MALITA INVESTMENTS P.L.C.

Annual Report and Financial Statements
31 December 2011

Company Registration Number: C 53047

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Directors' report

The directors present their annual report together with the audited financial statements for the period ended 31 December 2011.

Incorporation

Malita Investments p.l.c. was incorporated on 3 June 2011 in terms of the Maltese Companies Act, 1995. These statutory financial statements have been prepared for the period from 3 June to 31 December 2011.

Principal activities

The company's principal activities include the development, management and operation of immovable property, in particular, projects of national and/or strategic importance, and the investment in local and foreign stocks and shares.

Review of the business

This is the first reporting period of the company, and during this period the company did not trade. As indicated in notes 6 and 20 to the financial statements, on 14 June 2012 and 26 June 2012 the company acquired income-generating immovable property, which will enhance its operating results. The company's financial position is satisfactory.

Results and dividends

The statement of comprehensive income is set out on page 7. The directors do not recommend the payment of a dividend.

Directors

The directors of the company who currently hold office are:
Kenneth Farrugia (Chairman - appointed on incorporation)
Vince Mifsud (appointed on incorporation)
Anne Marie Tabone (appointed on 1 January 2012)
Frederick Mifsud Bonnici (appointed on 27 February 2012)
Publio Danny Rosso (appointed on 7 March 2012)
Alfred Camilleri (resigned on 23 April 2012)

The company's Articles of Association require directors to retire after three years in office, but they are eligible for re-appointment.

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.

Directors' report - continued

Statement of directors' responsibilities for the financial statements - continued

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 controls 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 Malita Investments p.l.c. for the period ended 31 December 2011 are included in the Annual Report and Statutory Financial Statements – 31 December 2011, which is published in hard-copy printed form and 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.

Corporate governance

The Corporate Governance Guidelines for Public Interest Companies provide recommended practices to, inter alia, companies which are owned by the Government of Malta, such as the Issuer. In view of the fact that the Issuer's activities were limited to administration and preparatory work in relation to the funding and acquisition of the Properties, compliance with the said Guidelines was not possible. Indeed, the final composition of the Board was, in fact, only finalised in early 2012. The Board was also cognisant of the fact that following admission of the Shares to the Official List of the MSE, the Issuer would be obliged to endeavour to adopt the more comprehensive corporate governance regime contemplated in the Code of Principles of Good Corporate Governance contained in the Listing Rules (the "Code").

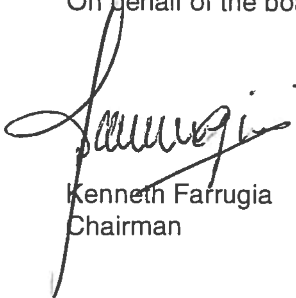
Following the admission of the Shares to the Official List of the MSE, it is the Issuer's intention to comply with the recommendations of the Code insofar as these are commensurate with the nature and scale of its operations. Pursuant to the Listing Rules, in the event that the Issuer were to depart from the recommendations of the Code, it will be obliged to provide, in its annual financial statements, an explanation as to which parts of the Code it has departed from and the reasons for doing so and where the Issuer has decided not to apply any such provisions, it will be obliged to explain its reasons for doing so.

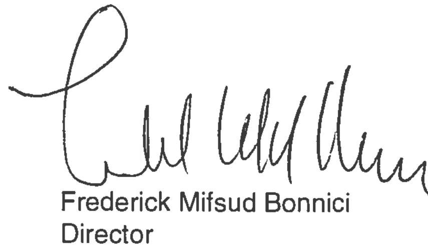
Auditors

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

Directors' report - continued

On behalf of the board





Kenneth Farrugia
Chairman

Frederick Mifsud Bonnici
Director

Registered office
Clock Tower
Level 1
Tigne` Point
Sliema
Malta

27 June 2012

Independent auditor's report

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

Report on the Financial Statements for the period ended 31 December 2011

We have audited the financial statements of Malita Investments p.l.c. on pages 6 to 24 which comprise the statement of financial position as at 31 December 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements
As explained more comprehensively in the Statement of directors' responsibilities for the financial statements on pages 1 and 2, the directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, 1995, 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion the financial statements

- give a true and fair view of the financial position of the company as at 31 December 2011, and of its financial performance and its cash flows for the period then ended in accordance with IFRSs as adopted by the EU; and
- have been properly prepared in accordance with the requirements of the Maltese Companies Act, 1995.

