MALTA STOCK EXCHANGE plc

2009 Annual Report

MALTA STOCK EXCHANGE PLC
AS AT 31 DECEMBER 2009

Board of Directors

Arthur Galea Salomone
Chairman

Antoine Fiott
Deputy Chairman

Charlotte Attard
Director

Karen Spiteri Bailey
Director

Richard Sladden
Director

Eileen V Muscat
Secretary to the Board

Executive Committee

Mark A Guillaumier
Chairman

Eileen V Muscat
Member

Robert Vella Baldacchino
Member

Simon Zammit
Member

Marie Cordina
Secretary

Audit Committee and Remuneration Committee

Karen Spiteri Bailey
Chairman

Arthur Galea Salomone
Member

Charlotte Attard
Member

Marie Cordina
Secretary

Securities Settlement System Committee

Mark A Guillaumier
Chairman

Eileen V Muscat
Member

Robert Vella Baldacchino
Member

Simon Zammit
Member

Saviour Briffa
Member

Company Secretary

Eileen V Muscat

LETTER OF TRANSMITTAL

The Chairman
Malta Stock Exchange plc
Garrison Chapel
Castille Place
Valletta VLT 1063

21 April 2010

The Chairman & President
Malta Financial Services Authority
Notabile Road
Attard BKR 3000

Dear Sir

In accordance with the Financial Market Rules stipulating Financial Resources and Financial Reporting Requirements applicable to Regulated Markets and Central Securities Depositories, I have the honour to transmit the Audited Financial Statements and a Report on the activities of Malta Stock Exchange plc for the period ended 31 December 2009.

Yours faithfully

Arthur Galea Salomone
Chairman

ANNUAL REPORT 2009

Malta Stock Exchange plc

MALTA STOCK EXCHANGE PLC

a number of
measures will be
implemented
with a view
to grow our business

01
CHAIRMAN'S MESSAGE

01 CHAIRMAN'S MESSAGE

It is indeed a privilege to be presenting the Annual Report of the Malta Stock Exchange for 2009. Though I have been involved with the Exchange for a number of years, it has been particularly challenging to have been appointed to the Chair in the midst of an acute financial crisis which has been unprecedented in recent times.

The local financial services sector, including the capital market, has not been immune to the effects of the financial crisis but, on the whole, the storm continues to be weathered relatively well. Though the Malta Stock Exchange, like many other markets, has experienced a significant decrease in equity trading, total trading turnover for 2009 amounted to €553 million, an increase of 13.3 % over the previous year. This improvement was attributable to increased trading in Corporate Bonds and Treasury Bills. A total of 13,518 transactions were executed on the Exchange in 2009, very slightly less than the 13,626 executed deals in 2008. The MSE Index climbed by just under 8% with total market capitalisation ending up at €7.6 billion, an increase of €850 million over 2008.

The primary market was particularly active. Indeed, 2009 was a record year for new issues since the Exchange commenced operations in 1992. Twelve Corporate Bonds and one equity were admitted to the Exchange's recognised lists, besides eleven new issues of Government Stocks, totalling an issue value of over €800 million. In addition there were sixty one issues of Treasury Bills amounting to a nominal value of over €1.6 billion.

Fully cognisant of the limitations of our market, these figures are nonetheless not insignificant. Firstly, a large proportion of this capital is being put to more productive use in the economy. Secondly, the Malta Stock Exchange is increasingly regarded as an effective alternative means to raise capital. Thirdly, these figures do denote investor confidence which is markedly more significant in a financial crisis.

As financial systems edged precariously towards the precipice, it is indeed noteworthy that the capital market was relatively resilient. This resilience was not coincidental but is attributable to a number of factors, including the fact that issuers generally embrace core values such as prudence, reasonableness, integrity and fairness of treatment of investors. Core values, such as these, do ultimately impact share value and as post crisis corrective action evolves, it is increasingly being realised that regulatory reform must also be accompanied by fundamental changes in governance which heighten risk management and restore ethics to economic and corporate behaviour.

In 2008, further attestation of the standards our market also came in the form of the inclusion of Malta's equity market within FTSE's Global Equity Index Series (GEIS). This inclusion came in the wake of a thorough assessment of our regulated market which confirmed that it meets all of the eligibility criteria for "Frontier" status.

Financial performance for the year was satisfactory and the Exchange posted a pre-tax profit for 2009 of €1.19 million, in line with its projections. The Exchange's short-fall in income from trading was amply compensated by the income from listing fees and the consequent increase in register-related fees. Revenue from admission and register fees in fact doubled in comparison to 2008 figures. Total revenue increased by 8% whereas total expenditure was 11% higher that 2008 figures. The Board of Directors is committed to maintain its drive to control administrative expenses and to improve efficiency in procedures and operations.

2010 promises to be yet another very challenging year. The changing regulatory landscape, the economic environment as well as technological developments will inevitably bring challenges to our current business model. Whilst seeking to sustain the momentum of interest in the listing of fixed income securities, the Exchange will seek to broaden its range of products and services, leveraging the esteem with which the Exchange is held. In particular a number of measures will be implemented with a view to grow our business. These measures will include a replacement of our trading system so that it may better serve its principal purpose as a business enabler, the development of investor access facilities, improvement of connectivity and the revamping of our research and marketing functions. The Board of Directors is confident that these measures will assist to develop the Malta Stock Exchange into a proactive institution which provides greater value to its stakeholders and which is increasingly relevant to the local economy.

The Exchange's positive results would not have been possible without the dedication and commitment of the Management and staff at the Exchange. I am also indebted to my fellow Board Members both past and present for their unfailing support and guidance. Particular thanks go to my predecessor, Mr Joseph Zammit Tabona, for his drive and enthusiasm in promoting the Exchange. Throughout my tenure I have and will continue to maintain an open dialogue with our regulator, the MFSA and our shareholder, the Government, both of whom have been very supportive.

Arthur Galea Salomone
Chairman

the Exchange can
look ahead with
enthusiasm at the future
of this organisation

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CHIEF EXECUTIVE'S REPORT

The performance of the Malta Stock Exchange during 2009 was certainly positive overall. The market was quite active particularly when its performance is viewed against the backdrop of persisting turmoil in world financial markets and the widespread economic recession that inevitably followed in its wake. Annual turnover figures were up by 13% overall to just over €550 million, mainly as a result of higher levels of trading in Corporate Bonds and Treasury Bills. Equity trading, in contrast, declined to half its 2008 level, but equity prices increased overall, as shown by the MSE Equity Index which, by the end of the year, had gained some 8% on an annual basis.

Last year was certainly outstanding in terms of the number of new financial instruments coming to the market, with one equity and twelve corporate issues raising between them a total of almost €300 million. The addition of new instruments and new issuers coming from a number of different economic sectors is of key importance to the further development of the Exchange, adding much-needed breadth and depth to the market. Furthermore, the indications that we have for 2010 as regards new listings are, indeed, very encouraging and would seem to suggest that the seeds sown during the pro-active campaign adopted by the Exchange during recent years, are now bearing fruit.

The operations of the Exchange during 2009 resulted in a net surplus of just over €1.2 million, a figure which is virtually unchanged from that registered during the previous twelve month period.

One of the major international projects which the Exchange is currently working on is TARGET2-Securities(T2S). T2S is a Eurosystem Project which will constitute a major step forward in the delivery of a single, integrated securities market for financial services. The objective of an integrated market is aimed at reinforcing the Lisbon strategy and the enhancement of the harmonisation process for the financial services industry in the EU through the dismantling of the Giovannini barriers. T2S will provide a single, borderless pool of pan-European securities, as well as a core, neutral, state-of-the-art settlement process. T2S will, therefore, operate as a single IT platform for settling virtually all securities traded in Europe, eliminating any differences between the settlement of domestic and cross-border transactions and essentially achieving "settlement without borders".

T2S will integrate – horizontally across all countries in Europe –the most fundamental aspect of the securities infrastructure value chain, that is settlement, and market users will be able to access all eligible securities through their national Central Securities Depositories (CSDs) in a way which can accommodate both national and regional differences. The project is meant to go live early in 2014.

The integrated model envisaged for T2S is further enhanced because it will be developed and operated in conjunction with the Eurosystem's TARGET2 single shared platform for cash payments where the Malta CSD is a direct member. The close proximity of T2S and TARGET2 will not only provide synergies by allowing market participants to optimise their collateral and liquidity management, but will also provide T2S with the same very high levels of availability, resilience, recovery time and security that are currently enjoyed by TARGET2 participants.

Another key aspect of T2S is that it will be a service to CSDs, but not a CSD in itself. CSDs which join T2S will be "outsourcing" their settlement processes to T2S but will retain all other functions and relations with their clients.

[1] The Programme Board was established in March 2009 by the Governing Council of the ECB as the management body of the Eurosystem with the task of a) developing proposals for the Council on key strategic issues and b) executing tasks of a purely technical nature in relation to T2S.

Market participants will need to have a legal relationship with a CSD in order to use T2S and only CSDs will be signing contracts with T2S. CSDs will still be responsible for opening and closing securities accounts in T2S, for liability vis-à-vis their clients, and so on. Furthermore, the rest of the post-trading value chain, including corporate action processing and tax and regulatory reporting, which require specific knowledge of national practices and are difficult to commoditise and automate, will remain a core function of national CSDs.

The Malta Stock Exchange, as the operator of the CSD in Malta, is currently participating in the meetings of the Advisory Group-which is made up of the Chairman and Members of the Programme Board [1], the CSD's, National Central Banks and representatives of the main European banks as the eventual users of the system-as well as in a number of sub-groups, including those dealing with Pricing, Contractual as well as Testing and Migration issues.

