COMPANY ANNOUNCEMENT

The following is a company announcement issued by AX Investments p.l.c. ("the Company") pursuant to the Malta Financial Services Authority Listing Rules:

The Company's Financial Analysis Summary as at 29th March 2019 is herewith attached and is available on the AX Investments p.l.c. website (https://axinvestmentsplc.com/financial-statements/) and on the AX Holdings Limited website (https://axgroup.mt/investments/annual-reports/).

Dr Ian Vella Galea
Company Secretary

29th March 2019

Company Announcement AXI92

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Company Reg. No.: C27586

Financial Analysis Summary

29 March 2019

Issuer

AX Investments p.l.c.

Guarantor

AX Holdings Limited

WEALTH MANAGEMENT • CORPORATE BROKING

CHARTS

A division of MeDirect Bank (Malta) plc

WEALTH MANAGEMENT • CORPORATE BROKING
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The Directors
AX Investments p.l.c.
Ax House, Mosta Road
Lija LJA 9010
Malta

29 March 2019

Dear Sirs

Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary (the "**Analysis**") set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to AX Investments p.l.c. (the "**Company**") and AX Holdings Limited (the "**Guarantor**" or "**Group**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ended 31 October 2016 to 31 October 2018 has been extracted from audited financial statements of the Company and Guarantor for the three years in question.

(b) The forecast data for the year ending 31 October 2019 has been provided by management.

(c) Our commentary on the results of the Guarantor and on its financial position is based on the explanations provided by management.

(d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions set out in Part 4 of the Analysis.

(e) Relevant financial data in respect of such companies included in Part 3 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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The Analysis is meant to assist investors in the Company's securities and potential investors by summarising the more important financial data of the Group. The Analysis does not contain all data that is relevant to investors or potential investors. The Analysis does not constitute an endorsement by our firm of any securities of the Company and should not be interpreted as a recommendation to invest in any of the Company's securities. We shall not accept any liability for any loss or damage arising out of the use of the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing in the Company's securities.

Yours faithfully,

Evan Mohnani
Head – Corporate Finance

CHARTS - a division of MeDirect Bank (Malta) plc
The Centre, Tigné Point, Sliema TPO 0001 - Tel: 2557 4400

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PART 1 – INFORMATION ABOUT THE COMPANY AND GUARANTOR

1. COMPANY'S KEY ACTIVITIES

The principal activity of the Company is to carry on the business of a finance and investment company within the AX Group.

The Company does not itself carry on any trading activities apart from the raising of capital and the advancing thereof to members of the AX Group as and when the demands of their business or the demands of a particular project so require. Accordingly, the Company is economically dependent on the AX Group.

2. GROUP'S KEY ACTIVITIES

The AX Group is principally engaged in the provision of hospitality services, operates a care home & retirement village and is also involved in construction & property development. The Group operates exclusively in and from Malta. It commenced operations in the 1970s and in the earlier period, construction was the primary activity of the Group. During the 1980s, the AX Group diversified its activities into hotel operations and developed two hotels, the Sunny Coast Resort & Spa and the Seashells Resort at Suncrest, both located in Qawra Malta. The Group continued to grow this segment through the development of The Victoria Hotel and The Palace Hotel in 1996 and 2007 respectively, both of which are situated in Sliema Malta.

Over the years, the AX Group was involved in a number of property related projects, including the construction of the Valletta Cruise Port, the four hotels owned by the Group, Verdala Mansions, Capua Hospital and the Parliament Building in Valletta, amongst others. Furthermore, the AX Group has specialised in restoration works and has to date completed various restoration projects on a number of buildings in Malta, including Casino di Venezia, Valletta Waterfront, Palazzo Capua and Valletta & Birgu bastions.

In FY2014, the AX Group commenced development of the Simblija Care Home & Hilltop Gardens Retirement Village and by end of 2015 construction was largely complete with finishes at an advanced stage. The property was officially opened on 10 December 2015 and is being marketed as a high-end retirement property, offering independent living with access to a range of facilities and amenities, and 24-hour care when required. The Simblija Care Home & Hilltop Gardens Retirement Village also includes a nursing home which provides intensive nursing care to dependent elderly residents. The expenditure on development and plant & equipment in relation to the aforesaid project amounted to *circa* €25 million. Hilltop Gardens Retirement Village achieved a 100% take up in 2018.

In FY2016, the Group increased its shareholding in Valletta Cruise Port p.l.c. from 24% to 36% for a total consideration of €3.9 million. The aggregate value of the said investment as at 31 October 2018 amounts to €10.7 million (FY2017: €9.7 million). During FY2016, the Group also acquired a property in Merchant Street, Valletta, which has now been converted into a 19-room boutique hotel at a total cost (property acquisition and development) of €5.1 million. The Saint John Boutique Hotel commenced operations in August 2017.

In November 2016 (FY2017), the Group acquired another property in Merchant Street, Valletta for a total consideration of €4.5 million, which is presently being developed into the 5-star Rosselli Boutique Hotel. On completion, the hotel will comprise 25 luxury rooms, meeting room facilities, a lounge area & restaurant and a roof-top pool. Total development costs are estimated to amount to *circa* €7.0 million and the Group plans to commence operations in May 2019.

3. DIRECTORS AND KEY EMPLOYEES

3.1 COMPANY'S BOARD OF DIRECTORS

AX Investments p.l.c. is managed by a Board consisting of five directors entrusted with its overall direction and management of the Company.

Angelo Xuereb	Chairman
Michael Warrington	Executive Director
Patrick J. Galea	Non-Executive Director
Michael Scortino	Non-Executive Director
Philip A. Ransley	Non-Executive Director

3.2 GUARANTOR'S BOARD OF DIRECTORS

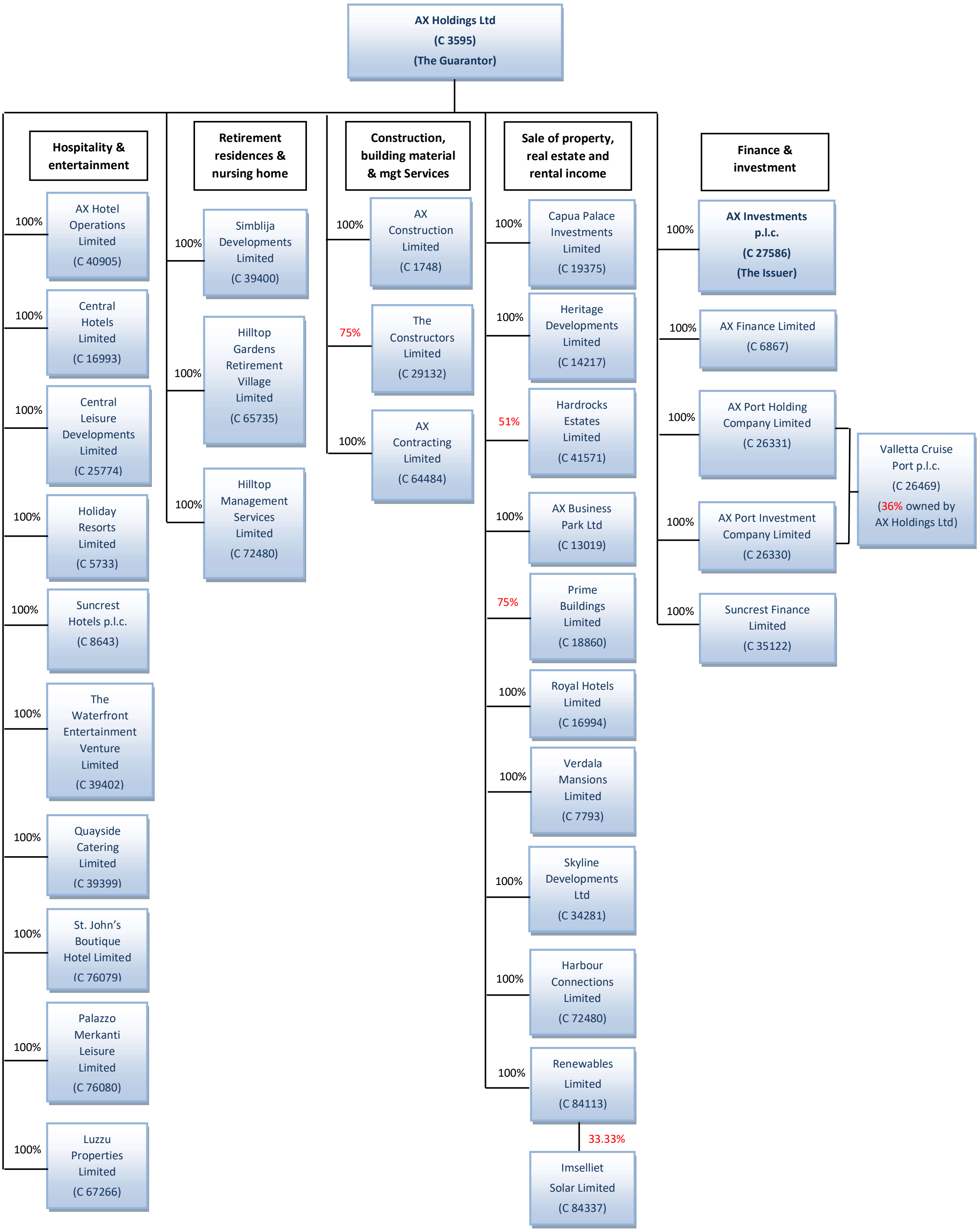
The parent company of the AX Group is AX Holdings Limited, and is managed by a Board consisting of seven directors who are responsible for the day-to-day management of the Group.

Angelo Xuereb	Chairman
Michael Warrington	Chief Executive Officer
Claire Zammit Xuereb	Group Hospitality Director
Denise Micallef Xuereb	Group Construction Director
Chris Paris	Executive Director
John Soler	Non-Executive Director
Josef Formosa Gauci	Non-Executive Director

The weekly average number of employees directly engaged with the companies forming part of the AX Group during FY2018 amounted to 666 persons (FY2017: 707).

4. GROUP ORGANISATIONAL STRUCTURE

The diagram hereunder illustrates the organisational structure of the Group:



The Group operates in the following industry sectors, which are each described in further detail elsewhere in this report:

- Hospitality & entertainment
- Retirement residences & nursing home
- Construction, building materials & management services
- Sale of property, real estate & rental income

5. MAJOR ASSETS OWNED BY THE GROUP

The AX Group is the owner of a number of properties which are included in the consolidated balance sheet under the headings: 'property, plant & equipment', 'investment property', and 'inventory of property'. The following is a list of major assets owned by the AX Group.

AX Holdings Limited **Group Assets**	**FY2016** **€'000**	**FY2017** **€'000**	**FY2018** **€'000**
The Palace Hotel~	36,555	35,800	43,890
Victoria Hotel	20,754	21,274	20,940
Seashells Resort at Suncrest^	79,219	77,865	76,556
Sunny Coast Resort & Spa	19,015	19,104	19,109
Palazzo Capua*^	8,863	8,793	8,699
Grand Hotel Verdala~	11,423	11,423	28,600
Simblija Care Home & Hilltop Gardens Retirement Village~	42,812	42,501	45,987
Villa Vistana#	3,500	3,800	3,800
Tad-Dwiemes, Marsa~	3,402	3,402	11,120
Hard Rocks Warehouses^#~	2,650	5,683	5,160
Luzzu Complex	2,903	2,977	3,208
Saint John's Boutique Hotel	2,990	4,571	4,895
Palazzo Merkanti	-	5,024	6,402
Targa Gap Complex, Mosta#	-	3,674	4,098
Other assets~	8,604	8,163	9,599
	242,690	**254,054**	**292,062**

*Palazzo Capua is held directly by AX Investments p.l.c.

