FARSONS GROUP

Farsons

SIMONDS FARSONS CISK PLC

FINANCIAL ANALYSIS SUMMARY

31 JULY 2017

Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd, in compliance with the Listing Policies issued by the Malta Financial Services Authority, dated 5 March 2013.

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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The Board of Directors
Simonds Farsons Cisk plc
The Brewery,
Mdina Road, Mrieħel,
Birkirkara BKR 3000,
Malta

31 July 2017

Dear Sirs,

Simonds Farsons Cisk plc – Financial Analysis Summary (the "Analysis")

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

The purpose of the Analysis is that of summarising key financial data appertaining to Simonds Farsons Cisk plc (C 113) (the "**Company**" or "**Issuer**"). The data is derived from various sources or is based on our own computations and analysis of the following:

a. Historical financial data for the three years ended 31 January 2015 to 2017 has been extracted from the Issuer's audited statutory financial statements for the three years in question, as and when appropriate.

b. The forecast data for the financial year ending 31 January 2018 has been provided by management of the Issuer.

c. Our commentary on the results of the Issuer and on the respective financial position is based on the explanations provided by the Issuer.

d. The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions as set out and defined within the Analysis.

e. Relevant financial data in respect of competitors as analysed in part 7 has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Analysis is provided to assist potential investors by summarising the more important financial data of the Issuer. The Analysis does not contain all data that is relevant to potential investors and is intended to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the securities of the Issuer and should not be interpreted as a recommendation to invest. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

Vincent E. Rizzo
Director

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IMPORTANT INFORMATION

PURPOSE OF THE DOCUMENT

The purpose of this document is to present a financial analysis summary of Simonds Farsons Cisk plc (hereinafter, the "**Issuer**" of the "**Company**") in line with the requirements of the Listing Policies of the MFSA dated 5th March 2013.

SOURCES OF INFORMATION

The information that is presented has been collated from a number of sources, including the Company's website (www.farsons.com), the due diligence report prepared by PWC pursuant to the Listing Policies of the MFSA and financial and management reports of the Issuer, including annual reports and financial statements.

Historical financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand. The rounding could potentially alter the figures quoted to those presented in full in the annual reports and financial statements of the Issuer.

FORECASTS

Forecasts that are included in this document have been prepared by the directors of the Issuer, who undertake full responsibility for the assumptions on which they are based.

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PART 1 – BUSINESS OVERVIEW

1.1 BRIEF INTRODUCTION

From its origins in 1928, Simonds Farsons Cisk plc (the "Company", "Group" or "Issuer") is the result of the amalgamation of L. Farrugia & Sons Limited, H & G Simonds and The Malta Export Brewery. The construction of the brewery in Mrieħel was completed in 1950 under the direction of managing director Mr Lewis V. Farrugia. Further enhancements and additions to the brewery were undertaken over the years, extending the facilities to bottling plants for soft drinks, as the Group embarked on an expansionary strategy across various segments of the food and beverage industry. Additional properties were acquired over the years in line with the expansionary requirements of the Company.

Today, the Group is made up of four distinct segments:

i. Brewing, production & sale of branded beers & beverages

ii. Importation, wholesale & retail of food & beverages, including wines & spirits

iii. Operation of franchised food retailing establishments

iv. Property management

Further information on these segments is included in section 1.5 of this report.

1.2 DIRECTORS AND SENIOR MANAGEMENT

Directors

The strategic direction of the Company is entrusted to a board of eight directors, the majority of whom act in a non-executive capacity:

Mr Louis A. Farrugia	Executive Chairman
Mr Marcantonio Stagno d'Alcontres	Non-Executive Vice Chairman
Mr Roderick Chalmers	Non-Executive Director
Dr Max Ganado	Non-Executive Director
Mr Michael Farrugia	Executive Director
Ms Marina Hogg	Non-Executive Director
Marquis Marcus John Scicluna Marshall	Non-Executive Director
Baroness Christiane Ramsay Pergola	Non-Executive Director

The Group's company secretary is Ms Antoinette Caruana.

Senior Management

The Company's board is assisted by a complement of senior executive management in the execution of the board's strategic direction, made up of the following:

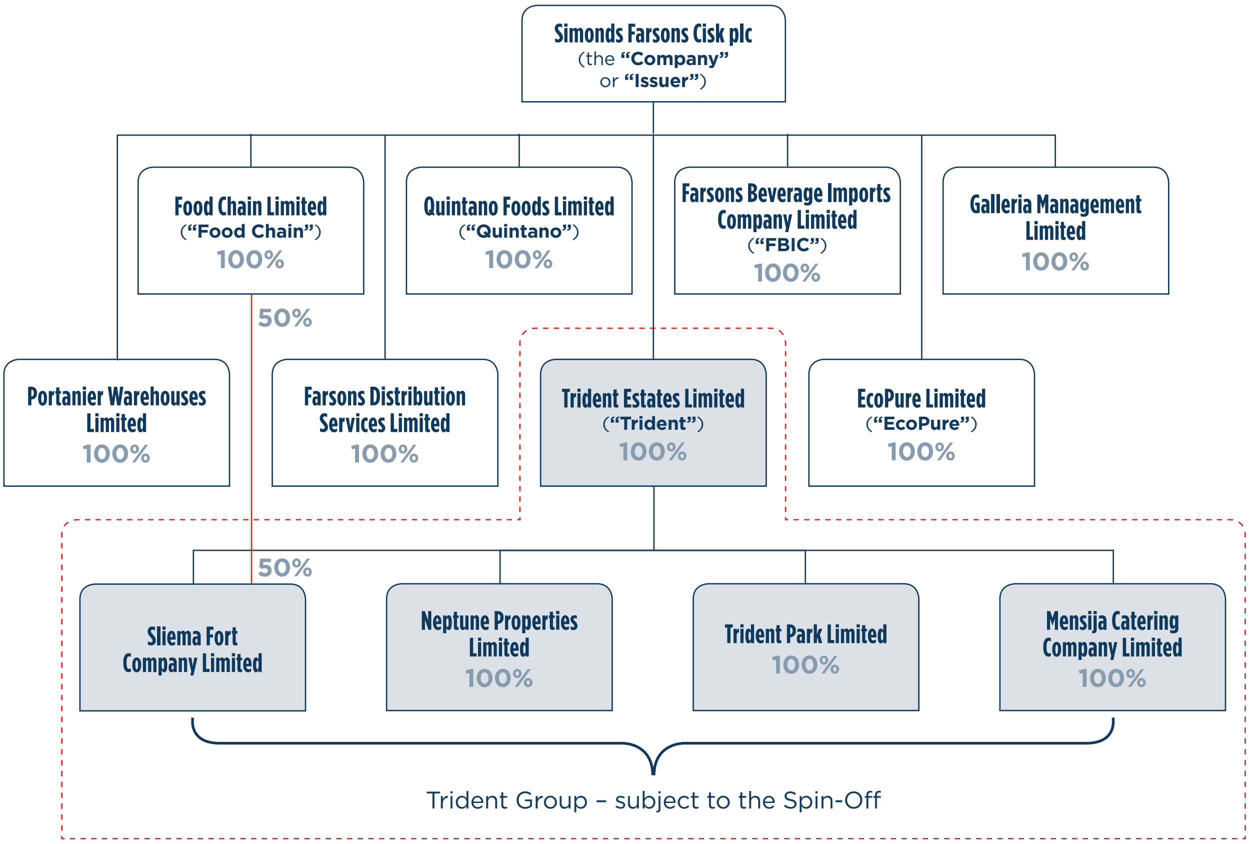
Mr Norman Aquilina	Group Chief Executive Officer
Mr John Bonello Ghio	Group Head of Food Business
Mr Chris Borg Cardona	Head of Logistics
Ms Antoinette Caruana	Group Human Resources Manager
Ms Stefania Calleja	Head of Sales & Customer Relations
Mr Eugenio Caruana	Chief Operations Officer Designate
Dr Christopher Ciantar	Chief Operations Officer – Trident Estates Limited
Mr Michael Farrugia	Chief Business Development Officer

Mr Philip Farrugia	Head of IT & Business Services
Mr Ray Sciberras	Chief Operations Officer
Mr Pierre Stafrace	General Manager – FBIC Limited
Ms Anne Marie Tabone	Chief Financial Officer Designate
Ms Susan Weenink Camilleri	Head of Marketing & Communications
Mr Charles Xuereb	Chief Financial Officer & Chief Executive Officer Designate – Trident Estates Limited

In addition to senior management, the Group includes a staff complement of 833 (full time equivalent) employees as at the end of the last financial reporting period (31 January 2017) across the various subsidiaries, including the operation of the franchised food retailing establishments.