On 24 March 2009, the ECB invited all participating CSD's and Central Banks to sign a Memorandum of Understanding (MOU) related to their intentions regarding future participation in T2S Project. The MOU – which is not legally binding-was subsequently signed by all CSD's and National Central Banks operating in the European Union – including the Malta CSD and the Central Bank of Malta - on 16 July 2009. Following the signature of the MOU, work is currently in progress leading to the drafting of the Framework Agreement. This Agreement will be a legally binding arrangement between the CSD's and the Eurosystem covering the development and operational phases of T2S. The Agreement should be finalised and signed by the CSD's towards the end of the second quarter of 2010.

Another important development for the Exchange during 2009 was the decision of the Policy Group of the FTSE Index Company to include Malta's equity market index operated by the Malta Stock Exchange within the Global Equity Index Series (GEIS). Malta will be added to the FTSE GEIS in September 2010. FTSE Index Company forms part of a group of companies operated by the Financial Times and by the London Stock Exchange whose main business activity centres on the creation and management of indexes and associated data services. The GEIS includes the FTSE Global All Cap Index which covers almost 8,000 securities in 50 countries and captures more than 98% of the world's market capitalisation. The Exchange worked in close contact with FTSE for well over a year for its equity market to be included in the GEIS. FTSE indices are continuously monitored by the international investment community and, therefore, inclusion of Malta's Equity Market Index in the GEIS can be considered as a positive factor contributing to the Exchange's efforts at internationalising its operations. The Exchange is, in fact, putting great emphasis on expanding its business outside Malta and is, therefore, in the process of upgrading what it considers to be "critical" areas of its infrastructure to support this internationalisation drive. It is envisaged that this upgrading will take place at all stages of the value chain, namely trading, clearing and settlement and securities registration.

One of the projects launched by the Exchange this year was the review of the website. The internet has today become a very useful means of communication which can be used to reach large numbers of people not only locally but internationally. The Exchange has this year completely redesigned its website in order to make it a more effective instrument through which we can offer information and services to investors, intermediaries and issuers.

As in past years, I would like to end this year's Report by thanking all members of staff of the Exchange for their unfailing sense of commitment and for their hard work during the course of a challenging year. I am sure that with the support of our people, the Exchange can look ahead with enthusiasm at the future of this organisation.

Mark A Guillaumier
Chief Executive

the most prominent
standard-setting
**international
organisations**
in the field of **capital markets**

03
ADMINISTRATION REPORT

Governance

The Board

In April 2009 the Chairman of the Board, Mr Joseph Zammit Tabona, relinquished his past after being appointed as Malta's High Commissioner to the UK. Dr Arthur Galea Salomone who had held the post of Deputy Chairman for the past six years, was appointed as Chairman in his stead. The Chairman and Board Members were re-appointed for a further year upon the expiration of their tenure on 30 June 2009. Dr Richard Sladden joined the Board as a new Director filling the vacant seat resulting from the departure of the previous Chairman. Dr Antoine Fiott was appointed as Deputy Chairman.

At the end of 2009, therefore, the Board of Directors of Malta Stock Exchange plc appointed in terms of Article 7 of the Memorandum of Association was composed of Dr Arthur Galea Salomone as Chairman, Dr Antoine Fiott, Deputy Chairman and Ms Charlotte Attard, Ms Karen Spiteri-Bailey and Dr Richard Sladden, Directors. The Board's current appointment expires on 30 June 2010. Ms Eileen V Muscat continued in the post of Company Secretary and Secretary to the Board. Mr Mark A Guillaumier also continued in the post of Chief Executive.

The same individuals occupy the posts of Chairman and Board Members, Company Secretary and Secretary to the Board and Chief Executive in MSE (Holdings) Ltd and CSD (Malta) plc, the other two companies forming part of the Group.

General Meetings

The first Annual General Meeting of the Exchange was held on 20 February 2009 at the Exchange's premises in Valletta. The shareholders in General Meeting considered and approved the audited financial statements for the period ended 31 December 2008 and approved the re-appointment of Ernst & Young as Auditors for 2009.

During the year a further two Extraordinary General Meetings were held, in June and December respectively, to ratify the approval of the interim dividend approved by the Board earlier on in the year as well as to ratify the appointment of the Board. The shareholders also approved amendments to the Articles of Association in relation to the appointment of a Deputy Chairman.

Board Meetings

Fifteen Board Meetings were held during the year under review wherein the Board considered certain matters related to the Exchange's strategic developments and the project carried out in collaboration with Ernst & Young in this regard.

As part of its discussions on the Exchange's strategic development, the Board held a number of meetings with Ernst & Young regarding possible ways forward in respect of new business opportunities and strategic and business partnerships. Senior Management, accompanied by Ernst & Young, also met with a number of fund business operators to discuss the opportunities that may be available to such entities in Malta and how Malta could compete with other jurisdictions which currently dominate this industry.

The Board also discussed many operational matters and initiatives being undertaken by the Exchange including among other matters, the renewal of the maintenance agreement regarding the trading system currently in use by the Exchange and the issue of a public tender to replace the current trading system.

Committees

During the year the Board was ably assisted by a number of Committees set up to deal directly with different aspects of the Exchange's operations and functions, namely the Audit Committee, the Executive Committee and the Security Settlement System Committee. The Strategy Committee did not continue to function as given the changes being considered to the Exchange's immediate and future strategy, such policy matters were being discussed directly at Board level.

Audit Committee

In July 2009, Ms Karen Spiteri Bailey, Director, took over as the Chairman of the Audit Committee.

The Audit Committee met fourteen times during the year. During these meetings the Audit Committee reviewed the monthly Management Accounts and closely monitored the Exchange's income and expenditure and its investment portfolio. The Audit Committee made recommendations to the Board regarding cost-cutting measures that could be effected as well as other recommendations, after discussions with Management, regarding new services that could be implemented resulting in new revenue. The Audit Committee also made recommendations to the Board regarding changes to the Exchange's current fee structure as well as to the Budget.

In its role as Remuneration Committee, the Audit Committee also made recommendations to the Board in respect of the salary packages of senior management.

Mr Saviour Briffa was appointed as a Consultant to the Exchange and to the Audit Committee and assisted on matters related to income and investments.

Regular monitoring by the Audit Committee contributed significantly to a control of expenditure and to an increase in the returns deriving from the Exchange's investment portfolio.

The Executive Committee

During the year the Executive Committee, under the Chairmanship of the Chief Executive, held regular monthly meetings dealing mainly with operational and staff matters. The Executive Committee spear-headed the project to upgrade the Exchange's website and piloted other initiatives as directed by the Board in line with the Exchange's strategy.

The Executive Committee was also instrumental in preparing a Survey to be issued to Members as well as in the drafting of a new corporate brochure covering all the core functions of the Exchange. The Executive Committee also made recommendations to the Board with regard to recruitment and was very involved in the final selection and deployment of the successful applicants. Amendments to the Bye-laws and other rules and regulations of the Exchange were also piloted through by the Executive Committee.

As in the previous year, the Executive Committee held numerous meeting with the Senior Managers regarding the strategy of the Exchange and initiatives that had to be undertaken in order to achieve the Exchange's goals.

Securities Settlement System (SSS) Committee
The SSS Committee, which is also chaired by the Chief Executive, held a number of meetings during the year. Mr Saviour Briffa was appointed by the Board to sit on this Committee.

The SSS Committee, which is a highly technical body dealing with all matters relating to clearing and settlement, concentrated on four major issues, namely the upgrading of the Exchange's Business Continuity Plan, connectivity to international clearing and settlement entities, the on-going assessment of its clearing and settlement functions by the European Central Bank as well as the T2S project.

In connection with its discussions on international connectivity, the Committee met with Mr Thomas Kindler, Managing Director of Link-up Markets and representatives from Clearstream Bank as well as with representatives from the Slovenia Central Securities Depository and the Cyprus Stock Exchange.

Market Making Committee
The Market Making Committee met during the first quarter of the year to review the submissions made to the Competent Authority. This review was made following a period of consultation during which the Committee received feedback from Members and other market practitioners. Following this review and further discussions with the Competent Authority, the Exchange re-submitted a new draft of the relevant bye-laws and additional documentation to the Competent Authority for its comments and guidance. The Competent Authority has provided its feedback and related discussions are on-going.

Human Resources

At the end of 2009 the staff complement of the Exchange totalled forty nine (49) following the recruitment of six (6) junior members of staff throughout the year. The new staff members were deployed in a number of offices while at the same time some staff movements were also effected to ensure that all offices are adequately resourced and to ensure maximum efficiency. At the end of the year the Exchange was split into eight (8) offices, that is, Human Resources, Board and Executive Secretariat, Corporate Services, Finance Office and Operations Audit Office which all provide support services to the core services performed by Compliance and Market Operations Office, the Central Securities Depository and the Data Operations and IT Office.

At the end of the year the Exchange's staff complement consisted of eighteen (18) senior managerial and managerial staff, and thirty one (31) supervisory, clerical and non-clerical staff.

During 2009 two (2) members of staff utilised the telework facility while in all, five (5) members of staff were working on reduced hours.

Throughout the year under review the Exchange sponsored five (5) members of staff to continue with their tertiary and post-graduate studies on a part-time basis. At the same time the Exchange sponsored a number of staff members to undergo industry training, both locally and overseas. Such training was mainly in relation to employment matters and legislation, as well as depository related matters.

Union Representation

Throughout the year Senior Management held regular meetings with the Professional & Financial Services Section of the General Workers Union. Discussions between the two parties related mainly to the recruitment exercise that was undertaken during the year and other issues that arose from time to time.

The Staff Committee underwent some changes in its composition and at the end of the year this was made up of Mr Robert J Sammut, Shop Steward, Mr Joseph Farrugia, Ms Melissa Farrugia, Ms Melissa Mamo and Ms Claire Caprio Mangion, Members. The Members of the Staff Committee attended a number of seminars throughout the year regarding employee and work-related matters.

Regulatory Matters

Legislation

The following Regulations applicable to central securities depositories were issued on 30 April 2009 in accordance with the Financial Markets Act (Cap. 345 of the Laws of Malta).

