Financial Analysis Summary

28 June 2017

Issuer

PTL Holdings p.l.c.

WEALTH MANAGEMENT ▪ CORPORATE BROKING

The Directors
PTL Holdings p.l.c.
Nineteen Twenty Three
Valletta Road
Marsa MRS 3000

28 June 2017

Dear Sirs

PTL Holdings p.l.c. Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the 2017 Financial Analysis Summary ("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 PTL Holdings p.l.c. (the "**Group**" or the "**Company**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the years ended 31 December 2014 to 31 December 2016 has been extracted from the audited financial statements of PTL Holdings p.l.c. and its subsidiaries;

(b) The forecast data of the Group for the year ending 31 December 2017 has been provided by management of the Company.

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

(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 the 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.

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,

Wilfred Mallia
Director

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PART 1 – INFORMATION ABOUT THE COMPANY

1. KEY ACTIVITIES

PTL Holdings p.l.c. (the "**Company**", "**Issuer**" or the "**Group**") was incorporated on 23 December 2013 as a holding company. The Group is engaged in the sale and distribution of Apple Products as an Apple Premium Reseller, as well as the sale, maintenance and servicing of information technology solutions, security systems and the provision of electronic payment solutions. The Issuer forms part of the Hili Ventures Group.

2. DIRECTORS AND SENIOR MANAGEMENT

The Company is managed by a Board consisting of five directors entrusted with its overall direction and management.

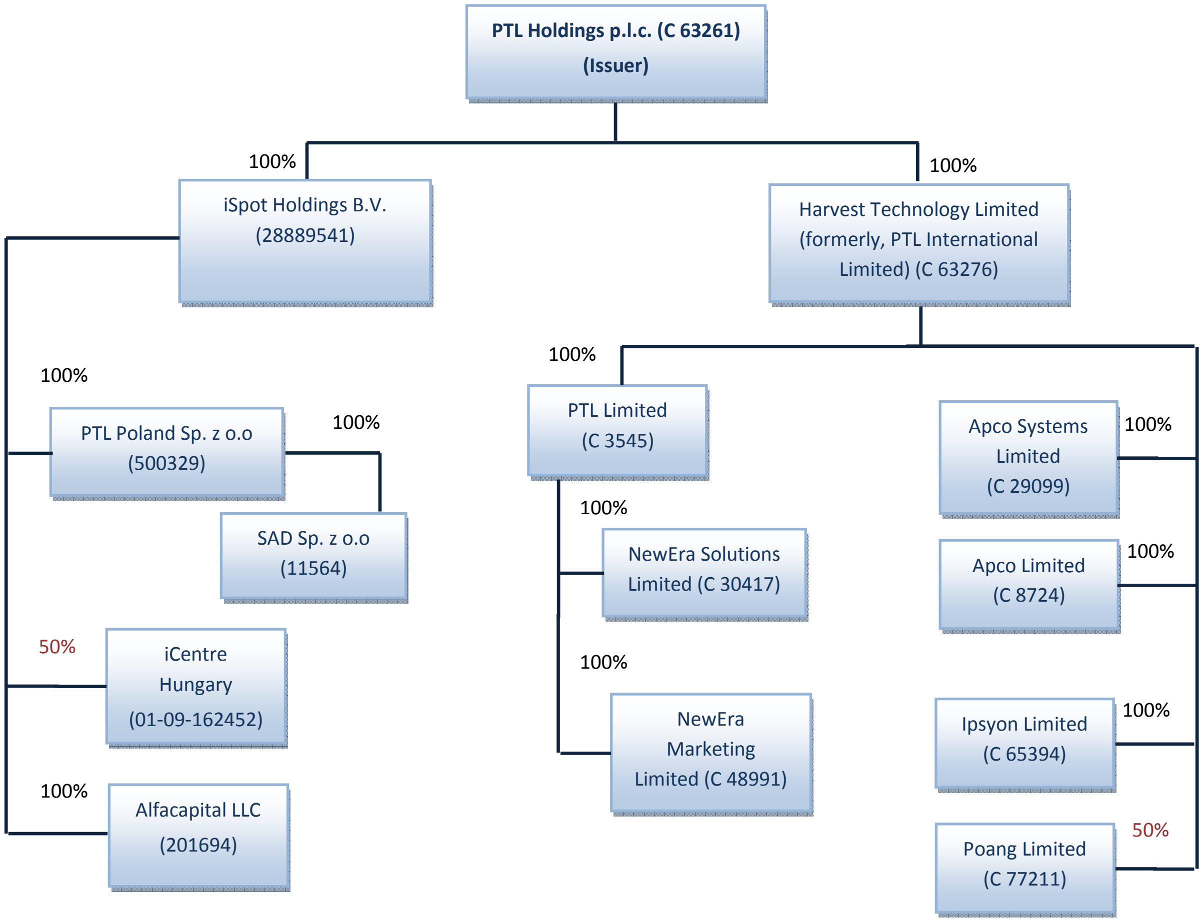
Board of Directors

Carmelo *sive* Melo Hili	Chairman and Non-Executive Director
Geoffrey Camilleri	Non-Executive Director
Stephen Kenneth Tarr	Non-Executive Director
John Trefor Price Roberts	Independent Non-Executive Director
Karl Fritz	Independent Non-Executive Director

