



Summary Note

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

This document is a Summary Note as required by Rule 6.4.1 of the Listing Rules and contains information about AX Investments p.l.c. (the "Issuer") and AX Holdings Limited (the "Guarantor") as the Issuer and the Guarantor respectively of the securities for which application has been made for admission to trading on the Malta Stock Exchange. This Summary Note should be read in conjunction with the most updated Registration Document and Securities Note issued by the Issuer from time to time that will provide the details of the securities to which these documents relate.

This document is dated 28 November 2006

The Bonds are being issued by

AX INVESTMENTS P.L.C.

with the joint and several Guarantee of

AX HOLDINGS LIMITED

In respect of an issue of Lm4 million 6.7% Bonds 2014-2016 (subject to the Over-Allotment Option described herein)
and
An offering to Eligible Persons of a maximum of Lm1 million 4% Bonds 2013 in consideration for the acquisition by the Issuer of 20% of Suncrest Hotels p.l.c. Shares

TABLE OF CONTENTS

| | |
|--|----|
| Definitions | 3 |
| Warning to Potential Investors | 4 |
| Expected Timetable of Principal Events Related to the Series I and Series II Bond Issues | 4 |
| 1. Identity of Directors, Advisors and Auditors of the Issuer and Guarantor | 4 |
| 2. Offer Statistics and Details of the Offer | 5 |
| 3. Key Information about the Issuer and Guarantor | 6 |
| 4. Information about the Issuer and Guarantor | 9 |
| 5. Trend Information relative to the Issuer and Guarantor | 10 |
| 6. Management and Employees | 10 |
| 7. Major Shareholders of the Issuer and Guarantor | 11 |
| 8. Financial Information | 11 |
| 9. Additional Information | 11 |
| 10. Terms of the Guarantee | 12 |
| 11. Documents Available for Inspection | 12 |



DEFINITIONS

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

| | |
|------------------------------------|--|
| Act | the Companies Act, Cap. 386 of the Laws of Malta; |
| AX Group or Group | AX Holdings Limited and any company or entity in which AX Holdings Limited has a controlling interest. For the avoidance of doubt, any reference in this Summary Note to the Group or to the AX Group shall include both the Issuer and the Guarantor; |
| Bond Issue or Offer | the issue of the Bonds; |
| Bonds or Securities | the Series I Bonds and the Series II Bonds; |
| Directors or Board | the directors of the Issuer and the Guarantor, as the case may be, whose names are set out under the heading "Identity of Directors, Advisors and Auditors of the Issuer and Guarantor"; |
| Guarantee | the joint and several suretyship of the Guarantor undertaking to effect payment of interest and capital repayments of any amount due by the Issuer to any Bondholder and which remain unpaid by the Issuer after 60 days of the due date for payment thereof. A copy of the Guarantee together with a description of the nature, scope and terms thereof, is included in Annex 4 of the Securities Note; |
| Guarantor or AXH | AX Holdings Limited, a company registered under the laws of Malta, and the parent company of the AX Group; |
| Issue Date | 23 December 2006; |
| Issuer, Company or AXI | AX Investments p.l.c.; |
| Lm or Maltese Liri | the lawful currency from time to time of the Republic of Malta; |
| Malta Stock Exchange or MSE | the Malta Stock Exchange as defined by the Financial Markets Act (Cap.345 of the Laws of Malta); |
| Offering Circular | the circular to be addressed to shareholders in Suncrest Hotels p.l.c. as at 28 November 2006, and which will contain an offer by the Issuer for the purchase from such shareholders of all of their shares in Suncrest Hotels p.l.c. under the terms and conditions contained in that document; |
| Prospectus | this document together with the Registration Document and the Securities Note; |
| Redemption Date | in the case of Series I Bonds 15 December 2016 or at the Issuer's option either of the Designated Early Redemption Dates and in the case of the Series II Bonds 15 December 2013; |
| Redemption Value | Lm100 per Bond in the case of the Series I Bond and Lm140 per Bond in the case of the Series II Bond; |
| Registration Document | the Registration Document dated 28 November 2006 forming part of the Prospectus; |
| Regulation | Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in a prospectus; |
| Securities Note | the Securities Note dated 28 November 2006 issued by the Issuer making an offering of Lm4 million 6.7% Bonds 2014-2016 as detailed therein or in the case of exercise of the Over-Allotment Option, up to an aggregate of Lm5 million 6.7% Bonds redeemable in 2014-2016 as detailed therein; |
| Series I Bond | Lm4 million (or in the case of exercise of the Over-Allotment Option, up to an aggregate of Lm 5 million) in bonds issued by the Issuer with the joint and several Guarantee of the Guarantor redeemable at the Redemption Value on a Redemption Date or a Designated Early Redemption Date which shall bear interest from the Issue Date to the Redemption Date at the rate of 6.7 per cent per annum with interest due and payable on an Interest Payment Date (capitalised terms defined in the Securities Note); |
| Series II Bond | up to a maximum of Lm1 million in bonds to be issued by the Issuer, under the joint and several Guarantee of the Guarantor, to Eligible Persons redeemable at a premium of Lm40 to their face value on the Redemption Date which shall bear interest from the Issue Date to the Redemption Date at the rate of 4 per cent per annum with interest due and payable on the Interest Payment Date (capitalised terms defined in the Offering Circular); |
| Summary Note | this document in its entirety. |

