issue. Such expenses are estimated not to exceed €400,000 and shall be borne by the Issuer. The amount of the expenses will be deducted from the proceeds of the Bond Issue, which, accordingly, will bring the estimated net proceeds from the Bond Issue to €19,600,000. There is no particular order of priority with respect to such expenses.

### 5.4 Issue Statistics

<b>Amount</b>	€20,000,000;
<b>Form</b>	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
<b>Denomination</b>	Euro (€);
<b>ISIN</b>	MT0000071234;
<b>Minimum amount per subscription</b>	Two thousand Euro (€2,000) and in multiples of one hundred Euro (€100) thereafter;
<b>Plan of Distribution</b>	The Bonds are open for subscription by Maturing Bondholders and Authorised Financial Intermediaries pursuant to the Intermediaries' Offer in respect of any balance of the Bonds not subscribed to by Maturing Bondholders, as aforesaid;
<b>Preferred Allocations</b>	<p>Holders of Maturing Bonds applying for the Bonds may elect to settle all or part of the amount due on the Bonds applied for by the transfer to the Issuer of Maturing Bonds at par value, subject to a minimum Application of €2,000 in Bonds and rounded upwards to the nearest €100. Any holders of Maturing Bonds whose holding in Maturing Bonds is less than €2,000 shall be required to pay the difference together with the submission of their Application Form ("<b>Cash Top-Up</b>"). Holders of Maturing Bonds electing to subscribe for Bonds through the transfer to the Issuer of all or part of the Maturing Bonds held by them as at the Cut-off Date (including Cash Top-Up, where applicable) ("<b>Maturing Bond Transfer</b>") shall be allocated Bonds for the corresponding nominal value of Maturing Bonds transferred to the Issuer (including Cash Top-Up, where applicable).</p> <p>The transfer of Maturing Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Maturing Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds. Bonds applied for by Maturing Bondholders by way of Maturing Bond Transfer as described above shall be allocated prior to any other allocation of Bonds.</p>

Holders of the Maturing Bonds wishing to apply for a number of Bonds exceeding in value the aggregate nominal value of Maturing Bonds held as at the Cut-off Date (including Cash Top-Up, where applicable) may subscribe for such additional Bonds by completing the appropriate section of the same non-transferable, pre-printed Application Form in terms of sections 8.4 and 8.5.

Any balance of the Bonds not subscribed to by holders of Maturing Bonds shall be offered for subscription to Authorised Financial Intermediaries through an Intermediaries' Offer in terms of section 8.8;

<b>Bond Issue Price</b>	At par (€100 per Bond);
<b>Redemption Date</b>	13 September 2027;
<b>Redemption Value</b>	At par (€100 per Bond);
<b>Status of the Bonds</b>	The Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, and shall at all times rank <i>pari passu</i> without any priority or preference with all other present and future unsecured obligations of the Issuer;
<b>Listing</b>	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
<b>Interest</b>	3.50% per annum;
<b>Interest Payment Date(s)</b>	Annually on 13 September provided that in the event that any Interest Payment Date falls on a date other than a Business Day, the Interest would be paid on the first next day which is a Business Day. The first Interest payment will be effected on 13 September 2018;
<b>Governing Law of Bonds</b>	The Bonds are governed by and shall be construed in accordance with Maltese law;
<b>Jurisdiction</b>	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds;
<b>Underwriting</b>	The Bond Issue is not underwritten.

## 6. INFORMATION CONCERNING THE BONDS

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

### 6.1 General

- 6.1.1** Each Bond forms part of a duly authorised issue of 3.50% Bonds 2027 of a par value of €100 per Bond issued by the Issuer at par up to the principal amount of €20,000,000 (except as otherwise provided under section 6.4 “*Further Issues and Further Indebtedness*”).
- 6.1.2** The currency of the Bonds is Euro (€).
- 6.1.3** The Bonds shall bear interest at the rate of 3.50% per annum payable annually in arrears on 13 September of each year (each an “**Interest Payment Date**”). Any Interest Payment Date that falls on a day that is not a Business Day will be carried forward to the next following day that is a Business Day. The first interest payment will be effected on 13 September 2018.
- 6.1.4** Subject to admission to listing of the Bonds to the Official List of the MSE, the Bonds are expected to be assigned ISIN MT0000071234.

- 6.1.5** Unless previously purchased and cancelled, the Bonds shall be redeemable at par on the Redemption Date.
- 6.1.6** The issue of the Bonds is made in accordance with the requirements of the Listing Rules, the Act, and the Regulation.
- 6.1.7** The issue of the Bonds has been authorised by a resolution of the board of Directors of the Issuer dated 19 July 2017.
- 6.1.8** There are no special rights attached to the Bonds other than the rights of the Bondholder to payment of capital and interest as detailed below.
- 6.1.9** The minimum amount of Bonds that can be subscribed for by any Applicant is €2,000, and in multiples of €100 thereafter.
- 6.1.10** Holders of Maturing Bonds may apply for the Bonds by completing the pre-printed Application Form and lodging it with any of the Authorised Financial Intermediaries by not later than 12:00 hours CET on 5 September 2017. The Application Form must be accompanied by the Cash Top-Up referred to in section 8.4, where applicable, and/or an amount representing the difference between the full price of the amount of Bonds applied for and the nominal value of the Exchangeable Bonds being surrendered through the Maturing Bond Transfer. If the Application Form and proof of payment of cleared funds do not reach the Authorised Financial Intermediaries by the close of the Issue Period, the Application will be deemed to have been declined.
- 6.1.11** The Issue Period shall close on 5 September 2017 at 12:00 hours CET. The Issuer will determine and announce the allocation policy for the Bonds within five (5) Business Days of the closing of the Issue Period. The results of the Offer, including the allocation policy, will be announced through a company announcement. It is expected that allotment letters will be dispatched to Bondholders within five (5) Business Days of the date of the announcement of the allocation policy.
- 6.1.12** The Bonds are expected to be listed on the Official List on 20 September 2017 and dealing is expected to commence on 22 September 2017. Dealing may commence prior to notification of the amount allotted being issued to Applicants.
- 6.1.13** In the event that Maturing Bondholders applying for additional Bonds and/or Authorised Financial Intermediaries participating in an Intermediaries' Offer, as applicable, have been allocated a number of Bonds which is less than the number applied for, then such subscriber shall receive a refund of the balance of the price of the Bonds applied for but not allocated, without interest, by direct credit transfer to such account indicated in the Application Form or subscription agreement (as the case may be), at the subscriber's sole risk, within five (5) Business Days from the date of announcement of basis of acceptance. Neither the Issuer nor the Registrar will be responsible for any charges, loss or delay in transmission of the refunds. In this regard, any monies returnable to Applicants may be retained pending clearance of the remittance or surrender of the Maturing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Chapter 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.
- 6.1.14** There are no special rights attached to the Bonds other than the right of the Bondholders to payment of interest and capital (as detailed in section 6.5 of this Securities Note) and in accordance with the ranking specified in section 6.2 of this Securities Note.
- 6.1.15** The Bond Issue is not underwritten. In the event that the Bond Issue is not fully subscribed, the Issuer will proceed with the listing of the amount of Bonds subscribed for.

## 6.2 Status and Ranking of the Bonds

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

Subject to the negative pledge clause set out in section 6.3 of this Securities Note, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect. As at the date of this Securities Note, the Issuer does not have any subordinated indebtedness.

The following table sets out a summary of the Farsons Group indebtedness as at 31 January 2017, and includes details of security given in respect of guarantees, overdraft facilities, and bank loans. The bank borrowings and facilities listed below are secured by privileges and hypothecs, and therefore, to the extent that such borrowings and/or facilities remain outstanding, the indebtedness being created by the Bonds would, specifically in respect of the assets constituting the said security, rank after all these borrowings and/or facilities. In addition, the Bonds would also rank after any future debts which may be secured by a cause of preference such as a privilege and/or hypothec, in so far as the asset constituting the relevant security is concerned.

<b>BANK LOANS</b>				
<b>Borrower</b>	<b>Lender</b>	<b>Total amount of facility</b>	<b>Amount outstanding as at 31 January 2017</b>	<b>Principal Security</b>
Simonds Farsons Cisk plc	HSBC Bank Malta p.l.c.	Loan 1: €3,500,000	€3,500,000	<i>Inter alia:</i> <ul style="list-style-type: none"> <li>• First General Hypothec over all assets present and future given by Simonds Farsons Cisk plc</li> <li>• First Special Hypothec on overdraft basis and on Loan basis given by Simonds Farsons Cisk plc over its Brewery and Building including surrounding land</li> <li>• First Special Hypothecary Guarantee by Trident Development Limited over 19 and 20 South Street, Valleta; 16, Farsons Street, Hamrun; and Burger King, Wilga Street, Paceville</li> <li>• First General Hypothec over all assets present and future given by Food Chain Limited</li> </ul>
		Loan 2: €12,400,000	€12,078,400	
Simonds Farsons Cisk plc	Bank of Valletta plc	Loan 1: €2,434,919	€2,434,919	<i>Inter alia:</i> <ul style="list-style-type: none"> <li>• General hypothec over company's assets and supported by a special hypothec on Commercial Premises in Attard</li> <li>• General Hypothecary Guarantee given by a third party company supported by a Special Hypothecary Guarantee on a property at Marsa</li> <li>• General Hypothecary Guarantee given by a third party company supported by a Special Hypothecary Guarantee on a property at St. Julian's</li> <li>• Pledge on Business Plan Policy</li> </ul>
		Loan 2: €12,800,000 (unutilised)	€0	



**OVERDRAFTS, GENERAL BANKING FACILITIES, GUARANTEES, AND FORWARD EXCHANGE FACILITIES**

Borrower	Lender	Total amount of facility	Amount outstanding as at 31 January 2017	Principal Security
Simonds Farsons Cisk plc	HSBC Bank Malta p.l.c.	General banking facility: €7,400,000 Forward Exchange Facility: €1,000,000	€1,556,306	<i>Inter alia:</i> <ul style="list-style-type: none"> <li>• First General Hypothec over all assets present and future given by Simonds Farsons Cisk plc</li> <li>• First Special Hypothec on overdraft basis and on Loan basis given by Simonds Farsons Cisk plc over its Brewery and Building including surrounding land</li> <li>• First Special Hypothecary Guarantee by Trident Development Limited over 19 and 20 South Street, Valleta, 16, Farsons Street, Hamrun and Burger King, Wilga Street, Paceville</li> <li>• First General Hypothecary over all assets present and future given by Food Chain Limited</li> <li>• First General Hypothecary Guarantee over all assets present and future given by Trident Developments Limited</li> <li>• Company Guarantee to secure all liabilities of Simonds Farsons Cisk plc given by Food Chain Limited</li> <li>• Company Guarantee to secure all liabilities of Simonds Farsons Cisk plc given by Trident Developments Limited</li> <li>• First pledge given by Simonds Farsons Cisk plc over Combined Business Policy</li> <li>• Any other security that may be presently held by the Bank but not listed above</li> </ul>
		Overdraft Facility as guarantor to Food Chain Limited: €1,000,000	€210,678	
Simonds Farsons Cisk plc	Lombard Bank Malta plc	Overdraft of €815,300	€8,082	N/a
Farsons Beverage Imports Company Limited	Bank of Valletta plc	General banking facility: €5,500,000	€334,542	<i>Inter alia:</i> <ul style="list-style-type: none"> <li>• General Hypothec over company's assets</li> <li>• General Hypothecary Guarantee given by third party and supported by a Special Hypothecary Guarantee on Complex Trident House at Marsa</li> </ul>
		Guarantees of €697,009	N/a	
Quintano Foods Limited	HSBC Bank Malta p.l.c.	General Banking Facility of €1,400,000	€0	<i>Inter alia:</i> <ul style="list-style-type: none"> <li>• First General Hypothec on overdraft basis over all assets present and future given by Quintano Foods Limited</li> <li>• First General Hypothecary Guarantee on overdraft basis over all assets present and future given by Simonds Farsons Cisk plc</li> <li>• First General Hypothecary Guarantee on overdraft basis given by Simonds Farsons Cisk plc over the Brewery Complex</li> <li>• Company guarantee to secure all liabilities of Quintano Foods Limited given by Simonds Farsons Cisk plc.</li> <li>• Pledge given by Simonds Farsons Cisk plc over Combined Business Policy</li> <li>• Any other security that may be presently held by the Bank not listed above</li> </ul>



<b>EXISTING BOND IN ISSUE AND RELATED BANK GUARANTEE</b>			
<b>Borrower</b>	<b>Total amount of facility</b>	<b>Amount outstanding as at 31 January 2017</b>	<b>Principal Security</b>
Simonds Farsons Cisk plc	6% €15,000,000 Bonds maturing in 2017 – 2020	€15,000,000	General, direct, unconditional, unsecured and unsubordinated bonds
	Guarantee of €2,250,000 from Bank of Valletta plc	N/a	Guarantee in respect of the existing bond issue, with Curmi and Partners Ltd in the role of custodians

Further details on bank borrowings and/or facilities are found in the audited consolidated financial statements of the Farsons Group for the financial year ended 31 January 2017, which have been published and are available on the Issuer's website ([www.farsons.com.mt](http://www.farsons.com.mt)) and at its registered office.

### 6.3 Negative Pledge

The Issuer undertakes, for as long as any principal or interest under the Bonds or any of the Bonds remains outstanding, not to create or permit to subsist any Security Interest (as defined below), other than a Permitted Security Interest (as defined below), upon the whole or any part of their present or future assets or revenues to secure any Financial Indebtedness (as defined below) of the Issuer, unless at the same time or prior thereto the Issuer's indebtedness under the Bonds shares in and is secured equally and rateably therewith, and the instrument creating such Security Interest so provides.

**"Financial Indebtedness"** means any indebtedness in respect of: (A) monies borrowed; (B) any debenture, bond, note, loan, stock or other security; (C) any acceptance credit; (D) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance for the acquisition of that asset; (E) leases entered into primarily as a method of raising finance for the acquisition of the asset leased; (F) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; (G) any guarantee, indemnity or similar assurance against financial loss of any person;

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

**"Permitted Security Interest"** means: (A) any Security Interest arising by operation of law; (B) any Security Interest securing temporary bank facilities or overdrafts in the ordinary course of business; (C) any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Issuer, in an aggregate outstanding amount not exceeding 80% of the difference between the value of the unencumbered assets of the Issuer and the aggregate principal amount of Bonds outstanding at the time. Provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the unencumbered assets of the Issuer being less than 103.50% of the aggregate principal amount of the Bonds still outstanding;

**"unencumbered assets"** means assets, or parts thereof, which are not subject to a Security Interest; provided that in calculating the value of the unencumbered assets of the Issuer for the purposes of the definition of "Permitted Security Interest" above, assets which are subject to a general hypothec shall be deemed to be subject to a Security Interest only up to the amount of any outstanding Financial Indebtedness secured by such general hypothec and shall otherwise be deemed to be unencumbered assets.

### 6.4 Further Issues and Further Indebtedness

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

The Issuer may incur further indebtedness on a short to medium term basis that may rank senior to the Bonds.

## 6.5 Rights Attached to the Bonds

This Securities Note in its entirety contains the terms and conditions of issue of the Bond and creates the contract between the Issuer and a Bondholder. Any and all references to the terms and conditions of the Bond shall be construed as a reference to all and each section of this Securities Note. A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Bonds, including:

- i. the payment of capital;
- ii. the payment of interest;
- iii. the right to attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond; and
- iv. enjoy all such other rights attached to the Bonds emanating from this Prospectus.