- Central Securities Depository (Control of Assets) Regulations, 2009
- Designated Financial Instruments Regulations, 2009
- Central Securities Depository (Authorisation Requirements) Regulations, 2009, and
- Central Securities Depository (Fees) Regulations, 2009.

All these Regulations came into immediate effect except for the Designated Financial Instruments Regulations which will come into force once the appropriate procedures are implemented.

Bye-laws

In August 2009, the Exchange issued amendments to the Bye-laws following the approval of the Board and the Competent Authority. The approved amendments referred to the "Role of the Central Bank Broker" and "Client Account Information".

In June 2009 the European Central Bank announced that it had been agreed in principle that the Eurosystem would purchase euro-denominated covered bonds issued in the euro area. In the event that locally listed securities were to become eligible for participation in such a debt purchase programme, bye-law 3.00.07 dealing with the role of the Central Bank Broker had to be amended in order to enable the Central Bank to fulfil its responsibilities under such a Eurosystem programme. Furthermore, a scenario may arise whereby the Government may wish to appoint the Central Bank to act as agent to carry out certain transactions for the purpose of providing support to systemically important banks through special ad hoc initiatives. Bye-law 3.00.07 was, therefore, amended to provide for both these possibilities.

In July, the Exchange implemented new procedures whereby certain information pertinent to trading could be given to Members over the telephone. Bye-law 4.01.04, dealing with client information, was, therefore, amended to reflect these new procedures and to ensure that Members set up and maintained appropriate security arrangements.

Exchange Notice 1 – Fees and Other Charges

Exchange Notice 1 – Fees and Other Charges was amended twice during the year, in April and August respectively.

In April 2009, the Exchange introduced a new facility related to trading, namely the Batch Upload Facility. This facility enables Members to input orders into the trading system when this is closed which are then automatically uploaded into the trading system when the next trading session opens. A new section, 2.02.4, was added to Exchange Notice 1 which outlines the fees applicable to any Member wishing to utilise this facility.

In August, Article 4 regarding Admission charges and Article 5 regarding Central Securities Depository charges were amended to reflect the waiver of fees applicable to Treasury Bills.

EU Code of Conduct on Clearing and Settlement

In accordance with the third phase of the EU Code of Conduct on Clearing and Settlement, the Exchange prepared a Self-Assessment Report on Service Unbundling and Account Separation, which included details of the separate operations of the Exchange, the basis of assumptions on which services had been unbundled, how accounts had been separated and indications of where and why such unbundling and separation had not taken place. The Self-Assessment Report was reviewed by the Exchange's Auditors who prepared an "Independent Assurance Report on the Self-Assessment Report" which was submitted to the Board and to the Competent Authority in terms of the Code of Conduct.

The Self-Assessment Report and the Independence Assurance Report will both, henceforth, be prepared on an annual basis and submitted to the Competent Authority.

Risk Management and Internal Capital Adequacy Assessment (RMICAAP)

Throughout the year the Exchange's Operations Audit Office continued to work closely with the Auditors on the RMICAAP exercise. A thorough review of all the Exchange's key procedures was undertaken highlighting the various risk attached to each procedure and the risks management procedures that were in place with a view to limiting such risks. This review led to a detailed qualitative and quantitative assessment of each key procedure. The Auditors submitted a draft report for the Board's consideration which is currently being reviewed.

Compliance

In January and July the Exchange submitted the "Certificate of Compliance" to the Competent Authority on terms of the Financial Market Rules applicable to regulated markets wherein the Board confirmed the Exchange's compliance with all the applicable rules and regulations including the relevant financial requirements.

Audit

The Audited Financial Statements of the Exchange for the period ended 31 December 2008 were approved by the shareholders at the Annual General Meeting of the Exchange held on 20 February 2009.

Later on the same month the Financial Statements together with the Annual Report were issued and submitted to the Competent Authority.

Ernst & Young were re-confirmed as the Exchange's auditors for 2009.

International Relations

The Exchange maintained its membership of the most prominent standard-setting international organisations in the field of capital markets and central securities depository operations throughout the year under review, namely

- the World Federation of Exchanges
- the Federation of European Securities Exchanges
- the European Central Securities Depositories Association
- the Association of National Numbering Agencies
- the International Organisation of Securities Commissions
- the European Corporate Governance Institute, and
- the European Capital Markets Institute.

The Exchange actively participated in the regular meetings of these organisations as well as in a number of meetings of special task forces relating to, in particular, clearing and settlement, statistics, the review of the Prospectus Directive and MiFID, discussions on the new Shareholders Rights Directive and the Securities Directive as well as the on-going financial crisis.

Inclusion of Malta's equity market within FTSE Global Equity Index Series

On 17 September 2009, the Policy Group of the FTSE Index Company confirmed the inclusion of Malta's equity market operated by the Malta Stock Exchange within the Global Equity Index Series (GEIS) since it meets all of the eligibility criteria for "Frontier" status. Malta will be added to the FTSE GEIS in September 2010.

FTSE Index Company is part of a group operated by the Financial Times and the London Stock Exchange whose sole business is the creation and management of indices and associated data services. FTSE calculates over 120,000 stock market indices daily, including more than 600 real-time indices. The GEIS includes the FTSE Global All Cap Index which covers almost 8,000 securities in 50 countries and captures more than 98% of the world's market capitalisation. Along with the FTSE Frontier Indices, the FTSE Global All Cap Index covers equity sectors relevant to international investors' needs.

FTSE's transparent and objective approach to classifying countries, which is overseen by an independent committee of market experts, has now become a global standard. The framework of criteria for inclusion in the GEIS aims to provide a transparent, objective and consistent approach to assigning a status to a market which may range from "developed" to "frontier" according to the level of compliance with the stipulated criteria. These criteria include the quality of the market and regulatory environment, custody and settlement, dealing landscape, information flows as well as trading and settlement infrastructure.

The Exchange worked with FTSE for well over a year for its equity market to be included in the GEIS. Country classification is an on-going process. The Exchange is currently undertaking a number of initiatives including the creation of new markets and the introduction of market makers, which will enhance the status of the local market as it continues to meet Quality of Markets criteria.

FTSE indices are continuously tracked by the international investment community and, therefore, inclusion of Malta's equity market in the GEIS is considered to be a considerable advantage for all the companies listed and traded on the Malta Stock Exchange.

FTSE country classification is a reputable mark of recognition and potentially enhances portfolio flows into the market. Adherence to recognised standards of transparency, trading efficiency and market infrastructure are critical for the international investment community to participate in equity markets and FTSE classification confirms adherence to globally recognised standards thereby increasing Malta's attractiveness to international investors.

Launch of New Website

After many months of study and development, the Exchange's new website was launched on 1 June 2009.

The revamped website is intended to provide enhanced information regarding the Exchange and its operations, access to basic market data, updated information on listed companies, as well as a simple procedure for retrieval of statistical data.

The new website also includes new features such as secure Member and Listed Companies Areas, "Frequently Asked Questions" in respect of trading and CSD services, links to Members' sites and to other related sites and a full list of Exchange contacts.

The design of the new website has been kept as simple as possible and every effort has been made to make it easy to access and simple to use. While a considerable amount of information is included in the website, it is intended that new sections will be added in due course.

The general information about the Exchange and its core services included in the website have also been included in a "Corporate Profile" issued by the Exchange to co-incide with the launch on the new website.

Visitors to the Exchange

Official Visit by H.E. the President of Malta

A highlight of the year was an Official Visit to the Exchange at its premises in Valletta by H.E. the President, Dr George Abela, on Wednesday, 10 June 2009.
The President was welcomed by the Chairman, Dr Arthur Galea Salomone and the other Members of the Board. He was given a brief tour of the Exchange during which he had the opportunity to meet members of staff and to learn more about the functions and operations of the Exchange.

During a brief meeting with the Board, the Chairman explained the strategies of the Exchange, current developments taking place and the important role that the Exchange plays and will continue to play within the financial sector.

The President concluded his brief visit to the Exchange by giving a short address to the Board and all staff wherein he expressed his satisfaction at the work being done by the Exchange and he also expressed his certainty that the role of the Exchange would continue to expand not only locally but also overseas.

As a memento of his Official Visit, the Chairman presented the President with a donation to the Community Chest Fund on behalf of the Board and the staff of the Exchange.

Other Visitors

The Exchange also welcomed a number of distinguished guests to its premises throughout the year. Among these guests were the Chairman and Chief Executive of Bank of Valletta plc, the Chief Executive of HSBC Bank Malta plc, H.E Molly Bordonaro, at the end of her tenure as Ambassador to the USA and many other Ambassadors accredited to Malta who came to bid her farewell, Mr Thomas Kindler, Managing Director of Link-up Markets, representatives from the Slovenia Central Securities Depository and the Cyprus Stock Exchange, a delegation from Clearstream Banking as well as a delegation from the Libyan Stock Exchange and representatives from twenty five (25) Commonwealth Countries, visiting the Exchange as part of a study tour.

Throughout the year the Exchange also held a number of events to mark the admission of new securities to any of its recognised lists. Upon admission, the Directors, Senior Management and advisors of the newly listed Issuers were invited to the Exchange to celebrate this important occasion.

General Meeting of the Association of National Numbering Agencies

The Exchange hosted the General Meeting of the Association of National Numbering Agencies (ANNA) which was held in Malta between the 3 – 6 June 2009.

The Exchange has been designated as the National Numbering Agency for Malta and is, therefore, responsible for issuing International Securities Identification Numbers (ISINs) to Malta registered financial Instruments.

In this capacity the Exchange is a member of ANNA. ANNA is fully committed to pro-actively promote, implement, maintain and make available standards for securities and related financial instruments, in a uniform and accurate structure for the benefit of their home markets and of the securities industry as a whole. The objectives of ANNA include promoting the involvement of National Numbering Agencies, giving full ISIN coverage where no Numbering Agency exists and making available ISIN and CFI allocation according to ISO standards.

