CURMI & PARTNERS

26 June 2014

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

In accordance with your instructions, and in line with the requirements of the Listing Authority Policies, we have prepared an update to the Financial Analysis Summary annexed to the Offering Memorandum("the 2014 FAS update") issued by Gasan Finance Company p.l.c. ("the Issuer") dated 18 October 2013. A copy of the 2014 FAS update is attached to this letter.

The purpose of the financial analysis with the 2014 FAS update is that of summarising key financial data appertaining to the Issuer and the Gasan Group. The data is derived from various sources, as disclosed, or is based on our own computations as follows:

1. Historical financial data for the four years ended 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013 have been extracted from the Issuer's audited statutory financial statements for the four years in question.
2. The projected data for the financial year ending 31 December 2014 has been extracted from the Issuer's financial projections as prepared by the directors of the Issuer.
3. Our commentary on the results of the Issuer and on its financial position is based on the explanations given by the Issuer.
4. The ratios quoted in the following pages have been computed by us applying the definitions set out in Part 6 of the Analysis.
5. The principal relevant market players listed in Part 6 of the Financial Analysis Summary 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 2014 FAS update is meant to assist potential investors by summarising the more important financial data of the Issuer and where appropriate the Gasan Group of Companies. The 2014 FAS update does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the information made available in the public domain by the Issuer. The 2014 FAS update 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 2014 FAS update. As with all investments, potential investors are encouraged to seek professional advice before investing in the securities of the Issuer.

Yours sincerely

David Curmi
Director

Finance House, Princess Elizabeth Street, Ta' Xbiex, XBX 1102, Malta

Tel: (+356) 21347 331
Fax: (+356) 21347 333

Email: info@curmiandpartners.com
Web: www.curmiandpartners.com

Gasan Finance Company p.l.c.

FINANCIAL ANALYSIS SUMMARY

JUNE 2014

CURMI & PARTNERS

Table of Contents

1. FINANCIAL ANALYSIS SUMMARY UPDATE

In accordance with requirements of the Listing Authority Policies, an update to the Financial Analysis Summary October 2013 ("the October 2013 Report") is hereby provided. The purpose of this Financial Analysis Summary Update June 2014 ("Update June 2014") is to provide an update on the performance and on the financial position of Gasan Finance Company p.l.c. ("the Issuer") and, where relevant, of Gasan Group Limited ("the Group" or the "Parent").

Please refer to the October 2013 Report sections 1, 2, and 3 for information relating to the following: 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"). It is noted that no relevant changes or developments relating to the content in these sections were reported during the period since publication of the October 2013 Report.

Please refer to the October 2013 Report sections 4 and 5 for a detailed review of the performance and financial position of the Issuer and the Group for the period prior to 2013.

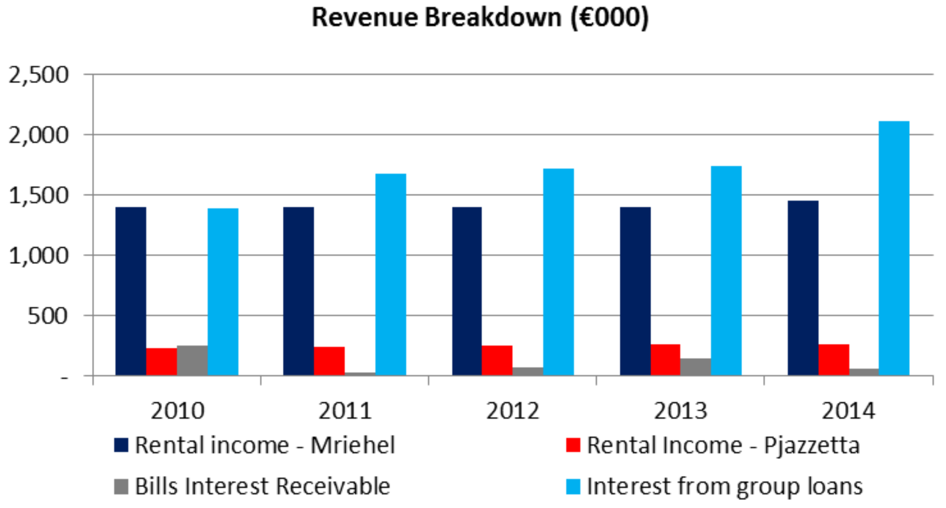
2. PERFORMANCE AND FINANCIAL POSITION OF THE ISSUER

This document makes reference to the financial statements of the Issuer for the financial years ending 31st December 2011, 31st December 2012 and 31st December 2013. The financial statements referred to have been audited by PricewaterhouseCoopers. This section also includes references to forecast financial statements for 2014. 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.

2.1 Statement of Comprehensive Income

Gasan Finance Company p.l.c. *Statement of comprehensive income (€ 000) - 31 December*	**2010** Actual	**2011** Actual	**2012** Actual	**2013** Actual	**2014** Projection
Revenue	**3,266**	**3,337**	**3,435**	**3,534**	**3,872**
Interest Payable	(1,492)	(1,497)	(1,497)	(1,506)	(1,624)
Gross Profit	**1,774**	**1,840**	**1,938**	**2,028**	**2,248**
Administrative expenses	(244)	(341)	(271)	(298)	(245)
Operating Profit	**1,530**	**1,499**	**1,666**	**1,730**	**2,003**
Changes in fair value of investment property	-	-	2,660	900	-
Profit before tax	**1,530**	**1,499**	**4,326**	**2,630**	**2,003**
Tax expense	(512)	(452)	(816)	(634)	(611)
Profit for the year - total comprehensive income	**1,018**	**1,047**	**3,510**	**1,997**	**1,392**

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



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

Revenue for the year ended December 2013 amounted to €3.5 million, an increase of 3% on the previous year. Both rental income and interest receivable each amounted to €1.7 million, with interest received from bills of exchange at around €0.1 million.