Independent auditor's report - continued

Report on Other Legal and Regulatory Requirements

We also have responsibilities under the Maltese Companies Act, 1995 to report to you if, in our opinion:

- The information given in the directors' report is not consistent with the financial statements.
- 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.

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

PricewaterhouseCoopers

167 Merchants Street
Valletta
Malta

Simon Flynn
Partner

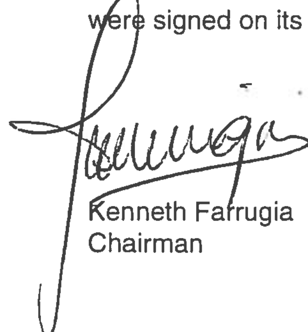
27 June 2012

Statement of financial position

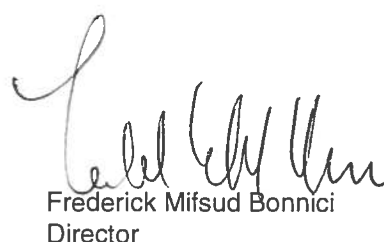
	Notes	As at 31 December 2011 €
ASSETS		
Non-current assets		
Property, plant and equipment	5	3,575
		3,575
Current assets		
Premium on acquisition of property	6	82,000,000
Trade and other receivables	7	127,655
Cash and cash equivalents	8	15,036,144
		97,163,799
Total assets		97,167,374
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	9	15,000,000
Retained profits		84,907
Total equity		15,084,907
Current liabilities		
Capital creditor for acquisition of property	6	82,000,000
Trade and other payables	10	42,207
Current tax liabilities		40,260
		82,082,467
Total equity and liabilities		97,167,374

The notes on pages 10 to 24 are an integral part of these financial statements.

The financial statements on pages 6 to 24 were authorised for issue by the board on 27 June 2012 and were signed on its behalf by:



Kenneth Farrugia
Chairman



Frederick Mifsud Bonnici
Director

Statement of comprehensive income

	Notes	Period from 3 June to 31 December 2011 €
Revenue	11	115,029
Administrative expenses	12	(41,633)
Operating profit		73,396
Finance income	14	61,011
Finance costs	15	(88)
Profit before tax		134,319
Tax expense	16	(49,412)
Profit for the period - total comprehensive income		84,907
Earnings per share (cents)	17	0.57

The notes on pages 10 to 24 are an integral part of these financial statements.

Statement of changes in equity

	Note	Share capital €	Accumulated profits €	Total €
Balance at 3 June 2011		-	-	-
Comprehensive income				
Profit for the period		-	84,907	84,907
Transactions with owners				
Issue of share capital	9	15,000,000	-	15,000,000
Balance at 31 December 2011		**15,000,000**	**84,907**	**15,084,907**

The notes on pages 10 to 24 are an integral part of these financial statements.

Statement of cash flows

	Notes	Period from 3 June to 31 December 2011 €
Cash flows from operating activities		
Cash used in operations	18	(11,924)
Interest received	14	61,011
Interest paid	15	(88)
Tax paid	16	(9,152)
Net cash generated from operating activities		39,847
Cash flows from investing activities		
Purchase of property, plant and equipment	5	(3,703)
Net cash used in investing activities		(3,703)
Cash flows from financing activities		
Issue of share capital	9	15,000,000
Net cash generated from financing activities		15,000,000
Net movement in cash and cash equivalents		15,036,144
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	8	15,036,144

The notes on pages 10 to 24 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

The Board has adopted the following principal accounting policies which it believes cover most of the type of activities it will undertake in the foreseeable future. Accordingly, not all the accounting policies set out below would necessarily apply as at the date of this report.

