Financial Analysis Summary

23 June 2022

Issuer

Hal Mann Vella Group p.l.c.

MZ INVESTMENT SERVICES

MZ INVESTMENT SERVICES

The Directors
Hal Mann Vella Group p.l.c.
The Factory
Mosta Road
Lija LJA 9016

23 June 2022

Dear Board Members,

Hal Mann Vella Group p.l.c. Financial Analysis Summary

In accordance with your instructions, and in line with the requirements of the MFSA Listing Policies, we have compiled the Financial Analysis Summary ("**Analysis**") set out in 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 Hal Mann Vella Group 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 three years ended 31 December 2019 to 31 December 2021 has been extracted from the audited consolidated financial statements of the Company.

(b) The forecast data of the Group for the year ending 31 December 2022 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
Senior Financial Advisor

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PART 1 – INFORMATION ABOUT THE GROUP

1. KEY ACTIVITIES

Hal Mann Vella Group p.l.c. (the "**Company**" or the "**Issuer**") is the parent holding company of the Hal Mann Vella Group (the "**Group**") and also acts as the financing arm of the Group.

The Group is principally engaged in the running of a diverse portfolio of business entities involved in the manufacture and business of stone, marble, granite, terrazzo tiles and pre-cast elements; general contracting and other services; property development, letting and resale; as well as operation of photovoltaic (PV) systems.

The Hal Mann Vella Group was founded in 1954 and at the time was solely involved in the manufacture of terrazzo tiles for the local market. During the six decades the business progressed with the launch of new products to the market, which included the manufacture of other forms of tile, such as resin tiles, and also the supply of stone, marble and granite.

The Group is committed to maintain a strong presence in its target markets, especially in Malta, and is therefore constantly improving its manufacturing processes through investment in the latest machinery and techniques. Moreover, the management team continues to enhance the product range on offer, including the availability of tailor-made solutions, to ensure that the Group meets its customers' demands.

2. DIRECTORS AND SENIOR MANAGEMENT

The Company is managed by a Board consisting of six directors entrusted with its overall direction and management, including the establishment of strategies for future development. The list of Board members is detailed hereunder:

Board of Directors

Martin Vella	Chairman
Mark Vella	Executive Director
Joseph Vella	Executive Director
Miriam Schembri	Non-Executive Director
Arthur Galea Salomone	Independent Non-Executive Director
Mario P. Galea	Independent Non-Executive Director

The senior management team of the Group is composed as follows:

Senior Management	
Kevin Rapinett	Group Chief Executive Officer
Chris Tonna	Group Financial Controller
Owen Farrugia	Chief Commercial Officer - Retail
Hugh Vella	Chief Commercial Officer - Contracts
Martin Ciappara	IT Director
Karl Vella	Head of Realty
Rachel Micallef	Head of Supply Chain Management

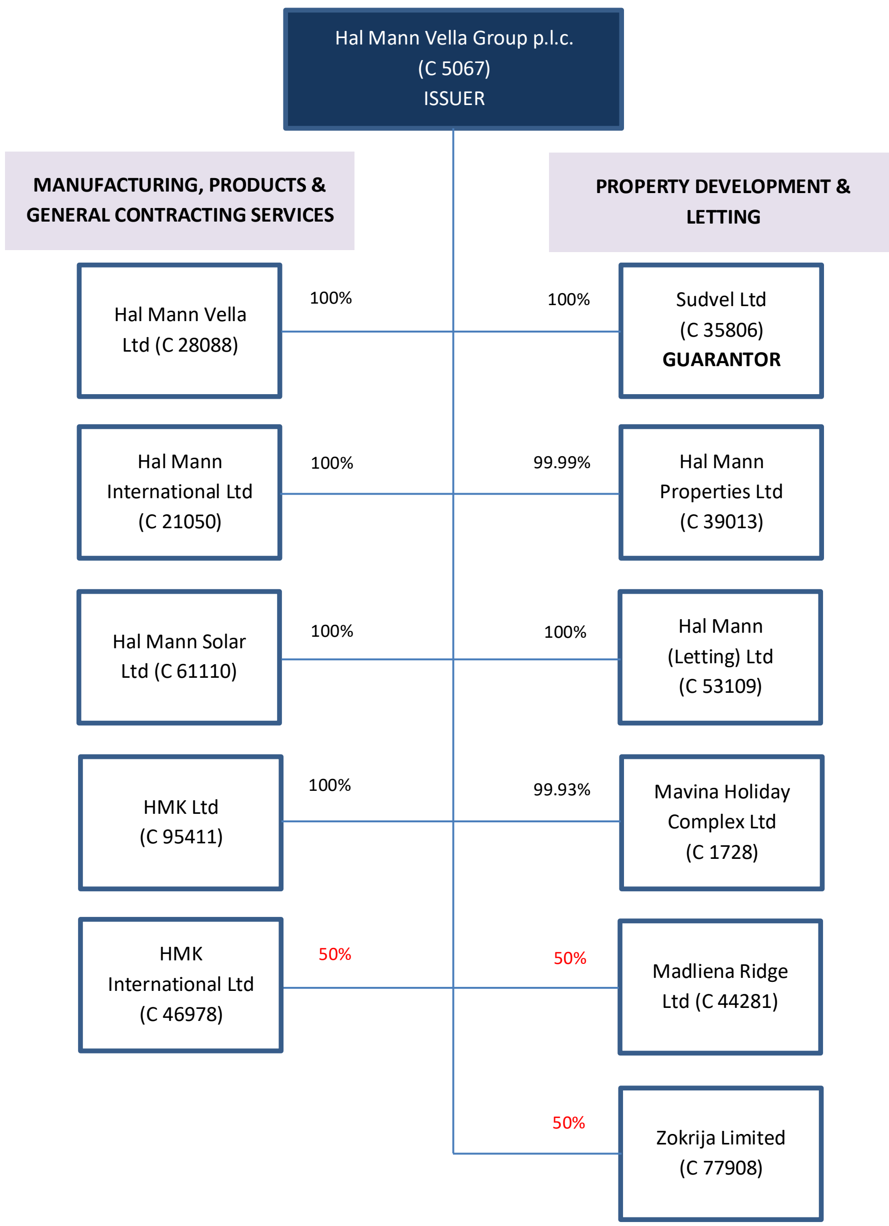
The Executive Directors and the senior management team are entrusted with the Group's day-to-day management. They are also responsible for the identification and execution of new investment opportunities and the funding of the Group's investments.

The main functions of the Non-Executive Directors are to monitor the operations of the Group and the performance of the Executive Directors, as well as to review any proposals tabled by the Executive Directors. In addition, the Non-Executive Directors have the role of acting as an important check on the possible conflicts of interest for the Executive Directors in view of their dual role as Executive Directors of the Company and their role as officers of the Hal Mann Vella Group.

