FINANCIAL ANALYSIS SUMMARY
Bortex Group Finance p.l.c.
25th April 2018

The Directors
Bortex Group Finance p.l.c.,
A 11 Marsa Industrial Estate,
Marsa, MRS 3000, Malta

25th April 2018

Dear Sirs,

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 financial analysis is that of summarising key financial data appertaining to Bortex Group Finance p.l.c. ("the Issuer") and Bortex Group Holdings Co Ltd ("the Guarantor"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the three years ended 2015, 2016 and 2017 have been extracted from the Issuer and Guarantor's audited statutory financial statements for the three years in question.

(b) The forecast data for the current financial year and the year ending 2018 have been provided by management.

(c) Our commentary on the Issuer and Guarantor's results and financial position is based on the explanations set out by the Issuer in the Prospectus and Listing Authority Policies.

(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) The principal relevant market players listed in Part 3 of the document have been identified by management. Relevant financial data in respect of competitors 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 meant to assist potential investors by summarising the more important financial data set out in the annually published financial statements of the Issuer and Guarantor. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus and financial statements. The Analysis does not constitute an endorsement by our firm of the purchases of the securities related to the Issuer and should not be interpreted as a recommendation to invest in the Bonds. 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. Potential investors are encouraged to seek professional advice before investing in the bonds.

Yours sincerely,

Nick Calamatta

Director

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Part 1 - Information about the Group

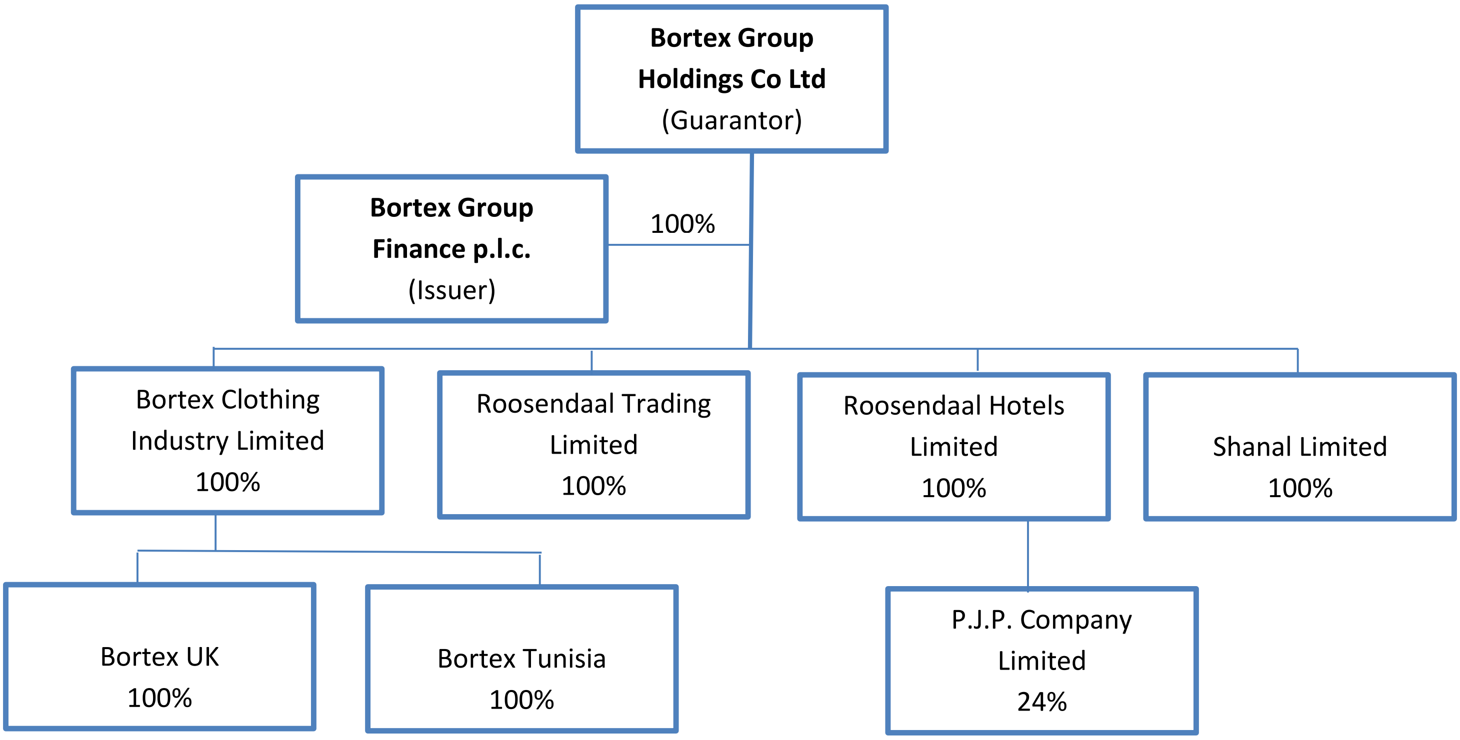
1.1 Issuer and Guarantor's key activities and structure

The Issuer, Bortex Group Finance plc ("BGF"), company registration number C 82346, is a limited liability company registered in Malta on 30th August 2017. The Issuer is, except for one share which is held by Mr Peter Borg and another share held by Ms Karen Bugeja, a fully-owned subsidiary of the Guarantor, which latter entity is the parent company of the Group. The Issuer, which was set up and established to act as a finance company, has as at the date hereof an authorised and issued share capital of €250,000 divided into 250,000 ordinary shares of €1 each, all fully paid up.