1.3 THE GROUP

The Company is the parent of a group of companies – the Group. Below is the organisation chart showing the various subsidiaries within the Group:



In liquidation: Malta Deposit and Return System Limited (C 38304)
FSG Company Limited (C 27784)

The shaded companies form part of the Trident Group and will no longer form part of the SFC Group following the Spin-Off.

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1.4 MAJOR ASSETS OWNED BY THE ISSUER

Property, plant and equipment (PPE) represent the major component of the Group's assets. This component represents the assets required for the operation of the Group's business, together with other property assets comprise of:

	Net Book Value
	€'million
USED IN OPERATIONS	
Brewhouse & packaging facility, Mriehel	45.2
Plant, machinery & equipment used in the production & brewing of beer, soft drinks & water	30.2
Plant, machinery & equipment installed at the franchised food outlets	1.9
Outlet in Valletta currently hosting Burger King®	1.6
UNDER CONSTRUCTION	
Extension for offices & logistics centre	4.3
Development of multi-use project including a visitors' centre, food & beverage outlets and office space at the old brewhouse	2.7
Other Non-Operating Properties	24.1
Other equipment	0.9
Total	**110.9**

As at 31 January 2017, PPE made up over 60% of the Group's total asset base. Inventories and trade and other receivables were the next most significant catergories of assets of the Group, at €14.6 million and €18.3 million, representing 8% and 10% of total assets, respectively.

Inventories, which by the end of FY2017 were €14.6 million (and include €4.5 million of raw materials and consumables used for the production and bottling of beverages and food items relating to Food Chain Limited's food products; €7.5 million in finished goods and goods for resale (mainly in relation to FBIC's operations); and €2.6 million relating to containers, other packaging / bottling materials and spare parts.

Furthermore, the Group had trade receivables amounting to €12.8 million, net of impairments, representing 7% of total assets as at 31 January 2017.

1.5 GROUP'S SEGMENTS

Until recently, the Group reported four main segments of operations. When the board started exploring the idea of the spin-off and took a firm decision thereon, the segment related to the spin-off was classified as being held for sale and its performance reported as discontinued operations. Today (and going forward), the Group's main operational segments are three:

i. Brewing, production and sale of branded beers and beverages segment

ii. Importation, wholesale and retail of food and beverages, including wines & spirits segment

iii. Operation of franchised food retailing establishments segment

Brewing, Production and Sale of Branded Beers & Beverages

The 'brewing, production and sale of branded beers and beverages' segment includes Eco Pure and the Company, i.e. Simonds Farsons Cisk plc. This segment represents the core business of the Group and is thus the segment that, from a financial performance point of view, is the most material and the largest contributor to the Group's profitability. The Company produces and distributes its own brands – Kinnie™, Cisk™, Blue Label Ale™, Hopleaf Pale Ale™, Classic include Brews™, Farsons Shandy™, Lacto™ and San Michel™. The Company is also the exclusive franchisee in Malta to PepsiCo, Budweiser and Carlsberg, having the rights to produce, bottle, sell and distribute the said products, amongst other related products, including Skol™, LikeCola™ and 7Up™. Meanwhile, Eco Pure is the company responsible for the marketing, sales and distribution of 18.9 and 10 litre bottles of San Michel water, providing also water dispensers and coolers for rental or purchase.

Importation, Wholesale and Retail of Food & Beverages, Including Wines & Spirits

The 'importation, wholesale and retail of food and beverages, including wines & spirits' consists of FBIC and Quintano. While the former focuses mostly on beverage brands, the latter imports and distributes food-related items. Between these two companies, the Group represents a portfolio of global brands in chilled, beverage, grocery, confectionery and food service sectors. The Group also operates Farsonsdirect through which it retails a selection of these brands.

Operation of Franchised Food Retailing Establishments

In Malta, the internationally-renowned franchises KFC™, Burger King™ and Pizza Hut™ are exclusively operated by Food Chain. This segment 'Operation of franchised food retailing establishments' operates a total of fourteen outlets under these franchises.

1.6 MATERIAL OPERATIONAL DEVELOPMENTS

The Group has consistently invested in innovation across its product range and has recently also invested in operational structures to ensure that the Group increases its production capacity, has room for further growth and is in a position to obtain the benefits of economies of scale.

Following a multi-million investment programme the Group now has a state-of-the-art brewing and beverage production facility, comprising the following:

- A brewhouse with 10 malt silos, 4 unmalted cereal silos, equipment for malt milling and 5 main brewing and wort cooling vessels.

- A beer process block equipped with a tank farm with a capacity of 2.88 million litres providing flexible brewing capability to the highest standards.

- A soft drinks packaging hall which maximises high standard production efficiency and is capable of handling a variety of PET packages.

- A beer packaging hall, including a centralised warehouse storage facility for raw and packaging materials.

- A logistics centre that complements line output, ensures optimal storage and provides a seamless service to trade and to the Company's export customers.

Other significant investments are currently underway and include:

- a beer kegging facility;

- extension of the Logistics Centre, un/loading bays and truck depot, which will facilitate the storage and distribution functions; and

- an extension of the administration block, through the construction of two additional office floors. The office extension will enable the Group to co-locate staff so as to vacate the main brewery building in view of the Farsons Business Park project.

It is envisaged that these projects will be completed by the end of FY2017.

Furthermore, the Group also embarked on a process to spin-off a substantial part of its property portfolio through the listing of the Company's shareholding in Trident Estates Limited (previously known as Trident Developments Limited) on the Malta Stock Exchange. Further information on this development is included in section 4.1 of this FAS.

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PART 2 – MARKET TRENDS

What follows is an analysis of the key traits of the food and beverage industry in Malta and what the trends are also in Europe. The sources used for this analysis include:

- Statistics from Eurostat (http://ec.europa.eu/eurostat/)
- Statistics from the National Statics Office of Malta – NSO (https://nso.gov.mt/en/Pages/NSO-Home.aspx)
- Publications from ‘FoodDrinkEurope’ (http://www.fooddrinkeurope.eu)
- http://www.businessinsider.com/4-big-beverage-industry-trends-in-2016-2015-12
- Publications from ‘The Brewers of Europe’ (http://www.brewersofeurope.org)
- UNESDA publications (http://www.unesda.eu) which is the European association representing the soft drinks industry
- Publications by the European Commission on the Food and Beverages Industry

2.1 THE FOOD & BEVERAGE INDUSTRY IN EUROPE

The European food and beverage industry is the largest manufacturing sector, generating a turnover of €1.1 trillion (in 2014) and contributing 1.8% in added value. It is estimated that the average household spends approximately 14% of its income on food and beverage in Europe.

Food and beverage production across European Member States averaged an increase of 1.6% in the last quarter of 2016, when compared to the same period in 2015, while turnover growth during the same period was at an average of 3.2%.

	Q42016 vs Q42015	
	Food and drink production	Food and drink turnover
Member State	% change	% change
EU	1.6	3.2
Austria	(1.4)	0.2
Belgium	3.2	6.1
Bulgaria	3.1	4.9
Czech Republic	(3.7)	(3.0)
Denmark	4.3	6.9
Estonia	(0.3)	(0.2)
Finland	1.3	(1.1)
France	(1.2)	1.8
Germany	0.8	3.0
Greece	0.5	(4.1)
Hungary	4.1	4.5
Ireland	(1.0)	1.0
Italy	3.4	2.7
Latvia	4.6	2.8
Lithuania	(1.4)	2.7
Netherlands	2.1	1.1
Poland	5.9	8.1
Portugal	2.3	6.8
Romania	0.1	4.4
Spain	2.3	5.0
Sweden	(0.9)	3.7

