Gasan Finance Company p.l.c.

FINANCIAL ANALYSIS SUMMARY

JUNE 2017

CURMI & PARTNERS

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26 June 2017

The Directors
Gasan Finance Company p.l.c.
Mriehel By-Pass
Birkirkara, BKR 3000
Malta

Dear Sirs

Gasan Finance Company p.l.c.– Financial Analysis Summary

As required by the Listing Authority Policies and in accordance with your instructions, we have prepared the Financial Analysis Summary Update 2017 ("FAS Update June 2017") as an update to the Financial Analysis Summary October 2013 ("FAS Report 2013) annexed to the Offering Memorandum issued by Gasan Finance Company p.l.c. dated 18th October 2013. A copy of the FAS Update June 2017 is attached to this letter.

The financial analysis provided with the FAS Update June 2017 is designed to provide an update on the performance and the financial position of the Issuer. The data is obtained from various sources, as disclosed, or is based on our own workings as follows:

1. Historical financial data for the three years ended 31st December 2014, 31st December 2015 and 31st December 2016 have been extracted from the Issuer's audited statutory financial statements for the three years in question.
2. The projected data for the financial year ending 31st December 2017 has been extracted from the Issuer's financial projections as prepared by the directors of the Issuer.
3. Historical financial data for the three years ended 31st December 2014, 31st December 2015 and 31st December 2016 have been extracted from the audited statutory financial statements of Gasan Group Limited ("the Group") for the three years in question.
4. Our commentary on the results of the Issuer and on its financial position is based on the explanations given by the management team of the Issuer.
5. The ratios quoted in the FAS Update June 2017 have been computed by us applying the definitions set out in Section 6 of this report.
6. The principal relevant market players listed in Section 5 of the FAS Update June 2017 have been identified by ourselves. The relevant financial data in respect of such companies has been sourced from publicly available information, mainly the companies' financial statements.

The FAS Update June 2017 is only meant to assist potential investors by summarising the more important financial information of the Issuer. The FAS Update June 2017 does not contain all data that is relevant to potential investors and is only meant to complement, and not replace, the information made available in the public domain by the Issuer. The FAS Update June 2017 does not constitute an endorsement by our firm of the securities of the Issuer and should not be interpreted as a recommendation to invest in any such securities. We shall not accept any liability for any loss or damage arising out of the use of the FAS Update June 2017. As with all investments, potential investors are encouraged to seek professional advice before investing in the securities of the Issuer.

Yours sincerely

David Curmi
Managing Director

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1. FINANCIAL ANALYSIS SUMMARY UPDATE

In accordance with requirements of the Listing Authority Policies, the purpose of this Financial Analysis Summary Update June 2017 ("FAS Update June 2017") is to provide an update on the performance and on the financial position of Gasan Finance Company p.l.c. ("the Issuer" or "GFC") and, where relevant, of Gasan Group Limited ("the Group" or "the Parent").

Please refer to the Financial Analysis Summary October 2013 ("FAS Report 2013") sections 1, 2, and 3 for information relating to the overviews of the Issuer and of the Group, in addition to information on the issue of the €25 million 4.9% bonds due 2019/21 ("Bond 2019/21"). Additionally, please refer to Section 2 below for an update on relevant developments relating to the content in these sections.

Additionally, please refer to FAS Report 2013, together with the FAS updates relating to 2014 to 2016 for detailed reviews of the performance and financial position of the Issuer and the Group for the periods prior to 2016.

2. MAJOR DEVELOPMENTS

2.1 Directors and Employees

At the date of this FAS Update June 2017, the Board is composed of the following Directors:

Name of Director	Function
Mr. Joseph Gasan	Chairman
Mr. Mark Gasan	Executive Director
Mr. Ian Sultana	Managing Director
Mr. Anthony R. Curmi	Non-Executive Director
Mr. Michael Soler	Non-Executive Director
Mr. Roderick Chalmers	Non-Executive Director
Mr. Etienne Borg Cardona	Non-Executive Director

It is noted that during 2016, the following changes took place:

- Mr Juan De Battista retired from the role of director on the 31st December 2016, with Mr Ian Sultana being appointed as a director on the same date
- A new director, Mr Etienne Borg Cardona, was appointed on 23rd February 2017
- During 2016, amendments to the Malta Financial Services Authority Listing Rules were implemented which included, amongst other changes, new requirements for the composition

and function of the Audit Committee of public interest entities ("PIE"). Since the Company is a PIE in view of the listing of its 4.9% 2019/2021 Bonds on the Malta Stock Exchange, the board of directors decided that the Audit Committee of Gasan Group Limited should no longer act as the Audit Committee for the Issuer.

Accordingly, the Company's board appointed a new Audit Committee on 24th February 2017, composed of the following non-executive directors:

- Roderick E.D. Chalmers (Chairman)
- Michael Soler
- Etienne Borg Cardona

2.2 Major Assets

2.2.1 Melita

In February 2016, the Group divested its holding in Melita plc ("Melita"), following a sale agreement for the disposal that was concluded in 2015. Management notes that the Group had originally made this investment with a view of exiting when deemed appropriate, and this sale fits in with the Group's long term strategy. The Group previously held a stake of 12% in Melita.

2.2.2 Automotive – GasanZammit Motors Limited

During 2016, the Group reduced its shareholding in GasanZammit Motors Limited ("GasanZammit"), via the sale of 12.98% of the shares to the other shareholder, in line with the merger agreement. The shareholding currently amounts to 52.5%. In 2012, the Group had extended its portfolio of franchises to include the Honda, Chevrolet and Isuzu brands through the formation of GasanZammit, with 2013 being the first year whereby all auto sales were executed through GasanZammit. In addition to the increased number of brands the Group has been benefiting from increased efficiencies in recent years following the merger. GasanZammit operates from an automotive sales and customer care centre in Mriehel. This centre provides a one-stop shop for customers by housing all showrooms, sales and administrative offices and service centres for all marques.