^In FY2016, Seashells Resort at Suncrest, Palazzo Capua & Hardrocks Warehouses (qty 5) were revalued in line with company's policy, as follows: €52.8 million, €0.8 million and €0.9 million respectively (aggregate revaluation gain - €54.5 million).

#In FY2017, Warehouses 6-9 @ Hard Rocks Warehouse, Targa Gap Complex, Mosta, and Villa Vistana were revalued in line with company's policy, as follows: €1.9 million, €3.6 million and €0.3 million respectively (aggregate revaluation gain - €5.8 million).

~In FY2018, The Palace Hotel, Grand Hotel Verdala, Simblija Care Home, Tad-Dwiemes, Hard Rocks Warehouse and the Virtu Apartments (included in Other assets) were revalued in line with company's policy, as follows: €8.8 million, €17.0 million, €4.3 million, €7.7 million, -€0.4 million and €2.3 million respectively (aggregate revaluation gain - €39.7 million).

Source: Consolidated audited financial statements of AX Holdings Limited.

6. GROUP OPERATIONAL DEVELOPMENT

The AX Group is principally involved in hotel operations, construction & property development, and related services, and the management of a retirement home. A divisional analysis of the Group's business is provided below.

6.1 KEY FINANCIAL INFORMATION – THE GROUP

AX Group Divisional Analysis	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Forecast
Turnover (€'000)	**38,030**	**45,851**	**55,807**	**56,805**
Hospitality & entertainment	32,131	35,508	38,936	40,094
Construction, building materials & management services	3,447	5,503	8,146	9,510
Sale of property, real estate & rental income	493	588	2,740	533
Retirement residences & nursing home	1,008	3,359	4,763	5,560
Dividend receivable	951	893	1,222	1,108
Gross Operating Profit (€'000)	**13,886**	**16,593**	**19,935**	**19,374**
Hospitality & entertainment	14,087	15,759	16,901	17,027
Construction, building materials & management services	463	481	740	951
Sale of property, real estate & rental income	418	513	2,058	455
Retirement residences & nursing home	(1,083)	(160)	236	941
Gross Operating Profit Margin (%)	**37%**	**36%**	**36%**	**34%**
Hospitality & entertainment	44%	44%	43%	42%
Construction, building materials & management services	13%	9%	9%	10%
Sale of property, real estate & rental income	85%	87%	75%	85%
Retirement residences & nursing home	-107%	-5%	5%	17%

Source: Management information.

6.2 MARKET OVERVIEW

6.2.1 Economic Update[1]

Malta's strong Gross Domestic Product ("**GDP**") growth is set to continue as domestic demand replaces net exports as the main engine of economic activity. The internationally-oriented services sector continues to underpin the large current account surplus. Inflation is expected to pick up as wage pressures start gaining pace. The government's balance of payments is projected to increase at a moderate pace but remain in surplus.

In the first half of 2018, real GDP growth slowed moderately compared to the prior year (in 2017, real GDP increased by 6.7% (y-o-y) driven by strong growth in net exports). Private consumption growth accelerated, while net exports declined as a result of rapid import growth in the second

[1] European Economic Forecast Autumn 2018 – European Commission

quarter. Business and consumer confidence indicators remain high and real GDP growth is expected to average 5.4% in 2018. Growth is expected to gradually ease over the forecast horizon to an annual average rate of 4.9% in 2019 and 4.4% in 2020. Domestic demand is set to be the main driver of growth, supported by strong investment growth. Various investment projects co-financed by EU structural funds have started and will boost public investment in the second half of 2018. In 2019, the onset of large scale projects in the health, tourism and real estate sectors are expected to boost private investment. Private consumption is set to remain dynamic on the back of increasing labour market participation and disposable income.

In 2018, the government surplus is projected to decrease to 1.3% of GDP, from 3.5% in the previous year. Tax revenue growth is expected to be lifted by high nominal GDP, supported by favourable macroeconomic and labour market conditions, high corporate profits and consumer demand. An expected fall in the proceeds from Malta's citizenship scheme compared to last year should contribute to a decrease in the fiscal surplus. Current expenditure is projected to be dynamic in almost all components, only partly mitigated by decreasing interest expenditure. Public investment net of EU funding is projected to increase only slightly, while the implementation of investment projects co-financed by the EU is expected to accelerate. Capital expenditure will increase also on the back of a capital transfer to Air Malta related to the purchase of landing rights (equivalent to around 0.5% of GDP).

In 2019, after incorporating the expected impact of the measures introduced with the 2019 budget, the fiscal surplus is expected to decline marginally to 1.2% of GDP. In line with still robust but moderating macroeconomic conditions, and despite the reduction in taxation (worth 0.2% of GDP), growth in tax revenues is expected to slow down somehow towards the growth rate in nominal GDP. Also, the proceeds from the citizenship scheme are expected to be lower compared to the previous year. In spite of increases in social spending related to the budget measures, current expenditure growth is projected to weaken and interest expenditure is set to marginally decrease. Net public investment is forecast to increase marginally, as the implementation of investment projects co-financed by the EU is forecast to remain dynamic, while other capital expenditure is expected to decrease following the base effect from the previous year. In 2020, under a no-policy-change assumption, the fiscal surplus is expected to further decrease to 0.7% of GDP, on account of slightly lower proceeds related to the citizenship scheme and higher public investment. The structural balance has reached a surplus of around 3% of GDP in 2017. It is estimated to decrease but to remain in surplus at slightly below 1% of GDP in the period 2018-2020. The government debt-to-GDP ratio is forecast to decline further from 50.9% of GDP in 2017 to 42.1% by 2020.

6.2.2 Tourism Market[2]

Tourism in Malta has in recent years been performing at a strong level and this trend continued in 2017 as well as in 2018. Inbound tourism for 2017 amounted to 2.3 million, an increase of 15.7% when compared to the prior year. During the first six months of 2017 the country held the EU Presidency and this factor also contributed to this increase. Total nights spent by inbound tourists

[2] National Statistics Office Malta (www.nso.gov.mt)

went up by 10.3%, surpassing 16.5 million nights. In 2017, total guests in collective accommodation establishments surpassed 1.8 million, an increase of 13.0% over the same period in 2016. Within the collective accommodation establishments, the 5-star, 4-star and 3-star hotels gained 26,348 guests (+6.7%), 81,383 guests (+11.5%) and 82,401 (+20.7%) respectively in 2017 when compared to a year earlier. Total tourism expenditure surpassed €1.9 billion, 13.9% higher than that recorded for 2016. Total expenditure per capita stood at €856, a decrease of 1.5% when compared to 2016.

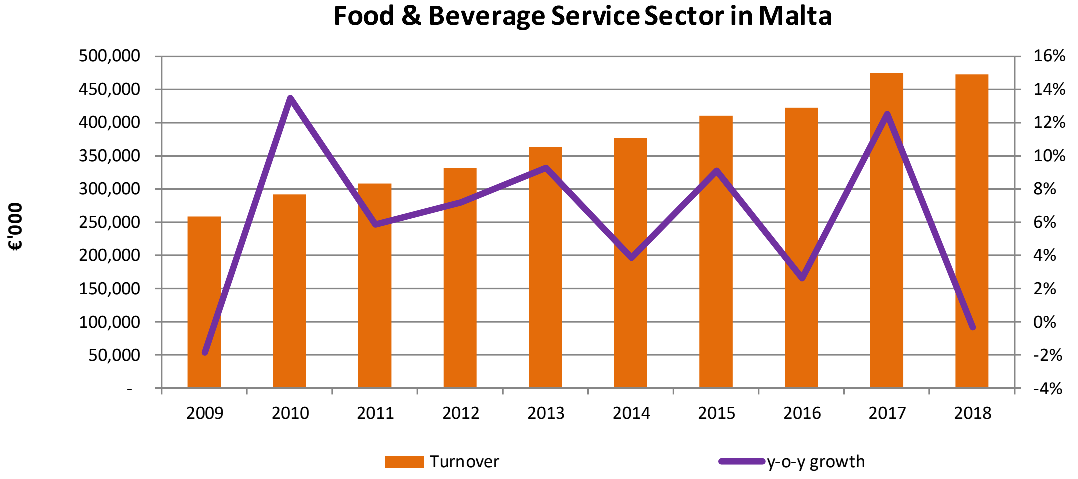
Inbound tourist trips from January to December 2018 reached nearly 2.6 million, an increase of 14.3% over the same period in 2017. Total nights spent by inbound tourists went up by 12.5%, reaching nearly 18.6 million nights. Total tourism expenditure was estimated at €2.1 billion, 8.0% higher than that recorded for 2017. Total expenditure per capita stood at €809, a decrease of 5.5% when compared to 2017. In 2018, total guests reached almost 2.0 million, an increase of 8.4% over the same period in 2017. Within the collective accommodation establishments, the 5-star lost 4,542 guests (-1.1%), whilst the 4-star and 3-star hotels gained 80,814 guests (+10.2%), and 47,716 (+9.3%) respectively for the year 2018 when compared to a year earlier.

Focus will be maintained on increasing arrivals during the winter months and attracting more visitors from new markets to Malta. Malta International Airport has revealed its traffic forecast for 2019 and expects to register further growth in the coming year to a total of 7.2 million passenger movements from 6.8 million passenger movements in 2018. This bodes well for the Maltese hospitality industry as the expectation is to continue to grow revenues and increase profitability.

However, bed overcapacity may be a threat to profitability pursuant to the significant growth in non-collective accommodation (such as AirBnB) experienced in recent years and, to a lesser extent, hotel properties. Competition is expected to increase further in the short to medium term from ongoing development projects earmarked for the hospitality sector and others which are still at planning stage. An increase in competition is also anticipated from other countries, including Tunisia and Egypt, which are reviving their respective hospitality industry as security and safety concerns abate.

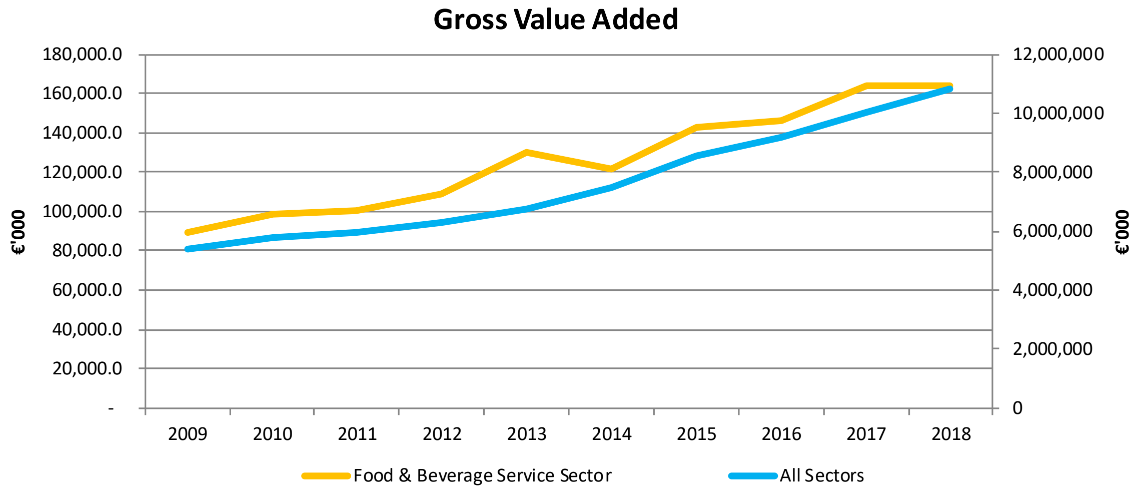
6.2.3 Food & Beverage Service Sector

The food & beverage service sector comprises restaurants & mobile food service activities and beverage serving activities. In 2018, the total income from this sector in Malta amounted to €472.6 million, a decrease of 0.3% over the previous year (2017: €474.0 million). Between 2009 and 2017, market output had progressively increased year-on-year, and as such the year-on-year decrease in 2018 marks the first decline in the past 10 years. Albeit, it is worth noting that the 2018 marginal decline follows a 12.5% increase in 2017 over 2016. The chart below illustrates the output from the food & beverage service sector in Malta for the past 10 years (2009 to 2018). Since 2009, the food & beverage service sector grew at a compound annual growth rate of 7.0%.



