

VIRTU FINANCE PLC

Annual Report and Financial Statements
31 December 2017

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Directors' report

The directors present their report and the audited financial statements for the period ended 31 December 2017.

Principal activity

Virtu Finance plc (the "Company") is a public liability company and was registered in Malta on 6 July 2017. The Company is a wholly owned subsidiary of Virtu Holdings Ltd and its principal activity is to raise financial resources from capital markets to finance operations and capital projects of the Virtu Group of companies.

Review of the business

During the period under review, the Company registered a profit before taxation amounting to €1,806. After allowing for taxation, the profit for the period amounted to €1,174.

Financial Performance

Revenue amounting to €155,377 is generated from a facility fee and interest charged on loans advanced to Virtu Maritime Limited. Financial costs comprise interest payable on the outstanding bond issue and amortisation of the issue costs thereof amounting to €84,580. Administrative expenses mainly comprise directors' emoluments amounting to €45,000.

The directors do not expect any significant changes in the Company's activities in the short-term period and expect that the Company will continue to register a surplus based on projections for the foreseeable future.

Financial Position

The company's balance sheet is in the main made up of the 3.75% unsecured bonds in issue of €25 million and corresponding loan of a similar amount advanced to Virtu Maritime Limited, the guarantor of this bond. The loan receivable and the bond issued during 2017 are classified in Virtu Finance plc's balance sheet under non-current assets and non-current liabilities respectively as at 31 December 2017. Virtu Finance plc's equity amounted to €501,174.

Guarantor's performance for 2017 and outlook for 2018

The financial statements of Virtu Maritime Limited, the guarantor of the bonds issued by Virtu Finance plc, show a net asset position of €79.5 million for the Group and €69.8 million for the Company as at 31 December 2017, mainly arising from the investment in subsidiaries forming part of the Virtu Maritime Group amounting to €49.6 million.

Virtu Maritime Limited is the holding company for the subsidiary companies forming part of the Virtu Maritime Group (the "Group") and does not itself carry on any trading activities. As such, the principal activities and markets in which Virtu Maritime Limited operates correspond to the principal activities and markets of the Group Companies, whose main activities comprise of a fast ferry service between Malta and Sicily, the lease of a ferry in the Strait of Gibraltar, and other ancillary services related to the fast ferry service.

The Group remains committed to providing a service in conformity with international standards of safety and comfort and the outlook for 2018 is a positive one. The build of the Wavepiercing Catamaran 'Saint John Paul II' is progressing well and the vessel is due for delivery by the end of 2018. Operations of the new vessel are expected to commence in the first quarter of 2019.

Fuel prices are currently at manageable levels and a fuel surcharge mechanism remains in place, should the need arise. However, world fuel prices remain volatile and to this end, the Group hedged 45% of expected consumption for 2018.

The Group benefits from the continued growth in the Maltese economy and in tourism arrivals in Malta. Due to the ongoing favourable economic outlook we look forward to another year of positive results although we expect the current constraints in capacity to curtail growth.

Directors' report - continued

Financial risk management

The Company's activities expose it to a variety of financial risks, including credit risk and liquidity risk. Reference should be made to Note 2 to these financial statements for a detailed review of how the Company addresses such risks.

Results and dividends

The financial results are set out in the statement of comprehensive income on page 19. The directors do not recommend the payment of a dividend.

Directors

The directors of the Company who held office during the period since incorporation were:

Charles Borg – Non-Executive, Independent Chairman
Matthew Portelli – Executive Director
Roderick Chalmers – Non-Executive, Independent Director
Stephanie Attard Montalto – Executive Director
Stefan Bonello Ghio – Non-Executive Director

The Board meets on a regular basis to discuss financial performance, financial position and other matters.

Statement of directors' responsibilities for the financial statements

The directors are required by the Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act, 1995. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Virtu Finance plc for the period ended 31 December 2017 may be made available on the Company's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Directors' report - continued

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

Disclosure in terms of the Listing Rules

Going concern statement pursuant to Listing Rule 5.62

After making enquiries and having taken into consideration the future plans of the Company (note 1.1), the directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the preparation of the financial statements.

