TUMAS INVESTMENTS p.l.c.

Annual Report and Financial Statements
31 December 2017

Company Registration Number: C27296

Directors' report

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

Principal activities

The company's principal activity is to carry on the business of an investment company, by raising funds to finance the operations and capital projects of Spinola Development Company Limited, a company forming part of the Tumas Group.

Review of business

During the year under review finance income on loans and ancillary revenue from Spinola Development Company Limited, the guarantor of the Company's bonds, amounted to €2.73 million (2016: €3.01 million), whilst interest payable on the bonds totalled €2.58 million (2016: €2.89 million). Midway through 2017, the 6.20% bond 2017-2020 was refinanced in full with a fresh issue at 3.75% per annum for a ten-year period maturing in 2027. The new bond issue was successfully oversubscribed and the proceeds were onward advanced by the company to Spinola Development Company Limited. This fact impacted both finance income and finance costs which edged lower than the amounts reported last year.

Administrative expenses representing listing, compliance costs, together with directors' and professional fees reached €131,806 resulting in an increase of €20,118 over 2016. Profit for the year after tax was €8,345 up by €4,876 over 2016. Earnings per share based on profit after taxation, divided by the weighted average number of ordinary shares stood at 3.4c (2016: 1.5c).

The company's balance sheet is mainly made up of the two bonds in issue, each of €25 million and corresponding loans of similar amounts issued to Spinola Development Company Limited which, as noted above, guarantees these bonds. Both bonds and advances are classified in Tumas Investments plc's balance sheet as non-current liabilities and non-current assets respectively. Tumas Investments plc's equity thus reached €621,345, up by €25,410 representing both an increase in share capital to €250,002 and the additional profit after tax for the year under review.

The Company recognises that the key risk and uncertainty of its business is that of the potential non-fulfilment by the borrower (that is, Spinola Development Company Limited) of its obligations.

Guarantor's performance for 2017 and outlook for 2018

Spinola Development Company Limited, underwent a very positive performance during the year under review reaching a turnover of €55.03 million against the previous year's €41.90 million and generated a profit before tax of €14.71 million against €6.10 million in 2016. This was mainly attributable to an upbeat performance, both with respect to hospitality and ancillary activities, and the property segments which saw a substantial increase in business over 2016. Hospitality and related activities accounted for the larger share of operating profit, contributing €10.18 million against last year's €5.8 million whilst revenue generated through the property segment reached €8.31 million contributing €4.8 million to the bottom line. During the course of the year, the hotel experienced increased occupancy and room rates as a result of the general upbeat tourism industry, the healthy economic environment on the Island , and particularly as a result of high-rated income derived from activities and hotel occupancy related to business generated through Malta's Presidency of the Council of the EU.

Revenue from other segments, namely rental operations, edged up in line with tenants' contractual obligations despite the fact that an area previously under lease was temporarily closed off in order to facilitate construction works in the form of additional office space next to the Business Tower. During the course of the year, Spinola Development Company Limited also managed to reach a milestone as it delivered the first of the Laguna Apartments which units are practically all under promise of sale. Other construction works, currently being carried out, should not bear significantly on the Guarantor's cashflow. The results for the year are therefore by far the best ever achieved by the company.

Directors' report

Guarantor's performance for 2017 and outlook for 2018 - continued

The outlook for 2018 is again positive as the property development segment should witness substantial deliveries of the Laguna Apartments and another outstanding performance by the hotel and ancillary business segment. The hotel is forecast to enjoy both high occupancy and increased room rates over last year despite the fact that 2017 was highly influenced by Malta's Presidency as referred to above. Income from rental and complex management activities is not envisaged to increase in any material manner.

The hotel refurbishing, the bulk of which was undertaken in 2016, was an immediate success as the new décor and general uplift enabled the hotel to further improve upon customer service. Other refurbishing works will be carried out this year, particularly with respect to the rooms stock added in 2008, and other areas of the hotel which did not form part of the 2016 project. The owners' objective is to retain the Hilton Malta as the topmost hotel on the Island. The Guarantor is currently undertaking construction works on a cluster of apartments within the Portomaso complex, together with other works at the Marina. Meanwhile, development permits have been applied for, with respect to a residential estate project which the Group plans to launch on the former Halland Hotel site.