3. PTL GROUP

3.1 ORGANISATIONAL STRUCTURE

As the holding company of the Group, the Company is ultimately dependent upon the operations and performance of the Group's operating companies. The organisational structure of the Group is illustrated in the diagram hereunder:



The Group operates two distinct businesses, as follows:

- **iSpot** (iSpot Holdings B.V. and its subsidiary/associate companies) is principally engaged in retailing Apple products in Poland, Romania and Hungary;
- **Harvest** (Harvest Technology Limited and its subsidiary companies) is mainly involved in diverse technology businesses.

In addition to the companies outlined in the above organisational structure, the Issuer has an indirect shareholding in Hili Salomone Company Limited (50%) and Alfa Capital B.V. (50%), all of which are in the process of liquidation. Furthermore, in 2017, the Group disposed of its 33.3% shareholding in Smart Technologies Limited, a company involved in the provision of IT solutions and networking services.

In 2017, Harvest Technology Limited acquired 50% of the share capital of Poang Limited, a company which focuses on software application development. Poang Limited was incorporated in September 2016 by three founding members who are directly involved in the business operations. The company's initial project relates to the development of apps for fantasy sport games and their first product is a fantasy football game.

4. ISPOT

4.1 BUSINESS OVERVIEW

iSpot is principally engaged in the sale and distribution of Apple products in Poland, Hungary and Romania.

SAD Sp. z.o.o. ("**SAD**"), a subsidiary company, is Poland's largest Apple retailer and operates 25 stores under the iSpot brand, together with a well-developed online proposition. As an Apple Premium Reseller and Apple Authorised Service Provider, SAD outlets carry a full range of Apple products, including software and accessories, and through its trained staff also offer support and repair services to customers regardless of where they originally purchased the Apple product. In addition to Apple solutions, iSpot stores offer an extensive range of third-party products and software.

SAD is also involved in turnkey solutions for business customers, and its services comprise the design and construction of networks, data security, and the supply of hardware and software. Moreover, as a certified Apple Authorised Training Centre, SAD has since incorporation participated in numerous projects relating to the implementation of Apple technology in higher education.

Through a joint venture with Maltese trading group VJ Salomone, the Group operates, under the iCentre Brand, 4 stores in Hungary and, for the majority of 2016, a store in Bucharest, Romania. Pursuant to the execution of a framework agreement in Q4 2016, Alfacapital LLC (the operator of the Romanian store) became a fully owned subsidiary of iSpot.

iSpot intends maximising the potential of the Apple retail operation in Poland, which is the eighth largest economy in the EU and is the sixth most populous member of the EU. Moreover, iSpot is also committed to expanding its Apple reseller operations in Romania.

4.2 OPERATIONAL PERFORMANCE

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

iSpot Holdings B.V. Consolidated Income Statement for the year ended 31 December	**2014 Actual €'000**	**2015 Actual €'000**	**2016 Actual €'000**	**2017 Forecast €'000**
Revenue	57,465	115,600	76,215	94,711
Net operating expenses	(55,033)	(109,936)	(73,001)	(91,179)
EBITDA[1]	**2,432**	**5,664**	**3,214**	**3,532**
Depreciation and amortisation	(458)	(1,002)	(1,363)	(1,249)
Other net income	118	144	56	155
Net finance costs	(1,077)	(2,643)	(1,692)	(503)
Profit before tax	**1,015**	**2,163**	**215**	**1,935**
Taxation	(462)	(827)	13	(526)
Profit after tax	**553**	**1,336**	**228**	**1,409**

[1] *Earnings before interest, taxation, depreciation and amortisation*

Note: ***The consolidated financial information of iSpot for FY2014 comprises the financial results of SAD for the period 30 June 2014 (being date of acquisition) to 31 December 2014.***

Key Accounting Ratios	**FY2014**	**FY2015**	**FY2016**	**FY2017**
Revenue growth *(revenue FY1/revenue FY0)*		101%	-34%	24%
Operating profit margin *(EBITDA/revenue)*	4%	5%	4%	4%
Net profit margin *(Profit after tax/revenue)*	1%	1%	0%	1%

Source: Charts Investment Management Service Limited

In **FY2015**, iSpot generated revenue amounting to €115.6 million (FY2014: €57.5 million from 1 July to 31 December 2014), and primarily comprised retail sales through 24 outlets in Poland and sales of electronic goods within the corporate sector (B2B) across a number of European countries. For a number of reasons, including a change in VAT regulations as well as the risks associated with cross border sales of technology items, management decided to cease the export wholesale activity within the B2B operations which in FY2015 totalled €34.8 million.