Principal risks and uncertainties faced by the Company

The Company's main objective, as a finance company for the Virtu Maritime Group of companies, is to effectively and efficiently manage the financing requirements of the Group's project to build a new fast ferry. In this context, the Company's ability to recover loans issued to its fellow subsidiary is dependent on the performance of the companies within the Group to which amounts have been advanced by the Company.

The Group's business activities mostly comprise a fast ferry service between Malta and Sicily, the lease of a ferry in the Strait of Gibraltar, and other ancillary services related to the fast ferry service. The Group is therefore susceptible to negative local economic developments and overseas trends related to preference for commercial transport and tourists to travel by ferry.

Within this context, the directors have evaluated the risks faced by the various companies to which funds have been advanced, and continue to monitor closely the impact of events as they take place in the local and global economy and how these impact the ability of the various companies within the Group so as to honour their financial commitments. On the basis of this analysis, the directors are of the view that all amounts receivable by the company are recoverable.

In case of default by Group companies to repay loans to the company, the company would exercise its rights vis-à-vis the various pledges it holds over Group company assets to be in a position to repay its bond holders upon redemption date.

A detailed review of the risk management policies employed by the company is included in Note 2 of the financial statements.

Pursuant to Listing Rule 5.64

Share capital structure

The Company's authorised and issued share capital is €500,000 divided into 500,000 Ordinary shares of €1 each. The share capital consists of one class of ordinary shares carrying equal rights. No restrictions apply to the transfer of shares.

Appointment and Replacement of Directors

Directors are appointed during the Company's Annual General Meeting for periods of one year, at the end of which term they may stand again for re-election.

Directors' report - continued

Disclosure in terms of the Listing Rules - continued

Board Member Powers

The powers of the Board members are contained in Articles 54-69 of the Company's Articles of Association.

No disclosures are being made pursuant to listing Rules 5.64.3, 5.64.4, 5.64.5, 5.64.6, 5.64.7 and 5.64.10 as these are not applicable to the Company.

Contracts with Board Members and Employees

The Company has no contract with any of its Board members that include a severance payment clause. The Company had no employees during the period ended 31 December 2017 and non-executive directors were paid €45,000 for services rendered during the period.

Pursuant to Listing Rule 5.70.1

In the normal course of the Company's business, the Company advanced by way of loan, an amount of €24,400,000 to Virtu Maritime Limited, the parent company of the Virtu Maritime Group, the guarantor of the bond in issue by the Company. Details of such contract is set out in note 4 to the financial statements.

Pursuant to Listing Rule 5.68

Statement by the Directors on the Financial Statements and Other Information included in the Annual Report

The directors declare that to the best of their knowledge, the financial statements included in the Annual Report are prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the EU and give a true and fair view of the assets, liabilities, financial position and profit of the Company and that this report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the board



Charles Borg
Chairman

Registered office
Virtu
Ta'Xbiex Terrace
Ta'Xbiex
Malta



Stephanie Attard Motalto
Director

Company Secretary:
Dr. Malcolm Falzon

Tel. No: +356 21238989

27 April 2018

Corporate Governance - Statement of Compliance

Introduction

The Listing Rules issued by the Listing Authority of the Malta Financial Services Authority, require listed companies to observe The Code of Principles of Good Corporate Governance (the "Code"). Although the adoption of the Code is not obligatory, Listed Companies are required to include, in their Annual Report, a Directors' Statement of Compliance which deals with the extent to which the Company has adopted the Code of Principles of Good Corporate Governance and the effective measures that the Company has taken to ensure compliance with the Code, accompanied by a report of the auditors thereon.

Compliance

Since its incorporation, the Company's principal activity was to raise funds mainly from the capital market to finance the operations and capital projects of the Virtu Maritime Group.

In deciding on the most appropriate manner in which to implement the Principles, the Board of Virtu Finance p.l.c. (the "Board") has taken cognisance of its size, which inevitably impacts on the structures required to implement the Principles without diluting the effectiveness thereof. The Company does not have any employees. Accordingly, some of the provisions of the Code are not applicable whilst others are applicable to a limited extent.

Roles and responsibilities

The Board of Directors is responsible for devising a strategy, setting policies and the management of the Company. It is also responsible for reviewing internal control procedures, financial performance and business risks facing the Company. The Board is also responsible for decisions relating to the redemption of the Bond and for monitoring that its operations are in conformity with the Prospectus and all relevant rules and regulations.

