

This document comprises an admission document, required by the rules of Prospects MTF (the market regulated as a multilateral trading facility operated by the Malta Stock Exchange (the "Exchange")). This document has been drawn up in compliance with the rules of Prospects MTF Rules for the purpose of giving information with regards to the issue of the Bonds (as herein defined). This document does not comprise a document drawn up in terms of the EU Prospectus Directive (2013/71/EC) or for the purposes of the Listing Rules of the Listing Authority. In terms of article 2(3)(b)(v) of the Companies Act, Chapter 386 of the Laws of Malta, this Bond Issue (as defined herein) does not constitute an offer of securities to the public and this document does not constitute a prospectus as defined in article 2(i) of the said Act.

## Company Admission Document

Dated 16<sup>th</sup> May 2018

In respect of an issue of €5,000,000 5% Unsecured Bonds 2028 of a nominal value of  
€100 per Bond issued at par by



JD Capital plc - A public limited liability company registered in Malta  
with company registration number C 82098

ISIN: MT0001831206

THE MSE HAS AUTHORISED THE ISSUE OF THIS DOCUMENT. THE MSE DOES NOT GIVE ANY CERTIFICATION, REPRESENTATION, WARRANTY OR GUARANTEE REGARDING THE POTENTIAL RISKS INVOLVED IN INVESTING IN THE SAID SECURITIES OR THE SAFETY OF INVESTING IN SUCH SECURITIES. THE MSE ACCEPTS NO RESPONSIBILITY FOR THE COMPLETENESS OR ACCURACY OF THIS ADMISSION DOCUMENT 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 THIS ADMISSION DOCUMENT. THE DIRECTORS OF THE ISSUER, WHOSE NAMES APPEAR UNDER THE HEADING "IDENTITY OF DIRECTORS AND SENIOR MANAGEMENT OF THE ISSUER", ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS DOCUMENT IS IN ACCORDANCE WITH FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORTANCE OF SUCH INFORMATION. THE DIRECTORS ASSUME FULL RESPONSIBILITY FOR ITS CONTENTS ACCORDINGLY.

THE MALTA STOCK EXCHANGE (EXCHANGE) HAS AUTHORISED THE ADMISSION OF THESE SECURITIES ON PROSPECTS MTF, A MULTI-LATERAL TRADING FACILITY OPERATED BY THE EXCHANGE. THIS MEANS THAT THE SAID INSTRUMENTS ARE IN COMPLIANCE WITH THE ADMISSION REQUIREMENTS SET OUT IN THE PROSPECTS MTF RULES. IN PROVIDING THIS AUTHORISATION, THE EXCHANGE DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENTS AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS.

INVESTING IN COMPANIES ADMITTED TO PROSPECTS MTF MAY PUT AN INVESTOR'S CASH PARTLY OR WHOLLY AT RISK. SECURITIES ISSUED BY SMALL AND MEDIUM SIZED ENTERPRISES TEND TO BE ILLIQUID AND CARRY HIGHER RISKS. INVESTORS SHOULD THUS SEEK APPROPRIATE ADVICE AND READ THE WHOLE DOCUMENT BEFORE MAKING ANY INVESTMENT DECISIONS. THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE OR ARE REQUIRED UNDER APPLICABLE LEGISLATION TO SEEK ADVICE WITH RESPECT TO THIS SECURITIES ISSUE, YOU SHOULD CONSULT A DULY LICENSED INVESTMENT ADVISOR.

APPROVED BY THE DIRECTORS

Josef  
Dimech

Gaetano  
Vella

Stephen  
Muscat

Stanley  
Portelli



## Table of Contents

1	DEFINITIONS	4
2	SUMMARY	7
3	RISK FACTORS	14
4	PERSONS RESPONSIBLE	21
5	ADVISERS AND STATUTORY AUDITORS	22
6	INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE	22
7	IDENTITY OF DIRECTORS AND SENIOR MANAGEMENT	22
8	INFORMATION ABOUT THE ISSUER AND THE EXTENDED GROUP	26
9	GROUP ORGANISATIONAL STRUCTURE	30
10	TREND INFORMATION	31
11	FINANCIAL INFORMATION	31
12	MANAGEMENT AND ADMINISTRATION	36
13	MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS	38
14	BOARD COMMITTEES	39
15	COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS	39
16	ESSENTIAL INFORMATION CONCERNING THE BONDS	40
17	INFORMATION CONCERNING THE BONDS	41
18	TERMS AND CONDITIONS OF THE BOND ISSUE	49
19	TAXATION	53
20	LITIGATION / COURT PROCEEDINGS AND INVESTIGATIONS	55
21	GOVERNING LAW	56
22	NOTICES	56
23	DOCUMENTS AVAILABLE FOR INSPECTION	56
24	ANNEX A – Subordinated Loan Agreement	57
25	ANNEX B - Business Transfer Agreement	60
26	ANNEX C – Property Valuation Hal-Far	69
27	ANNEX D – Plant and Equipment Valuation	75
28	ANNEX E – Property Valuation Birkirkara	90
29	ANNEX F – Accountant’s Report	92
30	ANNEX G - Specimen Application Forms	94
31	ANNEX H - Forecast Information of the Issuer	96
32	ANNEX I - Summary of Significant Assumptions and Accounting Policies	99
33	Annex J – Current and past directorships of the Directors of the Issuer	101



## IMPORTANT INFORMATION

THIS DOCUMENT CONTAINS INFORMATION ON JD CAPITAL PLC IN ITS CAPACITY AS ISSUER IN COMPLIANCE WITH THE PROSPECTS MTF RULES ISSUED BY THE MALTA STOCK EXCHANGE. APPLICATION HAS BEEN MADE TO THE EXCHANGE FOR THE BONDS TO BE ADMITTED TO TRADING ON PROSPECTS MTF. PROSPECTS IS A MARKET DESIGNED PRIMARILY FOR EMERGING AND SMALLER COMPANIES TO WHICH A HIGHER INVESTMENT RISK TENDS TO BE ATTACHED. PROSPECTS MTF SECURITIES ARE NOT ADMITTED TO THE OFFICIAL LIST OF THE MALTA STOCK EXCHANGE. NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS RESPECTIVE DIRECTORS TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS ADMISSION DOCUMENT 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 RESPECTIVE DIRECTORS OR ADVISORS.

**THE MSE ACCEPTS NO RESPONSIBILITY FOR THE COMPLETENESS OR ACCURACY OF THIS ADMISSION DOCUMENT 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 THIS ADMISSION DOCUMENT.**

THIS ADMISSION DOCUMENT DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION: (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. THE DISTRIBUTION OF THE ADMISSION DOCUMENT IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS. THIS ADMISSION DOCUMENT AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE ADMISSION DOCUMENT IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE ADMISSION DOCUMENT IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME. A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENTS. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT LEGAL ADVISORS, ACCOUNTANTS AND/OR OTHER FINANCIAL ADVISORS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE ADMISSION DOCUMENT. SAVE FOR THE OFFERING OF SECURITIES IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT AN OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE ADMISSION DOCUMENT (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

A COPY OF THE ADMISSION DOCUMENT HAS BEEN SUBMITTED TO THE EXCHANGE IN SATISFACTION OF THE PROSPECTS MTF RULES. STATEMENTS MADE IN THIS ADMISSION DOCUMENT ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN. ALL THE ADVISORS TO THE ISSUER NAMED IN THIS ADMISSION DOCUMENT UNDER THE HEADING "ADVISORS AND STATUTORY AUDITORS" HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS PUBLIC OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE ADMISSION DOCUMENT.

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

**THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE ADMISSION DOCUMENT AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS.**



## 1 DEFINITIONS

<b>Act or Companies Act</b>	the Companies Act, 1995 (Cap. 386 of the Laws of Malta);
<b>Admission Document or Document</b>	this document in its entirety;
<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/s</b>	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form and delivering same to the Placement Agent and Manager (defined below) in accordance with the terms of this Admission Document;
<b>Application Form</b>	the form of application for subscription, a specimen of which is contained in Appendix G of this Admission Document;
<b>Appropriateness Test</b>	shall have the meaning set out in section 18.1 of this Document;
<b>Bond(s)</b>	€5,000,000 unsecured bonds due in 2028 of a nominal value of €100 per bond bearing an interest rate of 5% per annum;
<b>Bondholder</b>	a holder of Bonds;
<b>Bond Issue</b>	the issue of the Bonds;
<b>Bond Issue Price</b>	the price of €100 per Bond;
<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>Calamatta Cuschieri</b>	Calamatta Cuschieri Investment Services Limited, a limited liability company registered under the laws of Malta with company registration number C13729, having its registered office at Europa Business Centre, Triq Dun Karm, B'Kara, BKR 9034, Malta;
<b>Corporate Advisor</b>	Calamatta Cuschieri Investment Services Limited;
<b>Company or Issuer</b>	JD Capital plc;
<b>CSD</b>	the Central Securities Depository of the Malta Stock Exchange authorised in terms of Part IV of the Financial Markets Act (Chapter 345 of the laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
<b>Directors or Board of Directors</b>	the Directors of the Issuer as set out in Section 7.1;
<b>Euro or €</b>	the lawful currency of the Republic of Malta;
<b>Exchange, Malta Stock Exchange or MSE</b>	Malta Stock Exchange p.l.c., as originally constituted in terms of the Financial Markets Act (Chapter 345 of the laws of Malta) with company registration



	number C 42525 and having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta;
<b>Extended Group</b>	Means JD Holdings Limited and its subsidiaries, and JS Dimech Limited. JD Holdings Limited owns the Group as defined below, and as the date hereof consists of JD Capital plc which in turn owns JD Operations Limited and JD Birkirkara Limited. Both JD Holdings Limited and JS Dimech Limited are ultimately owned by Josef Dimech;
<b>Financial Markets Act</b>	the Financial Markets Act, Cap. 345 of the Laws of Malta;
<b>Factory</b>	the factory situated at HHF 303 and HHF 304 Industrial Estate, Hal Far, Birzebbugia BBG3000, Malta as per the property valuation annexed to this Admission Document and marked as Annex C;
<b>FY</b>	Financial Year;
<b>Group</b>	JD Capital plc and its subsidiary companies, which as at the date hereof consist of JD Operations Limited and JD Birkirkara Limited;
<b>Interest</b>	the Bonds shall bear interest from and including 21 <sup>st</sup> May 2018 at the rate of 5% per annum payable annually in arrears on the Interest Payment Dates;
<b>Interest Payment Dates</b>	annually, on the 21 <sup>st</sup> May of each year commencing on the 21 <sup>st</sup> May 2019 and ending with and including the Redemption Date, 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>	the period between the 17 <sup>th</sup> May 2018 until the 23 <sup>rd</sup> May 2018 (or such earlier date as may be determined by the Issuer) during which the Bonds are available for subscription;
<b>Issuer</b>	JD Capital plc, a public limited liability company registered and existing under the laws of Malta with company registration number C 82098 and having its registered office at HHF 303 Industrial Estate, Hal Far, Birzebbugia, BBG3000, Malta;
<b>Investment Property</b>	the property situated in Birkirkara valued at €4,500,000 as per the property valuation annexed to this Admission Document and marked as Appendix E;
<b>JD Holdings Limited</b>	a limited liability company registered and existing under the laws of Malta with company registration number C 82095 and having its registered office situated at HHF 303 Industrial Estate, Hal Far, Birzebbugia, BBG3000, Malta;
<b>JD Operations Limited</b>	a limited liability company registered and existing under the laws of Malta with company registration number C 82100 and having its registered office situated at HHF 303 Industrial Estate, Hal Far, Birzebbugia, BBG3000, Malta;
<b>JD Birkirkara Limited</b>	a limited liability company registered and existing under the laws of Malta with company registration number C 82135 and having its registered office situated at HHF 303 Industrial Estate, Hal Far, Birzebbugia, BBG3000, Malta;
<b>JSDimech Limited</b>	a limited liability company registered and existing under the laws of Malta with company number C 34919 and having its registered office situated at HHF 303 Industrial Estate, Hal Far, Birzebbugia, BBG3000, Malta;
<b>Listing Authority</b>	the Malta Financial Services Authority, appointed as Listing Authority for the purposes of the Financial Markets Act (Chapter 345 of the laws of Malta) by virtue of Legal Notice 1 of 2003;



<b>Listing Rules</b>	the listing rules issued by the Listing Authority, as may be amended from time to time;
<b>MFSA</b>	the Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act, Cap. 330 of the Laws of Malta;
<b>Official List</b>	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the Malta Stock Exchange Bye-Laws;
<b>Placement Agent and Manager</b>	Calamatta Cuschieri Investment Services Limited;
<b>Property Plant and Equipment</b>	<p>the tangible fixed assets including the Factory and the machinery valued in aggregate at €11, 675,503 as per the two valuations compiled as follows:</p> <ul style="list-style-type: none"> <li>a) by Perit Jonathan Schembri dated 6<sup>th</sup> September 2017 annexed to this document and marked as Appendix D in relation to the plant and equipment, and</li> <li>b) as per the property valuation compiled by Perit David Micallef dated 5<sup>th</sup> January 2018 annexed to this Admission Document and marked as Appendix C in relation to the Factory ;</li> </ul>
<b>Prospects MTF Market or Prospects MTF</b>	the market regulated as a Multilateral Trading Facility operated by the MSE providing a venue for start-up and growth small to medium-sized enterprises to float their capital (including equity or debt) on the market;
<b>Prospects MTF Rules or Rules</b>	the rules issued by the Board of Directors of the Malta Stock Exchange, in exercise of the powers conferred on it by the Financial Markets Act (Chap. 345 of the Laws of Malta) regulating the Prospects MTF market;
<b>Prospectus Directive</b>	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
<b>Prospects MTF List</b>	the list prepared and published by the Malta Stock Exchange as the list indicating the companies admitted to Prospects MTF in accordance with the Malta Stock Exchange Bye-Laws;
<b>Redemption Date</b>	21 <sup>st</sup> May 2028 ;
<b>Redemption Value</b>	redemption at par;
<b>Small and medium-sized enterprises or SMEs</b>	<p>an enterprise as defined in section 2 (1) of the Companies Act, Chapter 386 of the laws of Malta, that is, companies which, according to their last annual or consolidated accounts, meet at least two of the following three criteria:</p> <ul style="list-style-type: none"> <li>- an average number of employees, during the financial year, of less than 250;</li> <li>- a total balance sheet not exceeding forty-three million euro (43,000,000);</li> <li>- an annual net turnover not exceeding fifty million euro (50,000,000);</li> </ul>
<b>Suitability Test</b>	shall have the meaning as set out in Section 17 of this Admission Document;
<b>Summary</b>	a summary of the salient features of the Document, as contained in the section entitled "Summary";





<b>Terms and Conditions</b>	the terms and conditions of the Bonds contained in this Document under the heading “Terms and Conditions of the Bonds”.
<b>Transfer</b>	the transfer from JSDimech Limited to JD Operations Limited of the business concern with a value of €11,900,000 ; JD Operations Limited is full subsidiary of the issuer.

All references in the Document 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;
- d) any reference to a person includes natural persons, firms, partnerships, companies, corporations, associations, organisations, governments, states, foundations or trusts;
- e) any reference to a person includes that person’s legal personal representatives, successors and assigns;
- f) any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression is illustrative only and does not limit the sense of the words preceding those terms;
- g) any reference to a law, legislative act, and/or other legislation shall mean that particular law, legislative act and/or legislation as in force at the time of issue of this Company Admission Document.

## 2 SUMMARY

The following summary should be read as an introduction to the Admission Document. Essentially, this Summary is being provided to convey the essential characteristics and risks associated with the Issuer and the securities being offered in terms of this Admission Document. Any decision to invest in the Company should be based on a consideration of the Admission Document as a whole. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this Summary in making a decision as to whether to invest in the securities described in this document. Any decision to invest in the securities should be based on consideration of the Admission Document as a whole by the investor.

Civil liability attaches to those persons who have tabled the summary including any translation thereof, and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Admission Document.

### Section A – Information regarding the Issuer

- A.1 **Legal and commercial name of the Issuer** - The legal and commercial name of the Issuer is JD Capital plc (registration number C 82098).
- A.2 **Domicile and legal form of the Issuer** – The Issuer was registered in Malta on the 9th August 2017, as a private limited liability company and converted to a public limited liability company on the 15<sup>th</sup> March 2018. The Issuer is domiciled in Malta.
- A.3 **Nature of the operations and its principal activities** - - The principal object of the Issuer is to carry on the activities of a parent company. The Issuer itself does not have any substantial assets and is a special purpose vehicle that was set up specifically to act as a holding company for the Group.



As the Issuer does not carry out any trading activities itself, it is economically dependent on the business prospects of the Group, the core operations of which are the manufacture, assembly and installation of aluminium, steel, wrought iron, large scale glass formats and stainless steel works. The Group has been in the business of aluminium, steel and stainless works for over 30 years.

- A.4 **Shareholding structure** – The authorised share capital of the Company is of two hundred and forty five thousand euro (€245,000) divided into two hundred and forty five thousand (245,000) Ordinary Shares of one Euro (€1.00) each. The issued share capital of the Company is of forty six thousand six hundred Euro (€ 46,600) consisting of forty six thousand six hundred (46,600) Ordinary shares of €1.00 each, fully paid up.

- A.5 **Significant recent trends**

**Trend Information of the Issuer**

The Issuer was set up to act as the holding company of the Group and accordingly, the Issuer's business is limited to raising capital for the financing of projects and the loaning of such funds to the rest of the Group. The Issuer is dependent on the business prospects of the Group and, therefore, the trend information of the members of the Group (detailed below) has a material effect on its financial position and prospects. There has been no material adverse change in the prospects of the Issuer since the date of its incorporation.

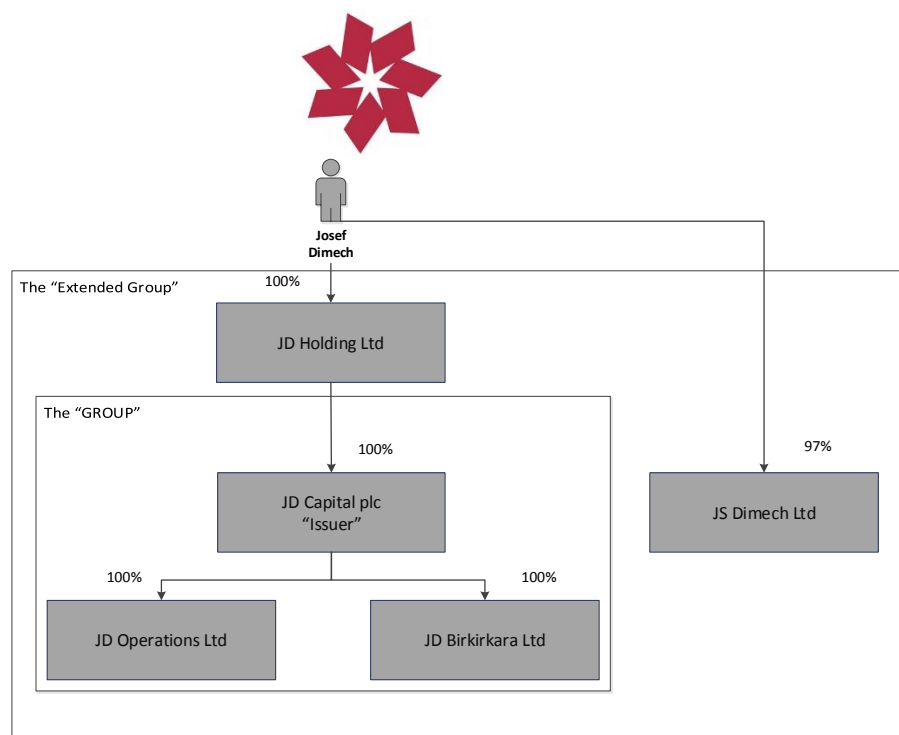
**Trend Information of the Group**

As at the time of publication of this Admission Document, the Group considers that generally it shall be subject to the normal risks associated with the aluminium and steel business in which the Group operates, and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be considered likely to have a material effect on the upcoming prospects of the Group and its business, at least with respect to the current financial year. However, investors are strongly advised to carefully read the risk factors in this Document.

The Group faces competition from other companies involved in the manufacture, assembly and installation of aluminium, steel, wrought iron, large scale glass formats and stainless steel works. Also, an increase in the price of raw materials in the international market, a downturn in the global economic conditions, a slowdown in the property market, the entrance of new technology, changes in government monetary & industrial policy and increased competition are known events that may affect the productivity as well as growth of the Group.

- A.6 **Organisational Structure** - The organisational structure of the group of companies which the Issuer forms part of, as at the date of the Admission Document, is illustrated in the diagram below:





- A.7 **Summary of Historical Financial Information** - The Issuer was set up on the 9<sup>th</sup> August 2017 and since its incorporation and up to the date of this Admission Document, no financial statements have been prepared. There has not been any significant change in the financial or trading position of the Issuer, which has occurred since the company's date of incorporation.

## Section B – The Securities

- B.1 **Type and class of securities** – The Issuer shall issue an aggregate of €5,000,000 in Bonds having a face value of €100 per bond, subject to a minimum amount per subscription of €2,000 and in multiples of €100 thereafter. 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. On admission to trading on Prospects MTF, the Bonds will have the following ISIN: MT0001831206. The Bonds shall bear interest at the rate of 5% per annum. The Bonds shall be repayable in full upon maturity on the 21<sup>st</sup> May 2028 (together with interest accrued to the date fixed for redemption) unless previously re-purchased and cancelled.
- B.2 **Currency** - The Bonds are denominated in Euro (€).
- B.3 **Transferability** - The Bonds are freely transferable and, once admitted to the Prospects MTF List, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.
- B.4 **Rights attached to the Bonds** - There are no special rights attached to the Bonds other than the right of the Bondholders to:
- the payment of interest;
  - the payment of capital;
  - ranking with respect to other indebtedness of the Issuer in accordance with the provisions of sub-section 17.3 of this Document;
  - attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and
  - enjoy all such other rights attached to the Bonds emanating from the Admission Document.
- B.5 **Interest** - The Bonds shall bear interest from and including the 21<sup>st</sup> May 2018 till the 21<sup>st</sup> May 2028 at the rate of 5% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date, the first Interest Payment Date being 21<sup>st</sup> May 2019, provided that any Interest



Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is five percent (5%).

## **Section C – Risks**

### **C. 1 Essential information on the key risks specific to the Issuer, the Group and its business**

- i. **Start-up Operation – The Company was incorporated on the 9<sup>th</sup> August 2017. As at the date of the Document, the Issuer has no history of trading operations.**
- ii. **Competition - The Group may face competition from new market entrants and from existing competitors. If the Group is not able to compete successfully, the Group's earnings could be adversely affected. Competition may also prevent the Group from achieving its goal of profitably expanding its business.**
- iii. **Regulations governing the Group's operations - The Group is exposed to possible fines for breaches of applicable regulations which carry both a financial as well as a reputational risk.**
- iv. **Technology Obsolesce - The technology employed by the Group may become obsolete in the future leaving the Company unable to deliver the required level of expertise and support for consistent growth.**
- v. **Disruption in the supply of raw materials – Should there be an adverse movement in the price or supply of raw materials, the smooth production of orders could be affected.**
- vi. **Exposure to general market conditions - The health of the market in which the Group operates may be affected by a number of factors such as national economy, political developments, government regulations.**
- vii. **Risks relating to the Group's dependence on its customers' business performance - Any adverse developments in the business performance of such customers could materially and adversely affect the occupational and financial condition of the Group's operations.**
- viii. **Reliance on key senior personnel and management - The Group's growth since inception is, in part, attributable to the efforts and abilities of key personnel of the Group. If one or more of these individuals were unable or unwilling to continue in their present position, they may not be replaceable within the short term, which could have an adverse effect on the Group's business, financial condition and results of operations.**
- ix. **Reputational risk - Reputational risk could materially and adversely affect the Group's ability to retain or attract customers, particularly institutional and retail customers, whose loss could adversely affect the Group's operations, financial condition and prospects.**
- x. **Litigation risk - All industries, including the industry in which the Group operates are subject to legal claims, with and without merit. Defense and settlement costs can be substantial, even with respect to claims that have no merit.**
- xi. **Exposure to economic conditions - Negative economic factors and trends could have a material impact on the business of the Group generally, and may adversely affect its revenues.**



- xii. **Reliance on key clients** - The Group's business may be highly dependent on a number of key clients at a point in time. A deterioration in the financial performance of these key clients may have an adverse effect on their ability to fulfil their obligations towards the group.
- xiii. **Risks relating to currency fluctuations** - The Group's operations are in part exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions, receivables and borrowings that are denominated in a currency other than the Euro. As a result, exchange gains and losses may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies. The Group can be impacted by transaction risk, being the risk that the currency of the costs and liabilities of Group companies fluctuates in relation to the Euro (being the reporting currency of all Group companies), which fluctuation may adversely affect the Group's operating performance.
- xiv. **Risks relating to forming part of a consortium** - At times the group competes for competitive bids by congregating with other companies to form a consortium. In these instances, the group will be dependent on the fellow member of the consortium to fulfil their obligations so as not to jeopardise the situation of the consortium of which the group would be a member. Failure by any member to fulfil its duty may adversely effect the position of the Group.

