

This document, which comprises an admission document, required by the rules of Prospects MTF, a market regulated as an MTF and operated by the Malta Stock Exchange (the “MSE” or “Exchange”), has been drawn up in compliance with the Prospects Rules issued by the Exchange. This document does not comprise a document drawn up in terms of the EU Prospectus Directive (2003/71/EC) or for the purposes of the Listing Rules of the Listing Authority. In terms of article 2(3)(b)(v) of the Companies Act, Chapter 386 of the Laws of Malta, this Bond Issue does not constitute an offer of securities to the public and this document does not constitute a prospectus as defined in article 2(i) of the said Act.



a public limited liability company incorporated under the Laws of Malta
company registration number C 66811

In respect of an issue of
€2 million 5.5% Unsecured Bonds 2028
(or up to €3 million in the event of exercise of the Over-Allotment Option)
ISIN: MT0001701201

COMPANY ADMISSION DOCUMENT
Dated 04 December 2017

THE MSE HAS AUTHORISED THE ISSUE OF THIS DOCUMENT. THE MSE DOES NOT GIVE ANY CERTIFICATION, REPRESENTATION, WARRANTY OR GUARANTEE REGARDING THE POTENTIAL RISKS INVOLVED IN INVESTING IN THE SAID SECURITIES OR THE SAFETY OF INVESTING IN SUCH SECURITIES. THE MSE ACCEPTS NO RESPONSIBILITY FOR ACCURACY OR COMPLETENESS OF THIS ADMISSION DOCUMENT AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ADMISSION DOCUMENT. THE DIRECTORS OF THE ISSUER, ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS DOCUMENT. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS DOCUMENT IS IN ACCORDANCE WITH FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORTANCE OF SUCH INFORMATION. THE DIRECTORS ASSUME FULL RESPONSIBILITY FOR ITS CONTENTS ACCORDINGLY.

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

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

APPROVED BY THE DIRECTORS

A blue ink signature consisting of several overlapping loops and a long horizontal stroke at the end.

Mr Giuseppe Muscat

A blue ink signature with a vertical stem and a horizontal base, featuring some internal loops.

Mr William Wait

A blue ink signature with a large, sweeping loop at the top and a long horizontal stroke at the bottom.

Dr Luca Vella

IMPORTANT INFORMATION

THIS COMPANY ADMISSION DOCUMENT CONTAINS INFORMATION ON AST GROUP P.L.C. IN ITS CAPACITY AS ISSUER, IN ACCORDANCE WITH THE PROSPECTS RULES ISSUED BY THE MALTA STOCK EXCHANGE.

APPLICATION HAS BEEN MADE TO THE EXCHANGE FOR THE BONDS TO BE ADMITTED TO TRADING ON PROSPECTS MTF. PROSPECTS MTF IS A MARKET REGULATED AS AN MTF AND OPERATED BY THE MALTA STOCK EXCHANGE DESIGNED PRIMARILY FOR EMERGING AND SMALLER COMPANIES TO WHICH A HIGHER INVESTMENT RISK TENDS TO BE ATTACHED. PROSPECTS MTF SECURITIES ARE NOT ADMITTED TO THE OFFICIAL LIST OF THE MALTA STOCK EXCHANGE.

THE INFORMATION CONTAINED HEREIN IS BEING MADE AVAILABLE IN CONNECTION WITH AN ISSUE BY THE ISSUER OF €2 MILLION (OR UP TO €3 MILLION IN THE EVENT OF EXERCISE OF THE OVER-ALLOTMENT OPTION) UNSECURED BONDS 2028 OF A NOMINAL VALUE OF €100 PER BOND, EACH TO PROSPECTS MTF. THE BONDS SHALL BE ISSUED AT PAR AND BEAR INTEREST AT THE RATE OF 5.5% PER ANNUM PAYABLE ANNUALLY IN ARREARS ON 31 JANUARY OF EACH YEAR UNTIL THE REDEMPTION DATE, WITH THE FIRST INTEREST PAYMENT FALLING DUE ON 31 JANUARY 2019. THE NOMINAL VALUE OF THE BONDS WILL BE REPAYABLE IN FULL AT MATURITY ON 31 JANUARY 2028.

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

THE MSE ACCEPTS NO RESPONSIBILITY FOR THE COMPLETENESS OR ACCURACY OF THE COMPANY ADMISSION DOCUMENT AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ADMISSION DOCUMENT.

THE COMPANY ADMISSION DOCUMENT DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR PURPOSES OF, AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER BY ANY PERSON IN ANY JURISDICTION: (I) IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED; OR (II) IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (III) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE COMPANY ADMISSION DOCUMENT IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE COMPANY ADMISSION DOCUMENT AND THE OFFERING, SALE OR DELIVERY OF ANY BONDS MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE COMPANY ADMISSION DOCUMENT IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE COMPANY ADMISSION DOCUMENT IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

INVESTING IN COMPANIES ADMITTED TO PROSPECTS MTF MAY PUT AN INVESTOR'S CASH PARTLY OR WHOLLY AT RISK. SECURITIES ISSUED BY SMALL AND MEDIUM SIZED ENTERPRISES ("SMEs") TEND TO BE ILLIQUID AND CARRY HIGHER RISKS. INVESTORS SHOULD THUS SEEK APPROPRIATE ADVICE AND READ THE WHOLE DOCUMENT BEFORE MAKING ANY INVESTMENT DECISION. A PROSPECTIVE INVESTOR

SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY FINANCIAL INSTRUMENT. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT LEGAL ADVISORS, ACCOUNTANTS AND/OR OTHER FINANCIAL ADVISORS AS TO LEGAL, TAX, INVESTMENT OR ANY OTHER RELATED MATTERS CONCERNING THE BONDS AND THE COMPANY ADMISSION DOCUMENT.

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

NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE BONDS OR THE DISTRIBUTION OF THE COMPANY ADMISSION DOCUMENT (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED.

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

A COPY OF THE ADMISSION DOCUMENT HAS BEEN SUBMITTED TO THE MSE IN THE CONTEXT OF AN APPLICATION FOR ADMISSION OF THE COMPANY'S SECURITIES TO PROSPECTS MTF. THE MSE HAS AUTHORISED THE ISSUE OF THIS DOCUMENT. BY SO DOING, THE MSE DOES NOT GIVE ANY CERTIFICATION, REPRESENTATION, WARRANTY OR GUARANTEE REGARDING THE POTENTIAL RISKS INVOLVED IN INVESTING IN THE SAID SECURITIES OR THE SAFETY OF INVESTING IN SUCH SECURITIES.

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

ALL ADVISORS TO THE ISSUER NAMED IN THIS COMPANY ADMISSION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THIS INTERMEDIARIES' OFFER AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION OR RESPONSIBILITY TOWARDS ANY OTHER PERSON AND WILL, ACCORDINGLY, NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE COMPANY ADMISSION DOCUMENT, NEITHER SHALL SUCH ADVISORS BE RESPONSIBLE FOR THE CONTENTS OF, AND ANY INFORMATION CONTAINED IN THE ADMISSION DOCUMENT, ITS COMPLETENESS OR ACCURACY OR ANY OTHER STATEMENT MADE IN CONNECTION THEREWITH.

THE DIRECTORS OF THE COMPANY CONFIRM THAT WHERE INFORMATION INCLUDED IN THIS DOCUMENT HAS BEEN SOURCED FROM A THIRD PARTY, SUCH INFORMATION HAS BEEN ACCURATELY REPRODUCED, AND AS FAR AS THE DIRECTORS OF THE COMPANY ARE AWARE AND ARE ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

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

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

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1 DEFINITIONS

In this Company Admission Document, the following words and expressions shall bear the following meaning whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

Act or Companies Act	the Companies Act (Cap. 386 of the Laws of Malta);
Admission Document or Company Admission Document or Document	this document in its entirety, including all its annexes;
Applicant/s	a person or persons whose name or names (in the case of joint applicants) appear in the registration details of an Application Form;
Application Form	the form of application for subscription, a specimen of which is contained in Annex B of this Company Admission Document;
Application/s	the application to subscribe for Bonds made by an Applicant/s by completing an Application Form/s and delivering same to the Placement Agent, Manager and Registrar (defined below) in accordance with the terms of this Company Admission Document;
AST Group or Group	AST Group p.l.c. including its subsidiaries Damask Investment Limited, AST Shipping Limited and Damask Shipping Management Company Limited;
AST Shipping Limited	AST Shipping Limited, a company registered under the laws of Malta with company registration number (C 83011), having its registered office situated at 35, Triq l-Imghazel, Swieqi, SWQ 3141, Malta;
AST Trust	The trust established by means of a trust deed which is available for inspection at the registered office of the Issuer, dated 04 December 2017 and entered into by GVZH Trustees Limited, as “Original Trustee”, AST Group p.l.c as the “Issuer” and AST Shipping Limited as the “Company”;
Authorised Financial Intermediary	the licensed stockbrokers and financial intermediaries listed in Annex C of this Company Admission Document;
Bond Issue	the issue of the Bond/s;
Bond Issue Price	the price of €100 per Bond;
Bond/s or Securities	the €2 million (or up to €3 million in the event of the Over-Allotment Option) unsecured bonds 2028 of a nominal value of €100 per bond issued at par and redeemable on the Redemption Date at their nominal value, bearing interest at the rate of 5.5% per annum;
Bondholder/s	a holder of Bond/s;
Business Day	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;

CAGR	Compound Annual Growth Rate;
CET	Central European Time;
Company or Issuer	AST Group p.l.c., a company registered under the Laws of Malta with company registration number C 66811 having its registered office at 35, Triq l-Imghazel, Swieqi SWQ 3141, Malta ;
Corporate Advisor and/or Reporting Accountant	Grant Thornton of Suite 3, Tower Business Centre, Tower Street, Swatar, BKR 4013, Malta, and/or any related entity, and/or affiliate, as duly authorised to act as Corporate Advisor by the MSE, in terms of the Prospects Rules;
CSD	the Central Securities Depository of the MSE authorised in terms of Part IV of the Financial Markets Act (Cap. 345 of the Laws of Malta), having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
Damask Investment Limited	Damask Investment Limited, a company registered under the laws of Malta with company registration number (C 63147), having its registered office situated at Noel Muscat & Co Limited, 3Triq l-Imghazel, Swieqi, SWQ 3141, Malta;
Damask Shipping Management Company Limited	Damask Shipping Management Company Limited, a company registered under the laws of Malta with company registration number (C 68664), having its registered office situated at Noel Muscat & Co Limited, Triq l-Imghazel, Swieqi, SWQ 3141, Malta;
DDGS	Distiller's Dried Grains and Soluble
Deed of Covenants	the deed of covenants connected with the first priority mortgage over the Vessel to be purchased by AST Shipping Limited, in favour of the Security Trustee;
Directors or Board	the directors of the Issuer whose names are set out in section 5.1, and 'Director' shall be construed accordingly;
EBIT	Earnings Before Interest and Taxation;
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation;
Euro or €	the lawful currency of the Republic of Malta;
Exchange, Malta Stock Exchange or MSE	Malta Stock Exchange p.l.c., a public limited liability company registered under the Laws of Malta, having its registered office at Garrison Chapel, Castille Place, Valletta VLT 1063, Malta and bearing company registration number C 42525;
Financial Markets Act	The Financial Markets Act (Cap.345 of the Laws of Malta) formerly the Malta Stock Exchange Act;
FY	Financial Year;
Group Companies or Subsidiaries	Damask Investment Limited, AST Shipping Limited and Damask Shipping Management Company Limited;

Insurance Policy	the insurance policy providing for the replacement value of the Vessel to be purchased by AST Shipping Limited;
Interest	the Bonds shall bear interest from and including 1 February 2018 at the rate of 5.5% per annum payable annually in arrears on the Interest Payment Date;
Interest Payment Date	annually, on 31 January of each year commencing on 31 January 2019 and ending and including the Redemption Date, provided that if any such day is not a Business Day such Interest Payment Date will be carried over to the next following day that is a Business Day;
Intermediaries' Offer	shall have the meaning set out in section 22.2 of the Company Admission Document;
Issue Period	the period between 08:30 hours (CET) on 8 January 2018 and 12:00 hours (CET) on 27 January 2018 (or such earlier date as may be determined by the Issuer) during which the Bonds are available for subscription;
Issuer	AST Group p.l.c, a public limited liability company incorporated under the laws of Malta, having its registered office situated at 35, Triq l-Imghazel, Swieqi SWQ 3141, Malta and bearing company registration number C 66811;
Listing Authority	the Malta Financial Services Authority, appointed as Listing Authority for the purposes of the Financial Markets Act (Cap. 345 of the Laws of Malta) by virtue of Legal Notice 1 of 2003;
Listing Rules	the listing rules issued by the Listing Authority, as may be amended from time to time;
Malta Freeport Terminals	Established in 1988, it is Malta's international port, and is situated in Birzebbuga. It is owned by Malta Freeport Corporation Limited, a company registered under the laws of Malta with company registration number (C 9353), having its registered office situated at Freeport Centre, Port of Marsaxlokk, Kalfrana, Birzebbugia BBG05, Malta and operated by Malta Freeport Terminals Limited a company registered under the laws of Malta with company registration number (C 27581), having its registered office situated at Freeport Centre, Port of Marsaxlokk, Kalfrana, Birzebbugia BBG05, Malta
Memorandum and Articles of Association or M&A	the memorandum and articles of association of the Issuer, in force at the time of publication of the Company Admission Document;
MFSA	Malta Financial Services Authority, established in terms of the Malta Financial Services Authority Act (Cap. 330 of the Laws of Malta);
Over-Allotment Option	the option of the Issuer to elect to increase the original Bond Issue by up to an additional €1 million 5.5% Bonds 2028 in the event of over-subscription of the original Bond Issue;

Placement Agent, Manager and Registrar or Escrow Agent	Financial Planning Services Limited, a limited liability company registered under the Laws of Malta and duly authorised in terms of the Investment Services Act (Cap. 370 of the Laws of Malta), having its registered address situated at 4, Marina Court, Giuseppe Cali Street, Ta' Xbiex, XBX 1421, Malta, and company registration number C3608;
Pledge Agreement	the agreement by means of which the Issuer constitutes a pledge over the shares it holds in AST Shipping Limited, in favour of the Security Trustee;
Prospects MTF	the market regulated as a multilateral trading facility operated by the MSE providing a venue for start-up and growth small to medium-sized enterprises to float their capital (including equity or debt) on the market;
Prospects List	the list prepared and published by the MSE as its recognised list in accordance with the Prospects Rules;
Prospects Rules	the rules issued by the Board of Directors of the MSE, in exercise of the powers conferred on it by the Financial Markets Act (Cap. 345 of the Laws of Malta) regulating the Prospects MTF market;
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as may be amended from time to time;
Redemption Date	31 January 2028;
Redemption Value	at par (€100 per Bond);
Security Rights	<ul style="list-style-type: none"> - a first priority mortgage on the Vessel in favour of the Security Trustee in its capacity as trustee of the AST Trust - a pledge by the Issuer of all of its shares held in AST Shipping Limited in favour of the Security Trustee in its capacity as trustee of the AST Trust - the Insurance Policy pledged in favour of the Security Trustee in its capacity as trustee of the AST Trust.
Security Trust	The AST Trust;
Security Trust Documents	the trust deed constituting the AST Trust and the instruments constituting the Security Rights, including but not limited to the Deed of Covenants, the Pledge Agreement and the Insurance Policy;
Security Trustee	the trustee of the AST Trust as identified in section 5.5 hereof;
Sinking Fund	the sinking fund referred to in Section 22.24 of this Company Admission Document;

Small and medium sized enterprises or SMEs	an enterprise as defined in Article 2(1) of the Companies Act (Chapter 386 of the Laws of Malta) and in line with the Prospectus Rules, and 'SMEs' shall be construed accordingly;
Summary	a summary of the salient features of the Document, as contained in the section entitled "Summary";
Terms and Conditions	the terms and conditions of the Bond Issue, which are included in section 24 of this Company Admission Document.
Vessel	the multi-purpose vessel to be purchased by AST Shipping Limited by means of financing provided by the Issuer in virtue of the proceeds following the successful Bond Issue

All references in this Company Admission Document to "Malta" are to the "Republic of Malta".

Unless it appears otherwise from the context:

- (a) words importing the singular shall include the plural and vice-versa;
- (b) words importing the masculine gender shall include the feminine gender and vice-versa;
- (c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;
- (d) any reference to a person includes natural persons, firms, partnerships, companies, corporations, associations, organisations, governments, states, foundations or trusts;
- (e) any reference to a person includes that person's legal personal representatives, successors and assigns;
- (f) any phrase introduced by the terms "including", "include", "in particular" or any similar expression is illustrative only and does not limit the sense of the words preceding those terms;
- (g) any reference to a law, legislative act, and/or other legislation shall mean that particular law, legislative act and/or legislation as in force at the time of issue of this Company Admission Document.

2 Summary

SECTION A – INTRODUCTION AND WARNINGS

- A.1** This Summary should be read as an introduction to the Company Admission Document. Prospective investors are hereby warned that:
- i. this Summary is being provided to convey the essential characteristics of, and risks associated with the Issuer and the securities being offered pursuant to this Document. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this Summary in making a decision as to whether to invest in the securities described in this Document. Any decision to invest in the securities should be based on consideration of the Company Admission Document as a whole by the investor;
 - ii. where a claim relating to the information contained in this Company Admission Document is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Company Admission Document before the legal proceedings are initiated; and
 - iii. civil liability attaches only to those persons who have tabled the Summary including any translation thereof and who applied for its notification, but only if the Summary, when read together with the other parts of the Company Admission Document, is misleading, inaccurate or inconsistent; or does not provide key information in order to aid investors when considering whether to invest in such securities.

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| A.2 | <p>Consent required for use of the Company Admission Document in connection with the Intermediaries' Offer, prospective investors are hereby informed that:</p> <ol style="list-style-type: none">i. for the purposes of any subscription for Bonds by Authorised Financial Intermediaries pursuant to the Intermediaries' Offer and any subsequent resale, placement or other offering of Bonds by Authorised Financial Intermediaries participating in the Intermediaries' Offer in circumstances where there is no exemption from the requirement to publish a Company Admission Document under the Prospectus Rules, the Issuer consents to the use of the Company Admission Document (and accepts responsibility for the information contained herein in accordance with the terms hereof) with respect to any such subsequent resale, placement or other offering of Bonds, provided this is limited only: (a) in respect of Bonds subscribed for in terms of the Intermediaries' Offer by Authorised Financial Intermediaries participating in the Intermediaries' Offer; (b) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place in Malta; and (c) to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Company Admission Document;ii. in the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary subsequent to the Intermediaries' Offer, said Authorised Financial Intermediary shall be responsible to provide information to prospective investors on the terms and conditions of the resale, placement or other offering at the time such resale, placement or other offering is made; andiii. any new information with respect to Authorised Financial Intermediaries unknown at the time of the approval of the Company Admission Document will be made available |
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through a company announcement made out by the Issuer and published on the Prospects MTF website and which will also be made available on the Issuer's website www.astgroupplc.com.

SECTION B – THE ISSUER

B.1 Legal and commercial name of the Issuer – The legal and commercial name of the Issuer is AST Group p.l.c. (company registration number C 66811).

B.2 Domicile and legal form of the Issuer – The Issuer is incorporated and domiciled in Malta and is a public limited liability company duly registered in terms of the Companies Act. The Issuer operates under the Companies Act, any regulations enacted thereunder and any other applicable legislation enacted in Malta.

B.3 Nature of the Issuer's operations and its principal activities – The principal object of the Issuer is to carry on the business of a finance and holding company. The Issuer itself does not have any substantial assets, apart from its shareholding in Damask Investment Limited, AST Shipping Limited and Damask Shipping Management Company Limited, and is a special purpose vehicle with the function of raising finance for the business of Damask Investment Limited and AST Shipping Limited, through the Bond proceeds raised on behalf of Damask Investment Limited and AST Shipping Limited as mentioned in section E.1 "Use of Proceeds". As the Issuer itself does not carry on any trading activities, the Issuer is economically dependent on the business prospects of Damask Investment Limited, AST Shipping Limited and Damask Shipping Management Limited.

The principal object of Damask Investment Limited is to trade in animal feed products through its branches in Greece, Cyprus, Hungary, Spain and France. The principal products which are traded by Damask Investment Limited are roasted guar meal korma, fish meal, DDGS and HiPro Sunflower meal, which are sourced from suppliers based in India, Morocco, Hungary and Bulgaria respectively.

To date, the Group has distributed the animal feed either by land or by sea (through chartering of vessels), with the majority of purchases being ordered following a contracted sales order, hence limiting the volume of stock held by the Group. However, in order to have better control on the continuity of supply of its products, particularly due to the fact that fish meal is a seasonal product traded in the summer months and therefore a high level of inventory is required for the Damask Investment Limited to continue to expand its operations, Damask Investment Limited is setting up a logistics centre in Malta, situated close to the Malta Freeport Terminals.

It is the Group's intention to vertically integrate its operations and expand into the logistics business. Malta's strategic location in the middle of the Mediterranean Sea places it along the Group's main trade route. Hence, Malta was chosen as a base for the Group's logistics operations. To this end, in 2017, the Issuer set up two companies, AST Shipping Limited and Damask Shipping Management Company Limited, with the intention of setting up shipping operations. AST Shipping Limited, shall be acquiring the Vessel, through the Bond proceeds, which the Issuer will be advancing to AST Shipping Limited by way of loan, whilst Damask Shipping Management Company Limited shall be managing the Vessel. Damask Investment Limited shall have a right of first refusal to use the Vessel with any

additional capacity being chartered out to third parties. The Vessel is expected to operate primarily within the Mediterranean region.

AST Group p.l.c. has commenced negotiations with a prospective seller in relation to the acquisition of a multipurpose vessel, the acquisition of which will be subject to a positive outcome of an inspection carried out and raising the required funding. Should negotiations fall through, in carrying out its functions, the Board of Directors aims to focus its investment decisions on the acquisition of the Vessel with the following characteristics:

- c. 5,000-6,500 Dead Weight Tonnes;
- 100-150 metres in length;
- Less than 25 years since year of build;
- Grain/bale capacity of c. 255,000-280,000 cbft;
- the vessel is certified by an approved classification society.

Given that there are currently 10 second hand multipurpose vessels available on the market which fit the above mentioned characteristics (excluding the multipurpose vessel which is currently in the process of negotiation by the Group), the Directors are confident that the multipurpose Vessel will be acquired by the Group by 30 June 2018.

The Security Trustee shall hold on the AST Trust the following Security Rights in favour of Bondholders:

- a first priority mortgage on the Vessel in favour of the Security Trustee in its capacity as trustee of the AST Trust
- a pledge by the Issuer of all of its shares held in AST Shipping Limited in favour of the Security Trustee in its capacity as trustee of the AST Trust; and
- the Insurance Policy pledged in favour of the Security Trustee in its capacity as trustee of the AST Trust.

B.4 Significant recent trends of the Issuer – The demand for AST Group’s animal feed products is largely dependent on animal production and consumption trends throughout Europe and the world. Animal feeds, in their various forms, have become very important to animal production around the world, particularly as different mixtures of ingredients can improve yields or quicken animal growth. Increased demand for meat, fish and other animal produce, such as milk, will result in an increase in overall demand for animal feed, including the products supplied by AST Group, given that the Group’s consumers breed various types of animals particularly focusing on beef, swine, poultry and aquaculture.

According to the EU Agriculture Outlook for 2016-2026, world meat consumption is still expected to increase by 13.5%, or 42.6 million tonnes, between 2016 and 2026, representing a CAGR of 1.3%. EU meat production is expected to increase from 45.8 million tonnes in 2015 to 47.6 million tonnes in 2026, representing an increase of 3.9% over the ten year period, or a CAGR of 0.4%, principally driven by sustained demand in the EU. In addition, world population and income growth are expected to lead to an increase in the demand for meat, therefore contributing to higher EU meat exports.

Global fish production totalled 167 million tonnes in 2014 and is expected to increase to c. 187 million tonnes by 2030, representing a CAGR of 0.7%, according to the Food and Agriculture Organisation of the United Nations and the World Bank. According to the State of World Fisheries and Aquaculture 2016 report, aquaculture production represented 26% of total fish consumption in 1994, however, due to the growth in fish farming in the past

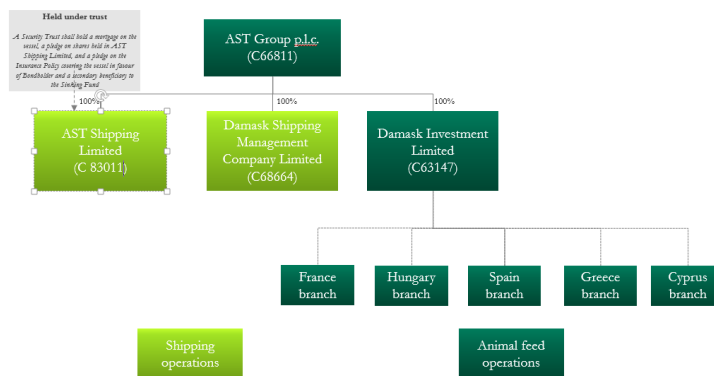
decades, it represented 44% of total fish consumption by 2014. This is expected to rise to c. 52% by 2025 as aquaculture remains the main contributor to growth in fish production. The growth in aquaculture has in turn led to a growth in animal feed, particularly an increase in fish meal, as well as growth in the global supply of fish for human consumption.

According to the EU Agriculture Outlook for 2016-2026, the increased poultry, pig meat and dairy production expected in the EU over the next decade, is expected to result in a 2.9% increase in the use of compound feed, from 263 million tonnes as at 2015, to 270 million tonnes in 2026. In turn, the increased use of these animal feeds is expected to contribute to the growth in animal production over the same period. The increase in poultry production together with the push for higher productivity will necessitate an increase in the use of medium and high protein feeds as opposed to low protein feeds.

The volume of cargo transported via short sea shipping within the EU has recovered strongly after suffering a sharp drop as a result of the decrease in trade in the aftermath of the financial crisis in 2008. According to Eurostat statistics, after decreasing to a low of 552 million tonnes in 2011, the gross weight of goods transported to and from the main ports in the 28 EU Member States and ports in the Mediterranean basin increased to 598 million tonnes in 2015, rising to the annual volume of cargo transported prior to the financial crisis.

The EU has a strategic interest in ensuring the continuous performance of short sea shipping, given that short sea shipping will enable the EU to reach its transport goal of shifting 30% of road freight over 300 km to other modes by 2030 as well as reducing 60% of greenhouse gas emissions generated by the transport industry by 2050. In this regard, amongst other priority areas, the European Commission is aiming to enhance the integration of short sea shipping in full logistics chains on the continent.

B.5 Shareholding structure – The Issuer’s current authorised and issued share capital of €50,000 is divided into 50,000 ordinary shares of €1 each, all fully paid up. The below chart sets out the shareholding structure of the AST Group:



B.6 Summary financial information – The historical financial information of the Issuer for the financial years ended 31 December 2014, 2015 and 2016, and for the period ended 30 June 2017 as audited by Silvio Muscat of 63C, Flat 1, Birkirkara Road, St Julian’s, STJ 1301, Malta is available for inspection on AST Group’s website (www.astgroupplc.com) and from the registered office of the Issuer during office hours.

Extracts from the audited financial statements of the Issuer for the financial years ended 31 December 2014, 2015 and 2016 and projections of the Issuer for the years ending 31 December 2017 and 2018 are set out below. The following extracts assume that the bond interest shall commence on 1 February 2018 and that shipping operations commence on 1 July 2018.

There has not been any significant change in the financial or trading position of the Issuer since the date of the latest audited financial statements.

Extract from the consolidated income statement for the years ending 31 December

€000	2014 Actual	2015 Actual	2016 Actual	2017 Forecast	2018 Projected
Revenue	1,914	2,944	5,952	9,236	12,630
Gross profit	166	404	356	562	904
EBITDA	49	263	157	277	502
Profit before tax	46	258	124	233	283
Profit after tax	31	192	78	196	234

Source: Audited financial statements of AST Group p.l.c. for the years ended 31 December 2014, 2015 and 2016 and projections for the years ending 31 December 2017 and 2018

Extract from the consolidated statement of financial position as at 31 December

€000	2014 Actual	2015 Actual	2016 Actual	2017 Forecast	2018 Projected
Total assets	680	1,347	2,938	4,147	7,569
Equity	520	712	889	1,436	1,669
Total liabilities	160	635	2,049	2,711	5,900
Total equity and liabilities	680	1,347	2,938	4,147	7,569

Source: Audited financial statements of AST Group p.l.c. for the years ended 31 December 2014, 2015 and 2016 and projections for the years ending 31 December 2017 and 2018

Extract from the consolidated statement of cash flows for the years ending 31 December

€000	2014 Actual	2015 Actual	2016 Actual	2017 Forecast	2018 Projected
Net cash (used in)/ generated from operating activities	(133)	(3)	(557)	(332)	(456)
Net cash flows used in investing activities	-	(1)	(1)	-	(1,900)
Net cash flows generated from/financing activities	51	29	721	278	2,315
Net movement in cash and cash equivalents	(82)	25	163	(54)	(41)
Cash and cash equivalents at beginning of year	229	147	172	335	281
Cash and cash equivalents at end of year	147	172	335	281	240

Source: Audited financial statements of AST Group p.l.c. for the years ended 31 December 2014, 2015 and 2016 and projections for the years ending 31 December 2017 and 2018

Extracts from the interim financial results

Extract from the consolidated income statement for the period ending 30 June

€000	2016	2017
Revenue	1,899	3,494
Gross profit	139	234
EBITDA	70	100
Profit before tax	68	85
Profit after tax	34	48

Source: Audited financial statements of AST Group p.l.c. for the period ended 30 June 2017

Extract from the consolidated statement of financial position as at

€000	31 December 2016	30 June 2017
Total assets	2,938	3,117
Equity	889	1,288
Liabilities	2,049	1,829
Total equity and liabilities	2,938	3,117

Source: Audited financial statements of AST Group p.l.c. for the period ended 30 June 2017

Extract from the consolidated statement of cash flows for the period ending 30 June

€000	2016	2017
Net cash (used in)/ generated from operating activities	(153)	70
Net cash flows generated from/ (used in) investing activities	5	(5)
Net cash flows generated from/ (used in) financing activities	14	(137)
Net movement in cash and cash equivalents	(134)	(72)
Cash and cash equivalents at the beginning of period	172	335
Cash and cash equivalents at the end of period	38	263

Source: Audited financial statements of AST Group p.l.c. for the period ended 30 June 2017

SECTION C – THE SECURITIES

- C.1 Type and class of securities** - The Issuer shall issue an aggregate of €2 million (or up to €3 million in the event of exercise of the Over-Allotment Option) in Bonds having a face value of €100 per bond, subject to a minimum subscription of €5,000 in Bonds and multiples of €100 thereafter. The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading on Prospects MTF, the Bonds will have the following ISIN: **MT0001701201**. The Bonds shall bear interest at the rate of **5.5%** per annum. The Bonds shall be repayable in full upon maturity on the 31 January 2028 (together with the interest accrued to the date fixed for redemption) unless previously re-purchased and cancelled, provided that the Issuer reserves the right to purchase any Bonds on the secondary market, at the price they would be trading at the time, prior to the Bonds' Redemption Date.