WARNING TO POTENTIAL INVESTORS

This Summary Note forms part of the Prospectus containing information concerning the Issuer, the Guarantor and the Bonds. This Summary Note is intended to briefly convey the essential characteristics of, and risks associated with, the Issuer, the Guarantor and the Bonds. You should carefully take into consideration the following criteria for evaluation of this Summary Note:

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

EXPECTED TIMETABLE OF PRINCIPAL EVENTS RELATED TO THE SERIES I AND SERIES II BOND ISSUES

Series I Bond

| | |
|--|------------------|
| 1. Application Forms available | 04 December 2006 |
| 2. Opening of Subscription Lists | 12 December 2006 |
| 3. Closing of Subscription Lists | 15 December 2006 |
| 4. Announcement of Basis of Acceptance | 22 December 2006 |
| 5. Commencement of Interest on the Bonds | 23 December 2006 |
| 6. Expected dispatch of Allotment Advice and Refunds of Unallocated Monies | 29 December 2006 |

The Issuer reserves the right to close the Offer of Bonds before 15 December 2006 in the event of over-subscription, in which case, the events set out in steps 4, 5 and 6 above shall be brought forward, although the number of workings days between the respective events shall not also be altered.

PROVIDED, with respect to those Applications for Series I Bonds which are being settled by a transfer from the Applicant to the Issuer of all or part of the 8.25% Suncrest Bond 2005/2007 held by the Applicant at the time of the Offer, events 1,2,3 and 4 above shall not apply. With respect to the foregoing, the closing of Subscription Lists will take place on 11 December 2006, and steps 5 and 6 shall apply as set out above.

Series II Bond

| | |
|---|------------------|
| 1. Closing of Subscription Lists | 15 December 2006 |
| 2. Commencement of Interest on the Bonds | 23 December 2006 |
| 3. Expected dispatch of Allotment Advice and Settlement Cheques | 29 December 2006 |

1. IDENTITY OF DIRECTORS, ADVISORS AND AUDITORS OF THE ISSUER AND GUARANTOR

The Directors of the Issuer and the sole Director of the Guarantor, whose names are set out hereunder, are the persons responsible for the information contained in this Summary Note. They have been advised and assisted in the drafting and compilation of the document by the persons mentioned hereunder under the sub-heading "Advisors to the Issuer and Guarantor".

Directors of the Issuer

| | |
|--------------------|------------------------|
| Angelo Xuereb | Chairman |
| Michael Warrington | Executive Director |
| Philip Ransley | Non-Executive Director |
| Claire Xuereb | Non-Executive Director |
| Patrick Galea | Non-Executive Director |

The Company Secretary of the Issuer is Tonio Farrugia

Directors of the Guarantor

| | |
|---------------|---------------|
| Angelo Xuereb | Sole Director |
|---------------|---------------|

The Company Secretary of the Guarantor is Tonio Farrugia

ALL OF THE DIRECTORS OF THE ISSUER AND GUARANTOR, WHOSE NAMES APPEAR ABOVE (THE "DIRECTORS"), ARE THE PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THIS SUMMARY NOTE. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS OF THE ISSUER AND GUARANTOR (WHO HAVE ALL TAKEN REASONABLE CARE TO ENSURE SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS SUMMARY NOTE IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. THE DIRECTORS ACCEPT RESPONSIBILITY ACCORDINGLY.

**Advisors to the Issuer and Guarantor**

Legal Counsel:

Name: Camilleri Preziosi
Address: Level 3, Valletta Buildings, South Street
Valletta - VLT11 - MALTA

Sponsoring Stockbroker:

Name: Charts Investment Management Service Limited
Address: 18a 3rd Floor, Europa Centre
Floriana - VLT15 - MALTA

Financial Advisors, Auditors and Reporting Accountants:

Name: Deloitte & Touche
Address: 1, Colonel Savona Street
Sliema - SLM07 - MALTA

Deloitte & Touche is a member firm of Deloitte Touche Tohmatsu. The partners of Deloitte & Touche (Malta) are members of the Malta Institute of Accountants.