3. GROUP OPERATIONAL DEVELOPMENT

3.1 Organisational Structure

Hal Mann Vella Group p.l.c. (the "Company") is the parent company of Hal Mann Vella Group and is primarily focused on establishing and monitoring strategic direction, and development of the Group. 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 as at 31 December 2021 is illustrated in the diagram below:



Madliena Ridge Ltd is a non-trading company and is presently being liquidated.

In addition to the companies highlighted in the above organisational structure, the Issuer has a 50% equity shareholding in Hal Mann Holdings Ltd and a 20% shareholding in Hal Mann Projects Limited. The said companies are non-trading entities and will be liquidated in due course.

3.2 Major Assets Owned by the Group

The Hal Mann Vella Group is the owner of various properties which are included in the consolidated balance sheet under the headings: 'property, plant & equipment', 'investment property', and 'property held-for-sale'. The following is a list of major assets owned by the Group.

Hal Mann Vella Group p.l.c. **Major Assets** **As at 31 December**	**2019** **€'000**	**2020** **€'000**	**2021** **€'000**
Hal Mann factory, plant & machinery and adjacent buildings	34,730	38,674	38,755
50% of Warehouse Complex (known as "NAVI Building")	2,325	2,432	2,455
Commercial building (known as "E-Pantar") (5,200m^2)	23,232	24,198	24,201
Site in Lija (17,000m^2)	508	510	510
Villa in Madliena	2,500	2,500	2,500
Mavina and Huli hotels	6,800	7,575	7,575
Spinola apartments	870	925	925
Solar panels	1,124	1,012	911
Property development projects	6,151	6,330	6,246
Commercial property - Old Bakery Street, Valletta	1,085	1,750	2,579
Other assets	3,381	3,622	2,958
	82,706	**89,528**	**89,615**

Source: Consolidated audited financial statements of Hal Mann Vella Group p.l.c. for the years ended 31 December 2019 to 2021.

In FY2021 the Group leased on temporary emphyteusis from Indis Malta Ltd a plot of land and factory, approximately measuring 8,000 square metres adjacent to the Group's existing factory in Hal Far. The scope is to introduce a new range of products in natural stone, niche concrete supplies and an innovative environmentally friendly product range. Works on the manufacturing expansion are expected to start later this year and will be completed by FY2023. As such, the Group anticipates that the new investment which includes building infrastructure and acquisition of modern machinery and equipment is *circa* €4.8 million.

3.3 Overview of the Principal Business Segments

The Hal Mann Vella Group is organised into two distinct business units – manufacturing, products & general contracting services and property development & letting - as detailed hereunder.

3.3.1 Manufacturing, products & general contracting services

The Group companies forming part of this segment are primarily responsible for: (i) the manufacture of tiles and pre-cast elements; (ii) importation of marble, granite and natural stone; and (iii) tendering for contracts primarily in Malta.

The Hal Mann Vella factory stocks more than 100 natural stones sourced from around the world and include: marble, granite, travertine, onyx, quartzite, Maltese hard stone, composite stone, exposed aggregate porfido and terrazzo & terrazzo pre-cast elements.

The Company is an exclusive supplier for Silestone quartz, the engineered surface Dekton, and Infinity as well as a distributor of other ceramic brands such as Keope, Marca Corona, Mirage, AXA and Alpi.

Complementing the manufacturing operations detailed above, the Group provides general contracting services to both corporate and private clients.

3.3.2 Property development & letting

This segment comprises the acquisition and development of real estate properties and the leasing of office space and residential properties to third parties. Further information relating to this business segment is provided hereunder.

Hal Mann Properties Ltd is a company set up to acquire property and engage in property development. The company's current portfolio of property developments includes the following:

- In 2021, the company completed the sale of 9 residential apartments located in Mgarr, Zebbiegh and Mosta, and 1 villa in Kappara. Revenue generated from the afore-mentioned residential properties amounted to €3.75 million compared to €3.14 million in FY2020 (which included 11 residential apartments situated in Mgarr and Zebbiegh).

- The company has completed the development of 4 semi-detached villa in Kappara, which was funded mainly through a bank loan facility. The properties are being sold in shell form. As at the date of this report, one villa has been sold (mentioned above) while the remaining three villas are available for sale.

- During 2019, the company acquired a site in Mosta for the development of 15 apartments, 2 penthouses and 16 garages. The said project was completed in Q4 2021 and part-funded through bank borrowings. As explained above, 6 residential units were sold in 2021. Out of the remaining 9 apartments, 2 units will be transferred to the vendors as part consideration for the acquisition of the said site, while 7 units are subject to promise of sale agreements. It is expected that the respective sale contracts will be signed during 2022. As for the penthouses, 1 unit is subject to a promise of sale agreement which lapses in 2022, whilst another penthouse is currently unsold.

- In Q4 2021, the company commenced development on another site in Mgarr which is earmarked for the development of 10 apartments. The project is being partly financed by bank borrowings and is scheduled for completion in Q4 2022. As at the date of this report, 3 residential units are subject to promise of sale agreements, of which, 1 unit is expected to be sold in 2022 and the other 2 units in 2023.

- The Group acquired a site in Ghajnsielem, Gozo in 2021 for the development of 4 terraced houses. The project is scheduled for completion in H1 2023 and will be partly financed through a bank loan facility.

- In 2022, the company commenced development of 4 residential units on a third site in Mgarr, which is expected to be completed in the first half of 2023. All 4 residential units are currently subject to promise of sale agreements.

Hal Mann (Letting) Limited owns 3 apartments and 5 car park spaces within a residential block known as Spinola Residence, located in Spinola Road, St Julians, Malta. The units are presently rented out on a short-term basis.

In 2018, the company leased from third parties a boutique hotel in Valletta, known as Merchant Suites, by title of temporary emphyteusis for a period of 20 years. The property was subleased to a third party who terminated early the lease agreement. In consequence, the Group’s FY2020 financial statements were impacted by a €729,000 loss resulting from the difference between the lease receivable and value of the right-of-use asset of the said lease agreement. In Q2 2021, the company entered into a lease agreement with a new third party tenant.

During 2019, the company leased another boutique hotel in Valletta which lease agreement was terminated in 2021. As such, the Group incurred a loss on derecognition of lease amounting to €444,000.

The company acquired in 2019 a property situated in Old Bakery Street, Valletta for the amount of €1.1 million. The company has since completed the conversion of this property into a commercial building (office space) which has been leased to a third party as from August 2021.

Sudvel Limited owns a property (known as “E-Pantar”) having a footprint of *circa* 5,200m^2 and is located within the premises of Hal Mann Vella Group. The property includes *circa* 14,000m^2 of office space and a further 5,000m^2 of common areas and external space. The E-Pantar building is leased to Transport Malta for a period of 10 years as from Q3 2017.

The company also owns 50% of a warehouse complex and offices (known as “NAVI Building”) having a footprint of *circa* 1,200m^2 and situated in Pantar Road, Lija. The said property is leased to third parties.

