



CANADA AVIATION AND FINANCE MANAGEMENT LTD.

INTRODUCTION

Canada Aviation and Finance Management Ltd. (CANFIM) is a Finance Management and Private Merchant Banking Firm, providing corporate finance and financial advisory services, registered in the British Virgin Islands (B.V.I.). The B.V.I. Government is stable and promises to remain that way. There is good commercial and professional infrastructure and the Government is actively encouraging the development of the offshore finance houses and has now upgraded the Companies Registry by installing State-of-the-Art Technology. **CANFIM** has operating offices in Canada and Dubai. **CANFIM** is entering into its 10th year as an International Investment Firm providing various credit facilities to diverse industries on a Global Basis. We provide both debt and equity for Telecommunications, Power Plants, Hotels, Privatisation, Textiles, Export-Import Trading, Refineries, Mining Projects, Medical-Health Care and restructuring of large Non-performing debt portfolios for both the Private and Government Sectors.

OUR SERVICES INCLUDE ...

- ➔ Corporate/Investor Relations
- ➔ Corporate Financial Services
- ➔ Merchant Banking
- ➔ Research Analysis
- ➔ Financial Consulting
- ➔ Initial Public Offerings
- ➔ Mergers and Acquisitions
- ➔ Conceptual Communications/Target Marketing
- ➔ Venture Capital
- ➔ Lease Finance and Lease Management
- ➔ International and Offshore Tax and Estate planning
- ➔ Establishment and Management of Offshore Trusts
- ➔ Establishment and Management of Offshore Companies
- ➔ Incorporation and Management of Offshore Banks, Insurance and Captive Insurance Companies
- ➔ Establishment and Management of Offshore Mutual Funds
- ➔ Provision of Third Party Directors and Nominee Shareholders
- ➔ Administration and Accounting
- ➔ Trade Services – Origination, Transfer of L/Cs, L/C Discounting, Bank Guarantee Discounting
- ➔ Bank introduction and Banking services



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CORPORATE FINANCIAL SERVICES

Senior positions in various Corporations and Investment Banking Firms have prepared our Principals to offer a wide range of private and corporate finance services. We review and refine the company's Business Plan and Corporate Strategy, Management, Recruiting and Marketing Strategy are also defined. Financial Controls and Financing needs with the goal of placement of equity and/or debt and/or obtaining partnering or distribution agreements are also thoroughly delineated.

Smaller companies may seriously consider aligning themselves with a larger company, which may involve more permanent arrangements such as Joint Ventures, Minority Ownership or complete merger. **CANFIM** is prepared to advise and assist with their activities.

CANFIM has prepared Private Company Stock Valuations and Fairness Opinion and Independent Value Determinations required for option or warrant exercise or Corporate Acquisitions.

CANFIM has developed a Six Stage Approach to acquiring or selling a business :

- ➔ Develop the Company's Profile
- ➔ Identify and Locate Candidates/Companies
- ➔ Evaluate Selected Candidates/Companies
- ➔ Formulate Purchase/Sale Proposal
- ➔ Obtain the required funds
- ➔ Negotiate and close the transaction

VENTURE CAPITAL SERVICES

Networking with over 50 Venture Capital Firms, **CANFIM** can arrange for virtually all the Venture Capital required by start up and early stage companies. Our Goal is to find and support Entrepreneurs who have the potential to build solid growth/companies. We become partners rather than simply financiers. Our proven ability and experience in Corporate Strategy, Marketing, Business Alliances and Management greatly increase the probability of the Company's success.

We are adept at due diligence, market research, competitive analysis and financial structuring for the venture capital financing we undertake.

IMPORT/EXPORT CREDITS

CANFIM provides credits and loans for qualified Import/Export Companies on a Global basis. Letter of Credit from 30 to 180 days (extendable further 180 days) offered on various commodities. We will provide confirmation of credit for either exporter or buyer, including forfeiting discount of purchase orders against both Bank and Country risk.



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COMMODITY OFFSET LOANS

CANFIM structures a portfolio of funds to purchase or option various tradable commodities, pre-production purchase orders are used as Collateral against advanced Letter of Credit for the manufacturing of various finished tradable products.

NON FERROUS METALS FOR CREDIT & LOANS

CANFIM structures unique credit facilities for refineries that produce non-ferrous metals. Qualified Refineries with recognized product brands will be offered. Credit/Loans to be used for funding of new equipment, plant expansion and modernisation.