The Guarantor, Bortex Group Holdings Company Limited ("BGH"), is a private limited liability company incorporated and registered in Malta with company registration number C 4863. It was formerly known as Borchild Limited until 26th September 2017. The Guarantor is the parent company of the Group, which is principally engaged, through several subsidiaries that operate in various jurisdictions, in the business of manufacturing garments for its own private label, Gagliardi, and other private labels, marketing and retailing garments; and developing high quality property developments, as well as owning and managing hotel and residential properties in Malta. The Group is also active in the Maltese real estate market.

The authorised and issued share capital of the Guarantor is €46,587.46 divided into 20,000 ordinary shares having a nominal value of €2.329373 each. The Issuer and the Guarantor are ultimately owned as to 50% by Mr Peter Borg and as to 50% by Ms Karen Bugeja.

The "Group" structure is as follows:



1.2 Directors and key employees

Board of Directors - Issuer

As at the date of the prospectus, the Issuer is constituted by the following persons:

Name	Designation
Peter Borg	Executive Director, rotating Chairperson
Karen Bugeja	Executive Director, rotating Chairperson
Christine Demicoli	Executive Director & Company Secretary
David Debono	Non-Executive Director
Emanuel Ellul	Independent, Non-Executive Director
Joseph Cachia	Independent, Non-Executive Director

The business address of all of the Directors is the registered office of the Issuer.

Board of Directors - Guarantor

As at the date of the prospectus, the Guarantor is constituted by the following persons:

Name	Designation
Peter Borg	Executive Director, rotating Chairperson
Karen Bugeja	Executive Director, rotating Chairperson
Christine Demicoli	Executive Director & Company Secretary
Alexandra Borg	Executive Director
Sam Borg	Executive Director
David Debono	Non-Executive Director
Alexandra Borg	Executive Director

The business address of all of the Directors is the registered office of the Issuer.

The executive directors of the Issuer and the Guarantor, on the strength of their respective knowledge and experience in the applicable business interests of the Group to which they contribute directly, occupy the senior management and key executive positions across the Group. The Group currently has 640 employees.

1.3 Major assets owned by the Group

The Issuer does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company.

The Group's operations are, and have been for a number of years, divided into two principal segments, garment manufacturing and retailing on the one hand and property development and hotel operations on the other. Although the core business of the Group knows its origins in the garment manufacturing sector, and the eventual retailing of those garments, it has also established itself in the hospitality sector and more recently has moved into the boutique hotel sector, through the refurbishment of a historical property in Valletta, Malta, intended to open its doors in 2018.

More specifically, Bortex Clothing Industry Company Ltd, a direct subsidiary of the Guarantor based in Malta, Bortex UK and Bortex Tunisia, both subsidiaries of Bortex Clothing Industry Company Ltd, carry out the design and manufacture of a vast range of formal tailoring. Roosendaal Trading Limited, also a direct subsidiary of the Guarantor, is then involved in the sale and distribution of formal tailoring, outerwear, casual clothing, footwear and accessories through the operation of a number of retail outlets. The business forming part of the Group's hospitality segment is carried out by Roosendaal Hotels Limited, another direct subsidiary of the Guarantor, which owns and manages the operations of the Plevna Hotel situated in Sliema, Malta. Shanal Limited was retained as a Group entity to serve as the property company of the Group.

Garment manufacture and retail

Bortex is among Malta's longest established names in formal men's tailoring. Bortex Clothing Industry Company Ltd was set up over fifty years ago by Maltese entrepreneur Sunny Borg in October of 1964, to produce jeans and similar items of clothing. The venture went from strength to strength, until in 1971 it entered into partnership with the renowned men's fashion manufacturer, Van Gils of Holland, to produce high quality tailoring. Van Gils shares were bought by the British retail group Next plc in 1987 enabling Bortex to spread its product profile into children's and ladies' wear.

In 1991 the Next plc shares in Bortex Clothing Industry Company Ltd were wholly bought up by the Borg family – resulting in the company becoming 100% owned by Sunny Borg and his family.

Over the years the Group has diversified into other product areas to include the retail of a whole men's wear proposition including shirts, accessories and footwear as well as providing its own brands.

Its own label, Gagliardi, was launched in 2010 and its principal markets apart from Malta include the UK, Ireland, Russia, Serbia and Scandinavia. The retailing of the Gagliardi line is achieved through a mixture of franchising arrangements, own-stores models as well as mixed concessions. In recent years, the Group has also launched its own e-commerce platform through which its Gagliardi line is sold online, the operations of which are based in Malta.

Manufacturing for private label clients still forms a substantial portion of the Group's garment manufacturing operations, with clients based chiefly in Sweden, Switzerland and the United Kingdom.

The Group's operations in this sector have been streamlined in order to cater for higher-end and higher-value products rather than mass-produced but lower-value items. Although competition in this sector remains high, the Group enjoys an enviable track record and can boast several long-standing relationships with established brands.

The Group now manufactures mainly overseas, retaining Malta as its headquarters. Design, marketing and other knowledge based activities are carried out on in Malta. Shipments from Bortex factories in Tunisia transit in Malta on their way to some of Europe's better-end department stores, chain store groups and fashion houses.

Property development and hospitality

The Group has owned and managed a small, yet strategic, property portfolio for several decades. With the exception of a warehouse situated in Zebbug, Malta, as part of the garment operations, the properties are owned and operated by Roosendaal Hotels Limited and Roosendaal Trading Limited. As the name implies, the former is involved in the hotelier industry and currently owns and manages the Hotel Plevna in Tigne', Sliema, currently in the process of a major overhaul that will lead to its rebranding as Hotel 1926. Once reopened in November 2018, this spa hotel aims to offer the highest standards of lean luxury by employing state-of-the-art guest management software and technologies. The hotel is complemented with a beach lido concession on the Qui-si-Sana foreshore, which concession is for an indefinite term tied to the operation of the hotel, and which is being upgraded in tandem with the hotel building. A block of newly-developed luxury apartments, named 'TEN', and consisting of eighteen apartments and two penthouses over seven floors is currently in development, while simultaneously being marketed for sale.

