

# Prospectus

dated 7 February 2007

In respect of an Offer by

Nicholas Maris Simon J. Arrol Portosalvo Holdings Limited V&F Portelli & Sons Limited

of 3,000,000 Ordinary Shares of a nominal value of Lm0.10 each

in

**GRAND HARBOUR MARINA p.l.c.**

At a Share Offer Price of Lm0.70 per share

*GRAND HARBOUR MARINA*  
VITTORIOSA ✱ MALTA

ISIN MT0000320102

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## **Legal Advisors**

Camilleri Preziosi Advocates

## **Financial Advisors & Reporting Accountants**

KPMG

## **Joint Sponsors**

GlobalCapital Financial Management Limited  
&  
HSBC Stockbrokers (Malta) Ltd

## **Manager, Registrar and Underwriter**

HSBC Bank Malta p.l.c.

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## Summary Note

This document is a Summary Note issued in accordance with the provisions of Chapter 6 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No 809/2004 of April 29, 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus.

This document is a Summary Note as required by Rule 6.4.1 of the Listing Rules and contains information about the Grand Harbour Marina p.l.c. as the issuer of securities for which application has been made for admission to trading on the Malta Stock Exchange. This Summary Note should be read in conjunction with the most updated Registration Document and Securities Note issued by the Company from time to time that will provide the details of the Company and securities to which these documents relate.

This document is dated 7 February 2007

### Summary Document

In respect of an Offer by

Nicholas Maris   Simon J. Arrol   Portosalvo Holdings Limited   V&F Portelli & Sons Limited

of a total of three million (3,000,000) ordinary shares of a nominal value of Lm0.10 in

Grand Harbour Marina p.l.c.

At a Share Offer Price of Lm0.70 per Share



Mr Walter Bonnici  
for and on behalf of The Board of Directors  
of Grand Harbour Marina p.l.c.



Mr Anthony Demajo  
for and on behalf of The Board of Directors  
of Grand Harbour Marina p.l.c.

ISIN MT0000320102

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## IMPORTANT INFORMATION

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON GRAND HARBOUR MARINA P.L.C. (REFERRED TO IN THIS DOCUMENT AS THE “COMPANY”) AND ITS BUSINESS. THE INFORMATION IS BEING MADE AVAILABLE IN CONNECTION WITH AN OFFER TO THE PUBLIC IN MALTA BY THE OFFERORS OF THREE MILLION (3,000,000) ORDINARY SHARES IN THE COMPANY. THE SHARES HAVE A NOMINAL VALUE OF Lm0.10 EACH SHARE AND ARE BEING OFFERED AT A PRICE OF Lm0.70.

THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH THE LISTING RULES OF THE LISTING AUTHORITY FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO THE COMPANY, ITS BUSINESS AND FINANCIAL PERFORMANCE. ALL OF THE DIRECTORS OF THE COMPANY, WHOSE NAMES APPEAR UNDER THE HEADING DIRECTORS (THE “DIRECTORS”), ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE COMPANY (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 BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE COMPANY OR ITS DIRECTORS, TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF THE SHARES (AS DEFINED HEREIN) OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN IN CONNECTION WITH THE OFFER HEREBY MADE, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE COMPANY, ITS DIRECTORS OR ADVISORS.

THE ADVISORS ENGAGED BY THE COMPANY FOR THE PURPOSE OF THIS OFFER ARE ACTING EXCLUSIVELY FOR THE COMPANY.

**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.**

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

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

APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY FOR THE SHARES TO BE CONSIDERED AS ADMISSABLE TO LISTING ON A RECOGNISED INVESTMENT EXCHANGE. IN ADDITION, APPLICATION HAS ALSO BEEN MADE TO THE COUNCIL OF THE MALTA STOCK EXCHANGE, AS A RECOGNISED INVESTMENT EXCHANGE, FOR THE SHARES TO BE ADMITTED TO THE OFFICIAL LIST.

THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT, CAP. 370 OF THE LAWS OF MALTA.

THIS DOCUMENT AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA AND ANY PERSON ACQUIRING ANY SHARES PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE COMPANY OR THE OFFERORS TO BRING ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF SHARES OR AGREEMENT RESULTING HEREFROM OR THE PROSPECTUS AS A WHOLE IN ANY OTHER COMPETENT JURISDICTION.

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE SECURITIES NOTE AND THE REGISTRATION DOCUMENT CONTAINING INFORMATION ABOUT THE OFFERING AND THE BUSINESS OF THE COMPANY, RESPECTIVELY.

## Definitions

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

<b>Act</b>	the Companies Act, Cap. 386 of the laws of Malta;
<b>Applicant</b>	a person whose name, or persons whose names in the case of joint applications, appear in the registration details of an Application Form;
<b>Application/s</b>	the application/s to subscribe for Shares made by an Applicant by completing an Application Form and delivering it to the Registrar or to any of the Financial Intermediaries;
<b>Application Form</b>	the form of application of subscription for the Shares, a specimen of which is set out in Annex 3 of this Securities Note;
<b>Company or GHM</b>	Grand Harbour Marina p.l.c.;
<b>Directors or Board</b>	the directors of the Company whose names and addresses are set out under the heading "Identity of Directors, Senior Management, Advisors and Auditors";
<b>Financial Intermediaries</b>	the financial intermediaries listed in Annex 2 to the Securities Note;
<b>Maltese Liri</b>	the lawful currency from time to time of the Republic of Malta;
<b>Malta Stock Exchange or MSE</b>	The Malta Stock Exchange as defined by the Financial Markets Act (Cap. 345 of the laws of Malta);
<b>Offering or Offer</b>	the offer for sale of the Shares to the public in Malta made by the Offerors at the Share Offer Price pursuant to the Prospectus in the following proportions:  Nicholas Maris as to 916,500 ordinary shares; Simon J. Arrol as to 613,500 ordinary shares; Portosalvo Holdings Limited as to 1,170,000 ordinary shares; and V&F Portelli & Sons Limited as to 300,000 ordinary shares;
<b>Marina</b>	the marina developed by the Company and situated at the Dockyard Creek, within the limits of Senglea, Cospicua and Birgu, Malta;
<b>Registration Document</b>	the document dated 7 February 2007 as set out on pages 19 to 95 of this Prospectus;
<b>Securities Note</b>	the document dated 7 February 2007 as set out on pages 96 to 118 of this Prospectus;
<b>Share Offer Price</b>	the price of Lm0.70 per Share;
<b>Offerors</b>	Nicholas Maris; Simon J. Arrol; Portosalvo Holdings Limited; and V&F Portelli & Sons Limited;
<b>Prospectus</b>	this document together with a Securities Note and a Registration Document in connection with the Offer of Shares by the Offerors;
<b>Shares</b>	the three million (3,000,000) ordinary shares in the Company of a nominal value of Lm0.10 each being offered by the Offerors at the Share Offer Price;
<b>Summary Note</b>	this document in its entirety.

## Warning to Potential Investors

This Summary Note forms part of the Prospectus containing information concerning the Company and the Shares. This Summary Note is intended to briefly convey the essential characteristics of, and risks associated with, the Company and the Shares.

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

- The Summary Note should be read as merely an introduction to the Prospectus;
- Any decision to invest in the Shares should be based on consideration of the Prospectus as a whole;
- Civil liability is attached to the Company which has tabled this Summary Note and applied for its notification only if the Summary Note is shown to be misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

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

ALL OF THE DIRECTORS OF THE COMPANY, WHOSE NAMES APPEAR BELOW AS DIRECTORS (THE "DIRECTORS"), ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE COMPANY (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY. THEY HAVE BEEN ADVISED AND ASSISTED IN THE DRAFTING AND COMPILATION OF THE DOCUMENT BY THE PERSONS MENTIONED UNDER THE HEADING "ADVISORS".

#### Directors & Company Secretary

<b>Name</b>	<b>Function</b>	<b>Nationality</b>
Nicholas Maris B.Sc., F.R.A.S.	Chairman and executive Director	Canadian
Walter Bonnici	Deputy Chairman and executive Director	Maltese
Anthony Demajo	executive Director	Maltese
David Mead ACMA	Non-executive Director	British
Simon J. Arrol C.Eng., F.I.C.E.	Non-executive Director	British
Pascal Demajo B.Ch.D.	Non-executive Director	Maltese
Janice Martine Maris B.A. (Hons)	Non-executive Director	British
Vincent Portelli	Non-executive Director	Maltese
Michael Tanti-Dougall LL.D	Company Secretary	Maltese

Each executive Director on the board of Directors forms part of the executive management committee.



**Management**

<b>Position</b>	<b>Name</b>	<b>Nationality</b>
Marina Manager	Camper & Nicholsons Marinas Limited:- Alan Giudice being seconded thereby.	French
Technical Manager	Camper & Nicholsons Marinas Limited:- Bill Green being seconded thereby.	British
Marketing, Operations and Public Relations Manager	Anna Tabone	Maltese
Financial Controller	Antonio Grech CPA, FIA	Maltese
International Marketing Manager	Jeff Houlgrave MRIN	British

**Advisors & Auditors**

Legal Counsel to the Offerors	Camilleri Preziosi Level 3, Valletta Buildings, South Str, Valletta VLT 11, Malta
Financial Advisors & Reporting Accountants	KPMG Portico Building, Marina Str, Pietà MSD 08, Malta
Joint Sponsors	HSBC Stockbrokers (Malta) Ltd 233, Republic Street, Valletta VLT05, Malta  GlobalCapital Financial Management Limited 120, The Strand, Gzira GZR 03, Malta
Auditors of the Company for the financial years ended 31 December 2003 and 2004	John Zammit FIA, CPA Isolamare Suite 6, Bouverie Str, Gzira GZR 05, Malta
Joint auditors of the Company for the financial year ended 31 December 2005	John Zammit FIA, CPA Isolamare Suite 6, Bouverie Str, Gzira GZR 05, Malta  KPMG Portico Building, Marina Str, Pietà MSD 08, Malta
Joint auditors of the financial statements for the three financial years ended 31 December 2003, 2004 and 2005 which have been prepared for inclusion in this Prospectus	John Zammit FIA, CPA Isolamare Suite 6, Bouverie Str, Gzira GZR 05, Malta  KPMG Portico Building, Marina Str, Pietà MSD 08, Malta
Manager, Registrar and Underwriter	HSBC Bank Malta p.l.c. 233, Republic Street, Valletta VLT 05, Malta

## 2. Offer Statistics and Expected Timetable

The Offerors are hereby making an Offer for sale of ordinary shares in the Company at the Share Offer Price. Each Offeror is offering for sale, from the current shareholding in the Company, the number of shares set out against its name in column 2 of the table in section 3.3 of the Securities Note. The Offering is being made to the general public in Malta and applications may be obtained from and shall be lodged with all Financial Intermediaries during the Offer Period. In addition, the Offerors have entered into a number of conditional subscription agreements whereby such investors have bound themselves to subscribe an amount not exceeding one million five hundred thousand Shares.

<b>Matter</b>	<b>Date</b>
Availability of Application Forms	7 February 2007
Opening of Offer Period	14 February 2007
Closing of Offer Period	21 February 2007
Expected Announcement of Basis of Acceptance	28 February 2007
Expected Dispatch of Allocation Advises and Refunds of Unallocated Monies	7 March 2007
Admission of Shares on the Malta Stock Exchange	8 March 2007
Commencement of Trading on the Malta Stock Exchange	9 March 2007

## 3. Key Information

### 3.1 Selected Financial Data, and Information on the Company's Capitalisation & Indebtedness

Extracts from the Company's audited historical financial information for the three financial years ended 31 December 2003 to 2005 and from the interim unaudited financial statements for the 6 months ended 30 June 2006, are set out below.

	<b>6 months ended 30 Jun 2006 (Unaudited)</b>	<b>Year ended 31 Dec 2005 (Audited)</b>	<b>Year ended 31 Dec 2004 (Audited) (Restated)</b>	<b>Year ended 31 Dec 2003 (Audited) (Restated)</b>
	<b>Lm'000</b>	<b>Lm'000</b>	<b>Lm'000</b>	<b>Lm'000</b>
Revenue	1,332	1,027	604	921
Profit from operating activities	736	245	174	416
Profit before tax	659	278	96	406
Profit for the period/year	428	181	61	327
Total assets less current liabilities	3,562	2,834	3,086	858
Interest-bearing borrowings	2,723	3,127	3,273	1,291
Total equity	1,429	1,000	820	758
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Earnings per share <sup>1</sup>	4c3	1c8	0c6	3c3

<sup>1</sup> Calculated on the basis of 10,000,000 nominal shares of Lm0.10 each in issue as at the date of this Summary Note.

### 3.2. Reasons for the Offer and Use of Proceeds

The current shareholders of the Company believe that with the listing of the Company's shares on the Malta Stock Exchange the Company would enjoy a faster and more efficient access to funds to finance its future operations if and when this is required. Furthermore, the shareholders also consider that public status for the Company would raise its profile not only with possible future providers of funds but also with its clients both present and future. It is also a signal that the Company abides by the same corporate governance rules and standards which increasingly apply throughout the industry. The Offer is also a means for the Offerors to realise part of their initial investment in the Company. The proceeds of the Offer of the Shares shall be applied to the benefit of the Offerors, less the expenses incurred in the process of the Offer.

### 3.3. Risk Factors

**A prospective investor should carefully consider the following matters, as well as the other information contained in this Prospectus, before making any investment decision with respect to the Company. Information contained in this Summary Note 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 Company's financial results, trading prospects and the ability of the Company to fulfil its obligations under the Shares being offered.**

The risks and uncertainties discussed below are those that the Directors believe to be material, but these risks and uncertainties may not be the only ones that the Company faces. Additional risks and uncertainties, including those which the Company's Directors are not currently aware of or deem material, may well result in a material impact on the financial condition and operational performance of the Company that could lead in a decline in value of the Shares.

#### Forward Looking Statements

This Summary Note contains forward looking statements which include statements concerning the Company's strategies and plans relating to the attainment of those objectives, its capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts by the use of terminology such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or similar phrases. These forward looking statements are subject to a number of risks, uncertainties and assumptions. Important factors that could cause actual risks to differ materially from the expectations of the Company's Directors include those risks identified hereunder and elsewhere in this Prospectus. The Company cautions the reader that these forward looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by the statements and no assurance is given that the future results or expectations will be achieved.

#### Suitability

An investment in the Company may not be suitable for all recipients of this Prospectus and investors are urged to consult their advisors as to the suitability or otherwise of the investments described herein before investing.

#### Risks Relating to the Industry Sector

The Company's business consists in managing and operating marinas. The financial performance of the Company depends on the timing, number and extent of berth sales of the Company. Inevitably therefore the Company is exposed, to a certain extent, to the risks associated with the trends and future outlook of that industry as a whole. In addition, there may be matters, outside the control of the Company, which may have a negative impact on the development of the marina, namely, the development of the surrounding areas, which in turn, may adversely affect the Company's growth potential.

## **Relationship with Camper & Nicholsons Marinas Limited**

Camper & Nicholsons Marinas Limited is the marina consultant and marina manager for the Company and the exclusive sales agent for long term berths for a period due to expire on the 31 December 2007. The Company can generate sales from sources other than Camper & Nicholsons Marinas Limited. It however relies on the sales generated by, and the know-how of, Camper & Nicholsons Marinas Limited.

## **Other considerations**

In common with many businesses, the Company will be relying heavily on the contacts and expertise of the executive Directors and other key personnel within the Company. The loss of one or more of such executive Directors and other key personnel within the Company could have an adverse effect on the Company.

## **Risks Relating to the Shares**

### *Minority shareholding*

Due to the size of their shareholdings, and the possible pooling of their votes, the Offerors are in a position to decisively influence matters that require approval of shareholders, including resolutions regarding dividends and other important measures.

### *No Prior Market for Shares; Limited Liquidity of the Malta Stock Exchange*

Prior to the Offering, there has been no public market for the Company's shares within or outside Malta. Due to the absence of any prior market for the Shares, there can be no assurance that the Share Offer Price will correspond to the price at which the Shares will trade in the market subsequent to the Offering. The market price of the Shares could be subject to significant fluctuations in response to many factors, including, the Company's operating results, and developments in the economies of other countries to which the Company is exposed or other factors. An application has been made to seek a listing on the Malta Stock Exchange, which is smaller and less liquid than the more developed stock markets in Europe and the United States. Currently equity securities of only 14 Maltese companies are traded on the Malta Stock Exchange out of which 13 equity securities were admitted to the Official List of the MSE and one to the Alternative Companies List. The limited liquidity of the market for the Shares could increase the price volatility of the Shares and may impair the ability of a holder of Shares to sell such Shares in the market in the amount and at the price and time such holder wishes to do so. To control price volatility, the Malta Stock Exchange may not allow matching of deals in shares of a listed company when the price falls outside a seven per cent range from the previous day's traded weighted average price.

Following the completion of this Offering, the price at which the Shares will be traded, as well as the sales volume of the Shares traded, will be subject to fluctuations. These fluctuations may not necessarily be caused by the Company's business activity or its results of operations. It is also possible that the Company's results of operations or its business outlook may fall short of expectations, in which case the price of the Shares could be negatively affected.

## **4. Information about the Company**

### **4.1 Historical development**

#### **4.1.1 Introduction**

Full Legal Name of Company:	Grand Harbour Marina p.l.c.
Registered Address:	The Capitanerie, Vittoriosa Wharf, Vittoriosa CSP 09
Place of Registration:	Malta
Registration Number:	C 26891

Date of Registration: On 31 August 2000 the Company was registered as a private company under the Act. By resolution of the Shareholders dated 12 January 2007, the Company was converted into a public limited company in accordance with the provisions of section 213 of the Act.

Other: The Company is lawfully existing and registered as as a public limited company in terms of the Act.

Telephone Numbers: + 356 21 800 700  
Fax: + 356 21 800 900  
Email: info@ghm.com.mt  
Website: www.ghm.com.mt

#### **4.1.2 Important Events in the Development of the Company**

The Company is a limited liability company duly existing and registered under the laws of Malta with company registration number C 26891 and principally develops, operates and manages marinas and provides all matters ancillary thereto.

The Company was first established on 31 August 2000, as a private company under the Act. In preparation of this Offer, it was converted into a public limited company in accordance with section 213 of the Act and is currently duly registered and existing as a public company pursuant to the Act.

The Company entered into a deed of sub-emphyteusis on the 4 September 2001, pursuant to which it acquired the rights to develop and subsequently operate the Marina, develop the surrounding lands and building and operate ancillary facilities, located in the part of the Grand Harbour in Malta known as Dockyard Creek. Following issuance of development permits in January 2003 the Marina was completed in autumn 2005 and officially opened in November 2005. The Company presently operates and manages one marina. (See also Business Overview for further details).

## **4.2 Investments**

Other than the investment in plant and equipment, the Company did not have any other investments as at 30 June 2006.

The Company's management has not made any firm commitments on any material future investments.

## **4.3 Business Overview**

### **4.3.1 Principal Activities**

The principal activities of the Company are largely the development, operation and management of marinas. The Company is geared towards providing a high quality service to yachts, with a particular emphasis on super-yachts, which by their very nature, demand high level marina related services. Currently, the Company operates only one marina, the Marina, which is operated and managed in association with the internationally-known company Camper & Nicholson's Marinas Limited, a company largely involved on an international basis in the management and operation of marinas. The origins of Camper & Nicholson's group of companies dates back to 1782 and has been associated with the marina sector since the 1960s. The Camper & Nicholson's group of companies has marina sector expertise and a track record for a wide range of clients in investment, design, planning procurement, construction, operation, sales and marketing and consultancy. Camper & Nicholson's Marinas Limited provided their expertise in the design and construction of the Marina. They have a global network of contacts, a high profile advertising programme and attend the major international exhibitions, all of which have helped to secure long term berth licences for the Company. The management team of Camper & Nicholson's group of companies has added value to high profile marinas, including the Americas Cup marina based in Valencia, Spain and continue to be involved in marina projects worldwide, including in Egypt, Italy, Spain, Greece, Turkey, Croatia, the Caribbean and the USA.

Camper & Nicholsons Marinas Limited have a key role in the management of the Marina. The Company has contracted their management and sale and marketing services by means of a marina management agreement, details of which may be found in the Registration Document under the heading "Material Contracts". In addition, the association which Camper & Nicholsons Marinas Limited has with the Company is also indirectly present by the shareholding and directorship which the chairman thereof, Nicholas Maris, holds in the Company. In addition, David Mead, one of the Directors of the Company is also the managing director of Camper & Nicholsons Marinas Limited.

The principal activity of the Company is therefore to seek prospective customers to berth their vessels within its facilities at the Marina and to service its existing customers by providing the high quality service required both by yacht owners, captains and their crews.

It is also the intention of the Company to keep under review opportunities that may arise, both in Malta and in other parts of the Mediterranean region that would provide feasible opportunities for either the extension of its facilities in Malta, as well as for the development and/or operation of similar facilities in other Mediterranean ports. Currently the Company is actively involved in and forms part of a consortium of companies that intend to bid for the upcoming privatisation of the Malta Government-owned marinas in Malta and Gozo.

#### **4.3.2 Principal Markets**

The market in which the Company operates is an international market with a broad mix of foreign yacht owners seeking long term purchase of a home-port berth or others who may simply be visiting Malta, and are therefore short term customers. There is also a market for local yacht owners berthing at the Marina that have increased significantly over the last twelve months since the completion of the project. At present ninety eight per cent (98%) of the pontoon berths at the Marina are occupied.

#### **4.4 Research and Development, Patents and Licenses**

By virtue of an agreement entered into on the 1 April 2004 between the Company and Camper & Nicholsons Marinas Limited, the Company was granted the licence to use the Camper & Nicholsons brand name and to associate itself with the said company in any medium of advertising. The duration of the said agreement is for a period ending on the 31 December 2007.

### **5. Trend Information**

- 5.1** There has been no material adverse change in the prospects of the Company since the date of its last published financial statements.
- 5.2** The Company's business is largely dependent on the volume of activity within the leisure sector of the maritime industry and the Directors believe that the future trends of the Company's business are necessarily co-related to, and should therefore be analysed in the context of the trends of this industry sector. Accordingly the Directors believe that the future of the Company will depend largely on the demand and supply for berths by yachts and super-yachts in the Mediterranean and on the pattern of their operations. Within the global environment for such activities, and particularly that focused in the Mediterranean Region, which remains an important region for yacht cruising, the Directors believe that the Company is well-placed, with a comprehensive package of facilities at very competitive rates, to meet the demands of a highly demanding super-yacht clientele.

- 5.3** On the basis of research undertaken by the Company, through Economics Research Associates \*, it transpires that the commercial activity within the leisure sector of the industry has increased steadily over the past five years and that there is evidence to suggest that, going forward, this industry sector remains a growth area, with a growing mismatch between marina berth supply and marina berth demand, particularly in the super-yacht sector.

The Directors believe that in the foreseeable future it is unlikely that the supply of berths in marinas will meet, let alone exceed the demand for them. This is due to four principal reasons:

- (i) an environment where the registered number of boats and yachts, including new builds remains on the increase,
- (ii) the challenge in identifying new suitable sites for super-yacht marinas,
- (iii) the growing international environmental constraints, and
- (iv) the huge capital expenditure associated with the construction and building of marinas that is by far more costly than the addition of new boats.

The Directors expect that in the absence of unforeseen circumstances, the underlying growth in demand for existing marina berths is likely to continue in the foreseeable future, with obvious consequences both on berth occupancy rates and related tariffs whether such tariffs relate to transitory, short term or long term occupancy. The indications in the super-yacht sector also sustain these trends, with an ever growing super-yacht market that has seen an increase from 2000 yachts in excess of 30 metres in 1997 to 3500 yachts in 2004\*\*. In 2006 alone the figure for new orders has topped the ranks at a number in excess of 650 super-yachts.

In addition, a review of yacht utilisation patterns indicates that Malta is well placed to access both the established routes in the Western Mediterranean as well as the increasingly popular routes in the Eastern Mediterranean. With the Mediterranean generally remaining an important yachting destination, the Directors believe that the Company has the potential and shall seek to offer considerable advantages not only as a transit marina for yachts migrating between routes but also as a home port for both super-yachts and smaller vessels, particularly in a context where there are few other marinas in the Mediterranean that can accommodate berthing yachts in excess of 50 metres in length. With a marina developed over the last two years and completed to the highest specifications compatible with ISPS codes (International Code for Safety and Environmental Protection Management in Port) from the International Maritime organisation and Bureau Veritas Certification, berthing rates that on a comparative analysis are at the low end of the range with international competitors also place the Company in a position of strength. The Directors believe that in addition to the above and following market research undertaken by it on the demands and requirements of owners, management companies, captains and crews, it is well placed to meet their demands with an airport connection to international flights only a few kilometres away, international standards of service available to accommodate both routine servicing and as well as more substantial maintenance and refits. The extensive range of quayside services are clearly the product of a marina that was developed over recent years and takes into account the requirements of the most demanding of customers – with a focus on the exigencies of a sophisticated super-yacht clientele. The combination of a comprehensive facilities package within the Marina itself, the involvement of a company of the stature of Camper & Nicholsons Marinas Limited, and Malta's maritime tradition and history, auger well for the future of the Company.

\* Economic Research Associates is an international consulting firm of international repute focused on economic analysis for the entertainment and leisure industry, real estate development, public-policy analysis, tourism, and economic development with clients from all across the globe ([www.econres.com](http://www.econres.com)).

\*\* Figures quoted from ERA Report

## 6. Management and Employees

### 6.1 The Company's Organisational Structure

The Company's governance structure is composed of two principal organs. The board of Directors, which is the organ responsible for the determination of policy and strategic guidelines and the executive management committee, which consists of three executive Directors accountable directly to the board of Directors. Camper & Nicholsons Marinas Limited is responsible for the implementation of policy and strategy and the management of the Company. The person currently seconded by Camper & Nicholsons Marinas Limited to assume the responsibility and function of a marina manager is Alain Giudice.

### 6.2 Directors and Management

The board of Directors is responsible for the overall direction of the Company and for the establishment of policy guidelines for the management of the Company, including responsibility for the appointment of all executive officers and other key members of management. The executive management committee is responsible for the day to day management of the Company and is responsible to the board of Directors. The Memorandum of Association of the Company provides that the board of Directors shall be composed of not more than nine (9) and not less than two (2) Directors. The business address of all Directors of the Company is the registered address of the Company.