2. OFFER STATISTICS AND DETAILS OF THE OFFER**2.1 The Series I Bond**

The initial Lm4 million 6.7% 2014-2016 Bonds being issued as the Series I Bond (the "Original Bond Issue") may be increased, at the option of the Issuer, by a maximum of an additional Lm1 million 6.7% 2014-2016 Bonds in the event of over-subscription of the Original Bond Issue (the "Over-Allotment Option") up to and not exceeding the aggregate amount of Lm5 million.

The Company will be entering into conditional subscription agreements with Intermediaries. In terms of these agreements the Intermediaries will be bound to subscribe and purchase, and the Company will be bound to allot to such Intermediaries, on 11 December 2006, an aggregate not exceeding Lm2 million of the Bonds in issue. Subscriptions under these arrangements will be subject to the same Terms and Conditions of the Series I Bond contained in the Prospectus. Any Bonds not placed with Intermediaries as well as the remaining Lm2 million in Bonds and the Lm1 million in Bonds which may be issued upon exercise by the Issuer of the Over-allotment Option shall be offered to the general public for subscription under the same terms and conditions.

2.2 The Series II Bond

The Series II Bond is available to those persons who were shareholders registered on the register of members of the Suncrest Hotels p.l.c. on 28 November 2006 and whose address on the register of members was an address in Malta, with the exception of AX Holdings Limited ("Eligible Persons"). The Series II Bonds shall initially be offered exclusively to Eligible Persons. Following their issue to Eligible Persons and the admission to listing, the Series II Bonds shall be freely transferable and tradable on the Malta Stock Exchange.

2.3 Status of the Bonds

The Bonds shall constitute the general, direct, unconditional, unsecured and unsubordinated obligations of the Company and Guarantor and will rank pari passu without any priority or preference with all other present and future unsecured and unsubordinated obligations of the Company and the Guarantor.

2.4 Terms and Conditions of Issue of the Bonds

The full terms and conditions of the Issue of the Series I Bonds are contained in Annex 1 attached to the Securities Note and the full terms and conditions of the Series II Bonds are contained in the Offering Circular.

2.5 Interest

- (a) The Series I Bonds shall accrue interest at the rate of 6.7 per cent per annum payable annually on 15 December of each year. Interest shall accrue as from 23 December 2006. The first Interest Payment Date shall be 15 December 2007;
- (b) The Series II Bonds shall accrue interest at the rate of 4 per cent per annum payable annually on 15 December of each year. Interest shall accrue as from 23 December 2006. The first Interest Payment Date shall be 15 December 2007.

2.6 Maturity and Redemption of the Bonds

The Series I Bond shall become due for final redemption on 15 December 2016. The Issuer reserves the right to redeem the Bonds or any part of the issue at any time prior to the stated maturity on either of the Interest Payment Dates falling in 2014 and/or 2015. Redemption of the Series I Bonds shall be made at the face value of the Bonds. In addition, the Issuer reserves the right to purchase from the market at any time after issue, Series I Bonds for cancellation.

The Series II Bond shall become due for final redemption on 15 December 2013. Redemption of the Series II Bonds shall be made at a premium of Lm40 to the face value of the Bonds. In addition, the Issuer reserves the right to purchase from the market at any time after issue, Series II Bonds for cancellation.

2.7 Public Offer

- (a) The Series I Bonds shall be issued and offered to the general public in Malta as well as to Intermediaries either for their own account or on behalf of investors represented by such Intermediaries. The allocation of Series I Bonds shall however be made with preference to those Applicants indicating their agreement to settle the consideration for the Series I Bonds by surrendering in the Issuer's favour Suncrest Bonds of an equivalent nominal value.
- (b) The Series II Bonds shall be offered exclusively to those persons who are shareholders in Suncrest Hotels p.l.c. as at the close of business on 28 November 2006 and whose address on the register of members is in Malta (with the exception of AX Holdings Limited). Following their issue to such persons (the "Eligible Persons") and the admission to listing, the Series II Bonds shall be freely transferable and tradable on the Malta Stock Exchange.

2.8 Authorisations

The Issue of the Bonds was authorised by the Issuer's Board of Directors by resolution dated 20 November 2006. The Listing Authority admitted the Bonds as eligible to listing on a Recognised Investment Exchange pursuant to the Listing Rules by virtue of a letter dated 28 November 2006.

2.9 Admission to Trading

The Bonds are expected to be admitted to the Official List of the Malta Stock Exchange with effect from 3 January 2007 and trading is expected to commence on the 4 January 2007.

2.10 Estimated Expenses of the Offer

Professional fees, registrar fees and costs related to publicity, advertising, printing, listing, registration, sponsor, selling commission, management and registrar fees and other miscellaneous expenses in connection with this Offer, are estimated not to exceed Lm150,000, and shall be borne by the Issuer.