## 6.6 Interest and Yield

The Bonds shall bear interest from and including 13 September 2017 at the rate of 3.50% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. The first interest payment will be effected on 13 September 2018. In terms of article 2156 of the Civil Code (Cap. 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.

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

The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds is 3.50% per annum.

## 6.7 Pricing

The Bonds are being issued at par, that is, at €100 per Bond.

## 6.8 Registration, Form, Denomination and Title

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

The CSD will issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/its entitlement to Bonds held in the register kept by the CSD.

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100.

Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "*Transferability of the Bonds*" in section 6.9 of this Securities Note.

## 6.9 Transferability of the Bonds

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

Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.

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

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

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

## 6.10 Payments

Payment of the principal amount (with interest accrued to the due date for redemption) as well as payment of any instalment of interest of the Bonds will be made in Euro to the person in whose name such Bond is registered as at the close of business fifteen (15) days prior to the due date for redemption or fifteen (15) days prior to the Interest Payment Date (as the case may be) by direct credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the Bondholder. The Issuer shall not be responsible for any loss or delay in transmission. Such payment shall be effected within seven (7) days of the due date for redemption or the Interest Payment Date (as the case may be). Upon payment of the Redemption Value the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

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

Save in the case of Bonds held subject to usufruct, in which case clause 6.18 shall apply, payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the Bondholder. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any charges, loss or delay in transmission.

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

No commissions or expenses shall be charged by the Issuer to Bondholders in respect of payments made in accordance with this section 6.10. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

## 6.11 Redemption and Purchase

Unless previously re-purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 13 September 2027 by payment to the Bondholders (whose names are entered in the register of Bonds held at CSD) by means of a direct credit to such account as held by CSD. The Issuer shall not be responsible for any charges, loss or delay in transmission. In such case the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese law and which is payable by the Bondholder.

All Bonds repurchased by the Issuer shall be cancelled forthwith and may not be re-issued or re-sold.

## 6.12 Events of Default

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

- a. the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- b. an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer, **provided** that an approved merger or division of the Issuer shall not constitute an Event of Default **provided further** that the resultant entity has assumed the obligations under the Bonds; or
- c. the Issuer ceases or suspends payments (whether of principal or interest) with respect to all or any class of its respective debts or announces an intention to do so; or
- d. the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- e. there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of ten million Euro (€10,000,000) or its equivalent and one hundred and eighty (180) days shall have passed since the date of delivery of such judgment without its having been satisfied or stayed; or
- f. any default occurs and continues for one hundred and eighty (180) days under any contract or document relating to any financial indebtedness of the Issuer in excess of ten million Euro (€10,000,000) or its equivalent at any time. For the purposes of this clause 6.12, the term financial indebtedness shall have the meaning set out in section 6.3.

## 6.13 Meetings of Bondholders

1. Bondholders have the following powers exercisable by a resolution voted for, at a meeting of the Bondholders convened and held in accordance with the provisions of this section 6.13, by a majority of Bondholders holding not less than seventy-five per cent (75%) of the outstanding principal amount for the time being of the Bonds:
  - i. power to approve any release, modification, waiver or compromise of any of the rights of the Bondholders (however arising) against the Issuer, except that they do not have powers to affect rights in respect of payments of interest payable on the Bonds or the payment of the principal amount upon redemption;
  - ii. power to authorise the Issuer to modify, alter, amend or add to the provisions contained in the Bond Conditions and power to ratify and adopt any such modification, alteration, amendment or addition;
  - iii. power to approve any scheme of reconstruction of the Issuer or for the amalgamation of Issuer with any other company or corporation;

and any such resolution shall be binding on all Bondholders and each Bondholder is bound to give effect to it accordingly.

2. The Issuer may, at any time, convene a meeting of the Bondholders and if it receives a written request by Bondholders holding at least ten per cent (10%) of the outstanding principal amount for the time being of the Bonds and is indemnified to its satisfaction against all costs, losses and expenses, the Issuer must convene a meeting of Bondholders. Meetings shall be convened and requested only for the purpose of considering a resolution specified in the immediately preceding paragraph. The time and place of the meeting must be specified by the Issuer.
3. A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, a quorum shall be considered present if there are Bondholders present, in person or by proxy, accounting for at least fifty per cent (50%) of the outstanding principal amount for the time being of the Bonds.
4. Once a quorum is declared present by the Chairman of the meeting (who shall be the person who in accordance with the Memorandum and Articles of Association of the Issuer would chair a general meeting of shareholders) the meeting may then proceed to business and the Directors of the Issuer or the Bondholder(s) who requested the meeting (as the case may be) or their representatives shall present to the Bondholders the reasons for proposing the resolution. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders. The meeting shall then put the resolution to a vote of the Bondholders present.
5. The voting process shall be managed by the Company Secretary under the supervision and scrutiny of the auditors of the Issuer.
6. Save for the above, the rules generally applicable to the Issuer during General Meetings of shareholders shall apply.
7. In the event that the Bonds are listed, and for so long as the Bonds remain listed, any resolution which may be proposed shall be subject to any laws, regulations, rules or bye-laws which may be applicable from time to time.

#### 6.14 Authorisations, Approvals and Admission to Trading

The board of Directors of the Issuer authorised the Bond Issue pursuant to a board of Directors resolution passed on 19 July 2017.

The Listing Authority has authorised the Bonds as admissible to Listing pursuant to the Listing Rules by virtue of a letter dated 31 July 2017.

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

The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 20 September 2017 and trading is expected to commence on 22 September 2017. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

#### 6.15 Notices

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

#### 6.16 Representations and Warranties

The Issuer represents and warrants to Bondholders, and Bondholders shall be entitled to rely on such representations and warranties, that:

- i. it is duly incorporated and validly existing under the laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title;

- ii. it has the power to execute, deliver and perform its obligations under the Prospectus and that all necessary corporate and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions or the Prospectus; and
- iii. the Prospectus contains all relevant material information with respect to the Issuer and all information contained in the Prospectus is in every material respect true and accurate and not misleading, and there are no other facts in relation to the Issuer, its respective businesses and financial position, the omission of which would, in the context of issue of the Bonds, make any statement in the Prospectus misleading or inaccurate in any material respect.

### 6.17 Bonds held jointly

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

### 6.18 Bonds held Subject to Usufruct

In respect of any Bonds held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed vis-a-vis the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to convert upon maturity, dispose of, or to take any decision which leads to disposal of, the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bond/s (which shall be due to the bare owner).

### 6.19 Governing Law and Jurisdiction

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

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

## 7. TAXATION

### 7.1 General

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

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

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

### 7.2 Malta tax on interest

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder that is entitled to receive the interest gross from any withholding tax, 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% (10% in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to article 33 of the said 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 if paid net of tax. No person shall be charged to further tax in respect of such income and the tax deducted shall not be available as a credit against the recipient’s tax liability or available as a refund.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such 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 Malta Commissioner for Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients. 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.

### 7.3 Exchange of information

In terms of applicable Maltese legislation, the Issuer and/or its agent are required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Malta Commissioner for Revenue.

The Commissioner for Revenue will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions. Please note that this does not constitute tax advice and Applicants are to consult their own independent tax advisers in case of doubt.

### 7.4 Maltese taxation on capital gains on transfer of the Bonds

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

### 7.5 Duty on documents and transfers

In terms of the Duty on Documents and Transfers Act (Chapter 364 of the laws of Malta), duty is chargeable *inter alia* on the transfer or transmission causa mortis of marketable securities. A marketable security is defined in the said legislation as “a holding of share capital in any company and any document representing the same”.

Accordingly, in view of the Issuer, the Bonds should not be treated as constituting marketable securities within the meaning of the legislation and, therefore, the transfer/transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered to be marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act (Chapter 345 of the laws of Malta), in view of the fact that the Bonds constitute financial instruments of a company quoted on a regulated market exchange, as is the MSE, redemptions and transfers of the Bonds should in any case be exempt from Maltese duty.

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

## 8. TERMS AND CONDITIONS OF THE BOND ISSUE

The following terms and conditions shall be read in conjunction with all the other terms and conditions relative to and regulating the contractual relationship created between the Issuer on the one hand and the Bondholders on the other.

### 8.1 Terms and Conditions of Application

- 8.1.1** The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List. In the event that the Bonds are not admitted to the Official List, no Maturing Bond Transfers (see section 5.4 above) shall take effect and any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant's bank account indicated by the Applicant on the relative Application Form.
- 8.1.2** In view of the fact that the proceeds of the Bond Issue are intended to be applied to the redemption of the outstanding amount of the Maturing Bonds, the Issuer has not established an aggregate minimum subscription level for the Bond Issue.
- 8.1.3** It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying, including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- 8.1.4** The contract created by the Issuer's acceptance of an Application filed by a prospective bondholder shall be subject to all the Terms and Conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer.
- 8.1.5** Any person [as understood in Article 4 of the Interpretation Act (Cap. 249 of the laws of Malta)] shall be eligible to submit an Application and any one (1) person, whether directly or indirectly, should not submit more than one (1) Application Form. If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions on their behalf. Such representative may be requested to submit the relative power of attorney/resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to appear on the Application Form.
- 8.1.6** In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several.
- 8.1.7** Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 8.1.8** The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and, accordingly, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 8.1.9** No person receiving a copy of the Prospectus or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any regulation or other legal requirements.



- 8.1.10** It is the responsibility of any person outside Malta wishing to make any Application to satisfy himself/herself/itself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 8.1.11** Subject to all other Terms and Conditions set out in the Prospectus, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies or facsimile copies will not be accepted. In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each Applicant, and liability therefor is joint and several.
- 8.1.12** Save where the context requires otherwise or where otherwise defined therein, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions, in the Application Form, in any of the Annexes and in any other document issued pursuant to the Prospectus.
- 8.1.13** The Issuer has not sought assessment of the Bonds by any independent credit rating agency.
- 8.1.14** Subject to all other terms and conditions set out in the Prospectus, the Issuer reserves the right to revoke the Issue at any time before the closing of the Issue Period. The circumstances in which such revocation might occur are expected to be exceptional, for example, where a significant change in market conditions occurs.
- 8.1.15** The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by any Applicant is €2,000.
- 8.1.16** For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations, 2008, as amended from time to time, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the “Members’ Code of Conduct” included as Appendix 3.6 to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are Malta Stock Exchange Members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Cap. 440 of the laws of Malta) for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy as published from time to time.
- 8.1.17** By completing and delivering an Application Form, the Applicant:
- i. agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
  - ii. warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant’s address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
  - iii. authorises the Registrar and the Directors to include his/her/its name or, in the case of joint Applications the first named Applicant, in the register of debentures of the Issuer in respect of the Bonds allocated to such Applicant and further authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 440 of the laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her/it as processed by the Issuer and/or the MSE. Any such requests must be made in writing and addressed to the CSD at the Malta Stock Exchange. The requests must further be signed by the Applicant to whom the personal data relates;

- iv. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Prospectus and, accordingly, agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
- v. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her/its remittance or surrender of the Maturing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- vi. agrees to provide the Registrar, the Authorised Financial Intermediaries and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- vii. 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 his/her/its Application in any territory, and that the Applicant 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 or his/her/its Application;
- viii. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- ix. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) and that he/she/it is not accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the “**United States**”) or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- x. agrees that Rizzo, Farrugia & Co. (Stockbrokers) Ltd. will not, in their capacity of Sponsor, treat the Applicant as their customer by virtue of such Applicant making an Application for the Bonds, and that Rizzo, Farrugia & Co. (Stockbrokers) Ltd. will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;
- xi. agrees that all documents in connection with the issue of the Bonds and any returned monies, including refunds of all unapplied Application monies, if any, will be sent at the Applicant’s own risk and may be sent, in the case of documents, by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form and in the case of monies by direct credit into the Applicant’s bank account as indicated by the Applicant on the Application Form;
- xii. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds;
- xiii. irrevocably offers to purchase the number of Bonds specified in his/her/its Application Form (or any smaller number for which the Application is accepted) at the Bond Issue Price subject to the Prospectus, the terms and conditions thereof and the Memorandum and Articles of Association of the Issuer;
- xiv. warrants that his/her/its remittance will be honoured on first presentation and agrees that if such remittance is not so honoured he/she/it will not be entitled to receive a registration advice, or to be registered in the register of debentures or to enjoy or receive any rights in respect of such Bonds unless and until payment in cleared funds for such Bonds is received and accepted by the Issuer and/or the Registrar (which acceptance shall be made in the absolute discretion of the Issuer and/or the Registrar and may be on the basis that the Issuer and/or the Registrar is indemnified against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of such remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Issuer and/or the Registrar of such late payment in respect of such Bonds, the Issuer and/or the Registrar may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);

- xv. agrees that all Applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese law and that he/she/it submits to the exclusive jurisdiction of the Maltese Courts and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
- xvi. warrants that if he/she signs the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, he/she has due authority to do so and such person, corporation, corporate entity or association of persons will also be bound accordingly, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions;
- xvii. warrants that he/she is not under the age of eighteen (18) years or if he/she is lodging an Application in the name and for the benefit of a minor, warrants that he/she is the parent or legal guardian/s of the minor;
- xviii. confirms that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Bonds; and
- xix. agrees that, in all cases, any refund of unallocated Application monies, if any, will be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. No interest shall be due on refunds. The Issuer shall not be responsible for any charges, loss or delay in transmission.

## 8.2 Expected Timetable of the Bond Issue

Application Forms mailed to Maturing Bondholders	8 August 2017
Closing date for Applications to be received from Maturing Bondholders	5 September 2017 (by 12:00 hours CET)
Intermediaries Offer*	7 September 2017
Announcement of basis of acceptance	13 September 2017
Commencement of interest	13 September 2017
Dispatch of allotment advices and refunds (if any)	14 September 2017
Expected date of admission of the Bonds to listing	20 September 2017
Expected date of commencement of trading in the Bonds	22 September 2017

\* In the event that the total value of Applications received from Maturing Bondholders exceeds €20,000,000, the Intermediaries' Offer will not take place.

## 8.3 Plan of Distribution and Allotment

Applications for subscription to the Bonds may be made through any of the Authorised Financial Intermediaries. The Bonds are open for subscription by:

- i. holders of Maturing Bonds up to the amount of Maturing Bonds held as at the Cut-off Date and subject to any Cash Top-Up, as and if applicable;
- ii. holders of Maturing Bonds in respect of any number of additional Bonds applied for other than by Maturing Bond Transfer exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-Off Date (including Cash Top-Up, as and if applicable), without priority or preference between them; and
- iii. Authorised Financial Intermediaries through an Intermediaries' Offer in respect of any balance of the Bonds not subscribed to by holders of Maturing Bonds, in terms of section 8.8.

It is expected that an allotment advice will be dispatched to Applicants within five (5) Business Days of the announcement of the allocation policy. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance or surrender of the Maturing Bonds, as the case may be, and any verification of identity as required by the Prevention of Money Laundering Act, 1994 (Cap. 373 of the laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.

Dealings in the Bonds shall not commence prior to admission to trading of the Bonds by the MSE.