- C.2 Currency** – The Bonds are denominated in Euro (€).

C.3	<p>Transferability – The Bonds are freely transferable and, once admitted to the Prospects MTF, shall be transferable only in whole in accordance with the rules and regulations of the MSE applicable from time to time.</p>
C.4	<p>Rights attached to the Bonds – Investors wishing to participate in the Bonds will be able to do so by duly executing the appropriate Application Form in relation to the Bonds. Execution of the Application Form will entitle such investor to:</p> <ul style="list-style-type: none"> i. the receipt of interest; ii. the repayment of capital; iii. a beneficial interest under the Security Trust which shall hold the Security Rights in favour of Bondholders; iv. ranking with respect to other indebtedness of the Issuer in accordance with the status of the Bonds, as follows: “the Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, and shall at all times rank <i>pari passu</i>, without any priority or preference among themselves and with other outstanding and unsecured debt each of the Issuer, present and future”; v. attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bond Issue; and vi. enjoy all such other rights attached to the Bonds emanating from the Company Admission Document. <p>Save for the rights granted to Bondholders in virtue of the Security Rights, the Bonds would rank after any future debts which may be secured by a cause of preference such as a pledge, privilege and/or a hypothec.</p>
C.5	<p>Interest - The Bonds shall bear interest at the rate of 5.5% per annum payable annually in arrears on 31 January of each year, the first interest falling on 31 January 2019. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 5.5%.</p> <p>Redemption shall take place on 31 January 2028, unless previously repurchased and cancelled. The Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike. All Bonds so purchased will be cancelled forthwith and may not be re-issued or re-sold.</p>
C.6	<p>Admission to Prospects MTF – The MSE has authorised the Bonds as admissible pursuant to the Prospects Rules by virtue of a letter dated 04 December 2017. Application has been made to the MSE for the Bonds to be issued pursuant to the Company Admission Document and to be admitted and traded on its Prospects MTF. The Bonds are expected to be admitted to the MSE with effect from 5 February 2018 and trading is expected to commence on 6 February 2018. Dealing may commence prior to notification of the amount allotted being issued to Applicants.</p>

SECTION D – RISKS

An investment in the Bonds involves certain risks including those described below. Prospective investors should carefully consider, with their own independent financial and other professional advisors, the following risk factors and other investment considerations as well as all the other information contained in the Company Admission Document before deciding to acquire the Bonds. Prospective investors are warned that by investing in the Bonds they may be exposing themselves to significant risks that may have the consequence of losing a substantial part or all of their investment. The sequence in which the risks below are listed is not intended to be indicative of any order of priority or of the extent of their consequences.

The Company Admission Document contains statements that are, or may be deemed to be, “forward-looking statements”, which relate to matters that are not historical facts and which may involve projections of future circumstances. They appear in a number of places throughout the Company Admission Document and include statements regarding the intentions, beliefs or current expectations of the Issuer and its Directors. 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 Issuer and the AST Group’s respective Directors. No assurance is given that the future results or expectations will be achieved.

Authorised Financial Intermediaries are to determine the suitability of prospective investors’ investment in the Bonds in the light of said prospective investors’ own circumstances. The Bonds may not be a suitable investment for all investors. In particular, Authorised Financial Intermediaries should determine whether each prospective investor:

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

Below is a summary of the principal risks associated with the Bonds of the Company – there may be other risks which are not mentioned in this Summary. Investors are therefore urged to consult their own financial or other professional advisor with respect to the suitability of acquiring any of the Bonds. The following is a summary of the principal risk factors:

D.1 Risks relating specifically to the Issuer’s reliance on Group companies

- i. The Issuer has the function of acting as a finance and holding company, with its main purpose being that of financing the funding requirements of the Group companies,

and as such, its assets consist of its shareholding in the Group companies as well as loans to be issued to its subsidiaries Damask Investment Limited and AST Shipping Limited, as mentioned hereinafter in section E.1 “Use of Proceeds”.

Consequently, the Issuer is largely dependent, including for the purpose of servicing interest payments on the securities described in the Company Admission Document: Part Two and the repayment of the principal on maturity date, on receipt of interest and loan repayments from Damask Investment Limited and AST Shipping Limited.

D.2 Essential information on the key risks relating specifically to the Issuer and the AST Group

- i. The Group’s business activities are concentrated in the Mediterranean region. The Group is highly susceptible to the macro-economic climate in Europe and North Africa. Negative economic factors and trends in Europe and North Africa, particularly those having an effect on consumer demand, may have a negative impact on the business of the Group.
- ii. The Group’s business activities are subject to general market and economic conditions as well as geopolitical events due to its international presence. Should general economic and political events/conditions deteriorate, the Group’s results of operations and financial condition may be adversely affected.
- iii. The Group together with all its customers have operations in Greece and Cyprus and economic uncertainty in these countries may have an adverse effect on the Group. The tough economic environment in Greece and Cyprus may pose a number of risks to companies operating in these countries. Such risks may include the liquidity of the financial system and other businesses. The economic uncertainty of Greece and Cyprus could have an adverse effect on the future financial performance, cash flow and financial position of the AST Group, both from a company point of view as well as from its customers’ point of view.
- iv. The Group’s operations are in part exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions and receivables that are denominated in a currency other than the Euro. The Group can be impacted by transaction risk and foreign currency risks which could have a material adverse effect on its results and financial position.
- v. The Group may also be subject to increases in operating and other expenses which could impact its financial performance and position, given that some of these increases potentially cannot be passed on to customers.
- vi. Changes in environmental laws, anti-corruption laws, health and safety regulations and general laws and regulations, at a national or European level could be enacted that may have an adverse impact on the Group’s business, results of operations, financial condition or prospects.
- vii. The Group’s growth since inception is, in part, attributable to the efforts and abilities of the Chief Executive Officer. Although no single person is instrumental in fulfilling the Group’s business objectives, there is no guarantee that these objectives will be achieved to the degree expected should the Chief Executive Officer no longer be employed by the Group.

- viii. The Group has a material amount of debt and may incur additional debt in connection with its future growth. The AST Group's indebtedness could adversely affect its financial position.
- ix. Although the Group maintains insurance at levels determined to be appropriate in the light of the cost of cover and the risk profiles of the business in which the Group operates, there can be no assurance that its insurance coverage will be sufficient, or that insurance proceeds will be paid on a timely basis to the Group. As a result, any loss or disruption to any of the Group's operations may have a material adverse effect on the Group's business, results of operations and financial condition.

D.2.1. Risks relating to the Group: Animal feed

- i. The Group is dependent on four suppliers, one for each of the products sold and two key customers. The Group therefore relies on the retention of these key business relationships and the loss of one or more of these key customers and/or suppliers, may have a material adverse effect on the Group's revenues.
- ii. The Group does not have long-term or exclusive agreements with customers and suppliers. Therefore customers could, depending on overall supply available on the market, opt for the services of competitors.
- iii. The success of the Group depends upon the positive image that its customers have of its product offerings. A lack of consistency in the quality of, or contamination of the products sold, including animal diseases, could harm the integrity and reputation of both the Group and its customers, which would ultimately adversely affect the Group's sales, results of operations or cash flows.
- iv. The Group operates in a highly competitive environment, facing competition from international feed producers and distributors. The Group competes with these operators on the basis of product range, cross-selling, pricing, product quality, distribution capabilities, logistics, reputation, and responsiveness to changing customer and consumer preferences and demand, with varying emphasis on these factors depending on the market segment and the product. Moreover, increasing competitive pressures may cause the Group to make certain pricing, service or marketing decisions that could have a material adverse effect on its revenues, costs, financial conditions and results of operations.
- v. The demand for products of the Group may decline due to a variety of factors that affect society's attitude towards the consumption of food, in particular the consumption of meat and fish. This could negatively impact on the number of animals of a particular species for which animal feed is required, which could lead to a decline in the demand for products of the AST Group, which could negatively affect the Group's operations, earnings and financial position.
- vi. The animal feed business is seasonal and a substantial proportion of its revenue and operating profit is generated over the summer period.

D.2.2. Risks relating to the Group: Operation of the Vessel

- i. Although the Chief Executive Officer has experience in ship management companies, the Group has no history in operating a vessel, or in hiring and retaining crew.
- ii. Failure to acquire the multipurpose vessel could have a material adverse effect on the Group's business, operating results and financial condition.
- iii. The shipping operations are subject to external factors, many of which are common to the shipping operating industry and beyond the Group's control, including: (i) changes in consumer trends and preferences and the ability of the Group to swiftly anticipate, identify and capitalise thereon; (ii) susceptibility to local and global competition; (iii) increase in the price of fuel; (iv) changes in laws and regulations on employment, health and safety, environmental and marine protection concerns and the related costs of compliance; (v) the impact of increased threats of terrorism, impediments to means of transportation, extreme weather conditions, natural disasters, travel-related accidents, and outbreaks of health concerns; (vi) increases in operating costs; and (vii) the arrest or detainment of the Vessel by maritime claimants or other authorities, or the requisitioning of any vessel during a period of war or emergency. In particular, given that the maritime business is a highly competitive market and the Group's lack of experience in this market, this may limit the Group's ability to operate efficiently. The competitive environment potentially threatens the generation of revenues and could prevent the Group from charging freight rates that are necessary for it to be profitable.
- iv. The Group's charter operations depend on its ability to establish relationships with charterers, at attractive rates, in respect of which the Group will face substantial competition from its competitors and may be subject to factors beyond the control of the AST Group. Such competitors may have greater name recognition, larger customer bases and greater financial and other resources.
- v. The shipping industry is cyclical and volatile in nature, since it is heavily dependent on the prevailing conditions in the world's economies. Consequently, freight rates are highly volatile, charter rates tend to fluctuate significantly in response to market participants' perceptions of supply and demand for the shipping markets and the market value of the Vessel could fluctuate significantly. Imbalances of supply and demand as well as the cyclicity and volatility of the industry could have a material adverse effect on the Group's business, results of operations and financial condition.
- vi. Under the provisions of the Merchant Shipping Act (Cap. 234 of the laws of Malta), certain debts specified therein are secured by a special privilege upon the relevant vessel, including: wages and other sums due to the master, officers and other members of the vessel in respect of their employment on the vessel; tonnage dues and moneys due to creditors for labour, work and repairs. The potential risk associated with the privileged debts attaching to the vessels of the AST Group arises out of the fact that the obligations under the Bonds are subordinated to these privileged debts. Consequently, in the event that there are insufficient funds to cover all the claims of the creditors of the Group, if any and whether secured or otherwise, the Bondholders' claims would be subordinated to these privileged debts and the ability of the Issuer to fulfil its obligations under the Bonds may be materially adversely affected.
- vii. Under the provisions of the Merchant Shipping Act, in the event of default of any term or condition of a registered mortgage, or cross-default referred to therein, the mortgagee has the option, upon giving notice in writing to the mortgagor, to exercise

the following rights: (i) to take possession of the vessel, or any share therein, in respect of which he is the mortgagee or (ii) to sell the ship, or any share therein, with respect to which he is registered as mortgagee (provided that where more than one person is registered as a mortgagee of the same vessel, this right of sale may only be exercised with the concurrency of every prior mortgagee or under the order of the competent court).

D.3 Essential information on the key risks specific to the Bonds

An investment in the Bonds involves certain risks, including those set out below in this section. In deciding whether to make an investment in the Bonds, prospective investors are advised to carefully consider, with their own independent financial and other (including tax, financial, legal and regulatory) professional advisors, the following risk factors (not listed in order of priority) and other investment considerations, together with all the other information contained in the Company Admission Document.

- i. Prior to the Bond Issue, there has been no public market nor trading record of the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.
- ii. Only upon successful admission, may the Bonds be traded on a multilateral trading facility but will NOT be traded on any regulated market. Hence, the market for the Bonds may be less liquid than a regulated market and a Bondholder may find it more difficult to identify willing buyers for their Bonds. The existence of an orderly and liquid market depends on a number of factors. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or if it develops, that it will continue. Furthermore, there can be no assurance that an Investor will be able to sell or otherwise trade in the Bonds at all.
- iii. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.
- iv. An investor in the Bonds will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the investor's currency of reference, if different.
- v. No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- vi. The Issuer is entitled to issue Bonds bearing a fixed rate of interest. Investment in such fixed rate Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the said Bonds. Investors should also be aware that the price of the fixed rate bonds moves adversely to changes in interest rates.
- vii. The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity on the Redemption Date unless the Bonds are previously re-purchased and/or cancelled.

- viii. Application has been made to the MSE for the Bonds to be admitted and traded on Prospects MTF once the Bonds are authorised as admissible by the MSE. Prospects MTF, is a market regulated as a multilateral trading facility and operated by the MSE and provides a venue for SMEs to float their securities. Consequently, this market is designed primarily for companies to which a higher risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial advisor.
- ix. Even after the Bonds are admitted to trading on Prospects MTF, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain eligible to trade on Prospects MTF in terms of the Prospects Rules issued by the Exchange as amended from time to time. Moreover, the MSE has the authority to suspend trading of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The MSE may discontinue the trading of the Bonds on Prospects MTF. Any such trading suspension or discontinuance described above could have a material adverse effect on the liquidity and value of the Bonds.
- x. The Issuer has not sought, nor does it intend to seek, the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds.
- xi. In the event that the Issuer wishes to amend any of the Terms and Conditions of issue of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of section 22.16 of Part II of the Company Admission Document. These provisions permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.
- xii. The Bonds and the Terms and Conditions of the Bond Issue are based on the requirements of the Prospects Rules and Maltese Law, including the Companies Act, in effect as at the date of the Company Admission Document. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Company Admission Document.
- xiii. The funds or assets constituting the Sinking Fund (as described in section 22.24 of this Company Admission Document) shall be managed by the Issuer and administered by the Board of Directors in line with the treasury management policy. In accordance with section 302 of the Act, in the event of winding up of the Issuer with insufficient assets to meet its liabilities, the right of secured and unsecured creditors (which include the Bondholders) and the priority and ranking of their debts shall be regulated by the law for the time being in force.
- xiv. The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer. The Bonds shall at all times rank *pari passu*, without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, shall rank without priority and preference to all other present and future unsecured obligations of the Issuer. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer, if any.

Furthermore, subject to the negative pledge included in the Company Admission Document, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

SECTION E – INTERMEDIARIES’ OFFER

E.1 Use of Proceeds – The proceeds from the Bond Issue, which net of issue expenses are expected to amount to approximately €1.9 million (or up to €2.9 million in the event of the Over-Allotment Option) will be used by the Issuer for the following purposes in the following order of priority:

- A) a maximum of €2 million of the proceeds from the Bond Issue will be advanced under title of loan to AST Shipping Limited who will in turn utilise such funds to acquire the Vessel, upon conclusion of the purchase of the Vessel, which is set out in further detail in section 6.5. Until such time the proceeds shall be held on escrow by the Escrow Agent; and
- B) any remaining balance of the net Issue proceeds (including proceeds raised through the exercise of the Over-Allotment) will be advanced under title of loan to Damask Investment Limited and will be used to upgrade the Group’s office space and warehousing facilities once a rental agreement is entered into and/or general corporate funding purposes.

E.2 Subscription – The Bonds are open for subscription by Authorised Financial Intermediaries through an Intermediaries’ Offer. The total amount of the Bond is being reserved for subscription by Authorised Financial Intermediaries participating in the Intermediaries’ Offer. In this regard, the Issuer may enter into conditional subscription agreements with a number of Authorised Financial Intermediaries for the subscription of Bonds, whereby it will bind itself to allocate Bonds thereto up to the total amount of €2 million (or up to €3 million in the event of exercise of the Over-Allotment Option) as aforesaid during the Intermediaries’ Offer.

In terms of each subscription agreement entered into with an Authorised Financial Intermediary, the Issuer will be conditionally bound to issue, and each Authorised Financial Intermediary will conditionally bind itself to subscribe for, a number of Bonds as indicated therein subject to the Bonds being admitted to trading on the Prospects MTF. Authorised Financial Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall, in addition, be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading.

Applications for subscriptions to the Bonds may be made through the Placement Agent, Manager and Registrar during the Issue Period on a first-come-first-served basis. The Issue Period shall close immediately upon attaining full subscription or on the last day of the Issue Period, whichever is the earliest. It is expected that notification of allotment will be announced to Bondholders within five (5) Business Days of the closing of the Issue Period.

The following is a synopsis of the general Terms and Conditions applicable to the Bonds. A Bondholder is deemed to have invested only after having received, read and understood the contents of the Company Admission Document, including the full terms and conditions contained therein and in the annexes thereto:

1. General

Each Bond forms part of a duly authorised issue of 5.5% Unsecured Bonds 2028 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €2 million (or up to €3 million in the event of exercise of the Over-Allotment Option).

2. Form, Denomination and Title

The Bonds will be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds will be issued for a minimum of €5,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €5,000 to each underlying client.

3. Redemption and purchase

Unless previously purchased and cancelled, the Bonds will be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on 31 January 2028. Subject to the provisions of this paragraph, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike. All Bonds so purchased will be cancelled forthwith and may not be re-issued or re-sold.

4. Interest and Yield

The Bonds shall bear interest at the rate of 5.5% per annum payable annually on 31 January of each year. Interest shall accrue as from 1 February 2018. The first Interest Payment Date following the issuance of this Company Admission Document shall be 31 January 2019. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.

The gross yield calculated on the basis of the interest, the Bond Issue Price and the redemption value of the Bonds at Redemption Date, is 5.5%

5. Status of the Bonds

Save for the rights granted to Bondholders in virtue of the Security Rights, the Bonds constitute the general, direct, unconditional and unsecured obligations of the Issuer, and shall at all times rank *pari passu*, without any priority or preference among themselves and with other unsecured debt of the Issuer.

6. Payments

Payment of the principal amount of the Bonds by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro. Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro. Any relevant charges related to the Interest Payment transactions are borne by the Bondholders.

7. Events of Default

Section 22.13 sets out a list of events of default the occurrence of which would result in the Bonds becoming immediately due and repayable at their principal amount, together with accrued interest.

8. Transferability of the Bonds

The Bonds are freely transferable and once admitted to the Prospects MTF, shall be transferable only in whole (in multiples of €100) in accordance with the rules and regulations of Prospects MTF and the MSE applicable from time to time. If Bonds are transferred in part, such an attempted partial transfer will not be cleared and the transferee thereof will not be registered as a Bondholder or claim from the Issuer any purported benefit therefrom.

9. Further Issues

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

10. Meetings of Bondholders

The Issuer may, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Company Admission Document require the approval of a Bondholders' meeting.

11. Sinking Fund

The Issuer undertakes that as from the financial year ending 31 December 2020 it shall, over a period of eight years, build a sinking fund the value of which will by the Redemption Date be equivalent to 100% of the value of the issued Bonds.

The Issuer shall make periodic payments for the purpose of building up the Sinking Fund. The following table sets out the minimum amounts to be paid by the Issuer for this purpose:

	2021	2022	2023	2024	2025	2026	2027
€000	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Annual contribution	100	200	300	300	300	300	500
Cumulative balance	100	300	600	900	1,200	1,500	2,000

The Sinking Fund shall have the Issuer as primary beneficiary, whereas the Security Trustee, in its capacity as trustee of the AST Trust, shall be identified as a secondary beneficiary. Upon the occurrence of any of the Events of Default, the secondary beneficiary shall be granted priority rights over the Sinking Fund.

12. Security Trust

The Issuer and AST Shipping Limited have agreed to grant the Security Rights for the benefit of the Bondholders, as Primary Beneficiaries and in terms of a trust deed constituting the AST Trust, and to instruct the Security Trustee to hold the property under trust (identified below and in terms of the AST Trust) as security for the outstanding amount due to the Bondholders in terms of the Company Admission Document in relation to the Bonds, together with amounts of interest and charges thereon. The initial Security Trustee is GVZH Trustees Limited.

The property held under trust shall include the following:

- (i) initial property being a pledge, by the Issuer as Pledgor, in favour of the Security Trustee, over 1165 ordinary shares, having a nominal value of €1 each in AST Shipping Limited; and
future property which shall be settled into the AST Trust, including, but not limited to the Security Rights which will be held by the Trustee in its capacity as trustee of the AST Trust, at any time during the term of the AST Trust. The Security Rights include the following:
 - a. a first priority mortgage on the Vessel in favour of the Security Trustee in its capacity as trustee of the AST Trust;
 - b. a pledge by the Issuer of all of its shares held in AST Shipping Limited in favour of the Security Trustee in its capacity as trustee of the AST Trust (also initial property settled on trust); and
 - c. the Insurance Policy pledged in favour of the Security Trustee in its capacity as trustee of the AST Trust.

Without prejudice to other powers and discretions of the Security Trustee in terms of the AST Trust, the Security Trustee shall have the discretion to enforce any of the Security Rights on its own accord or upon receiving notice from the Bondholders that any of the Events of Default has occurred in accordance with the provisions of the Company Admission Document.

E.3 Governing law and jurisdiction – The Bonds have been created, and the Bond Issue relating thereto is being made, in terms of the Act. From their inception, the Bonds, and all contractual arrangements arising therefrom, shall be governed by and shall be construed in accordance with Maltese Law. Any legal action, suit, action or proceedings against the Issuer arising out of or in connection with the Bonds shall be brought exclusively before the Maltese courts and the Bondholder shall be deemed to acknowledge that it is submitting to the exclusive jurisdiction of the Maltese courts.

E.4 Interest of natural and legal persons involved in the Issue –

Save for the subscription for Bonds by the Authorised Financial Intermediaries (which include the Placement Agent, Manager and Registrar) and any fees payable to Financial Planning Services Limited as Placement Agent, Manager and Registrar in connection with the Bond Issue, to the

best of the Issuer's knowledge no person involved in the Issue has an interest material to the Bond Issue.

E.5 Expected Timetable of Principal Events:

1. Application Forms Available	8 January 2018
2. Issue Period	8 January 2018 to 27 January 2018
3. Commencement of interest on Bonds	1 February 2018
4. Expected date of Admission of the Bonds to Prospects MTF	5 February 2018
5. Expected date of commencement of trading in the Bonds	6 February 2018

The Issuer reserves the right to close the offer of the Bonds before the 27 January 2018 at 12:00 CET in the event that the Bonds are fully subscribed prior to the said date and time. In such an eventuality, the events set out in steps three (3) to five (5) above shall be brought forward although the number of working days between the respective events shall not be also altered.

COMPANY ADMISSION DOCUMENT: PART ONE

3 RISK FACTORS

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS COMPANY ADMISSION DOCUMENT, BEFORE DECIDING TO MAKE ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S FINANCIAL RESULTS AND TRADING PROSPECTS AND THE ABILITY OF THE ISSUER TO FULFILL ITS OBLIGATIONS UNDER THE SECURITIES ISSUED BY IT FROM TIME TO TIME. THE RISKS AND UNCERTAINTIES DISCUSSED BELOW ARE THOSE IDENTIFIED AS SUCH BY THE DIRECTORS OF THE ISSUER, BUT THESE RISKS AND UNCERTAINTIES MAY NOT BE THE ONLY ONES THAT THE ISSUER FACES. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE WHICH THE ISSUER'S DIRECTORS ARE NOT CURRENTLY AWARE OF, MAY WELL RESULT IN A MATERIAL IMPACT ON THE FINANCIAL CONDITION AND OPERATIONAL PERFORMANCE OF THE ISSUER THAT COULD LEAD TO A DECLINE IN THE VALUE OF SECURITIES.

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

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

3.1 Forward-looking statements

The Company Admission Document and the documents incorporated therein by reference or annexed thereto contain statements that are, or may be deemed to be “forward looking statements”, that include, among others, statements concerning the Issuer’s strategies and plans relating to the attainment of its objectives, capital requirements and other statements of expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts and which may involve predictions of future circumstances. These forward looking statements can be identified by the use of forward looking terminology, including the terms “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe” or “should” or, in each case, their negative or other variations or comparable terminology. These forward looking statements are inherently subject to a number of risks, uncertainties and assumptions, a few of which are beyond the Issuer’s control.

Important factors that could cause actual results to differ materially from the expectations of the Issuer’s Directors include those risks identified under the heading “Risk Factors” and elsewhere in the Company Admission Document. If any of the risks described were to materialise, they could have a serious effect on the Issuer’s financial results, trading

prospects and the ability of the Issuer to fulfil its obligations under the securities to be issued in terms of the Company Admission Document.

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

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

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

3.2 Risks relating to the Issuer: General

An investment in the Issuer and the Bonds may not be suitable for all recipients of the Company Admission Document and prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Cap 370 of the laws of Malta) as to the suitability or otherwise of an investment in the Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor:

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

3.3 Risks relating specifically to the Issuer’s reliance on Group companies

- 3.3.1 **The Issuer’s dependence on payments due from Group companies may be affected by factors beyond the Issuer’s control:** The Issuer has the function of acting

as a finance and holding company, with its main purpose being that of financing the funding requirements of Damask Investment Limited, Damask Shipping Management Company Limited and AST Shipping Limited. Therefore, as such, its assets consist of its shareholding in the Group companies, as well as loans to be issued to its Subsidiaries as mentioned in section 21.1. Consequently, the Issuer is dependent, including for the purpose of servicing interest payments on the securities described in the Company Admission Document: Part Two and the repayment of the principal on maturity date, on receipt of interest and loan repayments from Group companies. In this respect, the operating results of the Group companies have a direct effect on the Issuer's financial position and performance. Therefore, the intrinsic risks of the business and operations of Group companies have a direct effect on the ability of the Issuer to meet its respective obligations in connection with the payment of interest on the Bonds and repayment of principal when due. Accordingly, the risks of the Issuer are indirectly those of the Group companies, and, in turn, all risks relating to the Group companies are the risks relevant to the Issuer.

The interest payments and principal repayments to be affected by Group companies are subject to certain risks. More specifically, the ability of Group companies to affect payments to the Issuer will depend on the generation of their cash flows and earnings, which may be restricted: by changes in applicable laws and regulations; by the terms of agreements to which they are or may become party; or by other factors beyond the control of the Issuer. The occurrence of any such factors could, in turn, negatively affect the ability of the Issuer to meet its obligations in connection with the payment of interest on the Bonds and repayment of principal when due.

This Company Admission Document includes information about the Issuer and its Group companies, to enable a prospective investor to make an informed judgement as to the Issuer's reliance on the Group companies.

3.4 Risks relating to the business of the Issuer, Damask Investment Limited, Damask Shipping Management Company Limited, AST Shipping Limited Group and the AST Group

3.4.1 Dependence on the Mediterranean region: The AST Group's business activities (as described in section 6.5) are concentrated in the Mediterranean region. Accordingly, the Group is highly susceptible to the macro-economic climate in Europe and North Africa. Negative economic factors and trends in Europe and North Africa, particularly those having an effect on consumer demand, may have a negative impact on the business of the Group.

3.4.2 The Group may be subject to changes in general market and economic conditions: The Group's business activities are subject to general market and economic conditions, both locally and overseas. These conditions include, *inter alia*, consumer demand, financial market volatility, the international economy, political developments, government regulations, changes in planning or tax laws, the health of the animal feed market, exchange rates, the vessel charter market, inflation and fluctuations in interest rates, energy and fuel costs, unemployment, wage rates, tightening of credit markets and other general market and economic conditions. In the event that general economic conditions experience a downturn, these weakened conditions may have an adverse impact on the financial position and operational performance of the Group's business activity, potentially having a serious effect on the Issuer's financial position, cash flows, operational performance and its ability to meet its obligations under the Bonds.

3.4.3 The Group together with all of its customers have operations in Greece and Cyprus and economic uncertainty in these countries may have an adverse effect on the Group: In recent years, Greece and Cyprus have faced substantial macroeconomic and financial pressures as a result of the sovereign debt crises in both countries. In addition, banks in both Greece and Cyprus have come under pressure and required financial assistance. Both countries have negotiated deals with the International Monetary Fund, the European Central Bank and the EU (collectively referred to as the “Troika”) and have agreed a number of targets and measures aimed at correcting government deficit and implementing structural reforms within their economies, with the ultimate target of restoring these economies to health. Governments of both countries have been required to implement a number of austerity measures in order to help achieve the targets set.

After both countries experienced recessions as a result of the economic pressures they faced, the Cypriot economy has shown signs of recovery while the Greek economy is expected to return to growth in the near term. However, high unemployment rates remain prevalent in both economies, particularly in Greece. The recovery of these economies in the long term will depend on the success of the measures both countries are taking to address both the sustainability of their debt and also the structural vulnerabilities of their economies. Delays in the recovery and failure to achieve the considerable fiscal adjustment could fuel a new round of uncertainty in both countries.

