Financial Analysis Summary

20 June 2019

Issuer

1923 Investments p.l.c.

WEALTH MANAGEMENT • CORPORATE BROKING
CHARTS
A division of MeDirect Bank (Malta) plc

The Directors
1923 Investments p.l.c.
Nineteen Twenty Three
Valletta Road
Marsa MRS 3000

20 June 2019

Dear Sirs

1923 Investments p.l.c. Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have compiled the 2019 Financial Analysis Summary ("**Analysis**") set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the financial analysis is that of summarising key financial data appertaining to 1923 Investments p.l.c. (the "**Group**" or the "**Company**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical financial data for the years ended 31 December 2016 to 31 December 2018 has been extracted from the audited financial statements of 1923 Investments p.l.c. and its subsidiaries.

(b) The forecast data of the Group for the year ending 31 December 2019 and 31 December 2020 has been provided by management of the Company.

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

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

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

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

Yours faithfully,

Evan Mohnani
Head – Corporate Finance

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TABLE OF CONTENTS

PART 1 – INFORMATION ABOUT THE COMPANY

1. KEY ACTIVITIES

1923 Investments p.l.c. (the "**Company**", "**Issuer**" or the "**Group**") was incorporated on 23 December 2013 as a holding company and forms part of the Hili Ventures Group. The Group is engaged in:

- the sale and distribution of Apple Products as an Apple Premium Reseller;
- the sale, maintenance and servicing of information technology solutions, physical professional security systems and the provision of electronic payment solutions; and
- transport and logistics in Malta and Poland, including air, road, sea and rail freight forwarding, clearances and deliveries, customs brokerage, parcel services, warehousing, ship agency, ship-to-ship operations and project cargo.

2. DIRECTORS AND SENIOR MANAGEMENT

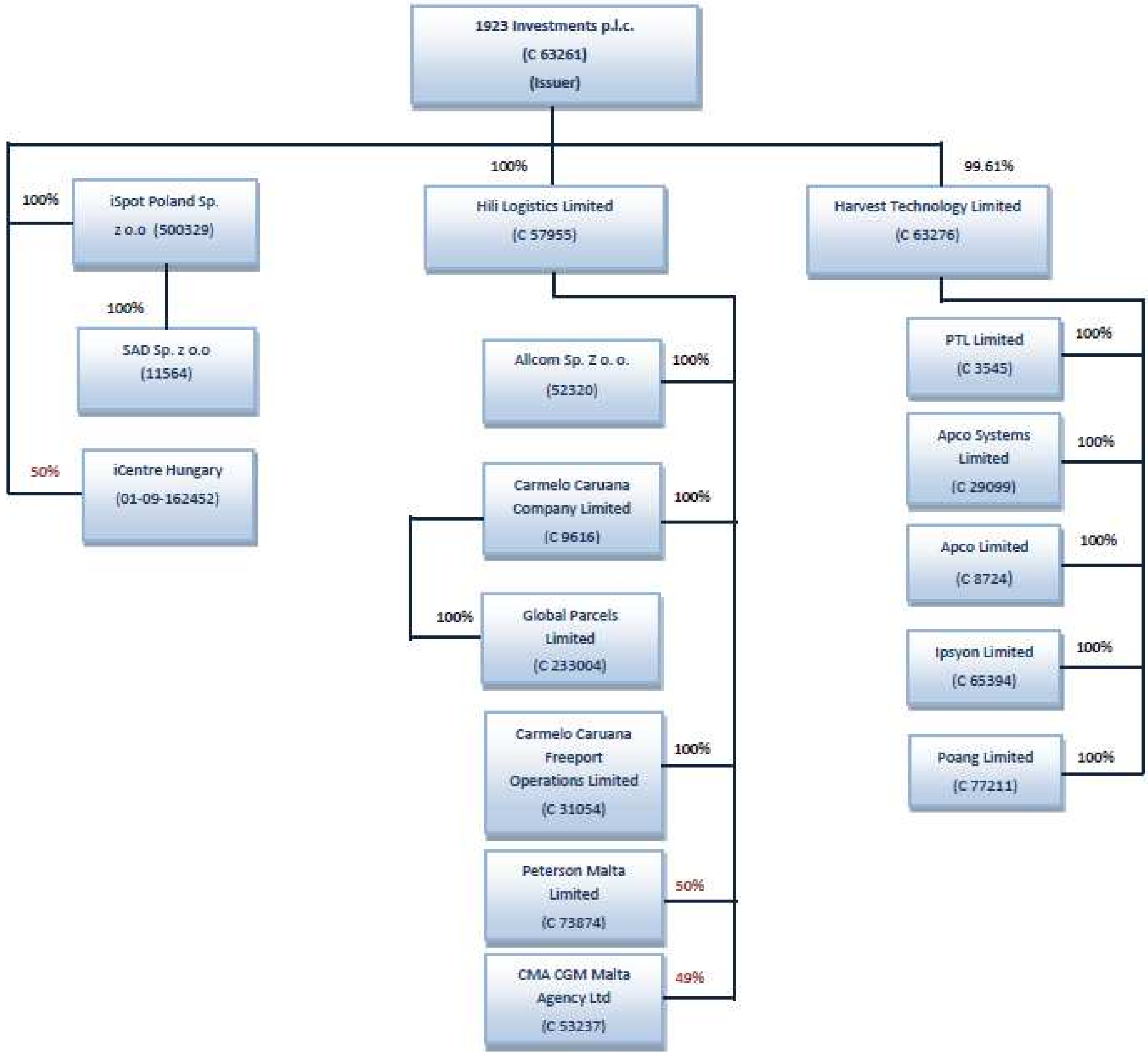
The Company is managed by a Board consisting of seven directors entrusted with its overall direction and management.