Throughout the period under review, the Board regularly reviewed management performance. The Company has in place systems whereby the directors obtain timely information from the Virtu Maritime Group of Companies Chairman, not only at meetings of the Board but at regular intervals or when the need arises.

Complement of the Board of Directors

The Board is composed of two executive and three non-executive directors, as listed below. The directors are the same as those at the date of incorporation of the Company.

Executive Directors

Matthew Portelli
Stephanie Attard Montalto

Non-Executive Directors

Charles Borg
Roderick Chalmers
Stefan Bonello Ghio

Corporate Governance - Statement of Compliance - continued

Charles Borg holds a non-executive position with Virtu Maritime Limited, being a subsidiary of Virtu Holdings Limited and the Guarantor of Virtu Finance plc. Matthew Portelli and Stephanie Attard Montalto are executive directors on Virtu Holdings Ltd and on other subsidiary companies of Virtu Holdings Limited. For the purpose of the provisions of the Code, the Board considers Charles Borg and Roderick Chalmers as independent.

Directors are appointed during the Company's Annual General Meeting for periods of one year, at the end of which term they may stand again for re-election. The Articles of Association of the Company clearly set out the procedures to be followed for the appointment of directors.

Internal Control

The Board is responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to achieve business objectives and to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable assurance against material error, losses or fraud.

Systems and procedures are in place for the Company to control, report, monitor and assess risks and their financial implications, and to take timely corrective actions where necessary. Regular financial budgets and strategic plans are prepared, and performance against these plans is actively monitored and reported to the directors on a regular basis.

The approval of credit to customers is made by the Group Financial Controller, in strict adherence to a Board-approved limit. Proposals falling outside the limit are referred, together with the supporting documentation and the Financial Controller's recommendations, to the Board. The Board also approves, after review and recommendation by the Audit Committee, the transfer of funds and other amounts payable to companies within the same group, and ensures that these are subject to terms and conditions which are on an arm's length basis.

Directors' Attendance at Board Meetings

The Board believes that it has systems in place to fully comply with the principles of the Code. Directors meet regularly, mainly to review the financial performance of the Company and to review internal control processes. Board members are notified of forthcoming meetings by the Company Secretary with the issue of an agenda and supporting Board papers, which are circulated well in advance of the meeting. All the directors have access to independent professional advice at the Company's expense should they so require.

The Board met formally three times during the period under review. The number of board meetings attended by directors for the period ended 31 December 2017 is as follows:

Members	Attended
Matthew Portelli	3
Stephanie Attard Montalto	3
Roderick Chalmers	3
Charles Borg	3
Stefan Bonello Ghio	3

Corporate Governance - Statement of Compliance - continued

Committees

The directors believe that, due to the Company's size and operation, the remuneration, evaluation and nominations committees that are suggested in the Code are not required, and that the function of these can efficiently be undertaken by the Board itself. However, the Board on an annual basis undertakes a review of the remuneration paid to the directors, and carries out an evaluation of their performance and that of the Audit Committee. The shareholders approve the remuneration paid to the directors at the annual general meeting.

Audit Committee

The Board established an Audit Committee (the "Committee") in 2017 and has formally set out Terms of Reference as outlined in the Principles laid out in the Listing Rules. The purpose of the Committee is to protect the interest of the Company's share and bond holders and assist the directors in conducting their role effectively. The Audit Committee also monitors the financial reporting process, the effectiveness of internal control and the audit of the annual financial statements. Additionally, it is responsible for monitoring the performance of the entities borrowing funds from the Company, to ensure that budgets are achieved and if not that corrective action is taken as necessary. It also scrutinises and supervises related party transactions for materiality and ensures that these are carried out at arm's length basis. By a letter dated 30th October 2017, the Listing Authority considered the Terms of Reference as having sufficient safeguards to ensure the independence of the Audit Committee.

The Members of the Audit Committee are:

Roderick Chalmers – Chairman of the Audit Committee, Non-Executive, Independent Director
Charles Borg - Non-Executive, Independent Director
Stefan Bonello Ghio - Non-Executive Director

Mr Roderick Chalmers and Mr Stefan Bonello Ghio are Certified Public Accountants, whilst Mr Charles Borg holds a banking degree and a Masters degree in financial legislation.