The Exchange welcomed over 50 participants from all over the world to the General Meeting representing 39 different jurisdictions.

Apart from the one and a half day conference wherein discussions were held regarding the latest developments within the designation of financial instruments regime, the Exchange organised an intensive social programme for the delegates and accompanying persons where the Exchange endeavoured to show its guests some of the history and culture of the Maltese Islands.

TARGET2-Securities (T2S)

As described in last year's Annual Report, the Exchange has been very involved in the T2S project, spearheaded by the European Central Bank (ECB). T2S will provide a single, borderless pool of pan-European securities, as well as a core, neutral, state-of-the-art settlement process. T2S will, therefore, operate as a single IT platform for settling almost all traded securities in Europe, eliminating any differences between the settlement of domestic and cross-border transactions and essentially achieving "settlement without borders". T2S will integrate – horizontally across all countries in Europe –the most fundamental aspect of the securities infrastructure value chain, that is settlement, and market users will be able to access all eligible securities through their national Central Securities Depositories (CSDs) in a way which can accommodate both national and regional differences. The project is meant to go live in 2014.

A key aspect of T2S is that it will be a service to CSDs, but not a CSD in itself. CSDs which join T2S will be "outsourcing" their settlement processes to T2S but will retain all other functions and relations with their clients. Market participants will need to have a legal relationship with a CSD in order to use T2S and only CSDs will be signing contracts with T2S. CSDs will still be responsible for opening and closing securities accounts in T2S, for liability vis-à-vis their clients, and so on. Furthermore, the rest of the post-trading value chain, including corporate action processing and tax and regulatory reporting, which require specific knowledge of national practices and are difficult to commoditise and automate, will remain a core function of national CSDs.

The Exchange, as the operator of the CSD in Malta, is currently participating in the meetings of the Advisory Group-which is made up of the Chairman and Members of the Programme Board, the CSD's, National Central Banks and representatives of the main European banks as the eventual users of the system-as well as in a number of sub-groups, including those dealing with Pricing, Contractual and Testing and Migration issues.

On 24 March 2009, the ECB invited all participating CSD's and Central Banks to sign a Memorandum of Understanding (MOU) related to their intentions regarding future participation in T2S Project. The MOU – which is not legally binding-was subsequently signed by all CSDs and National Central Banks operating in the European Union – including the Malta CSD and the Central Bank of Malta - on 16 July 2009.

Following the signing of the MOU, work is currently in progress leading to the drafting of the Framework Agreement. This Agreement will be a legally binding arrangement between the CSD's and the Eurosystem covering the development and operational phases of T2S. The Agreement should be finalised and signed by the CSDs towards the end of the second quarter 2011.

turnover for the year
under review reached
a total of just over
€553 million
an increase of over **13%**

04
EXCHANGE OPERATIONS AND OTHER ACTIVITIES

The Market

Total market turnover for the year under review reached a total of just over €553 million, an increase of over 13% when compared to the previous year's total. This year-to-year increase was registered despite the continued decline in the volume of equity trading. The turnover value in Malta Government Stocks also decreased slightly when compared to 2008, however, the losses in equity and Government Stock trading were more than compensated for by significant gains in the other two sectors of the market, namely in Corporate Bonds and Treasury Bills. Reflecting the overall increase in turnover value, the value of the daily average trading across all financial instruments rose from just over €1.9 million in 2008 to just under €2.5 million in 2009.

Equity trading resulted in a turnover value of €25.3 million, a contraction of almost 50% from the €49.1 million registered during 2008. A total of over 13 million shares were transacted during the year, a considerable decrease from the 22 million shares transacted the previous year. However, the increase in equity prices registered during the last six months of the year made up somewhat for the significant decrease in equity volumes transacted in 2009 when compared to those for 2008. Trading in the shares of the four listed banks remained very strong and in fact accounted for almost 77% of all turnover registered in the equity market. The shares of GO plc, a telecommunications company also traded actively throughout the year.

The admission to listing and trading of twelve (12) new corporate bonds throughout the year, boosted trading in this sector of the market. Continuing on the positive upswing in corporate bond trading which emerged during the previous year, the turnover value from trading in corporate bonds during 2009 reached a value of €34.5 million, an increase of €9.2 million, or 36%, when compared to 2008. Trading in those corporate bonds admitted to listing during 2009 in fact accounted for over €12 million, that is 35%, of all turnover value registered in this sector of the market. At the same time, the corporate bonds issued by banking sector issuers continued to be very active and performed well in the market.

Trading in Government Stocks fell by just under €8 million during the year under review when compared to the previous year's turnover value. The turnover in the Government Bond sector registered in 2009 reached a value of just over €257.6 million, down from €265.7 million registered during the previous year. Trading was concentrated in the short and medium term bonds, mainly the 5.7% MGS 2012 (III) issue, trading in which resulted in a turnover of over €87 million, that is 34% of total turnover in the Government Stock market. Trading was also strong in the 5.4% MGS 2010 (IV) issue and the 5.1% MGS 2014 (III) issue.

The turnover value resulting from trading in Treasury Bills continued to increase significantly in 2009, up to €235.6 million, accounting for almost 43% of the total market turnover value registered during the year.

Overall, the number of trades concluded on the market during 2009 was 13,518, slightly down from the 13,626 registered during the previous year. Reflecting market turnover by security, the largest increase in the number of deals was registered in the corporate bond market where a total of 3,577 deals were concluded, compared to 2,061 in 2008. Conversely, the largest decrease in the number of trades was registered in the equity market. During the year under review in fact 6,811 trades were concluded across all equities, compared to the 8,656 trades effected the previous year. Trades concluded in Government Stocks during 2009 totalled 2,503, up from 2,281 last year while the number of trades effected in Treasury Bills remained unchanged at 627.

Comparative Trading Figures

Security	Number of Deals		Volume/No. of Shares		Market Turnover (EURO)	
	2008	2009	2008	2009	2008	2009
Equities						
Bank of Valletta Plc Ord €1.00	2,595	2,503	2,445,942	2,622,068	12,115,914	7,407,753
HSBC Bank Malta Plc €0.30	2,085	1,827	2,288,308	2,485,306	8,387,250	6,579,587
Lombard Bank Plc Ord €0.25	234	200	802,124	814,311	7,385,586	2,087,574
Middlesea Insurance Plc Ord €0.60	101	212	319,347	555,559	1,043,199	796,723
Simonds Farsons Cisk Plc Ord €0.30	96	54	170,144	57,637	440,633	99,865
GO Plc Ord €0.582343	651	903	975,857	1,373,132	2,636,296	2,335,013
Int. Hotel Investments Plc Ord €1.00	375	184	1,994,416	552,794	2,030,058	459,846
Plaza Centres Plc Ord €0.465875	67	34	507,727	99,370	869,224	164,745
GlobalCapital Plc Ord €0.291172	50	31	39,579	19,046	112,486	23,047
FIMBank Plc Ord US$ 0.50	589	285	6,345,126	3,719,483	7,869,990	3,414,120
Malta Int. Airport Plc Ord €0.465875	371	237	579,301	294,373	1,814,961	672,215
Medserv plc Ordinary A Shares €0.232937	9	64	13,505	192,284	54,666	722,239
Grand Harbour Marina plc Ord €0.232937	121	-	324,134	-	678,481	-
6pm Holdings Plc Ord GBP0.20	38	18	193,079	45,300	182,598	29,391
Crimsonwing plc Ord €0.10	192	20	1,033,015	85,603	564,222	28,762
MaltaPost Plc Ord €0.25	989	157	3,619,976	493,170	2,604,503	343,317
RS2 Software Plc Ord €0.20	62	38	253,515	130,950	201,909	85,369
Datatrak Holdings Plc Ord €0.232937	19	11	98,669	7,495	26,813	775
Island Hotels Group Holdings plc Ord €1.00	-	12	-	21,800	-	21,767
Total Equity	**8,644**	**6,790**	**22,003,764**	**13,569,681**	**49,018,791**	**25,272,109**
Corp. Bonds						
6.7% Corinthia Finance plc 2009	79	30	458,382	158,560	458,746.10	158,535
6.15% BOV plc Sub 2010	122	78	1,455,563	1,539,451	1,473,353.44	1,554,144
5% IHI Con. 2010	2	3	329,607	8,154	329,606.30	8,061
6.75% UFC plc 2014-2016	10	92	57,500	782,000	57,508.80	482,940
8% BOV US$ 2010	125	118	1,306,500	1,711,500	956,390.41	1,299,159
6.7% Eden Finance plc 2010	49	37	875,166	283,185	874,173.70	283,372
6.5% Corinthia Finance plc 2010	52	37	813,600	581,800	820,339.77	581,925
6.75% Corinthia Fin plc 2012	88	74	1,188,418	355,002	1,199,555.96	357,163
6.7% Mizzi Organisation Fin plc 2009/12	100	32	1,277,311	144,288	1,291,848.63	144,968
6.7% Tumas Investment plc 2010/12	65	31	827,266	346,449	834,521.41	349,939
6.6% SFC plc 2010/12	63	53	727,014	475,533	730,837.08	481,145
6.5% CareMalta Finance plc 2008/11	28	1	165,054	5,824	165,155.80	5,824
6.3% IHI plc 2013	54	51	324,590	274,507	327,273.61	274,847
6.2%-6.8% IHI plc 2013	60	37	813,100	307,200	818,540.50	311,122
5.75% Mariner Finance plc 2008/10	26	61	282,600	833,900	282,378.50	833,057
6.4% Gasan Finance plc 2008/11	51	23	451,407	135,467	452,257.34	136,710
6% Gasan Finance plc 2014-2016	-	90	-	806,100	-	812,625
6% Dolmen Prop. plc Sec. 2010/13	66	54	607,016	126,802	608,015.06	126,881
3.8% EIB 2009	25	6	2,675,600	82,615	2,656,491.92	82,615
6.5% IHI plc 2012/14	62	45	1,043,100	370,900	1,052,130.28	372,516