Board of Directors

Charles Borg	Independent Non-Executive Chairman
Carmelo *sive* Melo Hili	Chief Executive Officer
Geoffrey Camilleri	Non-Executive Director
Stephen Kenneth Tarr	Non-Executive Director
Juanito Camilleri	Independent Non-Executive Director
Austin Gatt	Independent Non-Executive Director
Karl Fritz	Independent Non-Executive Director

3. GROUP ORGANISATIONAL STRUCTURE

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



Principal changes to the organisational structure since 1 January 2018 to the date of this report are listed hereunder:

- The 50% shareholding in Poang Limited was increased to 100%, thereby becoming a wholly owned subsidiary of Harvest Technology Limited. The company is involved in the development of apps for fantasy sport games and their first product is a fantasy football game;
- The business operations of Ispot Premium Romania S.R.L. (which included the management of 1 Apple store in Romania) was sold in April 2019. As a result, the company will be placed into liquidation during the current year;

- iSpot Holdings B.V. was merged into the Issuer, Hili Company B.V. was merged into Hili Logistics Limited, and Stride Technology Limited was merged into PTL Limited;
- During 2019, as a result of a management buyout, Eunoia Limited ceased to be part of Harvest Technology Limited;
- STS Support Services B.V.I. was liquidated in 2019;
- The Issuer has an indirect 50% shareholding in Hili Salomone Company Limited, which is in the process of liquidation.

The Group operates three distinct businesses, as follows:

- **iSpot** (iSpot Poland Sp. Z.o.o. and its subsidiary company, and iCentre Hungary) is principally engaged in retailing Apple products in Poland and Hungary;
- **Hili Logistics** (Hili Logistics Limited and its subsidiary companies) operates in the transport and logistics sector; and
- **Harvest** (Harvest Technology Limited and its subsidiary companies) is mainly involved in diverse technology businesses.

4. ISPOT

4.1 BUSINESS OVERVIEW

iSpot Poland Sp. Z.o.o. ('iSpot') is principally engaged in the sale and distribution of Apple products in Poland and is Poland's largest Apple retailer. Furthermore, iSpot stores offer an extensive range of third-party products and software. In 2018, iSpot operated 26 stores under the iSpot brand (2017: 26 stores), together with a well-developed online proposition. In Q1 2019, the company closed 1 retail store and thereby reduced its complement of stores to 25 stores. As an Apple Premium Reseller and Apple Authorised Service Provider, iSpot outlets carry a full range of Apple products, including software and accessories, and through its trained staff also offer support and repair services to customers regardless of where they originally purchased the Apple product.

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

Through a joint venture with Maltese trading group VJ Salomone, the Group operates 4 stores in Hungary under the iCentre Brand. Under the same arrangement, the Group also operated a store in Bucharest, Romania up to Q1 2019, after which the operation was sold to a third party.

4.2 OPERATIONAL PERFORMANCE

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

iSpot Group **Consolidated Income Statement** **for the year ended 31 December**	**2016** **Actual** **€'000**	**2017** **Actual** **€'000**	**2018** **Actual** **€'000**	**2019** **Forecast** **€'000**	**2020** **Projection** **€'000**
Revenue	76,215	84,449	90,047	97,044	104,683
Net operating expenses	(73,001)	(82,000)	(87,929)	(92,297)	(98,701)
EBITDA[1]	**3,214**	**2,449**	**2,118**	**4,747**	**5,982**
Depreciation and amortisation	(1,363)	(1,250)	(1,732)	(4,536)	(4,322)
Other net income	56	162	-	-	-
Net finance (costs)/ income	(1,692)	(753)	(622)	524	113
Profit/(loss) before tax	**215**	**608**	**(236)**	**735**	**1,773**
Taxation	13	(312)	192	(110)	(390)
Profit/(loss) after tax	**228**	**296**	**(44)**	**625**	**1,383**

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

Source: Management information.

Key Accounting Ratios	**2016** **Actual**	**2017** **Actual**	**2018** **Actual**	**2019** **Forecast**	**2020** **Projection**
Revenue growth *(revenue FY1 / revenue FY0)*	-34%	11%	7%	8%	8%
Operating profit margin *(EBITDA / revenue)*	4%	3%	2%	5%	6%
Net profit margin *(profit after tax / revenue)*	0.3%	0.4%	0.0%	0.6%	1.3%

Source: Charts | A Division of MeDirect Bank plc

Revenue for **FY2016** amounted to €76.2 million, and represents a decline of €4.6 million when compared to €80.8 million generated in FY2015. For a number of reasons, including a change in VAT regulations as well as the risks associated with cross border sales of technology items, management decided to cease the export wholesale activity within the B2B operations which in FY2015 totalled €34.8 million. Reflective of the decrease in revenue, EBITDA was lower by €2.5 million from €5.7 million in FY2015 to €3.2 million in FY2016. After excluding EBITDA generated from the B2B transactions of €1.9 million, the y-o-y decline amounted to €0.6 million. As a consequence, iSpot registered a significant decrease in profit after tax of €1.1 million from €1.3 million in FY2015 to €0.2 million in FY2016.

In **FY2017**, revenue increased by 10.8% to €84.4 million (FY2016: €76.2 million), representing a y-o-y increase of €8.2 million. During the year, iSpot relocated 2 stores and opened 1 new store.

Notwithstanding the revenue growth, net operating expenses increased at a higher rate of 12.3%, which adversely impacted EBITDA. As such, EBITDA decreased by €0.8 million from €3.2 million in FY2016 to €2.4 million in FY2017, and the operating profit margin declined from 4% in FY2016 to 3% in FY2017. The significant decrease in net finance costs of 55.5% to €0.75 million in FY2017 contributed to a higher profit after tax in FY2017, which increased from €0.2 million in FY2016 to €0.3 million.

In **FY2018**, revenue increased by €5.6 million (+6.6%) from €84.4 million in FY2017 to €90.0 million. During the year, iSpot operated the same number of stores as in FY2017 (comprising 26 stores in Poland, 1 store in Romania and 50% shareholding in the operation of 4 stores in Hungary). In Poland and Romania, the conversion rate (which measures the percentage of actual purchases compared to customers entering the stores) increased in 2018, whilst the number of clients also increased by 6.5% over 2017. In FY2018, customers had a higher average basket spend compared to a year earlier, but traffic decreased by 0.4% year-on-year.