Financial risk management

The company's activities expose it to a variety of financial risks, including credit risk and liquidity risk. Refer to Note 2 to these financial statements.

Results and dividends

The statement of comprehensive income is set out on page 18. The directors do not recommend the payment of a dividend.

Retained profits carried forward at the reporting date amounted to €371,343 (2016: €362,998).

Directors

The directors of the company who held office during the year were:

Raymond Fenech
Raymond Sladden
Michael Grech
Yorgen Fenech
Kevin Catania
John Zarb – appointed on 15 March 2017

The company's Articles of Association do not require any director to retire.

Directors' report - continued

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 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, 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 Tumas Investments p.l.c. for the year ended 31 December 2017 are included in the Annual Report 2017, which is made available on the Tumas Group'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 group'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.

The directors confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the company as at 31 December 2017, and of the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU; and

- the Annual Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that the company and the guarantor face.

Going concern statement pursuant to Listing rule 5.62

After making enquiries, the directors, at the time of approving the financial statements, have determined that it is reasonable to assume that the company has adequate resources to continue operating for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

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.

On behalf of the board

Raymond Fenech Director	Yorgen Fenech Director

Registered office:
Tumas Group Corporate Office
Level 3
Portomaso Business Tower
Portomaso
St. Julians
Malta

Telephone (+356) 2137 2347

Ray Sladden
Company secretary

27 April 2018

Corporate governance - Statement of compliance

Introduction

Pursuant to the requirements of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority, Tumas Investments p.l.c. (a fully owned subsidiary of Tumas Group Company Limited -"the group") hereby reports on the extent to which the company has adopted the "Code of Principles of Good Corporate Governance" (the "Code") appended to Chapter 5 of the Listing Rules as well as the measures adopted to ensure compliance with these same Principles.

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 Spinola Development Company Limited ("SDC"), a company forming part of the Tumas Group.

In deciding on the most appropriate manner in which to implement the Principles, the Board of Tumas Investments 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.

Roles and responsibilities

The Board acknowledges its statutory mandate to conduct the administration and management of the company. The Board, in fulfilling this mandate and discharging its duty of stewardship of the company, assumes responsibility for:

- the company's strategy and decisions with respect to the issue, servicing and redemption of its bonds;
- monitoring that its operations are in conformity with its commitments towards bondholders, shareholders, other external financiers and all relevant laws and regulations.

The Board is also responsible for ensuring that the company installs and operates effective internal control and management information systems and that it communicates effectively with the market.

Board of Directors

The company presently has six directors who are appointed by its ultimate principal shareholder, Tumas Group Company Limited.

For the financial year ended 31 December 2017, three of the directors, Mr. Raymond Fenech, Mr. Yorgen Fenech and Mr. Raymond Sladden, occupied senior executive positions within the Tumas Group of Companies. Mr. Kevin Catania and Dr. Michael Grech, served on the Board of the Company, in a non-executive capacity. On 15 March 2017, Mr. John Zarb was appointed as a non-executive director on the Company's board. Mr. John Zarb and Mr. Kevin Catania are considered by the board as independent directors since they are free of any significant business relationship, family or other relationships with the Issuer, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair their judgement. In assessing Mr. Zarb's and Mr. Catania's independence, due notice has been taken to Section 5.117 of the Listing Rules.

Corporate governance - Statement of compliance - continued

The exercise of the role of the Board

The activities of the Board are exercised in a manner designed to ensure that it can effectively supervise the operations of the company and protect the interests of bondholders, external borrowers and the shareholders.

Meetings of the Board were held as frequently as considered necessary. Individual directors, apart from attendance at formal Board meetings, participate in other informal meetings during the year as may be required, either to assure good corporate governance, or to contribute more effectively to the decision making process.

The Board members are notified of forthcoming meetings by the company Secretary with the issue of an agenda and supporting documents as necessary which were then discussed during the Board meetings held during 2017.

Apart from setting the strategy and direction of the company, the Board retains direct responsibility for approving and monitoring:

- direct supervision, supported by expert professional advice as appropriate, on the issue and listing of bonds;
- that the proceeds of the bonds are applied for the purposes for which they were sanctioned as specified in the offering memoranda of the bonds in issue;
- proper utilisation of the resources of the company;
- approval of the annual report and financial statements and of relevant public announcements and for the company’s compliance with its continuing listing obligations.