EBITDA in FY2015 amounted to €5.7 million (FY2014: €2.4 million, for the six month period since acquisition date), and after accounting for depreciation & amortisation, other net income, net finance costs and taxation, iSpot registered a profit after tax of €1.3 million (FY2014: €0.6 million).

Revenue for the year ended 31 December **2016** amounted to €76.2 million, and represents a decline of €4.6 million when compared to €80.8 million (which excludes €34.8 million B2B revenue described above) generated in FY2015. Reflective of the decrease in revenue, EBITDA was lower by €2.5 million from €5.7 million in FY2015 to €3.2 million in FY2016. After excluding EBITDA generated from the B2B transactions of €1.9 million, the y-o-y decline amounted to €0.6 million. As a consequence, iSpot registered a significant decrease in profit after tax of €1.1 million from €1.3 million in FY2015 to €0.2 million in FY2016.

For the projected financial year ending 31 December **2017**, iSpot expects to generate €94.7 million in revenue, an increase of €18.5 million when compared to the prior year (FY2016: €76.2 million). Management believes this is achievable by increasing focus on the development of people and retail strategies in existing stores, the addition of one store in Poland and expansion plans for the Romanian market. EBITDA is forecasted to increase marginally from €3.2 million in FY2016 to €3.5 million. During the projected year, net finance costs is expected to decrease from €1.7 million (FY2016) to €0.5 million, which will have a positive effect on profit after tax, which is budgeted to increase from €0.2 million in FY2016 to €1.4 million.

4.3 COMPETITION AND TRENDS

The market in Poland, Hungary and Romania for Apple products and services is highly competitive. As with other developed markets, the market is characterised by frequent product introductions and rapid technological advances that have substantially increased the capabilities and use of mobile communication and media devices, personal computers, and other digital electronic devices. The iSpot Group competes with other resellers of Apple products and services, and therefore competing factors include mainly price of products, as well as location of stores, quality of service provided and share of the business-to-business market. iSpot's other competitors, which sell Apple products as well as other mobile devices and personal computers based on other operating systems, typically undertake aggressive price cuts and lower their product margins to gain or maintain market share. The challenge of the Apple Premium Reseller stores is to differentiate the total service experience beyond the product. Apple is, however, designing new ways to expand the business generated from its retail platforms beyond the current B2C activity, which will definitely create growth opportunities for the company's already strong portfolio in the market.

iSpot is highly dependent on Apple to continuously introduce new and improved products and services ahead of competitors so as to maintain high demand for Apple offerings. Principal competitive factors important to the iSpot Group include price, product features, relative price/performance, product quality and reliability, design innovation, a strong third-party software and peripherals ecosystem, marketing and reselling capability, service and support, and corporate reputation.

5. HARVEST

5.1 BUSINESS OVERVIEW

The activities of Harvest Technology Limited ("**Harvest**") primarily focus on delivering business solutions and e-commerce systems to diverse clients in Malta, parts of Europe and North Africa. Harvest's main operating companies include: PTL Limited ('PTL'), APCO Systems Limited ('APCO Systems') and Apco Limited ('APCO').

PTL is a multi-brand information technology solutions provider to businesses and the public sector in Malta. PTL provides comprehensive and integrated solutions for its customers' technology needs through the company's extensive hardware, software and value-added service offerings. The breadth of offerings allows customers to streamline their procurement processes by partnering with PTL in the provision of a large part of their technology stack. The company's hardware offerings include products from leading brands across multiple categories such as networking, data storage solutions, desktops and banking automation products amongst others. Software offerings include licensing, licensing management and bespoke software solutions and services that help customers optimise their software investments. PTL offers a full suite of value-added services, which typically are delivered as part of a technology solution, to help customers meet their specific needs.

Solutions range from configuration services for computer devices to fully integrated solutions such as virtualisation, collaboration, security, application integration and migration, mobility and cloud computing. With broad technical scope and capabilities, PTL offers a single source for its clients' diverse IT requirements, which involves assessing, designing, deploying and managing IT solutions to help customers enable, manage and secure their IT environments.