The Group, through Roosendaal Hotels Limited, holds 24% of the issued share capital of P.J.P. Company Limited, with the remaining shareholding held by Ms Karen Bugeja (38%) and P.Borg & Son Holdings Limited (38%), a company in which Mr Peter Borg holds 50% of the issued share capital. In June 2016 P.J.P. Company Limited acquired a residential property situated in St. Paul's Street, Valletta, Malta which is currently being extensively refurbished and which is scheduled to open its doors in May 2018 as an 8-roomed boutique hotel situated in the heart of the city, including a rooftop terrace.

Retail store management

Roosendaal Trading Limited is the principal company within the Group responsible for the operation of the Group's retail outlets for its garment sector in Malta.

The range of stores managed by said company are chiefly multi-brand stores, in which the Group's Gagliardi brand is sold alongside other brands such as Gant, Lacoste and Ralph Lauren, with which the Group has secured distribution arrangements. Roosendaal Trading Limited also operates one mono-brand store, stocking and selling the Gagliardi line exclusively – this store is situated within the MIDI complex in Sliema, Malta.

The Group plans to extend its store network, with flagship stores earmarked for the immediate future both in Sliema and Valletta (as set out in sub-section 1.4 below).

The following table provides a list of the principal assets and operations owned by the respective Group companies:

OWNING COMPANY	NAME OF PROPERTY	LOCATION	DESCRIPTION	% OWNERSHIP
Roosendaal Hotels Limited	Hotel 1926	Sliema, Malta	Hotel management & operation	100%
Roosendaal Hotels Limited	TEN apartments	Sliema, Malta	Investment property	100%
P.J.P. Company Limited	PJP Boutique Suites	Valletta, Malta	Hotel management & operation	24%
Roosendaal Trading Limited	Bortex Retail Outlet, Mosta	Mosta, Malta	Retail Outlet	100%
Roosendaal Trading Limited	Bortex Retail Outlet, Tower Road, Sliema	Sliema, Malta	Retail Outlet	100%
Roosendaal Trading Limited	Bortex Retail Outlet, Mriehel	Mriehel, Malta	Retail Outlet	100%
Bortex Clothing Industry Company Ltd	Bortex Warehouse, Zebbug	Zebbug, Malta	Warehouse	100%

1.4 Operational Developments

The most recent principal investments of the Group are described hereunder:

Update of Refurbishment and extension of the newly branded Hotel 1926 in Sliema, Malta

The Group currently owns the site of the former Hotel Plevna, located in a quiet residential area off Qui-si-Sana seafront in Sliema, Malta. During the construction phase, which is currently ongoing, an opportunity to re-design certain elements of the project arose and subsequently the newly refurbished hotel is expected to increase its number of rooms to 161 compared to the 140 rooms as per original plans and published prospectus. The Group also has a concession to operate a private beach situated 200 metres from the hotel on the Qui-si-Sana seafront. Once the upgrade and extension project of the hotel will be completed the hotel shall be formally re-branded to 'Hotel 1926'. This major renovation project is expected to upgrade the standard rating of the hotel to a 4-star spa / suite hotel. The project will involve the refurbishment of the internal spaces and the construction of 3 additional floors, together with a recessed penthouse floor, on top of the existing hotel. This will increase the hotel's room capacity by 61 rooms providing the hotel with a total room stock of 161 rooms, of which 52 will be suites, many of which boasting views of Manoel Island and Valletta. The hotel will consist of a luxury spa, restaurant, roof terrace, as well as private beach club. Works on the hotel are projected to be completed in November 2018.

Update to Development of TEN Apartments in Sliema, Malta

The Group is currently re-developing a plot of land it owns in Hughes Hallet Street, Sliema, Malta into a 9-storey building with commercial development at the ground floor area and residential units on the rest of the floors. The block of luxury apartments will be named 'TEN'. The current plans indicate that the development will include a reception area and commercial spaces at the ground floor level, 18 residential apartments and 2 penthouses with an average area of 140m2 and 170m2, respectively, as well as 69 underground car parking spaces. Works on the project commenced in 2016 and the planned timelines envisage completion of construction works by December 2018, with the finishes of the apartments targeted to be completed by May 2019.

International retail expansion strategy, particularly via the opening of Gagliardi retail outlets overseas

The Group intends to embark on an aggressive expansion of its Gagliardi brand in overseas territories via owned as well as franchised retail outlets. It is intended to roll out a capital expenditure program over FY17-20 in this respect, with at least 9 new stores in the pipeline (3 per annum). Management has earmarked a total of €1.8m to this end. The cost estimates are still preliminary, due to the Group being in its early stages of identifying the exact locations where to open such outlets.

Bortex Plaza Refurbishment

The Group is currently in the process of relocating its store within the Plaza complex to a more prominent location within the same complex. This is expected to be done concurrently and management doesn't expect any temporary store closure period.

Development of a mixed-use complex in Mriehel, Malta

The Group has purchased a plot of land stretching over an area of approximately 438m2 overlooking the Mriehel Bypass for redevelopment into a mixed-use commercial complex built across 5 floors, with a retail outlet at the lower floors and office space in the upper levels. The design also includes 3 levels of underground car parking. The retail space will be utilised by the Group as an 'out-of-town' outlet store for all the menswear proposition, whereas the office space and related car parking facilities will be leased to third parties. Construction works are well underway and target completion date for this development in May.