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 Maltese Companies Act, 1995. They have been prepared under the historical cost convention as modified by the fair valuation of investment property.

The company was incorporated on 3 June 2011 and accordingly the statements of financial position, comprehensive income, changes in equity and cash flows and the accompanying notes have been prepared for the financial period from the date of incorporation to 31 December 2011.

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 (see note 3 – Critical accounting estimates and judgements).

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 but are mandatory for the company's accounting periods beginning after 1 January 2011. 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 there are no requirements that will have a possible significant impact on the company's financial statements in the period of initial application.

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 period-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'.

1. Summary of significant accounting policies - continued

1.3 Investment property

Investment property is held for long-term rental yields or for capital appreciation or both, and is not occupied by the company. Investment property also includes property that is being constructed or developed for future use as investment property, when such identification is made.

Investment property is measured initially at its historical cost, including related transaction costs and borrowing costs. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices. Given that there is no active market for the investment property held by the company, the company establishes fair value by using valuation techniques, including the use of discounted cash flow analyses.

Investment property that is being redeveloped for continuing use as investment property continues to be measured at fair value. Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

1.4 Financial assets

1.4.1 Classification

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

1. Summary of significant accounting policies - continued

1.4 Financial assets - continued

1.4.1 Classification - continued

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. The latter are classified as non-current assets. The company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position (notes 1.5 and 1.6).

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 purchases and sales of financial assets are recognised on settlement date, which is the date on which an asset is delivered to or by the company. Any change in fair value for the asset to be received is recognised between the trade date and settlement date in respect of assets which are carried at fair value in accordance with the measurement rules applicable to the respective financial assets.

Financial assets are initially recognised at fair value plus transaction costs. Financial assets which fall under the category of 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.

1.4.3 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. **Summary of significant accounting policies** - continued

1.4 Financial assets - continued

1.4.3 Impairment - continued

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount at the beginning of the financial period 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 accordingly 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 (note 1.4). 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 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.

1.7 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 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. Summary of significant accounting policies - continued

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.

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 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.

1.12 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 liabilities are not recognised if they arise from the initial recognition of goodwill; 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 substantially 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. Summary of significant accounting policies - continued

1.13 Operating leases

Leases in which the company, as lessor, retains a significant portion of the risks and rewards of ownership are classified as operating leases. Receipts made under operating leases (net of any incentives paid by the company) are charged to the income statement on a straight-line basis over the period of the lease.

1.14 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.

1.15 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. Sales are recognised upon delivery of products or performance of services, net of sales tax, returns, rebates and discounts.

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) Dividend income

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

(c) Rental income from investment property

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

1. **Summary of significant accounting policies** - continued

1.16 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment, investment property or property held for development and resale are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed. Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of interest-bearing borrowings.

1.17 Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's directors in the case of any interim dividends whilst final dividends that may be proposed by the board will be recognised as a liability once they are approved by the shareholders of the Company.

2. Financial risk management

2.1 Financial risk factors

The company's activities potentially expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. It is the responsibility of the board of directors to provide principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The company did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial periods.

(a) Market risk

Cash flow and fair value interest rate risk

The company's cash and cash equivalents (note 8) are subject to floating interest rates. Management monitors the impact of changes in market interest rates on amounts reported in the statement of comprehensive income in respect of these instruments. Based on this analysis, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period to be immaterial. The company's interest-bearing instruments are short-term in nature and accordingly the level of interest rate risk is contained. The company's operating cash flows are substantially independent of changes in market interest rates.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to customers, including outstanding receivables and committed transactions. The company's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	2011
	€
Loans and receivables category:	
Cash and cash equivalents (note 8)	15,036,144

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements.

The company banks only with local financial institutions licensed by the Malta Financial Services Authority with high quality standing or rating.

(c) Liquidity risk

The company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise trade and other payables (note 10). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the company's obligations.

Management monitors liquidity risk by reviewing expected cash flows, and ensures that no additional financing facilities are expected to be required over the coming year. The company's liquidity risk is not deemed material in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments coupled with the company's committed bank borrowing facilities that it can access to meet liquidity needs.