5.6% GlobalCapital plc 2014/16	61	133	199,500	658,000	179,650.60	514,659
6.7% AX Investments plc 2014/16	54	43	275,276	146,655	277,094.49	146,270
4% AX Investments plc 2013	11	6	240,528	13,051	256,821.35	13,704
4.6% HSBC Bank Malta plc 2017	259	555	6,269,519	6,606,428	6,108,573	6,656,574
7.5 % Hotel San Antonio plc 2012	19	20	70,322	37,603	70,761	37,829
8% Bay Street Finance plc 2012	53	22	287,694	67,917	287,984	68,136
7% Big Bon Fin. plc Secured 2010/12	49	23	350,366	205,445	351,834	206,325
7% GAP Dev. Plc Sec 2011/13	29	238	114,995	2,081,700	101,356	1,879,545
7% PAVI Shop. Complex plc 2014/17	31	86	278,667	1,279,947	277,028	1,254,940
7.5% Mediterranean Inv. plc 2012/14	54	51	502,696	262,729	511,275	265,001
7.5% Mediterranean Inv. plc Bonds 2015	152	79	1,130,100	1,129,700	1,139,534	1,139,726
5.9% HSBC Bank Malta Plc Sub 2018	44	116	343,400	957,700	355,505	1,005,957
7% MIDI plc 2016-2018	-	238	-	2,213,200	-	2,243,696
7% MIDI plc GBP 2016-2018	-	70	-	776,300	-	908,666
7% FIMBank plc 2012-2019	-	151	-	1,305,600	-	1,329,095
7% FIMBank plc USD 2012-2019	-	64	-	570,000	-	417,132
5.35% BOV plc Sub Bds 2019	-	235	-	1,799,900	-	1,872,589
6.25% IHI plc Bds 2015-2019	-	254	-	3,983,400	-	3,996,375
6.25% Tum Inv plc Bds 2014 - 2016	-	41	-	318,700	-	322,979
6.25% Corinthia Finance plc Bonds 2016 - 2019	-	25	-	126,500	-	127,481
6.5% Island Hotels Group Holdings plc Bonds 2017-2019	-	53	-	385,000	-	389,637
7.15% Melita Capital plc Bonds 2014 - 2016	-	82	-	523,600	-	524,549
6.2% Mizzi Org. Fin. plc € 2016-2019	-	39	-	203,000	-	207,566
Total Corporate Bonds	**1,943**	**3,577**	**25,741,857**	**34,981,312**	**25,306,542**	**34,485,974**
Close Ended Collective Investment Scheme						
San Tumas Shareholdings plc	5	21	5,174	40,808	13,999	125,158
Total Close Ended Collective Investment Scheme	**5**	**21**	**5,174**	**40,808**	**13,999**	**125,158**
Malta Government Stocks						
Total MGSs	**2,281**	**2,503**	**252,072,040**	**241,858,903**	**265,712,575**	**257,606,472**
Treasury Bills						
Total Treasury Bills	**628**	**627**	**147,456,348**	**235,877,000**	**146,857,458**	**235,615,622**
Total all Financial Instruments	**13,501**	**13,518**	**-**	**-**	**486,909,365**	**553,105,335**