Redevelopment of the Group's existing retail outlet in Mosta, Malta

The Group owns a 2-storey building in Constitution Street, Mosta, Malta which is currently being used as one of the Group's retail outlets and is built on a site area of 181m2, which it intends to develop into a mixed-use commercial building. The plan is for the proposed development to have 4 commercial levels, a basement for storage and ancillary uses. Part of the ground floor and top level will be used as a catering outlet from which the Group expects to generate rental income. The remaining parts of the development will be used as a commercial outlet for the Group's retail purposes. The Group plans to commence the renovation of the site in question in January 2019, with the closure of the existing Bortex outlet located on the site – completion of this project is targeted by October 2019.

Refurbishment of PJP Boutique Suites in Valletta, Malta

The Group, through Roosendaal Hotels Limited, holds 24% of the issued share capital of P.J.P. Company Limited, which in June 2016 acquired a residential property situated in St. Paul's Street, Valletta, Malta, and which property is currently being extensively refurbished and is scheduled to open its doors in May 2018 as an 8-roomed boutique hotel situated in the heart of the city, including a rooftop terrace.

Save for the above projects, the Group is not party to any other principal investments and the Group intends to continue to finance the projects above with the proceeds of the bond issue that was completed in December 2017, with the remaining capital expenditure being funded by bank finance and own funds.

Part 2 – Historical Performance and Forecasts

The Issuer was incorporated on 30th August 2017 and, accordingly, has a trading record for a 2 month period of operations. Furthermore, the Issuer itself does not have any substantial assets and is essentially a special purpose vehicle set up to act as a financing company solely for the needs of the Group, and, as such, its assets are intended to consist primarily of loans issued to Group companies. For the purpose of this document, the focus is on a review of the performance of the Guarantor which constitutes the entire group of companies. The Guarantor's historical financial information for the three financial years ended 30th October 2015, 2016 and 2017, as audited by PricewaterhouseCoopers, is set out in the audited consolidated financial statements of the Guarantor. Forecasts are based on management projections.

2.1 Issuer Income Statement

Income Statement (unaudited) for the years ended October	**2017A**	**2018F**
	€	**€**
Finance Income		
Interest on loans to subsidiaries	-	506,000
Facility fee	-	153,000
Finance income	-	659,000
Finance cost	-	(505,000)
Director's fees	-	(24,000)
Listing and related fees	-	(17,000)
Other costs	(13,510)	(11,000)
Profit before tax	(13,510)	102,000
Taxation	-	(36,000)
Profit / Loss after tax	**(13,510)**	**66,000**
Net Margin	*n/a*	*10.0%*

Bortex Finance p.l.c incurred a loss of €13.5K for FY17, mainly as a result of the fees incurred prior to incorporation. Finance income relates to a spread charged over the Issuer's effective coupon rate (covering the amortisation of bond issue costs). The facility fee is intended to cover director's fees, listing fees and other administrative expenses.

2.2 Issuer Cashflow Statement

Cashflow Statement for the years ended October	2017A	2018F
	€	€
Cash flows from operating activities		
Cash generated from operations	(12,500)	607,000
Coupon payment	-	(478,000)
Taxation paid	-	-
Net cash used in/(generated from) operating activities	**(12,500)**	**129,000**
Cash flows from investing activities		
Loans to subsidiaries		-
Net cash used in/(generated from) investing activities		**-**
Cash flows from financing activities		
Share capital	250,000	-
Proceeds from bond issue (net of finance costs)	-	-
Repayment of loan from fellow subsidiary	-	-
Repayment of bond issue	-	-
Net cash used in/(generated from) financing activities	**250,000**	**-**
Net movements in cash and cash equivalents	**237,500**	**129,000**
Opening cash and cash equivalents	**-**	**237,500**
Closing cash and cash equivalents	**237,500**	**366,500**

Cashflows for 2017 reflect the cash outflows from operations and the injection of €250,000 share capital.

Cashflows for 2018 include the net cash generated from operating activities which represent the net finance margin between the Issuer's coupon expenses and interest charged to its fellow subsidiaries, the facility fee and the taxation paid on the Issuer's profit.

The net cashflows from investing and financing activities reflect the €12.75m bond issue, net of €0.3m issue costs, and its distribution between the Group's subsidiaries.

2.3 Issuer Financial Position

Statement of Financial Position for the years ended October	2017A	2018F
	€	€
Assets		
Non-current assets		
Loans and receivables	-	12,895,990
Current assets		
Cash and cash equivalents	237,500	366,500
Total Assets	**237,500**	**13,262,490**
Equity and liabilities		
Non-current liabilities	-	
Amortised bond issue	-	12,450,000
Current liabilities		
Accrued bond interest	-	438,000
Current tax payable	-	36,000
Trade and other payables	1,010	36,000
Total liabilities	**1,010**	**12,960,000**
Equity		
Share capital	250,000	250,000
Retained earnings	(13,510)	52,490
Total equity	**236,490**	**302,490**
Total Equity & Liabilities	**237,500**	**13,262,490**
Ratio Analysis*		
Liabilities / Assets	*n/a*	*97.7%*
Interest Coverage	*n/a*	*1.2*
*refer to Glossary for definitions		

In 2018, total assets are projected at €13.3m comprising loans and receivables to fellow subsidiaries of €12.9m carried until the maturity of these loans in line with the eventual redemption of the bond issue in FY27, and a €0.4m positive cash balance. The level of assets is not expected to alter materially throughout the life of the bond. Liabilities include €12.4m amortised bond issue, which is expected to increase marginally over the life of the bond as issue costs are amortised. Total equity includes issued and fully paid up share capital of €0.25m and retained earnings, which are expected to alter in line with the annual profit surplus over the life of the bond.

