Annex IV – Financial Analysis Summary

Virtu Finance p.l.c.

Financial Analysis Summary

30 October 2017

Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd, in compliance with the Listing Policies issued by the Malta Financial Services Authority, dated 5 March 2013.

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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The Board of Directors
Virtu Finance p.l.c.
Virtu, Ta' Xbiex Terrace
Ta' Xbiex XBX 1034
Malta

30 October 2017

Dear Sirs,

Virtu Finance p.l.c. – Financial Analysis Summary (the **"Analysis")**

In accordance with your instructions and in line with the requirements of the Listing Authority Policies, we have compiled the Financial Analysis Summary set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the Analysis is that of summarising key information appertaining to Virtu Finance p.l.c. (the "**Company**", "**Issuer**" or "**VFP**") and Virtu Maritime Limited (the "**Guarantor**", or "**VML**"). The data is derived from various sources or is based on our own computations as follows:

a. Historical financial data for the three years ended 31 December 2014, 2015 and 2016 has been extracted from the audited Combined Financial Statements of Virtu Maritime Group (the "**Combined Financial Statements**"), prepared by the directors of the Guarantor to present the financial position and results of its Subsidiaries on the basis of the assumption that the Virtu Maritime Group had operated as a single entity in the three years ended 31 December 2014, 2015 and 2016. Furthermore, the Pro Forma financial information of VML as at 1 January 2017 has been prepared for illustrative purposes only, in order to provide information on the financial position the Guarantor.

b. The forecast data for financial year ending 31 December 2017 and projection data for financial year ending 31 December 2018 have been provided and approved by management of the Issuer and the Guarantor.

c. Our commentary on the Combined Financial Statements of the Virtu Maritime Group is based on the explanations from management and the Financial Due Diligence Report (FDDR) prepared by the reporting accountants of the Issuer (PricewaterhouseCoopers).

d. The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions as set out and defined within the Analysis.

e. Relevant financial data in respect of competitors as analysed in section 10 has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Analysis is meant to assist potential investors by summarising the more important financial data of the Issuer and the Guarantor. The Analysis does not contain all data that is relevant to potential investors and is meant to complement, and not replace, the contents of the full Prospectus. The Analysis does not constitute an endorsement by our firm of the securities of the Issuer and should not be interpreted as a recommendation to invest. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

Vincent E. Rizzo
Director

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List of Abbreviations

EU	European Union;
FAS	Financial Analysis Summary;
FY	Financial year 1 January to 31 December;
HCVs	Heavy Commercial Vehicles;
MGS	Malta Government Stock;
PwC	PricewaterhouseCoopers;
RoRo	Roll-on/Roll-off;
PPE	Property, Plant and Equipment;
ROPAX	Roll-on/Roll-off passenger vessel;
TEUs	Twenty-foot equivalent unit;
VFFL	Virtu Fast Ferries Limited;
VFL	Virtu Ferries Limited;
VFP	Virtu Finance p.l.c.;
VFSRL	Virtu Ferries SRL;
VFTL	Virtu Ferries Travel Limited;
VHL	Virtu Holdings Limited;
VMG	Virtu Maritime Group;
VML	Virtu Maritime Limited;
VRFL	Virtu Rapid Ferries Limited; and
VWPL	Virtu Wavepiercer Limited.

Important Information

Purpose of the Document

The purpose of this document is to present a financial analysis summary of Virtu Finance p.l.c. (the "**Issuer**") and Virtu Maritime Group (the "**Guarantor**") in line with the requirements of the Malta Financial Services Authority (MFSA) Listing Policies dated 5th March 2013 (the "**Financial Analysis Summary**" or "**FAS**").

Sources of Information

The information that is presented has been collated from a number of sources, including the company's website (www.virtu.com.mt), the FDDR prepared by PwC pursuant to the Listing Policies of the MFSA and the audited Combined Financial Statements of the Guarantor for the three years ended 31 December 2014 to 2016 presenting the financial position and results of its subsidiary companies (referred to as the Virtu Maritime Group) together with the Pro Forma financial information of the Guarantor as at 1 January 2017.

Historical financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand.

Forecasts and Projections

Forecasts and projections that are quoted in this document have been prepared and approved by the Directors of the Issuer and the Guarantor, who undertake full responsibility for the assumptions on which these forecasts and projections are based.

Part 1

1. Background and History

1.1 THE ISSUER – VIRTU FINANCE P.L.C.

Virtu Finance p.l.c. (the "**Issuer**" or "**VFP**") was registered on 6 July 2017, as a public limited liability company and as such has no financial history. It was set up as a special purpose vehicle for the purpose of the issue of the new Bond as explained in section 3 of the FAS. Its main objective is that of carrying on of the business of a finance and investment company, including the financing or re-financing of the funding requirements of the business of the Virtu Maritime Group (the "**Group**" or "**VMG**"). Given the nature of the Issuer's activities, i.e. raising finance for on-lending to the VMG, there is an inherent dependence on the Group's cash flows and operations.

1.2 THE GUARANTOR – VIRTU MARITIME LIMITED

The Guarantor was registered on 30 June 2017 as a private limited liability shipping company. The Guarantor itself has no financial history, and it is the holding company of Virtu Wavepiercer Limited ("**VWPL**"), Virtu Fast Ferries Limited ("**VFFL**"), Virtu Ferries Limited ("**VFL**"), Virtu Ferries Travel Limited ("**VFTL**") and Virtu Rapid Ferries Limited ("**VRFL**") (hereinafter collectively referred to as the "**Subsidiaries**"). The Subsidiaries are involved in the Malta-Sicily operations and the vessels operated thereon, as well as the vessel HSC Maria Dolores, which is subject to a standard time charter with a third-party operator. An organisation chart showing the Group's structure is set out in section 3.

1.3 NEW BOND ISSUE

The Group is tapping the local bond market for the first time through the issue of a €25 million bond maturing in 2027. The net proceeds raised by the Issuer will be on-lent to VWPL, which will use the funds to part finance the acquisition of the New Vessel, in line with the Ship Construction and Sale Agreement referred to in section 4.1. The Bond will be guaranteed by VML, the parent company of the Group.

1.4 PRINCIPAL ACTIVITIES AND MARKETS OF VIRTU MARITIME GROUP

The principal part of the VMG's business is the operation of the Malta-Sicily route (the "**MLA-SIC line**") by High Speed Passenger and Vehicle Ferries. This core business activity is provided by VFL, which is the main operating entity within the VMG. The MLA-SIC line is currently serviced by one High Speed Passenger and Vehicle Ferry, the HSC *Jean de la Valette* (the "**HSC JDLV**"). This is set to be complemented through the introduction of a second vessel on the MLA-SIC line as from 2019. The chartering of the HSC *Maria Dolores* vessel, currently on a Morocco-Spain route, also forms part of the Group's business. Additionally, in 2010 the Group was awarded the exclusive use and operation of the sea passenger ferry terminal at the Valletta Grand Harbour, which concession is explained further in section 4.2.

2. Directors and Senior Management

2.1 DIRECTORS

Directors of the Issuer

The members of the Board as at date of this FAS are included hereunder:

Mr Charles Borg	Non-Executive, Independent Chairman
Mr Roderick E. D. Chalmers	Non-Executive, Independent Director
Mr Stefan Bonello Ghio	Non-Executive Director
Mrs Stephanie Attard Montalto	Executive Director
Mr Matthew Portelli	Executive Director

Directors of the Guarantor

VML's key governance structure is entrusted to the Board of Directors composed of the following members:

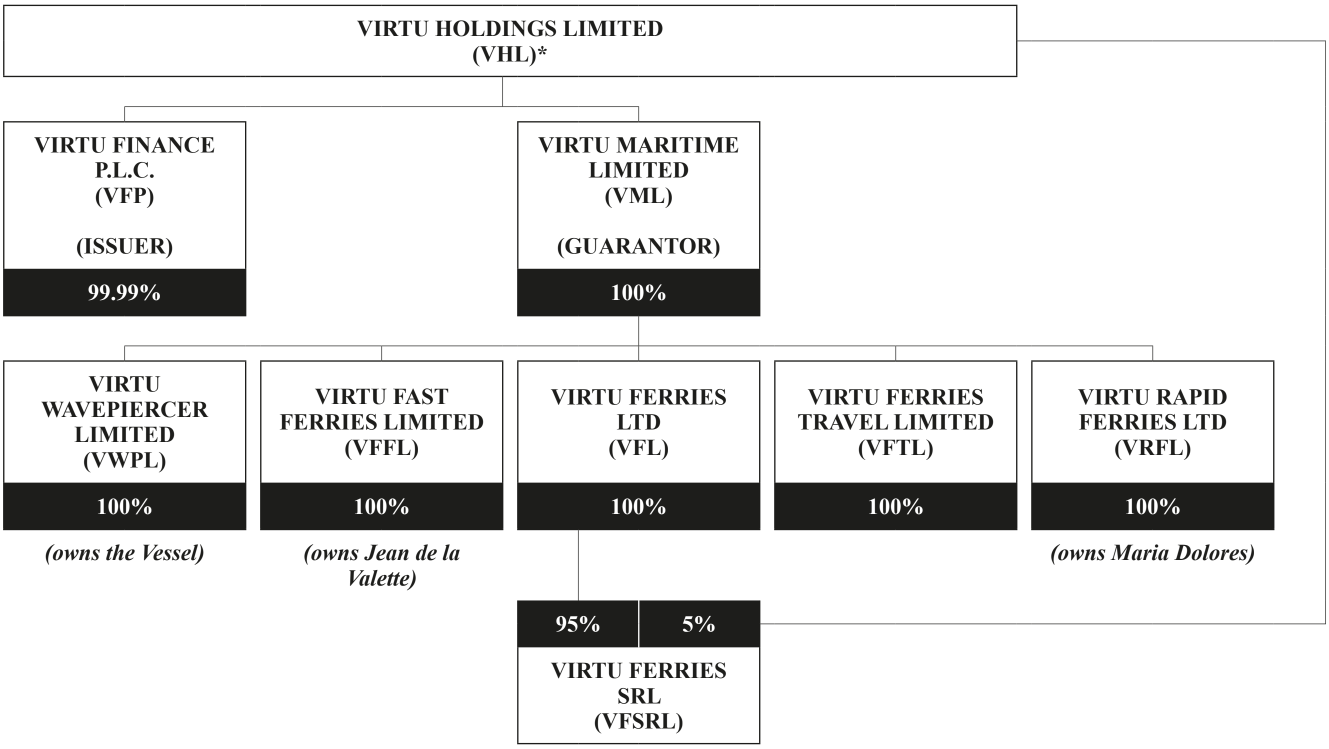
Mr Charles Borg	Non-Executive, Independent Director
Mr Francis A Portelli	Executive Director
Professor John M Portelli	Executive Director
Mr Matthew Portelli	Executive Director
Mrs Stephanie Attard Montalto	Executive Director

2.2 SENIOR MANAGEMENT

As at the date of this FAS, no employees are directly engaged by the Issuer and / or the Guarantor. The Issuer and the Guarantor rely entirely on the management structures and employees of the Virtu Holding group, which both companies form part of, as explained further in section 3 of this FAS.

3. The Issuer and Guarantor within the Virtu Maritime Group

Both the Issuer and the Guarantor are effectively wholly-owned subsidiaries of Virtu Holdings Limited ("**VHL**") which form part of the wider Virtu Holdings group. The latter is a group of companies with interests in maritime-related activities such as ship-owning, bunkering and ship management as well as tourism and real estate. Today, the core business activity of the wider group is that of owning, managing and operating High Speed Passenger and Vehicle Ferries.



Virtu Holdings is the parent company of a number of other subsidiaries and associated companies which are unrelated to the Virtu Maritime Group and the business line relevant to the Bond Issue, and which accordingly do not feature in the above chart.