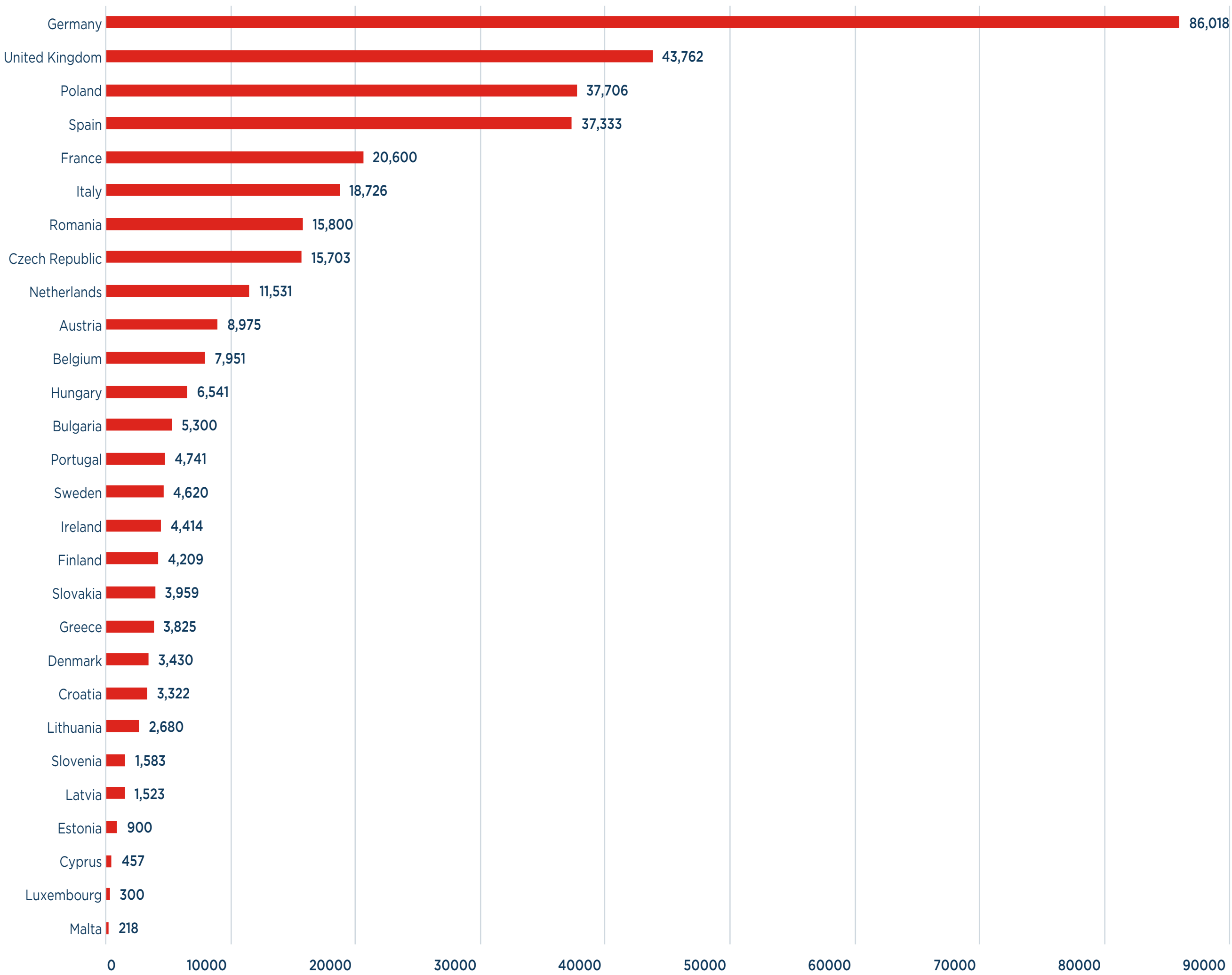
Source: Eurostat. No data available for Croatia, Cyprus, Luxembourg, Malta, Slovakia, Slovenia, United Kingdom

The European Market for Beverages

The European beverage market grew by a stable rate averaging at 1.1% p.a. over the period 2010 to 2013. Growth stepped up to 1.8% in 2014 and analysts expect that this growth can be sustained up to 2021, with the market projected to reach a total volume of 245 billion litres. With water leading the list of the most widely consumed beverage in the world, beer comes third after tea and is the most widely consumed from alcoholic drinks.

The key factors contributing to the future growth in the beer market are mainly attributable to: the availability of low/non-alcoholic beer; a wider variety of beers with rich flavour and aromas as well as low calorie beers; increase in disposable income; and the effect of creative marketing by brewers.

Beer Consumption, 2015 (in 1,000hl)

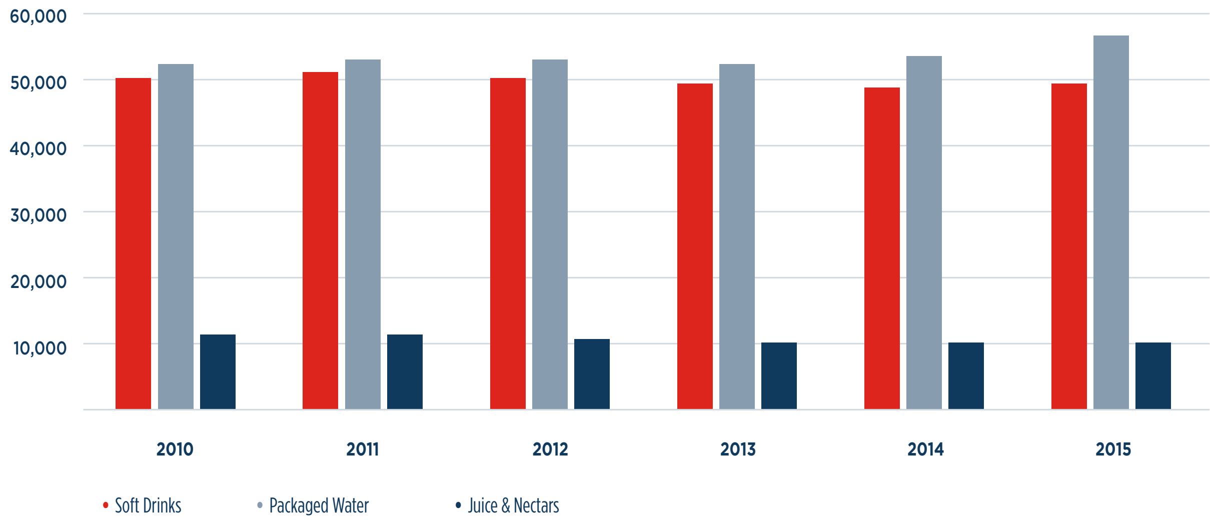


Source: www.brewersofeurope.org No update is available as at the date of this report on 2016 figures.

The soft drinks and juices / nectar markets have seen a decline in consumption and in recent years, a number of governments in Europe started introducing more public policy and legislative measures in a bid to promote healthier lifestyles. The UK, for instance, has recently introduced a 'sugar tax'[1]. The looming possibility of legislative measures aimed at curbing the consumption of sugar based drinks has caused companies to shift their focus to the production of healthier products. Accordingly, European consumers, as part of their broader healthier lifestyles, continue to purchase bottled water, resulting in a steady growth rate since 2010.

[1] http://www.bbc.co.uk/news/health-35824071

EU Consumption of Soft Drinks, Packaged Water and Juices (2010 – 2015) (million litres)



Source: www.unesda.eu

The European Market for Food

The European food service industry experienced fairly stable growth of 1.7% p.a. over the period 2014 to 2016 to reach total revenue of €591 billion in 2016. The industry's growth has been maintained by the changing lifestyles over the years. Consumers are nowadays living business lifestyles and as a result have increasingly moved towards foodservice[2] for meals since they have limited time to prepare food. As a result, the demand for on-the-go food has increased significantly. It is also interesting to note that franchising for quick service restaurants is another critical success factor for market growth in Europe.

2.3 THE FOOD AND BEVERAGE MARKET IN MALTA

Overall, the growth experienced in the food and beverage market in Malta was driven by the growth in Maltese GDP as the population become more affluent and the substantial growth in inbound tourism. The increasing population of foreign nationals and the changing lifestyles with people resorting to fast food services have also contributed to the growth.

Specific statistics on the food and beverage market in Malta is very limited and information on the brewing of beer in Malta is not made available by the NSO and is therefore excluded from this analysis. The latest available statistical data on the food and beverage market in Malta from the NSO is for year 2015 and relates to the number of enterprises, employment and turnover figures reported by all business units in the market. In gathering the relevant statistics, the NSO uses the EU's industry standard classification system which is referred to as NACE (the food & beverage market in Malta is made up of the following classifications: (i) the manufacture of soft drinks and mineral waters (excluding beer) (NACE 11.07); (ii) the wholesale of beverages (NACE 46.34); (iii) the wholesale of food (NACE 46.30); and (iv) restaurants & mobile food service activities (NACE 56.10)).

In 2015, the total turnover from this sector in Malta amounted to €1.4 billion, an increase of 16.8% over the previous year. The chart below illustrates the turnover from the food & beverage market in Malta for the past 6 years (2010 to 2015). Since 2010, the food & beverage market grew at an annual compound rate of 9.2%.

[2] The food service industry includes total sales of all food and drinks in or through accomodation outlets, pubs, clubs and bars, full service resaurants, quick service restaurants and fast food and others.