## **C.2 Essential information on the key risks specific to the Bonds**

- i. **No Assurance of an active Secondary Market in the Bonds** - Only upon successful admission, the Bonds will be traded on a multilateral trading facility but will NOT be traded on any regulated market. Hence the market for the Bonds may be less liquid than a regulated market and a bondholder may find it more difficult to identify willing buyers for their Bonds.
- ii. **Prior to the Bond Issue, there has been no public market nor trading record of the Bonds within or outside Malta.** Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.
- iii. **Fluctuations in exchange rate** - A Bondholder will bear the risk of any fluctuations in exchange rates between the currency of the Bonds (€) and the Bondholder's currency of reference, if different.
- iv. **Additional Indebtedness and Security** - The Issuer may incur further borrowings or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital).
- v. **Effect of Future Public Offerings/Takeover/Merger Activity** - No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of any of the Bonds prevailing from time to time.
- vi. **Fixed Rate Bonds** - The Issuer is entitled to issue Bonds bearing a fixed rate of interest which involves the risk that subsequent changes in market interest rates may adversely affect the market value of the said Bonds. Investors should also be aware that the price of the fixed rate Bonds moves adversely to changes in interest rates.
- vii. **Discontinuation of Trading on Prospects MTF** - Even after the Bonds are admitted to trading on Prospects MTF, the Issuer is required to remain in compliance with certain requirements of the Prospects MTF Rules issued by the Exchange as amended from time to time. Moreover, the MSE has the authority to suspend trading of the Bonds if it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the



market. The MSE may discontinue the trading of the Bonds on Prospects MTF. Such trading suspensions could have a material adverse effect on the liquidity and value of the Bonds.

- viii. **Value of the Bonds** - The value of investments can rise or fall, and past performance is not necessarily indicative of future performance.
- ix. **Ranking** - The Bonds, as and when issued, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. Furthermore, subject to the negative pledge clause (section 17.4 of this Admission Document), 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.
- x. **Credit rating** - The Issuer has not sought, nor does it intend to seek, the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds.
- xi. **Terms and Conditions** - The Terms and Conditions of the Bonds are based on Maltese law in effect as at the date of this document and a change in Maltese law may have an effect on the terms of the Bonds.

## Section D – Offer

D.1 **Use of Proceeds** - The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €4,900,000, will be transferred by the Issuer to JD Operations Limited by way of a loan agreement and shall be used by JD Operations Limited for the following purposes:

- An amount of €3,850,000 shall be utilised to partially settle the amount of €11,900,000 due in respect of the acquisition of the business assets, manufacturing facilities, property, plant and equipment from the existing operating company as per the Transfer agreement detailed in Section 8.3 of this Admission Document;
- An amount of €1,050,000 shall be utilised for existing and increased working capital and trade finance requirements.

D.2 **Subscription** – The Issuer has appointed Calamatta Cuschieri as Placement Agent and Manager for the purposes of this Bond Issue and interested investors may contact the Placement Agent and Manager for the purposes of subscribing to Bonds during the Issue Period. Applications for subscriptions to the Bonds will be processed on a first-come-first-served basis and the Issue Period shall close immediately upon attaining full subscription or on the last day of the Issue Period, whichever is the earliest.

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



The Bond Issue is not underwritten. Should subscriptions for the full amount of €5,000,000 not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly. In the event that the Minimum Amount is reached but the Bond Issue is still not fully subscribed, the Issuer will proceed with the allotment of the amount of Bonds subscribed.

The total amount of €5,000,000 of Bonds is being reserved for subscription by the Placement Agent and Manager participating in the Placement Offer as detailed in Section 17.2 of this Document. The Issuer shall enter into a conditional subscription agreement with the Placement Agent and Manager for the subscription of Bonds, whereby it will bind itself to allocate Bonds thereto up to the total amount of €5,000,000 as aforesaid.

In terms of said subscription agreement entered into with the Placement Agent and Manager, the Issuer will be conditionally bound to issue, and the Placement Agent and Manager will be conditionally bound to subscribe to, up to the total amount of €5,000,000 of Bonds as indicated therein,

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

- D.4 **Fees** - Professional fees and costs related to publicity, advertising, printing, fees relating to the admission to trading on Prospects MTF, registration, corporate advisor, management, selling commission and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €100,000 and shall be borne by the Group.
- D.5 **Interest of natural and legal persons involved in the Issue** - Save for the subscription for Bonds by the Placement Agent and Manager and any fees payable to the Placement Agent and Manager in connection with the Bond Issue, to the best of the Issuer's knowledge no person involved in the Issue has an interest material to the Bond Issue.

#### D.6 Expected Timetable of Principal Events:

1. Application Forms Available	16 <sup>th</sup> May 2018
2. Issue Period	17 <sup>th</sup> May to the 23 <sup>rd</sup> May 2018
3. Commencement of interest on Bonds	21 <sup>st</sup> May 2018
4. Announcement of basis of acceptance	23 <sup>rd</sup> May 2018
5. Expected dispatch of allotment advices and refunds of unallocated monies if any	24 <sup>th</sup> May 2018
6. Expected date of Admission of the Bonds to Prospects MTF	24 <sup>th</sup> May 2018
7. Expected date of commencement of trading in the Bonds	25 <sup>th</sup> May 2018

The Issuer reserves the right to close the subscription lists before the 23<sup>rd</sup> May 2018 at 17:00 in the event of over-subscription. In this event, the events mentioned in steps four (4) to eight (7) above shall be brought forward although the number of working days between the respective events shall not also be altered.



### **3 RISK FACTORS**

THE VALUE OF INVESTMENTS, INCLUDING THE BONDS, CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL UPON MATURITY, UNLESS THE BONDS ARE PREVIOUSLY RE-PURCHASED OR CANCELLED. THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE, UNLESS PREVIOUSLY RE-PURCHASED OR 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 ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS, AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS ADMISSION DOCUMENT, BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS ANY VIEWS ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES. IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S FINANCIAL RESULTS AND TRADING PROSPECTS MTF AND THE ABILITY OF THE ISSUER TO FULFIL THEIR RESPECTIVE OBLIGATIONS UNDER THE SECURITIES ISSUED BY THE ISSUER FROM TIME TO TIME.

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

NEITHER THIS ADMISSION DOCUMENT NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION, NOR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE CORPORATE ADVISOR, THE PLACEMENT AGENT & MANAGER THAT ANY RECIPIENT OF THIS DOCUMENT OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE ADMISSION DOCUMENT OR ANY BONDS, SHOULD PURCHASE ANY BONDS ISSUED BY THE ISSUER.

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

#### **3.1 Forward – Looking Statements**

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





Important factors that could cause actual results to differ materially from the expectations of the Issuer's directors include those risks identified under this heading "*Risk Factors*" and elsewhere in the Admission Document. If any of the risks described were to materialise, they could have a serious effect on the Issuer's and the Group's financial results, trading Prospects MTF and the ability of the Issuer to fulfil their respective obligations under the securities to be issued.

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

Prospective investors are advised to read the Admission Document in its entirety and, in particular, the sections entitled "*Risk Factors*" for a further discussion of the factors that could affect the Issuer's future performance. In the light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in the Document may not occur. All forward-looking statements contained in the Admission Document are made only as at the date hereof. The Issuer and its respective directors expressly disclaim any obligations to update or revise any forward-looking statements contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

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

### **3.2 General**

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 Admission Document 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 (either alone or with the help of a financial advisor) 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.

### **3.3 Risks associated with the Issuer - Start-Up Operation**

#### **3.3.1 Startup Operation and dependency on Group's performance**

As at the date of this Admission Document, the Issuer has no history of trading operations. Hence, the Admission Document contains no historical financial information and prospective bondholders need to base their investment decision on the projections included in this



Document. Given that the Issuer was set up with the primary objective of acting as the financing arm of the Group, its assets will primarily consist of receivables due by Group companies. The Issuer is dependent on the business of the Group and consequently, the operating results of the Group will directly influence the Issuer's financial position. Therefore, the risks associated with the business operations of the Group will have a direct impact on the financial position of the Issuer as well as its ability to meet its obligations in connection with the payment of interest on the Bonds and repayment of principal when due.

Furthermore, given that the majority of the Issuer's assets consist of loans issued to Group Companies, the Issuer is largely dependent on receipt of interest and loan repayments from the Group Companies. More specifically, the ability of Group Companies to effect payments to the Issuer will depend on their respective cash flows and earnings which may be affected by factors beyond the Issuer's control. The occurrence of any such factors could in turn negatively affect the Issuer's ability to meet its obligations under the Bonds.

### **3.3.2 Concentration of shareholding**

The Extended Group is owned exclusively by Josef Dimech, who is also a Director of the Issuer and other companies forming part of the Extended Group, resulting in effective control over the Issuer being exercised by Mr. Dimech. Mr. Josef Dimech is considered to be of key importance to both the Issuer and the Extended Group. Consequently, Mr Dimech has the ability to significantly influence the decisions adopted at the general meetings of shareholders.

Furthermore, any unexpected dilution in or incapacity related to his control or influence over the Issuer or the Extended Group could have an adverse effect on the Issuer if shareholder rights may not be exercised. There can be no assurance that such individual will not during the term of the Bonds dispose of any interest in the Issuer or the Extended Group.

## **3.4 Risks relating to the Group and the market in which it operates**

### **3.4.1 Competition**

The aluminum and steel business is competitive in nature and the number of players in this industry in Malta is substantial, with potential competitors being larger and possibly better financed. The Group may face competition from new market entrants and/or from existing competitors. Such competitors may have substantially greater resources than the Group. Additionally, new competitors may enter the market and control larger operations and additionally may be able to provide work at lower rates. New or already existing competitors of the Group may be able to produce work at a significantly faster rate. If the Group is not able to compete successfully, the Group's earnings could be adversely affected. Competition may also prevent the Group from achieving its goal of profitably expanding its business.

### **3.4.2 Regulations governing operations**

The Group is subject to taxation, environmental and health and safety laws and regulations and the costs of complying with both EU and Maltese regulations and standards relevant to the Group's operations is an additional burden for the Group. As with any business, the Group is at risk in relation to changes in laws and regulations and the timing and effects of changes in the laws and regulations to which it is subject, including changes in the interpretation thereof which cannot be predicted. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Admission Document upon the business and operations



of Group companies. Additionally, the Group is exposed to possible fines for breaches of applicable regulations, which carry both a financial as well as a reputational risk.

#### **3.4.3 Technology Obsolesce**

The technology employed by the Group may become obsolete in the future leaving the Company unable to deliver the required level of expertise and support for consistent growth. If the Group does not anticipate and respond quickly enough to capitalise on such changing technology, its operating results could be adversely affected.

#### **3.4.4 Relationship with Suppliers**

The profitability of the Group's activities depends to a certain extent on its ability to react to the changes in the cost of its raw materials. Any deterioration of the relationship between the Group and its suppliers could have an adverse effect on the overall profitability of the Group. The Group cannot assure that there will not be any dispute with its major suppliers, or that it will be able to maintain business relationships with its existing suppliers. Similarly, if any of the Group's major suppliers change their business strategies substantially, for instance, with regards to distribution channels, they could reduce their volume of supply to or cease business relationship with the Group, which could in turn materially affect the Group's volume of business and performance.

#### **3.4.5 Disruption in the supply and price of raw materials**

The Group requires a steady supply of raw materials for the smooth execution of orders. Should there be an adverse movement in the price of these materials, the smooth production and delivery of orders could be affected. Also, should the supply of raw materials be affected as a result of interruptions in supplies caused, for instance, by depletion of natural resources or adverse weather conditions, it could have an adverse effect on the availability and cost of its raw materials, ultimately affecting the Group's results of operations, cash flows and financial conditions. If the Group does not manage its stock inventory levels efficiently, its operating results could also be negatively affected.

#### **3.4.6 Exposure to general market conditions**

The health of the market in which the Group operates may be affected by a number of factors over which the issuer has no control, such as national economy, political developments, government regulations, changes in planning or tax laws, interest rate fluctuations, inflation, and the availability of financing and yields of alternative investments.

#### **3.4.7 Reliance on key clients**

The Group's business may be highly dependent on a number of key clients at a point in time. A deterioration in the financial performance of these key clients may have an adverse effect on their ability to fulfil their obligations towards the Group.

#### **3.4.8 Risks relating to the Group's dependence on its customers' business performance**

The Group is engaged in providing services to its customers to serve their needs along with their supply chains therefore its business performance will therefore be largely affected by its customers' business performance. Therefore, any adverse developments in the business performance of such customers or the markets in which they operate, particularly the property market, could materially and adversely affect the occupational and financial condition of the Group's operations.

#### **3.4.9 Risks related to human resources and reliance on key senior personnel and management**

The Group faces the following key risks in relation to personnel:



- loss of key management personnel;
- loss of other key employees;
- delay in finding suitable replacements for lost personnel; and
- inability to find suitably qualified personnel to meet the Group's business needs as it grows.

If any of these risks were to materialise, they could have a material adverse impact on the Group's business, financial performance and financial condition.

Indeed, the Group's growth since inception is, in part, attributable to the efforts and abilities of key personnel. If one or more of these individuals were unable or unwilling to continue in their present position, they may not be replaceable within the short term, which could have an adverse effect on the Group's business, financial condition and results of operations

In common with many businesses, the Group will be relying heavily on the contacts and expertise of its senior management teams and other key personnel. Although no single person is solely instrumental in fulfilling the Group's business objectives, there is no guarantee that these objectives will be achieved to the degree expected following the possible loss of key personnel.

#### **3.4.10 Risk of injuries and fatalities**

The intrinsic nature of the industry in which the Group operates could give rise to health and safety risks which require the Group to adhere rigidly to health and safety regulations. Any failure to comply with such rules may entail hefty penalties as well as expose the Group to litigation and the costs associated with claims for damages, thereby also negatively affecting the Group's reputation.

#### **3.4.11 Reputational risk**

Reputational risk is usually associated with conflicts of interest, regulatory compliance, remuneration systems, professional behavior of the human resources, reputation and financial soundness of major shareholders, corporate culture, leadership and corporate strategy and its implementation. Reputational risk could materially and adversely affect the Group's ability to retain or attract customers, particularly institutional and retail customers, whose loss could adversely affect the Group's operations, financial condition and prospects. More specifically, reputational harm may result in the loss of market share and revenue, increased compliance costs and higher financing costs, reflecting the perceived increased risks.

#### **3.4.12 Litigation risk**

All industries, including the industry in which the Group operates are subject to legal claims, with and without merit. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular legal proceeding or dispute will not have a material adverse effect on the Group's future cash flow, results of operations or financial condition.

In this respect, specific reference is made to the pending proceedings in Section 20 of this Admission Document.

#### **3.4.13 Risk of an adverse outcome of pending Court Proceedings**

Further to the "Litigation Risk" clause 3.4.12 above, in the event that Mr Josef Dimech is found guilty of the alleged offences then Mr Dimech, depending on the specific judgment, could be disqualified from acting as director of the company in terms of the Companies Act (Chapter 386 of the Laws of Malta and could also lead to Mr Dimech's incarceration. In that case Mr Dimech would no longer be



involved in the management of the company or on its board of directors which could have an adverse effect on the business of the company considering its reliance on Mr Dimech's involvement as a key person in the business.

#### **3.4.14 Exposure to economic conditions**

The Group is susceptible to adverse economic developments and trends both locally and overseas. Negative economic factors and trends could have a material impact on the business of the Group generally, and may adversely affect its revenues. In addition, the Group may be impacted by increased competition from other similar developments and rising operating costs.

#### **3.4.15 Financial strategy**

The Group may not always be in a position to secure sufficient funding for its operations and investments. Failure to obtain, or delays in obtaining, the necessary capital required for the purposes of completing current or future projects on commercially reasonable terms may adversely affect the Group's operations and prospects.

#### **3.4.16 Indebtedness**

The Group's indebtedness could adversely affect its financial position. As at the publication of this Admission Document, the Group's indebtedness, excluding interest free shareholder's loans treated as other equity, amounted to €4.3 million (four million three hundred thousand euro).

#### **3.4.17 Performance Risk**

The success of the Group depends in large part on the ability of the management to effectively control its operations and maintain its capacity through effective marketing of its products and quality management. Should this be negatively impacted, it could have an adverse effect on the business performance of the Group.

#### **3.4.18 Operational Risk**

The business of the Issuer can be negatively affected should the operations of the Group run into cost overruns, implementation delays and adverse change in local steel demand. This could prove detrimental to the Group's ability to grow its sales and business operations. Furthermore, a portion of the Group's operating expenses are fixed and therefore vulnerable to change in the Group's revenue. The fixed operating costs cannot easily be reduced in order to react to changes in revenue and therefore this may have an adverse effect on the Group's financial results.

#### **3.4.19 Risks relating to currency fluctuations**

The Group's operations are in part exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions, receivables and borrowings that are denominated in a currency other than the Euro. As a result, exchange gains and losses may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies. The Group can be impacted by transaction risk, being the risk that the currency of the costs and liabilities of Group companies fluctuates in relation to the Euro (being the reporting currency of all Group companies), which fluctuation may adversely affect the Group's operating performance.



#### **3.4.20 Risks relating to forming part of a consortium**

At times the group competes for competitive bids by congregating with other companies to form a consortium. In these instances, the group will be dependent on the fellow member of the consortium to fulfil their obligations so as not to jeopardise the situation of the consortium of which the group would be a member. Failure by any member to fulfil its duty may adversely affect the position of the Group.

#### **3.4.21 Risks relating to property valuations**

The valuation of property is intrinsically subjective. In providing a market value of the Properties in question, the independent architects have made certain assumptions which ultimately may cause the actual values to be materially different from any future values that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends, as reality may not match the assumptions. There can be no assurance that such valuations of property and property-related assets will reflect actual market values.

#### **3.4.22 Risks relating to valuation of plant and equipment**

The valuation of plant and equipment, particularly second hand plant and equipment is intrinsically highly subjective given the high depreciation nature of these assets. There can be no assurance that the valuations reflect actual market values and that there may be demand for such second hand products.

### **3.5 Risks Relating to the Bonds**

#### **3.5.1 No Assurance of Active Secondary Market in the Bonds**

Only upon successful admission, the Bonds will be traded on a multilateral trading facility but will NOT be traded on any regulated market. Hence, the market for the Bonds may be less liquid than a regulated market and a bondholder may find it more difficult to identify willing buyers for their Bonds. The existence of an orderly and liquid market for the Bonds depends on a number of factors, including the presence of willing buyers and sellers of the Issuer's Bonds at any given time. Such presence is dependent upon the individual decisions of investors over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that Bondholders will be able to sell the Bonds at or above the price at which the Issuer issued the Bonds or at all.

#### **3.5.2 Fluctuations in exchange rate**

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

#### **3.5.3 Absence of a Prior market**

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

#### **3.5.4 Additional indebtedness and security**





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

#### **3.5.5 Effect of Future Public Offerings/Takeover/Merger Activity**

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

#### **3.5.6 Fixed Rate Bonds**

The Issuer is entitled to issue Bonds bearing a fixed rate of interest. Investment in such fixed rate Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the said Bonds. Investors should also be aware that the price of the fixed rate Bonds moves adversely to changes in interest rates. When prevailing market interest rates are rising, the price of fixed rate Bonds decline. Conversely, if market interest rates are declining, the price of fixed rate Bonds rises. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.

#### **3.5.7 Discontinuation of Trading on Prospects MTF**

Even after the Bonds are admitted to trading on Prospects MTF, the Issuer is required to remain in compliance with certain requirements emanating from the Prospects MTF Rules as issued by the Exchange and as amended from time to time. Moreover, the MSE has the authority to suspend trading 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 MSE may discontinue the trading of the Bonds on Prospects MTF. Any such trading suspensions described above could have a material adverse effect on the liquidity and value of the Bonds.

#### **3.5.8 Value of the Bonds**

The value of investments can rise or fall, and past performance is not necessarily indicative of future performance.

#### **3.5.9 Ranking**

The Bonds, as and when issued, shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt, if any. Furthermore, subject to the negative pledge clause (section 17.4 of this Admission Document), 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.

#### **3.5.10 Credit rating**

The Issuer has not sought, nor does it intend to seek, the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds.

#### **3.5.11 Terms and Conditions**

The Terms and Conditions of the Bonds are based on Maltese law in effect as at the date of this document. A change in Maltese law or administrative practice or a judicial decision may have an effect on the terms and conditions of the Bonds. No assurance can be given as to the impact thereof after the date of this document.

## **4 PERSONS RESPONSIBLE**



Each and all of the Directors of the Issuer whose names appear in Section 7.1 hereunder, are the persons responsible for the information contained in this Admission Document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Document is in accordance with the facts and contains no omission likely to affect its import. The Directors accept responsibility accordingly.

As at the date of this Document there are no other facts or matters omitted from the Admission Document which were or are necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Bonds.

## **5 ADVISERS AND STATUTORY AUDITORS**

### **Corporate Advisor, Placement Agent and Manager**

Calamatta Cuschieri Investment Services Limited  
Ewropa Business Centre, Triq Dun Karm, B'Kara, BKR 9034  
Calamatta Cuschieri Investment Services Ltd holds a Category 3 license issued by the Malta Financial Services Authority and is a member of the Malta Stock Exchange.

### **Reporting Accountants**

Deloitte Services Limited  
Deloitte Place, Mriehel Bypass, Mriehel Bypass, Mriehel, Birkirkara, BKR 3000  
Deloitte Services Limited is a firm of certified public accountants, holding a warrant to practice the profession of accountant and a practicing certificate to act as auditors in terms of the Accountancy Profession Act, Cap. 281 of the laws of Malta.

### **Statutory Auditors to the Issuer**

RSM Malta  
Mdina Road Zebbug, ZBG9015, Malta  
RSM Malta is a firm of certified public accountants, holding a warrant to practice the profession of accountant and a practising certificate to act as auditors in terms of the Accountancy Profession Act, Cap. 281 of the laws of Malta.

## **6 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

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

## **7 IDENTITY OF DIRECTORS AND SENIOR MANAGEMENT**

### **7.1 Directors of the Issuer**

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

<b>Mr Josef Dimech</b>	Executive Director
------------------------	--------------------



**Dr Stanley Portelli**  
**Mr Gaetano Vella**  
**Mr Stephen Muscat**

Independent, non-Executive Director  
Independent, non-Executive Director  
Independent, non-Executive Director

Dr Stanley Portelli, Mr Gaetano Vella and Mr Stephen Muscat are considered as independent directors since they are free of any business, family or other relationship with the Issuer, its controlling shareholders or the management of either, that could create a conflict of interest such as to impair their judgement.

The business address of the Directors is HHF 303 Industrial Estate, Hal Far, Birzebbugia, BBG3000, Malta.

The company secretary of the Issuer is **Dr Stanley Portelli**.

The Issuer's compliance officer in terms of the Rules is **Dr Stanley Portelli**.

The following are the respective curriculum vitae of the Directors:

**Mr Josef Dimech; Executive Director**

Mr Dimech has been in the business of aluminium, steel and stainless works for well over thirty years. Mr Dimech set up JSDimech Ltd. in 2004, moving from Msida to larger premises in Birkirara. The current company, JSDimech Ltd., achieved incredible growth levels and firmly established itself as a market leader. With well over thirty years experience in the aluminium, steel and stainless steel works, the Group's customer base has grown substantially and widened to include also medium to large scale projects. In early 2009, the Group made its third move to a state-of-the-art manufacturing plant in Hal Far, offering wrought iron, steel, stainless steel, aluminium, large format glass works and the installation of automatic revolving door systems.