CANFIM also purchases under Short or Long Term Contract (in excess of one year) large metric tonnage of various non-ferrous metals at deep discount of the quoted L.M.E.

INTERNATIONAL FINANCING

CANFIM provides project and development funding for both the private and government sector for diverse industries.

- ➔ Power Plants
- ➔ Telecommunications
- ➔ Non-Ferrous Metal
- ➔ Mining
- ➔ Chemical
- ➔ Privatisation
- ➔ Textile Plants
- ➔ Infrastructure Projects

➔ REAL ESTATE

CANFIM provides Real Estate Financing, including Debt and Equity for the following :-

- ➔ Hotels
- ➔ Housing
- ➔ Commercial Complexes
- ➔ Golf Course
- ➔ Resorts and Retirement Centres
- ➔ Industrial
- ➔ Recreational Centres



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LEASING AND LEASE MANAGEMENT

CANFIM specializes in Leasing of Equipment and Lease Management. Equipment Leasing facilities are offered both to existing companies and also to new companies. We also offer Aircraft, Cargo Vessels on Lease Basis and also on Lease-cum-Purchase terms.

FUNDING AGAINST BANK GUARANTEES

Under this scheme, **CANFIM** offers Funding Assistance upto 90 to 100% value of Bank Guarantee. We could also offer funding assistance equivalent to 100% Face value of Bank Guarantee for selected projects and services, with the repayment option upto 10 years, payable as a Unique One Lot at the maturity of 10 years.

LETTER OF CREDIT DISCOUNTING

CANFIM extends L.C. discounting facilities for Documentary L.Cs opened in our favour. The L.C. maturity shall be 180 days, extendable for additional 180 days. The discounted amount could be utilised by the Clients towards working capital.

MEDIUM TERM NOTES (MTNs) – TRADING

Medium Term Notes are technically a Bank Debenture Instrument. Banks, drawn from a menu comprising the top 25 World Banks' domicile in America or Western Europe, issue the Instruments. Credibility of MTNs is derived from the fact that they are ultimately guaranteed by full faith and credit of the Federal Reserve Board, the Central Bank of Government of United States of America. The Programs have now taken on wider implications and development.

Programs initiated by G7 Nations under the banner of foreign aid are effectively a further evolution of Medium Term Notes Trading.

A Medium Term Note is a Debt instrument drawn on the World's Top 25 Banks' domicile in Western Europe or United States of America. The instruments mature in 10 years and carry an interest coupon of 7.5% per annum. The Banks which issue the MTNs depend upon the ultimate guarantee of the Federal Reserve Board of the United States of America. It is this underlying guarantee which ensures that the instruments are highly favoured for Investment purposes.

MTNs when first issued are not registered with any Agency, therefore, they cannot be subject to due diligence process. The procedure is an essential feature for the purchase of Investment Instruments under the rules of the Securities and Exchange Commission and other stock regulatory agencies that permit debt instruments to be publically traded. Until MTNs are registered, Institutional Investors cannot purchase them.



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This is the role we play :

MTNs are purchased as freshly issued instruments, certified and authenticated on either Euroclear or DTC (Depositor Trust Corporation) and only then can they be legally traded. Once MTNs have been registered, institutional buyers such as Corporations, Governments, Pension Funds, Banks, Licenced Securities Houses, Insurance Companies and such other Investment Organs purchase them.

MTNs are usually issued at a price of between 65 to 78% of their face value. The daily ruling price is governed by a number of different factors, economic and political stability of the country which will receive aid, strength of the US Dollar, liquidity in the International Financial Market, volume of paper currently in circulation and other fiscal criteria.

The following is a simplified scenario :

- a) If an investor purchased an Instrument at say 72% of face value and after registration it was sold to an investment institution for 92%, there is in theory a margin of 20%.
- b) The 72% purchase price paid by the Investor is transferred through IBRD or IMF to the country receiving financial aid.
- c) The 20% gross margin would be divided among Institutions, Intermediaries, the concerned Government and the remaining is the trading margin available to the primary investor.
- d) The process may now be repeated and additional profit can be gained.