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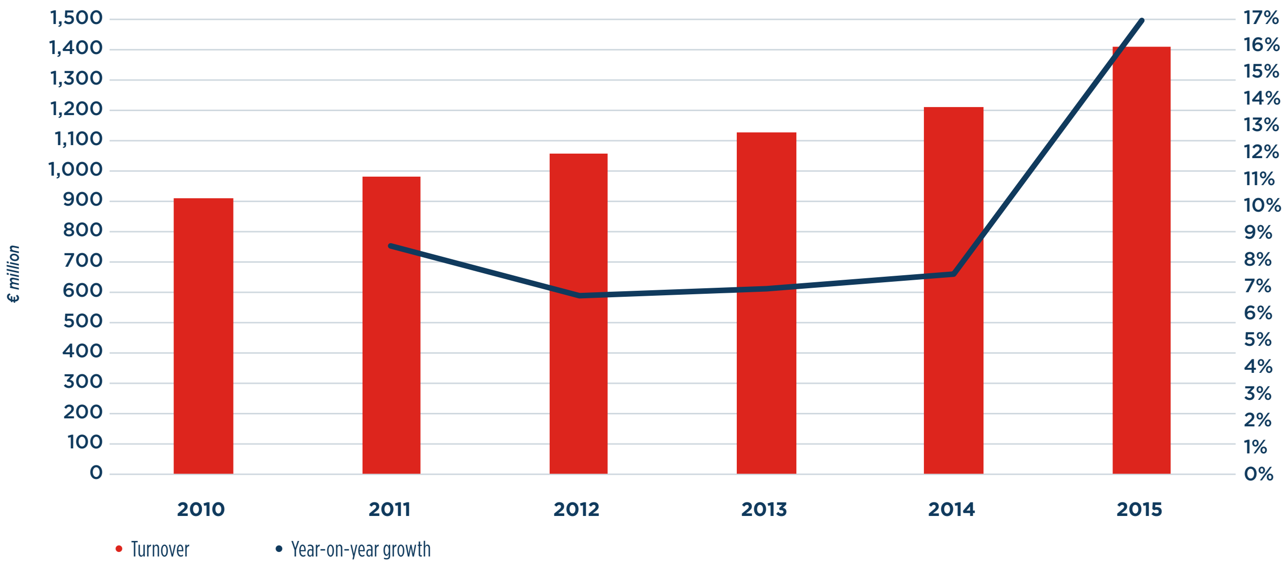
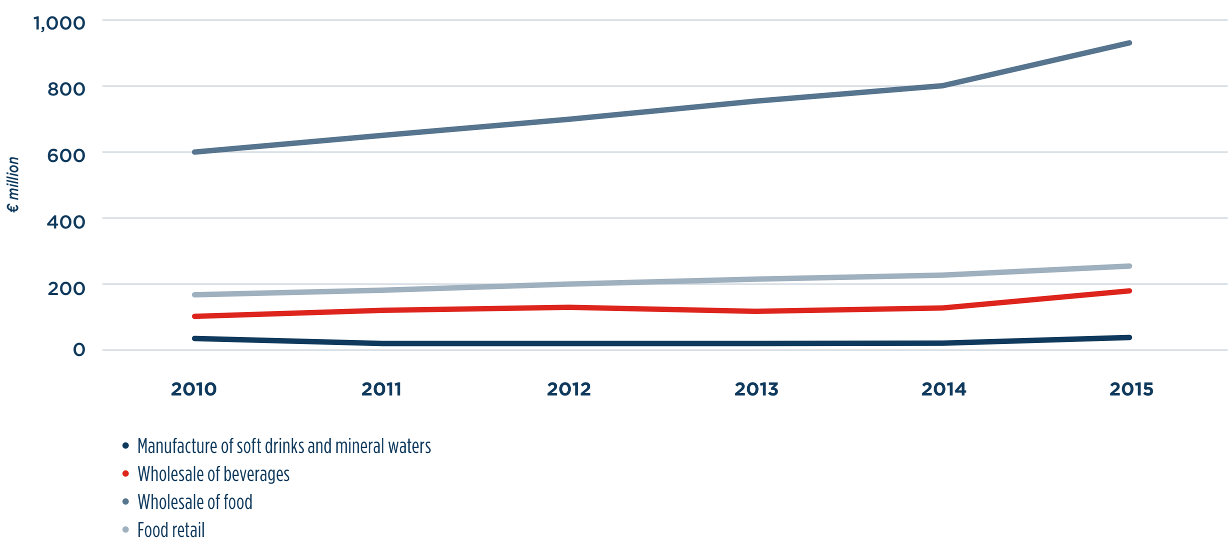
Food & Beverage Market in Malta



Source: NSO (NACE 11.07, NACE 46.34, NACE 46.30 & NACE 56.10)

The following chart shows the turnover generated from 2010 to 2015 in relation to the following classifications: the local market for manufacture of soft drinks and mineral waters (excluding beer); the local market for wholesale of beverages; the local market for wholesale of food; and the local market for food retail.

Turnover per NACE Classification



Source: NSO (NACE 11.07, NACE 46.34, NACE 46.30 & NACE 56.10), Management Information

Manufacturing of soft drinks and mineral waters (excluding beer)

The local market for the manufacture of soft drinks and mineral waters increased from €25 million in 2010 to €39 million in 2015, which is equivalent to a compound annual growth rate ("**CAGR**") of c. 9%. In 2015, the total market value of the industry increased by around €9 million, that equates to a growth of 30% over the previous year.

Wholesale of beverages

Similar to the soft drinks and mineral waters market, the market for the wholesale of beverages has registered significant growth in recent years with a CAGR of 10.6% between 2010 and 2015. In 2015, this market also registered significant growth when compared to 2014 with total revenue increasing by €47 million to €181 million.

Wholesale of food

Total turnover of wholesale of food in Malta increased from €596 million in 2010 to €928 million in 2015, equivalent to a CAGR of 9.3% p.a. over the period.

Food retail

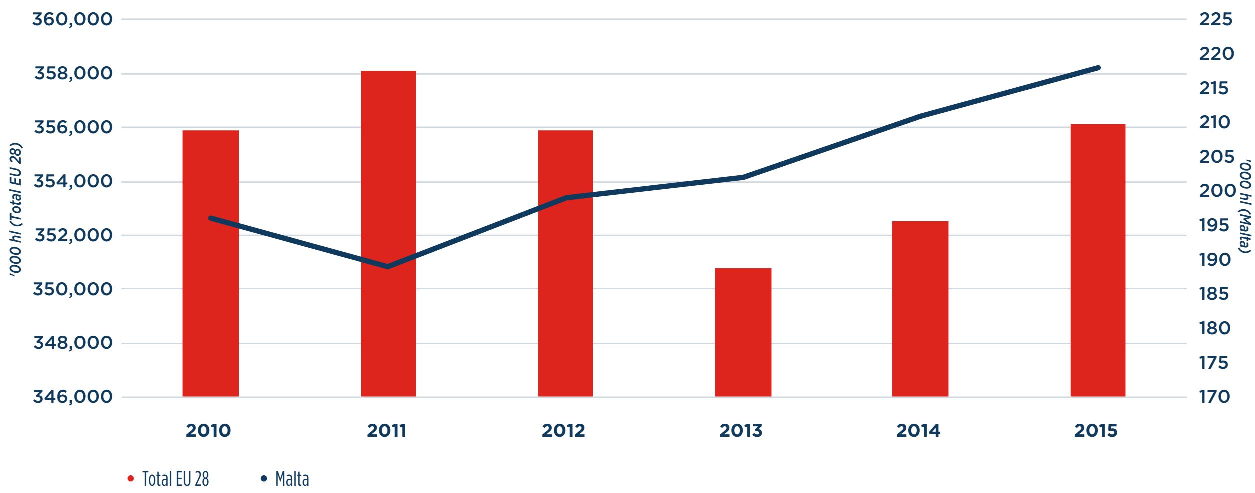
The total market value of the restaurants and mobile food service industry in Malta grew at an average of 7.8% p.a. over the period 2010 to 2015, to reach a value of €257 million in 2015.

Beer Consumption

The trend to beer consumption in Malta has been largely in line with trends experienced in other European countries.

Beer Consumption in Malta (compared to EU 28)

(in 1,000hl)



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PART 3 – HISTORIC PERFORMANCE AND FINANCIAL POSITION

The financial year of Simonds Farsons Cisk plc runs from 1 February to 31 January. In this regard, FY2015 refers to financial year ended 31 January 2015, FY2016 refers to financial year ended 31 January 2016 and FY2017 refers to financial year ended 31 January 2017.

The information included in the sections that follow has been sourced from the published financial statements of the Company, supported by management information and Rizzo Farrugia's own analysis. The figures quoted could be subject to rounding differences when compared to published financial information.