The Committee met once during the period to 31 December 2017.

Corporate Governance - Statement of Compliance - continued

Remuneration Statement

In terms of the Company's Memorandum and Articles of Association, it is the shareholders of the Company in the General Meeting who determine the maximum annual aggregate remuneration of the directors. The aggregate amount approved for this purpose during the reporting period was €45,000.

None of the directors is employed or has a service contract with the Company.

No part of the remuneration paid to the directors is performance based. None of the directors, in their capacity as a Director of the Company, is entitled to profit sharing, share options or pension benefits.

The directors received €45,000 in aggregate for services rendered during 2017.

Relations with bondholders and the market

The Company publishes interim and annual financial statements and, when required, company announcements. The Board feels these provide the market with adequate information about its activities.

Conflicts of Interest

On joining the Board and regularly thereafter, directors and officers of the Company are informed and reminded of their obligations on dealing in securities of the Company within the parameters of law and Listing Rules. The Company has also set reporting procedures in line with the Listing Rules, Code of Principles, and internal code of dealing.

Signed on behalf of the Board of Directors on 27 April 2018 by:



Charles Borg
Chairman of the Board



Stephanie Attard Montalto
Director



Independent auditor's report

To the Shareholders of Virtu Finance p.l.c.

Report on the audit of the financial statements

Our opinion

In our opinion:

- Virtu Finance p.l.c.'s financial statements give a true and fair view of the company's financial position as at 31 December 2017, and of the company's financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

Virtu Finance p.l.c.'s financial statements, set out on pages 18 to 34, comprise:

- the statement of financial position as at 31 December 2017;
- the statement of comprehensive income for the period then ended;
- the statement of changes in equity for the period then ended;
- the statement of cash flows for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report - continued

To the Shareholders of Virtu Finance p.l.c.

Basis for opinion - continued

Independence

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the company are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281).

The non-audit services that we have provided to the Company, in the period from 6 July 2017 to 31 December 2017, are disclosed in the Note 11 to the financial statements.

Our audit approach

Overview



Overall materiality: €250,900, which represents 1% of total assets.

Recoverability of group balances

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which the company operates.



Independent auditor's report - continued

To the Shareholders of Virtu Finance p.l.c.

Our audit approach - continued

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<i>Overall materiality</i>	€250,900
<i>How we determined it</i>	1% of total assets
<i>Rationale for the materiality benchmark applied</i>	We chose total assets as the benchmark because, in our view, it is an appropriate measure for this type of entity. We chose 1% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €12,500 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.



Independent auditor's report - continued

To the Shareholders of Virtu Finance p.l.c.

Our audit approach - continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the Key audit matter

Recoverability of group balances

Trade and other receivables include funds advanced to Virtu Maritime Limited for the financing of the acquisition of a Fast Ferry by one of the subsidiaries of the Group. The loan bears interest at 4.05% and is repayable over the period to 2027 to enable Virtu Finance p.l.c. to repay the bond issued during 2017 which was obtained to finance the loan to the Group. Virtu Maritime Limited acts as the guarantor for the said bond.

Loan balances due to the Company as at 31 December 2017 amounted to €24.4m and further current balances amount to €690K. Management assesses recoverability of the loan by reference to the expected future cash flows of the Virtu Maritime Group.

The loans are the principal asset of the company, which is why we have given additional attention to this area.

We have agreed the terms surrounding the loans to supporting loan agreements.

We evaluated the suitability and appropriateness of the methodology of the cash flow model of the Virtu Maritime Group to assess the recoverability of the loan.

We checked the calculations used in the model for accuracy and the key inputs in the model were agreed to approved sources.

Management's cash flow forecasts used in the model were assessed by:

- testing that the forecasts agreed to the most recent business plan which had been approved by the Board of Directors; and
- considering current year performance against the plan and the reasons for any deviation also through discussion with management.

We also challenged the revenue growth assumptions used in the models.

Based on evidence and explanations obtained, we concur with management's view with respect to the recoverability of this loan.

The appropriateness of disclosures made in the financial statements in relation to loans and receivables from group companies was also reviewed.



Independent auditor's report - continued

To the Shareholders of Virtu Finance p.l.c.

