FARSONS GROUP

Farsons

SIMONDS FARSONS CISK p.l.c.

PROSPECTUS

Dated 10 May 2010

Issue of €15,000,000 6% Bonds due 2017 – 2020

Manager & Registrar

HSBC
The world's local bank

Sponsor

CURMI & PARTNERS

Legal Counsel

MAMO TCV ADVOCATES

HSBC Bank Malta p.l.c.
233, Republic Street,
Valletta VLT1116,
Malta

Curmi & Partners Limited
Finance House,
Princess Elizabeth Street,
Ta'Xbiex XBX1102,
Malta

Mamo TCV Advocates Limited
Palazzo Pietro Stiges,
90 Strait Street,
Valletta VLT1436,
Malta

FARSONS GROUP

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SIMONDS FARSONS CISK p.l.c.

A public limited company incorporated under the laws of Malta, company registration number C113.

PROSPECTUS Dated 10 May 2010

Issue of €15,000,000 6% Bonds due 2017 – 2020

Aggregate Principal Amount €15,000,000
Issue Price: At Par (100%)

Simonds Farsons Cisk p.l.c. (the **"Issuer"**) is issuing six per cent (6%) Bonds due 2017-2020 (the **"Bonds"**) for an aggregate principal amount of €15,000,000. The Bonds, having a nominal value of €100 each, will be issued at par and shall bear interest at the rate of 6% per annum payable annually in arrears on 15 June of each year, the first such payment to be made on 15 June 2011. The Bonds will be redeemed on 15 June 2020, subject to the Issuer's option to redeem earlier all or any of the Bonds at any date between 15 June 2017 and 14 June 2020 as the Issuer may determine on giving not less than thirty (30) days' notice.

Investing in the Bonds involves risks. See "Risk Factors", Section 11, Part B of this Prospectus.

The Bonds will be unsecured obligations of the Issuer and will rank *pari passu* without any priority or preference with all other present and future unsecured obligations of the Issuer.

Application has been made to the Listing Authority in its capacity as the competent authority under the Financial Markets Act (Chapter 345 of the laws of Malta) (the **"FMA"**) for the Bonds to be admitted to listing on a regulated market and to the Board of Directors of the Malta Stock Exchange (the **"Exchange"**) for the Bonds to be admitted to the Official List. Dealing is expected to commence on 25 June 2010.

This prospectus (the **"Prospectus"**) constitutes a prospectus issued in accordance with the provisions of Chapter 6 of the Listing Rules issued by the Listing Authority and Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

IMPORTANT INFORMATION

This Prospectus contains information about the Issuer and the Bonds in accordance with the requirements of the Listing Rules of the Listing Authority, the Companies Act, 1995 (Cap. 386 of the Laws of Malta) (the **"Companies Act"**) and Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

All of the Directors of the Issuer, whose names appear under the heading "Directors and Company Secretary" (Part C Section 13.1 of this Prospectus) (the **"Directors"**), are the persons responsible for the information contained in this Prospectus. 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 Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

No person, including without limitation any broker, dealer or salesman, is authorised by the Issuer or its Directors to give any information or to make any representations other than those contained in this Prospectus and in the documents referred to herein, and if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer or its Directors. Investors should review *inter alia* this Prospectus and the most recent financial statements of the Issuer before deciding whether or not to subscribe for the Bonds.

The Listing Authority accepts no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this Prospectus.

All the advisors to the Issuer named in the Prospectus under the heading "Advisors to the Issuer" (Part C Section 13.2 of this Prospectus) have acted and are acting exclusively for the Issuer and have no contractual, fiduciary or other obligation towards any other person and will accordingly not be responsible to any investor or any other person whomsoever in relation to the transactions proposed in the Prospectus. Each person receiving this Prospectus acknowledges that such person has not relied on any of the said advisors in connection with its investigation of the accuracy of such information or its investment decision and each person must rely on its own examination of the Issuer and the merits and risks involved in investing in the Bonds.

No action has been or will be taken by the Issuer that would permit a public offering of the Bonds or the distribution of the Prospectus (or any part thereof) or any offering material in any country or jurisdiction other than Malta.

The Bonds have not been nor will they be registered under the U.S. Securities Act, 1933 as amended, or under any federal or state securities law and may not be offered, sold or otherwise transferred, directly or indirectly, in the United States of America, its territories or possessions, or any area subject to its jurisdiction (the **"U.S."**) or to or for the benefit of, directly or indirectly, any U.S. person (as defined in Regulation "S" of the said U.S. Securities Act). Furthermore, the Issuer will not be registered under the U.S. Investment Company Act, 1940 as amended and investors will not be entitled to the benefits set out therein.

In relation to each member state of the European Economic Area (other than Malta) which has implemented Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading or which, pending such implementation, applies article 3.2 of the said Directive, the Bonds can only be offered to "qualified investors" (as defined in the said Directive) or in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to article 3 of said Directive.

This Prospectus constitutes an offer being made only in Malta and does not constitute, and may not be used for purposes of, an offer or invitation to subscribe for Bonds by any person in any jurisdiction (i) in which such offer or invitation is not authorised or (ii) in which the person making such offer or invitation is not qualified to do so or (iii) to any person to whom it is unlawful to make such offer or invitation.

It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for the Bonds to inform themselves of, and to observe and comply with, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Bonds should inform themselves as to the legal requirements of so applying for any Bonds and any applicable exchange control requirements and taxes in the countries of their nationality, residence or domicile.

A copy of this Prospectus has been submitted to the Listing Authority in satisfaction of the Listing Rules, the Exchange in satisfaction of the Exchange Bye-Laws and has been duly filed with the Registrar of Companies, in accordance with the Companies Act.

Statements made in this Prospectus are, except where otherwise stated, based on the law and practice currently in force in Malta and are subject to changes therein.

The value of investments can rise or fall and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon redemption. If you need investment advice you should consult a licensed stockbroker or an investment advisor licensed under the Investment Services Act (Cap. 370 of the Laws of Malta).

Definitions

Certain words and expressions used in this Prospectus shall have the meanings set out in "Definitions" on page 7 of this Prospectus.

Currencies

All amounts expressed in one currency with an equivalent amount in another currency in this document are taken, in the case of historical values, at the historical exchange rates applicable at the time of the transaction, and in all other cases at a fixed exchange rate, subject to rounding of €1:Lm0.4293. All values displayed in Maltese Lira (Lm) throughout this Prospectus have been included for information purposes only.

Forward-Looking Statements

Certain statements contained in this Prospectus, including those under the captions "Risk Factors", "Overview", "Use of Proceeds", "Description of the Issuer" and "Description of the Group" constitute "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "anticipate", "intend", "may", "will" or "should" or in each case their negative, or other variations or comparable terminology. Such forward-looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, among others, general economic and business conditions, industry trends, competition, changes in government regulation, currency fluctuations, changes in business strategy or development, political and economic uncertainty and other risks described in "Risk Factors". There can be no assurance that the results and events contemplated by the forward-looking statements contained in this Prospectus will, in fact, occur.

These forward-looking statements speak only as at the date of this Prospectus. The Issuer does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this Prospectus except as required by law or by any appropriate regulatory authority. Any statements made in this Prospectus with regard to the competitive position of the Group are based on the Group's own internal assessments.

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Part E - Annexes

DEFINITIONS

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

Applicant:	A person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application:	The application to subscribe for Bonds made by an Applicant by completing an Application Form and delivering it to the Registrar or to any of the Authorised Intermediaries;
Application Conditions:	The terms and conditions applicable to Applications set out on pages 54 to 55 (both pages included) of this Prospectus;
Application Form:	The form of application for subscription of the Bonds, a specimen of which is set out in Part E Annex I of this Prospectus;
Authorised Intermediaries:	The banks, financial institutions, stockbrokers and other persons referred to in Part E Annex II of this Prospectus;
Bonds:	The six per cent (6%) Bonds due 2017-2020 being issued pursuant to this Prospectus having a nominal value of €100 each for an aggregate principal amount of €15,000,000;
Bonds 2010-2012:	The Lm4,000,000 (equivalent to €9,317,493.59) 6.6 per cent bonds (6.6%) due 2010-2012 issued by the Issuer pursuant to an offering memorandum dated 1 October 2002;
Bondholders:	The holders of the Bonds, each a "Bondholder";
Bond Conditions:	The terms and conditions applicable to the Bonds set out on pages 51 to 54 (both pages included) of this Prospectus;
Bond Issue:	The issue of the Bonds;
Business Day:	Any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
Central Securities Depository:	The central registration system for dematerialised financial instruments operated by the Exchange at Garrison Chapel, Castille Place, Valletta VLT 1063 and set up in terms of the FMA;
Companies Act:	The Companies Act, 1995, (Cap. 386 of the Laws of Malta);
Designated Optional Redemption Date(s):	Any date between 15 June 2017 and 14 June 2020 (both dates included), as the Issuer may determine, on giving not less than thirty (30) days' notice when the Issuer may, at its option, redeem all or any of the Bonds then outstanding;
Directors or Board:	The Directors of the Issuer whose names and addresses are set out under the heading "Directors and Company Secretary" (Part C Section 13.1 of this Prospectus);
Euro, EUR or €:	The currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended;
Exchange:	Malta Stock Exchange p.l.c., as originally constituted in terms of the FMA, having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta and company registration number C42525;
FMA:	The Financial Markets Act, 1990, (Cap. 345, Laws of Malta);
Farsons, Farsons Group or Group:	The Issuer and the companies in which the Issuer has a controlling interest and which are set out in Annex III of this Prospectus;
Interest Payment Date:	15 June of each year, between 2011 and the year in which the Bonds are redeemed (both years included), 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;
Issuer, SFC or the Company:	Simonds Farsons Cisk p.l.c., a company registered in Malta with registration number C113;
Issue Date:	15 June 2010 or an anticipated date as provided in terms of Section 25.2;
Issue Price:	At Par (€100 for each Bond);
Listing Authority:	The Malta Financial Services Authority, appointed as Listing Authority for the purposes of the FMA by virtue of L.N. 1 of 2003;
Listing Rules:	The Listing Rules of the Listing Authority;

Manager & Registrar:	HSBC Bank Malta p.l.c.;
Offer:	The invitation to subscribe for Bonds contained in this Prospectus;
Offer Period:	The periods between 20 May 2010 and 28 May 2010 and between 1 June 2010 and 8 June 2010 (or such earlier date as may be determined by the Issuer) during which the Bonds are on offer;
Preferred Applicants Period:	The first part of the Offer Period during which the Bonds are on offer only to Preferred Applicants between 20 May 2010 and 28 May 2010;
Public Offer Period:	The second part of the Offer Period during which the Bonds are on offer to the general public between 1 June 2010 and 8 June 2010 (or such earlier date as may be determined by the Issuer);
Redemption Date:	15 June 2020 (subject to the Issuer's option to redeem all or any of the Bonds earlier on a Designated Optional Redemption Date);
Redemption Value:	€100 for each Bond;

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 also the feminine gender and vice-versa;
(c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative.

PART A: SUMMARY

Warning to Potential Investors

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

You should carefully take into consideration the following criteria for evaluation of this summary:

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

1. INFORMATION CONCERNING THE ISSUER

1.1 Introduction

The Issuer, whose registered office is at The Brewery, Mdina Road, Mriehel, Birkirkara BKR 3000, is a public limited company incorporated and registered under the Commercial Partnerships Ordinance on 4 September 1965 and operating and domiciled in Malta, having company registration number C113 with an authorised share capital of thirty million euro (€30,000,000) divided into thirty million (30,000,000) ordinary shares of thirty euro cents (€0.30) each, and twenty one million (21,000,000) preference shares of one euro (€1) each and an issued share capital of nine million euro (€9,000,000) divided into thirty million (30,000,000) ordinary shares of thirty euro cents (€0.30) each all of which are fully paid up. The telephone number at its registered office is (+356) 2381 4114.

1.2 History and Development of the Issuer

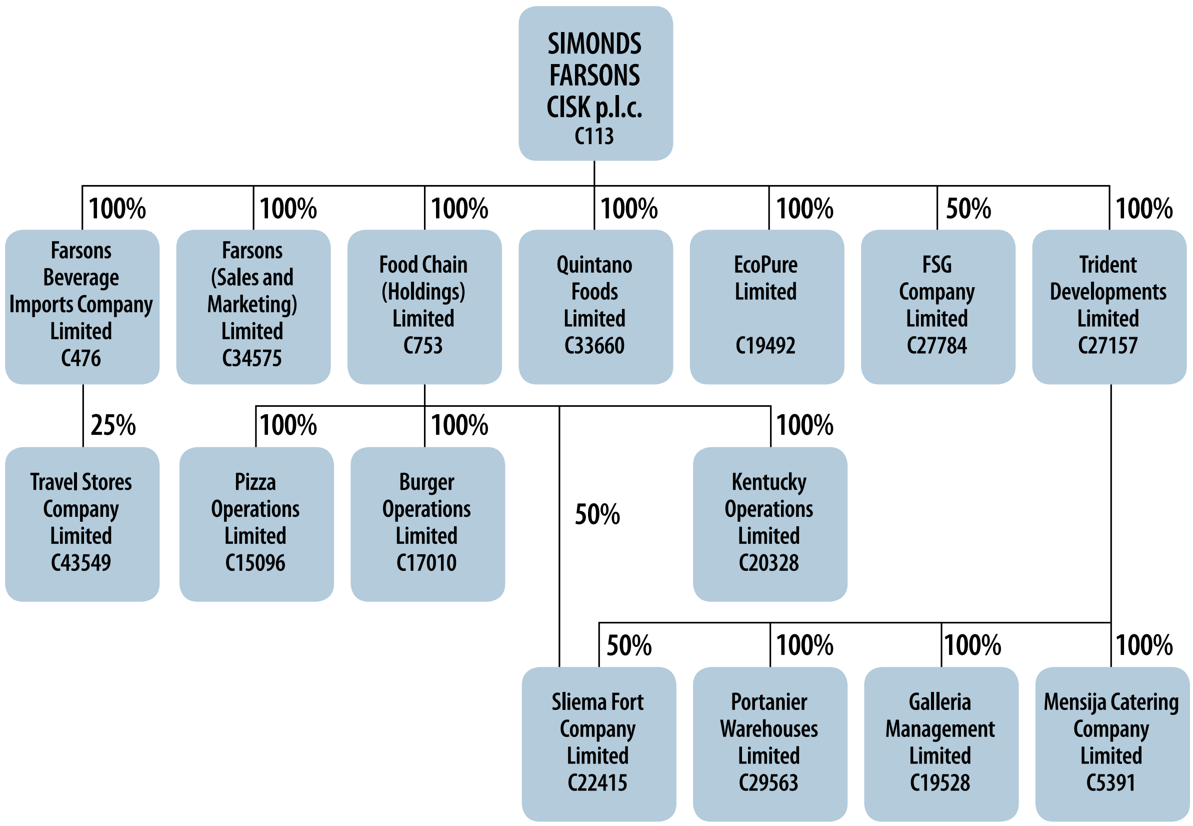
Simonds Farsons Cisk p.l.c. traces its origins to 1928 when L. Farrugia & Sons Limited launched its first beer. Its business interests were subsequently merged with those of rival brewers H&G Simonds in 1929 and The Malta Export Brewery in 1947. Throughout the years the company invested heavily in its core business of brewing, producing and selling branded beers and beverages. More recently Farsons diversified its businesses and is now also engaged in the importation and sale of food, wines, spirits and other beverages, the operation of food retailing establishments and property management through its subsidiary and associate companies.

1.3 Business Overview and Group Structure

The Issuer's principal business consists of the brewing, production and sale of beer and branded beverages.

The Group's operations consist of four main segments as follows:
- Brewing, production and sale of branded beers and beverages;
- Importation, wholesale and retail of food and beverages, including wines and spirits;
- Operation of franchised food retailing establishments;
- Property management.

These operations are carried out, primarily, on the local market.



In liquidation: Malta Deposit and Return System Limited - C38304 (56%)
Food-Serv Limited - C22117 (22.5%)
Farsons (Italia) srl - C02671070965 (100%) - registered in Italy

The Group's main activities may be split into the following categories:

Brewing, production and sale of branded beers and beverages segment
The business of brewing, production and sale of beer and branded beverages is the core business of the Group, and comprises the activities of Simonds Farsons Cisk p.l.c., Farsons (Sales & Marketing) Limited and EcoPure Limited. Apart from its own range of beers and soft drinks developed in-house, SFC represents Budweiser™, Carlsberg™, Skol™, Pepsi™, 7UP™, Mirinda™, Britvic™ and Like Cola™, as exclusive packagers for Malta.

Importation, wholesale and retail of food and beverages, including wines and spirits segment
This segment has shown significant growth over the last few years, in particular following the acquisition of the business of Quintano Foods and comprises Farsons Beverage Imports Company Limited, Quintano Foods Limited and Travel Stores Company Limited. The Group represents some world-renowned beer brands including Becks™, Guinness™, John Smith™, and Corona Extra™, ciders including Strongbow™, Woodpecker™ and Bulmers™ together with branded spirits such as Bacardi™, Campari™, Famous Grouse™, Ballantine's™, Jim Beam™, Whyte & Mackay™, Cointreau™, Drambuie™, Molinari™, Absolut Vodka™, Remy Martin™, Jagermeister™, Vladivar™, Pernod™, BOLS™, Beefeater™, Bombay Sapphire™ and Grey Goose™ together with a large range of Italian, French and new-world wines such as Jacob's Creek™, Antinori™, Ruffino™, Robert Mondavi™ and Bolla™ amongst others. Perrier™ and Vittel™ are also represented through this segment. The recent representation of Red Bull™ has further strengthened the number of brands being represented. Quintano Foods represent the renowned Danone™, Quaker™, Walkers™, Tropicana™ and Trevalli™ amongst other prestigious brands.

Operation of franchised food retailing establishments segment
The catering business of the Farsons Group comprises the franchise operations conducted through KFC™, Pizza Hut™ and Burger King™. These operations consist of 11 franchised restaurants and the Nove Wine and Beer Bar in St. Julians.

Property management segment
This segment was established so as to enable the Group to achieve better utilisation of its investment property holdings. Trident Developments Limited and its subsidiary companies own a number of properties that are primarily used within the Group, in particular, the food retailing establishments and the food importation arm. Other properties are also leased to third parties.

1.4 The New Brewhouse Project

The Board of Directors has approved the investment to build a new brewhouse, a quality control laboratory and a water treatment facility (hereinafter referred to as "the New Brewhouse Project"). This investment is the third and final phase of a masterplan which also incorporated a new soft drinks packaging hall and a logistics centre. This brewhouse will replace the current brewhouse building and facilities. Preparatory work is at an advanced stage and civil works are expected to commence in July 2010. The New Brewhouse Project is expected to be completed by summer 2012.

The new plant and building will be equipped with energy recovery and building management systems, thermal insulation, rain water collection facilities and solar water heating and will also encompass natural ventilation and energy saving lighting. The brewhouse has been designed to provide the capacity needed for the foreseeable future including the export market. The new brewhouse will be more efficient and flexible through automation which will lead to more accurate control of the process parameters and better malt handling facilities. The new investment seeks to ensure an improvement in product quality together with decreased production costs.

The Malta Environment and Planning Authority approved the full development permit for this new brewhouse on 18 February 2010 (PA/03145/09). The New Brewhouse Project is expected to cost €14 million and will primarily be funded through a new loan of €7.5 million, which the Issuer has finalised with its bankers following a sanction letter dated 15 February 2010 and through general funding facilities.

The investment in the New Brewhouse Project will also release a substantial area of prime real estate along Mdina Road, Mriehel used by the current operation. An area of circa 22,000 square meters stretching for half a kilometre along this road will become available for the Group to exploit in the best possible way. This could include a business park complemented by a visitor's centre, food, beverage and leisure outlets as well as an amount of retail space.

2. IDENTITY OF DIRECTORS, ADVISORS AND AUDITORS OF THE ISSUER

2.1 Directors and Company Secretary

Mr Bryan A. Gera (ID630934M) - Chairman
Mr Vincent Curmi (ID182942M) - Vice-Chairman
Mr Louis A. Farrugia (ID199451M) - Managing Director and Chairman of the Group Executive Board
Marquis Marcus J. Scicluna Marshall (ID617564M) - Non-Executive Director
Mr Marcantonio Stagno d'Alcontres (Italian Passport No.P1876615) - Non-Executive Director
Dr Max Ganado (ID468959M) - Non-Executive Director
Mr Roderick Chalmers (ID708847M) - Non-Executive Director
Ms Marina Hogg (ID547559M) - Non-Executive Director

The Company Secretary of the Issuer is Mr Arthur Muscat (ID580649M).

2.2 Advisors to the Issuer

Legal Advisors

Mamo TCV Advocates
Palazzo Pietro Stiges
90, Strait Street,
Valletta VLT1436,
Malta.

Sponsor

Curmi & Partners Limited
Finance House
Princess Elizabeth Street,
Ta` Xbiex XBX1102,
Malta.

Manager & Registrar

HSBC Bank Malta p.l.c.
233, Republic Street,
Valletta VLT1116,
Malta.

2.3 Statutory Auditors and Financial Advisors

PricewaterhouseCoopers
167, Merchants Street,
Valletta VLT1174
Malta.

PricewaterhouseCoopers is a firm of Certified Public Accountants holding a practicing certificate to act as auditors in terms of the Accountancy Profession Act, 1979 (Cap. 281, Laws of Malta).

2.4 Holding of Shares in Issuer

Except for a holding by the Sponsor of 1947 ordinary shares in the Issuer, as at the date of this Prospectus none of the advisors mentioned herein have any beneficial interest in the share capital of the Issuer.

3. KEY INFORMATION

3.1 Selected Financial Information

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

The most recent financial statements available for inspection are the audited financial statements of the Issuer for the financial year ended 31 January 2010. The audited financial statements of the Issuer for the financial periods ended 31 January 2009 and 31 January 2008 are also available for inspection. There were no significant changes to the financial or trading position of the Issuer since the end of the financial period ended on 31 January 2010.

Extracts from the audited financial statements of the Issuer for the three financial years ended 31 January 2008 to 2010 are set out below.