As indicated in the chart above, the Issuer is a subsidiary of VHL, which holds all shares in the Issuer save for one share held by another company with the same ultimate beneficial shareholders. All of the issued share capital of the Guarantor is also held by VHL. The Group's organisational structure is currently set up such that each Subsidiary of the Group carries out a particular business activity, as explained in later parts of this FAS.

3.1 THE RE-ORGANISATION

Prior to the incorporation and registration of the Issuer and the Guarantor as described in sections 1.1 and 1.2, VWPL, VFL, VFFL, VFTL and VRFL were all directly owned by VHL. By virtue of the re-organisation, VHL's direct shareholding in these Subsidiaries was transferred to the Guarantor through a share-for-share exchange. Therefore, as a result of this restructuring, the Guarantor became the new parent of the Subsidiaries.

3.2 THE SUBSIDIARIES

3.2.1 VFL

VFL is the main operating company of the VMG. The company was set up in 1990 and currently operates the HSC JDLV (a high-speed catamaran) between Malta and Sicily.

Previously, VFL operated other vessels including two small pax ferries – ACC *San Frangisk* and ACC *San Pawl*. In 2006, VFL operated the HSC *Maria Dolores* which was replaced by the HSC JDLV in 2010. VFL also operated the HSC *San Gwann* between 2001 until the vessel was sold in June 2016. VFL chartered the HSC *San Gwann* from Majorca Maritime Limited, a company forming part of the Virtu Holdings group. VFL also owns 95% of an Italian company – Virtu Ferries SRL ("**VFSRL**").

3.2.2 VFFL

VFFL owns the HSC JDLV which is the vessel deployed on the Malta-Sicily route. Further details on the HSC JDLV vessel are presented in section 5.1 of this FAS. In 2010, this vessel replaced the HSC *Maria Dolores* on the Malta-Sicily route. The HSC *Maria Dolores* was delivered to the Group in 2006, and is currently operated on time charter basis by a third-party operator.

3.2.3 VFSRL

VFSRL is a company incorporated under the laws of Italy, and manages and operates the booking office in Pozzallo, Sicily. It was established to handle ferry ticket sales and provide other services in relation to ticketing and reservations.

3.2.4 VFTL

VFTL provides incoming and outgoing services to the tourist industry and acts as an in-house travel agent. In collaboration with VFSRL, VFTL offers the following services: excursion services to tourists travelling to and from Sicily; offering a number of tour packages to various sites including Taormina, Mount Etna and Syracuse amongst others; year-round day return excursion packages to Sicily; seasonal day return excursion packages to Malta; and transportation and accommodation arrangements for tourists visiting Sicily and Malta.

3.2.5 VRFL

VRFL is the owner of the HSC *Maria Dolores* which is chartered to a third-party for a period of three years commencing in May 2017. The vessel is deployed on the route between Tarifa in Spain and Tangier Ville in Morocco. Further details on the HSC *Maria Dolores* are presented in section 5.2 of this FAS.

3.2.6 VWPL

VWPL will be the owner of the New Vessel and further details are provided in section 4.1 of this FAS.

4. Material Contracts

What follows is a summary of the material contracts that the various Subsidiaries within the Group have entered into with third-parties.

4.1 THE NEW VESSEL

The Group's track record is marked by its ability to build and maintain an all-year round reliable and efficient ferry operation between Malta and Sicily. To better connect Malta to mainland Europe, the Group is now planning to introduce a second vessel on the MLA-SIC route as from 2019. To this effect, in October 2016, VWPL entered into a Ship Construction and Sale Agreement with Incat Tasmania PTY Ltd ("**Incat**") for the acquisition of a new vessel (the "**New Vessel**")[1]. This vessel was commissioned for the purposes of complementing the operation of the HSC JDLV on the Group's MLA-SIC route. It is anticipated that the New Vessel will arrive in Malta in February 2019, and is expected to commence operations shortly thereafter. The acquisition of the New Vessel and its delivery will be financed by the proceeds of the new bond issue, bank financing, shareholder's loan and own funds. The cost of the New Vessel is €75 million.

Source: www.incat.com.au

The New Vessel will commence operations in 2019 and it is expected to enhance the Group's operations as a result of additional garage capacity.

4.2 TERMINAL CONCESSION AGREEMENT

VFL is party to a tripartite agreement between the Valletta Gateway Terminals Limited ("**VGT**"), VFL (as the client) and VHL whereby VGT granted VFL the exclusive right to use the VGT facilities, including the berth, outbuilding, sea passenger terminal and gates. The concession commenced from 1 September 2010 and will expire on 30 June 2036. Under the agreement, VGT is responsible to carry out, at its own expense, any extraordinary repairs of the facilities while VFL is responsible for the maintenance and ordinary repair of the facilities. The terminal also houses operations offices for cargo.

Source: Virtu Ferries

[1] *Press Release issued by Virtu Ferries*
http://www.virtuferries.com/wp-content/uploads/2016/10/Press-Release-October-2016-1.pdf

4.3 CHARTER CONTRACTS

Agreement & Counterparty	**Nature of Agreement**	**Agreement Dates**
Bareboat Charter Agreement between VFL and VFFL.	Standard BIMCO BARECON charter party agreement for ROPAX[2] vessel HSC JDLV between VFL and VFFL.	Agreement dated 30/09/2010. Charter period of 10 years with delivery date 01/10/2010.
Bareboat Charter Agreement between VFL and VWPL.	Standard BIMCO BARECON charter party agreement for the New Vessel between VFL and VWPL.	Agreement dated 21/03/2017. Charter period of 10 years from delivery date (expected in 2018).
Time Charter Agreement between VRFL and third-party operator.	Standard BIMCO ROPAXTIME charter party agreement for ROPAX vessel HSC *Maria Dolores* between VRFL and Inter Shipping SRA.	Agreement dated 24/05/2017. Charter period of 3 years with delivery date 01/06/2017.
Ship Management Agreement between VFL and VFFL.	Standard ship management agreement for ROPAX vessel HSC JDLV between VFL and VFFL.	Agreement dated 30/09/2010. Commencement date 01/10/2010 for a period of 10 years.
Ship Management Agreement between VFL and VWFL.	Standard time charter party agreement for ROPAX vessel HSC JDLV between VFL and VWFL.	N/A

[2] *ROPAX is a term used to refer to roll-on/roll-off passengers/vehicle vessel and passenger vessels which also has the capacity for freight vehicle transport along with passengers.*

5. Overview of Major Assets

The assets of VMG are predominantly made up of 'vessel and vessel equipment' ("**VVE**") as shown in the table below:

Year	Total Assets €'000	VVE[3] €'000	VVE % of Total Assets
2014	86,324	68,539	79.40%
2015	80,251	65,663	81.82%
2016	91,925	66,536	72.38%

5.1 HSC JDLV

The HSC JDLV is a high speed, all-weather passenger and vehicle catamaran. It is the largest vessel of its kind operating in the Mediterranean. The vessel was built by Austal Ships, WA in 2010 and was delivered in August 2010. It began its operations in October 2010, replacing the HSC *Maria Dolores*. The HSC JDLV was built to handle the increased cargo and passenger traffic between Malta and Sicily and is capable of carrying 156 cars, or a combination of 45 cars and 342 metres of truck lanes. The vessel can accommodate up to 800 passengers and manned by a crew of 24. It is designed to operate at a maximum speed of 38.5 knots.

Source: Virtu Ferries

With around 900 voyages per annum, the HSC JDLV has revolutionised transport and trade between the two Mediterranean islands. Many tourists come to Malta from Sicily on Virtu's service, making the company a material player in the local tourist industry.

[3] *Related to the net book value of the Group's vessels.*

5.2 HSC MARIA DOLORES

The Group also owns, through its subsidiary VRFL, the high-speed ferry HSC *Maria Dolores*, which is chartered out, on a time charter basis, to Inter Shipping SRA. This third-party operator in turn operates a route between Tarifa in Spain and Tangier Ville in Morocco. The time charter agreement with Inter Shipping SRA has recently been renewed for a three-year period, commencing from 1 June 2017 until 31 May 2020. The vessel was previously charted to the same operator for a period of 5 years.

Source: Virtu Ferries

The HSC *Maria Dolores* had previously been deployed on the Group's MLA-SIC route until 2010. It was built in 2006 by Austal Ships WA. It has a passenger capacity of 600 passengers and a vehicle capacity of 65 cars or 35 cars and 95 truck lane metres. The maximum speed at which it can travel is 36 knots.

6. Market Overview

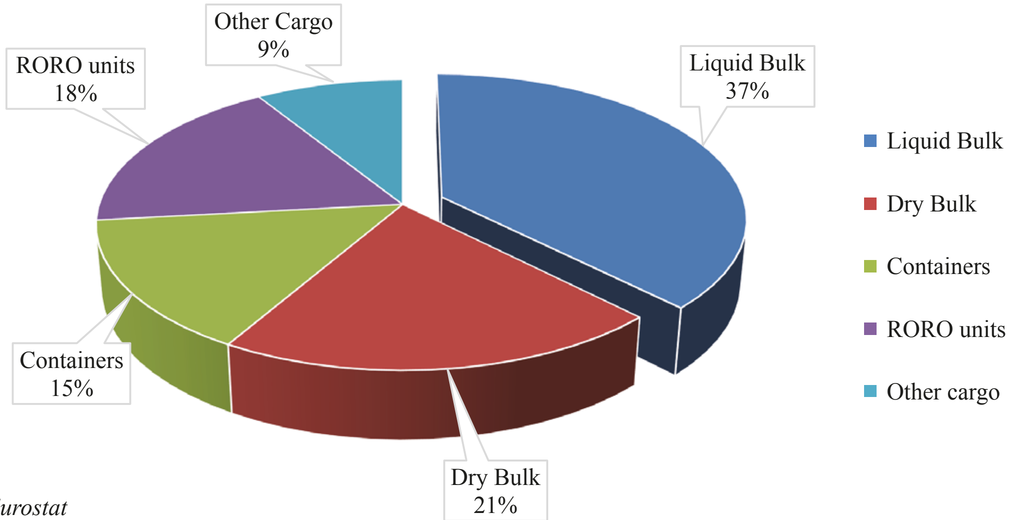
6.1 *MARITIME CARGO MOVEMENTS: SHORT SEA SHIPPING OF GOODS*

Short sea shipping statistics of the European Union ("**EU**") cover the transport of goods between main ports in the EU-28 Member States and ports situated in Europe or in non-European countries in the Mediterranean and the Black Sea.

According to Eurostat, the total gross weight of goods transported as part of EU short sea shipping is estimated at 1.8 billion tonnes of goods in 2015, an increase of 0.9% compared to the previous year and 6% over 2010. The overall increase in short sea shipping recorded by the main EU ports seemed to consolidate the gradual recovery seen in EU short sea shipping following the economic downturn in Europe in 2009. Despite this, the 2015 level of EU short sea shipping still remained below the levels recorded in the years immediately preceding the economic downturn.

Malta recorded the largest relative increase in short sea shipping between 2014 and 2015 (+16.7%) from a low base of 2.9 million tonnes in 2014 to 3.4 million tonnes in 2015, followed by Slovenia (+15.2%), Croatia (+14.2%) and Denmark (+9.7%).