Other information

The directors are responsible for the other information. The other information comprises of the Directors' report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386).

Based on the work we have performed, in our opinion:

- The information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.



Independent auditor's report - continued

To the Shareholders of Virtu Finance p.l.c.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



Independent auditor's report - continued

To the Shareholders of Virtu Finance p.l.c.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Independent auditor's report - continued

To the Shareholders of Virtu Finance p.l.c.

Report on other legal and regulatory requirements

Report on the statement of compliance with the Principles of Good Corporate Governance

The Listing Rules issued by the Malta Listing Authority require the directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Listing Rules also require the auditor to include a report on the Statement of Compliance prepared by the directors.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance set out on pages 5 to 8 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.



Independent auditor's report - continued

To the Shareholders of Virtu Finance p.l.c.

Other matters on which we are required to report by exception

We also have responsibilities:

- under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:
 - Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
 - The financial statements are not in agreement with the accounting records and returns.
 - We have not received all the information and explanations we require for our audit.
 - Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.
- under the Listing Rules to review the statement made by the directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

We have nothing to report to you in respect of these responsibilities.

Appointment

We were first appointed as auditors of the Company on 4 December 2017.

PricewaterhouseCoopers

78, Mill Street

Qormi

Malta

A handwritten signature in blue ink, appearing to read 'Stephen Mamo', is written over the printed name and title.

Stephen Mamo

Partner

27 April 2018

Statement of financial position

	Note	As at 31 December 2017 €
ASSETS		
Non-current assets		
Loans and receivables	4	24,400,000
Total non-current assets		24,400,000
Current assets		
Trade and other receivables	5	690,916
Total current assets		690,916
Total assets		25,090,916
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	6	500,000
Retained earnings		1,174
Total equity		501,174
Non-current liabilities		
Borrowings	7	24,410,155
Total non-current liabilities		24,410,155
Current liabilities		
Trade and other payables	8	178,955
Current tax liabilities		632
Total current liabilities		179,587
Total liabilities		24,589,742
Total equity and liabilities		25,090,916

The notes on pages 22 to 34 are an integral part of these financial statements.

The financial statements on pages 18 to 34 were authorised for issue by the board on 27 April 2018 and were signed on its behalf by:


Charles Borg
Chairman


Stephanie Attard Montalto
Director

Statement of comprehensive income

	Notes	Period from 6 July to 31 December 2017 €
Interest and other related income	9	155,377
Interest payable and similar charges	10	(84,580)
Gross profit		70,797
Administrative expenses	11	(68,991)
Profit before tax		1,806
Tax expense	13	(632)
Profit for the period		1,174
Earnings per share	14	0.0023

The notes on pages 22 to 34 are an integral part of these financial statements.

Statement of changes in equity

	Note	Share capital €	Retained earnings €	Total €
Balance at 6 July 2017		-	-	-
Comprehensive income				
Profit for the period - total comprehensive income		-	1,174	1,174
Transactions with owners				
Issue of share capital	6	500,000	-	500,000
Balance at 31 December 2017		500,000	1,174	501,174

The notes on pages 22 to 34 are an integral part of these financial statements.

Statement of cash flows

	Notes	Period from 6 July to 31 December 2017 €
Cash flows from operating activities		
Cash used in operations	15	(505,198)
Net cash used in operating activities		<u>(505,198)</u>
Cash flows from investing activities		
Loans issued to fellow subsidiary	4	(24,400,000)
Net cash used in investing activities		<u>(24,400,000)</u>
Cash flow from financing activities		
Issuance of Share Capital	6	500,000
Proceeds from Bond Issue	7	25,000,000
Bond issue costs	7	(594,802)
Net cash generated from financing activities		<u>24,905,198</u>
Net movement in cash and cash equivalents		-
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period		<u>-</u>

The notes on pages 22 to 34 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

1.1 Basis of preparation

These financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRSs) as adopted by the EU and with the requirements of the Maltese Companies Act, 1995. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgment in the process of applying the Company's accounting policies (see Note 3 – Critical accounting estimates and judgments).