SUMMARISED INCOME STATEMENT

	Year ended 31 January		
		Group	
	2010	2009	2008
	€'000	€'000	€'000
Continuing operations:			
Revenue	65,111	66,441	65,753
Cost of sales	(40,520)	(43,469)	(41,168)
Gross profit	24,591	22,972	24,585
Operating profit	4,914	2,389	4,404
Fair value gains on investment property	-	-	208
Profit on disposal of land and buildings	-	-	1,102
Profit on disposal of non-current assets	-	505	-
Finance costs (net)	(1,788)	(1,999)	(1,568)
Profit before tax	3,126	895	4,146
Tax expense	(454)	(354)	(948)
Profit for the year from continuing operations	2,672	541	3,198
Discontinued operations:			
Profit/(loss) for the year from discontinued operations	78	(90)	(144)
Profit for the financial year	2,750	451	3,054
Earnings per share for profit/(loss) during the year			
from continuing operations	€0.089	€0.018	€0.107
from discontinued operations	€0.003	(€0.003)	(€0.005)

The Group's profit for the year ending 31 January 2010 increased to €2.75 million (2009: €0.45 million) resulting in the four-fold increase in the earnings per share of €0.089 (2009: €0.018). The main factors, which contributed to the improvement in the Group's profitability are the attainment of:

- targeted production efficiencies on the production lines;
- more effective sales and marketing strategy together with higher efficiency levels in the logistics centre;
- declared strategy of divesting loss-making operations;
- cost containment exercises principally through reductions in headcount and overheads;
- net reduction in the cost of raw materials, partly eroded by higher utility costs;
- cost savings resulting from the implementation of various measures introduced to reduce electricity and energy consumption;
- partly offset by one-off charges relating to the impairment on the old bottling line and the cost relating to the employee early retirement scheme.

SUMMARISED STATEMENTS OF FINANCIAL POSITION

	As at 31 January		
		Group	
	2010	2009	2008
	€'000	€'000	€'000
ASSETS			
Non-current assets	116,162	118,670	121,842
Current assets	29,749	32,206	31,492
Non-current assets classified as held for sale	77	263	739
Total current assets	29,826	32,469	32,231
Total assets	**145,988**	**151,139**	**154,073**
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the company	83,916	82,266	83,382
Non-current liabilities	28,106	42,110	43,264
Current liabilities	33,966	26,645	27,427
Liabilities directly attributable to non-current assets held for sale	-	118	-
Total current liabilities	33,966	26,763	27,427
Total liabilities	62,072	68,873	70,691
Total equity and liabilities	**145,988**	**151,139**	**154,073**

SUMMARISED CASH FLOW STATEMENTS

	Year ended 31 January Group 2010 €'000	2009 €'000	2008 €'000
Net cash from operating activities	10,761	3,433	4,424
Net cash used in investing activities	(4,118)	(1,392)	(8,875)
Net cash (used in)/generated from financing activities	(4,499)	(2,864)	318
Net movement in cash and cash equivalents	2,144	(823)	(4,133)
Cash and cash equivalents at beginning of year	(9,084)	(8,261)	(4,128)
Cash and cash equivalents at end of year	(6,940)	(9,084)	(8,261)

SUMMARISED SEGMENTED RESULTS

	Brewing, production & sale of branded beers & beverages €'000	Importation, wholesale & retail of food & beverages, including wines & spirits €'000	Operation of franchised food retailing establishments €'000	Property management €'000	**Group €'000**
2010					
Revenue	39,898	19,333	8,834	1,243	**69,308**
Less: inter-segment sales	(1,153)	(2,484)	-	(560)	**(4,197)**
	38,745	16,849	8,834	683	**65,111**
Segment results	3,715	1,720	587	285	**6,307**
Unallocated costs					**(1,393)**
Operating profit					**4,914**
2009					
Revenue	40,250	20,963	8,982	1,156	**71,351**
Less: inter-segment sales	(1,074)	(3,059)	-	(777)	**(4,910)**
	39,176	17,904	8,982	379	**66,441**
Segment results	2,347	1,180	502	96	**4,125**
Unallocated costs					**(1,736)**
Operating profit					**2,389**
2008					
Revenue	39,627	21,233	7,797	1,221	**69,878**
Less: inter-segment sales	(799)	(2,455)	-	(871)	**(4,125)**
	38,828	18,778	7,797	350	**65,753**
Segment results	4,324	1,289	330	66	**6,009**
Unallocated costs					**(1,605)**
Operating profit					**4,404**

3.2 Capitalisation and Indebtedness

The following table sets out the capitalisation and indebtedness of the Issuer as at 31 January 2010 and the estimate after reflecting the Issue of the Bonds and the refinancing and redemption of the Bonds 2010-2012.

	Notes	€000
Total bank borrowings		29,182
6.6% Bonds 2010-2012		9,302
Third party debt as at 31 January 2010		**38,484**
Issue of 6% Bonds 2017-2020	1	14,600
Less refinancing/redemption of 6.6% Bonds 2010-2012	2	(9,302)
Third party debt after issue of Bonds		**43,782**
Shareholders' equity as at 31 January 2010		**83,916**
Total capital (debt and equity) as at 31 January 2010		**122,400**
Total capital (debt and equity) after issue of Bonds		**127,698**
Gearing ratio as at 31 January 2010	3	**31.4%**
Gearing ratio after issue of Bonds	3	**34.3%**
Interest cover as at 31 January 2010	4	**2.7**
Pro-forma interest cover after issue of Bonds	5	**2.4**

Notes:

1. The Bond proceeds are stated net of Bond issue costs.
2. The pro-forma capitalisation and indebtedness statement assumes that the 6.6% Bonds 2010-2012 will be refinanced from the proceeds of the new Bonds issue.
3. The gearing ratio is expressed as the percentage of debt on debt and equity.
4. Interest cover is calculated by dividing the Group's Operating Profit with the net financial costs for the year ended 31 January 2010.
5. The pro-forma interest cover after issue of Bonds is calculated by dividing the Group's Operating Profit for the year ended 31 January 2010 with the net financial costs incurred in this year, adjusted with the incremental interest payable on the 6% Bonds 2017-2020.

3.3 Reasons for the Bond Issue and Use of Proceeds

The proceeds from the Bonds, which net of commissions and expenses are expected to amount to €14,600,000, will be used by the Issuer in this order:
- to repay any amounts due by the Issuer with respect to the Bonds 2010-2012, which Bonds 2010-2012 currently amount to €9,317,494 and which the Issuer will be redeeming on 2 November 2010; and
- for the purpose of the general funding of the Issuer, which includes the New Brewhouse Project.

The Issuer's capital expenditure plans, which include the €14 million investment required for the New Brewhouse Project, are projected to be financed from the proceeds from the Bonds, net of the repayment of the Bonds 2010-2012, the €7.5 million bank loan raised in February 2010 specifically for the New Brewhouse Project and from banking facilities, the unutilised portion of which, as at 31 January 2010, amounted to €11.7 million.

For further information on the Bonds 2010-2012 please see Section 26.2 of Part D of this Prospectus and for further information on the New Brewhouse Project please see Section 1.4 of this Part A of the Prospectus.

3.4 Risk Factors

You should carefully consider the following matters, as well as the other information contained in the Prospectus, before making any investment decision with respect to the Issuer or the Bonds. This section contains a list of risks typically associated with the Issuer and the Bonds that it is issuing. 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. This list of risk factors does not purport to be a comprehensive description of all risks which may be relevant to a decision to invest in the Bonds. In particular it does not consider an investor's specific knowledge and/or understanding about the risks typically associated with the Issuer and the acquisition and ownership of the Bonds. You are strongly advised to review the risks below, if necessary with the assistance of your own financial and other professional advisors, prior to making any investment decision with respect to the Issuer or the Bonds.

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

3.4.1 Risks relating to the business of the Issuer and the Group

The Group, including the Issuer, are subject to a number of risks which could have an adverse affect on the business, the value of its assets and the results of operations of both the Issuer and the Group. These risks include, but may not be limited to, those risks which are discussed below.

The risk exposure of the Group can be broken down into the categories listed below:

• Concentration Risk
The business activities of the Farsons Group are predominantly concentrated in and aimed at the Maltese market. Accordingly, the Group is highly susceptible to events that affect the state of the Maltese economy. Negative factors, particularly those having an affect on consumer demand, would have a negative impact on the business of the Group.

• Economic trends and disposable income
The business of the Group is largely targeted to the retail and consumer market and is therefore impacted by changes in the growth rate of the Maltese economy, which has recently been negatively impacted by the economic recession in Malta's main trading partners. Economic recession impacts the disposable income of consumers and therefore may adversely affect the demand for the Group's products as well as the prices of such products.

• Seasonality
The Group operates in markets which are highly seasonal with higher demand in summer being attributable to hotter temperatures and the increased number of tourist arrivals in Malta. A fall in the number of tourist arrivals in Malta and lower than average summer temperatures are both likely to have a negative impact on the demand for the Group's products.

• Consumer trends
The Group markets a collection of branded products which are easily recognisable by the customer. Maintaining the Group's competitive position depends on its continued ability to offer products that have a strong appeal to consumers. Patterns in consumer trends may change due to a variety of factors including changes in taste, social trends, travel and vacation patterns, weather effects and general economic conditions.

Consumer trends are also impacted by the incidence of widespread disease in livestock and poultry either in Malta or abroad. The emergence of such a disease could also affect the demand for those Group products which contain ingredients linked to the disease. Such changes may consequently affect the profitability of the Group.

• Competition
The Group is exposed to substantial competition in all of its business segments both locally and overseas. Increased competition and unanticipated actions by competitors or customers could lead to downward pressure on the prices of the Group's products and/or a decline in the Group's market share. This could have a negative impact on the Group's operating results.

Additionally, the Group is exposed to substantial competition by the parallel importation of beverages. The lack of a strict enforcement by the competent authorities of eco contribution and other taxes over such imported beverages has created an unlevel playing field for the Group. This situation, although not as serious as in past years, may continue to have a negative impact on the Group's operating results.

• Input Costs
Raw materials used in the production process of some of the Group's products are predominantly commodities that are subject to the price volatility in international markets caused by changes in the demand and supply for these products. The Group may be negatively affected by increases in such prices, if it is not able to pass on such prices to the consumer. Similarly, increased utility and personnel costs could have a material negative impact on the results of the Group.

• Personnel
The Group's growth is in part attributable to the efforts and abilities of the members of its executive management team and other key personnel. If one or more of the members of this team were unable or unwilling to continue in their present position, the Group might not be able to replace them within the short term, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's operational results are also heavily dependent on maintaining good relations with its workforce. A number of the Group's workforce in various operations is unionised. Any work stoppages or strikes could adversely affect the Group's ability to operate its businesses.

• Information Technology
The Group is dependent on a number of Information Technology systems for the smooth running of its production lines as well as in its administration. A significant breakdown in these computerised systems including but not limited to power losses, security breaches, computer viruses and vandalism or other illegal acts may affect the operations of the Group and consequently its profitability.

• Distribution and Franchise Relationships
The Group is highly dependent on its relationship with its distributors and franchisors. The Group's core business and the business of importation and sale of beverages including wines and spirits is dependent on the renewal of representation and distributorship agreements with the proprietors of the international brands that it represents. The relationship between the franchisor and the franchisee is a key ingredient in the ongoing success of Food Chain (Holdings) Limited which has operated

Pizza Hut™, Burger King™ and KFC™ since the early nineties. Whilst the relationship between franchisor and franchisee remains a positive one, no assurances can be given that circumstances may not change negatively in the future.

This dependence could adversely affect the Issuer's operating results and growth strategy if it is unable to maintain the existing relationships or replace them with alternative relationships on equally favourable terms.

• Regulatory and Taxation
The Group's operations are subject to a significant degree of regulation. Changes in the law or regulations governing its products, in particular increases in indirect taxes, could impact negatively the Group's financial results if these are associated with increased costs to the Group. For example, the wine and spirits segment is highly sensitive to changes in taxes. Increases in excise taxes could depress the Group's wine and spirit business, both through reducing overall consumption and by encouraging consumers to switch to lower-taxed categories of beverage alcohol.

• Contamination and Reputation Risk
The Group relies heavily on the reputation of its branded products. An event, or series of events, that materially damage/s the reputation of one or more of the Group's franchise brands could have an adverse effect on the value of that brand and subsequent revenues from that brand or business.

Although the Group may not have had any material problems in the past with contamination of any of its products, in the event of contamination occurring in the future, this may lead to business interruption, product recalls or liability, each of which could have an adverse effect on the Group's business, reputation, prospects, financial condition and results of operations, especially in the case of its leading brands such as Cisk and Kinnie. Although the Group may maintain insurance policies against these risks, it may not be able to enforce its rights in respect of these policies and, in the event contamination occurs, any amounts that the Group does recover may not be sufficient to offset any damage it may suffer.

Companies in the beverage and food sector are occasionally exposed to litigation relating to alcohol advertising, alcohol abuse problems or the health consequences from the misuse of alcohol, complaints or litigation from customers alleging food related illnesses, injuries suffered on the Group's premises or other food quality/health concerns. If such complaints/litigation result in fines or damage to the Group's reputation, the Group's business could also be impacted.

• Investment in the New Brewhouse Project
The Group is investing in the building of a new brewhouse, a quality control laboratory and a water treatment plant, the objective of which is to create a more efficient brewing process. To fully realise the anticipated benefits of the investment, management will need to successfully integrate the operations, technologies and personnel elements of the project. The failure of the Group to complete this integration may result in unanticipated operational problems, expenses and liabilities and could therefore negatively impact the results of operations. Furthermore, any cost overruns in relation to the New Brewhouse Project may have a negative impact on the Group's financial position, including higher interest costs which in turn will adversely impact the profitability of the Group.

• Corporate Reorganisation
The Board of Directors of the Issuer is considering the reorganisation of the Farsons Group to separate a portion of the substantial property interests from the core business activities. Should this reorganisation materialise, the nature of the assets held by the Issuer will change and in turn may alter the risk profile of the Group.

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

• Cash Flow and Fair Value Interest Rate Risk
The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates, comprising bank borrowings, expose the Group to cash flow interest rate risk. The Group's bank borrowings are subject to an interest rate that varies according to revisions made to the underlying reference rate.

• Credit Risk
Financial assets that potentially subject the Group to concentrations of credit risk consist principally of cash at banks and debtors. The Group's cash is placed with prime financial institutions. The Group has no concentration of credit risk that could materially impact on the sustainability of its operations. However, in common with similar business concerns, the failure of specific large customers could have a material impact on the Group's results.

• Liquidity and Funding
The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally creditors and interest-bearing borrowings. The Group uses both the capital markets and banks to obtain debt finance for its operations. Changes in banking risk appetite caused by international financial turmoil may impact the willingness of banks to provide loans to companies. Also, changes in demand for debt instruments on capital markets could have an adverse impact on the Group's operations.

• Interest Rate
Interest rate risk refers to the potential changes in the value of financial assets and liabilities in response to changes in the level of interest rates and their impact on profitability. The Issuer is exposed to the risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financing position and

cash flows. Bank loans expose the Issuer to cash flow interest rate risk. Changes in interest rates can have an adverse effect on the financial position and profitability of the Issuer.

• Foreign Exchange Risk
The Group is exposed to foreign exchange risk arising from commercial transactions and recognised assets and liabilities, which are denominated in a currency that is different from the Group's functional currency. Although the majority of the Group's business transactions are in euro, fluctuations in exchange rates of the euro against the functional currencies for the purchase or sale of transactions may adversely affect the results of the Group when translated into euro. On specific transactions the Group uses forward contracts to hedge its exposure to fluctuations in foreign currency exchange rates.

• Counterparty Risk
This risk arises from credit exposures to counterparties including amounts receivable from Group Companies. Failure on the part of counterparties to fulfil their obligations may impact the business of the Issuer. The Issuer does not hold any collateral as security in this respect.

3.4.2 Risks relating to the Bonds

An investment in the Bonds involves certain risks including, but not limited to those described below:

• Trading and Liquidity
Although the Issuer has had bonds freely trading on the Exchange since 1995, there is currently no trading record in respect of the Bonds which are being issued pursuant to this Prospectus as there has never been a public market for the Bonds prior to the Offering. There can be no assurance that an active secondary market for the Bonds will develop or, if it develops, that it will continue nor can there be any assurance that an investor will be able to re-sell his Bonds at or above the Issue Price or at all. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on a number of factors including the presence in the market place of willing buyers and sellers of the Issuer's Bonds at any given time, which presence is dependent upon the individual decisions of investors over which the Issuer has no control. Many other factors over which the Issuer has no control may affect the trading market for, and trading value of, the Bonds. These factors include the level, direction and volatility of market interest rates, general economic conditions, the investment appetite of investors, the financial condition of the Issuer and the market for similar securities. No prediction can be made about the effect which any future public offerings of the Issuer's securities or any takeover or merger activity involving the Issuer will have on the market price of the Bonds prevailing from time to time.

• Foreign Exchange Rate Risk
An investor in the Bonds will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds and the investor's currency of reference, if different.

• Early Redemption and Re-Investment Risk
The Bonds are subject to redemption prior to their Redemption Dates, at the option of the Issuer, any date between 15 June 2017 and 14 June 2020 upon giving thirty (30) days advance notice to Bondholders. Optional redemption features may limit the market value of the Bonds during the period when the Issuer may elect to redeem the Bonds. Should the Issuer decide to redeem the Bonds during the Designated Optional Redemption Dates, Bondholders may not be able to re-invest their monies at an equivalent or higher rate.

• Changes in Laws and Regulations
The Bond Issue complies wi the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of this Prospectus.

• Prior Ranking Charges
The Bonds shall constitute the unsecured obligations of the Issuer and will rank *pari passu* without any priority or preference with all other present and future unsecured obligations of the Issuer, and accordingly in terms of priority shall rank subsequent to such security as indicated in Section 26.2 of Part D of this Prospectus. Furthermore, third party security interests, which have or will be registered, will rank in priority to the Bonds against the assets of the Group for so long as such security interests remain in effect.

In the event of the winding up or insolvency of the Issuer, the proceeds constituting the Reserve Account (as described in Section 26.9 of Part D of this Prospectus) shall become available to all creditors of the Issuer and consequently Bondholders will continue to rank *pari passu* without any priority or preference with all other present and future unsecured obligations of the Issuer.

• Amendments to the Bond Conditions
The Bond Conditions contain provisions in Part D Section 27.9 for calling meetings of Bondholders in the event that the Issuer wishes to amend any of the terms and conditions applicable to the Bonds. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.

• 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.

4. TREND INFORMATION

Group earnings before interest, tax, depreciation and amortisation (EBITDA) for the year ended 31 January 2010 amounted to €10.2 million (2009: €8.2 million). The Group registered an operating profit for the year of €4.9 million, a notable improvement of €2.5 million over the results for the previous financial year. This increase in profits has been achieved despite a marginal decline in the Group's turnover from €66.4 million in the financial year ending 31 January 2009 to €65.1 million for the year ended 31 January 2010. The decline in turnover was mainly a result of the reduction of excise duties on spirits which became effective as of 1 January 2009 and a weaker tourist industry, a result of the economic downturn within the EU and worldwide.

The Group's profit after discontinued operations and before tax amounted to €3.2 million compared to €0.8 million of the previous financial year. The recovery of the performance of the manufacturing segment has been the main reason for the improvement in profitability, albeit after a disappointing financial year ending 31 January 2009. The main factors affecting these results are:

• the attainment of targeted production efficiencies on the production lines;
• a more effective sales and marketing strategy together with higher efficiency levels in the logistics centre;
• continuation of cost containment exercises principally through reductions in headcount and overheads;
• decreases in the cost of raw materials such as malt and hops, partly eroded by increases in the prices of sugar and increased utility costs;
• implementation of various measures to reduce electricity and energy consumption, and, as a result, contain the increases in utility costs;
• certain one-off charges, in particular a further impairment on the old bottling line to its current realisable value and employee early retirement charges;
• implementation of a declared strategy of divesting loss-making operations. During the year, the Group concluded the disposal of its Italian operation which distributed bottled water in Italy.

The Group has continued to expand and invest in its food importation business and franchised food businesses. In November 2009, Quintano Foods relocated its operations to Marsa, thereby releasing property which has become available for eventual sale. Furthermore, a new Pizza Hut™ at the Pavi Shopping Complex and a KFC™ at the Malta International Airport have been opened during the year under review.

At 31 January 2010 the Group had a net asset base of €84 million (2009: €82m). Group indebtedness at €38.5 million, including the €9.3 million 6.6% Bonds 2010-2012, decreased considerably from the previous financial year end figure of €44 million. SFC retains a strong relationship with its banks who provided the Group with banking facilities amounting to €40.9 million of which €11.7 million were undrawn as at 31 January 2010. Group gearing ratio, that is, the ratio of debt to equity and debt at the year end stood at 31.4% (2009: 34.8%).

The new financial year presents new challenges determined by the general economic uncertainty and further competitive activity. Once again, the Company has managed to contract some primary raw materials at lower prices although these savings will be eroded by the substantially higher costs of utilities.

Initial efficiency issues encountered with the newly commissioned PET packaging and production lines have now been addressed, and targeted production efficiencies are now being attained. The operations of the new logistics centre have also settled down and are operating smoothly and efficiently, thus leading to a substantial improvement in the service offered to trade clients. Initiatives to reduce production costs include improving line output, reducing resource utilisation, improving raw material usages and insistent negotiations on raw material prices.

Cost containment right across the Group still remains a priority for management, principally managed through reductions in headcount and overheads. A permanent cost reduction programme has been implemented, with targeted reductions in headcount and overheads being attained. In the last three years the Group has reduced the number of employees by over a hundred and it is intended to continue the early retirement and non-replacement schemes to encourage further reductions. One time charges in relation to early retirement schemes have had a negative effect on the results for the respective financial years. These reductions have been achieved by adopting different ways of working through task re-engineering and delivering the same output more efficiently. This has been done in collaboration with relevant trade unions. Overall, employees have embraced the need to change their work and adopt new tasks and new skills. For instance, focused reorganisation exercises were conducted in the marketing and sales sections whose operational structures were overhauled to respond better to a more competitive market. The Company has also assumed a more direct responsibility for the distribution function, utilizing a new environmentally friendly truck fleet at a considerable investment. The impact of the recently announced utility rates have also adversely affected the cost base. These increases have been very high and industry has reacted to the fact that they should have been implemented over a three year span.

The food retailing businesses also face the challenge of higher utility costs which it may not be possible to pass on to consumers through price increases.