Type of Cargo Handled in 2015

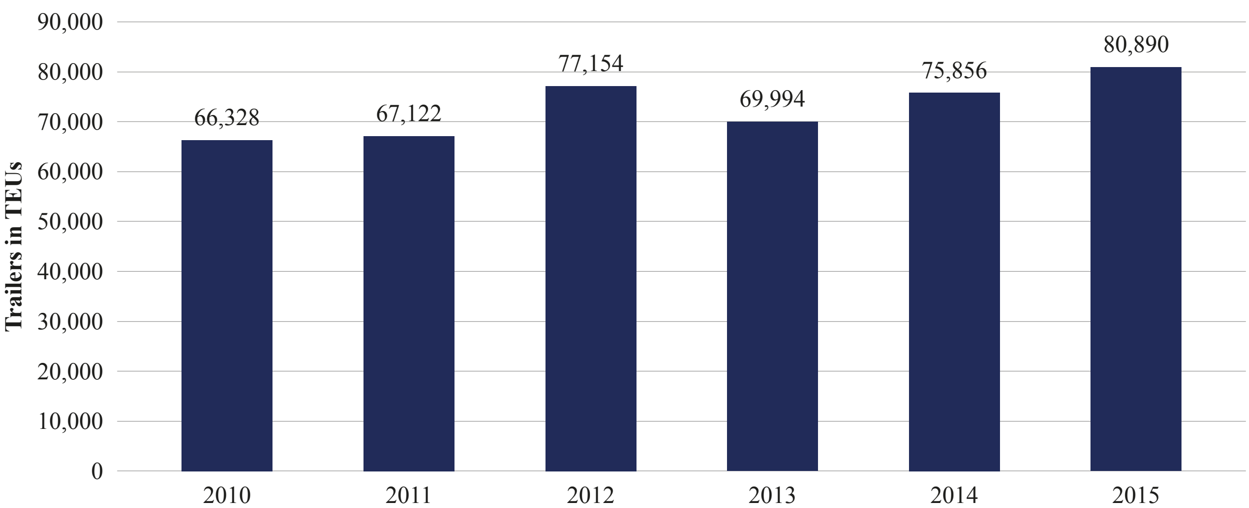


Source: Eurostat

Short sea shipping comprised around 59% of the total maritime transport of goods to and from the main EU ports in 2015. In the case of Malta, short sea shipping accounts for nearly 95% of total maritime transport of goods. In terms of the type of cargo handled, RoRo units accounted for 18% of the 3.4 million tonnes of cargo shipped to and from Malta in 2015, this being *circa* 4% higher than the EU-28 average.

According to information published by Transport Malta[4], the number of trailers in twenty-foot equivalent units (TEUs) handled at the Port of Valletta increased from 66,328 in 2010 to 80,890 in 2015. These figures represent the number of trailers handled on both legs of the trip. This increase in the number of trailers handled represented an annual average growth rate of 4% over the five-year period.

Trailers handled at the Port of Valletta (TEUs)



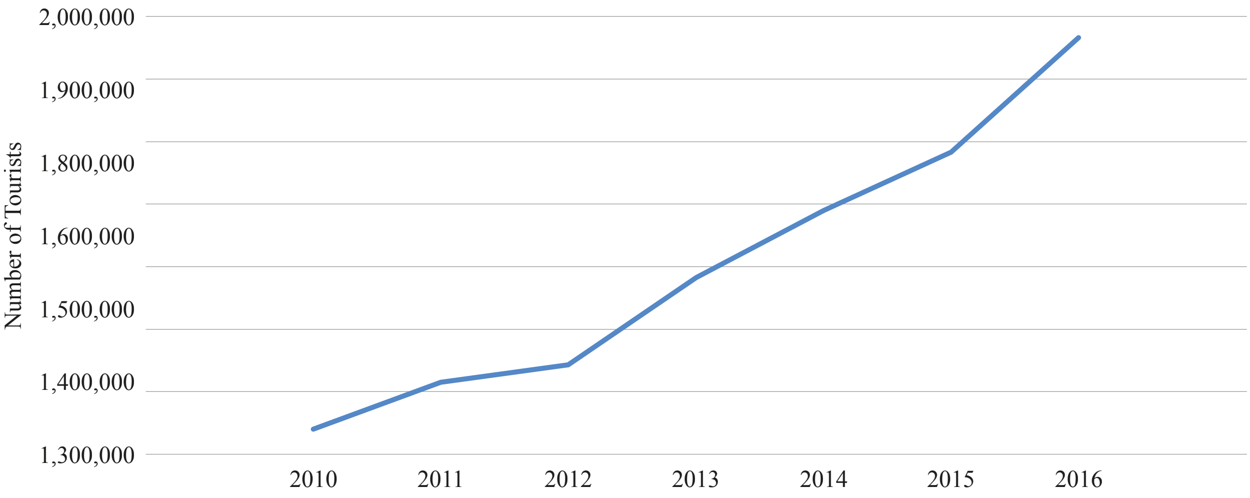
Source: Transport Malta

[4] *http://www.transport.gov.mt/admin/uploads/media-library/files/Cargo%20Throughput%202015.pdf*

6.2 *THE TOURISM INDUSTRY*

One of the major catalysts for Malta's recent economic successes has been the notable growth of the tourism industry over the past few years. Indeed, the tourism industry is considered to be a crucial pillar of the economy as, directly and indirectly, it is estimated to account for 29% of Malta's GDP (Source: National Tourism Policy 2015-2020, p. 17).

Inbound Tourists



Source: NSO

The resilient performance in the tourism sector observed since 2010 persisted during 2016 in terms of inbound tourists. NSO data for 2016 show that the number of inbound tourists grew significantly during 2016, as it rose at an annual rate of 10.2% compared with a 5.5% growth rate recorded in 2015. The total number of visitors rose to almost two million, an increase of 182,562 tourists (10.2%) over the previous year. According to the NSO, this improvement was mostly driven by an increase in the number of leisure tourists, though the number of business and professional visitors also rose from 2015. Conversely, the number of persons who visited Malta for educational, religious, health and other purposes fell.

Another factor which contributed towards the development of the Maltese tourism industry in recent years has been the gradual shift from a purely holiday destination, and efforts are being made in order to attract a more business oriented segment. In order to achieve this change, efforts have been made by all stakeholders in the industry (both in public sphere as well as private operators and entrepreneurs) in order to increase the overall standard of the local tourism product.

Going forward, the prospects of the local tourism industry continue to look positive. The unstable socio-political and economic situations of some of Malta's closest competitors around the Mediterranean, as well as the continuing upgrading of the local tourism product in general are set to remain drivers of growth. Furthermore, Malta's six-month presidency of the Council of the EU from January to June 2017 and Valletta's journey towards the European Capital City of Culture in 2018 will also serve to attract additional visitors to Malta. On the downside, competition from other Mediterranean countries is likely to remain strong. More efforts to grow traffic in the winter months and attracting more visitors from new markets is a priority for Malta, and this strategy aims to ensure that the Maltese hospitality industry remains competitive and sustainable in the years to come.

6.3 *MARITIME LINKS BETWEEN MALTA AND SICILY*

The increase of maritime links and better infrastructure connecting the ports of Malta and Sicily was included in the EU's list of transport priorities, through a project better known as the TEN-T network, for the period until 2020[5].

Furthermore, Malta's accession into the EU in 2004 has led to a growth in passenger and passenger vehicle traffic between Malta and Sicily due to the increase in the number of Maltese families travelling to Sicily by car (especially during the summer school vacation months), and the growing trend of Maltese families owning or renting holiday homes in Sicily. The growth in travel between Malta and Sicily also coincides with the significant growth of the Maltese tourism sector in general, as further explained in section 6.2 above. The increase in both inbound and outbound tourism, has been another key driver of growth on the Malta-Sicily line. Even though the summer period remains the peak season for the tourism sector, demand for the ferry service has increased significantly in other months of the year due to the increasing popularity of *agriturismo* holidays in Italy and Sicily and the appeal of affordable shopping arcades in certain parts of Sicily.

Coupled with the transport of passengers and passenger vehicles, Malta's accession to the EU has also led to a substantial change in how a broad range of products are sourced, particularly from regional logistics centres in Sicily and southern Italy. This, together with the opening of a number of international franchises, as well as the collaboration with foreign retailers targeting the local market, has resulted in a significant increase in the number of the light and heavy commercial vehicles using the MLA-SIC line for the carriage of goods between Malta and Sicily, particularly those transporting fresh produce, fish and other products of a perishable nature for which a fast ferry service is optimal.

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[5] *Times of Malta*
https://www.timesofmalta.com/articles/view/20111021/local/Malta-Sicily-link-included-in-EU-s-infrastructure-priorities.390112

Part 2

7. Historic Financial Information

NB: The MFSA Listing Policies require a 3-year historical analysis of financial information of the Issuer. The Issuer was incorporated on 6 July 2017 as a special purpose vehicle to act as the financing arm of the Virtu Holdings Group. The Issuer as a stand-alone company has not conducted any business and has no trading record. Thus, it has no financial information to report. Similarly, the Guarantor was incorporated on 30 June 2017 as the holding company of the Virtu Maritime Group. It has, to date, not conducted any business, and therefore has no trading record or financial information to report.

In anticipation of the issue of the Bonds, Virtu Maritime Limited was set up to be interposed in the group of companies owned by Virtu Holdings as the new parent company of the Subsidiaries, which together form the Virtu Maritime Group, as is described in further detail in section 3. The relative transfer of the shares in the Subsidiaries by Virtu Holdings to Virtu Maritime Limited was conducted on 3 August 2017 at the carrying value of the investment in the Subsidiaries in Virtu Holdings as at 31 December 2016.

The financial year-end of the Subsidiaries and Virtu Maritime Limited is 31 December. The financial information in this FAS accordingly represents the following:

a. *The historical financial information in respect of the Subsidiaries as set out in the combined financial statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016 (the "**Combined Financial Statements**"), prepared by the directors of Virtu Maritime Limited to present the financial position and results of the Subsidiaries on the basis of the assumption that the Virtu Maritime Group had operated as a single entity in the three years ended 31 December 2014, 2015 and 2016*[6].

   *The Combined Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), as adopted by the European Union, and have been audited by PwC. The Combined Financial Statements have been prepared by aggregating the audited financial statements of the Subsidiaries constituting the Virtu Maritime Group, since all these entities are under common management and control but did not constitute a "group" for the purposes of IAS 27 "Consolidated and Separate Financial Statements". The aggregated financial information has been adjusted to eliminate the impacts of intra-organisation transactions and balances, and to reflect the appropriate classification.*

   The process described above, adopted for the preparation of the Combined Financial Statements, is similar to a consolidation process, however the financial results and financial position of the Subsidiaries could not be consolidated into the financial statements of Virtu Maritime Limited, since as at 31 December 2014, 2015 and 2016 Virtu Maritime Limited did not own or control the Subsidiaries.

b. *The Pro Forma financial information of Virtu Maritime Limited as at 1 January 2017 has been prepared for illustrative purposes only, to provide information on the financial position of the Guarantor. The Pro Forma financial information, based on the Combined Financial Statements of the Virtu Maritime Group as at 31 December 2016, illustrates the resulting consolidated financial position of the Guarantor after superimposing the transactions giving rise to the re-organisation of the Virtu Maritime Group described in section 3, that are hypothetically assumed to have been carried out as at 1 January 2017. The Pro Forma financial information relative to the Virtu Maritime Group is further explained in section 7.4.*

   The process for arriving at the Pro Forma financial information therefore builds on the combined position as at 31 December 2016, as described in paragraph (a) above, and further assumes that:

   - *accounting entries related to the incorporation of Virtu Maritime Limited,*
   - *transfer of ownership of the Subsidiaries, and*
   - *related accounting entries for the re-organisation process, including capitalisation of the loan with Virtu Holdings Limited,*

   are simulated within a Pro Forma set of financial statements with an effective date of 1 January 2017, to illustrate the financial position of the new group capturing all accounting entries as described in section 7.4 on that date. The legal incorporation of Virtu Maritime Limited and the restructuring entries described above, were concluded on 30 June 2017 and 3 August 2017 respectively.

   Further detail covering the process for arriving at the Combined Financial Statements and the Pro Forma financial information is included in Note 1.1 of the Combined Financial Statements of Virtu Maritime Group and in Note 1 to the Pro Forma financial information of Virtu Maritime Limited.