Halmann Vella Showroom & Office Premises
Halmann Vella Factory & Stores
Leased Property: Navi Building
Leased Property: E-Pantar
Leased Property: Central Office Building Block A

The above picture is an aerial shot of the Group's property situated in Mosta Road, Lija, which is hypothecated in favour of FJV Fiduciary Ltd, as security trustee, for the benefit of the holders of €30,000,000 5% Secured Bonds 2024 (ISIN: MT0000811209). The carrying value as at 31 December 2021 of the subject property is €54.9 million (FY2020: €54.9 million).

3.4 Malta Economic Update[1]

The economy of Malta is set to continue expanding, by 4.2% in 2022 and by 4.0% in 2023 while withstanding the impact of the increase in by commodity prices and Russian invasion of Ukraine. The main factors supporting growth are the robust domestic demand and growth in exports of services, contributed by strong recovery in tourism. The general government balance is projected to remain in deficit, however decreasing in 2022 and 2023, following winding-down of pandemic related policy support on the background of economic growth.

[1] Economic Forecast – Spring 2022 (European Commission Institutional Paper 173 May '22).

The pressure from the COVID-19 pandemic related restrictions subsided in 2021, creating conditions for a very strong economic recovery of 9.4%, thanks to improved business and consumer sentiment, faster than expected rebound of international tourism and a strong growth in investment and services exports.

In 2022, affected by disruptions related to the Russian invasion of Ukraine, real GDP[2] growth is forecast to reach 4.2%, which is substantially less than expected in winter, although Malta has very low direct exposure to trade with Russia and Ukraine. Growth in 2022 is set to be driven by domestic consumption, investment, and a small positive contribution from net exports. Export of tourism services is expected to continue gaining ground on the back of easing pandemic-restrictions. Robust government expenditure, in particular via public investment, will continue to support the economy. In 2023, growth is forecast to decrease to a still strong 4.0%, reflecting a general slowdown in performance among trading partners.

With both exports and imports growing, the current account balance is expected to remain positive. The limited downside risks deriving from the June 2021 decision of the Financial Action Task Force (the international standard-setting body on anti-money laundering/countering the financing of terrorism) to include Malta in the list of jurisdictions under increased monitoring have further receded following the FATF initial determination, in February 2022, that Malta has substantially completed its action plan. On 15 June 2022, Malta was voted off the Financial Action Task Force grey list.

Malta was able to cushion the impact of the pandemic on the labour market thanks to fiscal support. Employment is estimated to have grown by 1.6% in 2021, while the wage support measures remained in place. Employment is expected to continue to increase over the forecast horizon. This positive development in the labour market is congruent with labour shortages being reported by firms. Malta's unemployment rate, at 3.5% in 2021, is set to remain broadly stable in 2022 and 2023.

HICP[3] inflation remained low in 2021 at 0.7%, thanks to energy prices being kept low by government intervention and hedging contracts for gas. Going forward, while Malta's economy is highly energy-intensive, the share of household expenditures on energy is low compared to other Member States and the authorities have expressed a commitment to continue to limit energy prices growth. The higher inflation in the first quarter of 2022 shows that the pressure from increasing international energy and commodity prices is starting to affect Malta via transport costs and imported goods. Wage growth due to labour shortages is also contributing to higher inflation. As a result, inflation is set to rise to 4.5% in 2022. As these factors are expected to persist into 2023, inflation is expected to remain elevated at 2.6%.

[2] Gross Domestic Product (GDP) is an estimate of the value of goods and services produced in the economy over a period of time.

[3] The Harmonised Indices of Consumer Prices (HICP) measure the changes over time in the prices of consumer goods and services acquired by households.

The government deficit is estimated to have decreased to 8.0% of GDP in 2021. This still high deficit level is mainly explained by public expenditure related to pandemic-related measures which were maintained in 2021, including the wage support scheme, the utility and rent subsidies for businesses, and healthcare-related expenditures. Pandemic-related economic support measures are expected to be phased out in 2022 and 2023, while several measures in response to the high energy prices were recently introduced.

The tax revenues resumed growth in 2021 and are expected to continue to increase in 2022 and 2023, following the positive economic growth dynamics. The revenues from social contributions also increased in 2021 and are expected to continue increasing over the forecast horizon, supported by the good performance of the labour market.

The deficit is projected to decrease to 5.6% of GDP in 2022 and further to 4.6% in 2023. The government debt-to-GDP ratio is projected to increase marginally to 58.5% in 2022 and reach 59.5% in 2023 as the negative primary balance is only partially compensated by the nominal GDP growth.

3.5 Market Overview

The manufacturing, products & general contracting services and property development & letting segments of the Group are directly correlated to the property market in Malta.

The Property Price Index (PPI) – which is based on actual transactions involving apartments, maisonettes and terraced houses – continued to increase in annual terms. The annual rate of change reached 5.9% in the third quarter of 2021, up from 5.4% in the previous quarter (see chart below). Nevertheless, house price inflation in Malta remained below that in the euro area where prices increased at an annual rate of 8.8%. Notwithstanding the acceleration in the third quarter of 2021, house price recorded in the years before the pandemic.

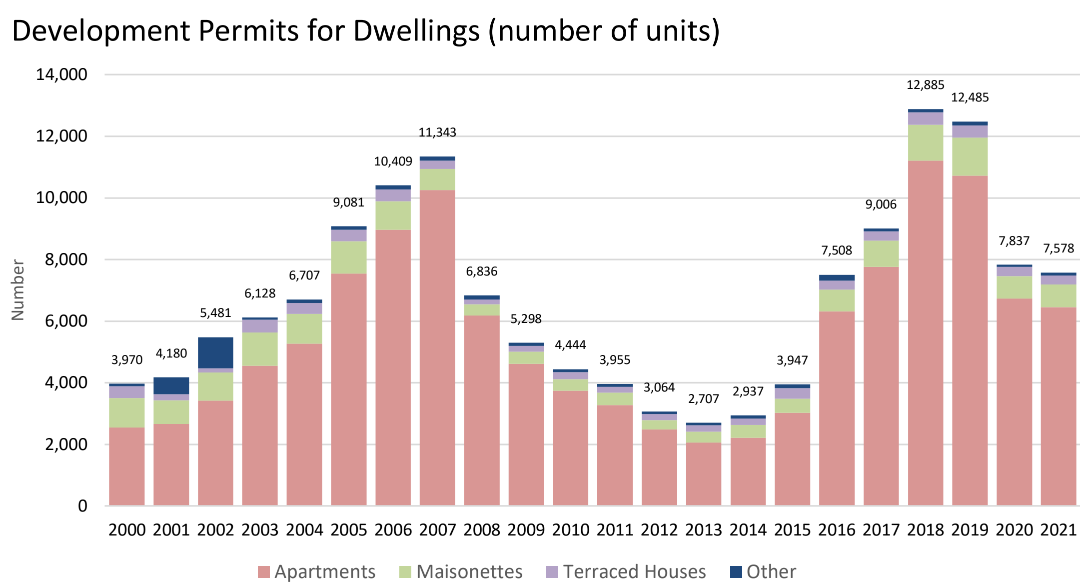
Movements in Residential Property Prices