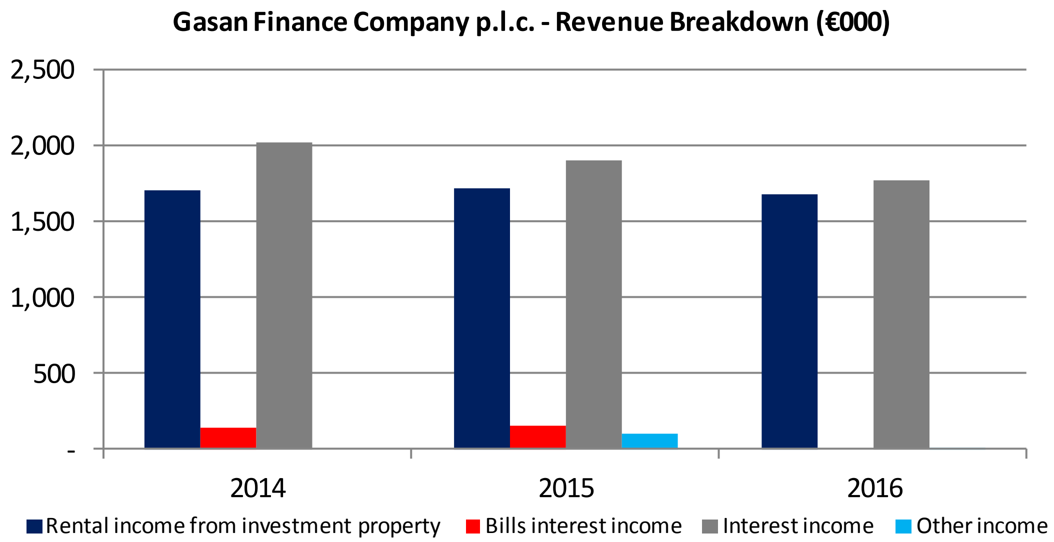
3. PERFORMANCE AND FINANCIAL POSITION OF THE ISSUER

This document makes reference to the financial statements of the Issuer for the financial years ending 31st December 2014, 31st December 2015 and 31st December 2016. The financial statements referred to have been audited by PricewaterhouseCoopers. This section also includes references to forecast financial statements for 2017. These forecasts and projections are based on certain assumptions. Events and circumstances may differ from expectations, and therefore actual results may vary considerably from the projections.

3.1 Statement of Comprehensive Income

Gasan Finance Company p.l.c.	**2014**	**2015**	**2016**	**2016**		**2017**
Statement of comprehensive income (€000) - 31 December	Actual	Actual	Forecast - FAS Update June 2016	Actual	Variance from forecast	Forecast
Revenue	**3,863**	**3,857**	**3,427**	**3,454**	**1%**	**3,315**
Interest Payable	(1,555)	(1,380)	(1,249)	(1,252)	0%	(1,225)
Gross Profit	**2,308**	**2,477**	**2,178**	**2,202**	**1%**	**2,090**
Administrative expenses	(343)	(357)	(346)	(328)	-5%	(355)
Profit before tax	**1,964**	**2,121**	**1,832**	**1,874**	**2%**	**1,735**
Tax (expense) / credit	(574)	53	(550)	(542)	-1%	(517)
Profit for the year - total comprehensive income	**1,390**	**2,174**	**1,282**	**1,332**	**4%**	**1,218**

Source: Gasan Finance Company p.l.c annual reports; Management information



Source: Gasan Group Limited annual reports; Curmi & Partners Ltd.

Total revenue for the year ended 31st December 2016 decreased by 10% to €3.5 million when compared to the previous year. Rental income and interest receivable totalled €1.7 million (2015: €1.7 million) and €1.8 million (2015: €1.9 million) respectively. In 2016, no interest income was generated from hire purchase bills, with these bills being translated into an intercompany loan to Gasan Enterprises Limited, the original holder of the bills. Interest payable decreased to €1.3 million (2015: €1.4 million). Administrative expenses amounted to €0.3 million.

Total revenue is expected to decrease marginally in 2017. Rental income from Gasan Centre is expected to remain relatively unchanged in 2017. The rental income from Piazzetta properties is based on contracts currently in place, with marginal increases in line with estimated inflation. Total interest receivable is expected to decrease slightly in 2017 from €1.8 million to €1.6 million, due to a reduction in the outstanding balance of advances to other Group companies.

With no increase or decrease in the fair value of investment property, the change in reported profits for GFC reflects the decrease in interest payable in addition to the above-mentioned trends in rental and interest income. Profit before tax decreased during 2016 to €1.9 million, in line with expectations. Profit before tax is expected to amount to €1.7 million in 2017. The variances between actual performance during 2016 and forecasts presented in the FAS Update June 2016 are not considered material.

3.2 Statement of Cash Flows

Gasan Finance Company p.l.c.	**2014**	**2015**	**2016**	**2016**		**2017**
Statement of cash flows (*€000) - 31 December*	Actual	Actual	Forecast - FAS Update June 2016	Actual	Variance from forecast	Forecast
Net cash generated from operating activities	5,601	769	4,612	4,691	2%	128
Net cash used in investing activities	-	-	-	(72)	-	(128)
Net cash used in financing activities	(5,601)	(769)	(4,612)	(4,619)	-	-
Net movement in cash and cash equivalents	**-**	**-**	**-**	**-**		**-**
Cash and cash equivalents at beginning of year	-	-	-	-		-
Cash and cash equivalents at end of year	**-**	**-**	**-**	**-**		**-**

Source: Gasan Finance Company p.l.c annual reports; Management information

The cash flow statement for the Issuer reflects its nature as a financing vehicle. Cash flows mainly consist of flows into and out of the company that relate to the raising, servicing, and repayment of debt, in addition to the core income derived from rent and interest receivable on advances to other Group companies. There was no overall cash flow movement during 2016, with net cash generated from operating activities and net cash used in investing activies and financing activities amounting to €4.7 million, mainly driven by the repayment of bank loan of €4.6 million. During 2017, net cash from operating activities is expected to amount to €0.1 million, given that no material investing and financing activities are currently anticipated.

With respect to the Statement of Cash Flows, there was no material variance between the forecasts presented in the FAS Update June 2016 and the actual results.

3.3 Statement of Financial Position

Gasan Finance Company p.l.c. *Statement of financial position (€000) - 31 December*	2014 Actual	2015 Actual	2016 Forecast - FAS Update June 2016	2016 Actual	Variance from forecast	2017 Forecast
ASSETS						
Non-current assets						
Investment property	33,400	33,400	33,400	33,472	0%	33,600
Trade and other receivables	1,954	-	-	-	-	-
Total non-current assets	35,354	33,400	33,400	33,472	0%	33,600
Current assets						
Trade and other receivables	23,839	26,233	23,140	22,874	-1%	23,830
Cash and cash equivalents	-	-	-	-		-
Total current assets	23,839	26,233	23,140	22,874	-1%	23,830
Total assets	**59,192**	**59,633**	**56,540**	**56,346**	**0%**	**57,430**
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	3,500	3,500	3,500	3,500	-	3,500
Other reserves	13,942	14,610	14,610	14,618	-	14,631
Retained earnings	6,967	8,473	9,755	9,798	0%	11,016
Total Equity	24,410	26,584	27,865	27,915	0%	29,147
Non-current liabilities						
Deferred tax liabilities	3,806	3,110	3,110	3,089	(0)	3,105
Borrowings	29,216	28,527	24,765	24,758	(0)	24,678
Total non-current liabilities	33,022	31,638	27,875	27,847	0%	27,783
Current liabilities						
Trade and other payables	455	422	250	535	114%	500
Current tax liabilities	537	221	550	49	-91%	-
Borrowings	769	769	-	-	-	-
Total current liabilities	1,761	1,412	800	584	-27%	500
Total liabilities	34,783	33,049	28,675	28,431	-1%	28,283
Total equity and liabilities	**59,192**	**59,633**	**56,540**	**56,346**	**0%**	**57,430**

Source: Gasan Finance Company p.l.c annual reports; Management information

Total assets as at 31st December 2016 amounted to €56.3 million, a decrease of €3.3 million from the previous year. This is mainly as a result of a reduction in trade and other receivables due to the repayment of a loan by the parent company.