The Board does not consider necessary to institute separate committees such as the remuneration and the nomination committees, as would be appropriate in an operating company.

Risk Management and Internal Control

The Board recognises that the company must manage a range of risks in the course of its activities and the failure to adequately manage these risks could adversely impact the business. Whilst no system can provide absolute guarantees and protection against material loss, the risk management systems are designed to give the directors reasonable assurance that problems can be identified promptly and remedial action can be taken as appropriate.

The Board maintains sound risk management and internal control systems. It is responsible for determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. The Board establishes formal and transparent arrangements to apply risk management and internal control principles, as well as maintaining an appropriate relationship with the company’s auditors.

An essential element of good internal control is the continual process of monitoring the investments made by the company, and in its capacity it has adjourned itself periodically on the financial affairs and operational development of Spinola Development Company Limited and its subsidiaries, the guarantor of the bonds and of the bank borrowings with particular reference to the progress of the Portomaso Development Project and related operational and commercial concerns.

Corporate governance - Statement of compliance - continued

Audit Committee

During the year 2017, the Audit Committee held 5 meetings. Audit Committee meetings are held mainly to discuss formal reports remitted by the Group Internal Auditor on audits conducted on the operations of SDC, with the consent of the Board of Directors of Spinola Development Company Limited, and also to consider the six monthly financial results and the annual financial statements.

In the first quarter of 2017, the Audit Committee was composed of Mr. Kevin Catania, Mr. Yorgen Fenech and Dr Michael Grech. On 15 March 2017, Mr. John Zarb replaced Mr. Yorgen Fenech on this committee and was appointed as Chairman. Mr. John Zarb is an accountant by profession and is deemed by the Board to be an independent director competent in accounting and auditing matters. He held regular meetings to review the accounts and operations with the executive directors.

In 2017, the Audit Committee is entirety composed of non-executive directors and the Board is of the opinion that given the committee members, professional background and vast experience in legal, accounting and auditing matters, as a whole have competence relevant to the sector in which the Issuer is operating.

As required by the Maltese Companies Act, 1995 and the Malta Financial Services Authority Listing Rules, the financial statements of Tumas Investments p.l.c. are subject to annual audit by its external auditors. Moreover, the non-executive directors have direct access to the external auditors of the company, who attend the Board meetings at which the company’s financial statements are approved. Moreover, in ensuring compliance with other statutory requirements and with continuing listing obligations, the Board is advised directly, as appropriate, by its appointed broker, legal advisor and the external auditors. Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the company’s expense.

The company has formal mechanisms to monitor dealings by directors and senior officials in the bonds of the company and has also put in place the appropriate mechanisms for the advance notification of such dealings.

Remuneration Statement

There have been no changes in the company’s remuneration policy, as compared to the previous financial year and the company does not intend to effect any changes in its remuneration policy for the following financial year.

Pursuant to the company’s Memorandum and Articles of Association, the maximum annual aggregate emoluments that may be paid to the directors is approved by the shareholders in General Meeting.

None of the directors has service contracts with the company. Furthermore, the remuneration of directors is a fixed amount per annum and does not include any variable component relating to profit sharing, share options or pension benefits.

During the year under review, each director received an annual remuneration of €3,494 (2016: €3,494), as approved at the last Annual General Meeting of the company.

Corporate governance - Statement of compliance - continued

Relations with bondholders and the market

Pursuant to the company's statutory obligations in terms of the Maltese Companies Act, 1995 and the Malta Financial Services Authority Listing Rules, the Annual Report and Financial Statements, the election of directors and approval of directors' fees, the appointment of the auditors and the authorisation of the directors to set the auditors' fees, and other special business, are proposed and approved at the company's Annual General Meeting.

The company communicates with its bondholders by publishing its results on a six monthly basis during the year and by way of the Annual Report. The Board feels that it is providing the market with adequate information about its activities through these channels.

The Board considers that the company has been in compliance with the Principles throughout the year as befits a company of this size and nature.

Approved by the Board on 27 April 2018 and signed on its behalf by:

Raymond Fenech Director	Yorgen Fenech Director

Independent auditor's report

To the Shareholders of Tumas Investments p.l.c.