3. KEY INFORMATION ABOUT THE ISSUER AND GUARANTOR

3.1 Selected Financial Data, and Information on the Issuer's and Guarantor's Capitalisation & Indebtedness

The Financial information about the Issuer and Guarantor which is being incorporated by reference pursuant to Article 28 of the Regulation and is being made available for inspection is listed in section 11 below of this Summary Note.

Extracts from the Consolidated Financial Statements of the Guarantor for the 3 years ended 31 October 2003 to 2005, together with the extracts from the Estimated Consolidated Financial Statements for the year ended 31 October 2006, extracted from the unaudited Consolidated Management Accounts for the year ended 31 October 2006 are set out below:

**Income Statement Extracts**

| For the years ended 31 October | Unaudited Estimated 2006 Lm'000 | Audited Actual 2005 Lm'000 | Audited Actual 2004 Lm'000 | Audited Actual 2003 Lm'000 |
|---|--|-------------------------------------|-------------------------------------|-------------------------------------|
| Turnover | 9,172 | 9,229 | 10,715 | 7,398 |
| Gross operating profit | 2,113 | 2,104 | 2,700 | 924 |
| Depreciation | (660) | (588) | (688) | (736) |
| Interest payable | (843) | (866) | (769) | (1,029) |
| Profit after depreciation and interest | 610 | 650 | 1,243 | (841) |
| Share of result of associated undertakings | (4) | 105 | 11 | 49 |
| Gain on disposal of subsidiary and other net income | - | 533 | 649 | 922 |
| Profit on ordinary activities before taxation | 606 | 1,288 | 1,903 | 130 |
| Taxation | (172) | 202 | 253 | 592 |
| Profit after taxation | 434 | 1,490 | 2,156 | 722 |
| Minority interest | (218) | (212) | (464) | 89 |
| Profit after minority interest | 216 | 1,278 | 1,692 | 811 |

Balance Sheet Extracts

| At 31 October | Unaudited Estimated 2006 Lm'000 | Audited Actual 2005 Lm'000 | Audited Actual 2004 Lm'000 | Audited Actual 2003 Lm'000 |
|------------------------|--|-------------------------------------|-------------------------------------|-------------------------------------|
| Non-current assets | 31,838 | 30,647 | 30,875 | 32,956 |
| Current assets | 6,635 | 6,933 | 6,490 | 5,505 |
| Total assets | 38,473 | 37,580 | 37,365 | 38,461 |
| Short-term liabilities | 9,473 | 8,583 | 9,042 | 10,554 |
| Long-term liabilities | 13,365 | 13,516 | 15,332 | 16,302 |
| Capital and reserves | 14,107 | 13,891 | 11,645 | 10,561 |
| Minority interest | 1,528 | 1,590 | 1,346 | 1,044 |
| Total liabilities | 38,473 | 37,580 | 37,365 | 38,461 |

Detailed Estimated Consolidated Financial Statements for the year ended 31 October 2006 and the assumptions on which these estimates are based are being incorporated by reference pursuant to Article 28 of the Regulation, and accordingly are available for inspection as laid out in Section 11 below of this Summary Note.

AX Group's turnover shows growth of 24% between 2003 and 2006. Most of the increase in turnover was achieved in the property development sector, which included revenues generated from the sale of the Verdala Mansions and Virtu Heights developments.

The Group's gross operating profit margin has been fairly constant during the years under review, at 23% in 2006 and 2005, and 25% in 2004. The profit before tax for each financial year under review was Lm606,194 for 2006, Lm789,263 in 2005 and Lm1,299,290 for 2004. The figures for 2005 and 2004 are taken before the gain on disposal of subsidiaries in each of the respective financial years.

During 2003 and 2004 the Group disposed of two loss making subsidiaries, namely General Precast Concrete Ltd and Capua Hospital. In the financial year 2005, the Group also sold its interest in the Duke of Edinburgh Hotel in Gozo realising a profit of Lm499,295.

The Group's tangible fixed assets at 31 October 2006 amounted to Lm31.8 million. These assets consist of immovable properties which the Group holds for its business purposes amounting to Lm22.3 million and a portfolio of immovable property held for resale which is valued at cost and has a book value of Lm9.5 million.

Shareholders' funds increased from Lm10.5 million in 2003 to Lm14.1 million in 2006.

Subsequent to the Bond Issues, long term liabilities of the Group will increase by Lm2.15 million to Lm15.52 million. In the event of the exercise of the Over-Allotment Option, long term liabilities of the Group will increase to Lm16.52 million.