Source: National Statistics Office Malta (NACE 56.1 & NACE 56.3 data)

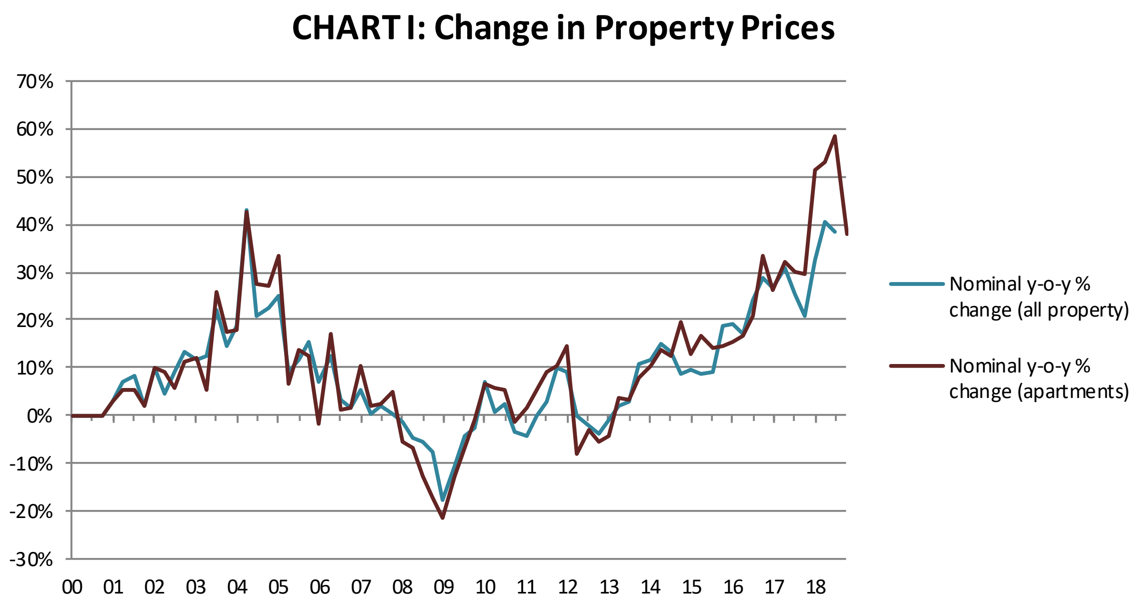
The chart hereunder shows that the gross value added generated by the food & beverage service sector in Malta has grown on a year-to-year basis from €89.5 million in 2009 to €163.8 million in 2018. The chart also highlights the sector's correlation to Malta's economic performance, since over the reported period the food & beverage service sector has maintained the same percentage of gross value added generated by the whole economy of *circa* 1.7%.



Source: National Statistics Office Malta (NACE 56.1 & NACE 56.3 data)

6.2.4 Property Market & Construction Sector

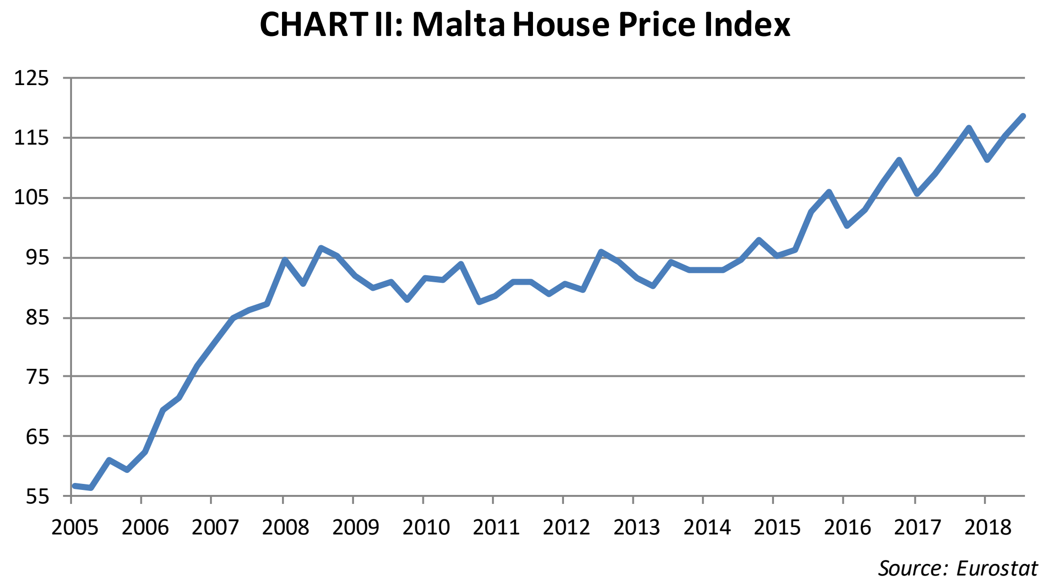
Property prices of residential property in Malta increased by 11.8% in the 12 months to the end of December 2018 compared to a year earlier (see Chart I below), mainly due to a 27.7% increase in prices of terraced houses. This positive trend was witnessed in the last 5 and a half years - during which property prices registered an increase of 69.9% (Q2 2013 to Q4 2018) – primarily due to a strong economy and a robust labour market (such data mainly provides trend information as advertised property prices may not accurately reflect the prices at which sales actually take place).[3]



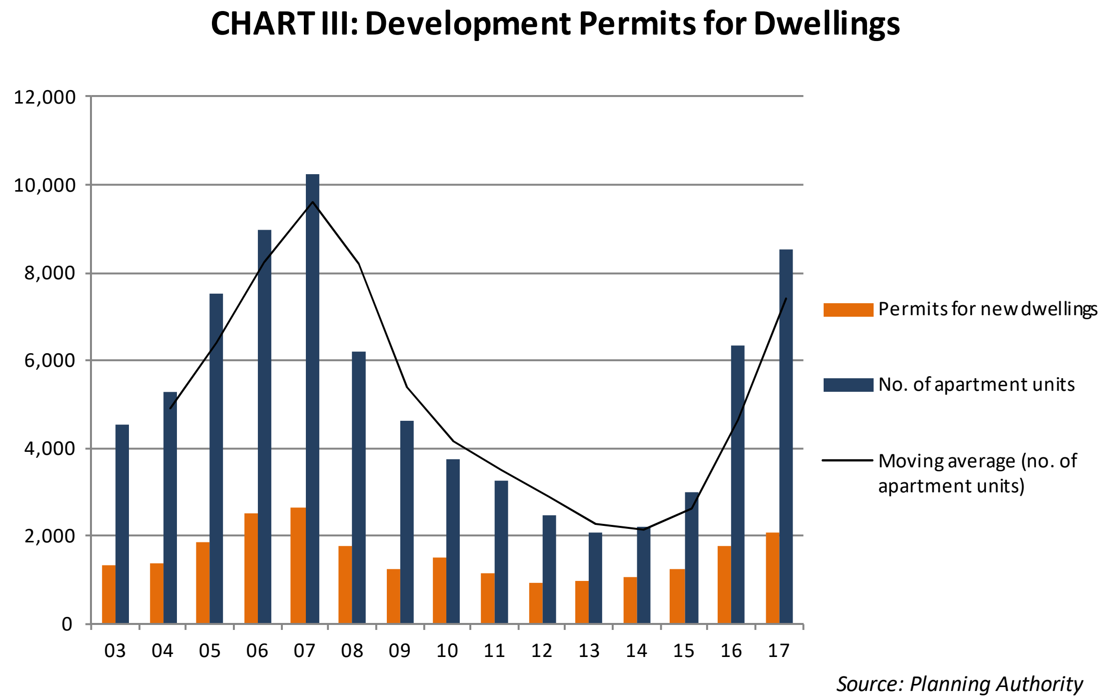
Source: Central Bank of Malta

Eurostat's House Price Index for Malta – which is based on transactions covering terraced houses, apartments and maisonettes – also indicates that residential property prices increased. The latest data available refers to Q3 2018 and shows that said prices increased by 5.0% compared with the same quarter of 2017 (vide Charts II below).

[3] Central Bank of Malta, Property Price Index



With regard to the number of permits, Planning Authority issued 9,822 permits during 2017 (statistics for 2018 have yet to be published), 30.8% more than in 2016. This followed growth of 90.2% in 2016, marking four consecutive years of growth following a period of decline. The increase in permits issued in 2017 was mostly driven by the largest residential category, namely apartments, which accounted for 86.7% of total permits granted.



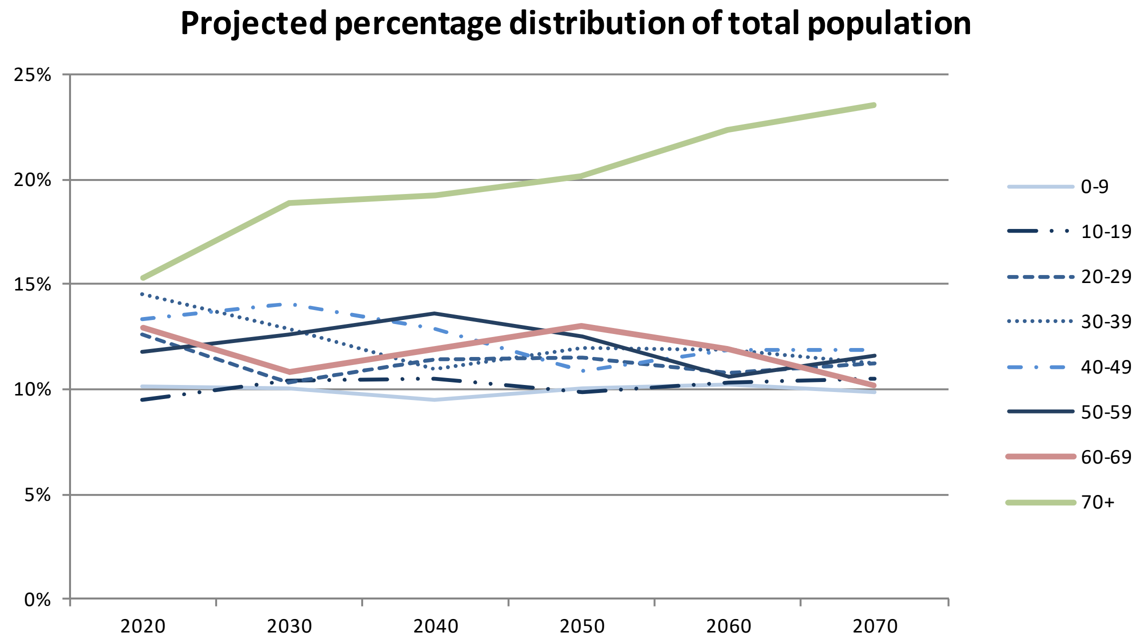
The gross value added from the construction industry rose by 9.2% in 2017 (in nominal terms), from €327.4 million in 2016 to €357.6 million), following GVA from the construction industry remaining constant in 2016 compared to 2015. During 2015, a y-o-y increase of 8.8% or €26.6 million increase was registered.