The beverage importation arm has strengthened its portfolio through the recently secured representation of Red Bull™.

The Group has also unveiled its new corporate identity. The new identity draws on elements which have long been associated with the Group's solid reputation and reliable past, but at the same time bring the Group in line with contemporary business image standards.

The Board of Directors remain confident that the Group's business model is proving to be based on a resilient strategy for continued growth and development, ensuring a competitive response to the fast changing and dynamic economy we operate in.

The Board of Directors is considering the reorganisation of the Farsons Group, which may entail the separation of the property interests (other than those at Mriehel used in the core beverage business) from the other business activities so as to maximise the value of the property. The proposal being evaluated envisages that after the Group rearranges the property holdings and once the masterplan relating to the manufacturing activities is completed, it will be directed at separating Trident Developments Limited from SFC into a separate listed company, subject to the listing of Trident Developments Limited obtaining all the necessary approvals.

5. SHAREHOLDERS, DIRECTORS AND EMPLOYEES

In accordance with Article 19 of the Articles of Association of the Issuer, the Board of Directors of the Issuer is to consist of eight Directors, who shall be natural persons and who shall be appointed or elected by the ordinary shareholders however, the Board shall be able to act notwithstanding any vacancy in its composition. At the date of this Prospectus, the Board is composed of the eight Directors named in Section 2.1.

The Board of Directors meets as necessary, usually on a monthly basis, to review and approve the Issuer's management accounts. The Board is responsible for the entire management and organisation of the Issuer. In particular the Board is authorised on behalf of the Issuer:

- to borrow or raise money as it deems fit for the purposes of the Issuer and to secure any debt in such manner as it deems fit, provided that the Directors shall not commit the Issuer to new borrowing, without the authorisation of the shareholders in General Meeting, if such borrowing would result in the total borrowings of the Issuer exceeding three times the sum of the share capital and reserves disclosed in the most recent audited financial statements of the Issuer;
- to acquire by any title, to sell, or lease any moveable or immoveable property of the Issuer or any part thereof;
- to secure any debt, liability or obligation of the Issuer either by hypothecation or by issue of debentures (Article 44 of the Issuer's Articles of Association).

Meetings of the Directors usually take place in Malta but may with the consent of all the Directors be held elsewhere.

Remuneration of Directors - The maximum aggregate emoluments of all Directors in any one financial year shall be such amount as may from time to time be determined by the Issuer in General Meeting, and the amount so determined shall be divided by the Directors in office in such proportions as the Board may agree. The maximum aggregate amount and any increase thereof shall be notified in the notice convening the General Meeting (Article 27 of the Articles of Association of the Issuer). The Directors may also be paid all travelling, accommodation and other expenses properly incurred by them in connection with the business of the Issuer (Article 28 of the Articles of Association of the Issuer). A Director may act in any professional or technical capacity for the Issuer, except as auditor of the Issuer, and shall be entitled to remuneration as if he were not a Director (Article 29 of the Articles of Association of the Issuer).

Total aggregate emoluments paid to the Directors by the Issuer for year ended 31 January 2010 amounted to €290,000 as determined by the Issuer in General Meeting. It is estimated that this amount will remain at the same level for 2010.

Employees - As at the date of this Prospectus, the Group has 736 full-time employee equivalents.

Shareholders - Shareholders holding 5% or more of the equity share capital as at 12 April 2010:

Shareholder	Number of shares held	Percentage holding
M.S.M. Investments Limited (C25169)	7,948,862	26.50%
Farrugia Investments Limited (C25921	7,948,836	26.50%
Sciclunas Estates Limited (C1988)	7,896,164	26.32%

As at 12 April 2010 the Company's issued share capital is held by the following shareholders:

	Number of Shareholders	Respective Holding	Shareholding Percentage
Up to 500 shares	515	124,490	0.41%
501 - 1000 shares	317	224,727	0.75%
1001 - 5000 shares	696	1,608,825	5.36%
More than 5000 shares	228	28,041,958	93.48%
Total	1756	30,000,000	100%

Ordinary shares are of €0.30 each.

As at the date of this Prospectus there are no issued preference shares.

In terms of the Memorandum and Articles of Association of the Company, the holders of ordinary shares have equal voting rights.

6. MEMORANDUM AND ARTICLES OF ASSOCIATION

The Memorandum and Articles of Association of the Issuer (C113), parts of which are described in Sections 17.1, 23.1 and 23.2 of Part C of this Prospectus, are registered with the Registry of Companies and are available for inspection during the lifetime of this Prospectus at the registered office of the Issuer and at the Registrar of Companies of the Malta Financial Services Authority.

7. DETAILS OF THE OFFER AND ADMISSION TO TRADING

7.1 The Bond Issue

The Issuer is issuing six per cent (6%) Bonds due 2017-2020 for an aggregate principal amount of €15,000,000. The Bonds, having a nominal value of €100 each, will be issued at par and shall bear interest at the rate of 6% per annum payable annually in arrears on 15 June of each year, the first such payment to be made on 15 June 2011. The Bonds will be redeemed on 15 June 2020, subject to the Issuer's option to redeem earlier all or any of the Bonds at any date between 15 June 2017 and 14 June 2020, as the Issuer may determine on giving not less than thirty (30) days' notice.

The Bond Issue is not underwritten. In the event that the total aggregate principal amount of the Bonds amounting to €15,000,000 is not fully subscribed, no allotment of the Bonds shall be made, the Applications shall be deemed not to have been accepted by the Issuer and all money received from Applicants shall be refunded accordingly.

7.2 Admission to Trading

Application has been made to the Listing Authority for the Bonds to be admitted to listing on a regulated market. In addition, application has been made to the Board of Directors of the Exchange for the Bonds to be admitted to the Official List. The Bonds are expected to be admitted to the Official List of the Exchange with effect from 24 June 2010 and trading is expected to commence on 25 June 2010.

7.3 Plan for Distribution

The Issuer is making an offering of Bonds to Preferred Applicants (as defined in Section 24.3 Part D of this Prospectus) as well as to the public (as better described in Section 24.3 Part D of this Prospectus). The Bonds will be available for subscription in two tranches:

- for Preferred Applicants during the Preferred Applicants Period commencing on 20 May 2010 up to and including 28 May 2010; and
- for the public during the Public Offer Period commencing on 1 June 2010, up to and including 8 June 2010, subject to right of the Issuer to close subscription lists before such date in the case of over-subscription.

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

7.4 Expenses of the Bond Issue

Professional fees, costs related to publicity, advertising, printing, listing, registration, sponsor, management and registrar fees, selling commission and other miscellaneous expenses in connection with this Bond Issue, are estimated not to exceed €400,000 and shall be borne by the Issuer. The overall amount of the placing commission payable to Authorised Intermediaries will not exceed €150,000.

8. OFFER STATISTICS

Issuer:	Simonds Farsons Cisk p.l.c., a company registered in Malta with registration number C113 (the **"Issuer"**);
Issue:	Six per cent (6%) Bonds due 2017-2020 (the **"Bonds"**);
ISIN:	MT0000071226;
Amount:	An aggregate principal amount of €15,000,000;
Form:	The Bonds will be issued in fully registered non-certificated form, without interest coupons. Certificates will not be delivered to Bondholders in respect of the Bonds as each Bondholder will be registered in dematerialised form and will be represented by an appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository, or as may be stipulated by the Exchange Bye-Laws from time to time;
Denomination:	Euro (€);
Minimum amount per Subscription:	Minimum of one thousand one hundred euro (€1,100) and integral multiples of one hundred euro (€100);
Redemption Date:	15 June 2020, subject to redemption of all or part of the Bonds earlier than their Redemption Date, at the option of the Issuer, as described herein;
Issue Price:	At par (€100 for each Bond);
Status of the Bonds:	The Bonds shall constitute the unsecured obligations of the Issuer and will rank *pari passu* without any priority or preference with all other present and future unsecured obligations of the Issuer;

Listing	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Exchange for the Bonds to be listed and traded on its Official List;
Offer Period	The periods between 20 May 2010 and 28 May 2010 and between 1 June 2010 and 8 June 2010 (or such earlier date as may be determined by the Issuer) during which the Bonds are on offer;
Preferred Applicants Period	The first part of the Offer Period during which the Bonds are on offer only to Preferred Applicants between 20 May 2010 and 28 May 2010;
Public Offer Period	The second part of the Offer Period during which the Bonds are on offer to the general public between 1 June 2010 and 8 June 2010 (or such earlier date as may be determined by the Issuer in the event of over-subscription);
Interest	Six per cent (6%) per annum for each of the Bonds;
Yield	The gross yield calculated on the basis of the interest, the Issue Price and the Redemption Value of the Bonds at maturity is six per cent (6%) for each of the Bonds;
Interest Payment Date(s)	15 June of each year, between 2011 and the year in which the Bonds are redeemed (both years included), the first such payment to be made on 15 June 2011, provided that if any such day is not a Business Day, interest accrued up to and including the Interest Payment Date will be paid on the next following day that is a Business Day;
Redemption Value	At par (€100 for each Bond);
Designated Optional Redemption Dates	The Issuer has the option to redeem all or any part of the Bonds at their nominal value earlier than the Redemption Date on any day falling between 15 June 2017 and 14 June 2020 (both dates included) by giving not less than thirty (30) days advance notice in writing to Bondholders;
Manager & Registrar	HSBC Bank Malta p.l.c.;
Sponsor	Curmi & Partners Limited;
Notices	Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty four (24) hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his/her registered address and posted;
Governing Law	The Bonds are governed by and shall be construed in accordance with Maltese law;
Submission to Jurisdiction	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts.

Your attention is drawn to Part D of this Prospectus for a more detailed explanation of the terms and conditions of the Offer.

9. EXPECTED TIMETABLE

Application Forms mailed to Preferred Applicants	12 May 2010
Application Forms available	14 May 2010
Preferred Applicants Period opens	20 May 2010
Preferred Applicants Period closes	28 May 2010
Public Offer Period opens	1 June 2010
Public Offer Period closes	8 June 2010
Announcement of basis of acceptance	15 June 2010
Commencement of interest on the Bonds	15 June 2010
Expected dispatch of allotment advices and refund of unallocated monies	22 June 2010

The Issuer reserves the right to close the Offering before 8 June 2010 in the event of over-subscription, in which case, the subsequent events set out in the 'Expected Timetable' shall be anticipated in the same chronological order in such a way as to retain the same number of Business Days between the said events.

10. DOCUMENTS AVAILABLE FOR INSPECTION

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

(a) Memorandum and Articles of Association of the Issuer;
(b) Audited Financial Statements of the Issuer for the financial year ended 31 January 2010;
(c) Audited Financial Statements of the Issuer for the financial year ended 31 January 2009;
(d) Audited Financial Statements of the Issuer for the financial year ended 31 January 2008;
(e) Searches of privileges and hypothecs carried out from 11 November 1971 up to 10 March 2010.

As at the date of this Prospectus the Issuer will have uploaded its Audited Financial Statements on its website www.farsons.com for the financial year ended 31 January 2010.

PART B: RISK FACTORS

11. RISK FACTORS

An investment in the Bonds involves certain risks. Below is a list of risks typically associated with the Issuer and the Bonds that it is issuing. 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. This list of risk factors does not purport to be a comprehensive description of all risks which may be relevant to a decision to invest in the Bonds. In particular it does not consider an investor's specific knowledge and/or understanding about the risks typically associated with the Issuer and the acquisition and ownership of the Bonds.

In addition to the other information contained in this Prospectus 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 Prospectus before deciding to make an investment in the Bonds.

11.1 Risks relating to the business of the Issuer and the Group

The Group, including the Issuer, are subject to a number of risks which could have an adverse affect on the business, the value of its assets and the results of operations of both the Issuer and the Group. These risks include, but may not be limited to, those risks which are discussed below.

The risk exposure of the Group can be broken down into the categories listed below:

• Concentration Risk
The business activities of the Farsons Group are predominantly concentrated in and aimed at the Maltese market. Accordingly, the Group is highly susceptible to events that affect the state of the Maltese economy. Negative factors, particularly those having an affect on consumer demand, would have a negative impact on the business of the Group.

• Economic trends and disposable income
The business of the Group is largely targeted to the retail and consumer market and is therefore impacted by changes in the growth rate of the Maltese economy, which has recently been negatively impacted by the economic recession in Malta's main trading partners. Economic recession impacts the disposable income of consumers and therefore may adversely affect the demand for the Group's products as well as the prices of such products.

• Seasonality
The Group operates in markets which are highly seasonal with higher demand in summer being attributable to hotter temperatures and the increased number of tourist arrivals in Malta. A fall in the number of tourist arrivals in Malta and lower than average summer temperatures are both likely to have a negative impact on the demand for the Group's products.

• Consumer trends
The Group markets a collection of branded products which are easily recognisable by the customer. Maintaining the Group's competitive position depends on its continued ability to offer products that have a strong appeal to consumers. Patterns in consumer trends may change due to a variety of factors including changes in taste, social trends, travel and vacation patterns, weather effects and general economic conditions.

Consumer trends are also impacted by the incidence of widespread disease in livestock and poultry either in Malta or abroad. The emergence of such a disease could also affect the demand for those Group products which contain ingredients linked to the disease. Such changes may consequently affect the profitability of the Group.

• Competition
The Group is exposed to substantial competition in all of its business segments both locally and overseas. Increased competition and unanticipated actions by competitors or customers could lead to downward pressure on the prices of the Group's products and/or a decline in the Group's market share. This could have a negative impact on the Group's operating results.

Additionally, the Group is exposed to substantial competition by the parallel importation of beverages. The lack of a strict enforcement by the competent authorities of eco contribution and other taxes over such imported beverages has created an unlevel playing field for the Group. This situation, although not as serious as in past years, may continue to have a negative impact on the Group's operating results.

• Input Costs
Raw materials used in the production process of some of the Group's products are predominantly commodities that are subject to the price volatility in international markets caused by changes in the demand and supply for these products. The Group may be negatively affected by increases in such prices, if it is not able to pass on such prices to the consumer. Similarly, increased utility and personnel costs could have a material negative impact on the results of the Group.

• Personnel
The Group's growth is in part attributable to the efforts and abilities of the members of its executive management team and other key personnel. If one or more of the members of this team were unable or unwilling to continue in their present position, the Group might not be able to replace them within the short term, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's operational results are also heavily dependent on maintaining good relations with its workforce. A number of the Group's workforce in various operations is unionised. Any work stoppages or strikes could adversely affect the Group's ability to operate its businesses.

• Information Technology
The Group is dependent on a number of Information Technology systems for the smooth running of its production lines as well as in its administration. A significant breakdown in these computerised systems including but not limited to power losses, security breaches, computer viruses and vandalism or other illegal acts may affect the operations of the Group and consequently its profitability.

• Distribution and Franchise Relationships
The Group is highly dependent on its relationship with its distributors and franchisors. The Group's core business and the business of importation and sale of beverages including wines and spirits is dependent on the renewal of representation and distributorship agreements with the proprietors of the international brands that it represents. The relationship between the franchisor and the franchisee is a key ingredient in the ongoing success of Food Chain (Holdings) Limited which has operated Pizza Hut™, Burger King™ and KFC™ since the early nineties. Whilst the relationship between franchisor and franchisee remains a positive one, no assurances can be given that circumstances may not change negatively in the future.

This dependence could adversely affect the Issuer's operating results and growth strategy if it is unable to maintain the existing relationships or replace them with alternative relationships on equally favourable terms.

• Regulatory and Taxation
The Group's operations are subject to a significant degree of regulation. Changes in the law or regulations governing its products, in particular increases in indirect taxes, could impact negatively the Group's financial results if these are associated with increased costs to the Group. For example, the wine and spirits segment is highly sensitive to changes in taxes. Increases in excise taxes could depress the Group's wine and spirit business, both through reducing overall consumption and by encouraging consumers to switch to lower-taxed categories of beverage alcohol.

• Contamination and Reputation Risk
The Group relies heavily on the reputation of its branded products. An event, or series of events, that materially damage/s the reputation of one or more of the Group's franchise brands could have an adverse effect on the value of that brand and subsequent revenues from that brand or business.

Although the Group may not have had any material problems in the past with contamination of any of its products, in the event of contamination occurring in the future, this may lead to business interruption, product recalls or liability, each of which could have an adverse effect on the Group's business, reputation, prospects, financial condition and results of operations, especially in the case of its leading brands such as Cisk and Kinnie. Although the Group may maintain insurance policies against these risks, it may not be able to enforce its rights in respect of these policies and, in the event contamination occurs, any amounts that the Group does recover may not be sufficient to offset any damage it may suffer.

Companies in the beverage and food sector are occasionally exposed to litigation relating to alcohol advertising, alcohol abuse problems or the health consequences from the misuse of alcohol, complaints or litigation from customers alleging food related illnesses, injuries suffered on the Group's premises or other food quality/health concerns. If such complaints/litigation result in fines or damage to the Group's reputation, the Group's business could also be impacted.

• Investment in the New Brewhouse Project
The Group is investing in the building of a new brewhouse, a quality control laboratory and a water treatment plant, the objective of which is to create a more efficient brewing process. To fully realise the anticipated benefits of the investment, management will need to successfully integrate the operations, technologies and personnel elements of the project. The failure of the Group to complete this integration may result in unanticipated operational problems, expenses and liabilities and could therefore negatively impact the results of operations. Furthermore, any cost overruns in relation to the New Brewhouse Project may have a negative impact on the Group's financial position, including higher interest costs which in turn will adversely impact the profitability of the Group.

• Corporate Reorganisation
The Board of Directors of the Issuer is considering the reorganisation of the Farsons Group to separate a portion of the substantial property interests from the core business activities. Should this reorganisation materialise, the nature of the assets held by the Issuer will change and in turn may alter the risk profile of the Group.

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

• Cash Flow and Fair Value Interest Rate Risk
The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates, comprising bank borrowings, expose the Group to cash flow interest rate risk. The Group's bank borrowings are subject to an interest rate that varies according to revisions made to the underlying reference rate.

• Credit Risk
Financial assets that potentially subject the Group to concentrations of credit risk consist principally of cash at banks and debtors. The Group's cash is placed with prime

financial institutions. The Group has no concentration of credit risk that could materially impact on the sustainability of its operations. However, in common with similar business concerns, the failure of specific large customers could have a material impact on the Group's results.

• Liquidity and Funding
The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally creditors and interest-bearing borrowings. The Group uses both the capital markets and banks to obtain debt finance for its operations. Changes in banking risk appetite caused by international financial turmoil may impact the willingness of banks to provide loans to companies. Also, changes in demand for debt instruments on capital markets could have an adverse impact on the Group's operations.

• Interest Rate
Interest rate risk refers to the potential changes in the value of financial assets and liabilities in response to changes in the level of interest rates and their impact on profitability. The Issuer is exposed to the risks associated with the effects of fluctuations in the prevailing levels of the market interest rates on its financing position and cash flows. Bank loans expose the Issuer to cash flow interest rate risk. Changes in interest rates can have an adverse effect on the financial position and profitability of the Issuer.

• Foreign Exchange Risk
The Group is exposed to foreign exchange risk arising from commercial transactions and recognised assets and liabilities, which are denominated in a currency that is different from the Group's functional currency. Although the majority of the Group's business transactions are in euro, fluctuations in exchange rates of the euro against the functional currencies for the purchase or sale of transactions may adversely affect the results of the Group when translated into euro. On specific transactions the Group uses forward contracts to hedge its exposure to fluctuations in foreign currency exchange rates.

• Counterparty Risk
This risk arises from credit exposures to counterparties including amounts receivable from Group Companies. Failure on the part of counterparties to fulfil their obligations may impact the business of the Issuer. The Issuer does not hold any collateral as security in this respect.

11.2 Risks relating to the Bonds

An investment in the Bonds involves certain risks including, but not limited to those described below:

• Trading and Liquidity
Although the Issuer has had bonds freely trading on the Exchange since 1995, there is currently no trading record in respect of the Bonds which are being issued pursuant to this Prospectus as there has never been a public market for the Bonds prior to the Offering. There can be no assurance that an active secondary market for the Bonds will develop or, if it develops, that it will continue nor can there be any assurance that an investor will be able to re-sell his Bonds at or above the Issue Price or at all. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on a number of factors including the presence in the market place of willing buyers and sellers of the Issuer's Bonds at any given time, which presence is dependent upon the individual decisions of investors over which the Issuer has no control. Many other factors over which the Issuer has no control may affect the trading market for, and trading value of, the Bonds. These factors include the level, direction and volatility of market interest rates, general economic conditions, the investment appetite of investors, the financial condition of the Issuer and the market for similar securities. No prediction can be made about the effect which any future public offerings of the Issuer's securities or any takeover or merger activity involving the Issuer will have on the market price of the Bonds prevailing from time to time.

• Foreign Exchange Rate Risk
An investor in the Bonds will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds and the investor's currency of reference, if different.

• Early Redemption and Re-Investment Risk
The Bonds are subject to redemption prior to their Redemption Dates, at the option of the Issuer, any date between 15 June 2017 and 14 June 2020 upon giving thirty (30) days advance notice to Bondholders. Optional redemption features may limit the market value of the Bonds during the period when the Issuer may elect to redeem the Bonds. Should the Issuer decide to redeem the Bonds during the Designated Optional Redemption Date(s), Bondholders may not be able to re-invest their monies at an equivalent or higher rate.

• Changes in Laws and Regulations
The Bond Issue complies with the requirements of the Listing Rules of the Listing Authority, the Companies Act and the Commission Regulation EC No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of this Prospectus.

• Prior Ranking Charges
The Bonds shall constitute the unsecured obligations of the Issuer and will rank *pari passu* without any priority or preference with all other present and future unsecured obligations of the Issuer, and accordingly in terms of priority shall rank subsequent to such security as indicated in Section 26.2 of Part D of this Prospectus. Furthermore, third party security interests, which have or will be registered, will rank in priority to the Bonds against the assets of the Group for so long as such security interests remain in effect.

In the event of the winding up or insolvency of the Issuer, the proceeds constituting the Reserve Account (as described in Section 26.9 of Part D of this Prospectus) shall become available to all creditors of the Issuer and consequently Bondholders will continue to rank *pari passu* without any priority or preference with all other present and future unsecured obligations of the Issuer.