3.2 Reasons for the Offer and Use of Proceeds

3.2.1 The Series I Bond

The Original Bond Issue is intended to raise capital for the following purposes:

General Corporate Funding Purposes of the AX Group

A loan agreement has been entered into between the Issuer and AXH, whereby the Company shall advance the amount of Lm3,142,000, (or Lm4,142,000 in the event of the exercise of the Over-Allotment Option), to be utilised as follows:

- (a) the amount of Lm2,849,400 for the redemption of the Lm2,849,400 8.25% Suncrest Bonds 2005/2007 issued by Suncrest Hotels p.l.c. due for redemption in March 2007 (the "Suncrest Bond"). It is the intention of the AX Group, subject to raising the necessary funding under the Series I Bond, to redeem the Suncrest Bond before its stated maturity;
- (b) the amount of Lm292,600, as well as the proceeds generated from the exercise of the Over-Allotment Option (if exercised), shall be advanced to AXH for general corporate funding purposes including new projects of the AX Group.

Acquisition of the Capua Palace

The Company shall pay the amount of Lm858,000 to Capua Palace Investments Limited in settlement of the balance of price for the purchase of Capua Palace Sliema by the Company from Capua Palace Investments Limited. A report produced by Architect Wallace Farrugia (A.&C.E.) of Wallace Farrugia & Associates, of 44, St. Francis Street, Sliema SLM05, in respect of the Capua Palace, is available on the Group's website and at its premises, although a summarised version of the said report may be found in Annex 1 of the Registration Document. This report was produced at the Issuer's request, and is included in the Registration Document with the consent of Arch. Farrugia, who authorises the publication of his report in the form and content in which it appears therein.

3.2.2 The Series II Bond

The Lm1 million Series II Bond Issue will be utilised to settle the consideration for an elective bid being made by the Issuer simultaneously with the Series I Bond Issue to Eligible Persons. The said elective bid is being made by the Issuer to Eligible Persons to exchange ordinary shares in Suncrest Hotels p.l.c. into Series II Bonds. If all Eligible Persons were to accept the elective bid in exchange for their Suncrest Shares, it is expected that the full amount of Series II Bonds to be issued by the Issuer under the joint and several Guarantee of the Guarantor will be equivalent to Lm1 million in value of Series II Bonds.

3.3 Risk Factors

You should carefully consider the following matters, as well as the other information contained in the Registration Document and Securities Note, before making any investment decision with respect to the Company.

Information contained in this Summary Note contains "forward-looking statements," which are subject to the qualifications discussed below. If any of the risks described were to materialise, they could have a serious effect on the Company's financial results, trading prospects and the ability of the Company to fulfil its obligations under the Securities to be issued. Important factors that could cause actual results to differ materially from the expectations of the Issuer's or Guarantor's Directors include those risks identified under the heading "RISK FACTORS", and elsewhere in the Prospectus.

The Issuer and Guarantor caution the reader that these forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ from those expressed or implied by the statements and no assurance is given that the future results or expectations will be achieved.

3.3.1 Risks relating to the Business of the AX Group

The Issuer is subject to a number of risks which could have an adverse effect on the business of the AX Group. These risks (which are more fully described in the Registration Document) include:

- negative economic trends that may from time to time be felt in Malta, which could have a negative effect on the business activities of the AX Group concentrated in and aimed at the Maltese market;
- risks specifically related to the property development and construction sectors (two of the main pillars of the AX Group's business);
- risks arising in the hospitality industry (another pivotal facet of the AX Group's business) related to: the economic, political and security conditions in Malta's main tourism markets; the overall quality and attractiveness of Malta's tourism product, its competitiveness in the international market, and the resources applied to its marketing; competitiveness on the supply side of the market that may result in increased pricing pressure from other operators.



3.3.2 Risks relating to the Bonds

An investment in the Bonds is subject to certain risks (better described in the Securities Note), which risks include:

- the possible rise and fall of the value of investments;
- past performance is not necessarily indicative of future performance;
- there can be no assurance that an active secondary market for the Bonds will develop, or, if it develops, that it will continue;
- there can be no assurance, also, that an investor will be able to re-sell his/her Bonds at or above the Bond Offer Price.
- factors over which the Issuer has no control, including the willingness or otherwise of potential buyers and sellers of the Bonds, time remaining for maturity of the Bonds, the outstanding amount of the Bonds, and the level, direction and volatility of market interest rates generally;
- the investor bears the risk of fluctuations in exchange rates until such time as Malta adopts the Euro, although this risk has been mitigated pursuant to Malta's joining the Exchange Rate Mechanism II.

4. INFORMATION ABOUT THE ISSUER AND GUARANTOR

4.1 Historical Development of the Issuer

The Issuer, formed on 17 January 2001 with the name Verdala Finance p.l.c., is a public limited liability company, registered in terms of the Act with Company Registration number C-27586. The Issuer's registered office is at AX House, Mosta Road, Lija, Malta.