Commercial Property

National statistics relating to commercial property in Malta are currently not captured and therefore it is more difficult to gauge the health of this sector. Notwithstanding the lack of such data, general business sentiment and the continued drive to promote Malta as a regional hub for the provision of business related services, notably in the financial, i-gaming, back-office services, information technology, aircraft registration and maritime has continued to generate a positive trend in the commercial property sector, in particular office space. In addition, Malta's highly skilled and competitive labour costs have also been vital in sustaining this success. This view is substantiated when assessing the lack of availability of large office and commercial space, as well as, the number of projects earmarked for development and set to commence in the near future.

6.2.5 Long-Term Care Trend Analysis

Demand for long-term care in Malta is expected to progressively rise in the coming years as the population ages. According to projections published by the NSO, the percentage of the Maltese population over 60 years of age is expected to increase to 28% by 2020 and to 30% by 2030 (vide population distribution chart below). In absolute figures, Malta has *circa* 110,000 seniors above the age of 60 and this is expected to grow to over 135,000 by 2030. As a result of this substantial increase in elderly persons, it is envisaged that this will have a material effect on the growth in demand for care and support services provided to this category of the population.



Source: Demographic Review 2014, National Statistics Office, Malta

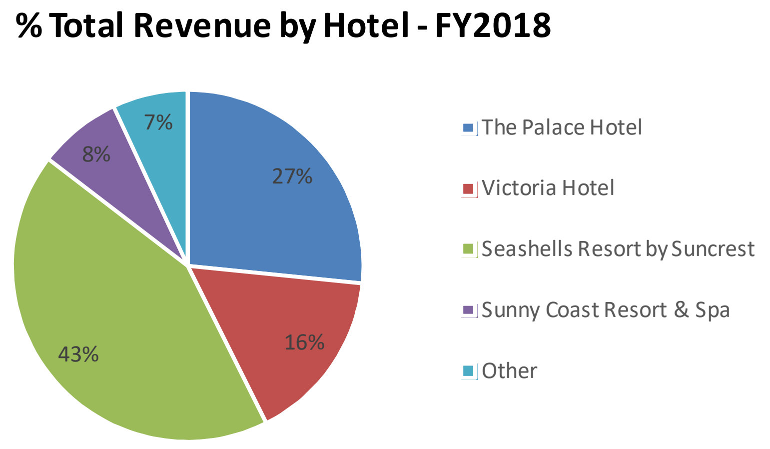
6.3 HOSPITALITY & ENTERTAINMENT

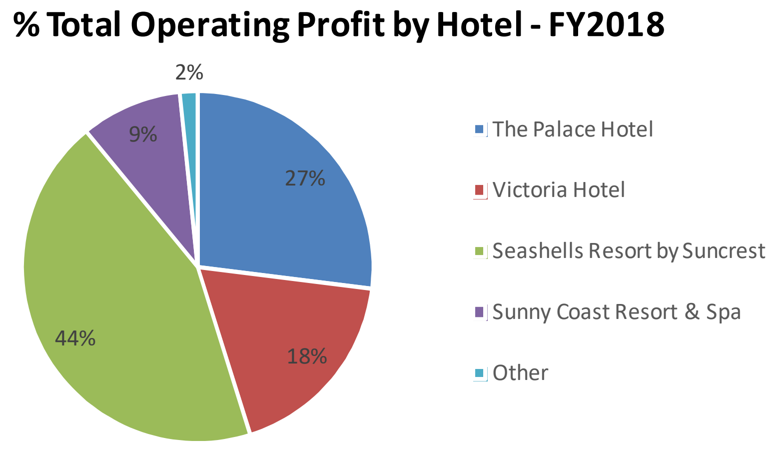
6.3.1 Financial Information – Sector Analysis

Hospitality & Entertainment	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Forecast
Turnover (€'000)	**32,131**	**35,508**	**38,936**	**40,094**
The Palace Hotel	9,749	10,129	10,355	10,381
Victoria Hotel	4,927	5,469	6,239	6,330
Seashells Resort by Suncrest	13,354	15,299	16,658	17,522
Sunny Coast Resort & Spa	2,663	2,882	2,985	2,924
Saint John's Boutique Hotel	-	249	1,178	1,445
Rosselli Boutique Hotel	-	-	-	1,286
Tal-Kaptan Restaurants	1,438	1,480	1,521	206
Gross Operating Profit (€'000)	**14,087**	**15,759**	**16,901**	**17,027**
The Palace Hotel	4,280	4,580	4,558	4,491
Victoria Hotel	2,415	2,629	3,075	3,104
Seashells Resort by Suncrest	5,936	7,085	7,415	7,532
Sunny Coast Resort & Spa	1,337	1,463	1,574	1,564
Saint John's Boutique Hotel	-	(100)	180	298
Rosselli Boutique Hotel	-	-	-	69
Tal-Kaptan Restaurants	120	102	99	(31)
Gross Operating Profit Margin (%)	**44%**	**44%**	**43%**	**42%**
The Palace Hotel	44%	45%	44%	43%
Victoria Hotel	49%	48%	50%	49%
Seashells Resort by Suncrest	44%	46%	45%	43%
Sunny Coast Resort & Spa	50%	51%	53%	54%
Saint John's Boutique Hotel	-	-40%	15%	21%
Rosselli Boutique Hotel	-	-	-	5%
Tal-Kaptan Restaurants	8%	7%	6%	-15%

Source: Management information.

6.3.2 Aggregate Hotel Revenue and Operating Profit





As illustrated above, the principal contributor to the Group's hotel sector in terms of both revenue and gross operating profit is the Seashells Resort by Suncrest, and the second best performer is The Palace Hotel. In aggregate, both hotels generate 70% of total revenue and 71% of gross operating profit.

6.3.3 The Palace Hotel

The Palace Hotel is a 144-room five-star city hotel located in Sliema, Malta and offers extensive conference and events facilities. It was developed by the AX Group in 2007. The Palace Hotel also includes two restaurants (The Tabloid and TemptAsian), a spa, and an indoor & outdoor pool. In January 2019, the hotel closed for a 3-week period in order to complete a soft refurbishment of all the rooms and the TemptAsian restaurant. Works were carried out at a cost of *circa* €1.9 million. The carrying amount of the Hotel as at 31 October 2018 is €43.9 million (FY2017: €35.8 million).

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the years indicated therein:

The Palace Hotel	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Forecast
Turnover (€'000)	9,749	10,129	10,355	10,381
Gross operating profit (€'000)	4,280	4,580	4,558	4,491
Gross operating profit margin (%)	44	45	44	43
Occupancy level (%)	90	91	92	88
Average room rate (€)	126	129	136	146
Revenue per available room (RevPAR) (€)	179	186	197	198
Benchmark performance				
Occupancy level (%)	75	76	74	n/a
Average room rate (€)	143	157	162	n/a
Revenue per available room (RevPAR) (€)	163	182	180	n/a
Revenue Generating Index	1.10	1.02	1.09	n/a

Source: Management information.

In **FY2016**, y-o-y revenue increased by €0.9 million (+10%) to €9.7 million and gross operating profit increased by €0.7 million (+18%) to €4.3 million. Gross operating profit margin improved from 41% in FY2015 to 44% FY2016.

The above-mentioned upward trend also continued in **FY2017**, with revenue increasing by €0.4 million (+4%) and gross operating profit also increasing by €0.3 million (+7%), which led to the gross operating profit margin improving further from 44% in FY2016 to 45% in FY2017.

During **FY2018**, revenue increased marginally by €0.2 million (+2%), however gross operating profit decreased marginally by 0.5% due to a drop in gross operating profit margin from 45% in FY2017 to 44% in FY2018.

In comparison to the Hotel's competitive set, The Palace registered higher occupancy levels of *circa* 90% in each of FY2016, FY2017 and FY2018 as compared to *circa* 75% for its competitive set. On the other hand, the average room rate of The Palace was consistently lower when compared to its competitive set. As a result, the Hotel's RevPAR was comparable to its competitive set in FY2017, but 9% higher in FY2018 at €197 (FY2018's RevPAR of competitive set amounted to €180).

In **FY2019**, management's strategy is to continue to increase the Hotel's average room rate without adversely impacting RevPAR, and increase food & beverage revenue mainly through marketing its outlets to non-guests. The forward strategy is to further improve the Hotel's offerings and service, and to enhance average room rate mainly through an increased focus on conference & events business.

6.3.4 Victoria Hotel

The Victoria Hotel was developed by the AX Group in 1996. It is a four-star hotel consisting of 137 rooms and is situated a few metres away from The Palace in Sliema, Malta. The Hotel, together with the adjoining 200-year old Palazzo Capua, features a range of conference and meeting facilities. The carrying amount of the Victoria Hotel as at 31 October 2018 is €20.9 million (FY2017: €21.3 million).

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the years indicated therein:

Victoria Hotel	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Actual**	**FY2019 Forecast**
Turnover (€'000)	4,927	5,469	6,239	6,330
Gross operating profit (€'000)	2,415	2,629	3,075	3,104
Gross operating profit margin (%)	49	48	50	49
Occupancy level (%)	78	80	90	88
Average room rate (€)	88	95	96	100
Revenue per available room (RevPAR) (€)	95	105	120	122
Benchmark performance				
Occupancy level (%)	83	81	82	n/a
Average room rate (€)	83	85	93	n/a
Revenue per available room (RevPAR) (€)	94	92	98	n/a
Revenue Generating Index	1.01	1.14	1.23	n/a

Source: Management information.

Between FY2015 and FY2017, the Hotel executed a renovation programme which included the refurbishment of the rooms and common areas of the property, and the implementation of energy saving measures in all rooms. As a result of this capital expenditure, the Hotel is now in a better position to compete with other hotels, enhance RevPAR and generate higher year-on-year gross operating profits.

Revenue for **FY2016** amounted to €4.9 million, a marginal increase of €0.2 million when compared to the prior year. Gross operating profit increased by €0.4 million (+18%) from €2.0 million in FY2015 to

€2.4 million in FY2016, thereby improving the gross operating profit margin by 6 percentage points to 49%.

In **FY2017,** revenue increased by 11% compared to FY2016, to €5.5 million, an increase of €0.5 million from the prior year. Gross operating profit also increased by €0.2 million (+9%) in FY2017, to €2.6 million for the year compared to €2.4 million in FY2016, however losing a percentage point on gross operating profit margin which was 48% in FY2017 compared to 49% in the prior year.

During **FY2018**, revenue increased by 14% compared to FY2017, to €6.2 million, an increase of €0.8 million when compared to FY2017. Gross operating profit also increased by €0.4 million (+17%) in FY2018, to €3.1 million for the year compared to €2.6 million in FY2017, whilst gaining two percentage point on gross operating profit margin, which was 48% in FY2017 increasing to 50% in the year under review. Management expects **FY2019's** performance to be relatively in line with that of FY2018.

As for benchmark performance, the Hotel performed broadly in line with competition in FY2016, mainly as a consequence of ongoing refurbishment works. In FY2017, the Hotel achieved a lower occupancy (80%) when compared to the competitive set (81%), but average room rate was higher (€95) as compared to the benchmark rate of €85. Also, the Hotel's RevPAR was higher than that of its competitive set, at €105 compared to the competitive set of €92. During FY2018, the Victoria Hotel outperformed its competitive set's KPIs with an occupancy level of 90% (competitive set: 82%), average room rate of €96 (competitive set: €93) and RevPAR of €120 (competitive set: €98).

6.3.5 Seashells Resort at Suncrest

Seashells Resort at Suncrest is a four-star hotel located in Qawra Malta that also offers all-inclusive packages. It features 452 rooms designed in a contemporary style; the Carisma Spa and Wellness International Centre; a large outdoor swimming pool; and various food and beverage operations. All external and internal areas of the Seashells Resort at Suncrest (such as the pool area and lobby) were renovated and the final phase of this programme was executed between 1 November 2014 and 31 March 2015 at a total cost of *circa* €7 million.