Interest payable was basically unchanged at €1.5 million, with administrative expenses increasing almost 10% to €0.3 million, reflecting also the bond issue related costs. There was a gain from the revaluation of the investment property of €0.9 million, resulting in a profit before tax of €2.6 million.

Rental income from Gasan Centre is expected to rise by 4% in 2014, as per the revised rental agreement. The rental income from Piazzetta Properties is based on contracts currently in place. Projections assume that upon expiration of a third of these contracts in 2018, revised rents increase by 3% per annum in line with inflation. Overall, interest receivable will rise by more than 20%, due to the increase in outstanding group balances following the Bond 2019/21 issue.

The trend for profits reflects the above-mentioned movements in revenues and costs, with rental and interest income increasing whilst interest payable also increasing following the issue of the Bond 2019/21. Following a projected decrease of 24% in 2014, which is driven by the changes in fair value of investment property registered in 2013, profit growth is expected to become more stable at around 5% per annum.

Going forward, the projections assume that the bills of exchange were transferred to the Group on the redemption of the €20 million 6% Bonds due 2014/16 (“Bond 2014/16”) in May 2014. Consequently, interest is not expected to be generated on the bills of exchange from May 2014 onwards. Conversely, going forward, rental income and interest on group balances is projected to increase.

2.2 Statement of Cash Flows

Gasan Finance Company p.l.c. *Statement of cash flows (€ 000) - 31 December*	**2010** Actual	**2011** Actual	**2012** Actual	**2013** Actual	**2014** Projection
Net cash generated from operating activities	5,149	20	769	1,451	5,769
Net cash used in investing activities	(4,773)	(24)	-	-	-
Net cash used in financing activities	(376)	(0.3)	(769)	(1,451)	(5,769)
Net movement in cash and cash equivalents	**(1)**	**(4)**	**-**	**-**	**-**
Cash and cash equivalents at beginning of year	5	4	-	-	-
Cash and cash equivalents at end of year	**4**	**-**	**-**	**-**	**-**

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

The cash flow statement for the Company generally 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.

During 2013, net cash generated from operating activities totalled €1.5 million. The net cash used in financing activities amounted to €1.5 million, reflecting the net impact of the proceeds from the bond issue of €9.4 million, advances to Group companies of €10 million, and repayment of bank debt of €0.8 million.

The cash flow statement for 2014 reflects two major movements. An amount of €5 million was used in the redemption of the outstanding Bond 2014/16. In terms of operations, the projected inflow from trade and other receivables of €4.4 million in 2014 reflects the transfer back to the Issuer of funds to redeem in full the €5 million residual outstanding on the Bond 2014/16. Following 2014, cash flows will reflect the relatively stable operations.

2.3 Statement of Financial Position

Gasan Finance Company p.l.c. *Statement of financial position (€ 000) - 31 December*	**2010** Actual	**2011** Actual	**2012** Actual	**2013** Actual	**2014** Projection
ASSETS					
Non-current assets					
Investment property	29,820	29,840	32,500	33,400	33,400
Trade and other receivables	235	863	1,677	1,817	-
Total non-current assets	30,055	30,704	34,177	35,217	33,400
Current assets					
Trade and other receivables	20,595	21,404	21,361	28,109	25,827
Cash and cash equivalents	4	-	-	-	-
Total current Assets	20,599	21,404	21,361	28,109	25,827
Total Assets	**50,654**	**52,108**	**55,538**	**63,326**	**59,227**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	3,500	3,500	3,500	3,500	3,500
Other reserves	10,812	10,810	13,150	13,942	13,942
Retained earnings	5,154	6,203	7,372	5,577	6,890
Total Equity	19,466	20,513	24,023	23,019	24,332
Non-current liabilities					
Deferred tax liabilities	3,351	3,320	3,606	3,834	3,808
Borrowings	19,677	26,690	26,015	29,904	29,212
Total non-current liabilities	23,028	30,010	29,622	33,738	33,019
Current liabilities					
Trade and other payables	469	717	637	669	476
Current tax liabilities	4	99	488	298	631
Borrowings	7,687	769	769	5,601	769
Total current liabilities	8,160	1,585	1,894	6,568	1,875
Total liabilities	31,188	31,595	31,516	40,306	34,895
Total equity and liabilities	**50,654**	**52,108**	**55,538**	**63,326**	**59,227**

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

Total assets amounted to €63.3 million as at 31st December 2013, an increase of 14% on the previous year. Investment property increased from €32.5 million to €33.4 million, reflecting the gain in the fair value following the revaluation. Current trade and other receivables increased by €6.8 million to €28.1 million, mainly driven by an increase in the size of the loan to the parent company.

Long-term borrowings increased by €3.9 million to €29.9 million, with current borrowings increasing by €4.8 million. These movements reflect the net effect of the Bond 2019/21 issue and of the bond-exchange program. In 2013, the Issuer embarked on a bond-exchange program when it issued €25 million of the Bond 2019/21, with an amount of €15.2 million being subscribed by existing bond holders of the Bond 2014/16. The remaining Bond 2014/16 amounting to €4.8 million was redeemed on the 31st May 2014, as reflected in the increase in short-term borrowings. Total equity as at 31st December 2013 amounted to €23 million. The decrease of €1 million reflects the net effect of the profit for the year, the increase in the reserve from the property revaluation and the dividend of €3 million declared during 2013.