2.4 Guarantor's Income Statement

Historical Performance

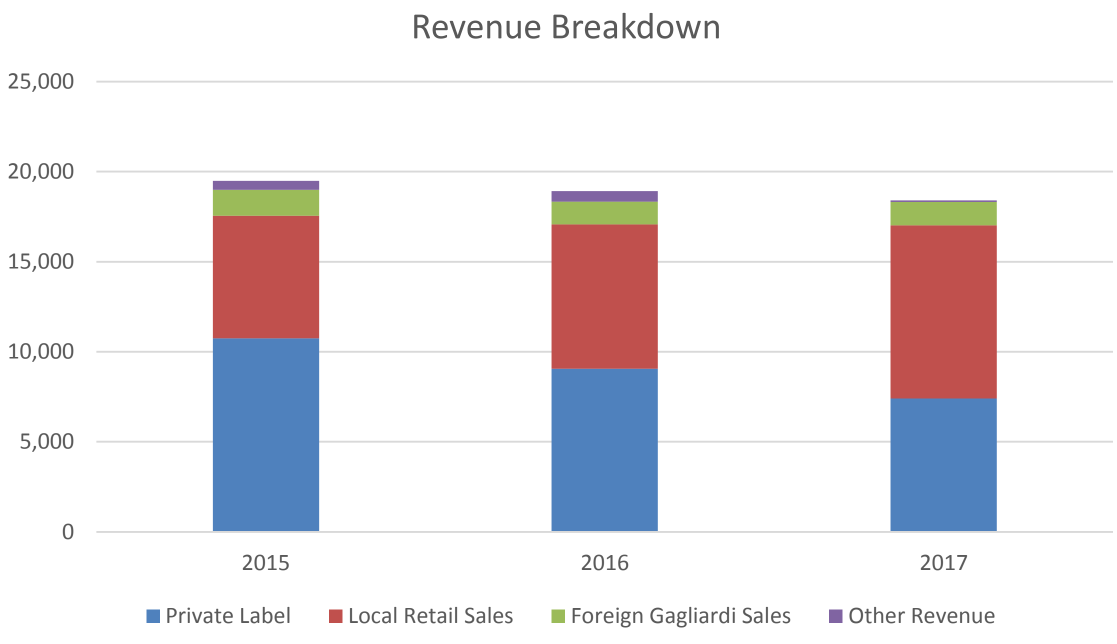
Income Statement for the years ended October	2015	2016	2017	2018F[1]
	€000s	€000s	€000s	€000s
Revenue	21,722	20,622	19,920	19,417
Cost of Sales	(15,079)	(13,920)	(13,060)	(12,666)
Gross Profit	**6,643**	**6,701**	**6,860**	**7,062**
Administrative expenses	(2,456)	(2,460)	(2,738)	2,271
Selling expenses	(3,463)	(3,668)	(4,318)	4,403
Other operating expenses	(40)	(41)	(6)	150
Operating Result	**684**	**532**	**(203)**	**227**
Investment and other related income	405	46	32	1
Finance Income	52	52	52	165
Finance Costs	(234)	(281)	(259)	(687)
(Loss)/profit before tax	**911**	**349**	**(378)**	**(293)**
Tax Income / (expense)	(57)	(47)	1,490	99
Profit / (loss) for the year	**855**	**302**	**1,112**	**(194)**
Other comprehensive income				
Other movements	132	-	8	-
Revaluation surplus on land and buildings	-	5,137	-	-
Deferred income taxes on revaluation surplus	-	(506)	-	-
Net fair value gains on AFS financial assets	176	15	(12)	-
Reclassification adjustments	(271)	-	-	-
Currency translation differences	98	(240)	(50)	-
Total comprehensive income for the year	**990**	**4,707**	**1,057**	**(194)**
Ratio Analysis				
Revenue Growth (YoY)	-13.4%	-5.1%	-3.4%	-2.5%
Gross Margin	30.6%	32.5%	34.4%	36.4%
Net Margin	3.9%	1.5%	5.6%	-1%
Interest Coverage	2.9	1.9	n/a	0.6
Dividend Coverage	4.7	0.5	n/a	n/a
Earnings per Share	€18.4	€6.5	€ 23.87	€-0.01

[1] Projections for FY 2018 were modified when compared to the prospectus due to the expansion of the Hotel 1923 project

1. **Revenue –** The noticeable decline in revenue over the past reporting periods is primarily due to a continued shift from the high volume manufacture of garments for private labels towards the manufacture and retailing of Gagliardi garments through the Group's retail outlets. This trend is expected to reverse following the roll-out of the internationalisation of the Gagliardi brand as well as revenue streams from projects outlined in section 1.4.

Revenue Analysis - Garment Manufacturing and Retail Sector

Segment Revenue for the years ended October	**2015**	**2016**	**2017**
	€000s	**€000s**	**€000s**
Private Label	10,743	9,063	7,408
Local Retail Sales	6,803	8,007	9,606
Foreign Gagliardi Sales	1,444	1,258	1,309
Other Revenue	499	594	74
	19,489	**18,922**	**18,397**
Exchange Differences	(80)	(163)	(92)
Net Revenue	**19,409**	**18,759**	**18,305**



Revenue from the garment manufacturing and retail sector contracted from €19.5m in FY15 to €18.4m in FY17. As intimated above, this was as a direct result of the Group's strategic decision to scale down private label production and increase focus on production of its own brand. Local retail sales and foreign Gagliardi sales both witnessed an increase year-on-year. Other revenue includes income from stock clearance sales drives.

Revenue Analysis – Hospitality Segment

Revenue from the Plevna Hotel decreased to €1.5m in FY17 from €1.6m in FY16. As a result of the hotel refurbishment and development project, revenues are expected to decline significantly in FY18, with a recovery following the completion of the project (re-branded to Hotel 1923) in FY19 and beyond.