Furthermore, in November 2014, the Group acquired the Luzzu Complex in Qawra for a consideration of €3 million. The property occupies a gross floor area of *circa* 2,235m^2 and includes a restaurant at ground level, conference facilities at a lower level and a lido. As a consequence of this acquisition, F&B revenue has increased considerably and moreover, the Hotel's offerings have increased to cater for conferences and business events. During FY2017, the Group finalised the refurbishment of the Luzzu Conference Centre and Poseidon Conference Hall at an aggregate cost of *circa* €1.25 million. In the near term, the Group intends to internally connect the Luzzu Complex, Suncrest Hotel and the Sunny Coast Resort & Spa. The Hotel was developed by the AX Group in 1988 and its carrying value as at 31 October 2018 is €76.6 million (FY2017: €77.9 million).

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the years indicated therein:

Seashells Resort at Suncrest	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Actual**	**FY2019 Forecast**
Turnover (€'000)	13,354	15,299	16,658	17,522
Gross operating profit (€'000)	5,936	7,085	7,415	7,532
Gross operating profit margin (%)	44	46	45	43
Occupancy level (%)	82	84	84	77
Average room rate (€)	57	66	71	77
Revenue per available room (RevPAR) (€)	81	93	101	106
Benchmark performance				
Occupancy level (%)	83	83	82	n/a
Average room rate (€)	64	70	79	n/a
Revenue per available room (RevPAR) (€)	81	85	95	n/a
Revenue Generating Index	1.00	1.09	1.06	n/a

Source: Management information.

As from **FY2016**, the Hotel refrained from the practice of closing between December and March, and commenced operating for a full year. This resulted in a marked improvement in achieved revenue, which increased by €4.2 million from €9.1 million in FY2015 to €13.4 million in FY2016. The gross operating profit margin remained stable at 44%, thus resulting in an increase in gross operating profit of €2.0 million from €3.9 million in FY2015 to €5.9 million.

In **FY2017**, the Hotel continued to perform positively, with an increase in revenue of €1.9 million (+15%), whilst increasing gross operating margin by two percentage points from FY2016, to 46% (FY2016: 44%). This resulted in a gross operating profit of €7.1 million in FY2017, an increase of €1.1 million (+19%) compared to FY2016 gross operating profit of €5.9 million.

During **FY2018**, revenue generated increased by €1.4 million (+9%), but gross operating margin declined marginally by one percentage point (y-o-y) to 45%. Gross operating profit for FY2018 amounted to €7.4 million, an increase of €0.3 million (+5%) when compared to FY2017's gross operating profit of €7.1 million.

As of **FY2019**, the operations of Tal-Kaptan restaurant in Qawra will be absorbed by Seashells Resort, the effect of which is expected to be an increase of 5% in revenue from €16.7 million in FY2018 to €17.5 million. As such, projected revenue solely from the Hotel is expected to be similar to the previous financial year's revenue figure. Gross operating profit is projected to increase marginally by €0.1 million to €7.5 million (FY2018: €7.4 million).

The Hotel has matched performance compared to its competitive set in FY2016 due to the achievement of a higher RevPAR when compared to prior years. In FY2017, the Hotel has managed to match occupancy and average room rate compared to its competitive set and achieved a higher RevPAR at €93 compared to its competitive set of €85. During FY2018, achieved occupancy of 84% was two percentage points higher than its competitive set, but average room rate was comparably lower by €8 to €71. In terms of RevPAR, the Hotel has performed marginally better than its competitive set in each of the reviewed financial years.

In the near term, Management will continue to focus of improving RevPAR, mainly by increasing average room rate without lowering occupancy level. This is being achieved through the replacement of bookings made by groups (which typically secure discounted rates) with direct and OTA (online travel agency) bookings.

6.3.6 Sunny Coast Resort & Spa

The Sunny Coast Resort & Spa commenced operations in 1983 and was the first hotel developed by the AX Group. It is a four-star hotel situated in Qawra, Malta and includes 91 rooms offered on a self-catering basis. The Hotel features five restaurants, external and heated indoor pools, spa and leisure facilities, and a squash court. The carrying amount of the Sunny Coast Resort & Spa as at 31 October 2018 is €19.1 million (FY2017: €19.1 million).

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the years indicated therein:

Sunny Coast Resort & Spa	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Actual**	**FY2019 Forecast**
Turnover (€'000)	2,663	2,882	2,985	2,924
Gross operating profit (€'000)	1,337	1,463	1,574	1,564
Gross operating profit margin (%)	50	51	53	54
Occupancy level (%)	78	76	78	80
Average room rate (€)	80	90	90	86
Revenue per available room (RevPAR) (€)	82	89	89	87
Benchmark performance				
Occupancy level (%)	83	83	82	n/a
Average room rate (€)	64	70	79	n/a
Revenue per available room (RevPAR) (€)	81	85	95	n/a
Revenue Generating Index	1.01	1.05	0.94	n/a

Source: Management information.

The apartments at the Sunny Coast Resort & Spa were sold as timeshare accommodation during the initial years of operation. To date, timeshare contracts comprise the equivalent of 58 apartments or 64% of the Hotel and will expire over the next 2 years (term of contract was for 30 years). Such apartments are offered to other hotel visitors when not occupied by timeshare owners. In fact, in FY2018 timeshare revenue accounted for only 22% of total accommodation income (FY2017: 25%). In view of the maturing timeshare contracts, the Group is actively considering various options to fully utilise the property when timeshare is fully phased out.

Other than timeshare maintenance fees and accommodation income derived from non-timeshare residents, the Hotel generates 'other revenue' which principally consists of rentals of its amenities, including the leisure centre & water activities, five restaurants and the spa. Operational performance in **FY2016** was broadly similar to results achieved in the prior year – revenue was up by €0.3 million (y-o-y) to €2.7 million, whilst gross operating profit increased by €0.1 million (y-o-y) to €1.3 million. During **FY2017**, gross operating profit increased further by €0.2 million (y-o-y) to €1.5 million (+9%). Gross operating profit margin also improved by one percentage point to 51% in FY2017 compared to 50% in FY2016. During **FY2018**, revenue increased by a further €0.1 million (+4%), to €3.0 million, whilst gross operating profit also increased by €0.1 million (+8%), to €1.6 million. An improvement of 2 percentage points in gross operating profit margin was achieved during FY2018, from 51% in FY2017 to 53% in FY2018. The Hotel is forecasting broadly similar performance for **FY2019** when compared to FY2018.

The Hotel is not entirely comparable to its competitive set, primarily because it offers only self-catering accommodation and is principally limited to timeshare. Notwithstanding, performance data of its competitive set provides the only benchmark available to access the Hotel's level of operation.

Occupancy at the Hotel remains significantly lower than the level achieved by its competitive set, reflecting the fact that the Hotel has a percentage of apartments dedicated to timeshare residents. However, the low occupancy is compensated for by relatively high average room rates. In FY2018, the rate achieved by the Hotel was 14% higher than the average room rate of its competitive set at €90, however its RevPAR was lower than that of its competitive set at €89 (competitive set: €95). Overall, the Hotel has performed well in the last three financial years, operating broadly in line with the market. Management's strategy for the forthcoming year is to maintain this positive trend.

6.3.7 Saint John's Boutique Hotel

During FY2016, the Group acquired a property in Merchant Street, Valletta, which has now been converted into a 19-room boutique hotel (known as Saint John's Boutique Hotel) at a total cost (property acquisition and development) of €5.1 million. The boutique hotel initiated operations in August 2017. The carrying amount of Saint John's Boutique Hotel as at 31 October 2018 is €4.9 million (FY2017: €4.6 million).

Operational Performance

The following table sets out the highlights of the hotel's operating performance for the years indicated therein:

Saint John's Boutique Hotel	FY2017 Actual	FY2018 Actual	FY2019 Forecast
Turnover (€'000)	249	1,178	1,445
Gross operating profit (€'000)	(100)	180	298
Gross operating profit margin (%)	(40)	15	21
Occupancy level (%)	67	75	78
Average room rate (€)	157	157	159
Revenue per available room (RevPAR) (€)	144	170	208

Source: Management information.

In **FY2017**, Saint John's Boutique Hotel ("**SJBH**") was operational for 3 months, during which it generated revenue of €0.25 million and incurred a gross operating loss of €0.1 million. The occupancy level was at 67% and achieved average room rate amounted to €157, with a resulting RevPAR of €144.

During **FY2018**, SJBH was operational for a full 12 months and generated turnover of €1.2 million on an occupancy level of 75%. Gross operating profit amounted to €0.2 million and the gross operating profit margin for the financial year equated to 15%. No available benchmarks are yet available for boutique hotels.

The Group is forecasting to generate revenue of €1.4 million in **FY2019** and to operate at a gross operating profit margin of 21%. As such, the Hotel is expected to report a gross operating profit for the year of €0.3 million. Occupancy level in FY2019 is projected to reach 78%, whilst RevPAR is estimated at €208 as the Hotel is budgeting to achieve an average room rate of €159.

6.3.8 Rosselli Boutique Hotel

In November 2016 (FY2017), the Group acquired another property in Merchant Street, Valletta for a total consideration of €4.5 million. This property is currently being developed into the 5-star Rosselli Boutique Hotel at an estimated cost of *circa* €7.0 million. On completion, the hotel will include 25 luxury rooms, meeting room facilities, a lounge area & restaurant and a roof-top splash pool. Business operations are scheduled to commence in June 2019.

Given the proximity of the Saint John Boutique Hotel to the Rosselli Boutique Hotel, the management team of the former hotel will also manage the Rosselli Boutique Hotel, and thus take advantage of synergies, economies of scale and cost efficiencies. The Rosselli Boutique Hotel aims to target affluent and business travellers and will be marketed through luxury travel websites and upmarket travel agents.

Operational Performance

The following table sets out the FY2019 forecast for the Rosselli Boutique Hotel:

Rosselli Boutique Hotel	**FY2019 Forecast**
Turnover (€'000)	1,286
Gross operating profit (€'000)	69
Gross operating profit margin (%)	5
Occupancy level (%)	63
Average room rate (€)	206
Revenue per available room (RevPAR) (€)	332

Source: Management information.

Management expects to generate revenues of €1.3 million from the Rosselli Boutique Hotel as well as the property's catering operations during the initial 5-month period from 1 June 2019 to 31 October 2019. The catering offerings are expected to contribute *circa* 50% of annual revenue of the subject hotel. The occupancy level is expected to reach 63% with an average room rate of €206. RevPAR is projected to amount to €332, which takes into consideration the relatively high F&B component within the hotel's total revenue.

6.3.9 Tal-Kaptan Restaurants

As at 31 October 2018, the AX Group operated two restaurants under the commercial name "Tal-Kaptan". The first restaurant was opened in 1987 and is located within the premises of the Seashells Resort at Suncrest, whilst the other restaurant operated at the Valletta Waterfront since 2007. In FY2018, the Tal-Kaptan restaurants generated revenue of €1.5 million, an increase of 3% compared to FY2017, however gross operating profit remained constant at €0.1 million.

During FY2019, management ceased operations of the Valletta Waterfront restaurant, which coincided with the expiration of the property lease. In consequence, Tal-Kaptan, Qawra has been merged with the Seashells Resort at Suncrest, but will continue to offer guests a casual dining experience, specialising in pizza and pasta dishes.

6.4 CONSTRUCTION, BUILDING MATERIALS & MANAGEMENT SERVICES

6.4.1 Financial Information – Sector Analysis

Construction, Building Materials & Management Services	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Forecast
Turnover (€'000)	**3,447**	**5,503**	**8,146**	**9,510**
Construction works	1,964	4,755	7,327	9,018
Construction waste management	1,225	202	-	-
Restoration projects	258	546	819	492
Gross operating profit (€'000)	463	481	740	951
Gross operating profit margin (%)	13	9	9	10

Source: Management information.