Net operating expenses were higher in FY2018 over FY2017 by €5.9 million (+7.2%), which resulted in a lower EBITDA margin of 2.4% compared to 2.9% in FY2017. As such, EBITDA decreased by €331,000 from €2.4 million in FY2017 to €2.1 million in FY2018. After accounting for depreciation and amortisation of €1.7 million and net finance costs of €0.6 million, iSpot registered a loss before taxation of €0.2 million compared to a profit before tax in FY2017 of €0.6 million. The loss for FY2018 amounted to €44,000 (FY2017: profit of €0.3 million).

For the projected financial years ending 31 December **2019** and 31 December **2020**, iSpot expects to increase revenue by €7.0 million (+7.7%) and €7.6 million (+7.9%) in each of the afore-stated years and consequently is projecting to generate income of €97.0 million and €104.7 million respectively. Management believes this is achievable through increased focus on the development of people and retail strategies in existing stores, and relocation of underperforming stores.

As of 1 January 2019, the Group has adopted IFRS 16 which resulted in a change in accounting treatment of operating leases. As such, store leases from FY2019 onwards will not be included in net operating expenses, but will be accounted for as 'depreciation on leased asset' and 'interest on leased liability'. Consequently, EBITDA margin is set to improve from the present 2.4% to 4.9% in FY2019 and 5.7% in FY2020 both on account of improvements in operational efficiencies as well as the impact of IFRS 16. Overall, iSpot is projected to generate a profit after tax of €0.6 million in FY2019, from a loss after tax of €44,000 incurred in FY2018, which is thereafter expected to increase by €0.8 million to €1.4 million in FY2020.

4.3 COMPETITION AND TRENDS

The market in Poland and Hungary for Apple products and services is highly competitive. As with other developed markets, the market is characterised by frequent product introductions and rapid technological advances that have substantially increased the capabilities and use of mobile communication and media devices, personal computers, and other digital electronic devices. The iSpot Group competes with other resellers of Apple products and services, and therefore competing factors include mainly price of products, as well as location of stores, quality of service provided and share of the business-to-business market.

iSpot's other competitors, which sell Apple products as well as other mobile devices and personal computers based on other operating systems, typically undertake aggressive price cuts and lower their product margins to gain or maintain market share. The challenge of the Apple Premium Reseller stores is to differentiate the total service experience beyond the product. Apple is, however, designing new ways to expand the business generated from its retail platforms beyond the current B2C activity, which will likely create growth opportunities for the company's already strong portfolio in the market. iSpot is continuously driven to obtain the ultimate store portfolio and looking for ways to increase cost efficiencies.

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

5. HILI LOGISTICS

5.1 BUSINESS OVERVIEW

Hili Logistics ("**HL**") is principally engaged in air, road, sea and rail freight forwarding, clearances and deliveries, customs brokerage, parcel services, warehousing, ship agency, ship-to-ship operations and project cargo. An overview of HL's key companies and associates is provided hereunder:

- **Carmelo Caruana Company Ltd** ("**CCCL**") is a Maltese company incorporated in 1988 and operates in the shipping and logistics industry, offering *inter alia* freight forwarding, air freight, trampers and ship-to-ship operation and documentation and delivery services.

- **Carmelo Caruana Freeport Operations Limited** ("**CCFO**") specialises in the transhipment and cross-stuffing of merchandise, providing a full range of sea, land and air services. Furthermore, the company offers storekeeping and warehousing of sea and air cargo at the Malta Freeport.

- **Global Parcels Limited** ("**GPL**") is principally involved in the provision of international document and parcel delivery services, including air freight to European, American and the Asian-Pacific regions, and can handle express courier shipments to more than 220 countries.

- **Allcom Sp. z.o.o.** (**"Allcom"**) was established in 1995 and is an intermodal freight forwarding company and customs agency in Poland. The core business activity focuses on sea, road and rail transportation and port services. In addition, Allcom provides ancillary services such as warehousing and customs agency services. The main sectors serviced by Allcom include the food, chemical and construction material industries.

- **CMA CGM Malta Agency Ltd** (**"CMA"**) – HL has a 49% interest in CMA, with the remaining 51% being held by CMA CGM Agencies Worldwide. CMA is a local liner agent for CMA CGM, one of the world's largest shipping lines.

- **Peterson Malta Limited** (**"Peterson"**) – Peterson Offshore Group BV and HL set up a 50/50 joint venture through the incorporation of Peterson. The company serves oil and gas clients in the Mediterranean and in North Africa, with specialist supply base services, warehousing and logistics management, procurement and recruitment from Peterson's permanent base in Malta.

5.2 BUSINESS DEVELOPMENT STRATEGY

The Board of Directors has a strategy to grow HL through the development of its current core activities and, in particular, endeavours to add new geographic territories, enhance the current base of customers, and/or add new services.

With the recent acquisition of Allcom, HL is looking to expand its global reach by using current knowledge and range of services to grow a proven and successful business. Allcom and CCCL shall continue to exploit synergies, collaborate on projects and attract new clients by utilising existing logistical contacts and supply chains.

With regard to the freight forwarding business, increased efforts are being made by the team and management to create a better presence in the market and strengthen the agent network for a broader agent coverage, while maintaining a strong focus on cross trade business when attending international conferences. HL is also looking to create new groupage services from Europe and China in addition to the services from Turkey and Italy. As for the agency, STS (Ship-to-ship) and Tramp services, HL is also constantly targeting new tanker pools, charter parties and owners, while continuously visiting the present charter parties and owners.