Source: Eurostat

From a shorter-term perspective, residential property prices seem to have returned to a growth trend following the sharp slowdown during the initial stages of the pandemic. Residential property prices continue to be supported by numerous factors including the low-interest rate environment that makes property more attractive as an investment as well as the Government's schemes related to the property market. Property prices were also supported by the enhancement of government support in response to the pandemic such as lower property tax rate and stamp duty to eligible transfers of immovable property. In particular, the property tax and stamp duty on the first €400,000 of the value of the transfer were reduced to 5.0% and 1.5% respectively. These measures were initially intended for final transfers made before 1 April 2021 but were later extended. Moreover, Budget 2021 extended or introduced more favourable terms on several schemes supporting the property market that were in place before the pandemic.[4]

In 2021, the number of final deeds of sale relating to residential property amounted to 14,349 compared to 11,057 deeds in 2020 (+30%). The value of deeds completed in 2021 amounted to €3,120.3 million, an increase of 47% when compared to the prior year (2020: €2,125.7 million).[5]

The number of permits issued in 2021 for the construction of residential dwellings amounted to 4,956 permits, compared to 4,938 permits in the prior year, for the development of 7,578 residential units (2020: 7,837 residential units). As shown in the below chart, the number of units in 2021 (7,578) reflects a decrease of 41% from the all-time high of 12,885 units in 2018.



Source: Central Bank of Malta

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[4] Central Bank of Malta Quarterly Review – 2022 Vol. 55 No. 1

[5] National Statistics Office Malta – News Release 006/2022

Market data relating to commercial property in Malta (which includes industrial, logistics, warehousing, retail, hospitality and a predominant portion in the office asset class) is not available and thus makes it more difficult to gauge the health of this sector.

A trend accelerated by the pandemic is the rise of e-commerce across consumers. Not only does more online shopping challenge traditional brick and mortar retailers, but it raises the demand for warehousing and distribution centres.

With regard to the office sector, its future performance is highly uncertain. Debate is ongoing on the longevity of the pandemic-driven work-from-home (WFH) phenomenon. While WFH provides flexibility, convenience, no commuting, and a reduced wardrobe budget, there are obvious downsides: the difficulty in building teams, innovating, mentoring, and creating and sustaining culture. The longer people are isolated away from the office environment, the less they will develop relationships with their co-workers and feel connected to their companies. At some point, likely sooner than later, businesses will discover that full-time WFH arrangements simply cannot work and retaining talent will become an even greater challenge.

It is likely that most businesses will require their employees to come to the office for teamwork, company meetings, training and other collaborative activities with the remainder of the time retaining the flexibility of WFH if desired by the employee. That means office space will be configured for more group interactive and therefore companies will need less space. As such, tenants will be thinking harder about space needs and configuration going forward, and many companies may take the opportunity to upgrade to smaller, higher quality office space.

The hospitality industry is expected to fully recover in 2024, with business and conference travel gaining momentum so long as COVID variants stop emerging. The biggest issue the sector is dealing with at the moment is a labour shortage and the need to pay higher wages to attract talent. Due to the expected sector recovery, both equity and debt capital is set to continue to flow to the hospitality industry.

PART 2 – GROUP PERFORMANCE REVIEW

4. FINANCIAL INFORMATION RELATING TO HAL MANN VELLA GROUP PLC

The following financial information is extracted from the audited consolidated financial statements of Hal Mann Vella Group p.l.c. (the "**Company**") for the three years ended 31 December 2019 to 2021. The forecast financial information for the year ending 31 December 2022 has been provided by the Company.

The projected financial information described below relates to events in the future and is based on assumptions which the Company 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 Directors are monitoring closely inflationary risks resulting from the conflict in Ukraine and the aftermath of the COVID-19 pandemic. Whilst the Directors believe that the afore-mentioned events will impact the Maltese economy to some extent, which in turn may affect the Group's operations and financial performance in the near term, they are confident that the Group is well positioned and has in place robust financial fundamentals to deliver on its goals.

Hal Mann Vella Group p.l.c. **Consolidated Statement of Total Comprehensive Income** **for the year ended 31 December**	**2019** **Actual** **€'000**	**2020** **Actual** **€'000**	**2021** **Actual** **€'000**	**2022** **Forecast** **€'000**
Revenue	22,394	23,462	25,260	24,363
Manufacturing, products & contracting services	19,138	18,197	19,321	19,262
Property development	956	3,138	3,750	2,450
Rental Income	2,300	2,127	2,189	2,651
Profit on sale of quoted equity securities	47	-	-	-
Profit on sale of investment property	82	-	-	-
Other operating income	207	389	889	81
Cost of sales and other operating charges	(17,190)	(18,942)	(20,040)	(19,320)
EBITDA	**5,540**	**4,909**	**6,109**	**5,124**
Depreciation	(922)	(1,202)	(1,313)	(1,170)
Change in fair value of investment property	479	1,506	-	-
Share of results of joint ventures	1,314	41	14	-
Dividends	4	-	-	-
Loss on derecognition of lease	-	(729)	(444)	-
Finance and similar income	334	195	1	-
Finance costs	(2,410)	(2,405)	(2,354)	(2,233)
Profit before tax	**4,339**	**2,315**	**2,013**	**1,721**
Taxation	(1,454)	(879)	(822)	(572)
Profit after tax	**2,885**	**1,436**	**1,191**	**1,149**
Other comprehensive income:				
Revaluation on property, plant & equipment, net of deferred tax	-	734	-	-
Other comprehensive income	58	3	2	-
Total comprehensive income	**2,943**	**2,173**	**1,193**	**1,149**

Hal Mann Vella Group p.l.c. EBITDA (Earnings before interest, tax, depreciation and amortisation) for the year ended 31 December	2019 Actual €'000	2020 Actual €'000	2021 Actual €'000	2022 Forecast €'000
EBITDA has been calculated as follows:				
Operating profit	4,618	3,707	4,796	3,954
Add back:				
Depreciation	922	1,202	1,313	1,170
EBITDA	**5,540**	**4,909**	**6,109**	**5,124**

Key Accounting Ratios	**FY2019 Actual**	**FY2020 Actual**	**FY2021 Actual**	**FY2022 Forecast**
Operating profit margin *(EBITDA/revenue)*	25%	21%	24%	21%
Interest cover (times) *(EBITDA/finance cost)*	2.30	2.04	2.60	2.29
Net profit margin *(Profit after tax/revenue)*	13%	6%	5%	5%
Earnings per share (€) *(Profit after tax/number of shares)*	0.58	0.29	0.24	0.23
Return on equity *(Profit after tax/shareholders' equity)*	6%	3%	2%	2%
Return on capital employed *(EBITDA/total assets less current liabilities)*	6%	5%	6%	5%
Return on assets *(Profit after tax/total assets)*	2%	1%	1%	1%

Source: MZ Investment Services Ltd

The Group's revenue in **FY2019** amounted to €22.4 million, which was broadly unchanged when compared to prior year (FY2018: €22.6 million). Revenue generated from manufacturing, products & contracting services increased by €3.2 million y-o-y (+20%) to €19.1 million. Major projects during the year included the M.U.S.E.U.M. Auditorium at Blata L-Bajda, the Nubis Centre in Lija, BDO Malta's headquarters, Beefbar at St Paul's Bay, Westin Dragonara Resort, Phoenicia Hotel, Marriott Hotel and the Rosselli Hotel.