   All figures referred to in this section of the report have been supported by management information as necessary, with the exception of the financial ratios, which ratios have been calculated by Rizzo, Farrugia & Co (Stockbrokers) Limited.

   All amounts in the tables below are in thousands (€'000), unless otherwise specified, and have been subject to rounding.

[6] Virtu Wavepiercer Limited was incorporated on 5 September 2016, and accordingly no historical information relative to the preceding period is available in respect of this particular Subsidiary.

VIRTU MARITIME GROUP

7.1 SEGMENTAL ANALYSIS

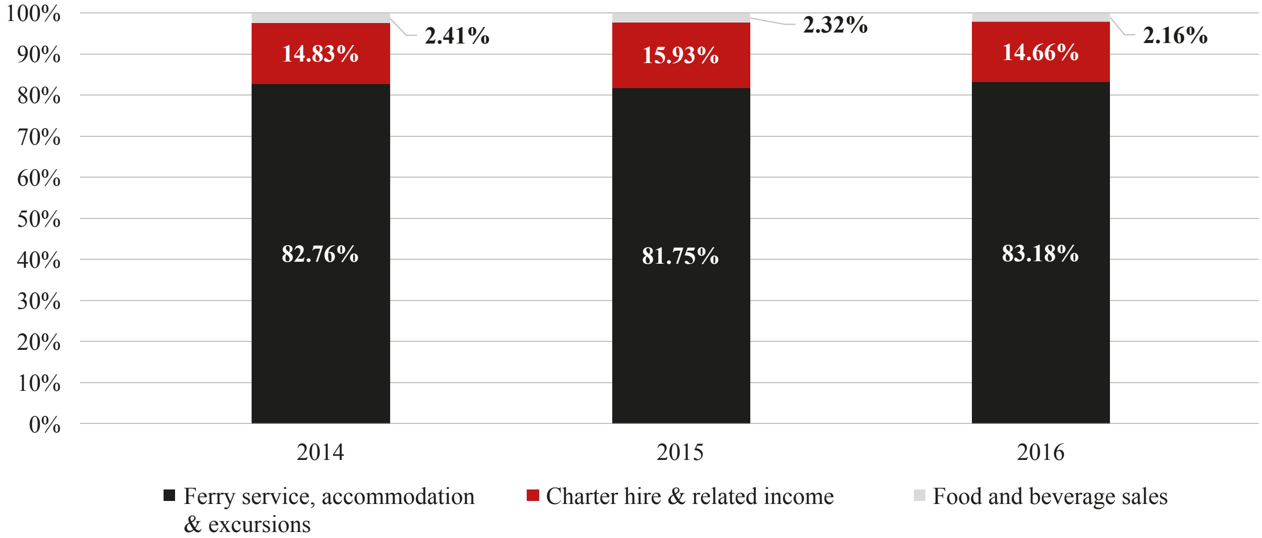
The table below provides a breakdown of revenue generated by the Group for the period under review. Revenue during the three-year period is mainly generated by the ferry service provided by HSC JDLV between Malta and Sicily and charter hire of the HSC *Maria Dolores*.

VIRTU MARITIME GROUP	ACTUAL	ACTUAL	ACTUAL
for the year ended 31 December	**2014**	**2015**	**2016**
	€'000	*€'000*	*€'000*
Ferry service, accommodation & excursions	24,032	24,904	27,182
Charter hire & related income	4,307	4,854	4,790
Food and beverage sales	699	704	708
Total Revenue	**29,038**	**30,462**	**32,680**

Source: The audited Combined Financial Statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016.

As illustrated in the chart below, in the three financial years 2014 to 2016, the 'ferry service, accommodation & excursions' segment comprised the most significant revenue stream, representing 82.76%, 81.75% and 83.18% of total revenue respectively. Revenue from the provision of charter hire represented 14.66% of total revenue in FY2016 (FY2015: 15.93%; FY2014: 14.83%). Revenue from the sale of food and beverage items aboard the HSC JDLV accounted for *circa* 2% during the years under review.

Revenue by Segment



Source: Management information

7.2 COMBINED STATEMENT OF COMPREHENSIVE INCOME

VIRTU MARITIME GROUP *for the year ended 31 December*	ACTUAL 2014 *€'000*	ACTUAL 2015 *€'000*	ACTUAL 2016 *€'000*
Revenue	29,038	30,462	32,680
Cost of Sales	(14,869)	(16,167)	(15,739)
Gross Profit	**14,169**	**14,295**	**16,941**
Administrative expenses	(3,154)	(3,156)	(3,439)
Other income	233	254	319
Normalised EBITDA	**11,248**	**11,393**	**13,821**
Depreciation & amortisation	(3,155)	(3,133)	(3,162)
Normalised operating profit	**8,093**	**8,260**	**10,659**
Net costs from HSC San Gwann	(1,649)	(1,580)	(805)
Management fees	340	370	370
Settlement of claim	–	–	8,797
Operating profit	**6,784**	**7,050**	**19,021**
Net finance costs	(2,490)	(1,885)	(1,501)
Profit / (loss) before tax	**4,294**	**5,165**	**17,520**
Tax credit / (expense)	319	(77)	(327)
Profit / (loss) after tax	**4,613**	**5,088**	**17,193**
Adjusted profit after tax, management fees, net costs from the HSC San Gwann, and settlement of claim	***5,922***	***6,298***	***8,831***

***Note: In the audited Combined Financial Statements of VML, the 'management fees' and the 'settlement of claim' forms part of the 'other income' line, while the 'net costs from the HSC San Gwann' forms part of the 'cost of sales' line.**

Source: The audited Combined Financial Statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016 and management information.

In the last three years, the Group registered an average increase in combined gross revenues of 6.0% per annum, increasing from €29.0 million in FY2014 to €32.7 million in FY2016. In FY2016, approximately €27.9 million was generated from the operation of the Malta-Sicily ferry service and €4.8 million from the time charter of the HSC *Maria Dolores* to a third-party operator.

Revenue increased by 12.5% between FY2014 and FY2016 particularly driven by the 13.0% increase in the segmental revenue of the ferry service.

Cost of sales increased over the three-year period mainly due to an increase in excursions, accommodation costs, operational payroll costs and staff expenses, reflecting the increased operational activity of the Group. Such an increase in costs was largely compensated for by a decrease in fuel expenses as a result of a reduction in fuel prices.

Payroll charges amounted to €3 million in FY2016. The Group employed *circa* 90 full-time equivalents during each of the years under review, of whom 36% are involved directly in the operation of the vessels including seamen, cabin crew, deck officers, motormen, engineers and technical shore crew. The technical superintendents, with the assistance of master, chief officer and chief engineer of the HSC JDLV oversee the day-to-day operation of the vessel. The Marine and Technical Department, made up of highly qualified master mariners and chief engineers, oversee the technical operations of the Group. The administrative function, which accounts for 64% of the persons employed by the Group, is predominantly made up of reservation, front desk officers and the finance function.

For illustration purposes, EBITDA has been normalised to exclude the management fees received from other related parties, the net costs arising from the HSC *San Gwann* operations (which was sold in 2016), and the other non-recurring income in FY2016 associated with the settlement of a claim with the HSC JDLV's shipbuilders. Total normalisation adjustments amounted to €1.3 million in FY2014, €1.2 million in FY2015 and €8.4 million in FY2016. The Group generated a combined normalised EBITDA of €13.8 million in FY2016 from the MLA-SIC line and from the operations of the HSC *Maria Dolores*, recording an increase of €2.6 million, compared to FY2014. The improvement is attributable to the €3.6 million increase in revenues registered, coupled by a €0.1 million increase in other operating income, offset by the increase in cost of sales of €0.8 million and an increase in administrative expenses of €0.3 million.

Over the three financial years 2014 to 2016, net finance costs relating to the vessels' bank loans, have decreased from €2.5 million in FY2014 to €1.5 million in FY2016. Reported profit after tax in FY2016 was of €17.2 million when compared to €5.1 million in FY2015 and €4.6 million in FY2014. However, if one had to exclude the €8.8 million settlement related to HSC JDLV, the €0.37 million management fees received from other companies within the Virtu Holdings Group, and net costs of €0.81 million incurred for the operation of the high-speed craft HSC *San Gwann*, the profit after tax for FY2016 would have been €8.8 million, which is an improvement of over 49% on the profit after tax of FY2014.

7.3 *COMBINED STATEMENT OF CASH FLOWS*

<u>**VIRTU MARITIME GROUP**</u>	**ACTUAL**	**ACTUAL**	**ACTUAL**
for the year ended 31 December	**2014**	**2015**	**2016**
	€'000	*€'000*	*€'000*
Cash flows from operating activities			
Cash from operations	9,455	7,759	12,724
Finance income	161	447	570
Finance costs	(2,651)	(2,332)	(2,071)
Tax paid	(38)	(22)	(35)
Net cash generated from operations	**6,927**	**5,852**	**11,188**
Cash flows from investing activities			
Purchase of property, plant and equipment	(174)	(102)	(4,151)
Proceeds from the issue of share capital	–	–	10
Net cash used in investing activities	**(174)**	**(102)**	**(4,141)**
Cash flows from financing activities			
Movement in borrowings	(6,627)	(5,960)	(5,754)
Net cash used in financing activities	**(6,627)**	**(5,960)**	**(5,754)**
Net movements in cash and cash equivalents	126	(210)	1,293
Cash and cash equivalents at beginning of the year	1,741	1,867	1,657
Cash and cash equivalents at end of year	**1,867**	**1,657**	**2,950**

Source: The audited Combined Financial Statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016.

In total, net operating cash flows over the three-year period from FY2014 to FY2016 amounted to €24.0 million, after accounting for tax expenses of €0.1 million and net finance cost of €5.9 million.

In aggregate, investments in property, plant and equipment amounted to €4.4 million over the past three years, including €3.7 million relating to the advance payment to the shipbuilders for the construction of the New Vessel.

Net cash used in financing activities amounted to €18.3 million in debt servicing over the three years, mainly representing bank loan repayments. The closing cash and cash equivalents as at 31 December 2016 amounted to €3.0 million (FY2015: €1.7 million; FY2014: €1.9 million).

7.4 *COMBINED STATEMENT OF FINANCIAL POSITION*

VIRTU MARITIME GROUP	**ACTUAL**	**ACTUAL**	**ACTUAL**
as at 31 December	**2014**	**2015**	**2016**
	€'000	*€'000*	*€'000*
ASSETS			
Intangible assets	655	655	655
Vessel and vessel equipment	68,539	65,663	66,536
Land and buildings and PPE	1,175	1,020	1,136
Deferred taxation	588	526	234
Total non-current assets	**70,957**	**67,864**	**68,561**
Inventories	262	245	349
Trade and other receivables	13,214	10,432	20,057
Current tax asset	24	53	8
Cash and cash equivalents	1,867	1,657	2,950
Total current assets	**15,367**	**12,387**	**23,364**
Total assets	**86,324**	**80,251**	**91,925**
LIABILITIES			
Borrowings	46,641	40,891	34,901
Total non-current liabilities	**46,641**	**40,891**	**34,901**
Borrowings	5,986	5,776	6,012
Trade and other payables	11,222	30,225	48,450
Total current liabilities	**17,208**	**36,001**	**54,462**
Total liabilities	**63,849**	**76,892**	**89,363**
EQUITY			
Share capital	441	441	451
Retained earnings	22,034	2,918	2,111
Total equity	**22,475**	**3,359**	**2,562**
Total equity and liabilities	**86,324**	**80,251**	**91,925**

Source: The audited Combined Financial Statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016.