4.2 Overview of the Issuer's Business

The Issuer, which is a subsidiary of AX Holdings Limited, was set up with the principal object of carrying on the business of a finance and investment company within the AX Group. As the finance and investment arm of the AX Group, the Issuer is the primary vehicle for raising the capital required to finance the funding requirements of specific projects being undertaken by members of the AX Group, as and when the demands of their business or the demands of a particular project so require. An object ancillary to this primary purpose of the Company is the taking on lease, exchange or acquisition of movable and immovable property.

The first transaction undertaken by the Issuer in its capacity as the finance and investment arm of the AX Group was the issue of a bond required for the development of one of the Group's projects, the Verdala Mansions in Rabat, Malta. That bond was issued in 2001 for an amount of Lm2.3 million with an original maturity of five years from the date of issue. The said bond proceeds were utilised for the development of the Verdala Mansions and was redeemed in two tranches to the bondholders with the final redemption being made in April 2005, one year before the final maturity.

4.3 Historical Development of the Guarantor

The Guarantor, formed on 27 January 1977, is a private limited liability company, registered in terms of the Act with Company Registration number C-3595. The Guarantor's registered office is also at AX House, Mosta Road, Lija, Malta.

AX Holdings Limited is the holding company and parent of the AX Group that has diverse business interests in a number of industry sectors, ranging from construction to hospitality and property development. AX Holdings Limited itself does not actively trade but merely holds the investment in subsidiaries and associated companies that are the operating companies within the AX Group.

4.4 Overview of the Guarantor's Business

Since its inception in 1977, AX Holdings Limited has expanded from a construction-based business to an important player in the local hospitality and property development (and investment) markets. In the hospitality industry, the Suncrest Hotel, Sunny Coast Resort in Qawra, the Capua Palace, Victoria Hotel and Villa Drago in Sliema, the Verdala Hotel in Rabat, the Duke of Edinburgh Hotel in Gozo, and several others are currently, or at a point in time were, projects run by the AX Group. A new hotel in Sliema (The Palace Hotel) is targeted to open as a five star boutique hotel in June 2007.

With respect to property development and investment, over the years the AX Group developed a number of properties and disposed of others that were not considered central to its long term development plans. Amongst its prime achievements in this sector the AX Group boasts the Verdala Mansions, the most luxurious apartment complex in Malta.

Apart from these principal areas of specialisation, a large number of subsidiary and operating companies of the AX Group are engaged in sectors which are material to the AX Group's overall business objectives, including civil engineering, quarrying, waste recycling, project management (both local and international), property development, property investment, and the supply of building material and plant.

The Valletta Waterfront was a national project proposed by Angelo Xuereb, the AX Group's Chairman. Seven years ago, Mr. Xuereb proposed the conversion of this run down part of Valletta into a cruise terminal. Viset Malta plc was the company that was awarded an international tender issued by Government to carry out this project. The AX Group has a 22.9% interest in Viset Malta p.l.c., the cruise terminal operator which has enhanced Malta's status as a leading destination for Mediterranean cruises.

The AX Group's Executive Board has approved a number of other projects which will be undertaken in the course of the coming years. These projects include the opening of two food and beverage/entertainment venues at the Valletta Waterfront. In addition, the AX Group may also consider expanding its development activities overseas (such as the expansion of the activities of its subsidiary Universal Supplies Ltd in the North African and Middle East markets), provided that a cautious approach is taken in this respect in such a way that the AX Group will only commit capital to such projects if it is reasonably clear to the Board that such developments can generate the expected returns.

4.5 Property

Through its property development and hospitality divisions, the AX Group holds immovable property throughout the Maltese Islands.

In the hospitality sector, the Suncrest Hotel, built in 1987, remains one of the largest hotels in Malta. The other main operating hotels in the Group's hospitality division are the Victoria Hotel and the Sunny Coast Resort. The Palace Hotel is targeted to open as a five star boutique hotel in June 2007. The hotel will focus on the conference and incentive market and will have 155 rooms. The construction and finishes of the hotel are being financed through a bank loan for the full estimated budget for the project.

Through its property development division, the Group acquires investment properties, identifies business and commercial uses for these properties, and undertakes such projects to dispose of them at an opportune time. Some of these investments are held on a long term basis while others are developed and sold in the normal course of business. The Verdala Mansions and Virtu Heights are the principal projects to have been undertaken by the Group in this respect.

5. TREND INFORMATION RELATIVE TO THE ISSUER AND GUARANTOR

There have been no material adverse changes to the prospects of either the Issuer or Guarantor since the date of their respective last published financial statements.

At the time of publication of this Summary Note, the Issuer considers that its future performance is intimately related to that of the whole AX Group, particularly since members of the AX Group will constitute its only trading partners as borrowers. The Guarantor, as the parent company of the AX Group, considers that generally the AX Group will be subject to the normal business risks associated with the industries in which it is involved and does not anticipate any trends, uncertainties, demands, commitments or events outside the ordinary course of business that could be deemed likely to have a material effect on the upcoming prospects of the AX Group's and its business, at least with respect to the current financial year.