In 2017, the security solutions division within PTL was migrated to APCO Limited, a move which will give PTL more focus on its core products and lines of business. This move will be followed up later this year (FY2017) when the Business Applications and Business Intelligence offerings currently sitting within PTL will be spun off into two separate focused businesses. This move will further allow PTL to focus on developing the two main areas of business that will underpin its future: (i) Networking, Integration and Hardware Solutions; and (ii) Product Engineering.

PTL's business is well-diversified across customers, products and service offerings and vendors from whom it purchases products and software for resale. The company has aligned its sales and marketing functions around customer channels to retain and increase sales to existing customers and to acquire new customers. The direct selling personnel are supported by a team of technology specialists who design solutions and provide recommendations in the selection and procurement processes. Products are purchased for resale from original equipment manufacturers (OEMs) and distributors. Management maintains that effective purchasing from a diverse vendor base is a key element of the company's business strategy. PTL is authorised by OEMs to sell all or selected products offered by the manufacturer, and operate as a reseller for major software publishers that allows the end-user customer to acquire packaged software or licensed products and services.

PTL has three main revenue segments, as follows:

- **Products** – relates to the sale of hardware and licences.
- **Maintenance and support** – relates to ongoing agreements with customers for servicing and maintenance of products sold. Agreements are typically renewed on an annual basis and the value is determined on a pre-set minimum number of hours at pre-agreed rates.
- **Services** – this revenue stream encompasses all other services provided outside of the standard service and maintenance agreements. A key component of this area is software engineering and development.

APCO Systems is a payments solutions provider offering e-commerce processing services for retailers and internet-based merchants. It operates a payment platform under the brand name 'APCOPAY'.

The primary business model of APCO Systems is to enable merchants to accept a variety of card and various alternative payment options on their respecting e-commerce portals and applications. The term "merchant" generally refers to any entity that accepts credit or debit cards for the payment of goods and services.

Card-based payment forms consist of credit, debit, vouchers and prepaid cards. Credit and debit card transaction processing includes the processing of major international card brands such as MasterCard and Visa, as well as other debit networks. Electronic payment processing involves a consumer or cardholder acquiring goods or services from a merchant and using a credit or debit card or other electronic method as the form of payment. APCOPAY is the pipe that enables customer transactions to reach the acquiring bank acting on behalf of the merchant.

APCO Systems' offerings include front-end authorisation processing, settlement and funding processing, full customer support, consolidated billing and statements, and online monitoring and reporting. APCO is PCI-DSS certified (Payment Card Industry Data Security Standards). The company's value proposition is to provide high quality, responsive, secure and full end-to-end service to all its customers.

APCO Limted is a supplier of a wide range of automation and security solutions catering to the banking, retail, fuel and other sectors. It portfolio includes ATMs, point-of-sale terminals, plastic cards, deposit machines, currency exchanges, fuel payment systems and other cash-handling equipment. On the security front, APCO delivers an end-to-end product including intruder prevention and detection solutions and the core systems that help customers manage the infrastructure they deploy. APCO sells its products and services through multiple sales channels in Malta and internationally, and targets customers in many vertical markets. APCO is expected to achieve a higher operational performance and is expected to grow its business further. During the current financial year (2017), APCO is investing heavily in its people through training.

5.2 BUSINESS DEVELOPMENT STRATEGY

Harvest aims to bring people together to share their skills, creativity, optimism and vision. Through entrepreneurship, ambition and opportunity, Harvest wants to create a space where companies with long-lasting ideas can gain access to resources and expertise that will help them define the right strategic footing to broaden their horizons and succeed.

Harvest's value is rooted in enabling the customers of the companies within its fold to do more, faster, more efficiently. The entities within the Group have helped many customers flourish thanks to the ideas, technologies and systems that have been implemented for them. As such, Harvest is passionate about supporting other technology companies to grow. Harvest is looking to partner ambitious founders to lead them to a brighter, prosperous future, driving the growth of the Group's value in the process.

5.3 OPERATIONAL PERFORMANCE

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

Harvest Technology Limited Consolidated Income Statement for the year ended 31 December	**2014 Actual €'000**	**2015 Actual €'000**	**2016 Actual €'000**	**2017 Forecast €'000**
Revenue	8,703	12,728	10,195	12,887
Net operating expenses	(9,187)	(12,453)	(9,918)	(11,793)
EBITDA[1]	**(484)**	**275**	**277**	**1,094**
Depreciation and amortisation	(329)	(180)	(202)	(245)
Other net income	351	64	303	18
Net finance costs	(229)	(496)	(317)	(46)
Profit (loss) before tax	**(691)**	**(337)**	**61**	**821**
Taxation	362	10	(242)	(309)
Profit (loss) after tax	**(329)**	**(327)**	**(181)**	**512**
Total comprehensive income (expense)	**(329)**	**(327)**	**(181)**	**512**