As at 31 December 2016, the Group had €91.9 million in total assets (FY2015: €80.3 million; FY2014: €86.3 million) mainly comprising of 'vessel and vessel equipment'. Over the three financial years 2014 to 2016, intangible assets amounted to €0.7 million, being goodwill recognised as a result of the corporate restructuring carried out at the level of Virtu Holdings Limited in 2004. Over the three financial years 2014 to 2016, inventories representing spare parts held for maintenance of the vessels, bar and shop stocks have increased from €0.26 million in FY2014 to €0.35 million in FY2016.

Total current trade and other receivables increased from €13.2 million in FY2014 to €20.1 million in FY2016, the increase being mainly attributable to the amount due to the Group on the settlement of the HSC JDLV claim which was paid in 2017. Cash and cash equivalents increased from €1.9 million in FY2014 to €3.0 million in FY2016, reflecting the overall improved performance of the Group throughout FY2016.

On the liabilities side, total borrowings of the Group, both current and non-current decreased by nearly €12 million between FY2014 and FY2016, principally due to bank loan repayments made in FY2015 and FY2016. Bank borrowings amounted to €40.9 million as at 31 December 2016, while as at 31 December 2014 these amounted to €52.6 million.

Total trade and other payables advanced by €19.0 million in FY2015 and by a further €18.2 million in FY2016. As at the end of FY2016, the Group had a balance due to its shareholder of €38.5 million, principally representing dividends declared but not yet paid as at that date.

In FY2016, the Group's total equity amounted to €2.6 million, largely comprised of retained earnings equivalent to €2.1 million and share capital of €0.5 million. Total equity has decreased by 85.1% during FY2015 and declined further by 23.7% during FY2016, largely attributable to the dividends amounting to €24.2 million in FY2015 and €18.0 million in FY2016 which were declared by the Group to its shareholders.

ANALYSIS OF BORROWINGS

VIRTU MARITIME GROUP	**ACTUAL**	**ACTUAL**	**ACTUAL**
for the year ended 31 December	**2014**	**2015**	**2016**
	€'000	*€'000*	*€'000*
Short-term bank loans (current)	5,986	5,776	6,012
Long-term bank loans (non-current)	46,641	40,891	34,901
Total borrowings	**52,627**	**46,667**	**40,913**
Less: Cash and cash equivalents	1,867	1,657	2,950
Net Debt	**50,760**	**45,010**	**37,963**

Source: The audited Combined Financial Statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016.

VMG's funding base has been composed of short-term and long-term bank loans. Over the three financial years 2014 to 2016, total borrowings have decreased from €52.6 million in FY2014 to €40.9 million in FY2016. A considerable portion of long-term borrowings have been taken out to finance the acquisition of the HSC JDLV and HSC *Maria Dolores* vessels, while a smaller proportion of the borrowings have been utilised to finance the sea passenger terminal works, construction of ramps and the purchase of miscellaneous equipment.

PRO FORMA STATEMENT OF FINANCIAL POSITION AS AT 1 JANUARY 2017

The Pro Forma financial information has been prepared using the Combined Financial Statements of Virtu Maritime Limited for the financial year ended 31 December 2016 and superimposing the following transactions (the "**Hypothetical Transactions**"), or that are hypothetically assumed to have been carried out, as at 1 January 2017:

a. The incorporation of Virtu Maritime Limited as a private limited liability shipping company;
b. The acquisition of the Subsidiaries by Virtu Maritime Limited from Virtu Holdings and the initial recognition of the fair value of the Subsidiaries;
c. The reallocation of the Subsidiaries' fair value to each of their identifiable assets and liabilities, with the difference between the fair value of the Subsidiaries and the aggregate fair value of the identifiable assets and liabilities being allocated to goodwill; and
d. The drawdown of a €20 million subordinated shareholder's loan from Virtu Holdings to the Guarantor.

The table below sets out a comparison between the Guarantor's financial position as at 1 January 2017 and the Pro Forma position that would have resulted assuming the Hypothetical Transactions were implemented on 1 January 2017.

VIRTU MARITIME GROUP	Combined position as at 1 January 2017	Pro Forma Adjustments 1	2	3	4	Pro Forma position as at 1 January 2017
	€'000					*€'000*
ASSETS						
Intangible assets	655			49,351		50,006
Vessel and vessel equipment	66,536					66,536
Land and buildings and PPE	1,136					1,136
Investment in subsidiaries	–		51,913	(51,913)		–
Deferred taxation	234					234
Total non-current assets	**68,561**	**–**	**51,913**	**(2,562)**	**–**	**117,912**
Inventories	349					349
Trade and other receivables	20,057					20,057
Current tax asset	8					8
Cash and cash equivalents	2,950	250				3,200
Total current assets	**23,364**	**250**	**–**	**–**	**–**	**23,614**
Total assets	**91,925**	**250**	**51,913**	**(2,562)**	**–**	**141,526**
EQUITY & LIABILITIES						
LIABILITIES						
Borrowings	34,901					34,901
Total non-current liabilities	**34,901**	**–**	**–**	**–**	**–**	**34,901**
Borrowings	6,012					6,012
Trade and other payables	48,450				(20,000)	28,450
Current tax liability	–					–
Total current liabilities	**54,462**	**–**	**–**	**–**	**(20,000)**	**34,462**
Total liabilities	**89,363**	**–**	**–**	**–**	**(20,000)**	**69,363**
EQUITY						
Share capital	451	250	4,113	(451)		4,363
Retained earnings	2,111			(2,111)		–
Other reserve	–		47,800			47,800
Capital reserves	–				20,000	20,000
Total equity	**2,562**	**250**	**51,913**	**(2,562)**	**20,000**	**72,163**
Total equity and liabilities	**91,925**	**250**	**51,913**	**(2,562)**	**–**	**141,526**

Source: The audited Combined Financial Statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016 and the Pro Forma Financial Information as at 1 January 2017.

The Pro Forma adjustments were the following:

1. Cash for working capital: On 30 June 2017, VML was incorporated as a private limited liability company, with an initial issued paid up share capital of €250,000. This capital injection is being recognised in cash and share capital.

2. Recognition of investment in subsidiaries: Pursuant to the re-organisation, Virtu Holdings Limited transferred its shares in the Subsidiaries to the VML in exchange for an issue of 4,113,174 shares of a nominal value of €1.00 per share in VML. On initial recognition, the original cost for accounting purposes at which the Subsidiaries in VML's were recognised, was equivalent to their fair value of €51.9 million. The amount of €47.8 million representing the difference between the fair value of the Subsidiaries and the nominal value of shares issued has been recognised directly in equity in a reserve entitled "*Other reserve*".

3. Elimination of investment in Subsidiaries and consequential recognition of value uplift: The excess arising between the fair value attributed to the Subsidiaries, and the aggregate fair value of the net identifiable assets acquired, amounting to €2.6 million, results in goodwill of €49.4 million.

4. Quasi-equity loan recognition: On 7 August 2017, upon the drawdown of a €20 million subordinated shareholder's loan from Virtu Holdings to the Guarantor, the Guarantor completed its initial capital structuring.

   The fair value of the Subsidiaries is attributable to the operations of the Malta – Sicily ferry service and the charter operations of the high-speed craft *Maria Dolores*. The valuation was based on some of the parts of the two income-generating units and was prepared on the basis of the discounted cash flows expected to be derived from ferry and charter operations, net of the carrying value of the HSC JDLV and the *Maria Dolores* and the cost of acquisition of the New Vessel.

7.5 RATIO ANALYSIS

PROFITABILITY RATIOS:

VIRTU MARITIME GROUP	ACTUAL For the year ended 31 December 2014	ACTUAL For the year ended 31 December 2015	ACTUAL For the year ended 31 December 2016	PRO FORMA As at 1 January 2017
Gross Profit margin				
(Gross Profit / Revenue)	48.79%	46.93%	51.84%	51.84%
Normalised EBITDA margin				
(Normalised EBITDA / Revenue)	38.74%	37.40%	42.29%	42.29%
Normalised Operating Profit margin				
(Normalised Operating Profit / Revenue)	27.87%	27.12%	32.62%	32.62%
Net Profit margin				
(Adjusted Profit for the period / Revenue)	20.39%	20.67%	27.02%	27.02%
Return on Equity				
(Adjusted Profit attributable to owners of the Company / Average Equity attributable to owners of the Company)	26.35%	48.76%	298.29%	23.64%
Return on Capital Employed				
(Adjusted Profit for the period / Average Capital Employed)	7.89%	10.07%	18.89%	11.28%
Return on Assets				
(Adjusted Profit for the period / Average Assets)	6.86%	7.56%	10.26%	7.57%

**The return on equity in FY2016 was exceptionally high due to a lower average equity in FY2016 following the significant dividend declaration of retained earnings in each of FY2015 and FY2016.*

VMG's normalised EBITDA, operating profit and net profit margins for FY2016 were stronger when compared to the previous two years reflecting the increase in revenue, already explained in the previous sections of this FAS. Overall, gross profit margins have edged higher over the historical period, ranging from 48.79% in FY2014 to a peak of 51.84% in FY2016. Similarly, due to overall growth in profitability, the return on equity, on assets and on capital employed improved in FY2016 when compared to the previous years.

When taking into account the pro forma figures, the ratios relating to the return on assets, equity and capital employed were lower than the actual FY2016 ratios, as a result of the Pro Forma adjustments described in section 7.4.

LIQUIDITY RATIOS:

VIRTU MARITIME GROUP	ACTUAL For the year ended 31 December 2014	ACTUAL For the year ended 31 December 2015	ACTUAL For the year ended 31 December 2016	PRO FORMA As at 1 January 2017
Current Ratio *(Current Assets / Current Liabilities)*	0.89x	0.34x	0.43x	0.69x
Cash Ratio *(Cash & cash equivalents / Current Liabilities)*	0.11x	0.05x	0.05x	0.09x

Over the years, the Group's current ratio, representing the amount of current assets available to settle short-term liabilities, has been below one. The composition of the Group's current liabilities includes bank borrowings and a substantial balance of trade and other payables which increased to €48.5 million in FY2016 when compared to €11.2 million in FY2014. The main factor contributing to this significant change is the amount of €38.5 million representing dividends declared but not yet paid to shareholders.

During the years under review and as explained above, the Group experienced an increase in short-term liabilities which have also impacted the cash ratio accordingly.

When taking into account the pro forma adjustments, in view of the shift in the payables from current liabilities to equity (represented by the conversion of €20 million of the payable to a subordinated quasi-equity loan from the shareholders) the current ratio will be positively impacted, improving to 0.69x, albeit still below one.

SOLVENCY RATIOS:

VIRTU MARITIME GROUP	ACTUAL For the year ended 31 December 2014	ACTUAL For the year ended 31 December 2015	ACTUAL For the year ended 31 December 2016	PRO FORMA As at 1 January 2017
Interest Coverage ratio *(EBITDA / Net finance costs)*	4.52x	6.04x	9.21x	9.21x
Gearing Ratio (1) *(Net debt / Total Equity)*	2.26x	13.40x	14.82x	0.52x
Gearing Ratio (2) *[Total debt / (Total Debt plus Total Equity)]*	70.07%	93.29%	94.11%	36.18%
Net Debt to EBITDA *(Net Debt / EBITDA)*	4.51x	3.95x	2.75x	2.73x

In FY2016, net debt was 14.82 times of the Group's equity, representing a gearing of 94.11%, a notable increase when compared to a 70.07% gearing level in FY2014. The decline in equity was the result of the dividends which were declared to the parent in each of FY2015 and FY2016 amounting to €24.2 million and €18.0 million, respectively. Following the share-for-share transfer and the subordinated loan of €20.0 million originating from dividends paid to shareholders, the value of the Subsidiaries acquired by VML will be reflective of the fair value of the discounted cash flows of the operations of the said Subsidiaries. In this regard, the fair value adjustment is taken to a revaluation reserve which will increase the level of equity (as shown in the Pro Forma Statement of Financial Position above), resulting in an improved gearing of 36.18%.