The company's trade and other payables are entirely repayable within one year from the end of the reporting period.

2.2 Capital risk management

Capital is managed by reference to the level of equity and borrowings. The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may issue new shares or adjust the amount of dividends paid to shareholders.

The company's equity, as disclosed in the statement of financial position, constitutes its capital. The company maintains the level of capital by reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the company's activities and the extent of borrowings or debt, the capital level as at the end of the reporting period is deemed adequate by the directors.

2. Financial risk management - continued

2.3 Fair values of financial instruments

At 31 December 2011, the carrying amounts of cash at bank and accrued expenses reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

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 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. Segment reporting

The directors have reviewed the disclosure requirements of IFRS 8, 'Operating Segments' and determined that the company effectively has one operating segment, taking cognisance of the information utilised within the company for the purpose of assessing performance.

5. Property, plant and equipment

	Plant, machinery & equipment €
Cost	
At 3 June 2011	-
Additions	3,703
Disposals	-
At 31 December 2011	3,703
Depreciation	
At 3 June 2011	-
Charge for the period	128
At 31 December 2011	128
Net Book Value	
At 31 December 2011	3,575

6. Premium for acquisition of property

On 28 December 2011, the company entered into a Novation Agreement with the Government of Malta ("Government") and the Grand Harbour Regeneration Corporation p.l.c. ("GHRC"), whereby Government assigned to the company Government's obligation in terms of the contracting agreement entered into by Government to reimburse GHRC the €82 million expenditure to be incurred in the construction of the City Gate project in Valletta.

The obligation novated to the company represents a prepayment of the premium payable to Government for the acquisition of the 65-year emphyteutical grant of the new Parliament Building and the Open Air Theatre ("the Buildings"), entered into on 26 June 2012 (refer to note 20) and is therefore included within current assets in the statement of financial position as at 31 December 2011. Malita's obligation towards GHRC is included in current liabilities as a capital creditor for the acquisition of property. Malita has negotiated credit facilities and is in the process of raising additional equity, which funds will be used in the settlement of this capital creditor.

7. Trade and other receivables

	2011 €
Current	
Ground rents receivable	115,029
Prepaid expenses	12,626
	127,655

8. Cash and cash equivalents

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

	2011 €
Cash at bank and in hand	53,500
Short-term bank deposits	14,982,644
	15,036,144

9. Share capital

	2011 €
Authorised	
113,000,000 Ordinary A shares of €1 each	113,000,000
37,000,000 Ordinary B shares of €1 each	37,000,000
	150,000,000
Issued and fully paid	
15,000,000 Ordinary A shares of €1 each	15,000,000

The company was incorporated on 3 June 2011 under the terms of the Maltese Companies Act, 1995 with an issued share capital of 15,000,000 shares of €1 each fully paid.

Ordinary A and Ordinary B shares rank *pari passu* for all intents and purposes of the law, except that holders of Ordinary A shares shall not be entitled to receive a dividend or other distribution in respect to profits generated by the Company during the period between the date of incorporation and 31 December 2014.

In terms of an extraordinary resolution dated 29 May 2012, the shareholders, pursuant to the Article of Association of the Company, unanimously resolved that the nominal value of the Ordinary A shares and Ordinary B shares in the Company be converted from €1.00 to €0.50 per share, and that both the authorised share capital and the issued share capital of the Company be re-denominated in shares of a nominal value of €0.50 each. The shareholders further resolved to decrease the authorised share capital of the Company from €150,000,000 divided into 226,000,000 and 74,000,000 Ordinary B shares to €100,000,000 dividend into 150,000 Ordinary A shares and 50,000,000 Ordinary B shares, each having a nominal value of €0.50 per share.

10. Trade and other payables

	2011 €
Current	
Accrued expenses	16,298
Trade payables	17,682
Amounts owed to related party	1,475
Indirect taxes and social security	6,752
	42,207

11. Revenue

In terms of the agreement for the acquisition of the temporary directum dominium of the properties described in note 20, the company became eligible to receive ground rents from this investment property as from 1 December 2011.