In 2014, total assets are expected to decrease to €59.2 million, following the full repayment of the Bond 2014/16. Movements in receivables will reflect the flows to and from the Group. Equity will rise with retained earnings, which will reflect movement in projected profits. Post-redemption of the Bond 2014/16, the only expected movement in borrowings will be the repayment of the bank loan.

2.4 Evaluation of Performance and Financial Position

Gasan Finance Company p.l.c. *Profitability Ratios - 31 December*	**2010** Actual	**2011** Actual	**2012** Actual	**2013** Actual	**2014** Projection
Gross Profit Margin *(Gross Profit / Revenue)*	54%	55%	56%	57%	58%
Operating Profit Margin *(Operating Profit / Revenue)*	47%	45%	49%	49%	52%
Interest Coverage *(Operating Profit adding back interest payable / Interest Payable)*	2.0x	2.0x	2.1x	2.1x	2.2x
Return on Assets *(Operating Profit / Average Total Assets)*	3.0%	2.9%	3.1%	2.9%	3.3%
Return on Capital Employed *(Operating Profit / Average Capital Employed)*	3.3%	3.2%	3.2%	3.1%	3.5%
Net Profit Margin *(Profit for the year / Revenue)*	31%	31%	102%	56%	36%
Return on Equity *(Profit attributable to owners / Average Equity attributable to owners)*	5.4%	5.2%	15.8%	8.5%	5.9%

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

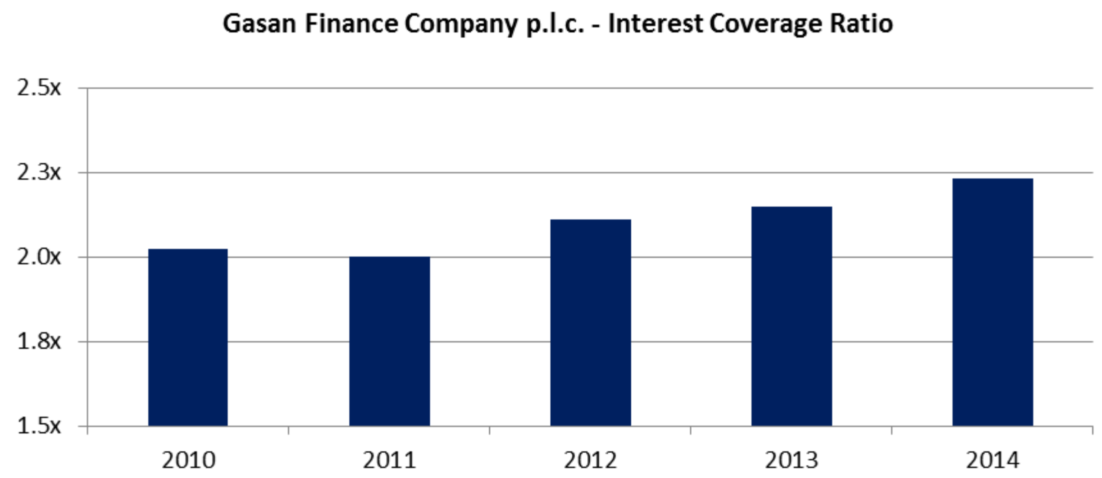
The profitability ratios for the Company generally display a considerable level of stability, reflecting its role as a holder of investment properties and the finance vehicle for the Group. Rental and fixed interest income, in addition to fixed interest payable on the borrowings, drive operations and profits. The net profit margin for 2012 diverges from this trend due to the revaluation gain on the property.

For the period 2010-2013, the gross profit margin was relatively unchanged between 54% and 57%. It could be noted that shifts in the revenue composition, mainly the increase in the relative importance of interest on the loans to other group companies as opposed to interest on bills receivable, did not have a sizeable impact on gross profit margin.

The operating margin in 2013 was unchanged on the previous year. Margins are expected to increase again as from 2014 as a result of higher interest receivable on advances to the group, in addition to increments in the contractual rental income. Return on Capital Employed (“ROCE”) and Return on Assets (“ROA”) were estimated on the basis of operating profit. ROCE and ROA are also expected to improve as from 2014.

Profit related ratios for the Issuer are driven by the movements in profit after tax, which in turn reflects the property revaluation gain. This is reflected in the substantial increase in 2012 to over 100%. Return on Equity (“ROE”) rose to almost 16% in 2012. As expected, profitability ratios decreased in 2013, due to the impact of a lower property revaluation in 2013 compared to 2012.

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 of 2x. This is expected to increase progressively to 3x, prior to the final year of redemption of the bond.