The Directors of the Company are included under the heading "Identity of Directors, Senior Management, Advisors and Auditors" in this Summary Note. The senior management of the Company is as follows:

<i>Name</i>	<i>Position</i>
Alain Giudice	Marina Manager
Bill Green MMI, MNI	Technical Manager
Anna Tabone	Marketing & Public Relations Manager
Antonio Grech CPA, FIA	Financial Controller
Jeff Houlgrave MRIN	International Marketing
Michael Tanti-Dougall LL.D.	Company Secretary

### 6.3 Employees

In 2005, the Company employed eleven (11) persons involved in the operations and management of the Company. Please refer to the heading 'Management Structure' for further detail on the senior management of the Company.

### 6.4 Major Shareholder

The shareholders of the Company are the Offerors which following the offering will retain seventy per cent (70%) of the issued share capital of the Company and will accordingly retain a controlling interest in the Company capable of determining its financial and management decisions.

The Offerors have, as part of the terms and conditions of issue of the Shares, undertaken not to sell or otherwise dispose of any of their Shares in the market for at least twelve (12) months following the admission of the Shares of the Company to the official list of the Malta Stock Exchange. This undertaking can be waived by an extraordinary resolution of the shareholders in a general meeting of the Company.



## **7. Financial Information**

- 7.1** Annex 1 of the Registration Document contains the audited financial statements of the Company for the financial years ended 31 December 2003, 31 December 2004 and 31 December 2005. These financial statements have been prepared for inclusion in this Prospectus on the basis of the accounting policies set out in note 1 of these financial statements, which are consistent with the accounting policies adopted by the Company in its financial statements included in its 2005 annual report. The financial statements in the said Annex 1 have been audited jointly by KPMG and John Zammit.
- 7.2** Annex 2 of the Registration Document contains the unaudited interim financial statement of the Company for the six-month period ended 30 June 2006.
- 7.3** There is no significant change in the financial or trading position of the Company which has occurred since the end of the financial period to which the unaudited interim financial statements relate.

## **8. Details of the Share Offer**

### **8.1 Plan for Distribution**

The Offerors have entered into a number of conditional subscription agreements. In terms of those agreements the investors have bound themselves to subscribe and purchase, and the Offerors have bound themselves to allot to such investors, such number of the Shares, as the case may be, which in aggregate do not exceed one million five hundred thousand Shares.

During the Offer Period, Applications for subscription of the Shares may be made through any of the Financial Intermediaries.

### **8.2 Admission to Trading**

The Shares have been declared admissible to listing by the Listing Authority in terms of the Financial Markets Act by letter dated 28 November 2006. An application has been made to the Malta Stock Exchange for the Shares to be admitted to the Official List of the MSE as and when the Shares following the Offer have been allocated.

## **9. Additional Information**

### **9.1 Share Capital**

The authorised share capital of the Company is Lm1,000,000 (one million Maltese Liri) divided into 10,000,000 (ten million) ordinary shares of a nominal value of Lm0.10 each share. The issued share capital is Lm1,000,000 (one million Maltese Liri) divided into 10,000,000 (ten million) ordinary shares of a nominal value of Lm0.10 each share. There are currently no different classes of shares in the Company and accordingly all shares have the same rights and entitlements in connection with any distribution whether of dividends or capital (on a winding up or otherwise).

### **9.2 Memorandum and Articles of Association**

The memorandum and articles of association of the Company is registered with the Malta Financial Services Authority. The main object of the Company is to carry on the business of developing, operating and managing marinas and providing all matters ancillary thereto, related activities and such other activities as may from time to time be ancillary or complimentary to the foregoing whether in Malta or overseas. Clause 3 of the memorandum of association contains the full list of objects of the Company. A copy of the memorandum and articles of association of the Company may be inspected during the lifetime of this Prospectus at the registered office of the Company and at the Registrar of Companies of the Malta Financial Services Authority.

## 10. Documents available for Inspection

For the duration period of this Summary Note the following documents shall be available for inspection at the registered address of the Company:

- (a) the memorandum and articles of association of the Company;
- (b) the deed of emphyteusis and sub-emphyteusis described in section 18 of the Registration Document;
- (c) Economics Research Associates Report;
- (d) the Registration Document and the Securities Note forming part of the Prospectus;
- (e) the unaudited interim financial statements of the Company for the six-month period ended 30 June 2006 and profit forecasts for the two years ending 31 December 2006 and 2007; and
- (f) the historical financial information for each of the financial years ended 31 December 2003, 31 December 2004 and 31 December 2005.

These documents are also available for inspection in electronic form on the company's web site at [www.ghm.com.mt](http://www.ghm.com.mt)

## Registration Document

This document is a registration document issued in accordance with the provisions of Chapter 6 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No 809/2004 of April 29, 2004 implementing directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus.

This document is a registration document as required by Listing Rule 6.4.2 of the Listing Rules and contains information about Grand Harbour Marina p.l.c. for which application has been made for admission to trading of its securities on the Malta Stock Exchange. This Registration document should be read in conjunction with the most updated Securities Note and Summary Note issued by the Company from time to time that will provide the details of the Company and the Shares.

This document is dated 7 February 2007

### Summary Document

In respect of an Offer by

Nicholas Maris   Simon J. Arrol   Portosalvo Holdings Limited   V&F Portelli & Sons Limited

of a total of three million (3,000,000) ordinary shares of a nominal value of Lm0.10 in

Grand Harbour Marina p.l.c.

At a Share Offer Price of Lm0.70 per Share



Mr Walter Bonnici  
for and on behalf of The Board of Directors  
of Grand Harbour Marina p.l.c.



Mr Anthony Demajo  
for and on behalf of The Board of Directors  
of Grand Harbour Marina p.l.c.

ISIN MT0000320102

### Legal Advisors

Camilleri Preziosi Advocates

### Financial Advisors & Reporting Accountants

KPMG

### Joint Sponsors

GlobalCapital Financial Management Limited

&

HSBC Stockbrokers (Malta) Ltd

### Manager, Registrar and Underwriter

HSBC Bank Malta p.l.c.

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## IMPORTANT INFORMATION

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON GRAND HARBOUR MARINA P.L.C. (REFERRED TO IN THIS DOCUMENT AS THE “COMPANY”) AND ITS BUSINESS. THE INFORMATION IS BEING MADE AVAILABLE IN CONNECTION WITH AN OFFER TO THE PUBLIC IN MALTA BY THE OFFERORS OF THREE MILLION (3,000,000) ORDINARY SHARES IN THE COMPANY. THE SHARES HAVE A NOMINAL VALUE OF Lm0.10 EACH SHARE AND ARE BEING OFFERED AT A PRICE OF Lm0.70.

THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH THE LISTING RULES OF THE LISTING AUTHORITY FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO THE COMPANY, ITS BUSINESS AND FINANCIAL PERFORMANCE. ALL OF THE DIRECTORS OF THE COMPANY, WHOSE NAMES APPEAR UNDER THE HEADING DIRECTORS (THE “DIRECTORS”), ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE COMPANY (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 BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE COMPANY OR ITS DIRECTORS, TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF THE SHARES (AS DEFINED HEREIN) OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN IN CONNECTION WITH THE OFFER HEREBY MADE, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE COMPANY, ITS DIRECTORS OR ADVISORS.

THE ADVISORS ENGAGED BY THE COMPANY FOR THE PURPOSE OF THIS OFFER ARE ACTING EXCLUSIVELY FOR THE COMPANY.

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.

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

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

APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY FOR THE SHARES TO BE CONSIDERED AS ADMISSIBLE TO LISTING ON A RECOGNISED INVESTMENT EXCHANGE. IN ADDITION, APPLICATION HAS ALSO BEEN MADE TO THE COUNCIL OF THE MALTA STOCK EXCHANGE, AS A RECOGNISED INVESTMENT EXCHANGE, FOR THE SHARES TO BE ADMITTED TO THE OFFICIAL LIST.

**THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED ADVICE YOU SHOULD CONSULT A LICENSED STOCKBROKER OR AN INVESTMENT ADVISOR LICENSED UNDER THE INVESTMENT SERVICES ACT, CAP. 370 OF THE LAWS OF MALTA.**

THIS DOCUMENT AND ALL AGREEMENTS, ACCEPTANCES AND CONTRACTS RESULTING THEREFROM SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF MALTA AND ANY PERSON ACQUIRING ANY SHARES PURSUANT TO THE PROSPECTUS SHALL SUBMIT TO THE JURISDICTION OF THE MALTESE COURTS, WITHOUT LIMITING IN ANY MANNER THE RIGHT OF THE COMPANY OR THE OFFERORS TO BRING ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH ANY PURCHASE OF SHARES OR AGREEMENT RESULTING HEREFROM OR THE PROSPECTUS AS A WHOLE IN ANY OTHER COMPETENT JURISDICTION.

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE SECURITIES NOTE AND THE SUMMARY NOTE CONTAINING INFORMATION ABOUT THE OFFERING AND THE BUSINESS OF THE COMPANY, RESPECTIVELY.

## Definitions

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

<b>Act</b>	the Companies Act, Cap. 386 of the laws of Malta;
<b>Company or GHM</b>	Grand Harbour Marina p.l.c.;
<b>Directors or Board</b>	the directors of the Company whose names and addresses are set out under the heading "Identity of Directors, Senior Management, Advisors and Auditors";
<b>Maltese Liri</b>	the lawful currency from time to time of the Republic of Malta;
<b>Malta Stock Exchange or MSE</b>	The Malta Stock Exchange as defined by the Financial Markets Act (Cap. 345 of the laws of Malta);
<b>Offering or Offer</b>	the offer for sale of the Shares to the public in Malta made by the Offerors at the Share Offer Price pursuant to the Prospectus in the following proportions:  Nicholas Maris as to 916,500 ordinary shares; Simon J. Arrol as to 613,500 ordinary shares; Portosalvo Holdings Limited as to 1,170,000 ordinary shares; and V&F Portelli & Sons Limited as to 300,000 ordinary shares;
<b>Marina</b>	the marina developed by the Company and situated at the Dockyard Creek, within the limits of Senglea, Cospicua and Birgu, Malta;
<b>Registration Document</b>	this document dated 7 February 2007 as set out on pages 19 to 95 of this Prospectus;
<b>Securities Note</b>	the document dated 7 February 2007 as set out on pages 96 to 118 of this Prospectus;
<b>Share Offer Price</b>	the price of Lm0.70 per Share;
<b>Offerors</b>	Nicholas Maris; Simon J. Arrol; Portosalvo Holdings Limited; and V&F Portelli & Sons Limited;
<b>Prospectus</b>	this document together with a Securities Note and a Summary Note in connection with the Offer of Shares by the Offerors;
<b>Registration Document</b>	this document in its entirety;
<b>Shares</b>	the three million (3,000,000) ordinary shares in the Company of a nominal value of Lm0.10 each being offered by the Offerors at the Share Offer Price;
<b>Summary Note</b>	the document dated 7 February 2007 as set out on pages 3 to 18 of this Prospectus.

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

The Directors of the Company, whose names are set out hereunder under the heading “Directors & Company Secretary”, are the persons responsible for the information contained in this Registration Document. They have been advised and assisted in the drafting and compilation of the document by the persons mentioned hereunder.

### Directors & Company Secretary

Name	Function	Nationality
Nicholas Maris B.Sc., F.R.A.S.	Chairman and executive Director	Canadian
Walter Bonnici	Deputy Chairman and executive Director	Maltese
Anthony Demajo	Executive Director	Maltese
David Mead ACMA	Non-executive Director	British
Simon J. Arrol C.Eng., F.I.C.E.	Non-executive Director	British
Pascal Demajo B.Ch.D.	Non-executive Director	Maltese
Janice Martine Maris B.A. (Hons)	Non-executive Director	British
Vincent Portelli	Non-executive Director	Maltese
Michael Tanti-Dougall LL.D	Company Secretary	Maltese

Each executive Director on the board of Directors forms part of the executive management committee.

### Management

Position	Name	Nationality
Marina Manager	Camper & Nicholsons Marinas Limited:- Alan Giudice being seconded thereby.	French
Technical Manager	Camper & Nicholsons Marinas Limited:- Bill Green being seconded thereby.	British
Marketing, Operations and Public Relations Manager	Anna Tabone	Maltese
Financial Controller	Antonio Grech CPA, FIA	Maltese
International Marketing Manager	Jeff Houlgrave MRIN	British



**Advisors & Auditors**

Legal Counsel to the Offerors	Camilleri Preziosi Level 3, Valletta Buildings, South Str, Valletta VLT 11, Malta
Financial Advisors & Reporting Accountants	KPMG Portico Building, Marina Str, Pietà MSD 08, Malta
Joint Sponsors	HSBC Stockbrokers (Malta) Ltd 233, Republic Street, Valletta VLT05, Malta
	GlobalCapital Financial Management Limited 120, The Strand, Gzira GZR 03, Malta
Auditors of the Company for the financial years ended 31 December 2003 and 2004	John Zammit FIA, CPA Isolamare Suite 6, Bouverie Str, Gzira GZR 05, Malta
Joint auditors of the Company for the financial year ended 31 December 2005	John Zammit FIA, CPA Isolamare Suite 6, Bouverie Str, Gzira GZR 05, Malta
	KPMG Portico Building, Marina Str, Pietà MSD 08, Malta
Joint auditors of the financial statements for the three financial years ended 31 December 2003, 2004 and 2005 which have been prepared for inclusion in this Prospectus	John Zammit FIA, CPA Isolamare Suite 6, Bouverie Str, Gzira GZR 05, Malta
	KPMG Portico Building, Marina Str, Pietà MSD 08, Malta
Manager, Registrar and Underwriter	HSBC Bank Malta p.l.c. 233, Republic Street, Valletta VLT 05, Malta

**2. Key Information about the Company**

Extracts from the Company's audited historical financial information for the three financial years ended 31 December 2003 to 2005 and from the interim unaudited financial statements for the 6 months ended 30 June 2006, are set out below.

	<b>6 months ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>30 Jun</b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Audited)</b>	<b>(Audited)</b>
			<b>(Restated)</b>	<b>(Restated)</b>
	<b>Lm'000</b>	<b>Lm'000</b>	<b>Lm'000</b>	<b>Lm'000</b>
Revenue	1,332	1,027	604	921
Profit from operating activities	736	245	174	416
Profit before tax	659	278	96	406
Profit for the period/year	428	181	61	327
Total assets less current liabilities	3,562	2,834	3,086	858
Interest-bearing borrowings	2,723	3,127	3,273	1,291
Total equity	1,429	1,000	820	758
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Earnings per share <sup>1</sup>	4c3	1c8	0c6	3c3

<sup>1</sup> Calculated on the basis of 10,000,000 nominal shares of Lm0.10 each in issue as at the date of this Registration Document.

### 3. Risk Factors

**A prospective investor should carefully consider the following matters, as well as the other information contained in this Registration Document, before making any investment decision with respect to the Company. Information contained in this Registration Document 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 Company’s financial results, trading prospects and the ability of the Company to fulfil its obligations under the Shares being offered.**

The risks and uncertainties discussed below are those that the Directors believe to be material, but these risks and uncertainties may not be the only ones that the Company faces. Additional risks and uncertainties, including those which the Company’s Directors are not currently aware of or deem material, may well result in a material impact on the financial condition and operational performance of the Company that could lead in a decline in value of the Shares.

#### **Forward Looking Statements**

This Registration Document contains forward looking statements which include statements concerning the Company’s strategies and plans relating to the attainment of those objectives, its capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts by the use of terminology such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe” or similar phrases. These forward looking statements are subject to a number of risks, uncertainties and assumptions and important factors that could cause actual risks to differ materially from the expectations of the Company’s Directors. No assurance is given that the future results or expectations will be achieved.

#### **Suitability**

An investment in the Company may not be suitable for all recipients of this Prospectus and investors are urged to consult their advisors as to the suitability or otherwise of the investments described herein before investing.

#### **Risks Relating to the Industry Sector**

The Company’s business consists in managing and operating marinas. The financial performance of the Company depends on the timing, number and extent of berth sales of the Company. Inevitably therefore the Company is exposed, to a certain extent, to the risks associated with the trends and future outlook of that industry as a whole. In addition, there may be matters, outside the control of the Company, which may have a negative impact on the development of the Marina, namely, the development of the surrounding areas, which in turn, may adversely affect the Company’s growth potential.

#### **Relationship with Camper & Nicholsons Marinas Limited**

Camper & Nicholsons Marinas Limited is the marina consultant and marina manager for the Company and the exclusive sales agent for long term berths for a period due to expire on the 31 December 2007. The Company can generate sales from sources other than Camper & Nicholsons Marinas Limited. It however relies on the sales generated by, and the know-how of, Camper & Nicholsons Marinas Limited.

#### **Other considerations**

In common with many businesses, the Company will be relying heavily on the contacts and expertise of the executive Directors and other key personnel within the Company. The loss of one or more of such executive Directors and other key personnel within the Company could have an adverse effect on the Company.

## Risks Relating to the Shares

### *Minority shareholding*

Due to the size of their shareholdings, and the possible pooling of their votes, the Offerors are in a position to decisively influence matters that require approval of shareholders, including resolutions regarding dividends and other important measures.

### *No Prior Market for Shares; Limited Liquidity of the Malta Stock Exchange*

Prior to the Offering, there has been no public market for the Company's shares within or outside Malta. Due to the absence of any prior market for the Shares, there can be no assurance that the Share Offer Price will correspond to the price at which the Shares will trade in the market subsequent to the Offering. The market price of the Shares could be subject to significant fluctuations in response to many factors, including, the Company's operating results, and developments in the economies of other countries to which the Company is exposed or other factors. An application has been made to seek a listing on the Malta Stock Exchange, which is smaller and less liquid than the more developed stock markets in Europe and the United States. Currently equity securities of only 14 Maltese companies are traded on the Malta Stock Exchange out of which 13 equity securities were admitted to the Official List of the MSE and one to the Alternative Companies List. The limited liquidity of the market for the Shares could increase the price volatility of the Shares and may impair the ability of a holder of Shares to sell such Shares in the market in the amount and at the price and time such holder wishes to do so. To control price volatility, the Malta Stock Exchange may not allow matching of deals in shares of a listed company when the price falls outside a seven per cent range from the previous day's traded weighted average price.

Following the completion of this Offering, the price at which the shares will be traded, as well as the sales volume of the shares traded, will be subject to fluctuations. These fluctuations may not necessarily be caused by the Company's business activity or its results of operations. It is also possible that the Company's results of operations or its business outlook may fall short of expectations, in which case the price of the shares could be negatively affected.

## 4. Information about the Company

### 4.1 Historical development

#### 4.1.1 Introduction

Full Legal Name of Company:	Grand Harbour Marina p.l.c.
Registered Address:	The Capitanerie, Vittoriosa Wharf, Vittoriosa CSP 09
Place of Registration:	Malta
Registration Number:	C 26891
Date of Registration:	On 31 August 2000 the Company was registered as a private company under the Act. By resolution of the Shareholders dated 12 January 2007, the Company was converted into a public limited company in accordance with the provisions of section 213 of the Act.
Other:	The Company is lawfully existing and registered as a public limited company in terms of the Act.
	Telephone Numbers: + 356 21 800 700
	Fax: + 356 21 800 900
	Email: info@ghm.com.mt
	Website: www.ghm.com.mt

#### **4.1.2 Important Events in the Development of the Company**

The Company is a limited liability company duly existing and registered under the laws of Malta with company registration number C 26891 and principally develops, operates and manages marinas and provides all matters ancillary thereto.

The Company was first established on 31 August 2000, as a private company under the Act. In preparation of this Offer, it was converted into a public limited company in accordance with section 213 of the Act and is currently duly registered and existing as a public company pursuant to the Act.

The Company entered into a deed of sub-emphyteusis on the 4 September 2001, pursuant to which it acquired the rights to develop and subsequently operate the Marina, develop the surrounding lands and building and operate ancillary facilities, located in the part of the Grand Harbour in Malta known as Dockyard Creek. Following issuance of development permits in January 2003 the Marina was completed in autumn 2005 and officially opened in November 2005. The Company presently operates and manages one marina. (See also Business Overview for further details).

#### **4.2 Investments**

Other than the investment in plant and equipment, the Company did not have any other investments as at 30 June 2006.

The Company's management has not made any firm commitments on any material future investments.

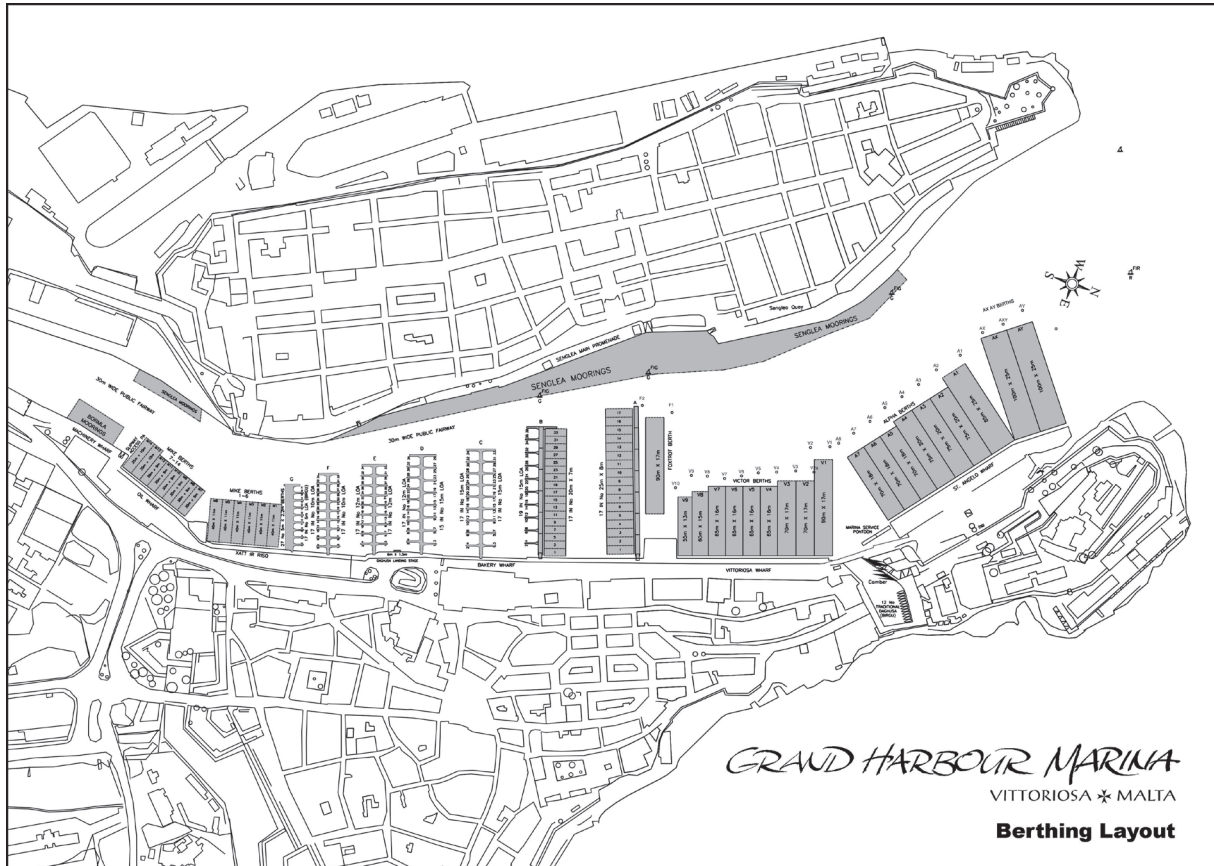
#### **4.3 Business Overview**

##### **4.3.1 Infrastructure**

Between 2003 and 2005 the Company was involved in the construction of the Marina and related facilities geared for the berthing of yachts with a focus on super-yachts. The development of the project was undertaken in phases, so that it allowed the company to commence certain operations whilst still in the construction phase of other areas of the project. In this context the Company rendered operational its first pontoons upon completion in 2003. In 2004, whilst still developing other parts of the project, it launched the super-yacht berths at Vittoriosa Wharf, Machinery Wharf and Xatt ir-Risq and then launched the Marina in full in 2005 after completion of super-yacht berths at the St. Angelo Wharf and its extension.

The Marina today has a capacity of 197 pontoon berths for vessels ranging from 8 metres to 25 metres in length, and a total of 33 berths for super-yachts ranging from 30 metres to 100 metres in length, with water depth varying from 5 metres at the quay to 20 metres at the centre of the creek. The physiognomy of the Marina is such that in the event that the Directors deem fit, the number of super-yacht berths may be increased. In addition, it offers dedicated car parking facilities of circa 800 square metres on St. Angelo Wharf; 450 square metres of storage space within the vicinity of the quays; 400 square metres of real estate on St. Angelo Wharf and an international class Capitanerie, currently being developed, that will provide the location for administration offices, owner/crew meeting areas and all other facilities necessary for servicing customers' requirements.

A visual plan of the berthing capacity of the Marina is displayed on the following page:-



#### 4.3.2 Principal Activities

The principal activities of the Company are largely the development, operation and management of marinas. The Company is geared towards providing a high quality service to yachts, with a particular emphasis on super-yachts, which by their very nature, demand high level marina related services. Currently, the Company operates only one marina, the Marina, which is operated and managed in association with the internationally-known company Camper & Nicholsons Marinas Limited, a company largely involved on an international basis in the management and operation of marinas. The origins of Camper & Nicholsons group of companies dates back to 1782 and has been associated with the marina sector since the 1960s. The Camper & Nicholsons group of companies has marina sector expertise and a track record for a wide range of clients in investment, design, planning procurement, construction, operation, sales and marketing and consultancy. Camper & Nicholsons Marinas Limited provided their expertise in the design and construction of the Marina. They have a global network of contacts, a high profile advertising programme and attend the major international exhibitions, all of which have helped to secure long term berth licences for the Company. The management team of Camper & Nicholsons group of companies has added value to high profile marinas, including the Americas Cup marina based in Valencia, Spain and continue to be involved in marina projects worldwide, including in Egypt, Italy, Spain, Greece, Turkey, Croatia, the Caribbean and the USA.