5.3 OPERATIONAL PERFORMANCE

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

Hili Logistics Group **Consolidated Income Statement** **for the year ended 31 December**	**2017** **Actual** **€'000**	**2018** **Actual** **€'000**	**2019** **Forecast** **€'000**	**2020** **Projection** **€'000**
Revenue	23,020	16,408	18,593	24,598
Operations in Malta	*6,438*	*4,906*	*6,564*	*10,264*
Operations in Poland	*16,582*	*11,502*	*12,029*	*14,334*
Net operating expenses	(21,577)	(15,891)	(17,513)	(22,609)
EBITDA[1]	**1,443**	**517**	**1,080**	**1,989**
Depreciation and amortisation	(173)	(184)	(277)	(225)
Other net income	134	-	7	-
Impairment of goodwill	(2,023)	-	-	-
Net finance costs	(535)	(177)	(188)	(233)
Profit/(loss) before tax	**(1,154)**	**156**	**622**	**1,531**
Taxation	(339)	(77)	(195)	(423)
Profit/(loss) after tax	**(1,493)**	**79**	**427**	**1,108**

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

Source: Management information.

Key Accounting Ratios	**2017 Actual**	**2018 Actual**	**2019 Forecast**	**2020 Projection**
Revenue growth *(revenue FY1 / revenue FY0)*	n/a	-29%	13%	32%
Operating profit margin *(EBITDA / revenue)*	6%	3%	6%	8%
Net profit margin *(profit after tax / revenue)*	-6.5%	0.5%	2.3%	4.5%

Source: Charts | A Division of MeDirect Bank plc

HL was acquired by the Group in December 2017. As such, the financial information for FY2017 has been included for comparison purposes only.

In **FY2017**, HL reported a turnover of €23.0 million, of which, 72% was generated from its Polish operations (Allcom). EBITDA amounted to €1.4 million, representing a margin of 6% of revenue. During the year, the company registered an impairment charge on goodwill of €2.0 million in relation to its Malta operations. After accounting for net finance costs of €0.5 million, depreciation of €0.2 million and tax change of €0.3 million, the loss for the year amounted to €1.5 million.

In **FY2018**, HL reported a decrease in turnover of €6.6 million (-28.7%) to €16.4 million, of which, 70% (FY2017: 72%) was generated from its Polish operations (Allcom). During the year, the logistics business in Malta and Poland experienced higher competition and in fact lost a number of client accounts. Allcom also had a challenging financial year whereby it lost a key customer, since the latter set up its own operations. Furthermore, Allcom suffered from adverse market conditions in 2018 as a result of customs duties imposed on US imports of steel from the EU, and similarly the break bulk business was negatively affected by additional charges imposed on exports of cargo from Non-EU to EU countries.

As a consequence to the decline in revenue, EBITDA decreased from €1.4 million in FY2017 to €0.5 million in FY2018. After accounting for net finance costs of €0.2 million, depreciation and amortisation of €0.2 million and a tax charge of €0.1 million, the profit after tax for the year amounted to €0.1 million, compared to a loss after tax incurred in the prior year of €1.5 million.

The Board of Directors has revised the development strategy of the Hili Logistics Group and has strengthened the sales teams so as to generate more business. Positive results have already been registered in the first quarter of 2019. Accordingly, HL is projecting an increase in revenue of 13.3% during **FY2019** when compared to the prior year, from €16.4 million in FY2018 to €18.6 million, mainly on account of higher revenues expected from the Malta operations. EBITDA for the year is expected to double to €1.1 million in FY2019 as compared to €0.5 million in FY2018. Profit after tax is projected to increase from €79,000 in FY2018 to €0.4 million.

Revenue in **FY2020** is projected to increase by €6.0 million (+32.3% y-o-y) to €24.6 million, on account of business development efforts by HL's management team. EBITDA margin is expected to improve by two percentage points to 8% and EBITDA is projected to amount to €2.0 million (FY2019: €1.1 million). Profit after tax is projected to increase by €0.7 million, from €0.4 million in FY2019 to €1.1 million in FY2020.

5.4 COMPETITION AND TRENDS

The logistics services industry is intensely competitive and is expected to remain so for the foreseeable future. There is a large number of companies competing in one or more segments of the industry, and a more limited number of firms with a global network that offer a full complement of logistics services. Furthermore, there are new technology-based competitors entering the industry. Depending on the location of the shipper and the importer, HL must compete against both the niche players and larger entities. The industry continues to experience consolidations into larger firms aiming for stronger and more complete multinational and multi-service networks. However, regional and local competitors still maintain a strong market presence in certain areas.

The primary competitive factors in the logistics services industry continue to be price and quality of service, including reliability, responsiveness, expertise, convenience, and scope of operations. HL emphasises quality customer service and is focused on optimising operations so as to maintain competitive prices over others in the industry.

6. HARVEST

6.1 BUSINESS OVERVIEW

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

PTL is a multi-brand information technology solutions provider to businesses and the public sector in Malta. PTL provides comprehensive and integrated solutions for its customers' technology needs through the company's extensive hardware, software and value-added service offerings. The breadth of offerings allows customers to streamline their procurement processes by partnering with PTL in the provision of a large part of their technology requirements.

The company's hardware offerings include products from leading brands across multiple categories such as networking, data storage solutions, desktops and banking automation products amongst others. Software offerings include bespoke software solutions, integration and services that help customers optimise their software investments. PTL offers a full suite of value-added services, which typically are delivered as part of a technology solution, to help customers meet their specific needs.

Other services include configuration and management services, virtualisation, collaboration, information security, application integration and migration, mobility and cloud computing. With broad technical scope and capabilities, PTL offers a single point of reference for its clients' diverse IT requirements, which involves assessing, designing, deploying and managing IT solutions to help customers enable, manage and secure their IT environments.

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

PTL is the preferred local partner of IBM and has over the past years formed a strong alliance through continuous training of its software/hardware engineers on IBM technologies and products to offer a unique specialised product to its customers. Through IBM, PTL is also offering its expert consultancy services to large clients outside Malta.

During 2018, PTL has also invested heavily in training in business applications and cloud services offered by Microsoft and offers a range of services to businesses and enterprises. PTL represents other major partners such as NCR, CISCO and Lenovo.