• Amendments to the Bond Conditions
The Bond Conditions contain provisions in Part D Section 27.9 for calling meetings of Bondholders in the event that the Issuer wishes to amend any of the terms and conditions applicable to the Bonds. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.

• 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.

PART C: INFORMATION CONCERNING THE ISSUER

12. ORGANISATIONAL STRUCTURE, BUSINESS OPERATIONS AND HISTORICAL DEVELOPMENT OF THE ISSUER

12.1 Introduction

The Issuer, whose registered office is at The Brewery, Mdina Road, Mriehel, Birkirkara BKR 3000, is a public limited company incorporated and registered under the Commercial Partnerships Ordinance on 4 September 1965 and operating and domiciled in Malta, having company registration number C113 with an authorised share capital of thirty million euro (€30,000,000) divided into thirty million (30,000,000) ordinary shares of thirty euro cents (€0.30) each, and twenty one million (21,000,000) preference shares of one euro (€1) each and an issued share capital of nine million euro (€9,000,000) divided into thirty million (30,000,000) ordinary shares of thirty euro cents (€0.30) each all of which are fully paid up. The telephone number at its registered office is (+356) 2381 4114.

12.2 History and Development of the Issuer

Simonds Farsons Cisk p.l.c. traces its origins to 1928 when L. Farrugia & Sons Limited launched its first beer. Its business interests were subsequently merged with those of rival brewers H&G Simonds in 1929 and The Malta Export Brewery in 1947. Throughout the years the company invested heavily in its core business of brewing, producing and selling branded beers and beverages. More recently Farsons diversified its businesses and is now also engaged in the importation and sale of food, wines, spirits and other beverages, the operation of food retailing establishments and property management through its subsidiary and associate companies.

12.3 Principal Business

The Issuer's principal business is the production of a wide portfolio of beverages, including own branded beers, soft drinks and waters, as well as other international beverages produced under licence.

12.4 The New Brewhouse Project

The Board of Directors has approved the investment to build a new brewhouse, a quality control laboratory and a water treatment facility (hereinafter referred to as "the New Brewhouse Project"). This investment is the third and final phase of a masterplan which also incorporated a new soft drinks packaging hall and a logistics centre. This brewhouse will replace the current brewhouse building and facilities. Preparatory work is at an advanced stage and civil works are expected to commence in July 2010. The New Brewhouse Project is expected to be completed by summer 2012.

The new plant and building will be equipped with energy recovery and building management systems, thermal insulation, rain water collection facilities and solar water heating and will also encompass natural ventilation and energy saving lighting. The brewhouse has been designed to provide the capacity needed for the foreseeable future including the export market. The new brewhouse will be more efficient and flexible through automation which will lead to more accurate control of the process parameters and better malt handling facilities. The new investment seeks to ensure an improvement in product quality together with decreased production costs.

The Malta Environment and Planning Authority approved the full development permit for this new brewhouse on 18 February 2010 (PA/03145/09). The New Brewhouse Project is expected to cost €14 million and will primarily be funded through a new loan of €7.5 million, which the Issuer has finalised with its bankers following a sanction letter dated 15 February 2010 and through general funding facilities.

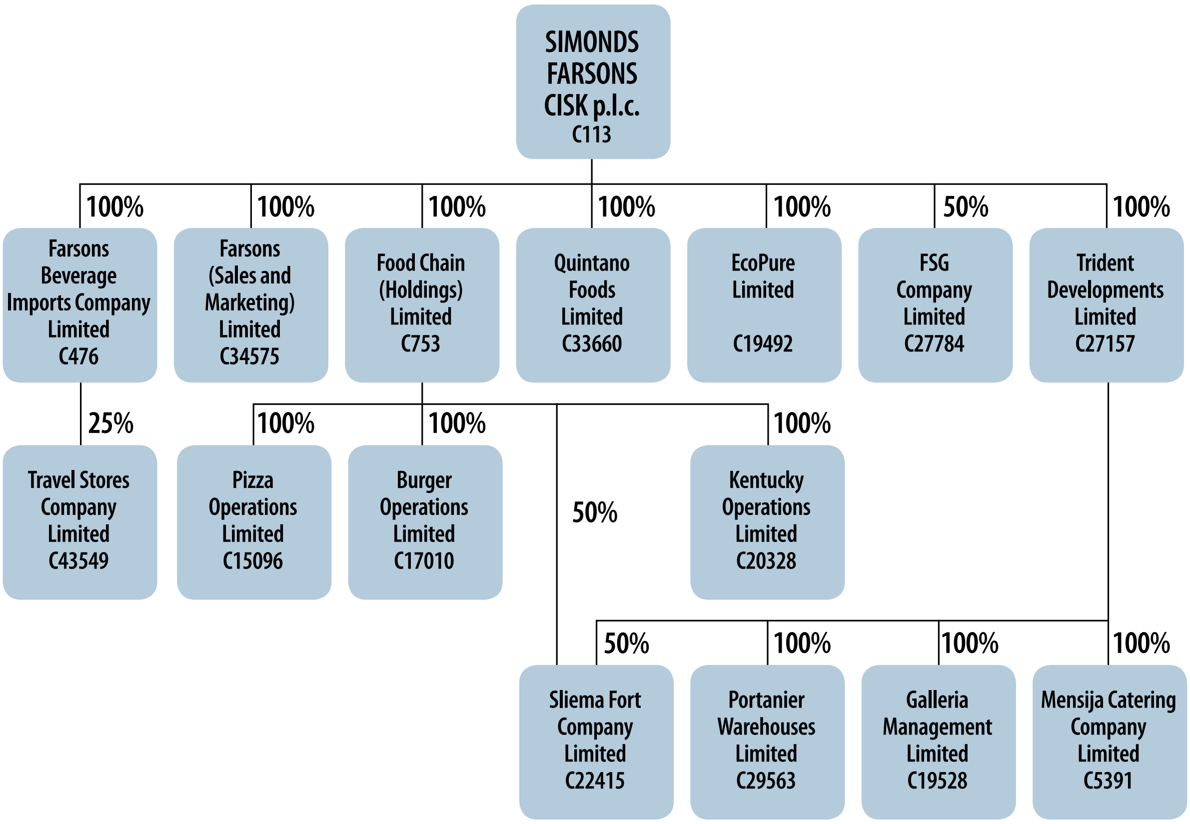
The investment in the New Brewhouse Project will also release a substantial area of prime real estate along Mdina Road, Mriehel used by the current operation. An area of circa 22,000 square meters stretching for half a kilometre along this road will become available for the Group to exploit in the best possible way. This could include a business park complemented by a visitor's centre, food, beverage and leisure outlets as well as an amount of retail space.

12.5 Farsons Group Structure

The Issuer's principal business consists of the brewing, production and sale of beer and branded beverages.

The Group's operations consist of four main segments as follows:
- Brewing, production and sale of branded beers and beverages;
- Importation, wholesale and retail of food and beverages, including wines and spirits;
- Operation of franchised food retailing establishments;
- Property management.

These operations are carried out, primarily, on the local market.



In liquidation: Malta Deposit and Return System Limited - C38304 (56%)
Food-Serv Limited - C22117 (22.5%)
Farsons (Italia) srl - C02671070965 (100%) - registered in Italy

12.6 Organisation, Historical Development and Business Overview of the Group

The origins of Simonds Farsons Cisk p.l.c. date back to 1928 when the first locally brewed beer, Farsons Pale Ale was launched in 1928 by L. Farrugia & Sons Limited a few months after the Company's Hamrun Brewery was completed. A year later, L. Farrugia & Sons merged with H & G Simonds, brewers from Reading in the UK who were engaged in the shipment of regular supplies of beer to the island since 1880. The new Company was called Simonds Farsons Limited.

Simonds Farsons Cisk Limited came into being in 1948 as the result of a merger between Simonds Farsons Limited and The Malta Export Brewery which was a competing brewery marketing its Cisk Pilsner beer in Malta and North Africa. Following this merger it was decided to invest in a new brewery and construction works started on a site at Mriehel. Construction of the new brewery was carried out under the direction of the Managing Director Mr Lewis V. Farrugia, an architect by profession. Mr Farrugia dedicated two years in developing a plan and project which, according to his experience, would meet the requirements of the market. The brewery was formally inaugurated in July 1950 and is still in operation following the implementation of modernization initiatives on a regular basis in terms of a Brewery masterplan. A new Beer Packaging Hall was commissioned in 1974, a state-of-the-art fully automated Brewing Process Plant that included an extensive tank farm facility, was inaugurated in 1990 and by 2008, the Company inaugurated a new Soft Drinks Packaging Hall incorporating plastic PET packaging facilities, a Logistics Centre and administrative offices in response to Malta's accession to the European Union and the resultant full liberalisation of the local carbonated soft drinks market. The New Brewhouse Project announced in February 2010 would be the last building block of a renewed brewery. The new facilities introduced along the years enhanced Farsons' brewing capabilities and paved the way for new opportunities.

A year after the inauguration of the Mriehel brewery, Simonds Farsons Cisk Limited diversified into the production of soft drinks and the next significant milestone was the development of Kinnie™, a bittersweet non-alcoholic drink made from oranges and aromatic herbs. Kinnie™, manufactured and marketed under its own trademark and label, was launched in 1952.

EcoPure Limited was set up in 1995 to bottle and distribute drinking water in 18.9 litre and 11 litre bottles, as well as providing water coolers and dispensers for rental or purchasing.

During Mr Anthony Miceli-Farrugia's tenure, the Company forayed into the catering business through Express Catering Company Limited, operator of Wimpy™ restaurants chain, and the development of the Fortizza restaurant. The importation of wines and spirits was consolidated by the formation of a dedicated company, Wands Limited.

Louis Anthony Farrugia, son of Lewis, was appointed Managing Director in 1980. Over a number of years, rights were acquired to operate the Pizza Hut, Burger King and Kentucky Fried Chicken franchises in Malta. The Group's fast food and casual dining business today encompasses twelve outlets and is conducted through three subsidiaries.

The beverage importation business operated through Wands Limited was enhanced through the acquisition of Anthony Caruana & Sons Limited in 2000 and of the Guido Vella Cash & Carry three years later. All operations were merged into Farsons Beverage Imports Company Limited in 2009. This company is mainly engaged in the importation and distribution of wines, spirits and beers and operates Farsonsdirect.com, a retail outlet situated adjacent to the Farsons brewery, as well as its online retail website.

In 2004, the Group moved into the food importation sector through the acquisition of the business of Law Quintano & Co. Limited through Quintano Foods Limited. The company is engaged in the importation, marketing and distribution of branded food products.

Trident Developments Limited was established with the objective of owning, managing and developing the Group's substantial property interests.

From a corporate perspective, Simonds Farsons Cisk became the first private sector company to list its equity on the Malta Stock Exchange. Since then, the Company's launch of rights issues, a preference share issue and bond issues were favourably met by the investing public.

13. IDENTITY OF DIRECTORS, ADVISORS AND AUDITORS OF THE ISSUER

13.1 The Directors and Company Secretary

Directors
The current Directors of the Issuer are:

Name and ID No. of Director	Function
Mr Bryan A. Gera (ID630934M)	Chairman
Mr Vincent Curmi (ID182942M)	Vice Chairman
Mr Louis A. Farrugia (ID199451M)	Managing Director and Chairman of the Group Executive Board
Marquis Marcus J. Scicluna Marshall (ID617564M)	(Non-Executive Director)
Mr Marcantonio Stagno d'Alcontres (Italian Passport No.P1876615)	(Non-Executive Director)
Dr Max Ganado (ID468959M)	(Non-Executive Director)
Mr Roderick Chalmers (ID708847M)	(Non-Executive Director)
Ms Marina Hogg (ID547559M)	(Non-Executive Director)

The address of the Directors is the same as that of the Issuer. All the Directors are of Maltese nationality except for Mr Marcantonio Stagno d'Alcontres, who is of Italian nationality.

Company Secretary
The Company Secretary of the Issuer is Mr Arthur Muscat (ID580649M).

13.2 Advisors to the Issuer

Legal Advisors

Mamo TCV Advocates
Palazzo Pietro Stiges
90, Strait Street,
Valletta VLT1436
Malta.

Sponsor

Curmi & Partners Limited
Finance House
Princess Elizabeth Street,
Ta` Xbiex XBX1102,
Malta.

Manager & Registrar

HSBC Bank Malta p.l.c
233, Republic Street,
Valletta VLT1116,
Malta.

13.3 Statutory Auditors and Financial Advisors

PricewaterhouseCoopers
167, Merchants Street,
Valletta VLT1174
Malta.

PricewaterhouseCoopers is a firm of Certified Public Accountants holding a practicing certificate to act as auditors in terms of the Accountancy Professions Act, 1979 (Cap. 281, Laws of Malta).

13.4 Holding of Shares in Issuer

Except for a holding by the Sponsor of 1947 ordinary shares in the Issuer, as at the date of this Prospectus none of the advisors mentioned herein have any beneficial interest in the share capital of the Issuer.

14. BUSINESS OVERVIEW

14.1 Introduction

Over the years, the Farsons Group has established a solid reputation for quality products and nurtured a growing base of loyal customers. The operations of the Company consist of the brewing, production and sale of beer and branded beverages and, in the opinion of the Directors, the range of products and packages offered by the Company is sufficiently varied so as to enable it to offer a strong beverage portfolio both to the consumer and to the trade. Each brand is promoted locally to varying degrees and great efforts are made to build and to protect product loyalty. Throughout its extensive history SFC has successfully nurtured franchise relationships, expanded in the beverage and on-premise market sector and has invested through its subsidiary companies in areas of business that create synergies with the main elements of its core business. The business of the subsidiary and associate companies listed below include the sale of branded beverages, including wines and spirits and the operation of franchised food retailing establishments and property management.

EcoPure Limited[1] (C19492) is engaged in the distribution of drinking water in 18.9 litre and 11 litre bottles, as well as providing coolers and dispensers for rental or purchasing.

Farsons (Sales & Marketing) Limited (C34575) manages the sales and marketing activities of Simonds Farsons Cisk p.l.c. and of Farsons Beverage Imports Company Limited.

Farsons Beverage Imports Company Limited (C476) is engaged in the importation and distribution of wines, spirits and beers and operates a cash and carry outlet in Qormi, Farsonsdirect.com, a retail outlet situated adjacent to the Farsons Brewery as well as its online retail website.

Quintano Foods Limited (C33660) centres its business on the importation, marketing and distribution of branded food products.

Travel Stores Company Limited (C43549) is an associated company engaged in the operation of a retail outlet at the Non-Schengen area within the Malta International Airport.

Food Chain (Holdings) Limited (C753) is an intermediate holding company, consolidating the Group's operations in the fast food and casual dining business.

Pizza Operations Limited (C15096) holds and operates the Pizza Hut franchise, with outlets in St Julians, Sliema, Valletta and Bugibba as well as a Take Out and Delivery outlet in Qormi.

Burger Operations Limited (C17010) holds and operates the Burger King franchise, with outlets in Sliema, Paceville, Valletta and the Malta International Airport.

Kentucky Operations Limited (C20328) holds and operates the Kentucky Fried Chicken franchise, with outlets in Gzira and the Malta International Airport and operates Nove Wine & Beer Bar in St Julians.

Trident Developments Limited (C27157) is engaged in the ownership, management and development of Group property.

Portanier Warehouses Limited (C29563) holds the title to property in Qormi.

Sliema Fort Company Limited (C22415) holds the title to property in Sliema which is leased out to third parties and to property in Tal-Handaq limits of Qormi.

Galleria Management Limited (C19528) is currently in a non-trading position.

[1] *The M&A of Eco-Pure Premium Water Co Ltd were changed as of 08/04/10 including a change in company name and in its capital structure.*

Mensija Catering Company Limited (C5391) holds the title to property in St Julians which is leased out to Pizza Operations Limited and Kentucky Operations Limited.

FSG Company Limited (C27784) holds an equity interest currently of 10% in Viset Malta p.l.c.

The following subsidiary companies are currently in liquidation:
Malta Deposit and Return System Limited (C38304)
Food-Serv Limited (C22117)
Farsons (Italia) srl (C02671070965) - registered in Italy

The Group's main activities may be split into the following categories:

Brewing, production and sale of branded beers and beverages segment
The business of brewing, production and sale of beer and branded beverages is the core business of the Group, and comprises the activities of Simonds Farsons Cisk p.l.c., Farsons (Sales & Marketing) Limited and EcoPure Limited. Apart from its own range of beers and soft drinks developed in-house, SFC represents Budweiser™, Carlsberg™, Skol™, Pepsi™, 7UP™, Mirinda™, Britvic™ and Like Cola™, as exclusive packagers for Malta.

Importation, wholesale and retail of food and beverages, including wines & spirits segment
This segment has shown significant growth over the last few years, in particular following the acquisition of the business of Quintano Foods and comprises Farsons Beverage Imports Company Limited, Quintano Foods Limited and Travel Stores Company Limited. The Group represents some world-renowned beer brands including Becks™, Guinness™, John Smith™, and Corona Extra™, ciders including Strongbow™, Woodpecker™ and Bulmers™ together with branded spirits such as Bacardi™, Campari™, Famous Grouse™, Ballantine's™, Jim Beam™, Whyte & Mackay™, Cointreau™, Drambuie™, Molinari™, Absolut Vodka™, Remy Martin™, Jagermeister™, Vladivar™, Pernod™, BOLS™, Beefeater™, Bombay Sapphire™ and Grey Goose™ together with a large range of Italian, French and new-world wines such as Jacob's Creek™, Antinori™, Ruffino™, Robert Mondavi™ and Bolla™ amongst others. Perrier™ and Vittel™ are also represented through this segment. The recent representation of Red Bull™ has further strengthened the number of brands being represented. Quintano Foods represent the renowned Danone™, Quaker™, Walkers™, Tropicana™ and Trevalli™ amongst other prestigious brands.

Operation of franchised food retailing establishments segment
The catering business of the Farsons Group comprises the franchise operations conducted through KFC™, Pizza Hut™ and Burger King™. These operations consist of 11 franchised restaurants and the Nove Wine and Beer Bar in St. Julians.

Property management segment
This segment was established so as to enable the Group to achieve better utilisation of its investment property holdings. Trident Developments Limited and its subsidiary companies own a number of properties that are primarily used within the Group, in particular, the food retailing establishments and the food importation arm. Other properties are also leased to third parties.

14.2 Principal markets

The Issuer mainly operates in and from Malta although it looks at the exports market as a potential for future growth. A number of new markets have already been penetrated with the Issuer's own branded beer Cisk and carbonated soft drinks including Kinnie. Apart from the Italian market, the Issuer managed to penetrate Canada, United States, Ireland, Portugal and Australia while prospects for business opportunities through the Libyan market is encouraging. The Issuer's key areas of operation are described in Section 14.1 above.

15. KEY INFORMATION

15.1 Selected Financial Information

Extracts from the audited financial statements of the Issuer for the three financial years ended 31 January 2008 to 2010 are set out below.

SUMMARISED INCOME STATEMENT

	Year ended 31 January		
		Group	
	2010	2009	2008
	€'000	€'000	€'000
Continuing operations:			
Revenue	65,111	66,441	65,753
Cost of sales	(40,520)	(43,469)	(41,168)
Gross profit	24,591	22,972	24,585
Operating profit	4,914	2,389	4,404
Fair value gains on investment property	-	-	208
Profit on disposal of land and buildings	-	-	1,102
Profit on disposal of non-current assets	-	505	-
Finance costs (net)	(1,788)	(1,999)	(1,568)
Profit before tax	3,126	895	4,146
Tax expense	(454)	(354)	(948)
Profit for the year from continuing operations	2,672	541	3,198
Discontinued operations:			
Profit/(loss) for the year from discontinued operations	78	(90)	(144)
Profit for the financial year	2,750	451	3,054
Earnings per share for profit/(loss) during the year			
from continuing operations	€0.089	€0.018	€0.107
from discontinued operations	€0.003	(€0.003)	(€0.005)

The Group's profit for the year ending 31 January 2010 increased to €2.75 million (2009: €0.45 million) resulting in the four-fold increase in the earnings per share of €0.089 (2009: €0.018). The main factors, which contributed to the improvement in the Group's profitability are the attainment of:

- targeted production efficiencies on the production lines;
- more effective sales and marketing strategy together with higher efficiency levels in the logistics centre;
- declared strategy of divesting loss-making operations;
- cost containment exercises principally through reductions in headcount and overheads;
- net reduction in the cost of raw materials, partly eroded by higher utility costs;
- cost savings resulting from the implementation of various measures introduced to reduce electricity and energy consumption;
- partly offset by one-off charges relating to the impairment on the old bottling line and the cost relating to the employee early retirement scheme.

SUMMARISED STATEMENTS OF FINANCIAL POSITION

	As at 31 January		
		Group	
	2010	2009	2008
	€'000	€'000	€'000
ASSETS			
Non-current assets	116,162	118,670	121,842
Current assets	29,749	32,206	31,492
Non-current assets classified as held for sale	77	263	739
Total current assets	29,826	32,469	32,231
Total assets	**145,988**	**151,139**	**154,073**
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners of the company	83,916	82,266	83,382
Non-current liabilities	28,106	42,110	43,264
Current liabilities	33,966	26,645	27,427
Liabilities directly attributable to non-current assets held for sale	-	118	-
Total current liabilities	33,966	26,763	27,427
Total liabilities	62,072	68,873	70,691
Total equity and liabilities	**145,988**	**151,139**	**154,073**

SUMMARISED CASH FLOW STATEMENTS

	Year ended 31 January		
		Group	
	2010 €'000	2009 €'000	2008 €'000
Net cash from operating activities	10,761	3,433	4,424
Net cash used in investing activities	(4,118)	(1,392)	(8,875)
Net cash (used in)/generated from financing activities	(4,499)	(2,864)	318
Net movement in cash and cash equivalents	2,144	(823)	(4,133)
Cash and cash equivalents at beginning of year	(9,084)	(8,261)	(4,128)
Cash and cash equivalents at end of year	(6,940)	(9,084)	(8,261)

SUMMARISED SEGMENTED RESULTS

	Brewing, production & sale of branded beers & beverages €'000	Importation, wholesale & retail of food & beverages, including wines & spirits €'000	Operation of franchised food retailing establishments €'000	Property management €'000	**Group €'000**
2010					
Revenue	39,898	19,333	8,834	1,243	**69,308**
Less: inter-segment sales	(1,153)	(2,484)	-	(560)	**(4,197)**
	38,745	16,849	8,834	683	**65,111**
Segment results	3,715	1,720	587	285	**6,307**
Unallocated costs					**(1,393)**
Operating profit					**4,914**
2009					
Revenue	40,250	20,963	8,982	1,156	**71,351**
Less: inter-segment sales	(1,074)	(3,059)	-	(777)	**(4,910)**
	39,176	17,904	8,982	379	**66,441**
Segment results	2,347	1,180	502	96	**4,125**
Unallocated costs					**(1,736)**
Operating profit					**2,389**
2008					
Revenue	39,627	21,233	7,797	1,221	**69,878**
Less: inter-segment sales	(799)	(2,455)	-	(871)	**(4,125)**
	38,828	18,778	7,797	350	**65,753**
Segment results	4,324	1,289	330	66	**6,009**
Unallocated costs					**(1,605)**
Operating profit					**4,404**

15.2 Capitalisation and Indebtedness

The following table sets out the capitalisation and indebtedness of the Issuer as at 31 January 2010 and the estimate after reflecting the Issue of the Bonds and the refinancing and redemption of the Bonds 2010-2012.