In contrast, revenue from property development decreased substantially from €4.0 million in FY2018 to €0.9 million in FY2019. During the year, the Group sold one villa at Tal-Virtu, Rabat. Rental income generated in FY2019 was also lower by €0.4 million compared to the prior year and amounted to €2.3 million (FY2018: €2.7 million).

The Group adopted IFRS 16 on 1 January 2019 using the Standard's modified retrospective approach with transition date taken as the lease commencement date. Under this approach, the right-of-use asset equals the lease liability on transition date, and no equity adjustment will be recognised on initial application of IFRS 16. Comparative information is not restated. Accordingly, the Group has recognised a right-of-use asset and a lease liability in the statement of financial position for the lease of various items of plant, machinery, vehicles and other equipment used in its operations. With regard to the impact in the consolidated statement of total comprehensive income, the nature of the relevant expense has changed from being an operating lease expense to depreciation and interest expense.

The following are the amounts recognised in profit or loss:

Hal Mann Vella Group p.l.c.		
As at 31 December	**2018**	**2019**
	€'000	**€'000**
Upon adoption of IFRS 16		
Depreciation expense of right-of-use assets	-	107,833
Interest expense on lease liabilities	-	326,800
Expense relating to short-term leases and leases of low-value assets (included in cost of sales and other operating charges)	-	24,091
	-	458,724
Prior to adoption of IFRS 16		
Interest expense on lease liabilities	71,138	-
Rental expense (included in cost of sales and other operating charges)	298,811	-
	369,949	-
Total amount recognised in profit or loss	**369,949**	**458,724**

EBITDA in FY2019 amounted to €5.5 million, a y-o-y increase of €0.5 million (FY2018: €5.0 million) partly on account of the adoption of IFRS 16. As shown above, in FY2019, cost of sales and other operating charges was lower from the prior year by €274,720 (being €298,811 less €24,091). This had a positive impact on EBITDA. On the other hand, depreciation and interest expense increased due to IFRS 16 by €107,833 and €255,662 (being €326,800 less €71,138) respectively.

During the year, the fair value of the Group's investment property was increased by €479,000 (FY2018: €2.8 million). Share of results of joint ventures amounted to €1.3 million (FY2018: €70,000), primarily generated from the Group's shareholding in Zokrija Limited. This income was generated from the sale of a parcel of land situated in the Zokrija area in Mosta.

Net finance costs in FY2019 amounted to €2.1 million compared to €2.2 million in FY2018, while taxation was comparable on a y-o-y basis at €1.5 million. In FY2019, the Group reported a net profit after tax amounting to €2.9 million, a decrease of €0.7 million from the prior year (FY2018: €3.6 million).

Revenue in **FY2020** increased by €1.1 million from €22.4 million in FY2019 to €23.5 million. Revenue generated from manufacturing, products & contracting services decreased marginally by €941,000 (y-o-y) to €18.2 million. Notable projects completed during the year included Iniala Hotel, Embassy Hotel and Bay Street.

The property development segment of the Group generated €3.1 million in FY2020 from the sale of 1 apartment in Mgarr and 10 units in Zebbiegh (FY2019: €956,000). Rental income was lower on a comparable basis by €173,000 and amounted to €2.1 million (FY2019: €2.3 million).

Net operating costs were higher on a comparable basis by €1.6 million (+9%) from €17.0 million in FY2019 to €18.6 million in FY2020. Consequently, EBITDA decreased by €631,000 (-11%, y-o-y) from €5.5 million in FY2019 to €4.9 million in FY2020.

Profit before tax decreased by €2.0 million (-47%), from €4.3 million in FY2019 to €2.3 million in FY2020. Apart from the lower EBITDA (explained above), profitability was impacted by a €729,000 lease accounting loss which emanated from the difference between the lease receivable and right-of-use assets of the terminated long-term lease agreement related to the Merchant Suites. Furthermore, share of profit of joint ventures amounted to €41,000 compared to €1.3 million in FY2019. On the other hand, an uplift of €1.5 million in fair value of investment property was reported in FY2020 (FY2019: €479,000).

Comprehensive income included a revaluation of property, plant & equipment of €0.73 million (net of deferred tax) (FY2019: nil). As such, total comprehensive income for FY2020 amounted to €2.2 million, a decrease of €0.77 million when compared to the previous year (FY2019: €2.9 million).

In **FY2021**, total revenue increased by €1.8 million (+8%), from €23.5 million in FY2020 to €25.3 million. The majority of the increase (61%) was generated from manufacturing, products & contracting services, whilst 33% of the y-o-y gain was derived from property development (described in section 3.3.2 of this report). During the year, the Group was involved in a number of major third party projects, including Trident Park and Project House.

Rental income remained relatively stable at €2.2 million compared to €2.1 million in the prior year. In view of the pandemic, a number of lease agreements had to be discounted, reduced or deferred for financial years 2020 and 2021 as tenants could not meet their contractual obligations.

Other operating income comprised an amount of €0.6 million (FY2020: nil) relating to net gains on sub-assignment of a property development situated in Mellieha.

EBITDA for the year increased by €1.2 million from €4.9 million in FY2020 to €6.1 million (+24%). During the year, the Group managed to improve operating profit margin from the prior year by 3 percentage points to 24%. In addition, return on capital employed increased by 1 percentage point from a year earlier to 6%.

As explained in section 3.3.2 of this report, the Group incurred a loss on derecognition of lease amounting to €444,000 following the premature termination of a lease relating to a boutique hotel in Valletta.

Compared to the previous year, finance costs were unchanged at €2.4 million. Due to the higher EBITDA in FY2021, interest cover improved from 2.04 times in FY2020 to 2.60 times.

In FY2021, there were no changes in fair value of investment property (FY2020: €1.5 million).

Overall, profit after tax amounted to €1.2 million compared to €1.4 million in FY2020 (-17%). In consequence, net profit margin decreased y-o-y by 1 percentage point to 5% and return on equity declined from 3% in FY2020 to 2% in FY2021. Return on assets was comparably unchanged at 1%.