[1] *Earnings before interest, taxation, depreciation and amortisation*

Note: ***The consolidated financial information of Harvest for FY2014 comprises the financial results of Apco Systems Limited & Apco Limited for the period 1 August 2014 (being date of acquisition) to 31 December 2014, and of Ipsyon Limited for the period 30 May 2014 (being date of incorporation) to 31 December 2014.***

Key Accounting Ratios	FY2014	FY2015	FY2016	FY2017
Revenue growth *(revenue FY1/revenue FY0)*		46%	-20%	26%
Operating profit margin *(EBITDA/revenue)*	-6%	2%	3%	8%
Net profit margin *(Profit after tax/revenue)*	-4%	-3%	-2%	4%

Source: Charts Investment Management Service Limited

During **FY2015**, Harvest generated revenue of €12.7 million, an increase of €4.0 million when compared to the prior year. This y-o-y increase was primarily due to an increase in income at PTL of *circa* €2.6 million and the remaining balance is attributable to APCO, since FY2015 revenue covers a full year's performance whilst the comparative results refer to a 5-month period (as described above).

Harvest reported an EBITDA for the year under review of €0.3 million as compared to a loss of €0.5 million in FY2014. After accounting for depreciation, other income and net finance costs, Harvest incurred a loss before tax of €0.3 million as compared to a loss of €0.7 million in FY2014. Total comprehensive expense for FY2015 amounted to €0.3 million (FY2014: expense of €0.3 million).

In **FY2016**, Harvest generated revenue of €10.1 million, a decline of €2.5 million (-20%) when compared to a year earlier. During the reviewed period, PTL reported a y-o-y decline in revenue of €3.4 million, which was partly mitigated by a y-o-y increase in revenue at APCO Systems and APCO of €0.8 million. The decrease in revenue was mainly due to:

- Management's resolution to terminate PTL's operations in the Middle East with effect from March 2016; and
- Management's drive to focus on core business which generates better returns through higher margins.

EBITDA for FY2016 was in line with FY2015's figure of €0.3 million. After factoring in depreciation & amortisation, other net income and finance costs, Harvest reported a minimal profit before tax of €61,000 (FY2015: loss before tax of €0.3 million). Total comprehensive expense for FY2016 amounted to €0.2 million (FY2015: expense of €0.3 million).

During FY2016, management undertook a complete restructuring of Harvest to improve sales performance and strengthen internal processes (including cost control measures and billing procedures). This exercise comprised a re-focus of the business model, revenue streams and target markets. Harvest has also devised a strategy to expand the business through acquisitions and other growth opportunities.

Consequently, Harvest is projecting to increase revenue in FY2017 by €2.7 million (+26%), from €10.2 million in FY2016 to €12.9 million. EBITDA is also set to improve considerably by €0.8 million to €1.1 million (FY2016: €0.3 million). In FY2017, Harvest expects to convert the loss after tax of €0.2 million incurred in FY2016 to a profit after tax amounting to €0.5 million.

5.4 COMPETITION AND TRENDS

The IT hardware, software and services industry is very fragmented and highly competitive. PTL competes with a large number and wide variety of marketers and resellers of IT hardware, software and services. The competitive landscape in the industry is continually changing as various competitors expand their product and service offerings. In addition, emerging models such as cloud computing are creating new competitors and opportunities in messaging, infrastructure, security, collaboration and other services offerings, and, as with other areas, PTL both resells and competes directly with many of these offerings.

The management of APCO Systems believes that electronic transactions will expand further in the future and that an increasing percentage of these transactions will be processed through emerging technologies. Competitors are continually offering innovative products and enhanced services, such as products that support smart phones that contain mobile wallet software. As mobile payments continue to evolve and are desired by merchants and consumers, APCO will continue to develop new products and services that will leverage the benefits that these new technologies can offer customers. In addition, it is expected that new markets will develop in areas that have been previously dominated by paper-based transactions. Industries such as e-commerce, government, recurring payments and business-to-business should continue to see transaction volumes migrate to more electronic-based settlement solutions.

As a result, the continued development of new products and services and the emergence of new vertical markets will provide opportunities for APCO to expand its business in the years to come.

PART 2 – GROUP PERFORMANCE REVIEW

6. FINANCIAL INFORMATION

The projected financial statements detailed below relate to events in the future and are based on assumptions which the PTL 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.

The following financial information is extracted from the audited consolidated financial statements of PTL Holdings p.l.c. (the "**Company**") for the financial years ended 31 December 2014 to 2016. The financial information for the year ending 31 December 2017 has been provided by Group management.