	Notes	€000
Total bank borrowings		29,182
6.6% Bonds 2010-2012		9,302
Third party debt as at 31 January 2010		**38,484**
Issue of 6% Bonds 2017-2020	1	14,600
Less refinancing/redemption of 6.6% Bonds 2010-2012	2	(9,302)
Third party debt after issue of Bonds		**43,782**
Shareholders' equity as at 31 January 2010		**83,916**
Total capital (debt and equity) as at 31 January 2010		**122,400**
Total capital (debt and equity) after issue of Bonds		**127,698**
Gearing ratio as at 31 January 2010	3	**31.4%**
Gearing ratio after issue of Bonds	3	**34.3%**
Interest cover as at 31 January 2010	4	**2.7**
Pro-forma interest cover after issue of Bonds	5	**2.4**

Notes:

1. The Bond proceeds are stated net of Bond issue costs.
2. The pro-forma capitalisation and indebtedness statement assumes that the 6.6% Bonds 2010-2012 will be refinanced from the proceeds of the new Bonds issue.
3. The gearing ratio is expressed as the percentage of debt on debt and equity.
4. Interest cover is calculated by dividing the Group's Operating Profit with the net financial costs for the year ended 31 January 2010.
5. The pro-forma interest cover after issue of Bonds is calculated by dividing the Group's Operating Profit for the year ended 31 January 2010 with the net financial costs incurred in this year, adjusted with the incremental interest payable on the 6% Bonds 2017-2020.

15.3 Reasons for the Bond Issue and Use of Proceeds

The proceeds from the Bonds, which net of commissions and expenses are expected to amount to €14,600,000, will be used by the Issuer in this order:
• to repay any amounts due by the Issuer with respect to the Bonds 2010-2012, which Bonds 2010-2012 currently amount to €9,317,494 and which the Issuer will be redeeming on 2 November 2010; and
• for the purpose of the general funding of the Issuer, which includes the New Brewhouse Project .

The Issuer's capital expenditure plans, which include the €14 million investment required for the New Brewhouse Project, are projected to be financed from the proceeds from the Bonds, net of the repayment of the Bonds 2010-2012, the €7.5 million bank loan raised in February 2010 specifically for the New Brewhouse Project and from banking facilities, the unutilised portion of which, as at 31 January 2010, amounted to €11.7 million.

For further information on the Bonds 2010-2012 please see Section 26.2 of Part D of this Prospectus and for further information on the New Brewhouse Project please see Section 12.4 of this Part C of the Prospectus..

16. TREND INFORMATION

Group earnings before interest, tax, depreciation and amortisation (EBITDA) for the year ended 31 January 2010 amounted to €10.2 million (2009: €8.2 million). The Group registered an operating profit for the year of €4.9 million, a notable improvement of €2.5 million over the results for the previous financial year. This increase in profits has been achieved despite a marginal decline in the Group's turnover from €66.4 million in the financial year ending 31 January 2009 to €65.1 million for the year ended 31 January 2010. The decline in turnover was mainly a result of the reduction of excise duties on spirits which became effective as of 1 January 2009 and a weaker tourist industry, a result of the economic downturn within the EU and worldwide.

The Group's profit after discontinued operations and before tax amounted to €3.2 million compared to €0.8 million of the previous financial year. The recovery of the performance of the manufacturing segment has been the main reason for the improvement in profitability, albeit after a disappointing financial year ending 31 January 2009. The main factors affecting these results are:

a) the attainment of targeted production efficiencies on the production lines;
b) a more effective sales and marketing strategy together with higher efficiency levels in the logistics centre;

c) continuation of cost containment exercises principally through reductions in headcount and overheads;
d) decreases in the cost of raw materials such as malt and hops, partly eroded by increases in the prices of sugar and increased utility costs;
f) implementation of various measures to reduce electricity and energy consumption, and, as a result, contain the increases in utility costs;
g) certain one-off charges, in particular a further impairment on the old bottling line to its current realisable value and employee early retirement charges;
h) implementation of a declared strategy of divesting loss-making operations. During the year, the Group concluded the disposal of its Italian operation which distributed bottled water in Italy.

The Group has continued to expand and invest in its food importation business and franchised food businesses. In November 2009, Quintano Foods relocated its operations to Marsa, thereby releasing property which has become available for eventual sale. Furthermore, a new Pizza Hut™ at the Pavi Shopping Complex and a KFC™ at the Malta International Airport have been opened during the year under review.

At 31 January 2010 the Group had a net asset base of €84 million (2009: €82 million). Group indebtedness at €38.5 million, including the €9.3 million 6.6% Bonds 2010-2012, decreased considerably from the previous financial year end figure of €44 million. SFC retains a strong relationship with its banks who provided the Group with banking facilities amounting to €40.9 million of which €11.7 million were undrawn as at 31 January 2010. Group gearing ratio, that is, the ratio of debt to equity and debt at the year end stood at 31.4% (2009: 34.8%).

The new financial year presents new challenges determined by the general economic uncertainty and further competitive activity. Once again, the Company has managed to contract some primary raw materials at lower prices although these savings will be eroded by the substantially higher costs of utilities.

Initial efficiency issues encountered with the newly commissioned PET packaging and production lines have now been addressed, and targeted production efficiencies are now being attained. The operations of the new logistics centre have also settled down and are operating smoothly and efficiently, thus leading to a substantial improvement in the service offered to trade clients. Initiatives to reduce production costs include improving line output, reducing resource utilisation, improving raw material usages and insistent negotiations on raw material prices.

Cost containment right across the Group still remains a priority for management, principally managed through reductions in headcount and overheads. A permanent cost reduction programme has been implemented, with targeted reductions in headcount and overheads being attained. In the last three years the Group has reduced the number of employees by over a hundred and it is intended to continue the early retirement and non-replacement schemes to encourage further reductions. One time charges in relation to early retirement schemes have had a negative effect on the results for the respective financial years. These reductions have been achieved by adopting different ways of working through task re-engineering and delivering the same output more efficiently. This has been done in collaboration with relevant trade unions. Overall, employees have embraced the need to change their work and adopt new tasks and new skills. For instance, focused reorganisation exercises were conducted in the marketing and sales sections whose operational structures were overhauled to respond better to a more competitive market. The Company has also assumed a more direct responsibility for the distribution function, utilizing a new environmentally friendly truck fleet at a considerable investment. The impact of the recently announced utility rates have also adversely affected the cost base. These increases have been very high and industry has reacted to the fact that they should have been implemented over a three year span.

The food retailing businesses also face the challenge of higher utility costs which it may not be possible to pass on to consumers through price increases.

The beverage importation arm has strengthened its portfolio through the recently secured representation of Red Bull™.

The Group has also unveiled its new corporate identity. The new identity draws on elements which have long been associated with the Group's solid reputation and reliable past, but at the same time bring the Group in line with contemporary business image standards.

The Board of Directors remain confident that the Group's business model is proving to be based on a resilient strategy for continued growth and development, ensuring a competitive response to the fast changing and dynamic economy we operate in.

The Board of Directors is considering the reorganisation of the Farsons Group, which may entail the separation of the property interests (other than those at Mriehel used in the core beverage business) from the other business activities so as to maximise the value of the property. The proposal being evaluated envisages that after the Group rearranges the property holdings and once the masterplan relating to the manufacturing activities is completed, it will be directed at separating Trident Developments Limited from SFC into a separate listed company, subject to the listing of Trident Developments Limited obtaining all the necessary approvals.

17. DIRECTORS AND EMPLOYEES

17.1 The Board of Directors of the Issuer

In accordance with Article 19 of the Articles of Association of the Issuer, the Board of Directors of the Issuer is to consist of eight Directors, who shall be natural persons and who shall be appointed or elected by the ordinary shareholders however, the Board shall be able to act notwithstanding any vacancy in its composition. At the date of this Prospectus, the Board is composed of the eight Directors named in Section 13.1.

The Board of Directors meets as necessary, usually on a monthly basis, to review and approve the Issuer's management accounts. The Board is responsible for the entire management and organisation of the Issuer. In particular the Board is authorised on behalf of the Issuer:

• to borrow or raise money as it deems fit for the purposes of the Issuer and to secure any debt in such manner as it deems fit, provided that the Directors shall not commit the Issuer to new borrowing, without the authorisation of the shareholders in General Meeting, if such borrowing would result in the total borrowings of the Issuer exceeding three times the sum of the share capital and reserves disclosed in the most recent audited financial statements of the Issuer;
• to acquire by any title, to sell, or lease any moveable or immoveable property of the Issuer or any part thereof;
• to secure any debt, liability or obligation of the Issuer either by hypothecation or by issue of debentures (Article 44).

Meetings of the Directors usually take place in Malta but may with the consent of all the Directors be held elsewhere.

The quorum necessary for the transaction of the business of the Directors shall be one more than half of the members of the Board (Article 32). Board Meetings shall be presided over by the Chairman, or in his absence, by the Vice-Chairman, but if there is no Chairman or Vice-Chairman, or if at any meeting either of them shall not be present within fifteen minutes after the appointed time, or they shall be unwilling to preside, the Directors present shall choose one of themselves to be Chairman of that meeting (Article 33). All resolutions taken at Board Meetings shall be decided by a majority of votes. Each Director present has one vote and in the case of equality of votes the Chairman, or the presiding Director, shall have a second or casting vote (Article 34).

The Board may delegate any of its powers to committees consisting of such members as it thinks fit. Any committees so formed shall in the exercise of the powers delegated conform to any regulations or conditions that may be imposed on it by the Board of Directors, and no act or omission of such committee shall invalidate or supersede any function or power of the Board of Directors (Article 45).

17.1.1 Curriculum Vitae of the Directors of the Issuer
Hereunder is a brief *curriculum vitae* of each of the current Directors of the Issuer:

Bryan A. Gera D.B.A. - Mr Gera is the Chairman of the Board of Directors of the Issuer. He is also the Chairman of Farsons Beverage Imports Company Limited (C476). He has been on the Board of Simonds Farsons Cisk p.l.c. since 1979, initially as an Alternate Director and later as a Director. He is director of a leading company in Malta importing pharmaceuticals and is also a director of another two companies. He has served on the board of Mid-Med Bank Limited representing the interest of Barclays Bank International Limited.

Vincent Curmi F.A.I.A., C.P.A. - Mr Curmi is the Vice-Chairman of the Board of Directors of the Issuer. He has been a Director of SFC for the last 30 years. He is a Certified Public Accountant and Auditor by profession and is a Partner in Vincent Curmi & Associates, an auditing and accountancy firm. He has worked in public practice for the major part of his career. Mr Curmi is a director of Sciclunas Estates Limited and Administrator of the Estate of Marquis John Scicluna. He holds directorships in the Food Chain Group and is Chairman of Trident Developments Limited.

Louis A. Farrugia F.C.A. - Mr Farrugia is the Managing Director and Chairman of the Group Executive Board of the Issuer. He holds a number of directorships within the Group subsidiaries and joint venture companies. Mr Farrugia is a founder member and past President of the Foundation of Human Resources. He was President of the Malta Chamber of Commerce between 1998 and 1999 and a non-executive director of HSBC between 2002-2006. He is also Chairman of Multigas Limited, Liquigas Malta Ltd, Gasco Energy Limited and Farrugia Investments Limited. In November 2003 Mr Farrugia became a director of the Commonwealth Business Council, a London based business institution linked to the Commonwealth. He was appointed Chairman of the Malta Tourism Authority on 1 January 2010. In December 2004 Mr Farrugia was nominated a member of the Order of Merit by the President of Malta in recognition of his contribution on a national level to the industry and enterprise in Malta.

Marquis Marcus J. Scicluna Marshall - Marquis M. Scicluna Marshall is a director of Sciclunas Estates Limited and co-administrator of the Estate of Marquis John Scicluna. He started his career with Simonds Farsons Cisk p.l.c., holding managerial posts in different departments within the Brewery for a period of ten years. Marquis Scicluna Marshall has been a Director on the Board of the Company for the past twelve years whereas previously he acted as Alternate Director. He is also a director of a number of subsidiary companies.

Marcantonio Stagno d'Alcontres - Mr Stagno d'Alcontres is a senior banker with more than 30 years of international banking experience. He joined Banco di Sicilia in 1976 and after a 4 years spell in London was seconded to Singapore as regional representative for Asia. In 1990 he moved back to London to become General Manager of local branch of BdS as responsible for the bank's business development for Western Europe. In 2004 he moved to Arab Bank p.l.c., Amman, later Europe Arab Bank p.l.c., as Executive Country Manager for Italy, position held till 2009 when he was appointed advisor to the Prime Minister's Office for the Economic Development of Italy's Southern Regions. Mr Stagno d'Alcontres holds a degree in Business Management from Messina University and a Masters in International finance from the Manchester Business School.

Dr Max. Ganado LL.D - Dr Max Ganado is a lawyer by profession and is currently acting as Managing Partner of Ganado & Associates, one of the leading law firms in Malta. He has been practising commercial law since 1983 following specialisation in maritime law in Canada after graduating from the University of Malta. He was until recently the financial services partner of the firm and has been very involved in the practice of commercial law in Malta. He has been a Director of Simonds Farsons Cisk p.l.c. since 2004 and is a member of the Audit Committee and the Related Parties Committee of the Board.

Roderick E. D. Chalmers M.A. Div (Edin.), F.C.A., A.T.I.I., F.C.P.A., M.I.A., - Mr Chalmers was appointed to the Issuer's board on 24 May 2006. He was also appointed Chairman of the Board of Bank of Valletta p.l.c. in November 2004. Mr Chalmers also chairs the Middlesea Valletta Life Assurance Co Ltd, Valletta Fund Management Limited and Valletta Fund Services Limited boards, and is a member on the boards of Middlesea Insurance p.l.c., Gasan Group Limited, Alfred Gera & Sons Limited and Global Sources Limited, a NASDAQ listed company. Between 1984 and 2000, Mr Chalmers was a Partner and Managing Partner with Coopers and Lybrand, (later PricewaterhouseCoopers), Hong Kong, Chairman of the firm's South East Asia Regional Executive and a member of the International Board of Directors. Upon the merger of Coopers & Lybrand and Price Waterhouse in 1998, he was appointed Chairman, Asia-Pacific, for PricewaterhouseCoopers, until his retirement in 2000. He was also a member of the PwC Global Management Board. Mr Chalmers served as a non-executive director of the Hong Kong Securities and Futures Commission and was also a member of the Takeovers and Mergers Panel. He was appointed by the Financial Secretary of Hong Kong to sit on the Banking Advisory Committee.

Marina Hogg - Ms Hogg's early career spanned postings within the accounting divisions of Grand Hotel Verdala and subsequently with the Issuer. In 1980, Ms Hogg moved to the United Kingdom where she worked for James Buchanan & Company Limited, distillers of Black & White whisky. Ms Hogg is a director of Hogg Capital Investments Limited and heads up the company's investment administration team as well as being responsible for the day to day running of all of its related business units. She has been a director of Simonds Farsons Cisk p.l.c. since 2008 and is a member of the Audit Committee and the Remuneration Committee of the Board.

17.1.2 Remuneration of Directors
In terms of Article 27 of the Issuer's Articles of Association, the remuneration of the Directors shall from time to time be determined by the Issuer in General Meeting.

The maximum aggregate emoluments of all Directors in any one financial year shall be such amount as may from time to time be determined by the Issuer in General Meeting, and the amount so determined shall be divided by the Directors in office in such proportions as the Board may agree. The maximum aggregate amount and any increase thereof shall be notified in the notice convening the General Meeting (Article 27 of the Articles of Association of the Issuer). The Directors may also be paid all travelling, accommodation and other expenses properly incurred by them in connection with the business of the Issuer (Article 28 of the Articles of Association of the Issuer). A Director may act in any professional or technical capacity for the Issuer, except as auditor of the Issuer, and shall be entitled to remuneration as if he were not a Director (Article 29 of the Articles of Association of the Issuer).

Total aggregate emoluments paid to the Directors by the Issuer for the year ended 31 January 2010 amounted to €290,000 as determined by the Issuer in General Meeting. It is estimated that this amount will remain at the same level for 2010.

Except for the Managing Director, no other Director is employed or has a service with the Company or any of its subsidiaries. The remuneration of the other Directors is determined on the basis of their responsibilities, time committed to the Group's affairs, including attendance at regular board meetings, serving on boards of subsidiaries and associated companies and work done in connection with the various sub-committees of which they are members.

No Director (including the Managing Director) is entitled to profit sharing, share options or pension benefits, and there are no outstanding loans or guarantees provided by the Company or any of its subsidiaries to any Director.

17.1.3 Loans to Directors
As at the date of this Prospectus, there are no loans granted, or guarantees given, by the Issuer or any of its subsidiary companies to or on behalf of any of the Directors. There are no assets which have been leased or otherwise transferred by or to the Company or any of its subsidiaries in which any of the Directors has an interest, direct or indirect, nor are any such leases or transfers being proposed.

17.1.4 Appointment and Removal of Directors
In terms of clause 20 of the Articles of Association of the Issuer every shareholder owning 12.5% of the ordinary issued share capital of the Issuer or more shall be entitled to appoint one Director for each 12.5% of the ordinary share capital owned by such shareholder. Any remaining fractions will be disregarded in the appointment of the said Directors but may be used in the election of further Directors. All or any of the Directors appointed in terms of Article 20 may be removed at any time by their respective appointers or their successors. Any vacancy due to removal, resignation, death, incapacity or any other cause shall be filled by the respective appointers or their successors (Article 23).

In terms of clause 21 of the Articles of Association of the Issuer all shares not utilised for appointing Directors shall be entitled to fill the remaining posts of Directors at the Annual General Meeting of the Issuer. Only the aforesaid shares shall be entitled to vote at such election, which shall be conducted as follows:
a) one vote shall pertain to each share entitled to vote at this election;
b) the voting shall be conducted and supervised by a Commission composed of the Company Secretary, the Legal Advisors and a representative of the Auditors. The Commission will establish the procedures to be applied in the election. When the number of persons standing for election equals the number of vacancies which are to be filled, they shall be declared elected;
c) in the event of an election the persons obtaining the highest number of votes will be declared to fill the vacancies available.

No person shall be eligible for election in terms of the above-mentioned Article 21 unless not less than fourteen days before the date of the meeting appointed for such election, there shall have been left at the Registered Office of the Issuer a notice in writing signed by not less than ten shareholders duly qualified to attend and vote at such meeting, of their intention to propose such person and also a notice in writing signed by that person of his willingness to be elected (Article 22). Shareholders are entitled to fourteen days notice to submit names for the election of Directors in terms of Article 22.

17.1.5 Retirement of Directors
In terms of Article 24, all Directors elected under the provisions of Article 21 of the Issuer's Articles of Association shall retire from office at the first Annual General Meeting of the Issuer following their election.

A retiring elected Director shall be eligible for re-election (Article 25). The Issuer shall fill the vacated office at the General Meeting at which the elected Director retires in the manner laid down in Articles 21 and 22 of the Articles of Association of the Issuer.

17.1.6 Powers of Directors

The Directors are vested with the management of the Issuer, and their powers of management and administration primarily emanate directly from the Memorandum and Articles of Association of the Company and from local legislation. The Directors are empowered to act on behalf of the Company and in this respect have the authority to enter into contracts, sue and be sued in representation of the Company. In terms of the Memorandum and Articles of Association they may do all such things as are not by the Memorandum and Articles of Association reserved for the Issuer in General Meeting. The Directors may not vote at meetings of the Board on any proposal, issue, arrangement or contract in which they have a personal material interest.

Within the limit that the maximum aggregate emoluments of all Directors in any one financial year shall be such amount as may from time to time be determined by the Issuer in General Meeting, the Directors have the power to vote remuneration to themselves or any number of their body. Any increases in the maximum limit of Directors' aggregate emoluments have to be approved by the General Meeting.

In terms of the Memorandum and Articles of Association of the Issuer, the Board of Directors may exercise all the powers of the Issuer to borrow money and give security thereof, subject to the limit established in the Articles of Association and the overriding authority of the shareholders in General Meeting to change, amend, restrict and/or otherwise modify such limit and the Directors' borrowing powers. There are no provisions in the Memorandum and Articles of Association regulating the retirement or non-retirement of Directors over an age limit. The Board of Directors is responsible for the overall management of the business of the Company and for establishing policy guidelines for management, including responsibility for the appointment of all executive officers and other key members of management.

The Directors may also delegate any of its powers to committees consisting of such of its members as it deems fit (Article 45). In fact, as at the date of this Prospectus the following committees have been set up:

- Audit Committee
- Remuneration Committee
- Corporate Governance Committee
- Related Party Transactions Committee
- New Ventures/Acquisitions/Mergers Committee
- Board Performance Evaluation Committee

17.2 Employees

As at the date of this Prospectus, the Group has 736 full-time employee equivalents.