In **FY2022**, total revenue generated by the Group is expected to decrease by €0.9 million (-4%), from €25.3 million in FY2021 to €24.4 million. Further analysis shows that revenue from manufacturing, products & contracting services is projected to remain constant at €19.3 million (FY2021: €19.3 million) which is reflective of the Group's stable pipeline of work coupled with a cautiously optimistic outlook.

Rental income is anticipated to increase from €2.2 million in FY2021 to €2.7 million (+23% or €0.5 million) mainly on account of the termination of discounts granted to certain tenants in FY2020 and FY2021 due to the pandemic and a full year's rent receivable on the commercial property in Old Bakery Street, Valletta (which lease commenced in August 2021).

On the other hand, revenue from property development is projected to decrease by €1.3 million, from €3.8 million in FY2021 to €2.5 million in FY2022. In this regard, the Group expects to sell 9 residential properties in FY2022 compared to 10 apartments and 1 villa sold in FY2021.

In view of the decrease in revenue from property development expected for the forecast year, the Group is projecting a decline in EBITDA of €1.0 million from €6.1 million in FY2021 to €5.1 million. It is to be observed that in the prior year the Group had realised a gain of €0.6 million on sub-assignment of a property development situated in Mellieha. As such, the operating profit margin is expected to decrease by 3 percentage points to 21%.

No material changes are expected in depreciation and, or finance costs.

Overall, the profit for FY2022 is projected to broadly equal the profit achieved in FY2021 and is therefore expected to amount to €1.1 million (FY2021: €1.2 million). Net profit margin is set to remain unchanged at 5%.

Hal Mann Vella Group p.l.c.
Consolidated Statement of Financial Position
as at 31 December

	2019	2020	2021	2022
	Actual	Actual	Actual	Forecast
	€'000	€'000	€'000	€'000
ASSETS				
Non-current assets				
Intangible assets	63	63	63	63
Investment properties	45,004	49,291	50,174	50,174
Property, plant and equipment	31,476	33,845	33,134	32,846
Investments in joint ventures	1,876	1,917	1,722	1,722
Financial assets	833	838	756	757
Finance lease receivables	3,754	-	-	-
Right-of-use assets	4,778	7,490	7,725	7,462
Deferred taxation	1,323	1,609	1,619	1,923
	89,107	95,053	95,193	94,947
Current assets				
Inventories	4,093	3,786	4,355	4,018
Property held-for-sale	6,226	6,392	6,307	8,194
Trade and other receivables	15,579	14,189	15,987	13,430
Other assets	91	91	91	91
Cash and cash equivalents	2,529	2,885	1,819	1,687
	28,518	27,343	28,559	27,420
Total assets	**117,625**	**122,396**	**123,752**	**122,367**
EQUITY				
Equity and reserves				
Called up share capital	5,000	5,000	5,000	5,000
Other reserves	29,665	31,739	31,742	31,742
Retained earnings	10,481	10,580	11,770	12,813
	45,146	**47,319**	**48,512**	**49,555**
LIABILITIES				
Non-current liabilities				
Borrowings and bonds	40,737	40,658	41,202	38,540
Finance lease liability	8,168	7,762	8,293	8,255
Other non-current liabilities	4,070	4,599	4,717	4,717
	52,975	53,019	54,212	51,512
Current liabilities				
Borrowings and bonds	5,782	7,466	7,148	7,643
Finance lease liability	360	52	-	-
Other current liabilities	13,362	14,540	13,880	13,657
	19,504	22,058	21,028	21,300
	72,479	**75,077**	**75,240**	**72,812**
Total equity and liabilities	**117,625**	**122,396**	**123,752**	**122,367**

Key Accounting Ratios	**FY2019 Actual**	**FY2020 Actual**	**FY2021 Actual**	**FY2022 Forecast**
Gearing ratio *(Net debt/net debt and shareholders' equity)*	54%	53%	53%	52%
Gearing ratio 2 (times) *(Net debt/shareholders' equity)*	1.16	1.12	1.13	1.06
Net debt to EBITDA (years) *(Net debt/EBITDA)*	9.48	10.81	8.97	10.29
Net assets per share (€) *(Net asset value/number of shares)*	9.03	9.46	9.70	9.91
Liquidity ratio (times) *(Current assets/current liabilities)*	1.46	1.24	1.36	1.29

Source: MZ Investment Services Ltd

Total assets as at 31 December 2021 amounted to €123.8 million and principally include the immovable properties listed in section 3.2 of this report amounting to €89.6 million (FY2020: €89.5 million). Right-of-use assets at year-end amounted to €7.7 million (FY2020: €7.5 million) and reflect the Group's lease contracts for properties and other assets used in its operations.

Inventories and trade & other receivables amounted to €20.3 million (FY2020: €18.0 million), while cash balances at the end of 2021 amounted to €1.8 million compared to €2.9 million in the prior year.

The Group's total liabilities as at 31 December 2021 amounted to €75.2 million compared to €75.1 million in FY2020. Borrowings and bonds increased from €48.1 million in FY2020 to €48.4 million in the last financial year. Lease liabilities were also higher y-o-y by €0.5 million to €8.3 million. Other liabilities include trade & other payables (included in other current liabilities) and deferred taxation (included in non-current liabilities) of €13.9 million and €4.7 million respectively (FY2020: €14.5 million and €4.6 million respectively).

Equity in 2021 amounted to €48.5 million compared to €47.3 million in FY2020 (+€1.2 million), which increase is reflective of the net profit generated by the Group during the year.

The forecast results assume that the Group will reduce borrowings by €2.2 million, from €48.4 million in FY2021 to €46.2 million in FY2022. Other than the afore-mentioned movement, no other significant y-o-y changes have been projected.

The gearing ratio of the Group has remained constant at 53% in FY2020 and FY2021 but is expected to decrease marginally to 52% in FY2022.

The liquidity ratio strengthened in FY2021 to 1.36 times from 1.24 times in the prior year. It is expected that in FY2022, current assets will decrease by €1.1 million while current liabilities will remain stable at €21.3 million, thereby resulting in a decrease in the liquidity ratio to 1.29 times.

Hal Mann Vella Group p.l.c. Consolidated Statement of Cash Flows for the year ended 31 December	2019 Actual €'000	2020 Actual €'000	2021 Actual €'000	2022 Forecast €'000
Net cash from operating activities	1,938	6,373	2,558	4,813
Net cash from investing activities	314	(5,400)	(1,569)	(619)
Net cash from financing activities	(1,018)	(1,387)	(2,606)	(3,775)
Net movement in cash and cash equivalents	**1,234**	**(414)**	**(1,617)**	**419**
Cash and cash equivalents at beginning of year	768	2,002	1,588	(29)
Cash and cash equivalents at end of year	**2,002**	**1,588**	**(29)**	**390**

Net cash generated from operating activities during 2020 amounted to €6.4 million compared to €1.9 million in the prior financial year, primarily due to favourable movements in working capital changes.