Camper & Nicholsons Marinas Ltd have a key role in the management of the Marina. The Company has contracted their management and sale and marketing services by means of a marina management agreement, details of which may be found in the Registration Document under the heading "Material Contracts". In addition, the association which Camper & Nicholsons Marinas Limited has with the Company is also indirectly present by the shareholding and directorship which the chairman thereof, Nicholas Maris holds in the Company. In addition, David Mead, one of the Directors of the Company is also the managing director of Camper & Nicholsons Marinas Limited.

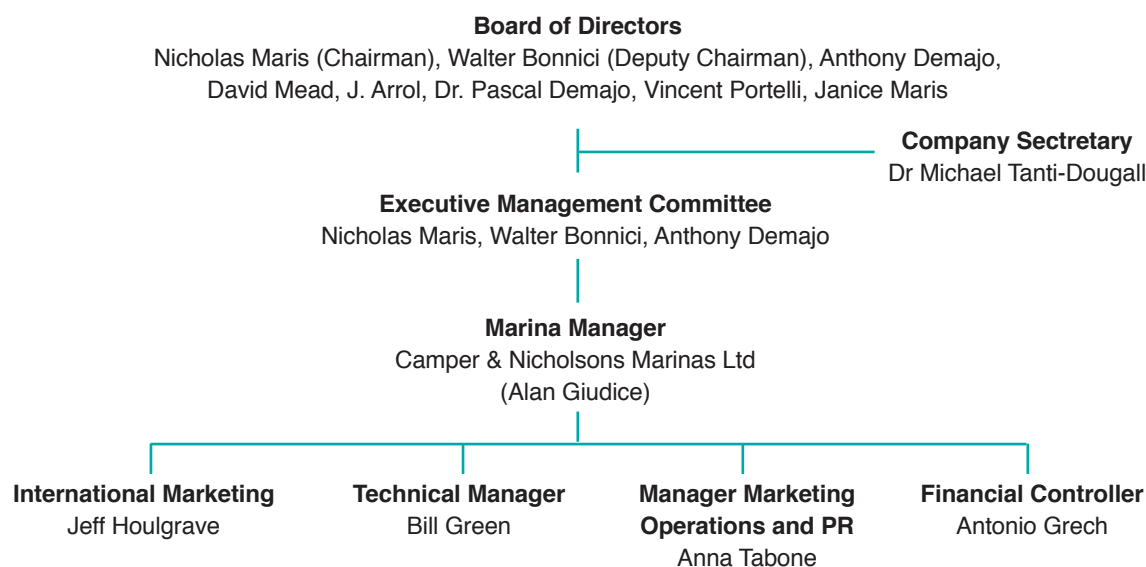
The principal activity of the Company is therefore to seek prospective customers to berth their vessels within its facilities at the Grand Harbour Marina and to service its existing customers by providing the high quality service required both by yacht owners, captains and their crews.

It is also the intention of the Company to keep under review opportunities that may arise, both in Malta and in other parts of the Mediterranean region that would provide feasible opportunities for either the extension of its facilities in Malta, as well as for the development and/or operation of similar facilities in other Mediterranean ports. Currently the Company is actively involved in and forms part of a consortium of companies that intend to bid for the upcoming privatisation of the Malta Government-owned marinas in Malta and Gozo.

#### 4.3.3 Principal Markets

The market in which the Company operates is an international market with a broad mix of foreign yacht owners seeking long term purchase of a home-port berth or others who may simply be visiting Malta, and are therefore short term customers. There is also a market for local yacht owners berthing at the Marina that have increased significantly over the last twelve months since the completion of the project. At present ninety eight per cent (98%) of the pontoon berths at the Marina are occupied.

## 5. Company Organisational Structure



## 6. Property, Plant and Equipment

The Company's tangible fixed assets, which comprise plant and equipment, at the end of the financial years ended 31 December 2003, 2004 and 2005 and at the end of the 6 months ended 30 June 2006 are summarised below:

	Total	Assets in course of construction	Berthing facilities	Other tangible fixed assets
	Lm'000	Lm'000	Lm'000	Lm'000
Cost as at:				
30 June 2006	3,934	821	3,058	55
31 December 2005	4,189	1,364	2,775	50
31 December 2004	3,770	2,383	1,339	48
31 December 2003	2,340	1,115	1,195	30
Net book value as at:				
30 June 2006	3,678	821	2,836	21
31 December 2005	3,975	1,364	2,591	20
31 December 2004	3,648	2,383	1,237	28
31 December 2003	2,284	1,115	1,147	22

Plant and equipment mainly comprises costs associated with the development of super-yacht berths and pontoons. 'Assets in the course of construction' consist of costs incurred with respect to berths which are still under development at the end of a specific year or period. When the development of specific berths is completed, the related costs are classified under 'berthing facilities'.

As part of its operations, Grand Harbour Marina p.l.c. negotiates licensing contracts for super-yacht berths over long-term periods. On the conclusion of a long-term licensing contract for a berth, the cost incurred in the development of such berth is released from the investment in plant and equipment and apportioned between the part attributable to the licensing period and the residual amount attributable to the time which extends beyond the licensing period. The part of the cost attributable to the licensing period is recognised immediately in the Income Statement, whilst the residual portion of cost is deferred.

During the period from inception to 30 June 2006, the Company invested Lm4,881,973 in plant and equipment. During the said period, an amount of Lm947,484 was transferred to the Income Statement as a result of the conclusion of seven long-term licensing contracts. The resulting historical cost balance for plant and equipment as at 30 June 2006 was of Lm3,934,489. After deducting accumulated depreciation to 30 June 2006, the net book amount of plant and equipment as at 30 June 2006 amounted to Lm3,677,744.

The Company expects that capital expenditure between 1 July 2006 to 31 December 2007 as required to finish the development of the Marina, will not exceed Lm450,000.

The Company's tangible fixed assets have been hypothecated in favour of the Company's bankers for funds borrowed by means of a first general hypothec for Lm3,250,000 and EUR800,000 over all assets present and future given by Grand Harbour Marina p.l.c. and a pledge over an insurance policy covering the company's movable and immovable assets.

The tangible fixed assets have also been hypothecated in favour of a related company, American Mutual Property Limited, by means of a general hypothec amounting to Lm100,000 on all property held by the Company present and future. American Mutual Property Limited is a company beneficially owned by Nicholas Maris, one of the Offerors.

## 7. Operating and Financial Review

Extracts from the Company's audited historical financial information for the three financial years ended 31 December 2003 to 2005 and from the interim unaudited financial statements for the 6 months ended 30 June 2006, are set out below.

Income Statement Extracts	6 months ended	Year ended	Year ended	Year ended
	30 Jun 2006 (Unaudited)	31 Dec 2005 (Audited)	31 Dec 2004 (Audited) (Restated)	31 Dec 2003 (Audited) (Restated)
	Lm'000	Lm'000	Lm'000	Lm'000
Revenue	1,332	1,027	604	921
Personnel expenses	(66)	(153)	(67)	(28)
Depreciation	(49)	(92)	(65)	(56)
Other expenses	(481)	(537)	(298)	(421)
<b>Profit from operating activities</b>	<b>736</b>	<b>245</b>	<b>174</b>	<b>416</b>
Net finance (costs)/income	(77)	33	(78)	(10)
<b>Profit before tax</b>	<b>659</b>	<b>278</b>	<b>96</b>	<b>406</b>
Income tax expense	(231)	(97)	(35)	(79)
<b>Profit for the period/year</b>	<b>428</b>	<b>181</b>	<b>61</b>	<b>327</b>

The significant movement in revenue from one year to the next – a decrease of 34% in 2004 when compared to 2003 and an increase of 70% in 2005 when compared to 2004 – results mainly from the nature of the Company's business, in particular the timing of the successful conclusion of long-term licensing contracts for super-yacht berths. The Company successfully negotiated long-term licensing contracts for two berths in 2003, one berth in 2004, three berths during 2005 and one berth for the period January to June 2006.

Revenue from long-term berth licensing accounted for 95%, 70%, 80% and 87% of total revenue for the years 2003, 2004 and 2005 and for the 6 months ended June 2006 respectively. Berthing and other revenue (which comprises income from service charges associated with the long-term licensing contracts, berthing fees, berth utility fees as well as other ancillary income) for 2003 represented a small proportion of total revenue since the Marina was still under development during the main part of the year and the pontoons were fully operational as from August 2003. Work on the Marina, including landscaping of the surrounding areas, were partially completed during the third quarter of 2006. These works were disruptive and had a negative impact on super-yacht berthing fees and occupancy.

Profit from operating activities for 2004 decreased by 58% over 2003. This decrease is mostly attributable to the lower long-term berth licensing revenue generated during 2004 when compared to 2003. Further, 2004 revenues and costs associated with berthing and other revenue increased over 2003 levels mainly as a result of the fact that the pontoon berths became operational from August 2003.

The higher finance costs incurred during 2004 as compared to 2003 are attributable to the company's withdrawal of further banking facilities during the said year, together with net exchange losses of Lm33,520.

Revenue for 2005 increased by 70% over 2004 and profit from operating activities increased by 41%. This is the result of a number of factors, including higher direct costs in relation to revenue due to a lower margin earned on super-yacht berth licensing contracts during 2005, an increase in depreciation expense for 2005 resulting from berthing facilities being transferred from assets in the course of construction, which bear no depreciation charge, to assets in use, and higher personnel expenses arising from an increase in headcount and salaries during 2005.

Net finance (costs)/income for the years 2003, 2004 and 2005 and for the 6 month period ended 30 June 2006 can be analysed as follows:

	<b>6 months ended 30 Jun 2006 (Unaudited)</b>	<b>Year ended 31 Dec 2005 (Audited)</b>	<b>Year ended 31 Dec 2004 (Audited) (Restated)</b>	<b>Year ended 31 Dec 2003 (Audited) (Restated)</b>
	<b>Lm'000</b>	<b>Lm'000</b>	<b>Lm'000</b>	<b>Lm'000</b>
Exchange difference	(10)	140	(33)	-
Net interest payable	(67)	(107)	(45)	(10)
Net finance (costs)/income	(77)	33	(78)	(10)



Balance Sheet Extracts	At 30 Jun 2006 (Unaudited)	At 31 Dec 2005 (Audited)	At 31 Dec 2004 (Audited) (Restated)	At 31 Dec 2003 (Audited) (Restated)
	Lm'000	Lm'000	Lm'000	Lm'000
Plant and equipment	3,678	3,975	3,649	2,284
Deferred taxation	88	37	54	35
Total non-current assets	<u>3,766</u>	<u>4,012</u>	<u>3,703</u>	<u>2,319</u>
Trade and other receivables	135	86	108	48
Deferred costs	165	118	56	34
Cash at bank and in hand	1,185	875	652	122
Total current assets	<u>1,485</u>	<u>1,079</u>	<u>816</u>	<u>204</u>
<b>Total assets</b>	<u><u>5,251</u></u>	<u><u>5,091</u></u>	<u><u>4,519</u></u>	<u><u>2,523</u></u>
Interest-bearing borrowings	<u>2,133</u>	<u>1,833</u>	<u>2,267</u>	<u>100</u>
Total non-current liabilities	<u>2,133</u>	<u>1,833</u>	<u>2,267</u>	<u>100</u>
Interest-bearing borrowings	590	1,294	1,006	1,191
Current taxation	530	247	167	114
Trade and other payables	569	717	259	360
Total current liabilities	<u>1,689</u>	<u>2,258</u>	<u>1,432</u>	<u>1,665</u>
Total liabilities	3,822	4,091	3,699	1,765
Total equity	<u>1,429</u>	<u>1,000</u>	<u>820</u>	<u>758</u>
<b>Total equity and liabilities</b>	<u><u>5,251</u></u>	<u><u>5,091</u></u>	<u><u>4,519</u></u>	<u><u>2,523</u></u>

During the period from inception to 30 June 2006, Grand Harbour Marina p.l.c. invested a total of Lm4,881,973 in plant and equipment mainly comprising costs associated with the development of super-yacht berths and pontoons. During this same period, an amount of Lm947,484 was released from plant and equipment to cost of sales as a result of the conclusion of seven long-term berth licensing contracts. The resulting historical cost balance for plant and equipment as at 30 June 2006 was of Lm3,934,489. After deducting accumulated depreciation to 30 June 2006, the net book amount of plant and equipment as at 30 June 2006 amounted to Lm3,677,744.

As at 30 June 2006, interest-bearing borrowings represent a bank loan of EUR5,050,350 (Lm2,166,600) bearing interest at 2.75% over the bank's base rate, a bank overdraft of Lm456,936 bearing interest at 2.5% over the bank's base rate and a loan of Lm100,000 due to American Mutual Property Limited, bearing interest at 3.5% over the HSBC Bank Malta p.l.c.'s base rate.

The increase in total equity between 2003 and 30 June 2006 was attributable to retained earnings.

The key accounting ratios for the three years ended 31 December 2005 and for the 6 months ended 30 June 2006 are set out below:

	<b>6 months ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>30 Jun</b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Operating profit margin <i>(Operating profit before financing costs to revenue)</i>	55.3%	23.9%	28.8%	45.2%
Profit before tax to revenue	49.5%	27.1%	15.9%	44.0%
Profit after tax to revenue	32.1%	17.6%	10.1%	35.5%
Operating profit to total assets <i>(Operating profit before financing costs to total assets)</i>	-	4.8%	3.9%	16.5%
Operating profit to capital employed <i>(Operating profit before financing costs to total equity and interest-bearing liabilities)</i>	-	5.9%	4.3%	20.3%
Profit before tax to equity	-	27.8%	11.7%	53.6%
Profit after tax to equity	-	18.1%	7.4%	43.1%
Net assets per Lm0.10 nominal share (cents) <sup>1</sup>	14c3	10c0	8c2	7c6
Earnings after tax per Lm0.10 nominal share (cents) <sup>1</sup>	4c3	1c8	0c6	3c3

<sup>1</sup> Grand Harbour Marina p.l.c.'s share capital as at 30 June 2006 consisted of 30,769 ordinary shares of Lm1 each and 46,154 redeemable preference shares of Lm0.13 each. By means of a resolution dated 12 January 2007 the company converted the preference shares into ordinary shares and capitalized Lm963,231 (share premium and part of retained earnings), resulting in an issued share capital of Lm1,000,000. Subsequently, the Company affected a share split resulting in 10,000,000 ordinary shares of Lm0.10 nominal value each. The net assets per share and earnings per share calculations set out above have been based on the current number of shares in issue.

## 8. Capital Resources

The Company is primarily financed through shareholders' equity (which includes internally generated profits that have been retained over the years) and through bank borrowings, as set out below:

	<b>At 30 Jun</b>	<b>At 31 Dec</b>	<b>At 31 Dec</b>	<b>At 31 Dec</b>
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Audited)</b>	<b>(Audited)</b>
			<b>(Restated)</b>	<b>(Restated)</b>
	<b>Lm'000</b>	<b>Lm'000</b>	<b>Lm'000</b>	<b>Lm'000</b>
<b>Shareholders' equity</b>				
Issued capital	37	37	37	37
Share premium	569	569	569	569
Other reserve	11	47	-	-
Retained earnings	812	347	214	152
	<u>1,429</u>	<u>1,000</u>	<u>820</u>	<u>758</u>
<b>Interest bearing borrowings</b>				
Bank loan	2,167	2,167	2,333	-
Bank overdraft	456	860	840	1,191
Loan from a related company	100	100	100	100
	<u>2,723</u>	<u>3,127</u>	<u>3,273</u>	<u>1,291</u>

The original sanctioned bank loan amount was of Lm2,500,000, which was withdrawn in full during 2004. By virtue of the sanction letter dated 20 March 2006, the loan balance which stood at Lm2,166,600 was converted into a Euro loan at a value of EUR5,050,350. The loan is to be repaid at EUR302,500 semi-annually inclusive of interest in the first two years increasing to EUR587,500 semi-annually inclusive of interest thereafter and is to be cleared in full by 30 December 2012. Interest on the loan is charged at the rate of 2.75% per annum over the bank's base rate. As at 30 June 2006, the balance outstanding on the bank loan was of EUR5,050,350 (Lm2,166,600).

Grand Harbour Marina p.l.c. also enjoys a general banking facility of Lm750,000, which bears interest at the rate of 2.5% per annum over the bank's base rate. This facility includes a bankers' guarantee of Lm265,000 which is to be released on completion of the project. The overdraft balance as at 30 June 2006 amounted to Lm456,936.

By means of the sanction letter dated 20 March 2006, HSBC Bank Malta p.l.c. granted the Company a fresh loan amounting to EUR800,000. As at 30 June 2006 the loan was not yet withdrawn. The loan is to be repaid in bullet payments exclusive of interest from sale proceeds of berth sales and is to clear within two years from date of initial drawdown. Interest on the loan will be charged at the rate of 2.75% per annum over the bank's base rate. It is expected that this loan will be utilized to part finance the planned expenditure on plant and equipment to finalise the development of the Marina, with the remaining required funds being sourced from funds generated from the company's operations.

The bank borrowings are secured by:

- a first general hypothec for Lm3,250,000 and EUR800,000 over all assets present and future given by Grand Harbour Marina p.l.c.;
- a first special hypothec for Lm3,250,000 and EUR800,000 given by the Company on parcels of land measuring circa 1,410 square metres along Cottonera Waterfront, Vittoriosa held on temporary emphyteusis for the remaining 99 year period from 2 June 1999;
- pro-rata guarantees for a total of Lm3,281,100 by the Company's ordinary shareholders;
- pledge over insurance policy covering the Company's movable and immovable assets;
- letter of undertaking given by the Company not to pay dividends and by the Company/shareholders not to repay/demand repayment of shareholders' loans of Lm100,000 to the Company and/or pay/demand payment of any interest thereon without the Bank's prior written consent; and
- pledge over all/any balances deposited in foreign currency accounts held with HSBC Bank Malta p.l.c.

At 30 June 2006, the Company made use of Lm100,000 in the form of a loan from a related company, American Mutual Property Limited, bearing interest at 3.5% per annum over HSBC Bank Malta p.l.c.'s base rate. This loan was originally withdrawn during 2003 and is repayable in full by 24 April 2008. This loan is secured by means of a general hypothec amounting to Lm100,000 on all property held by the Company present and future and a special hypothec up to Lm100,000 on the temporary subtile dominia of the Marina.

The information set out below, extracted from Grand Harbour Marina p.l.c.'s audited historical financial information for the three financial years ended 31 December 2003 to 2005 and from the interim unaudited financial statements for the 6 months ended 30 June 2006, highlights the main sources and application of funds for the company.

<b>Cash Flow Extracts</b>	<b>6 months ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>30 Jun</b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>(Audited)</b>	<b>(Audited)</b>
			<b>(Restated)</b>	<b>(Restated)</b>
	<b>Lm'000</b>	<b>Lm'000</b>	<b>Lm'000</b>	<b>Lm'000</b>
Net cash from operating activities	985	878	59	396
Net cash used in investing activities	(126)	(425)	(1,380)	(1,808)
Net cash (used in)/from financing activities	(91)	(357)	2,236	61
Net increase/(decrease) in cash and cash equivalents	<u>768</u>	<u>96</u>	<u>915</u>	<u>(1,351)</u>
Cash and cash equivalents at end of period/year	<u>728</u>	<u>15</u>	<u>(188)</u>	<u>(1,069)</u>

Net cash flows applied in investing activities relate principally to acquisition of plant and equipment. Net cash flows (used in)/from financing activities reflect primarily proceeds from and repayment of borrowings together with interest payments on such borrowings.

Key liquidity ratios for the three financial years ended 31 December 2003 to 2005 and for the 6 months ended 30 June 2006 are set out hereunder:

<b>Key ratios</b>	<b>6 months ended</b>	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>30 Jun</b>	<b>31 Dec</b>	<b>31 Dec</b>	<b>31 Dec</b>
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Debt to equity ratio <i>(Interest bearing liabilities to equity)</i>	1.91 : 1	3.13 : 1	3.99 : 1	1.70 : 1
Current ratio <i>(Current assets to current liabilities)</i>	0.88 : 1	0.48 : 1	0.57 : 1	0.12 : 1
Interest cover: <i>(Profit before interest and taxes to interest charged to income statement)</i>	10.35	3.47	3.08	30.64
<i>(Profit before interest and taxes to total interest – interest charged to income statement and capitalised interest)</i>	9.04	1.86	1.12	6.99

## 9. Research and Development, Patents and Licences

By virtue of an agreement entered into on the 1 April 2004 between the Company and Camper & Nicholson's Marinas Limited, the Company was granted the licence to use the Camper & Nicholson's brand name and to associate itself with the said company in any medium of advertising. The duration of the said agreement is for a period ending on the 31 December 2007.

The Company has, on numerous occasions, commissioned reports analysing the business of the Company and the market in which it operates, the purpose of which is to better determine the business strategy and development of the Company going forward. The costs incurred by the Company in relation to the commissioning, including the report prepared by the Economics Research Associates (as better explained under the heading "Trend Information") over the last three financial years did not exceed Lm10,000.

## 10. Profit Forecasts or Estimates

Extracts from the profit forecasts of the Company for the two years ending 31 December 2006 and 2007 are set out below:

	<b>2006</b>	<b>2007</b>
	<b>Lm'000</b>	<b>Lm'000</b>
Revenue	1,517	2,259
Profit from operating activities	601	1,231
Profit before tax	461	1,093
Profit for the year	300	711

Detailed profit forecasts and the assumptions on which these forecasts are based are included under Annex 3 set out elsewhere in this document.

Forecasted key accounting ratios for the two years ending 31 December 2006 and 2007 are set out below:

	<b>2006</b>	<b>2007</b>
Operating profit margin ( <i>Operating profit before financing costs to revenue</i> )	39.6%	54.5%
Earnings after tax per Lm0.10 nominal share (cents) <sup>1</sup>	3c0	7c1

<sup>1</sup> Grand Harbour Marina p.l.c.'s share capital as at 30 June 2006 consisted of 30,769 ordinary shares of Lm1 each and 46,154 redeemable preference shares of Lm0.13 each. By means of a resolution dated 12 January 2007 the Company converted the preference shares into ordinary shares and capitalised Lm963,231 (share premium and part of retained earnings), resulting in an issued share capital of Lm1,000,000. Subsequently, the Company effected a share split resulting in 10,000,000 ordinary shares of Lm0.10 nominal value each. The net assets per share and earnings per share calculations set out above have been based on the current number of shares in issue.

## 11. Trend Information

11.1 There has been no material adverse change in the prospects of the Company since the date of its last published financial statements.

11.2 The Company's business is largely dependent on the volume of activity within the leisure sector of the maritime industry and the Directors believe that the future trends of the Company's business are necessarily co-related to, and should therefore be analysed in, the context of the trends of the industry sector. Accordingly the Directors believe that the future of the Company will depend largely on the demand and supply for berths by yachts and super-yachts in the Mediterranean and on the pattern of their operations. Within the global environment for such activities, and particularly that focused in the Mediterranean Region, which remains an important region for yacht cruising, the Directors believe that the Company is well placed, with a comprehensive package of facilities at very competitive rates, to meet the demands of a highly demanding super-yacht clientele.

On the basis of research undertaken by the Company, through Economics Research Associates\*, it transpires that the commercial activity within the leisure sector of the industry has increased steadily over the past five years and that there is evidence to suggest that, going forward, this industry sector remains a growth area, with a growing mismatch between marina berth supply and marina berth demand, particularly in the super-yacht sector.

The Directors believe that in the foreseeable future it is unlikely that the supply of berths in marinas will meet, let alone exceed the demand for them. This is due to four principal reasons:

- (i) an environment where the registered number of boats and yachts, including new builds remains on the increase,
- (ii) the challenge in identifying new suitable sites for super-yacht marinas,
- (iii) the growing international environmental constraints, and
- (iv) the huge capital expenditure associated with the construction and building of marinas that is by far more costly than the addition of new boats.

The Directors expect that in the absence of unforeseen circumstances, the underlying growth in demand for existing marina berths is likely to continue in the foreseeable future, with obvious consequences both on berth occupancy rates and related tariffs whether such tariffs relate to transitory, short term or long term occupancy. The indications in the super-yacht sector also sustain these trends, with an ever growing super-yacht market that has seen an increase from 2000 yachts in excess of 30 metres in 1997 to 3500 yachts in 2004\*\*. In 2006 alone the figure for new orders has topped the ranks at a number in excess of 650 super-yachts.

\* Economic Research Associates is an international consulting firm of international repute focused on economic analysis for the entertainment and leisure industry, real estate development, public-policy analysis, tourism, and economic development with clients from all across the globe ([www.econres.com](http://www.econres.com)).

\*\* Figures quoted from ERA Report

In addition, a review of yacht utilisation patterns indicates that Malta is well placed to access both the established routes in the Western Mediterranean as well as the increasingly popular routes in the Eastern Mediterranean. With the Mediterranean generally remaining an important yachting destination, the Directors believe that the Company has the potential and shall seek to offer considerable advantages not only as a transit marina for yachts migrating between routes but also as a home port for both super-yachts and smaller vessels, particularly in a context where there are few other marinas in the Mediterranean that can accommodate berthing yachts in excess of 50 metres in length. With a marina developed over the last two years and completed to the highest specifications compatible with ISPS codes (International Code for Safety and Environmental Protection Management in Port) from the International Maritime organisation and Bureau Veritas Certification, berthing rates that on a comparative analysis are at the low end of the range with international competitors also place the Company in a position of strength. The Directors believe that in addition to the above and following market research undertaken by it on the demands and requirements of owners, management companies, captains and crews, it is well placed to meet their demands with an airport connection to international flights only a few kilometres away, international standards of service available to accommodate both routine servicing and as well as more substantial maintenance and refits. The extensive range of quayside services are clearly the product of a marina that was developed over recent years and takes into account the requirements of the most demanding of customers – with a focus on the exigencies of a sophisticated super-yacht clientele. The combination of a comprehensive facilities package within the Marina itself, the involvement of a company of the stature of Camper & Nicholson's Marinas Limited, and Malta's maritime tradition and history, auger well for the future of the Company.

## **12. Directors and Senior Management Organs**

### **12.1 General**

The Company's governance structure is composed of two principal organs. The board of Directors, which is the organ responsible for the determination of policy and strategic guidelines and the executive management committee, which consists of three executive Directors accountable directly to the board of Directors. Camper & Nicholson's Marinas Limited is responsible for the implementation of policy and strategy and the management of the Company. The person currently seconded by Camper & Nicholson's Marinas Limited to assume the responsibility and function of a marina manager is Alain Giudice.