With respect to funding activities, non-current borrowings decreased to €24.8 million (2015: €28.5 million) due to the repayment of the bank loan. The outstanding balance of short term bank loan facilities of €0.8 million was paid in full. Total equity increased by €1.3 million to €27.9 million. This reflects the impact of the retained profit for the year.

Total assets as at 31st December 2017 are expected to increase by €1.1 million, mainly as a result of an increase in intercompany receivables, which is expected due to the increase brought about by accumulated interest receivable for the year.

Total equity is expected to increase by €1.2 million, driven by an increase in retained earnings. The variances between the actual Statement of Financial Position during 2016 and forecasts presented in the FAS Update June 2016 are not considered material.

3.4 Evaluation of Performance and Financial Position

Gasan Finance Company p.l.c. *Profitability Ratios - 31 December*	**2014** Actual	**2015** Actual	**2016** Actual	**2017** Forecast
Gross Profit Margin (Gross Profit / Revenue)	60%	64%	64%	63%
Operating Profit Margin (Operating Profit / Revenue)	51%	55%	54%	52%
Interest Coverage (Operating Profit adding back interest payable / Interest Payable)	2.3x	2.5x	2.5x	2.4x
Return on Assets (Operating Profit / Average Total Assets)	3.2%	3.6%	3.2%	3.0%
Return on Capital Employed (Operating Profit / Average Capital Employed)	3.4%	3.7%	3.3%	3.1%
Net Profit Margin (Profit for the year / Revenue)	36%	56%	39%	37%
Return on Equity (Profit for the year / Average Total Equity)	5.9%	8.5%	4.9%	4.3%

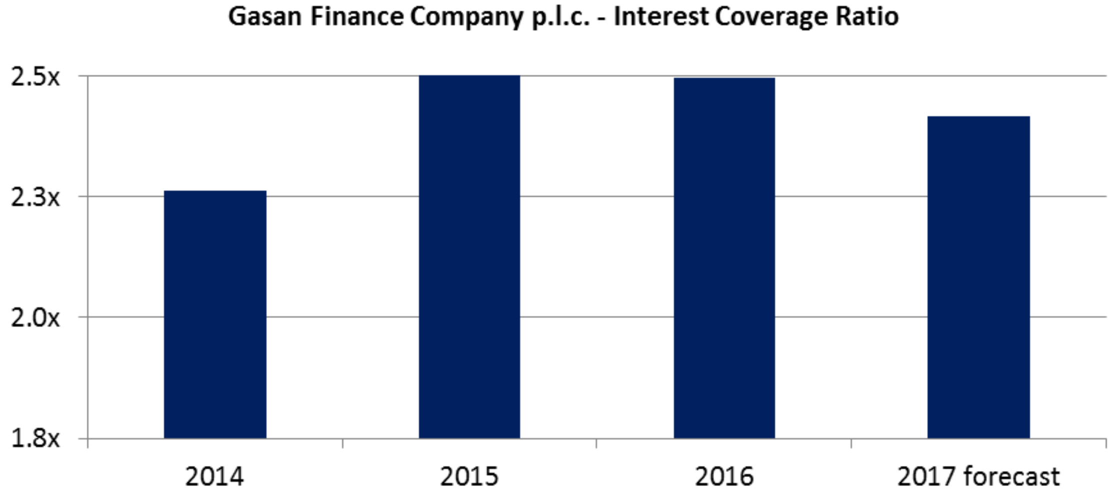
Source: Gasan Finance Company p.l.c annual reports; Management information; Curmi & Partners Ltd.

The profitability ratios for the Company generally display a considerable level of stability, reflecting its role as a holder of investment properties and the finance vehicle of the Group. Rental and interest income, in addition to fixed interest payable on the borrowings, drive operations and profits.

Margins deteriorated slightly in 2016, halting the trend of year on year improvements of recent years. The gross profit margin remained unchanged at 64%, whilst the operating margin decreased to 54%, driven by a fall in interest receivable from a reduction in the outstanding balance of advances to other Group companies. Margins are expected to decrease further in 2017, which are also expected to be driven by lower interest receivable generated during the year.

Return on Capital Employed (“ROCE”) and Return on Assets (“ROA”) are estimated on the basis of operating profit. In line with above mentioned trends, ROCE and ROA decreased in 2016 and are expected to decline slightly in 2017.

Interest coverage would typically be calculated as the ratio of Earnings before Interest, Taxes, Depreciation and Amortization (“EBITDA”) or Earnings before Interest, Taxes (“EBIT”) to net finance costs. In the case of the Issuer, the core revenue of the Company consists of rental income and interest earned on financial assets. Therefore, in order to estimate the ability to service the borrowings, interest coverage is estimated as the ratio of this financial income (after adjusting for administrative expenses) to interest payable. Historically, the Issuer has been consistent in achieving a comfortable ratio in excess of 2x, with interest coverage rising progressively to 2.5x in 2015 and 2016.



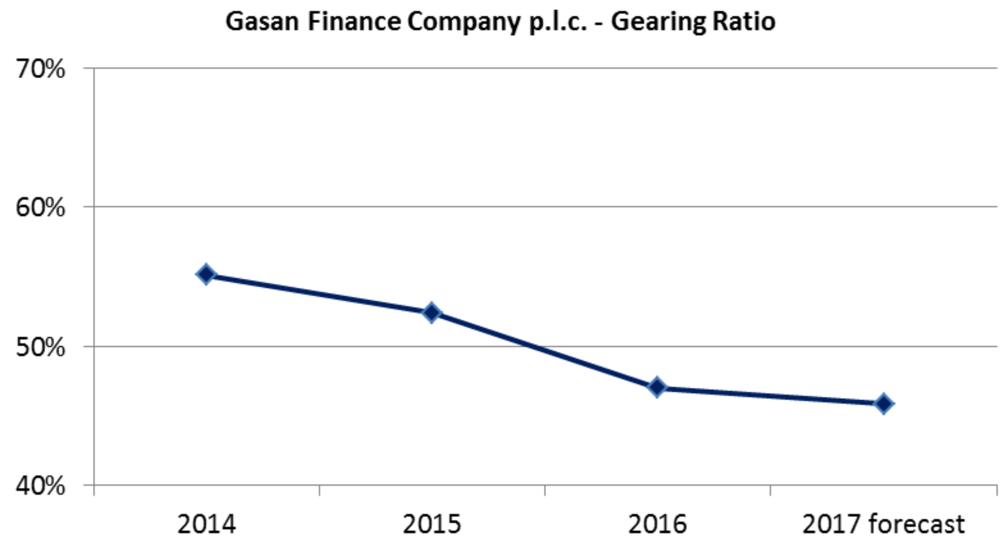
Source: Gasan Finance Company p.l.c annual reports; Management information; Curmi & Partners Ltd.