12. Expenses by nature

	Period from 3 June to 31 December 2011 €
Directors' emoluments (note 13)	14,583
Professional fees	10,679
Wages & salaries	5,029
Depreciation of property, plant and equipement (note 5)	128
Other expenses	11,214
Total administrative expenses	41,633

Auditor's fees

Fees charged by the auditor for services rendered during the financial period ended 31 December 2011 relate to the following:

	Period from 3 June to 31 December 2011 €
Annual statutory audit	4,720
Other services	5,959
	10,679

13. Director's emoluments

	Period from 3 June to 31 December 2011 €
Kenneth Farrugia (Chairman)	11,666
Vincent Mifsud (Director)	2,917
Total directors' fees	14,583

Mr. Alfred Camilleri, permanent secretary at the Ministry of Finance, has waived his right to receive remuneration.

14. Finance income

	Period from 3 June to 31 December 2011 €
Bank interest income	61,011

15. Finance costs

	Period from 3 June to 31 December 2011 €
Bank charges	88

16. Tax expense

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

	Period from 3 June to 31 December 2011 €
Profit before tax	134,319
Tax on profit at 35%	47,012
Tax effect of:	
Income subject to 15% final withholding tax	(12,202)
Expenses not deductible for tax purposes	14,602
Tax charge in the accounts	49,412

17. Earnings per share

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

	Period from 3 June to 31 December 2011
Profit for the period (€)	84,907
Total number of ordinary shares in issue	15,000,000
Earnings per share (cents)	0.57

18. Cash used in operations

Reconciliation of operating profit to cash used in operations:

	Period from 3 June to 31 December 2011 €
Operating profit	73,396
Adjustments for:	
Depreciation of property, plant and equipment (note 5)	128
Changes in working capital:	
Trade and other receivables	(127,655)
Trade and other payables	42,207
Cash used in operations	(11,924)

19. Related party transactions

In the ordinary course of its operations, the company carries out business with the Government of Malta, government departments, public sector corporations and other entities owned or controlled by the Government. The Government of Malta is the ultimate controlling party and currently holds 100% of the issued share capital.

In the opinion of the directors, disclosure of related party transactions, which are generally carried out on commercial terms and conditions, is only necessary when the transactions effected have a material impact on the operating results and financial position of the company. The aggregate amounts in respect of a considerable number of transaction types carried out with related parties are included in note 10, however they are not considered material and accordingly they do not have a significant effect on the current period's financial statements.

20. Events after the reporting date

On 14 June 2012, the Company acquired from Government, the temporary dominium directum and the subsequent freehold ownership of the properties underlying the original emphyteutical grants to Malta International Airport p.l.c., dated 26 July 2002 and 1 July 2010, and the original emphyteutical grant to Valletta Cruise Terminal p.l.c. dated 22 November 2001 ("the Sites"). The total consideration for the acquisition of the Sites is €34,054,032, which the company satisfied through the issue of 68,108,064 additional ordinary A shares to Government;

On 26 June 2012, the Company acquired from Government, the 65-year emphyteutical grant for the Parliament Building and the Open-Air Theatre for a premium of €82 million and €100,000 annual ground rent revisable with inflation. The premium was settled with the novation to the company of Government's obligation to reimburse GHRC a sum of the same amount, as set out in note 6.

21. Statutory information

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

Detailed accounts

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Income statement

	Period from 3 June to 31 December 2011 €
Revenue	
Rental income	115,029
Administrative expenses	
Gross wages	4,840
Employers social security contributions	189
Directors remuneration	14,583
Auditor's remuneration	10,679
Registration fees	2,250
Recruitment expenses	4,693
Printing and advertising	2,188
Telecommunications	355
Office stationery	253
Depreciation	128
Lease of premises	1,475
Total administrative expenses	41,633
Operating profit	73,396
Finance income	
Bank interest income	61,011
Finance costs	
Bank charges	(88)
Profit before tax	134,319