### **12.2 The Board of Directors**

The board of Directors is responsible for the overall direction of the Company and for the establishment of policy guidelines for the management of the Company, including responsibility for the appointment of all executive officers and other key members of management. The executive management committee is responsible for the day to day management of the Company and is responsible to the board of Directors. The Memorandum of Association of the Company provides that the board of Directors shall be composed of not more than nine (9) and not less than two (2) Directors. The business address of all Directors of the Company is the registered address of the Company.

A full list of the Directors is set out in Section 1 of this Registration Document and a brief curriculum vitae for each of the current Directors is set out below:

**Nicholas Maris B.Sc., F.R.A.S. (age 57)**

Nicholas Maris was appointed a Director and Chairman of the Company since its establishment on 31 August 2000. He is currently the chairman of Camper & Nicholson's (Designs) Ltd, the company which holds and licences the rights to the Camper & Nicholson's brand name. He has gained a vast experience in the management and operation of yacht marinas and in the construction and servicing of super-yachts.

<i>Current directorships: -</i>	<i>Country of Incorporation</i>
Camper & Nicholson's (Designs) Ltd	United Kingdom
Camper & Nicholson's Holdings Ltd	United Kingdom
Camper & Nicholson's International Ltd	United Kingdom
Camper & Nicholson's Investments Ltd	United Kingdom
Camper & Nicholson's Marina Holdings Limited	Malta
Camper & Nicholson's Marinas Limited	United Kingdom
Camper & Nicholson's Marinas International Limited	Malta
Camper & Nicholson's Marinas Investments Limited	Malta
Marina Management International Limited	Malta
Maris Marine Ltd	United Kingdom
Maris Marine (No 2) Ltd	United Kingdom
Maris Technologies Ltd	United Kingdom
Morland Navigation (London) Ltd	United Kingdom

*Directorships held to date: -*

Camper & Nicholson's Yachts Ltd  
Camper & Nicholson's International Ltd  
Anglo European Agencies

**Walter Bonnici (age 56)**

Walter Bonnici was appointed Deputy Chairman and Director of the Company on 28 September 2001. Walter Bonnici brings to the Company a vast experience gained from holding various executive positions, including companies involved in the research and development and manufacturing industry. He currently also holds the posts of chairman and director of a company whose securities are listed on the Malta Stock Exchange. He is a Knight of the Order of St. George and the Cross of Constantinople and sits on the Council of the Order. Walter Bonnici is an executive Director of the Company.

<i>Current directorships: -</i>	<i>Country of Incorporation</i>
Bonnici Edwards & Company Limited	Malta
Catalyst Europe (Malta) Limited	Malta
Cotonet Ltd	Malta
Datatrak Holdings p.l.c.	Malta
Datatrak I.T. Services Limited	Malta
Datatrak Mena Ltd	Malta
Datatrak Nigeria Ltd	Nigeria
Datatrak Solutions Limited	Malta
Datatrak Systems Limited	Malta
GDL Trading & Services Limited	Malta
General Distributors Ltd	Malta
Graja & Caorsi (Malta) Ltd	Malta
Graja & Caorsi Limited (In dissolution)	Malta
Malta-Saudi Arabia Petrolube Co Ltd	Malta
Max Distribution Limited	Malta
Medal Maritime Co Ltd	Malta
Portosalvo Holdings Limited	Malta
Primanets MFG. Limited	Malta



Purity Products Limited	Malta
Spray Pack Limited	Malta
S&J (Euroasia Link) Limited	Malta
WHP Holding Co Ltd	Malta

*Directorships held to date: -*

Datatrak Multi-Media Limited  
Hal-Ferh Tourist Company Limited  
Kordin Grain Terminal Company Limited  
Mediterranean Film Studios Limited  
Premiere Post Limited

**Anthony Demajo (age 53)**

Anthony Demajo was appointed a Director of the Company on 28 September 2001 and as executive Director on the 8 March 2002. Anthony Demajo has held several posts as Director in the tourism, financial and manufacturing industries. He brings to the Company his experience in the hospitality and construction industry. He currently also holds the posts of director of two companies whose securities are listed on the Malta Stock Exchange. He is a Knight of the Order of St. George and the Cross of Constantinople and sits on the Council of the Order.

*Current directorships: -*

	<i>Country of Incorporation</i>
Alternate Investments Limited (formerly First Computer Ltd)	Malta
Cloud Ix De Bon Aire Ltd (in dissolution)	Malta
Datatrak Holdings p.l.c.	Malta
Datatrak (Malta) Limited	Malta
Datatrak Mena Limited	Malta
Datatrak Solutions Limited	Malta
Edrichton Development and Construction Ltd	Malta
Edrichton Estates Limited	Malta
Santummas Shareholdings p.l.c.	Malta
Portosalvo Holdings Limited	Malta
PrimaNets Mfg. Limited	Malta

*Directorships held to date: -*

Edrichton Holdings Limited  
Edrichton Services Limited  
Edrichton Holidays Limited  
Juniors Holdings Limited (amalgamated with Edrichton Estates Ltd)  
One Sixth (Investments) Ltd (amalgamated with Edrichton Estates Ltd)  
Datatrak Systems Limited

**David Mead ACMA (age 52)**

David Mead was appointed on the board of Directors of the Company on 28 September 2001. He has been actively involved in the leisure marine industry, having previously worked for well-known international yacht equipment producers and in particular, in the financing of marina-related operations. He is currently the Finance Director of various companies, and managing director of Camper & Nicholsons Marinas Limited.

*Current directorships:-*

	<i>Country of Incorporation</i>
Camper & Nicholsons (Designs) Ltd	United Kingdom
Camper & Nicholsons Holdings Ltd	United Kingdom
Camper & Nicholsons International Ltd	United Kingdom
Camper & Nicholsons Investments Ltd	United Kingdom
Camper & Nicholsons Marinas Limited	United Kingdom
Camper & Nicholsons Marina Holdings Limited	Malta
Camper & Nicholsons Marinas International Limited	Malta
Camper & Nicholsons Marinas Investments Limited	Malta
Maris Marine Ltd	United Kingdom
Maris Marine (No 2) Ltd	United Kingdom
Maris Technologies Ltd	United Kingdom
Morland Navigation (London) Ltd	United Kingdom

*Directorships held to date: -*

Camper & Nicholsons (Yachts) Ltd  
Polycast Ltd

**Simon J. Arrol C.Eng., F.I.C.E. (age 56)**

Simon J. Arrol was appointed on the board of Directors of the Company since its inception on the 31 August 2000. He has eighteen years experience spread over twenty six countries in the development and management of marinas. He is currently responsible for marina development and operations at the Dubai office of Island Global Yachting. Prior to this, Simon J. Arrol worked for fourteen years in the dredging and harbour-works industry, both in Europe and West Africa.

*Current directorships: -*

	<i>Country of Incorporation</i>
Island Global Yachting Dubai LLC	Dubai

*Directorships held to date: -*

Camper & Nicholsons Marinas Limited  
Camper & Nicholsons Homeport FZCo  
Portsmouth Harbour Events Ltd  
Dredgework Services Ltd  
Killingholme Wharfage Ltd

**Pascal Demajo B.Ch.D. (age 58)**

A past member of the Malta Medical Council, Dr Pascal Demajo is a qualified and practising dental surgeon by profession. He is the senior partner of Drs Demajo Dental Clinics (Est 1919). He has, in the past, been active in the art and tourism fields. Dr Pascal Demajo is a committee member of Fondazzjoni Patrimonju Malta and a Donat of Devotion in the Sovereign Military Order of Malta. He was appointed a Director of the Company on 28 September 2001. Dr Demajo was largely involved with Melitensia Fine Art, a partnership en commandite now in dissolution.

<i>Current directorships: -</i>	<i>Country of Incorporation</i>
Demco Ltd	Malta
Datatrak Holdings p.l.c.	Malta
Datatrak I.T. Services Limited	Malta
Datatrak (Malta) Limited	Malta
Datatrak Mena Limited	Malta
Datatrak Systems Limited (registration in process)	Malta
Portosalvo Holdings Limited	Malta

*Directorships held to date: -*

APD Malta Ltd  
Edrichton Holdings Ltd  
Edrichton Development and Constructions Limited  
La Rosa (Marbles) Ltd

**Janice Martine Maris B.A. (Hons) (age 51)**

Janice Martine Maris was appointed Director of the Company on 28 October 2001. She is a freelance journalist by profession, mainly specialising in marine-related journals. Janice Martine Maris brings to the Company her extensive experience in the yachting industry. She is a member of the Yachting Journalist Association.

**Vincent Portelli (age 58)**

Vincent Portelli was appointed on the board of Directors of the Company on 28 September 2001. He is a Director on the board of directors of the Offerors, namely V&F Portelli & Sons Limited, a company largely involved in the importation and wholesale of a wide range of consumer and industrial products. In 1986, he was appointed Chairman and joint Managing Director of the said company, a position that he occupies to date. Mr Vincent Portelli was an active member of the Malta Chamber of Commerce, including posts such as Vice President, Senior Vice President and Honorary Secretary. He is also a member of The United States (Maltese Section) and Italian (Maltese Section) Chamber of Commerce.

<i>Current directorships: -</i>	<i>Country of Incorporation</i>
V&F Portelli & Sons Limited	Malta

### **12.2.1 Executive Directors**

There are currently three executive Directors of the Company, namely Nicholas Maris, Walter Bonnici, and Anthony Demajo. Nicholas Maris is a shareholder of the Company and one of the Offerors. Walter Bonnici and Anthony Demajo are, amongst others beneficial owners of Portosalvo Holdings Ltd, one of the Offerors. Mr Walter Bonnici is an indirect beneficial owner (through WHP Holding Co Ltd C 28507) of Portosalvo Holdings Ltd and Anthony Demajo is a direct beneficial owner of Portosalvo Holdings Ltd. Accordingly, Mr Walter Bonnici, Mr Anthony Demajo and Mr Nicholas Maris, through the pooling of their votes, may have a significant influence in the control of the Company's management.

The executive Directors are involved in all aspects of the operations of the Company.

The executive Directors, currently all members of the executive management committee that heads the executive arm of the Company, have the responsibility of ensuring that the strategies and policies set by the Board of Directors are implemented.

### **12.2.2 Non-Executive Directors**

The Company has five non-executive Directors appointed to the Board of Directors, whose function is to assist and participate in the adoption of policies and strategies for the Company to bring to the Board the added value of independent judgement. All non-executive Directors have the necessary experience in the corporate field and industry that should enable them to significantly influence the decision making process within the Company.

## **12.3 Directors' Service Contracts**

The executive Directors have director service contracts to provide their services to the Company for a period of three years expiring on the 23 November 2009.

## **12.4 Management Structure**

The Marina is managed by Camper & Nicholsons Marinas Limited under a marina agreement, details of which may be found under the heading "Material Contracts". Camper & Nicholsons Marinas Limited appoints the marina manager who shall be acceptable to the board of Directors. The marina manager's responsibility is the management of the Marina and the implementation of the strategies and policies adopted by the Directors. The marina manager, to whom the remaining management team reports, will report directly to the executive management committee that oversees management. The executive management committee in turn reports and is accountable to the board of Directors. The following are short curriculum vitae of the members of the team.

### **Alain Giudice – Marina Manager (age 46)**

Alain Giudice was seconded by Camper & Nicholsons Marinas Limited responsible for the management of the Marina. He was also director of Marina Operations at the Atlantis Marina in the Bahamas as well as Harbour Master of the port of Puerto Rico. Alain Giudice was also a consultant with Valentine's Marina and Resort Harbour Island in the Bahamas. He has a vast experience in the international marina sector gained over a span of fifteen years.

### **Bill Green MMI, MNI – Technical Manager (age 52)**

Bill Green was seconded by Camper & Nicholsons Marinas Limited in 1999 as Technical Manager whose responsibility is the technical management of the Marina. Previously Bill Green was project manager for Port Gocek and was responsible for many marina consultancy projects.

### **Anna Tabone – Marketing and Public Relations Manager (age 49)**

Anna Tabone is responsible for the general day-to-day operations of the Marina, formulating the business plans for sales and operations of the Company together with the sales and marketing of the Company. She reports to the person seconded by the Marina Manager. Anna Tabone was a marketing executive with Thomas Smith & Co Ltd, joint managing director of The Yachtsman Co Ltd, company executive of Camarco Ltd and a director of Nautica Limited.

**Antonio Grech CPA, FIA – Financial Controller (age 49)**

Antonio Grech, a certified public accountant is engaged by the Company as its financial controller. He was previously employed, inter alia, by the National Audit Office as a principal auditor, Frank Borda Ltd as Financial Controller Designate and the Malta Development Corporation as assistant to the financial controller.

**Jeff Houlgrave MRIN – International Marketing (age 52)**

Jeff Houlgrave joined Camper & Nicholsons Marinas Limited in 2001 as Sales and Marketing Director. He also leads new business development liaising directly with clients. In 1998, Jeff Houlgrave was appointed general manager of Marina Developments Ltd, the largest marina group in Europe.

**Dr Michael Tanti-Dougall LL.D. – Company Secretary (age 46)**

Dr Michael Tanti-Dougall, graduated from the University of Malta with an Honours degree as Bachelor of Education specialising in Italian Language and Literature in 1986, Bachelor of Arts in Philosophy, Psychology and Sociology in 1990, and Doctor of Laws on 1992. He is a founding and senior partner of the law firm Lofaro & Tanti-Dougall. He was appointed company secretary of the Company since its establishment on 31 August 2000.

None of the senior management personnel and Directors of the Company have been: -

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

**12.5 Aggregate Emoluments of Directors and Senior Management**

The total amount of remuneration paid and benefits in kind granted to the board of Directors and senior management personnel in the last financial year amounts to approximately Lm118,000. The aggregate amount of remuneration to be paid to all executive and non-executive Directors of the Company, as authorised by the shareholders of the Company, is set at a maximum Lm100,000 per annum.

**12.6 Loans to Directors and Senior Management**

There are no loans made to the Directors or members of senior management which are currently outstanding.

**12.7 Removal of Directors**

A Director may, unless he resigns, be removed by the shareholder appointing him or by an ordinary resolution of the shareholders as provided in section 140 of the Act.

**12.8 Powers of Directors**

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

### **12.9 Board Practices**

The Company has in place an audit committee composed of the four non-executive Directors with the aim of ensuring that the Company has the right measures of identifying risks and minimising those risks in an effective and efficient manner. The Company intends to comply with rules on corporate governance applicable to listed companies.

The four non-executive Directors forming part of the said audit committee are David Mead, Dr Pascal Demajo, Simon J. Arrol and Vincent Portelli. The role of the Audit Committee is to monitor risk and the adequacy of systems within the Company intended to ensure appropriate internal controls and risk management.

There are no benefits accruing to the Company's management and/or Directors upon termination of their employment or appointment.

### **12.10 Conflicts of Interest**

Nicholas Maris is the chairman of Camper & Nicholsons (Designs) Ltd, a company forming part of the same group of companies which Camper & Nicholsons Marinas Limited forms part of. Nicholas Maris is also a Director and Chairman of the Company. Camper & Nicholsons Marinas Limited is engaged by the Company as exclusive sales agent and marina manager. In any event, and in his capacity as Director, Nicholas Maris undertakes to act in the best interest of the general body of shareholders of the Company. There are no additional potential conflicts of interest between any duties to the Company, of Directors or senior management and their private interests and other duties. The Audit Committee appointed from amongst the non-executive Directors of the Company, has the task to ensure that any potential conflicts of interests are resolved in the best interests of the Company.

There are no arrangements in place with either of the major shareholders, customers, suppliers or others for the appointment of any particular person to any organ of the Company.

## **13. Employees**

In 2005, the Company employed eleven (11) persons involved in the operations and management of the Company. Please refer to the heading 'Management Structure' for further detail on the senior management of the Company.

## **14. Major Shareholders**

The shareholders of the Company are the Offerors which following the offering will retain seventy per cent (70%) of the issued share capital of the Company and will accordingly retain a controlling interest in the Company capable of determining its financial and management decisions. The Offerors do not, however, have different voting rights from those attached to the Shares.

The Offerors have, as part of the terms and conditions of issue of the Shares, undertaken not to sell or otherwise dispose of any of their shares in the market for at least twelve (12) months following the admission of the shares of the Company to the official list of the Malta Stock Exchange. This undertaking can be waived by an extraordinary resolution of the shareholders in a general meeting of the Company.

So far as the Company is aware, there exists no member of the management team of the Company, directly or indirectly, who has an interest in the Company's capital or voting rights which is notifiable in accordance with the Listing Rules, as issued by the Listing Authority from time to time.

## **15. Related Party Transactions**

Currently, Camper & Nicholson's Marinas Limited forms part of the Camper & Nicholson's group of companies. Nicholas Maris, one of the Offerors and Directors is the chairman of Camper & Nicholson's (Designs) Ltd, a company forming part of the Camper & Nicholson's group of companies. The management of the Marina being carried out by Camper & Nicholson's Marinas Limited may be considered to be a Related Party transaction, within the meaning of the Listing Rules as issued by the Listing Authority.

The Audit Committee of the Company, inter alia, where applicable, is responsible to identify any such transactions and to bring to the attention of the Board of Directors of the Company any such transactions. In addition, the Audit Committee has the responsibility to ensure compliance with the Related Party Transaction rules under the Listing Rules promulgated by the Listing Authority, where applicable.

## **16. Historical Financial Information**

**16.1** Annex 1 of this Registration Document contains the audited financial statements of the Company for the financial years ended 31 December 2003, 31 December 2004 and 31 December 2005. These financial statements have been prepared for inclusion in this Prospectus on the basis of the accounting policies set out in note 1 of these financial statements, which are consistent with the accounting policies adopted by the Company in its financial statements included in its 2005 annual report. The financial statements in Annex 1 have been audited jointly by KPMG and John Zammit.

**16.2** Annex 2 of this Registration Document contains the unaudited interim financial statement of the Company for the six month period ended 30 June 2006.

**16.3** There is no significant change in the financial or trading position of the Company which has occurred since the end of the financial period to which the unaudited interim financial statements relate.

## **17. Additional Information**

### **17.1 Share Capital**

The authorised share capital of the Company is Lm1,000,000 (one million Maltese Liri) divided into 10,000,000 (ten million) ordinary shares of a nominal value of Lm0.10 each share. The issued share capital is Lm1,000,000 (one million Maltese Liri) divided into 10,000,000 (ten million) ordinary shares of a nominal value of Lm0.10 each share. There are currently no different classes of shares in the Company and accordingly all shares have the same rights and entitlements in connection with any distribution whether of dividends or capital (on a winding up or otherwise).

### **17.2 Memorandum and Articles of Association**

#### **17.2.1 Objects**

The memorandum and articles of association of the Company is registered with the Malta Financial Services Authority. The main object of the Company is to carry on the business of developing, operating and managing marinas and providing all matters ancillary thereto, related activities and such other activities as may, from time to time, be ancillary or complimentary to the foregoing whether in Malta or overseas. Clause 3 of the memorandum of association contains the full list of objects of the Company. A copy of the memorandum and articles of association of the Company may be inspected during the lifetime of this registration document at the registered office of the Company and at the Registrar of Companies of the Malta Financial Services Authority.

#### **17.2.2 Voting Rights & Restrictions**

All shares currently in issue and of which the Shares form part are entitled to vote in any meeting of shareholders. There are currently no restrictions on voting.

### 17.2.3 Appointment of Directors

In terms of the Memorandum and Articles of Association of the Company, the Directors of the Company shall be appointed as follows: -

- (a) A shareholder holding not less than 10.5% plus one (1) share of the issued share capital of the Company having voting rights (the "Qualifying Holding") or a number of shareholders who between them hold not less than the Qualifying Holding shall be entitled to appoint one (1) Director for every Qualifying Holding by letter addressed to the Company;
- (b) Any shareholder who elects not to appoint Directors in terms of the provisions of paragraph (a) above, and who has not aggregated his holding with those of other shareholders for the purpose of appointing a Director(s) pursuant thereto, even if so entitled to do, shall be entitled to participate and vote in an election of Directors to take place once in every year at the Annual General Meeting of the Company;
- (c) Shareholders who avail themselves of appointing Directors pursuant to the provisions of paragraph (a) above shall still be entitled to participate in the election of Directors in terms of paragraph (b) above provided that in such an election they may only use such shares not otherwise used for the appointment of Directors pursuant to paragraph (a) above.

An election of Directors pursuant to paragraph (b) above shall take place every year, if there are vacancies on the board which are not filled by the appointment of Directors pursuant to paragraph (a) above. For an election of Directors mentioned in paragraph (b) above, every shareholder entitled to vote thereunder shall be entitled to nominate one person to stand for the election of Directors. Such nominee must be seconded by at least such shareholder or shareholders which in aggregate hold at least 700,000 shares between them.

Further details on the appointment of Directors may be found in the Memorandum and Articles of Association of the Company.

### 17.2.4 Powers of Directors

The Directors are vested with the management of the Company, and their powers of management and administration emanate directly from the Memorandum and Articles of Association and the law. 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 that are not by the Memorandum and Articles of Association reserved for the Company in general meeting.

A Director shall not vote on any contract or arrangement or any other proposal in which he has a material and personal interest. This prohibition shall not however apply in respect of the Directors appointed to the board of the Company by Nicholas Maris on any matter relating to the implementation and renewal of the marina management agreement with Camper & Nicholsons Marinas Limited

The maximum limit of aggregate emoluments of the Directors is, in terms of the Memorandum and Articles of Association, to be established by the shareholders in general meeting. Within that limit the Directors shall 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, the Board of Directors may exercise all the powers of the Company to borrow money and give security therefore. The shareholders in general meeting have the over-riding authority to change, amend, restrict and/or otherwise modify the Directors' borrowing powers.

There are no provisions in the Company's Memorandum and Articles of Association regulating the retirement or non-retirement of Directors over an age limit.

**17.2.5 Dividend Distribution**

The Directors of the Company expect that, subject to available cash flows, the requirements of the Act, unforeseen circumstances and economic conditions that might have an impact on the Company's financial performance, and the written consent of HSBC Bank Malta p.l.c., if then applicable, the Company will distribute dividends to its shareholders.

**17.2.6 Annual General Meetings**

Inter alia, any two shareholders of the Company holding at least ten per cent (10%) of the shares of the Company conferring a right to attend and vote at general meetings of the Company, may convene an extraordinary general meeting. In accordance with the Companies Act, Cap 386 of the laws of Malta, a general meeting of the Company shall be deemed not to have been duly convened unless at least fourteen (14) days notice shall have been given in writing to all shareholders entitled to receive such notice. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it was given, and shall specify the place, the day and the hour of the meeting, and in case of special business, the general nature of that business, and shall be accompanied by a statement regarding the effect and scope of any proposed resolution in respect of such special business.

Notice of every general meeting shall be given to:

- (a) every registered shareholder except shareholders who (having no registered address in Malta) have not supplied the Company an address for the giving of notices to them, and
- (b) the Directors, and
- (c) the auditor or auditors for the time being of the Company.

Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every shareholder present in person shall have one vote, and on a poll every Member shall have one vote for each share carrying voting rights of which he is the holder.

Each shareholder may appoint a proxy which shall be deposited at the registered office of the Company or at any other place in Malta as may be specified for that purpose in the notice convening the meeting not less than forty eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than forty eight (48) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

Further information on the proceedings of general meetings of the Company is found in the Memorandum and Articles of Association under the heading "General Meetings".

### **17.2.7 Change to rights of Shareholders**

The amendment to the rights of shareholders may be made by an extraordinary resolution taken at a general meeting of the Company. In accordance with section 135 of the Companies Act, Cap 386 of the laws of Malta, an extraordinary resolution shall be a resolution which

- (i) has been taken at a general meeting of which notice specifying the intention to propose the text of the resolution as an extraordinary resolution and the principal purpose thereof has been duly given; and
- (ii) has been passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than seventy five per cent (75%) in nominal value of the shares issued by the Company represented and entitled to vote at the meeting and at least fifty one per cent (51%) in nominal value of all the shares issued by the Company and entitled to vote at the meeting:

Provided that, if one of the aforesaid majorities is obtained but not both, another meeting shall be convened within thirty (30) days in accordance with the provisions for the calling of meetings to take a fresh vote on the proposed resolution. At the second meeting the resolution may be passed by a shareholder or shareholders having the right to attend and vote at the meeting holding in the aggregate not less than seventy five per cent (75%) in nominal value of the shares issued by the Company represented and entitled to vote at the meeting. However, if more than half in nominal value of all the shares issued by the Company having the right to vote at the meeting is represented at that meeting, a simple majority in nominal value of such shares so represented shall suffice.

### **17.3 Legal and Arbitration Proceedings**

There are currently no governmental, legal or arbitration proceedings, (including pending or threatened of which the Company is aware) during the previous twelve (12) months which may have, or have had in the recent past significant or material effects on the Company or its financial position or profitability.

## **18. Material Contracts**

### **18.1 Deed of emphyteusis and sub-emphyteusis**

On the 2 June 1999, the Government of Malta entered into a deed of emphyteusis with Port Cottonera Ltd, Cottonera Waterfront Group p.l.c., Malta Maritime Authority and the National Tourism Organisation of Malta. By virtue of the said deed, the Government of Malta granted various portions of immovable property situated at Birgu, further details of which may be found in the said deed, a copy of which is made available for public inspection at the registered address of the Company. Pursuant to the same, the Malta Maritime Authority also granted to Cottonera Waterfront Group p.l.c., the exclusive right to construct and install, own, operate, develop, control and promote a yacht marina in the sea area in the Dockyard Creek, limits of Senglea, Cospicua and Birgu, including amongst others, the right to grant mooring and berthing rights to third parties under such terms and conditions as it deems fit. The said exclusive right was granted subject to certain terms and conditions, namely, that one hundred and fifty (150) spaces, or such larger amount as agreed between the parties, must be made available for free to 'frejgatini'.

On the 4 September 2001, a deed of sub-emphyteusis was entered into between the Company and Cottonera Waterfront Group p.l.c. whereby all marina related rights granted to the Cottonera Waterfront Group p.l.c. in the previously mentioned deed, were transferred to the Company. The term of sub-emphyteusis is for a period of ninety nine (99) years from the 2 June 1999.