Group balances are all recognised as current assets in the statement of financial position. Additionally, the Issuer does not engage in trade operations and thus does not incur substantial trade-related short term liabilities. Therefore liquidity ratios are historically higher than what would be considered typical for an operating company. During 2016, the current ratio increased to 39.2x, primarily due to the repayment of bank borrowings.

Gasan Finance Company p.l.c. *Statement of financial position ratios - 31 December*	**2014** Actual	**2015** Actual	**2016** Actual	**2017** Forecast
Current Ratio (Current Assets / Current Liabilities)	13.5x	18.6x	39.2x	47.7x
Quick Ratio (Current Assets less Inventories / Current Liabilities)	13.5x	18.6x	39.2x	47.7x
Gearing Ratio (1) (Borrowings / {Total Equity + Borrowings})	55.1%	52.4%	47.0%	45.8%
Gearing Ratio (2) (Borrowings / Total Equity)	1.2x	1.1x	0.9x	0.8x

Source: Gasan Finance Company p.l.c annual reports; Management information; Curmi & Partners Ltd.

Gearing continued to decrease during 2016, reflecting the repayment of bank debt and an increase in equity as a result of profit generation. In 2017, gearing is expected to decrease further due to a forecasted increase in retained earnings and a marginal reduction in borrowings.



Source: Gasan Finance Company p.l.c annual reports; Management information; Curmi & Partners Ltd.

4. PERFORMANCE AND FINANCIAL POSITION OF THE GROUP

The Issuer's primary role is that of raising funds from capital markets to finance the Group's operations. The Issuer is owned by Gasan Enterprises Limited, which is in turn owned by Gasan Group Limited.

A core part of the Company's operations is centred around loan agreements with Gasan Enterprises Limited and Gasan Group Limited. The Issuer relies on interest receivable on loans to these group companies and on rent receivable from Gasan Properties Limited.

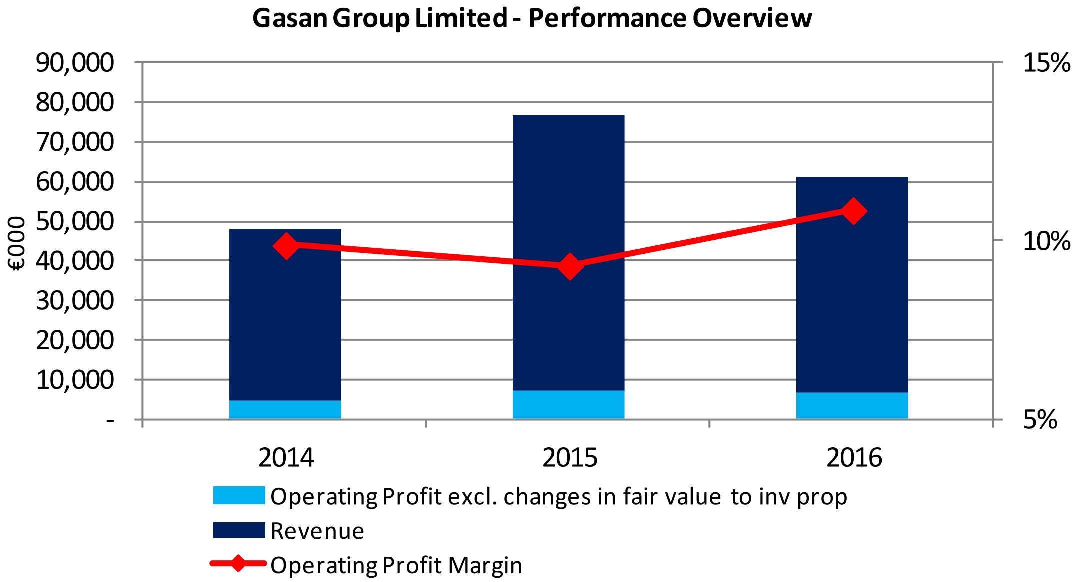
Due to the above mentioned reliance it is relevant to provide an overview of the performance and financial position of the Group.

This document makes reference to the financial statements of the Group for the financial years ended 31st December 2014, and 31st December 2015, and 31st December 2016. The financial statements referred to have been audited by PricewaterhouseCoopers. This section also includes references to group projections prepared by management. These projections are based on certain assumptions. Events and circumstances may differ from expectations, and therefore actual results may vary considerably from the projections.

4.1 Statements of Comprehensive Income

Gasan Group Limited *Statements of comprehensive income (€000) - 31 December*	**2014** Actual	**2015** Actual	**2016** Actual
Revenue	**47,736**	**76,847**	**60,962**
Cost of sales	(42,196)	(68,472)	(57,245)
Contribution from insurance operations	2,414	2,969	6,096
Gross Profit	**7,954**	**11,344**	**9,813**
Distribution costs	(236)	(275)	(273)
Administrative expenses	(3,883)	(4,322)	(3,254)
Other income - net	844	378	155
Income from investment property	221	4,600	522
Operating Profit	**4,899**	**11,725**	**6,963**
Investment and other related income	6,327	1,899	2,479
Profit on sale of available-for-sale financial assets	-	-	5,765
Finance income	784	685	712
Finance costs	(2,855)	(2,459)	(2,155)
Profit before impairment and before share of results of associates	**9,156**	**11,850**	**13,764**
Available-for-sale investments - impairment	(1,187)	-	-
Share of results of associates	268	5,280	862
Profit before tax	**8,237**	**17,130**	**14,626**
Tax expense	(2,120)	(2,552)	(5,299)
Profit for the year	**6,117**	**14,577**	**9,327**
Other comprehensive income, net of tax	(1,377)	4,159	(1,168)
Total comprehensive income for the year	**4,740**	**18,736**	**8,159**
Total comprehensive income attributable to:			
Owners of the Company	3,696	17,692	5,555
Non-controlling interests	1,044	1,044	2,604
Total comprehensive income	**4,740**	**18,736**	**8,159**