Standards, interpretations and amendments to published standards effective in 2017

On incorporation, the company adopted standards, amendments and interpretations that are mandatory for the company's accounting period beginning on 6 July 2017.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements, that are mandatory for the Company's accounting periods beginning after 6 July 2017. The Company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Company's directors are of the opinion that, with the exception of the below pronouncements, there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014 and is effective for accounting periods commencing on or after 1 January 2018. Amongst others, it replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The Company's financial assets are limited to trade and other receivables and loans and receivables which continue to be measured at amortised cost, consistently with IAS 39. The standard also introduces a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. This generally results in accelerating provisions for impairment as compared to IAS 39.

Notwithstanding this change in recognising impairment, the Company qualifies for the simplifications afforded in IFRS 9 in recognising impairment losses for its trade receivables, by estimating the expected credit loss using a provisions matrix. The directors have concluded that the resultant provision after the application of the provisions matrix would be immaterial given the short-term nature of the Company's receivables and a low occurrence of past default.

1. Summary of significant accounting policies - continued

1.1 Basis of preparation - continued

With respect to its loans from related parties, IFRS 9's three-stage impairment model ("the general model") applies. The first step of the general model is to determine which impairment 'stage' the loans sit within. At initial recognition, loans are generally within 'stage 1', which requires a 12-month expected credit loss to be calculated for each balance. The model then requires monitoring of the credit risk associated with the loan to consider if there has been a significant increase since initial recognition. If there has been a significant increase in credit risk (the loan is now in 'stage 2'), or the asset has become credit impaired (the loan is now in 'stage 3'), a lifetime expected credit loss must be recognised.

In determining whether a significant increase in credit risk has occurred, the company takes into account the related parties' performance and financial position, as well as expected future cash flows. With respect to these loans, the Directors are not expecting a significant increase in the credit risk since initial recognition. On this basis, the Company expects an immaterial provision for impairment with respect to the loans to subsidiary.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when customer obtains control of good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The directors have concluded that this new standard will not affect the Company's revenue recognition policy when compared to the current treatment under IAS 18.

Going concern

The Company's principal activity is to act as a finance company for the Virtu Group of companies and to effectively and efficiently manage the financing requirements of the Group's project to build a new fast ferry. In this context, the Company's ability to recover loans issued to its fellow subsidiary is dependent on the performance of the companies within the Group to which amounts have been advanced by the Company.

In preparing these financial statements the directors of the Company have made reference to the cash flow forecast of the Group covering the years 2018 to 2027. The cash flow forecast assumes that the Group will continue to generate the required cash flows from its activities, mainly comprising a fast ferry service between Malta and Sicily, the lease of a ferry in the Strait of Gibraltar, and other ancillary services related to the fast ferry service. The Group is therefore susceptible to negative local economic developments and overseas trends related to preference for commercial transport and for tourists to travel by ferry.

Based on the foregoing, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements however, do not include any adjustments in the event that the forecast and assumptions as set out above do not materialise as planned.

1. Summary of significant accounting policies - continued

1.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the board of directors that makes strategic decisions. The board of directors considers the Company to be made up of one segment, which is raising financial resources from capital markets to finance the Group's project to build a new fast ferry. The Company's main revenue and expenses are generated in Malta and Sicily and revenue is mainly earned from other companies forming part of the Virtu Maritime Group of companies.

1.3 Foreign currency translation

Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The euro is the Company's functional and presentation currency.

1.4 Financial assets

1.4.1 Classification

Loans and receivables

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables (note 1.5) in the statement of financial position.

1.4.2 Recognition and measurement

The Company recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, which is the date on which the company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

1. Summary of significant accounting policies - continued

1.4 Financial assets - continued

1.4.3 Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The Company first assesses whether objective evidence of impairment exists. The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

1.4.3 Impairment - continued

(a) Assets carried at amortised cost

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

1.5 Trade and other receivables

Trade receivables comprise amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

1.6 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1. Summary of significant accounting policies - continued

1.6 Current and deferred tax - continued

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.7 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

1.8 Financial liabilities

The Company recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IAS 39. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of the consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Company derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.9 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

Issue costs incurred in connection with the issue of the bonds include professional fees, publicity, printing, listing, registration, underwriting, management fees, selling costs and other miscellaneous costs.

1. Summary of significant accounting policies - continued

1.10 Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.11 Provisions

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.12 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

(a) Interest income

Interest income is recognised for all interest-bearing instruments using the effective interest method.