PTL has three main revenue segments, as follows:

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

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

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

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

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

APCO Limited is a supplier of a wide range of automation and security solutions catering to the banking, retail, fuel and other sectors. Through major partner relationships such as Wincor Nixdorf, Gemalto and Gilbarco, APCO's portfolio includes ATMs, point-of-sale terminals, plastic cards, deposit machines, currency exchanges, fuel payment systems and other cash-handling equipment. On the security front, APCO delivers an end-to-end specialised products and services targeted to B2B clients including intruder prevention and detection solutions and the core systems that help customers manage the infrastructure they deploy. APCO sells its products and services through multiple sales channels in Malta and internationally, and targets customers in many vertical markets.

6.2 BUSINESS DEVELOPMENT STRATEGY

Harvest aims to bring people together to share their skills, creativity, optimism and vision. Through entrepreneurship, ambition and opportunity, Harvest wants to create a space where companies with long-lasting ideas can gain access to resources and expertise that will help them define the right strategic footing to broaden their horizons and succeed. Each year, Harvest invests heavily in the workforce of its subsidiaries in order to offer expert consultancy services in technology strategy, architecture and engineering of technology solutions. In 2018, Harvest has launched a technology academy in partnership with the University of Malta and the Faculty of Economics, Management and Accountancy (FEMA), in a bid to bridge the gap between the professional and academic spheres.

By imparting applied knowledge to students, the Harvest Technology Academy also aims to attract talent to the group through a collection of career opportunities.

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

6.3 OPERATIONAL PERFORMANCE

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

Harvest Group **Consolidated Income Statement** **for the year ended 31 December**	**2016** **Actual** **€'000**	**2017** **Actual** **€'000**	**2018** **Actual** **€'000**	**2019** **Forecast** **€'000**	**2020** **Projection** **€'000**
Revenue	10,195	13,087	15,569	15,089	16,592
Net operating expenses	(9,918)	(12,019)	(14,214)	(12,490)	(13,589)
EBITDA[1]	**277**	**1,068**	**1,355**	**2,599**	**3,003**
Depreciation and amortisation	(202)	(216)	(388)	(635)	(534)
Other net income/(expense)	303	74	-	(57)	-
Net finance costs	(317)	(40)	(39)	(136)	(59)
Profit/(loss) before tax	**61**	**886**	**928**	**1,771**	**2,410**
Taxation	(242)	(556)	(348)	(554)	(818)
Profit/(loss) after tax from continuing operations	**(181)**	**330**	**580**	**1,217**	**1,592**
Discontinued operations	**-**	**(5)**	**-**	**-**	**-**
Profit/(loss) for the year	**(181)**	**325**	**580**	**1,217**	**1,592**

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

Source: Management information.

Key Accounting Ratios	**2016** **Actual**	**2017** **Actual**	**2018** **Actual**	**2019** **Forecast**	**2020** **Projection**
Revenue growth *(revenue FY1 / revenue FY0)*	-20%	28%	19%	-3%	10%
Operating profit margin *(EBITDA / revenue)*	3%	8%	9%	17%	18%
Net profit margin *(profit after tax / revenue)*	-1.8%	2.5%	3.7%	8.1%	9.6%

Source: Charts | A Division of MeDirect Bank plc

In **FY2016**, Harvest generated revenues amounting to €10.2 million, a decline of €2.5 million (-19.9%) when compared to a year earlier. During the reviewed period, PTL reported a y-o-y decline in revenue of €3.3 million, which was partly mitigated by a y-o-y increase in revenue at APCO Systems and APCO of €0.8 million. The decrease in revenue was mainly due to:

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

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

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

Revenue in **FY2017** increased by €2.9 million (28.4%) from the prior year and amounted to €13.1 million. There was a lesser increase in net operating expenses of €2.1 million (21.2%), which resulted in a significant increase in EBITDA of €0.8 million to €1.1 million as compared to €0.3 million in FY2016. After two consecutive years of losses, Harvest reported a profit after tax in FY2017 of €0.3 million.

In **FY2018**, Harvest generated revenue of €15.6 million, an increase of €2.5 million (19.0%) when compared to a year earlier. Notwithstanding the said growth in income, the y-o-y increase in EBITDA was of only €0.3 million to €1.4 million (FY2017: €1.1 million), due to a corresponding increase of 18.3% in net operating expenses. Harvest reported a profit after tax in FY2018 of €0.6 million compared to €0.3 million in FY2017.

Harvest is projecting to generate €15.1 million in revenue in **FY2019**, marginally lower than €15.6 million registered in FY2018. On the other hand, net operating expenses are expected to decrease from €14.2 million to €12.5 million, mainly due to the impact of IFRS 16 explained earlier in this report and a reduction in operating costs. Accordingly, EBITDA is expected to improve from €1.4 million in FY2018 to €2.6 million in FY2019. This improvement in EBITDA should impact profitability in a positive way and thus profit after tax is projected to increase from €0.6 million in FY2018 to €1.2 million.

For **FY2020**, management has assumed a growth of 10% in revenue to amount to €16.6 million (FY2019: €15.1 million), together with an improvement in EBITDA margin to 18% (from 17% in FY2019). As such, profit for the year is expected to increase further to €1.6 million (+31% y-o-y).

6.4 COMPETITION AND TRENDS

The IT hardware, software and services industry is highly competitive. The strategy of Harvest Technology is the investment in new technologies and disruptors in areas such as Blockchain, Artificial Intelligence (AI), augmented reality and Internet of Things (IoT) amongst others. This investment strategy will be the key for Harvest and its subsidiaries to be ahead of the curve of competition and be the competitive edge through its investments and through its existing partners. Each year, PTL and APCO align their strategy to that of their major partners.

PTL competes with a large number and wide variety of marketers and resellers of IT hardware, software and services. The competitive landscape in the industry is continually changing as various competitors expand their product and service offerings. In addition, emerging models such as cloud computing are creating new competitors and opportunities in business applications, infrastructure, security, collaboration and other services offerings, and, as with other areas, the above-mentioned companies resell and compete directly with many of these offerings.