The Group operates branches in both Greece and Cyprus, with c. 50% of the AST Group’s revenue generated from these countries in FY2016 and between January and June 2017. In addition, AST Group’s key clients operate either solely in Cyprus or else have operations in both Greece and Cyprus. Consequently, the tough economic environment in Greece and Cyprus may pose a number of risks to companies operating in these countries. Such risks may include the liquidity of the financial system and other businesses which impacts the sale of inventory, the collectability of receivables required to service debt obligations, the adequacy of provisioning on these receivables and ultimately the unrestricted continuation of the companies’ activities. The economic crises in Cyprus and Greece may also adversely affect both the ability of companies to raise additional funds and their borrowing costs, which could have a negative effect on their operations and prospects for the future.

Furthermore, throughout the crisis in Greece, especially during negotiations for the conclusion of economic adjustment programmes and during assessment of the country’s compliance with its commitments, the potential departure of Greece from the Eurozone or the EU has been mentioned. This could pose additional risks to companies operating in the country. Apart from the severe social consequences, such a development would potentially lead to a significant decline in general economic activity, bankruptcies, higher unemployment and disruption in the smooth operation of the market and business generally. While it is not possible to quantify the impact of such a major change, it would likely lead to continued deterioration of the country’s economic performance, which may affect the operations of the AST Group’s branch in the country, at least during the first few months of the changeover.

The economic uncertainty of Greece and Cyprus could have an adverse effect on the future financial performance, cash flow and financial position of the AST Group, both from a company point of view as well as from its customers’ point of view.

- 3.4.4 The AST Group may be exposed to geopolitical events due to its international presence:** The AST Group's international presence exposes its assets and earnings to geopolitical events. Political decision making processes such as the introduction of trade barriers, taxes, expropriation and currency restrictions as well as pirate attacks, war or terrorist attacks could negatively impact the AST Group's activities and its financial performance.
- 3.4.5 Risks relating to fluctuations in exchange rates:** The AST Group's operations are in part exposed, in the case of transactions not denominated in Euro, to foreign currency risk on transactions and receivables that are denominated in a currency other than the Euro. As a result, exchange gains and losses may arise on the realisation of amounts receivable and the settlement of amounts payable in foreign currencies. The AST Group can be impacted by transaction risk, being the risk that the currency of the costs and liabilities of Group companies fluctuates in relation to the Euro (being the reporting currency of all Group companies), which fluctuation may adversely affect the Group's operating performance. In general, price changes as a result of foreign currency exchange rates can be transferred to customers or can be managed through financial instruments. Should the Group not be able to manage the foreign exchange risks or pass them onto customers, the Group may be exposed to foreign currency risks which could have a material adverse effect on its results and financial position.
- 3.4.6 The Group may be subject to increases in operating and other expenses:** A significant portion of the AST Group's costs are semi-fixed and the AST Group's operating results are vulnerable to short-term changes in its revenues. The AST Group's inability to react swiftly to changes in its revenues by reducing its operating expenses could have a material adverse effect on its business, financial position and results of operations.
- 3.4.7 The AST Group may be subject to changes in environmental laws, anti-corruption laws, health and safety regulations and general laws and regulations:** Changes in laws and regulations, both at a national and European level, as well as failing to be in compliance with laws and regulations relevant to the AST Group's business and operations (animal feed business and maritime operations), could be enacted that may have an adverse impact on the AST Group's business, results of operations, financial condition or prospects.
- 3.4.8 The Group's dependence on its Chief Executive Officer and other skilled personnel:** The Group's growth since inception is, in part, attributable to the efforts and abilities of the Chief Executive Officer. The Group's future success will also depend, among other things, on its future directors and management. If the Chief Executive Officer is unable or unwilling to continue in his present position, he may not be replaceable within the short term, which could have an adverse effect on the Group's business, financial condition and results of operations. Although no single person is instrumental in fulfilling the Group's business objectives, there is no guarantee that these objectives will be achieved to the degree expected should the Chief Executive Officer no longer be employed by the Group.

The Group also faces the challenge of attracting developing and retaining the right calibre of staff. The failure of the Group to recruit and retain skilled employees could adversely impact its sales performance, increase its wage costs, and adversely affect the Group's business, results of operations and financial condition.

3.4.9 Litigation risk: Since the Group operates in an industry which involves the continuous provision of goods to customers and consumers, and such operation necessarily requires continuous interaction with suppliers, employees, and regulatory authorities, the AST Group is exposed to the risk of litigation from its customers, actual and potential partners, suppliers, employees and/or regulatory authorities. Although as stated in section 13, as far as the Directors are aware, the AST Group is not involved in any legal or arbitration proceedings, whether outstanding or threatened, which may have, or have had during 12 months preceding the date of this Company Admission Document, a significant effect on the Group's financial position or operational performance, no assurance can be given that disputes which could have such an effect will not arise in the future.

3.4.10 The Group may be exposed to risks relating to its insurance policies: Although the Group maintains insurance at levels determined to be appropriate in the light of the cost of cover and the risk profiles of the business in which the Group operates, there can be no assurance that its insurance coverage will be sufficient, or that insurance proceeds will be paid on a timely basis to the Group. In addition, the Group may not be able to recover the full amount from the insurer. No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates. As a result, any loss or disruption to any of the Group's operations may have a material adverse effect on the Group's business, results of operations and financial condition.

3.4.11 Highly leveraged capital structure: Following the Bond Issue the AST Group shall have a material amount of debt and may incur additional debt in connection with its future growth. As set out in further detail in section 8 of this Company Admission Document, the Group's gearing as at 31 December 2016 was 30% but is projected to increase to 63% by 31 December 2018, following the Bond Issue. Gearing is then projected to decrease as the retained earnings levels strengthen the shareholder equity base.

This represents a high level of gearing in the initial years, which gives rise to all the risks typically associated with highly leveraged capital structures. The principal risk in this respect is the fact that the debt service obligations resulting from such a capital structure will absorb a significant portion of cash generation. Should the Group not manage to achieve its projected operating results, this will adversely impact gearing levels. Adverse changes to the Group's projected cash flows will reduce the projected level of debt service cover and may, therefore, adversely affect the Issuer's ability to meet its debt service obligations.

3.4.12 Risks relating to taxation: The amount of taxation charged on the AST Group's activities is subject to changes in tax laws and their practical application.

3.5 Risks relating to the Group: Animal feed

3.5.1 Dependency on key customers and suppliers: The Group has established strong relationships with various parties, which has in turn resulted in a dependency on such parties. The Group has four suppliers, one for each of the products sold and two key customers. The Group therefore relies on the retention of these key business relationships and the loss of one or more of these key customers and/or suppliers, may have a material adverse effect on the Group's revenues.

- 3.5.2 Short-term contractual arrangements:** The Group does not have long-term or exclusive agreements with customers and therefore customers could, depending on overall supply available on the market, opt for the services of competitors. Likewise, the Group does not have any long term contracts with its suppliers, but typically purchases animal feed based on back-to-back agreements.
- 3.5.3 Inconsistent quality or contamination of the products sold:** The success of the Group depends upon the positive image that its customers have of its product offerings. A lack of consistency in the quality of, or contamination of the products sold whether occurring accidentally or through deliberate third party action, or a perceived issue with the quality of products purchased from its suppliers, could harm the integrity and reputation of both the Group and its customers, which would ultimately adversely affect the Group's sales, results of operations or cash flows. The amount of any costs, including fines or payment of damages, that the Group might incur in respect of any liability or perceived liability for contaminants in animal feed or incorrect labelling of animal feed, could substantially exceed any insurance coverage of the Group.
- 3.5.4 The Group operates in highly competitive markets. Substantial competition could significantly harm its financial performance:** The Group operates in a highly competitive market and this level of competition may increase, which may limit the future ability of the Group to maintain its market share and revenue level. The Group competes with international feed producers and distributors. Current and potential competitors may have longer operating histories, greater name recognition, and greater financial, technical, marketing and other resources than the Group. As the industry operates on thin margins, the Group competes on the basis of product range, cross-selling, pricing, product quality, distribution capabilities, logistics, reputation, and responsiveness to changing customer and consumer preferences and demand, with varying emphasis on these factors depending on the market segment and the product. The Group's revenue and market share could suffer if competitors' products perform well, or if competing products are offered at lower prices. Moreover, increasing competitive pressures may cause the Group to make certain pricing, service or marketing decisions that could have a material adverse effect on its revenues, costs, financial conditions and results of operations.

Furthermore, a decline in consumer demand in the Group's geographic and product markets could intensify competition in the regions in which it operates. Increased competition could also lead to downward pressure on prices, decrease in volume traded or a decline in the Group's market share. There can be no assurance that the Group will respond adequately to these multiple sources and be able to compete effectively with current or future competitors or that the competitive pressures will not have a material adverse effect on its businesses, results of operations and financial condition and the Issuer's ability to fulfil its obligations under the Bonds.

- 3.5.5 Consumer preferences and perceptions:** The industry in which the Group operates is affected by changes in consumer demands. The demand for products of the Group may decline due to a variety of factors that affect society's attitude towards the consumption of food, in particular the consumption of meat and fish. Consumers are increasingly conscious of their food choices, focusing on balanced nutritional values as well as assurance of quality. As a result, society has experienced a declining trend in meat consumption which is related to the rise in flexitarianism and vegetarianism and an increased demand for meat substitutes. These factors may have a negative impact on the number of animals of a particular species for which animal feed is required, which could

lead to a decline in the demand for products of the AST Group, which could negatively affect the Group's operations, earnings and financial position.

- 3.5.6 Animal diseases and the quantity of animals being bred:** The quantity of animals being bred is one of the determining factors in the size of the market for animal feed. This is influenced by various factors including prices of agricultural products, global trends, animal diseases and the costs of compliance with laws and regulations, including environmental laws and regulations. A decrease or increase in the quantity of animals being bred will most likely lead to a corresponding change in the demand for animal feed.
- 3.5.7 The animal feed business is seasonal with a significant dependence on the revenue and operating profit generated over the summer period:** The animal feed business, particularly fish meal, is cyclical in nature, with the bulk of the trade occurring in the second half of the year. Such cyclical nature may have a material financial impact on the Group, given that the Group would need to purchase significant amount of stock in the first half of the year to then trade in the second half of the year. As a result of this seasonality, results during any interim financial period cannot be used as an accurate indicator of the AST Group's annual results. Any factors negatively affecting the AST Group during the summer period, including product sourcing issues or unfavourable economic conditions, could have a disproportionately adverse effect on the Group's financial performance or results of operations for the entire year.
- 3.5.8 Increases in fuel, oil and energy prices:** Changes in prices of fuel and energy may cause the costs of transportation of products of the Group to rise, as well as by-products such as guar meal which is dependent on oil prices, to rise which may not be immediately passed on to customers through the increase of sales prices. During recent years, prices of fuel and energy have been relatively volatile. Price developments in fuel and energy may therefore negatively affect the Group's business, results of operations and financial condition.
- 3.5.9 Reliance on third parties for transportation:** The Group's business requires significant movement of the animal feed by ground and sea transportation. Such transport contractors operate beyond the Group's direct control. Any delays in delivery or poor handling by distributors may affect the sales and damage the reputation of the Group. Interruptions in the transportation of animal feed to the Group, which could occur for many reasons, such as but not limited to the access to or blocking of waterways, or the delivery of animal feed to customers, and poor handling of products in transit could interrupt the business, delay shipments to customers, cause losses, damage the Group's reputation, and have a material adverse effect on the Group's cash flows, results of operations and financial condition.
- 3.5.10 Changes in environmental laws and regulations and adherence to health and safety regulations:** Changes to environmental laws and regulations, labour regulations, worker safety and health and safety legislation at a European or national level, including but not limited to, changes to environmental laws and regulations and food safety laws and regulations which relate to production processes of the Group's suppliers or customers, may have an impact on the day to day management of the Group's operations, which may lead to increased costs and liabilities. Failure to comply can result in civil and/or criminal penalties being imposed, the suspension of permits, requirements to curtail or suspend operations and lawsuits by third parties.

3.6 Risks relating to the Group: Operation of the Vessel

- 3.6.1 No history in operating a vessel:** As set out in section 6.5 of this Company Admission Document, the proceeds of the Bond will partly be used to acquire the Vessel, which will primarily be used for the transportation of animal feed, with excess capacity chartered out to third parties. Although the Chief Executive Officer, identified in section 5.2 has experience in ship management companies, the Group has no history in operating a vessel. Moreover, there can be no assurance that the Group will be able to successfully charter out all the excess capacity. Consequently, should the shipping operations be unprofitable, this could have a material adverse effect on its business, results of operations and financial condition.
- 3.6.2 Failure to acquire the Vessel:** The Issuer makes reliance on the revenues that it expects to generate from the chartering of excess capacity on the Vessel, as well as the increased margins it will generate from operating the Vessel for own use rather than chartering out from third parties. If the Issuer is unable to acquire the Vessel this could itself have a material adverse impact on its business, results of operations and financial condition.
- 3.6.3 The operation of the Vessel is dependent on the Group's ability to hire and retain crew:** Should the Group not be able to recruit qualified crew members this could have a material adverse effect on its business, results of operations and financial condition.
- 3.6.4 The shipping business is a highly competitive market:** Given the lack of experience the Group has in this market, this may limit the Group's ability to operate. Current and potential competitors may have longer operating histories, greater name recognition, be larger in terms of revenue, volume and capacity, be able to achieve, maintain and exploit economies of scale and invest in technologically more advanced vessels and could thus offer more attractive schedules, services and rates than the Group. The competitive environment potentially threatens the generation of revenues and could prevent the Group from charging freight rates that are necessary for it to be profitable. These factors could have a material adverse effect on the Group's business, results of operations and financial condition.
- 3.6.5 Cyclical and volatile nature of the shipping industry:** Shipping is heavily dependent on the prevailing conditions in the world's economies. Fluctuations in the economic climate have an above-average effect on the shipping industry, which has historically has been cyclical and volatile. Freight rates are highly volatile, primarily due to variations in the demand for shipping services and the global supply of capacity. Demand is also influenced by, among other factors, global and regional economic growth, changes in seaborne and other transportation patterns, changes in weather patterns, environmental concerns, changes in fuel and lubricant prices and changes in the regulatory regimes affecting shipping. Imbalances of supply and demand as well as the cyclicity and volatility of the industry could have a material adverse effect on the Group's business, results of operations and financial condition.
- 3.6.6 Increases in crude oil and bunker fuel prices:** Crude oil prices have historically exhibited significant volatility in short periods of time and have recently been high by historical standards. Furthermore, crude oil prices are influenced by a host of economic and geopolitical factors beyond the Group's control, such as political instability, tensions in the Middle East, global terrorism, a long-term increase in global demand for oil and the economic development of emerging markets, China and India in particular. Given

that the cost of marine or bunker fuel is one of the major operating costs in running a vessel, an increase in crude oil and bunker fuel could materially and adversely impact the Group's business, results of operations and financial condition.

3.6.7 Chartering operations: The Group's charter operations depend on its ability to establish relationships with charterers, at attractive rates, in respect of which the Group will face substantial competition from its competitors and may be subject to factors beyond the control of the AST Group. Such competitors may have greater name recognition, larger customer bases and greater financial and other resources. In addition, charter rates (and short-term charter rates in particular) tend to fluctuate significantly in response to market participants' perceptions of supply and demand for the shipping markets. A decrease in charter rates could have a material adverse effect on the Group's business, results of operations and financial condition.

3.6.8 Risks inherent in the operation of a vessel: Operating a vessel carries inherent risks. These risks include the possibility of

- a) marine disaster;
- b) environmental accidents, including oil and hazardous substance spills;
- c) grounding, fire, explosions and collisions;
- d) cargo and property losses or damages;
- e) business interruptions caused by mechanical failure, human error, war, sabotage, terrorism, political uncertainty;
- f) adverse sea or weather conditions;
- g) work stoppages or other labour problems with staff serving on vessels and at ports, substantially all of whom are unionized or covered by collective bargaining agreements; and
- h) piracy and terrorism.

Any of the above occurrences could result in death or injury to persons, loss of property or environmental damages, delays in the delivery of cargo, loss of revenues from or termination of charter contracts, governmental fines, penalties or restrictions on conducting business, higher insurance rates, and damage to the Group's reputation and customer relationships generally.

Governments could requisition for title or hire, or seize the Vessel a period of war or emergency. Requisition for title occurs when a government takes control of a vessel and becomes her owner. Also, a government could requisition vessels for hire, effectively becoming her charterer at dictated charter rates.

Any of these circumstances or events could have a material adverse effect on the Group's business, results of operations and financial condition.

- 3.6.9 Repairs and maintenance and ageing of the Vessel:** Repairs and maintenance of the Vessel, and any other unexpected issues which may arise in this regard, may require significant capital expenditure and result in a loss of revenue while its vessels are in downtime, particularly given the ageing of the Vessel the cost of maintaining a vessel in good operating condition increases with the age of the vessel. Older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology. Insurance rates may increase with the age of a vessel, making older vessels more costly to operate and therefore less attractive to operators and charterers. This could have a material adverse effect on the business of the AST Group, its financial condition and the results of its operations.
- 3.6.10 Exposure to risks in relation to compliance with anti-corruption laws and regulations:** The Group's business entails numerous interactions with government authorities, including port authorities, health, safety, and environment authorities, labour and tax authorities and customs. Although once the Group acquires the Vessel it shall have strict procedures prohibiting its employees or persons associated with it from making unlawful payments to government officials, the Group cannot guarantee that such payments may not be made despite its procedures and without its approval. In such cases, payments may be deemed to have violated anti-corruption laws potentially applicable to the Group, exposing the Group to civil and criminal penalties as well as reputational damage that could have a material adverse effect on its business, results of operation and financial condition.
- 3.6.11 Adherence to laws and regulation:** The shipping industry is subject to a wide variety of international, national and local laws, regulations and agreements relating to shipping operations and changes to such laws and regulations could be enacted that may have an adverse impact on the AST Group's business, results of operations, financial condition or prospects.
- 3.6.12 Classification compliance costs:** Upon receipt of the Bond proceeds, and the successful purchase of the Vessel by the Group, the Group shall ensure that the Vessel is certified by an approved classification society. In order to maintain certification, the Vessel must undergo annual, intermediate and class-renewal surveys every five years. Should the Vessel not pass the certification, the Group would be unable to continue operating the Vessel and this could have a material adverse effect on its business, results of operations and financial condition.
- 3.6.13 The market value of the Vessel could fluctuate significantly, and the Group could incur a loss if the Vessel is sold:** The fair market value of vessels increases or decreases depending on a number of factors, including general economic and market conditions affecting the shipping industry, competition from other shipping companies, supply and demand for container ships, alternative modes of transportation, cost of newly-built vessels, governmental or other regulations, prevailing level of charter rates and technological advances. If the fair market value of the Vessel declines below its carrying value and such decline is other than temporary, the Group could be required to recognise an impairment charge or could incur a loss should it be sold.
- 3.6.14 Privileged Maritime Claims and Possessory Liens:** Under the provisions of the Merchant Shipping Act, certain debts specified therein are secured by a special privilege upon the relevant vessel, including:
- wages and expenses for assistance, recovery of salvage, and for pilotage;

- wages and other sums due to the master, officers and other members of the vessel's complement in respect of their employment on the vessel, including costs of repatriation and social insurance contributions payable on their behalf;
- moneys due to creditors for labour, work and repairs;
- tonnage dues;
- damages and interest due to another vessel or to her cargo in cases of collisions of vessels and
- damages and interest due to any seaman for death or personal injury and expenses attendant on the illness, hurt or injury of any seaman.

The potential risk associated with the privileged debts attaching to the Vessel arises out of the fact that the obligations under the Bonds are subordinated to these privileged debts. Consequently, in the event that there are insufficient funds to cover all the claims of the creditors of the AST Group, secured or otherwise, the Bondholders' claims would be subordinated to the claims over these privileged debts and the ability of the Issuer to fulfil its obligations under the Bonds may be materially adversely affected.

- viii. **Exercise of Mortgagee's Rights:** Under the provisions of the Merchant Shipping Act, in the event of default of any term or condition of a registered mortgage, or cross-default referred to therein, the mortgagee has the option, upon giving notice in writing to the mortgagor, to exercise the following rights: (i) to take possession of the vessel, or any share therein, in respect of which he is the mortgagee or (ii) to sell the ship, or any share therein, with respect to which he is registered as mortgagee (provided that where more than one person is registered as a mortgagee of the same vessel, this right of sale may only be exercised with the concurrence of every prior mortgagee or under the order of the competent court).

4 PERSONS RESPONSIBLE

This Company Admission Document includes information prepared in compliance with the Prospects Rules for the purpose of providing Bondholders with information about the Issuer. The Directors, whose names appear in section 5.1, hereunder accept responsibility for the information contained in the Company Admission Document and the accuracy thereof. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Company Admission Document is true and fair, and is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

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

5 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISORS AND AUDITORS OF THE ISSUER

This document includes information given in compliance with the Prospects Rules for the purpose of giving information with regards to the Issuer.

5.1 Board of Directors

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

Mr Giuseppe Muscat	Non-Executive Director and Chairman
Mr William Wait	Independent, non-Executive Director
Dr Luca Vella	Independent, non-Executive Director

All three Directors, serve on the Board of the Issuer in a non-executive capacity. Dr Luca Vella and Mr William Wait are considered as independent Directors since they are free of any business, family, or other relationship with the Issuer that could create a conflict of interest such as to impair their judgement.

The business address of the Directors is 35, Triq l-Imghazel, Swieqi SWQ3141, Malta.

The company secretary and compliance officer in terms of the Prospects Rules of the Issuer is Dr Martina Borg Stevens.

The following are the respective *curriculum vitae* of the Directors and other officers of the Issuer:

Mr Giuseppe Muscat

Non-executive Director and Chairman

Giuseppe Muscat is a certified public accountant and registered auditor. He is the managing director of the NM Group, a professional services firm founded in 1991. Giuseppe presently serves as a director in a number of companies based in Malta including NM Group Limited, Better Holding Limited, Hero Limited, Lottostarlet Limited, NMCS Limited, Tangomeet Limited, The Daily Fantasy Football Company Limited, Virtus Advisors Limited, Leopold Gaming Limited and Starbet Limited. He is also authorised to act as a Key Official by the Malta Gaming Authority. Giuseppe is also the founder and CEO of The PIPPO Foundation, a non-profit organisation.

Mr William Wait

Independent, non-executive Director

William Wait is warranted accountant. Prior to his appointment as chairman of Malta Enterprise in July 2016, he held various senior executive roles including deputy chairman of Malta Enterprise, executive chairman of Water Services Corporation, executive chairman of Projects Malta Limited, group director and deputy CEO of the Toly Group. William also chaired the investment and audit committee of Malta Enterprise and presently serves as a director in various Maltese and foreign companies including: Projects Plus Limited, Malta Life Sciences Centre Limited, Malta Digital Hub Limited, European Commercial, Water Solutions (ECWS) Limited, Acceleration Limited, DAGO International Ltd, Union Casting (Malta) Limited, M.B.T. Limited, Bloomtree Limited, Marlow Investments Limited, Sea Panther Shipping Limited, Toly Group International ApS, Neopack Enterprise Private Limited, Wilton Development Partnership, Monza Limited, Lucerne Investments Limited and Sha Tin Limited. William also serves Governor to the Lands Authority and Administrator to Mriehel Enterprise Zone Foundation and as company secretary to several companies.

Dr Luca Vella

Independent, non-executive Director

Luca Vella is a lawyer by profession. He was admitted to the Bar in January 2009 and has since been in private practice. He is currently a senior associate at the law firm GVZH Advocates, where he advises a number of leading commercial organisations both in the public and private sectors. Luca also heads the GVZH's capital markets division, having advised on numerous public company listings on the Malta Stock Exchange and private placements over recent years.

Dr Martina Borg Stevens

Company secretary and compliance officer

Martina Borg Stevens is a lawyer by profession. She joined GVZH Advocates as an associate in 2015 and focuses on Financial Services Regulation and Corporate and M&A law where she assists both local and overseas clients across a mixed spectrum of cross-border transactions.

5.2 Senior management of the AST Group

Emmanouil Kalamaras

Chief Executive Officer

Emmanouil Kalamaras has over 10 years' experience in ship management companies, having served as president and manager of a shipping company, which handled a fleet of bulkers, reefers and multipurpose vessels. In 2011, Emmanouil founded Damask Investment Limited, the Group's trading company which operates in raw materials for animal feed, and to date is still employed by Damask Investment Limited. Since then, he has been heavily involved in the day-to-day operations of the Group.

5.3 Advisors to the Issuer

Corporate Advisor and Reporting Accountant

Name: Grant Thornton

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



Placement Agent, Manager, Registrar and Escrow Agent

Name: Financial Planning Services Limited

Address: 4, Marina Court, Giuseppe Cali Street, Ta' Xbiex, XBX 1421, Malta



The organisations listed above have advised and assisted the Directors of the Issuer in the drafting and compilation of the Company Admission Document.

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

5.4 Auditor of the Issuer

Name: Silvio Muscat

Address: 63C, Flat 1, Birkirkara Road, St Julian's, STJ 1301, Malta

The financial statements of the Issuer for the financial years ended 31 December 2014, 2015 and 2016 and for the period ended 30 June 2017 have been audited by Silvio Muscat.

Silvio Muscat is a certified public accountant holding a practicing certificate to act as auditor in terms of the Accountancy Profession Act, 1979 (Cap. 281 of the Laws of Malta).

5.5 Security Trustee

Name: GVZH Trustees Limited

Address: 192 Old Bakery Street, Valletta, VLT1455, Malta

GVZH Trustees Limited are licensed trustees qualified to act as such under the Trusts and Trustees Act (Chapter 331 of the laws of Malta).

6 INFORMATION ABOUT THE ISSUER

6.1 Introduction

Full legal and commercial name of the Issuer:	AST Group p.l.c.
Registered address:	35, Triq l-Imghazel, Swieqi SWQ 3141
Place of registration and domicile:	Malta
Company registration number:	C 66811
Date of registration:	22 September 2014
Legal form:	The Issuer is lawfully existing and registered as a public limited company in terms of the Act
Telephone numbers:	+356 2137 2462
Email:	info@astgroupplc.com
Website:	www.astgroupplc.com

6.2 Principal activities of the Issuer

The Issuer was registered as AST Group Limited on 22 September 2014 in terms of the Companies Act, with company registration number C 66811. Subsequently, in on 14 October 2017, the Issuer was converted into a public limited liability company. The Issuer is domiciled in Malta, having its registered office at 35, Triq l-Imghazel, Swieqi SWQ3141. As at the date of the Company Admission Document, the Issuer has an authorised and issued share capital of €50,000, divided into 50,000 ordinary shares of €1 each, all fully paid up.

The principal objects of the Issuer relate to carrying on the business of a finance company and holding company. As a result, the business of the Issuer is to hold its shareholding in AST Shipping Limited, Damask Shipping Management Company Limited and Damask Investment Limited as well as raise finance for AST Shipping Limited and Damask Investment Limited. As a result, the issue of bonds falls within the objects of the Issuer, however, to date the Issuer has no track record in raising finance from capital markets.

The Issuer does not intend to undertake any trading activities itself apart from the raising of capital and the advancing thereof to its Subsidiaries, as and when required. Accordingly, the Issuer is economically dependent principally on the financial and operating performance of the business of Damask Investment Limited, AST Shipping Limited and Damask Shipping Management Company Limited. The principal activities and markets of Damask Investment Limited, AST Shipping Limited and Damask Shipping Management Company Limited are detailed in section 6.5.

The Issuer is managed by a Board of Directors (refer to section 5.1), which is entrusted with the overall direction, administration and management of the Issuer.

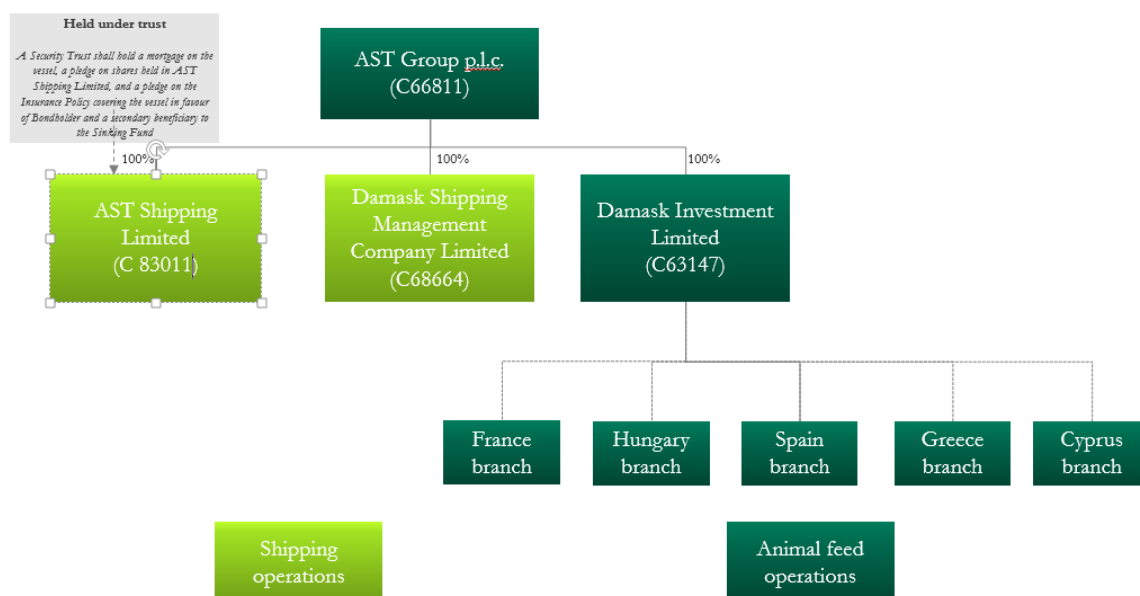
The Issuer has set up a website (www.astgroupplc.com) which includes an “Investor Information” section from which investors can obtain current information on the Company. This section shall include all electronic communications for all information required to be disclosed under the Rules and/or applicable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

6.3 Principal markets of the Issuer

The Issuer operates exclusively in and from Malta.

6.4 Organisational structure

The diagram below indicates the structure of AST Group as at the date of the Company Admission Document.