#### 8.4 Applications by holders of Maturing Bonds – Maturing Bond Transfer & Cash Top-Up

The consideration payable by holders of the Maturing Bonds applying for Bonds may be settled, after submitting the appropriate non-transferable, pre-printed Application Form, by the transfer to the Issuer of all or part of the Maturing Bonds held by such Applicant as at the Cut-off Date, subject to a minimum application of €2,000 and rounded upwards to the nearest €100, which transfer shall be effected at the par value of the Maturing Bonds. Any holders of Maturing Bonds whose holding in Maturing Bonds is less than €2,000 shall be required to pay the difference together with the submission of Application Form (the “Cash Top-Up”).

Holders of Maturing Bonds electing to subscribe for Bonds through a Maturing Bond Transfer shall be allocated Bonds for the corresponding nominal value of Maturing Bonds transferred to the Issuer (including Cash Top-Up, where applicable). The transfer of Maturing Bonds to the Issuer in consideration for the subscription for Bonds shall cause the obligations of the Issuer with respect to such Maturing Bonds to be extinguished, and shall give rise to obligations on the part of the Issuer under the Bonds. Bonds applied for by holders of Maturing Bonds by way of a Maturing Bond Transfer shall be allocated prior to any other allocation of Bonds. A Maturing Bond Transfer shall be without prejudice to the rights of holders of Maturing Bonds to receive interest on the Maturing Bonds up to and including 12 September 2017. The Maturing Bonds shall be redeemed on 13 September 2017 as determined by the Issuer and duly notified to holders of Maturing Bonds.

All Applications for the subscription of Bonds by holders of Maturing Bonds by means of a Maturing Bond Transfer must be submitted on the Application Forms to any Authorised Intermediary (including the Sponsor) by 12:00 hours CET of 5 September 2017.

Where the Applicant is the holder of Maturing Bonds which as at the Cut-off Date are held subject to usufruct, the signatures of both the bare owner and the usufructuary will be required in the Application Form.

#### 8.5 Applications by holders of Maturing Bonds – Additional Bonds

The balance of the Bonds not subscribed for by holders of Maturing Bonds limitedly by means of a Maturing Bond Transfer, if any, shall be made available for subscription to holders of Maturing Bonds, in respect of any number of additional Bonds applied for other than by Maturing Bond Transfer exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-Off Date, including Cash Top-Up (where applicable).

In respect to any such balance, holder of Maturing Bonds transferring all of the Maturing Bonds held by them as at the Cut-off Date, may apply for an amount of Bonds in excess of the amount of Maturing Bonds being transferred by Maturing Bond Transfer. In such case, holders of Maturing Bonds may subscribe for additional Bonds, in multiples of €100, by completing the appropriate section of the same Application Form.

Holders of Maturing Bonds shall have priority in the allocation of Bonds solely with respect to that number of Bonds for which payment is being made by means of a Maturing Bond Transfer, subject to a Cash Top-Up, as and if applicable. In the event that the aggregate value of the Applications received from Maturing Bondholders transferring all of the Maturing Bonds held by them as at the Cut-off Date through Maturing Bond Transfer (including Cash Top-Up, where applicable) is in excess of the amount of Bonds available for subscription, the Issuer (acting through the Registrar) shall scale down each Application received by holders of Maturing Bonds, *pari passu*, without priority or preference between them and in accordance with the allocation policy to be issued in terms of section 8.10 of this Securities Note.

#### 8.6 Payment by Holders of Maturing Bonds

Payment by Applicants of the Cash Top-Up, and the full price of the additional Bonds applied for, shall be made in Euro and in cleared funds at the Bond Issue Price, through the Authorised Financial Intermediaries as so instructed or by cheque payable to “MSE The Registrar – Simonds Farsons Cisk plc”.

By submitting a signed Application Form indicating that the Maturing Bond Transfer is being selected as consideration for the Bonds being applied for, the Applicant is thereby confirming:

- i. that all or part (as the case may be) of the Maturing Bonds held by the Applicant on the Cut-off Date are being transferred to the Issuer, together with the payment due in respect of any Cash Top-Up, as and if applicable;

- ii. that the Application Form constitutes the Applicant's irrevocable mandate to the Issuer to:
  - a. cause the transfer of the said Maturing Bonds in the Issuer's name in consideration of the Bonds; and
  - b. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant;
- iii. that in respect of the payment of the Cash Top-Up and/or the exercise of the option to subscribe to additional Bonds, the Applicant's remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer, acting through the Registrar, reserves the right to invalidate the relative Application, and furthermore the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the Issuer, acting through the Registrar (which acceptance shall be made in the Issuer's absolute discretion and may be on the basis that the Applicant indemnifies the Issuer against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant's remittance to be honoured on first presentation).

### 8.7 Payment to Holders of Maturing Bonds who do not elect for full Maturing Bond Transfer

Holders of Maturing Bonds who do not elect to avail themselves of the possibility to exchange either all or part of their holding in the Maturing Bonds in terms of the procedure outlined above, shall receive all or part of the principal, as the case may be, together with accrued interest for the period between 16 June 2017 and 12 September 2017 in relation to the Maturing Bonds. The Maturing Bonds shall be redeemed on 13 September 2017 as determined by the Issuer and duly notified to the holders of Maturing Bonds.

### 8.8 Intermediaries Offer

Any balance of the Bonds not subscribed to by holders of Maturing Bonds as at the closing of the Issue Period, shall be offered for subscription to Authorised Financial Intermediaries through an Intermediaries' Offer. Any subscription received during the Intermediaries' Offer shall be subject to the same Terms and Conditions as those applicable to Applications by holders of Maturing Bonds, but limited to any remaining balance of Bonds after fully allocating the Bonds applied for by holders of Maturing Bonds.

In this regard, the Issuer shall enter into conditional subscription agreements with a number of Authorised Financial Intermediaries for the subscription of the resultant balance of Bonds, whereby it will bind itself to allocate Bonds to such investors during the Intermediaries' Offer.

In terms of each subscription agreement entered into with an Authorised Financial Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will bind itself to subscribe for, a number of Bonds subject to being admitted to trading on the Official List. The subscription agreements will become binding on each of the Issuer and the respective Authorised Financial Intermediaries upon delivery, provided that these intermediaries would have paid to the Registrar all subscription proceeds in cleared funds on delivery of the subscription agreement.

Authorised Financial Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall, in addition, be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading. The minimum subscription by each Authorised Intermediary shall be €2,000 and in multiples of €100 thereafter per underlying customer, as applicable.

### 8.9 Pricing

The Bonds are being issued at par, that is, at €100 per Bond with the full amount payable upon subscription.

## 8.10 Allocation Policy

The Issuer shall allocate the Bonds on the basis of the following policy and order of priority:

- i. first to Maturing Bondholders up to the extent of their holdings of Maturing Bonds on the Cut-off Date to be utilised for the purposes of the payment of consideration of Bonds, rounded upwards to the nearest €100 and subject to the minimum Application of €2,000;
- ii. the balance of the Bonds not subscribed for by Maturing Bondholders limitedly by means of a Maturing Bond Transfer, if any, shall be made available for subscription to Maturing Bondholders in respect of any additional Bonds applied for other than by Maturing Bond Transfer exceeding in value the aggregate nominal value of Maturing Bonds held by them as at the Cut-Off Date, *pari passu*, without priority or preference between them and in accordance with the allocation policy as determined by the Issuer. Accordingly, in the event that a Maturing Bondholder applies for additional Bonds other than by Maturing Bond Transfer as specified in (i) above, no guarantee shall be given with respect to the excess Bonds applied for; and
- iii. in the event that following the allocations made pursuant to paragraphs (i) and (ii) above there shall still remain unallocated Bonds, the Issuer shall offer such remaining Bonds to Authorised Financial Intermediaries for subscription through an Intermediaries' Offer as detailed in section 8.8. Subscriptions received from Authorised Financial Intermediaries through an Intermediaries' Offer, if any, shall be allocated without priority or preference and in accordance with the allocation policy as determined by the Issuer.

Within five (5) Business Days from closing of the Issue Period, the Issuer shall announce the result of the Issue and shall determine and announce the basis of acceptance of Applications and the allocation policy to be adopted through a company announcement.

## 8.11 Admission to Trading

The Listing Authority has authorised the Bonds as admissible to listing pursuant to the Listing Rules by virtue of a letter dated 31 July 2017.

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

The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 20 September 2017 and trading is expected to commence on 22 September 2017.

# 9. ADDITIONAL INFORMATION

The Financial Analysis Summary dated 31 July 2017 has been included in Annex III of this Securities Note in the form and context in which it appears with the authorisation of Rizzo, Farrugia & Co. (Stockbrokers) Ltd. of Airways House, Third Floor, High Street, Sliema SLM 1549, Malta, which has given, and has not withdrawn, its consent to the inclusion of said report herein. Rizzo, Farrugia & Co. (Stockbrokers) Ltd. does not have any beneficial interest in the Issuer. The Issuer confirms that the Financial Analysis Summary has been accurately reproduced in the Prospectus and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.



## ANNEX I – AUTHORISED FINANCIAL INTERMEDIARIES

Name	Address	Telephone
APS Bank Ltd	APS Centre, Tower Road, Birkirkara BKR 4012	2560 3000
Bank of Valletta p.l.c.	BOV Centre, Cannon Road, St Venera SVR 9030	2275 1732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	2568 8130
Charts Investment Management Service Ltd	Valletta Waterfront, Vault 17, Pinto Wharf, Floriana FRN 1913	2122 4106
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	2134 7331
Financial Planning Services Ltd	4, Marina Court, No. 1, G. Cali Street, Ta' Xbiex XBX 1421	2134 4244
FINCO Treasury Management Ltd	Level 5, The Mall Complex, The Mall, Floriana FRN 1470	2122 0002
GlobalCapital Financial Management Ltd	Testaferrata Street, Ta'Xbiex XBX 1403	2134 2342
Hogg Capital Investments Ltd	Ferris Building, Level 4, 1, St Luke's Road, Gwardamangia, Pieta PTA 1020	2132 2872
Jesmond Mizzi Financial Advisors Ltd	67/3, South Street, Valletta VLT 1105	2326 5696
Lombard Bank Malta p.l.c.	67, Republic Street, Valletta VLT 1117	2558 1806
Mediterranean Bank plc	10, St Barbara Bastion, Valletta VLT 1961	2557 4860
Mercieca Financial Investment Services Ltd.	'Mercieca' John F. Kennedy Square, Victoria, Gozo	2155 3892
MFSP Financial Management Ltd	220, Immaculate Conception Street, Msida MSD 1838	2133 2200
Michael Grech Financial Investment Services Ltd	The Brokerage, Level 0 A, St Marta Street, Victoria, Gozo VCT 2550	2155 4492
MZ Investment Services Ltd	55, MZ House, St Rita Street, Rabat RBT 1523	2145 3739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Airways House, Third Floor, High Street, Sliema SLM 1549	2258 3000

# ANNEX II – SPECIMEN APPLICATION FORM



**SIMONDS FARSONS CISK PLC**  
**€ 20,000,000 3.50% UNSECURED BONDS 2027**  
**APPLICATION FORM**  
**EXISTING SFC BONDHOLDERS**

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

**A APPLICANT (See note 4)**

		MSE NO.	I.D. CARD NO./CO REG NO.
<input type="checkbox"/> Please register me for e-Portfolio		TEL. NO.	MOBILE NO. <small>(Mandatory for e-Portfolio registration)</small>

This Application Form is not transferable and entitles you to a preferential treatment as holder of Simonds Farsons Cisk plc 6.00% Bonds 2017/2020 (the "Maturing Bonds") and is to be submitted as a method of payment where the Applicant selects to apply for the Simonds Farsons Cisk plc 3.50% Unsecured Bonds 2027 (the "Bonds") so as to transfer to the Issuer all or part of the holding in the Maturing Bonds held by the Applicant as at the Cut-Off Date, the nominal value of which is set out in Box 1 of Panel B hereunder. By submitting this signed Application Form, Existing SFC Bondholders shall be deemed to:

- i. cause the transfer of the said Maturing Bonds in the Issuer's name in consideration of the issue of Bonds; and
- ii. engage, at the Issuer's cost, the services of such brokers or intermediaries as may be necessary to fully and effectively vest title in the said Maturing Bonds in the Issuer and fully and effectively vest title in the appropriate number of Bonds in the Applicant.

**B I/WE APPLY TO PURCHASE AND/OR ACQUIRE (See notes 2 & 6)**

<b>BOX 1 – Nominal Value of EUR Maturing Bonds</b>	AMOUNT IN FIGURES <b>Box 1</b>
<b>BOX 2 – I/We wish to purchase and acquire the amount set out in Box 2 in Bonds at the Bond Issue Price (at par) pursuant to the Prospectus dated 31 July 2017 (minimum €2,000 and in multiples of €100 thereafter).</b>	€
AMOUNT IN WORDS	AMOUNT IN FIGURES <b>Box 2</b>
	€
<b>BOX 3 - Amount of Bonds applied for less the nominal holding in EUR Maturing Bonds payable in full upon application under the Terms and Conditions of the Bonds set out in the Prospectus.</b>	AMOUNT IN FIGURES <b>Box 3</b> Difference payable on Application <b>Box 2 - Box 1</b>
	€

**C RESIDENT – WITHHOLDING TAX DECLARATION (See notes 7 & 8a) (to be completed ONLY if the Applicant is a Resident of Malta)**

- I/We elect to have final withholding tax deducted from my/our interest.
- I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).

**D NON-RESIDENT – DECLARATION FOR TAX PURPOSES (See notes 3, 8 & 8a) (to be completed ONLY if the Applicant is a Non-Resident)**

TAX COUNTRY	CITY OF BIRTH	
T.I.N. (Tax Identification Number)	COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD NUMBER	COUNTRY OF ISSUE	ISSUE DATE
<input type="checkbox"/> I/We am/are <b>NOT</b> Resident in Malta but I/we am/are Resident in the European Union.		
<input type="checkbox"/> I/We am/are <b>NOT</b> Resident in Malta and I/we am/are <b>NOT</b> Resident in the European Union.		

**E INTEREST, REFUND & REDEMPTION MANDATE (See note 9) Completion of this Panel is MANDATORY**

BANK	IBAN
------	------

I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus, and subject to its Terms and Conditions of the Bonds (as contained therein) which I/we fully accept.

Signature/s of Applicant/s \_\_\_\_\_ Date \_\_\_\_\_  
(Parent/s or legal guardian/s are/is to sign if Applicant is a minor)  
 (All parties are to sign in the case of a joint Application)  
 (Bare owner/s and usufructuary/ies to sign in the case of holdings of EUR Maturing Bonds that are subject to usufruct)

AUTHORISED FINANCIAL INTERMEDIARY'S STAMP	AUTHORISED FINANCIAL INTERMEDIARY'S CODE	APPLICATION NUMBER
---	--	--------------------



## ANNEX II – SPECIMEN APPLICATION FORM

### Notes on how to complete this Application Form and other information

*The following notes are to be read in conjunction with the Prospectus dated 31 July 2017 regulating the Bond Issue*

1. This Application is governed by the Terms and Conditions of the Bond Issue contained in Section 8 of the Securities Note dated 31 July 2017 forming part of the Prospectus. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Prospectus.
2. This Application Form is to be completed in BLOCK LETTERS.
3. Applicants who are Non-Residents in Malta for tax purposes must complete Panel D overleaf.
4. The MSE account number pertaining to the Applicant has been pre-printed in Panel A and reflects the MSE account number on the Issuer's Register at the CSD as at 01 August 2017 (trading session of the 28 July 2017). **APPLICANTS ARE TO NOTE THAT ANY BONDS ALLOTTED TO THEM WILL BE RECORDED BY THE MALTA STOCK EXCHANGE IN THE MSE ACCOUNT QUOTED ON THIS APPLICATION FORM EVEN IF THE DETAILS OF SUCH MSE ACCOUNT, AS HELD BY THE CSD OF THE MALTA STOCK EXCHANGE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF.**

Upon submission of an Application Form, Bondholders who opt to have an online e-Portfolio account (by marking the relative box in Panel A) will be registered by the CSD for the online e-Portfolio facility and will receive by mail at their registered address a handle code to activate the new e-Portfolio login. Registration for e-Portfolio requires a mobile number to be provided on the Application Form. The Bondholder's statement of holdings evidencing entitlement to the Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-Portfolio facility on <https://eportfolio.borzamalta.com.mt/>.