**Dr Stanley Portelli LL.D.; Independent Non-executive director**

Dr Portelli is a partner of the law firm GS Advocates, based in Sliema, Malta, where his area of practice focuses on assisting corporate clients - local and foreign - both as a consultant to the board of directors as well as acting as non-executive director and/or company secretary. He also handles the employment law aspects of the firm's local corporate clients.

Born in 1972, he obtained his doctorate in law from the University of Malta in 1995. Until March 2013 he was the Chief Executive Officer of the Authority for Transport in Malta (Transport Malta), having overseen the amalgamation in 2010 of what were previously three distinct transport regulatory entities, namely the Malta Transport Authority, the Civil Aviation Department, and the Malta Maritime Authority where Dr Portelli also served as CEO from 2009. Under his leadership, Transport Malta implemented various national road and marine infrastructural programmes, the public transport sector was fully liberalised and the Authority achieved record numbers in both ship and aircraft/Air Operating Companies registration, Malta having gained the top ranking in the EU in terms of ship gross tonnage registered under its flag. Transport Malta also became the regulatory authority of Civil Aviation in Malta and in 2010 the Authority spearheaded the introduction of the new Aircraft Registration Act.

From 1994 to 2001, Dr Portelli was employed with the Financial Services Unit at Coopers & Lybrand and eventually PricewaterhouseCoopers. He was a director of Malta Investment Management Co Ltd (MIMCOL) and Malta Government Investments Ltd between 2004 and 2008. In 2007, he was appointed member of the Port Workers Board representing Malta Freeport Terminals, and in 2008 was appointed member of the Board of the Lotteries and Gaming Authority, a post he held until April 2013. In 1993, he was also elected by popular vote in his district to serve as a local councillor for a period of four years.

Between 2001 and 2009, he held the position of executive Director for Human Resources, Legal and Corporate Affairs as well as Company Secretary at Malta Freeport Terminals Ltd. and Freeport Terminal (Malta) plc, where he was also on the Board of Directors from 1999 to 2004. These were years of tremendous



growth in activity for the Malta Freeport which was eventually privatised in 2005, a process in which Dr Portelli was deeply involved. Prior to privatisation, Dr Portelli was also heavily involved in the regulatory aspect of the Freeport through his involvement in the Malta Freeport Corporation (the Free Zone regulator).

Dr Portelli currently serves as a non-executive director on a number of Maltese companies involved in various cross-border and overseas activities. He is also a member of the Chamber of Advocates and the Institute of Financial Services Practitioners, and he represents the firm on the Malta Maritime Forum.

#### **Mr Gaetano Vella; Independent Non-executive Director**

Mr Vella founded People at Work Consultancy Services (the “Consultancy”) in 2012 with its Head Office based in Hamrun. The main objective of the Consultancy is to provide sound advice, comprehensive counselling and a clear vision. Supported by more than thirty years of experience, Mr Vella is well positioned to create, foster and conduct healthy employment relationships between employers and employees.

Mr Vella climbed the career ladder in the trade union movement in Malta over a span of twenty-five years. He ended his career after serving for thirteen years as Secretary General of the Malta Workers Union. A year before the Union General Conference, held in October 2011, Mr Vella announced that he would not be seeking another term of office. He has held various public positions, including those of permanent member of the Malta Council for Economic and Social Development, permanent member of the Malta-European Union Steering Action Committee, Governor on the Malta Competition and Consumer Affairs Authority, permanent member on the Occupational Health and Safety Authority, permanent member on the Employment Relations Board, and permanent member on the Social Security Appeals Board. In June 2005, Mr Vella was appointed member of the National Euro Changeover Committee. Mr Vella also served as advisor to the Minister for Health and the Elderly for a number of years.

Mr Vella actively participated in the setting up of a number of workers’ cooperatives in the ports. Presently, he is consultant to a number of leading companies in various sectors of the economy. In December 2011, he received from His Excellency the President of Malta Dr George Abela the National Order of Merit in the grade of Member for his services to the trade union movement in Malta.

#### **Mr Stephen Muscat; Independent Non-Executive Director**

Mr Muscat is a Certified Public Accountant and a graduate of the University of Malta with a B.A.(Honours) Accountancy degree, a fellow of the Malta Institute of Accountants, the Malta Institute of Taxation and the Institute of Directors (UK). He is a former CEO and Director of Maltacom p.l.c. (today GO p.l.c.). Since 2006, Mr Muscat has been a corporate services provider with his own advisory practice and serves as an independent non-executive director of a number of companies operating in financial services, a locally licensed bank, as well as shipping, infrastructure and a resident director of various holding companies. Within locally regulated entities, he practices as a member of Audit, Investment and Valuation Committees. Mr Muscat is also a member of the Board of Directors as well as Chairman of the Audit Committee of SD Finance plc, and AgriHoldings plc, both of which issued public bonds on the Malta Stock Exchange.

## **7.2 Management Structure**

The Issuer is the finance and parent company of the Group and as such does not require an elaborate management structure and has no employees of its own.

The Directors believe that the current organizational structures are adequate for the current activities of the Company and the Group. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.



The key members of the Group's management team, apart from the executive director, Mr Josef Dimech are the following:

**Mr James Galea, Operations manager:** Mr Galea started his working career in the furniture industry where he held various managerial positions between 2000 and 2005. From 2006 he moved to the aluminum sector where as from 2007 onwards he started working with JSDimech Ltd. He played a major role in the fast growth of the company with the introduction of various working procedures. Currently he is responsible for the Operations Section of the Group.

**Ms. Therese Ciappara, Administration:** Ms Therese Ciappara is an ACCA qualified and warranted accountant. Her accounting career started as a full time Accounting Clerk. She worked with Marsovin Winery for three years, while studying ACCA. Following this, she was part of the National Audit Department of Deloitte Malta for another three and a half years. Two years ago she joined JSDimech Ltd as an Accountant. She is currently responsible for Finance and Administration Department.

**Mr. Manuel Darmanin, Architect:** Mr. Manuel Darmanin is an architect, civil and facade engineer. He graduated from the University of Malta in 2006 with a Bachelors in Architecture & Civil Engineering. From 2006 to 2010 he worked as an architect with MGA Design Consultancy during which period he worked on both local and foreign projects. In 2009, he lectured students reading a B-TEC Higher National Diploma in Construction at MCAST College. In 2010-2011 he read a Masters Degree in Façade Engineering at the University of Bath, England. Mr Darmanin's role in the Extended Group is quite varied and ranges from tender stage specification & design analysis, to design development and collaboration with internationally renowned system designers such as Metra, Schuco, Faraone and Alucobond Composite Panelling. His role includes bringing together a range of expert disciplines in the facade engineering field in the endeavour of meeting contract demands. This includes meeting stakeholders of projects and guide JSD's site supervisors and installers during the fabrication and installation stages.

**Mr. Charlton Borg, Aluminum Section:** Mr Borg started working with JSDimech Ltd. thirteen years ago. He specialised in glass installations and about eight years ago he started to manage the operations of the Aluminium Section. Today, Mr. Borg is highly knowledgeable in this sector and together with his hands on experience, ensures that this section is run in an organised and smooth manner.

**Mr. Norbert Cini, Steel Section:** Mr Cini is a qualified welder and worked for over 21 years at the Malta Drydocks. Started to work as a part timer with JSDimech Ltd. way back in 2005 and in 2008 he switched to full time. About 7 years ago Mr.Cini started to manage the operations of the Steel Section. Today, Mr Cini, also thanks to his vast experience in this sector, ensures that this section is managed in an organised and smooth manner.

### 7.3 Employees

As at the date of this Admissions Document, the Issuer has no employee of its own and relies on the support of the group for day to day functions.



## 8 INFORMATION ABOUT THE ISSUER AND THE EXTENDED GROUP

### 8.1 Introduction

<b>Full legal and commercial name of the Issuer:</b>	JD Capital plc
<b>Registered address:</b>	HHF 303 Industrial Estate Hal Far, Birzebbugia, BBG3000, Malta
<b>Place of registration and domicile:</b>	Malta
<b>Registration number:</b>	C 82098
<b>Date of registration:</b>	9 <sup>th</sup> August 2017
<b>Legal form</b>	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Act
<b>Telephone number:</b>	+356 21 653 689
<b>E-mail address:</b>	info@jsdimech.com
<b>Website:</b>	www.jsdimech.com

The Issuer was incorporated on the 9<sup>th</sup> August 2017 to act as the parent and financing arm of the Group and is a 99.99% owned subsidiary of JD Holdings Limited. The principal object of the Issuer, as per its Memorandum and Articles of Association is to subscribe for, take, purchase or otherwise acquire and hold shares, stocks, debentures or other securities of any other company having objects altogether or in similar part to those of the Company or carrying on any business capable of being conducted so as to directly or indirectly to benefit the Company and to co-ordinate, finance and manage the business or operation of any company in which the Issuer holds any such interest. In this regard, the issue of the Bonds falls within the objects of the Issuer.

The Issuer operates exclusively in and from Malta.

The Issuer has set up a website with URL [www.jsdimech.com](http://www.jsdimech.com) which includes an “Investor Information” section from which investors can obtain current information on the Company. This section shall include all electronic communication for all information required to be disclosed under the Rules and / or applicable law to all holders of admitted securities.

### 8.2 Re-organisation of the Group

The board of directors of the extended group are of the opinion that a reorganization of the group was warranted in order to streamline its operations. The current structure should ensure that the issuer and its subsidiaries will only take on rights and obligations relating to operations that will occur post bond issue.

The reorganization will also enable the Group to differentiate between its operating and immovable property activities. In the previous structure, this distinction was non-existent, therefore the new structure will allow the Group to better reflect the fair value of the group’s assets whilst showing a clear distinction between the two areas.





Furthermore, the new structure will enable the group to be in position to secure a more appropriate longer-term debt financing structure, which is less dependent on short-term credit to finance its investments and operational activities.

As part of above mentioned reorganisation of the extended group, the group has acquired €15,900,00 worth of assets from JS Dimech including an Investment Property valued at €4,500,000 by an Independent Architect as per Annex E.

### **8.3 The Transfer**

The Issuer and JSDimech Limited have entered into a Transfer of Business Agreement (the “Agreement”) on the 8<sup>th</sup> March 2018. The Agreement regulates the procedure for affecting the Transfer. In terms of the Agreement, the parties agreed that JD Operations Limited will acquire the business including the plant and machinery, future business and use of Intellectual Property (IP). The Transfer of business will be effected for a total consideration of €11.9 million.

As part of the aforementioned Transfer of business operations, JD Operations Limited also entered into a lease agreement with Malta Industrial Parks on the 6<sup>th</sup> March 2018 for the purposes of regulating the lease of the premises by JD Operations Limited and which were previously leased to JSDimech Limited.

The Issuer has also acquired an Investment Property situated in Birkirkara from JS Dimech Limited. The property is valued at €4,500,000 as per the property valuation annexed to this Admission Document in Annex E. This property is owned by JD Birkirkara Limited which is a fully owned subsidiary of the issuer.

### **8.4 Business Overview**

#### **8.4.1 Overview of completed projects**

With over thirty (30) years’ experience in the steel and aluminium industry, the Extended Group has been involved in numerous large scale projects. Management believes that this has helped the Extended Group achieve its status as a market leader. The below gives an overview of the projects that have been completed by the Extended Group as at the date of this Admission Document:

##### **Mgarr Sea Passenger Terminal - 2007**

The Extended Group carried out works regarding all steel, stainless steel, aluminium / PVC works, stainless steel apertures and partitions, steel and stainless steel railings. The passenger terminal is used by thousands of passengers every year and acts as a constant reminder of the company’s multiple capabilities.

##### **Joinwell - 2008**

The Extended Group was exclusively responsible from start-to-finish for the construction of the 3,000sqm department store (three floors) and offices. Works involved the erection of the entire steel structure of the building from base foundations to finished state, installation of a 10 x 10 tempered laminated glass for main facade, extensive internal steel works, aluminium apertures, erection of U-shaped glass for the tower plus steel cladding. The biggest challenge for this already iconic building, which arguably has succeeded in setting new standards in local design and construction, was the strict deadlines imposed by the client and which the Extended Group adhered to impeccably. Till today The Joinwell building remains one of the Extended Group’s proudest achievements, at a delicate time of its growth stage and move of premises, because of the impact the building has had on contemporary design.

##### **TG complex ( Deloitte Building ) - 2009**

The Extended Group collaborated with METRA for the execution of this project. The shell building, consisting of a ground floor showroom and three floors of office space, which the client required a curved exterior in line



with contemporary design. The works supplied included structural glazing façade (2,000 sqm), cladding, louvers, large format (curved) glass sheets, stainless steel works, internal partitions and the erection of approx. 200 ton steel structure for the penthouse.

#### **The Atrium - 2010**

The Extended Group were responsible for the cladding of the entire façade (1,500 sqm ), the large format glass sheets of the showroom, external louvers on facade, all steel works, aluminium apertures, stainless steel railings, glass railings and stairs plus automatic door. The Atrium has arguably set new standards in design and function of retail outlets in Malta and the Extended Group is proud to have been one of its main contractors.

#### **The George Hotel - 2010**

The Extended Group was entrusted to work on a brand new 120-room luxury hotel in the busy tourist town of Paceville. The works supplied to the client were for all the aluminium works including all the balcony sliding doors, all balcony railings, all internal windows, curved skylights with spider brackets, automatic revolving door for the hotel's entrance, large format glass works and internal glass partitions. The project was challenging because of the extremely tight deadlines of the project. The result is a stylish and elegant hotel that sets new standards.

#### **MCM Aircraft Hangar - 2010**

The Extended Group was tasked with the erection of the hangar structure (measuring circa 1,000 sqm), manufacturing, installation and finishing of offices including all aluminium apertures, steel works and insulation panels. This project is confirmation of the company's vast skills set and ability to handle all types of building structures from domestic, corporate to industrial.

#### **Pender gardens - 2011**

The Extended Group won a highly competitive tender process to supply one of Malta's largest property development projects with all internal and external aluminium apertures, external steel and glass railings, louvers and internal railings for stair structures. The project involved circa 1500 apertures and 1500m of steel & glass railings.

#### **Barrakka Lift- Valletta (Capital City) - 2012**

The Extended Group has been of the re-construction of a hundred (100) year old public lift which connected the southern harbour area with the hub of the baroque capital. The whole project which involved the building of a sixty-five (65) meter high concrete and steel structure holding two panoramic lift cabins of a sixteen (16) person capacity each. The Extended Group was assigned to fabricate and install the galvanised steel structural elements which extend as cantilevers from the concrete cores to serve as the substructure of the facade enclosure - An expanded metal mesh system: Eyetech. This avant-garde architectural cladding which is offered with a Design Lifetime Guarantee is procured from James & Taylor and installed by The Extended Group who are also the sole representative of James and Taylor for the Maltese market.

#### **RS2 Software - 2012**

The Extended Group was entrusted to finish this new office building. Works include all aluminium curtain walls and apertures, steel and stainless steel railings and all glass works. METRA aluminium profiles were used for this project.

#### **Fort Cambridge- Tigne, Sliema - 2012**

The Extended Group won a highly competitive tender process to supply and install aluminium and steel works. This complex of luxury apartment is situated on a sought after Tigné Peninsula in the hearth of Sliema. Works included METRA aluminium apertures using SOLAR controlled double glazed glass for all 341 apartments,



spray-painted steel railings, steel railings with coloured laminated curved glass, cladding facade fins and hot dip galvanised steel canopies at roof levels.

#### **Smart City – New Phase - 2013**

The Extended Group was entrusted to finish this new phase. Works including all aluminium curtain walls ( circa 2400 sqm ) and apertures, alucobond cladding ( circa 2800 sqm ), steel and stainless steel railings and all glass works. Schuco aluminium profiles were used for this project. LEED certification was achieved using high quality materials.

#### **Midi Q1 - 2015**

The Extended Group was entrusted to finalise this highly luxurious project in Tigne. Works included all aluminium apertures, glass railings and alucobond cladding using METRA aluminium profiles.

#### **Intercontinental Hotel - 2016**

The Extended Group was entrusted with the extension of this hotel in the heart of Paceville. All aluminium apertures ( circa 210 pcs ) and frameless glass railings ( circa 2000m ) were done using METRA and Faraone aluminium profiles.

#### **Baystreet Hotel - 2016**

The Extended Group supplied and installed all aluminium apertures, alucobond cladding and railings for the 3 floor extension done to this hotel in the heart of Paceville using METRA aluminium profiles. The project was challenging because of the extremely tight deadlines of the project.

#### **Hugo's Boutique Hotel - 2016**

The Extended Group was entrusted in building of this highly innovative hotel in the heart of Paceville. Over 200 tonnes of steel was used for the extension of the building. Innovative works by the group consisted of highly sound insulated sliding doors and curtain walling together with alucobond cladding. Other works consists of frameless glass railings, internal glass works and an automatic revolving door.

#### **Approved Office Building - 2016**

The Extended Group was entrusted to finish this new office building in Paceville. Works including all aluminium curtain walls ( circa 940 sqm ) and apertures , alucobond cladding ( circa 1100 sqm ), steel and stainless steel railings and all glass works. METRA aluminium profiles were used for this project.

#### **Central Bank of Malta - 2017**

The Extended Group was entrusted in the finishes of this new building in our prestigious capital city Valletta. Innovative designs were selected for this project resulting in using highly specialised materials including solid bronze apertures and cladding.

#### **MIDI project ( T14 – The Centre ) - 2017**

The Extended Group finished 'The Centre', a luxurious office block in Tigne Point, Sliema. The Group was entrusted with the fabrication and erection of 9 floor levels of the building's the steel structure as well as the fabrication and installation of 6600 square metres of glass facades. The Extended Group is proud to have completed this Unitised type of curtain wall as it is the first of its kind in Malta. Aluminium curtain wall system was procured from METRA. Such type of curtain wall system required a highly organised fabrication line in the factory with controlled climate condition, to prepare circa 1200 panels. These were transported to site for installation. Other works in this project included the installation of Faraone frameless glass railings as well as the fabrication and installation of Alucobond aluminium composite cladding.

### **8.3.2 Current Projects**



The below details the upcoming projects which have been entrusted to the Extended Group:

#### **KIA showroom extension**

The Extended Group was entrusted with the design, manufacture and construction of the extension of this showroom. Over 800 tonnes of steel will be used for the construction of 10 floors, 6 of which underground. The external envelope of the 3 floors above ground will also be entrusted to the group with the major challenge being the installation of large format glass panes and alucobond works.

#### **Pender Gardens project ( T1T2B17 )**

The Extended Group has been engaged to carry out the design, fabrication and installation of all the elements forming the external envelope of these two towers in the heart of St. Julian's. The Group is working with world leading brands from the façade industry to complete this building, namely METRA for the aluminium curtain walling and thermal break lift and slide aluminium apertures, and aluminium louvres ; ALUCOBOND for the aluminium Composite cladding, FARAONE for the frameless glass railings and point- fixed glass type of façades, Hilti for the fire stop etc.

A detailed study has already been performed by the Group to ensure that all materials to be used in this project will lead to a LEED certification.

#### **14 East Tower**

The Extended Group was entrusted with this 25 storey luxurious project. Works include structural steel works, highly insulated aluminium apertures, frameless glass railings, alucobond cladding and automatic revolving main door.

#### **Hugo Hotel**

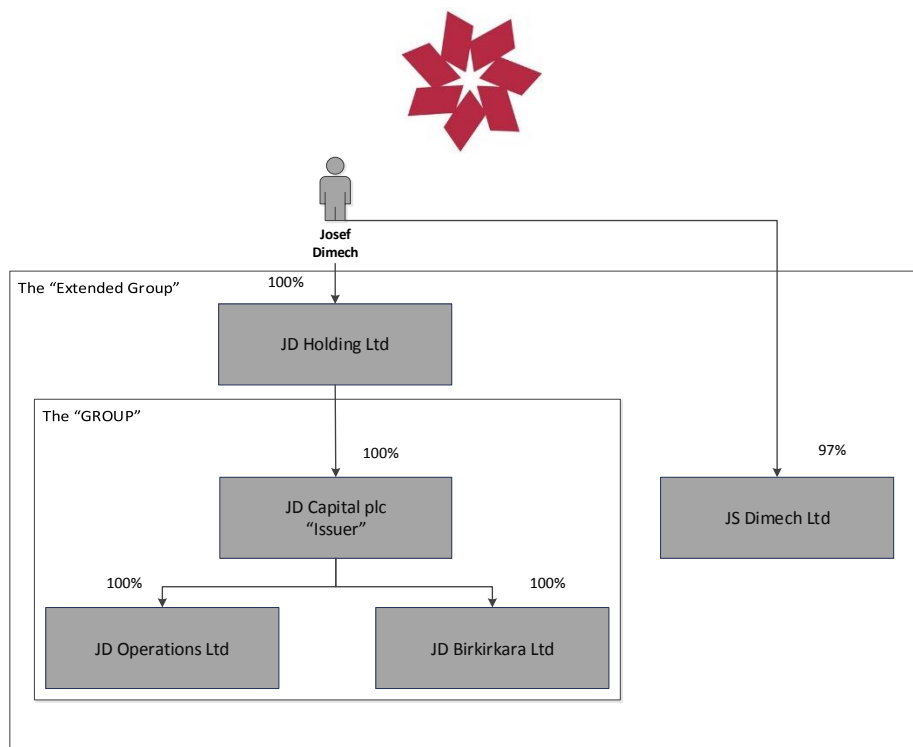
The Extended Group was entrusted with the finishing of this hotel in the heart of Paceville. Works include non combustible composite panelling, frameless glass railings, highly insulated aluminium apertures, steel structural works, large format glass works and automatic revolving door.

#### **Baystreet Hotel Zone B**

The Extended Group has been entrusted with the finalisation of this luxurious project. The works included, aluminium sliding doors apertures, with highly sound insulation, frameless glass railings approximate 179 meters, spider glass railings approximate 192 meters and Alucobond non-combustible composite panelling cladding, circa 2000 square meters.

## **9 GROUP ORGANISATIONAL STRUCTURE**

The Issuer forms part of a group of companies and is hundred per cent (100%) owned by JD Holdings Limited. The following chart describes the position of the Issuer within the said group of companies:



## 10 TREND INFORMATION

The Issuer was registered and incorporated on the 9<sup>th</sup> August 2017 as the parent company and finance arm of the Group. As indicated in section 11 below, the Issuer has no financial information to report. Accordingly, it is not in a position to assert whether there has been a material adverse change since the date of publication of its latest audited financial statements.

The Issuer is dependent on the business prospects of the Group and, therefore, the trend information of the Group has a material effect on its financial position and prospects. As at the time of publication of this Admission document, the Group considers that generally it shall be subject to the normal business risks associated with the business in which the Group operates, and, barring unforeseen circumstances, does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be considered likely to have a material effect on the upcoming prospects of the Group and its business, at least with respect to the current financial year. However, investors are strongly advised to carefully read the risk factors in the Admission Document.

The Group faces competition from other companies involved in the manufacture, assembly and installation of aluminium, steel, wrought iron, large scale glass formats and stainless steel works. Also, an increase in the price of raw materials in the international market, a downturn in the global economic conditions, the entrance of new technology, changes in government monetary & industrial policy and increased competition are known events that may affect the productivity as well as growth of the company.

## 11 FINANCIAL INFORMATION

### 11.1 Financial information of the Issuer

The Issuer was registered and incorporated on the 9<sup>th</sup> August 2017. As at the date of this Admission Document, the only business that the Issuer has conducted was the execution of the Transfer and essentially has no trading record. Since incorporation to the date of this Document, no financial statements have been prepared in respect of the Issuer. There has not been any significant change in the financial or trading position of the Issuer, which has occurred since the company's date of incorporation up until the date of this Admission Document.



## 11.2 Profit Forecasts and Estimates

### 11.2.1 Forecast Consolidated Income Statement

€	FY18	FY19	FY20
Turnover	11,800,000	12,095,000	12,397,375
Cost of sales	(5,546,000)	(5,624,175)	(5,702,793)
Gross Contribution	6,254,000	6,470,825	6,694,583
Direct Costs	(2,783,059)	(2,838,720)	(2,895,495)
Gross Profit	3,470,941	3,632,105	3,799,087
Selling and distribution expenses	(110,936)	(113,154)	(115,417)
General and administrative expenses	(1,518,676)	(1,541,649)	(1,565,082)
EBITDA	1,841,329	1,977,302	2,118,588
Amortisation / Depreciation	(465,454)	(477,549)	(489,946)
EBIT	1,375,875	1,499,753	1,628,642
Interest Expense	(422,200)	(409,670)	(376,413)
Profit Before Tax	953,675	1,090,083	1,252,229
Tax	(328,712)	(376,807)	(433,919)
Profit after Tax	624,963	713,276	818,310

Source: Management information

Turnover is expected to increase at 2.5% per annum from €11.8m in FY 2018, to €12.1m in FY 2019 and €12.4m in FY 2020. Management views the turnover projections as reasonable, given the strong order book and portfolio of premium products.