PTL Holdings p.l.c. Group Income Statement for the year ended 31 December	**2014 Actual €'000**	**2015 Actual €'000**	**2016 Actual €'000**	**2017 Forecast €'000**
Revenue	66,669	128,344	86,421	107,599
Net operating expenses	(65,334)	(121,744)	(82,101)	(102,578)
EBITDA	**1,335**	**6,600**	**4,320**	**5,021**
Depreciation	(800)	(1,260)	(1,588)	(1,494)
Share of results of associates & jointly controlled entities	(104)	(54)	(5)	65
Net finance costs	(1,321)	(2,662)	(2,715)	(2,498)
Profit before tax	**(890)**	**2,624**	**12**	**1,094**
Taxation	(108)	(974)	(531)	(253)
Profit (loss) after tax from continuing operations	**(998)**	**1,650**	**(519)**	**841**
Loss for the year from discontinued operations	-	(434)	(233)	-
Profit (loss) after tax from continuing operations	**(998)**	**1,216**	**(752)**	**841**
Other comprehensive income				
Exchange differences on translating foreign operations	-	243	(1,065)	1,011
Total comprehensive income (expense)	**(998)**	**1,459**	**(1,817)**	**1,852**

PTL Holdings p.l.c. Group Balance Sheet as at 31 December	2014 Actual €'000	2015 Actual €'000	2016 Actual €'000	2017 Forecast €'000
ASSETS				
Non-current assets				
Goodwill and other intangibles	41,196	40,953	40,142	41,176
Property, plant and equipment	3,634	4,423	5,056	5,248
Investments in associates and joint ventures	308	352	401	687
Loans and receivables	228	1,020	380	1,014
Deferred tax asset	484	678	829	1,644
	45,850	**47,426**	**46,808**	**49,769**
Current assets				
Inventory	7,567	9,020	8,784	10,221
Trade and other receivables	9,483	8,500	10,133	7,379
Other current assets	890	3,508	2,093	4,861
Cash and cash equivalents	8,685	2,089	3,893	2,569
	26,625	**23,117**	**24,903**	**25,030**
Total assets	**72,475**	**70,543**	**71,711**	**74,799**
EQUITY				
Share capital	8,400	8,400	8,400	10,000
Reserves	(2,267)	(1,808)	(3,649)	(1,467)
Equity and reserves	**6,133**	**6,592**	**4,751**	**8,533**
LIABILITIES				
Non-current liabilities				
Borrowings and bonds	44,949	43,204	41,638	40,578
Other non-current liabilities	932	1,126	1,112	1,100
	45,881	**44,330**	**42,750**	**41,678**
Current liabilities				
Borrowings and bonds	6,686	2,142	4,585	4,109
Other current liabilities	13,775	17,479	19,625	20,479
	20,461	**19,621**	**24,210**	**24,588**
	66,342	**63,951**	**66,960**	**66,266**
Total equity and liabilities	**72,475**	**70,543**	**71,711**	**74,799**

PTL Holdings p.l.c. Group Cash Flow Statement for the year ended 31 December	2014 Actual €'000	2015 Actual €'000	2016 Actual €'000	2017 Forecast €'000
Net cash from operating activities	2,093	5,890	2,001	2,456
Net cash from investing activities	(41,870)	(9,634)	845	(1,876)
Net cash from financing activities	47,607	(2,252)	(1,698)	(1,489)
Net movement in cash and cash equivalents	**7,830**	**(5,996)**	**1,148**	**(909)**
Cash and cash equivalents at beginning of year	176	8,006	2,010	3,158
Cash and cash equivalents at end of year	**8,006**	**2,010**	**3,158**	**2,249**

Key Accounting Ratios	FY2014	FY2015	FY2016	FY2017
Operating profit margin *(EBITDA/revenue)*	2%	5%	5%	5%
Interest cover (times) *(EBITDA/net finance cost)*	1.01	2.48	1.59	2.01
Net profit margin *(Profit after tax/revenue)*	-1%	1%	-1%	1%
Earnings per share (€) *(Profit after tax/number of shares)*	-0.12	0.14	-0.09	0.08
Return on equity *(Profit after tax/shareholders' equity)*	-16%	18%	-16%	10%
Return on capital employed *(Operating profit/total assets less current liabilities)*	3%	13%	9%	10%
Return on assets *(Profit after tax/total assets)*	-1%	2%	-1%	1%

Source: Charts Investment Management Service Limited

FY2015 was the first full operational year for SAD and APCO, which were acquired in July 2014 and August 2014 respectively. During the said year, the Group generated revenue amounting to €128.3 million and EBITDA of €6.6 million. Material deductions included depreciation and net finance costs amounting to €1.3 million and €2.7 million respectively, which led to a profit before tax of €2.6 million. Loss from discontinued operations of €0.4 million reflects the financial result from operations in the Middle East which was discontinued in 2016. The Group reported a profit after tax in FY2015 of €1.2 million and after accounting for exchange differences of €0.2 million, total comprehensive income amounted to €1.5 million.