## **18.2 Marina Agreement**

By virtue of a marina agreement dated 1 April 2004, Camper & Nicholsons Marinas Limited were appointed exclusive sales agents for long-term berths for a period to expire on the 31 December 2007. Camper & Nicholsons Marinas Limited also granted the Company the licence to use the Camper & Nicholsons brand name and the right to associate Camper & Nicholsons Marinas Limited in the Company's advertising material. The relationship that the Company has directly with Camper & Nicholsons Marinas Limited, in the latter's capacity as managers of the Marina, dates back to the 8 March 2002 when the Company engaged their services to act as exclusive marina consultants. The said agreement terminated in 2004 and was succeeded by the marina agreement currently in force.

## **19. Third Party Information and Statements by Experts**

### **19.1 Economics Research Associates Report**

The Economics Research Associates provided the Company with a report dated August 2006 on the following matters: -

1. An overview of supply and demand trends for marina berths, focusing on the super-yacht sector;
2. A review of Malta's position within the geographic context of marine leisure trends;
3. A profile of trends in marina berthing tariffs, including information of long-lease rates for super-yacht berths in the Mediterranean; and
4. A review of issues associated with the role, branding and context for marina operating companies.

The said report concludes that, based on the research carried out and assumptions made therein, in the current and projected market context, there are clear opportunities to build both the volume and value of business through the Marina located at the Dockyard Creek, Malta. A copy of this report is being made available for inspection at the registered office of the Company.

## 19.2 International Ship and Port Facility Security Code

On the 11 October 2006, the Marina became the only marina in Malta to be International Ship and Port Facility Security Code ("ISPS Code") compliant. The objectives of the ISPS Code are the following: -

- (a) to establish an international framework involving co-operation between Contracting Governments, Government agencies, local administrations and the shipping and port industries to detect/assess security threats and take preventive measures against security incidents affecting ships or port facilities used in international trade;
- (b) to establish the respective roles and responsibilities of all these parties concerned, at the national and international level, for ensuring maritime security;
- (c) to ensure early and efficient collation and exchange security related information;
- (d) to provide a methodology for security assessments so as to have in place plans and procedures to react to changing security levels; and
- (e) to ensure confidence that adequate and proportionate maritime security measures are in place.

The aim of having ISPS Code compliance is to reduce risks to passengers, crews and port personnel on board ships and in port areas and to the vessels and their cargoes. ISPS provides in-depth guiding principles and stipulates clear provisions in embedding a newly emerging security best-practice in protecting ships and port facilities from a multitude of threats.

The objectives are to be achieved by the designation of appropriate officers/personnel in the Company's port facility to prepare and put into effect the security plans as approved by the Malta Maritime Authority.

## 20. Documents Available for Inspection

During the lifetime of this registration document the following documents shall be available for inspection at the registered address of the Company:

- (a) the memorandum and articles of association of the Company;
- (b) the deed of emphyteusis and sub-emphyteusis described in section 18 of this Registration Document;
- (c) Economics Research Associates Report;
- (d) the Summary Note and the Securities Note forming part of the Prospectus;
- (e) the unaudited interim financial statements of the Company for the six month period ended 30 June 2006 and profit forecasts for the two years ending 31 December 2006 and 2007; and
- (f) the historical financial information for each of the financial years ended 31 December 2003, 31 December 2004 and 31 December 2005.

These documents are also available for inspection in electronic form on the company's web site at [www.ghm.com.mt](http://www.ghm.com.mt)

## **Annex 1**

### **Grand Harbour Marina Limited Historical Financial Statements**

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**Grand Harbour Marina Limited****Income Statements****For the Years Ended 31 December 2003, 2004 and 2005**

		2005	2004 (Restated)	2003 (Restated)
	<b>Note</b>	Lm	Lm	Lm
Revenue	2	1,027,113	604,360	921,741
Personnel expenses	3	(152,672)	(67,429)	(28,056)
Depreciation expense		(92,426)	(64,889)	(56,245)
Other expenses		(537,187)	(298,180)	(421,137)
<b>Profit from operating activities</b>		<u>244,828</u>	<u>173,862</u>	<u>416,303</u>
Finance income	4	146,262	1,159	3,387
Finance expenses	4	(112,684)	(79,424)	(13,696)
<b>Net finance income/(costs)</b>		<u>33,578</u>	<u>(78,265)</u>	<u>(10,309)</u>
<b>Profit before tax</b>	5	278,406	95,597	405,994
Income tax expense	6	(97,340)	(34,408)	(79,443)
<b>Profit for the year</b>		<u>181,066</u>	<u>61,189</u>	<u>326,551</u>
Earnings per share	7	<u>2.35</u>	<u>0.80</u>	<u>4.24</u>

**Grand Harbour Marina Limited****Balance Sheets****As at 31 December 2003, 2004 and 2005**

		2005	2004 (Restated)	2003 (Restated)
	<b>Note</b>	Lm	Lm	Lm
<b>Assets</b>				
Plant and equipment	8	3,975,547	3,649,077	2,283,981
Deferred tax assets	9	36,674	53,887	34,665
<b>Total non-current assets</b>		<u>4,012,221</u>	<u>3,702,964</u>	<u>2,318,646</u>
Trade and other receivables	10	86,645	107,873	48,404
Deferred costs		117,664	55,832	34,128
Cash at bank and in hand		875,014	651,914	122,040
<b>Total current assets</b>		<u>1,079,323</u>	<u>815,619</u>	<u>204,572</u>
<b>Total assets</b>		<u>5,091,544</u>	<u>4,518,583</u>	<u>2,523,218</u>
<b>Equity</b>				
Issued capital	11	36,769	36,769	36,769
Share premium	11	569,231	569,231	569,231
Other reserve	11	47,135	-	-
Retained earnings		347,443	213,512	152,323
<b>Total equity</b>		<u>1,000,578</u>	<u>819,512</u>	<u>758,323</u>
<b>Liabilities</b>				
Bank borrowings	12	1,833,200	2,166,600	-
Other interest-bearing borrowing	13	-	100,000	100,000
<b>Total non-current liabilities</b>		<u>1,833,200</u>	<u>2,266,600</u>	<u>100,000</u>
Bank borrowings	12	1,193,552	1,006,350	1,191,104
Other interest-bearing borrowing	13	100,000	-	-
Current taxation		247,357	167,594	113,511
Trade and other payables	14	716,857	258,527	360,280
<b>Total current liabilities</b>		<u>2,257,766</u>	<u>1,432,471</u>	<u>1,664,895</u>
<b>Total liabilities</b>		<u>4,090,966</u>	<u>3,699,071</u>	<u>1,764,895</u>
<b>Total equity and liabilities</b>		<u>5,091,544</u>	<u>4,518,583</u>	<u>2,523,218</u>

The financial statements on pages 55 to 77 were approved by the Board of Directors on 12 January 2007 and signed on its behalf by:



Mr Walter Bonnici  
Executive Deputy Chairman



Mr Anthony Demajo  
Executive Director



## Grand Harbour Marina Limited

**Statements of Changes in Equity**  
**For the Years Ended 31 December 2003, 2004 and 2005**

	<b>Total</b>	<b>Issued capital</b>	<b>Share premium</b>	<b>Other reserve</b>	<b>(Accumulated losses)/ retained earnings</b>
	Lm	Lm	Lm	Lm	Lm
Balance at 1 January 2003	431,772	36,769	569,231	-	(174,228)
Profit for the year	<u>326,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>326,551</u>
Balance at 31 December 2003 (Restated)	<u><u>758,323</u></u>	<u><u>36,769</u></u>	<u><u>569,231</u></u>	<u><u>-</u></u>	<u><u>152,323</u></u>
Balance at 1 January 2004	758,323	36,769	569,231	-	152,323
Profit for the year	<u>61,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,189</u>
Balance at 31 December 2004 (Restated)	<u><u>819,512</u></u>	<u><u>36,769</u></u>	<u><u>569,231</u></u>	<u><u>-</u></u>	<u><u>213,512</u></u>
Balance at 1 January 2005	819,512	36,769	569,231	-	213,512
Profit for the year	181,066	-	-	-	181,066
Transfer to other reserve	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,135</u>	<u>(47,135)</u>
Balance at 31 December 2005	<u><u>1,000,578</u></u>	<u><u>36,769</u></u>	<u><u>569,231</u></u>	<u><u>47,135</u></u>	<u><u>347,443</u></u>

## Grand Harbour Marina Limited

## Cash Flow Statements

For the Years Ended 31 December 2003, 2004 and 2005

		2005	2004 (Restated)	2003 (Restated)
	Note	Lm	Lm	Lm
<b>Cash flows from operating activities</b>				
Cash receipts from customers		1,047,565	572,706	1,001,709
Cash paid to suppliers and employees		<u>(169,409)</u>	<u>(513,032)</u>	<u>(605,370)</u>
<b>Net cash from operating activities</b>	15	<u>878,156</u>	<u>59,674</u>	<u>396,339</u>
<b>Cash flows from investing activities</b>				
Acquisition of plant and equipment		<u>(424,753)</u>	<u>(1,380,560)</u>	<u>(1,807,674)</u>
<b>Net cash used in investing activities</b>		<u>(424,753)</u>	<u>(1,380,560)</u>	<u>(1,807,674)</u>
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares		-	6,000	-
Redemption of shares		-	(6,000)	-
Bank loans advanced		-	2,333,300	-
Repayment of bank loans		(166,700)	-	-
Funds advanced by related party		-	-	100,000
Net interest paid		<u>(190,141)</u>	<u>(97,566)</u>	<u>(39,327)</u>
<b>Net cash (used in)/from financing activities</b>		<u>(356,841)</u>	<u>2,235,734</u>	<u>60,673</u>
Net increase/(decrease) in cash and cash equivalents		96,562	914,847	(1,350,662)
Cash and cash equivalents at 1 January		(187,736)	(1,069,064)	281,598
Effects of exchange rate changes on cash and cash equivalents		<u>106,036</u>	<u>(33,519)</u>	<u>-</u>
<b>Cash and cash equivalents at 31 December</b>	16	<u><u>14,862</u></u>	<u><u>(187,736)</u></u>	<u><u>(1,069,064)</u></u>

## **Grand Harbour Marina Limited**

### **Notes to the Historical Financial Statements For the Years Ended 31 December 2003, 2004 and 2005**

#### **1. Significant accounting policies**

The historical financial statements for the three years ended 31 December 2003, 2004 and 2005, have been prepared for the purposes of inclusion in the Prospectus to be dated 7 February 2007 and issued by Grand Harbour Marina Limited (the "Company"), a limited liability company domiciled and incorporated in Malta.

##### **1.1 Statement of compliance**

The historical financial statements have been prepared and presented (see note 21.1) in accordance with the provisions of the Companies Act, 1995 (the "Act") enacted in Malta, which requires adherence to International Financial Reporting Standards (IFRSs) and their interpretations adopted by the International Accounting Standards Board (IASB).

The Act specifies that in the event that any one of its provisions is in conflict or not compatible with IFRSs or its application is incompatible with the obligation for the historical financial statements to give a true and fair view, that provision shall be departed from in order to give a true and fair view.

##### **1.2 Basis of preparation**

Except as described below, the accounting policies have been applied consistently to all periods presented in these historical financial statements.

Effective 1 January 2005, the Company changed its accounting policy in relation to the measurement of plant and equipment wherein plant and equipment is carried at cost instead of at fair value. All previous revaluations, including subsequent depreciation charges on the resulting revaluation surpluses have been reversed.

Also effective 1 January 2005, the Company now recognises revenue in full on the signing of the contracts instead of on a straight-line basis over the term of the licence. The costs of such berths, which were previously depreciated over 20 years, are now being accounted for in accordance with accounting policy 1.4.2.

These changes in accounting policies have been effected on the basis that the Company's historical financial statements will provide more reliable and relevant information about the effects of transactions, other events or conditions on the Company's financial position, financial performance and cash flows. The effects of such changes have been calculated retrospectively and the resulting adjustments recognised by adjusting the opening balance of retained earnings at 1 January 2003 and restating corresponding figures for the financial years ended 31 December 2003 and 2004 (see note 21.2).

The preparation of historical financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## Grand Harbour Marina Limited

### Notes to the Historical Financial Statements For the Years Ended 31 December 2003, 2004 and 2005

#### 1 Significant accounting policies (continued)

##### 1.3 Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Maltese Liri at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

##### 1.4 Plant and equipment

###### 1.4.1 Owned assets

The cost of super-yacht berths that have been completed but not licensed and other items of plant and equipment are stated at cost less accumulated depreciation (see below) and any impairment losses (see accounting policy 1.7). Super-yacht berths in the course of construction and the new capitainerie currently under development, are not being depreciated.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment. The Company recognises, in the carrying amount of an item of plant and equipment, the cost of replacing part of such an item when that cost is incurred and it is probable that the resulting future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense when incurred.

As part of its operating activities, the Company licences out super-yacht berths over long-term periods, typically for 25 years. The cost of such berths is apportioned between that part attributable to the initial licensing period, which is recognised immediately in profit or loss, and that part (residual amount) attributable to the time period which extends beyond the initial licensing period. The method of cost apportionment used represents a fair reflection of the pattern of future economic benefits estimated to accrue from the licensing of such berths. The residual amount is classified in the balance sheet as deferred costs.

###### 1.4.2 Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. The estimated useful lives are as follows:

- super-yacht berths 50 years
- pontoons 25 years
- capitainerie 1 year
- motor vehicles 5 years
- other equipment 5 years

In relation to the super-yacht berths, depreciation is provided up to the point in time when the long-term licensing contract is signed with the licensee, at which time the carrying amount of such berths is apportioned and accounted for as explained in 1.4.1 above.

Depreciation methods, useful lives, as well as residual values, are assessed annually.

## Grand Harbour Marina Limited

### Notes to the Historical Financial Statements For the Years Ended 31 December 2003, 2004 and 2005

#### 1 Significant accounting policies (continued)

##### 1.5 Trade and other receivables

Trade and other receivables are measured at amortised cost less any impairment losses (see accounting policy 1.7).

##### 1.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

##### 1.7 Impairment of assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy 1.7.1).

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

###### 1.7.1 Calculation of recoverable amount

The recoverable amount of the Company's assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

###### 1.7.2 Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### 1.8 Share capital

###### 1.8.1 Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss.

###### 1.8.2 Dividends

Dividends are recognised as a liability in the period in which they are declared.

## Grand Harbour Marina Limited

### Notes to the Historical Financial Statements For the Years Ended 31 December 2003, 2004 and 2005

#### 1 Significant accounting policies (continued)

##### 1.9 Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

##### 1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

##### 1.11 Trade and other payables

Trade and other payables are measured at amortised cost.

##### 1.12 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

###### 1.12.1 *Licensing of super-yacht berths*

Revenue from such licensing over long-term periods (see accounting policy 1.4.1) is recognised in profit or loss on the signing of the licensing contracts with the licensees.

###### 1.12.2 *Pontoon fees and revenue from other ancillary services*

Such fees and revenue are recognised in profit or loss in the year in which the services to which they relate have been rendered.

##### 1.13 Expenses

###### 1.13.1 *Employee benefits*

The Company contributes towards the State pension in accordance with local legislation. Related costs are recognised as an expense in the income statement as incurred.

###### 1.13.2 *Operating lease payments*

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

## Grand Harbour Marina Limited

### Notes to the Historical Financial Statements For the Years Ended 31 December 2003, 2004 and 2005

#### 1 Significant accounting policies (continued)

##### 1.13 Expenses (continued)

###### 1.13.3 Net finance costs

Net finance costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested and foreign exchange gains and losses (see accounting policy 1.3).

Borrowing costs are recognised as an expense during the period in which they are incurred, except to the extent that they specifically relate to a qualifying asset, in which case they are capitalised (see accounting policy 1.4.1).

Interest income is recognised in the income statement as it accrues, using the effective interest method.

##### 1.14 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, other than those arising on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised and/or sufficient taxable temporary differences are available. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

##### 1.15 Reporting of revenue by categories of activity

The Act requires revenue to be broken down by categories of activity insofar as, taking account of the manner in which the provision of services are organised, these categories differ substantially from one another in terms of the risks and rewards associated therewith.

##### 1.16 Unrealised profits

Part II of the Third Schedule to the Act requires that only profits realised at the balance sheet date may be included in retained earnings available for distribution. Any unrealised profits at this date, taken to the credit of the income statement, are transferred to non-distributable reserves.

**Grand Harbour Marina Limited****Notes to the Historical Financial Statements  
For the Years Ended 31 December 2003, 2004 and 2005****2 Revenue**

	2005	2004	2003
	Lm	Lm	Lm
Licensing of super-yacht berths	817,655	425,400	879,680
Pontoon fees and revenue from other ancillary services	209,458	178,960	42,061
	<u>1,027,113</u>	<u>604,360</u>	<u>921,741</u>

**3 Personnel expenses**

	2005	2004	2003
	Lm	Lm	Lm
Directors' emoluments:			
Fees	72,600	48,000	-
Amounts capitalised within plant and equipment	-	(48,000)	-
	<u>72,600</u>	<u>-</u>	<u>-</u>
Wages and salaries	75,272	63,333	25,146
Social security costs	4,800	4,096	2,910
	<u>152,672</u>	<u>67,429</u>	<u>28,056</u>

The weekly average number of persons employed by the Company was as follows:

	2005	2004	2003
	No.	No.	No.
Operating	8	10	2
Management and administration	2	2	2
	<u>10</u>	<u>12</u>	<u>4</u>

**4 Net finance income/(costs)**

	2005	2004	2003
	Lm	Lm	Lm
Interest income	6,180	1,159	3,387
Exchange gain	140,082	-	-
Finance income	<u>146,262</u>	<u>1,159</u>	<u>3,387</u>
Interest expense	209,843	126,837	60,016
Interest capitalised within plant and equipment	(97,159)	(80,932)	(46,320)
Exchange losses	-	33,519	-
Finance expenses	<u>112,684</u>	<u>79,424</u>	<u>13,696</u>
Net finance income/(costs)	<u>33,578</u>	<u>(78,265)</u>	<u>(10,309)</u>



## Grand Harbour Marina Limited

Notes to the Historical Financial Statements  
For the Years Ended 31 December 2003, 2004 and 2005

## 5 Profit before tax

The profit before tax is stated after charging:

	2005	2004	2003
	Lm	Lm	Lm
Auditors' remuneration	2,500	1,000	1,000
Operating lease expenses	9,771	9,771	9,771
	<u>          </u>	<u>          </u>	<u>          </u>

## 6 Income tax expense

6.1		2005	2004	2003
	Note	Lm	Lm	Lm
<b>Current tax expense</b>				
Current year		80,127	53,630	114,108
<b>Deferred tax (expense)/income</b>				
Origination and reversal of temporary differences	9	17,213	(19,222)	(34,665)
Total income tax expense in income statement		<u>97,340</u>	<u>34,408</u>	<u>79,443</u>

6.2 The tax expense and the result of the accounting profit multiplied by the tax rate applicable in Malta, the Company's country of incorporation, are reconciled as follows:

	2005	2004	2003
	Lm	Lm	Lm
Profit before tax	<u>278,406</u>	<u>95,597</u>	<u>405,994</u>
Income tax using the domestic tax rate of 35%	97,442	33,459	142,098
• Effect of different tax rates on bank interest received	(484)	(69)	(653)
• Tax effect of expenses not deductible for tax purposes	382	1,018	1,050
• Unrecognised deferred tax asset	-	-	(63,052)
Tax expense for the year	<u>97,340</u>	<u>34,408</u>	<u>79,443</u>

## 7 Earnings per share

The calculation of the basic earnings per share is based on the profit attributable to the shareholders and the weighted average number of shares outstanding amounting to 76,923 shares.

## Grand Harbour Marina Limited

Notes to the Historical Financial Statements  
For the Years Ended 31 December 2003, 2004 and 2005

## 8 Plant and equipment

## 8.1

	Assets in the course construction							
	Total	Super-yacht		Capitanerie	Motor vehicles	Other equipment	Super-yacht	
		berths	Pontoons				berths and pontoons	New capitanerie
	Lm	Lm	Lm	Lm	Lm	Lm	Lm	Lm
<b>Cost</b>								
Balance at 1 Jan 2003	432,050	-	-	-	-	-	432,050	-
Additions	2,016,512	-	-	3,000	6,755	20,845	1,985,912	-
Reallocations	-	-	1,194,736	-	-	-	(1,194,736)	-
Deferred costs	(34,128)	-	-	-	-	-	(34,128)	-
Expensed	(74,209)	-	-	-	-	-	(74,209)	-
Balance at 31 Dec 2003	<u>2,340,225</u>	<u>-</u>	<u>1,194,736</u>	<u>3,000</u>	<u>6,755</u>	<u>20,845</u>	<u>1,114,889</u>	<u>-</u>
Balance at 1 Jan 2004	2,340,225	-	1,194,736	3,000	6,755	20,845	1,114,889	-
Additions	1,521,786	-	143,952	2,909	-	14,563	1,360,362	-
Deferred costs	(21,704)	-	-	-	-	-	(21,704)	-
Expensed	(70,096)	-	-	-	-	-	(70,096)	-
Balance at 31 Dec 2004	<u>3,770,211</u>	<u>-</u>	<u>1,338,688</u>	<u>5,909</u>	<u>6,755</u>	<u>35,408</u>	<u>2,383,451</u>	<u>-</u>
Balance at 1 Jan 2005	3,770,211	-	1,338,688	5,909	6,755	35,408	2,383,451	-
Additions	751,430	-	24,301	1,089	-	715	724,595	730
Reallocations	-	1,744,646	-	-	-	-	(1,744,646)	-
Deferred costs	(61,832)	(61,832)	-	-	-	-	-	-
Expensed	(270,701)	(270,701)	-	-	-	-	-	-
Balance at 31 Dec 2005	<u>4,189,108</u>	<u>1,412,113</u>	<u>1,362,989</u>	<u>6,998</u>	<u>6,755</u>	<u>36,123</u>	<u>1,363,400</u>	<u>730</u>

## Grand Harbour Marina Limited

Notes to the Historical Financial Statements  
For the Years Ended 31 December 2003, 2004 and 2005

## 8 Plant and equipment (continued)

## 8.1 (continued)

	Super-yacht		Pontoons	Capitanerie	Motor vehicles	Other equipment	Assets in the course construction	
	Total	berths					Super-yacht berths and pontoons	New capitanerie
	Lm	Lm	Lm	Lm	Lm	Lm	Lm	Lm
<b>Depreciation</b>								
Balance at 1 Jan 2003	-	-	-	-	-	-	-	-
Depreciation charge for the year	56,244	-	47,789	3,000	1,351	4,104	-	-
Balance at 31 Dec 2003	56,244	-	47,789	3,000	1,351	4,104	-	-
Balance at 1 Jan 2004	56,244	-	47,789	3,000	1,351	4,104	-	-
Depreciation charge for the year	64,890	-	53,548	2,909	1,351	7,082	-	-
Balance at 31 Dec 2004	121,134	-	101,337	5,909	2,702	11,186	-	-
Balance at 1 Jan 2005	121,134	-	101,337	5,909	2,702	11,186	-	-
Depreciation charge for the year	92,427	28,242	54,520	1,089	1,351	7,225	-	-
Balance at 31 Dec 2005	213,561	28,242	155,857	6,998	4,053	18,411	-	-
<b>Carrying amounts</b>								
At 1 Jan 2003	432,050	-	-	-	-	-	432,050	-
At 31 Dec 2003	2,283,981	-	1,146,947	-	5,404	16,741	1,114,889	-
At 1 Jan 2004	2,283,981	-	1,146,947	-	5,404	16,741	1,114,889	-
At 31 Dec 2004	3,649,077	-	1,237,351	-	4,053	24,222	2,383,451	-
At 1 Jan 2005	3,649,077	-	1,237,351	-	4,053	24,222	2,383,451	-
At 31 Dec 2005	3,975,547	1,383,871	1,207,132	-	2,702	17,712	1,363,400	730

## Grand Harbour Marina Limited

Notes to the Historical Financial Statements  
For the Years Ended 31 December 2003, 2004 and 2005

## 8 Plant and equipment (continued)

8.2 The Company acquired by title of temporary sub-emphyteusis certain immovable properties situated in Vittoriosa for a period of 99 years reckoned from 2 June 1999.

8.3 The Company's assets have been hypothecated in favour of the Company's lenders for funds borrowed (see notes 12 and 13).

## 9 Deferred tax assets

	Balance 1 January 03	Recognised in income	Balance 31 December 03
	Lm	Lm	Lm
Plant and equipment:			
Excess of depreciation over capital allowances	-	(33,214)	33,214
Provision for doubtful debts	-	(1,451)	1,451
	<u>-</u>	<u>(34,665)</u>	<u>34,665</u>

	Balance 1 January 04	Recognised in income	Balance 31 December 04
	Lm	Lm	Lm
Plant and equipment:			
Excess of depreciation over capital allowances	33,214	8,941	42,155
Provision for doubtful debts	1,451	(1,451)	-
Provision for exchange differences	-	11,732	11,732
	<u>34,665</u>	<u>19,222</u>	<u>53,887</u>

	Balance 1 January 05	Recognised in income	Balance 31 December 05
	Lm	Lm	Lm
Plant and equipment:			
Excess of depreciation over capital allowances	42,155	(30,862)	11,293
Provision for exchange differences	11,732	13,649	25,381
	<u>53,887</u>	<u>(17,213)</u>	<u>36,674</u>

## 10 Trade and other receivables

	2005	2004	2003
	Lm	Lm	Lm
Trade receivables	70,333	46,091	23,825
VAT recoverable	-	44,151	11,621
Prepayments	16,312	17,631	12,958
	<u>86,645</u>	<u>107,873</u>	<u>48,404</u>

## Grand Harbour Marina Limited

Notes to the Historical Financial Statements  
For the Years Ended 31 December 2003, 2004 and 2005

## 11 Capital and reserves

## 11.1 Share capital

	Authorised, issued and fully paid-up					
	Ordinary shares of Lm1 each			Redeemable preference shares of Lm0.13 each		
	2005	2004	2003	2005	2004	2003
	No.	No.	No.	No.	No.	No.
On issue at 1 January:						
Ordinary 'A' shares	15,692	15,692	15,692	-	-	-
Ordinary 'B' shares	12,000	12,000	12,000	-	-	-
Ordinary 'C' shares	3,077	3,077	3,077	-	-	-
Preference shares	-	-	-	46,154	46,154	46,154
	<u>30,769</u>	<u>30,769</u>	<u>30,769</u>	<u>46,154</u>	<u>46,154</u>	<u>46,154</u>
Movement during the year:						
Redeemed	-	-	-	-	(46,154)	-
Issued for cash	-	-	-	-	46,154	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,154</u>	<u>-</u>
At 31 December	<u>30,769</u>	<u>30,769</u>	<u>30,769</u>	<u>46,154</u>	<u>46,154</u>	<u>46,154</u>

**11.2** Ordinary and Preference Shareholders are entitled to vote at meetings of the Company on the basis of one vote for each share held. They are entitled to receive dividends as declared from time to time. The shares in issue shall, at all times, rank *pari passu* with respect to any distribution whether of dividends or capital, in a winding up or otherwise.