Source: Gasan Group Limited annual reports



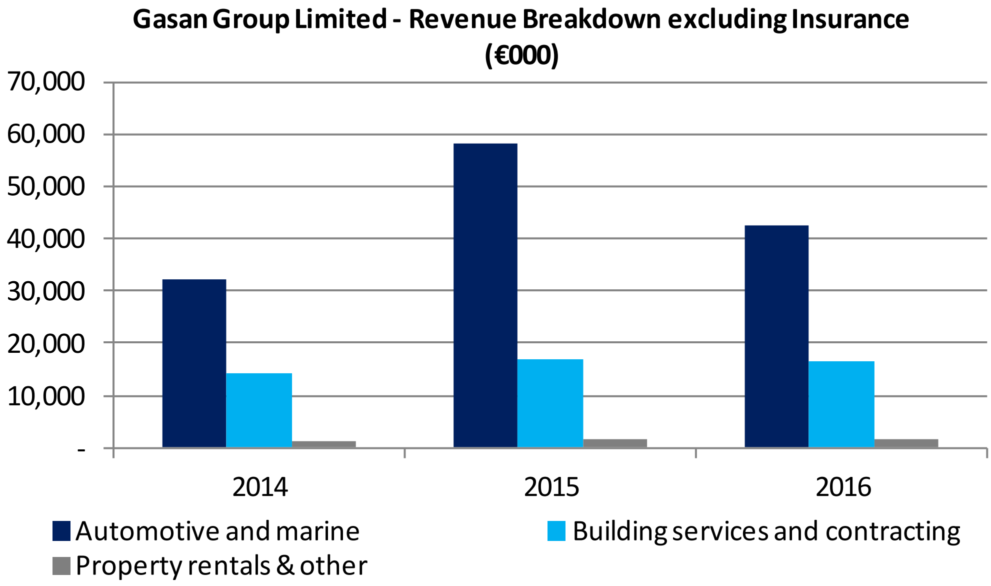
Source: Gasan Group Limited annual reports; Curmi & Partners Ltd.

The Group's overall profitability was lower compared to the previous year, though 2015 was generally considered an exceptional year. This was mainly the case for the core automotive and marine ("Auto") business, with the relative contribution decreasing to 70% of total revenues excluding insurance (2015: 76%). On the other hand, there was a considerable improvement in the insurance business.

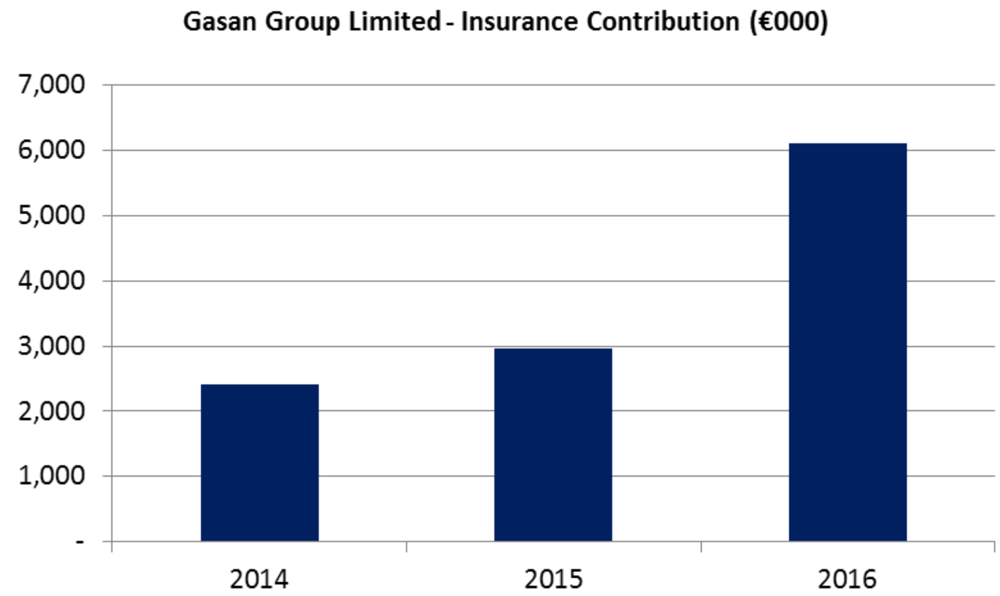
Trends in the Auto sector tend to reflect developments in terms of new models coming to the market, with 2015 being particularly active in this respect, resulting in the year-on-year decline. However, management notes that this core business remains healthy, driven by strong brands and growth particularly in commercial vehicles. Revenues in the Auto segment amounted to €42.6 million (2015: €58.1 million).

The Building Services segment was basically unchanged in terms of revenues, generating €16.7 million (2015: €17 million) in revenues. However, management notes that performance in this area with respect to its profitability was not satisfactory, given that a review of the performance of a number of mechanical and engineering contracts undertaken resulted in a reduction of the estimated profitability of such contracts. Thus management deemed it prudent to recognise such reductions in 2016. As a result of this, management has initiated a restructuring exercise of this segment, with a view to consolidating long term profitability. The restructuring exercise entailed a change of the senior management of this segment, with the Group's senior management directly undertaking the operation of this segment as from February 2017. It is expected that the restructuring exercise is finalised by the end of 2017.

The contribution from insurance operations amounted to €6.1 million (2015: €3.0 million), with the improvement driven primarily by an increase in net premiums written and by a decrease in claims incurred, net of reinsurance. Management highlights that the generally conservative policies adopted by the Group are reflected in the stable and profitable contribution over the years.



Source: Gasan Group Limited annual reports; Curmi & Partners Ltd.



Source: Gasan Group Limited annual reports; Curmi & Partners Ltd.

Operating profit amounted to €6.9 million, a decrease of €4.8 million compared to the previous year. Excluding the impact of changes in fair value of investment property, operating profit decreased by a more moderate 10%, with the strong results of the insurance segment compensating for the poor performance of the Building Services business, and the reduced Auto business profits. The estimate for EBITDA, which in addition to excluding movements related to property revaluations adjusts also for other non-cash items (such as changes in fair values and impairments relating to insurance investments), amounted to €6.9 million (2015: €12.6 million).

The Group revalues its property on an annual basis and in 2015 this had resulted in a substantial increase in the fair value of investment property of €4.6 million, compared to €0.3 million in 2016. Management notes that it adopts a prudent approach with respect to property valuations, whilst it regularly assesses the value of its holdings and accounts for movements in fair values in accordance with International Financial Reporting Standards.

The profit on sale of available-for-sale financial assets amounted to €5.8 million, driving an increase in the Profit before impairment and share of results of associates to €13.8 million (+16%). Management notes that this mainly relates to the disposal of the holding in Melita. It is also relevant to note that whilst there was a substantial profit on this investment, the historic fair value gains on this item were reversed out of the Other Comprehensive Income. Investment and other related income totalled €2.5 million (2015: €2.0 million).