Sources: Malta registry of companies, Management information

6.5 Business overview of AST Group

In 2011, Damask Investment Inc., a company registered in Liberia with address at 80 Broad Street, Monrovia, Liberia commenced trading in roasted guar meal churi and roasted guar meal korma, through two branches set up in Greece and Cyprus. Subsequently, in May 2016, Damask Investment Inc was re-domiciled to Malta and continued its operations under Damask Investment Malta Limited (C 75659).

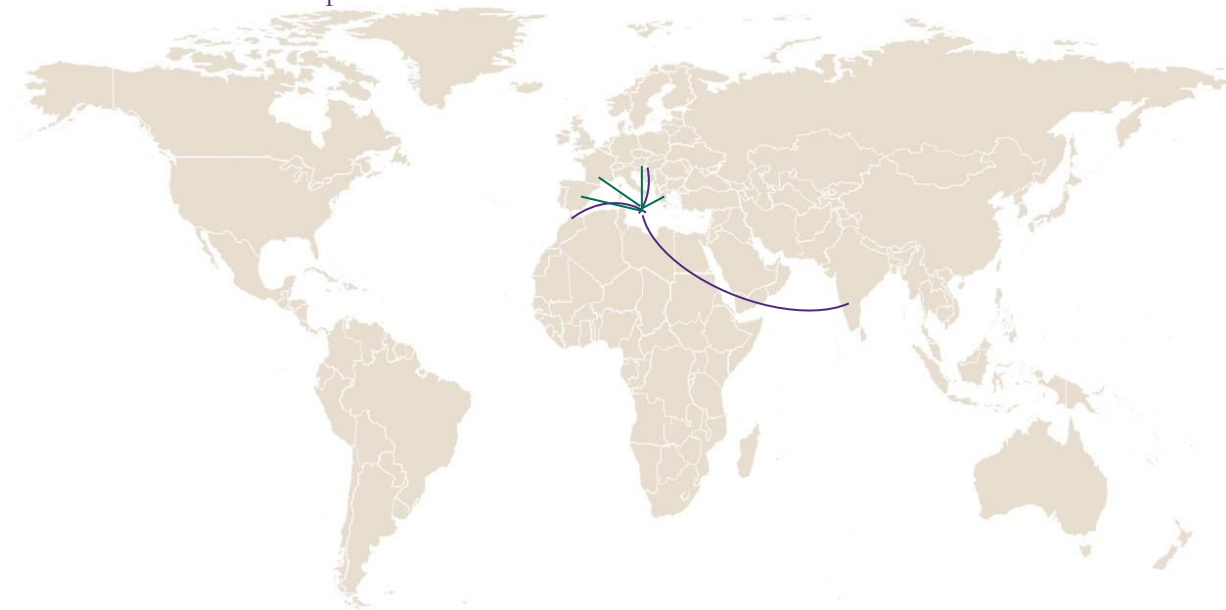
In December 2013, Damask Investment Limited, a company registered in Malta with company registration number C 63147, commenced trading in roasted guar meal korma and fish meal from Malta. In the following months Damask Investment Limited expanded its operations, both in terms of animal feed products traded as well as locations.

In September 2016, the process was initiated for Damask Investment Malta Limited to be merged into Damask Investment Limited, with the merger becoming effective as from 9 December 2016. Following this restructuring, all the branches trading in animal feed are owned and managed by Damask Investment Limited, and as at the date of this Company Admission Document, Damask Investment Limited operates branches in Greece, Cyprus, Hungary, Spain and France. The principal animal feed products which are traded by Damask Investment Limited are roasted guar meal korma, fish meal, DDGS and HiPro Sunflower meal, which are sourced from suppliers based in India, Morocco, Hungary and Bulgaria respectively. A detailed overview of these products is set out in section 6.5.1 below.

To date, the Group has distributed the animal feed either by land or by sea (through chartering of vessels), with the majority of purchases being ordered following a contracted sales order, hence limiting the volume of stock held by the Group. However, in order to have better control on the continuity of supply of its products, particularly due to the fact that fish meal is a seasonal product traded in the summer months and therefore a high level of inventory is required for the Damask Investment Limited to continue to expand its operations, Damask Investment Limited is setting up a logistics centre in Malta, situated close to the Malta Freeport Terminals. To this end, on 20 January 2017, Damask Investment Limited was provided with a licence to operate as a feed business (feed store) for a year in accordance with article 9 to Regulation (EC) No 183/2005, within the Malta Freeport Terminal, and therefore the company is authorised to store feeding stuffs produced in EU approved feed establishments (re: EU Regulation 183/2005) and imported feeding stuffs in compliance with EU Feed Law. This set-up will allow Damask Investment Limited to store animal feed and therefore, the warehouse, which is yet to be rented, will serve as a transshipment hub for Damask Investment Limited where raw materials sourced from suppliers may be stored in Malta, particularly due to the seasonality of the business.

It is the Group's intention to vertically integrate its operations and expand into the logistics business. As illustrated below, Malta is located along the trade route used by the Group, whereby it sources most of its animal feed from India, Africa, Hungary and Bulgaria and distributes them to its clients who are all based in Europe, in particular Greece, Cyprus, Hungary, Spain and France. Hence the Group chose Malta as a base for its logistics operations due to the island's strategic location in the middle of the Mediterranean Sea.

Trade routes of the Group



Source: Management information

To this end, in 2017, the Issuer set up two companies, AST Shipping Limited and Damask Shipping Management Company Limited, with the intention of setting up shipping operations. AST Shipping Limited, shall be purchasing a Vessel, through the Bond proceeds, whilst Damask Shipping Management Company Limited shall be managing the Vessel. AST Group has commenced negotiations with a prospective seller in relation to the acquisition of a multipurpose vessel, the acquisition of which will be subject to a positive outcome of an inspection carried out and raising the required funding. Should negotiations fall through, in carrying out its functions, the Board of Directors aims to focus its investment decisions on the acquisition of a multipurpose vessel with the following characteristics:

- c. 5,000-6,500 Dead Weight Tonnes;
- 100-150 metres in length;
- Less than 25 years since year of build;
- Grain/bale capacity of c. 255,000-280,000 cbft;
- the vessel is certified by an approved classification society.

Given that there are currently 10 second hand multipurpose vessels available on the market which fit the above-mentioned characteristics (excluding the multipurpose vessel which is currently in the process of negotiation by the Group), the Directors are confident that the Vessel will be acquired by the Group by 30 June 2018.

The Vessel shall be chartered out. Damask Investment Limited shall have right of first refusal to use the Vessel with any additional capacity being chartered out to third parties. The Vessel is expected to operate primarily within the Mediterranean region.

The Security Trustee shall hold on the AST Trust the following Security Rights in favour of Bondholders:

- a first priority mortgage on the Vessel in favour of the Security Trustee in its capacity as trustee of the AST Trust;
- a pledge by the Issuer of all of its shares held in AST Shipping Limited in favour of the Security Trustee in its capacity as trustee of the AST Trust; and
- the Insurance Policy pledged in favour of the Security Trustee in its capacity as trustee of the AST Trust; and

It is the Group's intention to primarily utilise the Vessel for the transportation of fish meal. AST Shipping Limited has entered into a letter of intent with one of Damask Investment Limited's suppliers, whereby this supplier would have a right of first refusal to utilise the Vessel in transferring its cargo from its factory in Morocco to Turkey. It is AST Group's intention to load its cargo together with the supplier's cargo from the supplier's factory in Morocco on the Vessel. AST Group would then distribute the cargo to its supplier's facility in Turkey, with a stop either in Malta to disembark the Group's cargo in its warehouse facility and/or Greece to distribute the cargo to the Group's customer in Greece. Alternatively, the Vessel would load cargo from the Group's warehouse facility and distribute them to a customer in Greece.

Consequently, the legs between Turkey and Morocco, as well as Greece and Malta are important routes which would need to be chartered out to third parties, as otherwise the return journey would not generate income. However, although initially the Vessel shall be used for the transportation of fish meal, it is the Group's intention to transport various types of animal feed between its suppliers and customers in order to maximise the use of the Vessel.

6.5.1 Animal feed products traded by the Group

Through its subsidiary Damask Investment Limited, the Group is involved in the distribution of four principal animal feed products: roasted guar meal korma, fish meal, DDGS and HiPro sunflower meal. Given that all products are high in protein, such products cannot make up more than 20% of the feed given to animals, however, the animal feed composition varies according to the type of animal.

- Roasted guar meal korma:** Guar meal is a completely natural product, made out of non-genetically modified organism and is free from salmonella, E.coli, aflatoxin and pesticides. As set out in the diagram below, in order to produce roasted guar meal korma, after extraction of the gum from the guar gum plant, guar meal is subjected to double heat treatment to increase the nutritional value of the protein and contributes to better absorption by animals. The guar seed is then processed into various forms, with guar meal being the main by-product of guar gum.

Guar meal process

Guar Gum powder is manufactured by mechanical extraction of endosperm (Galactomannan) from the guar seed



Guar gum plant cultivated in India and then dried

Processing of the guar seed into various forms by roasting, dehiscing, polishing and pulverising

Guar meal is then fed to animals

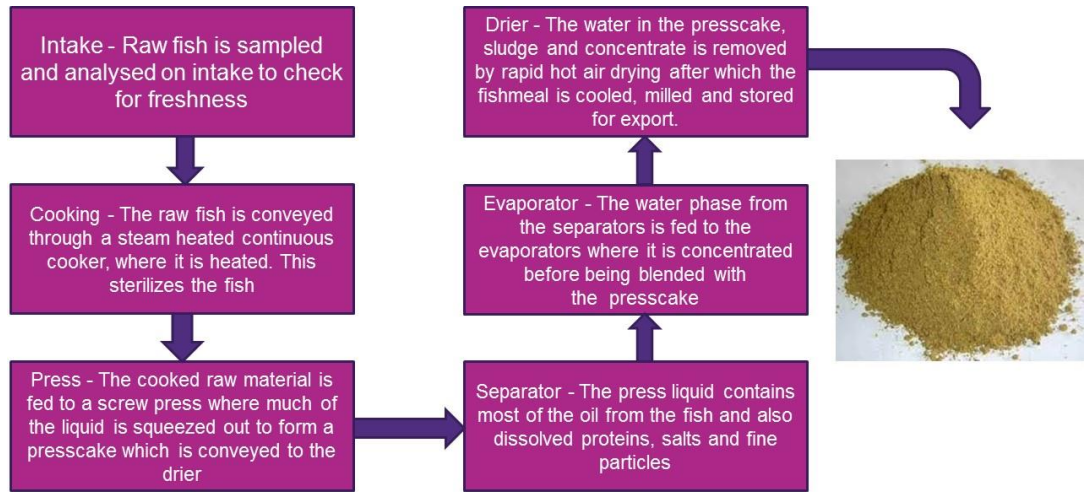
Source: <http://www.mgingredients.com/guargum/process.html>, Management information

Although various sources of guar meal can be supplied to customers, Damask Investment Limited trades in roasted guar meal korma (c. 50% to 60% protein). Having all the positive characteristics of a legume plant, guar meal is a high protein feed which can be used as a substitute in the production of final compound feed of other seeds such as soybean, gluten maize and high concentrate protein products (SPC) with guar meal typically costing 15-20% less than other products.

The guar gum plant is mainly cultivated in India, which contributes 80% of the global guar production. Natural conditions for the cultivation of the plant are favourable in India, with this being a primary reason why the country contributes so significantly to global production. Strong global demand for guar together with it being comparatively less expensive and labour intensive to grow while still yielding relatively high returns are amongst the reasons why guar production in India has increased significantly in recent years.

- Fish meal:** fish meal is composed of small marine fish and trimmings from the processing of fish. As fish meal is rich in protein, it is mainly used as a protein supplement in the animal feed. Its high protein value makes it ideal for farmed fish, however, it can also be used as part of the animal feed mixture given to poultry and pigs. Fish meal is completely natural and made of non-genetically modified organisms. Fish meal typically contains 60-72% protein, 10-20% ash and 5%-12% fat. The process undertaken to produce fish meal is depicted in the following diagram:

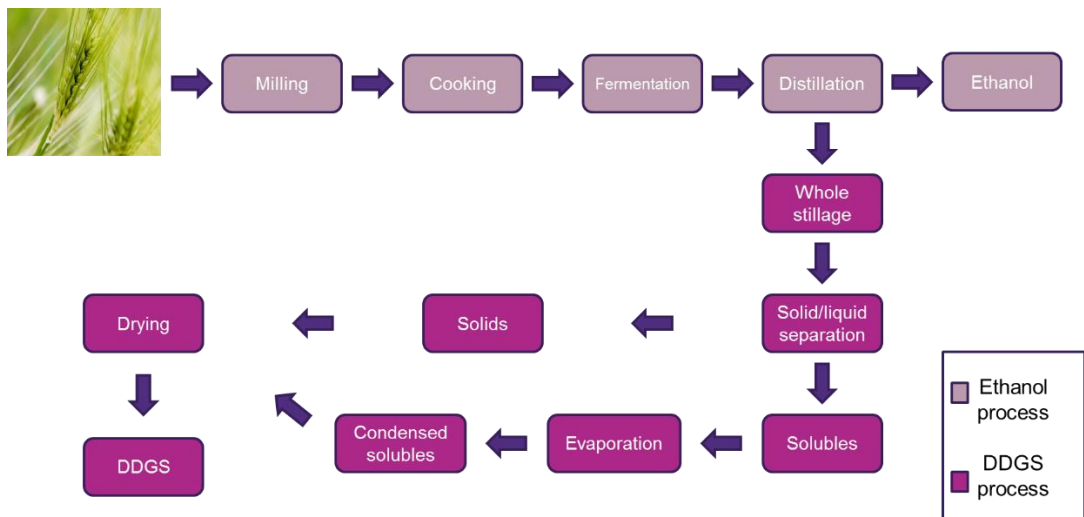
Fish meal process



Source: Arctander Vik, E. and Tomczak-Wandzel, R., *BAT in fish processing industry: Nordic perspective*, Copenhagen, Nordic Council of Ministers, 2015.

- **Distiller's Dried Grains and Soluble:** DDGS is a by-product of ethanol and in fact is obtained after ethanol is removed from corn following the fermentation process, as shown below.

DDGS process

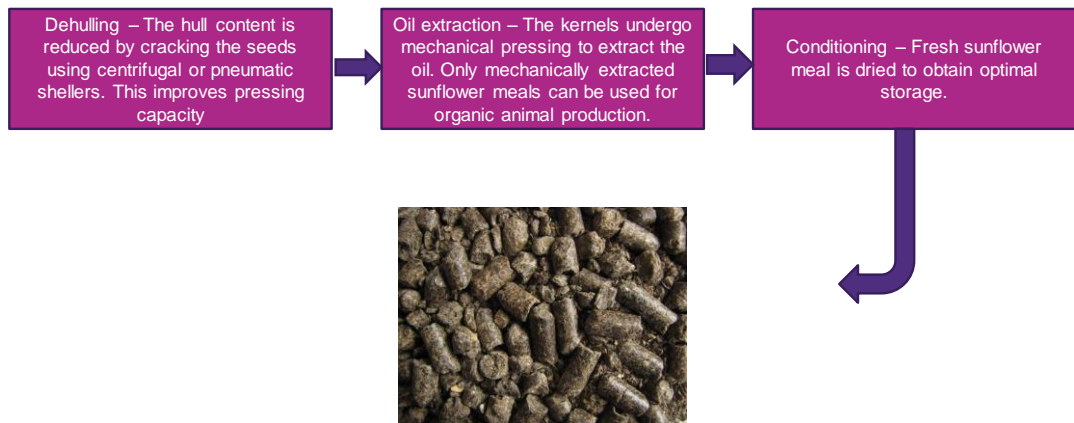


Source: [http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/agdex13760](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/agdex13760)

DDGS is a high energy additive with easy and high digestibility that improves the fermentation processes in the stomach and the absorption of feed for animals. DDGS is completely natural and made of non-genetically modified organisms.

- **HiPro Sunflower meal:** HiPro sunflower meal is a by-product of the sunflower oil extraction process. HiPro sunflower meal is a non-genetically modified product and can be considered suitable as a partial and/or full substitute of soybean meal and can be successfully used by swine, poultry, dairy, and aquaculture industries. The process undertaken to produce sunflower meal is depicted in the following diagram:

HiPro Sunflower meal process



Source: <http://ethesis.inp-toulouse.fr/archive/00000159/01/kartika.pdf>

6.5.2 Group dependencies

As the Issuer itself does not carry on any trading activities, the Issuer is economically dependent on the business prospects of its Subsidiaries. More specifically, the Issuer is dependent on the receipt of interest income from loans issued to AST Shipping Limited and Damask Investment Limited as mentioned in section 21.1 in relation to the Bond proceeds advanced by the Issuer to these companies, as well as dependent on the receipt of dividends from all subsidiary companies. It is the intention of the Issuer to advance the funds and such advances will be documented through a loan agreement entered into between the parties. In principle, the loan agreement shall provide that the funds will be advanced at agreed rates of interest, on an arms' length basis for a ten year duration which will be repaid in line with a repayment schedule.

6.5.3 Business development strategy

AST Group's business strategy focuses on achieving positive and sustainable financial results. In the execution of the Group's strategy, management aims to consistently provide high quality products and solutions to its customers, while developing and retaining strong relationships, principally through exclusivity agreements, with its key suppliers.

The Group's strategy focuses on complementing the animal feed operation with the setting up of a logistics operation and the shipping operation. Complementing the provision of consistently high quality animal feed products, with logistics operations will further enhance the Group's value chain. This will lead to the Group achieving its objective of increasing volumes of animal feed sold and improving occupancy levels on the Vessel to be acquired, as well as enhancing the Group's overall performance through higher margins. In fact, it is the Group's intention to develop further the animal feed business by introducing new products, cross-selling of its existing product lines, as well as expanding its distribution services from its hub in Malta into new territories throughout Europe. Therefore, whilst it is the Group's intention to acquire one multipurpose vessel from the Bond proceeds, should the volumes in animal feed continue to increase and necessitate an expansion in the Group's logistics operations, it is the Group's intention to acquire additional vessel/s in the future by raising further funds from the capital markets.

7 TREND INFORMATION AND FINANCIAL PERFORMANCE

7.1 Trend information of the Issuer

The Issuer is dependent on the business prospects of Damask Investment Limited, AST Shipping Limited and Damask Shipping Management Company Limited and therefore, the trend information of the Group companies (detailed below) has a material effect on its financial position and prospects. There has been no material adverse change in the prospects of the Issuer since the date of its latest published audited financial statements.

7.2 Trend information of the Group

The demand for AST Group’s animal feed products is largely dependent on animal production and consumption trends throughout Europe and the world. Animal feeds, in their various forms, have become very important to animal production around the world, particularly as different mixtures of ingredients can improve yields or quicken animal growth. Increased demand for meat, fish and other animal produce, such as milk, will result in an increase in overall demand for animal feed, including the products supplied by AST Group, given that the Group’s consumers breed various types of animals particularly focusing on beef, swine, poultry and aquaculture. A detailed trend analysis on consumer trends as well as animal feed trends is set out in section 7.2.1.

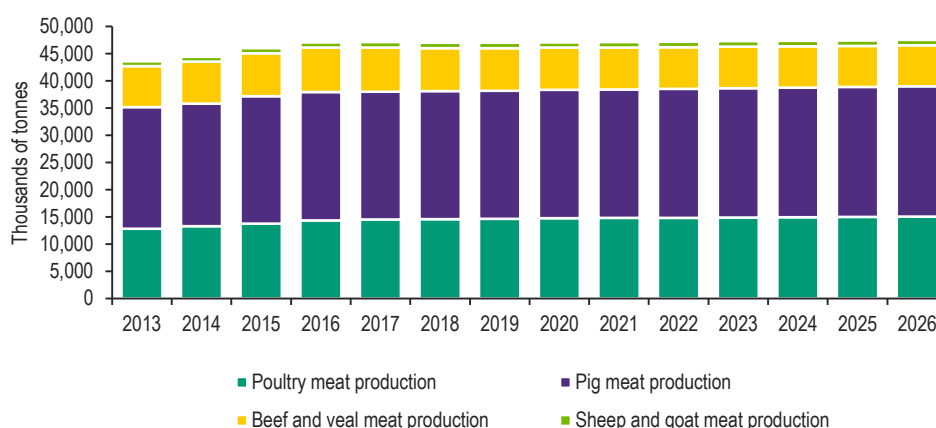
Strong demand for the Group’s products will necessitate an increase in shipping and logistics arrangements required to meet customers’ requirements. However, in addition to intra-group demand for shipping and logistics services, the Group will charter the Vessel to third parties, within the Mediterranean region, to cover empty legs. In this regard, as set out in section 7.2.2., Eurostat statistics illustrate that cargo volumes transported within the Mediterranean region have been on the increase over the past few years.

7.2.1 The animal feed operations

7.2.1.1 Consumer trends towards the consumption of meat, dairy and fish

Despite consumers being increasingly conscious of their food choices, focusing on balanced nutritional values and an overall rise in flexitarianism, vegetarianism and an increased demand for meat substitutes, according to the EU Agriculture Outlook for 2016-2026, world meat consumption is still expected to increase by 13.5%, or 42.6 million tonnes, between 2016 and 2026, representing a CAGR of 1.3%. As illustrated in the chart below, EU meat production is expected to increase from 45.8m tonnes in 2015 to 47.6 million tonnes in 2026, representing an increase of 3.9% over the ten year period, or a CAGR of 0.4%, principally driven by sustained demand in the EU. In addition, world population and income growth are expected to lead to an increase in the demand for meat, therefore contributing to higher EU meat exports.

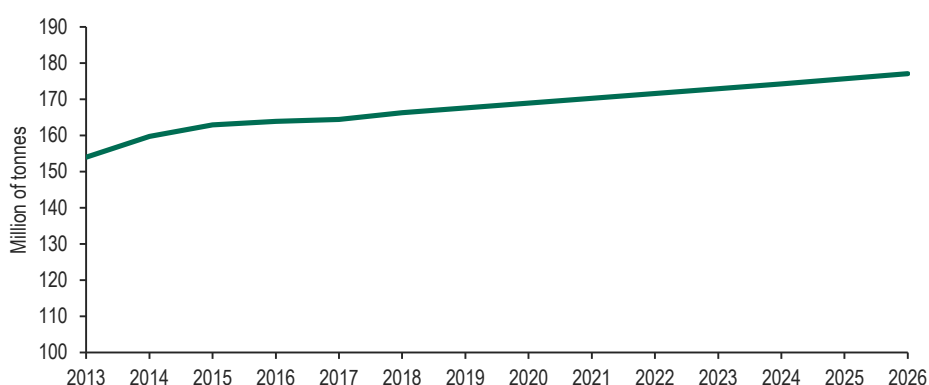
EU aggregate meat production by type of meat



Source: EU Commission, *EU Agricultural Outlook: Prospect for the EU agricultural markets and income 2016 to 2026*, EU, 2016.

As set out in the chart above, production of poultry is expected to be a main contributor to the growth in meat production in the EU, increasing from 13.8 million tonnes in 2015 to 15 million tonnes by 2026, representing an increase of 8.7% over the ten year period. Demand for poultry meat is being driven by a favourable domestic market in Europe together with strong worldwide import demand. Pig meat production is also expected to increase marginally, despite the environmental concerns, rising from 23.4 million tonnes in 2015 to 23.9 million tonnes by 2026. Conversely, despite an increase in beef production in the past few years, the production of beef is expected to decrease over the coming years, from 35.7 million tonnes in 2015 to 33.6 million tonnes in 2026, a decline of 5.9% over the ten year period.

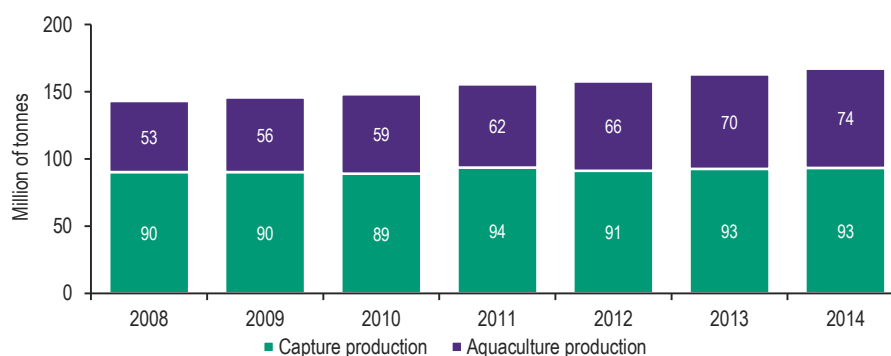
EU total cow milk production



Source: EU Commission, *EU Agricultural Outlook: Prospect for the EU agricultural markets and income 2016 to 2026*, EU, 2016.

Over the next 10 years, growth in dairy production, both on a global and EU scale, is expected to be more contained. As illustrated in the chart above, total cow milk production in the EU is expected to increase from 163 million tonnes in 2015 to 177 million tonnes in 2026, representing a CAGR of 0.76%. This growth is expected to be driven by a sustained increase in global demand, albeit at a slower pace than in the past decade. However, short-term differences between global supply and demand cannot be excluded and would contribute to price volatility, should these occur. The expiry of EU dairy quotas in 2015 together with the introduction of Russian import bans and a decrease in Chinese purchases are amongst the factors that have led to volatility in the dairy market in recent years. The EU is expected to become the leading world exporter of dairy products by 2026, just in front of New Zealand. Despite the expected increase in exports, by 2026 more than 85 % of the milk will still be consumed within Europe.

Global fish production



Source: Food and Agriculture Organisation of the United Nations, *The State of World Fisheries and Aquaculture: Contributing to food security and nutrition for all*, Rome, 2016

Global fish production totalled 167 million tonnes in 2014 and is expected to increase to c. 187 million tonnes by 2030, representing a CAGR of 0.7%, according to the Food and Agriculture Organisation of the United Nations and the World Bank. Over the past few years, growth in aquaculture production (more commonly referred to as fish farming) has been the main reason for the growth in the supply of fish for human consumption as capture fishery production (also referred to as open sea fishing) has remained relatively unchanged since the late 1980s. Of the total fish produced, c. 146 million tonnes (representing 87% of total fish production) were utilised for human consumption, whilst the remaining 21 million tonnes were used for non-food purposes, whereby 76% of the fish used for non-food products was subsequently reduced to fish meal and fish oil.

According to the State of World Fisheries and Aquaculture 2016 report, aquaculture production represented 26% of total fish consumption in 1994, however, due to the growth in fish farming in the past decades, it represented 44% of total fish consumption by 2014. This is expected to rise to c. 52% by 2025 as aquaculture remains the main contributor to growth in fish production. The growth in aquaculture has in turn led to a growth in animal feed, particularly an increase in fish meal, as well as growth in the global supply of fish for human consumption. In fact, the global supply of fish for human consumption has outpaced population growth in the past five decades, increasing at an average CAGR of 3.2% between 1961 and 2013, double the population growth. As a result, the average world per capita fish consumption increased from 9.9kg in the 1960s to c. 20kg by the mid-2010s.

The aquaculture industry is dependent on animal feed, particularly on fish meal supply, due to its unique nutritional properties. Consequently, fish meal is specifically used as feed for juvenile fish, salmonids and marine finfish, and crustaceans. The growth experienced in aquaculture production has led to an increase in the demand for fish meal.

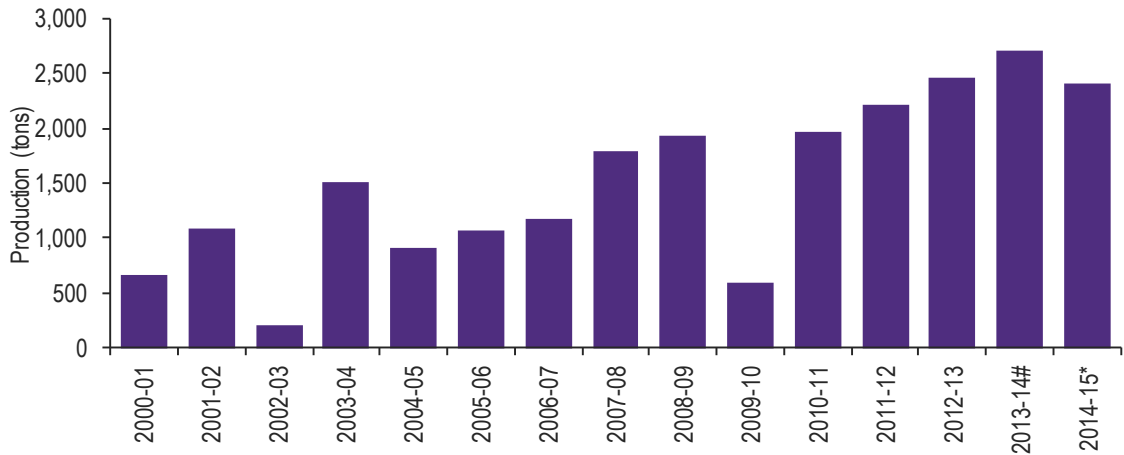
7.2.1.2 European market for animal feed

According to the EU Agriculture Outlook for 2016-2026, the increased poultry, pig meat and dairy production expected in the EU over the next decade, is expected to result in a 2.9% increase in the use of compound feed, from 263 million tonnes in 2015, to 270 million tonnes in 2026. In turn, the increased use of these animal feeds is expected to contribute to the growth in animal production over the same period. The increase in poultry production together with the push for higher productivity will necessitate an increase in the use of medium and high protein feeds as opposed to low protein feeds.

The growth in medium protein feeds is expected to be boosted by increases in roasted guar meal korma, DDGS and HiPro sunflower meal, as the nutrient-dense by-products of guar, ethanol and sunflower production respectively are fed to beef cattle, dairy cows, poultry, and fish around the world as part of their feeds.

In the case of guar, as illustrated below, the production in India has increased substantially over the last 15 years, increasing from around 600 tonnes in 2000-01 to an estimated 2,500 tonnes in 2014-15.