Report on the audit of the financial statements

Our opinion

In our opinion:

- Tumas Investments 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 year 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

Tumas Investments p.l.c.'s financial statements set out on pages 16 to 35, comprise:

- the statement of financial position as at 31 December 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year 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.

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.

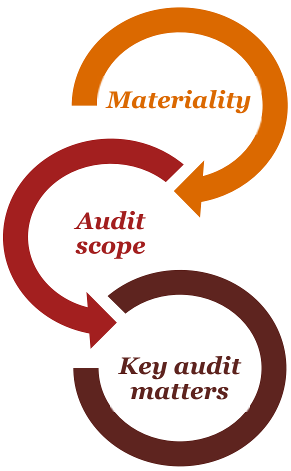
To the best of our knowledge and belief, we declare that non-audit services that we have provided to the company are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281). The non-audit services that we have provided to the company, in the period from 1 January to 31 December 2017 are disclosed in Note 12 to the financial statements.

Independent auditor's report - continued

To the Shareholders of Tumas Investments p.l.c.

Our audit approach

Overview



Overall materiality: €27,255 which represents 1% of interest receivable

Recoverability of loans issued to the Guarantor of the bonds

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.

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.

Independent auditor's report - continued

To the Shareholders of Tumas Investments p.l.c.

Overall materiality	€27,255 (2016: €30,096)
How we determined it	1% of interest receivable
Rationale for the materiality benchmark applied	We chose interest receivable as the benchmark, being the main source of income, as we considered that this provides us with a consistent year-on-year basis for determining materiality. We believe that this is a key measure used by the shareholders in assessing the company's performance. We chose 1%, which is within the range of quantitative materiality thresholds that we consider acceptable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €2,726 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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 loans issued to the Guarantor of the bonds	
Loans and receivables include funds advanced to a fellow subsidiary, Spinola Development Company Limited, who is the guarantor of the bonds issued by the Company. Loan balances with this related party as at 31 December 2017 amounted to €50 million. As explained in accounting policy note 1.3, the recoverability of the loans are assessed at the end of each financial year. 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 of these loans to supporting loan agreements. We have assessed the financial soundness of the fellow subsidiary, Spinola Development Company Limited, which is also the guarantor of the company's bonds. In doing this, we made reference to the latest audited financial statements, management accounts, cash flow projections, forecasts and other prospective information made available to us. Based on evidence and explanations obtained, we concur with management's view with respect to the recoverability of these loans.

Independent auditor's report - continued

To the Shareholders of Tumas Investments p.l.c.

Other information

The directors are responsible for the other information. The other information comprises 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.

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.

Independent auditor's report - continued

To the Shareholders of Tumas Investments p.l.c.

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.

- 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.

Independent auditor's report - continued

To the Shareholders of Tumas Investments p.l.c.

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.

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 Tumas Investments 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 for the period ended 31 December 2000. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 17 years. The company became listed on a regulated market on 2 August 2002.

PricewaterhouseCoopers
78, Mill Street
Qormi
Malta

Stefan Bonello
Partner

27 April 2018

Statement of financial position

	Notes	As at 31 December 2017 €	2016 €
ASSETS			
Non-current assets			
Loans and receivables	4	**50,000,000**	49,379,595
Total non-current assets		**50,000,000**	49,379,595
Current assets			
Trade and other receivables	5	**1,115,961**	1,314,398
Cash and cash equivalents	6	**394,953**	2,031,387
Total current assets		**1,510,914**	3,345,785
Total assets		**51,510,914**	52,725,380

Statement of financial position - continued

	Notes	As at 31 December 2017 €	2016 €
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	7	**250,002**	232,937
Retained earnings		**371,343**	362,998
Total equity		**621,345**	595,935
Non-current liabilities			
Borrowings	8	**49,603,476**	49,763,924
Trade and other payables	9	**-**	949,186
Total non-current liabilities		**49,603,476**	50,713,110
Current liabilities			
Trade and other payables	9	**1,282,824**	1,415,190
Current tax liability		**3,269**	1,145
Total current liabilities		**1,286,093**	1,416,335
Total liabilities		**50,889,569**	52,129,445
Total equity and liabilities		**51,510,914**	52,725,380

The notes on pages 21 to 35 are an integral part of these financial statements.