5. In the case where an Existing SFC Bondholder is a body corporate, Application Forms must be signed by duly authorised representative/s indicating the capacity in which they are signing.
6. The amount set out in Box 2 of Panel B overleaf must be in multiples of €100. The Issuer will be giving preference to Applications made by Existing SFC Bondholders up to their full amount held as at the Cut-Off Date, subject to a minimum application of €2,000.

Where the Applicant wishes to acquire a number of Bonds having an aggregate value which exceeds the nominal value of the number of Maturing Bonds set out in Box 1 of Panel B, the Applicant may do so by including such higher amount in Box 2 in Panel B. In such case, the Applicant must ensure that the relative Application Form is accompanied by payment of the difference between the full price of the amount of Bonds applied for and the nominal value of Maturing Bonds being transferred. Payment of the amount representing such difference, which is to be inserted in Box 3 of Panel B overleaf, must be made in Euro in cleared funds to "MSE The Registrar – Simonds Farsons Cisk plc". In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.

7. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as residents in Malta. In such a case, the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case, such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will then be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a prescribed fund will have final withholding tax (currently 10%) deducted from interest payments. In terms of Section 7.2 of the Securities Note, 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 final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).
8. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State and third country reporting jurisdictions is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State and other participating jurisdictions where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU, of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation. The automatic exchange of information, namely details of certain financial account information in respect of account holders, and in some cases, beneficial holders thereof, extends also to jurisdictions that are not EU Member States (participating jurisdictions) with which there is a relevant arrangement in place.
- 8a. The contents of Notes 7 and 8 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
9. Should any Application not be accepted, or be accepted for fewer Bonds than those applied for, the monies of the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel E. Interest or redemption proceeds will be credited to the account designated in Panel E or as otherwise amended by the Bondholder/s during the term of the Bond.
10. Completed Application Forms are to be delivered to any of the Authorised Financial Intermediaries listed in Annex I of the Securities Note during normal office hours by not later than 12:00 hours on 05 September 2017. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the closing date indicated above. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of Application as contained in the Prospectus. Any Applications received by the Registrar after 12:00 hours on 05 September 2017 will not be accepted.
11. By completing and delivering an Application Form you (as the Applicant/s) acknowledge that:
  - a. the Issuer may process the personal data that you may provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
  - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself, as the Applicant to whom the personal data relates.

**The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds on offer will be repayable in full upon redemption. An investor should consult an independent financial advisor, licensed under the Investments Services Act (Cap. 370 of the Laws of Malta), for advice.**

# ANNEX III – FINANCIAL ANALYSIS SUMMARY



FARSONS GROUP

# Farsons

SIMONDS FARSONS CISK PLC

## FINANCIAL ANALYSIS SUMMARY

31 JULY 2017

*Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd, in compliance  
with the Listing Policies issued by the Malta Financial  
Services Authority, dated 5 March 2013.*



**RIZZO FARRUGIA**  
YOUR INVESTMENT CONSULTANTS



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E. [info@rizzofarrugia.com](mailto:info@rizzofarrugia.com) W. [www.rizzofarrugia.com](http://www.rizzofarrugia.com)

The Board of Directors

**Simonds Farsons Cisk plc**

The Brewery,  
Mdina Road, Mrieħel,  
Birkirkara BKR 3000,  
Malta

31 July 2017

Dear Sirs,

**Simonds Farsons Cisk plc – Financial Analysis Summary (the “Analysis”)**

In accordance with your instructions and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the Analysis is that of summarising key financial data appertaining to Simonds Farsons Cisk plc (C 113) (the “**Company**” or “**Issuer**”). The data is derived from various sources or is based on our own computations and analysis of the following:

- a. Historical financial data for the three years ended 31 January 2015 to 2017 has been extracted from the Issuer’s audited statutory financial statements for the three years in question, as and when appropriate.
- b. The forecast data for the financial year ending 31 January 2018 has been provided by management of the Issuer.
- c. Our commentary on the results of the Issuer and on the respective financial position is based on the explanations provided by the Issuer.
- d. The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions as set out and defined within the Analysis.
- e. Relevant financial data in respect of competitors as analysed in part 7 has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Analysis is provided to assist potential investors by summarising the more important financial data of the Issuer. The Analysis does not contain all data that is relevant to potential investors and is intended to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the securities of the Issuer and should not be interpreted as a recommendation to invest. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

**Vincent E. Rizzo**  
Director

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# IMPORTANT INFORMATION

## PURPOSE OF THE DOCUMENT

The purpose of this document is to present a financial analysis summary of Simonds Farsons Cisk plc (hereinafter, the “**Issuer**” of the “**Company**”) in line with the requirements of the Listing Policies of the MFSA dated 5<sup>th</sup> March 2013.

## SOURCES OF INFORMATION

The information that is presented has been collated from a number of sources, including the Company’s website ([www.farsons.com](http://www.farsons.com)), the due diligence report prepared by PWC pursuant to the Listing Policies of the MFSA and financial and management reports of the Issuer, including annual reports and financial statements.

Historical financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand. The rounding could potentially alter the figures quoted to those presented in full in the annual reports and financial statements of the Issuer.

## FORECASTS

Forecasts that are included in this document have been prepared by the directors of the Issuer, who undertake full responsibility for the assumptions on which they are based.

# PART 1 – BUSINESS OVERVIEW

## 1.1 BRIEF INTRODUCTION

From its origins in 1928, Simonds Farsons Cisk plc (the “Company”, “Group” or “Issuer”) is the result of the amalgamation of L. Farrugia & Sons Limited, H & G Simonds and The Malta Export Brewery. The construction of the brewery in Mrieħel was completed in 1950 under the direction of managing director Mr Lewis V. Farrugia. Further enhancements and additions to the brewery were undertaken over the years, extending the facilities to bottling plants for soft drinks, as the Group embarked on an expansionary strategy across various segments of the food and beverage industry. Additional properties were acquired over the years in line with the expansionary requirements of the Company.

Today, the Group is made up of four distinct segments:

- i. Brewing, production & sale of branded beers & beverages
- ii. Importation, wholesale & retail of food & beverages, including wines & spirits
- iii. Operation of franchised food retailing establishments
- iv. Property management

Further information on these segments is included in section 1.5 of this report.

## 1.2 DIRECTORS AND SENIOR MANAGEMENT

### *Directors*

The strategic direction of the Company is entrusted to a board of eight directors, the majority of whom act in a non-executive capacity:

Mr Louis A. Farrugia	Executive Chairman
Mr Marcantonio Stagno d’Alcontres	Non-Executive Vice Chairman
Mr Roderick Chalmers	Non-Executive Director
Dr Max Ganado	Non-Executive Director
Mr Michael Farrugia	Executive Director
Ms Marina Hogg	Non-Executive Director
Marquis Marcus John Scicluna Marshall	Non-Executive Director
Baroness Christiane Ramsay Pergola	Non-Executive Director

The Group’s company secretary is Ms Antoinette Caruana.

### *Senior Management*

The Company’s board is assisted by a complement of senior executive management in the execution of the board’s strategic direction, made up of the following:

Mr Norman Aquilina	Group Chief Executive Officer
Mr John Bonello Ghio	Group Head of Food Business
Mr Chris Borg Cardona	Head of Logistics
Ms Antoinette Caruana	Group Human Resources Manager
Ms Stefania Calleja	Head of Sales & Customer Relations
Mr Eugenio Caruana	Chief Operations Officer Designate
Dr Christopher Ciantar	Chief Operations Officer – Trident Estates Limited
Mr Michael Farrugia	Chief Business Development Officer

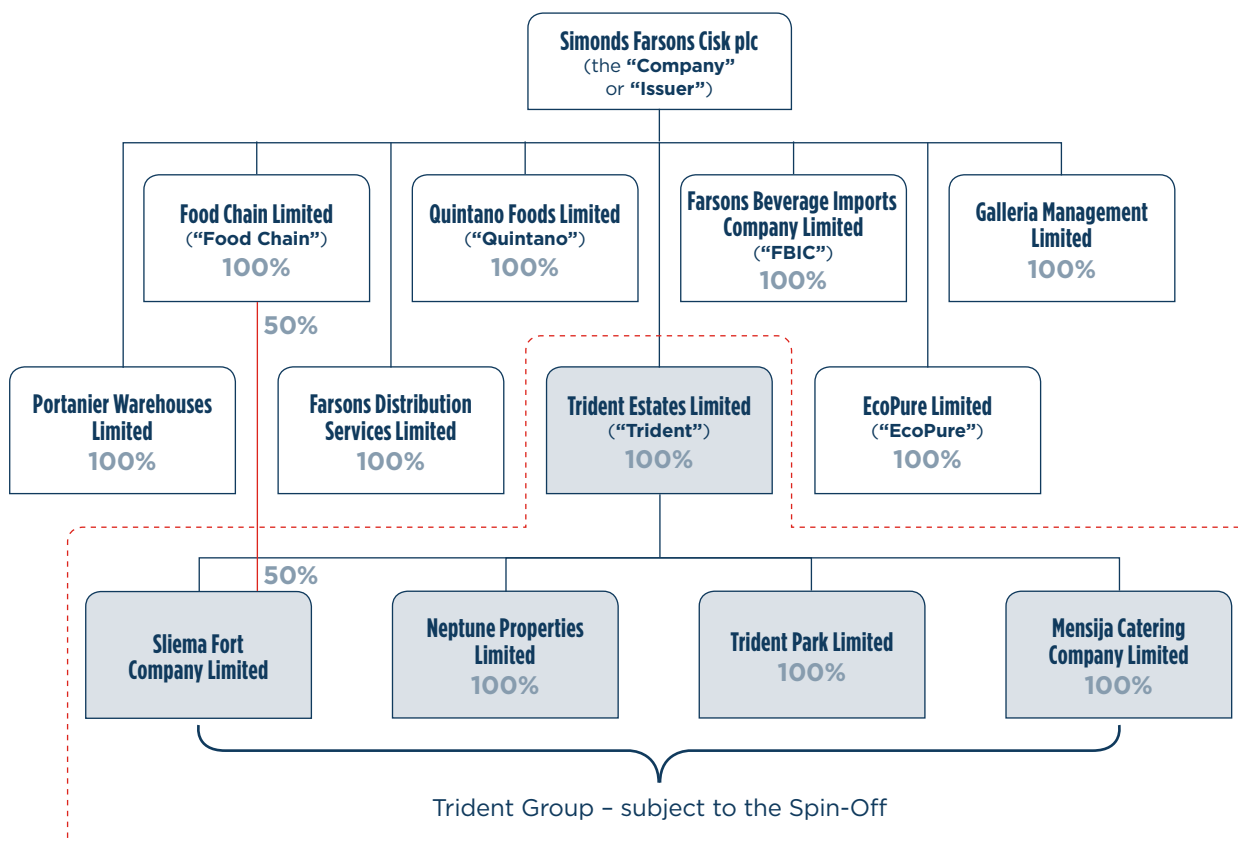


Mr Philip Farrugia	Head of IT & Business Services
Mr Ray Sciberras	Chief Operations Officer
Mr Pierre Stafrace	General Manager – FBIC Limited
Ms Anne Marie Tabone	Chief Financial Officer Designate
Ms Susan Weenink Camilleri	Head of Marketing & Communications
Mr Charles Xuereb	Chief Financial Officer & Chief Executive Officer Designate – Trident Estates Limited

In addition to senior management, the Group includes a staff complement of 833 (full time equivalent) employees as at the end of the last financial reporting period (31 January 2017) across the various subsidiaries, including the operation of the franchised food retailing establishments.

### 1.3 THE GROUP

The Company is the parent of a group of companies – the Group. Below is the organisation chart showing the various subsidiaries within the Group:



In liquidation: Malta Deposit and Return System Limited (C 38304)  
FSG Company Limited (C 27784)

The shaded companies form part of the Trident Group and will no longer form part of the SFC Group following the Spin-Off.

## 1.4 MAJOR ASSETS OWNED BY THE ISSUER

Property, plant and equipment (PPE) represent the major component of the Group's assets. This component represents the assets required for the operation of the Group's business, together with other property assets comprise of:

	Net Book Value €'million
<b>USED IN OPERATIONS</b>	
Brewhouse & packaging facility, Mriehel	45.2
Plant, machinery & equipment used in the production & brewing of beer, soft drinks & water	30.2
Plant, machinery & equipment installed at the franchised food outlets	1.9
Outlet in Valletta currently hosting Burger King®	1.6
<b>UNDER CONSTRUCTION</b>	
Extension for offices & logistics centre	4.3
Development of multi-use project including a visitors' centre, food & beverage outlets and office space at the old brewhouse	2.7
<b>Other Non-Operating Properties</b>	24.1
<b>Other equipment</b>	0.9
<b>Total</b>	<b>110.9</b>

As at 31 January 2017, PPE made up over 60% of the Group's total asset base. Inventories and trade and other receivables were the next most significant categories of assets of the Group, at €14.6 million and €18.3 million, representing 8% and 10% of total assets, respectively.

Inventories, which by the end of FY2017 were €14.6 million (and include €4.5 million of raw materials and consumables used for the production and bottling of beverages and food items relating to Food Chain Limited's food products; €7.5 million in finished goods and goods for resale (mainly in relation to FBIC's operations); and €2.6 million relating to containers, other packaging / bottling materials and spare parts.

Furthermore, the Group had trade receivables amounting to €12.8 million, net of impairments, representing 7% of total assets as at 31 January 2017.

## 1.5 GROUP'S SEGMENTS

Until recently, the Group reported four main segments of operations. When the board started exploring the idea of the spin-off and took a firm decision thereon, the segment related to the spin-off was classified as being held for sale and its performance reported as discontinued operations. Today (and going forward), the Group's main operational segments are three:

- i. Brewing, production and sale of branded beers and beverages segment
- ii. Importation, wholesale and retail of food and beverages, including wines & spirits segment
- iii. Operation of franchised food retailing establishments segment

### *Brewing, Production and Sale of Branded Beers & Beverages*

The 'brewing, production and sale of branded beers and beverages' segment includes Eco Pure and the Company, i.e. Simonds Farsons Cisk plc. This segment represents the core business of the Group and is thus the segment that, from a financial performance point of view, is the most material and the largest contributor to the Group's profitability. The Company produces and distributes its own brands – Kinnie™, Cisk™, Blue Label Ale™, Hopleaf Pale Ale™, Classic include Brews™, Farsons Shandy™, Lacto™ and San Michel™. The Company is also the exclusive franchisee in Malta to PepsiCo, Budweiser and Carlsberg, having the rights to produce, bottle, sell and distribute the said products, amongst other related products, including Skol™, LikeCola™ and 7Up™. Meanwhile, Eco Pure is the company responsible for the marketing, sales and distribution of 18.9 and 10 litre bottles of San Michel water, providing also water dispensers and coolers for rental or purchase.