**11.3** The balance on the share premium, which is not distributable, represents the premium on the ordinary shares in issue.

**11.4** The other reserve, which is also not distributable, represents unrealised exchange differences, net of related deferred taxation.

**Grand Harbour Marina Limited****Notes to the Historical Financial Statements  
For the Years Ended 31 December 2003, 2004 and 2005****12 Bank borrowings**

12.1	2005	2004	2003
	Lm	Lm	Lm
Bank loans	2,166,600	2,333,300	-
Bank overdrafts	860,152	839,650	1,191,104
	<u>3,026,752</u>	<u>3,172,950</u>	<u>1,191,104</u>
<b>Non-current liabilities</b>			
Bank loans	<u>1,833,200</u>	<u>2,166,600</u>	-
<b>Current liabilities</b>			
Bank loans	333,400	166,700	-
Bank overdrafts	860,152	839,650	1,191,104
	<u>1,193,552</u>	<u>1,006,350</u>	<u>1,191,104</u>

**12.2** The terms of bank borrowings are as follows:

- the bank loans and bank overdrafts bear interest at the rate of 6% and 5.75% per annum respectively; and
- the bank borrowings are secured by:
  - a first general and special hypothec for Lm3,250,000 over the emphyteutical concession on parcels of land along the Cottonera Waterfront, Vittoriosa together with its moveable assets;
  - pro-rata guarantees for a total of Lm2,265,000 by the Company's ordinary shareholders;
  - letters of undertaking given by the Company not to pay dividends and by the Company/shareholders not to repay/demand repayment of a related company loan of Lm100,000 to the Company (see note 13) and/or demand payment of any interest thereon without the Bank's prior written consent; and
  - cash pledge (see note 16).

**12.3** Non-current liabilities include an amount of Lm499,600 which falls due after more than 5 years.

**13 Other interest-bearing borrowing**

This loan is owed to a related company, bears interest at the rate of 7.5% per annum and is repayable in full by 31 December 2005. Following 31 December 2005, the repayment date of this loan has been extended to 24 April 2008.

It is secured by:

- a general hypothec amounting to Lm100,000 on all property held by the Company present and future; and
- a special hypothec up to Lm100,000 on the temporary subtile dominia of the marina.

## Grand Harbour Marina Limited

Notes to the Historical Financial Statements  
For the Years Ended 31 December 2003, 2004 and 2005

## 14 Trade and other payables

	2005	2004	2003
	Lm	Lm	Lm
Trade payables	37,792	7,894	150,212
VAT payable	134,975	-	14,120
Accruals	544,090	250,633	195,948
	<u>716,857</u>	<u>258,527</u>	<u>360,280</u>

## 15 Net cash from operating activities

	2005	2004	2003
	Lm	Lm	Lm
Profit for the year	278,406	95,597	405,994
Adjustments for:			
Depreciation	92,427	64,890	56,244
Cost of plant and equipment expensed	270,701	70,096	74,211
Net finance costs	468	78,265	10,310
	<u>642,002</u>	<u>308,848</u>	<u>546,759</u>
Working capital changes:			
Trade and other receivables	21,226	(59,467)	(28,632)
Trade and other payables	214,928	(189,707)	(121,788)
	<u>878,156</u>	<u>59,674</u>	<u>396,339</u>

## 16 Cash and cash equivalents

		2005	2004	2003
	Note	Lm	Lm	Lm
Cash at bank and in hand		200	929	8,601
Pledged bank account	12.2	874,814	650,985	113,439
Bank overdrafts		(860,152)	(839,650)	(1,191,104)
		<u>14,862</u>	<u>(187,736)</u>	<u>(1,069,064)</u>

**Grand Harbour Marina Limited****Notes to the Historical Financial Statements  
For the Years Ended 31 December 2003, 2004 and 2005****17 Financial instruments**

Exposure to credit, interest rate and currency risks arises in the normal course of the Company's business.

**17.1 Credit risk**

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring continuing credit. The Company does not require collateral in respect of financial assets. Credit risk with respect to debtors is limited due to the spread of customers comprising the Company's debtor base. Debtors are presented net of any provisions towards doubtful recoveries. The Company's cash is held with a financial institution which has a sound credit rating. Management does not expect any counterparty to fail to meet its obligations.

At balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

**17.2 Interest rate risk**

The Company adopts a policy of ensuring that its exposure to changes in interest rates on interest-bearing borrowings is limited by entering into financial arrangements subject to fixed rates of interest.

**17.3 Foreign currency risk**

The Company is exposed to foreign currency risk on revenues, costs and borrowings that are denominated in a currency other than the Maltese Lira. The Company does not hedge against any exchange gains or losses which may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies.

**18 Capital commitments**

	2005	2004	2003
	Lm	Lm	Lm
Authorised and contracted for:			
Plant and equipment	<u>452,044</u>	<u>712,827</u>	<u>243,197</u>

**19 Contingencies**

At balance sheet date the Company had the following contingent liabilities:

	2005	2004	2003
	Lm	Lm	Lm
Bank guarantees given to third parties	<u>265,000</u>	<u>265,000</u>	<u>315,000</u>



**Grand Harbour Marina Limited****Notes to the Historical Financial Statements  
For the Years Ended 31 December 2003, 2004 and 2005****20 Related parties****20.1 Identity of related parties**

The Company has a related party relationship with its directors, executive officers and companies which have common directors.

**20.2 Transactions with key management personnel**

Certain directors of the Company control 50.99 per cent of the voting shares of the Company. Other than the remuneration paid to the directors (see note 3) there were no other transactions with key management personnel.

**20.3 Other related party transactions**

During the year, the Company entered into the following transactions with related parties:

	2005	2004	2003
	Lm	Lm	Lm
<b>Direct costs</b>			
Commissions payable	40,883	21,269	24,628
	<u>40,883</u>	<u>21,269</u>	<u>24,628</u>
<b>Finance expenses</b>			
Loan interest payable	6,682	6,518	6,071
	<u>6,682</u>	<u>6,518</u>	<u>6,071</u>

**21 Comparative information**

**21.1** The historical financial statements are presented by reference to one of the alternative formats set out in the Third Schedule to the Companies Act, 1995 and the over-riding requirements of IAS 1, *Presentation of Financial Statements*.

During the current year, the directors changed the format of the income statement and the balance sheet, as allowed by the Act, to reflect current practices in financial reporting. Certain corresponding figures have accordingly been reclassified.

## Grand Harbour Marina Limited

Notes to the Historical Financial Statements  
For the Years Ended 31 December 2003, 2004 and 2005

## 21 Comparative information (continued)

21.2 A reconciliation between the income statement and balance sheet information set out in the restated historical financial statements for the years ended 31 December 2003 and 2004 and that included in the statutory financial statements for these years as a result of the change in accounting policies as explained in note 1.2.

## Income Statement - Year Ended 31 December 2004

	As per statutory financial statements	Effect of change in accounting policies	Reclassifications	As restated
	Lm	Lm	Lm	Lm
Revenue	186,676	377,337	40,347	604,360
Personnel expenses	-	-	(67,429)	(67,429)
Depreciation expense	(109,889)	45,000	-	(64,889)
Other expenses	(214,174)	(105,762)	21,756	(298,180)
Other operating income	334	-	(334)	-
<b>Profit from operating activities</b>	<u>(137,053)</u>			<u>173,862</u>
Finance income	-	-	1,159	1,159
Finance expenses	-	(83,925)	4,501	(79,424)
<b>Net finance costs</b>	<u>-</u>			<u>(78,265)</u>
<b>Profit before tax</b>	(137,053)	-	-	95,597
Income tax expense	-	(34,408)	-	(34,408)
<b>Profit for the year</b>	<u>(137,053)</u>			<u>61,189</u>

## Grand Harbour Marina Limited

Notes to the Historical Financial Statements  
For the Years Ended 31 December 2003, 2004 and 2005

## 21 Comparative information (continued)

## 21.2 (continued)

## Balance Sheet - Year Ended 31 December 2004

	As per statutory financial statements	Effect of change in accounting policies	Reclassifications	As restated
	Lm	Lm	Lm	Lm
<b>Assets</b>				
Plant and equipment	5,300,000	(1,650,923)	-	3,649,077
Deferred tax assets	172,498	(118,611)	-	53,887
<b>Total non-current assets</b>	<u>5,472,498</u>			<u>3,702,964</u>
Trade and other receivables	108,016	55,689	-	163,705
Cash at bank and in hand	685,433	(33,519)	-	651,914
<b>Total current assets</b>	<u>793,449</u>			<u>815,619</u>
<b>Total assets</b>	<u>6,265,947</u>			<u>4,518,583</u>
<b>Equity</b>				
Issued capital	36,769	-	-	36,769
Share premium	569,231	-	-	569,231
Revaluation reserve	1,417,095	(1,417,095)	-	-
Other reserve	172,498	(172,498)	-	-
Retained earnings	(486,875)	700,387	-	213,512
<b>Total equity</b>	<u>1,708,718</u>			<u>819,512</u>
<b>Liabilities</b>				
Bank borrowings	2,166,600	-	-	2,166,600
Other interest-bearing borrowing	100,000	-	-	100,000
<b>Total non-current liabilities</b>	<u>2,266,600</u>			<u>2,266,600</u>
Bank borrowings	1,006,350	-	-	1,006,350
Current taxation	-	167,594	-	167,594
Trade and other payables	1,284,279	(1,025,752)	-	258,527
<b>Total current liabilities</b>	<u>2,290,629</u>			<u>1,432,471</u>
<b>Total liabilities</b>	<u>4,557,229</u>			<u>3,699,071</u>
<b>Total equity and liabilities</b>	<u>6,256,947</u>			<u>4,518,583</u>

## Grand Harbour Marina Limited

Notes to the Historical Financial Statements  
For the Years Ended 31 December 2003, 2004 and 2005

## 21 Comparative information (continued)

## 21.2 (continued)

## Income Statement - Year Ended 31 December 2003

	As per statutory financial statements	Effect of change in accounting policies	Reclassifications	As restated
	Lm	Lm	Lm	Lm
Revenue	71,340	744,679	105,722	921,741
Personnel expenses	-	-	(28,056)	(28,056)
Depreciation expense	(70,029)	13,784	-	(56,245)
Other expenses	(183,648)	(164,143)	(73,346)	(421,137)
Other operating income	6,743	-	(6,743)	-
<b>Profit from operating activities</b>	<u>(175,594)</u>			<u>416,303</u>
Finance income	-	-	3,387	3,387
Finance expenses	-	(12,732)	(964)	(13,696)
<b>Net finance costs</b>	<u>-</u>			<u>(10,309)</u>
<b>Profit before tax</b>	(175,594)	-	-	405,994
Income tax expense	-	(79,443)	-	(79,443)
<b>Profit for the year</b>	<u><u>(175,594)</u></u>			<u><u>326,551</u></u>

## Grand Harbour Marina Limited

Notes to the Historical Financial Statements  
For the Years Ended 31 December 2003, 2004 and 2005

## 21 Comparative information (continued)

## 21.2 (continued)

## Balance Sheet - Year Ended 31 December 2003

	As per statutory financial statements	Effect of change in accounting policies	Reclassifications	As restated
	Lm	Lm	Lm	Lm
<b>Assets</b>				
Plant and equipment	2,372,599	(54,492)	(34,126)	2,283,981
Deferred tax assets	124,529	34,665	(124,529)	34,665
<b>Total non-current assets</b>	<u>2,497,128</u>			<u>2,318,646</u>
Trade and other receivables	49,036	-	33,496	82,532
Cash at bank and in hand	122,040	-	-	122,040
<b>Total current assets</b>	<u>171,076</u>			<u>204,572</u>
<b>Total assets</b>	<u>2,668,204</u>			<u>2,523,218</u>
<b>Equity</b>				
Issued capital	36,769	-	-	36,769
Share premium	569,231	-	-	569,231
Other reserve	124,529	-	(124,529)	-
Retained earnings	(349,822)	502,145	-	152,323
<b>Total equity</b>	<u>380,707</u>			<u>758,323</u>
<b>Liabilities</b>				
Other interest-bearing borrowing	100,000	-	-	100,000
<b>Total non-current liabilities</b>	<u>100,000</u>			<u>100,000</u>
Bank borrowings	1,191,104	-	-	1,191,104
Current taxation	-	114,108	(597)	113,511
Trade and other payables	996,393	(636,080)	(33)	360,280
<b>Total current liabilities</b>	<u>2,187,497</u>			<u>1,664,895</u>
<b>Total liabilities</b>	<u>2,287,497</u>			<u>1,764,895</u>
<b>Total equity and liabilities</b>	<u>2,668,204</u>			<u>2,523,218</u>

The Directors  
Grand Harbour Marina Limited  
Vittoriosa Wharf  
Vittoriosa CSP 09  
Malta

Dear Sirs

**Report of the Independent Auditors on the Historical Financial Statements of  
Grand Harbour Marina Limited**

We report on the historical financial statements for each of the years ended 31 December 2003, 2004 and 2005 of Grand Harbour Marina Limited (the "Company"). These historical financial statements, which comprise the balance sheets as at these dates, and the income statements, statements of changes in equity and cash flow statements for the years then ended, and a summary of significant accounting policies and explanatory notes, have been prepared solely for inclusion in the Prospectus to be dated 7 February 2007. We are not required to and will not carry out any work from the date of this report to the date of the Prospectus.

This report is required in terms of the Listing Rules issued by Listing Authority of the MFSA and by Annex I Item 20.1 of the EU Regulation EC 809/2004 and is given for the purpose of complying with that regulation and for no other purpose.

**Directors' Responsibility for the Historical Financial Statements**

The directors are responsible for the preparation and fair presentation of these historical financial statements on the basis of the accounting policies set out in note 1 thereto. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of historical financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' Responsibility**

It is our responsibility to form an opinion on these historical financial statements as to whether they give a true and fair view, for the purposes of the Prospectus, and to report our opinion to you. Save for any responsibility arising under the aforementioned rules and regulation to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the historical financial statements are free from material misstatement.

**Page 2**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the historical financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the historical financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the historical financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the historical financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, these historical financial statements give, for the purposes of the said Prospectus, a true and fair view of the financial position of the Company as at 31 December 2003, 2004 and 2005 respectively and of the financial performance and its cash flows for the years then ended, on the basis of the accounting policies set out in note 1 thereto, which are consistent with those adopted by the Company in its financial statements for the year ended 31 December 2005.

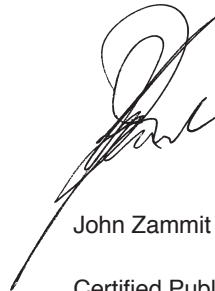


Hilary Galea-Lauri (Partner) for and on behalf of

**KPMG**  
Certified Public Accountants

Portico Building  
Marina Street  
Pietà PTA4904  
Malta

12 January 2007



John Zammit

Certified Public Accountant

Isolamare Suite 6  
Bouverie Street  
Gzira GZR 05  
Malta

## **Annex 2**

### **Grand Harbour Marina Limited Interim Financial Statements 1 January to 30 June 2006**



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## Independent Report on Review of Condensed Interim Financial Statements

### To the Directors of Grand Harbour Marina Limited

#### Introduction

We have reviewed the accompanying condensed balance sheet of Grand Harbour Marina Limited as at 30 June 2006 and the related condensed statements of income, changes in equity and cash flows for the six-month period then ended (interim financial statements). Management is responsible for the preparation and presentation of these interim financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these interim financial statements based on our review.

#### Scope of review

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

#### Conclusion

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

Hilary Galea-Lauri (Partner) for and on behalf of

**KPMG**  
Certified Public Accountants

12 January 2007

Partners	
Joseph C Schembri	Eric Muscat
Raymond Azzopardi	Anthony Pace
Mark Bamber	Pierre Portelli
Juanita Bencini	André Zarb
David Caruana	Anthony Zarb
Alfred V Cremona	
Hilary Galea-Lauri	Associate Director
Noel Mizzi	Wim Van Vuuren

KPMG a member firm of KPMG International, a Swiss cooperative

**Grand Harbour Marina Limited****Condensed Interim Income Statement**

	<b>1 January to 30 June 2006</b>	1 January to 30 June 2005
	<b>Lm</b>	Lm
Revenue	<b>1,332,313</b>	211,599
Personnel expenses	<b>(66,103)</b>	(77,296)
Depreciation expense	<b>(49,001)</b>	(38,400)
Other expenses	<b>(480,681)</b>	(206,794)
<b>Profit/(loss) from operating activities</b>	<b><u>736,528</u></b>	<u>(110,891)</u>
Finance income	<b>3,513</b>	88,194
Finance expenses	<b>(80,739)</b>	(36,742)
<b>Net finance (costs)/income</b>	<b><u>(77,226)</u></b>	<u>51,452</u>
<b>Profit/(loss) before tax</b>	<b>659,302</b>	(59,439)
Income tax (expense)/income	<b>(230,756)</b>	20,803
<b>Profit/(loss) for the year</b>	<b><u><u>428,546</u></u></b>	<u><u>(38,636)</u></u>
Earnings/(loss) per share	<b><u><u>5.57</u></u></b>	<u><u>(0.50)</u></u>

**Grand Harbour Marina Limited****Condensed Interim Balance Sheet**

	<b>At 30 June 2006</b>	At 31 December 2005
	<b>Lm</b>	Lm
<b>Assets</b>		
Non-current assets	<b>3,765,747</b>	4,012,221
Current assets	<b>1,485,504</b>	1,079,323
<b>Total assets</b>	<b><u>5,251,251</u></b>	<u>5,091,544</u>
<b>Equity</b>		
<b>Total equity</b>	<b><u>1,429,124</u></b>	<u>1,000,578</u>
<b>Liabilities</b>		
Non-current liabilities	<b>2,133,370</b>	1,833,200
Current liabilities	<b>1,688,757</b>	2,257,766
<b>Total liabilities</b>	<b><u>3,822,127</u></b>	<u>4,090,966</u>
<b>Total equity and liabilities</b>	<b><u>5,251,251</u></b>	<u>5,091,544</u>

The condensed interim financial statements on pages 83 to 88 were approved by the Board of Directors on 12 January 2007 and signed on its behalf by:



Mr Walter Bonnici  
Executive Deputy Chairman



Mr Anthony Demajo  
Executive Director

**Grand Harbour Marina Limited****Condensed Interim Statement of Changes in Equity**

	<b>Total</b>	<b>Issued capital</b>	<b>Share premium</b>	<b>Other reserve</b>	<b>Retained earnings</b>
	Lm	Lm	Lm	Lm	Lm
Balance at 1 January 2005	819,512	36,769	569,231	-	213,512
Loss for the period	(38,636)	-	-	-	(38,636)
Transfer to other reserve	-	-	-	81,222	(81,222)
Balance at 30 June 2005	<u>780,876</u>	<u>36,769</u>	<u>569,231</u>	<u>81,222</u>	<u>93,654</u>
Balance at 1 July 2005	780,876	36,769	569,231	81,222	93,654
Profit for the period	219,702	-	-	-	219,702
Transfer from other reserve	-	-	-	(34,087)	34,087
Balance at 31 December 2005	<u>1,000,578</u>	<u>36,769</u>	<u>569,231</u>	<u>47,135</u>	<u>347,443</u>
Balance at 1 January 2006	<b>1,000,578</b>	<b>36,769</b>	<b>569,231</b>	<b>47,135</b>	<b>347,443</b>
Profit for the period	<b>428,546</b>	-	-	-	<b>428,546</b>
Transfer from other reserve	-	-	-	(35,940)	35,940
<b>Balance at 30 June 2006</b>	<b><u>1,429,124</u></b>	<b><u>36,769</u></b>	<b><u>569,231</u></b>	<b><u>11,195</u></b>	<b><u>811,929</u></b>

**Grand Harbour Marina Limited****Condensed Interim Cash Flow Statement**

	<b>1 January to 30 June 2006</b>	1 January to 30 June 2005
	<b>Lm</b>	Lm
<b>Net cash from operating activities</b>	<b>985,570</b>	134,263
<b>Net cash used in investing activities</b>	<b>(126,372)</b>	(354,354)
<b>Net cash used in financing activities</b>	<b>(90,898)</b>	(92,576)
Net increase/(decrease) in cash and cash equivalents	<b>768,300</b>	(312,667)
Cash and cash equivalents at 1 January	<b>14,862</b>	(187,736)
Effect of exchange rate fluctuations on cash held	<b>(55,293)</b>	88,194
<b>Cash and cash equivalents at 30 June</b>	<b>727,869</b>	(412,209)

## **Grand Harbour Marina Limited**

### **Notes to the Condensed Interim Financial Results For the Period 1 January 2006 to June 2006**

#### **1 Reporting entity**

Grand Harbour Marina Limited (the "Company") is a limited liability company domiciled and incorporated in Malta.

#### **2 Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 *Interim Financial Reporting*. They do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2005.

These condensed interim financial statements were approved by the Board of Directors on 12 January 2007.

#### **3 Significant accounting policies**

The accounting policies applied by the Company in these condensed financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2005.

#### **4 Review of performance**

The Company's revenue for the six-month period to 30 June 2006 amounted to Lm1,332,313 as compared with Lm211,599 generated during the comparative period. The increase is attributable to a larger area of super-yacht berthing space licensed-out and the higher rate per square metre charged on such contracts during 2006. The Company registered a profit from operating activities of Lm736,528 against a loss of Lm110,891 sustained during the comparative period. This improvement is mainly due to the higher revenue generated coupled by an improved gross margin earned on super-yacht berths licensed-out. The higher finance expenses incurred during the first six months of 2006 as compared with the comparative period for 2005 are attributable to the Company's increase in bank borrowings. Finance income for the six-month period ended 30 June 2005 represent an unrealised gain on exchange rate fluctuations.

#### **5 State of affairs**

Capital expenditure during the first six months of 2006 amounted to Lm37,580. The Company is now approaching the final stages of the berths development phase and it is envisaged that further capital expenditure on berthing facilities will be minimal. The company expects to commence the development of the Capitanerie during the last quarter of 2006, which construction is expected to be completed during 2007. All earnings generated during the period have been retained to sustain future operations.

#### **6 Outlook**

The Company estimates that the profits from operating activities for the year to 31 December 2006 will show a marked improvement over 2005. Profitability is expected to further increase during 2007 as the company concludes further long-term licensing contracts for super-yacht berths.

**Grand Harbour Marina Limited****Notes to the Condensed Interim Financial Results  
For the Period 1 January 2006 to June 2006****7 Estimates**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2005.

**8 Financial risk management**

The Company's financial risk management objectives and policies are consistent with that disclosed in the financial statement as at and for the year ended 31 December 2005.

**9 Segment revenue**

	Lm
Licensing of super-yacht berths	1,163,390
Annual berthing and other ancillary services	168,923
	<u>1,332,313</u>

**10 Plant and equipment****10.1 Acquisitions**

During the six months ended 30 June 2006 the Company acquired assets with a cost of Lm37,580.

**11 Related parties**

The Company has a related party relationship with its directors, executive officers and companies which have common directors.

Certain directors of the Company control 50.99 per cent of the voting of the Company. Other than the remuneration paid to the directors there were no other transactions with key management personnel.



## **Annex 3**

### **Profit Forecasts**

**For the two years ending 31 December 2006 and 2007**



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Malta

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Web page <http://www.kpmg.com.mt>

The Directors  
Grand Harbour Marina Ltd  
Vittoriosa Wharf  
Vittoriosa CSP 09  
Malta

12 January 2007

Dear Sirs,

**Accountants' Report on the Profit Forecasts of Grand Harbour Marina p.l.c.**

We report on the profit forecasts of Grand Harbour Marina p.l.c. ('the Company') for the two years ending 31 December 2006 and 2007. The profit forecasts are set out on pages 92 to 95 of Grand Harbour Marina p.l.c.'s Registration Document to be dated 7 February 2007.

**Directors' Responsibility**

It is the Directors' responsibility to prepare the profit forecasts, together with the material assumptions on which they are based, in accordance with the requirements of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and EU Regulation EC809/2004.

**Accountants' Responsibility**

It is our responsibility to provide the opinion required by Listing Rule 9.18 and by Annex I item 13.2 of EU Regulation EC809/2004.

Since the profit forecasts and the assumptions on which they are based relate to the future they may be affected by unforeseen events. The variation between forecast and actual results may be material. We are not required to express, nor do we express, any opinion on the possibility of achievement of the results set out in the profit forecasts or on the underlying assumptions.

Partners

Joseph C Schembri  
Raymond Azzopardi  
Mark Bamber  
Juanita Bencini  
David Caruana  
Alfred V Cremona  
Hilary Galea-Lauri  
Noel Mizzi

Eric Muscat  
Anthony Pace  
Pierre Portelli  
André Zarb  
Anthony Zarb

Associate Director  
Wim Van Vuuren

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**Page 2**

**Work Performed**

Our work included an evaluation of the procedures undertaken by the Directors in compiling the profit forecasts and the consistency of the profit forecasts with the accounting policies adopted by Grand Harbour Marina p.l.c.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the profit forecasts have been properly compiled on the basis of the underlying stated assumptions.

**Opinion**

In our opinion:

- a) the profit forecasts have been properly compiled on the basis of the underlying stated assumptions; and
- b) the basis of accounting is consistent with the accounting policies of Grand Harbour Marina p.l.c. as set out on pages 59 to 63 of Grand Harbour Marina p.l.c.'s Registration Document to be dated 7 February 2007.

This opinion is solely intended to be relied upon by you for the purposes of the Registration Document to be dated 7 February 2007. Readers are cautioned that these profit forecasts may not be appropriate for purposes other than that described above.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'David Caruana'.