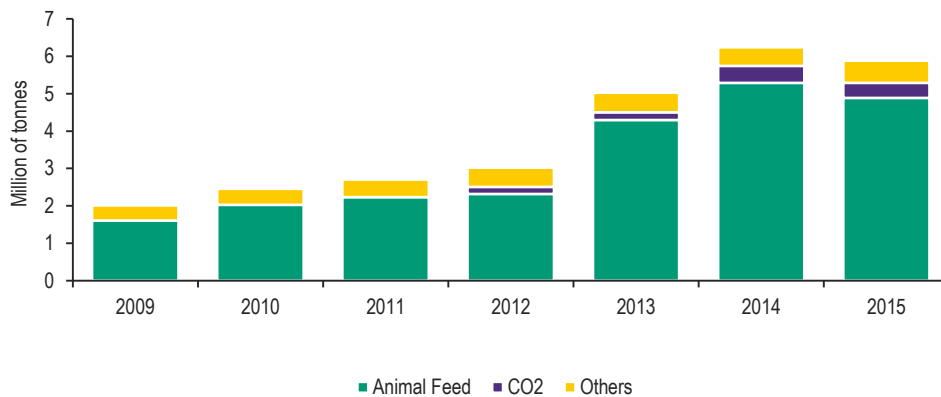
Production of guar in India



Notes: # Figures for 2013-14 at all India level are not available and hence rough estimates have been worked out on the basis of area and production in Rajasthan and its relative position in guar in India.
* Figures for 2015 are author's estimates
Sources: Ministry of Agriculture, GOIs

Likewise, the growth in ethanol production has also resulted in an increase in DDGS, as only the starch portion of the grain is converted into ethanol. In Europe, animal feed makes up the largest component of by-products from the renewable ethanol produced by the European renewable ethanol association (ePURE) members. In fact, as depicted in the chart below, of the 5.88 million tonnes of by-products produced in 2015, 4.89 million tonnes, or 83%, were used as animal feed.

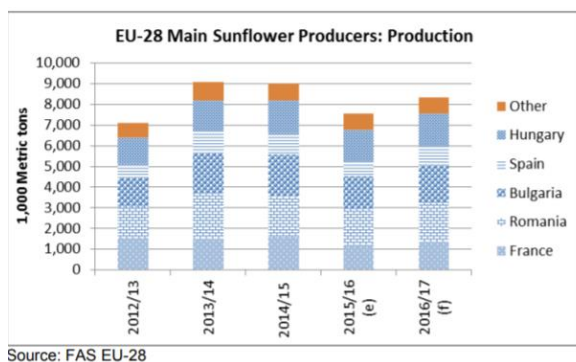
Co-products of European renewable ethanol production



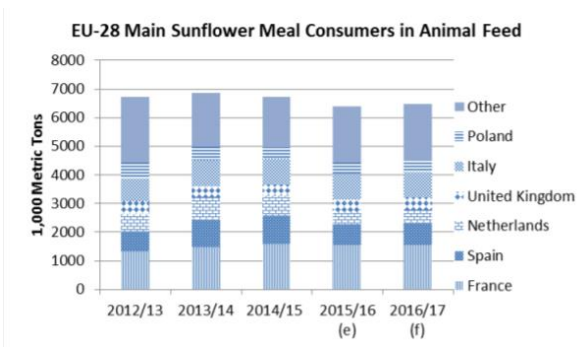
Source: ePure, Aggregate and audited data of ePure members (as published in the European renewable ethanol, 2015)

According to the EU-28 Oilseeds Annual 2016, the prospects for the sunflower seeds sector in 2016/17 in EU-28 are optimistic. Currently farmers plan to expand their planted areas by 1.7% and the growth in major producing countries (Spain, Romania and Bulgaria) will exceed slight declines in France, Hungary, and especially in Italy which expects the largest negative growth in the EU. Provided favourable weather conditions, the EU-28 is forecast to produce 9.2% more sunflower seeds compared to heat and drought hit supply in 2015/16.

Sunflower meal supply is forecast to restore in 2016/2017 increasing by 3.7% due to better crush but still to be below the levels achieved in 2014/15. However, this comes after several years of progressive growth in consumption of sunflower meal. Overall, sunflower meal use is forecast to recover by less than 2% reflecting better supply, however, the growth may be limited by soybean meal competition and generally stagnant feed use. Despite this, higher consumption is expected in Spain and Germany (6-7%), as well as in France, Romania, Hungary and the UK.



Source: FAS EU-28



Source: USDA Foreign Agricultural Service, Oilseeds and Products Annual, 2016

In addition, according to the Marine Ingredients Organisation, the global annual fish meal production is on average c. 5 million tonnes except in years when the fishing in the South Pacific is disrupted by the warm waters of an El Niño event. Around 800k tonnes of fish meal are used annually in animal feeds in Europe, with aquaculture accounting for over 60% of this. Within aquaculture, the majority of the fish meal is used for salmon and trout production (75%) and marine fish production (20%), largely based in the Mediterranean. According to the Federation of European Aquaculture Producers, in 2014 Europe produced 2.3 m tonnes of farmed finfish, of which over 95% were farmed fish fed on commercially manufactured diets containing fish meal at some level of incorporation.

In 2015/2016, according to EU statistics, pig production was the main use of animal feed in the EU, amounting to 90 million tonnes, followed by beef cattle (54 million tonnes) and broilers (53 million tonnes). The increase in pig and poultry production is expected to result in a growth in the use of soybean meal and maize as animal feed, or alternatively guar meal and/or HiPro sunflower meal, given that both these products may substitute of soybean. It is expected that the EU will need to import a substantial part of its higher protein content feeds, as European production is not expected to be sufficient to meet demand.

Consequently, as outlined above, the production of all animal feed products distributed by the Group has increased in the past decade and are expected to continue increasing going forward, given that the demand for fish, poultry, pigmeat and dairy is expected to increase in the next decade, as highlighted by EU Agriculture Outlook for 2016-2026.

7.2.2 Shipping operations

7.2.2.1 European market for transportation of cargo

As illustrated in the chart below, the volume of cargo transported via short sea shipping within the EU has recovered strongly after suffering a sharp drop as a result of the decrease in trade in the aftermath of the financial crisis in 2008. According to Eurostat statistics, after decreasing to a low of 552 million tonnes in 2011, the gross weight of goods transported to and from the main ports in the 28 EU Member States and ports in the Mediterranean basin increased to 598 million tonnes in 2015, rising to the annual volume of cargo transported prior to the financial crisis.

Volume of cargo transported to and from the main ports in the 28 EU Member States and ports in the Mediterranean basin



Source: Eurostat, *Short sea shipping: Gross weight of goods transported to/from main ports by sea region of partner ports, 2016*

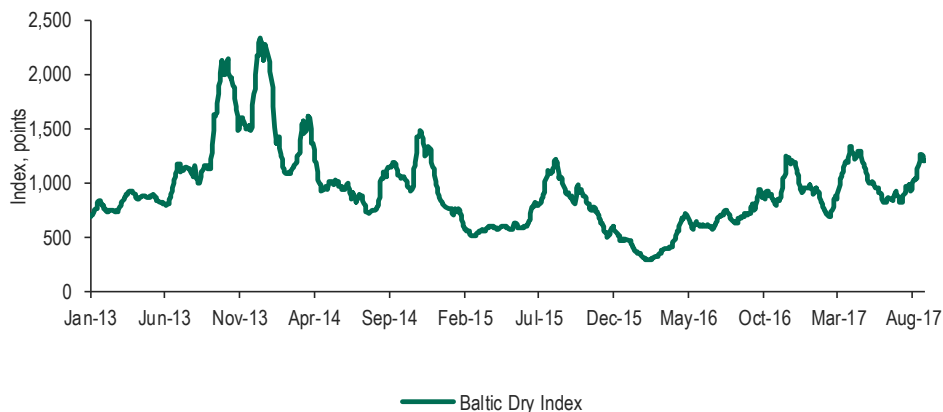
Cargo transported to and from ports in the Mediterranean basin represented one third of the total short sea shipping cargo volumes transported within the EU and bordering seas. The volume of cargo transported to and from Turkey to ports in the Mediterranean basin, an important route for the AST Group as highlighted in section 6.5, has also increased sharply between 2008 and 2015, with Eurostat statistics highlighting that the volume of cargo transported rose by 63% within this period, from 89 million tonnes in 2008 to 146 million tonnes in 2015.

The EU has a strategic interest in ensuring the continuous performance of short sea shipping, given that short sea shipping will enable the EU to reach its transport goal of shifting 30% of road freight over 300 km to other modes by 2030 as well as reducing 60% of greenhouse gas emissions generated by the transport industry by 2050. In this regard, amongst other priority areas, the European Commission is aiming to enhance the integration of short sea shipping in full logistics chains on the continent.

7.2.2.2 Ship charter rates

The Baltic Dry Index, an index which tracks the price of moving raw materials by sea, has recovered strongly during 2016 and 2017, after reaching a low of 290 points in February 2016. The fluctuations in the index have been brought about by growth in the world dry bulk fleet together with subdued world economic performance which has also impacted sea transport.

Baltic Dry Index



Source: Bloomberg, as extracted on 29 August 2017

According to opensea.pro, 2015 and 2016 have seen a significant increase in demolition activity of vessels, together with a decrease in the orders for new vessels. During January to July 2016, around 22 million Dead Weight Tonnes (DWT) of dry bulk vessels were scrapped, on course to reach full year scrappage levels of 30 million DWT registered in 2015. This is close to the full year demolition levels registered in 2013 (23 million DWT) and significantly higher than the full year level for 2014 (16 million DWT). Orders for new dry bulk vessels have also decreased significantly, and are estimated at around 15% of the active bulkers' fleet. This compares favourably to the order book seen between 2008 and 2013 which, at times, exceeded 25% of the active fleet and has led to significant over supply. As a result, growth in supply of dry bulk vessels is not expected to increase at the same pace as was the case in 2015, when supply increased by 15 million DWT.

8 HISTORICAL FINANCIAL INFORMATION

8.1 Financial information on the Issuer

The historical financial information of the Issuer is set out in the audited financial statements for each of the financial years ending 31 December 2014 to 2016 and for the period ended 30 June 2017, as audited by Silvio Muscat of 63C, Flat 1, Birkirkara Road, St Julian's, STJ 1301, Malta.

Given that in 2016, effective as from 9 December 2016, Damask Investment Malta Limited merged its operations into Damask Investment Limited, the audited consolidated financial statements for the years ended 31 December 2014 and 2015 were restated in the 31 December 2016 audited consolidated financial statements to account for the merger retrospectively.

There has not been any significant change in the financial or trading position of the Issuer, which has occurred from the date of its latest audited financial statements.

Section 8.1.2. to section 8.1.4 set out the consolidated audited financial statements for the financial years ended 31 December 2014 to 2016 and the projections for the financial years ending 31 December 2017 and 2018. Section 8.1.5. sets out the interim consolidated audited financial statements for the period ended 30 June 2017.

The projections assume that the Vessel is acquired by 30 June 2018, with operations commencing on 1 July 2018. The projections also assume that the Bond amount is of €2 million and will be fully utilised towards the multipurpose vessel. Interest on the Bond is assumed to commence as from 1 February 2018.

8.1.1 Income statement

Statement of comprehensive income for the year ending 31 December

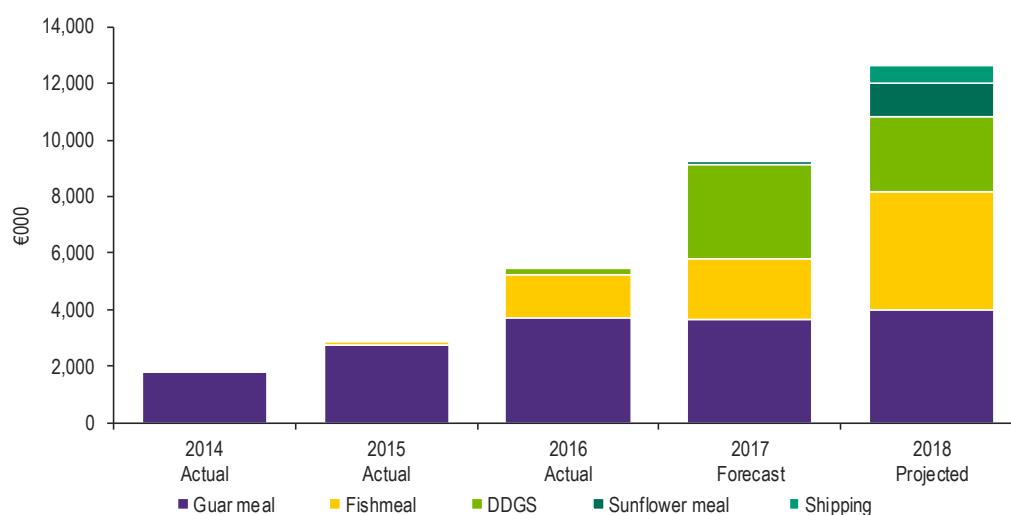
€000	2014 Actual	2015 Actual	2016 Actual	2017 Forecast	2018 Projected
Revenue	1,914	2,944	5,952	9,236	12,630
Cost of sales	(1,748)	(2,540)	(5,596)	(8,674)	(11,726)
Gross profit	166	404	356	562	904
Other income	1	2	38	-	-
Administrative, selling and distribution expenses	(118)	(143)	(237)	(285)	(402)
EBITDA	49	263	157	277	502
Depreciation and amortisation	-	(1)	(6)	(4)	(67)
EBIT	49	262	151	273	435
Net finance costs	(3)	(3)	(27)	(40)	(152)
Profit before tax	46	258	124	233	283
Tax for the year	(15)	(67)	(46)	(37)	(49)
Profit after tax	31	192	78	196	234
Key performance indicators					
Gross profit margin	9%	14%	6%	6%	7%
EBITDA margin	3%	9%	3%	3%	4%
Net profit margin	2%	7%	1%	2%	2%

Sources: AST Group p.l.c. audited financial statements for the years ended 31 December 2014, 2015 and 2016; and projections for the years ending 31 December 2017 and 2018

Turnover

AST Group's revenue has tripled over the past three financial years, from €1.9 million in FY2014 to €6.0 million in FY2016. The Group's revenue is expected to increase to €9.2 million in FY2017 and reach €12.6 million in FY2018.

AST Group revenue by product



Sources: Management information

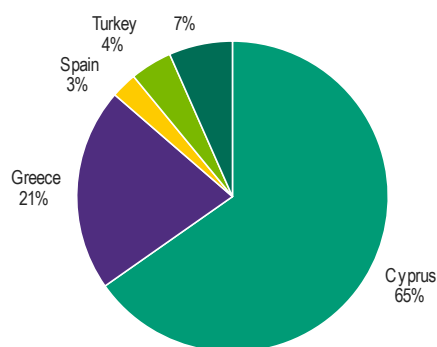
As illustrated in the chart above, the growth in AST Group's operations is principally due to the introduction of fish meal, DDGS and HiPro sunflower meal as well as an increase in the volume of animal feed sold, particularly from the distribution of fish meal and DDGS, two product lines which

were introduced by the Group in FY2016. The addition of the Group’s logistics business, including the setting up of warehousing facilities in Malta and the acquisition of the Vessel is integral to the Group’s growth plans, although the introduction of the Group’s shipping and logistics operations is expected to contribute €0.6 million or 5.0% of total revenue in FY2018. The logistics and shipping setup are required in order to provide the Group with better control over its supply chain and better access to customers, enabling them to offer an end-to-end service.

While revenue from the animal feed operations in FY2015 was dominated by the sale of guar meal, as explained above, the Group has successfully introduced two new products, fish meal and DDGS to its product portfolio in FY2016, and HiPro sunflower meal in FY2017. During FY2016, 62.6% of revenue was generated from the sale of guar meal while 25.4% of revenue was generated from the sale of fish meal, with the remaining 11.8% of revenue generated from other products. Although guar meal is expected to remain a key component of the animal feed operations between FY2017 and FY2018, the Group’s dependence on this product is expected to decrease given that fish meal will become the main contributor to revenue generated by the Group’s animal feed operations from FY2018 onwards. The growth in the sale of fish meal is principally due to the acquisition of the Vessel which will carry all the Group’s fish meal volumes, as well as the introduction of the Group’s warehouse facility in Malta. To this end, in January 2017 the Group was licensed to store animal by-products, including fish meal in the Malta Freeport Terminals.

During FY2016, the Group sold 7,142 tonnes of guar meal, 1,093 tonnes of fish meal and 724 tonnes of DDGS. The volume of guar meal sold in FY2017 is projected to total 6,500 tonnes, the reduction principally due to an increase in freight costs, which resulted in a decrease in consumer demand. As volumes picked up in the second half of FY2017, the expected volume of guar meal to be sold in FY2018 is expected to equate the volume sold in FY2016. The volume of fish meal, DDGS and HiPro sunflower meal are projected to total 1,700 tonnes, 15,000 tonnes and 300 tonnes respectively in FY2017, and are expected to total 3,250 tonnes, 12,000 tonnes and 3,000 tonnes respectively in FY2018. The projected sales of FY2017 has all been contracted at the date of the Company Admission Document with the exception of 400 tonnes of guar meal and 76 tonnes of HiPro sunflower meal. 750 tonnes of fish meal (representing 23% of projected tonnage) have also been contracted for FY2018 as at the date of the Company Admission Document.

The following chart sets out the contracted volume for FY2017, by customer’s country of operation. As illustrated below, the AST Group has a dependency on the Cypriot and Greek markets, given that 86% of the Group’s revenue was ultimately purchased by customers operating in these markets.



Sources: Management information

As explained in section 6.5, Damask Investment Limited shall have right of first refusal to use the Vessel with any additional capacity being chartered out to third parties, hence, third party chartering shall represent a new revenue stream for the Group. Revenue from this activity is expected to commence as from 1 July 2018 and total €0.6 million in FY2018. In addition to third party chartering, the Vessel will enable the Group to earn higher margins as a result of the relatively lower cost of owning and operating a multipurpose vessel as opposed to paying a third party operator to transport the goods. By chartering the Vessel out during the return journey from source to destination, the Group would be able to increase both its revenue as well as lower its transportation cost. The Vessel will also give the Group the ability to be more reactive to the demands of its customers.

Cost of sales

Cost of sales primarily comprise the purchase of animal feed. However, the introduction of the shipping operations shall result in additional operating expenses such as crew costs, brokerage costs, insurance costs, bunkering and maintenance of the Vessel. Gross profit margin decreased from 9% in FY2014 to 6% in FY2016 and January to June 2017. This decrease was primarily due to an increase in volumes traded which resulted in a drop in margins, spread of business to countries outside of Greece which command lower margins, higher freight costs as well as unfavourable USD-EUR exchange rate movements. Gross profit margin is expected to remain 6% in FY2017 and increase to 7% as from FY2018 as the addition of the shipping and logistics operations will enable the Group to register improved profitability, as a result of incurring lower transportation costs, even when taking into consideration the operational costs of owning, managing and chartering the Vessel to be acquired. Given the fact that the Group is subject to exchange differences, management has put in place a risk management programme which seeks to minimise the potential adverse effects on the Group's financial performance. The finance department identifies, evaluates and hedges financial risks in close co-operation with the Group's business units.

Administrative, selling and distribution expenses

As the Group's operations are expected to grow substantially as from mid-2018, an increase in overhead expenses will be required in order to support this growth. Consequently, administrative, selling and distribution expenses are expected to increase from €237k in FY2016 to €402k in FY2018. The increase in administrative, selling and distribution expenses is principally due to the introduction of additional staff members; renting of a new warehouse and offices; accounting, professional and legal fees; ongoing bond issue costs; travelling expenses and motor vehicle expenses. As a result, EBITDA is expected to increase from €157k in FY2016 to €502k in FY2018, reflecting the expected growth in the Group's operations.

Depreciation and amortisation

Depreciation and amortisation cost is projected to total €67k in FY2018 and stabilise at €125k as from FY2019 onwards. Depreciation and amortisation cost principally includes the depreciation on the Vessel and the amortisation of bond issue costs.

Finance costs

Historically finance costs included interest on bank factoring. Going forward, AST Group's finance costs are expected to consist of interest on bank factoring as well as interest on the Bond, and are expected to total €152k in FY2018. As from FY2020, the Group will be contributing towards the

Sinking Fund, which is expected to generate interest income. The interest on the Bond is assumed to commence on 1 February 2018.

The AST Group's profit after tax is expected to improve from €78k in FY2016 to €219k in FY2018. Continuous profits are expected to be generated as a result of the growth expected over the next few years. The AST Group shall not be distributing any dividends to its shareholders in the first three years of the Bond.

8.1.2 Statement of financial position

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Consolidated statement of financial position as at 31 December

€000	2014 Actual	2015 Actual	2016 Actual	2017 Forecast	2018 Projected
ASSETS					
Non-current assets					
Property, plant and equipment	-	-	4	-	1,843
Other assets	-	-	14	-	90
	-	-	18	-	1,933
Current assets					
Inventory	37	315	415	787	1,395
Trade and other receivables	496	860	2,170	3,079	4,001
Cash and cash equivalents	147	172	335	281	240
	680	1,347	2,920	4,147	5,636
Total assets	680	1,347	2,938	4,147	7,569
EQUITY AND LIABILITIES					
Equity					
Share capital	0	0	0	50	50
General purpose reserve	222	222	312	582	582
Other reserves	151	151	160	160	160
Retained earnings	115	307	385	582	815
Shareholder's loans	32	32	32	62	62
Total equity	520	712	889	1,436	1,669
Non-current liabilities					
Borrowings	-	-	-	-	2,000
	-	-	-	-	2,000
Current liabilities					
Borrowings	61	90	711	638	1,053
Trade and other payables	65	533	1,271	2,036	2,797
Taxation	34	12	67	37	50
	160	635	2,049	2,711	3,900
Total liabilities	160	635	2,049	2,711	5,900
Total equity and liabilities	680	1,347	2,938	4,147	7,569
KPIs					
<i>Gearing (net debt/net debt+equity)</i>	-	-	30%	20%	63%

Sources: AST Group p.l.c. audited financial statements for the years ended 31 December 2014, 2015 and 2016; and projections for the years ending 31 December 2017 and 2018

The AST Group's financial position is expected to strengthen as a result of the growth expected from FY2017 onwards. Non-current assets are expected to increase to €1.8 million as at 31 December 2018, following the acquisition of the Vessel. The projections assume that the Vessel shall be acquired for

€1.9 million. A first priority mortgage will be registered over the Vessel in favour of the Security Trust, having the Bondholders as primary beneficiaries. The mortgage shall subsist throughout the term of the Bond, subject to the terms of the AST Trust.

Current assets, which primarily consist of trade receivables, inventory and cash and cash equivalents are expected to increase in line with the growth in sales. Trade and other receivables are projected to increase from €2.2 million as at 31 December 2016 to €4.0 million as at 31 December 2018, with receivable days projected at four months of total revenue, given that although debtors typically settle their invoices within 90 days, goods take around 30 days to reach customers, and therefore total receivables as at 31 December 2016 were c. four months. Inventory is also expected to increase, as the growth in sales necessitates higher inventory levels.

Trade payables are expected to increase from €1.3 million as at 31 December 2016 to €2.6 million as at 31 December 2018, in line with the growth in sales, with payable days expected to remain at three months. Other trade payables are expected to total €150k as at 31 December 2018 and shall include accrued bond interest and build-up reserve for the Vessel's periodic dry docking and special survey.

As at 31 December 2016 the Group had short term bank borrowings of €631k arising on factoring of trade receivables and third party borrowings of €80k. The latter borrowings were subsequently repaid in FY2017 and injected into the Group as a shareholders' loan. Moreover, bank borrowings decreased to €224k as at 30 June 2017. The Group's borrowings are expected to amount to €3.1 million as at 31 December 2018, consisting of a €2 million Bond issue and €1.1 million bank borrowings. The projections assume that the factoring facility currently in place shall increase to €2 million (currently limit is set at €1 million), given that the projections exclude the Over-Allotment Option. As a result, the Group's gearing is expected to peak at 63% as at 31 December 2018, decreasing steadily thereafter. Given that all shareholders' loans are interest free, with no repayment date and payable at the discretion of the borrower, such loans have been classified as equity rather than as debt.

8.1.3 Statement of cash flow

Consolidated statement of cash flows for the year ending 31 December

€000	2014 Actual	2015 Actual	2016 Actual	2017 Forecast	2018 Projected
Cash flows from operating activities					
EBITDA	49	263	157	277	502
Adjustments	-	-	(8)	-	49
Operating profit before working capital changes	49	263	149	277	551
Working capital adjustments:					
Changes in inventories	30	(278)	(101)	(372)	(607)
Changes in receivables	221	(364)	(1,311)	(909)	(923)
Changes in payables	(398)	468	732	765	611
Cash (used in) / generated from operating activities	(98)	89	(531)	(239)	(368)
Tax paid	(32)	(89)	(5)	(53)	(37)
Interest paid	(3)	(3)	(21)	(40)	(51)
Net cash used in operating activities	(133)	(3)	(557)	(332)	(456)
Cash flows from investing activities					
Payments to acquire property, plant and equipment	-	(1)	(9)	-	(1,900)
Proceeds from disposal of assets	-	-	8	-	-
Net cash flows used in investing activities	-	(1)	(1)	-	(1,900)
Cash flows from financing activities					
Issue of equity	0	-	-	270	-
Proceeds from shareholder's loans	37	0	(0)	-	-
Bond proceeds	-	-	-	-	2,000
Payment of issue costs	-	-	-	-	(100)
Bank drawdown and repayment of borrowings	14	29	721	8	415
Net cash flows generated from financing activities	51	29	721	278	2,315
Net movement in cash and cash equivalents	(82)	25	163	(54)	(41)
Cash and cash equivalents at the beginning of year	229	147	172	335	281
Cash and cash equivalents at the end of year	147	172	335	281	240

Sources: AST Group p.l.c. audited financial statements for the years ended 31 December 2014, 2015 and 2016; and projections for the years ending 31 December 2017 and 2018

Between FY2013 and FY2016, AST Group invested significantly in its working capital requirements, as a result of the growth experienced in its operations. As a result, cash used in operations increased from €133k in FY2014 to €557k in FY2016. The additional profits expected to be generated in FY2017 and FY2018 are expected to cover the additional increase in working capital requirements, with cash used in operations expected to remain total €456k in FY2018.

Following the Bond Issue during FY2017, the Group is expected to acquire a €1.9 million Vessel which will be used as part of the Group's shipping and logistics operations.

As from FY2020, the Group will gradually transfer part of its cash balance towards the Sinking Fund, in preparation for the redemption of the bond in FY2028.

8.2 Capital resources

The following table sets out the capitalisation and indebtedness of the Group as at 30 June 2017 and the estimate after reflecting the issue of the Bonds:

Capitalisation and indebtedness of the Group as at 30 June 2017

	€000
Bank and other borrowings	224
Less: cash and cash equivalents	(263)
Net third party debt as at 30 June 2017	(39)
Funding:	
Bond issue	2000
Less: refinancing of existing facilities	(224)
	1737
Equity	
Equity as at 30 June 2017	1288
Add: Equity injection in Q3 2017	50
	1338
Gearing ratio after bond issue (net debt/net debt + equity)	56%

Sources: AST Group p.l.c. audited financial statements for the period ending 30 June 2017 and management information

Gearing was calculated as net debt after bond issue divided by the aggregate equity and net third party debt.

8.3 Issuer interim financial results

8.3.1 Statement of comprehensive income

Statement of comprehensive income for the year ending 30 June

€000	June 2016	June 2017
Revenue	1,899	3,494
Cost of sales	(1,760)	(3,260)
Gross Profit	139	234
Other Income	8	1
Administrative, selling and distribution expenses	(77)	(135)
EBITDA	70	100
Depreciation and amortisation	-	-
EBIT	70	100
Net finance costs	(2)	(15)
Profit before tax	68	85
Tax for the year	(34)	(36)
Profit after tax	34	49

Sources: AST Group p.l.c. audited financial statements for the period ended 30 June 2017

8.3.2 Statement of financial position

Statement of financial position as at 30 June

€000	31 December 2016	30 June 2017
ASSETS		
<i>Non current assets</i>		
Property, plant and equipment	4	9
Deferred tax	14	12
Total non current assets	18	21
<i>Current assets</i>		
Inventories	415	1,306
Trade and other receivables	2,170	1,527
Cash and cash equivalents	335	263
Total current assets	2,920	3,096
Total assets	2,938	3,117
EQUITY AND LIABILITIES		
Equity		
Share capital	0	0
Other reserves	312	160
General purpose reserve	160	582
Retained earnings	385	434
Shareholder's loan	32	112
Total equity	889	1,288
Liabilities		
Bank borrowing	711	224
Trade and other payables	1,271	1,542
Taxation	67	63
Total liabilities	2,049	1,829
Total equity and liabilities	2,938	3,117

Sources: AST Group p.l.c. audited financial statements for the period ended 30 June 2017

8.3.3 Statement of cash flows

Statement of cash flows as at 30 June

€000	June 2016	June 2017
Net cash (used in)/ generated from operating activities	(153)	70
Net cash flows generated from/ (used in) investing activities	5	(5)
Net cash flows generated from/ (used in) financing activities	14	(137)
Net movement in cash and cash equivalents	(134)	(72)
Cash and cash equivalents at the beginning of period	172	335
Cash and cash equivalents at the end of period	38	263

Sources: AST Group p.l.c. audited financial statements for the period ended 30 June 2017

9 MANAGEMENT AND ADMINISTRATION

9.1 The Board of Directors

The Memorandum of Association of the Issuer provides that, without prejudice to those matters which are reserved to be exercised by shareholders in general meeting, the affairs of the Issuer shall be managed and administered by a Board of Directors to be composed of not less than three (3) and not more than six (6) Directors, who are appointed by the shareholders, subject to the Articles of Association of the Issuer, the Act, and to such regulations, being not inconsistent with the Articles of Association of the Issuer or the Act, as may be prescribed by the general meeting of the shareholders.

The Issuer is currently managed by a Board of three (3) Directors, who are responsible for the overall direction and management of the Company.

As at the date of the Company Admission Document, the Board of the Issuer is composed of the individuals listed in section 5.1 of this Company Admission Document. In line with generally accepted principles of sound corporate governance, at least one (1) of the Directors shall be a person independent of the Group.

None of the Directors have been:

- a) convicted in relation to fraud or fraudulent conduct in the last five (5) 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 (5) years.