GENERAL TERMS AND CONDITIONS

The General Terms and Conditions for Project Financing are :-

1. The promoters shall submit a Letter of Intent together with Feasibility Report. The Feasibility Report to be prepared by qualified Chartered Accountant. Upon scrutiny, if the Report is not to the satisfaction of our Bankers, we are ready to extend the services for the preparation of Feasibility Report. Our Service Charges shall be **0.25%** of the project cost.
2. Upon Appraisal of the project within 3 banking days, an *in principle* Funding Assistance Approval Letter shall be issued stating the Terms and Conditions of extending the Funding Assistance. After the studies, if the project could not establish the feasibility, within 3 banking days, we shall intimate the promoters and in this case the assistance could not be offered.
3. Within **Two** Banking days, the promoters have to confirm, in writing, the acceptance of terms and conditions of sanctioning funding assistance. The promoters have to remit **0.50%** of the project cost value towards Retainer and Commitment Fee.
4. The Total Fees payable shall be **3%** of the Project Cost, which includes 0.5% towards Retainer and Commitment Fee and 2.5% Success Fees. Upon releasing of the First Tranch/Instalment of funding assistance, the Success Fees shall be payable.
5. The expenses towards Retainer and Success Fees, shall be considered as part of the project cost, i.e. the Retainer and Success Fees shall be added to the project cost and funding assistance shall include the Retainer and Success Fees.



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6. **Funding Assistance** :

100% of the Project cost shall be extended as Financial Assistance.

7. **Security for Funding Assistance** :

The promoters shall provide a Bank Guarantee equivalent to **33%** of the value of the project, as per the **Specimen** enclosed as **Annexure I**. The Bank Guarantee shall be confirmed by one of the TOP 25 European/USA Banks in London or USA.

The Bank Guarantee shall be for One Year One Month maturity and extendable (with Full Banking Responsibility) for additional Two more years – **Total Validity 3 (Three) years**.

The bank guarantee shall be for a period of one Year, One Month extendable until the expiry of the moratorium period and the issuing bank shall undertake to extend the bank guarantee 10 days prior to the maturity, with full bank responsibility.

The Bank Guarantee shall be put in the Screen (Euroclear/ Bloomberg, etc.) and shall be Blocked for the entire period of 3 years.

The Bank Guarantee shall not move from the Country of Issuance and it shall be kept under the safe-keeping of the Transaction bank in UAE or the Issuance country in one of the TOP European/USA Banks in the range of ABN AMRO, HSBC, Barclays Bank, CITI Bank, etc. The Transaction Bank shall act as Custodian for both the promoters and CAFM.

The Bank Guarantee cannot be encashed without producing the Original of Bank Guarantee (which is not practical, since the Bank Guarantee is in the safe custody of the Transaction Bank). Only with the concurrence of the Promoters, **the Bank Guarantee could be encashed**.

The Bank Guarantee shall not be encashed by the Third Parties.

The Bank Guarantee shall be released upon maturity of 3 years.

If the Bank Guarantee is issued against Cash Collateral, the Promoter is entitled from his Bank, the usual applicable Bank Interest for the cash deposit endorsed by him in favour of his Bank, to facilitate the issuance of the subject Bank Guarantee.

8. **Other securities** : The Land and Building (to be constructed) and the assets to be created shall be mortgaged in our favour during the whole period of Funding Assistance. Upon the funding assistance is fully cleared off, together with interest, the mortgage charges shall be released.

9. **Margin Money** :

- a) In case the project construction and execution is done by the Promoters under his responsibility, the Margin money (Bank Guarantee) shall be 33% of the cost of the project.
- b) In case the project construction and execution is done by CAFM, the Margin Money (Bank Guarantee) shall be 25% of the cost of the project.



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10. Disbursement of Funding Assistance :

a) For New projects

30 days upon receiving the Bank Guarantee in our favour in our Designated Transaction Bank, 10% of the Funding assistance shall be released to the promoters. Balance 90% shall be released as per the approved cash flow statement according to the project requirements.

b) For takeover of Existing project

The Margin money to be offered by the Promoters shall be 33% of the project cost and the entire funding assistance for takeover of the existing project shall be **Six** months of receipt of Bank Guarantee, spread over a period of 6 equal monthly payments.

11. Period of Funding Assistance :

Funding assistance are offered for 10 years period including moratorium period during construction. Extended Repayment period shall be considered depending upon the project requirements.

CONCLUSION

CANFIM offers 100% solutions for the Clients Fund requirements and the Total Fund Management under one Roof. *Satisfied customers* are our strength and *Customer Satisfaction* is our Motto.

For more information, you may contact us at

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