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

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

PART 2 – GROUP PERFORMANCE REVIEW

7. FINANCIAL INFORMATION

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

The following financial information is extracted from the audited consolidated financial statements of 1923 Investments p.l.c. (the "Company") for the financial years ended 31 December 2016 to 2018. The financial information for the years ending 31 December 2019 and 31 December 2020 has been provided by Group management.

1923 Investments p.l.c. Group Income Statement for the year ended 31 December	**2016 Actual €'000**	**2017 Actual €'000**	**2018 Actual €'000**	**2019 Forecast €'000**	**2020 Projection €'000**
Revenue	86,421	97,535	122,023	130,727	145,873
Net operating expenses	(82,100)	(93,276)	(118,436)	(123,217)	(135,551)
Net income from new venture	-	-	-	-	2,200
EBITDA[1]	**4,321**	**4,259**	**3,587**	**7,510**	**12,522**
Depreciation and amortisation	(1,588)	(1,795)	(2,305)	(5,109)	(5,176)
Share of results of associates & jointly controlled entities	(5)	(231)	191	226	291
Other income/(expenses)	21	219	-	(291)	-
Net finance costs	(2,737)	(2,518)	(2,538)	(2,353)	(2,646)
Profit/(loss) before tax	**12**	**(66)**	**(1,065)**	**(17)**	**4,991**
Taxation	(531)	(608)	(152)	76	(1,378)
Profit/(loss) after tax from continuing operations	**(519)**	**(674)**	**(1,217)**	**59**	**3,613**
Loss for the year from discontinued operations	(233)	(5)	-	-	-
Profit/(loss) for the year	**(752)**	**(679)**	**(1,217)**	**59**	**3,613**
Other comprehensive income					
Exchange differences on translating foreign operations	(1,065)	2,190	(2,255)	24	(3)
Total comprehensive income/(expense)	**(1,817)**	**1,511**	**(3,472)**	**83**	**3,610**

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

Source: Management information.

1923 Investments p.l.c. Group Balance Sheet for the year ended 31 December	2016 Actual €'000	2017 Actual €'000	2018 Actual €'000	2019 Forecast €'000	2020 Projection €'000
ASSETS					
Non-current assets					
Goodwill and other intangibles	40,142	68,726	66,386	66,125	68,081
Property, plant and equipment	5,056	7,874	6,629	7,383	5,789
Investments in associates and joint ventures	401	1,219	958	1,037	22,084
Leased Asset	-	-	-	9,259	5,314
Loans and receivables	380	6,476	8,523	10,850	10,315
Deferred tax asset	829	1,101	1,546	2,908	4,245
	46,808	**85,396**	**84,042**	**97,562**	**115,828**
Current assets					
Inventory	8,784	12,409	15,841	11,656	13,211
Trade and other receivables	10,133	15,670	12,628	12,063	12,609
Other current assets	2,093	1,784	4,679	3,431	4,318
Cash and cash equivalents	3,893	3,231	3,604	5,944	7,167
	24,903	**33,094**	**36,752**	**33,094**	**37,305**
Total assets	**71,711**	**118,490**	**120,794**	**130,656**	**153,133**
EQUITY AND LIABILITIES					
Equity					
Share capital	8,400	35,575	49,575	49,575	49,575
Reserves	(3,649)	(1,864)	(11,257)	(11,173)	(7,563)
Equity and reserves	**4,751**	**33,711**	**38,318**	**38,402**	**42,012**
Liabilities					
Non-current liabilities					
Borrowings and bonds	41,638	43,586	41,916	43,828	59,021
Other non-current liabilities	1,112	8,085	8,027	16,254	15,983
	42,750	**51,671**	**49,943**	**60,082**	**75,004**
Current Liabilities					
Borrowings and bonds	4,585	6,414	3,884	4,371	7,145
Other current liabilities	19,625	26,694	28,649	27,801	28,972
	24,210	**33,108**	**32,533**	**32,172**	**36,117**
Total equity and liabilities	**71,711**	**118,490**	**120,794**	**130,656**	**153,133**

1923 Investments p.l.c. Group Cash Flow Statement for the year ended 31 December	2016 Actual €'000	2017 Actual €'000	2018 Actual €'000	2019 Forecast €'000	2020 Projection €'000
Net cash from operating activities	2,001	(367)	(1,909)	2,927	5,987
Net cash from investing activities	845	654	(1,584)	(1,867)	(21,507)
Net cash from financing activities	(1,698)	(1,336)	1,654	242	16,549
Net movement in cash and cash equivalents	**1,148**	**(1,049)**	**(1,839)**	**1,303**	**1,028**
Cash and cash equivalents at beginning of year	2,010	3,158	2,109	270	1,573
Cash and cash equivalents at end of year	**3,158**	**2,109**	**270**	**1,573**	**2,601**

Key Accounting Ratios	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Forecast	FY2020 Projection
EBITDA margin *(EBITDA/revenue)*	14%	13%	13%	17%	17%
Interest cover (times) *(EBITDA/net finance cost)*	7.60	10.15	12.63	8.60	10.09
Net debt to EBITDA (years) *(Net debt/EBITDA)*	1.81	1.81	1.46	1.20	0.91
Net profit margin *(Profit after tax/revenue)*	4%	6%	6%	6%	7%
Earnings per share (€) *(Profit after tax/number of shares)*	27.73	47.19	53.10	60.97	71.88
Return on equity *(Profit after tax/shareholders' equity)*	22%	33%	37%	45%	45%
Return on capital employed *(EBITDA/total assets less current liabilities)*	23%	27%	29%	28%	33%
Return on assets *(Profit after tax/total assets)*	5%	10%	10%	9%	10%

Source: Charts | A Division of MeDirect Bank (Malta) plc

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

As a consequence, the Group incurred a loss after tax from continuing operations amounting to €0.5 million. The consolidated income statement was further impacted by a loss of €0.2 million from discontinued operations in the Middle East and an adverse movement in exchange differences amounting to €1.1 million in relation to the retranslation of goodwill and intangible assets denominated in Polish Zloty. Overall, total comprehensive expense amounted to €1.8 million (FY2015: income of €1.5 million).