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

9.2 Non-Executive Directors

The Non-Executive Directors' main functions are to monitor the operations of senior management officials of the AST Group, and their performance, as well as to review any proposals tabled by the senior management.

The Non-Executive Directors are Mr Giuseppe Muscat, Dr Luca Vella and Mr William Wait.

9.3 Directors' service contracts

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

All Directors may be removed from their posts of director by ordinary resolution of the shareholders in general meeting.

9.4 Conflict of interest

Mr Giuseppe Muscat in his role as managing director of the NM Group, provides accounting services to AST Group.

Mr Giuseppe Muscat and Dr Luca Vella, in addition to sitting on the Board of Directors of the Issuer, also act as directors of AST Shipping Limited.

In light of the foregoing, such Directors are susceptible to conflicts between the potentially diverging interest of the Issuer and AST Shipping Limited, in transactions entered into, or proposed to be entered into, between them. The Audit Committee of the Issuer has the task of ensuring that any potential conflicts of interest that may arise at any moment pursuant to these different roles held by Directors are handled in the best interest of the Issuer, Damask Investment Limited, AST Shipping Limited and Damask Management Shipping Company Limited and the AST Group, and according to law. The fact that the Audit Committee is constituted solely of Non-Executive Directors (vide composition of the Audit Committee further below in section 11.1), and that the chairman of the Audit Committee does not hold any other directorships within the AST Group, provides an effective measure to ensure that transactions vetted by the Audit Committee are determined on an arm's length basis.

Additionally, the Audit Committee has, pursuant to the relative terms of reference, been granted express powers to be given access to the financial position of the Issuer, Damask Investment Limited, AST Shipping Limited and Damask Management Shipping Company Limited. To this effect, the Issuer, Damask Investment Limited, AST Shipping Limited and Damask Management Shipping Company Limited are to submit to the Audit Committee quarterly accounts, as well as comparisons of actuals against projections.

To the extent known or potentially known to the Issuer as at the date of the Company Admission Document, there are no other potential conflicts of interest between any duties of the Directors of the Issuer and their private interests and/or their other duties which require disclosure in terms of the Prospects Rules.

9.5 Loans to Directors

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

9.6 Removal of Directors

The present directors shall remain in office until they resign or are removed at any time by the shareholders.

9.7 Powers of Directors

By virtue of the provisions of the Articles of Association of the Issuer, the Directors are empowered to transact all business which is not by the Articles expressly reserved for the shareholders in general meeting. The powers of the Directors are better described in section 14.1.6 below.

The Non-Executive directors' main functions are to monitor the Group operations as well as ensure that the interests of the Bondholders are upheld at all times.

9.8 Aggregate emoluments of Directors

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

The remuneration of Directors is a fixed amount per annum and does not include any variable component relating to profit sharing, share options or pension benefits.

For the financial year ending on the 31 December 2017 it is expected that the Issuer will pay an aggregate of €3,000 to its Directors.

9.9 Employees

The Issuer does not have any employees of its own and is, therefore, reliant on its Subsidiaries for administrative support.

9.10 Working capital

As at the date of the Company Admission Document, the directors of the Issuer are of the opinion that the working capital available to the Issuer is sufficient for the attainment of its objects and the carrying out of its business for the next twelve (12) months of operations.

10 MAJOR SHAREHOLDERS

10.1 Major shareholders of the Issuer

The Issuer has an authorised and issued share capital of €50,000 divided into 50,000 ordinary shares of a nominal value of €1 each which are subscribed to and allotted as fully paid shares, as follows:

Name of shareholder	Number of shares held
Emmanouil Kalamaras	47,425
Georgios Benos	2,575

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

11 BOARD COMMITTEES

11.1 Audit Committee

The terms of reference of the Audit Committee of the Issuer consist of *inter alia* its support to the Board of the Issuer and the board of directors of the Group Companies in their responsibilities in dealing with issues of risk, control and governance, and associated assurance. The Board has set formal rules of engagement and the terms of reference of the Audit Committee that establish its composition, role and function, the parameters of its remit, as well as the basis for the processes that it is required to comply with. The Audit Committee, which meets at least once every three months, is a sub-committee

of the Board and is directly responsible and accountable to the Board. The Board reserves the right to change the Committee's terms of reference from time to time.

The terms of reference of the Audit Committee have been formally set out in a separate charter. Briefly, the Audit Committee is expected to deal with and advise the Board on:

- a) its monitoring responsibility over the financial reporting processes, financial policies, internal control structures and audit of the annual and consolidated financial statements;
- b) monitoring the performance of the subsidiary entities borrowing funds (Damask Investment Limited and AST Shipping Limited) from the Company;
- c) maintaining communications on such matters between the Board, management and the independent auditors;
- d) facilitating the independence of the external audit process and addressing issues arising from the audit process; and
- e) preserving the Company's assets by understanding the Company's risk environment and determining how to deal with those risks.

Additionally, the Audit Committee has the role and function of considering and evaluating the arm's length nature of any proposed transaction to be entered into by the Issuer and a related party, given the role and position of the Issuer within the AST Group, to ensure that the execution of any such transaction is, indeed, at arm's length and on a sound commercial basis and, ultimately, in the best interests of the Issuer. In this regard, the Audit Committee of the Issuer has the task of ensuring that any potential conflict of interest which may arise in consequence of the foregoing state of affairs is immediately identified and resolved.

For this purpose, the Audit Committee has, pursuant to the relative terms of reference, been granted express powers to be given access to the financial position of the Issuer, Damask Investment Limited, AST Shipping Limited and Damask Management Shipping Company Limited on a quarterly basis. To this effect, the Issuer, and all other entities comprising the Group are to submit to the Audit Committee quarterly accounts, as well as comparisons of actuals against projections.

The Audit Committee is presently composed of Mr Giuseppe Muscat, Dr Luca Vella and Mr William Wait, of which Dr Luca Vella and Mr William Wait act as independent, non-executive members. The Audit Committee is chaired by Mr William Wait, whilst Dr Luca Vella and Mr Giuseppe Muscat act as members. Dr Martina Borg Stevens performs the duties of secretary to the Audit Committee. As stipulated by the terms of reference of the Audit Committee, the Chairman shall have a casting vote in the case of a deadlock.

In compliance with the Prospects Rules, Mr William Wait is the independent, non-executive Director who is competent in accounting and/or auditing matters. The Issuer considers that the members of the Audit Committee have the necessary experience, independence and standing to hold office as members thereof. The CVs of the said Directors may be found in section 5.1 above.

The Audit Committee, pursuant to its terms of reference has been appointed to, and accordingly has a remit that, covers Damask Investment Limited, AST Shipping Limited and Damask Management Shipping Company Limited, apart from the Issuer.

The directors believe that the current set-up is sufficient to enable the Issuer to fulfil the objectives of the Prospects Rules' terms of reference in this regard.

12 COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

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

The Issuer supports The Code of Principles of Good Corporate Governance annexed to the Listing Rules (the "Code") with the exceptions mentioned below, and is confident that the adoption of the Code shall result in positive effects accruing to it. The Issuer adopts measures in line with the Code with a view to ensuring that all the transactions are carried out at arm's length.

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

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

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

Principle 7: "Evaluation of the board's performance"

Under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the Board's performance is always under scrutiny of the shareholders of the company.

Principle 8: "Committees"

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

13 LITIGATION PROCEEDINGS

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during a period covering twelve (12) months prior to the date of the Company Admission Document which may have, or have had, in the

recent past, significant effects on the financial position or profitability of the Issuer, and/or the AST Group, taken as whole.

14 ADDITIONAL INFORMATION

14.1 Memorandum and articles of association

14.1.1 Incorporation

The Issuer was incorporated on 22 September 2014 as a private limited company in terms of the Companies Act, 1995, with company registration number C 66811. The Issuer was subsequently converted into a public limited liability company on 14 October 2017.

In terms of Clause 3 of its Memorandum of Association, the Issuer is authorised to float its capital (including equity or debt) on Prospects MTF, and to borrow and raise funds through the issue of bonds.

The Memorandum and Articles of Association of the Issuer otherwise regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of Directors, as elaborated upon in section 14.1.6 below.

14.1.2 Share capital

The Issuer has, as at the date hereof, an authorised and issued share capital of €50,000 divided into 50,000 ordinary shares of a nominal value of €1 each.

The shares of the Company are not admitted on Prospects MTF or on the MSE, nor has an application ever been filed for the shares of the Company to be quoted on any trading platform. There is no capital of the Company which has been issued to the public as from the date of incorporation to date of the Company Admission Document, nor is it expected that the Company issues during the next financial year any shares to the public, whether fully or partly paid up, in consideration for cash or otherwise. There is no capital of the Company which is currently under option, nor is there any agreement by virtue of which any part of the capital of the Company is to be put under option.

14.1.3 Objects

The Memorandum and Articles of Association of the Issuer are registered with the Registry of Companies, Malta. The objects of the Issuer include carrying on the business of a finance company thereby to lend and advance money or otherwise give credit, without limitation in such manner as the Company shall think fit and to invest and deal with the moneys in such manner as the Company shall think fit. The issue of bonds falls within the objects of the Issuer. Clause 3 of the Memorandum of Association contains the full list of objects of the Issuer

A copy of the Memorandum and Articles of Association of the Issuer may be inspected during the lifetime of the Company Admission Document at the registered office of the Issuer as set out under the heading “Documents available for inspection” in section 17 of this Company Admission Document and at the Malta Registry of Companies during the lifetime of the Company.

14.1.4 Voting rights

In terms of the Memorandum of Association of the Issuer, ordinary shares shall grant the right of one (1) vote for every share held and are participating shares entitled to receive dividend distributions as

deemed fit by the Board of Directors and shall rank *pari passu* in all respects including dividend and capital repayment rights.

14.1.5 Appointment and removal of Directors

In terms of the Memorandum and Articles of Association of the Company, the Directors shall be appointed in the general meeting of the Issuer. An election shall take place every year at the Company's annual general meeting. All Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.

The present directors shall remain in office until they resign or are removed at any time by the shareholders.

14.1.6 Powers of Directors

The Directors are vested with the management of the Issuer 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 Issuer and, in this respect, have the authority to enter into contracts, sue and be sued in representation of the Issuer. 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 shareholders in general meeting, subject to the Articles of Association of the Issuer, the Act, and to such regulations, being not inconsistent with the Articles of Association of the Issuer or the Act, as may be prescribed by the general meeting of the shareholders.

Directors may not vote on any contract, arrangement or investment in which they have a personal material interest, whether direct or indirect.

In terms of the Memorandum and Articles of Association, the Board of Directors may exercise all the powers of the Issuer to borrow money and to hypothecate or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligations of the Issuer or of any third party as it thinks fit, subject to the limit established in the Articles of Association and the overriding authority of the shareholders in general meeting to change, amend, restrict and/or otherwise modify such limit and the Directors' borrowing powers.

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

14.1.7 Director's interests

The Non-Executive Directors of the Company have no beneficial interests in the share capital of the Company as at the date of the Company Admission Document. There are no assets which have been leased or otherwise transferred by or to the Company in which any of the Directors have any interest, direct or indirect, nor are any such leases or transfers being proposed.

14.2 Holdings in excess of 5% of share capital

On the basis of the information available to the Company as at the date of the Company Admission Document, Emmanouil Kalamaras holds 47,425 shares in the Company, equivalent to 5% of its total issued share capital. Furthermore, to the best of the Issuer's knowledge, there are no arrangements in

place as at the date of the Company Admission Document the operation of which may at a subsequent date result in a change in control of the Issuer.

15 Material contracts

The Issuer or the AST Group have not entered into any material contracts which are not in the ordinary course of its business which could result in either the Issuer or any member of the AST Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Bondholders in respect of the Bonds being issued pursuant to, and described in, the Company Admission Document, Part Two.

16 Third party information, statements by experts and declarations of any interest

16.1 Accountant's report

The Issuer engaged Grant Thornton, a firm of Certified Public Accountants, to issue the Accountants' Report dated 04 December 2017. The following are the details of the said expert:

Name: Grant Thornton

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

16.2 Interests of experts and advisers

Save for the Accountants' Report, on the consolidated profit forecast, the Company Admission Document does not contain any statement or report attributed to any person as an expert.

The accountants' report on the consolidated profit forecast dated 04 December 2017 has been included in Annex A of the Company Admission Document in the form and context in which it appears with the authorisation of Grant Thornton of Tower Business Centre, Suite 3, Tower Street, Swatar BKR 4013, Malta, which has given and has not withdrawn its consent to the inclusion of said report herein.

17 Documents available for inspection

For the duration of the Company Admission Document, the following documents (or copies thereof) may be inspected at the registered office of the Issuer during office hours:

- a. Memorandum and Articles of Association of the Issuer;
- b. Memorandum and Articles of Association of the Damask Investment Limited, AST Shipping Limited and Damask Shipping Management Company Limited;
- c. Audited financial statements of the Issuer for the years ended 31 December 2014, 2015 and 2016;
- d. Audited financial statements of the Issuer for the period ended 30 June 2017;
- e. the consolidated profit forecast and accountants' report for the years ending 31 December 2017, 2018, 2019, 2020 and 2021;
- f. the Security Trust Documents;
- g. Escrow agreement;

- h. the treasury management policy;
- i. the loan agreements entered into between the Issuer and Damask Investment Limited and the Issuer and AST Shipping Limited as mentioned in section 21.1.

By not later than June 30 of each year AST Group will upload its Consolidated Financial Statements on its website www.astgroupplc.com.

COMPANY ADMISSION DOCUMENT: PART TWO

18 RISK FACTORS

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

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

AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISORS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THIS COMPANY ADMISSION DOCUMENT, BEFORE MAKING ANY INVESTMENT DECISION WITH RESPECT TO THE ISSUER. SOME OF THESE RISKS ARE SUBJECT TO CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCIES OCCURRING. THE SEQUENCE IN WHICH THE RISKS BELOW ARE LISTED IS NOT INTENDED TO BE INDICATIVE OF ANY ORDER OF PRIORITY OR OF THE EXTENT OF THEIR CONSEQUENCES.

IF ANY OF THE RISKS DESCRIBED BELOW WERE TO MATERIALISE, THEY COULD HAVE A SERIOUS EFFECT ON THE ISSUER'S FINANCIAL RESULTS AND TRADING PROSPECTS AND THE ABILITY OF THE ISSUER TO FULFILL ITS OBLIGATIONS UNDER THE SECURITIES ISSUED BY THE ISSUER.

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

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

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

18.1 Forward-looking statements

The Company Admission Document contains “forward-looking statements” which include, among others, statements concerning matters that are not historical facts and which may involve projections of future circumstances. 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 Directors of the Issuer. No assurance is given that the future results or expectations will be achieved.

18.2 General

- a) Authorised Financial Intermediaries are to determine the suitability of prospective investors' investment in the Bonds in the light of said prospective investors' own circumstances. The Bonds may not be a suitable investment for all investors and prospective investors are urged to consult an independent investment advisor licensed under the Investment Services Act (Cap. 370 of the Laws of Malta) as to the suitability or otherwise of an investment in the Bonds before making an investment decision. In particular, such advice should be sought with a view to ascertaining that each prospective investor has sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in the Company Admission Document or any applicable supplement;
- b) has sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the prospective investor's currency;
- c) understands thoroughly the terms of the Bonds and is familiar with the behaviour of any relevant indices and financial markets; and
- d) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect his/her/its investment and his/her/its ability to bear the applicable risks.

18.3 Risks relating to the Bonds

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

- (i) Prior to the Bond Issue, there has been no public market nor trading record of the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the Bond Issue Price will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue.
- (ii) Only upon successful admission, may the Bonds be traded on a multilateral trading facility but they will NOT be traded on any regulated market. Hence the market for the Bonds may be less liquid than a regulated market and a Bondholder may find it more difficult to identify willing buyers for their Bonds. The existence of an orderly and liquid market, depends on, amongst others, factors beyond the Issuer's control such as the willingness or otherwise of potential buyers and sellers of the Bonds. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market in which the Bonds are traded, over which the Issuer has no control. Many other factors over which the Issuer has no control may affect the trading market for, and trading value of, the Bonds, including the time remaining to the maturity of the Bonds, the outstanding amount of the Bonds and the level, direction and volatility of market interest rates, generally. Accordingly, there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Bonds at or above the Bond Issue Price, or at all.
- (iii) Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

- (iv) An investor in the Bonds will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds (€) and the investor's currency of reference, if different.
- (v) No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of the Bonds prevailing from time to time.
- (vi) The Issuer is entitled to issue Bonds bearing a fixed rate of interest. Investment in such fixed rate Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the said Bonds. Investors should also be aware that the price of the fixed rate Bonds moves adversely to changes in interest rates. When prevailing market interest rates are rising, the price of fixed rate Bonds decline. Conversely, if market interest rates are declining, the price of fixed rate Bonds rises. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.
- (vii) The value of investments can go up or down and past performance is not necessarily indicative of future performance. The nominal value of the Bonds will be repayable in full upon maturity on the Redemption Date unless the Bonds are previously re-purchased and/or cancelled.
- (viii) Application has been made to the MSE for the Bonds to be admitted and traded on Prospects MTF once the Bonds are authorised as admissible by the MSE. Prospects MTF is a market regulated as a multilateral trading facility and is operated by the MSE and provides a venue for SMEs to float their securities. Consequently, this market is designed primarily for companies to which a higher risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial advisor.
- (ix) Even after the Bonds are admitted to trading on Prospects MTF, the Issuer is required to remain in compliance with certain requirements relating, *inter alia*, to the free transferability, clearance and settlement of the Bonds in order to remain eligible to trade on Prospects MTF in terms of the Prospects Rules issued by the Exchange as amended from time to time. Moreover, the MSE has the authority to suspend trading of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The MSE may discontinue the trading of the Bonds on Prospects MTF. Any such trading suspension or discontinuance described above could have a material adverse effect on the liquidity and value of the Bonds.
- (x) The Issuer has not sought, nor does it intend to seek, the credit rating of an independent rating agency and there has been no assessment by any independent rating agency of the Bonds.
- (xi) In the event that the Issuer wishes to amend any of the Terms and Conditions of issue of the Bonds it shall call a meeting of Bondholders in accordance with the provisions of section 22.16. These provisions permit defined majorities to bind all Bondholders, including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.

- (xii) The Bonds and the Terms and Conditions of the Bond Issue are based on the requirements of the Prospectus Rules and Maltese Law, including the Companies Act, in effect as at the date of the Company Admission Document. No assurance can be given as to the impact of any possible judicial decision or change in law or administrative practice after the date of the Company Admission Document.
- (xiii) The funds or assets constituting the Sinking Fund (as described in section 22.24 of this Company Admission Document) shall be held by the Issuer and administered by the Board of Directors in line with the treasury management policy. In accordance with section 302 of the Act, in the event of winding up of the Issuer with insufficient assets to meet its liabilities, the right of secured and unsecured creditors (which include the Bondholders) and the priority and ranking of their debts shall be regulated by the law for the time being in force.

18.4 Risks relating to the ranking

The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer. The Bonds shall at all times rank *pari passu*, without any priority or preference among themselves and, save for such exceptions as may be provided by applicable law, shall rank without priority and preference to all other present and future unsecured obligations of the Issuer. The Bonds will, however, rank subordinate to the present and future secured creditors of the Issuer, if any.

Furthermore, subject to the negative pledge (section 22.5 of this Company Admission Document), third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer for so long as such security interests remain in effect.

19 Persons responsible

This Document includes information given in compliance with the Prospectus Rules for the purpose of providing prospective investors with information with regard to the Issuer and the Bonds. The Directors, whose names appear in section 5.1 of the Company Admission Document: Part One, accept responsibility for the information contained in this Company Admission Document.

To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Company Admission 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.

20 CONSENT FOR USE OF THE COMPANY ADMISSION DOCUMENT

Consent required in connection with the Intermediaries' Offer in terms of section 22.2 of this Company Admission Document:

As explained in section 22.2 of this Company Admission Document, the Bonds shall be made available for subscription by Authorised Financial Intermediaries through an Intermediaries' Offer.

For the purposes of any subscription for Bonds by Authorised Financial Intermediaries pursuant to such an Intermediaries' Offer and any subsequent resale, placement or other offering of Bonds by

Authorised Financial Intermediaries participating in the Intermediaries' Offer, the Issuer consents to the use of this Company Admission Document: Part Two (and accepts responsibility for the information contained therein) with respect to any such subsequent resale, placement or other offering of Bonds, provided this is limited only:

- i. in respect of Bonds subscribed for in terms of the Intermediaries' Offer by Authorised Financial Intermediaries participating in the Intermediaries' Offer;
- ii. to any resale, placement or other offering of Bonds subscribed for as aforesaid, taking place in Malta;
- iii. to any resale or placement of Bonds taking place within the period of 60 days from the date of the Company Admission Document.

There are no other conditions attached to the consent given by the Issuer hereby which are relevant for the use of the Company Admission Document.

All information on the Terms and Conditions of the Bonds which is offered to any prospective investor by Authorised Financial Intermediaries is to be provided by such Authorised Financial Intermediaries to the prospective investor prior to such investor subscribing to any Bonds. Any interested investor has the right to request that Authorised Financial Intermediaries provide the investor with all and any information on the Company Admission Document, including the Terms and Conditions of the Bonds.

Neither the Issuer nor the Placement Agent, Manager and Registrar has any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of Bonds, except for the Placement Agent, Manager and Registrar when acting in its capacity as an Authorised Financial Intermediary.

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

Prospective investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Company Admission Document. If the investor is in doubt as to whether it can rely on the Company Admission Document and/or who is responsible for its contents, the investor should obtain legal advice in that regard.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Company Admission Document. If given or made, it must not be relied upon as having been authorised by the Issuer or Placement Agent, Manager and Registrar. The Issuer does not accept responsibility for any information not contained in this Company Admission Document.

In the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary subsequent to the Intermediaries' Offer, said Authorised Financial Intermediary shall be responsible to provide information to prospective investors on the terms and conditions of the resale, placement or other offering at the time such resale, placement or other offering is made.

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

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

Any new information with respect to Authorised Financial Intermediaries unknown at the time of the approval of this Company Admission Document will be made available through a company announcement made out by the Issuer and published on the Prospects Website and also be made available on the Issuer's website: www.astgroupplc.com.

21 KEY INFORMATION

21.1 Reasons for the Issue and Use of Proceeds

The proceeds from the Bond Issue, which net of Issue expenses are expected to amount to approximately €1.9 million (or up to €2.9 million in the event of the Over-Allotment Option) will be advanced by the Issuer for the following purposes in the following order of priority:

1. A maximum amount of €2 million of the proceeds from the Bond Issue shall be advanced under title of loan to AST Shipping Limited who will in turn utilise such funds to acquire the Vessel, which is set out in further detail in section 6.5. Until such time the proceeds shall be held on escrow by the Escrow Agent;
2. Any remaining balance of the net Issue proceeds (including proceeds raised through the exercise of the Over-Allotment) will be advanced under title of loan to Damask Investment Limited and will be used to upgrade the Group's office space and warehousing facilities once a rental agreement is entered into and general corporate funding purposes.

In the event that the Issuer does not receive subscriptions for the full €2 million in Bonds, the Issuer will proceed with the admission of the amount of Bonds subscribed for. Any residual amounts required by the Issuer for the purposes of the uses specified in this section which shall not have been raised through the Bond Issue shall be financed from the AST Group's general cash flow and/or bank financing and/or directly by the shareholders.

21.2 Estimated expenses and proceeds of the Issue

Professional fees and costs related to publicity, advertising, printing, admission, registration, management, registrar fees, selling commission and other miscellaneous costs incurred in connection

with this Bond Issue, are estimated not to exceed €100,000 and shall be borne by the Issuer. No expenses will be specifically charged to any Bondholder who subscribes for the Bonds. The amount of the expenses will be deducted from the proceeds of the Issue, which, accordingly, will bring the estimated net proceeds from the Bond Issue to €1.9 million (or up to €2.9 million in the event of the Over-Allotment Option). There is no particular order of priority with respect to such expenses.

21.3 Issue Statistics

Issuer	AST Group p.l.c., a public limited liability company registered in Malta with registration number C 66811;
Admission	Application has been made to the MSE for the Bond Issue to be considered admitted and traded on Prospects MTF;
Amount	€2 million (or up to €3 million in the event of exercise of the Over-Allotment Option);
Application Forms made available	8 January 2018;
Bond Issue Price	At par (€100 per Bond);
Closing date for Applications to be received	27 January 2018 at 1200 hours (CET);
Denomination	Euro (€);
Events of Default	The events listed in section 22.13 of this Company Admission Document: Part Two;
Form	The Bonds will be issued in fully registered and dematerialised form and will be represented in uncertificated form by an appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD;
Governing Law	The Bonds are governed by and shall be construed in accordance with Maltese Law;
Jurisdiction	The Maltese courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds and/or the Company Admission Document;
Interest	5.5% per annum;
Interest payment dates	Annually on 31 January as from 31 January 2019 (the first interest payment date);
ISIN	MT0001701201;

Issue	Bonds denominated in Euro having a nominal value of €100 each, which will be issued at par and shall bear interest at the rate of 5.5% per annum;
Issue Period	the period between 08:30 hours (CET) on 8 January 2018 and 12:00 hours (CET) on 27 January 2018 (or such earlier date as may be determined by the Issuer) during which the Bonds are available for subscription;
Intermediaries' Offer	The Bonds shall form part of an Intermediaries' Offer as set out in section 22.2 of this Company Admission Document: Part Two. The Issue Period shall close immediately upon attaining full subscription or on the last day of the Issue Period, whichever is the earliest;
Minimum Amount per subscription	Minimum of €5,000 and multiples of €100 thereafter;
Plan of Distribution	The Bonds are open for subscription by Authorised Financial Intermediaries pursuant to the Intermediaries' Offer;
Redemption Date	31 January 2028;
Status of the Bonds	The Bonds shall constitute the general, direct, unconditional and unsecured obligation of the Issuer and shall at all times rank <i>pari passu</i> , without any priority or preference among themselves and with other unsecured debt of the Issuer, present and future;
Subscription	Multiples of one hundred Euro (€100);
Underwriting	The Bonds are not underwritten;
Notices	Notices will be mailed to the Bondholders at their registered address and shall be deemed to have been served at the expiration of twenty four (24) hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his/her registered address and posted.

21.4 Interest of Natural and Legal Persons involved in the Issue

Save for the possible subscription for Bonds by Authorised Financial Intermediaries (which includes Financial Planning Services Limited), and any fees payable in connection with the Bond Issue to Financial Planning Services Limited as Placement Agent, Manager and Registrar, so far as the Issuer is aware no person involved in the Issue, other than the Issuer, has an interest material to the Bond Issue.

21.5 Expected timetable of principal events

1. Application Forms made available	8 January 2018
2. Issue Period	8 January 2018 to 27 January 2018

3.	Commencement of interest on the Bonds	1 February 2018
4.	Expected date of Admission of the Bonds to Prospects MTF	5 February 2018
5.	Expected date of commencement of trading in the Bonds	6 February 2018

The Issuer reserves the right to close the Intermediaries' Offer of the Bonds before 27 January 2018 at 12:00 hours CET in the event that the Bonds are fully subscribed prior to said date and time. In such eventuality the events set out in steps three (3) to five (5) above shall be brought forward, although the number of working days between the respective events shall not be altered.

22 INFORMATION CONCERNING THE BONDS

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

22.1 General

- 22.1.1** Each Bond forms part of a duly authorised issue of 5.5% unsecured bonds 2028 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €2 million (or up to €3 million in the event of exercise of the Over-Allotment Option) (except as otherwise provided under section 22.15 "*Further Issues*" below).
- 22.1.2** The issue date of the Bonds is 8 January 2018.
- 22.1.3** The currency of the Bonds is Euro (€).
- 22.1.4** The Bonds shall bear interest at the rate of 5.5% per annum payable annually in arrears on 31 January of each year, the first interest falling on 31 January 2019. Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day.
- 22.1.5** Subject to admission of the Bonds to the Prospects MTF of the MSE, the Bonds are expected to be assigned ISIN: **MT0001701201**
- 22.1.6** The issue of the Bonds is made in accordance with the requirements of the Prospects Rules.
- 22.1.7** The Bonds are expected to be admitted on the Prospects MTF List on 5 February 2018 and dealing is expected to commence on 6 February 2018. Dealing may commence prior to notification of the amount allotted being issued to Applicants.
- 22.1.8** The Issuer reserves the right that should any Bonds be sold on the secondary market, such Bonds may be purchased by the Issuer, at the price they would be trading at the time, prior to the Bonds' Redemption Date.

- 22.1.9** All outstanding Bonds, not previously purchased and cancelled, shall be redeemed by the Issuer at par (together with interest accrued to the date fixed for redemption) on the Redemption Date.
- 22.1.10** Should any Application not be accepted, or be accepted for fewer Bonds than those applied for, the monies or the balance of the amount paid but not allocated will be returned by the Placement Agent, Manager and Registrar without interest by direct credit into the Applicant's bank account as indicated by the Applicant in the Application Form within five (5) Business Days from the date of final allocation. Neither the Issuer nor the Placement Agent, Manager and Registrar will be responsible for any charges, loss or delays in transmission of the refunds. In this regard, save as otherwise may be established by the applicable law, any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder. Such monies will not bear interest while retained as aforesaid.
- 22.1.11** There are no special rights attached to the Bonds other than the right of the Bondholders to payment of capital and interest (as detailed below) and in accordance with the ranking specified in section 22.4 of this Company Admission Document: Part Two.
- 22.1.12** The minimum subscription amount of Bonds that can be subscribed for by Applicants is €5,000, and in multiples of €100 thereafter.
- 22.1.13** The Bond Issue is not underwritten. In the event that the Bond Issue is not fully subscribed the Issuer will proceed with the admission of the amount of Bonds subscribed for.

22.2 Intermediaries' Offer

The total amount of €2 million (or, in the case of exercise of the Over-Allotment Option, up to €3 million) of Bonds is being reserved for subscription by Authorised Financial Intermediaries as set out in Annex C participating in the Intermediaries' Offer.