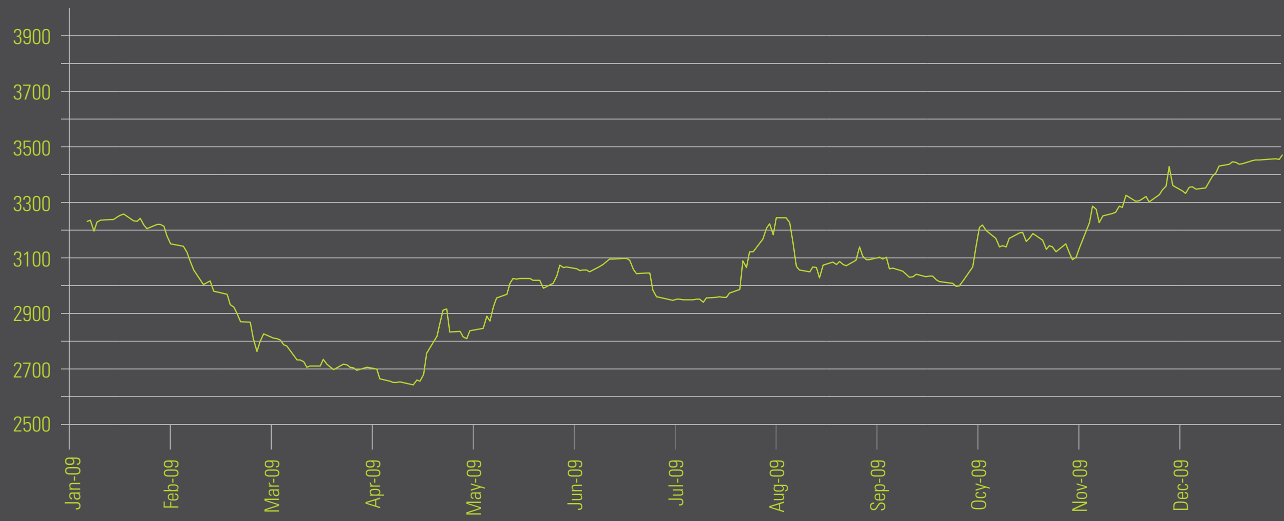
Malta Government Stock Movements 2009

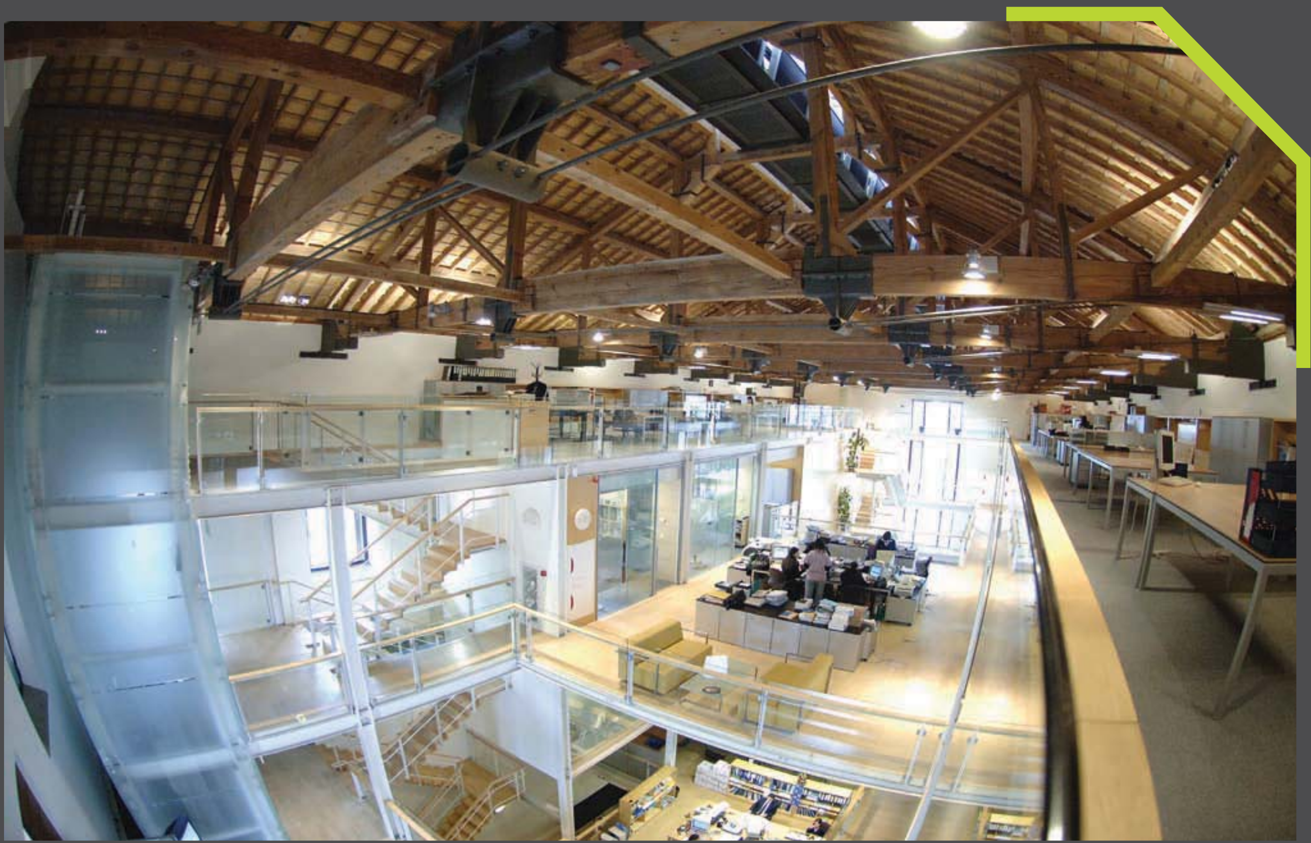
Security Name	Date of Issue	Amount Issued	Coupon	Dates of Interest			Traded Value (EURO)	Deals	Last Closing Price
7% MGS 2009 R	16-Aug-99	150,245	7.00%	30-Jun	-	30-Dec	-	-	-
5.9% MGS 2009 (II)	20-Sep-99	58,234,535	5.90%	1-Mar	-	1-Sep	2,018,880	15	100.28
5.9 % MGS 2009 (III)	24-Nov-04	149,778,875	5.90%	30-Mar	-	30-Sep	130,910	2	100.33
5.9% MGS 2010	28-Dec-99	34,940,686	5.90%	19-May	-	19-Nov	923,566	17	104.01
5.75% MGS 2010 (II)	6-Jul-00	43,093,606	5.75%	10-Jun	-	10-Dec	12,664,295	28	102.04
7% MGS 2010 (III)	26-Sep-00	1,269,276	7.00%	30-Jun	-	30-Dec	-	-	100.00
5.4% MGS 2010 (IV)	3-Mar-03	111,811,178	5.40%	21-Feb	-	21-Aug	31,842,927	117	100.51
7.5% MGS 2011	23-Oct-96	34,941,055	7.50%	28-Mar	-	28-Sep	11,248,710	23	109.52
6.25% MGS 2011 (II)	10-Aug-01	93,176,269	6.25%	1-Feb	-	1-Aug	4,382,355	74	104.73
7% MGS 2011 (III)	24-Jan-02	291,172	7.00%	30-Jun	-	30-Dec	-	-	100.00
7.8% MGS 2012	11-Jun-97	80,364,319	7.80%	24-May	-	24-Nov	501,441	36	112.83
7% MGS 2012 (II)	26-Jul-02	410,436	7.00%	30-Jun	-	30-Dec	-	-	100.00
5.7% MGS 2012 (III)	7-Oct-02	428,885,703	5.70%	30-Mar	-	30-Sep	87,485,457	161	108.62
7.8% MGS 2013	12-Nov-97	79,781,860	7.80%	18-Apr	-	18-Oct	431,604	43	117.17
6.35% MGS 2013 (II)	5-Dec-01	60,565,893	6.35%	19-May	-	19-Nov	1,300,696	74	111.04
7% MGS 2013 (III)	12-Sep-03	155,370	7.00%	30-Jun	-	30-Dec	-	-	100.00
3.6% MGS 2013 (IV)	3-Apr-09	261,518,900	3.60%	28-Mar	-	27-Sep	3,018,699	118	102.00
3.6% MGS 2013 (IV) FI April 09	7-Apr-09	63,051,100	3.60%	18-Apr	-	18-Oct	635,438	21	101.10
3.6% MGS 2013 (IV) FI Jun 09	3-Jul-09	82,817,200	3.60%	18-Apr	-	18-Oct	10,196,548	4	101.21
3.6% MGS 2013 (IV) FI Aug 09	21-Aug-09	56,642,900	3.60%	18-Apr	-	18-Oct	207,170	8	101.13
3.6% MGS 2013 (IV) FI Nov 09	19-Nov-09	25,495,900	3.60%	18-Apr	-	18-Oct	101,310	1	101.31
6.6% MGS 2014	16-Oct-00	24,459,140	6.60%	30-Mar	-	30-Sep	427,139	22	113.84
6.45% MGS 2014(II)	8-Jun-01	69,882,324	6.45%	24-May	-	24-Nov	911,140	53	113.25
5.1% MGS 2014 (III)	21-Jul-03	388,915,541	5.10%	6-Jan	-	6-Jul	15,333,634	237	107.01
5.1% MGS 2014 (III) FI Aug 2008	14-Aug-08	105,662,900	5.10%	6-Jan	-	6-Jul	-	-	107.87
5.1% MGS 2014 (III) FI Oct 08	28-Oct-08	29,863,400	5.10%	6-Jan	-	6-Jul	-	-	107.49
7% MGS 2014 (IV)	6-Aug-04	4,003,727	7.00%	30-Jun	-	30-Dec	-	-	100.00
6.1% MGS 2015 (I)	6-Jul-00	69,882,174	6.10%	10-Jun	-	10-Dec	1,930,696	33	112.63
5.9% MGS 2015 (II)	4-Jul-07	116,518,196	5.90%	9-Apr	-	9-Oct	2,610,343	103	112.07
7% MGS 2015 (III)	8-Jul-05	678,780	7.00%	30-Jun	-	30-Dec	-	-	100.00
7% MGS 2015 (IV)	30-Nov-05	804,571	7.00%	3-May	-	3-Nov	21,820	1	123.25
Floating Rate 6 Mth Eur MGS 2015 (V)	19-Nov-09	29,800,000	1.79%	25-Apr	-	25-Oct	-	-	100.00
6.65% MGS 2016	16-Apr-01	69,883,069	6.65%	28-Mar	-	28-Sep	868,073	72	115.18
4.8% MGS 2016 (II)	2-Dec-03	186,351,758	4.80%	26-May	-	26-Nov	9,556,309	203	104.78
7% MGS 2016 (III)	30-Jun-06	3,390,636	7.00%	30-Jun	-	30-Dec	-	-	100.00
7% MGS 2017	19-Feb-07	668,998	7.00%	18-Feb	-	18-Aug	-	-	100.00
7% MGS 2017 (II)	28-Jun-07	10,338,691	7.00%	13-Jun	-	30-Dec	-	-	100.00
7.8% MGS 2018	3-Aug-98	163,057,021	7.80%	15-Jan	-	15-Jul	7,652,932	51	125.22
7% MGS 2018 (II)	17-Apr-08	326,700	7.00%	18-Apr	-	18-Oct	-	-	100.00
7% MGS 2018 (III)	27-Jun-08	6,542,600	7.00%	30-Jun	-	30-Dec	-	-	100.00
6.6% MGS 2019	20-Sep-99	102,493,253	6.60%	1-Mar	-	1-Sep	8,621,791	53	117.25
7% MGS 2019 (II)	26-Jun-09	13,670,000	7.00%	30-Dec	-	30-Jun	-	-	100.00
5.2% MGS 2020	4-Jul-07	52,407,462	5.20%	10-Jun	-	10-Dec	1,030,887	45	107.31
5.2% MGS 2020 FI Jun 09	3-Jul-09	25,550,400	5.20%	10-Jun	-	10-Dec	1,303,569	9	107.00
4.6% MGS 2020 (II)	19-Nov-09	44,704,100	4.60%	25-Apr	-	25-Oct	820,334	11	102.56
5% MGS 2021	3-Jun-04	425,694,253	5.00%	8-Feb	-	8-Aug	21,831,861	585	102.76
5% MGS 2021 FI Aug 08	14-Aug-08	21,683,000	5.00%	8-Feb	-	8-Aug	77,538	6	100.87
5% MGS 2021 FI Oct 08	28-Oct-08	23,307,400	5.00%	8-Feb	-	8-Aug	230,293	15	101.30
5% MGS 2021 FI Mar 09	20-Mar-09	35,992,300	5.00%	8-Feb	-	8-Aug	1,910,386	73	102.46
5% MGS 2021 FI Aug 09	21-Aug-09	33,150,400	5.00%	8-Feb	-	8-Aug	5,294,447	12	103.98
5.1% MGS 2022	24-Aug-04	71,047,725	5.10%	16-Feb	-	16-Aug	2,079,471	100	103.03
5.5% MGS 2023	21-Jul-03	78,811,283	5.50%	6-Jan	-	6-Jul	8,003,804	77	108.27

The Malta Stock Exchange Share Index

The increase in equity prices that emerged towards the latter half of the year was reflected in the values of the Malta Stock Exchange Share Index. The downward slide registered during 2008 when the Index lost some 40%, was reversed during 2009.

After reaching a yearly low value of 2636.38 on 13 April, the Index rose steadily from this date onwards and in fact, reached its year high value of 3460.55 on 30 December 2009, the last trading day of the year. The Index increased by 252 points throughout the year to close at its highest value of 3460.55, an increase of 8% when compared to 3208.21, its value at the end of 2008.





Market Capitalisation

At the end of 2009 the total capitalisation of the market stood at a value of over €7.5 billion, an increase of €0.85 billion when compared to the total capitalisation at the end of 2008. These figures do not include the market capitalisation of Collective Investment Schemes listed on the Malta Stock Exchange.

Market capitalisation values increased across all sectors of the market. The year-to-year increase registered in the value of the market capitalisation reflects particularly the increase in prices in equities and the significant number of corporate bonds that were admitted to listing throughout the year. The market capitalisation of the equity market increased slightly from €2.6 billion to €2.8 billion, while that of the corporate bond market rose from €536 million at the end of 2008, to €760 million at the end of 2009, an increase of almost 42% over the previous year.

The capitalisation of Government Stocks registered a year to year increase from €3.3 billion to €3.5 billion , while the market capitalisation of Treasury Bills increased from €343 million to €473 million, an increase of almost 38%.

Market Capitalisation as at 30 December 2009

Isin	Security	No of Shares/ Volume	Close Price	Capitalisation in Euro
MT0000020116	BOV Ord Shares	160,000,000	3.870	619,200,000
MT0000030107	HSBC Ord Shares	291,840,000	3.230	942,643,200
MT0000040106	LOM Bank Ord Shares	35,613,581	2.990	106,484,607
MT0000050105	MSI Shares	92,000,000	0.804	73,968,000
MT0000070103	SFC Ord Shares	30,000,000	1.700	51,000,000
MT0000090101	GO Ord Shares	101,310,488	2.100	212,752,025
MT0000110107	IHI Ord Shares	553,225,643	0.800	442,580,514
MT0000120106	PZC Ord Shares	9,414,000	1.630	15,344,820
MT0000150103	DTK Ord Shares	31,899,000	0.072	2,296,728
MT0000170101	GC P.l.c. Ord Shares	13,207,548	1.350	17,830,190
MT0000180100	FIMB Plc Ord Shares	135,426,954	1.100	103,214,612
MT0000250101	MIA Plc Ord A Shares	40,589,995	2.400	97,415,988
MT0000290107	STUM Share.Hldgs PLC	1,665,176	2.601	4,331,123
MT0000310103	MDS Ord Shares	10,000,000	4.250	42,500,000
MT0000320102	GHM Ord Shares	10,000,000	1.980	19,800,000
MT0000350109	6pm Holdings plc Ord Shares	7,500,000	0.670	5,566,633
MT0000380106	Crimsonwing p.l.c. Ord Shares	26,000,000	0.390	10,140,000
MT0000390105	MaltaPost p.l.c. Ordinary Shares	29,129,795	0.700	20,390,857
MT0000400102	RS2 Software plc Ord Shares	37,500,000	0.557	20,887,500
MT0000480104	IHGH plc Ordinary Shares	35,269,200	1.010	35,621,892
Total Equity				**2,843,968,689**
MT0000021247	6.15% Bov Sub Bonds 2010	46,567,062	100.150	46,636,913
MT0000021254	8% BOV Us$ Bonds 2010	36,543,500	103.500	26,205,586
MT0000021262	5.35% BOV plc Sub Bds 2019	50,000,000	106.850	53,425,000
MT0000031220	4.6% HSBC 2017	58,234,390	102.500	59,690,250
MT0000031238	5.9% HSBC Bank Malta plc Sub Bds 2018	30,000,000	105.200	31,560,000
MT0000061243	6% GFC plc Bds 2014-2016	20,000,000	103.000	20,600,000
MT0000071218	6.6% SFC Plc Bonds 2010/12	9,318,567	101.000	9,411,753
MT0000073412	5.6% G.C. P.l.c. Bonds 2014/16	17,000,000	82.500	14,025,000
MT0000081217	6.7% AXI Bonds 2014/16	11,647,819	100.000	11,647,819