Cost of sales and Direct Costs are expected to increase at a slower rate to turnover, impacting margins positively; with the Gross Margin increasing from 29.4% in FY 2018 to 30.0% in FY 2019 and 30.6% in FY 2020. This is mainly as a result of projected manufacturing efficiency and enhanced purchasing power which is projected to decrease the cost of material, impacting positively the cost of sales.

EBITDA margin is also expected to increase from 15.6% in FY 2018 to 16.3% in FY 2019 and 17.1% in FY 2020. This as a result of controlled expenditure on selling and distribution as well as general and administrative expenses.

Amortisation and Depreciation is expected to increase marginally over the forecasted period as a result of ongoing capital expenditure growth and the amortisation of the lease on Hal Far complex; resulting in earnings before interest and tax (EBIT) expected to experience a similar upward trajectory, increasing the EBIT margin from 11.7% in FY 2018 to 13.1% in FY 2020.

Interest expenses are expected to reflect the coupon expenses related to the bond issue as well as the loan from JSDimech. These are expected to fall over the forecasted period as result of the repayment of loan principal to JSDimech.

Profit after tax is expected to be €0.6m in FY 2018, increasing to €0.7m in FY 2019 and €0.8m in FY 2020. Relatedly, the Net Margin for the company is expected to increase from 5.3% in FY 2018 to 5.9% in FY 2019 and 6.6% in FY 2020.





## 11.2.2 Forecast Consolidated Balance Sheet

€	FY18	FY19	FY20
<b>Non-Current Assets</b>			
Investment Property	4,000,000	4,000,000	4,000,000
Property Plant & Equipment	11,552,546	11,195,947	10,829,975
	<b>15,552,546</b>	<b>15,195,947</b>	<b>14,829,975</b>
<b>Current Assets</b>			
Inventories	3,068,000	3,144,700	3,223,318
Trade and other receivables	2,950,000	3,023,750	3,099,344
Cash and cash equivalents	65,538	226,114	486,079
	<b>6,083,538</b>	<b>6,394,564</b>	<b>6,808,741</b>
<b>Total Assets</b>	<b>21,636,084</b>	<b>21,590,511</b>	<b>21,638,716</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Ordinary Share Capital	245,000	245,000	245,000
Other equity	10,500,000	10,500,000	10,500,000
Retained earnings	624,963	1,338,239	2,156,549
	<b>11,369,963</b>	<b>12,083,239</b>	<b>12,901,549</b>
<b>Non-Current Liabilities</b>			
Bond	5,000,000	5,000,000	5,000,000
Loan to related party	3,160,319	2,309,678	1,438,705
	<b>8,160,319</b>	<b>7,309,678</b>	<b>6,438,705</b>
<b>Current Liabilities</b>			
Payable to related party	831,423	850,641	870,975
Taxation Payable	328,712	376,807	433,919
Trade and other payables	945,667	970,146	993,568
	<b>2,105,802</b>	<b>2,197,594</b>	<b>2,298,462</b>
<b>Total Liabilities</b>	<b>10,266,121</b>	<b>9,507,272</b>	<b>8,737,167</b>



**Equity and Liabilities**

**21,636,084**

**21,590,511**

**21,638,716**

Source: Management information

Total Assets in FY 2018 are expected to constitute of €15.6m in Non-current Assets, of which €4m relate to the Birkirkara investment Property and €11.6m PP&E, and €6.1m in Current Assets, of which €3.1m in Inventories, €3.0m in Trade Receivables and €0.7m in Bank and Cash Balances.

No assets are expected to be disposed during the projected period and management assumes to invest an amount equal to 1% of turnover on Maintenance capital expenditure. Property plant and equipment will accordingly reduce in line with depreciation charged under the straight line method. Management believes this to be a reasonable assumption given that the company has recently invested heavily in making the Hal Far complex a state of art manufacturing plant with no new major investment planned or necessary in the projected period.

Subsequently, Non-current Assets are expected to decline to €15.2m in FY 2019 and €14.8m in FY 2020 as result of depreciation charges. Current Assets are expected to increase to €6.4m and €6.8m in FY 2019 and FY 2020 mainly as a result of a build-up of cash positions. In summary, Total Assets are expected to remain level at €21.6m in FY 2019 and to increase marginally to €21.6m in FY 2020.

Total Liabilities are expected to be €10.3m in FY 2018, of which €8.2m Non-current Liabilities and €2.1m Current Liabilities. Total Liabilities are expected to decrease to €9.5m in FY 2019 and €8.7m, mainly as a result of a reduction in loan principal to JS Dimech.

The Equity level in FY 2018 is expected to be €11.4m, increasing to €12.1 in FY 2019 and €12.9m in FY 2020, as profits are retained in the business.



### 11.2.3 Forecast Consolidated Cash flow statement

€	FY18	FY19	FY20
EBITDA	1,841,329	1,977,302	2,118,588
Less: Tax paid	-	(328,712)	(376,807)
Increase in Trade Receivables	(2,950,000)	(73,750)	(75,594)
Increase in Inventories	(3,068,000)	(76,700)	(78,617)
Increase in Trade Payables	945,667	24,479	23,422
<b>Operating cash flow</b>	<b>(3,231,003)</b>	<b>1,522,618</b>	<b>1,610,992</b>
Investment Property BKR	(4,000,000)	-	-
Maintenance Capital expenditure	(118,000)	(120,950)	(123,974)
Acquisition	(11,900,000)	-	-
<b>Cash flows from investing activities</b>	<b>(16,018,000)</b>	<b>(120,950)</b>	<b>(123,974)</b>
Proceeds from bond issue	5,000,000	-	-
Movement in equity	10,500,000	-	-
Movement in related party balances	3,991,741	(831,422)	(850,641)
Interest paid	(422,200)	(409,670)	(376,412)
Issuance of share capital	245,000	-	-
<b>Cash flows from financing activities</b>	<b>19,314,541</b>	<b>(1,241,092)</b>	<b>(1,227,053)</b>
<b>Movement in cash and cash equivalents</b>	<b>65,538</b>	<b>160,576</b>	<b>259,965</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>-</b>	<b>65,538</b>	<b>226,114</b>
<b>Cash and cash equivalents at end of year</b>	<b>65,538</b>	<b>226,114</b>	<b>486,079</b>

Source: Management information

FY 2018 Cash flows from operations are negative due to the significant amount of build-up in Receivables and Inventories attributable to the business being transferred to a newly setup company. The normalised Cash flows from operations of FY 2019 stand at €1.5m increasing to circa €1.6m in FY 2020 as a result of the increase of EBITDA.

Cashflows from investing activities in FY 2018 reflect the Capital expenditure of approximately €16m consists of the acquisition of in property, plant and equipment at the Hal Far Complex and the Birkirkara Investment property.

The projected total financing in FY 2018 is an inflow of €19.3m, decreasing to an outflow of €1.2m in FY 2019 and €1.2m in FY 2020 which reflects the interest due on the loans as well as the principal repayments.

On a net basis, the company's cash position is expected to remain positive throughout the forecast period, increasing from €0.07m in FY 2018 to €0.2m in FY 2019 and €0.5m in FY 2020.



## **12 MANAGEMENT AND ADMINISTRATION**

### **12.1 The Issuer**

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

The Memorandum of Association of the Issuer provides that the business and affairs of the Issuer shall be managed and administered by a board of directors to be composed of not less than two (2) and not more than four (4) directors which subject to the provisions of the memorandum and Articles shall be appointed by ordinary resolution of the company in general meeting.

The Issuer is currently managed by a Board of four (4) Directors, who are responsible for the overall direction and management of the Company. The Board currently consists of one (1) executive Director, who is entrusted with the company's day-to-day management, and three (3) non-executive Directors, which are also independent of the Issuer, and whose main functions are to monitor the operations of the executive Director and his performance, as well as to review any proposals tabled by the executive Director.

As at the date of the Document, the Board of the Issuer is composed of the individuals listed in sub-section 7.1 of this Document.

None of the Directors have been:

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

The Directors believe that the Issuer's current organisational structure is adequate for its present activities. The Directors will maintain this structure under continuous review to ensure that it meets the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

#### **12.1.2 Directors' service contracts**

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

#### **12.1.3 Conflicts of Interest**

In addition to being a director of the issuer, Mr. Josef Dimech is also a director of various companies within the Extended Group.

In light of the foregoing, Mr. Dimech is susceptible to conflicts between the potentially diverging interests of the Issuer and the other companies forming part of the Extended Group, as the case may be, and any of such other companies in transactions entered into, or proposed to be entered into, between them.

Indeed, in view of the lender-borrower relationship which may arise between the Issuer and companies forming part of the Extended Group, particularly JD Operations Limited, there may be situations that could give rise to conflicts between the potentially diverging interests of the members of the Extended Group. In these situations, Mr. Dimech shall act in accordance with the majority decision of those directors who would not have a conflict in the situation and in line with the advice of outside legal counsel.

The Audit Committee, established at the level of the Issuer has the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to these different roles held by the directors are handled in the best interest of the Issuer and the Extended Group as well as according to law. The fact that the Audit



Committee is constituted entirely of independent non-executive directors, provides an effective measure to ensure that transactions vetted by the Audit Committee are determined on an arms-length basis.

Additionally, the Audit Committee has, pursuant to the relative terms of reference, been granted express powers to be given access to the financial position of the Issuer, and the Extended Group and all other entities comprising the Extended Group on a quarterly basis. To this effect, the Issuer and all other entities comprising the Extended Group are to submit to the Audit Committee bi-annual accounts, as well as at least quarterly comparisons of actuals against projections.

#### **12.1.4 Loans to Directors**

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

##### **Removal of Directors**

A director may be removed before the expiration of his period of office by a resolution taken at a general meeting of the Company and passed by a member or members having the right to attend and vote, holding in the aggregate shares entitling the holder/s thereof to more than fifty per cent (50%) of the voting rights attached to shares represented and entitled to vote at the meeting.

##### **Powers of Directors**

By virtue of the provisions of the Articles of Association of the Issuer, the Directors are empowered to transact all business which is not by the Articles expressly reserved for the shareholders in general meeting.

#### **12.1.7 Aggregate emoluments of the Issuer's Directors**

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

The remuneration of directors shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Issuer or in connection with the business of the Issuer.

For the current financial year ending on 31 December 2018 it is expected that the Issuer will pay an aggregate of €275,200 to its directors.

#### **12.1.8 Working Capital**

As at the date of this Admission Document, the Directors of the Issuer and of the Extended Group are of the opinion that the working capital available to the Issuer and the Extended Group as a whole is sufficient for the attainment of their objects and the carrying out of their respective business for the next twelve (12) months of operations.



## 13 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### 13.1 Major shareholders of the Issuer

The Issuer's current authorised share capital is €245,000 divided into 245,000 ordinary shares of €1 each. The Issuer's issued share capital is €46,600 divided into 46,600 ordinary shares of €1 each.

<i><b>Name of Shareholder</b></i>	<i><b>Number of shares held</b></i>
<b>JD Holdings Limited</b>	46,599

To the best of the Issuer's knowledge, there are no arrangements in place as at the date of the Admission Document the operation of which may at a subsequent date result in a change in control of the Issuer.

The issuer is currently in the process of increasing its authorised share capital from two hundred and forty five thousand euro (€245,000) divided into two hundred and forty five thousand (245,000) Ordinary Shares of one Euro (€1.00) each to two hundred and forty five thousand and one hundred euro (€245,100) divided into two hundred and forty five thousand (245,000) Ordinary Shares of one Euro (€1.00) each and one hundred (100) Ordinary A shares of one Euro (€1.00) each.

The holders of the Ordinary A shares shall not be entitled to any rights in the Company (and shall therefore not be entitled to vote at any general meeting of the Company), except for the right to the return of capital on their shares upon liquidation of the Company.

However, in the event that the holder/s of the Ordinary shares are not entitled or may not exercise any right/s conferred by the Ordinary shares in terms of the Articles of Association of the Company for whatever reason, the Ordinary 'A' shares shall be entitled to attend and vote at any general meeting of the Company.

Following the issue and allotment of the New shares, the issued share capital of the Company shall be held as follows:

JD Holdings Limited	46,599 Ordinary Shares
Mr Josef Dimech	1 Ordinary Shares
Dr Stanley Portelli	100 Ordinary A shares





## 14 BOARD COMMITTEES

The Issuer has set up an audit committee as per the requirements of the Rules. The terms of reference of the Audit Committee (the “Committee”) of the Issuer consist of *inter alia* its support to the board of the Issuer in its responsibilities in dealing with issues of risk, control and governance, and associated assurance. The board of the Company has set formal terms of establishment and the terms of reference of the Audit Committee that establish its composition, role and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with. The Audit Committee, which meets at least four (4) times a year, is a sub-committee of the board of the Issuer is directly responsible and accountable to the board of the Issuer. The board of the Company has reserved the right to change the Committee’s terms of reference from time to time.

Briefly, the Committee is expected to deal with:

- its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;
- maintaining communications on such matters between the board, management and the independent auditors at the level of the Issuer and the Group;
- facilitating the independence of the external audit process and addressing issues arising from the audit process; and
- preserving assets by understanding the risk environment in which the Issuer and the Group operate and determining how to deal with those risks.

Additionally, the Audit Committee has the role and function of considering and evaluating the arm’s length nature of any proposed transactions to be entered into in order to ensure that the execution of any such transaction is, indeed, at arm’s length and on a sound commercial basis and, ultimately, in the best interests of the Issuer and the Group. In this regard, the Audit Committee has the task of ensuring that any potential abuse which may arise is immediately identified and resolved.

The Audit Committee is entrusted with the review of the financial position of the Issuer and all other entities comprising the Group on a quarterly basis. To this effect, the Issuer and all other entities comprising the Group shall submit to the Audit Committee bi-annual accounts, as well as least quarterly comparisons of actuals against projections. The Audit Committee is composed of three members, which are all independent non-executive directors, who are appointed for a period of 3 years.

Mr Stephen Muscat is the independent, non-executive director who is competent in accounting and/or auditing matters. The CVs of the said Directors may be found in sub-section 7.1.

## 15 COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Company supports the Rules in their entirety and the stipulations of the said rules in relation to dealing restrictions.

The Issuer complies with the Code of Principles of Good Corporate Governance forming part of the Listing Rules of the Listing Authority (the “Code”) with the exceptions mentioned below, and is confident that the adoption of the Code shall result in positive effects accruing to it. The Issuer adopts measures in line with the Code of Principles with a view to ensuring that the all transitions are carried out at arm’s length

The Board of Directors sets the strategy and direction of the Issuer and retains direct responsibility for appraising and monitoring the Issuer’s financial statements and annual report. The activities of the Board are exercised in a manner designed to ensure that it can effectively supervise the operations of the Issuer so as to protect the interests of bondholders, amongst other stakeholders. The Board is also responsible for making relevant public announcements and for the Issuer’s compliance with its continuing obligations in terms of the rules of Prospects MTF.



As required by the Act, the Issuer's financial statements are to be subject to annual audit by the Issuer's external auditors. Moreover, the non-executive Directors will have direct access to the external auditors of the Issuer who attend at Board meetings at which the company's financial statements are approved. In ensuring compliance with other statutory requirements and with continuing admission obligations, the Board is advised directly, as appropriate, by its appointed corporate advisor, legal advisor and the external auditors. Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the Issuer's expense.

As at the date hereof, the Board considers the Issuer to be in compliance with the Code save for the following exceptions:

*Principle 8:* The Board of Directors considers that the size and operation of the Issuer does not warrant the setting up of nomination and remuneration committee. Also, the Issuer will not be incorporating a nomination committee. Appointments to the Board of Directors are determined by the shareholders of the Issuer in accordance with the company's Memorandum and Articles of Association. The Issuer considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Code.

## 16 ESSENTIAL INFORMATION CONCERNING THE BONDS

### 16.1 REASONS FOR THE ISSUE AND USE OF PROCEEDS

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €4,900,000, will be transferred by the Issuer to JD Operations Limited by way of a loan agreement and shall be used by JD Operations Limited for the following purposes:

- An amount of €3,850,000 shall be utilised to partially settle the amounts of €11,900,000 due in respect of the acquisition of the business assets, manufacturing facilities, property, plant and equipment from JSDimech Limited as per the Transfer agreement detailed in Section 8.3 of this Admission Document;
- An amount of €1,050,000 shall be utilised for existing and increased working capital and trade finance requirements.

### 16.2 EXPENSES

Professional fees, and costs related to the admission to Prospects MTF, registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €100,000. There is no particular order of priority with respect to such expenses.

### 16.3 ISSUE STATISTICS

<b>Amount</b>	€5,000,000
<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 CSD;
<b>Denomination</b>	Euro (€);
<b>ISIN</b>	MT0001831206



<b>Minimum subscription:</b>	<b>amount per</b>	Minimum of €2,000 and multiples of €100 thereafter;
<b>Redemption date</b>		21 <sup>st</sup> May 2028
<b>Plan of Distribution</b>		The Bonds are available for subscription to all categories of investors. The Bonds have been conditionally placed by means of the Placement Agreement;
<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 pari passu, without any priority or preference among themselves and with other unsecured debt of the Issuer, if any;
<b>Placement Arrangement</b>		The Issuer has entered into a conditional placement agreement with the Placement Agent details of which can be found in Section 17.2 of this Admission Document.
<b>Interest</b>		5%
<b>Interest Payment Date</b>		Annually on the 21 <sup>st</sup> May of each year with the first interest payment date being the 21 <sup>st</sup> May 2019.
<b>Governing law of the 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.

## 17 INFORMATION CONCERNING THE BONDS

Each Bond shall be issued on the terms and conditions set out in this Document 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.

### 17.1 General

- 17.1.1 Each Bond forms part of a duly authorised issue of 5% unsecured bonds 2028 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €5,000,000 (except as otherwise provided under sub-section 17.14 “Further Issues” below).
- 17.1.2 The currency of the Bonds is Euro (€).
- 17.1.3 Subject to admission to trading of the Bonds to the Prospects MTF List of the MSE, the Bonds are expected to be assigned the following ISIN: MT0001831206.
- 17.1.4 All outstanding Bonds shall be redeemed by the Issuer at par on the Redemption Date, unless otherwise redeemed at the option of the Issuer on any of the Early Redemption Date/s.
- 17.1.5 The issue of the Bonds is made in accordance with the requirements of the Prospects MTF Rules.
- 17.1.6 The Issue Period of the Bonds is between 17<sup>th</sup> May 2018 and 23<sup>rd</sup> May 2018, both days included.
- 17.1.7 The Bond Issue is not underwritten. Should subscriptions for the full amount of €5 million not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly.



17.1.8 The Bonds will not be listed on the Official List or the Alternative Companies list of the Malta Stock Exchange or on any other regulated market expect for the Prospects MTF market.

## **17.2 Subscription**

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

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

The Bond Issue is not underwritten. Should subscriptions for the full amount of €5,000,000 not be received, no allotment of the Bonds shall be made, the Applications for Bonds shall be deemed not to have been accepted by the Issuer and all money received from Applicants for Bonds shall be refunded accordingly.

The total amount of €5,000,000 of Bonds is being reserved for subscription by the Placement Agent and Manager participating in the Placement Offer. The Issuer shall enter into a conditional subscription agreement with the Placement Agent and Manager for the subscription of Bonds, whereby it will bind itself to allocate Bonds thereto up to the total amount of €5,000,000 as aforesaid.

In terms of said subscription agreement entered into with the Placement Agent and Manager, the Issuer will be conditionally bound to issue, and the Placement Agent and Manager will be conditionally bound to subscribe to, up to the total amount of €5,000,000 of Bonds as indicated therein.

## **17.3 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 among themselves and with other unsecured debt of each of the Issuer if any. Furthermore, subject to the negative pledge clause (Section 17.4 of this Document), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

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



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

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

“Permitted Security Interest” means: (A) any Security Interest arising by operation of law; (B) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business; (C) any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Issuer, in an aggregate outstanding amount not exceeding 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 105% of the aggregate principal amount of the Bonds still outstanding;

“unencumbered assets” means assets which are not subject to a Security Interest.

## **17.5 Rights attached to the Bonds**

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

- i. the payment of interest;
- ii. the payment of capital;
- iii. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of sub-section 17.3 hereof;
- iv. attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issues; and
- v. enjoy all such other rights attached to the Bonds emanating from the Admission Document.

## **17.6 Interest**

The Bonds shall bear interest from and including the 21<sup>st</sup> May 2018 at the rate of 5% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment shall be effected on the 21<sup>st</sup> May 2019. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. Each Bond will cease to bear interest from and including its due date for redemption, unless payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the rate specified above plus one per cent (1%), but in any event not in excess of the maximum rate of interest allowed by Maltese law. In terms of article 2156 of the Civil Code (Chapter 16 of the laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.

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.



## **17.7 Yield**

For Bonds issued at the Bond Issue Price, the gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 5%.

## **17.8 Form, Denomination and Title**

17.8.1 Certificates will not be delivered to Bondholders in respect of the Bonds in virtue of the fact that the entitlement to Bonds will be represented in an uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at 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.

17.8.2 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.

17.8.3 Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account 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. 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/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.

17.8.4 The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €2,000 per individual Bondholder. Authorised intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €2,000 to each underlying client.

17.8.5 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" as per the stipulations of the Admission Document.

## **17.9 Pricing**

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

## **17.10 Payments**

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





transmission. Upon payment of the Redemption Value, the Bonds shall be redeemed and the appropriate entry made in the electronic register of the Bonds at the CSD.

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

17.10.3 Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in euro and held with any licensed bank in Malta. Such payment shall be effected within seven (7) days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission.

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

17.10.5 No commissions or expenses shall be charged by the Issuer to Bondholders in respect of payments made in terms of sub-section 17.10.

## **17.11 Redemption and purchase**

17.11.1 The Bonds shall be repayable in full upon maturity on 21<sup>st</sup> May 2028 unless previously re-purchased and cancelled.

17.11.2 Unless previously purchased and cancelled, the Issuer irrevocably covenants in favour of each Bondholder that the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on the 21<sup>st</sup> May 2028.

## **17.12 Events of Default**

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

- the Issuer, shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the terms and conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or
- the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- 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 one million Euro



(€1,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed; or

- any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined above) of the Issuer in excess of one million Euro (€1,000,000) or its equivalent at any time.

### **17.13 Transferability of the Bonds**

17.13.1 The Bonds are freely transferable and, once admitted to the Prospects MTF List, shall be transferable only in whole (in multiples in €100) in accordance with the rules and regulations of the MSE applicable from time to time. If Bonds are transferred in part, the transferee thereof will not be registered as a Bondholder.

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

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

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

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

### **17.14 Further Issues**

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.

### **17.15 Meetings of Bondholders**

17.15.1 The Issuer may, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of any of the following: (i) considering and approving any matter affecting their interest, including the amendment, modification, waiver, abrogation or substitution of any of the Terms and Conditions of the Bonds and the rights of the Bondholders, whether or not those rights arise under the Admission Document; (ii) considering and approving the exchange or substitution of the Bonds by, or the conversion of the Bonds into, shares, debentures or other obligations or securities of the Issuer; and (iii) obtaining the consent of Bondholders on other matters which in terms of the Admission Document require the approval of a Bondholders' meeting in accordance with the below.



17.15.2 A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Document that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

17.15.3 The amendment of any of the Terms and Conditions of issue of the Bonds may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

17.15.4 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 at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting the number of Bondholders present at the commencement of the meeting, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at and decided upon during, the adjourned meeting.

17.15.5 Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.

17.15.6 Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.

17.15.7 The voting process shall be managed by the Issuer's company secretary under the supervision and scrutiny of the auditors of the Issuer.

17.15.8 The proposal placed before a meeting of Bondholders shall only be considered approved if at least sixty per cent (60%) in nominal value of the Bonds present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.