The increase in revenue, resulting in higher EBITDA during FY2015 and FY2016, led to a stronger interest coverage ratio from 4.52 times in FY2014 to 9.21 times in FY2016. The improvement in the net debt to EBITDA signifies that, based on the EBITDA of FY2016, the Group will require 2.75 years of EBITDA to pay back its current net debt.

Part 3

8. Forecasts and Projections of the Issuer

In terms of the Listing Policies issued by the MFSA, the Issuer is required to prepare forecasts for the current year FY2017 and projections for FY2018.

8.1 KEY ASSUMPTIONS

The forecasts and projections are based on a number of assumptions all of which are the sole responsibility of the Directors of the Issuer. The actual outcome may be adversely affected by unforeseen situations and the variation between forecasts, projections and actual results may be material.

The key assumptions approved by the Directors of the Issuer in compiling the forecasts and projections are the following:

1. The forecasts apply as from the last quarter of FY2017. Until receipt of the proceeds from the Bond, the Issuer, being a finance company, would not have carried out any transaction or operation.
2. Inflation rate is assumed at 2% per annum.
3. Tax is assumed to be charged at a corporate tax rate of 35% on the Issuer's profits.
4. VML also pays VFP a facility fee, which is intended to cover bond amortisation costs, directors' fees and other administrative expenses incurred by VFP. In FY2017, this facility fee is assumed at €88,000, increasing to €137,000 in the following year.
5. Finance costs relating to interest costs payable on the Bonds is projected at €775,000 per annum.
6. Directors' fees are projected at €50,000 in FY2017, and increasing at 2% inflation thereafter.
7. Listing and related fees are projected at €6,000 in FY2017, increasing to €13,000 per annum thereafter, covering MSE listing charges. A further annual provision of €25,000 has been raised from FY2018 to cover for other costs related to the listing.
8. Other costs are projected at €10,000 annually as from FY2018, increasing by inflation. These mainly cover annual audit fees and professional fees.
9. The amortisation of bond issuance costs is assumed to be amortised over the life of the Bond, i.e. 10 years. In FY2018, the costs reflect a full year's charge at €45,000.

8.2 STATEMENT OF COMPREHENSIVE INCOME

VIRTU FINANCE P.L.C.	FORECASTS	PROJECTIONS
for the year ended 31 December	**2017**	**2018**
	€'000	*€'000*
Finance income	221	945
Finance costs	(129)	(775)
Other costs	(69)	(145)
Profit before tax	**23**	**25**
Tax expense	(8)	(9)
Profit after tax	**15**	**16**

Source: Management information

In FY2017 and FY2018, the Issuer is projected to generate €0.22 million and €0.95 million in finance income while incurring €0.13 million and €0.78 million in finance costs respectively. This increase in finance income and expenses is mainly attributable to the fact that the 2017 forecast only covers the period from October to December while the 2018 projection covers a whole year.

In FY2017 and FY2018, profit after tax is projected at €15,000 and €16,000 respectively.

8.3 STATEMENT OF FINANCIAL POSITION

VIRTU FINANCE P.L.C.	**FORECASTS**	**PROJECTIONS**
as at 31 December	**2017**	**2018**
	€'000	*€'000*
ASSETS		
Non-current assets		
Loans and receivables	24,550	24,550
Current assets		
Cash and cash equivalents	655	717
Total assets	**25,205**	**25,267**
EQUITY AND LIABILITIES		
LIABILITIES		
Non-current liabilities		
Unsecured Bonds 2027	25,000	25,000
Bond issuance costs	(439)	(394)
Current liabilities		
Accrued bond interest	129	129
Total liabilities	**24,690**	**24,735**
EQUITY		
Share capital	500	500
Retained earnings	15	31
Total equity	**515**	**531**
Total equity and liabilities	**25,205**	**25,267**

Source: Management information

As a financing vehicle, the Issuer's statement of financial position will be limited to the financing it raises to on-lend to the Group. In this regard, in FY2017 and FY2018, the Issuer will show a borrowing of €25 million, which net of bond issue costs, was on-lent to the Guarantor, thereby represented by a receivable of €24.6 million.

8.4 STATEMENT OF CASH FLOWS

VIRTU FINANCE P.L.C.	FORECASTS	PROJECTIONS
for the year ended 31 December	**2017**	**2018**
	€'000	*€'000*
Cash flows from operating activities		
Cash from operations (before interest payment)	152	800
Interest payment	–	(775)
Adjustments for amortisation of issue costs	11	45
Tax paid	(8)	(9)
Net cash generated from operating activities	**155**	**61**
Cash flows from investing activities		
Loans to Group	(24,550)	–
Net cash used in investing activities	**(24,550)**	**–**
Cash flows from financing activities		
Share capital	500	–
Proceeds from bond issue	25,000	–
Issue costs	(450)	–
Net cash from financing activities	**25,050**	**–**
Net movements in cash and cash equivalents	655	61
Cash and cash equivalents at beginning of the year	–	655
Cash and cash equivalents at end of year	**655**	**716**

Source: Management information

The projected cash flow reflects the €25 million bond issue net of the €0.45 million bond issue costs. Net cash flow from operations in FY2017 and FY2018 is estimated at €155,000 and €61,000 respectively, made up of the net finance margin and the facility fees. The latter provides for the recovery of the €0.45 million bond issue costs in addition to the Issuer's cash expenses over the life of the Bond.

9. Forecasts and Projections of the Guarantor

The forecasts and projections are based on a number of assumptions all of which are the sole responsibility of the Directors of the Guarantor. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecasts, projections and actual results may be material.

A detailed analysis of the key assumptions approved by the Directors of the Guarantor in compiling the forecasts and projections covering period from January 2017 to December 2018 are presented in the narrative below.

9.1 STATEMENT OF COMPREHENSIVE INCOME

VIRTU MARITIME GROUP	**ACTUAL**	**FORECASTS**	**PROJECTIONS**
for the year ended 31 December	**2016**	**2017**	**2018**
	€'000	*€'000*	*€'000*
Revenue	32,680	32,797	34,524
Cost of Sales	(15,739)	(15,934)	(16,531)
Gross Profit	**16,941**	**16,863**	**17,993**
Administrative expenses	(3,439)	(3,258)	(3,349)
Other income	319	308	338
Normalised EBITDA	**13,821**	**13,913**	**14,982**
Lifecycle provision	–	(1,034)	(1,534)
Depreciation & amortisation	(3,162)	(2,964)	(2,968)
Normalised operating profit	**10,659**	**9,915**	**10,480**
Net costs from HSC San Gwann	(805)	–	–
Management fees	370	–	–
Settlement of claim	8,797	–	–
Operating profit	**19,021**	**9,915**	**10,480**
Net finance costs	(1,501)	(1,929)	(1,836)
Profit / (loss) before tax	**17,520**	**7,986**	**8,644**
Tax credit / (expense)	(327)	(197)	13
Profit / (loss) after tax	**17,193**	**7,789**	**8,657**
Adjusted profit after tax, management fees, net costs from the HSC San Gwann, and settlement of claim	***8,831***	***7,789***	***8,657***

Source: The audited Combined Financial Statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016; Management information.

The Group principally generates its revenue from the ferry service between Malta and Sicily (which comprises the most significant revenue stream) and charter hire. Management has prepared and approved the forecasts and projections in connection with these revenue streams.

The table below provides a breakdown of the expected revenue to be generated in FY2017 and FY2018 when compared to that generated in FY2016. As the New Vessel is scheduled to be delivered in 2019, the expected increase in revenue from the operations of the New Vessel is not reflected in the forecasts and projections presented in this FAS.

VIRTU MARITIME GROUP	**ACTUAL**	**FORECASTS**	**PROJECTIONS**
for the year ended 31 December	**2016**	**2017**	**2018**
	€'000	*€'000*	*€'000*
Ferry service, accommodation & excursions	27,182	27,118	28,405
Charter hire & related income	4,790	4,961	5,353
Food and beverage sales	707	718	766
Total Revenue	**32,680**	**32,797**	**34,524**

Source: The audited Combined Financial Statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016; Management information.

During FY2017, operating expenses are forecasted at a level of €15.9 million (FY2016: €15.7 million). During FY2018 these are expected to increase again to €16.5 million in line with the envisaged growth in revenue.

Administrative costs are expected to remain constant during FY2017 and FY2018. Approximately half of the administrative costs relate to salaries.

EBITDA for FY2017 and FY2018 is expected to improve to €13.9 million and €15.0 million respectively when compared to the normalised EBITDA of €13.8 million registered in FY2016 on the back of revenue growth.

The statement of comprehensive income shows a lifecycle provision raised annually to cover the costs of periodic engines' overhaul when they fall due for each respective vessel. In FY2017, the Group is forecasting an annual provision of €1.0 million for the HSC JDLV. This is expected to increase to €1.5 million by the end of FY2018 and will include an additional provision of €0.5 million for HSC *Maria Dolores*. Upon the commissioning of the New Vessel in FY2019, the total provision is expected to increase further. The annual provision for each vessel's engines is based on the contracted overhaul cost for the stipulated number of hours, amortised on a straight-line basis during the period until the engine overhaul is projected to occur.

Depreciation and amortisation for FY2017 and FY2018 are expected to remain stable at *circa* €3.0 million, inclusive of the depreciation charges on the two vessels, the HSC JDLV and HSC *Maria Dolores*, and other non-current assets, including land & buildings, furniture & equipment and motor vehicles.

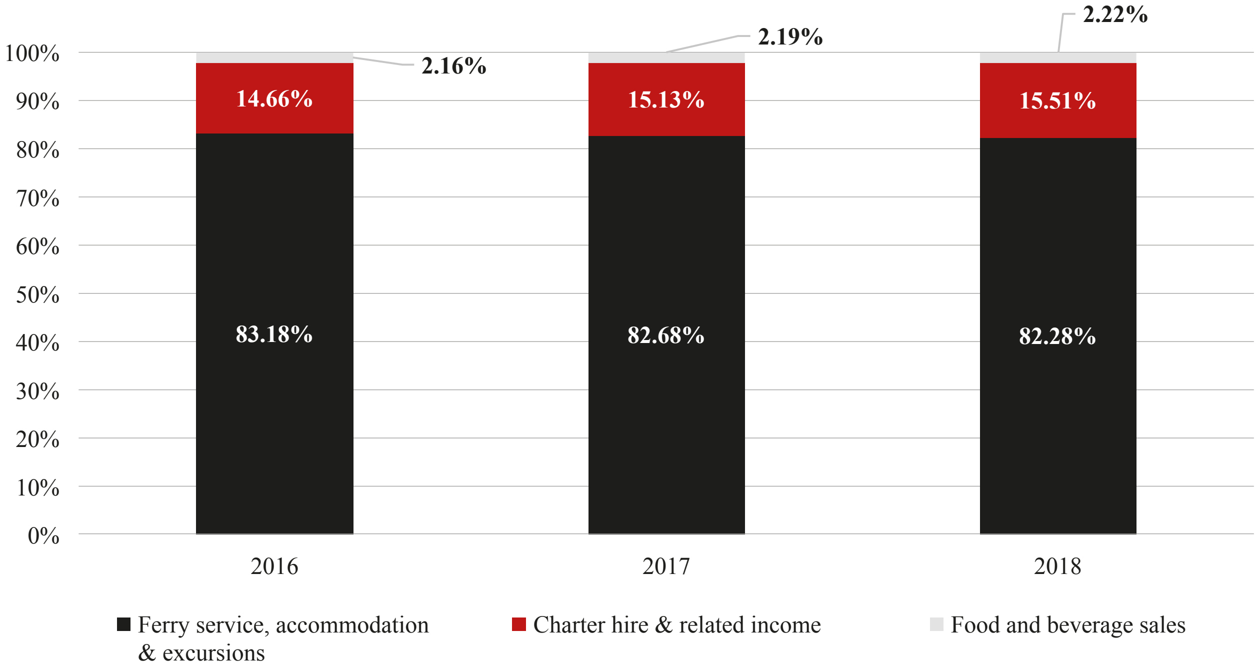
Net finance costs in FY2017 and FY2018 are expected to amount to €1.9 million and €1.8 million respectively, representing interest costs on legacy bank loans, the loan from the Issuer (net bond proceeds) and the shareholder's loans.

