CHARTS
WEALTH MANAGEMENT ▪ CORPORATE BROKING

Addendum to the Financial Analysis Summary dated 18 June 2017 in relation to Hal Mann Vella Group p.l.c. ("FAS2017")

Following the publication of the FAS2017, we wish to bring the following clarifications and/or corrections to the attention of the general public:

Section 3.5 – Major Assets

1. In the table entitled 'Major Assets' set out in section 3.5 of the financial analysis summary dated 31 May 2016 ("FAS2016"), 'Other assets' amounted to €4,396,000 in FY2014 and €4,539,000 in FY2015. In the FAS2017, the aforesaid amounts have been sub-divided as follows:

	FY2014 ('000)	**FY2015** ('000)
Solar panels	522	470
Other assets	3,874	4,068
Immaterial difference	-	1
	4,396	**4,539**

Part 2 – Group Performance Review (table on page 15 entitled 'Hal Mann Vella Group Borrowings')

2. 'Other borrowings' for FY2015 has been amended to read as follows:

	FY2015 ('000)
Shareholders' loans	4,326
Amounts due to related parties	3,270
	7,597

The said adjustment is due to a restatement in the comparative figures (FY2015) in order to comply with the latest financial year's (FY2016) presentation of the financial statements. As such, the summation of 'Other borrowings' is unchanged.

Section 3.2.2 – Property development & letting

3. According to the FAS2016, the property owned by Sudvel Limited (known as E-Pantar) comprises rentable space of *circa* 14,000m^2, is due for completion in Q2 2017 and cost of development is estimated at €7 million.

   In the FAS2017, the rentable space is reported at *circa* 19,000m^2. The difference of 5,000m^2 relates to the common areas and external space (excluding the roof), which have been included in the lease agreement recently concluded with Transport Malta. In comparison to the FAS2016, it was then assumed that only the net leasable area of the property was to be leased to tenants.

With respect to the estimated cost, the amount of €7 million quoted in the FAS2016 refers to the cost of development to shell form, whilst the €13 million reported in the FAS2017 refers to the cost of development up to a finished state.

In terms of timing, completion is expected by Q3 2017 as compared to Q2 2017 reported in the FAS2016. The rescheduling of one quarter is primarily due to the fact that the Company will be delivering the property in a finished state as opposed to the previous assumption to deliver the property in shell form.

Section 3.3.1 – Factory modernisation and showroom expansion

4. With reference to the renovation of the Lija factory, it was reported in the FAS2016 that "*the project was largely complete by the fourth quarter of 2015*". This sentence was deleted in the second paragraph of the afore-mentioned section of the FAS2017 and replaced with the following sentence: *"Including the E-pantar development, the whole project is set to be completed during the latter part of 2017".*

To further elaborate on the above sentence, the 'whole project' refers to the modernisation of the Lija factory and the E-pantar project. With respect to the former project, the installation of new equipment and renovation works were primarily done during FY2015 and will be completed in FY2017. The E-pantar project is ongoing and will be completed by Q3 2017.

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