In this regard, the Issuer has entered into conditional subscription agreements with Authorised Financial Intermediaries for the subscription of the Bonds, whereby it will bind itself to allocate Bonds as aforesaid during the Intermediaries' Offer.

In terms of the subscription agreement entered into with the Authorised Financial Intermediary, the Issuer will be conditionally bound to issue, and the Authorised Financial Intermediary will conditionally bind itself to subscribe for, a number of Bonds as indicated therein subject to the Bonds being admitted to trading on the Prospects MTF. The subscription agreement will become binding on each of the Issuer and the Authorised Financial Intermediary upon delivery, provided that the intermediary would have paid to the Issuer all subscription proceeds in cleared funds on delivery of the subscription agreement.

Authorised Financial Intermediaries subscribing for Bonds may do so for their own account or for the account of underlying customers, including retail customers, and shall, in addition, be entitled to distribute any portion of the Bonds subscribed for upon commencement of trading.

22.3 Plan of Distribution and Allotment

The Issuer has appointed Financial Planning Services Limited as Placement Agent, Manager and Registrar for the purposes of this Bond Issue. Applications for subscriptions to the Bonds shall be made through the Placement Agent, Manager and Registrar or any of the Authorised Financial Intermediaries during the Issue Period on a first-come-first-served basis. The Issue Period shall close immediately upon attaining full subscription or on the last day of the Issue Period, whichever is the earliest. Subscription to the Bonds must be accompanied by full price of the Bonds applied for in Euro and in cleared funds at the Issue Price. If the Application Form(s) and proof of payment of cleared funds do not reach the Placement Agent, Manager and Registrar or the Authorised Financial Intermediaries, as applicable, by the close of the Issue Period, the Application will be deemed to have been declined.

The Bonds are open for subscription by Authorised Financial Intermediaries through an Intermediaries' Offer.

It is expected that notification of allotment will be announced to Bondholders within five (5) Business Days of the closing of the Issue Period.

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

22.4 Status and Ranking of the Bonds

The Bonds shall constitute the general, direct, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any priority or preference among themselves and with other outstanding and unsecured debt of the Issuer, present and future. Furthermore, subject to the negative pledge clause set out in section 22.5 of this Company Admission Document, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Issuer, as the case may be, for so long as such security interests remain in effect.

The following sets out a summary of the AST Group indebtedness as at 30 June 2017

Parties	Description of obligation	Amount outstanding as at 30 June 2017 €	Balance outstanding following Bond Issue €	Security
Factoring facility between Damask Investment Malta Limited (which was subsequently merged into Damask Investment Limited) as legally represented by its branch located in Greece under the name "Damask Investment Inc" (as borrower) and Laiki Factors & Forfaiters SA (as lender) granted in terms of facility agreement dated 1 July 2016	Factoring facility with a maximum financial limit of €1,000,000 and with a right of recourse of Laiki Factors & Forfaiters SA against Damask Investment Malta Limited in case of non-timely	224,019	224,019	Unsecured

The Bonds would rank after any future debts which may be secured by a cause of preference such as a privilege and/or a hypothec.

22.5 Negative Pledge

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

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

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

“Permitted Security Interest” means: (A) any Security Interest arising by operation of law; (B) any Security Interest securing temporary bank loans or overdrafts in the ordinary course of business; (C) any other Security Interest (in addition to (A) and (B) above) securing Financial Indebtedness of the Issuer, in an aggregate outstanding amount not exceeding 80% of the difference between the value of the unencumbered assets of the Issuer and the aggregate principal amount of Bonds outstanding at the time net of any monies set aside for the purposes of the Sinking Fund.

Provided that the aggregate Security Interests referred to in (B) and (C) above do not result in the unencumbered assets of the Issuer being less than 105.5% of the aggregate principal amount of the Bonds still outstanding;

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

22.6 Rights attaching to the Bonds

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

- i. the payment of interest;
- ii. the payment of capital;
- iii. a beneficial interest in the AST Trust which shall hold Security Rights in favour of Bondholders;

- iv. ranking with respect to other indebtedness of the Issuer in accordance with the provisions of section 22.4 hereof;
- v. attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond Issue; and
- vi. enjoy all such other rights attached to the Bonds emanating from the Company Admission Document.

22.7 Interest

22.7.1 The Bonds shall bear interest from and including 1 February 2018 at the rate of 5.5% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment will be effected on 31 January 2019 (covering the period 1 February 2018 to 31 January 2019). Any Interest Payment Date which falls on a day other than a Business Day will be carried over to the next following day that is a Business Day. Each Bond will cease to bear interest from and including its due date for redemption, unless payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment, in any of which events interest shall continue to accrue at the rate specified above plus one per cent (1%), but in any event not in excess of the maximum rate of interest allowed by Maltese Law. In terms of article 2156 of the Civil Code (Cap. 16 of the Laws of Malta), the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five (5) years.

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

22.8 Yield

22.8.1 The gross yield calculated on the basis of the Interest, the Bond Issue Price and the Redemption Value of the Bonds at Redemption Date is 5.5%.

22.9 Registration, Form, Denomination and Title

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

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

22.9.3 Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account with the CSD will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to secured bonds held in the register kept by the CSD and registration advices evidencing movements in

such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com/>. Those Bondholders who opt not to avail themselves of this facility should indicate such on the Application Form. Further detail on the e-portfolio is found on <https://eportfolio.borzamalta.com/Help>.

22.9.4 The Bonds will be issued in fully registered form, in denominations of any integral multiple of €100 per Bond, provided that on subscription the Bonds will be issued for a minimum of €5,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €5,000 to each underlying client.

22.9.5 Any person in whose name a Bond is registered, in accordance with section 22.9.1 above, may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading “Transferability of the Bonds” as per the stipulations of the Company Admission Document.

22.10 Pricing

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

22.11 Payments

22.11.1 Payment of the principal amount of the Bonds will be made in Euro by the Issuer to the person in whose name such Bonds are registered, in accordance with section 22.9.1 above, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro. The Issuer shall not be responsible for any charges, loss or delay in transmission. If no such Euro-denominated bank account number is provided, or in the event that the bank account details on the Application Form are incorrect or inaccurate, Bondholders will receive payment by means of a cheque mailed to their address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form. Upon payment of the Redemption Value, the Bonds shall be considered as effectively and legally redeemed and the appropriate entry shall be made in the electronic register of the Bonds at the CSD.

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

22.11.3 Payment of interest on a Bond will be made to the person in whose name such Bond is registered at the close of business fifteen (15) days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro. The Issuer shall not be responsible for any charges, loss or delay in transmission. If no such Euro-denominated bank account number is provided, or in the event that bank account details on the Application Form are incorrect or inaccurate, Bondholders will receive payment by means of a cheque mailed to their address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form.

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

22.11.5 No commissions or expenses shall be charged by the Issuer to the Bondholders in respect of payments made in accordance with this section 22.11. The Issuer shall not be liable for charges, expenses and commissions levied by parties other than the Issuer.

22.12 Redemption and Purchase

22.12.1 Unless previously purchased and cancelled, the Issuer hereby irrevocably covenants in favour of each Bondholder that the Bonds will be redeemed at their nominal value (together with accrued interest, if any) on 31 January 2028. In such a case the Issuer shall be discharged of any and all payment obligations under the Bonds upon payment made net of any withholding or other taxes due or which may be due under Maltese Law and which is payable by the Bondholders.

22.12.2 Subject to the provisions of this section 22.12, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

22.12.3 All Bonds so redeemed or purchased will be cancelled forthwith and may not be re-issued or re-sold.

22.13 Events of Default

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

- i. the Issuer shall fail to pay any interest on any Bond when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- ii. the Issuer shall fail duly to perform or shall otherwise be in breach of any other material obligation contained in the Terms and Conditions of the Bonds and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Bondholder; or
- iii. an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer; or
- iv. the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- v. the Issuer fails to maintain a valid Insurance Policy;

- vi. the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- vii. there shall have been entered against the Issuer a final judgement by a court of competent jurisdiction from which no appeal may be or is made for the payment of money in excess of one million Euro (€1,000,000) or its equivalent and ninety (90) days shall have passed since the date of entry of such judgement without its having been satisfied or stayed; or
- viii. any default occurs and continues for ninety (90) days under any contract or document relating to any Financial Indebtedness (as defined in section 22.5 above) of the Issuer in excess of one million Euro (€1,000,000) or its equivalent at any time.

22.14 Transferability of the Bonds

22.14.1 The Bonds are freely transferable and, once admitted to the Prospects MTF, shall be transferable only in whole (in multiples of €100) in accordance with the rules and regulations of Prospects MTF and the MSE applicable from time to time. If Bonds are transferred in part, such attempted partial transfer will not be cleared and the transferee thereof will not be registered as a Bondholder or claim from the Issuer any purported benefit therefrom.

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

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

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

22.14.5 The Issuer will not register the transfer or transmission of Bonds for a period of fifteen (15) days preceding the Interest Payment Date or the due date for redemption.

22.15 Further Issues

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

22.16 Meetings of Bondholders

- 22.16.1** The Issuer may, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of any of the following: (i) considering and approving any matter affecting their interest, including the amendment, modification, waiver, abrogation or substitution of any of the Terms and Conditions of the Bonds and the rights of the Bondholders, whether or not those rights arise under the Company Admission Document; (ii) considering and approving the exchange or substitution of the Bonds by, or the conversion of the Bonds into, shares, debentures or other obligations or securities of the Issuer; and (iii) obtaining the consent of Bondholders on other matters which in terms of the Company Admission Document require the approval of a Bondholders' meeting in accordance with the below.
- 22.16.2** A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than thirty (30) days preceding the date scheduled for the meeting, not less than fourteen (14) days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Company Admission Document that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- 22.16.3** The amendment or waiver of any of the Terms and Conditions of Issue of the Bonds may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.
- 22.16.4** A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose at least two (2) Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within thirty (30) minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to Bondholders present at that meeting. The Issuer shall within two (2) days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven (7) days, and not later than fifteen (15) days, following the original meeting. At an adjourned meeting the number of Bondholders present at the commencement of the meeting, in person or by proxy, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.
- 22.16.5** Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.
- 22.16.6** Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In

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

22.16.7 The voting process shall be managed by the Issuer's Company Secretary under the supervision and scrutiny of the auditors of the Issuer.

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

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

22.17 Authorisations and Approvals

In accordance with the Articles of Association of the Issuer, which require a shareholders' resolution for any of its securities to be admitted to Prospects MTF, the members of the Issuer authorised the Bond Issue and the publication of the Company Admission Document pursuant to a resolution passed on 04 December 2017.

22.18 Admission to Trading

22.18.1 The Malta Stock Exchange has authorised the Bonds as admissible to Admission pursuant to the Prospects Rules by virtue of a letter dated 04 December 2017.

22.18.2 Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Company Admission Document to be admitted and traded on its Prospects MTF.

22.18.3 The Bonds are expected to be admitted to the Malta Stock Exchange with effect from 5 February 2018 and trading is expected to commence on 6 February 2018. Dealing may commence prior to notification of the amount allocated being issued to Applicants.

22.19 Representations and Warranties of the Issuer

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

- i. it is duly incorporated and validly existing under the Laws of Malta and has the power to carry on its business as it is now being conducted and to hold its property and other assets under legal title;
- ii. it has the power to execute, deliver and perform its obligations under the Company Admission Document and that all necessary corporate, shareholder and other actions have been duly taken to authorise the execution, delivery and performance of the same, and further that no

- limitation on its power to borrow or guarantee shall be exceeded as a result of the Terms and Conditions or the Company Admission Document; and
- iii. no litigation, arbitration or administrative proceedings are taking place, pending or, to the knowledge of its officers, threatened against it which could have a material adverse effect on its business, assets or financial conditions.

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

22.20 Bonds held jointly

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

22.21 Bonds held subject to usufruct

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

22.22 Governing law and jurisdiction

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

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

22.23 Notices

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

22.24 Sinking Fund

The Issuer hereby undertakes that as from the financial year ending 31 December 2021 it shall, over a period of seven (7) years, build a Sinking Fund the value of which will by the Redemption Date be

equivalent to 100% of the value of the issued Bonds. The Issuer shall primarily use the Sinking Fund to repay the Bonds on the Redemption Date or in any other manner in accordance with this Company Admission Document. The Issuer shall make periodic payments for the purpose of building up the Sinking Fund. Below is a table with the minimum amounts to be paid by the Issuer for this purpose:

Sinking fund contribution for the years ending 31 December

	2021	2022	2023	2024	2025	2026	2027
€000	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Annual contribution	100	200	300	300	300	300	500
Cumulative balance	100	300	600	900	1,200	1,500	2,000

The Sinking Fund shall be managed by the Issuer and administered by its Board of Directors in line with the treasury management policy

The functions of the Board of Directors in relation to administering the Sinking Fund shall include the following activities:

- i. take control of the assets of the Sinking Fund, which shall be segregated from the other assets of the Issuer;
- ii. monitor the Issuer's obligation to effect yearly payments to the Sinking Fund;
- iii. seek to ensure that by Redemption Date, the Sinking Fund would have accumulated 100% of the nominal amount of the Bonds still outstanding; In the event of a shortfall, the Board of Directors are to ensure that such discrepancy, caused by the Issuer, would be due to justifiable reasons;
- iv. in the event where the Issuer pledges assets to the Sinking Fund, the Board of Directors shall ensure that the Issuer has applied the assets in accordance with the treasury management policy in the following order:
 - a) Buy-back its own bonds on the secondary market should a bondholder wish to sell the bonds and/or;
 - b) At least 15% of the total amount following buy-back of any bonds shall be maintained in an interest bearing bank account denominated in euro and held with a bank established in the European Economic Area or invested in Malta treasury bills;
 - c) Not more than 85% of the total amount following buy-back of any bonds shall be invested in Malta Government Stocks or in local SICAVs that principally invest in Malta Government Stocks, debt instruments quoted on reputable stock exchanges and UCITS funds.
- v. monitor that the portfolio of assets within the Sinking Fund is being managed appropriately;
- vi. authorise the release of the Sinking Fund assets in the event that the Issuer requires the use of such assets due to temporary liquidity problems as detailed below; and
- vii. draw up an annual report, addressed to the Bondholders, as to the extent of compliance by the Issuer with the provisions of this section 22.24, a copy of which shall be published through a company announcement and shall be included in the annual financial statements of the Issuer.

The Issuer may not create or permit to subsist security over the Sinking Fund assets, other than the creation of a general hypothec, pledge or privilege with a credit institution in the event that the Issuer

is facing temporary liquidity problems. Prior to the utilisation of the Sinking Fund assets for such temporary use approval by the Board of Directors of the Issuer must be required.

The Issuer shall be the primary beneficiary of the Sinking Fund, whereas the Security Trustee, in its capacity as trustee of the AST Trust, shall be identified as a secondary beneficiary. Upon the occurrence of any of the Events of Default, the secondary beneficiary shall be granted priority rights over the Sinking Fund, such that its entitlement to the Sinking Fund shall rank prior to that of the primary beneficiary and the Board of Directors shall make the necessary arrangements to safeguard the right of the Security Trustee to take ownership of the Sinking Fund making the necessary distribution of the Sinking Fund to the Security Trustee in its capacity as trustee of the AST Trust. Any future changes to the above mentioned treasury management policy shall be published by way of company announcement.

The Issuer shall on a half-yearly basis, in its interim and annual financial statements, explain the Issuer's compliance with the Sinking Fund requirements as detailed in this section 22.24 and if necessary explain the reasons for non-compliance, if any. The Bondholders will be informed on the publication of the said financial statements through the issuance of a company announcement by the Issuer. The financial information will be available for inspection at the registered office of the Issuer and in electronic form on the Issuer's website www.astgroupplc.com.

22.25 Security Trust

The Issuer and AST Shipping Limited have agreed to grant the Security Rights for the benefit of the Bondholders, as Primary Beneficiaries and in terms of a trust deed constituting the AST Trust, and to instruct the Security Trustee to hold the property under trust (identified below and in terms of the AST Trust) as security for the outstanding amount due to the Bondholders in terms of the Company Admission Document in relation to the Bonds, together with amounts of interest and charges thereon. The initial Security Trustee is GVZH Trustees Limited.

The Security Trustee shall hold the said property under trust in relation to a commercial transaction (as defined in the Trust and Trustees Act, Chapter 331 of the laws of Malta) and transactions connected or ancillary thereto. Furthermore, the Security Trustee shall hold the said property under a security trust as provided in Article 2095E of the Civil Code (Chapter 16 of the Laws of Malta). A security shall be, therefore, constituted in the name of the Security Trustee in the manner provided for by applicable law of Malta for the benefit of the Bondholders and this for all amounts owing to the Bondholders by the Issuer in terms of the Company Admission Document, as may be amended from time to time, including all amounts of interest or charges due in terms thereof, in relation to the Bond, once and provided that all of the following conditions precedent have taken place:

- (i) the Bonds are admitted on Prospects MTF market;
- (ii) the Issuer has successfully obtained the necessary proceeds from the subscription of the Bonds to finance the purchase of the Vessel by AST Shipping Limited, in accordance with the Company Admission Document; and
- (iii) AST Shipping Limited acquires the Vessel;

Provided that AST Shipping Limited and the Issuer, shall undertake to fulfil the following conditions after the Trust is set up and the Security Trustee shall hold the Trust Property under a security trust in accordance with the provisions of Article 2095E of the Civil Code:

- (i) AST Shipping Limited shall take out a first priority mortgage on the Vessel in favour of the Security Trustee;
- (ii) registration of the first priority mortgage with the relevant authorities; and
- (iii) AST Shipping shall enter into an Insurance Policy covering the Vessel.

The Security Trustee shall acknowledge that, in the event of unforeseen circumstances or where it may be in the best interest of AST Shipping Limited and/or the Bondholders, AST Shipping Limited may

choose to sell the Vessel (hereinafter referred to as the “Prospective Sale”). In such an event the Trustee shall have the power, in its absolute discretion and subject to the discretion afforded to it in terms of the respective Security Trust Document, to release the mortgage, provided that:

- (i) AST Shipping Limited shall provide sufficient reason/s supporting the Prospective Sale;
- (ii) prior to the Prospective Sale, an independent valuer is appointed in order to establish the fair value of the Vessel (“hereinafter referred to as the “Fair Value”); and
- (iii) AST Shipping Limited or the Issuer make a settlement to the AST Trust equivalent to the Fair Value immediately upon execution of the Prospective Sale.

Provided that the Security Trustee may require the AST Shipping Limited and/or the Issuer as the case may be, to enter into such arrangement or arrangements as the Trustee may deem required or desirable for the protection of the Primary Beneficiaries’ entitlement under the AST Trust.

In the event that the Issuer commits any of the Events of Default, including default of its obligations to repay any Bonds (together with interest and charges thereon) in terms of the Company Admission Document, the Security Trustee shall have the authority to enforce the Security Rights.

The Security Trustee shall be bound to take any steps to ascertain whether any Events of Default or other condition, event or circumstance has occurred or may occur. Until it shall have actual knowledge or express notice to the contrary, the Security Trustee shall be entitled to assume that no such Events of Default or condition, event or other circumstance has happened and that the Issuer is observing and performing all the obligations, conditions and provisions on their respective parts pursuant to this Company Admission Document and the trust deed.

In the event that it is ascertained that any of the Events of Default has taken place, the Security Trustee may take one or more actions in accordance with Article 42(1) of the Merchant Shipping Act, Chapter 234 of the laws of Malta.

Following the Security Trustee's enforcement of the Security Rights, the Security Trustee shall apply the net proceeds of the sale of the Vessel, where applicable, as follows:-

- First to pay any sums due to the Security Trustee as trust administration costs or liabilities of the Security Trustee;
- Secondly to pay the Bondholders any outstanding dues by the Issuer in terms of the Company Admission Document;
- Thirdly to hold any remaining balance in trust for the Issuer and AST Shipping Limited.

The property held under trust shall include:

- (i) initial property being a pledge, by the Issuer as Pledgor, in favour of the Security Trustee, over 1165 ordinary shares, having a nominal value of €1 each in AST Shipping Limited; and
- (ii) future property which shall be settled into the AST Trust, including, but not limited to the Security Rights which will be held by the Trustee in its capacity as trustee of the AST Trust, at any time during the term of the AST Trust.

The Security Rights include the following:

- a. a first priority mortgage on the Vessel in favour of the Security Trustee in its capacity as trustee of the AST Trust;
- b. a pledge by the Issuer of all of its shares held in AST Shipping Limited in favour of the Security Trustee in its capacity as trustee of the AST Trust (also the initial property settled on trust); and

- c. the Insurance Policy pledged in favour of the Security Trustee in its capacity as trustee of the AST Trust.

In the event where the Security Trustee makes declarations of trust indicating additional property settled on trust, the Issuer shall be notified in writing of such fact immediately and the Issuer shall make the necessary Company Announcement in accordance with the Prospects Rules to that effect.

Without prejudice to other powers and discretions of the Security Trustee in terms of the AST Trust, the Security Trustee shall have the discretion to enforce any of the Security Rights on its own accord or upon receiving notice from the Bondholders that any of the Events of Default has occurred in accordance with the provisions of the Company Admission Document.

The Security Trustee shall have the discretion to postpone any sale of the assets subject of the Security Rights if the best value reasonably achievable for the said assets on the open market for the time being would not be considered a fair value in the opinion of the Security Trustee or in the opinion of any advisor appointed by the Security Trustee for the valuation of the said assets.

No provision contained in this Company Admission Document or the Security Trust Documents shall be construed as creating or otherwise acknowledging, any obligation on the part of the Trustee in favour of the Bondholders for any payments that may fall due under the Bonds.

The trust shall terminate in any of the following events, whichever the earliest:

- a. upon the Issuer repaying all amounts outstanding to the Bondholders in terms of this Company Admission Document and upon the Security Trustee receiving confirmation in writing to this effect from the Issuer and/ or the MSE; or
- b. after one hundred and twenty five (125) years from the date hereof; or
- c. on such earlier date as the Trustees shall declare in writing to be the date on which the Trust Period shall end, provided that such action is in accordance with the Company Admission Document; or
- d. the property held in trust ceases to exist.

Every Bondholder shall be entitled to be entered in the Register of Bondholders, and shall thereupon become a Primary Beneficiary under the AST Trust'

The beneficial interest of a Primary Beneficiary in terms of the AST Trust shall terminate upon such time as a Bondholder is no longer registered in the Register of Bondholders maintained by the CSD, or upon the redemption of the principal amount of the Bonds and payment of all interests thereunder, as the case may be.

The Security Trustee shall, so far as is reasonable and within a reasonable time of receiving a request in writing to that effect, provide full and accurate information on the Security Trust Documents to beneficiaries of the trust.

23 TAXATION

23.1 General

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

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

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

23.2 Malta Tax on Interest

Since interest is payable in respect of a Bond which is the subject of a public issue, unless the Issuer is otherwise instructed by a Bondholder or if the Bondholder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 10% of the gross amount of the interest where the Bondholder is a collective investment scheme that is a prescribed fund, in terms of Maltese legislation, or at the rate of 15% of the said gross amount in other cases.

Bondholders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder need not declare the interest so received in his income tax return if paid net of tax. No person shall be charged to further tax in respect of such income and the tax deducted shall not be available as a credit against the recipient’s tax liability or available as a refund.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the Bond interest so received in his income tax return and be subject to tax on it at the standard rates applicable to that person at that time. Additionally, in this latter case the Issuer will advise the Malta Commissioner for Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients unless the beneficiary is a non-resident of Malta. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act (Cap. 123 of the Laws of Malta).

In terms of article 12(1)(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), Bondholders who are not resident in Malta and satisfying the applicable conditions set out in the Income Tax Act (Cap. 123 of the Laws of Malta) are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

23.3 Exchange of Information

Persons that are not resident in Malta should note that payment of interest to individuals and certain entities residing in any other EU Member State or in other States that have concluded an appropriate agreement with Malta may be reported to the Malta Commissioner for Revenue. The Commissioner for Revenue may, in turn, automatically or on request, exchange the information with the competent authorities of the State where the recipient of the interest is resident.

23.4 Foreign Account Tax Compliance Act

The United States (US) enacted the Foreign Account Tax Compliance Act, 2010 (FATCA) that generally imposes a reporting regime and withholding requirements with respect to certain US source payments (including dividends and interest), gross proceeds from the disposition of property that can produce US source interest and dividends and certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA. The US entered into an intergovernmental agreement with Malta on 6 December 2013 regarding the implementation of FATCA. Payments effected by the Issuer on or with respect to the Bonds are not expected to be subject to withholding under FATCA except to the extent that any Bondholder fails to comply with its obligations under FATCA. However, FATCA may affect payments made to custodians or intermediaries, if any, in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It may also affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Bondholders should choose any custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Bonds are discharged once it has effected payment as stipulated in this Company Admission Document and therefore the Issuer has no responsibility for any amount thereafter transmitted through the payment chain. FATCA require participating financial institutions, as defined, to satisfy applicable due diligence and reporting requirements in terms of the intergovernmental agreement entered into by Malta together with the relevant regulations and guidelines issued by the Commissioner for Revenue. Consequently, certain confidential information in relation to the Bondholders and/or other relevant persons may be reported to the Commissioner for Revenue and automatically exchanged pursuant to these requirements. FATCA is rather complex and each Bondholder should consult his own tax advisor to obtain a more detailed explanation of FATCA and to determine how it might affect such holder in his specific circumstance.

23.5 Maltese Taxation on Capital Gains on Transfer of the Bonds

On the assumption that the Bonds would not fall within the definition of "securities" in terms of article 5(1)(b) of the Income Tax Act (Cap. 123 of the Laws of Malta), that is, "*shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return*", and that such Bonds are held as a capital asset and not for trading purposes, no Maltese income tax on capital gains should be chargeable in respect of any capital gain arising on the transfer of the Bonds.

23.6 Duty on Documents and Transfers

In terms of the Duty on Documents and Transfers Act, Cap. 364 of the laws of Malta, duty is chargeable inter alia on the transfer or transmission causa mortis of marketable securities, defined in

the said legislation as “a holding of share capital in any company and any document representing the same”.

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

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

24 TERMS AND CONDITIONS OF THE BOND ISSUE

- 24.1 The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Prospects MTF of the MSE. In the event that the Bonds are not admitted to the Prospects MTF of the MSE, any Application monies received by the Issuer will be returned without interest by direct credit into the Applicant’s bank account indicated by the Applicant on the relative Application Form. If no such bank account number is provided, or in the event that bank account details on the Application Form are incorrect or inaccurate, such returns will be made by means of a cheque mailed to the Applicant’s address (or, in the case of joint applications, the address of the first named applicant) indicated in the Application Form. The Issuer shall not be responsible for any charges, and any loss or delay in transmission.
- 24.2 The Issuer has not established an aggregate minimum subscription level for the Bond Issue.
- 24.3 It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying, including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence or domicile.
- 24.4 The contract created by the Issuer’s acceptance of an Application filed by a prospective Bondholder shall be subject to all the Terms and Conditions set out in this Company Admission Document: Part Two and the Memorandum and Articles of Association of the Issuer.
- 24.5 Any person, whether natural or legal, shall be eligible to submit an Application and any one (1) person, whether directly or indirectly, should not submit more than one (1) Application Form. If an Application Form is signed on behalf of another party or on behalf of a corporation or corporate entity or association of persons, the person signing will be deemed to have duly bound his principal, or the relative corporation, corporate entity, or association of persons, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions on their behalf. Such representative may be requested to submit the relative power of attorney/ resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and/or the Placement Agent, Manager and Registrar, but it shall not be the duty or responsibility of the Placement Agent, Manager and Registrar or Issuer to ascertain that such representative is duly authorised to appear on the Application Form and bind the Applicant.

- 24.6 In the case of joint Applications, reference to the Applicant in these Terms and Conditions is a reference to each of the joint Applicants, and liability therefor is joint and several.
- 24.7 Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. Any Bonds allocated pursuant to such an Application Form shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the application form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
- 24.8 The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and, accordingly, may not be offered or sold within the United States or to or for the account or benefit of a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended).
- 24.9 No person receiving a copy of the Company Admission Document or an Application Form in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use such Application Form, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person or such Application Form could lawfully be used without contravention of any registration or other legal requirements.
- 24.10 It is the responsibility of any person outside Malta, wishing to make any Application, to satisfy himself/herself/itself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consent, observing any other formality required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 24.11 Subject to all other Terms and Conditions set out in the Company Admission Document, the Issuer reserves the right to reject, in whole or in part, or to scale down, any Application, including multiple or suspected multiple applications, and to present any cheques and/or drafts for payment upon receipt. The right is also reserved to refuse any Application which in the opinion of the Issuer is not properly completed in all respects in accordance with the instructions, and/or this Company Admission Document, and/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 therefor is joint and several.
- 24.12 Save where the context requires otherwise, terms defined in the Company Admission Document bear the same meaning when used in these Terms and Conditions, in the Application Form, in any of the annexes and in any other document issued pursuant to the Company Admission Document.
- 24.13 The Issuer has not sought assessment of the Bonds by any independent credit rating agency.
- 24.14 The Bonds will be issued in multiples of €100. The minimum amount of Bonds that can be subscribed for by each Applicant is €5,000.