6.4.2 Overview of Sector Activity

Construction & development is another principal activity of the AX Group and relates mainly to civil engineering works, turnkey assignments, project management and restoration works. Over the years, the construction division of the Group was entrusted with a number of major projects including the development of the Group's four hotels; the Group's head office; Verdala Mansions in Rabat, Malta; Capua Hospital in Sliema; Parliament building super-structure in Valletta; is-Suq tal-Belt; the Simblija Care Home & Hilltop Gardens Retirement Village and various other projects which were executed for Group companies and third party clients. Any related party revenue generated from construction and restoration works on the aforementioned projects are eliminated upon consolidation and as such are not included in the consolidated financial information provided in the above table.

In FY2017, the Group was primarily involved in the conversion and completion of is-Suq tal-Belt and Saint John's Boutique Hotel in Valletta and in FY2018, the continuation of the development of the Rosselli Boutique Hotel in Merchant Street, Valletta, the construction of the Hotel 1926 in Qui-Si-Sana, Sliema (previously, the Plevna Hotel), the extension and finishes of the KPMG offices, as well as the construction and development of residential blocks and villas. In FY2019, the main projects consist of the extension of St. John's Co-Cathedral, the concrete restoration works at Farsons Brewery, restoration works at the Old University Building in Valletta and the development of a residential block behind Falcon House, Sliema, which on completion will comprise 8 apartments and 1 penthouse.

In **FY2017**, the Group generated €4.8 million (FY2016: €2.0 million) from construction works, an increase of €2.8 million (+142%). During **FY2018**, the Group generated €7.3 million (FY2017: €4.8 million) from construction works. The increase of €2.6 million (+54%) in total turnover during FY2018 was principally due to income generated from the completion of is-Suq tal-Belt project as well as an increase in turnkey project engagements (including third party private residences), which is broadly in line with the higher level of activity in the local construction industry.

In recent years, the AX Group has been fairly active in restoration projects and in FY2018 generated €0.8 million (FY2017: €0.5 million) from such operations. Projects awarded to date include: Fort St Angelo, parts of the Valletta & Vittoriosa bastions, Scamps Palace Building (site housing Casino di Venezia), Valletta Waterfront, St Paul's Catacombs, Lascaris War Rooms in Valletta, Birgu bastions, Wignacourt Tower in St Paul's Bay, Auberge d'Italie, Bastions San Salvatore, Farsons Brewery and the Old University Building in Valletta. The Group is anticipating a decrease in engagements relating to restoration projects and thus, is projecting revenue for FY2019 to amount to €0.5 million.

Up to FY2017, the AX Group was involved in construction waste management at a site in Mgarr, which consisted of the management and disposal of excavation, construction and demolition waste. The level of activity in waste management increased substantially in FY2016, which reflected the increase in construction activity in Malta. As such, the Group generated €1.2 million in FY2016 from this business activity, an increase of €0.3 million when compared to FY2015. This activity was terminated in FY2017, during which the Group only generated income of €0.2 million.

6.5 PROPERTY, REAL ESTATE & RENTAL INCOME

6.5.1 Financial Information – Sector Analysis

Property, Real Estate & Rental Income	**FY2016 Actual**	**FY2017 Actual**	**FY2018 Actual**	**FY2019 Forecast**
Turnover (€'000)	**493**	**588**	**2,740**	**533**
Sale of property & real estate	-	50	2,198	-
Rental income	493	538	542	533
Gross operating profit (€'000)	418	513	2,058	455
Gross operating profit margin (%)	85	87	75	85

Source: Management information.

6.5.2 Overview of Sector Activity

During FY2016 and FY2017, the AX Group was not engaged in any major property development for resale. The last major project undertaken by the Group relating to the construction of apartments for resale was Verdala Mansions in 2003, which consisted of 36 upmarket apartments (which were all sold to third parties).

During FY2017, AX Group was granted planning permits for the Targa Gap Complex in Mosta. This development consists of an office block, which will host the new AX Group Head Office, as well as a showroom, parking facilities and a residential block of apartments. Excavation works started in late 2017 and the Group estimates that it will take 2 years to finalise at a cost of *circa* €7 million (excluding land).

The AX Group has been involved in constructing a number of warehouses located in an industrial zone in Burmarrad, of which, nine properties are held for own use or rental purposes and one warehouse was available for sale. During FY2018, the warehouse available for sale was sold as well another two plots in Mosta, for an aggregate price of €2.2 million.

Rental income represents proceeds derived from the leasing of Group properties to third parties, and mainly comprises: Villa Vistana, five warehouses (described hereinabove) and Vault 5 at Valletta Waterfront. As from FY2016, the Group is generating income from renting a convenience shop and child care centre situated at Simblija Care Home & Hilltop Gardens Retirement Village.

7. SIMBLIJA CARE HOME & HILLTOP GARDENS RETIREMENT VILLAGE

7.1 GENERAL

The AX Group developed the Simblija Care Home & Hilltop Gardens Retirement Village ("**Care & Retirement Home**") during the financial years 2014 and 2015, and officially opened the premises in December 2015. The property occupies an area of *circa* 17,000m^2, and includes a mix of one and two bedroom apartments & penthouses, landscaped gardens and extensive facilities. The carrying value of this property as at 31 October 2018 amounted to €46.0 million (FY2017: €42.5 million).

The Care & Retirement Home is being marketed as a high-end retirement property, offering independent living with access to a range of facilities and amenities, and 24-hour care when required. The facilities at the complex include a restaurant, spa, hair salon, swimming pool, common room and a chapel, amongst others. The Care & Retirement Home offers independent living to the elderly with the security that there is on-site medical care and a support team that can take care of any ancillary services one may need (including laundry, cleaning, transportation and maintenance services). Furthermore, the complex enables residents to live within a community, and enjoy the surrounding gardens and amenities.

The Care & Retirement Home also includes a nursing home which provides intensive nursing care to dependent elderly residents.

7.2 FINANCIAL INFORMATION

The expenditure on developing the Care & Retirement Village and acquisition of plant & equipment was of €25 million. The village consists of 133 self-catering residential units including common areas, amenities and landscaping and a 153-bed nursing home.

The residential units are being offered for lease on a variable basis for periods of up to a maximum of 10 years. Additional revenue is generated from the sale of consumables, maintenance fees and the provision of services. Furthermore, management offers tenants assistance in re-selling their units to third parties.

The nursing home operates with a full complement of nursing staff and care workers on a 24-hour basis, and residents are charged a daily room rate which is supplemented by a charge for additional services as required.

The following table illustrates the actual results for the initial financial year ended 31 October 2016, full financial years ended 31 October 2017 and 31 October 2018 and the forecast for FY2019.

Simblija Care Home & Hilltop Gardens Retirement Village	**FY2016 Actual €'000**	**FY2017 Actual €'000**	**FY2018 Actual €'000**	**FY2019 Forecast €'000**
Residences & other income	261	1,395	2,076	2,407
Nursing home	747	1,964	2,687	3,153
Total Revenue	**1,008**	**3,359**	**4,763**	**5,560**
Direct costs	(1,514)	(2,184)	(3,087)	(3,334)
Other costs	(576)	(1,335)	(1,440)	(1,285)
EBITDA	**(1,083)**	**(160)**	**236**	**941**

Source: Management information.

In **FY2016**, the Care & Retirement Home generated total revenue of €1.0 million but incurred an operating loss of €1.1 million. During **FY2017**, 109 units of the self-catering residences (out of 133 units) were either rented or leased. Lease periods during FY2017 ranged from 1 year up to 50 years, with the average lease term being 22 years, whilst rentals were for periods up to one year. The Care & Retirement Home generated €3.4 million in revenue, however still incurred an operating loss of €0.2 million.

During **FY2018**, lease periods were shortened to a range not exceeding 10 years (previously 50 years), whilst rentals were kept for periods of up to one year. During **FY2018**, all 133 units of the self-catering residences were either rented or leased. The Care & Retirement Home generated €4.8 million in revenue, and registered its first operating profit of €0.2 million.

It is projected that in **FY2019**, the Care & Retirement Home will continue to increase occupancy in the nursing home, and as a result, management is estimating revenue to increase to €5.6 million and register an EBITDA of €0.9 million. Management is also actively looking into different solutions to reduce direct and other costs in order to improve the EBITDA margin.

PART 2 – GROUP PERFORMANCE REVIEW

The projected financial statements detailed below relate to events in the future and are based on assumptions which the AX Group believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

8. FINANCIAL INFORMATION – THE ISSUER

The following financial information is extracted from the audited financial statements of AX Investments p.l.c. (the "**Issuer**") for the three years ended 31 October 2016 to 31 October 2018. The financial information for the year ending 31 October 2019 has been provided by Group management.

AX Investments p.l.c. Income Statement for the year ended 31 October	**2016 Actual €'000**	**2017 Actual €'000**	**2018 Actual €'000**	**2019 Forecast €'000**
Rental income	238	238	238	238
Administrative expenses	(179)	(185)	(180)	(183)
Results from operating activities	**59**	**53**	**58**	**55**
Share of (loss)/profit of associated undertaking	10,220	256	864	776
Revaluation of investment property	750	-	-	
Net finance costs	384	505	503	516
Profit before tax	**11,413**	**814**	**1,425**	**1,347**
Taxation	(3,797)	(203)	(488)	(190)
Profit after tax	**7,615**	**611**	**937**	**1,157**

AX Investments p.l.c. Cash Flow Statement for the year ended 31 October	**2016 Actual €'000**	**2017 Actual €'000**	**2018 Actual €'000**	**2019 Forecast €'000**
Net cash from operating activities	286	337	626	441
Net cash from investing activities	(622)	(1,007)	(831)	-
Net cash from financing activities	-	256	-	-
Net movement in cash and cash equivalents	**(337)**	**(414)**	**(205)**	**441**
Cash and cash equivalents at beginning of year	1,009	672	258	53
Cash and cash equivalents at end of year	**672**	**258**	**53**	**494**

AX Investments p.l.c. Balance Sheet				
as at 31 October	2016	2017	2018	2019
	Actual	Actual	Actual	Forecast
	€'000	€'000	€'000	€'000
ASSETS				
Non-current assets	62,328	63,586	65,278	66,049
Current assets	750	258	53	494
	63,077	**63,844**	**65,331**	**66,543**
EQUITY AND LIABILITIES				
Equity	**17,115**	**17,726**	**18,663**	**19,820**
Liabilities				
Non-current liabilities	44,037	44,191	44,741	44,611
Current liabilities	1,926	1,927	1,927	2,112
	45,963	**46,118**	**46,668**	**46,723**
Total equity and liabilities	**63,077**	**63,844**	**65,331**	**66,543**

Income Statement

The Issuer is a fully owned subsidiary of AX Holdings Limited, the parent company of the AX Group, and is principally engaged to act as a finance and investment company. In FY2016, rental income amounted to €238,005 (FY2015: €163,000) and was primarily derived from the lease of Palazzo Capua to a related party. In FY2017 and FY2018, the rental income remained stable at €238,360.

Share of results of associated undertaking relate to the holding of 19.91% in Suncrest Hotels p.l.c., the owner of the Seashells Resort at Suncrest. The substantial profit of €10.2 million (FY2015: loss of €197,000) is mainly due to an uplift in value of the Seashells Resort at Suncrest. During FY2017, the share of results of associated undertaking related to the 19.91% amounted to a share of profit of €255,666 and during FY2018 amounted to €864,142.