2. **EBITDA –** Earnings before depreciation, interest and taxation also fell to €630,053 (2016: €1,323,728). It is pertinent to point out that the EBITDA of the year under review includes a onetime write-off of a trade receivable amounting to €596,775 which resulted from the collapse of the British retail group Jaeger which had been long-standing trading partners. The €596,775 represent the entire balance due, and with prudence in mind, the directors decided to absorb the entire write-off in one year although creditors' proceedings are still ongoing in connection with recovery from the Jaeger liquidators.

3. **Net Profit/ (Loss) -** the Group reported a loss before tax of €378,153 (2016: a profit of €348,644). The Group received a cash conversion of unutilised investment tax credits which amounts to €1,500,000. The profit after the current and deferred tax charge for the period amounted to €1,112,184 (2016: €302,053).

Group's Performance Outlook

Manufacturing and Retail

During the year ending 2018, the company will see the opening of the new outlet in Mriehel which will comprise two floors of retail space, three floors of office space and underground parking spaces on three levels. During the coming year, the Gagliardi brand will also see the opening of a further three international stores, whilst a number of Bortex stores in Malta will be refurbished and upgraded. A concerted drive to improve Gagliardi retail margins is also under way. Within the manufacturing division, a process re-engineering exercise is also being undertaken, covering both the knowledge-based activities carried out in Malta, as well as the Group's manufacturing plant in Tunisia, with a view to improving efficiencies as well as reducing costs. Efforts are being made to replace the business lost through the Jaeger bankruptcy.

Hospitality and Real Estate

During the financial year ending 2018, the company will see the maturity of three projects – the opening of Hotel 1926, with the relative beach club, and the opening of the Valletta Boutique Hotel. Hotel 1926 is expected to be completed during FY18, with subsequent revenues reflected in FY19. Palazzo Jean Parisot should open its doors to welcome its first guests by May 2018.

Variance Analysis

Income Statement for the years ended October	2017F	2017A	Variance
	€000s	€000s	€000s
Revenue	19,398	19,920	522
Cost of Sales	(12,360)	(13,060)	(700)
Gross Profit	**7,037**	6,860	(177)
Administrative Expenses	(2,300)	(2,738)	(438)
Selling & Distribution Expenses	(3,713)	(4,318)	(605)
Other Operating Income/(Expenses)	16	(6)	(22)
Operating Profit	**121**	(203)	(324)
Investment and other related income	(10)	32	42
Finance Income	61	52	(9)
Finance Costs	(166)	(259)	(93)
(Loss)/profit before tax	(53)	(378)	(325)
Tax Income / (expense)	**1,235**	1,490	255
Profit / (loss) for the year	**1,182**	1,112	**(70)**

Variance Analysis Commentary

The variance in expectations of performance for the financial year relates to a one-off charge for a complete right-off of €600K of bad debts associated with the British retail group Jaeger which had been long-standing trading partners of the Group. The amount represents the entire balance due, and with prudence in mind, the directors decided to absorb the entire write-off in one year although creditors' proceedings are still ongoing in connection with recovery from the Jaeger liquidators.

2.5 Guarantor's Balance Sheet

Historical Financial Position

Balance Sheet for the years ended October	2015A	2016A	2017A	2018F
	€000s	€000s	€000s	€000s
Assets				
Total Non- Current Assets	15,416	19,489	20,983	34,885
Current Assets				
Inventories	14,515	15,647	15,282	13,507
Trade and other receivables	4,432	4,379	4,177	3,090
Current tax assets	150	16	19	20
Other Assets	-	-	-	500
Term placements	8	8	8	8
Cash and cash equivalents	551	898	1,519	(64)
Total current assets	19,656	20,949	21,005	17,060
Total Assets	35,072	40,437	41,988	51,945
Liabilities				
Non-current liabilities				
Deferred taxation	659	1,165	1,157	883
Bank Borrowings	1,884	2,618	2,456	4,204
Financial Borrowings	-	-	-	12,447
Total non-current liabilities	2,543	3,783	3,613	17,534
Current liabilities				
Borrowings	5,562	5,183	6,104	1,586
Trade and other payables	2,959	3,375	3,149	2,379
Current tax liabilities	49	40	10	197
Advance payments on development	-	-	-	1,079
Total current liabilities	8,569	8,598	9,262	5,241
Total Liabilities	11,112	12,381	12,875	22,775
Equity				
Share capital	47	47	47	297
Revaluation reserves	580	6,877	6,872	6,872
Other reserves	86	507	507	507
Retained earnings	5,544	20,626	21,688	21,494
Total Equity	23,960	28,056	29,113	29,170
Total Equity and Liabilities	35,072	40,437	41,988	51,945

Ratio Analysis*				
Profitability				
Return on Common Equity	4.8%	3.6%	3.8%	n/a
Return on Assets	3.4%	2.4%	2.6%	n/a
Solvency				
Net Debt / Total Equity	17.9%	28.8%	39.0%	78.3%
Total Liabilities /Total Assets	29.3%	31.7%	30.7%	43.8%
Net Debt / EBIT	4.1	10.1	n/a	100.6
Current Ratio	2.5	2.3	2.3	3.3
Net Debt/CFO	1.3	-2.2	n/a	n/a
Dividend Cover	5.4	4.7	n/a	n/a
***refer to Glossary for definitions**				

The €12.75m Bond issue occurred after the balance sheet date of financial year 2017 and therefore is not reflected in the accounts for the year. Total Assets for financial year 2017 increased by €1.5m on the previous year. Management is forecasting total assets to increase significantly in financial year 2018 as the bond proceeds are received and deployed.

Total Liabilities increased by €0.5m, mainly as a result of increased bank borrowings. Management is forecasting an increase in liabilities of €10m for financial year 2018, in line with the proceeds of the bond issue, and repayment of bank borrowings.