David Caruana (Partner) for and on behalf of

**KPMG**

Certified Public Accountants

## **PROFIT FORECASTS**

### **For the two years ending 31 December 2006 and 2007 Summary of significant assumptions and accounting policies**

#### **Introduction**

The profit forecasts of Grand Harbour Marina p.l.c. ('the Company') for the two years ending 31 December 2006 and 2007 are set out on page 95. These profit forecasts and the assumptions set out below are the sole responsibility of the Directors of Grand Harbour Marina p.l.c.

The profit forecast for the year ending 31 December 2006 has been based on the following unaudited financial information:

- a) the interim financial statements for the six months ended 30 June 2006. These unaudited interim financial statements are set out under Annex 2 of the Registration Document and have been approved by the Directors of Grand Harbour Marina p.l.c. on 12 January 2007; and
- b) forecast financial information for the Company covering the period 1 July to 31 December 2006.

The profit forecasts are based on stated assumptions which the Directors believe to be reasonable. These assumptions, which include hypothetical assumptions, have been based on the nature and size of the intended level of operations and reflect current economic conditions and price levels adjusted where applicable to take into account the projected level of inflation. The Directors have exercised due care and diligence in adopting these assumptions. Attention is drawn, in particular, to the risk factors set out elsewhere in the Registration Document which describe the principal risks associated with the business to which the profit forecasts relate.

The date of completion of these profit forecasts is 12 January 2007 and the stated assumptions are judgements made at that date. The assumptions disclosed herein are those that the Directors believe are significant to the profit forecasts.

Actual results are likely to be different from those indicated in the profit forecasts because events and circumstances frequently do not occur as expected and those differences may be material.

#### **Bases of preparation**

The bases of preparation relating to the environment in which Grand Harbour Marina p.l.c. operates and which underly the profit forecasts are the following:

- The Company will continue to enjoy the confidence of its customers, suppliers and its bankers throughout the period under consideration.
- The profit forecasts are based on the continuation of the Company's existing activities, that is, the operation and management of the Marina.
- There will be no material adverse events which will have an impact on the activities of Grand Harbour Marina p.l.c., either directly or indirectly.
- The bases on which the Company's bankers determine the rate of interest charged on facilities made available will not change materially throughout the period covered by the forecasts.
- The bases and rates of taxation, both direct and indirect, will not change materially during 2007.
- The Company will enjoy good relations with its employees and their representatives throughout the period under consideration.
- The rate of inflation throughout the period under consideration will not exceed that experienced in the last few years.
- Any changes in exchange rates will not adversely affect the Company's operations.

## Significant Accounting Policies

The significant accounting policies of Grand Harbour Marina p.l.c. are set out under Annex 1 of the Registration Document. Where applicable, these accounting policies, in so far as they relate to recognition and measurement criteria, have been consistently applied in the preparation of these profit forecasts.

## Summary of Significant Assumptions

### a) Revenue

Revenue represents the income projected from the operations of Grand Harbour Marina p.l.c. and is stated after the deduction of sales rebates and indirect taxes. Revenue has been forecasted as follows:

	<b>2006</b>	<b>2007</b>
	<b>Lm'000</b>	<b>Lm'000</b>
Revenue from long-term berth licensing contracts	1,163	1,801
Berthing and other revenue	354	458
	<u>1,517</u>	<u>2,259</u>

The forecasted revenue from long-term berth licensing for 2006 represents such revenue earned by the company during the period 1 January 2006 to 30 June 2006. The forecasted long-term berth licensing revenue for 2007 is based on the Company successfully concluding twenty five year licensing contracts for two berths.

Berthing and other revenue comprises forecasted income from service charges associated with the long-term licensing contracts, berthing fees, berth utility fees as well as other ancillary income.

### b) Personnel expenses

Personnel expenses are based on the nature and size of future expected operations and, where applicable, on the cost levels experienced in the past, adjusted for inflation as appropriate.

### c) Other expenses

Other expenses have been estimated as follows:

	<b>2006</b>	<b>2007</b>
	<b>Lm'000</b>	<b>Lm'000</b>
Long-term berth licensing direct costs	315	328
Other direct costs	244	318
Other operating expenses	118	104
	<u>677</u>	<u>750</u>

Other expenses are based on the nature and size of future expected operations and, where applicable, on the cost levels experienced in the past, adjusted for inflation as appropriate.

Direct costs relating to long-term berth licensing comprise the cost elements attributable to the licensed berths and related direct selling costs.

Other direct costs include the sub-empyteutical ground rent with respect to the Marina and surrounding land and buildings and the fees payable to Cottonera Waterfront Group p.l.c. under the Development and Operations Agreement entered into during June 2000.

## Summary of Significant Assumptions (continued)

### d) Finance income

Finance income represents interest income for the period 1 January 2006 to 30 June 2006. The profit forecasts do not provide for any gains or losses arising out of any possible exchange fluctuations through the period 1 July 2006 to 31 December 2007.

### e) Finance expenses

Finance expenses represent interest on all interest bearing borrowings on the expected average outstanding balance for each year, less interest capitalised and recognised in the carrying amount of an item of property, plant and equipment, together with net foreign exchange losses.


### f) Income tax

The tax expense comprises current and deferred tax. Current tax has been forecasted at the rate of 35% on the projected taxable profit for each year. Deferred tax has been forecasted at the rate of 35% using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

## Conclusions

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

Approved by the Board of Directors on 12 January 2007 and signed on its behalf by:



Mr Walter Bonnici  
Executive Deputy Chairman



Mr Anthony Demajo  
Executive Director

**Grand Harbour Marina p.l.c.****Profit Forecasts****For the two years ending 31 December 2006 to 2007**

	<b>2006</b>	<b>2007</b>
	<b>Lm'000</b>	<b>Lm'000</b>
Revenue	1,517	2,259
Personnel expenses	(137)	(155)
Depreciation	(102)	(123)
Other expenses	(677)	(750)
<b>Profit from operating activities</b>	<u>601</u>	<u>1,231</u>
Finance income	4	-
Finance expenses	(144)	(138)
<b>Net finance costs</b>	<u>(140)</u>	<u>(138)</u>
<b>Profit before tax</b>	461	1,093
Income tax expense	(161)	(382)
<b>Profit for the year</b>	<u><u>300</u></u>	<u><u>711</u></u>

## Securities Note

This document is a Securities Note issued in accordance with the provisions of Chapter 6 of the Listing Rules issued by the Listing Authority and in accordance with the provisions of Commission Regulation (EC) No 809/2004 of April 29, 2004 implementing directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus.

This Securities Note is issued pursuant to the requirements of Rule 6.4.3 of the Listing Rules and contains information about the Shares offered for sale to the public by the Offerors (as defined below) in Grand Harbour Marina p.l.c. Application has been made to the Listing Authority for admission to trading on the Malta Stock Exchange of the Shares. This Securities Note should be read in conjunction with the most updated Registration Document and Summary Note issued by the Company from time to time that provides details of the Company and the Shares.

This document is dated 7 February 2007

### Securities Note

In respect of an Offer by

Nicholas Maris Simon J. Arrol Portosalvo Holdings Limited V&F Portelli & Sons Limited  
of a total of three million (3,000,000) ordinary shares of a nominal value of Lm0.10 in  
Grand Harbour Marina p.l.c.

At a Share Offer Price of Lm0.70 per Share

*Nicholas Maris, Simon J. Arrol, Portosalvo Holdings Limited and V&F Portelli & Sons Limited (the "Offerors") are hereby offering for sale three million (3,000,000) ordinary shares of a nominal value of Lm0.10 each (the "Shares") at a Share Offer Price of Lm0.70 per Share. The Shares are ordinary shares of the Company and form part of one class of ordinary shares. There are no shares of the Company in issue that have any preferred or deferred rights. After the Offer, the Offerors will own between them 70 per cent of the total issued share capital of the Company. The Shares shall entitle their holders to attend and vote at general meetings of shareholders and to dividends, if any, declared and paid by the Company. All holders of ordinary shares shall rank 'pari passu' upon any distribution of assets in a winding up or otherwise.*



Mr Walter Bonnici  
for and on behalf of The Board of Directors  
of Grand Harbour Marina p.l.c.



Mr Anthony Demajo  
for and on behalf of The Board of Directors  
of Grand Harbour Marina p.l.c.

ISIN MT0000320102

### Legal Advisors

Camilleri Preziosi Advocates

### Financial Advisors & Reporting Accountants

KPMG

### Joint Sponsors

GlobalCapital Financial Management Limited  
&  
HSBC Stockbrokers (Malta) Ltd

### Manager, Registrar and Underwriter

HSBC Bank Malta p.l.c.



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## IMPORTANT INFORMATION

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS AND CONTAINS INFORMATION ON AN OFFER BY THE OFFERORS OF THREE MILLION (3,000,000) ORDINARY SHARES IN GRAND HARBOUR MARINA P.L.C. (THE “COMPANY”) TO THE PUBLIC. THE SHARES HAVE A NOMINAL VALUE OF Lm0.10 EACH SHARE AND ARE BEING OFFERED AT A PRICE OF Lm0.70.

THIS DOCUMENT INCLUDES INFORMATION GIVEN IN COMPLIANCE WITH THE LISTING RULES OF THE LISTING AUTHORITY FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO THE SHARES. ALL OF THE DIRECTORS OF THE COMPANY, WHOSE NAMES APPEAR UNDER THE HEADING DIRECTORS (THE “DIRECTORS”), ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE COMPANY (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 BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE COMPANY OR ITS DIRECTORS, TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF THE SHARES (AS DEFINED HEREIN) OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND IN THE DOCUMENTS REFERRED TO HEREIN IN CONNECTION WITH THE OFFER HEREBY MADE, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE COMPANY, ITS DIRECTORS OR ADVISORS.

**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.**

THE ADVISORS ENGAGED BY THE COMPANY FOR THE PURPOSE OF THIS OFFER ARE ACTING EXCLUSIVELY FOR THE COMPANY.

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

IT IS THE RESPONSIBILITY OF ANY PERSONS IN POSSESSION OF THIS DOCUMENT AND ANY PERSONS WISHING TO PURCHASE SHARES TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE APPLICANTS FOR SHARES SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF SO APPLYING AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

THE SHARES HAVE NOT BEEN NOR WILL THEY BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT") OR UNDER ANY STATE SECURITIES LAW AND, EXCEPT WITH THE SPECIFIC CONSENT OF THE DIRECTORS, MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS OR ANY AREA SUBJECT TO ITS JURISDICTION (THE "UNITED STATES") OR TO ANY UNITED STATES PERSON (AS DEFINED IN REGULATIONS OF SUCH ACT, AS AMENDED FROM TIME TO TIME). IN ADDITION THE COMPANY WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "1940 ACT") AND THE INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS OF THE 1940 ACT. BASED ON INTERPRETATIONS OF THE 1940 ACT BY THE STAFF OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION RELATING TO FOREIGN INVESTMENT COMPANIES, IF THE COMPANY HAS MORE THAN 100 BENEFICIAL OWNERS OF ITS SECURITIES WHO ARE UNITED STATES PERSONS, IT MAY BECOME SUBJECT TO THE 1940 ACT. THE DIRECTORS WILL NOT KNOWINGLY PERMIT THE NUMBER OF HOLDERS WHO ARE UNITED STATES PERSONS TO EXCEED 70.

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

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

**APPLICATION HAS BEEN MADE TO THE LISTING AUTHORITY FOR THE SHARES TO BE ADMISSABLE TO LISTING ON A RECOGNISED INVESTMENT EXCHANGE. IN ADDITION, APPLICATION HAS ALSO BEEN MADE TO THE COUNCIL OF THE MALTA STOCK EXCHANGE, AS A RECOGNISED INVESTMENT EXCHANGE, FOR THE SHARES TO BE ADMITTED TO THE OFFICIAL LIST UPON ALLOCATION.**

THE VALUE OF INVESTMENTS CAN RISE OR FALL AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. IF YOU NEED 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

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

<b>Act</b>	the Companies Act, Cap. 386 of the laws of Malta;
<b>Applicant</b>	a person whose name, or persons whose names in the case of joint applications, appear in the registration details of an Application Form;
<b>Application/s</b>	the application/s to subscribe for Shares made by an Applicant by completing an Application Form and delivering it to the Registrar or to any of the Financial Intermediaries;
<b>Application Form</b>	the form of application of subscription for the Shares, a specimen of which is set out in Annex 3 of this Securities Note;
<b>Business Day</b>	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>Financial Intermediaries</b>	the financial intermediaries listed in Annex 2 to this Securities Note;
<b>Company or GHM</b>	Grand Harbour Marina p.l.c.;
<b>Directors or Board</b>	the directors of the Company whose names and addresses are set out under the heading "Directors, Senior Management, Advisors and Auditors of the Company";
<b>Malta Stock Exchange or MSE</b>	the Malta Stock Exchange as defined by the Financial Markets Act (Cap.345 of the laws of Malta);
<b>Maltese Liri</b>	the lawful currency from time to time of the Republic of Malta;
<b>Offering or Offer</b>	the offer for sale of the Shares to the public in Malta made by the Offerors at the Share Offer Price pursuant to the Prospectus in the following proportions:  Nicholas Maris as to 916,500 ordinary shares; Simon J. Arrol as to 613,500 ordinary shares; Portosalvo Holdings Limited as to 1,170,000 ordinary shares; and V&F Portelli & Sons Limited as to 300,000 ordinary shares;
<b>Offerors</b>	Nicholas Maris; Simon J. Arrol; Portosalvo Holdings Limited; and V&F Portelli & Sons Limited;
<b>Offer Period</b>	the period commencing on the 14 February 2007 and ending on the 21 February 2007, subject to the discretion of the Offerors to close the Offer prior to that date in the event of over-subscription;
<b>Prospectus</b>	this document together with the Summary Note and the Registration Document;
<b>Registrar</b>	HSBC Bank Malta p.l.c.;
<b>Registration Document</b>	the document dated 7 February 2007 as set out on pages 19 to 95 of this Prospectus;
<b>Securities Note</b>	this document dated 7 February 2007 as set out on pages 96 to 118 of this Prospectus;
<b>Share Offer Price</b>	the price of Lm0.70 for each Share;
<b>Shares</b>	the three million (3,000,000) ordinary shares of a nominal value of Lm0.10 each share in the Company, constituting 30 per cent of the total issued share capital of the Company;
<b>Summary Note</b>	the document dated 7 February 2007 as set out on pages 3 to 18 of this Prospectus.

## EXPECTED TIMETABLE

<b>MATTER</b>	<b>DATE</b>
Availability of Application Forms	7 February 2007
Opening of Offer Period	14 February 2007
Closing of Offer Period	21 February 2007
Expected announcement of basis of acceptance	28 February 2007
Expected dispatch of allocation advises and refunds of unallocated monies	7 March 2007
Admission of Shares on the Malta Stock Exchange	8 March 2007
Commencement of trading on the Malta Stock Exchange	9 March 2007

The Offerors reserve the right to close the Offer before 21 February 2007 in the event of over-subscription, in which case, the dates of the last four events listed above shall be anticipated in the same chronological order so as to retain the same number of Business Days between the respective dates.

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

ALL OF THE DIRECTORS OF THE COMPANY, WHOSE NAMES APPEAR BELOW AS DIRECTORS (THE "DIRECTORS"), ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE COMPANY (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY. THEY HAVE BEEN ADVISED AND ASSISTED IN THE DRAFTING AND COMPILATION OF THE DOCUMENT BY THE PERSONS MENTIONED UNDER THE HEADING "ADVISORS".

### Directors & Company Secretary

Name	Function	Nationality
Nicholas Maris B.Sc., F.R.A.S.	Chairman and executive Director	Canadian
Walter Bonnici	Deputy Chairman and executive Director	Maltese
Anthony Demajo	Executive Director	Maltese
David Mead ACMA	Non-executive Director	British
Simon J. Arrol C.Eng., F.I.C.E.	Non-executive Director	British
Pascal Demajo B.Ch.D.	Non-executive Director	Maltese
Janice Martine Maris B.A. (Hons)	Non-executive Director	British
Vincent Portelli	Non-executive Director	Maltese
Michael Tanti-Dougall LL.D	Company Secretary	Maltese

Each executive Director on the board of Directors forms part of the executive management committee.

### Management

Position	Name	Nationality
Marina Manager	Camper & Nicholsons Marinas Limited:- Alan Giudice being seconded thereby.	French
Technical Manager	Camper & Nicholsons Marinas Limited:- Bill Green being seconded thereby.	British
Marketing, Operations and Public Relations Manager	Anna Tabone	Maltese
Financial Controller	Antonio Grech CPA, FIA	Maltese
International Marketing Manager	Jeff Houlgrave MRIN	British

## Advisors & Auditors

Legal Counsel to the Offerors	Camilleri Preziosi Level 3, Valletta Buildings, South Str, Valletta VLT 11, Malta
Financial Advisors & Reporting Accountants	KPMG Portico Building, Marina Str, Pietà MSD 08, Malta
Joint Sponsors	HSBC Stockbrokers (Malta) Ltd 233, Republic Street, Valletta VLT 05, Malta  GlobalCapital Financial Management Limited 120, The Strand, Gzira GZR 03, Malta
Auditors of the Company for the financial years ended 31 December 2003 and 2004	John Zammit FIA, CPA Isolamare Suite 6, Bouverie Str, Gzira GZR 05, Malta
Joint auditors of the Company for the financial year ended 31 December 2005	John Zammit FIA, CPA Isolamare Suite 6, Bouverie Str, Gzira GZR 05, Malta  KPMG Portico Building, Marina Str, Pietà MSD 08, Malta
Joint auditors of the financial statements for the three financial years ended 31 December 2003, 2004 and 2005 which have been prepared for inclusion in this Prospectus	John Zammit FIA, CPA Isolamare Suite 6, Bouverie Str, Gzira GZR 05, Malta  KPMG Portico Building, Marina Str, Pietà MSD 08, Malta
Manager, Registrar and Underwriter	HSBC Bank Malta p.l.c. 233, Republic Street, Valletta VLT 05, Malta

## 2. Risk Factors

**A prospective investor should carefully consider the following matters, as well as the other information contained in this Prospectus, before making any investment decision with respect to the Company. Information contained in this Securities Note 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 Company’s financial results, trading prospects and the ability of the Company to fulfil its obligations under the Shares being offered.**

The risks and uncertainties discussed below are those that the Directors believe to be material, but these risks and uncertainties may not be the only ones that the Company faces. Additional risks and uncertainties, including those which the Company’s Directors are not currently aware of or deem material, may well result in a material impact on the financial condition and operational performance of the Company that could lead in a decline in value of the Shares.

### **Forward Looking Statements**

This Securities Note contains forward looking statements which include statements concerning the Company’s strategies and plans relating to the attainment of those objectives, its capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts by the use of terminology such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe” or similar phrases. These forward looking statements are subject to a number of risks, uncertainties and assumptions. Important factors that could cause actual risks to differ materially from the expectations of the Company’s Directors include those risks identified hereunder and elsewhere in this Prospectus. The Company cautions the reader that these forward looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by the statements and no assurance is given that the future results or expectations will be achieved.

### **Suitability**

An investment in the Company may not be suitable for all recipients of this Prospectus and investors are urged to consult their advisors as to the suitability or otherwise of the investments described herein before investing.

### **Risks Relating to the Industry Sector**

The Company’s business consists in managing and operating marinas. The financial performance of the Company depends on the timing, number and extent of berth sales of the Company. Inevitably therefore the Company is exposed, to a certain extent, to the risks associated with the trends and future outlook of that industry as a whole. In addition, there may be matters, outside the control of the Company, which may have a negative impact on the development of the marina, namely, the development of the surrounding areas, which in turn, may adversely affect the Company’s growth potential.

### **Relationship with Camper & Nicholsons Marinas Limited**

Camper & Nicholsons Marinas Limited is the marina consultant and marina manager for the Company and the exclusive sales agent for long term berths for a period due to expire on the 31 December 2007. The Company can generate sales from sources other than Camper & Nicholsons Marinas Limited. It however relies on the sales generated by, and the know-how of, Camper & Nicholsons Marinas Limited.

### **Other considerations**

In common with many businesses, the Company will be relying heavily on the contacts and expertise of the executive Directors and other key personnel within the Company. The loss of one or more of such executive Directors and other key personnel within the Company could have an adverse effect on the Company.



## **Risks Relating to the Shares**

### *Minority shareholding*

Due to the size of their shareholdings, and the possible pooling of their votes, the Offerors are in a position to decisively influence matters that require approval of shareholders, including resolutions regarding dividends and other important measures.

### *No Prior Market for Shares; Limited Liquidity of the Malta Stock Exchange*

Prior to the Offering, there has been no public market for the Company's shares within or outside Malta. Due to the absence of any prior market for the Shares, there can be no assurance that the Share Offer Price will correspond to the price at which the Shares will trade in the market subsequent to the Offering. The market price of the Shares could be subject to significant fluctuations in response to many factors, including, the Company's operating results, and developments in the economies of other countries to which the Company is exposed or other factors. An application has been made to seek a listing on the Malta Stock Exchange, which is smaller and less liquid than the more developed stock markets in Europe and the United States. Currently equity securities of only 14 Maltese companies are traded on the Malta Stock Exchange out of which 13 equity securities were admitted to the Official List of the MSE and one to the Alternative Companies List. The limited liquidity of the market for the Shares could increase the price volatility of the Shares and may impair the ability of a holder of Shares to sell such Shares in the market in the amount and at the price and time such holder wishes to do so. To control price volatility, the Malta Stock Exchange may not allow matching of deals in shares of a listed company when the price falls outside a seven per cent range from the previous day's traded weighted average price.

Following the completion of this Offering, the price at which the shares will be traded, as well as the sales volume of the shares traded, will be subject to fluctuations. These fluctuations may not necessarily be caused by the Company's business activity or its results of operations. It is also possible that the Company's results of operations or its business outlook may fall short of expectations, in which case the price of the shares could be negatively affected.

## **3. Key Information**

### **3.1 Working Capital Statement**

The Directors of the Company are of the opinion that the working capital available to the Company is sufficient for the Company's business requirements over the coming 12 months of operations.

### 3.2 Capitalisation and Indebtedness

Information with respect to the Company's capitalisation and indebtedness as at 30 June 2006 is set out in the interim unaudited financial statements of the Company for the 6 months ended 30 June 2006. This is summarised below:

	<b>As at 30 Jun 2006 (Unaudited)</b>
	<b>Lm'000</b>
<b>Shareholders' equity</b>	
Issued capital	37
Share premium	569
Retained earnings	823
	<u>1,429</u>
	<u><u>1,429</u></u>
<b>Interest bearing borrowings</b>	
Bank loan	2,167
Bank overdraft	456
Loan from a related company	100
	<u>2,723</u>
	<u><u>2,723</u></u>

By virtue of a resolution dated 12 January 2007 the shareholders increased the issued share capital to Lm1,000,000 through the capitalisation of Lm963,231, including the share premium and part of the retained earnings of the Company.

Details of the security held by the Company's lenders covering the above borrowings are set out under section 8 of the Registration Document.

Information regarding the Company's net indebtedness, as extracted from the interim unaudited financial statements as at 30 June 2006, is set out below:

	<b>As at 30 Jun 2006 (Unaudited)</b>
	<b>Lm'000</b>
<b>Cash at bank and in hand</b>	<u>1,185</u>
Bank overdraft	456
Bank loan – current portion	134
<b>Current financial debt</b>	<u>590</u>
	<u><u>590</u></u>
<b>Net current financial indebtedness</b>	<u>(595)</u>
Bank loan – non-current portion	2,033
Loan from a related company	100
<b>Non-current financial indebtedness</b>	<u>2,133</u>
	<u><u>2,133</u></u>
<b>Net financial indebtedness</b>	<u>1,538</u>
	<u><u>1,538</u></u>

### 3.3 Interest of Natural and Legal Persons Involved in the Offer

The Offering is being made by each of the Offerors as to thirty per cent (30%) of their respective current holdings in the issued share capital of the Company. The table below indicates the number of shares being offered by each Offeror and the percentage that each Offeror will retain in the issued share capital of the Company following the Offering:

SHAREHOLDER	NO OF SHARES OFFERED	% HOLDING FOLLOWING THE OFFERING
Nicholas Maris	916,500	21.385 per cent
Simon J. Arrol	613,500	14.315 per cent
Portosalvo Holdings Limited	1,170,000	27.30 per cent
V&F Portelli & Sons Limited	300,000	7 per cent

**Nicholas Maris** is a national of Canada and the Chairman and one of the executive Directors of the Company. Before the Offer Mr Maris holds 3,055,000 ordinary shares in the Company equivalent to 30.55% of the total issued share capital of the Company. Following the Offer, Mr Maris will hold 2,138,500 ordinary shares equivalent to 21.385% of the Company's total issued share capital.

**Simon J. Arrol** is a national of the United Kingdom and a non-executive Director of the Company. Before the Offer Mr. Arrol holds 2,045,000 ordinary shares in the Company equivalent to 20.5% of the total issued share capital of the Company. Following the Offer Mr. Arrol will hold 1,431,500 ordinary shares equivalent to 14.315% of the Company's total issued share capital.

**Portosalvo Holdings Limited** is the single largest shareholder of the Company. It is a private limited liability company registered in Malta with registration number C 28528, and currently holds 3,900,000 ordinary shares in the capital of the Company equivalent to 39% of the Company's total issued share capital. Following the Offer Portosalvo Holdings Limited will hold 2,730,000 ordinary shares equivalent to 27.3% of the total issued share capital of the Company.

**V&F Portelli & Sons Limited** is another private limited liability company registered in Malta and bears registration number C 4598. It currently holds 1,000,000 ordinary shares in the Company equivalent to 10% of the total issued share capital of the Company. Following the Offer V&F Portelli & Sons Limited will hold 700,000 ordinary shares equivalent to 7% of the total issued share capital of the Company.

### 3.4 Reasons for the Offer and Use of Proceeds

The current shareholders of the Company believe that with the listing of the Company's shares on the Malta Stock Exchange the Company would enjoy a faster and more efficient access to funds to finance its future operations if and when this is required. Furthermore the shareholders also consider that public status for the Company would raise its profile not only with possible future providers of funds but also with its clients both present and future. It is also a signal that the Company abides by the same corporate governance rules and standards which increasingly apply throughout the industry. The Offer is also a means for the Offerors to realise part of their initial investment in the Company. The proceeds of the Offer of the Shares shall be applied to the benefit of the Offerors, less the expenses incurred in the process of the Offer.