Net finance costs reflect the net difference between interest payable on bonds in issue and interest receivable from advances to Group companies, which was €2,358 lower in FY2018 at €502,778 (FY2017: €505,136).

Operational performance in FY2019 is projected to be similar to that achieved in FY2018.

Cash Flow Statement

Net cash flows from operating activities of the Issuer mainly comprises rental income, administrative expenses, movements in trade & other receivables and payables, interest paid and received, and taxation paid. On a net basis, operational cash flows in each of FY2016, FY2017 and FY2018 amounted to €0.29 million, €0.34 and €0.63 million respectively. It is estimated that net operating cash inflows in FY2019 will amount to €0.44 million.

Net cash from investing and financing activities in FY2016, FY2017 and FY2018 amounted to -€0.6 million, -€0.7 million and -€0.8 million, respectively. In FY2016, the only movement in investing and financing activities consisted of net loans to related parties of €0.6 million. In FY2017, net cash outflows relating to loans to related parties amounted to €0.7 million, whilst during FY2018, net cash outflows related to loans to related parties of €0.8 million. Net cash used in investing and financing activities in FY2019 is projected to be nil.

Cash and cash equivalents at the end of FY2016, FY2017 and FY2018 amounted to €0.7 million, €0.3 million and €0.1 million, respectively. Closing cash balance in FY2019 is forecasted to total €0.5 million.

Balance Sheet

The assets of the Issuer principally include the ownership of Palazzo Capua valued at €9.0 million (FY2017: €9.0 million), the 19.91% shareholding in Suncrest Hotels p.l.c. amounting to €13.9 million (FY2017: €13.1 million), and the on-lending of bond proceeds to related parties which amounted to €42.3 million (FY2017: €41.5 million).

The liabilities of the Issuer mainly comprise debt securities listed on the Official List of the Malta Stock Exchange of €39.7 million (FY2017: €39.6 million) and deferred taxation amounting to €4.9 million (FY2017: €4.6 million).

9. FINANCIAL INFORMATION – THE GROUP

The following financial information is extracted from the audited consolidated financial statements of AX Holdings Limited (the "**Group**") for the three years ended 31 October 2016 to 31 October 2018. The financial information for the year ending 31 October 2019 has been provided by Group management.

AX Group Income Statement **for the year ended 31 October**	**2016** **Actual** **€'000**	**2017** **Actual** **€'000**	**2018** **Actual** **€'000**	**2019** **Forecast** **€'000**
Revenue	38,060	46,157	56,776	57,140
Net operating expenses	(25,395)	(30,790)	(35,829)	(39,119)
EBITDA	**12,666**	**15,367**	**20,947**	**18,021**
Depreciation	(4,825)	(5,238)	(5,348)	(5,895)
Investment property revaluation	900	5,811	26,589	-
Share of results of associated undertaking	696	1,087	1,035	383
Investment income	8	11	1	-
Net finance costs	(3,494)	(3,460)	(3,007)	(3,166)
Profit before tax	**5,951**	**13,578**	**40,217**	**9,343**
Taxation	(1,918)	(1,674)	(8,259)	(2,713)
Profit after tax	**4,033**	**11,904**	**31,958**	**6,630**
Other comprehensive income				
Gains on property revaluation	53,622	-	13,136	-
Taxation	(5,418)	-	(1,384)	-
	48,204	**-**	**11,752**	**-**
Total comprehensive income	**52,236**	**11,904**	**43,710**	**6,630**

AX Group Cash Flow Statement **for the year ended 31 October**	**2016** **Actual** **€'000**	**2017** **Actual** **€'000**	**2018** **Actual** **€'000**	**2019** **Forecast** **€'000**
Net cash from operating activities	16,601	16,836	15,846	9,624
Net cash from investing activities	(16,233)	(12,084)	(4,890)	(11,155)
Net cash from financing activities	3,050	(4,135)	(10,872)	(228)
Net movement in cash and cash equivalents	**3,418**	**617**	**84**	**(1,759)**
Cash and cash equivalents at beginning of year	2,174	5,592	6,209	6,293
Cash and cash equivalents at end of year	**5,592**	**6,209**	**6,293**	**4,534**

AX Group Balance Sheet as at 31 October	2016 Actual €'000	2017 Actual €'000	2018 Actual €'000	2019 Forecast €'000
ASSETS				
Non-current assets	249,753	262,153	302,975	317,106
Current assets	20,672	24,165	22,268	20,819
	270,425	**286,318**	**325,243**	**337,925**
EQUITY AND LIABILITIES				
Equity				
Capital and reserves	162,319	171,890	213,087	219,702
Non-controlling interest	1,401	1,434	1,503	1,515
	163,719	**173,323**	**214,590**	**221,217**
Liabilities				
Non-current liabilities	82,297	83,698	89,435	98,345
Current liabilities	24,409	29,297	21,218	18,363
	106,706	**112,994**	**110,653**	**116,708**
Total equity and liabilities	**270,425**	**286,318**	**325,243**	**337,925**

Key Accounting Ratios	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Forecast
Operating profit margin *(EBITDA/revenue)*	33%	33%	37%	32%
Interest cover (times) *(EBITDA/net finance cost)*	3.62	4.44	6.97	5.70
Net debt to EBITDA (years) *(Net debt/EBITDA)*	5.03	4.00	2.35	3.11
Net profit margin *(Profit after tax/revenue)*	11%	26%	56%	12%
Earnings per share (€) *(Profit after tax/number of shares)*	19.96	58.93	158.21	32.83
Return on equity *(Profit after tax/shareholders' equity)*	2%	7%	15%	3%
Return on capital employed *(Operating profit/total assets less current liabilities)*	5%	6%	7%	6%
Return on assets *(Profit after tax/total assets)*	1%	4%	10%	2%

Source: Charts | A Division of MeDirect Bank plc

Income Statement

During **FY2016**, revenue of the Group increased by €6.0 million (+19%) from €32.1 million in FY2015 to €38.1 million. The afore-mentioned increase in revenue was mainly generated from the hospitality sector as to €5.8 million (principally from Seashells Resort by Suncrest and The Palace Hotel) and the care & retirement home generated €0.9 million in its first year of operation. Revenue from construction and real estate decreased by €1.5 million when compared to FY2015, and dividends receivable from Valletta Cruise Port p.l.c. increased from €0.4 million in FY2015 to €1.0 million in FY2016.

EBITDA increased by €2.7 million (+28%), from €9.9 million in FY2015 to €12.7 million in FY2016, substantially generated from Seashells Resort by Suncrest and The Palace Hotel. After accounting for depreciation of €4.8 million (FY2015: €3.2 million), an uplift of €0.9 million (FY2015: nil) in the valuation of the Hardrocks warehouses, investment income & net finance costs of €3.5 million (FY2015: €1.5 million) and share of results of associates of €0.7 million (FY2015: 0.4 million), the Group registered a profit before tax of €6.0 million, a y-o-y increase of €0.4 million when compared to FY2015 (profit before tax: €5.6 million). In FY2016, the property valuations (net of deferred tax) of Seashells Resort by Suncrest and Palazzo Capua were revised upwards by an aggregate amount of €48.2 million, and as a consequence, the comprehensive income for FY2016 amounted to €52.2 million (FY2015: €9.7 million).

In **FY2017**, revenue of the Group increased by €8.1 million (+21%), from €38.1 million in FY2016 to €46.2 million in FY2017. The year-on-year increase was spread primarily across the hospitality sector, construction sector as well as the care & retirement home (which is in its second year of operation). Revenue from sale of property, real estate and rental income increased by €0.1 million, whilst dividends receivable from Valletta Cruise Port p.l.c. decreased by €0.06 million to €0.89 million in FY2017.

During FY2017, EBITDA increased by €2.7 million (+21%) from €12.7 million in FY2016 to €15.4 million, a significant portion of which was generated from the operations of Seashells Resort by Suncrest. After accounting for depreciation of €5.2 million (FY2016: €4.8 million), investment income and net finance costs of €3.5 million (FY2016: €3.5 million), an uplift of €5.8 million (FY2016: €0.9 million), and share of results of associates of €1.0 million (FY2016: €0.7 million), the Group registered a profit before tax of €13.6 million, compared to €6.0 million in FY2016 (+128%).

Profit after tax amounted to €11.9 million in FY2017 as compared to €4.0 million in FY2016, an increase of €7.9 million (+195%). Total comprehensive income in FY2017 was unchanged at €11.9 million (FY2016: €52.2 million).

During **FY2018**, total revenue generated by the Group increased by €10.6 million (+23%), from €46.2 million in FY2017 to €56.8 million in FY2018. The year-on-year increase was spread primarily across all sectors with the hospitality sector registering the highest increase in terms of value amounting to a €4.0 million increase. The construction sector and sale of property, real estate and rental income registered positive increases of €2.6 million and €2.3 million, respectively. Revenue from the retirement home increased by €1.4 million, whilst dividends receivable from Valletta Cruise Port p.l.c. increased by €0.3 million to €1.2 million in FY2018.

During FY2018, EBITDA increased by €5.6 million (+36%) from €15.4 million in FY2017 to €20.9 million, a fair amount of which was generated from the sale of property as well as the aggregate increases in revenue in the sub-divisions of the hospitality & entertainment sector. After accounting for depreciation of €5.3 million (FY2017: €5.2 million), investment income and net finance costs of €3.0 million (FY2017: €3.5 million), an investment property revaluation uplift of €26.6 million (FY2017: €5.8 million), and share of results of associates of €1.0 million (FY2017: €1.1 million), the Group registered a profit before tax of €40.2 million, compared to €13.6 million in FY2017 (+196%).

Profit after tax amounted to €32.0 million in FY2018 as compared to €11.9 million in FY2017, an increase of €20.1 million (+169%). Total comprehensive income in FY2018 also increased to €43.7 million (FY2017: €11.9 million) due to gains on property revaluation of €11.8 million net of tax (FY2017: nil).

In **FY2019**, revenue is forecasted to increase by €0.4 million (+1%) from €56.8 million in FY2018 to €57.1 million. The principal gains are expected from the hospitality & entertainment division and the construction division, whilst lower revenue (when compared to the prior year) is projected to be generated from sale of property and real estate division. EBITDA is estimated at €18.0 million, a decrease of €2.9 million (-14%) when compared to FY2018. Overall, the Group is projected to register a profit after tax in FY2019 of €6.6 million, a decrease of €25.3 million from a year earlier. This decrease is mainly attributable to the fact that Management has prudently assumed no investment property valuation gains will be accounted for in FY2019, compared to a gain of €26.6 million in FY2018. In FY2019 Sunny Coast Resort & Spa in Qawra and The Victoria Hotel in Sliema will be revalued in line with the ongoing property revaluation programme of the Group.

Balance Sheet

Total assets of the Group principally comprise hotel and other properties as detailed in section 5 above, shareholding in Valletta Cruise Port p.l.c. amounting to €10.7 million (which ownership increased from 24% to 36% in FY2016 for a total consideration of a further €3.9 million), inventories, receivables and other assets.