Profit before tax amounted to €14.6 million (2015: €17.1 million), with this decline reflecting the fact that during the previous year the share of results of associates was more than €5 million, compared to €0.9 million during 2016. Much of the 2015 contribution arose from the revaluation of property held by associates. Furthermore, changes in 2015 in relation to the taxation rules on capital gains arising on transfer of immoveable property resulted in a deferred tax credit of approximately €1 million. This was a one-off adjustment which was not repeated in 2016.

It may also be relevant to consider the total comprehensive income, along with the profit for the year, to obtain a better perspective on the performance and profitability of the Group. The Group's other comprehensive income was negative for 2016 at €1.2 million, reflecting primarily the release of the fair value gain on disposal amounting to €5 million, compared to a net fair value gain of €4.3 million during 2015.

4.2 Statements of Cash Flows

Gasan Group Limited *Statement of cash flows (€000) - 31 December*	**2014** Actual	**2015** Actual	**2016** Actual
Net cash generated from operating activities	5,857	12,496	4,170
Net cash (used in) / generated from investing activities	3,035	(5,893)	4,250
Net cash used in financing activities	(9,958)	(4,693)	(10,601)
Net movement in cash and cash equivalents	**(1,066)**	**1,910**	**(2,180)**
Cash and cash equivalents at beginning of year	(11,746)	(12,812)	(10,902)
Cash and cash equivalents at end of year	**(12,812)**	**(10,902)**	**(13,082)**

Source: Gasan Group Limited annual reports

During 2016, net cash generated from operating activities decreased by €8.3 million to €4.2 million, with the movement driven by the decrease in cash from operations. Net cash generated from investing activities amounted to €4.3 million, which compares favourably to an outflow of €5.9 million during 2015. Major investing cash inflows were the result of disposals of financial and insurance investments (including Melita), which in aggregate amounted to €21.1 million. These inflows were in part compensated for by the cash outflows applied towards purchases of insurance investments, insurance investment property, and investments in associates.

With respect to financing activities, net cash used totalled €10.6 million (2015: €4.7 million). This amount primarily consists of repayment of borrowings of €5.7 million and dividend payments of €5.2 million. Management notes that the debt repayment was partially financed from the cash generated from investing activities, as noted in the previous paragraph. It is also indictated that the level of dividend payout is dependent on the level of profit generation plus the reserves, in addition to the Group’s working capital requirements and available investment opportunities.

The overall negative movement in cash and cash equivalents amounted to €2.2 million, compared to an inflow of €1.9 million in 2015. The balance of cash at bank and in hand amounted to €9.9 million with bank overdrafts amounting to €23 million, for an aggregate short term net debt position of €13.1 million. Management notes that overdraft financing is mostly related to the Auto business, whereby the nature of operations typically requires flexibility in terms of funding requirements.

4.3 Statements of Financial Position

Gasan Group Limited *Statements of financial position (€000) - 31 December*	**2014** Actual	**2015** Actual	**2016** Actual
ASSETS			
Non-current assets			
Property, plant and equipment	23,253	23,863	24,653
Investment property	34,772	36,395	37,225
Intangible assets	648	648	648
Investment in associates	19,978	25,985	32,182
Other investments	16,876	21,186	8,722
	95,527	108,077	103,430
Other non-current assets			
Deferred tax	3,178	3,218	1,091
Trade and other receivables	8,798	7,034	8,191
	11,976	10,251	9,282
Insurance company			
Investments	23,454	24,004	28,076
Investment property	4,992	4,657	7,814
Cash and cash equivalents	6,376	9,292	9,440
	34,822	37,953	45,330
Total non-current assets	**142,325**	**156,280**	**158,042**
Reinsurers' share of technical provisions	909	1,903	1,097
Current assets			
Inventories	13,828	15,577	13,833
Property held for resale	170	3,670	3,670
Trade and other receivables	24,669	26,323	27,619
Current tax assets	2,914	2,991	2,227
Available-for-sale investments	31	-	-
Deferred acquisition costs	2,556	2,896	3,073
Cash and cash equivalents	411	1,012	464
Total current assets	**44,579**	**52,468**	**50,886**
Total assets	**187,812**	**210,651**	**210,025**

Source: Gasan Group Limited annual reports

Total assets of the Group as at 31st December 2016 amounted to €210 million, basically unchanged from the previous year. Major movements in assets include a reduction of €12.5 million to €8.7 million in available for sale investments, primarily consisting of equity securities and other variable yield securities, reflecting the sale of the shareholding in Melita. On the other hand the Group increased its investments in associates to €32.2 million (2015: €26 million), with this increase primarily driven by the investment in Tal-Wilga Limited, which is a jointly held entity that is currently undertaking the development of a business centre in Mriehel.

Within the insurance business, investments amounted to €28.1 million (2015: €24 million) and investment property amounted to €7.8 million (2015: €4.7 million).

Gasan Group Limited *Statements of financial position (€000) - 31 December*	**2014** Actual	**2015** Actual	**2016** Actual
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners			
Share capital	1,327	1,327	1,327
Revaluation reserve	13,138	13,628	16,038
Other reserves	16,982	25,166	22,404
Retained earnings	42,759	48,771	51,170
	74,206	88,891	90,939
Non-controlling interests	9,725	10,337	11,545
Total equity	**83,931**	**99,229**	**102,484**
Non-current liabilities			
Deferred tax	7,594	8,251	7,061
Trade and other payables	-	-	-
Borrowings	30,295	29,327	24,758
Total non-current liabilities	37,889	37,578	31,819
Insurance company			
Technical provisions	27,469	30,934	31,356
Current liabilities			
Trade and other payables	16,932	19,410	20,007
Borrowings	20,861	22,262	22,994
Current tax liabilities	731	1,240	1,364
Total current liabilities	38,524	42,911	44,365
Total liabilities	**103,881**	**111,423**	**107,540**
Total equity and liabilities	**187,812**	**210,651**	**210,025**

Source: Gasan Group Limited annual reports

Total borrowings decreased by €3.8 million to €47.8 million, primarily reflecting the Group's repayment of banking facilities of maturities between 2 and 5 years, which more than compensated for the increase in overdrafts of €1.8 million. The Group's bank overdrafts and loans are secured by general and special hypothecs over the Group's assets (excluding the assets of the Issuer) and a pledge of €2.1 million on insurance investments. Trade and other payables amounted to €20 million (€19.4 million).

Total equity as at 31st December 2016 amounted to €102.5 million (2015: €99.2 million). The increase in the share of associate's reserve and revaluations of land and buildings mainly compensated for the decline in the financial assets reserves.