Revenue for **FY2017** amounted to €97.5 million, an increase of €11.1 million when compared to revenue of €86.4 million in FY2016. Over 70% of the aforesaid increase was generated by iSpot. EBITDA for the year decreased by €0.06 million (-1%) to €4.26 million (FY2016: €4.32 million). The Group reported total comprehensive income for the year of €1.5 million (FY2016: expense of €1.8 million), which was largely due to a positive exchange difference on foreign operations denominated in Polish Zloty of €2.2 million.

In **FY2018**, the Group registered a year-on-year increase in revenue of €24.5 million, but EBITDA decreased by €0.7 million when compared to the prior year. The increase in revenue is mainly due to the inclusion of Hili Logistics as part of the Group during FY2018 (following the acquisition of Hili Logistics in December 2017). EBITDA was lower on a yearly basis primarily on account of a weaker performance registered at iSpot. After factoring in depreciation and amortisation, share of results of associates and joint entities and net finance costs, the Group reported a loss before tax of €1.1 million (FY2017: loss of €66,000). Other comprehensive results for FY2018 were negatively impacted by a €2.3 million adverse movement in exchange differences on translation of foreign operations denominated in Polish Zloty (FY2017: a gain amounting to €2.2 million). Consequently, the Group registered a total comprehensive expense for FY2018 of €3.5 million compared to total comprehensive income amounting to €1.5 million in the prior year.

The Group is forecasting revenue to increase by €8.7 million (+7%) in **FY2019**, from €122.0 million in FY2018 to €130.7 million, primarily from iSpot. EBITDA is expected to increase from €3.6 million in FY2018 to €7.5 million as a consequence of improved operational efficiencies but more prominently due to the effect of IFRS 16. As of 1 January 2019, the Group has adopted IFRS 16 which resulted in a change in accounting treatment of operating leases. As such, leases from FY2019 onwards will not be included in net operating expenses, but will be accounted for as 'depreciation on leased asset' and 'interest on leased liability'.

In FY2019, the Group expects to recover from the losses incurred in the prior year and therefore, projects to register a profit after tax of €59,000. Total comprehensive income is forecasted at €84,000 as the Group assumes no material impact in relation to exchange differences between the Zloty and Euro currencies.

The Group is assuming to grow its revenue line by €15.1 million (+12%) in FY2020 over a year earlier, primarily on account of an increase in revenue at iSpot and Hili Logistics. Through an investment of *circa* €20 million in a new venture in FY2020, which is expected to be financed through a new bank facility as well as own funds, the Group is forecasting to generate a net income of €2.2 million. In consequence, EBITDA is expected to improve by €5.0 million (+67%) from €7.5 million in FY2019 to €12.5 million. Overall, the Group is projecting total comprehensive income for FY2020 to amount to €3.6 million, a significant improvement from the projected comparative figure of €83,000 in FY2019.

In 2018, the issued share capital was increased through a cash injection of €14,000,000 to €49,575,000 and retained earnings was reduced by €5,800,000 pursuant to a dividend distribution to the ultimate parent. Other than equity, the Group is principally financed through bank borrowings and debt securities, analysed as follows:

1923 Investments p.l.c. Group Borrowings as at 31 December	**2016 Actual €'000**	**2017 Actual €'000**	**2018 Actual €'000**	**2019 Forecast €'000**	**2020 Projection €'000**
Bank loans	7,645	10,642	300	1,257	19,243
Net financial liabilities	2,489	2,801	6,650	6,975	6,680
Bank overdrafts	735	1,122	3,334	4,371	4,566
5.1% Unsecured Bonds 2024	35,354	35,435	35,516	35,596	35,677
Total borrowings and bonds	**46,223**	**50,000**	**45,800**	**48,199**	**66,166**

Key Accounting Ratios	31 Dec'16 Actual	31 Dec'17 Actual	31 Dec'18 Actual	31 Dec'19 Forecast	31 Dec'20 Projection
Net assets per share (€) *(Net asset value/number of shares)*	123.62	141.37	144.62	134.67	161.26
Liquidity ratio (times) *(Current assets/current liabilities)*	1.42	1.01	1.06	0.72	0.77
Gearing ratio *(Net debt/net debt and shareholders' equity)*	59%	57%	54%	60%	52%

Source: Charts | A Division of MeDirect Bank (Malta) plc

VARIANCE ANALYSIS

1923 Investments p.l.c. Group Income Statement for the year ended 31 December	**2018 Actual €'000**	**2018 Projection €'000**	**Variance €'000**
Revenue	122,023	136,470	(14,447)
Net operating expenses	(118,436)	(129,919)	11,483
EBITDA	**3,587**	**6,551**	**(2,964)**
Depreciation and amortisation	(2,305)	(1,648)	(657)
Share of results of associates & jointly controlled entities	191	244	(53)
Net finance costs	(2,538)	(2,522)	(16)
Profit before tax	**(1,065)**	**2,625**	**(3,690)**
Taxation	(152)	(1,430)	1,278
Profit (loss) after tax from continuing operations	**(1,217)**	**1,195**	**(2,412)**
Loss for the year from discontinued operations	-	-	-
Profit (loss) after tax from continuing operations	**(1,217)**	**1,195**	**(2,412)**

As presented in the above table, the Group's revenue for FY2018 was lower than forecasted by €14.4 million (-10.6%, principally due to weaker than expected sales at iSpot, as well as a loss of a major client of Hili Logistics. In consequence, actual EBITDA was lower by €3.0 million, which was mainly attributable to higher than expected operating costs as well as lower than expected B2B business at iSpot (which inherently would have generated higher contributions). Depreciation and amortisation charge for FY2018 was higher than expected by €0.7 million.

Overall, the Group incurred a loss for the year of €1.2 million, which is an adverse movement of €2.4 million when compared to the forecasted profit of €1.2 million.