The book value of the Group's Equity increased by €1.1m to €29.1m in financial year 2017. Total equity for financial year 2018 is expected to remain flat.

The Group's leverage position remains in line with peers who operate in the manufacturing, retail, hospitality and real estate development industries.

2.6 Guarantor's Cashflow Statement

Historical position

Cashflow Statement for the years ended October	2015	2016	2017	2018F
	€000s	€000s	€000s	€000s
Net cash generated from/(used in) operating activities	**(3,085)**	**1,900**	**1,746**	**(1,253)**
Cashflows from investing activities				
Net Purchase of property, plant and equipment	(1,354)	(2,203)	(2,014)	(8,333)
Net cash generated from/(used in) investing activities	**462**	**(1,199)**	**(2,015)**	**(8,333)**
Cashflows from financing activities				
Net bank borrowings	(159)	911	500	2,060
Dividends paid	(181)	(611)	-	-
Bond Issue proceeds	-	-	-	12,423
Net cash generated from/(used in) financing activities	**(649)**	**227**	**667**	**13,017**
Movement in cash and cash equivalents	**(3,272)**	**929**	**399**	**3,430**
Opening cash and cash equivalents	(1,635)	(4,854)	(4,024)	(3,494)
Effects if currency translation on cash and cash equivalents	53	(99)	131	-
Closing cash and cash equivalents	**(4,854)**	**(4,024)**	**(3,494)**	**(64)**

The Group experienced a healthy inflow of cash from operating activities in FY17, the most recent audited financial period. Following capex investments and bank borrowings the Group ended FY17 with a positive cash contribution, reducing the current negative balance of cash and cash equivalents to €3.5mln. Cashflow generation was in line with management's expectations.

Following the bond issue, the Group is expected to have a positive bank balance, augmented by contributions from cash from operations. This balance is expected is to be deployed on capital expenditure projects sequentially over the near term, the majority of which will be in financial year 2018.

Part 3 – Key market and competitor data

3.1 General Market Conditions[2]

In the euro area, real growth in gross domestic product (GDP) accelerated to 2.3% in 2017, from 1.8% in the previous year. Euro area GDP is forecasted to grow at 2.4% in 2018 and 1.9% in 2019. Consumer price inflation, measured on the basis of the Harmonised Index of Consumer Prices (HICP) also increased strongly, averaging 1.5% for the whole year, up from 0.2% in 2016.

The Maltese economy continued to grow strongly during 2017, with real GDP accelerating compared to the previous year to 6.6% compared to 5.5% in the previous year, and almost three times that recorded in the euro area. Economic activity was primarily driven by net exports (services-led). Domestic demand also supported economic expansion, although its contribution was moderate by comparison as positive contributions from private consumption and changes in inventories were partly offset by reductions in government consumption and investment. The overall Economic Sentiment Indicator (ESI) thus rose further above its long-term average of 101, ending the year at its highest level since the survey has been conducted for Malta.

Retail Segment

During 2017 the European Commission's Economic Sentiment Indicator (ESI) for Malta averaged 117, up from 109 in 2016. This increase was visible across all components, although the strongest gain was recorded in the construction sector. The Retail trade sector observed the smallest change, however it remains in positive territory.

Consumer confidence indicator increased in 2017. Over the year as a whole the index averaged 8, up from the previous year's average of 2, and well above its long-term average of -18. All sub components contributed to the improved sentiment. The rise in confidence in 2017 was mainly propelled by respondents' savings prospects and their expectations of the general economy for the subsequent 12 months. On balance more consumers expected their financial situation in the following year to improve, while their unemployment expectations fell further.

Hospitality Segment

Activity in the tourism sector remained buoyant during 2017, with tourist arrivals, nights stayed and expenditure all exceeding the levels recorded a year earlier. During 2017, tourist arrivals were up by 15.7% after increasing by 10.2% in 2016. The total number of tourists exceeded 2.2 million, 307,909 visitors more compared with the preceding year.

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[2] Derived from the 2017 Annual Report of the Central Bank of Malta (www.centralbankmalta.org/annual-reports)

Nearly two million tourists visited Malta for leisure purposes in 2017. This represented an increase of 247,263 or 14.6% on 2016. Those coming to Malta for business purposes totalled 180,560, an increase of 43,790 or 32.0% on the preceding year, with this strong increase partly reflecting the impact of Malta's EU Presidency in the first half of the year. Meanwhile, 154,821 persons visited for educational, religious, health and other purposes, a rise of 16,856 or 12.2%.

The number of tourist nights spent in Malta in 2017 reached 16.5 million, a rise of 10.3% on 2016. Around two-thirds of this growth was reflected in a rise in nights spent in private accommodation. These were up by 16.7% on the preceding year. At the same time, nights spent in collective accommodation increased by 6.0%. As private accommodation gained further popularity, its share in the overall nights spent by tourists in Malta edged up further, reaching 43.0%.

The total average occupancy rate in collective accommodation establishments edged up to 65.6% in 2017, from 63.7% in 2016. Two-star and three-star establishments reported the largest increases while occupancy in four-star hotels and the "other collective" accommodation establishments increased only marginally. At the same time, although nights spent in five-star hotels increased, the occupancy rate in this category was marginally lower than in 2016. This was attributable to an increase in available bed capacity in 2017, as a number of five-star establishments had temporarily reduced their capacity for refurbishment purposes a year earlier.

3.2 Comparative Analysis

The purpose of the table below compares the proposed debt issuance of the group to other debt instruments with similar duration. One must note that given the material differences in profiles and industries, the risks associated with the Group's business and that of other issuers is therefore also different.