### *Importation, Wholesale and Retail of Food & Beverages, Including Wines & Spirits*

The 'importation, wholesale and retail of food and beverages, including wines & spirits' consists of FBIC and Quintano. While the former focuses mostly on beverage brands, the latter imports and distributes food-related items. Between these two companies, the Group represents a portfolio of global brands in chilled, beverage, grocery, confectionery and food service sectors. The Group also operates Farsonsdirect through which it retails a selection of these brands.

### *Operation of Franchised Food Retailing Establishments*

In Malta, the internationally-renowned franchises KFC™, Burger King™ and Pizza Hut™ are exclusively operated by Food Chain. This segment 'Operation of franchised food retailing establishments' operates a total of fourteen outlets under these franchises.

## 1.6 MATERIAL OPERATIONAL DEVELOPMENTS

The Group has consistently invested in innovation across its product range and has recently also invested in operational structures to ensure that the Group increases its production capacity, has room for further growth and is in a position to obtain the benefits of economies of scale.

Following a multi-million investment programme the Group now has a state-of-the-art brewing and beverage production facility, comprising the following:

- A brewhouse with 10 malt silos, 4 unmalted cereal silos, equipment for malt milling and 5 main brewing and wort cooling vessels.
- A beer process block equipped with a tank farm with a capacity of 2.88 million litres providing flexible brewing capability to the highest standards.
- A soft drinks packaging hall which maximises high standard production efficiency and is capable of handling a variety of PET packages.
- A beer packaging hall, including a centralised warehouse storage facility for raw and packaging materials.
- A logistics centre that complements line output, ensures optimal storage and provides a seamless service to trade and to the Company's export customers.

Other significant investments are currently underway and include:

- a beer kegging facility;
- extension of the Logistics Centre, un/loading bays and truck depot, which will facilitate the storage and distribution functions; and
- an extension of the administration block, through the construction of two additional office floors. The office extension will enable the Group to co-locate staff so as to vacate the main brewery building in view of the Farsons Business Park project.

It is envisaged that these projects will be completed by the end of FY2017.

Furthermore, the Group also embarked on a process to spin-off a substantial part of its property portfolio through the listing of the Company's shareholding in Trident Estates Limited (previously known as Trident Developments Limited) on the Malta Stock Exchange. Further information on this development is included in section 4.1 of this FAS.

## PART 2 – MARKET TRENDS

What follows is an analysis of the key traits of the food and beverage industry in Malta and what the trends are also in Europe. The sources used for this analysis include:

- Statistics from Eurostat (<http://ec.europa.eu/eurostat/>)
- Statistics from the National Statics Office of Malta – NSO (<https://nso.gov.mt/en/Pages/NSO-Home.aspx>)
- Publications from ‘FoodDrinkEurope’ (<http://www.fooddrinkeurope.eu>)
- <http://www.businessinsider.com/4-big-beverage-industry-trends-in-2016-2015-12>
- Publications from ‘The Brewers of Europe’ (<http://www.brewersofeurope.org>)
- UNESDA publications (<http://www.unesda.eu>) which is the European association representing the soft drinks industry
- Publications by the European Commission on the Food and Beverages Industry

### 2.1 THE FOOD & BEVERAGE INDUSTRY IN EUROPE

The European food and beverage industry is the largest manufacturing sector, generating a turnover of €1.1 trillion (in 2014) and contributing 1.8% in added value. It is estimated that the average household spends approximately 14% of its income on food and beverage in Europe.

Food and beverage production across European Member States averaged an increase of 1.6% in the last quarter of 2016, when compared to the same period in 2015, while turnover growth during the same period was at an average of 3.2%.

Member State	Q42016 vs Q42015	
	Food and drink production % change	Food and drink turnover % change
EU	1.6	3.2
Austria	(1.4)	0.2
Belgium	3.2	6.1
Bulgaria	3.1	4.9
Czech Republic	(3.7)	(3.0)
Denmark	4.3	6.9
Estonia	(0.3)	(0.2)
Finland	1.3	(1.1)
France	(1.2)	1.8
Germany	0.8	3.0
Greece	0.5	(4.1)
Hungary	4.1	4.5
Ireland	(1.0)	1.0
Italy	3.4	2.7
Latvia	4.6	2.8
Lithuania	(1.4)	2.7
Netherlands	2.1	1.1
Poland	5.9	8.1
Portugal	2.3	6.8
Romania	0.1	4.4
Spain	2.3	5.0
Sweden	(0.9)	3.7

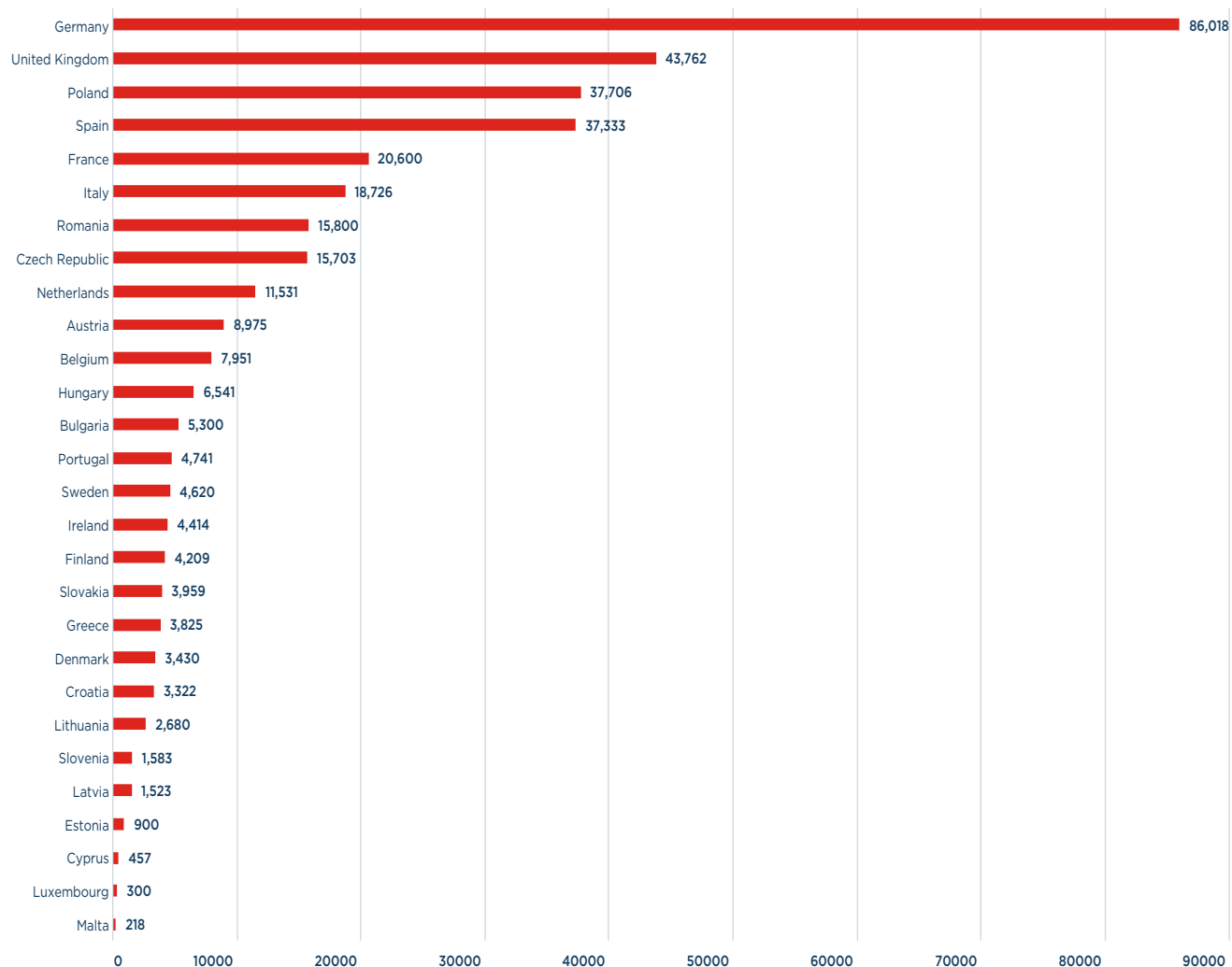
Source: Eurostat. No data available for Croatia, Cyprus, Luxembourg, Malta, Slovakia, Slovenia, United Kingdom

### The European Market for Beverages

The European beverage market grew by a stable rate averaging at 1.1% p.a. over the period 2010 to 2013. Growth stepped up to 1.8% in 2014 and analysts expect that this growth can be sustained up to 2021, with the market projected to reach a total volume of 245 billion litres. With water leading the list of the most widely consumed beverage in the world, beer comes third after tea and is the most widely consumed from alcoholic drinks.

The key factors contributing to the future growth in the beer market are mainly attributable to: the availability of low/non-alcoholic beer; a wider variety of beers with rich flavour and aromas as well as low calorie beers; increase in disposable income; and the effect of creative marketing by brewers.

#### Beer Consumption, 2015 (in 1,000hl)

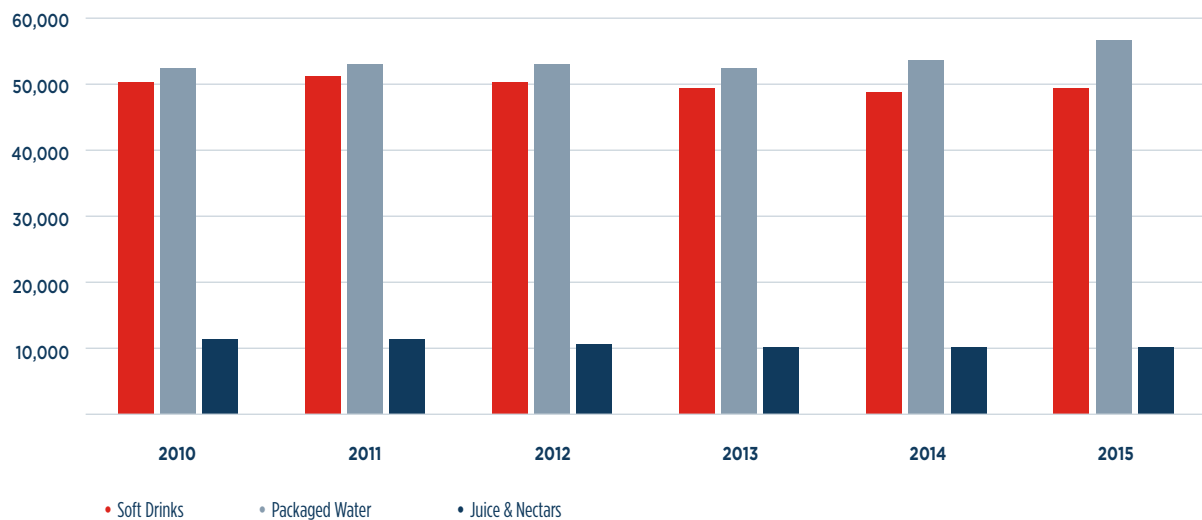


Source: [www.brewersofeurope.org](http://www.brewersofeurope.org) No update is available as at the date of this report on 2016 figures.

The soft drinks and juices / nectar markets have seen a decline in consumption and in recent years, a number of governments in Europe started introducing more public policy and legislative measures in a bid to promote healthier lifestyles. The UK, for instance, has recently introduced a 'sugar tax'<sup>1</sup>. The looming possibility of legislative measures aimed at curbing the consumption of sugar based drinks has caused companies to shift their focus to the production of healthier products. Accordingly, European consumers, as part of their broader healthier lifestyles, continue to purchase bottled water, resulting in a steady growth rate since 2010.

<sup>1</sup> <http://www.bbc.co.uk/news/health-35824071>

### EU Consumption of Soft Drinks, Packaged Water and Juices (2010 – 2015) (million litres)



Source: [www.unesda.eu](http://www.unesda.eu)

### *The European Market for Food*

The European food service industry experienced fairly stable growth of 1.7% p.a. over the period 2014 to 2016 to reach total revenue of €591 billion in 2016. The industry's growth has been maintained by the changing lifestyles over the years. Consumers are nowadays living business lifestyles and as a result have increasingly moved towards foodservice<sup>2</sup> for meals since they have limited time to prepare food. As a result, the demand for on-the-go food has increased significantly. It is also interesting to note that franchising for quick service restaurants is another critical success factor for market growth in Europe.

## 2.3 THE FOOD AND BEVERAGE MARKET IN MALTA

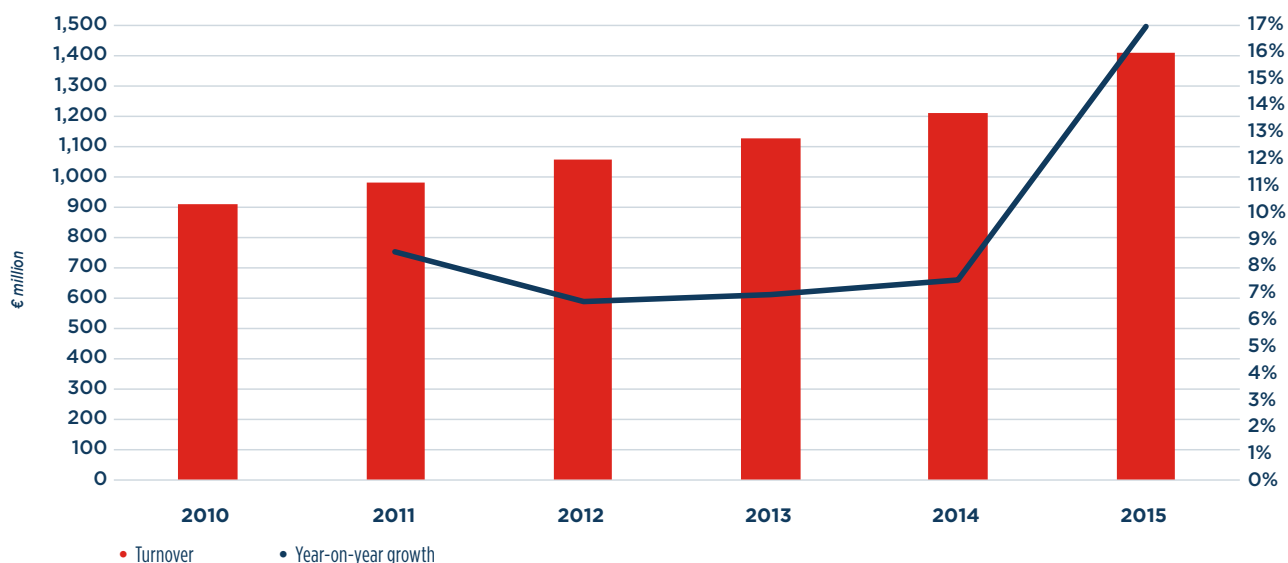
Overall, the growth experienced in the food and beverage market in Malta was driven by the growth in Maltese GDP as the population become more affluent and the substantial growth in inbound tourism. The increasing population of foreign nationals and the changing lifestyles with people resorting to fast food services have also contributed to the growth.