(b) Management fee income

Management fee income is recognised in the period to which such management services relate.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

1.13 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

1.14 Earnings per share

The company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

2. Financial risk management

2.1 Financial risk factors

The company constitutes a financing special purpose vehicle whose bonds are matched by equivalent amounts due from, and guaranteed by, Virtu Maritime Limited (a fellow subsidiary). The company's principal risk exposures relate to credit risk and liquidity risk. The company is not exposed to currency risk and the directors deem interest rate risk exposure to be minimal due to matching of its interest costs on borrowings with finance income from its loans and receivables referred to above.

(a) Credit risk

Credit risk arises from loans receivable from Virtu Maritime Limited (Note 4).

The maximum credit exposure to credit risk at the reporting date in respect of the financial assets was as follows:

	2017 €
Loans receivable from fellow subsidiary (Note 4)	24,400,000
Other receivables from Group companies (Note 5)	689,807
	<u>25,089,807</u>

The Company does not hold collateral as security on its loans receivable. As disclosed in Note 4, Virtu Maritime Limited has issued corporate guarantees with respect to the company's bonds. These borrowings have been loaned to Virtu Maritime Limited through the issue of the company's loans and receivables and accordingly credit risk in this respect is limited.

(b) Liquidity risk

The Company is exposed to liquidity risk arising primarily from its ability to satisfy liability commitments depending on cash inflows receivable in turn from the Virtu Maritime Group.

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve month period to ensure that no additional financing facilities are expected to be required over the coming year. This process is performed through a rigorous assessment of detailed cash flow projections of the fellow subsidiary where matching of cash inflows and outflows arising from expected maturities of financial instruments are assessed on an annual basis.

The carrying amounts of the company's assets and liabilities are analysed into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date in the respective notes to the financial statements.

The Company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally interest-bearing borrowings and trade and other payables (refer to Notes 7 and 8). Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Company's obligations and ensuring that alternative funding is available when the bonds are due for repayment.

2. Financial risk management - continued

2.1 Financial risk factors - continued

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Carrying amount €	Contractual cash flows €	Due within one year €	Between 1 and 5 Years €	Over 5 years €
31 December 2017					
Unsecured bond	24,410,155	34,375,000	937,500	3,750,000	29,687,500
Trade and other payables	178,955	178,955	178,955	-	-
	24,589,110	34,553,955	1,116,455	3,750,000	29,687,500

2.2 Capital risk management

The Company's bonds are guaranteed by Virtu Maritime Limited (a fellow subsidiary). Related finance costs are also guaranteed by this fellow subsidiary. The capital management of the Company therefore consists of a process of regularly monitoring the financial position of the guarantor (Note 2.1).

2.3 Fair values of financial instruments

At 31 December 2017 the carrying amounts of receivables (net of impairment provisions if any) and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

As at the end of the reporting period, the fair values of financial assets and liabilities, approximate the carrying amounts shown in the statement of financial position.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. The fair value of the Company's non-current trade and other payables at the end of the reporting period is not significantly different from the carrying amounts.

3. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the directors, the accounting estimates and judgments made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

4. Loans and receivables

	2017 €
Non Current	
Loan to fellow subsidiary	24,400,000

Loans receivable reflect the transfer of funds to Virtu Maritime Limited (a fellow subsidiary), generated by the Company from the issue of bonds (Note 7).

The proceeds from the issue of the bond are loaned to Virtu Maritime Limited to be advanced to Virtu Wavepiercer Limited, solely for purposes of the part-financing of the acquisition of the vessel to be acquired by the latter company. The loan to subsidiary shall bear interest at 4.05%, payable on the 1 September of each year.

Virtue Maritime Limited acts as a guarantor for the bond issue of the Company.

5. Trade and other receivables

	2017 €
Current	
Amounts due by parent	534,430
Amounts due by fellow subsidiary	155,377
Prepayments	1,109
	690,916

Amounts due by Group companies bear no interest and are repayable on demand.