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

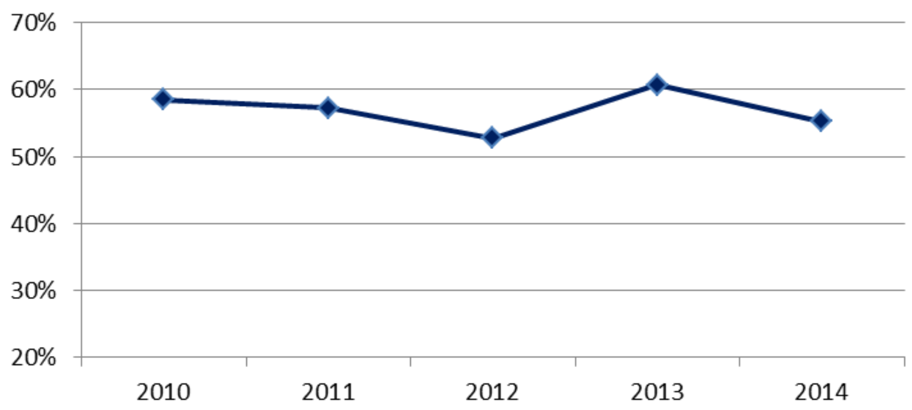
With Group balances being mostly recognised as current assets on the statement of financial position, in addition to the fact that the Issuer does not engage in trade operations and thus does not incur substantial trade-related short term liabilities, liquidity ratios are considerably higher than what would be considered typical for an operating company. However, this would not be reflective of inefficient working capital management, due to the characteristics of the Issuer as a finance vehicle.

Gasan Finance Company p.l.c. *Statement of Financial Position Ratios - 31 December*	**2010** Actual	**2011** Actual	**2012** Actual	**2013** Actual	**2014** Projection
Current Ratio *(Current Assets / Current Liabilities)*	2.5x	13.5x	11.3x	4.3x	13.8x
Quick Ratio *(Current Assets less Inventories / Current Liabilities)*	2.5x	13.5x	11.3x	4.3x	13.8x
Gearing Ratio (1) *(Borrowings / {Total Equity + Borrowings})*	58.4%	57.2%	52.7%	60.7%	55.2%
Gearing Ratio (2) *(Borrowings / Total Equity)*	1.4x	1.3x	1.1x	1.5x	1.2x

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

Overall leverage or gearing decreased in the period until 2012. In fact, whilst the total amount of borrowings remained stable over this period (with debt issuance limited to re-financings), total equity increased through higher retained earnings, and in 2012 also through the increase in the reserve from the gain on property revaluation. As expected, gearing increased to 61% in 2013, with increased borrowings also reflecting the outstanding €5 million on the Bond 2014/16. The Current and Quick ratios for 2013 are impacted by the outstanding €4.8 million Bond 2014/16 which is classified as a current liability in view of the redemption in May 2014. A progressive decrease in indebtedness until redemption of the Bond 2019/21 is expected going forward, driven by the amortisation of the bank loan and an increase in equity.

Gasan Finance Company p.l.c. - Gearing Ratio



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

3. REVIEW OF FORECASTS INCLUDED IN FINANCIAL ANALYSIS SUMMARY OCTOBER 2013

The following review compares the actual performance during 2013 with the forecasts as included in the October 2013 Report.

Gasan Finance Company p.l.c. *Statement of comprehensive income (€ 000) - 31 December*	**2013** Forecast	**2013** Actual	*Variance*	**2014** Projection
Revenue	**3,506**	**3,534**	*1%*	**3,872**
Interest Payable	(1,512)	(1,506)	*0%*	(1,624)
Gross Profit	**1,994**	**2,028**	*2%*	**2,248**
Administrative expenses	(380)	(298)	*-22%*	(245)
Operating Profit	**1,614**	**1,730**	*7%*	**2,003**
Changes in fair value of investment property	-	900		-
Profit before tax	**1,614**	**2,630**	*63%*	**2,003**
Tax expense	(487)	(634)	*30%*	(611)
Profit for the year - total comprehensive income	**1,127**	**1,997**	*77%*	**1,392**

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

Actual revenue, interest payable and gross profit for 2013 are in line with the forecasts. Administrative expenses, which include costs for refurbishment of the Issuer's property, amounted to €0.3 million in 2013, 22% lower than the forecasted amount. After accounting for fair value gains in investment property, profit after tax amounted to €2 million, compared to €1.1 million in the forecasts. At the end of 2012, the book value of investment property was €900,000 lower than the architect's valuation. At the end of 2013 the directors resolved to align the book value of the property with the architect's valuation.

It is noted that management projections for 2014 are unchanged from those reported in the October 2013 Report at the time of the Bond 2019/21 issue, except for the impact on the forecast balance sheet of the property revaluation. This is illustrated below.

Gasan Finance Company p.l.c. *Statement of financial position (€ 000) - 31 December*	**2014** Projection	**2014** Revised Projection	*Variance*
ASSETS			
Non-current assets			
Investment Property	32,500	33,400	*2.8%*
Trade and other receivables	-	-	-
Total Non-current assets	32,500	33,400	*2.8%*
Current Assets			
Trade and other receivables	25,827	25,827	-
Cash and cash equivalents	-	-	-
Total Current Assets	25,827	25,827	-
Total Assets	**58,327**	**59,227**	*1.5%*
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	3,500	3,500	-
Other reserves	13,150	13,942	*6.0%*
Retained earnings	6,890	6,890	-
Total Equity	23,540	24,332	*3.4%*
Non-current liabilities			
Deferred tax liabilities	3,700	3,808	*2.9%*
Borrowings	29,212	29,212	*0.0%*
Total non-current liabilities	32,911	33,019	*0.3%*
Current liabilities			
Trade and other payables	476	476	-
Current tax liabilities	631	631	-
Borrowings	769	769	-
Total current liabilities	1,875	1,875	-
Total liabilities	34,787	34,895	*0.3%*
Total equity and liabilities	**58,327**	**59,227**	*1.5%*

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

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 Company 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. On the other hand, going forward the Company will no longer be dependent on interest income from bills of exchange acquired from Gasan Enterprises Limited, since it is not at this time planning to invest in bills from GasanZammit Motors Limited.