The AX Group's strategy for the foreseeable future is to continue to develop its assets with a view to realising and maximising their economic potential.

With respect to the *hospitality division*, the Group is reasonably confident that long term profitability in the tourism sector will return in the foreseeable future. Experience has shown that hotel properties which are market oriented and provide a high standard of service outperform their competition and provide acceptable returns. The Group is reasonably confident that its hotel properties will achieve such returns in the medium term.

The *construction industry* has been going through a steady period of good performance in recent years, and although highly competitive, the industry does provide reasonable return on investment. The AX Group plans to remain one of the foremost construction services providers in Malta and aims to expand its activities in waste recycling and environmental projects.

The *property development* division of the AX Group will persevere with its proposed plans to develop the lands of the former Grand Hotel Verdala and build, through Skyline Developments Ltd, a complex of 100 luxury apartments. Subject to final approval from the Malta Environment and Planning Authority and the resolution of legal action instituted by Malta Enterprise, it is expected that work on this project will commence in 2007, and that Royal Hotels Ltd will construct a boutique hotel on another part of the lands in question. Is-Simblija Developments Ltd has plans to construct a complex consisting of 250 apartments with a view to market these as sheltered homes for the elderly. The company has an outline permit for the project and has recently acquired two additional areas of land to be incorporated into the development.

6. MANAGEMENT AND EMPLOYEES

6.1 The Board of Directors of the Issuer

The Issuer is managed by a Board of Directors, consisting of five members, which is entrusted with the overall administration and management of the Company. The Board consists of two Executive Directors (who have been assigned the company's day-to-day management) and three Non-Executive Directors (who monitor the operations of the Executive Directors and their performance, review any proposals tabled by the Executive Directors, and ensure avoidance of possible conflicts of interest for the Executive Directors in view of their dual role as Executive Directors of the Company and their role as officers of the AX Group). The responsibility of the Directors is a collective one, although within the structure of a unitary board, the main functions of the Directors are, in practice, complementary.

The Executive Directors of the Issuer are Angelo Xuereb (Chairman) and Michael Warrington. The Non-Executive Directors are Claire Xuereb, Patrick J. Galea and Philip A. Ransley. Two of the Non-Executive Directors hold a majority on the Issuer's Audit Committee.

6.2 Employees

As at 31 October 2006, the Guarantor had 456 employees, which included the employees of the Issuer. The Construction Division had 97 full time employees and the hospitality companies employed 341 full time equivalents. AXH and the property division employed 18 persons on a full time basis.



6.3 Management Structure of the Issuer and Guarantor

The Issuer is an investment company which does not require an elaborate management structure. Angelo Xuereb has been appointed Chairman of the Company. The Directors believe that the current organisational structures are adequate for the current activities of the Company. The Directors will maintain these structures under continuous review to ensure that they meet the changing demands of the business and to strengthen the checks and balances necessary for better corporate governance.

The Guarantor is managed by an Executive Board composed of: the Chairman and Chief Executive of the AX Group, Angelo Xuereb; the Group Finance Director, Michael Warrington; and the Group Administration Director, Tonio Farrugia. The Executive Board is responsible for the determination of policy and strategic guidance and management. Each of the principal operating subsidiaries of the AX Group has its own independent management organisations and structures, the General Managers of which report to the Executive Board.

6.4 Remuneration of Directors of the Issuer and Guarantor

For the financial year ending 31 October 2007 the Issuer will pay an aggregate of Lm16,000 to its Directors.

The sole Director of the Guarantor is entitled to an annual remuneration of Lm25,000.

7. MAJOR SHAREHOLDERS OF THE ISSUER AND GUARANTOR

AX Holdings Limited currently holds 1,199,999 of the Issuer's 1,200,000 issued ordinary shares. AX Holdings Limited is wholly owned by Fulcrum Services Limited (C-12271), a private company of which Angelo Xuereb is the ultimate beneficial owner. The remaining one share in the Issuer is held by Verdala Mansions Limited (C-7793).

The Issuer adopts measures in line with the Code of Corporate Governance to ensure that the relationship with AX Holdings Limited is retained at arm's length, including adherence to Rules on Related Party Transactions requiring the sanction of the Audit Committee, in which the majority is constituted by independent Non-Executive Directors, of which one shall also act as chairman.