Specific statistics on the food and beverage market in Malta is very limited and information on the brewing of beer in Malta is not made available by the NSO and is therefore excluded from this analysis. The latest available statistical data on the food and beverage market in Malta from the NSO is for year 2015 and relates to the number of enterprises, employment and turnover figures reported by all business units in the market. In gathering the relevant statistics, the NSO uses the EU's industry standard classification system which is referred to as NACE (the food & beverage market in Malta is made up of the following classifications: (i) the manufacture of soft drinks and mineral waters (excluding beer) (NACE 11.07); (ii) the wholesale of beverages (NACE 46.34); (iii) the wholesale of food (NACE 46.30); and (iv) restaurants & mobile food service activities (NACE 56.10)).

In 2015, the total turnover from this sector in Malta amounted to €1.4 billion, an increase of 16.8% over the previous year. The chart below illustrates the turnover from the food & beverage market in Malta for the past 6 years (2010 to 2015). Since 2010, the food & beverage market grew at an annual compound rate of 9.2%.

<sup>2</sup> The food service industry includes total sales of all food and drinks in or through accommodation outlets, pubs, clubs and bars, full service restaurants, quick service restaurants and fast food and others.

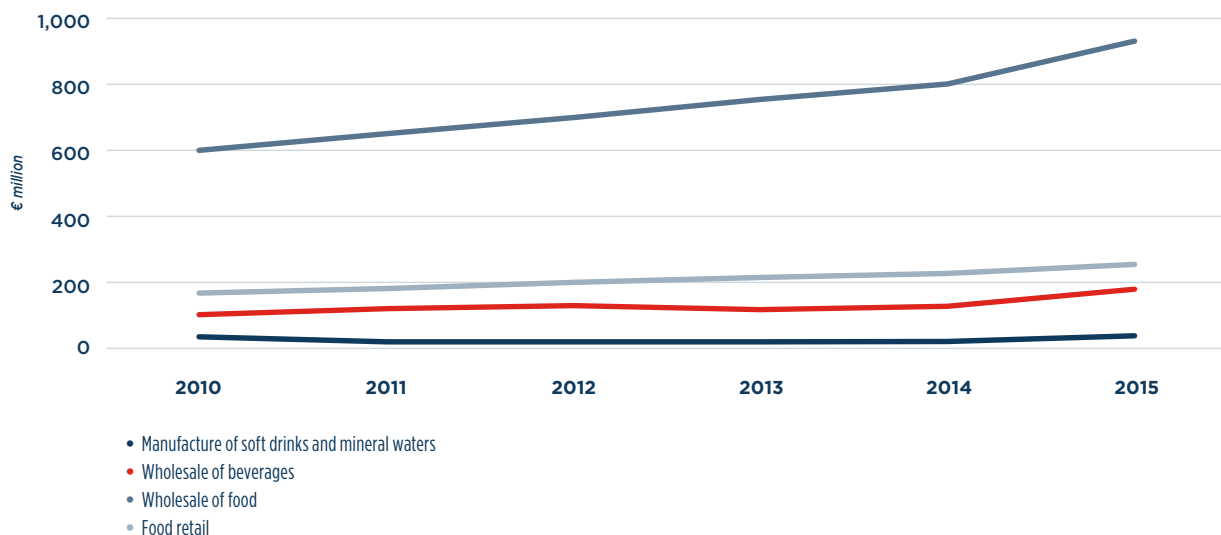
**Food & Beverage Market in Malta**



Source: NSO (NACE 11.07, NACE 46.34, NACE 46.30 & NACE 56.10)

The following chart shows the turnover generated from 2010 to 2015 in relation to the following classifications: the local market for manufacture of soft drinks and mineral waters (excluding beer); the local market for wholesale of beverages; the local market for wholesale of food; and the local market for food retail.

**Turnover per NACE Classification**



Source: NSO (NACE 11.07, NACE 46.34, NACE 46.30 & NACE 56.10), Management Information

***Manufacturing of soft drinks and mineral waters (excluding beer)***

The local market for the manufacture of soft drinks and mineral waters increased from €25 million in 2010 to €39 million in 2015, which is equivalent to a compound annual growth rate (“**CAGR**”) of c. 9%. In 2015, the total market value of the industry increased by around €9 million, that equates to a growth of 30% over the previous year.

***Wholesale of beverages***

Similar to the soft drinks and mineral waters market, the market for the wholesale of beverages has registered significant growth in recent years with a CAGR of 10.6% between 2010 and 2015. In 2015, this market also registered significant growth when compared to 2014 with total revenue increasing by €47 million to €181 million.

**Wholesale of food**

Total turnover of wholesale of food in Malta increased from €596 million in 2010 to €928 million in 2015, equivalent to a CAGR of 9.3% p.a. over the period.

**Food retail**

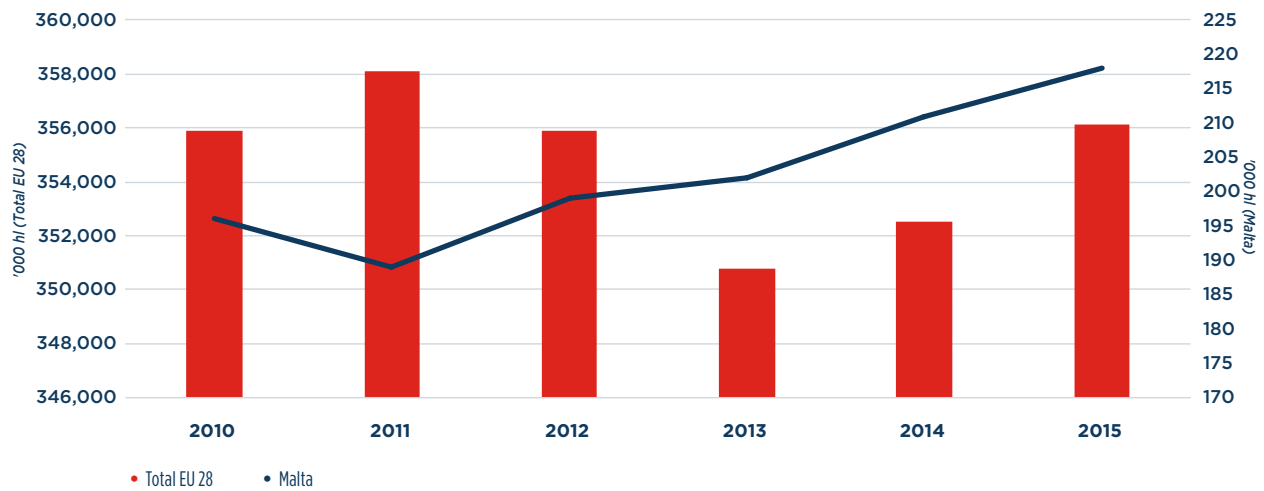
The total market value of the restaurants and mobile food service industry in Malta grew at an average of 7.8% p.a. over the period 2010 to 2015, to reach a value of €257 million in 2015.

**Beer Consumption**

The trend to beer consumption in Malta has been largely in line with trends experienced in other European countries.

**Beer Consumption in Malta (compared to EU 28)**

(in 1,000hl)



## PART 3 – HISTORIC PERFORMANCE AND FINANCIAL POSITION

The financial year of Simonds Farsons Cisk plc runs from 1 February to 31 January. In this regard, FY2015 refers to financial year ended 31 January 2015, FY2016 refers to financial year ended 31 January 2016 and FY2017 refers to financial year ended 31 January 2017.

The information included in the sections that follow has been sourced from the published financial statements of the Company, supported by management information and Rizzo Farrugia's own analysis. The figures quoted could be subject to rounding differences when compared to published financial information.

### 3.1 ANALYSIS OF THE INCOME STATEMENTS [FY2015 – FY2017]

Income Statement as at 31 January	Actual 2015	Actual 2016	Actual 2017
	€'000	€'000	€'000
Revenue	79,501	86,371	88,414
Cost of sales	(49,965)	(53,422)	(53,890)
<b>Gross Profit</b>	<b>29,536</b>	<b>32,949</b>	<b>34,524</b>
Selling & distribution costs	(9,821)	(10,170)	(10,712)
Administrative expenses	(9,729)	(11,181)	(10,916)
Other operating expenses	(376)	(271)	(21)
<b>Operating Profit</b>	<b>9,610</b>	<b>11,327</b>	<b>12,875</b>
<i>Depreciation &amp; Amortisation &amp; One-off Adjustments</i>	5,990	6,056	6,387
<b>EBITDA</b>	<b>15,601</b>	<b>17,383</b>	<b>19,262</b>
Share of Results of Associate	-	763	-
Investment Gains	12	14	16
Finance Costs	(1,472)	(1,377)	(1,470)
<b>Profit before Tax</b>	<b>8,150</b>	<b>10,727</b>	<b>11,421</b>
Tax Income	7,857	2,679	(217)
FV movements of AFS	(8,000)	(2,182)	928
<b>Profit for the Year</b>	<b>8,007</b>	<b>11,224</b>	<b>12,132</b>

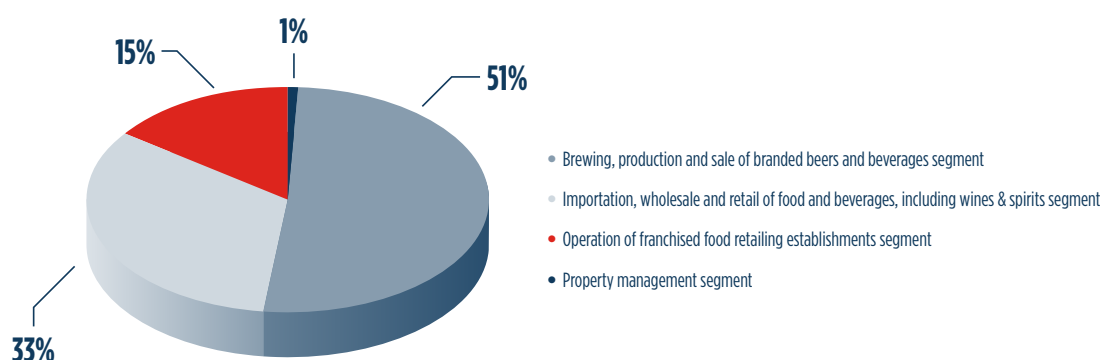
The above presentation of the Group's financial results for the periods ending 31 January 2015, 2016 and 2017 incorporates the combination of the continuing and discontinued operations. Discontinued operations refer to the property management segment which in the published annual report of the Group is shown as discontinued operations in consideration of the Group's decision to spin-off the segment into a new public limited liability company (plc) over the coming months. In fact, during the Company's annual general meeting held on 27 June 2017, the shareholders of the Company approved a resolution that should lead for the eventual spin-off of Trident Estates Limited into a newly-formed plc by the end of 2017.

The Group's revenue-generating segments are four:

- Brewing, production & sale of branded beers & beverages
- Importation, wholesale & retail of food & beverages, including wines & sprits
- Operation of franchised food retailing establishments
- Property Management

The Group's total revenue reached €88.4 million in FY17, up from €79.5 million in FY15, equivalent to a CAGR of 5.5% over the period. The 'brewing, production & sale of branded beers & beverages' segment remained the largest contributor to the Group's revenue, comprising the activities of Simonds Farsons Cisk plc and EcoPure Limited.



**Revenue Generation by Segment – FY2017**


The Group experienced growth across all its principal business segments and consistently over the years:

as at 31 January	2015	2016	2017
	€'000	€'000	€'000
<b>Revenue (excluding intra-group net-offs)</b>	<b>85,817</b>	<b>93,240</b>	<b>95,122</b>
<i>Brewing, production and sale of branded beers and beverages segment</i>	<i>45,500</i>	<i>48,070</i>	<i>48,200</i>
<i>Importation, wholesale and retail of food and beverages, including wines &amp; spirits segment</i>	<i>28,655</i>	<i>32,053</i>	<i>31,738</i>
<i>Operation of franchised food retailing establishments segment</i>	<i>10,984</i>	<i>12,397</i>	<i>14,457</i>
<i>Property management segment</i>	<i>678</i>	<i>720</i>	<i>727</i>

### ***Brewing, production and sale of branded beers and beverages segment***

This segment is represented by Simonds Farsons Cisk plc and EcoPure. Over the years under review, Farsons maintained its strong market share with its own brands, principally Cisk™ and Kinnie™, with both brands being main contributors to the financial results of this segment. Overall, sales in other beverages remained healthy, with the Company registering an increase in the sales of beer and water, while experiencing a slight reduction in the sale of soft drinks as consumers became more health conscious. Production efficiencies achieved through the new bottling and packaging facilities and the Group's strategy to tap into the foreign markets contributed to improve the performance of the Company. Meanwhile, EcoPure also reported an improved performance over the years, as the Group maintained its marketing efforts to increase its client base and sales during the periods under review.

### ***Importation, wholesale and retail of food and beverages, including wines & spirits segment***

This segment is represented by FBIC and Quintano. FBIC imports branded beverages, and during each of the years between FY2015 to FY2017 it managed to register increased revenue levels across its portfolio of brands. Meanwhile, while FY2015 was considered as tough for the food importation business, Quintano registered growth in revenue in both FY2016 and FY2017, improving the contribution from this company in FY2017.

### ***Operation of franchised food retailing establishments segment***

In this segment, the Group operates the franchises of KFC™, Pizza Hut™ and Burger King™ in Malta. Such operations consist of fourteen outlets and since FY2015, it registered a CAGR in revenue of over 30%, including revenues derived from newly – opened outlets.

### ***Property management segment***

Over the years, the Group acquired a significant portfolio of properties which are either rented out to the Group entities or to third parties or else are vacant. A substantial part of this portfolio will be the subject of the spin-off (as detailed in section 4.1). During each of the periods under review, the revenue generated from this segment was short of the €1 million mark.

EBITDA, being the operating profit adjusted for depreciation, amortisation and before charging tax and interest expense, improved from €15.6 million in FY2015 to €19.3 million in FY2017, reflecting a compounded increase of 23% over the three-year period. Furthermore, the Group registered improved EBITDA margins from 19.6% in FY2015 to 21.8% in FY2017, as it capitalised on the efficiencies generated by the various projects the Group had embarked upon in recent years aimed at achieving cost and production efficiencies. The Group incurred between €1.4 million and €1.5 million in finance costs on its borrowing levels in each of the years under review.

In FY2016, the Group made a one-off profit from its holding in an associate company – FSG Company Limited – which is currently in liquidation. Further to the investment tax credits that are applicable for tax relief to the Group with respect to the investments made by the Company, the tax payable on the results of the other subsidiaries of the Group were all offset during each of FY2015 and FY2016.

Negative fair value movements in the assets that are classified by the Group as held for sale (being those subject to the spin-off) have practically netted off the tax credits in FY2015 and FY2016.