3.1 ANALYSIS OF THE INCOME STATEMENTS [FY2015 – FY2017]

Income Statement as at 31 January	Actual 2015	Actual 2016	Actual 2017
	€'000	€'000	€'000
Revenue	79,501	86,371	88,414
Cost of sales	(49,965)	(53,422)	(53,890)
Gross Profit	**29,536**	**32,949**	**34,524**
Selling & distribution costs	(9,821)	(10,170)	(10,712)
Administrative expenses	(9,729)	(11,181)	(10,916)
Other operating expenses	(376)	(271)	(21)
Operating Profit	**9,610**	**11,327**	**12,875**
Depreciation & Amortisation & One-off Adjustments	*5,990*	*6,056*	*6,387*
EBITDA	***15,601***	***17,383***	***19,262***
Share of Results of Associate	–	763	–
Investment Gains	12	14	16
Finance Costs	(1,472)	(1,377)	(1,470)
Profit before Tax	**8,150**	**10,727**	**11,421**
Tax Income	7,857	2,679	(217)
FV movements of AFS	(8,000)	(2,182)	928
Profit for the Year	**8,007**	**11,224**	**12,132**

The above presentation of the Group's financial results for the periods ending 31 January 2015, 2016 and 2017 incorporates the combination of the continuing and discontinued operations. Discontinued operations refer to the property management segment which in the published annual report of the Group is shown as discontinued operations in consideration of the Group's decision to spin-off the segment into a new public limited liability company (plc) over the coming months. In fact, during the Company's annual general meeting held on 27 June 2017, the shareholders of the Company approved a resolution that should lead for the eventual spin-off of Trident Estates Limited into a newly-formed plc by the end of 2017.

The Group's revenue-generating segments are four:

- Brewing, production & sale of branded beers & beverages
- Importation, wholesale & retail of food & beverages, including wines & sprits
- Operation of franchised food retailing establishments
- Property Management

The Group's total revenue reached €88.4 million in FY17, up from €79.5 million in FY15, equivalent to a CAGR of 5.5% over the period. The 'brewing, production & sale of branded beers & beverages' segment remained the largest contributor to the Group's revenue, comprising the activities of Simonds Farsons Cisk plc and EcoPure Limited.

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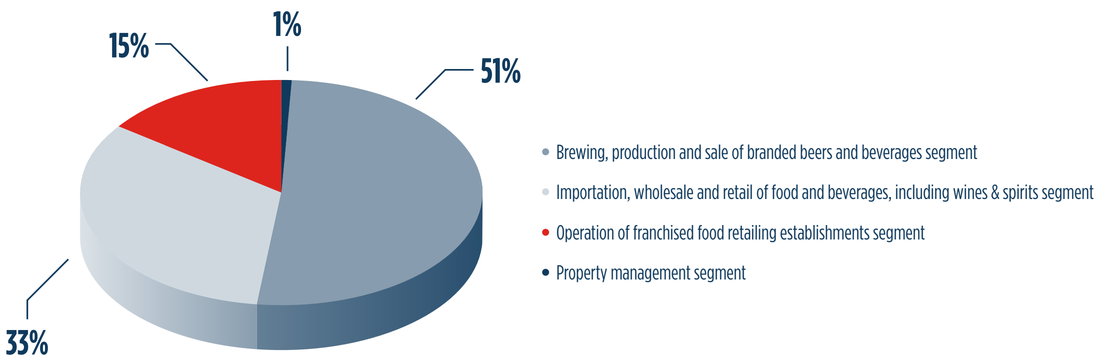
Revenue Generation by Segment – FY2017



The Group experienced growth across all its principal business segments and consistently over the years:

as at 31 January	2015	2016	2017
	€'000	€'000	€'000
Revenue (excluding intra-group net-offs)	**85,817**	**93,240**	**95,122**
Brewing, production and sale of branded beers and beverages segment	*45,500*	*48,070*	*48,200*
Importation, wholesale and retail of food and beverages, including wines & spirits segment	*28,655*	*32,053*	*31,738*
Operation of franchised food retailing establishments segment	*10,984*	*12,397*	*14,457*
Property management segment	*678*	*720*	*727*

Brewing, production and sale of branded beers and beverages segment

This segment is represented by Simonds Farsons Cisk plc and EcoPure. Over the years under review, Farsons maintained its strong market share with its own brands, principally Cisk™ and Kinnie™, with both brands being main contributors to the financial results of this segment. Overall, sales in other beverages remained healthy, with the Company registering an increase in the sales of beer and water, while experiencing a slight reduction in the sale of soft drinks as consumers became more health conscious. Production efficiencies achieved through the new bottling and packaging facilities and the Group's strategy to tap into the foreign markets contributed to improve the performance of the Company. Meanwhile, EcoPure also reported an improved performance over the years, as the Group maintained its marketing efforts to increase its client base and sales during the periods under review.

Importation, wholesale and retail of food and beverages, including wines & spirits segment

This segment is represented by FBIC and Quintano. FBIC imports branded beverages, and during each of the years between FY2015 to FY2017 it managed to register increased revenue levels across its portfolio of brands. Meanwhile, while FY2015 was considered as tough for the food importation business, Quintano registered growth in revenue in both FY2016 and FY2017, improving the contribution from this company in FY2017.

Operation of franchised food retailing establishments segment

In this segment, the Group operates the franchises of KFC™, Pizza Hut™ and Burger King™ in Malta. Such operations consist of fourteen outlets and since FY2015, it registered a CAGR in revenue of over 30%, including revenues derived from newly – opened outlets.

Property management segment

Over the years, the Group acquired a significant portfolio of properties which are either rented out to the Group entities or to third parties or else are vacant. A substantial part of this portfolio will be the subject of the spin-off (as detailed in section 4.1). During each of the periods under review, the revenue generated from this segment was short of the €1 million mark.

EBITDA, being the operating profit adjusted for depreciation, amortisation and before charging tax and interest expense, improved from €15.6 million in FY2015 to €19.3 million in FY2017, reflecting a compounded increase of 23% over the three-year period. Furthermore, the Group registered improved EBITDA margins from 19.6% in FY2015 to 21.8% in FY2017, as it capitalised on the efficiencies generated by the various projects the Group had embarked upon in recent years aimed at achieving cost and production efficiencies. The Group incurred between €1.4 million and €1.5 million in finance costs on its borrowing levels in each of the years under review.

In FY2016, the Group made a one-off profit from its holding in an associate company – FSG Company Limited – which is currently in liquidation. Further to the investment tax credits that are applicable for tax relief to the Group with respect to the investments made by the Company, the tax payable on the results of the other subsidiaries of the Group were all offset during each of FY2015 and FY2016.

Negative fair value movements in the assets that are classified by the Group as held for sale (being those subject to the spin-off) have practically netted off the tax credits in FY2015 and FY2016.

3.2 ANALYSIS OF THE GROUP'S STATEMENTS OF FINANCIAL POSITION

Statement of Financial Position as at 31 January	Actual 2015	Actual 2016	Actual 2017
	€'000	€'000	€'000
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	80,170	89,983	110,889
Intangible Assets	718	658	616
Deferred Tax Assets	1,693	4,210	3,486
Trade & Other Receivables	1,392	2,757	3,002
Total Non-Current Assets	**83,973**	**97,608**	**117,993**
Current Assets			
Inventories	11,117	12,334	14,569
Trade & Other Receivables	16,631	18,495	18,316
Current Tax Assets	344	133	29
Cash & Cash Equivalents	4,505	2,445	768
Total Current Assets	**32,597**	**33,407**	**33,682**
Non-Current Assets classified as Held for Sale	33,041	31,558	31,266
Total Assets	**149,611**	**162,573**	**182,941**
EQUITY AND LIABILITIES			
Capital & Reserves			
Share Capital	9,000	9,000	9,000
Revaluation & Other Reserves	53,221	54,105	59,146
Hedging Reserves	(850)	(919)	(705)
Retained Earnings	38,864	47,273	55,830
Total Equity	**100,235**	**109,459**	**123,271**
Non-Current Liabilities			
Trade & Other Payables	1,593	1,184	905
Derivative Financial Instruments	1,007	1,083	750
Borrowings	22,483	23,807	31,581
Total Non-Current Liabilities	**25,083**	**26,074**	**33,236**
Current Liabilities			
Provision for Other Liabilities & Charges	101	54	36
Trade & Other Payables	16,690	20,056	18,974
Current Tax Liabilities	502	690	570
Derivative Financial Instruments	300	330	335
Borrowings	1,807	3,026	4,382
Total Current Liabilities	**19,400**	**24,156**	**24,297**
Liabilities directly attributable to non-current assets held for sale	4,893	2,884	2,137
Total Liabilities	**49,376**	**53,114**	**59,670**
Total Equity & Liabilities	**149,611**	**162,573**	**182,941**

The Group's total asset base has inherently been made up to the extent of more than 50% from 'property, plant & equipment' (PPE). A significant portion of the increase in PPE over the years is the result of the investment that the Group undertook in the new beer packaging hall, at a total cost to €26 million.

Since FY2016 (and re-classified for FY2015 for comparative purposes), assets classified as held for sale, representing investment property that the Group identified for spin-off purposes, made up an additional 17 – 22% of total assets.