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

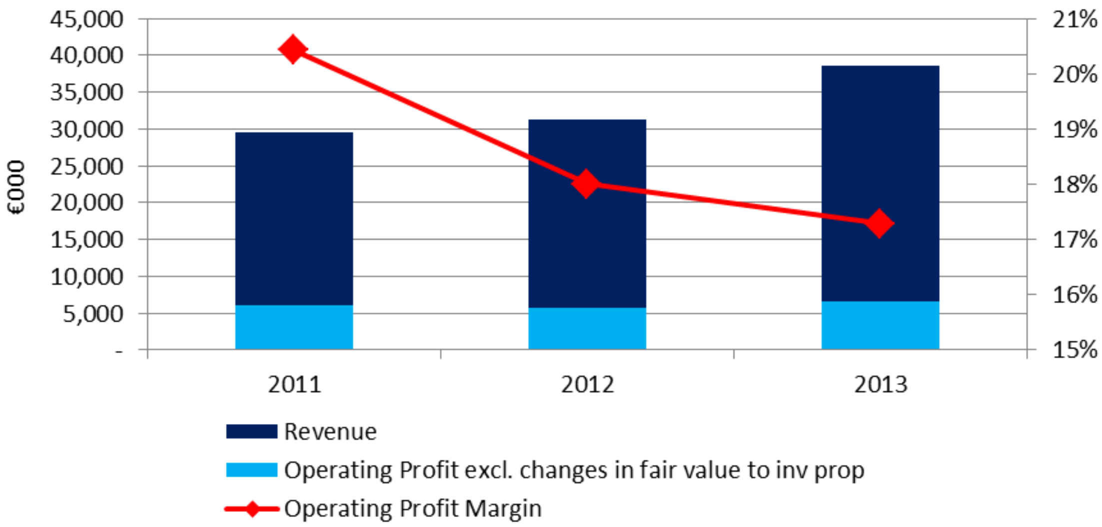
This document makes reference to the financial statements of the Group for the financial years ended 31st December 2011, and 31st December 2012, and 31st December 2013. The financial statements referred to, have been audited by PricewaterhouseCoopers. This section also includes references to group projections 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*	**2011** Actual	**2012** Actual	**2013** Actual
Revenue	**29,527**	**31,351**	**38,594**
Cost of Sales	(25,102)	(28,478)	(33,475)
Contribution from insurance operations	4,571	5,757	4,403
Gross Profit	**8,996**	**8,631**	**9,522**
Distribution costs	(125)	(115)	(184)
Administrative expenses	(3,206)	(3,041)	(3,052)
Other income - net	387	175	371
Net gains/(losses) from Investments	(6)	2	-
Income from investment property	4,549	1,741	900
Operating Profit	**10,594**	**7,392**	**7,557**
Investment and other related income	167	746	331
Finance income	954	1,233	730
Finance costs	(3,174)	(3,386)	(3,289)
Profit before impairment and before share of results of associates	**8,541**	**5,984**	**5,329**
Available-for-sale investments - impairment	(3,008)	(268)	(130)
Amounts due from associates - impairment	-	-	-
Share of results of associates	531	1,642	203
(Loss) /Profit before tax	**6,064**	**7,358**	**5,402**
Tax expense	(1,363)	(1,651)	(601)
(Loss) /Profit for the year	**4,701**	**5,707**	**4,800**
Other comprehensive income, net of tax	(659)	551	386
Total comprehensive income for the year	**4,041**	**6,258**	**5,186**
Total comprehensive income attributable to:			
Owners of the Company	2,850	4,546	3,816
Non-controlling interests	1,192	1,712	1,370
Total comprehensive income	**4,041**	**6,258**	**5,186**

Source: Gasan Group Limited annual reports

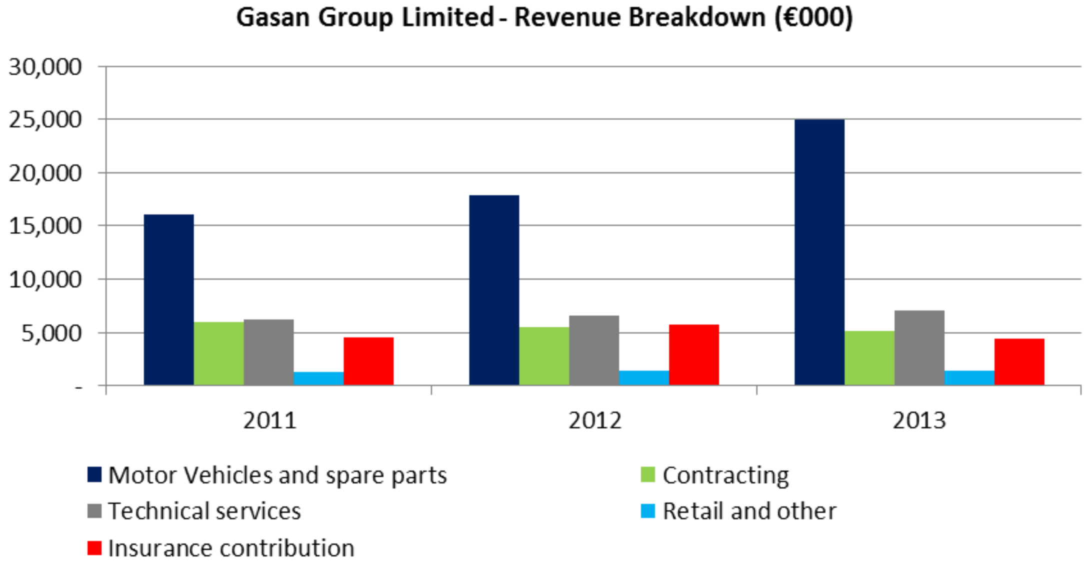
Gasan Group Limited - Performance Overview



Source: Gasan Group Limited annual reports; Curmi & Partners

Revenues have risen progressively in recent years to €38.6 million in 2013 (excluding insurance business). With respect to the proportional contribution from the different business areas, there was an increase in sales of motor vehicles and spare parts (65% of revenues excluding insurance in 2013) and a decrease in contracting and technical services. The contribution from insurance is more volatile.