4.4 Evaluation of Performance and Financial Position

Gasan Group Limited *Profitability Ratios - 31 December*	**2014** Actual	**2015** Actual	**2016** Actual
Gross Profit Margin (Gross Profit / Revenue)	16.7%	14.8%	16.1%
Operating Profit Margin(a) (Operating Profit / Revenue)	10.3%	15.3%	11.4%
Operating Profit Margin(b) (Operating Profit excluding changes in fair value of investment property / Revenue)	9.9%	9.3%	10.9%
EBITDA margin (EBITDA / Revenue)	10.8%	16.4%	11.3%
Interest Coverage (EBITDA / Net Finance Costs)	2.5x	7.1x	4.8x
Return on Assets(a) (Operating Profit / Average Total Assets)	2.6%	5.9%	3.3%
Return on Assets(b) (Operating Profit excluding changes in fair value of investment property / Average Total Assets)	2.5%	3.6%	3.2%
Return on Capital Employed(a) (Operating Profit / Average Capital Employed)	3.3%	7.5%	4.2%
Return on Capital Employed(b) (Operating Profit excluding changes in fair value of investment property / Average Capital Employed)	3.2%	4.6%	4.0%
Net Profit Margin (Profit for the year / Revenue)	12.8%	19.0%	15.3%
Return on Equity (Profit for the year /Average Total Equity)	7.4%	15.9%	9.2%

Source: Gasan Group Limited annual reports; Curmi & Partners Ltd.

When compared to 2015, there was a decrease in the overall profitability of the Group during 2016, as reflected in a decline in revenues and margins. However, when reviewing the results of 2016, it is relevant to consider that that 2015 was considered as an exceptional year for the automotive business, which benefited from the launch of several new models. Profitability in Building Services decreased considerably during 2016 due to the declining performance of certain mechanical and engineering projects undertaken. As noted in the previous section, the Group is currently undertaking a restructuring of this business.

On the other hand, the insurance business improved considerably, partly compensating for other areas, and as in previous years illustrating the overall positive performance across diverse business areas. During 2016 there was a lower impact from changes in fair value of investment property.

Operating and EBITDA margins both decreased to 11%. However when one excludes the impact of changes in fair value of investment property, the operating margin actually increased slightly due to the impact during 2015 of the substantial increase in the fair value of investment property.

With the asset base and level of capital employed by the Group almost unchanged, the reduced profitability during 2016 is reflected in only limited declines in ROCE and ROA, when excluding the impact from property revaluations. The Group continues to maintain a healthy financial position with respect to its ability to service debt, with an interest cover ratio higher than 4x.

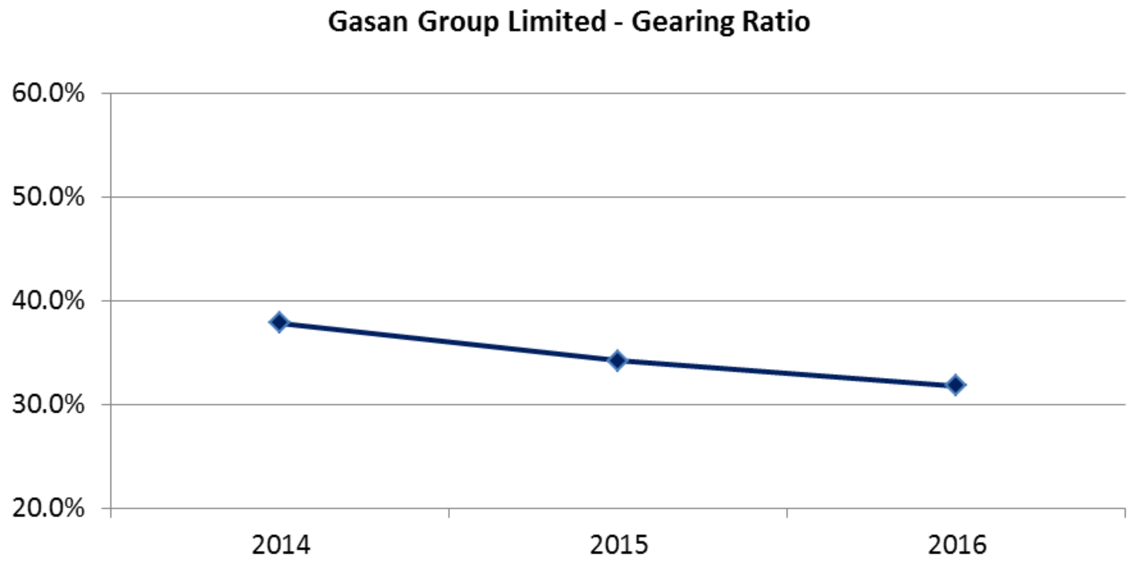
The decline in profitability at the bottom-line level, as reflected in particular by the net profit margin, was moderated for by the profit on sale of available-for-sale financial assets, which also partly compensated for the substantial decrease in the share of results of associates.

Gasan Group Limited *Statements of Financial Position Ratios - 31 December*	**2014** Actual	**2015** Actual	**2016** Actual
Current Ratio (Current Assets / Current Liabilities)	1.2x	1.2x	1.1x
Quick Ratio (Current Assets less Inventories / Current Liabilities)	0.8x	0.9x	0.8x
Gearing Ratio (1) (Borrowings / {Total Equity + Borrowings})	37.9%	34.2%	31.8%
Gearing Ratio (2) (Borrowings / Total Equity)	0.6x	0.5x	0.5x
Net Leverage Ratio (Net Borrowings / EBITDA)	9.8x	4.0x	6.9x
Free Cash Flow to Debt (Free cash flow / Borrowings)	5.8%	7.2%	21.7%

Source: Gasan Group Limited annual reports; Curmi & Partners Ltd.

Free cash flow, hereby estimated by adjusting EBITDA for capital expenditures, changes in trade working capital (including inventories, trade and other receivables, trade and other payables, and excluding movements related to borrowings), and taxes paid, was positive in recent years throughout different business cycles. During 2016, free cash flow increased by more than €6 million to €10.4 million. The positive cash flow from investing activities, driven primarily by net divestments in insurance and financial items, in addition to a decrease in working capital investment, compensated for deterioration in EBITDA generation during the year.

Net leverage, expressed as net debt to EBITDA, increased. This reflects the weaker performance in terms of EBITDA generated relative to debt levels. Positively, the Group lowered the level of net debt, even though this did not entirely compensate for the decline in EBITDA. The Group's level of gearing has been relatively low and continued to decrease during 2016, with the gearing ratio declining to 32%.



Source: Gasan Group Limited annual reports; Curmi&Partners Ltd.

4.5 Overview of Projections for the Group

4.5.1 Core Operations

An overview is hereby provided of the major developments in terms of operating, investing, and financing activities that could have a relevant impact on the overall cash flows of the Group.