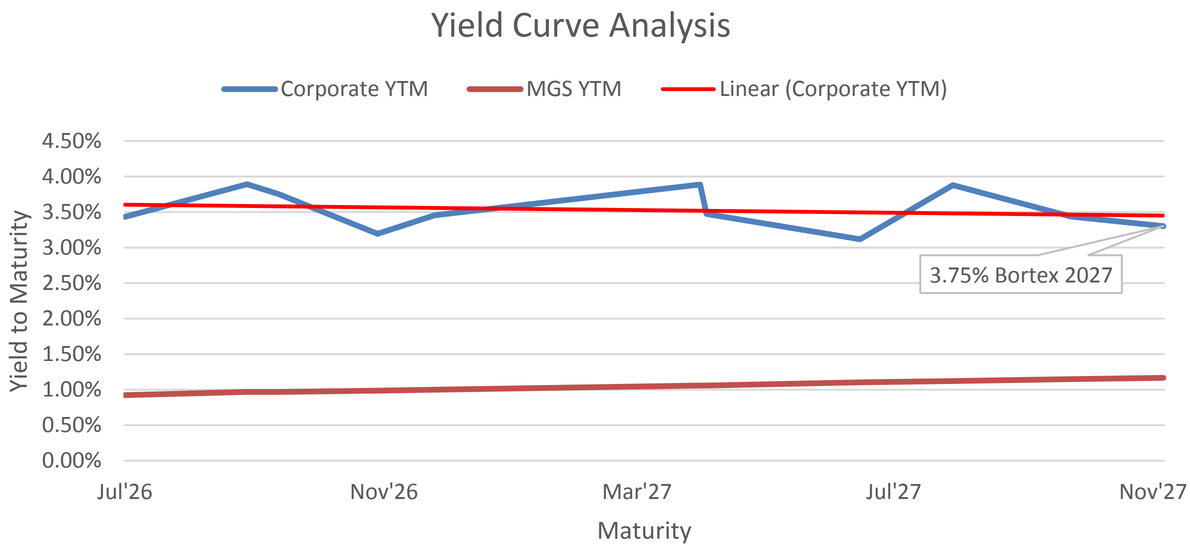
Security	Yield to Maturity (%)	Interest Cover (times)	Total Assets (million)	Net Asset Value (million)	Liabilities/Assets (%)	Net Debt/ Equity (%)	Net Debt/ EBIT (times)	Current Ratio (times)	Return on Equity (%)	Net Margin (%)	1Yr Revenue Growth (%)
4% MIDI plc Secured € 2026	3.43%	0.4	205.2	65.7	68%	78%	62.0	2.6	-5.0%	-50.0%	-23.6%
3.9% Plaza Centres plc Unsecured € 2026	3.89%	5.7	44.9	27.6	38%	43%	5.5	0.6	4.6%	38.7%	20.0%
5% Dizz Finance plc Unsecured € 2026 (xd)	3.75%	1.7	19.3	4.8	75%	195%	9.9	0.8	2.0%	0.6%	60.1%
3.75% Premier Capital plc Unsecured € 2026	3.19%	16.6	161.1	47.6	70%	134%	2.7	1.0	33.4%	6.0%	14.5%
4% IHI plc Unsecured € 2026	3.45%	2.3	1579.7	849.4	46%	42%	7.3	1.4	-1.5%	-5.7%	28.2%
4.35% SD Finance plc Unsecured € 2027	3.89%	3.6	217.6	65.7	70%	92%	4.9	0.27	10.3%	14.5%	8.5%
4% Eden Finance plc Unsecured € 2027	3.47%	4.0	165.5	92.6	44%	53%	10.5	0.30	3.6%	10.5%	11.0%
3.75% Tumas Investments plc Unsecured € 2027	3.12%	4.3	181.4	81.4	56%	108%	9.4	1.46	6.4%	12.4%	-9.7%
4.5% Grand Harbour Marina plc Unsecured € 2027	3.88%	1.7	21.0	2.9	82%	241%	4.6	3.20	1.8%	1.2%	-2.4%
4% Stivala Group Finance plc Secured € 2027	3.44%	9.5	179.7	145.1	19%	8%	2.8	1.60	76.5%	483.9%	n/a
3.75% Bortex 2023-2027*	**3.30%**	**0.60**	**51.9**	**29.2**	**44%**	**78%**	**100.6**	**3.3**	**-0.67%**	**-1.00%**	**-2.50%**
Average of Comparables	**3.53%**	**4.72**	**256.1**	**128.4**	**54%**	**92%**	**12.0**	**1.41**	**12.4%**	**47.1%**	**10.3%**

*Based on 2018 Forecasts as the bond issue occurred after the 2017 balance sheet date.

Source: Latest Available Audited Financial Statements

Data as at 25/04/2018.

As can be witnessed in the comparative analysis, the Group's leverage is among the lowest amongst comparable issuers on the Malta Stock Exchange at 44% gearing (on assets), compared to an average of 54%. Gearing (on equity) will be 78% compared to an average of 92% for the industry.



As at 25th April 2018, the average spread over the Malta Government Stock (MGS) for corporates with maturity range of 8-10 years was 248 basis points. The 3.75% Bortex 2027 bond is currently trading at a 214 basis point spread, and therefore at a premium to the average on the market, in line with its lower than average gearing.

Glossary and Definitions

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, that is, from its real estate development and hotel operations
Operating Expenses	Operating expenses include the cost of real estate developments and hotel operations
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.
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.
Profit before Tax (PBT)	Profit before Tax is the profit is achieved during the financial year after deducting all relevant expenses including interest expenses. This however does not include tax expense.
Efficiency	
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 intangible assets (goodwill on acquisition), investment properties, and property, plant & equipment.
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 intangible assets (goodwill on acquisition), investment properties, and property, plant & equipment.
Current assets	Current assets are all assets of the Company, 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 Company 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 Company's long-term financial obligations that are not due within the present accounting year. The Company'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.