### 3.2 ANALYSIS OF THE GROUP'S STATEMENTS OF FINANCIAL POSITION

Statement of Financial Position as at 31 January	Actual 2015	Actual 2016	Actual 2017
	€'000	€'000	€'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	80,170	89,983	110,889
Intangible Assets	718	658	616
Deferred Tax Assets	1,693	4,210	3,486
Trade & Other Receivables	1,392	2,757	3,002
<b>Total Non-Current Assets</b>	<b>83,973</b>	<b>97,608</b>	<b>117,993</b>
<b>Current Assets</b>			
Inventories	11,117	12,334	14,569
Trade & Other Receivables	16,631	18,495	18,316
Current Tax Assets	344	133	29
Cash & Cash Equivalents	4,505	2,445	768
<b>Total Current Assets</b>	<b>32,597</b>	<b>33,407</b>	<b>33,682</b>
<i>Non-Current Assets classified as Held for Sale</i>	33,041	31,558	31,266
<b>Total Assets</b>	<b>149,611</b>	<b>162,573</b>	<b>182,941</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital &amp; Reserves</b>			
Share Capital	9,000	9,000	9,000
Revaluation & Other Reserves	53,221	54,105	59,146
Hedging Reserves	(850)	(919)	(705)
Retained Earnings	38,864	47,273	55,830
<b>Total Equity</b>	<b>100,235</b>	<b>109,459</b>	<b>123,271</b>
<b>Non-Current Liabilities</b>			
Trade & Other Payables	1,593	1,184	905
Derivative Financial Instruments	1,007	1,083	750
Borrowings	22,483	23,807	31,581
<b>Total Non-Current Liabilities</b>	<b>25,083</b>	<b>26,074</b>	<b>33,236</b>
<b>Current Liabilities</b>			
Provision for Other Liabilities & Charges	101	54	36
Trade & Other Payables	16,690	20,056	18,974
Current Tax Liabilities	502	690	570
Derivative Financial Instruments	300	330	335
Borrowings	1,807	3,026	4,382
<b>Total Current Liabilities</b>	<b>19,400</b>	<b>24,156</b>	<b>24,297</b>
<i>Liabilities directly attributable to non-current assets held for sale</i>	4,893	2,884	2,137
<b>Total Liabilities</b>	<b>49,376</b>	<b>53,114</b>	<b>59,670</b>
<b>Total Equity &amp; Liabilities</b>	<b>149,611</b>	<b>162,573</b>	<b>182,941</b>

The Group's total asset base has inherently been made up to the extent of more than 50% from 'property, plant & equipment' (PPE). A significant portion of the increase in PPE over the years is the result of the investment that the Group undertook in the new beer packaging hall, at a total cost to €26 million.

Since FY2016 (and re-classified for FY2015 for comparative purposes), assets classified as held for sale, representing investment property that the Group identified for spin-off purposes, made up an additional 17 - 22% of total assets.

Intangible assets on the Group's balance sheet reflect goodwill on the Group's brewing and bottling of beers and beverages and the food importation business, and franchise and agency rights. In terms of accounting standards, while goodwill is tested annually for any impairments, franchise and agency rights are amortised on a straight-line basis over the definite useful life of the franchise agreements they relate to. During the period between FY2015 and FY2017, goodwill impairment amounted to €0.6 million (no impairment was recognised in FY2017) while amortisation costs totalled €0.1 million.

During the three-years ended 31 January 2017, the Group experienced an increase in inventories, trade receivables and payables (trade working capital components) that are indicative of the increased level of business of the Group.

As at 31 January	2015	2016	2017
	€'000	€'000	€'000
Inventories	11,117	12,334	14,569
Trade Receivables	11,515	11,858	12,818
Trade Payables	(5,304)	(8,417)	(5,128)
<b>Trade Working Capital</b>	<b>17,328</b>	<b>15,775</b>	<b>22,259</b>

The base for the Group's operations is supported through a mix of borrowings and equity:

Group's Funding Base as at 31 January	Actual 2015	Actual 2016	Actual 2017
	€'000	€'000	€'000
<b>BORROWINGS</b>			
Bank overdrafts & short-term borrowings	1,807	3,026	4,382
Bank Borrowings (long-term)	7,687	8,976	15,876
Finance Lease Liability	-	-	720
6% Bonds 2017-2010	14,796	14,831	14,985
<b>Total Borrowings</b>	<b>24,290</b>	<b>26,833</b>	<b>35,963</b>
<b>Cash &amp; equivalents</b>	<b>(4,505)</b>	<b>(2,445)</b>	<b>(768)</b>
<b>Net Debt</b>	<b>19,785</b>	<b>24,388</b>	<b>35,195</b>
<b>EQUITY</b>			
Share Capital	9,000	9,000	9,000
Revaluation & Other Reserves	53,221	54,105	59,146
Hedging Reserves	(850)	(919)	(705)
Retained Earnings	38,864	47,273	55,830
<b>Total Equity</b>	<b>100,235</b>	<b>109,459</b>	<b>123,271</b>
<b>Total Funding</b>	<b>120,020</b>	<b>133,847</b>	<b>158,466</b>
<i>Gearing (Net Debt / Total Funding)</i>	16.5%	18.2%	22.2%

As can be seen from the table above, the Group has a significant revaluation reserve which was established when the Group's properties were revalued, and which is adjusted on an annual basis depending on the extent of fair value adjustments (net of deferred tax) that are necessary during any given financial year.

### 3.3 CASH FLOW STATEMENTS

<b>Statement of Cash Flows</b> as at 31 January	Actual 2015	Actual 2016	Actual 2017	Total 2015 - 2017
	€'000	€'000	€'000	€'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash generated from operations	17,761	18,228	15,513	51,502
Interest received	12	14	5	31
Interest paid	(1,472)	(1,377)	(1,470)	(4,319)
Income tax paid	(657)	(412)	(913)	(1,982)
<b>Net cash generated from operating activities</b>	<b>15,644</b>	<b>16,453</b>	<b>13,135</b>	<b>45,232</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant & equipment	(6,847)	(15,267)	(18,710)	(40,824)
Advance payments for property, plant & equipment	-	(1,623)	-	(1,623)
Additions to investment property	(556)	(1,626)	(1,360)	(3,542)
Additions to intangible assets	(44)	(243)	-	(287)
Proceeds from disposal of property, plant & equipment	33	30	356	419
Proceeds from disposal of investment property	-	250	-	250
Institutional grants received	435	457	-	892
<b>Net cash used in investing activities</b>	<b>(6,979)</b>	<b>(18,022)</b>	<b>(19,714)</b>	<b>(44,715)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from non-current borrowings	-	3,038	9,041	12,079
Payments of current & non-current borrowings	(1,751)	(1,751)	(1,750)	(5,252)
Dividends paid	(2,500)	(3,000)	(3,200)	(8,700)
<b>Net cash (used in)/generated from financing activities</b>	<b>(4,251)</b>	<b>(1,713)</b>	<b>4,091</b>	<b>(1,873)</b>
<b>Net movement in cash &amp; cash equivalents</b>	<b>4,414</b>	<b>(3,282)</b>	<b>(2,488)</b>	<b>(1,356)</b>
<b>Cash &amp; cash equivalents at beginning of year</b>	<b>34</b>	<b>4,448</b>	<b>1,166</b>	
<b>Cash &amp; cash equivalents at end year</b>	<b>4,448</b>	<b>1,166</b>	<b>(1,322)</b>	

The net cash position of the Group (excluding long-term borrowings) at the end of FY2017 stood at a negative €1.3 million, as a result of the substantial capital investments made by the Group over the years. The Group generated €45.2 million from its operations between FY2015 and FY2017. Most of this cash was invested in the additional PPE as part of the Group's continued investment to achieve better efficiencies in its production and costs. Additional borrowings of €12.1 million were taken up during the three years ending 31 January 2017, during which period the Group also repaid a total of €5.3 million of existing borrowings and paid dividends amounting to an aggregate of €8.7 million.

### 3.4 RATIO ANALYSIS

<b>Profitability Ratios</b> for the year ended 31 January	Actual 2015	Actual 2016	Actual 2017
	%	%	%
<b>Gross Profit margin</b> ( <i>Gross Profit / Revenue</i> )	37.15	38.15	39.05
<b>EBITDA margin</b> ( <i>EBITDA / Revenue</i> )	19.62	20.13	21.79
<b>Operating Profit margin</b> ( <i>Operating Profit / Revenue</i> )	12.09	13.11	14.56
<b>Net Profit margin</b> ( <i>Profit for the period / Revenue</i> )	10.07	13.00	13.72
<b>Return on Equity</b> ( <i>Profit for the period / Average Equity</i> )	7.99	10.71	10.43
<b>Return on Capital Employed</b> ( <i>Profit for the period / Average Capital Employed</i> )	6.43	8.61	8.21
<b>Return on Assets</b> ( <i>Profit for the period / Average Assets</i> )	5.35	7.19	7.02

The Group has over the years been able to generate healthy double-digit margins, with FY2017 being a particularly satisfactory year with higher percentages registered across all such metrics.

Meanwhile, as the Group continued on its investment strategy, investing more on capital projects, its asset base grew, resulting in lower return metrics when compared to the previous year, albeit marginally so.

<b>Liquidity Ratios</b> for the year ended 31 January	Actual 2015	Actual 2016	Actual 2017
<b>Current Ratio</b> ( <i>Current Assets / Current Liabilities</i> )	1.68x	1.38x	1.39x
<b>Cash Ratio</b> ( <i>Cash &amp; cash equivalents / Current Liabilities</i> )	0.23x	0.10x	0.03x

The Group's current ratio was sufficiently over one, however, its cash ratio was very low, as the Group remained reliant on available bank facilities for its day-to-day funding requirements.

<b>Solvency Ratios</b> for the year ended 31 January	Actual 2015	Actual 2016	Actual 2017
<b>Interest Coverage ratio</b> ( <i>EBITDA / Net finance costs</i> )	10.68x	12.75x	13.25x
<b>Gearing Ratio (1)</b> ( <i>Net debt / Total Equity</i> )	0.20x	0.22x	0.29x
<b>Gearing Ratio (2)</b> [ <i>Total debt / (Total Debt plus Total Equity)</i> ]	19.51%	19.69%	22.59%
<b>Net Debt to EBITDA</b> ( <i>Net Debt / EBITDA</i> )	1.27x	1.40x	1.83x

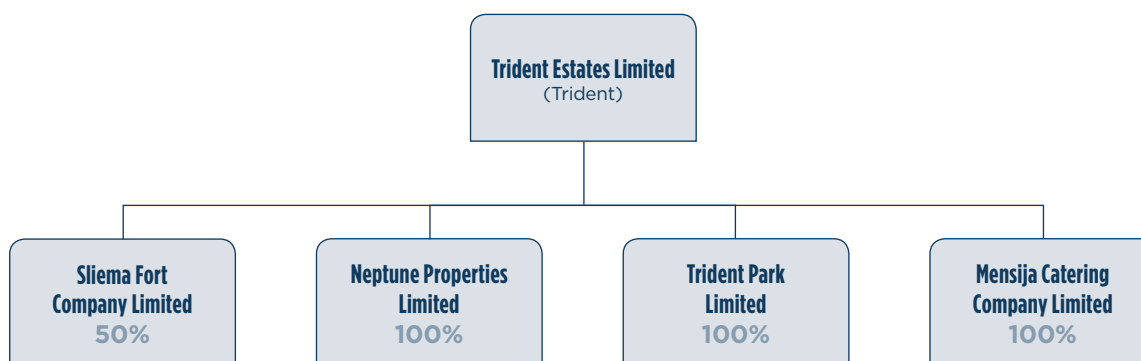
Although the Group's borrowings increased in FY2017, the interest cover coverage ratio remained healthy, as the Group generated additional EBITDA to make up for the additional finance costs. Gearing in FY2017 was also higher than the previous two periods, however, it was still at a very sustainable level at just over 22%. In fact, the Group's net debt to EBITDA metric is just 1.83, meaning that with the current levels of EBITDA, it would take the Group less than 2 years' worth of EBITDA to repay debt in full.

## PART 4 – THE SPIN-OFF AND PRO FORMA FINANCIAL STATEMENTS

### 4.1 THE SPIN-OFF

In 2014, the board of directors of the Company first announced the intention to spin-off the segment related to Property Management of the Group. Earlier this year, during the annual general meeting held on 27 June 2017, the Company's shareholders approved the spin-off of an identified property portfolio to be held by Trident Estates Limited (which will be converted into a plc and whose shares are expected to be listed on the Malta Stock Exchange by no later than the end of 2017). In order to better explain the effect of the spin-off, management and its financial advisers prepared a set of pro forma statements which are aimed to illustrate the effect of the spin-off on the Company. The basis for these statements were the financial statement of FY2017, and as such, the multiple effects of the spin-off were applied to the year-end figures as though the transaction had taken place on 1 February 2016 and the full-year effect of the spin-off was thus applied to the said financial statements.

The spin-off will create a new plc which will be the parent of the following group of companies (Trident Group):



### 4.2 PRO FORMA FINANCIAL STATEMENTS

The following are the FY2017 actual figures as presented in earlier parts of this FAS and the pro forma balances following the adjustments, explained below:

- Transfer of assets and liabilities to Trident Group which will therefore no longer be reflected in the consolidated financial position of the Group;
- A cash injection of €6.5 million by the Company in Trident Estates Limited, which will be carried out through a share issue prior to the spin-off;
- Adjustments necessary to the revenue received from third parties in relation to properties that are included within the scope of the spin-off which will no longer be receivable by the Group
- Deduction of the annual ground rent paid by the Group in relation to properties that are included within the scope of the spin-off which will become payable by Trident Group after the spin-off;
- Adjustment necessary to reverse the annual operating expenses relating to subsidiaries which will form part of the Trident Group following the spin-off;
- Recognition of rental expenses that will become payable the Group to the Trident Group in relation to properties which will be within the scope of the spin-off and which will still be rented out by the Group from Trident Group;
- Reversal of movement in fair value recognised on properties that will be part of scope of the spin-off; and
- Adjustments related to tax implications on the income that will no longer be generated by the Group on properties that will fall within the scope of the spin-off.

Further information on the pro forma financial statements is included in Annex I to the Registration Document.

**Income Statement**

as at 31 January

	Actual 2017	Pro Forma 2017
	€'000	€'000
Revenue	88,414	88,119
Cost of Sales	(53,890)	(54,350)
<b>Gross Profit</b>	<b>34,524</b>	<b>33,769</b>
Selling & Distribution Costs	(10,712)	(10,712)
Administrative Expenses	(10,916)	(10,851)
Other Operating Expenses	(21)	(21)
<b>Operating Profit</b>	<b>12,875</b>	<b>12,185</b>
<i>Depreciation &amp; Amortisation &amp; One-off Adjustments</i>	6,387	6,387
<b>EBITDA</b>	<b>19,262</b>	<b>18,572</b>
Investment Gains	16	5
Finance Costs	(1,470)	(1,470)
<b>Profit before Tax</b>	<b>11,421</b>	<b>10,720</b>
Tax Income	(217)	240
FV movements of AFS	928	154
<b>Profit for the Year</b>	<b>12,132</b>	<b>11,114</b>

**Statement of Financial Position**

as at 31 January

	Actual 2017	Pro Forma 2017
	€'000	€'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant & Equipment	110,889	110,889
Intangible Assets	616	616
Deferred Tax Assets	3,486	3,486
Investment in Jointly-Controlled Entity	-	12
Trade & Other Receivables	3,002	3,002
<b>Total Non-Current Assets</b>	<b>117,993</b>	<b>118,005</b>
<b>Current Assets</b>		
Inventories	14,569	14,569
Trade & Other Receivables	18,316	18,308
Current Tax Assets	29	29
Cash & Cash Equivalents	768	768
<b>Total Current Assets</b>	<b>33,682</b>	<b>33,674</b>
<i>Non-Current Assets classified as Held for Sale</i>	31,266	-
<b>Total Assets</b>	<b>182,941</b>	<b>151,679</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital &amp; Reserves</b>		
Share Capital	9,000	9,000
Reserves	114,271	78,190
<b>Total Equity</b>	<b>123,271</b>	<b>87,190</b>
<b>Non-Current Liabilities</b>		
Trade & Other Payables	905	905
Derivative Financial Instruments	750	750
Borrowings	31,581	31,581
<b>Total Non-Current Liabilities</b>	<b>33,236</b>	<b>33,236</b>
<b>Current Liabilities</b>		
Provision for Other Liabilities & Charges	36	36
Trade & Other Payables	18,974	18,974
Current Tax Liabilities	570	570
Derivative Financial Instruments	335	335
Borrowings	4,382	11,338
<b>Total Current Liabilities</b>	<b>24,297</b>	<b>31,253</b>
<i>Liabilities directly attributable to non-current assets held for sale</i>	2,137	-
<b>Total Liabilities</b>	<b>59,670</b>	<b>64,489</b>
<b>Total Equity &amp; Liabilities</b>	<b>182,941</b>	<b>151,679</b>



## PART 5 – PROJECTIONS

The following projections are based on management's estimates and have been based on the following set of assumptions:

- Production and distribution of beverages is expected to be stable in the local market, while the Group continues its efforts to target growth in the export market.
- The importation and wholesale of foods and beverages segment is expected to remain stable in line with the results achieved during FY2017 and the existing management budgets for the said segment for FY2018.
- Franchised food retailing is expected to remain stable and assumes no further expansion in terms of new outlets.
- The spin-off is assumed to happen by no later than the end of 2017, thereby generating rent payable by the Franchised food retailing business segment to Trident Group as a third party and therefore not netted off upon consolidation as it had been to date.
- Budgeted capital expenditure on the Group's committed investment plans are expected to be executed as planned.