Intangible assets on the Group's balance sheet reflect goodwill on the Group's brewing and bottling of beers and beverages and the food importation business, and franchise and agency rights. In terms of accounting standards, while goodwill is tested annually for any impairments, franchise and agency rights are amortised on a straight-line basis over the definite useful life of the franchise agreements they relate to. During the period between FY2015 and FY2017, goodwill impairment amounted to €0.6 million (no impairment was recognised in FY2017) while amortisation costs totalled €0.1 million.

During the three-years ended 31 January 2017, the Group experienced an increase in inventories, trade receivables and payables (trade working capital components) that are indicative of the increased level of business of the Group.

As at 31 January	2015	2016	2017
	€'000	€'000	€'000
Inventories	11,117	12,334	14,569
Trade Receivables	11,515	11,858	12,818
Trade Payables	(5,304)	(8,417)	(5,128)
Trade Working Capital	**17,328**	**15,775**	**22,259**

The base for the Group's operations is supported through a mix of borrowings and equity:

Group's Funding Base as at 31 January	Actual 2015	Actual 2016	Actual 2017
	€'000	€'000	€'000
BORROWINGS			
Bank overdrafts & short-term borrowings	1,807	3,026	4,382
Bank Borrowings (long-term)	7,687	8,976	15,876
Finance Lease Liability	-	-	720
6% Bonds 2017-2010	14,796	14,831	14,985
Total Borrowings	**24,290**	**26,833**	**35,963**
Cash & equivalents	**(4,505)**	**(2,445)**	**(768)**
Net Debt	**19,785**	**24,388**	**35,195**
EQUITY			
Share Capital	9,000	9,000	9,000
Revaluation & Other Reserves	53,221	54,105	59,146
Hedging Reserves	(850)	(919)	(705)
Retained Earnings	38,864	47,273	55,830
Total Equity	**100,235**	**109,459**	**123,271**
Total Funding	**120,020**	**133,847**	**158,466**
Gearing (Net Debt / Total Funding)	16.5%	18.2%	22.2%

As can be seen from the table above, the Group has a significant revaluation reserve which was established when the Group's properties were revalued, and which is adjusted on an annual basis depending on the extent of fair value adjustments (net of deferred tax) that are necessary during any given financial year.

3.3 CASH FLOW STATEMENTS

Statement of Cash Flows as at 31 January	Actual 2015	Actual 2016	Actual 2017	**Total 2015 – 2017**
	€'000	€'000	€'000	**€'000**
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operations	17,761	18,228	15,513	**51,502**
Interest received	12	14	5	**31**
Interest paid	(1,472)	(1,377)	(1,470)	**(4,319)**
Income tax paid	(657)	(412)	(913)	**(1,982)**
Net cash generated from operating activities	**15,644**	**16,453**	**13,135**	**45,232**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant & equipment	(6,847)	(15,267)	(18,710)	**(40,824)**
Advance payments for property, plant & equipment	–	(1,623)	–	**(1,623)**
Additions to investment property	(556)	(1,626)	(1,360)	**(3,542)**
Additions to intangible assets	(44)	(243)	–	**(287)**
Proceeds from disposal of property, plant & equipment	33	30	356	**419**
Proceeds from disposal of investment property	–	250	–	**250**
Institutional grants received	435	457	–	**892**
Net cash used in investing activities	**(6,979)**	**(18,022)**	**(19,714)**	**(44,715)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from non-current borrowings	–	3,038	9,041	**12,079**
Payments of current & non-current borrowings	(1,751)	(1,751)	(1,750)	**(5,252)**
Dividends paid	(2,500)	(3,000)	(3,200)	**(8,700)**
Net cash (used in)/generated from financing activities	**(4,251)**	**(1,713)**	**4,091**	**(1,873)**
Net movement in cash & cash equivalents	**4,414**	**(3,282)**	**(2,488)**	**(1,356)**
Cash & cash equivalents at beginning of year	**34**	**4,448**	**1,166**	
Cash & cash equivalents at end year	**4,448**	**1,166**	**(1,322)**	

The net cash position of the Group (excluding long-term borrowings) at the end of FY2017 stood at a negative €1.3 million, as a result of the substantial capital investments made by the Group over the years. The Group generated €45.2 million from its operations between FY2015 and FY2017. Most of this cash was invested in the additional PPE as part of the Group's continued investment to achieve better efficiencies in its production and costs. Additional borrowings of €12.1 million were taken up during the three years ending 31 January 2017, during which period the Group also repaid a total of €5.3 million of existing borrowings and paid dividends amounting to an aggregate of €8.7 million.

3.4 RATIO ANALYSIS

Profitability Ratios for the year ended 31 January	Actual 2015	Actual 2016	Actual 2017
	%	%	%
Gross Profit margin *(Gross Profit / Revenue)*	37.15	38.15	39.05
EBITDA margin *(EBITDA / Revenue)*	19.62	20.13	21.79
Operating Profit margin *(Operating Profit / Revenue)*	12.09	13.11	14.56
Net Profit margin *(Profit for the period / Revenue)*	10.07	13.00	13.72
Return on Equity *(Profit for the period / Average Equity)*	7.99	10.71	10.43
Return on Capital Employed *(Profit for the period / Average Capital Employed)*	6.43	8.61	8.21
Return on Assets *(Profit for the period / Average Assets)*	5.35	7.19	7.02

The Group has over the years been able to generate healthy double-digit margins, with FY2017 being a particularly satisfactory year with higher percentages registered across all such metrics.

Meanwhile, as the Group continued on its investment strategy, investing more on capital projects, its asset base grew, resulting in lower return metrics when compared to the previous year, albeit marginally so.

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Liquidity Ratios for the year ended 31 January	Actual 2015	Actual 2016	Actual 2017
Current Ratio *(Current Assets / Current Liabilities)*	1.68x	1.38x	1.39x
Cash Ratio *(Cash & cash equivalents / Current Liabilities)*	0.23x	0.10x	0.03x

The Group's current ratio was sufficiently over one, however, its cash ratio was very low, as the Group remained reliant on available bank facilities for its day-to-day funding requirements.

Solvency Ratios for the year ended 31 January	Actual 2015	Actual 2016	Actual 2017
Interest Coverage ratio *(EBITDA / Net finance costs)*	10.68x	12.75x	13.25x
Gearing Ratio (1) *(Net debt / Total Equity)*	0.20x	0.22x	0.29x
Gearing Ratio (2) *[Total debt / (Total Debt plus Total Equity)]*	19.51%	19.69%	22.59%
Net Debt to EBIDTA *(Net Debt / EBIDTA)*	1.27x	1.40x	1.83x

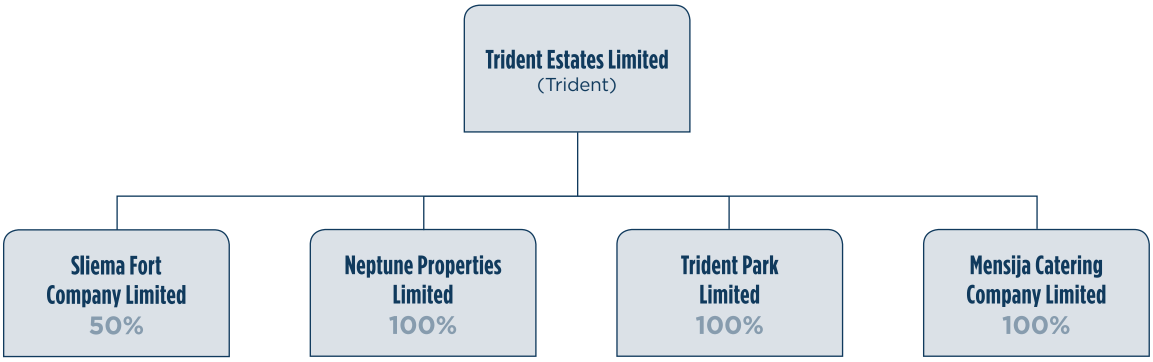
Although the Group's borrowings increased in FY2017, the interest cover coverage ratio remained healthy, as the Group generated additional EBITDA to make up for the additional finance costs. Gearing in FY2017 was also higher than the previous two periods, however, it was still at a very sustainable level at just over 22%. In fact, the Group's net debt to EBITDA metric is just 1.83, meaning that with the current levels of EBITDA, it would take the Group less than 2 years' worth of EBITDA to repay debt in full.