- 24.15 Subject to all other Terms and Conditions set out in the Company Admission Document, the Issuer reserves the right to revoke the issue at any time before the closing of the Issue Period. The circumstances in which such revocation might occur are expected to be exceptional, for example where a significant change in market conditions occurs.
- 24.16 The Issue Period shall close immediately upon attaining full subscription or on the last day of the Issue Period, whichever is the earliest. It is expected that notification of allotment will be announced to Bondholders within five (5) Business Days of the closing of the Issue Period.
- 24.17 In the event that an Applicant has not been allocated any Bonds or has been allocated a number of Bonds which is less than the number applied for, the Applicant shall receive a full refund or, as the case may be, the balance of the price of the Bonds applied for but not allocated, without interest, by credit transfer to such account indicated in the Application Form, at the Applicant's sole risk within five (5) Business Days from the date of final allocation. The Issuer shall not be responsible for any charges, and any loss or delay in transmission. Completed Application Forms are to be lodged with the Placement Agent, Manager and Registrar or any of the Authorised Financial Intermediaries.
- 24.18 All Application Forms must be accompanied by the full price of the Bonds applied for in Euro. Payment may be made either in cash or by cheque payable to **"The Registrar – AST Group p.l.c. Bond Issue"**. In the event that cheques accompanying Application Forms are not honoured on their first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
- 24.19 For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations, (Legal Notice 180 of 2008), as amended from time to time, all appointed Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in Articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix IV to Chapter 3 of the Malta Stock Exchange Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are Malta Stock Exchange members or not. Such information shall be held and controlled by the Malta Stock Exchange in terms of the Data Protection Act (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.
- 24.20** By completing and delivering an Application Form, the Applicant:
- i. agrees and acknowledges to have had the opportunity to read the Company Admission Document and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
 - ii. warrants that the information submitted by the Applicant in the Application Form is true and correct in all respects and in the case where an MSE account number is indicated in the Application Form, such MSE account number is the correct account of the Applicant. In the event of a discrepancy between the personal details (including name and surname and the Applicant's address) appearing on the Application Form and those held by the MSE in relation to the MSE account number indicated on the Application Form, the details held by the MSE shall be deemed to be the correct details of the Applicant;
 - iii. authorises the Placement Agent, Manager and Registrar and the Directors of the Issuer to include his/her/its name or, in the case of joint Applications the first named Applicant, in the

register of debentures of the Issuer in respect of the Bonds allocated to such Applicant and further authorises the Issuer and the MSE to process the personal data that the Applicant provides in the Application Form, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta). The Applicant has the right to request access to and rectification of the personal data relating to him/her/it as processed by the Issuer and/or the MSE. Any such requests must be made in writing and sent to the Issuer at the address indicated in the Company Admission Document. The requests must further be signed by the Applicant to whom the personal data relates;

- iv. confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Company Admission Document and, accordingly, agree/s that no person responsible solely or jointly for the Company Admission Document or any part thereof will have any liability for any such other information or representation;
- v. agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her/its remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the Laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- vi. agrees to provide the Placement Agent, Manager and Registrar and/or the Issuer, as the case may be, with any information which it/they may request in connection with the Application;
- vii. warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with his/her/its Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or the Placement Agent, Manager and Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds or his/her/its Application;
- viii. warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- ix. represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) and that he/she/it is not accepting the invitation set out in the Company Admission Document from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "United States") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- x. agrees that Financial Planning Services Limited will not in their capacity of Placement Agent, Manager and Registrar, treat the Applicant as its customer by virtue of such Applicant making an Application for the Bonds, and that Financial Planning Services Limited will owe the Applicant no duties or responsibilities concerning the price of the Bonds or their suitability for the Applicant;
- xi. agrees that all documents in connection with the issue of the Bonds and any returned monies, including refunds of all unapplied Application monies, will be sent at the Applicant's own risk and may be sent, in the case of documents, by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as set out in the Application Form and

in the case of monies by direct credit, into the Applicant's bank account as indicated by the Applicant on the Application Form;

- xii. renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds;
- xiii. irrevocably offers to purchase the number of Bonds specified in his/her/its Application Form (or any smaller number for which the Application is accepted by the Issuer) at the Bond Issue Price subject to the Company Admission Document, the terms and conditions thereof, and the Memorandum and Articles of Association of the Issuer;
- xiv. warrants that his/her/its remittance will be honoured on first presentation and agrees that if such remittance is not so honoured he/she/it will not be entitled to receive a registration advice, or to be registered in the register of debentures or to enjoy or receive any rights in respect of such Bonds unless and until payment in cleared funds for such Bonds is received and accepted by the Issuer and/or the Placement Agent, Manager and Registrar (which acceptance shall be made in the absolute discretion of the Issuer and/or the Placement Agent, Manager and Registrar and may be on the basis that the Issuer and/or the Placement Agent, Manager and Registrar is indemnified against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of such remittance to be honoured on first presentation) and that, at any time prior to unconditional acceptance by the Issuer and/or the Placement Agent, Manager and Registrar of such late payment in respect of such Bonds, the Issuer and/or the Placement Agent, Manager and Registrar may (without prejudice to other rights) treat the agreement to allocate such Bonds as void and may allocate such Bonds to some other person, in which case the Applicant will not be entitled to any refund or payment in respect of such Bonds (other than return of such late payment);
- xv. agrees that all Applications, acceptances of Applications and contracts resulting therefrom will be governed by, and construed in accordance with, Maltese Law and that he/she/it submits to the exclusive jurisdiction of the Maltese courts and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law in any court of competent jurisdiction;
- xvi. warrants that if he/she signs the Application Form on behalf of another party or on behalf of a corporation or corporate entity or association of persons, he/she has due authority to do so and such person, corporation, corporate entity or association of persons will also be bound accordingly, and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions;
- xvii. warrants that he/she is not under the age of eighteen (18) years or if he/she is lodging an Application in the name and for the benefit of a minor, warrants that he/she is the parent/s or legal guardian/s of the minor;
- xviii. confirms that, in the case of a joint Application entered into in joint names, the first named Applicant shall be deemed the holder of the Bonds; and
- xix. agrees that, in all cases, any refund of unallocated Application monies will be sent to the Applicant by direct credit into the Applicant's bank account as indicated by the Applicant on the Application Form. No interest shall be due on refunds. The Issuer shall not be responsible for any changes, loss or delay in transmission. If no such bank account number is provided, or in the event that bank account details on the Application Form are incorrect or inaccurate,

such refund will be made by means of a cheque mailed to the Applicant's address (or, in the case of joint Applications, the address of the first named Applicant) indicated in the Application Form.

Annex A: Consolidated Prospective Financial Information and Accountants' Report

Summary of significant assumptions and accounting policies

1. Introduction

The consolidated projected statement of financial position, the consolidated projected income statement and the consolidated projected statement of cash flows of AST Group p.l.c., Damask Investment Limited, AST Shipping Limited and Damask Shipping Management Company Limited (together “the AST Group”) for the five year period from 1 January 2017 to 31 December 2021 (“the consolidated prospective financial information”) have been prepared to provide financial information for the purpose of inclusion in the Company Admission Document of AST Group p.l.c. dated 04 December 2017. The consolidated prospective financial information, set out on pages 113 to 115 and the assumptions below are the sole responsibility of the Directors of AST Group p.l.c.

The consolidated prospective financial information has been prepared on the basis of a bond issue of €2,000,000 at a nominal value of €100 per bond offered by AST Group p.l.c., on the assumption that the Over-Allotment Offer is not exercised.

The consolidated prospective financial information for the five year period ending 31 December 2021 has been based on the projections of the AST Group covering the period 1 January 2017 to 31 December 2021.

The consolidated prospective financial information is intended to show a possible outcome based on a mixture of best-estimate assumptions as to future events which the Directors expect to take place and actions the Directors expect to take place and hypothetical assumptions about future events and management actions which are not necessarily expected to take place. Events and circumstances frequently do not occur as expected and therefore actual results may differ materially from those included in the consolidated prospective financial information. Attention is drawn, in particular, to the risk factors set out in the Company Admission Document which describe the primary risks associated with the business and operations to which the consolidated prospective financial information relates.

The consolidated projected financial information is not intended to and does not, provide all the information and disclosures necessary to give a true and fair view of the financial results, financial position and cash flows of the AST Group in accordance with International Financial Reporting Standards as adopted by the EU.

The Directors have exercised due care and diligence in adopting the assumptions below. The consolidated prospective financial information was formally approved on 04 December 2017 by the Directors and the stated assumptions reflect the judgements made by the directors at the date. The assumptions that the Directors believe are significant to the consolidated prospective financial information are set out in section 3 of this Annex A.

2. Significant accounting policies

The significant accounting policies of AST Group p.l.c. are set out in its audited financial statements for the year ended 30 June 2017. Where applicable, these accounting policies, in so far as they relate to recognition and measurement criteria, have been consistently applied in the preparation of the consolidated prospective financial information.

3. Basis of preparation and principal assumptions

The principal assumptions relating to the environment in which AST Group operates, and the factors which are exclusively outside the influence of the Directors and which underlie the consolidated prospective financial information are the following:

- there will be no material adverse events originating from market and economic conditions;
- the AST Group will continue to enjoy the confidence of its suppliers, customers and its bankers;
- interest rates and exchange rates will not change materially throughout the period covered by the projections;
- the basis and rates of taxation will not change materially throughout the period covered by the projections; and
- the rate of inflation will not exceed that experienced in the last few years.

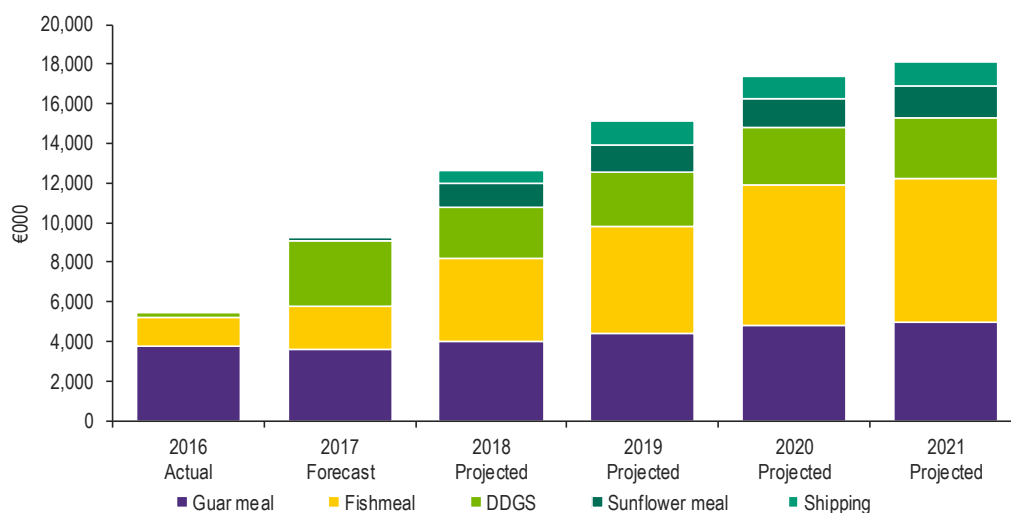
The principal assumptions relating to the environment in which AST Group operates and the factors which the Directors can influence and which underlie the prospective financial information, are the following:

3.1 Revenues

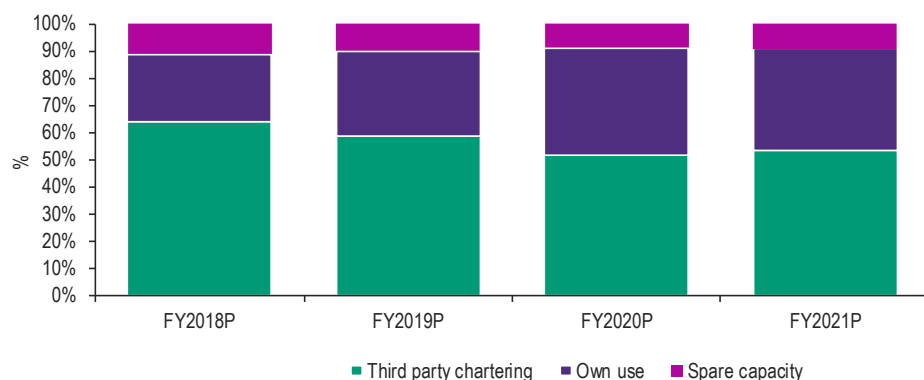
The AST Group's projected revenue for the five years up to 31 December 2021 is based on the assumption that the AST Group will continue distributing of animal feed products, as well as acquire the Vessel through the Bond proceeds by 30 June 2018 and commence chartering out the Vessel as from 1 July 2018. Although negotiations on the acquisition of the Vessel have commenced by the Group, as at the date of the Company Admission Document, the Group has not yet entered into terms of agreement with the prospective seller.

Projections relating to the Group's animal feed operations have been prepared on the basis of historic trends, sales contracts already in place as well as management's expectations for future growth. As set out in the chart below, the projections assume that the Group will continue focusing its efforts on four main product lines: roasted guar meal korma, fish meal, DDGS and HiPro sunflower meal.

Projected animal feed volumes



Projections relating to the Group's shipping operations assume that operations commence on 1 July 2018 and are based on the Group's projections to use the Vessel for internal use, a signed letter of intent the Group has with one of its suppliers and an occupancy of 85% on third party charters. The projections are based on 350 days in operation, decreasing to 320-335 days in line with the Vessel's scheduled maintenance programme. As illustrated below, Damask Investment Limited shall have right of first refusal for the Vessel, with all additional capacity assumed to be chartered out to third parties. The projected chartering rate has been assumed at \$4,600 per day, calculated on the basis of the charter rates incurred by the Group in FY2016/FY2017.



3.2 Direct costs

Direct costs comprise the purchase cost of the animal feed products sold and the associated transport cost, crew costs to operate the Vessel, brokerage costs, insurance costs, bunkering and vessel maintenance costs. The projections have been based on the AST Group's gross profit margins achieved in FY2016 and January to June 2017, factoring in also the potential savings on transportation of fish meal following the acquisition of the Vessel.

3.3 Administrative expenses

Administrative expenses consist primarily of payroll costs, directors' fees, rental costs on the office premises and warehousing facilities, travelling costs, admission fees, professional fees and other corporate and general overheads. Fixed administrative costs are assumed to rise substantially between FY2017 and FY2018 in order to cater for the growth expected in the AST Group's operations. Additional costs will mainly relate to salaries, due to the addition of personnel, professional fees and travelling expenses.

Depreciation is calculated on the straight-line method to allocate the cost of all items comprised within property, plant and equipment to their residual values over their estimated useful lives. The projections envisage €1.9 million of the bond proceeds being spent on acquiring a second-hand multipurpose shipping vessel by 30 June 2018. The Vessel is assumed to have a capacity of c. 5,000-6,000 dead weight tonnes. The depreciation charge on the Vessel is based on a useful life of ten years and a scrap value of €800k.

3.4 Other assumptions

No inflation has been assumed on both costs and revenues. In addition, a fixed dollar to Euro exchange rate of \$1.15:€1 was assumed throughout the projections.

3.5 Finance costs

Finance costs primarily relate to amounts due on the AST Group's factoring facility in place as at the date of the Company Admission Document, which is assumed to increase up to a maximum of €2

million in the projected period, as well as interest on the €2 million Bond, with an interest rate of 5.5 % per annum. The interest on the bond is assumed to commence on 1 February 2018, with the final payment being made on 31 January 2028. The projections assume that contributions to the Sinking Fund will be made as from FY2021, in order to facilitate the redemption of the bond in FY2028. Interest receivable on amounts held in the Sinking Fund is assumed at 1.5% p.a., net of final withholding tax.

3.6 Taxation

Current taxation is calculated at an effective 20% tax rate on profits made by branches operating outside of Malta and, a 5% effective tax rate on other profits; however, profits derived from shipping activities are exempt from tax on the assumption that the companies, AST Shipping Limited and Damask Shipping Management Company Limited, satisfy the conditions set out in the Merchant Shipping Act and regulations issued thereunder.

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carry values for financial reporting purposes.

3.7 Capital and Reserves

The consolidated prospective financial information has been based on the equity injection of €320k (part through an increase in the general purpose reserve) which occurred in the first half of 2017. The AST Group's capital and reserves are expected to increase over the projection period as a result of retention of profits. No dividends have been assumed in the consolidated prospective financial information. The AST Group does not intend to distribute dividends to the ultimate beneficial owners in the first three years following the Bond Issue.

3.8 Working Capital

The Group's working capital mainly comprises of the net impact of trade receivables, inventory and trade payables.

Within the financial information, settlement of trade receivable balances has been assumed to be effected within normal credit terms granted to customers as at 31 December 2016. Also settlement of trade payable balances has been assumed to be effected within the normal credit terms allowed by creditors as at 31 December 2016. Inventories are expected to increase in line with the requirements of the AST Group's animal feed operations, in order to support growth in the operations.

4. Conclusion

The Directors believe that the assumptions on which the prospective financial information is based are reasonable.

Approved by the Board of Directors on 04 December 2017 and signed on its behalf by:



Mr Giuseppe Muscat
Chairman



Mr William Wait
Director



Dr Luca Vella
Director

Statement of comprehensive income for the year ending 31 December

€000	2016	2017	2018	2019	2020	2021
	Actual	Forecast	Projected	Projected	Projected	Projected
Revenue	5,952	9,236	12,630	15,112	17,398	18,096
Cost of sales	(5,596)	(8,674)	(11,726)	(13,963)	(16,153)	(16,751)
Gross profit	356	562	904	1,149	1,245	1,345
Other income	38	-	-	-	-	-
Administrative, selling and distribution expenses	(237)	(285)	(402)	(505)	(519)	(525)
EBITDA	157	277	502	644	726	820
Depreciation and amortisation	(6)	(4)	(67)	(125)	(125)	(125)
EBIT	151	273	435	519	601	695
Net finance costs	(27)	(40)	(152)	(173)	(186)	(174)
Profit before tax	124	233	283	346	415	521
Tax for the year	(46)	(37)	(49)	(46)	(69)	(82)
Profit after tax	78	196	234	300	346	439

Consolidated statement of financial position as at 31 December

€000	2016 Actual	2017 Forecast	2018 Projected	2019 Projected	2020 Projected	2021 Projected
ASSETS						
Non-current assets						
Property, plant and equipment	4	-	1,843	1,728	1,613	1,498
Sinking fund	-	-	-	-	-	100
Other assets	14	-	90	81	71	61
	18	-	1,933	1,809	1,684	1,659
Current assets						
Inventory	415	787	1,395	1,771	2,250	2,315
Trade and other receivables	2,170	3,079	4,001	4,635	5,413	5,628
Cash and cash equivalents	335	281	240	328	340	432
	2,920	4,147	5,636	6,734	8,003	8,375
Total assets	2,938	4,147	7,569	8,543	9,687	10,034
EQUITY AND LIABILITIES						
Equity						
Share capital	0	50	50	50	50	50
General purpose reserve	312	582	582	582	582	582
Other reserves	160	160	160	160	160	160
Retained earnings	385	582	815	1,115	1,461	1,901
Shareholder's loans	32	62	62	62	62	62
Total equity	889	1,436	1,669	1,969	2,315	2,755
Non-current liabilities						
Borrowings	-	-	2,000	2,000	2,000	2,000
	-	-	2,000	2,000	2,000	2,000
Current liabilities						
Borrowings	711	638	1,053	1,288	1,558	1,313
Trade and other payables	1,271	2,036	2,797	3,240	3,744	3,885
Taxation	67	37	50	46	70	81
	2,049	2,711	3,900	4,574	5,372	5,279
Total liabilities	2,049	2,711	5,900	6,574	7,372	7,279
Total equity and liabilities	2,938	4,147	7,569	8,543	9,687	10,034

Consolidated statement of cash flows for the year ending 31 December

€000	2016	2017	2018	2019	2020	2021
	Actual	Forecast	Projected	Projected	Projected	Projected
Cash flows from operating activities						
EBITDA	157	277	502	644	726	820
Adjustments	(8)	-	49	100	-	100
Operating profit before working capital changes	149	277	551	744	726	920
Working capital adjustments:						
Changes in inventories	(101)	(372)	(607)	(378)	(480)	(64)
Changes in receivables	(1,311)	(909)	(923)	(633)	(777)	(216)
Changes in payables	732	765	611	343	505	41
Cash (used in) / generated from operating activities	(531)	(239)	(368)	76	(26)	681
Tax paid	(5)	(53)	(37)	(49)	(46)	(70)
Interest paid	(21)	(40)	(51)	(173)	(186)	(174)
Net cash (used in)/ generated from operating activities	(557)	(332)	(456)	(146)	(258)	437
Cash flows from investing activities						
Payments to acquire property, plant and equipment	(9)	-	(1,900)	(0)	(0)	(0)
Proceeds from disposal of assets	8	-	-	-	-	-
Net cash flows used in investing activities	(1)	-	(1,900)	(0)	(0)	(0)
Cash flows from financing activities						
Issue of equity	-	270	-	-	-	-
Proceeds from shareholder's loans	(0)	-	-	-	-	-
Bond proceeds	-	-	2,000	-	-	-
Payment of issue costs	-	-	(100)	-	-	-
Sinking fund transfers	-	-	-	-	-	(100)
Bank drawdown and repayment of borrowings	721	8	415	234	270	(245)
Net cash flows generated from/ (used in) financing activities	721	278	2,315	234	270	(345)
Net movement in cash and cash equivalents	163	(54)	(41)	88	12	92
Cash and cash equivalents at the beginning of year	172	335	281	240	328	340
Cash and cash equivalents at the end of year	335	281	240	328	340	432

Annex B: Specimen Application Forms



AST GROUP P.L.C. - APPLICATION FORM
 €2,000,000 5.5% UNSECURED BONDS 2028 (or up to €3,000,000
 in the event of exercise of the Over-Allotment Option)

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

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)		I.D. CARD / PASSPORT / COMPANY REG NO.	TEL NO.	MOBILE NO. (MANDATORY for e-portfolio registration)
<input type="checkbox"/> Please register me for e-portfolio				
C	ADDITIONAL (JOINT) APPLICANTS (see note 4) (please use an additional Application Form if space is not sufficient)			
	TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME		I.D. CARD / PASSPORT NO.
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME		I.D. CARD / PASSPORT NO.
D	MINOR'S PARENTS / LEGAL GUARDIAN/S (see note 5) (to be completed ONLY if the Applicant is a minor)			
	TITLE (Mr/Mrs/Ms/...)	FULL NAME & SURNAME		I.D. CARD / PASSPORT NO.
TITLE (Mr/Mrs/Ms/...)		FULL NAME & SURNAME		I.D. CARD / PASSPORT NO.
E	I/WE APPLY TO PURCHASE AND ACQUIRE (see notes 8 and 9)			
	AMOUNT IN FIGURES €	AMOUNT IN WORDS		
<small>AST Group p.l.c. 5.5% unsecured Bonds 2028 (or up to €3 million in the event of exercise of the Over-Allotment Option) (minimum subscription of €5,000 and in multiples of €100 thereafter) at the Bond Issue Price (at par), as defined in the Company Admission Document dated 04 December 2017 (the 'Company Admission Document'), payable in full upon application under the Terms and Conditions of the Bonds as set out in the Company Admission Document</small>				
F	RESIDENT - WITHHOLDING TAX DECLARATION (see note 10 & 11a) (to be completed ONLY if the Applicant is a resident of Malta)			
	<input type="checkbox"/> I/We elect to have final withholding tax deducted from my/our interest. <input type="checkbox"/> I/We elect to receive interest gross (i.e. without deduction of withholding tax).			
G	NON-RESIDENT - DECLARATION FOR TAX PURPOSES (see note 12) (to be completed ONLY if the Applicant is a non-resident)			
	TAX COUNTRY	CITY OF BIRTH	COUNTRY OF BIRTH	
T.I.N. (Tax Identification Number)		PASSPORT / NATIONAL I.D. CARD NO.	COUNTRY OF ISSUE	ISSUE DATE
<input type="checkbox"/> I/We am/are NOT resident in Malta but I/we am/are resident in the European Union. <input type="checkbox"/> I/We am/are NOT resident in Malta and I/we am/are NOT resident in the European Union.				
H	INTEREST, REFUND AND REDEMPTION MANDATE (see note 12) (completion of this panel is MANDATORY)			
	BANK	IBAN		
I/We have fully understood the instructions for completing this Application Form, and am/are making this application solely on the basis of the Company Admission Document subject to the Terms and Conditions as contained therein which I/we fully accept.				
Signature/s of Applicant/s <small>(Both parents or legal guardian/s are/is to sign if the Applicant is a minor) (All parties are to sign in the case of a joint Application)</small>			Date	
AUTHORISED FINANCIAL INTERMEDIARY'S STAMP		AUTHORISED FINANCIAL INTERMEDIARY'S CODE		APPLICATION NUMBER

NOTES ON HOW TO COMPLETE THIS APPLICATION FORM AND OTHER INFORMATION

The following notes are to be read in conjunction with the Company Admission Document dated [date] 2017 regulating the Bond Issue.

1. This Application is governed by the Terms and Conditions of the Application in this Company Admission Document dated 04 December 2017. Capitalised terms not defined herein shall, unless the context otherwise requires, have the meaning ascribed to them in the Company Admission Document.
2. The Application Form is to be completed in BLOCK LETTERS.
3. Applicants who are Non-Residents in Malta for tax purposes, must indicate their passport number in Panel B and complete Panel G. The relative box in Panel A must also be marked appropriately.
4. Applicants are to insert full personal details in Panel B. In the case of an Application by more than one person (including husband and wife) full details of all individuals, including I.D. card numbers, must be given in Panels B and C but the person whose name appears in Panel B shall, for all intents and purposes, be deemed to be the registered holder of the Bonds (vide note 7 below). Interest and redemption proceeds will be issued to the account indicated in Panel H or as otherwise indicated by the Bondholder/s during the term of the Bond.

Upon submission of an Application Form, Bondholders who do not have an online e-portfolio account will be registered by the CSD for the online e-portfolio facility and will receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Secured Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Those Bondholders who opt not to avail themselves of this facility should indicate such in Panel B of the Application Form. Further details on the e-portfolio are found on <https://eportfolio.borzamalta.com.mt/Help>.

5. Applications in the name and for the benefit of minors shall be allowed provided that they are signed by both parents or by the legal guardian/s and accompanied by a Public Registry birth certificate of the minor in whose name and for whose benefit the Application Form is submitted. The relative box in Panel A must also be marked appropriately. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption proceeds payable to the parents or legal guardian/s signing the Application Form until such time as the minor attains the age of eighteen (18) years, following which all interest and redemption proceeds shall be payable directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of eighteen (18) years.
6. In the case of a body corporate, the name of the entity exactly as registered, and the registration number are to be inserted in Panel B. Applications must be signed by duly authorised representatives indicating the capacity in which they are signing.
7. APPLICANTS WHO ALREADY HOLD SECURITIES ON THE MSE ARE TO INDICATE THEIR MSE ACCOUNT NUMBER IN PANEL B. APPLICANTS ARE TO NOTE THAT ANY SECURITIES ALLOTTED TO THEM WILL BE RECORDED IN THE MSE ACCOUNT NUMBER QUOTED ON THIS APPLICATION FORM. IF DETAILS OF SUCH MSE ACCOUNT NUMBER, AS HELD BY THE MSE, DIFFER FROM ANY OR ALL OF THE DETAILS APPEARING OVERLEAF, A SEPARATE REQUEST BY THE APPLICANT TO CHANGE THESE DETAILS AS RECORDED AT THE MSE WILL HAVE TO BE EFFECTED.
8. Applications must be for a minimum of €5,000 and thereafter in multiples of €100.
9. Payment must be made in Euro, in cleared funds to [**The Registrar – AST Group p.l.c. Bond Issue**]. In the event that the cheque accompanying an Application Form is not honoured on the first presentation, the Issuer and the Registrar reserve the right to invalidate the relative Application.
10. Only Applicants who hold a valid official Maltese Identity Card or companies registered in Malta will be treated as resident in Malta. In such a case the Applicant may elect to have final withholding tax, currently 15%, deducted from interest payments in which case such interest need not be declared in the Applicant's income tax return. The Applicant may elect to receive the interest gross (i.e. without deduction of final withholding tax), but will be obliged to declare interest so received in the tax return. Interest received by non-resident Applicants is not taxable in Malta and non-residents will receive interest gross. Authorised entities applying in the name of a Prescribed Fund (having indicated their status in the appropriate box in Panel A) will have final withholding tax (currently 10%), deducted from interest payments. In terms of Section 6.2 of the Securities Note, unless the Issuer is otherwise instructed by a Bondholder, or if the Bondholder does not fall within the definition of "recipient" in terms of Article 41(c) of the Income Tax Act (Cap. 123 of the Laws of Malta), interest shall be paid to such person net of final withholding tax, (currently 15%) of the gross amount of interest, pursuant to Article 33 of the Income Tax Act (Cap. 123 of the Laws of Malta).
11. Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Director General Inland Revenue, Malta, who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation. 11a. The contents of Notes 10 and 11 above do not constitute tax advice by the Issuer and Applicants are to consult their own independent tax advisors in case of doubt.
12. If any Application is not accepted after the closure of the subscription lists or is accepted for fewer Bonds than those applied for, the monies or the balance of the amount paid but not allocated, as the case may be, will be returned by direct credit into the bank account as indicated in Panel H. Interest and redemption proceeds will be credited to the account indicated in Panel H or as otherwise amended by the Bondholder/s during the term of the Bond.
13. Subscription lists for Preferred Applicants will close at 12:00 pm CET on 28 January 2018. The Issuer reserves the right to refuse any Application which appears to be in breach of the Terms and Conditions of the Application as contained in the Prospectus. Any Applications received by the Registrar after the subscription lists close will not be accepted. Completed Application Forms are to be delivered to any of the Authorised Financial intermediaries listed in the Securities Note, during normal office hours. Remittances by post are made at the risk of the Applicant and the Issuer disclaims all responsibility for any such remittances not being received by the date of closing of the subscription lists.
14. By completing and delivering an Application Form you (as the Applicant(s)) acknowledge that:
 - a. the Issuer may process the personal data that you provide in the Application Form in accordance with the Data Protection Act (Cap. 440 of the Laws of Malta);
 - b. the Issuer may process such personal data for all purposes necessary for and related to the Bonds applied for; and
 - c. you, as the Applicant, have the right to request access to and rectification of the personal data relating to you, as processed by the Issuer. Any such requests must be made in writing and addressed to the Issuer. The request must be signed by yourself as the Applicant to whom the personal data relates.

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

Annex C: Authorised Financial Intermediaries

Name	Address	Telephone
Financial Planning Services Limited	4, Marina Court No. 1, G. Cali Street, Ta' Xbiex XBX 1421, Malta	21344244



Issuer

AST Group p.l.c.
Triq l-Imghazel
Swieqi SWQ3141, Malta

Corporate Advisor



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

Placement Agent, Manager, Registrar and Escrow Agent



Financial Planning Services Limited
4, Marina Court, Giuseppe Cali Street,
Ta Xbiex, XBX 1421, Malta