Total revenue increased by 40% during 2013. The strong growth in the motor vehicles and spare parts division was driven by the integration of additional brands following the formation of GasanZammit Motors Limited ("GasanZammit") in late 2012. There was a decrease of 8% in contracting revenues. The contribution from insurance operations decreased to €4.4 million, with performance negatively impacted by higher claims related to the storms in early 2013 and by lower investment returns.



Source: Gasan Group Limited annual reports

On balance, core performance improved during 2013, with operating profit excluding income from investment property increasing by 18% to €6.7 million. Total operating profit including the impact from the changes in property valuations increased marginally to €7.6 million. The profit for the year is considerably impacted by impairments to available-for-sale investments. These investments mostly relate to equity securities and include amounts advanced to unquoted companies. Following an impairment of €3 million in 2011, impairments amounted to less than €0.3 million for both 2012 and 2013.

A prudent approach is adopted each year when an assessment is made of property and financial assets. 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 consistent performance and profitability of the Group. In fact, the Group generated more than €4 million in total comprehensive income each year during the period 2011-2013.

4.2 Statements of Cash Flows

Gasan Group Limited *Statement of cash flows (€ 000) - 31 December*	**2011** Actual	**2012** Actual	**2013** Actual
Net cash generated from operating activities	2,045	1,408	3,750
Net cash used in investing activities	(5,773)	1,852	(536)
Net cash used in financing activities	(2,291)	(3,216)	5,404
Net movement in cash and cash equivalents	**(6,019)**	**44**	**8,618**
Cash and cash equivalents at beginning of year	(14,389)	(20,408)	(20,364)
Cash and cash equivalents at end of year	**(20,408)**	**(20,364)**	**(11,746)**

Source: Gasan Group Limited annual reports

During 2013, the Group generated an amount of €3.8 million from operating activities, compared to €1.4 million a year earlier. This substantial increase is driven by the improvement in core operations and by cash flows from working capital movements.

Net cash inflows from financing activities amounted to €5.4 million during 2013. This amount mainly reflects the net impact of the €9.4 million net proceeds from the Bond 2019/21 issue, the repayment of €2.3 million in borrowings, and the payment of dividends totalling almost €2 million.

The overall positive movement in cash and cash equivalents during 2013, amounting to €8.6 million, resulted in a decrease in net borrowings compared to the previous two years to €11.7 million. This year-end balance consists of €4.6 million in cash at bank and €16.3 million in bank overdrafts.

4.3 Statements of Financial Position

Gasan Group Limited *Statements of financial position (€ 000) - 31 December*	**2011** Actual	**2012** Actual	**2013** Actual
ASSETS			
Non-current assets			
Property, plant and equipment	23,716	24,473	23,458
Investment property	30,749	32,388	32,991
Intangible assets	648	648	648
Investment in associates	15,419	17,631	18,947
Other investments	26,983	23,575	23,322
	97,516	98,715	99,367
Other non-current assets			
Deferred tax	3,108	3,324	3,326
Trade and other receivables	9,120	10,368	9,918
	12,228	13,692	13,244
Insurance company			
Investments	22,651	24,254	24,042
Investment property	4,975	3,569	4,954
	27,626	27,823	28,997
Total non-current assets	**137,370**	**140,230**	**141,607**
Reinsurers' share of technical provisions	242	450	297
Current Assets			
Inventories	10,173	11,275	10,527
Stock held for development and resale	531	170	170
Trade and other receivables	19,853	24,502	22,958
Current tax assets	2,056	1,718	2,706
Available-for-sale investments	53	-	15
Financial assets through profit or loss	262	24	-
Deferred acquisition costs	2,364	2,439	2,511
Cash and cash equivalents	3,664	4,781	4,548
Total Current Assets	**38,957**	**44,909**	**43,436**
Total Assets	**176,569**	**185,589**	**185,340**

Source: Gasan Group Limited annual reports

The Group's total assets as at 31st December 2013 amounted to €185.3 million, virtually unchanged over 2012.

Property, plant and equipment, and investment property accounted for €23.5 million (13% of total assets) and €38.0 million (20% of total assets) respectively. Investments of the insurance business were €24 million (13% of total assets). Total trade and other receivables, which mainly include trade and hire purchase debtors, increased from €29 million in 2011 to €32.9 million (equivalent to 18% of total assets) in 2013. Relative proportions of the major asset components may be considered broadly stable throughout the period of 2011-2013.