18. MANAGEMENT STRUCTURE AND SHAREHOLDING

18.1 Shareholders of the Issuer

Shareholders - Shareholders holding 5% or more of the equity share capital as at 12 April 2010:

Shareholder	Number of shares held	Percentage holding
M.S.M. Investments Limited (C25169)	7,948,862	26.50%
Farrugia Investments Limited (C25921	7,948,836	26.50%
Sciclunas Estates Limited (C1988)	7,896,164	26.32%

As at 12 April 2010 the Company's issued share capital is held by the following shareholders:

	Number of Shareholders	Respective Holding	Shareholding Percentage
Up to 500 shares	515	124,490	0.41%
501 - 1000 shares	317	224,727	0.75%
1001 - 5000 shares	696	1,608,825	5.36%
More than 5000 shares	228	28,041,958	93.48%
Total	1756	30,000,000	100%

Ordinary shares are of €0.30 each.

As at the date of this Prospectus there are no issued preference shares.

In terms of the Memorandum and Articles of Association of the Company, the holders of ordinary shares have equal voting rights.

18.2 Management structure of the Issuer

The Directors have appointed Mr Louis Farrugia as Managing Director of the Issuer and Mr Norman Aquilina as Chief Executive Designate. Also, in December 2001 a Group Executive Board (GEB) was set up to ensure effective overall management and control of the Group's business and proper co-ordination of the diverse activities undertaken by the various business units and subsidiaries which make up the Group. The seven members of the GEB itself are senior SFC executives with experience of the Group's business and proven professional ability, and each has a particular sphere of interest within his competence. Mr Louis Farrugia is the Chairman of the Group Executive Board.

18. 3 Senior Management of the Issuer

The Senior Management of the Issuer is vested in the Group Executive Board which deals with the day-to-day management of the Issuer. The Group Executive Board is currently composed of the following members:

- Louis A. Farrugia – Chairman and Group Chief Executive
- Norman Aquilina – Group Chief Executive Designate
- Charles Xuereb – Chief Financial Officer
- Paul Micallef – Chief Projects Officer
- Ray Sciberras – Chief Operations Officer
- Antoinette Caruana – Group Human Resources Manager
- Arthur Muscat – Company Secretary

The Group Executive Board was set up in December 2001 for the principal aim of management restructuring and continuing operational management. The Group Executive Board is responsible for both the effective management of the Group's business units and enterprises and the coordination of the diverse activities undertaken by these entities.

Hereunder is a brief *curriculum vitae* of each of the current members of the Group Executive Board:

Norman Aquilina – Group Chief Executive Designate. Mr Aquilina joined Farsons as Managing Director of Quintano Foods Limited when this business was acquired by the Group in 2004. In 2007, he was appointed Chief Commercial Officer and as from July 2009 took over the role of CEO Designate working closely with the current CEO, Mr Louis A Farrugia and with the Board of Directors, with a view to assuming the responsibilities of the CEO. Mr Aquilina is currently the Chairman of both the Competition Policy Committee and Fast Moving Consumer Goods Group within the Malta Chamber of Commerce, Enterprise & Industry. By appointment from the European Commissioner for Enterprise, he is also a member of the EC's Enterprise Policy Group. Previously he held the post of senior Vice-President of the Chamber and board member for the Malta External Trade Corporation. He is a graduate in International Trade and holds a diploma in business management. He furthered his studies at various management schools abroad and is an alumni of the Salzburg Seminar. He was also one of the first award winners of the Strickland Foundation.

Charles Xuereb B.A. (Hons) Accty, CPA, FIA, MIM - Chief Financial Officer. An accountant by profession, Mr Xuereb started his career at PricewaterhouseCoopers prior to joining Farsons in July 1995 as Chief Accountant of the Food Chain Group. In 2003 he was appointed Group Financial Services Manager and assumed the role of Financial Controller of Quintano Foods Limited in 2004. By 2005 he was appointed Chief Financial Officer responsible for the overall financial management of the Farsons Group. He is a council member of the Malta Association of Credit Management.

Paul Micallef B.Sc. – Chief Projects Officer. Mr Micallef joined the Farsons Group in 1984 bringing a wealth of experience in production management, product development and procurement. He occupied various senior management positions including that of Chief Operations Manager and lately, Chief Projects Officer.

Ing. Ray Sciberras M.B.A. (Warwick), B.Sc. (Eng), M.I.E.T., Eur. Ing. – Chief Operations Officer. An engineering graduate, Mr Sciberras completed a 5 year apprenticeship at the Malta Drydocks following which, he joined Farsons in 1981 as a Trainee Engineer. He assumed the role of Chief Engineer in 1985. During his tenure, the brewery development masterplan was formulated and the first phase, that of the beer processing block, was executed in 1990. He graduated with a Masters in Business Administration from Warwick University in 1992 and became General Manager for the Soft Drinks Business Unit in 1994. In 2004 he assumed the role of Chief Production Officer and in 2009 that of Chief Operations Officer.

Antoinette Caruana M.Sc. (Trg & Dev), B.A. (Hons), FCIPD – Group HR Manager. Ms Caruana is Group HR Manager of the Farsons Group. She has held a number of positions in the private sector including the posts of Chief HR Officer of Lufthansa Technik Malta and General Manager, HR of the Brandstaetter Group. She was also Chief Executive of the newly incorporated government agency, Heritage Malta between 2003 and 2006. She has specialised in human resource management and development and has also been actively involved in local industrial relations. Ms Caruana has consulted with various local organisations and lectured at the Faculty of Economics, Management and Accountancy, University of Malta. She is currently a director of the Central Bank of Malta, serves as employers' representative on the Industrial Tribunal, a trustee of the Richmond Foundation and was until recently, a director of the Foundation for Human Resources Development. She was chairperson of the Malta Professional and Vocational Qualifications Awards Council, director of the Employment and Training Corporation, and served as a core member of the Malta-EU Steering & Action Committee. She has addressed and presented papers for international as well as national conferences and contributed to local journals and publications.

Arthur Muscat B.A. – Company Secretary. Mr Muscat filled the position of Human Resources Manager of the Farsons Group of Companies for 30 years, up to 2009. His specialisation over the years has been in the fields of HR management and Industrial Relations. He is a trustee of the Farsons Foundation. He served as President of the Malta Employers' Association during the years 2004 to 2006, served on the Malta Council for Economic and Social Development and serves as an employers' representative on the Industrial Tribunal. Since 2006, Mr Muscat is the Company Secretary of the Issuer.

19. CORPORATE GOVERNANCE

The Issuer supports the Code of Principles of Good Corporate Governance ("the Code") originally issued by the Exchange which now forms part of the Listing Rules. Save for the disclosure of the amount of emoluments payable to the Directors in an aggregate format rather than as separate figures for each Director as required by the Code, the Board deems that the Issuer has been fully compliant with the requirements of the Code.

19.1 Conflicts of Interests

In terms of Article 35 of the Articles of Association of the Issuer a Director who has declared his interest according to law in any matter being discussed by the Board shall not be precluded from attending the meeting and shall be counted in the quorum but may not vote on such a matter.

Ms Marina Hogg is a director of Hogg Capital Investments Limited and Mr Roderick Chalmers is the Chairman of the Board of Bank of Valletta p.l.c.. In this respect, both Ms Marina Hogg and Mr Roderick Chalmers declare that they will not provide any investment advice in respect of the Bonds.

19.1.1 Share Capital
The following Directors of the Issuer have the hereunder-mentioned beneficial interests in the share capital of the Issuer:

	Ordinary Shares held as at 31 January 2010	**Ordinary Shares held as at 12 April 2010**
Bryan A. Gera	93,840	93,840
Louis A. Farrugia	22,764	22,764
Vincent Curmi	6,067	6,067
Marquis Marcus J. Scicluna Marshall	5,857	5,857
Marina Hogg	12,698	12,698

Directors' interests listed above are inclusive of shares held in the name of the relative spouse and minor children as applicable. Mr Louis A. Farrugia has a beneficial interest in Farrugia Investments Limited and Farrugia Holdings Limited. Whilst Mr Marcantonio Stagno D'Alcontres has a beneficial interest in M.S.M. Investments Limited, Marquis Marcus J. Scicluna Marshall has a beneficial interest in Sciclunas Estates Limited and Mr Vincent Curmi has shares designated in the name of the Estate of the late Marchese John Scicluna. There has been no movement in the above stated shareholdings during the period from 31 January 2010 to 12 April 2010.

19.1.2 Assets, Contracts and Arrangements
As at the date of this Prospectus the Issuer has entered into a contract with Multigas Limited for the provision of carbon dioxide. Though the contract is in the normal course of the Issuer's business it was considered by the Company to be a related party transaction since it has Directors and shareholders in common with Multigas Limited. As a result, this contract and any other dealings with Multigas Limited are channelled through the Issuer's Related Party Transactions Committee as well as the Audit Committee.

Save for the above, no other private interests or duties unrelated to the Issuer which may or are likely to place any of them in conflict with any interests in, or duties towards, the Issuer, have been disclosed by the Directors.

19.2 Measures to Control Conflicts of Interest

The Issuer's corporate governance is based on a structure consisting of a Board of Directors, Audit Committee (for more details please see Section 20 below), Corporate Governance Committee, Remuneration Committee, Related Party Transactions Committee and a Board Performance Evaluation Committee. The Corporate Governance Committee, the Remuneration Committee and the Related Party Transactions Committee are described below.

The Corporate Governance Committee is presided over by the non-executive Chairman who is an independent director. Its terms of reference are to monitor, review and ensure the best corporate practices and report thereon to the board. Directors and senior officers, who want to deal in the Company's listed securities, are obliged to give advance notice to the board through the Chairman (or in his absence to the secretary of the board) and records are kept accordingly.

The Remuneration Committee is presided over by the non-executive Chairman of the company. Its terms of reference are to review from time to time and to report and make recommendations on the non-executive Directors' remuneration generally as well as on the CEO's conditions of service. In the case of the CEO or of any remuneration to an individual Director for extra services, the interested Director concerned, apart from not voting in terms of the SFC statute, does not attend the meeting during the discussion at committee or board level and decisions are therefore taken in his absence. The Committee is also required to evaluate, recommend and report on any proposals made by the Group Human Resources Manager relating to management remuneration and conditions of service.

Related Party Transactions Committee includes members such as Mr Bryan A. Gera, Dr Max Ganado, Marquis Marcus John Scicluna Marshall and Vincent Curmi. The Related Party Transactions Committee is presided over by the non-executive Chairman, who deals with and reports to the Board on all transactions with related parties. In the case of any Director who is a related party with respect to a particular transaction, such Director does not participate in the Committee's deliberation and decision on the transaction concerned. During 2006, control mechanisms relevant to the reporting of related party transactions have been strengthened by insuring that information is vetted and collated on a timely basis before reporting to the Related Party Transactions Committee for independent and final review of the transactions concerned.

20. AUDIT PRACTICES

20.1 Audit Committee – Composition, Function and Role

The Audit Committee consists of the Chairman, Mr Vincent Curmi, who is independent and competent in accounting, Dr Max Ganado, Marina Hogg and Marquis Marcus John Scicluna Marshall.They are all non-executive Directors.

The Audit Committee's primary objective is to assist the board in fulfilling its oversight responsibilities and to give advice on the effectiveness of the internal control systems and procedures, accounting policies, management of financial risks, financial reporting processes, as well as compliance with regulatory and legal requirements. The Audit Committee also approves and reviews the internal audit plan prior to the commencement of every financial year. The Audit Committee oversees the conduct of the internal and external audits and acts to facilitate communication between the Board, management, the external auditors and the group internal auditor.

The Audit Committee is appointed by the Board of Directors and meets at least four times in each financial year but meetings are convened as often as necessary at the instance of the Chairman, or of any Director, or when requested by the Board. The work of the Audit Committee encompasses the Issuer and all its subsidiaries, such that its audit functions cover the whole Group. Senior Managers and any other employee of the Group may attend any of the meetings of the Audit Committee as the latter may direct. The Audit Committee may invite any other person to attend any of its meetings including any other person whose technical, professional or expert advice may be needed. In particular general managers are required to attend when any report by the internal auditor relates to their business. The Chief Executive Officer of the Group has the right to request and attend any specific meeting of the Audit Committee. The internal auditor has the right of direct access at all times to the Chairman of the Audit Committee to whom s/he exclusively reports unless directed otherwise by the said Chairman. Following the end of each financial year the Chairman reports to the Board of Directors on the work of the Audit Committee.

Throughout the year ended 31 January 2010, the Audit Committee held six meetings. Audit Committee meetings are held mainly to discuss formal reports remitted by the group internal auditor but also to consider the external auditors' audit plan, the six-monthly financial results and the annual financial statements.

The external auditors are invited to attend specific meetings of the Audit Committee and are also entitled to convene a meeting of the Committee if they consider that it is necessary. The Chief Executive Officer and the Chief Financial Officer are also invited to attend Audit Committee Meetings. Members of management may be asked to attend specific meetings at the discretion of the Audit Committee. Apart from these formal meetings, the Audit Committee Chairman and the group internal auditor meet informally on a regular basis to discuss ongoing issues.

A Group internal audit department was established in September 1993 and has an independent status within the Group. In fact, the group internal auditor reports directly to the Audit Committee and has right of direct access to the Chairman of the Committee at all times. The internal auditor works on the basis of an audit plan which focuses on areas of greatest risk as determined by a risk management approach. The audit plan is approved by the Audit Committee at the beginning of the financial year, and subsequent revisions to this plan in view of any ad hoc assignments arising throughout the year, would have to be approved by the Audit Committee Chairman.

There exist formal terms of reference of the Audit Committee, which were approved during an Audit Committee held on 16 April 2003. The main role and responsibilities of the Audit Committee are:

- To assist the Board of Directors by carrying out an independent appraisal of and giving advice on internal control systems and procedures, financial reporting and compliance with regulatory and legal matters and corporate code of conduct;
- To review the half yearly and annual financial statements before submission to the Board, together with the Chief Executive Officer, Chief Financial Officer, external auditors and internal auditor, focusing particularly on:
    - any changes in accounting policies and practices;
    - major judgmental areas;
    - significant adjustments resulting from internal audit;
    - compliance with accounting standards, stock exchange and other requirements;
    - the going concern assumption; and
    - problems, reservations and any other significant matter raised by the external auditors;
- To review and report upon any financial information or statements submitted to the Board and intended for publication when so required by the Board of Directors;
- To review and report upon the external auditors' management letter and management's response;
- To advise the Board on all matters relating to the external auditors;
- To review and monitor the internal auditor's plan of work for the whole Group and facilitate coordination between the external and internal audit function;
- To ensure the effectiveness of the internal audit function within the Group and in particular to ensure together with the Chief Executive Officer that adequate procedures are in place whereby internal audit reports/recommendations are properly considered by managers concerned and corrective action taken as may be necessary. Meetings will be held as appropriate with the head of the units concerned;
- To review and make recommendations as may be appropriate to the Chief Executive Officer on major findings of the internal auditor and the management's response thereto; and
- To carry out, at the specific request of the Board of Directors or on its own initiative, such other tasks related to the above as may be deemed to be necessary.

21. FINANCIAL INFORMATION

This document makes reference to the financial statements of the Issuer for the financial years ended 31 January 2008, 31 January 2009 and 31 January 2010. The financial statements referred to have been audited by PricewaterhouseCoopers and copies thereof are available for inspection as set out in Section 23.4 of Part C below.

There is no material adverse change in the financial or trading position of the Issuer which occurred since the end of the financial period to which the audited financial statements for the year ended 31 January 2010 relate.

22. LITIGATION

Neither the Issuer nor any member of the Group is or has been engaged in nor, so far as the Issuer or any member of the Group is aware, has pending or threatened, any governmental, legal or arbitration proceedings which may have, or have had during the 12 months preceding the date of this Prospectus, a significant effect on the Issuer's financial position or profitability.

23. ADDITIONAL INFORMATION

23.1 Share Capital

There are no restrictions on transfers of shares between shareholders. All transfers of shares shall be executed in writing and must be registered with the Issuer by the transferor. Until a transfer is registered with the Issuer, the transferee acquires no rights as a shareholder under the transfer.

The Issuer is authorised to purchase its own shares subject to the relevant provisions of the Companies Act. Directors are not allowed to participate in an issue of shares unless so authorised by the shareholders in a General Meeting (Article 3).

In terms of Article 4(a) of the Issuer's Articles of Association whenever shares are proposed to be allotted for consideration in cash, such shares shall be offered on a pre-emptive basis to shareholders in proportion to their share capital provided that for a particular allotment the right of pre-emption may be restricted or withdrawn by extraordinary resolution of the General Meeting, in which case the Board of Directors shall be required to present to that General Meeting a written report indicating the reasons for restriction or withdrawal of the right of pre-emption and justifying the proposed issue price.

Article 5(a) of the Issuer's Articles of Association states for a maximum period of five years renewable for further periods of five years each the Board of Directors is authorised to issue 21,000,000 preference shares of €1.00 each.

In terms of Article 6 of the Issuer's Articles of Association the Issuer is authorised to issue redeemable preference shares which shall be entitled to an annual dividend on their nominal value as may be determined by the Directors and such dividend will rank prior to any dividends paid on ordinary shares. In the event that the Issuer goes into liquidation before the preference shares are redeemed, the preference shareholders shall rank prior to ordinary shareholders in the distribution of assets (Article 9).

The Issuer has no founders, management or deferred shares. No person has, or is entitled to be given, an option to subscribe for shares in or debentures of the Issuer, except that the Issuer will be giving preference to applications for the Bonds made by existing holders of the Bonds 2010-2012 and to applications for the Bonds made by employees of the Farsons Group, Directors of the Issuer and shareholders of the Issuer as described in Section 24.3 of Part D of this Prospectus. No amount or benefit was paid or given or is intended to be paid or given to any promoter. There were no commissions, discounts, brokerage or other special terms granted during the two years immediately preceding the publication of this document in connection with the issue or sale of any capital of the Issuer.

23.2 Objects Clause

The objects of the Issuer are listed in clause three (3) of the Memorandum of Association. The principal objects are:

(i) to carry on the business of brewers, maltsters, distillers and vintners, mineral and aerated water manufacturers, wine and spirit merchants; to produce, manufacture and blend all kinds of beer, ale, stout and lager as well as any other alcoholic and non-alcoholic beverages, fruit squashes, fruit juices, cordials and table waters by any process of manufacture in Malta and elsewhere; and to import, export, sell, distribute and otherwise deal either in wholesale or retail in such goods as well as in any syrups, juices, essences, concentrates and any other raw materials, substances, goods and things capable of being used in any of the Issuer's business in Malta and elsewhere;

(ii) to carry on the business of hoteliers, victuallers, restauranteurs, suppliers and caterers, as well as of wholesalers and retailers of wines, spirits, foodstuffs and accessories thereto, and for such purpose to erect, construct, maintain, alter and develop, purchase and take on lease of emphyteusis, lands, sites and buildings of all kinds, to furnish and equip the same and to do and perform any act or thing which may be necessary or expedient in connection therewith;

(iii) to manufacture in Malta and elsewhere, bottles, crates, crown-corks, stoppers, printed matter, cartons and any other container and accessory required for the manufacture or to enhance the appearance of the said goods; and to import, export, sell, distribute and otherwise deal in such goods, as well as in any raw materials required for the manufacture of such goods;

(iv) to purchase, take on lease, exchange or acquire by any other title any property moveable or immoveable or any interest therein, plant, machinery, furniture and fittings, whether permanent fixtures or otherwise, patents, patent rights, concessions, licences, rights and privileges which the Company may think necessary or convenient for the purpose of its business or any of them and to sell, lease, let or hire, develop and dispose of such property in whole or in part or otherwise turn the same to the advantage of the Issuer;

(v) to expand, develop and diversify the business of the Issuer in such manner as the Board of Directors may deem necessary and opportune, and for such purpose to carry out such further research and experiments both in Malta and abroad, to engage such persons or bodies of persons and to expend such monies as may be considered reasonably necessary for the purpose of the foregoing.

23.3 Material Contracts

The Issuer has not entered into contracts of a material nature which were not in the ordinary course of its business.

23.4 Documents on Display

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

(a) Memorandum and Articles of Association;
(b) Audited Financial Statements of the Issuer for the financial year ended 31 January 2010;
(c) Audited Financial Statements of the Issuer for the financial year ended 31 January 2009;
(d) Audited Financial Statements of the Issuer for the financial year ended 31 January 2008;
(e) Searches of privileges and hypothecs carried out from 11 November 1971 up to 10 March 2010.

As at the date of this Prospectus the Issuer will have uploaded its Audited Financial Statements on its website www.farsons.com for the financial year ended on 31 January 2010.

PART D: INFORMATION ABOUT THE BONDS

24. DETAILS OF THE OFFER AND ADMISSION TO TRADING

24.1 The Bond Issue

The Issuer is issuing six per cent (6%) Bonds due 2017-2020 for an aggregate principal amount of €15,000,000. The Bonds, having a nominal value of €100 each, will be issued at par and shall bear interest at the rate of 6% per annum payable annually in arrears on 15 June of each year, the first such payment to be made on the 15 June 2011. The Bonds will be redeemed on 15 June 2020, subject to the Issuer's option to redeem earlier all or any of the Bonds at any date between 15 June 2017 and 14 June 2020, as the Issuer may determine on giving not less than thirty (30) days' notice.

The Bond Issue is not underwritten. In the event that the total aggregate principal amount of the Bonds amounting to €15,000,000 is not fully subscribed, no allotment of the Bonds shall be made, the Applications shall be deemed not to have been accepted by the Issuer and all money received from Applicants shall be refunded accordingly.

24.2 Distribution of the Bonds

The Bonds are open for subscription to Preferred Applicants (as defined in Section 24.3 below Part D of this Prospectus) as well as to the public (as better described in Section 24.3 below).

Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers.

24.3 Allocation Policy

The Issuer will be giving preference to applications for the Bonds to the following categories of applicants:

- existing holders of the Bonds 2010-2012 as held on 6 May 2010 ("the Cut-Off Date") who will be participating in the Bond Exchange Programme (as described in Section 24.4 below) ("Existing Holders")
- shareholders of the Issuer at the Cut-Off Date ("Shareholders")
- Directors of the Issuer and employees of the Farsons Group at the Cut-Off Date excluding their spouses and dependants ("Employees")

(hereinafter collectively referred to as "the Preferred Applicants").

The Issuer will be reserving an amount of €10,000,000 or 66.66% of the full amount of the Offering for allocation to the Existing Holders and will furthermore be reserving a further amount of €1,000,000 for allocation to Shareholders and Employees (the two reserved amounts hereinafter collectively referred to as "the Preferred Portion").