Going forward, core activities from the Auto and Building Services businesses are expected to continue to be major contributors to the Group's cash generation from operations. Management expects the restructuring efforts being undertaken in Building Services to provide a base for long term profitability in this area. The Auto business is expected to continue reflecting certain cyclical trends, but management highlights the quality of its portfolio of brands and the prominent presence in markets that are benefiting from particular growth. The rental income from major property assets is expected to continue increasing at approximately 2% per annum. The insurance results for the first five months of 2017 were significantly higher than previous year and budget, which augurs well for another positive year.

From a core operations perspective, the group's strategy of consolidating its four business pillars is deemed to be satisfactory. Management is confident that this consolidation will be sustained in the foreseeable future.

4.5.2 Capital Investment

The Group evaluates potential investment opportunities from time to time. A number of these opportunities may be material in nature, but will only be undertaken if the Group is satisfied that suitable funding arrangements are in place. Various investment opportunities are currently being evaluated, the more important ones being described hereunder.

With regards to the capital projects currently in progress, the Group will continue its development project of the land adjacent to the Il-Piazzetta building in Sliema, which commenced in April 2016. This project will include a combination of commercial and retail outlets, in addition to residential units. Project completion is expected in 2018. This project is being funded by a combination of the Group's own funds and bank financing.

Permit applications for the project in Mriehel were approved and excavation works have commenced during Q2 2017. The development is a joint venture with the Tumas Group and is expected to consist of 4 towers around a central piazza, transforming Mriehel into an office and business hub. The project will include office spaces, retail space, recreational facilities, a day care centre, and parking spaces catering for 1,400 vehicles. Management indicates that the plan of the joint venture is to sell a portion of the project, whilst maintaining the rest for leasing purposes. The Group is expecting to finance the project through available cash resources, internally generated funds and bank financing at a later stage.

The sale of Melita, which was concluded during 2016, was in line with the original plan of exiting from such investment when deemed appropriate, and according to the Group's long term strategy. Furthermore the Group is expected to continue working on its investment in the energy sector through the relevant associate company. The authorised commitment for equity participation in this associate is for an amount between €11 million and €13 million which is expected to be drawn down during 2017.

During 2016, even though the decline in profitability increased net leverage, the Group continued to decrease its gearing ratio. The Group remains committed to its objective of maintaining a healthy financial position that will allow it to comfortably service its debt obligations through the various business cycles.

5. COMPARABLES

The table below compares historical interest coverage ratios of the Issuer to those of other finance companies which have debt instruments issued on the local capital markets. It is relevant to note that there are considerable variances between the industries in which these corporate groups operate. Additionally, there may be other differences that could include the capital structure of the finance vehicle and characteristics of the specific debt instrument.

However, the below comparison could be considered a useful indication of the relative financial performance and debt servicing capability of the Issuer.

On this basis, the Issuer's historic cover ratio, in addition to the forecasted and projected indicators referred to in previous sections, demonstrate a healthy position.

Comparables - Finance Companies listed on MSE	**2015**	**2016**
Interest Coverage Ratios	Actual	Actual
Gasan Finance Company p.l.c	2.5x	2.4x
Corinthia Finance p.l.c.	1.0x	1.0x
Eden Finance p.l.c.	1.0x	1.0x
Tumas Investments p.l.c.	1.0x	1.0x
United Finance p.l.c.	1.5x	1.4x

Source: Annual reports; Curmi & Partners Ltd.

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6. GLOSSARY

Non-current assets	Non-current asset are long-term investments, which full value will not be realised within the accounting year.
Current assets	Current assets are all assets that are realizable within one year from the statement of financial position date. Such amounts include trade receivables, inventory, cash and bank balances.
Current liabilities	Current liabilities are liabilities payable within a period of one year from the statement of financial position date, and include trade payables and short-term borrowings.
Non-current liabilities	Long-term financial obligations or borrowings that are not due within the present accounting year. Non-current liabilities include long-term borrowings, bonds and long term lease obligations.
Total Equity	Total equity includes share capital, reserves, retained earnings and minority interests. It relates to the capital and reserves that are attributable to owners of the company.
Cash flow from operating activities	Cash flow from operating activities illustrates the cash-generating abilities of a company's core activities, and includes cash inflows and outflows that are related to operating activities.
Cash flow from investing activities	Cash flows from investing activities reflect the change in cash position resulting from investments and divestments.
Cash flow from financing activities	Cash flows from financing activities shows the cash inflows and outflows related to financing transactions with providers of funding, owners and the creditors.
Free Cash Flow	A measure of the ability to generate the cash flow necessary to maintain operations. It is the balance after all cash flows for operating activities, fixed asset net investments, working-capital expenditures. The definition of free cash flow may vary; for this purpose it was based on Ebitda adjusting for net investments, working capital and tax.
EBITDA	Earnings before interest, tax, depreciation and amortization (EBITDA) is a measure of operating profitability. It excludes depreciation and

	amortization, and is viewed as measure of a company's core profitability and cash generating ability.
Financial Ratios	
Current ratio	The current ratiomeasures the ability to pay short term debts over the next 12 months. It compares a company’s current assets to its current liabilities.
Quick ratio	Similarly to current ratiothe quick ratio measures a company’s ability to meet its short-term obligations with its most liquid assets. It excludes inventories from current assets.
Gearing or leverage ratio	The gearing or leverage ratio indicates the relative proportion of borrowings and equity used to finance a company’s assets. It is estimated by dividing total borrowings by total borrowings plus total equity, or as the ratio of total borrowings to total equity.
Interest Coverage ratio	Interest coverage ratio is generally calculated by dividing a company’s EBITDA, or EBIT (operating profit) of one period by the company’s interest expense of the same period. It measures the ability of the borrower to service the finance costs related to borrowings.
Net Debt to EBITDA	This ratio compares financial borrowings and EBITDA as a metric for estimating debt sustainability, financial health and liquidity position of an entity. It compares the financial obligations to the actual cash profits.
Gross Profit Margin	Gross profit margin is the ratio of gross profit to revenue. It is the percentage by which gross profits exceed cost of sales, and is a measure of profitability at the most fundamental level.
Operating Profit Margin	Operating margin is a measure of profitability that measures the proportion of revenue that is left over after paying for all costs of production incurred in ordinary operations.
EBITDA Margin	Similarly to operating margin, EBITDA margin is a measure of profitability that measures the proportion of revenue that is left over after paying for all costs of production incurred in ordinary operations.
Net Profit Margin	Net profit margin is the ratio of profit for the period to revenues, and is a

	measure of how much of revenues is converted into bottom line profits.
Return on Assets (ROA)	Return on assets is the ratio of profit for the period or operating profit to average total assets for the period. It measures efficiency in using its assets to generate income.
Return on Capital Employed (ROCE)	Similarly to ROA, this ratio measures efficiency in generating income but takes into consideration the sources of financing. Profit for the period or operating profit is divided by the capital employed (fixed assets plus working capital or total assets less current liabilities)
Return on Equity	Measures the profitability in terms of how much profit is generated in relation to owners' investment.