## **4. Information Concerning the Shares**

### **4.1 Description and Type of Shares**

The Shares are part of the ordinary share capital of the Company and have a nominal value of Lm0.10 each share and constitute thirty per cent (30%) of the total issued share capital of the Company. The remaining seventy per cent (70%) of the ordinary share capital of the Company will remain in the ownership of the Offerors and will be held as shown in the third column of the table under section 3.3 above. Subject to admission to the listing of the Shares to the Official List of the Malta Stock Exchange, the Shares are expected to be attributed the following ISIN: MT 0000320102.

### **4.2 Creation and Status**

The Shares have been created pursuant to the Act on original subscription in the Company. By a resolution of the Shareholders dated 12 January 2007 the issued share capital of the Company was increased to Lm1,000,000 by the capitalisation of retained earnings equivalent to Lm394,000 and the capitalisation of the share premium account equivalent to Lm569,231 with an equivalent of 963,231 ordinary shares of Lm1 each issued to the Offerors in proportions to their holdings. By another resolution of the same date the original shares together with the shares issued pursuant to the capitalisation of retained earnings and share premium account were re-denominated by virtue of a share split whereby each ordinary share of a nominal value of Lm1 was converted into 10 ordinary shares of a nominal value of Lm0.10.

The Shares are ordinary shares of the Company and form part of one class of ordinary shares. There are no shares of the Company in issue that have any preferred or deferred rights. The Shares shall entitle their holders to attend and vote at general meetings of shareholders and to dividends, if any, declared and paid by the Company. All holders of ordinary shares shall rank "pari passu" upon any distribution of assets in a winding up or otherwise. (See Rights attached to the Shares below)

The Shares of the Company are in registered form and until they are admitted to the Official List of the Malta Stock Exchange they will be in fully certificated form. The Share certificates are evidence issued by the Company to the shareholder of the relevant entry in the register of members of the Company and of the shares held by such member. Following admission of the ordinary share capital of the Company to the Official List of the MSE the company's share capital, whilst retaining its registered form will no longer be in certificated form and will thereafter be held in book-entry form at the Central Securities Depository of the MSE in accordance with the requirements of the MSE or in such other form as may be determined from time to time by applicable law, the requirements of the MSE or by the Company.

### **4.3 Terms and Conditions of Offer**

The full terms and conditions of the Offer of the Shares are contained in Annex 1 attached to this Securities Note.

#### 4.4 Rights Attached to the Shares

The Shares form part of one class of ordinary shares in the Company and shall accordingly have the same rights and entitlements as all other ordinary shares currently in issue in the Company. The following are highlights of the rights attaching to the Shares:

<b>Dividends:</b>	The Shares shall carry the right to participate in any distribution of dividend declared by the Company 'pari passu' with all other shares in the same class;
<b>Voting Rights:</b>	Each Share shall be entitled to one vote at meetings of shareholders;
<b>Pre-emption Rights:</b>	Subject to the limitations contained in the memorandum and articles of association, shareholders in the Company shall be entitled, in accordance with the provisions of the Company's memorandum and articles of association, to be offered any new shares to be issued by the Company a right to subscribe for such shares in proportion to their then current shareholding, before such shares are offered to the public or to any person not being a shareholder;
<b>Capital Distributions:</b>	The Shares shall carry the right for the holders thereof to participate in any distribution of capital made whether on a winding up or otherwise, pari passu with all other shares of the same class;
<b>Transferability:</b>	The Shares are freely transferable and once admitted to the Official List of the MSE, shall be transferable in accordance with the rules and regulations of the MSE, applicable from time to time;
<b>Other:</b>	The Shares are not redeemable and not convertible into any other form of security;
<b>Mandatory Takeover Bids, Squeeze-Out and Sell-Out Rules:</b>	Chapter 18 of the Listing Rules, implementing the relevant provisions of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 regulates the acquisition by a person or persons acting in concert of the control of a company and provides specific rules on takeover bids, squeeze-out rules and sell-out rules. The Shareholders of the Company may be protected by the said Listing Rules in the event that the Company is subject to a Takeover Bid (as defined therein). The Listing Rules may be viewed on the official website of the Listing Authority – <a href="http://www.mfsa.com.mt">www.mfsa.com.mt</a>

#### 4.5 Authorisations

The sale of the Shares was authorised by the Company's board of Directors by resolution dated 12 January 2007. The MFSA admitted the Shares as eligible to listing on a Recognised Investment Exchange pursuant to the Listing Rules by virtue of a letter dated 28 November 2006.

## 5. Details of the Offer

### 5.1 The Offer and the Offerors

The Offerors are hereby making an Offer for sale of ordinary shares in the Company at the Share Offer Price. The Shares will be available for subscription during the Offer Period commencing on 14 February 2007 up to and including 21 February 2007 subject to the right of the Offerors to close subscription lists before such date. Each Offeror is offering for sale, from the current shareholding in the Company, the number of shares set out against its name in column 2 of the table in section 3.3 above. The Offering is being made to the general public in Malta and applications may be obtained from and shall be lodged with all Financial Intermediaries during the Offer Period.

### 5.2 Pre-Placement Arrangements

The Offerors may enter into a number of conditional subscription agreements. In terms of those agreements the investors have bound themselves to subscribe and purchase, and the Offerors have bound themselves to allot to such investors such number of the Shares, as the case may be, as in aggregate does not exceed one million five hundred thousand (1,500,000) Shares. The agreements relating to the Shares are subject, inter alia, to the admission to listing of the Shares by the Listing Authority.

### 5.3 Subscriptions

The following are highlights of the terms and conditions applicable to any Application for Shares and should be read and construed as one with the Terms and Conditions of Application contained in Annex 1 of this Securities Note:

#### 5.3.1 Eligible Applicants

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 for Shares. In the case of corporate Applicants or Applicants having separate legal personality, the Application Form must be signed by a person or persons authorised to sign and bind such Applicant. It shall not be incumbent on the Offerors or the Registrar to verify whether the person or persons purporting to bind such an Applicant is or are in fact so authorised.

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

#### 5.3.2 Application Forms/Method of Payment

All Applications for the purchase of Shares must be submitted on Application Forms within the time limits established above. The completed Application Forms are to be lodged with any of the Financial Intermediaries mentioned in this Securities Note. Unless other arrangements are concluded with the Registrar, all Application Forms must be accompanied by the full price of the Shares applied for. Payment may be made either in cash or by cheque payable to “**The Registrar-GHM Share Offering**”. In the event that cheques accompanying Application Forms are not honoured, the Offerors and the Registrar reserve the right to invalidate the relative Application. Multiple Applications are not allowed.

### **5.3.3 Refunds**

In the event that an Applicant has not been allocated any Shares or has been allocated a smaller number of Shares than the number applied for, then the Applicant shall receive a full refund or as the case may be, the balance of the price of the Shares applied for but not allocated, without interest, by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form within seven (7) Business Days from the date of final allocation.

### **5.3.4 Minimum and Maximum Applications**

Applications for less than 1000 Shares will not be considered. All Applications in excess of 1000 Shares must be in multiples of 100.

## **5.4 Preferential Treatment**

The Offer does not contemplate any preferential treatment for members of management or employees of the Company to purchase any of the Shares nor has any tranche of the Offer been reserved for such persons. Neither the Company nor any Offeror has any indication that a single investor has the intention of participating in the Offer by purchasing more than five per cent of the Shares.

## **5.5 Underwriting**

The Offer of the Shares will be underwritten as to 100% by HSBC Bank Malta p.l.c. of 233, Republic Street, Valletta (the "Underwriter"). By an agreement dated 30 January 2007, between the Offerors and the Underwriter, it was agreed that in the event that the Offer of the Shares is not fully subscribed after the end of the Offer Period, the Underwriter shall purchase such outstanding Shares at the Share Offer Price. In view of the Underwriter's commitment to acquire such outstanding Shares, the Underwriter shall be entitled to a fee of two per cent (2%) of the total value of the Offer.

## **5.6 Pricing**

The pricing of the Offer has been fixed by the Offerors at the Share Offer Price.

## **5.7 Allocation Policy**

The Offerors will determine the allocation policy for the allotment of the Shares within five (5) Business Days of the closing of subscriptions for Shares. The Offerors will endeavour, through the allocation policy to be adopted that there will be a sufficiently dispersed shareholder base to facilitate, as far as practicable, an active secondary market in the Shares.

## **5.8 Results of the Offer**

It is expected that the results of the Offer will be published by the Company within one (1) Business Day following the admission of the Shares to the official list of the MSE.

## **6. Admission to Trading**

The Shares have been declared admissible to listing by the Listing Authority in terms of the Financial Markets Act by letter dated 28 November 2006. Application has been made to the Malta Stock Exchange for the Share to be admitted to the Official List of the MSE as and when the shares following the Offer have been allocated.

For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations, 2003, as subsequently amended, all appointed financial intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the Code of Conduct for Members of the Malta Stock Exchange, appended as appendix IV to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed financial intermediaries are Malta Stock Exchange Members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act, Cap 440 of the laws of Malta, for the purposes and within the terms of the Malta Stock Exchange Data Protection Policy, as published from time to time.

## 7. The Offerors and Lock-Up

Details of each Offeror are given in section 3 of this Securities Note, together with the number of shares each such Offeror is offering.

The Offering contained in this Securities Note is being made by each of the Offerors above described as to the number of shares contained in column 2 of the table in section 3.3 of this Securities Note. Nicholas Maris, Walter Bonnici, Anthony Demajo, Simon J. Arrol, Pascal Demajo and Vincent Portelli, all Directors of the Company have a material interest in this Offer either through their direct ownership of the Shares forming part of the Offering or through an indirect participation in the equity share capital of some of the Offerors. Janice Martine Maris is married to Nicholas Maris, one of the Offerors and therefore has an indirect participation in the equity share capital held by Nicholas Maris.

The Offerors each severally undertakes in favour of prospective investors and have so severally undertaken in agreements with Financial Intermediaries that they shall not, for a period of twelve months from the date of this Securities Note sell or otherwise dispose of any of the Shares held by them following the Offering. This undertaking can be waived by an extraordinary resolution of the shareholders in a general meeting of the Company.

## 8. Offer Expenses

The Offer expenses including advisors' fees, intermediaries' commissions and other costs and expenses are estimated to be in the region of Lm195,000. This amount shall be deducted from the proceeds of the Offer, which accordingly will bring the net proceeds from the Offer to Lm1,905,000.

Selling commission is payable to Financial Intermediaries. Each Financial Intermediary shall be entitled to a selling commission on the value of the Shares allocated to Applications, through such Financial Intermediaries at the rate of one point five per cent (1.50%).

## 9 Taxation

### 9.1 Tax on Dividends

Dividends will in all cases be paid net of any income tax paid by the Company on the profits being distributed. In the ordinary course of events it would be expected that dividends will be paid out of profits which have been taxed at the Company level at 35 per cent or such other percentage as may be imposed from time to time in terms of the Income Tax Act (Cap.123 of the laws of Malta).

Under the full imputation system, the underlying tax deducted from a dividend is considered as tax at source on the dividend in question. A shareholder resident in Malta would be liable to tax on the gross amount of the dividend, and the tax at source deducted thereon would be taken into account in determining his net tax liability (or any tax refund due).

Non-resident shareholders will not be liable to any further tax in Malta on the net dividends distributed to them by the Company.

### 9.2 Tax on Capital Gains

Any capital gain arising on disposal of the Shares once listed on the Malta Stock Exchange, is not chargeable to Maltese income tax.

**THE INFORMATION ABOVE DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, AND IS BASED ON TAX LAW AND PRACTICE APPLICABLE AT THE DATE OF THIS SECURITIES NOTE. INVESTORS ARE REMINDED THAT TAX LAW AND PRACTICE MAY CHANGE FROM TIME TO TIME. 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 SHARES AS WELL AS DIVIDEND PAYMENTS MADE BY THE COMPANY. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE SHARES AND TO SHAREHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO SHAREHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.**



## Annex 1 – Terms and Conditions of Application for Shares

1. The contract created by the acceptance of an Application shall be subject to the terms and conditions set out herein. If any Application is not accepted, or if any Application is accepted for fewer Shares than those applied for, the Application monies or the balance of the amount paid on Application will be returned without interest by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form within seven (7) Business Days from the date of final allocation.
2. Subject to all other terms and conditions set out in the Prospectus, the Offerors reserve 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 Registrar 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.

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

3. By completing and delivering an Application Form you (as the Applicant/s):
  - a. irrevocably offer to purchase the number of Shares specified in your Application Form (or any smaller number for which the Application is accepted) at the Share Offer Price, subject to the provisions of the Prospectus, these Terms and Conditions and the Memorandum and Articles of Association of the Company;
  - b. authorise the Registrar and the Directors to include your name or in the case of joint Applications, the first named applicant, in the register of Members of the Company in respect of the Shares allocated to you;
  - c. agree that you will receive a refund of unallocated Application monies, without interest, by direct credit into the bank account as indicated by you on the Application Form;
  - d. 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 Members or to enjoy or receive any rights in respect of such Shares unless and until you make payment in cleared funds for such Shares and such payment is accepted by the Registrar (which acceptance shall be made in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Registrar of such late payment in respect of such Shares, the Offerors may (without prejudice to other rights) treat the agreement to allocate such Shares as void and may allocate such Shares to some other person, in which case you will not be entitled to any refund or payment in respect of such Shares (other than return of such late payment);
  - e. 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 1994 (and regulations made thereunder) and that such monies will not bear interest;
  - f. 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 Company 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;
  - g. 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 Terms and 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;

- h. agree that all documents in connection with the Offering and any returned monies will be sent at your risk and may be sent by post at the address set out in the Application Form;
  - i. agree that, having had the opportunity to read the Prospectus you shall be deemed to have had notice of all information and representations concerning the Company and the Offering contained therein;
  - j. confirm that in making such Application you are not relying on any information or representation in relation to the Company or the Offering other than those contained in the Registration Document, the Securities Note or the Summary Document and you accordingly agree that no person responsible solely or jointly for the Application or any part thereof will have any liability for any such other information or representation;
  - k. confirm that you have reviewed and you will comply with the restriction contained in paragraph 4 and the warning in paragraph 5 below;
  - l. warrant that you are not under the age of 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;
  - m. agree that such Application Form is addressed to the Offerors and that in respect of those Shares for which your Application has been accepted, you shall receive a registration advice confirming such acceptance;
  - n. confirm that in the case of a joint Application the first named Applicant shall be deemed the holder of the Shares;
  - o. agree to provide the Registrar as the case may be, with any information which it may request in connection with your Application(s);
  - p. agree that joint sponsors will not, in their capacity of Sponsors, treat you as their customer by virtue of your making an application for Shares or by virtue of your Application to purchase Shares being accepted and neither of them will owe you any duties or responsibilities concerning the price of the Shares or their suitability for you;
  - q. 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 Company or the Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your Application;
  - r. warrant that, if you are a non-resident, any funds accompanying your Application emanate from a foreign source or foreign currency account held in Malta;
  - s. 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 Offer from within the United States of America, its territories or its possessions, any State of the United States of America or the District of Columbia (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 with your Application Form.
4. The Shares 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.

5. No person receiving a copy of the Prospectus or any part thereof or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to him/her nor should he/she in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to him/her 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/herself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issues, transfer or other taxes required to be paid in such territory.
6. Within five (5) Business Days of the closing of the subscription lists, the Offerors either directly or through the Registrar shall determine and announce the basis of acceptance of applications and allocation policy to be adopted.
7. Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions of Application, in the Application Form and in any other document issued pursuant to the Prospectus.
8. The Offering will open at 08.30 hours on the 14 February 2007 and will close as soon thereafter as may be determined by the Registrar, as the case may be, but not later than 15.00 hours on the 21 February 2007.
9. **Registration, Replacement, Transfer and Exchange**
  - (a) A register of the Shares will be kept by the Company at the Central Securities Depository ("CSD") of the Exchange, wherein there will be entered the names and addresses of the Shareholders and particulars of the Shares held by them respectively and a copy of such register will at all reasonable times during business hours be open to inspection at the registered office of the Company.
  - (b) Shares shall be issued in uncertificated form and shall be maintained in book-entry form at the CSD of the Malta Stock Exchange. The Shares shall accordingly be evidenced by a book-entry in the register of Shareholders held by the CSD. The CSD will issue on an annual basis or at such other intervals as the Malta Stock Exchange Bye-Laws shall from time to time determine a statement of holdings to Shareholders evidencing their entitlement to Shares held in the register kept by the CSD.
  - (c) A Share may be transferred only in whole in accordance with the rules and procedures applicable from time to time at the Malta Stock Exchange.
  - (d) Any person becoming entitled to a Share/s in consequence of the death or bankruptcy of a Shareholder may, upon such evidence being produced as may from time to time properly be required by the Company or the Malta Stock Exchange, elect either to be registered himself/herself as holder of the Share/s or to have some person nominated by him/her registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself/herself, he/she shall deliver or send to the Company a notice in writing signed by him/her stating that he/she so elects. If he/she shall elect to have another person registered he/she shall testify his/her election by executing to that person a transfer of the Share/s.
  - (e) All transfers and transmissions are subject in all cases to any pledge (duly constituted) of the Shares and to any applicable laws and regulations.
  - (f) The cost and expenses of effecting any exchange or registration of transfer or transmission except for the expenses of delivery by other than regular mail (if any) and except, if the Company shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Shareholder.

## Annex 2 – Financial Intermediaries


### Members of the Malta Stock Exchange

Atlas Investment Services Ltd	Tel: 2132 2590	Fax: 2132 2584
Bank of Valletta p.l.c.	Tel: 2131 2020	Fax: 2275 3348
Calamatta Cuschieri & Co. Ltd	Tel: 2568 8688	Fax: 2568 8256
Charts Investment Management Services Ltd	Tel: 2122 4106	Fax: 2124 1101
Curmi & Partners Ltd	Tel: 2134 7331	Fax: 2134 7333
Financial Planning Services Ltd	Tel: 2134 4255	Fax: 2134 1202
FINCO Treasury Management Ltd	Tel: 2122 0002	Fax: 2124 3280
GlobalCapital Financial Management Ltd	Tel: 2131 0088	Fax: 2328 2207
Hogg Capital Investments Ltd	Tel: 2132 2872	Fax: 2134 2760
HSBC Stockbrokers (Malta) Ltd	Tel: 2597 2241	Fax: 2597 2494
Rizzo, Farrugia & Co. (Stockbrokers) Ltd	Tel: 2131 4038	Fax: 2131 0671

### Investment Services Providers

APS Bank Ltd	Tel: 2559 3400	Fax: 2559 3167
Crystal Finance Investments Ltd	Tel: 2122 6190	Fax: 2122 6188
D. B. R. Investments Ltd	Tel: 2164 7763	Fax: 2164 7765
Growth Investments Ltd	Tel: 2123 4582	Fax: 2124 9811
HSBC Bank Malta p.l.c.	Tel: 2597 2209	Fax: 2597 2475
Island Financial Services Ltd	Tel: 2385 5555	Fax: 2385 5238
Jesmond Mizzi Financial Services Ltd	Tel: 2122 4410	Fax: 2122 3810
Joseph Scicluna Investment Services Ltd	Tel: 2156 5707	Fax: 2156 5706
Lombard Bank Malta p.l.c.	Tel: 2124 8411	Fax: 2558 1150
Michael Grech Financial Investment Services Ltd	Tel: 2155 4492	Fax: 2155 9199
MZ Investment Services Ltd	Tel: 2145 3739	Fax: 2145 3407

## Annex 3 – Application Form

 <b>GRAND HARBOUR MARINA</b> VITTORIOSA * MALTA		<b>APPLICATION FORM</b>
<b>Offer for Sale of 3,000,000 Ordinary Shares of a nominal value of Lm0.10 each in Grand Harbour Marina p.l.c. at the Share Offer Price of Lm0.70 per share.</b>		Application Number <span style="border: 1px solid black; display: inline-block; width: 100px; height: 20px;"></span>
Please read the notes overleaf before completing this Application Form. Mark 'X' if applicable.		
<b>APPLICANT (see notes 2 to 6)</b>		
A	<input type="checkbox"/> Non-Resident <input type="checkbox"/> Minor (under 18) <input type="checkbox"/> Body Corporate / Body of Persons <input type="checkbox"/> CIS Prescribed Fund	
B	TITLE (Mr/Mrs/Ms/.....)    FULL NAME & SURNAME / REGISTERED NAME	
	ADDRESS	
	POST CODE	
	MSE A/C NO. (if applicable)	ID CARD / PASSPORT / COMPANY REG. NO.    TEL. NO.    MOBILE NO.
<b>C ADDITIONAL (JOINT) APPLICANTS (see note 2) (please use additional Application Forms if space is not sufficient)</b>		
	TITLE (Mr/Mrs/Ms/.....)	FULL NAME & SURNAME / REGISTERED NAME    ID CARD / PASSPORT NO.
	TITLE (Mr/Mrs/Ms/.....)	FULL NAME & SURNAME / REGISTERED NAME    ID CARD / PASSPORT NO.
<b>D MINOR'S PARENTS / LEGAL GUARDIAN/S (see note 4) (to be completed ONLY if the Applicant is a minor)</b>		
i	TITLE (Mr/Mrs/Ms/.....)	FULL NAME & SURNAME / REGISTERED NAME    ID CARD / PASSPORT NO.
ii	TITLE (Mr/Mrs/Ms/.....)	FULL NAME & SURNAME / REGISTERED NAME    ID CARD / PASSPORT NO.
<b>E I/WE APPLY TO PURCHASE AND ACQUIRE (see notes 7 &amp; 8)</b>		
	Number of Shares in figures (minimum 1,000 shares)	Number of Shares in words
Ordinary Shares in Grand Harbour Marina p.l.c. (minimum 1,000 Shares and in multiples of 100 Shares thereafter) or any smaller amount of Shares for which this Application may be accepted at the Share Offer Price as defined in the Prospectus dated 7 February 2007 payable in full upon application under the Terms and Conditions as contained in the said Prospectus and subject to the Memorandum and Articles of Association of Grand Harbour Marina p.l.c.		
	Amount payable	
	<b>Lm</b>	
<b>F DIVIDEND MANDATE (see note 9)</b>		
	BANK	BRANCH    ACCOUNT NUMBER
<b>G I/We have fully understood the instructions for completing this Application Form, and am/are making this Application solely on the basis of the Prospectus. Furthermore, I/we confirm that this is the only Application Form I/we am/are submitting on my/our behalf or on behalf of the company or other entity I/we represent.</b>		
Signature/s of Applicant/s <small>(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)</small>		Date
Financial Intermediary's Stamp		Financial Intermediary's Code  <div style="display: flex; justify-content: center; gap: 10px;"> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> <div style="border: 1px solid black; width: 20px; height: 20px;"></div> </div>

## Annex 3 – Application Form (continued)

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

#### The following notes are to be read in conjunction with the Prospectus dated 7 February 2007

1. The Application Form is to be completed in BLOCK LETTERS.
2. Applicants are to insert full personal details in Panel B. In the case of an application by more than one person (including husband and wife) full details of all individuals – including I.D. Card Numbers – must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Shares.
3. Non-Resident applicants must indicate their passport number in Panel B. Applications must be accompanied by the corresponding amount in Maltese Liri of the Shares applied for.
4. In the case of an Applicant who is a minor, the word 'minor' must be indicated in Panel B next to the Applicant's name and the relative box in Panel A must also be marked. A Public Registry birth certificate must be attached to the Application Form. (The birth certificate is not required if the minor already holds securities which are listed on the Malta Stock Exchange (MSE)). The Application Form must be signed by both parents or by the legal guardian/s. (Any refund or dividends will be made payable to the parent / legal guardian named in Panel D(i) until such time as the Company is notified that the minor named in Panel B has attained the age of 18). The address to be inserted in Panel B is to be that of the parents / legal guardian.
5. In the case of body corporate, the name of the entity, exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
6. Applicants, who hold securities on the Malta Stock Exchange (MSE), are to indicate their MSE account number. If details shown on this Application Form differ from the existing account details at the MSE, a new MSE account may be opened for this Application.
7. Application must be for a minimum of 1,000 shares and thereafter in multiples of 100 shares.
8. Payment in Maltese Liri may be made by cheque drawn on a Maltese Bank or by a banker's draft payable to 'The Registrar – GHM Share Offering'. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Company and the Registrar reserve the right to invalidate the relative Application.
9. Applicants will receive any refund or dividends directly in a bank account held in Malta in Maltese Liri and such choice is to be indicated by completing the mandate in Panel F.
10. Subscription lists will open at 08:30 on 14 February 2007 and will close at 15:00 on 21 February 2007. The Offerors reserve the right, however, to close the Share Offer before the 21 February 2007 in the event of over-subscription. Any Applications received by the Registrar after the subscription lists close will be rejected.
11. Completed Application Forms are to be lodged with the Registrar or any Financial Intermediary listed in the Prospectus, during normal office hours. Remittances by post are made at the risk of the Applicant and the Offerors disclaim all responsibility for any such remittances not received by the closing of the subscription lists.
12. The Offerors reserve the right to refuse any Application which appears to be in breach of the terms and conditions of the Share Offer as contained in the Prospectus.
13. The terms used in this Application Form have the same meaning as that assigned to them in the Prospectus.
14. The Company and/or the Offerors may process the personal data that the Applicant provides in the Application Form, for all purposes necessary for and related to the Offer of Shares applied for, in accordance with the Data Protection Act, 2001. The Applicant has the right to request access to and rectification of the personal data relating to him/her as processed by the Offerors and/or the Company. Any such requests must be made in writing and sent to the Company at the address indicated in the Prospectus. The requests must further be signed by the Applicant to whom the personal data relates.
15. The contract created by virtue of the acceptance of the Application shall be subject to the terms and conditions contained in the Prospectus and the Memorandum and Articles of Association of the Company.

**The value of investments can go up or down and past performance is not necessarily indicative of future performance. An investor should consult an independent investment advisor, licensed under the Investment Services Act (Cap.370 of the Laws of Malta), for advice.**

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*GRAND HARBOUR MARINA*  
VITTORIOSA ✱ MALTA

**Grand Harbour Marina p.l.c.**

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