17.15.9 Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

## **17.16 Authorizations and approvals**

The Directors authorised the Bond Issue and the publication of the Admission Document pursuant to a board of directors' resolution passed on the 29<sup>th</sup> March 2018.



### **17.17 Admission to trading**

Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Admission Document to be traded on its Prospects MTF List. The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 24<sup>th</sup> May 2018 and trading is expected to commence on the 25<sup>th</sup> 2018. Dealing may commence prior to notification of the amount allotted being issued to Applicants.

### **17.18 Representations and warranties**

17.18.1 The Issuer represents and warrants to Bondholders, that 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 Document and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions or the Document; and
- iii. no litigation, arbitration or administrative proceedings are taking place, pending or, to the knowledge of the officers of the Issuer, threatened against the Issuer which could have a material adverse effect on the business, assets or financial condition of the Issuer.

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

### **17.19 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.

### **17.20 Bonds held subject to usufruct**

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



## 18 TERMS AND CONDITIONS OF THE BOND ISSUE

- 18.1 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Prospects MTF List. In the event that the Bonds are not admitted to the Prospects MTF List 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. If no such bank account number is provided, or in the event that bank account details on the Application Form are incorrect or inaccurate, such returns will be made by means of a cheque mailed to the Applicant's address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form.
- 18.2 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.
- 18.3 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 Document and the Memorandum and Articles of Association of the Issuer.
- 18.4 Any person, whether natural or legal, shall be eligible to submit an Application and any one (1) person, whether directly or indirectly, should not submit more than one (1) Application Form. 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/or the Corporate Advisor, but it shall not be the duty or responsibility of the Corporate Advisor or Issuer to ascertain that such representative is duly authorised to appear on the Application Form and bind the Applicant.
- 18.5 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.
- 18.6 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.
- 18.7 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.
- 18.8 No person receiving a copy of the Document or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- 18.9 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.

- 18.10 Subject to all other terms and conditions set out in the Document, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions or is not accompanied by the required documents. Only original Application Forms will be accepted and photocopies/facsimile copies will not be accepted.
- 18.11 Save where the context requires otherwise or where otherwise defined therein, terms defined in the Document bear the same meaning when used in these Terms and Conditions, in the Application Forms, in any of the Annexes and in any other document issued pursuant to the Admission Document.
- 18.12 The Issuer has not sought assessment of the Bonds by any independent credit rating agency.
- 18.13 Subject to all other terms and conditions set out in the Document, 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.
- 18.14 The Bonds will be issued in multiples of €100. The minimum subscription amount of Bonds that can be subscribed for by all Applicants is €2,000.
- 18.15 The completed Application Forms are to be lodged with the Placement Agent and Manager. An authorized financial intermediary shall, prior to accepting an Application, conduct an Appropriateness Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered appropriate for the Applicant. To the extent that the authorized financial intermediary is providing advice in respect of a purchase of the Bonds by an Applicant, the authorized financial intermediary shall also be required to conduct a Suitability Test in respect of the Applicant and, based on the results of such test, be satisfied that an investment in the Bonds may be considered suitable for the Applicant.

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

For the purpose of this Securities Note, the term “Suitability Test” means the process through which a licensed financial intermediary providing investment advice or portfolio management services in relation to the subscription for and trading of Bonds obtains such information from the Applicant or prospective transferee as is necessary to enable the licensed financial intermediary to recommend to or, in the case of portfolio management, to effect for, the Applicant or prospective transferee, the investment service and trading in Bonds that are considered suitable for him/her, in accordance with Part BI of the ISR. The information obtained pursuant to this test must be such as to enable the licensed financial intermediary to understand the essential facts about the Applicant or prospective transferee and to have a reasonable basis for believing, giving due consideration to the nature and extent of the





service provided, that the specific transaction to be recommended, or to be entered into in the course of providing a portfolio management service, satisfies the following criteria:

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

18.16 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations, made under the Prevention of Money Laundering Act (Chapter 373 of the Laws of Malta), as amended from time to time, all appointed authorised financial intermediaries are under a duty to communicate to the CSD, all information including customer due diligence data about clients as is required under the Implementing Procedures issued by the Financial Intelligence and Analysis Unit in view of its placing of reliance on the said intermediaries under the said Regulations and Articles 1.2(d) and 2.4 of the “Code of Conduct for Members of the Malta Stock Exchange” appended as Appendix IV to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed authorised financial intermediaries are Malta Stock Exchange Members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (Chapter 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.

18.17 By completing and delivering an Application Form, the Applicant:

- agrees and acknowledges to have had the opportunity to read the Admission Document and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
- 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;
- authorises the Placement Agent and Manager and the Directors of the Issuer 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 (Chapter 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 sent to the Issuer at the address indicated in the Admission Document. The requests must further be signed by the Applicant to whom the personal data relates;
- 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 Admission Document and, accordingly, agree/s that no person responsible solely or jointly for the Document or any part thereof will have any liability for any such other information or representation;
- 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 and any verification of identity as



required by the Prevention of Money Laundering Act (Chapter 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;

- agrees to provide the Placement Agent and Manager and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- 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 Corporate Advisor 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;
- warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- 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 Admission Document 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;
- agrees that Calamatta Cuschieri Investment Services Limited will not, in their capacity of and Placement Agent and Manager, treat the Applicant as their customer by virtue of such Applicant making an Application for the Bonds, and that Calamatta Cuschieri Investment Services Limited will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;
- 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;
- 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;
- 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 Admission Document, the terms and conditions thereof and the Memorandum and Articles of Association of the Issuer;
- 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 Corporate Advisor (which acceptance shall be made in the absolute discretion of the Issuer and/or the Corporate Advisor and may be on the basis that the Issuer and/or the Corporate Advisor 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 Corporate Advisor of such late payment in respect of such Bonds, the Issuer and/or the Corporate Advisor 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);
- 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;
- 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;

- 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/s or legal guardian/s of the minor;
- 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
- 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 changes, loss or delay in transmission.

## **19 TAXATION**

### **19.1 General**

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and disposal, as well as any income/gains derived therefrom or made on their disposal. The following is a summary of the anticipated tax treatment applicable to 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 Admission Document, 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.

### **19.2 Malta Tax on Interest**

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of the Income Tax Act (Chapter 123 of the laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the said Income Tax Act. Interest payments made to Prescribed Funds will be subject to a final withholding tax at the rate of 10%. 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. For the purpose of the above, a "recipient" is generally a person who is resident in Malta during the year in which investment income is payable to him or other persons or entities acting on behalf of such resident person or a trustee or foundation pursuant to or by virtue of which any money or other property whatsoever shall be paid or applied to or for the benefit of such resident persons.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder may not declare the interest so received in his income tax return. No person shall be charged to further tax in respect of such income.



In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of 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 progressive rate/s applicable to that person at that time. Additionally, in this latter case the Issuer will advise the Inland Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients unless the beneficiary does not qualify as a “recipient” in terms of article 41(c) of the Income Tax Act. 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.

### **19.3 Foreign Account Tax Compliance Act**

The United States has enacted rules, commonly referred to as “FATCA”, that generally impose a new reporting regime and withholding requirements with respect to certain US source payments (including dividends and interest), gross proceeds from the disposition of property that can produce US source interest and dividends and certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement with Malta dated 6 December 2013 regarding the implementation of FATCA with Malta. Payments effected by the Issuer on or with respect to the Bonds are not expected to be subject to withholding under FATCA except to the extent that any Bondholder fails to comply with its obligations under FATCA. However, FATCA may affect payments made to custodians or intermediaries, if any, in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Bondholders should choose any custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer’s obligations under the Bonds are discharged once it has effected payment as stipulated in this Admission Document and therefore the Issuer has no responsibility for any amount thereafter transmitted through the payment chain.

FATCA requires participating financial institutions to satisfy applicable due diligence and reporting requirements in terms of the intergovernmental agreement entered into by Malta together with the relevant regulations and guidelines issued by the Commissioner for Revenue. Consequently certain confidential information in relation to the Bondholders and/or other relevant persons may be reported to the Commissioner for Revenue and automatically exchanged pursuant to these requirements.

FATCA is particularly complex. Each Bondholder should consult his own tax advisor to obtain a more detailed explanation of FATCA and to learn how it might affect such holder in his specific circumstance.

### **19.4 Directive on Administrative Cooperation in the Field of Taxation**

The Council of the European Union has adopted Directive 2014/107/EU amending Directive 2011/16/EU on administrative cooperation in the field of taxation so as to introduce an extended automatic exchange of information regime that implements the OECD measures known as the “Common Reporting Standard”. Member States are required to begin exchanging information pursuant to this Directive no later than 30 September, 2017 (subject to deferral under transitional rules in the case of Austria).



Malta has transposed Directive 2014/107/EU into national law by means of Legal Notice 384 of 2015 amending the Cooperation with Other Jurisdictions on Tax Matters Regulations. In terms of this legal notice, the automatic exchange of information obligations extends also to jurisdictions that are not EU Member States with which there is a relevant arrangement in place.

In consequence, financial institutions of an EU Member State and of participating jurisdictions will be required to report to their respective tax authorities certain financial account information in respect of account holders (and in some cases, beneficial holders), that are residents of another EU Member State or of a participating jurisdiction in order to be exchanged automatically with the tax authorities of the other EU Member States or participating jurisdictions. Financial account information in respect of holders of the Bonds could fall within the scope of EU Directive 2014/107/EU and the may therefore be subject to reporting obligations.

### **19.5 Maltese taxation on capital gains on transfer of the Bonds**

To the extent that the Bonds do 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 instruments that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return*”, no Malta tax on capital gains should be chargeable in respect of transfers of Bonds held as capital assets at the time of disposal.

### **19.6 Duty on documents and transfers**

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 are exempt from Maltese duty.

### **19.7 Tax status of the Group**

The Maltese incorporated companies forming part of the Group should be subject to tax in Malta at the standard corporate tax rate, which currently stands at 35%.

Income from foreign sources received by such companies (including capital gains, dividends, interest and any other income) is also subject to tax in Malta at the rate of 35%, subject to claiming relief for double taxation in terms of the provisions of the Income Tax Act (Chapter 123 of the laws of Malta).

**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 BOND AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.**

## **20 LITIGATION / COURT PROCEEDINGS AND INVESTIGATIONS**

The Directors are not aware of any investigations involving the Issuer which the Directors consider could have significant effects on the financial position or profitability of the Issuer.



The Directors of the Issuer are aware that Mr Josef Dimech, a director and ultimate beneficial owner of the Issuer and sole shareholder of JD Holdings Limited, is facing proceedings brought before the Court of Magistrates (Malta) as a Court of Criminal Judicature that commenced at the end of 2014. The proceedings relate to allegations of complicity in trading in influence under Article 121A (1) of the Criminal Code (Chapter 9 of the laws of Malta), in connection with a contract of works in the private sector awarded to a consortium (of which JSDimech Limited is a member) in 2014.

Mr Dimech has pleaded not guilty of the said charges and unequivocally denied being an accomplice to the offence.

## **21 GOVERNING LAW**

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 Admission Document shall be brought exclusively before the Maltese courts.

## **22 NOTICES**

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

## **23 DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents or certified copies thereof, where applicable, are available for inspection at the registered office of the Issuer at HHF 303 Industrial Estate, Hal Far, Birzebbugia, BBG3000, Malta during the term of the Bond Issue during office hours:

1. the Memorandum and Articles of Association of the Issuer;
2. Transfer Agreement between JS Dimech Limited and JD Operations Ltd.





## 24 ANNEX A – Subordinated Loan Agreement

A LOAN AGREEMENT entered into today the 16<sup>th</sup> day of the month of MAY of the year 2018 (this "Agreement")

*Between*

JD CAPITAL PLC, a public limited liability company registered under the laws of Malta with company registration number C-82098 with registered address at HHF 303, Industrial Estate, Hal Far, Birzebbugia, Malta (the "Lender");

*and*

JD OPERATIONS LIMITED, a limited liability company registered under the laws of Malta with company registration number C-82100 with registered address at HHF 303, Industrial Estate, Hal Far, Birzebbugia, Malta (the "Borrower")

**WHEREAS:**

- (A) The Lender wishes to grant to the Borrower, and the Borrower wishes to accept, by virtue of this Agreement a loan amounting to four million and six hundred and fifty thousand euro (€4,650,000) (the "Loan"); and
- (B) The Borrower and the Lender (hereinafter the "Parties") wish to set out and formalise the terms and conditions governing the Loan.

**NOW THEREFORE IT IS AGREED AS FOLLOWS:**

- 1. The Lender has made available, under title of loan, to the Borrower, who accepted under the same title, the Loan, upon the terms and conditions of this Agreement.
- 2. The Borrower shall use the Loan for the following purposes:
  - a. to partially settle the amounts due for the purchase of equipment, plant and machinery from JS Dimech Limited (C-34919) for the Borrower to carry out the business of JS Dimech Limited as a going concern; and
  - b. the Borrower's existing and increased working capital.
- 3. The Loan shall bear interest at a rate of 6.5% per annum.
- 4. The Loan shall be repaid by not later than the 31<sup>st</sup> of September 2027. The Borrower may, at its absolute discretion, and at any time, pay unto the Lender all or any part of the Loan as outstanding.
- 5. The Loan shall be unsecured.
- 6. The Loan, or such part thereof as may be outstanding, shall become immediately due and repayable if one or more of the events specified in this Clause 5 (the "Events of Default") shall have occurred and the Lender gives notice to the Borrower of the occurrence of such an Event of Default:
  - a. Failure by the Borrower to duly perform any other material obligation contained in the terms and conditions of this Agreement provided such failure continues for thirty (30) days after written notice thereof has been given to the Borrower by the Lender; or



- b. The Borrower is unable to pay its debts in accordance with the Companies Act (Cap. 386, Laws of Malta).
- 7. This Agreement may be varied by agreement in writing made between and executed by the Lender and Borrower.
- 8. This Agreement shall be binding upon and inure to the benefit of the Lender and the Borrower and permitted assigns and references in this Agreement to any of them shall be construed accordingly, provided that the Borrower may not assign or transfer any of its rights and/or obligations under this Agreement.
- 9. Any notices or communication under or in connection with this Agreement shall be properly given if given in writing and sent by mail to the registered address of the receiving party.
- 10. No delay or omission on the part of the Lender in exercising any right, power or remedy under this Agreement or any document or certificate supplemental to or contemplated by this Agreement shall impair such right, power or remedy or be construed as a waiver thereof or of any other right, power or remedy.
- 11. The rights and remedies provided in this Agreement are cumulative and exclusive of any rights or remedies provided by law or in equity.
- 12. Any waiver and any consent by the Lender under any provision of this Agreement, must be in writing and may be given subject to any conditions the Lender thinks fit. Any waiver or consent shall be effective only in this instance for the purpose for which it is given.
- 13. This Agreement shall be governed by and construed in accordance with the Laws of Malta.
- 14. Each party hereby irrevocably submits to the exclusive jurisdiction of the Courts of the Republic of Malta as regards any claim, dispute or other matter arising out of or in connection with this Agreement and its implementation and effect.
- 15. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original but which together shall constitute one and the same agreement.



A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke.

Josef Dimech  
For and on behalf of  
The Borrower

A handwritten signature in blue ink, featuring a large, sweeping loop and a long horizontal stroke.

Stanley Portelli  
For and on behalf of  
The Lender

A handwritten signature in blue ink, consisting of a series of loops and a long horizontal stroke.

Josef Dimech  
For and on behalf of  
The Lender



## 25 ANNEX B - Business Transfer Agreement

DATED 8th March 2018

AGREEMENT  
FOR THE TRANSFER OF THE BUSINESS ASSETS OF  
JSDIMECH LIMITED

BETWEEN

JSDIMECH LIMITED

AND

JD OPERATIONS LIMITED

AND

JD HOLDINGS LIMITED



THIS AGREEMENT is made on 8th March 2018 (this "Agreement") between the following parties:

**JSDIMECH LIMITED**, a company incorporated and registered under the laws of Malta with company registration number C 34919 and having its registered office at HHF 303, Industrial Estate, Hal Far, Birzebbugia, Malta, represented hereon by Josef Dimech, holder of Maltese identity card number 326179(M), sole director, (hereinafter referred to as the "**Seller**"); and

**JD OPERATIONS LIMITED**, a private limited liability company registered under the laws of Malta with company registration number C 82100 and having its registered office at HHF 303, Industrial Estate, Hal Far, Birzebbugia, Malta, duly represented hereon by Josef Dimech, holder of Maltese identity card number 326179(M), as duly authorised, (hereinafter referred to as the "**Buyer**"); and

**JD HOLDINGS LIMITED**, a private limited liability company registered under the laws of Malta with company registration number C 82095 and having its registered office at HHF 303, Industrial Estate, Hal Far, Birzebbugia, Malta, duly represented hereon by Josef Dimech, holder of Maltese identity card number 326179(M), as duly authorised, (hereinafter referred to as the "**JD Holdings**");

(together hereinafter referred to as the "**Parties**" and each a "**Party**")

**WHEREAS:**

- (A) The Seller is the owner of the Business (as defined below) and of the Assets (as defined below) and operates the Business from the Plant (as defined below).
- (B) The Buyer wishes to acquire, from the Seller, who wishes to transfer to the Buyer, the Business as a going concern thereby, *inter alia*, acquiring the Assets, on the terms and conditions of this Agreement.

IT IS AGREED as follows:

**1. DEFINITIONS AND INTERPRETATION**

- 1.1. In this Agreement the following words and expressions shall, except where the context otherwise requires, have the following meanings:

'the Assets'	means the assets which shall be transferred and assigned by the Seller to the Buyer in terms of this Agreement consisting of the Equipment and other rights and assets used in the operation of the Business;
'the Business'	means the business being transferred by virtue of this Agreement as a going concern comprising of the manufacture, assembly and installation of aluminium, steel, wrought iron, large scale glass formats and stainless steel works;
'the Effective Date'	means 1 January 2018;





'the Equipment'	means the machinery, fixed assets, manufacturing facilities and equipment used in the operation of the Business;
'the Income Tax'	shall have the meaning assigned to it under Clause 14.2;
'the Intellectual Property'	means the Business' brand, logo and tradename 'JSDimech' and any other trade or service marks or names, domain names or logos used in or otherwise associated or connected with the Business, and all other rights under any patent, trademark, service copyright, whether registered or unregistered;
'the Plant'	means the premises out of which the Seller carries out the Business situated at HHF 303 and HHF 304 (ex <i>Bahhar u Sewwi</i> ) in Hal Far, Malta;
'the Purchase Price'	means the amount set out in Clause 3;
'the Seller Obligations'	means those obligations imposed on the Seller in terms of this Agreement as set out in Schedule 2;
'the Transferred Employees'	shall have the meaning assigned to it under Clause <b>Error! Reference source not found.</b> ; and
'the Warranties'	means the warranties, representations and undertakings set out in Schedule 3; and
'the Work In Progress'	means all contracts of works, orders or other similar contractual arrangements entered into by the Seller prior to the Effective Date, the performance of which is ongoing as at the Effective Date.

## 2. AGREEMENT FOR SALE

- 2.1. Subject to the terms and conditions contained in this Agreement, the Seller agrees to sell and transfer, and the Buyer, relying on the Warranties, agrees to purchase, with a view to carrying on the Business as a going concern, with effect from the Effective Date, with full benefit to use, the Assets.
- 2.2. The Buyer shall acquire the Assets with full title guarantee free from all claims, liens, equities, charges, pledges, hypothecs, encumbrances and adverse rights of any description, including reservation of title.
- 2.3. The Buyer shall not acquire or otherwise assume from the Seller any liabilities and obligations associated with any Assets, the Transferred Employees and the Business other than as set out in this Agreement.
- 2.4. The beneficial ownership and risk with respect to the Assets shall be transferred by the Seller to the Buyer with effect on and from the Effective Date.



### **3. PURCHASE PRICE**

- 3.1. In consideration for the transfer of the Business and Assets, the Buyer shall pay to the Seller, which accepts, the sum of eleven million and nine hundred thousand euro (€11,900,000).
- 3.2. The Purchase Price shall remain outstanding as the Effective Date and shall be paid by the Buyer to the Seller in accordance with the terms agreed to by and between the Parties.

### **4. USE OF INDUSTRIAL SPACE AND MANUFACTURING FACILITIES**

- 4.1. To enable the Buyer's carrying on of the Business as a going concern from the Plant, the Seller has obtained a 'no objection' letter from Malta Enterprise and Malta Industrial Parks Limited (C 28965) (attached hereto and marked as 'Doc A') for the Buyer to enter into an emphyteutical deed in respect of the Plant.

### **5. FUTURE BUSINESS, APPORTIONMENTS AND PAYMENTS**

- 5.1. All costs incurred and revenues received in connection with the Business up to, and including the Effective Date shall be the responsibility of the Seller. After the Effective Date, the Seller shall continue to honour and perform the Work In Progress and shall continue to incur all costs, and receive all revenues, arising out of such Work In Progress.
- 5.2. Any contracts of works, orders or other similar arrangements entered into by the Buyer after the Effective Date shall be the sole and exclusive responsibility of the Buyer and all costs incurred and revenues received in connection therewith shall be the responsibility of the Buyer.
- 5.3. If at any time the Buyer receives monies in settlement of an invoice relating to Work In Progress, the Buyer shall, within a reasonable period and using reasonable endeavours, pay the amount to the Seller. If at any time the Seller receives monies in settlement of an invoice relating to contracts of work, orders or other arrangements entered into after the Effective Date, the Seller shall, within a reasonable period and using reasonable endeavours, pay the amount to the Buyer.

### **6. INTELLECTUAL PROPERTY**

- 6.1. To enable the Buyer's carrying on of the Business as a going concern, the Seller grants unto the Buyer, and the Buyer accepts, with effect from the Effective Date and subject to the terms and conditions hereof, in Malta and solely and exclusively in connection with the Business, an exclusive commercial license to use the Intellectual Property.
- 6.2. Any and all royalties for the licence to use the Intellectual Property have, for all intents and purposes, been accounted for in the Purchase Price.
- 6.3. The term for the licence to use the Intellectual Property shall be indefinite.

### **7. INVENTORY AND RESOURCES**





7.1. The Seller shall retain any inventory after the Effective Date and shall, where the Buyer requires, make such inventory available for purchase by the Buyer at current book value and in accordance with such payment terms as agreed to by and between the Parties.

7.2. The Buyer shall make any and all of the Assets, the Transferred Employees and any of its other resources available to the Seller to continue to honour and perform the Work In Progress.

## **8. EMPLOYEES**

8.1. With effect on and from the Effective Date, the Transferred Employees shall cease to be the employee of the Seller and shall become an employee of the Buyer. The Seller shall bear the entire cost and expense of the Transferred Employees' claims for compensation or benefits arising out of their employment and all taxes, levies and duties related to their employment, which is related to or arising out of the employment of the employee on or before the Effective Date.

8.2. The Seller shall indemnify, defend and hold harmless the Buyer, its officers, directors, employees and agents from and against all claims, demands, actions, suits and proceedings (including advocates' fees) by the Transferred Employees in respect of any action or matter arising prior to the Effective Date.

## **9. SELLER'S INDEMNITY**

9.1. The Seller shall indemnify the Buyer against all losses and damages suffered or incurred by the Buyer arising out of or in connection with any of the following:

- 9.1.1. any losses or damages arising from third party claims with respect to the Assets related to the period prior to the Effective Date;
- 9.1.2. any losses or damages arising from any Employee claim related to the period prior to the Effective Date; and
- 9.1.3. any losses or damages arising from, or attributable to, anything done, or not done, by the Seller at any time on or subsequent to signature of this Agreement up to the Effective Date and without or contrary to the Buyer's consent or instruction or otherwise in breach of its obligations set out in this Agreement.

## **10. BUYER'S INDEMNITY**

10.1. The Buyer will indemnify and hold harmless the Seller from and against any claim, losses or liabilities that shall arise with respect to the operation of the Business following the Effective Date, other than any liabilities incurred in connection with the contracts of work, orders and other arrangements as mentioned in Clause **Error! Reference source not found.** of this Agreement.

## **11. CEASE TRADING**

11.1. Other than as set out in Clause 5 of this Agreement, with effect from the Effective Date, the Seller shall cease to carry on the Business and shall, in any manner whatsoever, cease to use or display the Intellectual Property or any marks, domain names, names or logos which may be confusingly similar to the Intellectual Property.