PART 4 – THE SPIN-OFF AND PRO FORMA FINANCIAL STATEMENTS

4.1 THE SPIN-OFF

In 2014, the board of directors of the Company first announced the intention to spin-off the segment related to Property Management of the Group. Earlier this year, during the annual general meeting held on 27 June 2017, the Company's shareholders approved the spin-off of an identified property portfolio to be held by Trident Estates Limited (which will be converted into a plc and whose shares are expected to be listed on the Malta Stock Exchange by no later than the end of 2017). In order to better explain the effect of the spin-off, management and its financial advisers prepared a set of pro forma statements which are aimed to illustrate the effect of the spin-off on the Company. The basis for these statements were the financial statement of FY2017, and as such, the multiple effects of the spin-off were applied to the year-end figures as though the transaction had taken place on 1 February 2016 and the full-year effect of the spin-off was thus applied to the said financial statements.

The spin-off will create a new plc which will be the parent of the following group of companies (Trident Group):



4.2 PRO FORMA FINANCIAL STATEMENTS

The following are the FY2017 actual figures as presented in earlier parts of this FAS and the pro forma balances following the adjustments, explained below:

- Transfer of assets and liabilities to Trident Group which will therefore no longer be reflected in the consolidated financial position of the Group;
- A cash injection of €6.5 million by the Company in Trident Estates Limited, which will be carried out through a share issue prior to the spin-off;
- Adjustments necessary to the revenue received from third parties in relation to properties that are included within the scope of the spin-off which will no longer be receivable by the Group
- Deduction of the annual ground rent paid by the Group in relation to properties that are included within the scope of the spin-off which will become payable by Trident Group after the spin-off;
- Adjustment necessary to reverse the annual operating expenses relating to subsidiaries which will form part of the Trident Group following the spin-off;
- Recognition of rental expenses that will become payable the Group to the Trident Group in relation to properties which will be within the scope of the spin-off and which will still be rented out by the Group from Trident Group;
- Reversal of movement in fair value recognised on properties that will be part of scope of the spin-off; and
- Adjustments related to tax implications on the income that will no longer be generated by the Group on properties that will fall within the scope of the spin-off.

Further information on the pro forma financial statements is included in Annex I to the Registration Document.

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Income Statement as at 31 January	Actual 2017	Pro Forma 2017
	€'000	€'000
Revenue	**88,414**	**88,119**
Cost of Sales	(53,890)	(54,350)
Gross Profit	**34,524**	**33,769**
Selling & Distribution Costs	(10,712)	(10,712)
Administrative Expenses	(10,916)	(10,851)
Other Operating Expenses	(21)	(21)
Operating Profit	**12,875**	**12,185**
Depreciation & Amortisation & One-off Adjustments	*6,387*	*6,387*
EBITDA	***19,262***	***18,572***
Investment Gains	16	5
Finance Costs	(1,470)	(1,470)
Profit before Tax	**11,421**	**10,720**
Tax Income	(217)	240
FV movements of AFS	928	154
Profit for the Year	**12,132**	**11,114**

Statement of Financial Position as at 31 January	Actual 2017	Pro Forma 2017
	€'000	€'000
ASSETS		
Non-Current Assets		
Property, Plant & Equipment	110,889	110,889
Intangible Assets	616	616
Deferred Tax Assets	3,486	3,486
Investment in Jointly-Controlled Entity	-	12
Trade & Other Receivables	3,002	3,002
Total Non-Current Assets	**117,993**	**118,005**
Current Assets		
Inventories	14,569	14,569
Trade & Other Receivables	18,316	18,308
Current Tax Assets	29	29
Cash & Cash Equivalents	768	768
Total Current Assets	**33,682**	**33,674**
Non-Current Assets classified as Held for Sale	31,266	-
Total Assets	**182,941**	**151,679**
EQUITY AND LIABILITIES		
Capital & Reserves		
Share Capital	9,000	9,000
Reserves	114,271	78,190
Total Equity	**123,271**	**87,190**
Non-Current Liabilities		
Trade & Other Payables	905	905
Derivative Financial Instruments	750	750
Borrowings	31,581	31,581
Total Non-Current Liabilities	**33,236**	**33,236**
Current Liabilities		
Provision for Other Liabilities & Charges	36	36
Trade & Other Payables	18,974	18,974
Current Tax Liabilities	570	570
Derivative Financial Instruments	335	335
Borrowings	4,382	11,338
Total Current Liabilities	**24,297**	**31,253**
Liabilities directly attributable to non-current assets held for sale	2,137	-
Total Liabilities	**59,670**	**64,489**
Total Equity & Liabilities	**182,941**	**151,679**

PART 5 – PROJECTIONS

The following projections are based on management's estimates and have been based on the following set of assumptions:

- Production and distribution of beverages is expected to be stable in the local market, while the Group continues its efforts to target growth in the export market.

- The importation and wholesale of foods and beverages segment is expected to remain stable in line with the results achieved during FY2017 and the existing management budgets for the said segment for FY2018.

- Franchised food retailing is expected to remain stable and assumes no further expansion in terms of new outlets.

- The spin-off is assumed to happen by no later than the end of 2017, thereby generating rent payable by the Franchised food retailing business segment to Trident Group as a third party and therefore not netted off upon consolidation as it had been to date.

- Budgeted capital expenditure on the Group's committed investment plans are expected to be executed as planned.

5.1 THE INCOME STATEMENT

Income Statement as at 31 January	Actual 2017	Forecast 2018
	€'000	€'000
Continuing Operations		
Revenue	88,119	91,097
Cost of Sales	(53,683)	(56,936)
Gross Profit	**34,436**	**34,161**
Selling & Distribution Costs	(10,712)	(10,726)
Administrative Expenses	(10,851)	(11,688)
Other Operating Expenses	(21)	10
Operating Profit	**12,852**	**11,757**
Depreciation & Amortisation & One-off Adjustments	*6,388*	*7,427*
EBITDA	***19,240***	***19,184***
Finance Costs	(1,465)	(1,260)
Profit before Tax	**11,387**	**10,497**
Tax Income	471	(399)
Profit for the Year	**11,858**	**10,098**
Discontinued Operations		
Profit for the Year	**274**	**(152)**

The Group will continue its efforts in innovation within the beer production segment which is expected to contribute to additional revenue growth in FY2018, along with the recognition of efforts to expand the export market. The soft drinks segment will remain challenging and as such, will not be a contributor to revenue growth in FY2018. However, management believe that this could lead to a modest increase in the sale of water in the forthcoming years, noting however that the market remains very competitive and price sensitive.

Direct costs of sales are also expected to increase, and will incorporate additional factory overheads. Meanwhile, the Group is expecting to be able to contain its administrative and selling and distribution costs. Despite the increase in cost of sales, EBITDA for FY2018 is expected to be at the same level as that of FY2017.

Meanwhile, in view of the additional capital expenditure planned for FY2018, the depreciation charge is expected to increase substantially, resulting in a charge to the income statement of €7.4 million (FY2017: €6.4 million).

Overall, the Group's net profit for FY2018 is expected to be somewhat lower, although if the effect of the increase in the non-cash depreciation charge is taken into account, the decline in the Group's net profit for the year would stand at 6.5%.

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5.2 STATEMENT OF FINANCIAL POSITION

Statement of Financial Position as at 31 January	Pro Forma 2017	Forecast 2018
	€'000	€'000
ASSETS		
Non-Current Assets		
Property, Plant & Equipment	110,889	123,275
Intangible Assets	616	574
Deferred Tax Assets	3,486	3,936
Investment in Jointly-Controlled Entity	12	12
Trade & Other Receivables	3,002	-
Total Non-Current Assets	**118,005**	**127,797**
Current Assets		
Inventories	14,569	12,605
Trade & Other Receivables	18,308	20,866
Current Tax Assets	29	-
Cash & Cash Equivalents	768	1,256
Total Current Assets	**33,674**	**34,727**
Total Assets	**151,679**	**162,524**
EQUITY AND LIABILITIES		
Capital & Reserves		
Share Capital	9,000	9,000
Reserves	78,190	85,193
Total Equity	**87,190**	**94,193**
Non-Current Liabilities		
Trade & Other Payables	905	-
Derivative Financial Instruments	750	750
Borrowings	31,581	45,890
Total Non-Current Liabilities	**33,236**	**46,640**
Current Liabilities		
Provision for Other Liabilities & Charges	36	36
Trade & Other Payables	18,974	17,032
Current Tax Liabilities	570	849
Derivative Financial Instruments	335	335
Borrowings	11,338	3,437
Total Current Liabilities	**31,253**	**21,689**
Total Liabilities	**64,489**	**68,329**
Total Equity & Liabilities	**151,679**	**162,522**

In view of the fact that the Group is expected to execute the spin-off by no later than the end of 2017, the FY2018 projections are being compared to the FY2017 pro forma statement of financial position.

As the Group continues with its capital expenditure programme in relation to its investment projects earmarked for completion by the end of (or mainly to be completed within) 2017, including the beer and soft drinks kegging plant, the logistics warehouse extension, the truck depot and the container un/loading bays, the value of the Group's PPE will increase as a result of the capitalisation of the costs associated therewith.

