

Addendum to the Financial Analysis Summary dated 28 April 2017 in relation to AX investments p.l.c. (“FAS2017”)

The FAS2017 has been updated as follows:

PART 2 – GROUP PERFORMANCE REVIEW

Section 7 – Financial Information (The Issuer)

Commentary of the Cash Flow Statement

Net cash flows from operating activities of the Issuer mainly comprises rental income, administrative expenses, movements in trade & other receivables and payables, interest paid and received, and taxation paid. On a net basis, operational cash flows in each of FY2014, FY2015 and FY2016 amounted to -€0.7 million, €1.3 million and €0.3 million respectively. It is estimated that net operating cash inflows in FY2017 will amount to €0.5 million.

During FY2014, the Issuer raised €40 million in 6% bonds due in 2024 and redeemed €10.0 million 6.7% bonds. The remaining balance of €1.7 million 6.7% bonds were redeemed on 15 December 2014 (FY2015). In FY2014, bond proceeds amounting to €17.7 million were applied to acquire financial assets and an amount of €10.6 million was on-lent to Group companies. During FY2015, the Issuer raised €18.5 million through the disposal of financial assets and advanced €19.1 million to Group companies. Net cash from investing and financing activities in FY2014 and FY2015 amounted to €2.6 million and -€2.2 million respectively. In FY2016, the only movement in investing and financing activities consisted of net loans to related parties of €0.6 million. Net cash used in investing activities in FY2017 is projected to amount to €0.3 million.

Cash and cash equivalents at the end of FY2014, FY2015 and FY2016 amounted to €1.9 million, €1.0 million and €0.7 million respectively. Closing cash balance in FY2017 is forecasted to total €0.9 million.

Section 8 – Financial Information (The Group)

Commentary of the Cash Flow Statement

Net cash flows from operating activities principally relate to the operations of the AX Group, which are analysed in further detail in section 5.0 of this report under the heading “Group Operational Development”.

Net cash inflows from investing activities in FY2014 amounted to €6.9 million, and comprised cash inflows of €33.2 million (mainly relating to the net issuance of bonds as to €28.0 million and proceeds from sale of properties amounting to €3.1 million) against cash outflows totalling €26.3 million (primarily acquisitions of financial assets of €17.7 million and property, plant & equipment of €6.2 million). Financial activities in FY2014 included €8.3 million of net cash outflows in bank borrowings and other loans.

In FY2015, the Group disposed of financial assets which resulted in a cash inflow of €18.5 million and invested the amount of €23.6 million in fixed assets, principally in relation to the development of the Simblija Care Home & Hilltop Gardens Retirement Village. Net cash inflows from bank borrowings and other loans amounted to €3.9 million in FY2015 and during the same year, the Group paid dividends amounting to €350,000.

In FY2016, net cash inflows from financing activities amounted to €3.0 million. During the said year, the Group invested €12.5 million in fixed assets and acquired financial assets totalling €3.7 million.

Overall, net cash balances as at the end of FY2014, FY2015 and FY2016 amounted to €0.5 million, €2.2 million and €5.6 million respectively.

During FY2017, the Group is projecting to utilise a net amount of €10.4 million, primarily to develop two properties in Merchant Street, Valletta, to be operated as boutique hotels once completed. Net inflows from borrowings are expected to amount to €8.1 million. Cash and cash equivalents for the year ending 31 October 2017 is forecasted at €7.6 million.



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