Gasan Group Limited *Statements of financial position (€ 000) - 31 December*	**2011** Actual	**2012** Actual	**2013** Actual
EQUITY AND LIABILITIES			
Capital and reserves attributable to owners			
Share capital	1,327	1,327	1,327
Revaluation reserve	10,870	12,009	12,498
Other reserves	17,069	17,987	19,014
Retained earnings	36,774	38,264	39,679
	66,041	69,587	72,518
Non-controlling interests	7,553	8,419	9,161
Total equity	**73,595**	**78,006**	**81,679**
Non-current liabilities			
Deferred tax	8,001	7,283	7,677
Trade and other payables	-	-	173
Borrowings	30,914	29,554	31,949
Total non-current liabilities	38,915	36,836	39,799
Insurance company			
Technical provisions	25,637	25,065	24,590
Current liabilities			
Trade and other payables	12,113	17,684	15,540
Borrowings	26,192	27,351	23,292
Current tax liabilities	118	647	441
Total current liabilities	38,423	45,682	39,272
Total liabilities	**102,974**	**107,583**	**103,661**
Total equity and liabilities	**176,569**	**185,589**	**185,340**

Source: Gasan Group Limited annual reports

Total borrowings as at 31st December 2013 amounted to €55.2 million, a 3% decrease compared to the previous year. The refinancing from the bond issue allowed the Group to reduce aggregate current borrowings by €4 million to €23.3 million, with non-current borrowings rising by €2.4 million to €32 million. The decrease in current debt obligations mainly reflects the net impact from a reduction in bank overdrafts by €8.9 million and an increase in bond-related current borrowings. An amount of €4.8 million of the Bond 2014/16 was outstanding as at 31st December 2013, following the bond-exchange executed during the year.

The Group's bank overdraft is secured by general and special hypothecs over the Group's assets (excluding the assets of Gasan Finance Company p.l.c.) and by guarantees from the Company's subsidiaries. The Group's bank loans, amounting to €9.6 million as at end 2013, are secured by general and special hypothecs over the Group's assets (excluding the assets of the Issuer) and a pledge of €2.3 million on insurance investments.

Trade and other payables in 2013 amounted to €15.7 million, a decrease of €2 million on the previous year. This primarily reflects decreases in trade payables and amounts due to related parties of €1.2 million and €1.3 million respectively.

Total equity was €81.7 million as at 31st December 2013, consisting of €1.3 million in share capital, €31.5 million in reserves and €39.7 million of retained earnings. The increases in total equity over recent years mainly reflect movements in the reserves, primarily changes in fair value of investment property as well as retained profits for the year.

4.4 Evaluation of Performance and Financial Position

Gasan Group Limited *Profitability Ratios - 31 December*	**2011** Actual	**2012** Actual	**2013** Actual
Gross Profit Margin *(Gross Profit / Revenue)*	*30.5%*	*27.5%*	*24.7%*
Operating Profit Margin[(a)] *(Operating Profit / Revenue)*	*35.9%*	*23.6%*	*19.6%*
Operating Profit Margin[(b)] *(Operating Profit excluding changes in fair value of investment property / Revenue)*	*20.4%*	*18.0%*	*17.3%*
EBITDA margin *(EBITDA / Revenue)*	*26.8%*	*18.7%*	*19.3%*
Interest Coverage *(EBITDA / Net Finance Costs)*	3.6x	2.7x	2.9x
Return on Assets[(a)] *(Operating Profit / Average Total Assets)*	*6.2%*	*4.08%*	*4.07%*
Return on Assets[(b)] *(Operating Profit excluding changes in fair value of investment property / Average Total Assets*	*3.5%*	*3.1%*	*3.6%*
Return on Capital Employed[(a)] *(Operating Profit / Average Capital Employed)*	*7.9%*	*5.33%*	*5.30%*
Return on Capital Employed[(b)] *(Operating Profit excluding changes in fair value of investment property / Average Capital Employed)*	*4.5%*	*4.1%*	*4.7%*
Net Profit Margin *(Profit for the year / Revenue)*	*15.9%*	*18.2%*	*12.4%*
Return on Equity *(Profit attributable to owners / Average Equity attributable to owners)*	*5.4%*	*5.9%*	*4.8%*

Source: Gasan Group Limited annual reports; Curmi & Partners

Generally, the Group's profitability has been healthy in recent years. The exposure to the diverse range of sectors in which the Group operates has allowed it to deliver an overall consistent performance. Additionally, the Group's results are impacted by items that include valuation gains/losses on investment property and impairments to financial assets.

During the period 2011-2013, gross profit margins have been comfortably above 20%. The decrease in 2012 mainly related to a relative rise in cost of sales, including cost of vehicles sold and contract costs. This was partly compensated for by a very positive performance from insurance operations. On the other hand, in 2013, the weaker contribution from the insurance business resulted in the decrease in the gross profit margin to 25%.

The overall operating performance after distribution and administrative costs, in addition to income from investment properties was particularly strong in 2011. This reflects the revaluation gain registered that year. Excluding the income from the investment property, operating margin was still around 20%, decreasing slightly during the following two years.

At the EBITDA level, with this estimate excluding depreciation and amortisation items in addition to valuation gains and impairments, an improvement in core performance is noted during 2013. With total assets almost unchanged during 2013, ROCE and ROA also improved last year when excluding the impact from investment property revaluations. The interest coverage for the Group, based on EBITDA, remained at healthy levels throughout the period. There was a decrease in 2012, driven by the drop in EBITDA and increased bank interest and charges, before increasing again to 2.9x in 2013.