Funding of the Group's capital expenditure is expected to be a mix of bank financing and additional funds being raised through the bond issue. This is expected to increase gearing [Total Debt/(Total Debt plus Total Equity)] to 34.4% as at the end of FY2018.

Other components of the Group's statement of financial position of FY2018 are not expected to be materially different from the pro forma statement for FY2017.

5.3 STATEMENT OF CASH FLOWS

Statement of Cash Flows as at 31 January	Actual 2017	Forecast 2018
	€'000	€'000
Net cash generated from operating activities	13,135	21,605
Net cash used in investing activities	(19,714)	(23,247)
Net cash used in financing activities	4,091	10,740
Net movement in cash & cash equivalents	**(2,488)**	**9,098**
Cash & cash equivalents at beginning of year	1,166	(1,342)
Cash injected in Trident Estates Ltd.	-	(6,500)
Cash & cash equivalents at end year	**(1,322)**	**1,256**
• *Continued operations*	*(1,342)*	*1,256*
• *Discontinued operations*	*20*	-

The investments that the Group will carry out during FY2018 are expected to result in a net outflow of cash of approximately €23 million and in the main are related to the capital investments set out in section 1.6 of this FAS. Most of the funding required is expected to be generated through operations, aided by the additional €5 million bond proceeds expected to be raised over and above the €15 million being refinanced, and other bank borrowings. In FY2018 the Company will also inject €6.5 million into Trident Estates Limited in return for a share issue of the latter prior to its spin-off.

The Group's net cash position (excluding long-term debt) is expected to be positive by the end of FY2018, at €1.3 million.

PART 6 – LISTED SECURITIES OF THE GROUP

As at the date of this FAS, the Company has the following securities listed on the Malta Stock Exchange:

1. 30,000,000 ordinary shares of a nominal value of €0.30 each with ISIN MT0000070103

2. €15,000,000 6% unsecured bonds redeemable between 2017 and 2020 with ISIN MT0000071226. Pursuant to a board resolution dated 19 July 2017, the directors of the Issuer resolved to opt for the early redemption option contemplated in the prospectus pursuant to which these bonds were issued, dated 10 May 2010.

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PART 7 – COMPARISONS

The table below compares the Issuer and its proposed bond issue to other listed debt on the local market having broadly similar maturities. The list excludes issues by financial institutions. The comparative set includes local groups whose assets, strategy and level of operations may vary significantly from those of the Issuer and are therefore not directly comparable. Nevertheless, the table below provides a sample of some comparatives:

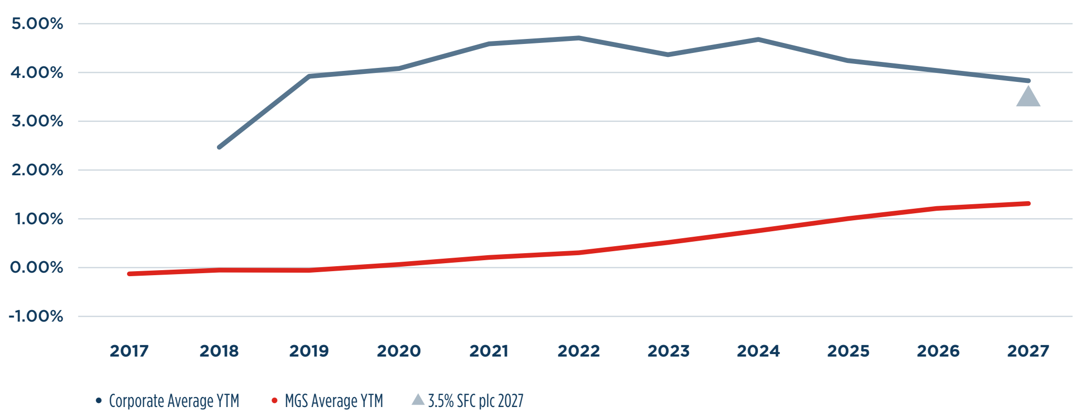
Bond Details	Outstanding Amount	Total Assets	Total Equity	Gearing Ratio*	Net Debt to EBITDA**	Interest Cover***	YTM (as at 21.07.2017)^
	(€)	(€'000)	(€'000)		(times)	(times)	
5.00% Dizz Finance plc 2026	8,000,000	17,039	4,662	65.46%	6.77	3.15	4.33%
4.80% Med. Maritime Hub Finance plc 2026	15,000,000	22,931	4,463	76.97%	–	–	4.46%
4.50% Medserv plc 2026 (EUR)	21,982,400	121,453	26,408	66.81%	8.49	2.24	4.24%
4.25% Corinthia Finance plc 2026	40,000,000	1,389,627	665,357	44.12%	17.62	2.39	3.70%
4.00% MIDI plc 2026	50,000,000	203,780	67,359	47.30%	20.66	0.59	3.60%
4.00% IHI plc 2026 (Secured)	55,000,000	1,220,254	646,822	38.53%	9.79	6.18	3.87%
4.00% IHI plc 2026 (Unsecured)	40,000,000	1,220,254	646,822	38.53%	9.79	6.18	3.77%
3.90% Plaza Centres plc 2026	8,500,000	43,424	26,180	32.71%	5.52	9.38	3.75%
3.75% Premier Capital plc 2026	65,000,000	193,351	41,630	74.47%	1.81	7.44	3.49%
4.50% GHM plc 2027 *(not listed as at the date of this report)*	15,000,000	16,782	2,830	79.25%	6.29	2.00	4.50%
4.35% SD Finance plc 2027	65,000,000	156,433	56,697	53.39%	3.62	4.82	3.97%
4.00% Eden Finance plc 2027	40,000,000	165,496	92,620	34.78%	5.86	3.98	3.75%
3.75% Tumas Investments plc 2027	25,000,000	180,992	81,387	41.73%	3.05	4.60	3.39%
3.50% Simonds Farsons Cisk plc 2027	20,000,000	182,941	123,271	22.59%	1.83	13.25	3.50%

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Rizzo, Farrugia & Co (Stockbrokers) Ltd
*Gearing: This refers to the fundamental analysis ratio of a company's level of long-term debt compared to its equity capital. In the above table this is computed as follows: Total Debt / [Total Debt + Equity].
**Net Debt to EBITDA: This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.
***Interest Cover: The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.
^Yield to Maturity (YTM) from rizzofarrugia.com, based on bond prices of 16 June 2017. YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

Ratio workings and financial information quoted have been based on the Issuers' published financial data, including:
Dizz Finance plc - figures based on the Guarantor (Dizz Group of Companies Limited) FY2016 annual report;
Med. Maritime Hub plc - figures based on the Guarantor (MMH Holdings Limited) FY2016 annual report;
Medserv plc FY2016 annual report;
Corinthia Finance plc - figures based on the Guarantor (Corinthia Palace Hotel Company Limited) FY2016 annual report;
MIDI plc FY2016 annual report;
IHI plc FY2016 annual report;
Plaza Centres plc FY2016 annual report;
Premier Capital plc FY2016 annual report;
SD Finance plc - figures based on the Guarantor (SD Holdings Limited) FY2016 annual report;
Eden Finance plc – figures based on the Guarantor (Eden Leisure Group Limited) FY2016 annual report;
Tumas Investments plc – figures based on the Guarantor (Spinola Development Company Limited) FY2016 annual report; and
Grand Harbour Marina plc Fy2016 annual report.

The chart below compares the new Simonds Farsons Cisk plc bond to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as at 21 July 2017.

New SFC Bond vs Corporate & MGS YTM – as at 21.07.2017



At a coupon of 3.50% per annum, the 3.50% Simonds Farsons Cisk plc 2027 bond, has been priced at a premium of approximately 220 basis points over the average yield to maturity of Malta Government Stock (MGS) maturing in 2027 and at a discount of approximately 30 basis points over the average yield to maturity of corporate bonds maturing in 2027 (data correct as at 21 July 2017).

DEFINITIONS

Statement of Comprehensive Income Explanatory Definitions

Revenue	Total revenue generated by the company from its business activity during the financial year.
Cost of Sales	The costs incurred in direct relation to the operations of the Issuer.
Gross Profit	The difference between Revenue and Cost of Sales.
EBITDA	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
Depreciation and Amortization	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit generated in one financial year.

Cash Flow Statement Explanatory Definitions

Cash Flow from Operating Activities	The cash used or generated from the company's business activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

Statement of Financial Position Explanatory Definitions

Assets	What the company owns which can be further classified in Current and Non-Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year.
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Current Liabilities	Obligations which are due within one financial year.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

Other Definitions

Yield to Maturity	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.