With regard to investing activities, the Group utilised €5.3 million in FY2020 to acquire property, plant and equipment and investment property (FY2019: €2.7 million). In contrast to the previous year, no amounts were received from dividends (FY2019: €1.25 million), proceeds from sale of investment properties (FY2019: €1.39 million) or proceeds from sale of equity securities (FY2019: €0.3 million).

Net cash used in financing activities in 2020 amounted to €1.4 million compared to €1.0 in the prior year. During the reviewed year, the Group received net advances from banks and other parties amounting to €0.77 million (FY2019: €0.87 million) and settled net lease liability of €95,332 (FY2019: €22,119). In 2020, the Group paid interest on bonds and bank loans amounting to €2.1 million (FY2019: €1.9 million).

In FY2021, net cash from operating activities amounted to €2.6 million, a decrease of €3.8 million from FY2020 on account of adverse movements in working capital changes. Net cash used in investing activities amounted to €1.6 million (FY2020: €5.4 million). Such funds were mainly applied by the Group to complete the development of a warehouse forming part of the Hal Far factory and the commercial building in Old Bakery Street, Valletta.

Cash outflows relating to financial activities amounted to €2.6 million in FY2021 compared to €1.4 million in FY2020 and principally consisted of interest payments (FY2021: €1.9 million; FY2020: €2.1 million), lease obligations (FY2021: €0.4 million; FY2020: €0.1 million) and movements in borrowings (FY2021: €0.3 million; FY2020: inflow of €0.8 million).

In FY2022, net cash from operating activities is expected to amount to €4.8 million, an increase of €2.3 million when compared to the prior year and is primarily reflective of the projected cash operating profit for the forecast year.

Cash used in investing activities is forecasted to amount to €0.6 million (FY2021: €1.6 million).

Cash outflows from financing activities are projected to amount to €3.8 million (FY2021: €2.6 million), mainly on account of interest payments amounting to €1.6 million and projected repayment of bank borrowings of €2.2 million.

5. VARIANCE ANALYSIS

The following financial information relates to the variance analysis between the forecasted financial information for the year ended 31 December 2021 included in the prior year's Financial Analysis Summary dated 24 June 2021 and the audited consolidated financial statements for the year ended 31 December 2021.

Hal Mann Vella Group p.l.c. Consolidated Statement of Total Comprehensive Income for the year ended 31 December 2021	**Actual €'000**	**Forecast €'000**	**Variance €'000**
Revenue	25,260	26,657	(1,397)
Manufacturing, products & contracting services	19,321	20,520	(1,199)
Property development	3,750	3,935	(185)
Rental Income	2,189	2,202	(13)
Other operating income	889	540	349
Cost of sales and other operating charges	(20,040)	(21,601)	1,561
EBITDA	**6,109**	**5,596**	**513**
Depreciation	(1,313)	(1,479)	166
Share of results of joint ventures	14	-	14
Loss on derecognition of lease	(444)	-	(444)
Finance and similar income	1	-	1
Finance costs	(2,354)	(2,119)	(235)
Profit before tax	**2,013**	**1,998**	**15**
Taxation	(822)	(564)	(258)
Profit after tax	**1,191**	**1,434**	**(243)**
Other comprehensive income	2	-	2
Total comprehensive income	**1,193**	**1,434**	**(241)**

As presented in the above table, revenue generated by the Group in FY2021 was lower than anticipated by €1.4 million, principally on account of lower than expected revenues generated from manufacturing, products & contracting services (-€1.2 million).

This adverse variance was offset by a reduction of €1.6 million in operating costs and also the generation of €0.3 million in higher than projected operating income. Accordingly, EBITDA was higher than forecast by €0.5 million.

Notwithstanding, the higher EBITDA was completed absorbed by the loss on derecognition of lease of €0.4 million which was not anticipated at the time of preparation of the forecast financial information.

Overall, actual profit before tax was in line with the forecast result. However, due to an adverse difference in taxation of €0.3 million, total comprehensive income was lower than expected by €0.2 million.

Hal Mann Vella Group p.l.c. **Consolidated Statement of Cash Flows** **for the year ended 31 December 2021**	**Actual** **€'000**	**Forecast** **€'000**	**Variance** **€'000**
Net cash from operating activities	2,558	3,662	(1,104)
Net cash from investing activities	(1,569)	(1,100)	(469)
Net cash from financing activities	(2,606)	(1,335)	(1,271)
Net movement in cash and cash equivalents	**(1,617)**	**1,227**	**(2,844)**
Cash and cash equivalents at beginning of year	1,588	1,588	-
Cash and cash equivalents at end of year	**(29)**	**2,815**	**(2,844)**

Actual net movement in cash and cash equivalents was lower than projected by €2.8 million.

Net operating cashflow was lower than expected by €1.1 million, mainly on account of adverse movements in working capital.

During the year, the Group utilised more than expected amounts for capital expenditure purposes which resulted in an adverse movement of €0.5 million compared to the forecast. Such higher expenditure mainly related to the development of the new warehouse in Hal Far and the commercial property in Old Bakery Street, Valletta.

Net cash used for financing activities amounted to €2.6 million compared to a forecast of €1.3 million. The variance of €1.3 million mainly emanated from movements in bank borrowings.

Hal Mann Vella Group p.l.c.
Consolidated Statement of Financial Position
as at 31 December 2021

	Actual €'000	Forecast €'000	Variance €'000
ASSETS			
Non-current assets			
Intangible assets	63	63	-
Investment properties	50,174	49,795	379
Property, plant and equipment	33,134	32,852	282
Investments in joint ventures	1,722	1,566	156
Financial assets	756	659	97
Right-of-use assets	7,725	5,335	2,390
Deferred taxation	1,619	2,574	(955)
	95,193	92,844	2,349
Current assets			
Inventories	4,355	2,893	1,462
Property held-for-sale	6,307	7,725	(1,418)
Trade and other receivables	15,987	11,769	4,218
Other assets	91	91	-
Cash and cash equivalents	1,819	3,751	(1,932)
	28,559	26,229	2,330
Total assets	**123,752**	**119,073**	**4,679**
EQUITY			
Equity and reserves			
Called up share capital	5,000	5,000	-
Other reserves	31,742	31,738	4
Retained earnings	11,770	11,827	(57)
	48,512	**48,565**	**(53)**
LIABILITIES			
Non-current liabilities			
Borrowings and bonds	41,202	42,044	(842)
Finance lease liability	8,293	5,588	2,705
Other non-current liabilities	4,717	4,937	(220)
	54,212	52,569	1,643
Current liabilities			
Borrowings and bonds	7,148	5,936	1,212
Finance lease liability	-	94	(94)
Other current liabilities	13,880	11,909	1,971
	21,028	17,939	3,089
	75,240	**70,508**	**4,732**
Total equity and liabilities	**123,752**	**119,073**	**4,679**

The material variances between the actual and forecast statement of financial position are as follows:

- Right-of-use assets and finance lease liability were under-estimated by €2.4 million and €2.6 million respectively, but the net difference is an adverse movement of €0.2 million.