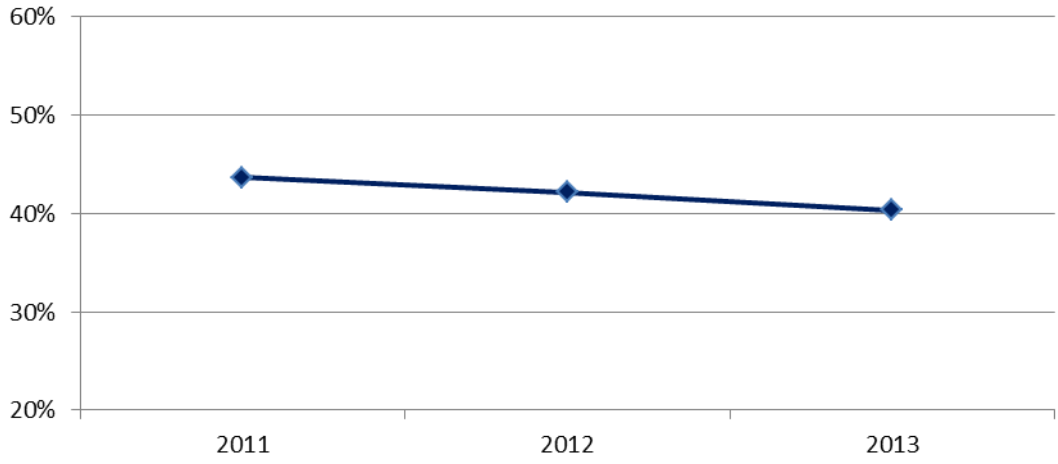
Bottom line profitability of the Group could be considerably impacted by impairments to financial assets and revaluations. On aggregate the group generated an amount of €15.2 million in profits between 2011 and 2013. As noted previously, it is relevant to note that a prudent approach is adopted in terms of assessing changes in values to property and financial assets. Excluding impairments and investment property income, profit for the year was more stable and profit margins were consistently healthy.

Gasan Group Limited *Statements of Financial Position Ratios - 31 December*	**2011** Actual	**2012** Actual	**2013** Actual
Current Ratio *(Current Assets / Current Liabilities)*	1.0x	1.0x	1.1x
Quick Ratio *(Current Assets less Inventories / Current Liabilities)*	0.7x	0.7x	0.8x
Gearing Ratio (1) *(Borrowings / {Total Equity + Borrowings})*	43.7%	42.2%	40.3%
Gearing Ratio (2) *(Borrowings / Total Equity)*	0.8x	0.7x	0.7x
Net Leverage Ratio *(Net Borrowings / Ebitda)*	6.8x	8.9x	6.8x
Free Cash Flow to Debt *(Free cash flow / Borrowings)*	1.9%	11.7%	9.8%

Source: Gasan Group Limited annual reports; Curmi & Partners

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 and relatively consistent throughout the period. For the years 2011-2013 combined, free cash flow was estimated at around €13 million. With the group generating relatively stable EBITDA during these years, the variations in this estimate generally reflect increases in investments (particularly in 2011). Net leverage in terms of the level of net borrowings to EBITDA, would be considered relatively high. However, it is also relevant to consider that the Group has generated positive EBITDA through the business cycle in recent years. The Group's level of gearing has been relatively low and broadly stable in recent years, with a gearing ratio of just above 40%. Most new borrowings in recent years have been re-financings. Total borrowings are generally divided equally between the short-term and long-term.

Gasan Group Limited - Gearing Ratio



Source: Gasan Group Limited annual reports; Curmi & Partners

4.5 Overview of Projections for the Group

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, the major contributors to the Group's cash from operations will be Mekanika Limited and Gasan Properties Limited. Excluding non-recurring items, Mekanika's historic performance has been relatively stable. Its contribution is expected to increase as from 2015 due to new work contracts, following which it is expected to remain stable again. The rental income from Gasan Properties Limited is assumed to continue increasing with inflation of 2% per annum.

Projected cash inflows for 2014 from bills of exchange amounts to €3.6 million. As noted in previous sections, this income will be progressively phased out in subsequent years. Operating activities in 2014 include dividends receivable from subsidiary companies that are not 100% owned by the Group, as well as €3.7 million investment income of which €3.1 million relates to the yield on sale of investments.

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. In 2014, the Group is expected to inject around €1.2 million (net of bank financing) in equity participation in connection with an associate company.

The Group is expected to sell financial investments amounting to around €6 million in cash, of which €3 million represents the yield on these investments.

In terms of financing flows, net bond proceeds amounted to €9.4 million in 2013, with an outflow of €4.8 million in 2014 reflecting the redemption of the outstanding Bond 2014/16. Repayment of other borrowings amount to €3.9 million in 2014. The dividend paid in 2014 is expected to amount to €2 million, compared to €1 million in 2013. This will be driven by projected sale of investments.

It is relevant to note that the group's gearing ratio is expected to decrease as from 2014. This is also in line with the Group's objective to maintain a low to medium gearing ratio 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 with debt instruments issued on the local capital markets. It is relevant to note that there are considerable variances between the industries these corporate groups operate in. 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	**2012**	**2013**
Interest Coverage Ratios	Actual	Actual
Gasan Finance Company p.l.c	2.1x	2.2x
Corinthia Finance p.l.c.	1.0x	1.0x
Eden Finance p.l.c.	1.0x	1.0x
Mizzi Organisation Finance p.l.c.	1.0x	1.0x
Tumas Investments p.l.c.	1.0x	1.0x
United Finance p.l.c.	1.0x	1.1x

Source: Annual reports; Curmi & Partners

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	Similarly to ROA, this ratio measures efficiency in generating income but

Employed (ROCE)	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.