The financial statements on pages 16 to 35 were authorised for issue by the board of directors on 27 April 2018 and were signed on its behalf by:

Raymond Fenech
Director

Yorgen Fenech
Director

Statement of comprehensive income

	Notes	Year ended 31 December 2017 €	2016 €
Finance income	10	**2,725,483**	3,009,562
Finance costs	11	**(2,580,838)**	(2,892,537)
Net interest income		**144,645**	117,025
Administrative expenses	12	**(131,806)**	(111,688)
Profit before tax		**12,839**	5,337
Tax expense	13	**(4,494)**	(1,868)
Profit for the year - total comprehensive income		**8,345**	3,469
Earnings per share (cents)	15	**3.4c**	1.5c

The notes on pages 21 to 35 are an integral part of these financial statements.

Statement of changes in equity

	Note	Share capital €	Retained earnings €	Total €
Balance at 1 January 2016		232,937	359,529	592,466
Comprehensive income				
Profit for the year - total comprehensive income		-	3,469	3,469
Balance at 31 December 2016		232,937	362,998	595,935
Balance at 1 January 2017		232,937	362,998	595,935
Comprehensive income				
Profit for the year - total comprehensive income		-	8,345	8,345
Transactions with owners				
Increase in share capital	7	17,065	-	17,065
Balance at 31 December 2017		**250,002**	**371,343**	**621,345**

The notes on pages 21 to 35 are an integral part of these financial statements.

Statement of cash flows

	Notes	Year ended 31 December 2017 €	2016 €
Cash flows from operating activities			
Cash generated from/(used in) operations	16	**8,663**	(10,360)
Income tax paid		**(3,093)**	-
Tax refund received		**723**	1,069
Interest received		**2,725,483**	3,009,562
Interest paid		**(2,580,838)**	(2,892,537)
Net cash generated from operating activities		**150,938**	107,734
Cash flows from investing activities			
Repayment of loans and receivables	4	**24,661,081**	-
Advances of loans to fellow subsidiary	4	**(25,281,486)**	-
Net cash used in investing activities		**(620,405)**	-
Cash flows from financing activities			
Proceeds from advances from fellow subsidiary		**-**	400,000
Repayment of advances to fellow subsidiary		**(949,186)**	-
Redemption of €25,000,000 6.2% bonds		**(25,000,000)**	-
Issue of €25,000,000 of 3.75% bonds		**25,000,000**	-
Issue costs		**(234,846)**	-
Release of bond redemption fund		**2,000,000**	
Contribution to bond redemption fund		**-**	(500,000)
Increase in share capital		**17,065**	-
Net cash generated from/(used in) financing activities		**833,033**	(100,000)
Net movement in cash and cash equivalents		**363,566**	7,734
Cash and cash equivalents at beginning of year		**31,387**	23,653
Cash and cash equivalents at end of year	6	**394,953**	31,387

The notes on pages 21 to 35 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 all the years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Companies Act, 1995. They 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 judgement in the process of applying the company's accounting policies (Note 3 - Critical accounting estimates and judgements).

Standards, interpretations and amendments to published standards effective in 2017

In 2017 the company adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 1 January 2017. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the company's accounting policies.

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 1 January 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 possible exception of IFRS 9, there are no requirements that will have 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

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

With respect to its loans to fellow subsidiary, 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 fellow subsidiary's 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.

1.2 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All foreign exchange gains and losses are presented in the statement of comprehensive income within 'administrative expenses'. No exchange differences were recognised during 31 December 2017 and 2016.

1.3 Financial assets

1.3.1 Classification

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 loans receivable, trade and other receivables and cash and cash equivalents in the statement of financial position (Notes 1.4 and 1.5).

1. Summary of significant accounting policies - continued

1.3 Financial assets - continued

1.3.2 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 the trade 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. They 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.

1.3.3 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.

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. Summary of significant accounting policies - continued

1.4 Trade and other receivables

Trade receivables comprise amounts due from related parties for 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 (Note 1.3.3). 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.

1.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts, are shown within borrowings in current liabilities in the statement of financial position.

1.6 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.

1.7 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 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.

1.8 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.

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.

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 reporting period.