The net profit is projected at €7.8 million in FY2017 and €8.7 million in FY2018. The figure in FY2017 is lower than the normalised profit after tax in FY2016 of €8.8 million (adjusted to net off the effect of the settlement of the dispute in relation to the HSC JDLV – refer to section 7.2) due to the inclusion of a €1 million lifecycle provision.

9.2 OPERATING SEGMENTS FORECASTS AND PROJECTIONS

Revenue from the MLA-SIC route is expected to remain the largest income segment of VMG and while it is forecasted to decrease slightly in FY2017, it is projected to increase to €28.4 million in FY2018. The 4.7% increase in FY2018 is assumed to be mainly driven by an increase in passenger revenue. Approximately 15% of revenue is expected to be generated through the chartering of the HSC *Maria Dolores*. In FY2017 and FY2018, revenue from the sale of food and beverage aboard the HSC JDLV is expected to remain at the same levels of FY2016 (*circa* 2.0% of total revenue).

Projected Revenue by Segment



Source: Management Information

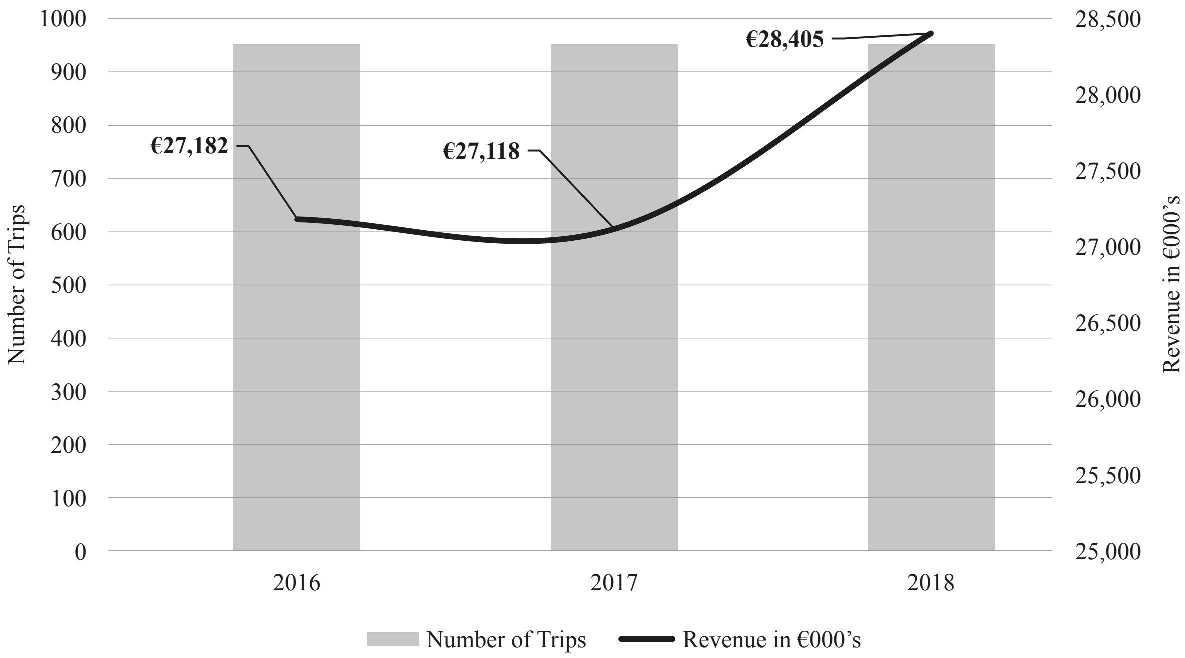
9.2.1 MLA-SIC Line

During FY2016, the HSC JDLV completed 952 trips on the MLA-SIC line, which generated revenue of €27.2 million. It is expected that in FY2017 and FY2018, prior to the commissioning of the New Vessel, the number of annual trips will remain constant at 952, although once the New Vessel commences operations in 2019, the number of trips using both vessels is projected to increase further.

The number of passengers carried is projected to increase at an annual rate of between 1.0% and 1.5% between FY2017 and FY2018. The forecasts and projections reflect a modest rate of growth in this segment given that it is relatively mature and dependent (to an extent) on the performance of the wider inbound tourism sector, which drives the Sicily day excursion market.

Passenger and Light Commercial Vehicles demand is also expected to grow modestly over the projected period, with a maximum annual growth rate of 3.1% forecasted in FY2017 and 1.0% projected in FY2018.

Annual Trips and Transportation Revenue (MLA-SIC line)



Source: Management Information

9.2.2 HSC *Maria Dolores* Charter

During FY2016, the HSC *Maria Dolores* generated revenue of €4.8 million which is forecasted to increase to €5.0 million in FY2017 and projected to increase by a further €0.4 million in FY2018. VRFL, the owner of the HSC *Maria Dolores*, has entered into a charter agreement with a third-party, exclusively chartering the vessel for a period of three years commencing in May 2017. Charter income in FY2017 and FY2018 is assumed at the contracted rate which contract expires on 30 May 2020.

9.3 STATEMENT OF CASH FLOWS

VIRTU MARITIME GROUP	PRO FORMA	FORECASTS	PROJECTIONS
	As at 1 January 2017	For the year ended 31 December 2017	For the year ended 31 December 2018
	€'000	*€'000*	*€'000*
Net cash generated from operating activities	11,188	22,934[7]	14,982
Net cash used in investing activities	(4,141)	(29,460)	(521)
Net cash (used in)/from financing activities	(5,754)	14,842	(8,491)
Net movements in cash and cash equivalents	**1,293**	**8,316**	**5,970**
Cash and cash equivalents at beginning of the year	1,657	3,200	11,516
Cash and cash equivalents at end of year	2,950	11,516	17,486
Pro forma adjustments	250	–	–
Adjusted cash and cash equivalents at end of year	**3,200**	**11,516**	**17,486**

Source: The audited Combined Financial Statements of the Virtu Maritime Group for the three years ended 31 December 2014, 2015 and 2016; Management information.

In FY2017 and FY2018 (after excluding the proceeds from the claim against the HSC JDLV's shipbuilders, amounting to €8.8 million), net cash flow from operating activities is projected to average *circa* €14.6 million per annum. In FY2018 *circa* 78.6% of cash generated from operations is assumed to be generated by the ferry service between Malta and Sicily.

Total cash used in investing activities in FY2017 is forecast at €29.5 million, out of which €29.3 million represent the payments to be made to the shipbuilder for the build and mobilisation expenses of the New Vessel.

In FY2017, financing inflows includes the €24.5 million from the Issuer, representing net bond proceeds on-lent to Guarantor and on-lent to VWPL to finance payments to the shipbuilders of the New Vessel, while financing outflows includes the €8.8 million claim settlement for the dispute on the HSC JDLV which will be used to settle the amount due to shareholders. No other borrowings are projected for FY2018, although, upon delivery of the New Vessel in 2019, the Issuer is expected to have additional bank borrowings in the region of €40 million.

The Group is projected to generate a cash surplus of €8.3 million in FY2017 and €6.0 million in FY2018. The Group's cash position is expected to improve in FY2017, following the proceeds received in settlement of the dispute claim. This is expected to result in a cash balance of €11.5 million by the end of FY2017. The cash balance is expected to improve further in FY2018 to €17.5 million.

[7] *In FY2017, cash generated from operations includes the settlement proceeds from the claim against the HSC JDLV's shipbuilders, amounting to €8.8 million and collected in the first quarter of FY2017.*

9.4 *STATEMENT OF FINANCIAL POSITION*

VIRTU MARITIME GROUP	PRO FORMA As at 1 January 2017 €'000	FORECASTS As at 31 December 2017 €'000	PROJECTIONS As at 31 December 2018 €'000
ASSETS			
Intangible assets	50,006	50,006	50,006
Vessel and vessel equipment	66,536	59,909	57,033
Assets in course of construction	–	33,000	33,300
Land and buildings and PPE	1,136	1,260	1,389
Deferred taxation	234	48	120
Total non-current assets	**117,912**	**144,223**	**141,848**
Inventories	349	354	363
Trade and other receivables	20,057	11,107	11,080
Current tax asset	8	–	–
Cash and cash equivalents	3,200	11,516	17,487
Total current assets	**23,614**	**22,977**	**28,930**
Total assets	**141,526**	**167,200**	**170,778**
EQUITY AND LIABILITIES			
LIABILITIES			
Borrowings	34,901	59,827	51,095
Lifecycle provision	–	1,034	2,568
Total non-current liabilities	**34,901**	**60,861**	**53,663**
Borrowings	6,012	6,654	8,732
Trade and other payables	28,450	19,730	19,724
Current tax liability	–	3	51
Total current liabilities	**34,462**	**26,387**	**28,507**
Total liabilities	**69,363**	**87,248**	**82,170**
EQUITY			
Share capital	4,363	4,363	4,363
Retained earnings	–	7,789	16,445
Other reserve	47,800	47,800	47,800
Capital reserve	20,000	20,000	20,000
Total equity	**72,163**	**79,952**	**88,608**
Total equity and liabilities	**141,526**	**167,200**	**170,778**

Source: The Pro Forma Financial Information as at 1 January 2017; Management information.

Note: In view of the fact that the Group was subject to a restructuring exercise during FY2017, the projected statement of financial position as at FY2017 and FY2018 is being compared to the Pro Forma Statement of Financial Position as at 1 January 2017.

In FY2017 and FY2018, the Group's non-current assets are expected to increase substantially when compared to the Pro Forma Statement of Financial Position as at 1 January 2017 (FY2017: €144.2 million; FY2018: €141.8 million) reflecting payments made in respect of the New Vessel currently under construction. Trade and other receivables will decrease to €11.1 million in FY2017 and FY2018 when compared to €20.1 in FY2016, principally as a result of the receipt in 2017 of the settlement monies relating to the HSC JDLV dispute referred to above.

ANALYSIS OF BORROWINGS

VIRTU MARITIME GROUP	PRO FORMA As at 1 January 2017	FORECASTS As at 31 December 2017	PROJECTIONS As at 31 December 2018
	€'000	€'000	€'000
Shareholder's loan	–	7,000	6,559
Bank borrowings	40,913	34,932	28,719
Loan receivable from the Issuer (representing the Bond Issue)	–	24,550	24,550
Total borrowings	**40,913**	**66,481**	**59,827**
Less: Cash and cash equivalents	3,200	11,516	17,487
Net Debt	**37,713**	**54,965**	**42,340**

Source: The Pro Forma Financial Information as at 1 January 2017; Management information.

The composition of the funding side is expected to be significantly different from that of the FY2017 Pro Forma statement, as the Group will receive additional financing support from its shareholders and the Issuer to enable the Group to finance its debt service obligations on the New Vessel. Total borrowings in FY2017, mainly made up of the shareholder's loan, bank borrowings, and the loan receivable from the Issuer are expected to stand at €7.0 million, €34.9 million and €24.6 million respectively. In FY2018, bank borrowings are expected to decrease to €28.7 million in line with repayments made. Similarly, the shareholder's loan is projected to decrease to €6.6 million. In FY2019, VMG is expected to make use of additional bank borrowings and shareholders' support to settle the amount due (€42.5 million) to shipbuilders on the delivery of the New Vessel.