8. RELATED PARTY DEBT SECURITIES

1923 Investments p.l.c. is a member of the Hili Ventures Group. Within the same group, Premier Capital p.l.c., Hili Properties p.l.c., and Hili Finance p.l.c., all sister companies of 1923 Investments p.l.c., have the following outstanding debt securities:

Security ISIN	Security Name	Amount Listed	Currency
MT0000511213	3.75% Premier Capital plc 2026	65,000,000	EUR
MT0000941204	4.5% Hili Properties plc 2025	37,000,000	EUR
MT0001891200	3.85% Hili Finance plc 2028	40,000,000	EUR

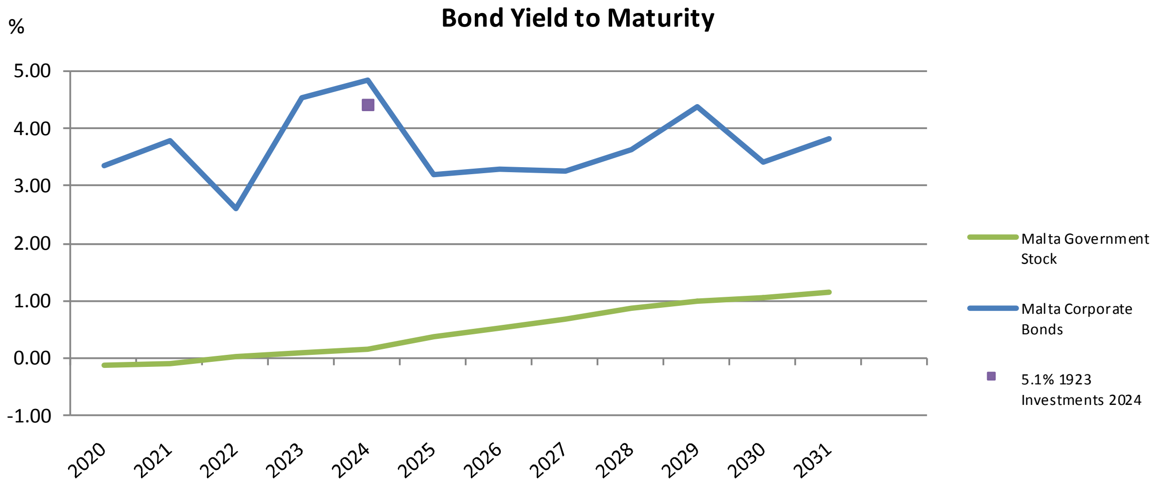
PART 3 – COMPARABLES

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

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
5.50% Pendergardens Dev. plc Secured € 2020 Series I	14,711,300	3.36	1.23	80,052	25,712	48.95
6.00% Pendergardens Dev. plc Secured € 2022 Series II	26,921,200	2.60	1.23	80,052	25,712	48.95
4.25% Gap Group plc Secured € 2023	19,931,000	3.48	4.45	55,237	9,869	71.82
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.53	1.19	21,625	6,916	62.72
6.00% AX Investments Plc Unsecured € 2024	40,000,000	1.98	6.97	325,243	214,590	18.66
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	4.84	5.33	83,223	44,177	43.99
5.00% Hal Mann Vella Group plc Secured Bonds € 2024	30,000,000	3.35	2.29	112,006	43,514	51.65
4.25% Best Deal Properties Holding plc Secured 2024	16,000,000	3.50	4.02	25,986	3,432	82.64
5.10% 1923 Investments plc Unsecured € 2024	**36,000,000**	**4.41**	**1.41**	**120,794**	**38,318**	**52.41**
4.50% Hili Properties plc Unsecured € 2025	37,000,000	4.02	1.55	154,742	52,242	61.72
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	4.81	2.09	5,499	- 19,741	-
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.91	2.59	1,765,072	901,595	40.43
4.00% International Hotel Invest. plc Secured € 2026	55,000,000	3.43	3.27	1,617,853	877,620	36.63
4.00% International Hotel Invest. plc Unsecured € 2026	40,000,000	3.63	3.27	1,617,853	877,620	36.63
4.00% MIDI plc Secured € 2026	50,000,000	3.30	9.80	220,613	97,440	31.83
3.75% Premier Capital plc € Unsecured Bonds 2026	65,000,000	3.59	12.63	179,451	48,701	54.42
4.35% Hudson Malta plc Unsecured 2026	12,000,000	3.86	10.08	28,166	6,135	60.96
4.35% SD Finance plc € Unsecured Bonds 2027	65,000,000	3.75	5.93	229,882	63,771	50.15
4.00% Eden Finance plc Unsecured 2027	40,000,000	3.27	5.68	185,717	103,511	31.82
4.00% Stivala Group Finance plc Secured 2027	45,000,000	3.32	3.73	202,425	115,827	35.12
3.85% Hili Finance Company plc Unsecured 2028	40,000,000	3.63	3.44	455,113	86,390	73.98

10 June '19

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



Source: Malta Stock Exchange, Central Bank of Malta, Charts | A division of MeDirect Bank (Malta) plc 10 June 2019

To date, there are no corporate bonds which have a redemption date beyond 2031. The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

PART 4 – EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including IT hardware, software, consultancy, logistics and related services.
Net operating expenses	Net operating expenses include the cost of products, labour expenses, and all other direct expenses.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Share of results of joint ventures	The Group owns minority stakes in a number of companies (less than 50% plus one share of a company's share capital). The results of such companies are not consolidated with the subsidiaries of the Group, but the Group's share of profit is shown in the profit and loss account under the heading 'share of results of associates and jointly controlled entities'.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Profitability Ratios	
Operating profit margin	Operating profit margin is operating income or EBITDA as a percentage of total revenue.
Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.

Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities of the Company.
Cash flow from investing activities	Cash generated from the activities dealing with the acquisition and disposal of long-term assets and other investments of the Company.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Company.
Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group allocates the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was purchased. Such assets include goodwill and other intangible assets, property, plant & equipment and investments accounted for using the equity method.
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include inventory, accounts receivable, cash and bank balances.
Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt.
Net debt	Borrowings before unamortised issue costs less cash and cash equivalents.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include bank borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, and retained earnings.
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts

	over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's interest expense of the same period.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.