1. Summary of significant accounting policies - continued

1.9 Trade and other payables

Trade payables comprise obligations to pay for 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.

1.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.11 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.

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.

1.12 Finance income and costs

Finance income and costs are recognised in profit or loss for all interest-bearing instruments on a time-proportion basis using the effective interest method. Finance costs include the effect of amortising any difference between net proceeds and redemption value in respect of the company's borrowings. Finance income and costs are recognised as they accrue, unless collectibility is in doubt.

1. Summary of significant accounting policies - continued

1.13 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, Spinola Development Company 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 cash and cash equivalents, deposits with banks, loans receivable from Spinola Development Company Limited. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2017	2016
	€	€
Loans receivable (Note 4)	**50,000,000**	49,379,595
Trade and other receivables (Note 5)	**1,115,961**	1,314,398
Cash and cash equivalents (Note 6)	**394,953**	2,031,387
	51,510,914	52,725,380

The company banks and invests only with local financial institutions or entities with high quality standing or rating. The company's investments and receivables consist mainly of loans and receivables from fellow subsidiary and accordingly credit risk in this respect is limited.

The company does not hold collateral as security on its loans receivable. As disclosed in Note 8 Spinola Development Company Limited has issued corporate guarantees with respect to the company's bonds. These borrowings have been loaned to Spinola Development Company Limited through the issue of the company's loans and receivables and accordingly credit risk in this respect is limited.

The audited financial statements of Spinola Development company Limited at 31 December 2017 disclose a borrowing ratio of 22% (2016: 28%). This ratio expresses the guarantor's borrowings as a percentage of the aggregate net assets funded also by shareholders' equity. Borrowings are stated net of any funds made available for the redemption of such liabilities. Account is taken of the carrying amounts of assets and liabilities as reflected in the financial statements of Spinola Development Company Limited, adjusted to reflect the current market value of certain property, less deferred tax thereon.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(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 Spinola Development Company Limited.

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

	Carrying amount €	Contractual cash flows €	Within one year €	One to five years €	Over five years €
31 December 2017					
Unsecured bonds	49,603,476	67,034,246	2,187,500	8,755,993	56,090,753
Trade and other payables	1,282,824	1,282,824	1,282,824	-	-
	50,886,300	**68,317,070**	**3,470,324**	**8,755,993**	**56,090,753**
31 December 2016					
Unsecured bonds	49,763,924	64,672,192	2,800,000	33,748,904	28,123,288
Trade and other payables	2,364,376	2,364,376	1,415,190	949,186	-
	52,128,300	**67,036,568**	**4,215,190**	**34,698,090**	**28,123,288**

2.2 Capital risk management

The company's bonds are guaranteed by Spinola Development Company 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. Financial risk management - continued

2.3 Fair values of financial instruments

At 31 December 2017 and 2016 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 judgements

Estimates and judgements 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 company directors, the accounting estimates and judgements 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	2016
	€	€
Loans to fellow subsidiary		
At beginning of year	**49,379,595**	49,379,595
Additions	**25,281,486**	-
Repayments	**(24,661,081)**	-
At end of year	**50,000,000**	49,379,595
At 31 December		
Cost and net book amount	**50,000,000**	49,379,595

Loans receivable reflect the transfer of funds to Spinola Development Company Limited (a fellow subsidiary), generated by the company from its bonds.

4. Loans and receivables - continued

Weighted average effective interest rate as at 31 December 2017 and 2016:

	2017	2016
Loans to fellow subsidiary	**4.5%**	5.7%

The company's exposure to credit and interest rate risks related to investments is disclosed in Note 2. As at 31 December 2017, these financial assets were fully performing and hence do not contain impaired assets.

Maturity of loans and receivables:

	2017	2016
	€	€
Within 2 and 5 years	**-**	24,661,081
Over 5 years	**50,000,000**	24,718,514
	50,000,000	49,379,595

5. Trade and other receivables

	2017	2016
	€	€
Current		
Amounts owed by fellow subsidiary	**101,693**	14,612
Prepayments and accrued income	**1,014,268**	1,299,786
	1,115,961	1,314,398

Amounts owed by fellow subsidiary are unsecured, interest free and repayable on demand. This balance together with accrued income includes interest due and accrued as at the end of the reporting period on the loans advanced by the company.