**12. ACTIONS AND OBLIGATIONS AFTER COMPLETION:**

- 12.1. On and for a period of six (6) months after the Effective Date, the Seller shall give or procure to be given to the Buyer all such information and other assistance (including but not limited to particulars of customers, suppliers and others who have dealt with the Seller in connection with the Business) that the Buyer may reasonably require for the conduct of the Business and for the purpose of implementing the provisions of this Agreement.

**13. WARRANTIES**

- 13.1. The Seller warrants and represents to the Buyer that, each of the Warranties are true, accurate and not misleading on the Completion Date.

**14. TAX**

- 14.1. For the avoidance of doubt, it is being declared that the Seller is hereby transferring the Assets to the Buyer, a person registered under article 10 of the Value Added Tax Act (Cap 406, Laws of Malta) with VAT Registration number MT 2471 4628, to whom the Seller is transferring part of its economic activity which is capable of a separate operation as a going concern. The said Assets shall be used by the Buyer in carrying on the same kind of activity, as that carried on by the Seller. The said transfer is being recorded in the records of the Seller indicating the VAT Registration number of the Buyer. For this reason, the transfer of the Assets is not considered to be a supply for VAT purposes and the Purchase Price shall consequently be considered as being exclusive of VAT.

- 14.2. Any income tax chargeable upon the transfer of the Assets (the "Income Tax") to the extent that such tax is generally borne by a seller, shall be borne by the Seller. The Buyer shall be responsible for the payment of any other duty or similar tax arising as a result of the transfer of the Assets which is not part of the Income Tax to the extent that such duty or taxes are generally borne by a buyer.

**15. SURETYSHIP**

- 15.1. JD Holdings is appearing on this Agreement to constitute itself as joint and several surety, jointly and severally with the Buyer, to further warrant the proper observance and prompt fulfillment of the Buyer's obligations under this Agreement, in favour of the Seller, including but not limited to the obligations set out in Clauses 3, 6 and 7.

**16. FURTHER ASSURANCES**

- 16.1. Each of the Parties shall promptly execute and deliver all such documents, and do all such things required for the purpose of giving full effect to the provisions of this Agreement.

**17. ASSIGNMENT**

- 17.1. Except as otherwise provided in this Agreement, the Parties shall not assign, or grant any encumbrance over, any of their rights under this Agreement.

**18. WHOLE AGREEMENT**



- 18.1. This Agreement constitutes the whole agreement between the Parties and supersedes any previous arrangement, understanding or agreement between them.

**19. VARIATION**

- 19.1. Any variation of this Agreement, shall be in writing and signed on behalf of each of the Parties.

**20. SEVERABILITY**

- 20.1. If any provision of this Agreement (or part of a provision) is found to be invalid, unenforceable or illegal, the other provisions shall remain in force. If any invalid, unenforceable or illegal provisions would be valid, enforceable or legal if some part of it were deleted, the provision shall apply with whatever modification is necessary to effect to the commercial intention of the Parties.

**21. CONFIDENTIALITY**




- 21.1. The Seller shall not divulge to any person whatsoever or otherwise make use of, and shall use its best endeavours to prevent the publication or disclosure of, any information relating to the Business.

**22. EXPENSES**

- 22.1. Subject to the terms of this Agreement, each Party agrees to bear its own expenses in relation to the Transaction.

**23. GOVERNING LAW OF DEFINITIVE AGREEMENTS AND JURISDICTION**

- 23.1. This Agreement and the rights and obligations of the Parties shall be governed by and construed in accordance with the laws of Malta.
- 23.2. Any dispute, controversy or claim arising out of or relating to or concerning this Agreement, or the breach, or invalidity thereof, shall be settled by arbitration in accordance with the provisions of the Malta Arbitration Act (Cap. 387, Laws of Malta), and shall be regulated by the Arbitration Rules (S.L. 387.01), as from time to time amended, promulgated under the authority of the said Malta Arbitration Act.

 Josef Dimech The Seller	 Josef Dimech The Buyer
 Josef Dimech JD Holdings	



## SCHEDULE 1 - SELLER OBLIGATIONS

The Seller shall deliver, or procure delivery to the Buyer, or make available to the Buyer, the following on the Effective Date and in the manner set out in the Agreement:

1. possession of all the Assets capable of passing by delivery, with the intent that title in such Assets shall pass by and upon such delivery;
2. confirmation in writing that the Warranties set out in Schedule 3 are true, accurate and not misleading as at the Effective Date;
3. duly executed assignments to vest the name of the Business in the Buyer or as the Buyer directs;
4. no objection certificates and all termination certificates with respect to the Assets and Business;
5. all documents of title and certificates for the lawful operation and use of, and all service documents pertaining to the Assets;
6. all documents of title, certificates, deeds, licences, agreements and other documents relating to the intellectual property rights of or otherwise appertaining to the Business including but not limited to, manuals, drawings, plans and documents; and
7. the books, accounts, reference lists of customers, credit reports, price lists, cost records, work tickets, catalogues, advertising and all other documents, papers and records in the possession or under the control of the Seller relating to the Business or any of the Assets.

(Together, the "Completion Bundle").





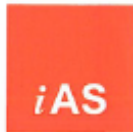
## SCHEDULE 2 – WARRANTIES

The Seller warrants to the Buyer that as of the Effective Date:

1. There are no contractual arrangements of the Seller which can be terminated in the event of any change in the underlying ownership or control of it or would be materially affected by such change.
2. The Seller has good and marketable title to the Assets, and each of the Assets are legally and beneficially owned by the Seller. There are no encumbrances, options, rights or other interests over or in respect of any of the Assets, and the Seller has not agreed to create any encumbrances, options, rights or other interests over or in respect of the Assets or any part of them.
3. The Seller has not acquired or disposed of, or agreed to acquire or dispose of, any of the Assets except in the usual and ordinary course of its trade, nor has the Seller assumed or incurred a liability, obligation or expense (actual or contingent) except in the usual and ordinary course of trade.
4. The Seller owns all Intellectual Property. The Seller has not permitted any other person to use any of its Intellectual Property under licence or by agreement. The Seller is not aware of any infringement by the Seller of any Intellectual Property of any other person within the three (3) years prior to the Effective Date, or any suspected or anticipated breach of such rights.
5. The Seller confirms that there are no employees who were employed in the business or part of the business to be transferred who have been made redundant prior to the transfer of the business, in terms of Article 3A of the **Transfer of Business (Protection of Employment) Regulations (S.L.452.85 of the Laws of Malta)**.
6. Neither the Seller, nor any person for whose acts or omissions it may be vicariously liable, is engaged in, subject to or threatened by any litigation, administrative, mediation or arbitration proceedings.
7. All legislation and all orders, provisions, directions and conditions relating to the Assets, Contracts or the conduct of the Business (including taxation obligations) have been duly complied with in all respects.
8. Any information regarding the Business that would be considered material to any decisions to acquire the Business and the Assets have been disclosed to the Buyer; and
9. The documents in the Completion Bundle (as defined in Schedule 2) are true and complete and accurate copies of the originals.



## 26 ANNEX C – Property Valuation Hal-Far



Innovative Architectural Structures  
Level 4, "Cobalt House"  
Notabile road  
Mrieħel  
BKR 3000  
Malta  
00356 2149 9374  
[www.ias.com.mt](http://www.ias.com.mt)  
[info@ias.com.mt](mailto:info@ias.com.mt)

Friday, 5th January 2018

Job No. Misc\_0463\_02

Our Ref: 0463 – Valuation Report

Your Ref: N/A

### To Whom It May Concern

**Re : Industrial plots ref HHF 303 and HHF 304 – Hal Far Industrial Estate, Birzebbugia, Malta**

An inspection of the above mentioned property involving an industrial complex was carried out on the 30<sup>th</sup> of August 2017 for the scope of provision of a valuation.

### DESCRIPTION of PROPERTY

The property consists of a series of adjacent process-dedicated structures together with an administration office block and a sizeable open-air storage area, as indicated on site image 01. The entire complex is accessible from several strategic points leading directly to the respective storage, hauling or fabrication areas, and spreads onto an overall area of 15,500sqm.

The approximate dimensions of the individual units, as measured from the Planning Authority's Geoportal, are as follows:

- Administration Block measuring *circa* 55.7m in length by 4.5m in depth, covering a total internal floor area of 236.9sqm on one level. The office area is finished and equipped to good standards and includes a reception, board room, directors' and management offices, purchases and accounts sections, and sanitary facilities.
- Steel, stainless steel and aluminium fabrication floor measuring *circa* 56.0m in width by 37.4m in depth, including a storage/maintenance workshop and technical office mezzanine floor in one corner area. The fabrication area covers an approximate total internal floor area





of 1,900sqm, whilst the mezzanine floor measures 26.8m by 8.0m and covers an area of 214.0sqm.

- Steel section manufacturing area measuring *circa* 50.4m in length by 14.6m in width covering an approximate internal floor area of 790sqm.
- Alucobond section manufacturing area measuring *circa* 15.6m in width by 18.8m in depth covering an approximate internal floor area of 292sqm.
- Spray painting block measuring *circa* 51.8m in width by 18.2m in depth covering an approximate internal floor area of 890sqm.
- Glass section measuring *circa* 11.9m in width by 40.4m in length covering an approximate internal floor area of 486sqm.
- Open-air front storage and hauling area in two main areas covering a footprint of 5,400sqm.
- Open-air back storage accessible from front and back entry roads, covering a use-able area of 4,850sqm.

The steel fabrication areas are in a relatively very well-maintained state of repair; finishes include painted/fair-faced concrete flooring, rendered and painted internal/external walls and painted steel structures and doors. Services include internal lighting and power outlets connected to separate electrical power meters, and roof water drainage pipework.

#### ZONING and ENCROACHMENT AGREEMENTS

The property forms part of an industrial zone marked for General Industry, policy MH07 (Figure 3 – Inset Hal Far Map) as per current Marsaxlokk Bay Local Plan, dated 1995.

The premises are currently subject to two encroachment agreements with Malta Industrial Parks Limited [C. 28965] (MIP), dated 13 JUNE 2011, as follows:

- Temporary occupation of Part of Factory HHF303, covering an area of 4,436sqm, at an encroachment fee of €215.14 plus VAT per month + a service charge of €10.85 plus VAT per month for general upkeep of the industrial area.
- Temporary occupation of Factory HHF304, covering an area of 5,387sqm, at an encroachment fee of €4,306.62 plus VAT per month + a service charge of €739.33 plus VAT per month for general upkeep of the industrial area.



The MIP Board of Directors, in a letter addressed to the lessee, dated 24 AUG 2017, have accepted the request to convert the current lease title into an emphyteutic grant for a number of years, which draft deed is yet to be provided.

#### VALUATION

Given the current zoning, presented setup and current lease agreements, the parameters defining the current value of the property are outlined as follows:

- The areas of both HHF303 and HHF304 land parcels, totalling an approximate area of 10,000sqm, are re-developed into a 70% built area + 30% unbuilt area, together with the remaining 5,500sqm surrounding area.
- 80% of the built area is dedicated to industrial/manufacturing/processing floor space (5,600sqm) + 20% is developed into an office building over two levels (1,400sqm x 2 levels).
- Assuming annual average market rental rates for roofed-over industrial space of €75/m<sup>2</sup>, office space at €60/m<sup>2</sup>, and, open areas at €30/m<sup>2</sup> with a rental investment return of 5%, the estimated rental value for each of the re-developed areas are set as follows:

Manufacturing floor space	€420,000
Offices floor space	€168,000
Open/surrounding areas	€255,000

- Deducting the annual lease fees from the cumulative rental value leaves a net rental value of €779,740.32, calculated as follows: [420k + 168k + 255k] – [12(215.14 + 10.85 + 4306.32 + 739.33)].
- The capitalised rental value at 5% leaves an estimated fully-developed property value of €15,594,806.
- By taking into account average construction costs for industrial structures at €800/m<sup>2</sup>, office floor space at €600/m<sup>2</sup> and external areas at €150/m<sup>2</sup>, including permitting, professional fees, structural and finishing costs, development expenses are calculated to sum up to €7,435,000, categorised as follows:

Manufacturing area structure	€4,480,000
Offices floor space	€1,680,000
Open/surrounding areas	€1,275,000



After taking all the above into consideration, including the current lease and emphyteutic grant agreements, and the current market outlook towards such developable property in similar industrial zones it is our considered opinion that a fair value for the above captioned property is therefore estimated at €8,159,806.



IMAGE 01 – Site Plan indicating location of the property, marked as HHP03 and HHP04 together with surrounding grounds.

DAVID MICALLEF, *perit*







## 27 ANNEX D – Plant and Equipment Valuation



6<sup>th</sup> September, 2017

**Subject:** Valuation Certificate (Replacement Value)

**Property:** JSDimech Limited  
HHF 303,  
Industrial Estate  
Hal Far  
BBG 3000

### TO WHOM IT MAY CONCERN

I the undersigned Architect and Civil Engineer have been requested to inspect and evaluate the replacement value of the plant and machinery in caption.

As per attached document please find a list of contents with respective replacement values. Below please find a summary of costs with respect to vehicles, office furniture, electronic equipment, electric hand tools, machinery and factory:

Vehicles	€713,350.00
Office Furniture	€58,460.00
Electronic Equipment	€55,650.00
Electric Hand Tools	€145,002.00
Machinery	€708,860.00
Factory	€1,834,375.00
<hr/>	
<b>Total</b>	<b>€3,515,697.00</b>

10. Dar is-Sliem. Triq Sta. Cecilia. Zejtun ZTN 3182





After considering all factors as demanded by my profession, I estimate the gross replacement value with regards to JSDimech Ltd plant and machinery of €3,515,697 (three million, five hundred and fifteen thousand, six hundred and ninety seven euro) excluding VAT.

A handwritten signature in blue ink, appearing to read 'Perit Jonathan Schembri', written over a horizontal line.

**Perit Jonathan Schembri**



Registration number	Type	Value
JSD001	Ford Iveco Flatbed + Crane	€ 30,000.00
JSD002	Toyota TOYOACE truck	€ 15,000.00
JSD003	Toyota Dyna + Crane	€ 19,000.00
JSD004	Toyota TOYOACE truck	€ 14,000.00
JSD005	Toyota DYNA truck	€ 11,500.00
JSD006	Toyota DYNA truck	€ 11,500.00
JSD007	Toyota DYNA truck	€ 11,500.00
JSD008	Toyota DYNA truck	€ 11,500.00
JSD009	Isuzu NKR66E	€ 11,500.00
JSD010	Isuzu ELF250 Truck	€ 11,500.00
JSD011	Toyota DYNA truck	€ 11,500.00
JSD012	Isuzu ELF truck	€ 11,500.00
JSD013	Peugeot 407	€ 6,000.00
JSD014	Isuzu Cherry Picker	€ 20,000.00
JSD015	DAF tractor unit	€ 20,000.00
JSD016	Toyota cherry picker	€ 20,000.00
JSD017	Toyota double cabin truck	€ 14,000.00
JSD018	DAF tractor unit	€ 20,000.00
JSD019	Fiat Panda	€ 4,000.00
JSD020	LEYLAND DAF recovery truck	€ 28,000.00
JSD021	DAF flatbed	€ 25,000.00
JSD022	Fiat Panda	€ 4,000.00
JSD023	Isuzu ELF NKR66EA truck	€ 11,500.00
JSD024	Fiat Panda	€ 4,000.00
JSD025	Nissan Tadano Crane	€ 25,000.00
JSD026	Fiat Panda	€ 4,000.00
JSD027	Volvo S60	€ 8,000.00
JSD028	KIA K2900 Truck	€ 16,000.00
JSD029	Peugeot 106	€ 1,500.00
JSD030	Fiat Panda	€ 4,000.00
JSD031	HINO DUTRO truck with tail lift	€ 11,700.00
JSD032	Isuzu ELF truck	€ 11,500.00
JSD035	Toyota DYNA truck with tail lift	€ 11,500.00
JSD036	Toyota DYNA truck	€ 11,500.00
JSD037	Toyota DYNA 200 truck	€ 11,500.00
JSD038	Isuzu NKR66E	€ 11,500.00
JSD039	Isuzu ELF250 Truck	€ 11,500.00
JSD040	Ford Transit panel van	€ 14,000.00
JSD041	Toyota cherry picker	€ 15,000.00
JSD042	Toyota TOYOACE truck	€ 11,500.00
JSD043	Toyota TOYOACE truck	€ 11,500.00
JSD044	Toyota DYNA platform truck	€ 11,500.00
JSD045	Fiat Iveco truck	€ 11,500.00
JSD046	Isuzu TFS pickup	€ 7,000.00
JSD047	Ford Transit 190 van	€ 7,000.00
JSD048	Isuzu NKR platform truck	€ 15,000.00
ACI494	Fiat Panda	€ 4,000.00

  
 Jonathan Schembri BE&A (Hons)  
 Architect & Civil Engineer  
 18, Warran Palma, Zejtun.  
 Mobile No: 7923 2710  
 Email: jons@gap.com.mt



Registration number	Type	Value
BGV347	Ford Transit Connect	€ 8,650.00
	Toyota Forklifter	€ 12,000.00
	Toyota Forklifter	€ 18,000.00
	Octopussy Boom Lift	€ 36,000.00
	JLG telescopic boom lift	€ 35,000.00
	Mobile Office	€ 5,000.00
	Mobile Store	€ 5,000.00
<b>Total</b>		<b>€ 713,350.00</b>



Perit Jonathan Schembri BE&A (Hons)  
Architect & Civil Engineer  
10, Għasfeh Palma, Żejtun.  
Mobile No: 7923 2710  
Email: jons@gap.com.mt



Type	Qty	Unit Price	Value
Laptop	9	€ 720.00	€ 6,480.00
PC	15	€ 650.00	€ 9,750.00
Printer ( normal )	4	€ 200.00	€ 800.00
Printer ( large format )	1	€ 3,000.00	€ 3,000.00
Printer ( commercial )	3	€ 3,500.00	€ 10,500.00
Server	2	€ 1,800.00	€ 3,600.00
Mobile Phone	10	€ 500.00	€ 5,000.00
Palm reader	1	€ 3,000.00	€ 3,000.00
Motor Vehicle Tracking System	1	€ 11,520.00	€ 11,520.00
Telephone Systems	1	€ 2,000.00	€ 2,000.00
<b>Total</b>			<b>€ 55,650.00</b>

  
**Perit Jonathan Schembri BSc (Hons)**  
 Architect & Civil Engineer  
 10, Missak Parnis Zgħajn.  
 Mobile No: 9923 2710  
 Email: jons@gap.com.mt



Code	Item Description	Value
O/002	WURTH CORDLESS DRILL WITH CHARGER + 2 BATTERIES	€ 400.00
S/001	WURTH CORDLESS DRILL WITH CHARGER + 2 BATTERIES	€ 400.00
O/003	WURTH CHARGER	€ 50.00
S/005	MEETANO CORDLESS DRILL	€ 325.00
O/007	GRINDER METABO	€ 120.00
O/009	SDS METABO DRILL	€ 250.00
O/011	METABO CORDLESS	€ 400.00
O/012	METABO GRINDER	€ 120.00
O/013	SDS METABO	€ 250.00
O/014	DIGITAL DEGREES	€ 150.00
O/015	CORDLESS GRINDER + 2 BATTERIES + CHARGER	€ 450.00
O/016	CORDLESS METABO BRACE + 2 BATTERIES + CHARGER	€ 400.00
O/017	CORDLESS WURTH + CHARGER + BATTERIES	€ 400.00
O/018	METABO BRACE WIRED	€ 110.00
O/019	CORDLESS METABO SDS + CHARGER + 2 BATTERIES	€ 600.00
O/020	CORDLESS GRINDER + 2 BATTERY + CHARGER	€ 450.00
O/021	CORDLESS METABO SDS + CHARGER + 2 BATTERIES	€ 600.00
I/003	METABO GRINDER	€ 120.00
O/023	WURTH CORDLESS	€ 400.00
O/024	WURTH CORDLESS	€ 400.00
S/009	GRINDER MEETABO	€ 120.00
S/010	METABO OLD CORDLESS	€ 400.00
S/011	METABO ELEC DRILL	€ 110.00
S/013	SDS METABO DRILL	€ 250.00
S/015	METABO NEW GRINDER	€ 120.00
I/005	SDS DRILL MAKITA	€ 250.00
S/016	CHASER METABO	€ 300.00
S/017	METABO STRAIGHT GRINDER	€ 150.00
O/027	NEW IMPACTER AGP	€ 350.00
I/006	GRINDER MEETABO	€ 120.00
I/007	CORDLESS METABO DRILLER	€ 400.00
O/029	WURTH CORDLESS	€ 400.00
O/030	METTABO ELEC DRILL	€ 110.00
O/031	METABO NEW GRINDER	€ 120.00
O/032	METABO NEW GRINDER	€ 120.00
S/018	SDS METABO	€ 250.00
O/033	WURTH CORDLESS DRILL	€ 400.00
O/034	CORDLESS GRINDER METABO	€ 450.00
O/035	CORDLESS SDS DRILL METABO	€ 400.00
O/036	WURTH CORDLESS	€ 400.00
O/037	HITACHI IMPACTER	€ 350.00
s/021	GRINDER METABO	€ 120.00
O/038	SDS CORDLESS METABO	€ 450.00
O/040	CORDLESS GRINDER	€ 120.00
O/041	CORDLESS GRINDER	€ 120.00
O/042	CORDLESS GRINDER	€ 120.00
O/045	METABO GRINDER	€ 120.00
O/043	NEW GRINDER	€ 120.00
O/044	WURTH CORDLESS	€ 400.00

  
 Perit Jonathan Schembra (BSc, Lic. Eng.)  
 Architect & Civil Engineer  
 10, Mirrah Palma, Lejja.  
 Mobile No: 7929 2710  
 Email: jons@gop.com.mt



Code	Item Description	Value
O/045	GRINDER METABO	€ 120.00
O/046	METABO CORDLESS	€ 400.00
O/047	IMPACTER AGP	€ 180.00
O/048	IMPACTER AGP	€ 180.00
S/023	IMPACTER AGP	€ 180.00
S/025	METABO CORDLESS	€ 400.00
O/049	SDS METABO	€ 250.00
O/050	WURTH SDS	€ 250.00
I/011	GRINDER METABO	€ 120.00
I/013	GRINDER METABO	€ 120.00
S/027	HITACHI SDS	€ 250.00
S/028	HITACHI CORDLESS SDS	€ 450.00
S/029	CORDLESS HITACHI DRILLER	€ 400.00
S/032	AGP ROUTE	€ 98.00
S/032	GRINDER METABO	€ 120.00
S/033	CORDLESS WURTH DRILL	€ 400.00
S/034	ELEC. SAW FLEX	€ 300.00
S/035	MAKITA CROSSCUT	€ 140.00
S/036	HITACHI GRINDER	€ 120.00
S/038	FACOM CORDLESS DRILL	€ 400.00
I/014	METABO CORDLESS	€ 400.00
S/039	HITACHI IMPACTER	€ 180.00
O/052	WURTH CORDLESS DRILL	€ 400.00
O/053	SDS WURTH ROTARY DRILL	€ 250.00
I/015	STAYER ANGLE GRINDER	€ 120.00
O/055	METABO SDS	€ 250.00
O/056	CORDLESS GRINDER METABO	€ 450.00
O/057	CORDLESS SDS DRILL METABO	€ 450.00
O/059	WURTH CORDLESS	€ 400.00
O/061	ELEC. DRILL SUPATOOL	€ 250.00
I/017	GRINDER METABO	€ 120.00
I/018	GRINDER METABO	€ 120.00
O/063	WURTH CORDLESS	€ 400.00
O/064	SDS WURTH	€ 250.00
O/065	WURTH CORDLESS	€ 400.00
O/067	WURTH CORDLESS	€ 400.00
O/068	SDS WURTH	€ 250.00
O/070	WURTH CORDLESS	€ 400.00
I/021	STRAIGHT GRINDER	€ 120.00
I/022	HITACHI SDS	€ 250.00
I/026	RED STRAIGHT GRINDER	€ 120.00
O/071	SDS MAKITA DRILLER	€ 250.00
O/072	WURTH CORDLESS DRILL	€ 400.00
O/073	GRINDER METABO	€ 120.00
I/029	METABO CORDLESS DRILL	€ 400.00
O/074	HILTI GRINDER	€ 120.00
I/032	METABO CORDLESS DRILL	€ 400.00
I/034	ELEC METABO DRILL	€ 250.00
I/036	PNEUMATIC IMPACTER SCHUCO	€ 180.00