### 5.1 THE INCOME STATEMENT

Income Statement as at 31 January	Actual 2017	Forecast 2018
	€'000	€'000
<b>Continuing Operations</b>		
Revenue	88,119	91,097
Cost of Sales	(53,683)	(56,936)
<b>Gross Profit</b>	<b>34,436</b>	<b>34,161</b>
Selling & Distribution Costs	(10,712)	(10,726)
Administrative Expenses	(10,851)	(11,688)
Other Operating Expenses	(21)	10
<b>Operating Profit</b>	<b>12,852</b>	<b>11,757</b>
<i>Depreciation &amp; Amortisation &amp; One-off Adjustments</i>	6,388	7,427
<b>EBITDA</b>	<b>19,240</b>	<b>19,184</b>
Finance Costs	(1,465)	(1,260)
<b>Profit before Tax</b>	<b>11,387</b>	<b>10,497</b>
Tax Income	471	(399)
<b>Profit for the Year</b>	<b>11,858</b>	<b>10,098</b>
<b>Discontinued Operations</b>		
<b>Profit for the Year</b>	<b>274</b>	<b>(152)</b>

The Group will continue its efforts in innovation within the beer production segment which is expected to contribute to additional revenue growth in FY2018, along with the recognition of efforts to expand the export market. The soft drinks segment will remain challenging and as such, will not be a contributor to revenue growth in FY2018. However, management believe that this could lead to a modest increase in the sale of water in the forthcoming years, noting however that the market remains very competitive and price sensitive.

Direct costs of sales are also expected to increase, and will incorporate additional factory overheads. Meanwhile, the Group is expecting to be able to contain its administrative and selling and distribution costs. Despite the increase in cost of sales, EBITDA for FY2018 is expected to be at the same level as that of FY2017.

Meanwhile, in view of the additional capital expenditure planned for FY2018, the depreciation charge is expected to increase substantially, resulting in a charge to the income statement of €7.4 million (FY2017: €6.4 million).

Overall, the Group's net profit for FY2018 is expected to be somewhat lower, although if the effect of the increase in the non-cash depreciation charge is taken into account, the decline in the Group's net profit for the year would stand at 6.5%.

## 5.2 STATEMENT OF FINANCIAL POSITION

Statement of Financial Position as at 31 January	Pro Forma 2017	Forecast 2018
	€'000	€'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant & Equipment	110,889	123,275
Intangible Assets	616	574
Deferred Tax Assets	3,486	3,936
Investment in Jointly-Controlled Entity	12	12
Trade & Other Receivables	3,002	-
<b>Total Non-Current Assets</b>	<b>118,005</b>	<b>127,797</b>
<b>Current Assets</b>		
Inventories	14,569	12,605
Trade & Other Receivables	18,308	20,866
Current Tax Assets	29	-
Cash & Cash Equivalents	768	1,256
<b>Total Current Assets</b>	<b>33,674</b>	<b>34,727</b>
<b>Total Assets</b>	<b>151,679</b>	<b>162,524</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital &amp; Reserves</b>		
Share Capital	9,000	9,000
Reserves	78,190	85,193
<b>Total Equity</b>	<b>87,190</b>	<b>94,193</b>
<b>Non-Current Liabilities</b>		
Trade & Other Payables	905	-
Derivative Financial Instruments	750	750
Borrowings	31,581	45,890
<b>Total Non-Current Liabilities</b>	<b>33,236</b>	<b>46,640</b>
<b>Current Liabilities</b>		
Provision for Other Liabilities & Charges	36	36
Trade & Other Payables	18,974	17,032
Current Tax Liabilities	570	849
Derivative Financial Instruments	335	335
Borrowings	11,338	3,437
<b>Total Current Liabilities</b>	<b>31,253</b>	<b>21,689</b>
<b>Total Liabilities</b>	<b>64,489</b>	<b>68,329</b>
<b>Total Equity &amp; Liabilities</b>	<b>151,679</b>	<b>162,522</b>

*In view of the fact that the Group is expected to execute the spin-off by no later than the end of 2017, the FY2018 projections are being compared to the FY2017 pro forma statement of financial position.*

As the Group continues with its capital expenditure programme in relation to its investment projects earmarked for completion by the end of (or mainly to be completed within) 2017, including the beer and soft drinks kegging plant, the logistics warehouse extension, the truck depot and the container un/loading bays, the value of the Group's PPE will increase as a result of the capitalisation of the costs associated therewith.

Funding of the Group's capital expenditure is expected to be a mix of bank financing and additional funds being raised through the bond issue. This is expected to increase gearing [Total Debt/(Total Debt plus Total Equity)] to 34.4% as at the end of FY2018.

Other components of the Group's statement of financial position of FY2018 are not expected to be materially different from the pro forma statement for FY2017.

## 5.3 STATEMENT OF CASH FLOWS

Statement of Cash Flows as at 31 January	Actual 2017	Forecast 2018
	€'000	€'000
Net cash generated from operating activities	13,135	21,605
Net cash used in investing activities	(19,714)	(23,247)
Net cash used in financing activities	4,091	10,740
<b>Net movement in cash &amp; cash equivalents</b>	<b>(2,488)</b>	<b>9,098</b>
Cash & cash equivalents at beginning of year	1,166	(1,342)
Cash injected in Trident Estates Ltd.	-	(6,500)
<b>Cash &amp; cash equivalents at end year</b>	<b>(1,322)</b>	<b>1,256</b>
• <i>Continued operations</i>	<i>(1,342)</i>	<i>1,256</i>
• <i>Discontinued operations</i>	<i>20</i>	<i>-</i>

The investments that the Group will carry out during FY2018 are expected to result in a net outflow of cash of approximately €23 million and in the main are related to the capital investments set out in section 1.6 of this FAS. Most of the funding required is expected to be generated through operations, aided by the additional €5 million bond proceeds expected to be raised over and above the €15 million being refinanced, and other bank borrowings. In FY2018 the Company will also inject €6.5 million into Trident Estates Limited in return for a share issue of the latter prior to its spin-off.

The Group's net cash position (excluding long-term debt) is expected to be positive by the end of FY2018, at €1.3 million.

## PART 6 – LISTED SECURITIES OF THE GROUP

As at the date of this FAS, the Company has the following securities listed on the Malta Stock Exchange:

1. 30,000,000 ordinary shares of a nominal value of €0.30 each with ISIN MT0000070103
2. €15,000,000 6% unsecured bonds redeemable between 2017 and 2020 with ISIN MT0000071226. Pursuant to a board resolution dated 19 July 2017, the directors of the Issuer resolved to opt for the early redemption option contemplated in the prospectus pursuant to which these bonds were issued, dated 10 May 2010.

## PART 7 - COMPARISONS

The table below compares the Issuer and its proposed bond issue to other listed debt on the local market having broadly similar maturities. The list excludes issues by financial institutions. The comparative set includes local groups whose assets, strategy and level of operations may vary significantly from those of the Issuer and are therefore not directly comparable. Nevertheless, the table below provides a sample of some comparatives:

Bond Details	Outstanding Amount (€)	Total Assets (€'000)	Total Equity (€'000)	Gearing Ratio*	Net Debt to EBITDA** (times)	Interest Cover*** (times)	YTM (as at 21.07.2017)^
5.00% Dizz Finance plc 2026	8,000,000	17,039	4,662	65.46%	6.77	3.15	4.33%
4.80% Med. Maritime Hub Finance plc 2026	15,000,000	22,931	4,463	76.97%	-	-	4.46%
4.50% Medserv plc 2026 (EUR)	21,982,400	121,453	26,408	66.81%	8.49	2.24	4.24%
4.25% Corinthia Finance plc 2026	40,000,000	1,389,627	665,357	44.12%	17.62	2.39	3.70%
4.00% MIDI plc 2026	50,000,000	203,780	67,359	47.30%	20.66	0.59	3.60%
4.00% IHI plc 2026 (Secured)	55,000,000	1,220,254	646,822	38.53%	9.79	6.18	3.87%
4.00% IHI plc 2026 (Unsecured)	40,000,000	1,220,254	646,822	38.53%	9.79	6.18	3.77%
3.90% Plaza Centres plc 2026	8,500,000	43,424	26,180	32.71%	5.52	9.38	3.75%
3.75% Premier Capital plc 2026	65,000,000	193,351	41,630	74.47%	1.81	7.44	3.49%
4.50% GHM plc 2027 <i>(not listed as at the date of this report)</i>	15,000,000	16,782	2,830	79.25%	6.29	2.00	4.50%
4.35% SD Finance plc 2027	65,000,000	156,433	56,697	53.39%	3.62	4.82	3.97%
4.00% Eden Finance plc 2027	40,000,000	165,496	92,620	34.78%	5.86	3.98	3.75%
3.75% Tumas Investments plc 2027	25,000,000	180,992	81,387	41.73%	3.05	4.60	3.39%
<b>3.50% Simonds Farsons Cisk plc 2027</b>	<b>20,000,000</b>	<b>182,941</b>	<b>123,271</b>	<b>22.59%</b>	<b>1.83</b>	<b>13.25</b>	<b>3.50%</b>

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Rizzo, Farrugia & Co (Stockbrokers) Ltd

\*Gearing: This refers to the fundamental analysis ratio of a company's level of long-term debt compared to its equity capital. In the above table this is computed as follows: Total Debt / [Total Debt + Equity].

\*\*Net Debt to EBITDA: This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.

\*\*\*Interest Cover: The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.

^Yield to Maturity (YTM) from rizzofarrugia.com, based on bond prices of 16 June 2017. YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

Ratio workings and financial information quoted have been based on the Issuers' published financial data, including:

Dizz Finance plc - figures based on the Guarantor (Dizz Group of Companies Limited) FY2016 annual report;

Med. Maritime Hub plc - figures based on the Guarantor (MMH Holdings Limited) FY2016 annual report;

Medserv plc FY2016 annual report;

Corinthia Finance plc - figures based on the Guarantor (Corinthia Palace Hotel Company Limited) FY2016 annual report;

MIDI plc FY2016 annual report;

IHI plc FY2016 annual report;

Plaza Centres plc FY2016 annual report;

Premier Capital plc FY2016 annual report;

SD Finance plc - figures based on the Guarantor (SD Holdings Limited) FY2016 annual report;

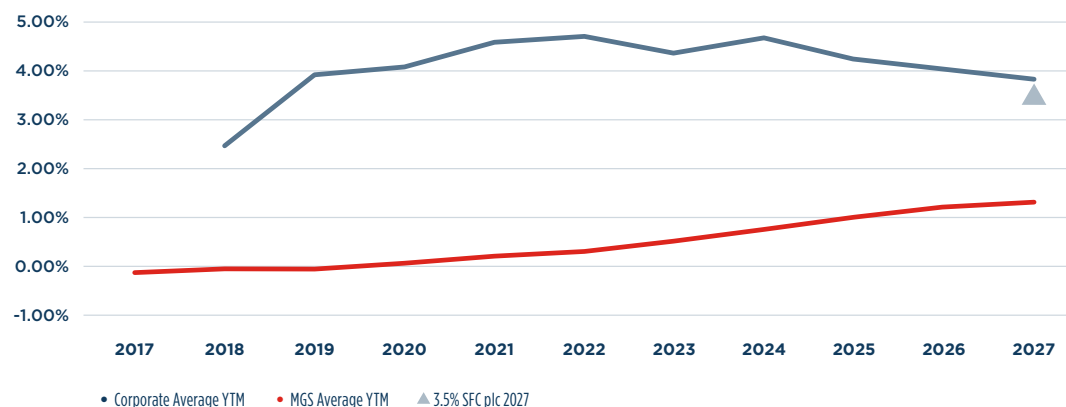
Eden Finance plc - figures based on the Guarantor (Eden Leisure Group Limited) FY2016 annual report;

Tumas Investments plc - figures based on the Guarantor (Spinola Development Company Limited) FY2016 annual report; and

Grand Harbour Marina plc FY2016 annual report.

The chart below compares the new Simonds Farsons Cisk plc bond to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as at 21 July 2017.

### New SFC Bond vs Corporate & MGS YTM - as at 21.07.2017



At a coupon of 3.50% per annum, the 3.50% Simonds Farsons Cisk plc 2027 bond, has been priced at a premium of approximately 220 basis points over the average yield to maturity of Malta Government Stock (MGS) maturing in 2027 and at a discount of approximately 30 basis points over the average yield to maturity of corporate bonds maturing in 2027 (data correct as at 21 July 2017).

## DEFINITIONS

### Statement of Comprehensive Income Explanatory Definitions

<b>Revenue</b>	Total revenue generated by the company from its business activity during the financial year.
<b>Cost of Sales</b>	The costs incurred in direct relation to the operations of the Issuer.
<b>Gross Profit</b>	The difference between Revenue and Cost of Sales.
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
<b>Depreciation and Amortization</b>	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
<b>Finance Income</b>	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
<b>Finance Costs</b>	Interest accrued on debt obligations.
<b>Net Profit</b>	The profit generated in one financial year.

### Cash Flow Statement Explanatory Definitions

<b>Cash Flow from Operating Activities</b>	The cash used or generated from the company's business activities.
<b>Cash Flow from Investing Activities</b>	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
<b>Cash Flow from Financing Activities</b>	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

### Statement of Financial Position Explanatory Definitions

<b>Assets</b>	What the company owns which can be further classified in Current and Non-Current Assets.
<b>Non-Current Assets</b>	Assets, full value of which will not be realised within the forthcoming accounting year.
<b>Current Assets</b>	Assets which are realisable within one year from the statement of financial position date.
<b>Liabilities</b>	What the company owes, which can be further classified in Current and Non-Current Liabilities.
<b>Current Liabilities</b>	Obligations which are due within one financial year.
<b>Non-Current Liabilities</b>	Obligations which are due after more than one financial year.
<b>Equity</b>	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

### Other Definitions

<b>Yield to Maturity</b>	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.
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