MT0000081225	4% AXI Bonds 2013	2,161,721	105.000	2,269,807
MT0000101213	6.75% CFC Bonds 2012	14,644,885	100.010	14,646,350
MT0000101221	6.5% CFC € Bonds 2010	14,273,700	100.000	14,273,700
MT0000101239	6.25% CFC plc Bonds 2016 - 2019	25,000,000	100.900	25,225,000
MT0000111212	5% IHI Conv Bonds 2010	11,596,944	99.000	11,480,975
MT0000111220	6.3% IHI Plc Bonds 2013	14,018,268	100.000	14,018,268
MT0000111238	6.2%-6.8% IHI Plc € Bonds 2013	8,058,000	102.000	8,219,160
MT0000111246	6.5% IHI Plc € Bonds 2012/14	12,500,000	100.000	12,500,000
MT0000111253	6.25% IHI plc Bds 2015-2019	35,000,000	101.100	35,385,000
MT0000131210	6.75% UFC plc Bds € 2014-2016	12,000,000	101.250	12,150,000
MT0000141201	6.7% EDF Bonds 2010	23,294,090	100.500	23,410,561
MT0000181215	7% FIM plc EUR Sub Bds 2012-2019	23,579,500	103.000	24,286,885
MT0000181223	7% FIM plc USD Sub Bds 2012-2019	8,107,800	106.000	5,954,596
MT0000201203	7.5% HSA Bonds 2012	5,823,925	100.550	5,855,957
MT0000211202	6.7% MOF Bonds 2009/12	3,649,382	100.000	3,649,382
MT0000211210	6.2% MOF plc Bonds 2016-2019	30,000,000	103.000	30,900,000
MT0000221201	8% BSF Bonds 2012	7,603,066	100.000	7,603,066
MT0000231200	6.7% TUM Bonds 2010/12	16,306,329	100.500	16,387,861
MT0000231226	6.25% Tum Inv plc Bds 2014 - 2016	25,000,000	101.000	25,250,000
MT0000261207	7% BBF Bonds 2010/12	6,988,834	101.000	7,058,722
MT0000271206	5.75% MRF Bonds 2008/10	13,000,000	100.000	13,000,000
MT0000281205	6% DPP 2010/13	10,949,470	100.150	10,965,894
MT0000331216	7% GAP Plc Euro Sec Bds 2011/13	34,941,085	96.000	33,543,447
MT0000361205	7% PAVI plc Sec Bds 2014/17	11,647,287	100.000	11,647,287
MT0000371212	7.5% MIH plc Euro Bonds 2012-2014	15,000,689	101.000	15,150,696
MT0000371220	7.5% MIH plc Bds 2015	20,000,000	101.000	20,200,000
MT0000421207	7% MIDI p.l.c. € Bnds 2016 - 2018	31,702,900	104.000	32,971,016
MT0000421215	7% MIDI p.l.c. £ Bnds 2016 - 2018	7,214,300	104.000	8,311,590
MT0000471202	7.15% MLT plc Bonds 2014-2016	25,878,300	100.250	25,942,996
MT0000481219	6.5% IHGH plc Bonds 2017-2019	14,000,000	102.000	14,280,000.00
Total Corporate Bonds				**759,740,528**

MT0000010711	7.5% MGS 2011	34,941,055	109.520	38,267,443
MT0000010745	7.8% MGS 2012	80,364,319	112.830	90,675,061
MT0000010786	7.8% MGS 2013	79,781,860	117.170	93,480,405
MT0000010828	7.8% MGS 2018	163,057,021	125.220	204,180,002
MT0000010901	6.6% MGS 2019	102,493,253	117.250	120,173,339
MT0000010919	5.9% MGS 2010	34,940,686	104.010	36,341,808
MT0000010927	5.75% MGS 2010 (II)	43,093,606	102.040	43,972,716
MT0000010943	6.1% MGS 2015 (I)	69,882,174	112.630	78,708,293
MT0000010950	7% MGS 2010 (III)	1,269,276	100.000	1,269,276
MT0000010976	6.6% MGS 2014	24,459,140	113.840	27,844,285
MT0000010984	6.65% MGS 2016	69,883,069	115.180	80,491,319
MT0000010992	6.45% MGS 2014(II)	69,882,324	113.250	79,141,732
MT0000011008	6.25% MGS 2011 (II)	93,176,269	104.730	97,583,507
MT0000011016	6.35% MGS 2013 (II)	60,565,893	111.040	67,252,368
MT0000011032	7% MGS 2011 (III)	291,172	100.000	291,172
MT0000011040	5.9% MGS 2015 (II)	116,518,196	112.070	130,581,942
MT0000011065	7% MGS 2012 (II)	410,436	100.000	410,436
MT0000011081	5.7% MGS 2012 (III)	428,885,703	108.620	465,855,651
MT0000011099	5.4% MGS 2010 (IV)	111,811,178	100.510	112,381,415
MT0000011115	5.1% MGS 2014 (III)	388,915,541	107.010	416,178,520
MT0000011123	5.5% MGS 2023	78,811,283	108.270	85,328,976
MT0000011131	7% MGS 2013 (III)	155,370	100.000	155,370
MT0000011149	4.8% MGS 2016 (II)	186,351,758	104.780	195,259,372

MT0000011164	5% MGS 2021	425,694,253	102.760	437,443,414
MT0000011172	5.1% MGS 2022	71,047,725	103.030	73,200,471
MT0000011206	7% MGS 2014 (IV)	4,003,727	100.000	4,003,727
MT0000011271	7% MGS 2015 (III)	678,780	100.000	678,780
MT0000011305	7% MGS 2015 (IV)	804,571	123.250	991,634
MT0000011321	7% MGS 2016 (III)	3,390,636	100.000	3,390,636
MT0000011347	7% MGS 2017	668,998	100.000	668,998
MT0000011370	5.2% MGS 2020	52,407,462	107.310	56,238,448
MT0000011404	7% MGS 2017 (II)	10,338,691	100.000	10,338,691
MT0000011438	7% MGS 2018 (II)	326,700	100.000	326,700
MT0000011461	7% MGS 2018 (III)	6,542,600	100.000	6,542,600
MT0000011511	3.6% MGS 2013 (IV)	261,518,900	102.000	266,749,278
MT0000011545	7% MGS 2019 (II)	13,670,000	100.000	13,670,000
MT0000011586	5% MGS 2021 FI Aug 09	33,150,400	103.980	34,469,785.6
MT0000011594	3.6% MGS 2013 (IV) FI Nov 09	25,495,900	101.310	25,829,896
MT0000011602	4.6% MGS 2020 (II)	44,704,100	102.560	45,848,525
MT1000010008	Floating Rate 6 Mth Eur MGS 2015 (V)	29,800,000	100.000	29,800,0000
Total Government Stocks				**3,476,015,991**
MT3100010870	91 DTB 09.10.09 - 08.01.10	24,314,000	99.961	24,304,542
MT3100010888	91 DTB 16.10.09 - 15.01.10	47,852,000	99.886	47,797,544
MT3100010896	91 DTB 23.10.09 - 22.01.10	21,580,000	100.000	21,580,000
MT3100010904	91 DTB 30.10.09 - 29.01.10	6,095,000	100.000	6,095,000
MT3100010912	91 DTB 13.11.09 - 12.02.10	17,620,000	100.000	17,620,000
MT3100010920	91 DTB 20.11.09 - 19.02.10	1,960,000	100.000	1,960,000
MT3100010938	91 DTB 27.11.09 - 26.02.10	22,065,000	99.737	22,007,013
MT3100010946	91 DTB 04.12.09 - 05.03.10	18,158,000	100.000	18,158,000
MT3200010465	182 DTB 07.08.09 - 05.02.10	51,672,000	99.648	51,489,960
MT3200010473	182 DTB 04.09.09 - 05.03.10	15,827,000	99.476	15,743,987
MT3200010481	181 DTB 18.09.09 - 18.03.10	36,352,000	99.659	36,228,040
MT3200010499	181 DTB 02.10.09 - 01.04.10	30,561,000	99.597	30,437,717
MT3200010507	182 DTB 09.10.09 - 09.04.1	22,670,000	99.552	22,568,506
MT3200010515	182 DTB 30.10.09 - 30.04.10	16,605,000	99.253	16,481,027
MT3200010523	182 DTB 06.11.09 - 07.05.10	23,780,000	100.000	23,780,000
MT3200010531	182 DTB 27.11.09 - 28.05.10	2,430,000	100.000	2,430,000
MT3200010549	182 DTB 04.12.09 - 04.06.10	2,500,000	100.000	2,500,000
MT3300010258	273 DTB 26.06.09 - 26.03.10	26,636,000	99.280	26,444,141
MT3300010266	272 DTB 03.07.09 - 01.04.10	5,000,000	100.000	5,000,000
MT3300010274	273 DTB 24.07.09 - 23.04.10	19,892,000	99.477	19,787,865
MT3300010282	273 DTB 28.08.09 - 28.05.1	24,945,000	99.278	24,764,897
MT3300010290	273 DTB 25.09.09 - 25.06.10	35,623,000	99.265	35,361,207
Total				**472,539,446**
Grand Total				**7,552,264,654**

Market Capitalisation as at 31 December 2009 by Holders

	Financial Entities		**Non-Financial Entities**		**Government**		**Individuals**		**Totals**
	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	
Equities	8.30%	31.95%	21.21%	7.16%	6.74%	0.00%	23.34%	1.30%	**100.00%**
Corp. Bonds	20.20%	0.84%	5.26%	0.32%	0.02%	0.00%	72.84%	0.52%	**100.00%**
MGS	63.90%	2.63%	5.47%	0.00%	0.25%	0.00%	27.64%	0.11%	**100.00%**
T.Bills	91.05%	6.65%	0.01%	0.00%	0.00%	0.00%	2.29%	0.00%	**100.00%**

Net Asset Values

The total Net Asset Value of Collective Investment Schemes which invest in locally listed financial instruments registered amounted to almost €580 million a decrease of €20 million when compared to 2008 values.