8. FINANCIAL INFORMATION

Financial information about the Issuer and the Guarantor is being incorporated by reference pursuant to Article 28 of the Regulation. Accordingly, the Audited Financial Statements of the Issuer for the years ended 31 October 2003 to 2006, and the Audited Consolidated Financial Statements of the Guarantor for the years ended 31 October 2003 to 2005, as well as the Estimated Consolidated Financial Statements of the Guarantor for the year ended 31 October 2006, are available for inspection as laid out in Section 11 below of this Summary Note.

There were no significant changes to the financial or trading position of the Issuer and Guarantor since the end of the financial period to which the Financial Statements detailed above relate.

Extracts from the Consolidated Financial Statements of the Guarantor for the 3 years ended 31 October 2003 to 2005, together with the extracts from the Estimated Consolidated Financial Statements for the year ended 31 October 2006 may be found in section 3.1 above of this Summary Note.

9. ADDITIONAL INFORMATION

9.1 Share Capital of the Issuer

Upon registration of the Issuer, the original issued share capital was Lm20,000. This was raised on two occasions, to Lm200,000 and to Lm1,200,000. At the date of publication of this Summary Note, the authorised and issued share capital of the Issuer is set at Lm1,200,000, divided into 1,200,000 ordinary shares of Lm1 each, fully paid up. AX Holdings Limited holds 1,199,999 ordinary shares of Lm1 each, and Verdala Mansions Limited holds 1 ordinary share of Lm1.

9.2 Memorandum and Articles of Association of the Issuer

The Memorandum and Articles of Association of the Issuer are registered with the Registry of Companies. The main object of the Issuer is to carry on the business of a finance and investment company and in particular but without prejudice to the generality of the foregoing the financing or re-financing of the funding requirements of the business of AX Holdings Limited or any of its subsidiaries and/or associated companies. Clause 3 of the Memorandum of Association contains the full list of objects of the Company. The Memorandum and Articles of Association of the Company, a copy of which may be inspected during the lifetime of this Summary Note at the registered office of the Company and at the Registrar of Companies of the Malta Financial Services Authority, regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of directors.

9.3 Share Capital of the Guarantor

Upon registration of the company, the original issued share capital of the Guarantor was Lm2,000, eventually raised to Lm202,000. At the date of publication of this Summary Note, the authorised and issued share capital of the company is set at Lm202,000, divided into 202,000 ordinary shares of Lm1 each, fully paid up. Fulcrum Services Limited (C-12271) holds 201,999 ordinary shares of Lm1 each, and Angelo Xuereb holds 1 ordinary share of Lm1.

9.4 Memorandum and Articles of Association of the Guarantor

The Memorandum and Articles of Association of the Guarantor are registered with the Registry of Companies. The main object of the company is to co-ordinate the business of the AX Group. Clause 3 of the Memorandum of Association contains the full list of objects of the company. The Memorandum and Articles of Association of the Guarantor, a copy of which may be inspected during the lifetime of this Summary Note at the registered office of the Guarantor and at the Registrar of Companies of the Malta Financial Services Authority, regulate matters customarily dealt with therein, including matters such as voting rights and restrictions thereof, and the appointment and powers of directors.

10. TERMS OF THE GUARANTEE

The full terms of the joint and several suretyship of the Guarantor in favour of the holders of Bonds described in this Summary Note ("Holder") may be found in Annex 4 of the Securities Note. Briefly, pursuant to the Guarantee, the Guarantor irrevocably and unconditionally guarantees to each Holder that if for any reason the Issuer fails to pay any sum payable by it to such Holder pursuant to the terms of the Bonds detailed in the Securities Note or Offering Circular (as the case may be) within 60 days after when the same shall have become due under any of the foregoing, the Guarantor will pay to such Holder on demand the amount payable by the Issuer to such Holder.

11. DOCUMENTS AVAILABLE FOR INSPECTION

For the duration period of this Summary Note the following documents shall be available for inspection at the registered address of the Issuer and Guarantor (AX House, Mosta Road, Lija, Malta):

- (a) Memorandum and Articles of Association of the Issuer and Guarantor;
- (b) The Securities Note and Registration Document forming part of the Prospectus;
- (c) Audited Financial Statements of the Issuer for the years ended 31 October 2003 to 2006.
- (d) Audited Consolidated Financial Statements of the Guarantor for the years ended 31 October 2003 to 2005 and Estimated Consolidated Financial Statements for the year ended 31 October 2006;
- (e) Statement of Adjustments with respect to the Audited Consolidated Financial Statements of the Guarantor for the years ended 31 October 2003-2005;
- (f) Historical Financial Information of the subsidiary undertakings of AX Holdings Limited for the years ended 31 October 2004 and 2005;
- (g) Expert's report prepared at the Issuer's request in respect of the Capua Palace Hotel, Sliema.

These documents, except for the Historical Financial Information of the subsidiary undertakings of AX Holdings Limited, are also available for inspection in electronic form on the AX Group's website at www.axholdings.com.mt