Applications for the Bonds made by Existing Holders will be satisfied in full up to the level of their existing holding in the Bonds 2010-2012, provided that no application for the Bonds shall be less than €1,100 and for an amount that is not an integral multiple of €100.

Applications received from Existing Holders for amounts in excess of their existing holding shall be satisfied by allocation from any unallocated part of the reserved amount of €10,000,000. In the event that the aggregate excess amounts of such Applications cannot be satisfied in full from the balance of the reserved amount of €10,000,000, the excess amounts of such Applications will be scaled down in proportion to the aggregate excess amounts of such Applications.

Shareholders and Employees will also be given preference for allocation purposes, provided that the amount allocated to Shareholders and Employees shall not exceed €1,000,000. A person who qualifies both as a Shareholder and an Employee shall be entitled to be given a preference in both such capacities. In the event that the aggregate amount of Applications received from Shareholders and Employees is in excess of the reserved amount of €1,000,000 such allocation shall be made on a pro rata basis, if possible respecting the minimum subscription amount of €1,100.

Applications received from Existing Holders that cannot be satisfied from the reserved amount of €10,000,000 and Applications received from Shareholders and Employees that cannot be satisfied from the reserved amount of €1,000,000 will automatically be carried forward for participation, on a *pari passu* basis, with Applications received from non-preferred applicants in the Public Offer.

In the event that the Preferred Portion is not taken up by the Preferred Applicants in its entirety, such unutilised portion shall immediately become available for allocation to the public in the Public Offer.

In all cases the Issuer shall, if possible, respect the minimum subscription amount of €1,100.

Save for the above, the Issuer will announce the allocation policy for the allotment of the Bonds within five (5) Business Days of the closing of subscriptions in, at least, one newspaper. It is expected that an allotment advice to Applicants will be dispatched within five (5) Business Days of the announcement of the allocation policy.

Dealing shall commence upon admission to trading of the Bonds by the Exchange and subsequent to the above-mentioned notification.

24.4 Bond Exchange Programme

The Issuer has reserved €10,000,000 or 66.66% of the maximum aggregate amount of Bonds being issued for subscription by Existing Holders (as described in Section 24.3 above).The Existing Holders shall use the pre-printed Application Form to be mailed directly by the Issuer and shall be required to submit same to Authorised Intermediaries together with cleared funds, if applicable (as described below), during the Preferred Applicants Period.

By virtue of the submission of the duly completed Application Form, Existing Holders shall indicate their agreement to settle the consideration for the Bonds by surrendering in the Issuer's favour for cancellation all or part of the Bonds 2010-2012 together with the payment of such additional amount in cash as may be required. Such surrender and cancellation shall be without prejudice to the rights of the Existing Holders to receive interest on the Bonds 2010-2012 up to and including 2 November 2010.

The Issuer shall settle in cash the difference between the interest accruing at the rate of 6.6% on the Bonds 2010-2012 and the interest accruing at the rate of six per cent (6%) on the Bonds from the Issue Date up to the 2 November 2010 to all Existing Holders applying within the Preferred Applicants Period and who, as a result, have elected to settle their consideration for the Bonds by surrendering and cancelling all or part of their holding of the Bonds 2010-2012 to the Issuer as described above. Payment of the aforesaid difference shall be made on the Issue Date together with the payment of the interest accruing at the rate of 6.6% on the Bonds 2010-2012 which is due to the Existing Holders from 2 November 2009 up to the Issue Date.

By submitting the signed pre-printed Application Form (whether in whole or in part consideration for the Bonds being applied for) together with the payment of such additional amount in cash as described above, Existing Holders shall be deemed to confirm that:

(a) all or part (as the case may be) of their holding of the Bonds 2010-2012 indicated in the said Application Form are being surrendered in favour of the Issuer for cancellation; and

(b) the pre-printed Application Form constitutes the Existing Holders' irrevocable mandate to the Issuer to:
   i. surrender the said Bonds 2010-2012 in the Issuer's favour for cancellation; and
   ii. engage the services of such brokers or intermediaries as may be necessary to fully and effectively carry out all procedures necessary with the MSE for the surrender and cancellation of the said Bonds 2010-2012 and to fully and effectively vest title in the appropriate number of Bonds in the Existing Holder.

Any Existing Holder wishing to surrender and cancel all or part of their Bonds 2010-2012 in exchange of the Bonds shall only be entitled to do so during the Preferred Applicants Period.

24.5 Placing Arrangements

The Issuer is making an offering of Bonds to Preferred Applicants (as defined in Section 24.3 Part D of this Prospectus) as well as to the public (as better described in Section 24.3 Part D of this Prospectus). The Bonds will be available for subscription in two tranches:

- for Preferred Applicants during the Preferred Applicants Period commencing on 20 May 2010 up to and including 28 May 2010; and
- for the public during the Public Offer Period commencing on 1 June 2010, up to and including 8 June 2010, subject to right of the Issuer to close subscription lists before such date in the case of over-subscription.

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

24.6 Refunds

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

24.7 Admission to Trading

The Bonds are expected to be admitted to the Official List of the Exchange with effect from 24 June 2010 and trading is expected to commence on 25 June 2010.

24.8 Expenses of the Issue

Professional fees, costs related to publicity, advertising, printing, listing, registration, sponsor, management and registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue, are estimated not to exceed €400,000 and shall be borne by the Issuer.The overall amount of the placing commission payable to Authorised Intermediaries will not exceed €150,000.

25. OFFER STATISTICS AND EXPECTED TIMETABLE

25.1 Offer Statistics

Issuer:	Simonds Farsons Cisk p.l.c., a company registered in Malta with registration number C113 (the **"Issuer"**);
Issue:	Six per cent (6%) Bonds due 2017-2020 (the **"Bonds"**);
ISIN:	MT0000071226;
Amount:	An aggregate principal amount of €15,000,000;
Form:	The Bonds will be issued in fully registered non-certificated form, without interest coupons. Certificates will not be delivered to Bondholders in respect of the Bonds as each Bondholder will be registered in dematerialised form and will be represented by an appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository, or as may be stipulated by the Exchange Bye-Laws from time to time;
Denomination:	Euro (€);
Minimum amount per Subscription:	Minimum of one thousand one hundred euro (€1,100) and integral multiples of one hundred euro (€100);
Redemption Date:	15 June 2020, subject to redemption of all or part of the Bonds earlier than their Redemption Date, at the option of the Issuer, as described herein;
Issue Price:	At par (€100 for each Bond);
Status of the Bonds:	The Bonds shall constitute the unsecured obligations of the Issuer and will rank *pari passu* without any priority or preference with all other present and future unsecured obligations of the Issuer;
Listing:	Application has been made to the Listing Authority for the admissibility of the Bonds to listing and to the Exchange for the Bonds to be listed and traded on its Official List;
Offer Period:	The periods between 20 May 2010 and 28 May 2010 and between 1 June 2010 and 8 June 2010 (or such earlier date as may be determined by the Issuer) during which the Bonds are on offer;
Preferred Applicants Period:	The first part of the Offer Period during which the Bonds are on offer only to Preferred Applicants between 20 May 2010 and 28 May 2010;
Public Offer Period:	The second part of the Offer Period during which the Bonds are on offer to the general public between 1 June 2010 and 8 June 2010 (or such earlier date as may be determined by the Issuer in the event of over-subscription);
Interest:	Six per cent (6%) per annum for each of the Bonds;
Yield:	The gross yield calculated on the basis of the interest, the Issue Price and the Redemption Value of the Bonds at maturity is six per cent (6%) for each of the Bonds;
Interest Payment Date(s):	15 June of each year, between 2011 and the year in which the Bonds are redeemed (both years included), the first such payment to be made on 15 June 2011, provided that if any such day is not a Business Day, interest accrued up to and including the Interest Payment Date will be paid on the next following day that is a Business Day;
Redemption Value:	At par (€100 for each Bond);
Designated Optional Redemption Dates:	The Issuer has the option to redeem all or any part of the Bonds at their nominal value earlier than the Redemption Date on any day falling between 15 June 2017 and 14 June 2020 (both dates included) by giving not less than thirty (30) days advance notice in writing to Bondholders;
Manager & Registrar:	HSBC Bank Malta p.l.c.;
Sponsor:	Curmi & Partners Limited;
Notices:	Notices will be mailed to Bondholders at their registered addresses and shall be deemed to have been served at the expiration of twenty four (24) hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his/her registered address and posted;
Governing Law:	The Bonds are governed by and shall be construed in accordance with Maltese law;
Submission to Jurisdiction:	The Maltese Courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts.

25.2 Expected Timetable of Principal Events

Application Forms mailed to Preferred Applicants	12 May 2010
Application Forms Available	14 May 2010
Preferred Applicants Period opens	20 May 2010
Preferred Applicants Period closes	28 May 2010
Public Offer Period opens	1 June 2010
Public Offer Period closes	8 June 2010
Announcement of basis of acceptance	15 June 2010
Commencement of interest on the Bonds	15 June 2010
Expected dispatch of allotment advices and refund of unallocated monies	22 June 2010

The Issuer reserves the right to close the Offering before 8 June 2010 in the event of over-subscription, in which case, the remaining events set out in the "Expected Timetable of Principal Events" shall be anticipated in the same chronological order in such a way as to retain the same number of Business Days between the said principal events.

26. INFORMATION CONCERNING THE SECURITIES

26.1 Description and Type of Securities

Once issued, the Bonds shall constitute the debt obligations of the Issuer that bind the Issuer to pay to Bondholders interest on each Interest Payment Date and the nominal value of the Bonds on the Redemption Date or a Designated Optional Redemption Date, as the case may be. The Bonds shall be issued at a nominal value of €100 for each Bond.

The Bonds have been created in terms of the Companies Act. The Bonds will be issued in fully registered form, without interest coupons. If and for as long as the Bonds are admitted to listing on the Exchange, certificates will not be delivered to Bondholders in respect of the Bonds as each Bondholder will be registered in dematerialised form by an appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository, or as may be stipulated by the Exchange Bye-Laws from time to time.

Subject to the admission to listing of the Bonds to the Official List of the Exchange, the Bonds are expected to be assigned the following ISIN code: MT0000071226.

26.2 Status

The Bonds shall constitute the unsecured obligations of the Issuer and will rank *pari passu* without any priority or preference with all other present and future unsecured obligations of the Issuer.

In terms of Article 1995 of the Civil Code (Chapter 16 of the Laws of Malta), the property of a debtor is the common guarantee of his creditors, all of whom have an equal right over such property, unless there exist between them "lawful causes of preference". Privileges and hypothecs are "lawful causes of preference". Accordingly any debts which are secured by privileges and hypothecs, whether existing now or which may come into existence in the future would rank prior to the indebtedness arising under the Bonds.

From searches which were carried out from 11 November 1971 up to 10 March 2010 it results that the Issuer has granted various privileges and hypothecs to secure its indebtedness, mainly *vis-à-vis* its banks.

The hypothec numbers of the existing registered privileges and hypothecs, in respect of which the Issuer is debtor, as resulting from searches carried out from 11 November 1971 up to 10 March 2010, are listed below:

7,685/71 as renewed by HR 5/02; 8,074/1973; 9,303/75 as renewed by HR 18/05; 7,122/76; 7,123/76; 2,911/78 as renewed by HR 14/07; 4,087/81; 4,088/81; 1,173/86; 1,988/86; 12,687/88; 12,688/88; 15,698/97; 12,960/00; 5,419/02; 14,482/03; 14,483/03; 7,824/04; 14,391/05; 14,521/05; 15,030/05; 16,963/05; 2,518/06; 2,756/06; 2,757/06; 2,759/06; 19,293/06; 11,795/07.

The searches of existing registered privileges and hypothecs in respect of which the Issuer is debtor are available for inspection at the offices of the Issuer.

The indebtedness being created by the Bonds ranks after all these debts and, in addition, would also rank after any future debts which may be secured by a cause of preference such as a privilege and a hypothec.

Bonds 2010-2012
Pursuant to an offering memorandum dated 1 October 2002 the Issuer issued Lm4,000,000 (equivalent to €9,317,493.59) 6.6 per cent (6.6%) Bonds due 2010-2012 ("the Bonds 2010-2012"). Under the terms and conditions applicable to the Bonds 2010-2012, the Bonds 2010-2012 are to be redeemed at their principal amount (together with interest accrued to the date fixed for redemption) on 2 November 2010, 2 November 2011 or 2 November 2012, as the Issuer may determine. Where

redemption is to be made on 2 November 2010 or 2 November 2011 not less than sixty (60) days' notice must be given. The Issuer will be redeeming the Bonds 2010-2012 on 2 November 2010.

The Bonds 2010-2012 constitute general, direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu*, without any priority or preference, with all other present and future unsecured and unsubordinated obligations of the Issuer.

Bank Loan of €7.5 million
Following a sanction letter dated 15 February 2010 the Issuer raised €7.5 million specifically for the New Brewhouse Project. The new facility will be secured by a cause of preference such as a privilege and/or a hypothec over the Group's property and consequently, the indebtedness being created by the Bonds will rank after this debt.

26.3 Terms and Conditions of the Bonds

The full terms and conditions applicable to the Bonds are contained in Section 27 of Part D of this Prospectus.

26.4 Interest

The Bonds shall accrue interest at the rate of 6% per annum payable annually on 15 June of each year. Interest shall accrue as from the Issue Date. The first Interest Payment Date shall be 15 June 2011.

26.5 Maturity and Redemption

The Bonds shall become due for final redemption on 15 June 2020. The Issuer reserves the right to redeem the Bonds or any part thereof earlier than the Redemption Date at any date between 15 June 2017 and 14 June 2020, as the Issuer may determine, on giving not less than thirty (30) days notice to Bondholders. Redemption of the Bonds shall be made at the nominal value of the Bonds. In addition, the Issuer reserves the right to purchase Bonds from the market at any time after issue.

26.6 The Offer

The Bonds shall be issued and offered to Preferred Applicants as well as to the public. The Issuer shall not, unless due notice in writing is given to it, verify the relations existing between an Intermediary and its clients and shall at all times recognise as a Bondholder the person registered as such in the register of bonds held for this purpose.

26.7 Authorisations

The issue of the Bonds was authorised by the Issuer's Board of Directors by resolution dated 26 April 2010. The Listing Authority authorised the Bonds as admissible to listing on the Official List of the Exchange pursuant to the Listing Rules by virtue of a letter dated 10 May 2010.

26.8 Expected date of issue of the Bonds

The expected date of issue of the Bonds is 15 June 2010.

26.9 Reserve Account

The Issuer will, with effect from 1 February 2012, over the period up to the Redemption Date, build a reserve the value of which, will by the end of such period be equivalent to 50% of the aggregate outstanding principal amount of the Bonds at the relevant time with a view to funding in part the repayment of capital on the Bonds on the Redemption Date. Transfers to the reserve will be made out of the Issuer's net cash flows from operating activities, that is, operating profits adjusted for non-cash items and movements in working capital, net of capital expenditure of an ordinary nature and payment of taxes.

The proceeds constituting this reserve (the "Reserve Account") shall be registered in the name of a custodian, independent of the Issuer and licensed by the Malta Financial Services Authority under the Investment Services Act, 1994 (Cap.370) to hold clients' monies or assets or licensed to carry on the business of banking in terms of the Banking Act ("the Custodian"), who is to take control of such proceeds and which proceeds will be segregated from the remaining assets of the Issuer.

The Custodian will, further to a request made by the Issuer, invest funds for the purpose of the Reserve Account provided that, save where market conditions may dictate otherwise from time to time, the investment of these proceeds will only be made either for the purpose of the Issuer buying back Bonds for cancellation in terms of Section 27.6 of Part D of this Prospectus, or for investing in such instruments, debt and/or money market securities issued or guaranteed by any sovereign state or any supranational authority within the Euro zone or which is a member of the OECD, or other debt securities which are rated as 'A' or better by a recognized international rating agency, denominated in Euro, or in debt and/or money market securities issued by credit institutions regulated by the Malta Financial Services Authority.

In making such investment decisions, the Board of Directors will apply the necessary level of prudence, taking into account the then current market circumstances and the obligations of the Issuer over the term of the Bond. The Directors shall keep under review their investment policies with respect to the assets constituting the Reserve Account for the term of the Bond and shall determine the asset allocation of the Reserve Account with a view to creating as balanced and diversified a portfolio of assets as can reasonably be considered practicable in the then current market and overall economic conditions. Furthermore the Custodian shall be obliged to ensure that the proceeds of the Reserve Account are invested and / or used in accordance with the terms of this Section 26.9.

The Custodian shall ensure that the proceeds constituting the Reserve Account, are used solely for the cancellation or redemption of the Bonds; provided that the Issuer may, with the prior consent of the Custodian, create a general hypothec and/or privilege over the proceeds constituting the Reserve Account and provided further that on an exceptional basis, and with the prior consent of the Custodian, the proceeds constituting the Reserve Account may be used by the Issuer as collateral to obtain further financing for the Issuer when the Issuer is experiencing severe liquidity problems.

In the event of the winding up or insolvency of the Issuer, the proceeds constituting the Reserve Account shall become available to all creditors of the Issuer and consequently Bondholders will continue to rank *pari passu* without any priority or preference with all other present and future unsecured obligations of the Issuer.

The Custodian may, but shall not be required or bound to, ensure or otherwise procure the creation and funding of the Reserve Account by the Issuer. In the event of a cancellation or redemption in full of all outstanding Bonds, any funds remaining in the Reserve Account thereafter shall be transferred by the Custodian to the Issuer.

In lieu of the creation of the Reserve Account as described above the Issuer may, subject to the prior approval of the Listing Authority, opt to provide a bank guarantee from a reputable bank regulated by the Malta Financial Services Authority.

26.10 Taxation

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

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which 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.

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 unless the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act, (Cap. 123, Laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to Article 33 of the Income Tax Act (Cap. 123, Laws of Malta). Bondholders who do not fall within the definition of a "recipient" do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder need not declare the interest so received in his income tax return. No person shall be charged to further tax in respect of such income. Furthermore, tax withheld shall in no case be available to any person for a credit against that person's tax liability or for a refund as the case may be.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his income tax return and be subject to tax on it at the standard rates applicable to that person at that time. Additionally in this latter case the Issuer will advise the Inland Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients unless the beneficiary is a non-resident of Malta. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

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

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

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

Duty on documents and transfers
In terms of Article 50(2) of the FMA, as the Bonds constitute financial instruments of a company quoted on a Recognised Investment Exchange, as is the Exchange, redemptions and transfers of the Bonds is exempt from Maltese stamp duty.

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

27. TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions, which will be applicable to the Bonds (the **"Bond Conditions"**). Each Bondholder and any person claiming through or under a Bondholder is deemed to have notice and knowledge of, and is bound by, these Bond Conditions.

27.1 General

Each bond forms part of a duly authorised issue of six per cent (6%) Bonds due 2017-2020 having a nominal value of €100 each (the **"Bonds"**) of Simonds Farsons Cisk p.l.c. (the **"Issuer"**) for an aggregate principal amount of €15,000,000.

27.2 Form, Denomination and Title

The Bonds will be issued in fully registered form, without interest coupons, in denominations of integral multiples of one hundred euro (€100) provided that on subscription they will be issued for a minimum of one thousand one hundred euro (€1,100). If, and for as long as the Bonds are admitted to listing on the Exchange, certificates will not be delivered to Bondholders in respect of the Bonds as each Bondholder will be registered in dematerialised form by an appropriate entry in the electronic register maintained on behalf of the Issuer at the Central Securities Depository, or as may be stipulated by the Exchange Bye-Laws from time to time. The nominal value of each Bond is being established to facilitate trading therein. The Bonds, and transfer thereof, shall be registered as provided under Section 27.8 below. A person in whose name a Bond shall be registered shall (to the fullest extent permitted by law) be treated at all times and for all purposes as the absolute owner of such Bond regardless of any notice of ownership or trust.

27.3 Status - Unsecured

The Bonds constitute unsecured obligations of the Issuer and rank *pari passu* without any priority or preference with all other present and future unsecured obligations of the Issuer.

27.4 Interest

(1) The Bonds bear interest from and including 15 June 2010 or an anticipated date as provided in terms of Section 25.2 (the **"Issue Date"**) at the rate of 6% per annum on the nominal value thereof, payable annually in arrears on 15 June of each year, commencing on 15 June 2011 (each such day, an **"Interest Payment Date"**): 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 period commencing on and including one Interest Payment Date (or in the case of the first such period, commencing on and including the Issue Date) and ending on but excluding the immediately following Interest Payment Date is referred to in these Bond Conditions as an **"Interest Period"**.

(2) 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 or at the rate of two per cent (2%) per annum above the European Central Bank's Refinancing Rate in respect of the Bonds, whichever is the greater.

(3) When interest is required to be calculated for any period of less than a full Interest Period, it shall be calculated on the basis of the actual number of days elapsed from and including the most recent Interest Payment Date, or as appropriate, the Issue Date divided by the actual number of days (365 or 366 as the case may be) in the respective year.

27.5 Payments

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

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

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

27.6 Redemption and Purchase

(1) The Bonds will be redeemed at their nominal value (together with interest accrued to the due date for redemption) on 15 June 2020 (the **"Redemption Date"**). The Issuer reserves the right to redeem earlier all or any of the Bonds on any date between 15 June 2017 and 14 June 2020 (both dates included), as the Issuer may determine, on giving not less than thirty (30) days' notice (**"**a **Designated Optional Redemption Date"**). Any notice of a Designated Optional Redemption Date shall specify the number of Bonds that the Issuer has opted to redeem on the Designated Optional Redemption Date and, if not all the Bonds are to be redeemed, the manner in which the Issuer will select the Bonds for redemption on such Designated Optional Redemption Date.

(2) All Bonds so redeemed will be cancelled forthwith and may not be reissued or resold.

(3) The Issuer and any Group Company may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike. All Bonds so purchased by the Issuer will be cancelled forthwith and may not be reissued or resold. All Bonds so purchased by any Group Company may be cancelled or held, reissued or resold at the discretion of the relevant purchaser. The Bonds so purchased, while held by or on behalf of any Group Company, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of these Bond Conditions including, without limitation, for the purposes of Section 27.7.

27.7 Events of Default

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

(1) 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

(2) the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in these Bond Conditions and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder; or

(3) 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

(4) 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

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

(6) there shall have been entered against the Issuer a final judgment by a court of competent jurisdiction from which no appeal may be or is taken for the payment of money in excess of one million two hundred fifty thousand euro (€1,250,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgment without its having been satisfied or stayed.