6. Share capital

	2017 €
Authorised	
500,000 ordinary shares of €1 each	500,000
Issued and fully paid	
500,000 ordinary shares of €1 each	500,000

On 6 July 2017, the Company was incorporated with an authorised and issued share capital of €500,000, made up of 500,000 ordinary shares of €1 each.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

7. Borrowings

	2017 €
Non-current	
250,000 3.75% Bonds of €100 each 2017-2027	24,410,155
	2017 €
Face value	
250,000 3.75% Bonds of €100 each 2017-2027	25,000,000
Issue costs	(594,802)
Amortisation for the period	4,957
Closing net book amount	589,845
 Amortised cost and closing carrying amount	 24,410,155

This note provides information about the contractual terms of the Company's borrowings. For more information about the Company's exposure to interest rate and liquidity risk, refer to Note 2.

By virtue of an offering memorandum dated 30 October 2017, the Company issued €25,000,000 bonds with a face value of €100 each. Interest on the 3.75% 2027 Bonds is payable annually in arrears, on 30 November of each year. The bonds are redeemable at par and are due for redemption on 30 November 2027. The bonds are guaranteed by Virtu Maritime Limited, which has bound itself jointly and severally liable for the repayment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum. The bonds were admitted on the Official List of the Malta Stock Exchange on 7 December 2017. The quoted market price as at 31 December 2017 for the bonds was €102.85.

8. Trade and other payables

	2017 €
Current	
Interest payable on bonds	79,623
Other payables	18,532
Accruals	80,800
	178,955

Other payables are unsecured, interest free and repayable on demand.

9. Interest and other related income

	2017 €
Interest on loans due from fellow subsidiary	65,377
Facility fee due from fellow subsidiary	90,000
	155,377

During the period all revenue was derived from the Company's fellow subsidiary.

10. Interest payable and similar charges

	2017 €
Interest payable on bonds	79,623
Amortisation of bond issue costs (Note 7)	4,957
	84,580

11. Expenses by nature

	2017 €
Directors' emoluments	45,000
Legal and Professional fees	23,991
Total administrative expenses	68,991

Auditor's fees

Fees charged by the auditor for services rendered during the financial period ended 31 December 2017 relate to the following:

	2017 €
Annual statutory audit	7,500
Tax advisory and compliance services	1,000
Other assurance services (capitalised with bond issue costs - Note 7)	20,000
Non-assurance services (capitalised with bond issue costs - Note 7)	80,000
	108,500

12. Directors' emoluments

	2017 €
Directors' Fees	45,000

13. Tax expense

	2017 €
Current tax expense on taxable profit subject to tax at 35%	632

14. Earnings per share

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	2017
Net profit attributable to owners of the company	1,174
Weighted average number of ordinary shares in issue (Note 6)	500,000
Earnings per share (cents)	0.23c

15. Cash used in operations

	2017 €
Profit before income tax	1,806
Adjustments for:	
Amortisation of bond issue costs	4,957
Finance income	(65,377)
Finance costs	79,623
Changes in working capital:	
Trade and other receivables	(625,539)
Trade and other payables	99,332
Cash used in operations	(505,198)

16. Related parties

The companies forming part of the Virtu Group of Companies are considered by the directors to be related parties as these companies are ultimately owned by the Virtu Holdings Ltd.

The Company is a subsidiary of Virtu Holdings Limited, the ultimate parent company of the Virtu Group. The registered office of both companies is situated at Virtu, Ta' Xbiex Terrace Ta' Xbiex Malta.

The main related party with whom transactions are entered into is Virtu Maritime Limited, the guarantor of the borrowings (Note 7).

The following are the principal transactions that were carried out with related parties:

	2017 €
Transfer of funds	
Loan issued to fellow subsidiary	24,400,000
Income from goods and services	
Finance income from fellow subsidiary (Note 9)	65,377
Facility fee from fellow subsidiary (Note 9)	90,000
	90,000

Key management personnel compensation, consisting of directors' remuneration, has been disclosed in Note 12 to the financial statements.

Period end balances arising from related party transactions are disclosed in Notes 4 and 5 to the financial statements.

17. Statutory information

Virtu Finance plc is a limited liability company and is incorporated in Malta.

The ultimate and immediate parent company of Virtu Finance p.l.c. is Virtu Holdings Limited, a company registered in Malta, with its registered address at Virtu, Ta' Xbiex Terrace Ta' Xbiex Malta.

The ultimate controlling parties of Virtu Holdings Limited are Mr Francis Portelli and Prof. John Mark Portelli.