The statement of financial position shows a lifecycle provision raised annually to cover the costs of periodic engines' overhaul when they fall due for each respective vessel.

Retained earnings are expected to increase year-on-year through the retention of the profit after tax. Retained earnings are anticipated to stand at €7.8 million as at 31 December 2017, and projected to increase to €16.4 million as at 31 December 2018.

Shareholders' funds are expected to increase in FY2017 and FY2018 to €80.0 million and €88.6 million respectively on account of the retained profits.

VIRTU MARITIME GROUP	PRO FORMA As at 1 January 2017	FORECASTS For the year ended 31 December 2017	PROJECTIONS For the year ended 31 December 2018
Interest Coverage ratio			
(EBITDA / Net finance costs)	9.21x	7.21x	8.16x
Gearing Ratio (1)			
(Net debt / Total Equity)	0.52x	0.69x	0.48x
Gearing Ratio (2)			
[Total debt / (Total Debt plus Total Equity)]	36.18%	45.40%	40.31%
Net Debt to EBITDA			
(Net Debt / EBITDA)	2.73x	3.95x	2.83x

Overall, the solvency ratios of the Guarantor are expected to improve in FY2018 when compared to the Pro Forma ratios, with the Group's gearing level expected to be 45.40% in FY2017 and 40.31% in FY2018.

Based on the EBITDA for FY2017, the net debt to EBITDA signifies that the Group will require 3.95 years of projected EBITDA to pay back its net debt as opposed to 2.73 years following the Pro Forma adjustments as a result of the additional borrowings being taken on. However, in FY2018 this is projected to return to 2.83 years as a result of the improved cash positions envisaged for the year.

10. Comparison to other Issuers

The table below compares (for information purposes only) certain data relating to the Issuer and its proposed bond issue with that of other listed debt on the local market having broadly similar maturities. The list excludes issues by financial institutions. The comparative data includes local groups whose assets, strategy and level of operations vary significantly from those of the Issuer and are therefore not directly comparable.

Bond Details	Outstanding Amount (€)	Total Assets (€'000)	Total Equity (€'000)	Gearing Ratio*	Net Debt to EBITDA** (times)	Interest Cover*** (times)	YTM (as at 04.10.2017)^
5.00% Dizz Finance p.l.c. 2026	8,000,000	17,039	4,662	65.46%	6.23	3.42	4.12%
4.80% Med. Maritime Hub Finance p.l.c. 2026	15,000,000	22,931	4,463	76.97%	–	–	4.12%
4.50% Medserv p.l.c. 2026 (EUR)	21,982,400	121,453	26,408	66.81%	8.49	2.24	4.09%
4.25% Corinthia Finance p.l.c. 2026	40,000,000	1,389,627	665,357	44.12%	10.92	3.85	4.10%
4.00% MIDI p.l.c. 2026	50,000,000	203,780	67,359	47.30%	20.66	0.59	3.60%
4.00% IHI p.l.c. 2026 (Secured)	55,000,000	1,220,254	646,822	38.53%	9.79	6.18	3.66%
4.00% IHI p.l.c. 2026 (Unsecured)	40,000,000	1,220,254	646,822	38.53%	9.79	6.18	4.00%
3.90% Plaza Centres p.l.c. 2026	8,500,000	43,424	26,180	32.71%	5.52	9.38	3.75%
3.75% Premier Capital p.l.c. 2026	65,000,000	193,351	41,630	74.47%	1.81	7.44	3.49%
4.50% Grand Harbour Marina p.l.c. 2027	15,000,000	16,782	2,830	79.25%	6.29	2.00	4.01%
4.35% SD Finance p.l.c. 2027	65,000,000	156,433	56,697	48.92%	3.21	5.46	3.96%
4.00% Eden Finance p.l.c. 2027	40,000,000	165,496	92,620	34.78%	5.86	3.98	3.59%
3.75% Tumas Investments p.l.c. 2027	25,000,000	180,992	81,387	41.73%	3.05	4.60	3.32%
3.75% Virtu Finance p.l.c. 2027	**25,000,000**	**141,526**	**72,163**	**36.18%**	**2.73**	**9.21**	**3.75%**
3.50% Simonds Farsons Cisk p.l.c. 2027	20,000,000	182,941	123,271	22.59%	1.83	13.25	3.13%

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, Rizzo, Farrugia & Co (Stockbrokers) Ltd

The gearing ratio indicates the level of funding obtained from external borrowings in relation to equity capital. When taking into account the Pro Forma adjustments described in section 7.4, the gearing ratio of the Group stood at 36.18%. This compares well to the market as portrayed in the selective list above. Furthermore, the net debt to EBITDA multiple stood at 2.73 times and is one of the lowest amongst other local corporate bond issuers.

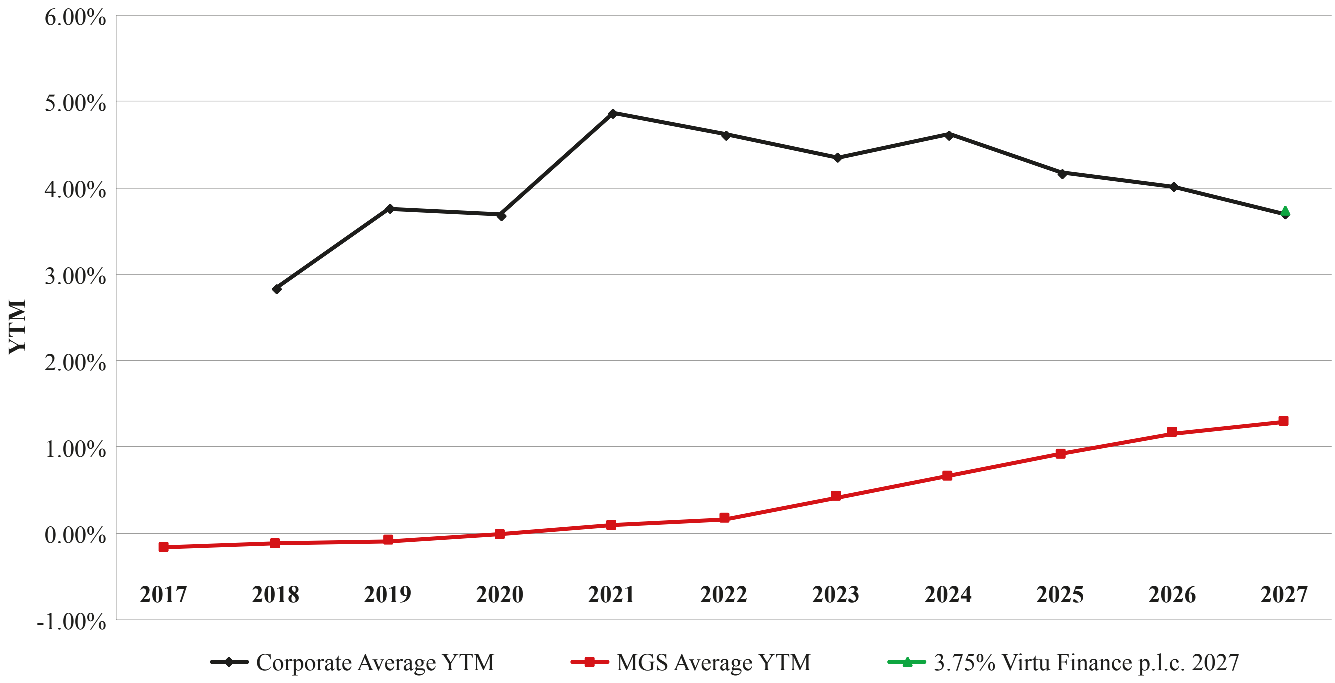
The interest cover ratio gauges the ability of the Group to meet its annual net finance costs from annual cash generation. In this regard, the Group generated more than sufficient EBITDA to cover net finance costs.

**Gearing: This refers to the fundamental analysis ratio of a company's level of long-term debt compared to its equity capital. In the above table this is computed as follows: Total Debt / [Total Debt + Total Equity].*
***Net Debt to EBITDA: This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.*
****Interest Cover: The interest coverage ratio is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.*
^Yield to Maturity (YTM) from rizzofarrugia.com, based on bond prices of 4 October 2017. YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

<u>Ratio workings and financial information quoted have been based on the Issuers' published financial data, including:</u>
Dizz Finance plc - figures based on the Guarantor (Dizz Group of Companies Limited) FY2016 annual report;
Med. Maritime Hub plc - figures based on the Guarantor (MMH Holdings Limited) FY2016 annual report;
Medserv plc FY2016 annual report;
Corinthia Finance plc - figures based on the Guarantor (Corinthia Palace Hotel Company Limited) FY2016 annual report;
MIDI plc FY2016 annual report;
IHI plc FY2016 annual report;
Plaza Centres plc FY2016 annual report;
Premier Capital plc FY2016 annual report;
Grand Harbour Marina plc FY2016 annual report;
SD Finance plc - figures based on the Guarantor (SD Holdings Limited) FY2017 annual report;
Eden Finance plc – figures based on the Guarantor (Eden Leisure Group Limited) FY2016 annual report;
Tumas Investments plc – figures based on the Guarantor (Spinola Development Company Limited) FY2016 annual report;
Virtu Finance plc - figures based on the Guarantor (Virtu Maritime Ltd) Pro Forma financial information as at 1 January 2017; and
Simonds Farsons Cisk plc FY2017 annual report.

The chart below compares the new Virtu Finance p.l.c. bond to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as at 4 October 2017.

New Virtu Finance p.l.c. Bond vs Corporate & MGS YTM – as at 04.10.2017



At a coupon of 3.75% per annum, the 3.75% Virtu Finance p.l.c. 2027 bond has been priced at a premium of approximately 245 basis points over the average yield to maturity of Malta Government Stock (MGS) maturing in 2027 and at par with the average yield to maturity of corporate bonds maturing in 2027 (data correct as at 4 October 2017).

Glossary and Definitions

STATEMENT OF COMPREHENSIVE INCOME EXPLANATORY DEFINITIONS

Revenue	Total revenue generated by the company from its business activity during the financial year.
Cost of Sales	The costs incurred in direct relation to the operations of the Issuer or Guarantor
Gross Profit	The difference between Revenue and Cost of Sales.
EBITDA	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
Normalisation	Normalisation is the process of removing non-recurring expenses or revenue from a financial metric like EBITDA, EBIT or earnings. Once earnings have been normalised, the resulting number represents the future earnings capacity that a buyer would expect from the business.
EBIT	Earnings before interest and tax.
Depreciation and Amortization	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit generated in one financial year.

CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

Cash Flow from Operating Activities	The cash used or generated from the company's business activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

STATEMENT OF FINANCIAL POSITION EXPLANATORY DEFINITIONS

Assets	What the company owns which can be further classified in Current and Non-Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Current Liabilities	Obligations which are due within one financial year.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

PROFITABILITY RATIOS

Gross Profit Margin	Gross profit margin is gross profit achieved during the financial year expressed as a percentage of total revenue.
EBITDA Margin	EBITDA as a percentage of total revenue.
Operating Profit Margin	Operating profit margin is operating profit achieved during the financial year expressed as a percentage of total revenue.
Net Profit Margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Return on Equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on Capital Employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	This is computed by dividing profit after tax by total assets.

LIQUIDITY RATIOS	
Current Ratio	The current ratio is a financial ratio that measures whether a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Cash Ratio	Cash ratio is the ratio of cash and cash equivalents of a company to its current liabilities. It measures the ability of a business to repay its current liabilities by only using its cash and cash equivalents and nothing else.

SOLVENCY RATIOS	
Interest Coverage Ratio	This is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.
Net Debt to EBITDA	This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.

OTHER DEFINITIONS	
Yield to Maturity	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.