The company's exposure to credit and liquidity risk related to trade and other receivables is disclosed in Note 2.

6. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	2017	2016
	€	€
Cash and cash equivalents as per Statement of financial position	**394,953**	2,031,387
Less bond redemption fund	**-**	(2,000,000)
Cash and cash equivalents	**394,953**	31,387

6. Cash and cash equivalents - continued

As disclosed above cash and cash equivalents for 2016 exclude the contribution to the bond redemption fund held in bank accounts and at the custodian, which use is restricted pursuit to the terms and conditions stated in the Offering Memorandum of the unsecured bonds.

7. Share capital

	2017	2016
	€	€
Authorised, issued and fully paid up		
250,002 ordinary shares of €1 each (2016: 100,000 ordinary shares at €2.329373 each)	**250,002**	232,937

In terms of resolution dated 12 May 2017, the issued share capital was re-designated from 100,000 ordinary shares of €2.329373 each to 232,937 ordinary shares of €1 each. Following this, the issued share capital increased to 250,002 ordinary shares of €1 each.

8. Borrowings

	2017	2016
	€	€
Non-current		
250,000 6.20% bonds 2017 - 2020	**-**	24,965,512
250,000 5% bonds 2024	**24,820,778**	24,798,412
250,000 3.75% bonds 2027	**24,782,698**	-
	49,603,476	49,763,924

The bonds are measured at the amount of the net proceeds adjusted for the amortisation of the difference between the net proceeds and the redemption value of such bonds, using the effective yield method as follows:

	2017	2016
	€	€
Face value		
250,000 6.20% bonds 2017 - 2020	**-**	25,000,000
250,000 5% bonds 2024	**25,000,000**	25,000,000
250,000 3.75% bonds 2027	**25,000,000**	-
	50,000,000	50,000,000
Issue costs	**(486,028)**	(646,835)
Accumulated amortisation	**89,504**	410,759
Closing net book amount	**(396,524)**	(236,076)
Amortised cost at 31 December	**49,603,476**	49,763,924

8. **Borrowings** - continued

The interest rate exposure of the borrowings of the company was as follows:

	2017	2016
	€	€
Total borrowings:		
At fixed rates	**49,603,476**	49,763,924

The effective interest rates as at the end of the reporting period were as follows:

	2017	2016
Bonds 2017 - 2020	**-**	6.20%
Bonds 2024	**5.00%**	5.00%
Bonds 2027	**3.75%**	-

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 9 June 2010, the company issued €25,000,000 bonds with a face value of €100 each. The bond's interest is payable semi-annually in arrears on 9 January and 9 July. On 10 July 2017, the directors exercised the early redemption of the bond and redeemed €25,000,000 6.2% bonds.

By virtue of an offering memorandum dated 7 July 2014, the company issued €25,000,000 bonds with a face value of €100 each. The bond's interest is payable semi-annually in arrears on 31 January and 31 July. The bonds are redeemable at par and are due for redemption on 31 July 2024. The bonds are guaranteed by Spinola Development Company Limited, which has bound itself jointly and severally liable for the payment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum. The bonds have been admitted on the Official List of the Malta Stock Exchange on 31 July 2014. The quoted market price as at 31 December 2017 for the bonds was €106.81 (2016: €108.50). In the opinion of the directors these market prices fairly represent the fair value of these financial liabilities.

By virtue of an offering memorandum dated 29 May 2017, the company issued €25,000,000 bonds with a face value of €100 each. The bond's interest is payable annually in arrears on 10 July. The bonds are redeemable at par and are due for redemption on 10 July 2027. The bonds are guaranteed by Spinola Development Company Limited, which has bound itself jointly and severally liable for the payment of the bonds and interest thereon, pursuant to and subject to the terms and conditions in the offering memorandum. The bonds have been admitted on the Official List of the Malta Stock Exchange on 7 July 2017. The quoted market price as at 31 December 2017 for the bonds was €104.50. In the opinion of the directors these market prices fairly represent the fair value of these financial liabilities.