In **FY2016**, the Group registered a decline in revenue and EBITDA of €41.9 million and €2.3 million, principally due to the cessation of B2B operations at iSpot, as described in further detail in section 4.2 of this report. The operations of Harvest also recorded a y-o-y decrease in revenue of €2.5 million, but movement in EBITDA was unchanged.

As a consequence, the Group incurred a loss after tax from continuing operations amounting to €0.5 million. The consolidated income statement was further impacted by a loss of €0.2 million from discontinued operations in the Middle East and an adverse movement in exchange differences amounting to €1.1 million in relation to the retranslation of goodwill and intangible assets denominated in Polish Zloty. Overall, total comprehensive expense amounted to €1.8 million (FY2016: income of €1.5 million).

After taking various measures to re-establish operational growth both at iSpot and Harvest, the Group is forecasting a 25% increase in revenue, from €86.4 million in FY2016 to €107.6 million. EBITDA is projected to increase by €0.7 million (+16%) to €5.0 million. Overall, the Group expects to generate an annual profit after tax of €0.8 million (FY2016: loss of €0.8 million). Furthermore, the Group is forecasting a positive movement in exchange differences of €1.0 million, given that the deterioration of the Polish Zloty in 2016 has almost entirely reversed in Q1 FY2017. As such, the Group is expected to register total comprehensive income of €1.9 million (FY2016: expense of €1.8 million).

Other than equity, the Group is principally financed through bank loans and debt securities, analysed as follows:

PTL Holdings p.l.c. Group Borrowings as at 31 December	**2014 Actual €'000**	**2015 Actual €'000**	**2016 Actual €'000**	**2017 Forecast €'000**
Loan - HSBC Bank Polska S.A.	11,595	9,343	7,645	6,577
Other financial liabilities	4,098	651	2,489	2,355
Bank overdrafts	679	79	735	320
5.1% Unsecured Bonds 2024	35,263	35,273	35,354	35,435
Total borrowings and bonds	**51,635**	**45,346**	**46,223**	**44,687**

Key Accounting Ratios	**31 Dec'14**	**31 Dec'15**	**31 Dec'16**	**31 Dec'17**
Net assets per share (€) *(Net asset value/number of shares)*	0.73	0.78	0.57	0.85
Liquidity ratio (times) *(Current assets/current liabilities)*	1.30	1.18	1.03	1.02
Gearing ratio *(Net debt/net debt and shareholders' equity)*	88%	87%	90%	83%

Source: Charts Investment Management Service Limited

VARIANCE ANALYSIS

PTL Holdings p.l.c. Group Income Statement for the year ended 31 December	2016 Actual €'000	2016 Forecast €'000	Variance €'000
Revenue	86,421	123,791	(37,370)
Net operating expenses	(82,101)	(117,556)	35,455
EBITDA	**4,320**	**6,235**	**(1,915)**
Depreciation	(1,588)	(1,794)	206
Share of results of associates & jointly controlled entities	(5)	-	(5)
Net finance costs	(2,715)	(2,549)	(166)
Profit before tax	**12**	**1,892**	**(1,880)**
Taxation	(531)	(655)	124
Profit (loss) after tax from continuing operations	**(519)**	**1,237**	**(1,756)**
Loss for the year from discontinued operations	**(233)**	**-**	**(233)**
Profit (loss) after tax from continuing operations	**(752)**	**1,237**	**(1,989)**

As presented in the above table, the Group's revenue for FY2016 was lower than forecasted by €37.4 million (-30%), principally due to weaker than expected retail sales at iSpot. Similar to the adverse movement in revenue, actual EBITDA was lower by 31% (-€1.9 million).

Overall, the Group incurred a loss for the year of €0.8 million, which is an adverse movement of €2.0 million when compared to the forecasted profit amounting to €1.2 million.

7. RELATED PARTY DEBT SECURITIES

PTL Holdings p.l.c. is a member of the Hili Ventures Group. Within the same group, Premier Capital p.l.c. and Hili Properties p.l.c., both sister companies of PTL Holdings p.l.c., have the following outstanding debt securities:

Security ISIN	Security Name	Amount Listed	Currency
MT0000511213	3.75% Premier Capital plc 2026	65,000,000	EUR
MT0000941204	4.5% Hili Properties plc 2025	37,000,000	EUR