- Actual trade & other receivables were higher than projected by €4.2 million, while other current liabilities (mainly comprising trade & other payables) were higher than projected by €2.0 million.

- Net borrowings were higher than projected by €2.3 million mainly on account of an increase in amounts committed to working capital requirements.

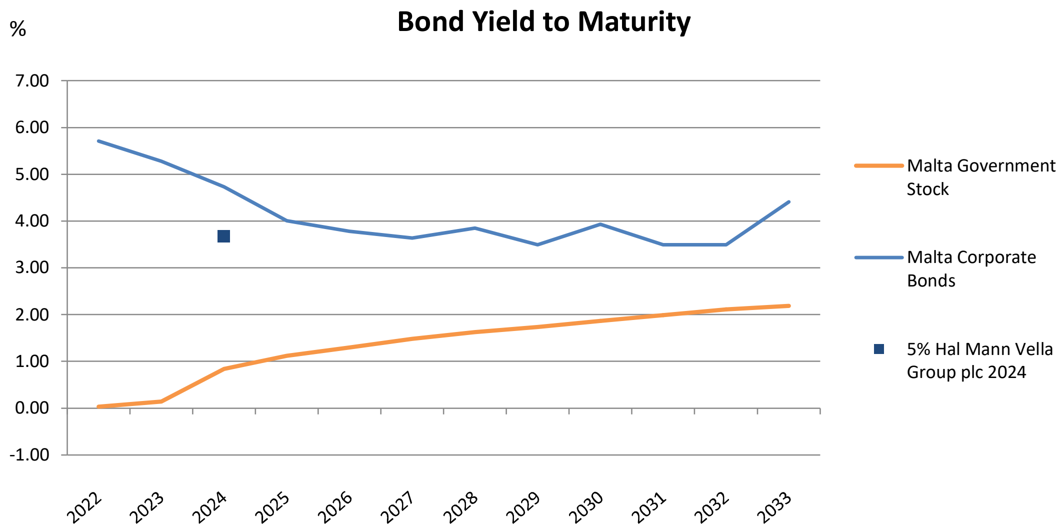
PART 3 - COMPARABLES

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. The list includes issuers (excluding financial institutions) that have listed bonds. 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 Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of Group.

Comparative Analysis	**Nominal Value** (€)	**Yield to Maturity** **(%)**	**Interest Cover** **(times)**	**Total Assets** (€'000)	**Net Asset Value** (€'000)	**Gearing Ratio** (%)
6.00% Pendergardens Developments plc Secured € 2022 Series	19,756,700	5.71	1.79	60,578	29,491	36.39
4.25% GAP Group plc Secured € 2023	8,349,900	5.28	14.81	112,173	21,575	60.31
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	5.28	0.67	37,298	6,677	75.91
5.80% International Hotel Investments plc 2023	10,000,000	4.68	1.06	1,695,229	838,216	40.59
5.5% Mediterranean Investments Holding plc € 2023	20,000,000	5.48	2.01	310,941	188,651	27.06
6.00% AX Investments Plc € 2024	40,000,000	4.18	1.69	374,099	237,143	25.10
6.00% International Hotel Investments plc € 2024	35,000,000	4.84	1.06	1,695,229	838,216	40.59
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	4.73	3.30	102,348	52,929	46.65
5.00% Hal Mann Vella Group plc Secured € 2024	**30,000,000**	**3.68**	**2.60**	**123,752**	**48,512**	**53.05**
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	4.23	4.58	149,687	52,831	49.89
4.25% Best Deal Properties Holding plc Secured € 2024	9,183,200	4.20	-	24,561	6,893	62.61
3.70% GAP Group plc Secured € 2023-2025 Series 1	21,000,000	3.54	14.81	112,173	21,575	60.31
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	5.15	1.06	1,695,229	838,216	40.59
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	5.09	52.47	162,889	74,159	14.82
4.50% Hili Properties plc Unsecured € 2025	37,000,000	4.01	1.41	208,696	110,881	32.31
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	3.78	4.51	58,951	12,557	68.49
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	4.25	0.51	1,717,057	828,470	42.64
4.00% International Hotel Investments plc Secured € 2026	55,000,000	3.86	1.06	1,695,229	838,216	40.59
5.00% Dizz Finance plc Unsecured € 2026	8,000,000	5.12	0.45	72,112	4,763	91.27
3.75% Premier Capital plc Unsecured € 2026	65,000,000	3.38	11.70	317,675	60,118	74.24
4.00% International Hotel Investments plc Unsecured € 2026	60,000,000	3.99	1.06	1,695,229	838,216	40.59
3.25% AX Group plc Unsec Bds 2026 Series I	15,000,000	3.01	1.69	374,099	237,143	25.10
3.90% GAP Group plc Secured € 2024-2026	21,000,000	3.54	14.81	112,173	21,575	60.31
4.35% SD Finance plc Unsecured € 2027	65,000,000	4.23	0.88	328,464	131,504	30.32
4.00% Eden Finance plc Unsecured € 2027	40,000,000	3.64	3.63	193,529	109,284	28.55
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	3.79	3.25	362,955	235,392	26.66
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	3.85	3.44	624,222	106,811	78.42
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.49	3.25	362,955	235,392	26.66
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	3.89	3.44	624,222	106,811	78.42
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	3.52	1.69	374,099	237,143	25.10
3.65% International Hotel Investments plc Unsecured € 2031	80,000,000	3.72	1.06	1,695,229	838,216	40.59
3.50% AX Real Estate plc Unsec Bds 2032	40,000,000	3.50	-	238,228	78,698	63.41

31-May-22

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, MZ Investment Services Ltd



Source: Malta Stock Exchange, Central Bank of Malta, MZ Investment Services Ltd 31 May 2022

To date, there are no corporate bonds which have a redemption date beyond 2033. The Malta Government Stock yield curve has been included as it is the benchmark risk-free rate for Malta.

The Group's bonds are trading at a yield of 3.68%, which is 105 percentage points lower when compared to other corporate bonds maturing in the same year. The premium over FY2024 Malta Government Stock is 284 basis points.

PART 4 – EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including manufacturing, products & general contracting services and property development & letting.
Net operating expenses	Net operating expenses include the cost of raw materials, labour expenses, inventory 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 Hal Mann Vella 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 joint ventures'.
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 investment properties, and 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.
Net assets per share	Total assets less total liabilities divided by the number of equity shares in issue.
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.
Net debt to EBITDA	The net debt to EBITDA ratio is a measurement of leverage, calculated as a company's interest bearing liabilities minus cash or cash equivalents, divided by its EBITDA. This ratio shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.
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. Alternatively, the gearing ratio can be calculated by dividing a company's net debt by shareholders' equity.