9. Trade and other payables

	2017	2016
	€	€
Non-current		
Amounts owed to fellow subsidiary	**-**	949,186
Current		
Interest payable	**976,883**	1,272,589
Other payables	**291,878**	128,774
Accruals and deferred income	**14,063**	13,827
	1,282,824	1,415,190
Trade and other payables	**1,282,824**	2,364,376

Amounts owed to fellow subsidiary are unsecured, interest free and with no fixed date of repayment but was not expected to be repaid within the next twelve months. The company's exposure to liquidity risk related to trade and other payables is disclosed in Note 2.

10. Finance income

	2017	2016
	€	€
Interest on loans to fellow subsidiary	**2,530,971**	2,819,827
Facility fee receivable	**194,512**	189,735
	2,725,483	3,009,562

11. Finance cost

	2017	2016
	€	€
Coupon interest payable on bonds	**2,580,838**	2,892,537

12. Expenses by nature

Administrative expenses are classified by their nature as follows:

	2017	2016
	€	€
Listing and related compliance costs	**63,876**	67,418
Directors' fees (Note 14)	**20,256**	17,470
Other expenses	**47,674**	26,800
	131,806	111,688

12. Expenses by nature - continued

Auditor's fees

Fees charged by the auditor for services rendered during the financial periods ended 31 December 2017 and 2016 relate to the following:

	2017	2016
	€	€
Annual statutory audit	**6,490**	3,540
Tax advisory and compliance services	**750**	750
	7,240	4,290

13. Tax expense

	2017	2016
	€	€
Current tax expense:		
on taxable profit subject to tax at 35%	**4,494**	1,868

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2017	2016
	€	€
Profit before tax	**12,839**	5,337
Tax on profit at 35%	**4,494**	1,868

14. Directors' emoluments

	2017	2016
	€	€
Directors' fees	**20,256**	17,470

15. Earnings per share

Earnings per share is based on the profit after taxation attributable to the ordinary shareholders of the company divided by the weighted average number of ordinary shares in issue during the year.

	2017	2016 restated
Net profit attributable to owners of the company	**€8,345**	€3,469
Weighted average number of ordinary shares in issue (Note 7)	**243,844**	232,937
Earnings per share (cents)	**3.4c**	1.5c

The weighted average number of ordinary share for 2016 was restated to reflect the re-designated of ordinary shares as stated in Note 7.

16. Cash generated from/(used in) operations

Reconciliation of profit before tax to cash generated from/(used in) operations:

	2017 €	2016 €
Profit before tax	**12,839**	5,337
Adjustment for:		
Amortisation of bond issue costs	**74,398**	87,024
Finance income	**(2,725,483)**	(3,009,562)
Finance costs	**2,580,838**	2,892,537
Changes in working capital:		
Trade and other receivables	**285,518**	(5,152)
Trade and other payables	**(132,366)**	(131,815)
Amounts owed by fellow subsidiaries	**(87,081)**	151,271
Cash generated from/(used in) operations	**8,663**	(10,360)

17. Related party transactions

The company forms part of the Tumas Group of Companies. All companies forming part of the Tumas Group are related parties since these companies are all ultimately owned by Tumas Group Company Limited which is considered by the directors to be the ultimate controlling party. Trading transactions between these companies include items which are normally encountered in a group context. The group is ultimately fully owned by members of the Fenech family, who are therefore considered to be related parties. The main related party with whom transactions are entered into is Spinola Development Company Limited, the guarantor of the borrowings (Note 8).

17. Related party transactions - continued

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

	2017	2016
	€	€
Income from goods and services		
Finance income from fellow subsidiary (Note 10)	**2,530,971**	2,819,827
Facility fee from fellow subsidiary (Note 10)	**194,512**	189,735

Key management personnel compensation, consisting of directors' remuneration, has been disclosed in Note 14 to the financial statements.

Year end balances arising from related party transactions are disclosed in Notes 4, 5 and 9 to the financial statements.

18. Statutory information

Tumas Investments p.l.c. is a limited liability company and is incorporated in Malta.

The ultimate and immediate parent company of Tumas Investments p.l.c. is Tumas Group Company Limited, a company registered in Malta, with its registered address at Tumas Corporate Office, Level 3, Portomaso Business Tower, Portomaso, St. Julians, Malta.

The ultimate controlling parties of Tumas Group Company Limited are the spouse and descendents of the group's deceased founder, Mr. Thomas Fenech.

19. Comparative information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's presentation format for the purpose of fairer presentation.