Perit Jonathon S. ... BEng (Hons)  
 Architectural Engineer  
 10, Mistrall ...  
 Mobile No: 9923 2710  
 Email: jon@gap.com.mt





Code	Item Description	Value
I/038	CORDLESS METABO DRILL	€ 400.00
I/040	METABO GRINDER	€ 120.00
I/041	CORDLESS METABO DRILL	€ 400.00
I/042	CORDLESS METABO DRILL	€ 400.00
I/043	HITACHI GRINDER	€ 120.00
I/044	CORDLESS METABO DRILL	€ 400.00
I/046	METABO CORDLESS DRILL	€ 400.00
I/048	METABO CORDLESS DRILL	€ 400.00
O/075	METABO SDS ELEC	€ 250.00
O/076	SDS WURTH CORDLESS 36V NEW	€ 400.00
I/050	WURTH CORDLESS	€ 400.00
O/077	WURTH CORDLESS	€ 400.00
O/078	WURTH CORDLESS GRINDER	€ 450.00
I/051	MAKITA ORBITAL SANDER	€ 145.00
I/052	GRINDER METABO	€ 120.00
I/053	ELEC. DRILL METABO	€ 250.00
I/054	CORDLESS METABO	€ 400.00
O/079	USAG INVERTER	€ 350.00
I/055	WURTH CORDLESS	€ 400.00
O/081	HITACHI CHASER	€ 200.00
I/056	CORDLESS METABO 14.4V + CHARGER + EXTRA BAT	€ 400.00
I/057	GRINDER METABO	€ 120.00
O/082	METABO ELEC DRILL	€ 250.00
I/059	GRINDER MAKITA	€ 120.00
I/060	CIRCULAR SAW - CROSS CUT MAKITA	€ 200.00
I/061	DEWALT ANGLE DRILL	€ 120.00
O/083	ELEC.METABO DRILL SMALL	€ 250.00
O/084	ELEC. HILTI DRILL SMALL	€ 250.00
O/085	METABO GRINDER	€ 120.00
O/086	WURTH CORDLESS DRILL	€ 400.00
O/087	WURTH CORDLESS DRILL	€ 400.00
O/088	GRINDER CORDLESS METABO	€ 450.00
O/089	WURTH SDS CORDED	€ 250.00
O/090	TELWIN WELDING SET	€ 680.00
O/091	METABO SDS	€ 250.00
O/092	WURTH CORDLESS DRILL	€ 400.00
O/093	WURTH CORDLESS DRILL	€ 400.00
O/094	WURTH CORDLESS DRILL	€ 400.00
O/095	WURTH SDS	€ 250.00
O/096	WURTH CORDLESS	€ 400.00
O/098	GLASS CROSS CUT	€ 230.00
O/099	SDS MAX - MAKITA	€ 250.00
O/101	WURTH SDS CORDED	€ 250.00
O/102	HILTI SDS DRILL	€ 250.00
O/103	TELWIN TIG INVERTER RED	€ 680.00
I/062	METABO GRINDER	€ 120.00
I/065	BOSCH GRINDER	€ 120.00
I/066	METABO GRINDER	€ 120.00
I/067	WURTH GRINDER	€ 120.00

Perit Jonathan S. M. (Hons)  
 Architect & Engineer  
 10, Green Vale, Zgħira.  
 Mobile: 7923 2710  
 Email: jms@gap.com.mt



Code	Item Description	Value
I/068	METABO GRINDER	€ 120.00
I/069	MAKITA GRINDER	€ 120.00
I/070	MAKITA GRINDER	€ 120.00
O/105	TELWIN INVERTER WELDING SET	€ 680.00
O/106	WURTH CORDLESS DRILL	€ 250.00
O/109	CHAINBLOCKS 1&1/2 TON (25 mtr chain)	€ 300.00
O/110	CHAINBLOCKS 1&1/2 TON (25 mtr chain)	€ 300.00
O/111	CORDLESS GRINDER WURTH	€ 450.00
I/071	STAYER STRAIGHT GRINDER	€ 120.00
I/072	METABO ELEC. DRILL	€ 250.00
I/073	METABO GRINDER	€ 120.00
O/113	METABO CORDLESS DRILL	€ 400.00
I/074	AGP STRAIGHT GRINDER	€ 120.00
I/075	POLY PTX - BUFFER	€ 100.00
S/043	GRINDER PRO TOOL	€ 120.00
I/076	ELEC DRILL PRO TOOL	€ 250.00
I/077	ELEC DRILL PRO TOOL	€ 250.00
I/078	POLY PTX - BUFFER	€ 100.00
I/079	BLACK BUFFER	€ 100.00
I/080	AGP BUFFER	€ 100.00
I/081	BUFFER	€ 100.00
I/082	MAKITA CROSS CUT	€ 200.00
I/083	FEMA INVERTER	€ 350.00
I/084	FLEX 'GIRAFFE' POLISHER	€ 100.00
I/085	WURTH ACID MACHINE	€ 700.00
I/086	MAKITA JIGSAW	€ 90.00
I/087	MAKITA ELEC DRILL	€ 250.00
O/115	WURTH CORDLESS GRINDER	€ 450.00
O/116	CORDLESS GRINDER METABO	€ 450.00
O/117	WURTH SDS DRILL	€ 250.00
O/118	AIR RIVETER GUN	€ 170.00
I/088	MAKITA BELT SANDER	€ 150.00
I/089	POLY ROMY MACHINE	€ 100.00
I/090	GRINDER METABO	€ 120.00
I/091	SDS METABO HEAVY DUTY	€ 250.00
O/119	CORDLESS GRINDER WURTH	€ 450.00
I/093	HILTI SDS DRILL	€ 250.00
I/094	WURTH 14V NEW CORDLESS	€ 400.00
I/095	WURTH 14V NEW CORDLESS	€ 400.00
I/096	LEICA LASER L2P5	€ 500.00
I/097	LEICA LASER L2P5	€ 500.00
O/120	WURTH SDS	€ 250.00
O/121	WURTH CORDLESS	€ 400.00
O/123	WURTH CORDLESS	€ 400.00
I/098	METABO ELEC DRILL	€ 250.00
I/099	SHEET NIBBLER	€ 550.00
I/100	METABO GRINDER	€ 120.00
I/101	JIGSAW SUPATOOL	€ 100.00
s/044	SEDEF JIGSAW	€ 100.00

  
 Perit Jonathan J. J. J.  
 Architect & Civil Engineer  
 10, Montserrat, 7701, MT.  
 Mobile No: 7923 2713  
 Email: jons@gap.com.mt



Code	Item Description	Value
O/124	METABO CORDED GRINDER	€ 120.00
I/102	BLACK BUFFER	€ 100.00
I/103	BLUE ROUTER	€ 98.00
O/125	AIR RIVETER GUN	€ 170.00
O/126	AIR RIVETER GUN	€ 170.00
I/104	CROSSCUT METABO	€ 200.00
S/056	AGP CROSSCUT	€ 200.00
O/127	HILTI GRINDER	€ 120.00
S/058	DRILLER CORDED METABO	€ 250.00
S/014	METABO STRAIGHT GRINDER	€ 120.00
o/130	WURTH CORDLESS	€ 400.00
O/131	PROTOOL GRINDER	€ 120.00
S/045	MAKITA CHASER	€ 200.00
O/070	WURTH CORDLESS	€ 400.00
O/132	BERNER CORDLESS NEW + 2 BATTRIES	€ 400.00
O/133	PROTOOL GRINDER	€ 120.00
S/059	GREEN HEAT GUN	€ 35.00
I/128	MAKITA ORBITAL SANDER	€ 100.00
I/129	MAKITA ORBITAL SANDER	€ 100.00
O/134	HILTI CORDED DRILL	€ 250.00
O/135	WURTH CORDLESS	€ 400.00
O/136	BERNER CORDLESS NEW + 2 BATTRIES	€ 400.00
I/130	MAKITA ORBITAL SANDER	€ 100.00
o/137	METABO GRINDER	€ 120.00
I/131	HILTI SDS DRILL	€ 250.00
O/138	HITACHI IMPACTER	€ 350.00
I/132	MAKITA ORBITAL SANDER	€ 100.00
O/139	METABO CORDLESS GRINDER	€ 450.00
I/140	METABO SDS SUBMARINE	€ 450.00
O/140	WURTH DRILL CORDLESS	€ 400.00
O/141	WURTH JIGGER CORDLESS	€ 500.00
O/142	TELWIN INVERTER WELDING SET	€ 680.00
O/143	HILTI SDS DRILL	€ 250.00
O/144	HITACHI ELECTRICAL DRILLER	€ 250.00
I/141	METABO CORDED DRILLER	€ 250.00
O/145	METABO CORDED DRILLER	€ 250.00
O/146	WURTH CORDED SDS	€ 250.00
O/147	METABO GRINDER	€ 120.00
I/143	WURTH GRINDER	€ 120.00
I/144	METABO GRINDER	€ 120.00
S/070	METABO CORDED DRILLER	€ 250.00
O/148	HITACHI CORDLESS IMPACTER	€ 525.00
O/149	MAKITA IMPACTER	€ 525.00
I/145	METABO GRINDER	€ 120.00
I/146	WURTH GRINDER	€ 120.00
I/147	WURTH SMALL BUFFER	€ 100.00
o/150	METABO GRINDER	€ 120.00
O/151	AEG CORDED DRILL	€ 250.00
O/152	BERNER CORDLESS + 2 BATTRIES	€ 400.00

Doris Josephine C. (P. 0642 4100)  
 Architects & Engineers  
 10, Mikroskafu, Talien  
 Mobile: 7223 2710  
 Email: jcg@gap.com.mt



Code	Item Description	Value
O/153	METABO GRINDER	€ 120.00
O/154	WURTH GRINDER	€ 120.00
S/071	FACOM CORDLESS IMPACTER	€ 525.00
S/072	FACOM CORDLESS IMPACTER	€ 525.00
O/155	WURTH CORDLESS	€ 400.00
O/156	WURTH SDS CORDLESS	€ 400.00
I/148	METABO GRINDER	€ 120.00
I/149	MAKITA BELT SANDER	€ 150.00
O/157	SDS	€ 250.00
I/150	VERTO CORDLESS DRILL	€ 400.00
S/073	METABO CORDED DRILLER	€ 400.00
O/158	TELWIN INVERTER WELDING SET	€ 680.00
O/159	WURTH SDS	€ 400.00
I/151	METABO GRINDER	€ 120.00
I/152	METABO GRINDER	€ 120.00
O/160	WURTH CORDLESS DRILL SMALL	€ 200.00
I/153	WURTH CORDLESS DRILL SMALL	€ 200.00
O/162	METABO GRINDER CORDLESS	€ 450.00
S/074	METABO GRINDER	€ 120.00
O/163	SDS WURTH	€ 250.00
O/164	CORDLESS DRILLER WURTH	€ 250.00
O/165	BERNER CORDLESS + 2 BATTRIES	€ 400.00
O/167	BERNER CORDLESS GRINDER + 2 BATTRIES	€ 450.00
S/075	METABO CORDLESS GRINDER	€ 450.00
S/076	TELWIN WELDING SET	€ 328.00
I/154	HITACHI GRINDER NEW	€ 120.00
O/168	PULL LIFT BLUE	€ 150.00
O/169	HITACHI GRINDER	€ 120.00
O/170	WURTH IMPACTER CORDLESS	€ 525.00
O/171	METABO CORDER DRILL	€ 400.00
O/172	CORDLESS DRILLER WURTH	€ 400.00
O/174	TELWIN TIG INVERTER RED	€ 680.00
S/077	IMPACTER CORDLESS DRILL WURTH	€ 525.00
S/078	BERNER AIR IMPACTER	€ 350.00
S/079	UNIAIR YELLOW DRILLER	€ 180.00
O/175	METABO GRINDER	€ 120.00
S/080	UNIAIR YELLOW DRILLER	€ 180.00
I/155	CORDLESS DRILLER WURTH NEW 18V	€ 400.00
S/081	BERNER CORDLESS NEW + 2 BATTRIES	€ 400.00
O/176	WURTH CORDLESS DRILL	€ 400.00
O/177	MAKITA SDS CORDED	€ 250.00
O/178	HILTI SDS DRILL	€ 250.00
O/179	WURTH SDS CORDLESS NEW + SML CORDLESS	€ 400.00
O/180	WURTH SDS CORDED	€ 250.00
I/156	WURTH CORDED GRINDER	€ 120.00
O/181	WURTH SDS CORDED	€ 250.00
S/082	WURTH CORDLESS IMPACTER	€ 525.00
S/083	WURTH CORDED GRINDER	€ 120.00
O/182	WURTH CORDLESS IMPACTER	€ 525.00

Perit Jon Jonsson  
 18.12.2019  
 18.12.2019 7:25:27  
 Email: jonjon@supersmart





Code	Item Description	Value
O/183	WURTH CORDLESS IMPACTER	€ 525.00
S/084	METABO CORDED DRILL	€ 250.00
S/085	MAKITA CORDED DRILL	€ 250.00
I/157	METABO CORDLESS HAMMER	€ 450.00
S/086	ROUTER FAR TOOLS	€ 98.00
O/184	WURTH CORDLESS DRILL	€ 400.00
O/185	TELWIN TIG INVERTER RED	€ 680.00
o/186	STAYER WELDING SET	€ 325.00
I/158	WURTH CORDLESS 12V	€ 400.00
O/187	INVERTER USAG	€ 325.00
vans	Hand tools ( not electric / cordless ) ( 16@2800 )	€ 44,800.00
workshop	Hand tools ( not electric / cordless ) ( 24@300 )	€ 7,200.00
mech/elec	Tools in mechanical / electrical workshop	€ 8,000.00
<b>Total</b>		<b>€ 145,002.00</b>

  
 Perit Joni  
 Architect  
 10, Marsa Mreġġ, P.O. Box.  
 Mobile: 997923 2770  
 Email: jon@gcp.com.mt



Description	Quantity	Unit	Total
100 Ton 4m bench press	1	€ 35,000.00	€ 35,000.00
Guillotine for iron works	1	€ 28,000.00	€ 28,000.00
75 Ton workmate scissor press	1	€ 21,000.00	€ 21,000.00
C02 MIG welding sets	20	€ 2,200.00	€ 44,000.00
Arc welding sets	12	€ 450.00	€ 5,400.00
TIG welding sets	8	€ 900.00	€ 7,200.00
Plasma cutter	2	€ 1,200.00	€ 2,400.00
Glass ventosa	2	€ 6,500.00	€ 13,000.00
Twin head cut off aluminium saw	1	€ 16,500.00	€ 16,500.00
Single head cut off aluminium saw	2	€ 2,800.00	€ 5,600.00
Aluminium punches	11	€ 2,500.00	€ 27,500.00
Router for aluminium profiles	1	€ 9,500.00	€ 9,500.00
Milling machines	3	€ 4,200.00	€ 12,600.00
Pillar drills	7	€ 2,800.00	€ 19,600.00
Magnetic pillar drills	4	€ 1,100.00	€ 4,400.00
Hydraulic pipe bender	2	€ 5,100.00	€ 10,200.00
Manual pipe bender	1	€ 2,100.00	€ 2,100.00
3m belt sander	1	€ 8,200.00	€ 8,200.00
Acetylene cutters	4	€ 800.00	€ 3,200.00
Braising and soldering equipment	1	€ 600.00	€ 600.00
Power generators	4	€ 7,500.00	€ 30,000.00
Air compressors	5	€ 4,200.00	€ 21,000.00
9m high scaffolding	3	€ 2,000.00	€ 6,000.00
Hand palletizer 2.5T	2	€ 285.00	€ 570.00
Aluminium computerised machines ( EMMEGI )	1	€ 138,500.00	€ 138,500.00
Spray booth	1	€ 35,000.00	€ 35,000.00
Aluminium assembly table	9	€ 4,660.00	€ 41,940.00
CNC Hydef plasma cutter	1	€ 20,353.00	€ 20,353.00
Bandsaw	1	€ 7,000.00	€ 7,000.00
Hydraulic Downstoke 4 axis CNC press brake	1	€ 25,497.00	€ 25,497.00
Kavallotti	40	€ 800.00	€ 32,000.00
Overhead crane 2T	1	€ 15,000.00	€ 15,000.00
Overhead crane 4T	2	€ 30,000.00	€ 60,000.00
<b>Total</b>			<b>€ 708,860.00</b>

  
 Perth Jonny Jones BSc (Hons)  
 Architectural Civil Engineer  
 100 North Palmer, Zetland.  
 Phone: 7723 2710  
 Email: jonny@jones.com.au





No.	Description	Value
1	Structural repairs and alterations to office block, including repairs to concrete slab, internal alterations, formation of openings and roof waterproofing works; finishing works to office block including external apertures, internal doors, tiling, plastering, painting, suspended ceilings, sills, sanitary ware, kitchenette	€ 84,000.00
2	Formation of paving and footpath in front of office block and at approach to building	€ 13,750.00
3	External handrails along footpath and pedestrian access route	€ 29,900.00
4	Construction of entrance room and finishing of same, including internal and external plastering and painting, external apertures, tiling works and roof waterproofing works	€ 6,200.00
5	Construction and finishing of electrical substation	€ 17,650.00
6	Trenching and cable laying works from electrical substation to factory	€ 42,730.00
7	Construction and finishing of security guard's room	€ 19,500.00
8	Construction of steel structure for steel section	€ 356,000.00
9	Construction of steel structure for aluminium section	€ 115,000.00
10	Construction of steel structure for glass section	€ 115,000.00
11	General maintenance works to spraying and painting area, alterations and construction of shed	€ 15,000.00
12	General cleaning of premises upon acquisition, painting of shed structure	€ 235,000.00
13	Cladding of external boundary wall with corrugated sheeting, including sub structure	€ 26,250.00
14	Construction of truck parking shelter	€ 47,280.00
15	CCTV system	€ 5,985.00
16	Construction of machine room for ACM machine & materials	€ 22,600.00
17	Construction of intermediate structure to house offices and canteen. Finishing of same	€ 149,600.00
18	Construction of main store and electrician/mechanic workshop	€ 110,000.00
19	Construction of intermediate structure in stainless steel section	€ 7,000.00
20	Construction of intermediate structure to serve as office for aluminium section including finishing works	€ 8,150.00
21	Various storage racks	€ 84,730.00

Perit Jonathan Schembra, F.E.A. (MSc)  
 Architect & Civil Engineer  
 10, GOSDEN ROAD, ST. JOHN'S  
 Mobile No: 777 1234  
 Email: jons@perit.com.mt



No.	Description	Value
22	Two in number entrance gates, including installation, motors etc	€ 6,050.00
23	Installation of photovoltaic system	€ 200,000.00
24	Electrical works including supplies and installation works	€ 117,000.00
	<b>Total</b>	<b>€ 1,834,375.00</b>

  
Perth Jones, BSc (Hons)  
Architectural Engineer  
12, West Street, London.  
Mobile: 07723 2710  
Email: [perth@gap.com.mt](mailto:perth@gap.com.mt)



## 28 ANNEX E – Property Valuation Birkirkara



[www.ias.com.mt](http://www.ias.com.mt)

Level 4, Cobalt House  
Notable Road  
Mriehel BKR3000  
Malta  
T: +356 2149 9374

15th January 2018

Project Ref: 0549  
Our Ref: Misc-0549-006  
PA Ref Number:

Location: Site at, Ta' Gannara, Triq Dun Karm c/w Triq Kanonku Karm Pirotta  
Proposal: Proposed 6 storey office block and underlying 5 storey car park consisting of 180 car spaces

To whom it may concern,

**RE: PROPERTY VALUATION**

This is to certify that on the 14th September 2017 we have inspected the above captioned plot of land located at the above captioned address.

The land in question falls within the Central Malta Local Plan as issued by MEPA in 2006 and the land is zoned as a 'Commercial Area' as per local plan map BKM1. The proposed building line realignment is currently being regularised by a PC application which is being processed. Consecutively, two full development permit applications will be submitted for the excavation and construction of the above-mentioned development comprising of a multi-storey office block and an basement multi-level carpark. It is anticipated that the said project will be completed over a two year period.

### **BUILT-UP COMPLETED PROPERTY VALUATION**

An estimate of the value of the completed premises has been provided by taking into consideration the following parameters:

- The submitted permit plans, involving a total rentable area of 4,385m<sup>2</sup> distributed over the 6 floors;
- The plans also include 170 car parking spaces distributed over five floors
- An assumption of a rental value of 200 Euro/m<sup>2</sup> for the office space and a rate of 500 Euro per parking space;
- A capitalisation rate of 6.75% typically expected for such premises.

Based on the above it is the opinion of the undersigned that a fair value for the completed property located at the above captioned address is in the region of fourteen million Euro (14,200,000 Euro)

### **LAND VALUATION**

In addition to the above, a valuation of the plot has been carried out by considering an approximate construction, servicing and finishing cost of 5.68M Euros which has been deduced by considering the following:

- Total floor area of basement garages of 6,680m<sup>2</sup> with an assumed construction, servicing and finishing rate of 300 Euro/m<sup>2</sup> based on typical rates for similar projects;
- Total floor area of office floors of 5,660m<sup>2</sup> with an assumed construction, servicing and finishing rate of 600 Euro/m<sup>2</sup> based on typical rates for similar projects;
- Consideration of a relevant profit margin on the project including all property transfer taxes, financing

Innovative Architectural Structures Ltd is registered in Malta Reg No. C34373



[www.ias.com.mt](http://www.ias.com.mt)  
Level 4, Cobalt House  
Notable Road  
Mrieħel BKR3D00  
Malta  
T: +356 2149 9374

costs etc.

Based on the above it is the opinion of the undersigned that a fair value for the plot of land located at the above captioned address is in the region of four million and five hundred thousand Euro (4,500,000 Euro)

Yours sincerely,

Perit Peter Zammit

Innovative Architectural Structures Ltd.

---

Innovative Architectural Structures Ltd is registered in Malta Reg No. C34373



## 29 ANNEX F – Accountant's Report

# Deloitte.

Deloitte Services Limited  
Deloitte Place  
Mrieħel Bypass  
Mrieħel BKR 3000  
Malta

Tel: +356 2343 2000, 2134 5000  
Fax: +356 2131 8196, 2134 4443  
info@deloitte.com.mt  
www.deloitte.com/mt

Company Reg No: C51320  
VAT Reg No: MT2013 6212  
Exemption number: EXO2156

The Directors  
Calamatta Cuschieri Investment  
Services Limited  
Ewropa Business Center  
Triq Dun Karm  
B'kara, BKR9034

29 March 2018

Dear Sirs,

### **Independent Accountants' Report on the Forecast Financial Information of JD Capital plc**

We report on the forecast consolidated statements of financial position, income and cash flow ("the Forecast Financial Information") of JD Capital plc (the "Issuer"), JD Operations Ltd and JD Birkirkara Ltd (collectively "the Group") for the financial years ending 31 December 2018, 31 December 2019 and 31 December 2020. The Forecast Financial Information, the basis of preparation and the material assumptions upon which the forecasts are based, are set out in Annex I "Summary of significant assumptions and accounting policies" of the Company Admission Document issued by JD Capital plc dated 29 March 2018.

This report is required in terms of Appendix 4.7 (4) in the Prospects MTF Rules issued by the Malta Stock Exchange dated September 2017 and is given for the purpose of complying with that regulation and for no other purpose.

### **Directors' responsibilities for the Forecast Financial Information**

It is the responsibility of the Directors of the Issuer to prepare the Forecast Financial Information and the assumptions upon which it is based, as set out in Annex I "Summary of significant assumptions and accounting policies" of the Company Admission Document, in accordance with the requirements of the Prospects MTF Rules issued by the Malta Stock Exchange.

### **Accountants' responsibility**

It is our responsibility to form an opinion as required by Appendix 4.7 (4) in the Prospects MTF Rules as issued by the Malta Stock Exchange as to the proper compilation of the Forecast Financial Information, in so far as the application of the underlying accounting policies and accuracy of calculations are concerned, and to report that opinion to you.

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

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see [www.deloitte.com/mt/about](http://www.deloitte.com/mt/about) for a more detailed description of DTTL and its member firms.