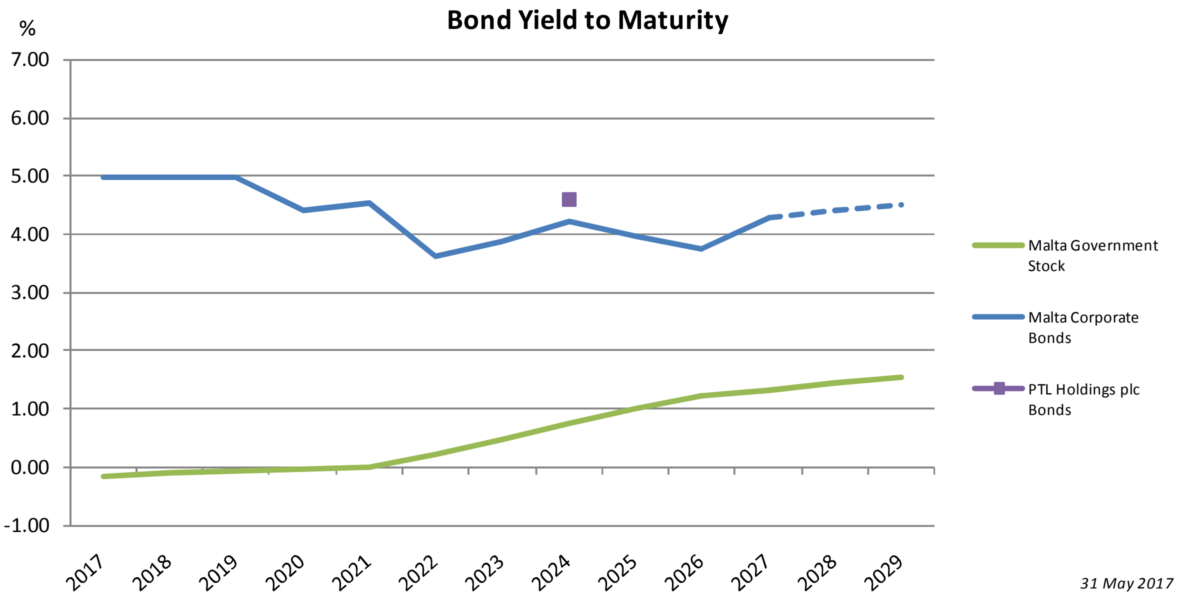
PART 3 – COMPARABLES

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 Company's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Company.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
5.5% Pendergardens Dev. plc Secured € 2020 Series I	15,000,000	4.41	1.49	63,273	11,488	63.23
6% Pendergardens Dev. plc Secured € 2022 Series II	27,000,000	3.62	1.49	63,273	11,488	63.23
4.25% Gap Group plc Secured € 2023	40,000,000	3.80	2.48	57,086	6,004	86.39
5.3% United Finance Plc Unsecured € Bonds 2023	8,500,000	3.87	2.05	18,153	3,796	73.85
6% AX Investments Plc € 2024	40,000,000	4.26	3.62	270,425	163,719	27.97
6% Island Hotels Group Holdings plc € 2024	35,000,000	4.71	0.98	144,003	52,994	53.41
5.3% Mariner Finance plc Unsecured € 2024	35,000,000	4.22	4.25	72,117	30,380	52.06
5% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	4.46	- 0.02	82,096	32,298	54.54
5.1% PTL Holdings plc Unsecured € 2024	36,000,000	4.61	1.59	71,711	4,751	89.91
4.5% Hili Properties plc Unsecured € 2025	37,000,000	3.60	1.40	97,042	28,223	66.81
4.0% International Hotel Invest. plc Secured € 2026	55,000,000	3.68	2.46	1,220,254	646,822	36.39
4.0% MIDI plc Secured € 2026	50,000,000	3.58	0.59	203,780	67,359	40.62
3.75% Premier Capital plc € Unsecured Bonds 2026	65,000,000	3.50	6.87	193,351	41,630	58.76
4.35% SD Finance plc € Unsecured Bonds 2027	65,000,000	4.28	4.82	156,433	56,697	53.20
4.0% Eden Finance plc 2027	40,000,000	3.75	3.98	165,496	92,620	34.60

31 May'17

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Charts Investment Management Service Limited



To date, there are no corporate bonds which have a redemption date beyond 2027 and therefore a trend line has been plotted (denoted in the above chart by the dashed line). 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 IT hardware, software, consultancy and related services.
Net operating expenses	Net operating expenses include the cost of products, labour expenses, and all other direct expenses.
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 joint ventures	The PTL 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 associates and jointly controlled entities'.
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.
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 Company.
Cash flow from investing activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Company.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Company.
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 goodwill and other intangible assets, 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 inventory, accounts receivable, 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.
Net debt	Borrowings before unamortised issue costs less cash and cash equivalents.
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 bank borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.
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 EBITDA of one period by the company's interest expense of the same period.
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 company's net debt by net debt plus shareholders' equity.