Total liabilities represent trade and other payables (FY2018: €26.2 million as compared to FY2017: €24.2 million), current & deferred taxation (FY2018: €28.3 million as compared to FY2017: €20.2 million) and borrowings as detailed below:

AX Group Borrowings as at 31 October	2016 Actual €'000	2017 Actual €'000	2018 Actual €'000	2019 Forecast €'000
Bank borrowings				
Central Leisure Developments Ltd	8,300	6,794	5,860	4,807
Capua Palace Inv. Ltd	1,268	1,081	886	705
Suncrest Hotels p.l.c.	6,195	5,365	4,533	3,770
Luzzu Properties Ltd	2,760	429	-	-
Other bank loans	-	-	-	2,226
AX Holdings Ltd	2,924	2,112	-	
Palazzo Merkanti	-	4,157	3,948	3,758
Bank overdrafts	283	1,144	559	4,830
Bank borrowings	**21,730**	**21,082**	**15,785**	**20,096**
Bonds				
6% Bonds 2024	40,000	40,000	40,000	40,000
	40,000	**40,000**	**40,000**	**40,000**
Other borrowings				
Malta Enterprise	6,311	6,529	-	-
Shareholder's loan	1,517	1,204	237	529
(unsecured, interest free and no fixed date repayment)				
	7,828	**7,733**	**237**	**529**
Total borrowings and bonds	**69,559**	**68,815**	**56,023**	**60,625**

Key Accounting Ratios	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Forecast
Net assets per share (€) *(Net asset value/number of shares)*	0.81	0.86	1.06	1.10
Liquidity ratio (times) *(Current assets/current liabilities)*	0.85	0.82	1.05	1.13
Gearing ratio *(Net debt/net debt and shareholders' equity)*	28%	26%	19%	20%

Source: Charts | A Division of MeDirect Bank plc

Cash Flow Statement

Net cash flows from operating activities principally relate to the operations of the AX Group, which are analysed in further detail in section 6.0 of this report under the heading “Group Operational Development”.

In FY2016, net cash inflows from financing activities amounted to €3.0 million. During the said year, the Group invested €12.5 million in fixed assets and acquired financial assets totalling €3.7 million.

During FY2017, the Group acquired and sold €12.9 million and €1.2 million, respectively, in fixed assets as well as acquired €0.3 million in investment property. The Group also had a net cash outflow of €4.1 million used in financing activities, which was mainly due to a net movement in bank borrowings of €1.7 million and the payment of €2.3 million in interim dividends.

In FY2018, the Group acquired €4.2 million in fixed assets as well as acquired and sold investment property amounting to €0.7 million and €0.5 million respectively. The Group also had a net cash outflow of €10.9 million used in financing activities, which was mainly attributable to a net repayment of bank borrowings of €4.7 million, net repayment of other loans of €3.7 million and the payment of €2.5 million in dividends.

Overall, net cash balances as at the end of FY2016, FY2017 and FY2018 amounted to €5.6 million, €6.2 million and €6.3 million, respectively.

On 30 November 2017, the court of first instance decided the case filed by Malta Enterprise in relation to the property owned by Royal Hotels Limited and Heritage Developments Limited. Both subsidiary companies had appealed the decision. In March 2018, the Group reached an out of court settlement, wherein AX Group agreed to repay the principal amount of the loan due to Malta Enterprise of €3.0 million. As such, the difference between the outstanding loan balance in borrowings of €6.5 million and the afore-mentioned €3 million (principally representing accrued interest payable) has been reversed in FY2018. In this respect, an income of €2.2 million has been accounted for under investment income in the income statement, whilst the remaining balance has been charged to fixed assets in the balance sheet.

Cash and cash equivalents for the year ending 31 October 2019 is forecasted at €4.5 million.

Variance Analysis

AX Group Income Statement for the year ended 31 October	**2018 Actual €'000**	**2018 Forecast €'000**	**Variance €'000**
Revenue	56,776	51,005	5,771
Net operating expenses	(35,829)	(31,939)	(3,890)
EBITDA	**20,947**	**19,066**	**1,881**
Depreciation	(5,348)	(5,138)	(210)
Investment property revaluation	26,589	-	26,589
Share of results of associated undertaking	1,035	-	1,035
Investment income	1	2,175	(2,174)
Net finance costs	(3,007)	(3,255)	248
Profit before tax	**40,217**	**12,848**	**27,369**
Taxation	(8,259)	(3,010)	(5,249)
Profit after tax	**31,958**	**9,838**	**22,120**
Other comprehensive income			
Gains on property revaluation	13,136	-	13,136
Taxation	(1,384)	-	(1,384)
	11,752	**-**	**11,752**
Total comprehensive income	**43,710**	**9,838**	**33,872**

As presented in the above table, the Group generated higher revenue in FY2018 than forecasted by €5.8 million, principally due to a higher than expected performance in construction and real estate operations of an aggregate of €3.6 million, as well as better than expected performances in hospitality operations of a combined €1.3 million. This increase in revenue positively affected EBITDA, which was higher by €1.9 million when compared to the forecasted amount.

Profit for the year was higher than expected by €22.1 million, primarily due to an uplift in investment property valuation of €26.6 million, share of profits of associate amounting to €1.0 million and lower than expected net finance costs of €0.2 million. Such increases were partly offset by a higher than expected depreciation charge amounting to €0.2 million as well as €2.2 million lower than expected investment income when compared to forecast.

Total comprehensive income was also higher by €33.9 million due to gains on property revaluations of €13.1 million which was partly offset by the tax due on these gains of €1.4 million.

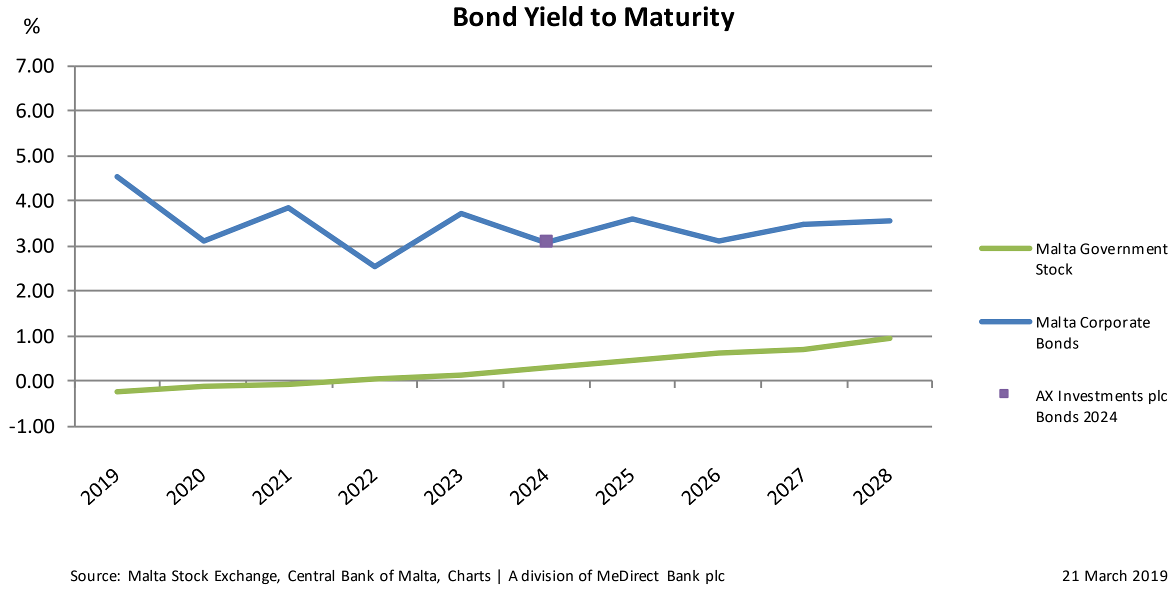
PART 3 – COMPARABLES

The table below compares the Company and its bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Company and other issuers (including different industries, principal markets, competition, capital requirements etc.), and material differences between the risks associated with the Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Group.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
5.50% Pendergardens Dev. plc Secured € 2020 Series I	15,000,000	3.13	6.29	68,589	14,418	66.04
6.00% Pendergardens Dev. plc Secured € 2022 Series II	27,000,000	2.53	6.29	68,589	14,418	66.04
4.25% Gap Group plc Secured € 2023	40,000,000	2.93	2.61	56,906	6,696	85.08
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	3.74	1.19	21,625	4,844	69.04
6.00% AX Investments Plc Unsecured € 2024	**40,000,000**	**3.12**	**6.97**	**325,243**	**214,590**	**18.66**
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	3.06	4.42	77,088	38,701	45.62
5.00% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	4.06	3.05	107,801	39,813	54.01
4.25% Best Deal Properties Holding plc Secured 2024	16,000,000	3.56	4.02	25,986	3,432	82.64
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	4.39	1.69	118,490	33,711	58.11
4.50% Hili Properties plc Unsecured € 2025	37,000,000	3.54	1.26	135,879	39,974	68.23
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	4.91	2.09	5,499	- 19,741	-
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.60	2.59	1,765,072	901,595	40.43
4.00% International Hotel Invest. plc Secured € 2026	55,000,000	3.34	3.03	1,602,317	884,632	36.36
4.00% International Hotel Invest. plc Unsecured € 2026	40,000,000	3.70	3.03	1,602,317	884,632	36.36
4.00% MIDI plc Secured € 2026	50,000,000	3.13	- 0.98	235,302	86,621	39.27
3.75% Premier Capital plc € Unsecured Bonds 2026	65,000,000	3.19	7.90	161,128	47,607	57.32
4.35% Hudson Malta plc Unsecured 2026	12,000,000	4.03	39.11	17,088	5,835	30.63
4.35% SD Finance plc € Unsecured Bonds 2027	65,000,000	3.91	5.93	229,882	63,771	50.15
4.00% Eden Finance plc Unsecured 2027	40,000,000	3.48	4.46	169,936	90,162	36.52
4.00% Stivala Group Finance plc Secured 2027	45,000,000	3.45	6.21	199,560	121,041	31.54
3.85% Hili Finance Company plc Unsecured 2028	40,000,000	3.56	3.27	408,204	82,870	73.40

21 March '19

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Charts | A division of MeDirect Bank plc



To date, there are no corporate bonds which have a redemption date beyond 2028. The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

PART 4 – EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including hospitality and entertainment; construction works, building materials and management services; care and retirement home operations; sale of property and real estate; and rental income.
Direct costs	Direct costs include cost of food, beverages, consumables, labour expenses and all other direct expenses.
Gross profit	Gross profit is the difference between revenue and direct costs. It refers to the profit made by the Group before deducting depreciation & amortisation, finance costs, impairment provisions, share of profits from associate and affiliate companies and other operating costs.
Operating costs	Operating costs include all operating expenses other than direct costs.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Share of results of associated undertakings	The AX Group owns minority stakes in a number of companies (less than 50% plus one share of a company's share capital). The results of such companies are not consolidated with the subsidiaries of the Group, but the Group's share of profit is shown in the profit and loss account under the heading 'share of results of associated undertakings'.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Occupancy level	Occupancy level is the percentage of available rooms that were sold during a given period of time. It is calculated by dividing the number of rooms sold by total number of rooms available.
Average room rate	Average room rate is calculated by dividing hotel room revenue by rooms sold. Hotels use this measure to calculate the average price at which they are booking hotel rooms each night.

Key Performance Indicators	
Revenue per available room (RevPAR)	RevPAR is calculated by dividing a hotel's total revenue by the total number of available rooms in the period being measured. A hotel uses this indicator as a performance measure with other hotels in the same category or market.
Revenue generating index	A revenue generating index measures a hotel's fair market share of its segment's (competitive set, market, etc.) revenue per available room. If a hotel is capturing its fair market share, the index will be 1; if capturing less than its fair market share, a hotel's index will be less than 1; and if capturing more than its fair market share, a hotel's index will be greater than 1.
Profitability Ratios	
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.
Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Group.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Group.

Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include investment properties; property, plant & equipment; and investments accounted for using the equity method.
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include accounts receivable, inventory (food, beverages, consumables, construction materials, etc.), property for resale, cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include long-term borrowings, bonds and long term lease obligations.
Total equity	Total equity includes share capital, reserves & other equity components, retained earnings and minority interest.
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Debt service cover ratio	The debt service cover ratio measures a company's ability to service its current debts by comparing its EBITDA with its total debt service obligations.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a Group's net debt by shareholders' equity plus net debt.