27.8 Registration, Replacement, Transfer and Exchange

(1) A register of the Bonds will be kept wherein there will be entered the names and addresses of the Bondholders and particulars of the Bonds held by them respectively and a copy of such register will at all reasonable times during business hours be open to the inspection of the Bondholders. If, and for as long as the Bonds are admitted to listing on the Exchange, the said register will be kept at the Central Securities Depository of the Exchange or as may be stipulated by, and in accordance with, the Exchange Bye-Laws.

(2) A Bond may be transferred or transmitted only in whole in accordance with the rules and procedures applicable from time to time at the Exchange. If Bonds are transferred or transmitted in part, the transferee thereof will not be registered as a Bondholder.

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

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

(5) The cost and expenses of effecting any exchange or registration of transfer or transmission except for the expenses of delivery by 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 charges or insurance charges that may be imposed in relation thereto, will be borne by the Issuer.

(6) The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (I5) days preceding the due date for any payment of interest on the Bonds or the due date for redemption.

27.9 Resolutions and Meetings of Bondholders

(1) Bondholders have the following powers exercisable by a resolution voted for, at a meeting of the Bondholders convened and held in accordance with the provisions of this Section 27.9, by a majority of Bondholders holding not less than seventy five per cent (75%) of the outstanding principal amount for the time being of the Bonds:

(i) power to approve any release, modification, waiver or compromise of any of the rights of the Bondholders (however arising) against the Issuer, except that they do not have powers to affect rights in respect of payments of interest payable on the Bonds or the payment of the principal amount upon redemption;
(ii) power to authorise the Issuer to modify, alter, amend or add to the provisions contained in the Bond Conditions and power to ratify and adopt any such modification, alteration, amendment or addition;
(iii) power to approve any scheme of reconstruction of the Issuer or for the amalgamation of Issuer with any other company or corporation;

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

(2) The Issuer may at any time convene a meeting of the Bondholders and if it receives a written request by Bondholders holding ten per cent (10%) of the outstanding principal amount for the time being of the Bonds and is indemnified to its satisfaction against all costs, losses and expenses, the Issuer must convene a meeting of Bondholders. Meetings shall be convened and requested only for the purpose of considering a resolution specified in the immediately preceding paragraph. The time and place of the meeting must be specified by the Issuer.

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

(4) Once a quorum is declared present by the Chairman of the meeting (who shall be the person who in accordance with the Memorandum and Articles of Association of the Issuer would chair a General Meeting of shareholders) the meeting may then proceed to business and the Directors of the Issuer or the Bondholder(s) who requested the meeting (as the case may be) or their representatives shall present to the Bondholders the reasons for proposing the resolution. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders. The meeting shall then put the resolution to a vote of the Bondholders present.

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

(6) Save for the above, the rules generally applicable to the Issuer during General Meetings of shareholders shall apply.

(7) In the event that the Bonds are listed, and for so long as the Bonds remain listed, any resolution which may be proposed shall be subject to any laws, regulations, rules or bye-laws which may be applicable from time to time.

27.10 Further Issues

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further bonds, debentures or any other debt securities either having the same terms and conditions as the Bonds in all material respects (except for the first payment of interest on them) or otherwise upon such terms and conditions as the Issuer may determine. Any further debt securities so issued may rank *pari passu* in all respects with the Bonds but shall not rank ahead of the Bonds.

27.11 Bonds held Jointly

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

27.12 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.

27.13 Governing Law and Jurisdiction

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

(2) Any legal action, suit or proceeding against the Issuer arising out of or in connection with the Bonds shall be brought exclusively before the Maltese Courts and the Bondholders shall, upon and by submitting an Application, acknowledge that they are submitting to the exclusive jurisdiction of the Maltese Courts as aforesaid.

27.14 Notices

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

27.15 Listing

The Bonds, upon issue and subscription, shall be admitted to the Official List of the Exchange, accordingly all these Bond Conditions shall be read in conjunction with the Listing Rules of the Listing Authority and with the Bye-Laws of the Exchange applicable from time to time.

28. TERMS AND CONDITIONS OF APPLICATION

The following are the terms and conditions which are applicable to Applications (the **"Application Conditions"**). Any Applicant is deemed to have notice of, and is bound by, these Application Conditions.

1. Subject to all other Application Conditions, 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.

2. If any Application is not accepted, or if any Application is accepted for fewer Bonds than those applied for, then the Applicant shall receive a refund of the price of the Bonds applied for but not allocated, the Application monies or the balance of the amount paid on Application will be returned by direct credit into the Applicant's bank account as indicated in the Application Form, within five (5) Business Days from the date of final allocation. No interest shall be due on refunds and any risk of loss or gain that may emerge on exchange of refunds from the currency of denomination of the Bonds applied for into the base currency of the Applicant shall be at the charge or for the benefit of the Applicant.

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

4. Any person, whether natural or legal, shall be eligible to submit an Application, and any one person, whether directly or indirectly, should not submit more than one Application Form; provided that any person who qualifies in two or more of the following capacities, that is as an Existing Holder, a Shareholder and an Employee, shall be entitled to submit separate Application Forms for each such capacity. In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person authorised to sign on behalf of, and bind, such Applicant. It shall not be incumbent on the Issuer or Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact authorised.

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

6. All Applications must be submitted on Application Forms within the time limits established herein (refer to Expected Timetable of Principal Events set out Part D Section 25.2 of this Prospectus). The minimum subscription of the Bonds is €1,100 in value. Applications in excess of the said minimum thresholds must be in multiples of €100. The completed Application Forms are to be lodged with any of the Authorised Intermediaries mentioned in this Prospectus. All Application Forms must be accompanied by the full price of the Bonds applied for in the currency of designation of the Bonds applied for. Payment may be made either in cash or by cheque, payable to "The Registrar - Simonds Farsons Cisk p.l.c. Bond Issue". In the event that a cheque accompanying an Application Form is not honoured on its first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application Form.

7. By completing and delivering an Application Form you (as the Applicant(s)):
   (a) irrevocably offer to purchase the number of Bonds specified in your Application Form (or any smaller number for which the Application is accepted) at the Issue Price subject to the Prospectus, the Bond Conditions and the Memorandum and Articles of Association of the Issuer;
   (b) authorise the Registrar and the Directors of the Issuer to include your name or in the case of joint Applications, the first named Applicant, in the register of Debentures of the Issuer in respect of the Bonds allocated to you;
   (c) warrant that your remittance will be honoured on first presentation and agree that, if such remittance is not so honoured, you will not be entitled to receive a registration advice, or to be registered in the register of Debentures or to enjoy or receive any rights in respect of such Bonds unless and until you make payment in cleared funds for such Bonds and such payment is accepted by the Issuer (which acceptance shall be made in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Issuer of such late delivery of consideration in respect of such Bonds, the Issuer may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case you will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);

(d) agree that the registration advice and other documents and any monies returnable to you may be retained pending clearance of your remittance and any verification of identity as required by the Prevention of Money Laundering Act (Chapter 373 of the Laws of Malta) (and regulations made thereunder) and that such monies will not bear interest;
(e) agree that all Applications, acceptances of Applications and contracts resulting therefrom will be governed by, and construed in accordance with Maltese law and that you submit to the jurisdiction of the Maltese Courts and agree that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
(f) warrant that, if you sign the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, you have due authority to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Application Conditions and undertake to submit your power of attorney or a copy thereof duly certified by a lawyer or notary public if so required by the Registrar;
(g) agree that all documents in connection with the issue of the Bonds and any returned monies including refund of all unapplied Application monies will be returned at your risk and will be returned by direct credit into the bank account as specified in the Application Form;
(h) agree that, having had the opportunity to read the Prospectus, you have, and shall be deemed to have had, notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
(i) confirm that in making such Application you are not relying on any information or representation in relation to the Issuer or the issue of the Bonds other than those contained in the Prospectus and you accordingly agree that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;
(j) confirm that you have reviewed and you will comply with the restriction contained in Condition 8 below and the warning in this Section 28;
(k) warrant that you are not under the age of eighteen (18) years or if you are lodging an Application in the name and for the benefit of a minor, warrant that you are the parents or legal guardian/s of the minor;
(l) agree that such Application Form is addressed to the Issuer and that in respect of those Bonds for which your Application has been accepted, you shall receive a registration advice confirming such acceptance;
(m) confirm that in the case of a joint Application, the first-named Applicant shall be deemed to be the holder of the Bonds;
(n) agree to provide the Registrar and/or Issuer as the case may be, with any information which it may request in connection with your Application(s);
(o) agree that Curmi & Partners Limited will not, in its role of Sponsor, treat you as its customer by virtue of your making an Application for the Bonds and that Curmi & Partners Limited will owe you no duties or responsibilities concerning the price of the Bonds or their suitability for you;
(p) warrant that, in connection with your Application, you have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your Application in any territory and that you have not taken any action which will or may result in the Issuer or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the Bond Issue or your Application;
(q) warrant that all applicable exchange control permits and authorisations which may be applicable have been duly and fully complied with;
(r) represent that you are not a U.S. person (as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act")) and that you are not accepting the invitation comprised in the Prospectus from within the United States of America, its territories or its possessions, any State of the United States of America or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person, unless you indicate otherwise on the Application Form in accordance with the instructions of the Application Form.

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

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

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

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

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

13. Application has been made to the Listing Authority in its capacity as the competent authority under the FMA for the Bonds to be admitted to listing on a regulated market and to the Board of Directors of the Exchange for the Bonds to be admitted to the Official List. Dealing shall commence upon admission to trading of the Bonds by the Exchange, and following notification of the Applicants as aforesaid.

PART E: ANNEXES

ANNEX I - SPECIMEN APPLICATION FORMS

FARSONS GROUP
Farsons

SIMONDS FARSONS CISK p.l.c.
Issue of 6% Bonds due 2017-2020

APPLICATION FORM

Application Number

Bondholders

Please read the notes overleaf before completing this Application Form.

A **APPLICANT (see notes 2 to 6)**

TEL. NO.	MOBILE NO.

B

Nominal value of 6.6% Simonds Farsons Cisk p.l.c. 2010-2012 held as at 6 May 2010 ("the Cut-Off Date"), in Euro: € Box 1

I/WE APPLY TO PURCHASE AND ACQUIRE (in multiples of €100):

AMOUNT IN WORDS	AMOUNT IN FIGURES € Box 2

in Simonds Farsons Cisk p.l.c. 6% Bonds 2017–2020 (minimum €1,100 and in multiples of €100 thereafter) as defined in Prospectus dated 10 May 2010.

If Box 2 is greater than Box 1 indicate difference due in cash € Box 3

C **WITHHOLDING TAX ON INTEREST (SEE NOTE 10) (to be completed ONLY if the Applicant is a Maltese Resident)**

☐ I/We elect to have Final Withholding Tax, currently 15%, deducted from my/our interest.
☐ I/We elect to receive interest GROSS (i.e. without deduction of withholding tax)

D **NON-RESIDENT – DECLARATION FOR TAX PURPOSES (see notes 11) (to be completed ONLY if the Applicant is a non-resident)**

TAX COUNTRY	TOWN OF BIRTH	
TAX IDENTIFICATION NUMBER	COUNTRY OF BIRTH	
PASSPORT / ID CARD NUMBER	COUNTRY OF ISSUE	ISSUE DATE

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

E **INTEREST & REDEMPTION PROCEEDS MANDATE (SEE NOTE 10)**

BANK	BRANCH	ACCOUNT NUMBER

F By submitting this Application Form I/we hereby confirm that:

(a) all or part (as the case may be) of my/our holding in the Bonds 2010-2012 indicated in this Application Form are being surrendered in favour of the Issuer for cancellation; and

(b) this Application Form constitutes my/our irrevocable mandate to the Issuer to:

i. surrender the said Bonds 2010-2012 in the Issuer's favour for cancellation; and

ii. engage the services of such brokers or intermediaries as may be necessary to fully and effectively carry out all procedures necessary with the MSE for the surrender and cancellation of the said Bonds 2010-2012 and to fully and effectively vest title in the appropriate number of Bonds in my/our favour.

I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus dated 10 May 2010. This is the only Application Form I/we am/are submitting on my/our behalf or on behalf of the company or other entity I/we represent.

Signature/s of Applicant/s

Date

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

Authorised Intermediary's Rubber Stamp

Authorised Intermediary's Code

FARSONS GROUP
Farsons

SIMONDS FARSONS CISK p.l.c.
Issue of 6% Bonds due 2017-2020

APPLICATION FORM

Application Number

Please read the notes overleaf before completing this Application Form.

A **APPLICANT (see notes 2 to 6)**

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

B

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

C **ADDITIONAL (JOINT) APPLICANTS (see note 2)** **(please use additional Application Forms if space is not sufficient)**

TITLE (Mr/Mrs/Ms/…)	FULL NAME & SURNAME	ID CARD / PASSPORT NO
TITLE (Mr/Mrs/Ms/…)	FULL NAME & SURNAME	ID CARD / PASSPORT NO

D **MINOR'S PARENTS / LEGAL GUARDIAN/S (see note 4)** **(to be completed ONLY if the Applicant is a minor)**

TITLE (Mr/Mrs/Ms/…)	FULL NAME & SURNAME	ID CARD / PASSPORT NO
TITLE (Mr/Mrs/Ms/…)	FULL NAME & SURNAME	ID CARD / PASSPORT NO

E **I/WE APPLY TO PURCHASE AND ACQUIRE (in multiples of €100):**

AMOUNT IN WORDS

AMOUNT IN FIGURES
€

in Simonds Farsons Cisk p.l.c. 6% Bonds 2017–2020 (minimum €1,100 and in multiples of €100 thereafter) as defined in Prospectus dated 10 May 2010.

F **WITHHOLDING TAX ON INTEREST (SEE NOTE 10) (to be completed ONLY if the Applicant is a Maltese Resident)**

☐ I/We elect to have Final Withholding Tax, currently 15%, deducted from my/our interest.
☐ I/We elect to receive interest GROSS (i.e. without deduction of withholding tax)

G **NON-RESIDENT – DECLARATION FOR TAX PURPOSES (see notes 10) (to be completed ONLY if the Applicant is a non-resident)**

TAX COUNTRY		TOWN OF BIRTH
TAX IDENTIFICATION NUMBER		COUNTRY OF BIRTH
PASSPORT / ID CARD NUMBER	COUNTRY OF ISSUE	ISSUE DATE

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

H **INTEREST AND REDEMPTION PROCEEDS MANDATE (SEE NOTE 9)**

BANK	BRANCH	ACCOUNT NUMBER

I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus dated 10 May 2010. This is the only Application Form I/we am/are submitting on my/our behalf or on behalf of the company or other entity I/we represent.

Signature/s of Applicant/s

Date

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

Authorised Intermediary's Rubber Stamp

Authorised Intermediary's Code

FARSONS GROUP
Farsons

SIMONDS FARSONS CISK p.l.c.
Issue of 6% Bonds due 2017-2020

APPLICATION FORM

Application Number

Director ☐ **Shareholder** ☐
Employee ☐

Please read the notes overleaf before completing this Application Form.

A **APPLICANT (see notes 2 to 6)**

MSE account number	ID card / Reg No / Passport	TEL. NO.	MOBILE NO.

B **I/WE APPLY TO PURCHASE AND ACQUIRE (in multiples of €100):**

AMOUNT IN WORDS	AMOUNT IN FIGURES
	€

in Simonds Farsons Cisk p.l.c. 6% Bonds 2017–2020 (minimum €1,100 and in multiples of €100 thereafter) as defined in Prospectus dated 10 May 2010.

C **WITHHOLDING TAX ON INTEREST (SEE NOTE 9) (to be completed ONLY if the Applicant is a Maltese Resident)**

☐ I/We elect to have Final Withholding Tax, currently 15%, deducted from my/our interest.
☐ I/We elect to receive interest GROSS (i.e. without deduction of withholding tax)

D **NON-RESIDENT – DECLARATION FOR TAX PURPOSES (see notes 4 & 10)** **(to be completed ONLY if the Applicant is a non-resident)**

TAX COUNTRY	TOWN OF BIRTH
TAX IDENTIFICATION NUMBER	COUNTRY OF BIRTH

PASSPORT / ID CARD NUMBER	COUNTRY OF ISSUE	ISSUE DATE

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

E **INTEREST & REDEMPTION PROCEEDS MANDATE (SEE NOTE 9)**

BANK	BRANCH	ACCOUNT NUMBER

I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus dated 10 May 2010.

Signature/s of Applicant/s

Date

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

Authorised Intermediary's Rubber Stamp

Authorised Intermediary's Code

ANNEX II - LIST OF AUTHORISED INTERMEDIARIES

Company	Telephone	Fax
APS Bank Limited - APS Centre Level 2, Investment Services Unit, Tower Street, Birkirkara BKR4012	25603362	25603001
Atlas Investment Services Limited* - Abate Rigord Street, Ta' Xbiex XBX1121	23265690	23265691
Bank of Valletta p.l.c*. - Financial Markets & Investments, BOV Centre, Canon Road, St Venera SVR9030	22755967	22751733
Calamatta Cuschieri & Co Limited* - Level 5, Valletta Buildings, South Street, Valletta VLT1103	25688688	25688256
Charts Investment Management Service Limited* - Valletta Waterfront, Vault 17 Pinto Wharf, Floriana FRN1913	21224106	21241101
Crystal Finance Investments Limited - University Roundabout, Msida MSD1751	21226190	21226188
Curmi & Partners Limited* - Finance House, Princess Elizabeth Street, Ta' Xbiex XBX1102	21347331	21347333
D.B.R. Investments Limited - Deber, Nigret Road, Zurrieq ZRQ3172	21647763	21647765
Financial Planning Services Limited* - 4 Marina Court, G Calì Street, Ta' Xbiex XBX1421	21344244	21341202
FINCO Treasury Management Limited* - Level 5, The Mall Complex ,The Mall, Floriana FRN1470	21220002	21243280
GloBalCapital Financial Management Limited* - GlobalCapital, Balzan Valley, Balzan	22796302	21492291
Growth Investments Limited - Middle Sea House, Floriana VLT1442	25694709	21249811
Hogg Capital Investments Limited* - 33 Regent House, Bizazza Street, Sliema SLM1641	21322872	21342760
HSBC Bank Malta p.l.c. - Shareshop, High Street, Sliema	23802381	23246046
HSBC Stockbrokers (Malta) Limited* - 233 Republic Street, Valletta VLT1116	25972211	25972494
Island Financial Services Limited - Insurance House, Psaila Street, Birkirkara BKR9078	23855701	23855238
Jesmond Mizzi Financial Services Limited - 48 Abate Rigord Street, Ta' Xbiex	21224410	21223810
Joseph Scicluna Investment Services Limited - Bella Vista Court, Level 3, Gorg Borg Olivier Street, Victoria VCT2517, Gozo	21565707	21565706
Lombard Bank Malta p.l.c.* - 59 Republic Street, Valletta VLT1117	25581806	25581815
Mercieca Financial Investment Services Limited - Mercieca, JF Kennedy Square, Victoria VCT2580 Gozo	21553892	21553892
MFSP Financial Management Limited - 220 Immaculate Conception Street, Msida MSD1838	21332200	21322190
Michael Grech Financial Investment Services Limited - 1 Mican Court, JF Kennedy Square, Victoria	21554492	21559199
MPM Capital Investments Limited - 81 Vinci Buildings, B Bontadini Street, B'Kara	21493250	21493077
MZ Investment Services Limited - 55 MZ House, St Rita Street, Rabat RBT1523	21453739	21453407
Quest Investment Services Limited - 101 Townsquare, Ix-Xatt ta' Qui-Si-Sana, Sliema SLM3112	21343500	21313733
Rizzo, Farrugia & Co (Stockbrokers) Limited* - Airways House, Third Floor, High Street, Sliema SLM1549	22583000	22583001

**Members of the Malta Stock Exchange*

ANNEX III - THE FARSONS GROUP

Simonds Farsons Cisk p.l.c. (C113)

EcoPure Limited (C19492)

Farsons (Sales & Marketing) Limited (C34575)

Farsons Beverage Imports Company Limited (C476)

Quintano Foods Limited (C33660)

Travel Stores Company Limited (C43549)

Food Chain (Holdings) Limited (C753)

Pizza Operations Limited (C15096)

Burger Operations Limited (C17010)

Kentucky Operations Limited (C20328)

Trident Developments Limited (C27157)

Portanier Warehouses Limited (C29563)

Sliema Fort Company Limited (C22415)

Galleria Management Limited (C19528)

Mensija Catering Company Limited (C5391)

FSG Company Limited (C27784)

In liquidation:

Malta Deposit and Return System Limited (C38304)

Food-Serv Limited (C22117)

Farsons (Italia) srl (C02671070965) - registered in Italy

Designed by BPC International Limited

BREWERS & BOTTLERS PROPERTY MANAGEMENT RESTAURANTS BEVERAGE SERVICES FOOD IMPORTERS BEVERAGE IMPORTERS BEVERAGES & MORE

FARSONS GROUP
Farsons

FARSONS GROUP
Farsons
BREWERS & BOTTLERS

FARSONS GROUP
Trident
PROPERTY MANAGEMENT

FARSONS GROUP
Food Chain
RESTAURANTS

FARSONS GROUP
EcoPure
BEVERAGE SERVICES

FARSONS GROUP
Quintano
FOOD IMPORTERS

FARSONS GROUP
FBIC
BEVERAGE IMPORTERS

FARSONS GROUP
Farsonsdirect
BEVERAGES & MORE

The Farsons Group comprises a dynamic, diversified and forward-looking group of companies, each with their own strengths and market positions contributing to, and benefitting from, each other's synergy.

Delivering consistency across all Group companies, our new identity communicates the strength, and size, of what our business has now developed into. It builds on our strong traditions whilst communicating dynamism as we look to the market opportunities of the future.

Whilst being forward-looking and contemporary in style, the new identity draws on elements that are at the very heart of our solid foundations dating back to 1928. Without doubt, our new identity will continue to project Farsons as synonymous with high quality and excellent products.

Simonds Farsons Cisk p.l.c. – The Brewery, Mdina Road, Mrieħel BKR3000, Malta.
Tel: (+356) 2381 4114 Telefax: (+356) 2381 4150 email: sfc@farsons.com **www.farsons.com**