Deloitte Malta refers to a civil partnership, constituted between limited liability companies, and its affiliated operating entities: Deloitte Services Limited, Deloitte Technology Solutions Limited and Deloitte Audit Limited. The latter is authorised to provide audit services in Malta in terms of the Accountancy Profession Act, A list of the corporate partners, as well as the principals authorised to sign reports on behalf of the firm, is available at [www.deloitte.com/mt/about](http://www.deloitte.com/mt/about).

Cassia Torregiani & Associates is a firm of advocates warranted to practise law in Malta and is exclusively authorised to provide legal services, in Malta, under the Deloitte brand.





#### **Basis of preparation of the Forecast Financial Information**

The financial information has been prepared on the basis stated in "Summary of significant assumptions and accounting policies" in Annex I of the Company Admission Document and is based on the forecasts for the years ending 31 December 2018, 31 December 2019 and 31 December 2020. The Forecast Financial Information is required to be presented on a basis consistent with the accounting policies of the Group.

#### **Basis of opinion**

We have examined the basis of compilation and the accounting policies of the accompanying Forecast Financial Information of the Group for the years ending 31 December 2018, 31 December 2019 and 31 December 2020 in accordance with ISAE 3000 "Assurance Engagements Other than Audits and Reviews of Historical Financial Information". Our work included evaluating the basis on which the financial information included in the forecast has been prepared and considering whether the Forecast Financial Information has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group.

The assumptions upon which the Forecast Financial Information is based are solely the responsibility of the Directors of JD Capital plc and accordingly we express no opinion on the validity of the assumptions. However, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the Directors which, in our opinion, are necessary for a proper understanding of the Forecast Financial Information have not been disclosed and whether any material assumption made by the Directors appears to us to be unrealistic.

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

The Forecast Financial Information is not intended to, and does not provide all the information and disclosures necessary to give a true and fair view of the results of the operations and the financial position of the Group in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs).

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

#### **Opinion**

In our opinion, the Forecast Financial Information has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group.

Yours sincerely,



**Raphael Aloisio**  
Director  
Deloitte Services Ltd





## 30 ANNEX G - Specimen Application Forms

JD Capital plc

€5,000,000 5% Unsecured Bonds 2028

### APPLICATION FORM

Application No. \_\_\_\_\_

Please read the notes overleaf before completing this Application Form. Mark 'X' if applicable. Unless otherwise indicated, each of the panels below is to be completed.

<b>APPLICANT</b>			
<input type="checkbox"/> Non-Resident	<input type="checkbox"/> Minor (under 18)	<input type="checkbox"/> Corporate	<input type="checkbox"/> CIS
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME / REGISTERED NAME	
ADDRESS			
		POST CODE	
MSE A/C NO. (if applicable) 		DATE OF BIRTH	NATIONALITY
<input type="checkbox"/> I.D. CARD / PASSPORT		DOCUMENT NUMBER	CONTRY OF ISSUANCE
<input type="checkbox"/> LEGAL ENTITY IDENTIFIER (LEI)			
E-MAIL ADDRESS			MOBILE NO.
Already Registered for e-Portfolio <input type="checkbox"/>		Please register me for e-Portfolio <input type="checkbox"/>	Please do NOT register me for e-Portfolio <input type="checkbox"/>
<b>ADDITIONAL (JOINT) APPLICANTS</b> (please use additional application form if space is not sufficient)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	DATE OF BIRTH
<input type="checkbox"/> I.D. CARD / PASSPORT		DOCUMENT NUMBER	CONTRY OF ISSUANCE
<b>MINOR'S PARENTS/LEGAL GUARDIANS</b> (See Note 4) (to be completed ONLY if the Applicant is a minor)			
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	DATE OF BIRTH
<input type="checkbox"/> I.D. CARD / PASSPORT		DOCUMENT NUMBER	CONTRY OF ISSUANCE
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME	DATE OF BIRTH
<input type="checkbox"/> I.D. CARD / PASSPORT		DOCUMENT NUMBER	CONTRY OF ISSUANCE
I/We apply to purchase and acquire the amount set out below			
AMOUNT IN FIGURES €		AMOUNT IN WORDS	
JD Capital plc €5,000,000 Unsecured 5% Bonds 2028 at the Bond Issue Price (at par) pursuant to the Admission Document dated 16 <sup>th</sup> May 2018 (minimum €2,000 and in multiples of €100 thereafter)			
<b>RESIDENT - WITHHOLDING TAX DECLARATION</b> (to be completed ONLY if the Applicant is a Resident of Malta)			
<input type="checkbox"/> I/We elect to have Final Withholding Tax deducted from my/our interest.			
<input type="checkbox"/> I/We elect to receive interest GROSS (i.e. without deduction of withholding tax).			
<b>NON-RESIDENT DECLARATION FOR TAX PURPOSES</b> (to be completed ONLY if the Applicant is a Non-Resident)			
TAX COUNTRY		TOWN OF BIRTH	
T.I.N. (Tax Identification Number)		COUNTRY OF BIRTH	
PASSPORT/NATIONAL I.D. CARD NUMBER		ISSUE DATE	
<input type="checkbox"/> I/We am/are NOT Resident in Malta but I/we am/are Resident in the European Union.			
<input type="checkbox"/> I/We am/are NOT Resident in Malta and I/we am/are NOT Resident in the European Union.			
<b>INTEREST, REFUND AND REDEMPTION MANDATE</b> (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 on the basis of the Admission Document, and subject to its Terms and Conditions (as defined therein) which have been explained to me/us, and which I/we fully accept.			
Signature/s of Applicant/s (All parties are to sign in the case of a joint Application)		Financial Intermediary	
		Date	
FINANCIAL INTERMEDIARY'S STAMP		FINANCIAL INTERMEDIARY'S CODE	



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

The following notes are to be read in conjunction with the Admission Document dated 29<sup>th</sup> March 2018

1. This Application is governed by the Terms and Conditions of Application contained in the Admission Document. Capitalised terms not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Admission Document.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 7 below).  
Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account 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. The Bondholder's statement of holdings evidencing entitlement to Secured 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/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com.mt/Help>.
4. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
5. Applicants who are Non-Resident in Malta for tax purposes must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
6. In the case of a body corporate, the name of the entity exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THE APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.
8. The amount applied for must be in multiples of €100 subject to a minimum application of €2,000. The Applicant must ensure that the relative Application Form is accompanied by payment of the full price of the amount of Bonds applied for. Payment of the amount, must be made in Euro in cleared funds to "The Placement Agent and Manager – JD Capital plc". In the event that the cheque accompanying the Application Form is not honoured on the first presentation the Issuer and the Registrar reserve the right to invalidate the relative Application.
9. Only Applicants who hold an official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have Final Withholding Tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of Final Withholding Tax), but he/she will be obliged to declare interest so received on his/her tax return. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in Panel A) will have Final Withholding Tax, currently 10%, deducted from interest payments.
10. In terms of Section 19 of the Admissions Document, 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 a person net of final withholding tax (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Tax Act (Cap. 123 of the Laws of Malta).
11. If any Application is not accepted, after the closure of the subscription lists or is 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 the application form. Interest or redemption proceeds will be credited to the account designated or as otherwise amended by the Bondholder/s during the term of the Bond.
12. European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments requires all payors established in the EU which pay interest to an individual resident in another EU Member State, to report the interest payment to the tax authorities of the Member State in which the payor is established. If the Applicant's permanent residential address is in an EU Member State or in another country to which the said Directive applies (called a "specified territory") then the interest paid will be reported.
13. Completed Application Forms are to be delivered to the Placement Agent and Manager, Calamatta Cuschieri Investment Services Limited during normal office hours by not later than 17:00 on the 23<sup>rd</sup> May 2018. 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 general terms and conditions of the Admissions Document. Any applications received by the Placement Agent and Manager after 17:00 on the 23<sup>rd</sup> May 2018 will be rejected.
14. By completing and delivering an Application Form you (as the Applicant(s)):
  - a. acknowledge that the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
  - b. acknowledge that the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
  - c. acknowledge that you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and 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 Investment Services Act (Cap. 370 of the Laws of Malta), for advice.



## 31 ANNEX H - Forecast Information of the Issuer

### Forecast Consolidated Income Statement

€	FY18	FY19	FY20
Turnover	11,800,000	12,095,000	12,397,375
Cost of sales	(5,546,000)	(5,624,175)	(5,702,793)
Gross Contribution	6,254,000	6,470,825	6,694,583
Direct Costs	(2,783,059)	(2,838,720)	(2,895,495)
Gross Profit	3,470,941	3,632,105	3,799,087
Selling and distribution expenses	(110,936)	(113,154)	(115,417)
General and administrative expenses	(1,518,676)	(1,541,649)	(1,565,082)
EBITDA	1,841,329	1,977,302	2,118,588
Amortisation / Depreciation	(465,454)	(477,549)	(489,946)
EBIT	1,375,875	1,499,753	1,628,642
Interest Expense	(422,200)	(409,670)	(376,413)
Profit Before Tax	953,675	1,090,083	1,252,229
Tax	(328,712)	(376,807)	(433,919)
Profit after Tax	624,963	713,276	818,310

Source: Management information

### Forecast Consolidated Balance Sheet

€	FY18	FY19	FY20
<b>Non-Current Assets</b>			
Investment Property	4,000,000	4,000,000	4,000,000
Property Plant & Equipment	11,552,546	11,195,947	10,829,975
	15,552,546	15,195,947	14,829,975
<b>Current Assets</b>			
Inventories	3,068,000	3,144,700	3,223,318
Trade and other receivables	2,950,000	3,023,750	3,099,344
Cash and cash equivalents	65,538	226,114	486,079
	6,083,538	6,394,564	6,808,741
<b>Total Assets</b>	21,636,084	21,590,511	21,638,716



## EQUITY AND LIABILITIES

### Capital and reserves

Ordinary Share Capital	245,000	245,000	245,000
Other equity	10,500,000	10,500,000	10,500,000
Retained earnings	624,963	1,338,239	2,156,549
	<b>11,369,963</b>	<b>12,083,239</b>	<b>12,901,549</b>

### Non Current Liabilities

Bond	5,000,000	5,000,000	5,000,000
Loan to related party	3,160,319	2,309,678	1,438,705
	<b>8,160,319</b>	<b>7,309,678</b>	<b>6,438,705</b>

### Current Liabilities

Payable to related party	831,423	850,641	870,975
Taxation Payable	328,712	376,807	433,919
Trade and other payables	945,667	970,146	993,568
	<b>2,105,802</b>	<b>2,197,594</b>	<b>2,298,462</b>

### Total Liabilities

<b>10,266,121</b>	<b>9,507,272</b>	<b>8,737,167</b>
-------------------	------------------	------------------

### Equity and Liabilities

<b>21,636,084</b>	<b>21,590,511</b>	<b>21,638,716</b>
-------------------	-------------------	-------------------

Source: Management information



## Forecast Consolidated Cash flow statement

€	FY18	FY19	FY20
EBITDA	1,841,329	1,977,302	2,118,588
Less: Tax paid	-	(328,712)	(376,807)
Increase in Trade Receivables	(2,950,000)	(73,750)	(75,594)
Increase in Inventories	(3,068,000)	(76,700)	(78,617)
Increase in Trade Payables	945,667	24,479	23,422
<b>Operating cash flow</b>	<b>(3,231,003)</b>	<b>1,522,618</b>	<b>1,610,992</b>
Investment Property BKR	(4,000,000)	-	-
Maintenance Capital expenditure	(118,000)	(120,950)	(123,974)
Acquisition	(11,900,000)		
<b>Cash flows from investing activities</b>	<b>(16,018,000)</b>	<b>(120,950)</b>	<b>(123,974)</b>
Proceeds from bond issue	5,000,000		-
Movement in equity	10,500,000	-	-
Movement in related party balances	3,991,741	(831,422)	(850,641)
Interest paid	(422,200)	(409,670)	(376,412)
Issuance of share capital	245,000	-	-
<b>Cash flows from financing activities</b>	<b>19,314,541</b>	<b>(1,241,092)</b>	<b>(1,227,053)</b>
<b>Movement in cash and cash equivalents</b>	<b>65,538</b>	<b>160,576</b>	<b>259,965</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>-</b>	<b>65,538</b>	<b>226,114</b>
<b>Cash and cash equivalents at end of year</b>	<b>65,538</b>	<b>226,114</b>	<b>486,079</b>

Source: Management information



## **32 ANNEX I - Summary of Significant Assumptions and Accounting Policies**

### **1. Introduction**

JD Capital plc (the “Issuer”) was incorporated on 9th August 2017 and has no trading record of operations. The Issuer itself is a public listed company set up to act as a holding company and a financing company solely for the needs of its subsidiary undertakings. The issuer and its subsidiaries are collectively referred to as the ‘the Group’.

The forecast statement of financial position, the forecast income statement, and the forecast statement of cash flows (“the Forecasts”) of the Group for the period of three years to December 2020 have been prepared to provide financial information for the purposes of inclusion in the Issuer’s Company Admission Document, dated 29<sup>th</sup> March 2018. The Forecasts as presented in Section 11 of the Admission Document, together with the assumptions set out below, are the sole responsibility of the Directors of the Issuer.

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

The Forecasts are not intended to and do not provide all the information and disclosures necessary to give a true and fair view of the financial results, financial position, and cash flows of the Group, in accordance with International Financial Reporting Standards as adopted by the EU, however the Directors have exercised due care and diligence in adopting the assumptions set out below.

The Forecasts were formally approved on 29<sup>th</sup> March by the Directors of the Issuer, and the stated assumptions reflect the judgements made by the Directors at that date. The assumptions that the Directors believe are significant to the prospective financial information are described in Section 3 below.

### **2. Significant accounting policies**

The significant accounting policies of the Group are those applied in preparing financial statements in accordance with the International Financial Reporting Standards (IFRS) and their interpretations as adopted by the EU and in accordance with the requirements of the Companies Act, 1995.

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

Since the Issuer and the Group have no trading record of operations these projections have been prepared solely on management assumptions which are summarised below.

The principal assumptions relating to the environment in which the Group will operate, and the factors which are exclusively outside the influence of the Directors and which underlie the forecast financial statements, are the following:

- Exchange rates will not change significantly over the period covered by the forecast financial information;
- Interest rates will not change significantly over the period covered by the forecast financial information;
- The Group will continue to enjoy the confidence of its bankers;
- The Group will be able to meet its financial obligations;
- The basis and rates of taxation, direct and indirect, will not change materially throughout the period covered by the prospective financial information.

The principal assumptions relating to the environment in which the Group will operate, and the factors which the Directors can influence and which underlie the Forecasts, are the following:





### **Key assumptions underlying the financial projections**

- Bond proceeds will be transferred from the Issuer to a group company (JD Operations Limited) and interest will be charged at an annual interest rate of 6%.
- JD Operations will utilise the funds to partially settle the amounts due in respect of the acquisition of the business assets, manufacturing facilities, property, plant and equipment and in part for existing and increased working capital and trade finance requirements.
- The amount transferred to Group Company will be repaid out of operating cash flows as reflected in the financial sustainability forecast of the group.
- Annual revenue has been projected on a product basis using 2017 trends experienced in the previous operating company as well as management's expectations of future growth.
- Direct costs are projected on a product basis and are assumed to vary in line with product sales.
- Administrative expenses have been forecast on the basis of management's expectations using 2017 expenditure in the previous operating company as a basis, whilst providing for known increases such as salaries.
- Finance costs have been forecast on the basis of existing arrangements, whereas interest on the Bond has been established at 5% per annum.

JD Operations will utilise the funds to partially settle the amounts due in respect of the acquisition of the business assets, manufacturing facilities, property, plant and equipment and in part for existing and increased working capital and trade finance requirements.

### **Other assumptions**

- Projected year-end debtors are based on 25% of total annual revenue for the respective financial year.
- Projected year-end inventories and payable balances are based on 55% and 17% respectively of cost of sales for each financial year.

### **4. Conclusion**

The Directors believe that the assumptions on which the projections are based are reasonable. The Directors further believe that, in the absence of unforeseen circumstances outside their control, the working capital available to the Group will be sufficient for the carrying on of its business.

Approved by the Board of Directors on 29<sup>th</sup> March and signed on its behalf by:

Josef  
Dimech

Gaetano  
Vella

Stephen Muscat

Stanley  
Portelli



### 33 Annex J – Current and past directorships of the Directors of the Issuer

Directors	Current Directorships	Past Directorships
<b>Stephen Muscat</b>		
	De Eik B.V.	Akyone Trading Limited
	Adverteyes Limited	Algarmar Maritime Limited
	Aequilibrium Limited	Allcare Insurance Brokers
	Agribank Plc	Amathina Holdings Limited
	Agriholdings Plc	Amrita & Co Advisory Ltd
	Alc Limited	Animex Europe Ltd
	Arrow Sicav Plc	Any News Company Limited
	Arum Limited	Arcadia Interactive Limited
	Assurant International Division Limited	Areti Fiduciary Services Ltd
	Bijoux Yachting Ltd	Aurelius Sicav Plc
	Bilander Limited	Blueleaf Limited
	Blue Line Navigation (Malta) Limited	Bosphorus Umbrella Sicav P.L.C.
	Cassels Hill International Ltd	Bridges And Roads International Limited
	Cassels Holding Limited	Brightwell Portfolio Fund Sicav Plc
	Cbrne-Protection Limited	Burren Global Arbitrage Fund Sicav Plc
	Claritas Company Limited	Burren Global Arbitrage Ii Fund Sicav Plc
	Comino Channel Shipping Limited	Burren Global Arbitrage Ii Master Fund Sicav Limited
	Crepusculum Holding Company Limited	Burren Global Arbitrage Master Fund Sicav Limited
	D & P Capital Limited	Burren Global Arbitrage Opportunities Master Fund Sicav Limited
	Drce International Limited	Chiefland Trading Limited
	Ellingsen Ro-Ro Ltd	Con.Nexo' Limited
	Espresso Holdings Limited	Corescope Mlt Limited - In Dissolution
	Fibot Holding Limited	Dawn Licensing Holdings Limited
	Framont & Partners Management Ltd	Dawn Licensing Limited
	Glide Limited - C 81127	Drizzle Yachts Xxi Limited
	Global Garden Sicav P.L.C.	Eastgate Gem Spv2 Limited
	Gwm Asset Management Limited	Gigaplex Holding Limited
	Gy Aviation Lease (Malta) Limited	Global Play Limited
	H Oil International Limited	Handybulk Shipping Ltd
	H16 Ltd	Hyperion Energy Investment Fund Sicav Plc
	Hestin Group Ltd. - C 77273	Hospitaller Funds Sicav Plc
	Homt Infrastructures Limited	Icube+ (Malta) Limited
	Homt Projects Limited	International Gaming Design Limited
	Ib Malta Ltd	International Gaming Limited
	J Holding Invest Limited	International Gaming Projects Limited
	J Trading Limited	International Group Solutions Limited
	Jd Capital Plc	Intrepid Capital Ltd
	Jd Operations Ltd	Jet Black Finance Limited
	Jkm Group Limited	Lornam Services Ltd
	Jkm Investments Limited	Lynear Limited
	Jl Investments Holding Limited	Maleth Investment Fund (Pty) Ltd



	Jl Investments Malta Limited	Mezcor Limited
	Lotto Direct Limited	Mgd Limited
	Marsa Trading Limited	Mochis Limited
	Mexvet Enterprises Ltd (Malta)	Msbt Investment Ltd.
	Modern Group Business International Ltd	Ninox Ventures Limited
	Numen Holdings Malta Limited	Sea Diamond Yachting Ltd
	Numen Limited	Sevenhills Investment Management Ltd
	Osiris Corporate Services Ltd	Skiron Holding Limited
	Osiris Holding Ltd	Slr Yachting Limited
	Osiris Trust Ltd	Tridax Energy Limited
	Padma Textiles Ltd	Tynet Limited
	Peregrine Aviation Malta Limited	Tyon River Shipping Company Limited
	Perseus Yachting Limited	Whitestone Media Group Ltd
	Portfinance Sicav P.L.C.	
	Portfx Limited	
	Ppa Investments Ltd	
	Pve Capital Limited	
	R.O.K. International Holding Limited	
	Real Holding Ltd	
	Rodiber Limited	
	S & De International Limited	
	Sama Ventures Limited	
	Sd Finance Plc	
	Sea Cat Shipping Ltd	
	Sienna Ltd	
	Sirio Adriatico Limited	
	The Macro Fund Sicav P.L.C.	
	Tlc Holdings Limited	
	Tree Spread Ltd	
	Unison Capital Sicav Plc	
	Valour European Holdings Ltd.	
	Valour European Investments Ltd	
	Vertical Investments Ltd	
	Vila Real Holdings Limited	
	Vila Real Trading Limited	
	Vp Operations Limited	
	Waterfront SICAV Plc	
	Wellesley Limited	
	Yachting Lifestyle Ltd	
<b>Stanley Portelli</b>	B&J Holdings Ltd	Darma Holdings Ltd
	Twoford Holdings Ltd	Tretremove Ltd
	Bond CZ Limited	ERC Ltd
	Deokmy Limited	RS Ventures Ltd
	Vertical Distribution Ltd	Oche Holdings Ltd
	Vertical Media Limited	Homechoice South Africa Ltd
	Homechoice International plc	PE Poland Investments Ltd.
	JAP International Holding Ltd	Real Stone Capital Ltd
	JAP International Ltd	Torres Networks Ltd.



Torres Networks Holdings (Malta) Ltd.	Hunt Exploration Ltd
Torres Networks (Malta) Ltd.	Eirewood Limited
Fivespan Holding Ltd.	DEIS Limited
JB Next (Europe) Ltd	Aecom Malta Limited
CG Archco Ltd	Balticmax Holding Company Ltd
TCRG Archco Ltd	Balticmax Acquisition Corporation One Ltd
TG Archco Ltd	BMAX Shipping 5200 Ltd to BMAX Shipping 5231 Ltd (x32 companies)
RG Archco Ltd	
Broadwick Investments Ltd	
Broadwick Holdings Ltd	
TCM Limited	
HCM Limited	
Klaret Yachts Ltd	
Klaret Yachts Leasing Ltd	
Fifth Element Ltd	
Hero Holdings Ltd	
Deilginis Investments Limited.	
Steel Metal Limited	
Piccadilly Holdings Limited	
Soho Global Management Solutions Ltd	
Archco Limited	
Domus Aurea International Limited	
Campanula Limited	
Bulooba Holdings Limited	
Four Rocks Investments Ltd	
Unmarked Limited	
Carrigfern Limited	
Paxiana Invest Ltd	
Hullabaloo Limited	
HS – Holding Shares Company Ltd	
ASH – Assets and Shares Holding Company Ltd	
Belgrave Capital IOM Ltd	
Acute Enterprises IOM Ltd	
Valarino Limited	
KPH Malta Limited	
DH Europe Limited	
Prop Partners Limited	
MGCS Limited	
Arco Sicav p.l.c.	
Augustea Technoservice Limited	
MF Yacht Leasing Limited	
Augustea Maritime Transportation Limited	
Augustea Bulk Carrier Limited	
Augustea Med Limited	
Klaret Mare Limited	
JD Capital plc	
Lighthouse Limited	



	JD Operations Limited
	Falcon Money Management Holdings Ltd
	Falcon Money Management Ltd
	Augustea Malta Holding Ltd
	Avilex Services Limited
	Emerald Aegis Limited
<b>Gaetano Vella</b>	
	JD Capital plc
	JD Operations Limited
<b>Josef Dimech</b>	
	JD Holdings Limited
	JSDimech Limited
	JD Capital plc
	JD Operations Limited
	JD Birkirkara Limited
	JD Investments Limited
	OneA Properties Limited
	Perla Properties Limited
	Malta Luxury Development Ltd
	Malta Luxury Development 2 Ltd
	Pyramid Holdings Ltd
	J&J Holdings Ltd
	Glamour Chartering Limited

## **Issuer**



JD Capital plc.  
HHF 303 Industrial Estate, Hal Far, Birzebbugia BBG3000, Malta  
[www.jsdimech.com](http://www.jsdimech.com)

## **Corporate Advisor, Placement Agent and Manager**



Calamatta Cuschieri Investment Services Ltd.  
Ewropa Business Centre, Triq Dun Karm Psaila, Birkirkara, BKR 9034.  
[www.cc.com.mt](http://www.cc.com.mt)

## **Reporting Accountants**



Deloitte Services Limited  
Deloitte Place, Mriehel By-Pass, Mriehel. Birkirkara, BKR 3000, Malta  
[www.deloitte.com/mt](http://www.deloitte.com/mt)