While Net Asset Values increased across the board, two HSBC SICAVs investing in Bonds registered decreases, which accounted for the contraction in the year-to-year Net Asset Values.

Collective Investment Scheme Investing in MSE Listed Securities

ISIN Code	Fund	Net Asset Value in EURO	Net Asset Value in EURO
		Dec-08	Dec-09
MT0000072034	La Valette Funds Sicav plc - Malta Fund	33,998,140	32,049,946
MT0000072067	La Valette Funds Sicav plc - Malta Bond Fund	75,821,893	68,795,855
MT0000072075	Vilhena Funds Sicav plc - Malta Fund	20,883,880	20,503,298
MT0000072125	Vilhena Funds Sicav plc - Malta Government Bond Fund	91,300,352	92,891,203
MT0000072257	Global Funds Sicav plc - Malta Privatisation and Equity Fund	4,912,160	4,176,138
MT0000072260	Wignacourt Funds Sicav plc - Malta Fund	16,164,570	17,478,879
MT0000072273	Amalgamated Funds Sicav plc - Growth and Income Fund	45,015,353	52,200,763
MT0000072042	HSBC Malta Funds Sicav plc - Malta Bond Fund	116,126,866	109,278,083
MT0000072166	HSBC No-Load Funds Sicav plc - Malta Government Bond Fund	139,848,741	126,675,992
MT0000072174	HSBC No-Load Funds Sicav plc - Maltese Assets Fund	55,167,125	54,224,817
MT0000072406	Lombard Funds SICAV p.l.c. Lombard Enterprise Fund	1,069,515	1,086,886

Admission

The year was dominated by the significant number of new admissions to the Exchange's recognised lists which included one equity, twelve corporate bonds, one of which was listed on the Alternative Companies List and, eleven Government Stock issues and sixty one Treasury Bill issues. Three issuers approached the market for the first time, one through the issue of an equity and a corporate bond while the other two issued corporate bonds. The issuers operate in the tourism, telecommunications and the construction industry.

A new equity was issued towards the end of the year with a value of over €35 million, thereby raising the number of equities listed on the Exchange's recognised lists to 19. Apart from this new equity, listed companies undertook a number of corporate actions during the year, such as bonus issues and script dividend issues, as seen below, which led to an increase in their issued share capital.

Corporate Bonds remained the preferred option for both first time Issuers approaching the market as well as for Issuers which have already equity or other bonds admitted to the Exchange's recognised lists. Indeed, apart from the new Issuers, many other issues due for redemption were rolled-over and existing issuers also issued new bonds. While the newly issued bonds were predominately denominated in Euros, two of the new issues were denominated in US Dollars and Pound Sterling respectively. The new issues of Corporate Bonds accounted for over €250 million in new finance raised on the market.

Eleven new Government Stock issues were admitted to the Official List during 2009 amounting to an issue value of over €470 million, over €260 million of which was new finance. For the first time the Government issued a Floating Rate Bond whose coupon rate would vary in accordance with the 6-month Euribor Rate. This type of floating rate Government stocks is intended for institutional investors. At the same time sixty one issues of Treasury Bills were also admitted to trading during the year, amounting to over €1.6 billion in value.

Equities	
46,080	Fimbank plc Ord Shares of \$0.50c Nominal (Executive Share Option Scheme)
26,666,667	Bank of Valletta plc Ord Shares of €1 Nominal (Bonus Issue)
1,129,795	Maltapost plc Ord Shares of €0.25 Nominal (Scrip Dividend Issue)
565,373	Lombard Bank Malta plc Ord Shares of €0.25 Nominal (Scrip Dividend Issue)
540,322	Fimbank plc Ord Shares of \$0.50c Nominal (Scrip Dividend Issue)
8,640	Fimbank plc Ord Shares of \$0.50c Nominal (Executive Share Option Scheme)
11,647	International Hotels Investments plc Ord Shares of 1 Nominal (Convertibility option)
4,285,714	Simonds Farsons Cisk plc Ord Shares of €0.30 Nominal (Bonus Issue)
35,269,200	Island Hotels Group Holdings plc Ord Shares of €1 Nominal (New issue)
21,600	Fimbank plc Ord Shares of \$0.50c Nominal (Executive Share Option Scheme)
67,000,000	Middlesea Insurance plc Ord Shares of €0.60 Nominal (Rights Issue)

Corporate Bonds	
€31,702,900	7.0% MIDI plc Euro Bonds 2016-2018
£ 7,214,300	7.0% MIDI plc GPB Bonds 2016-2018
€20,000,000	6.0% Gasan Finance Company plc Bonds 2014-2016
€23,579,500	7.0% Fimbank plc Euro Bonds 2012-2019
$ 8,107,800	7.0% Fimbank plc USD Bonds 2012-2019
€50,000,000	5.35% Bank of Valletta plc Sub Bonds 2019
€35,000,000	6.25% International Hotel Investment Bonds 2015-2019
€25,000,000	6.25% Tumas Investments plc Bonds 2014-2016
€25,000,000	6,25% Corinthia Finance plc Bonds 2015-2019
€14,000,000	6.5% Island Hotels Group Holdings plc Bonds 2017-2019
€25,878,300	7.15% Melita Capital plc Bonds 2014-2016
€30,000,000	6.2% Mizzi Organisation Finance plc Bonds 2016-2019

Government Stocks	
€35,992,300	5.0% Malta Government Stock 2021 FI Mar 09
€59,007,700	3.6% Malta Government Stock 2013 (IV)
€63,051,100	3.6% Malta Government Stock 2013 (IV) FI Apr 09
€13,670,000	7.0% Malta Government Stock 2019 (II)
€25,550,400	5.2% Malta Government Stock 2020 FI Jun 09
€82,817,200	3.6% Malta Government Stock 2013 (IV) FI Jun 09
€33,150,400	5.0% Malta Government Stock 2021 FI Aug 09
€56,642,900	3.6% Malta Government Stock 2013 (IV) FI Aug 09
€25,495,900	3.6% Malta Government Stock 2013 (IV) FI Nov 09
€44,704,100	4.6% Malta Government Stock 2020 (II)
€29,800,000	Floating Rate 6 Mth € Malta Government Stock 2015 (V)

Treasury Bills	
61	Treasury Bill Issues

Redemptions and Mergers

Three Government Stock issues, four Corporate Bond issues and fifty three issues of Treasury Bills were redeemed during 2009. At the same time, eight fungible Government Stock issues were merged with other tranches of the same stocks upon due date and re-issued as an integrated stock.

The following financial instruments were redeemed or merged during the year:

Redeemed

- 3.8% European Investment Bank Bonds 2009
- 6.4% Gasan Finance Company plc Bonds 2014-16
- 6.7% Corinthia Finance plc Bonds 2009
- 6.5% Care Malta Finance plc Bonds 2008 – 2011
- 5.9% Malta Government Stock 2009 (III)
- 7.0% Malta Government Stock 2009
- 5.9% Malta Government Stock 2009 (II)

Merged

- 5.1% Malta Government Stock 2014 (III) FI Aug 08
- 5.1% Malta Government Stock 2014 (III) FI Oct 08
- 5.0% Malta Government Stock 2021 FI Aug 08
- 5.0% Malta Government Stock 2021 FI Oct 08
- 5.0% Malta Government Stock 2021 FI Mar 09
- 3.6% Malta Government Stock 2013 (IV) FI Apr 09
- 3.6% Malta Government Stock 2013 (IV) FI Jun 09
- 3.6% Malta Government Stock 2013 (IV) FI Aug 09

De-listing

The following Collective Investment Schemes sub-funds were de-listed during 2009 :

Primary :

- Global Funds SICAV plc – Global Bond Fund Plus (Distributor Shares)

Secondary :

- Lazard Global Active Fund plc – Lazard European High Yield Bond Fund
- Lazard Global Active Fund plc – Lazard Global Equity Fund

Financial Instruments appearing on the Exchange's recognised lists as at end 2009

Following the changes to the Exchange's recognised lists throughout the year as described, above, a total of 351 financial instruments appeared on the Exchange's recognised lists as at the end of the year, split as follows :

19	Equities (Ordinary Shares)
39	Corporate Bond issues
40	Government Stock issues
22	Treasury Bill issues
01	Close-ended Investment Scheme
42	Open-ended Collective Investment Schemes (Primary Listed)
188	Open-ended Collective Investment Schemes (Secondary Listed)

Central Securities Depository

The total number of accounts held within the Central Securities Depository at the end of 2009 was 213,739, an increase of over 29,000 when compared to the previous year. Notwithstanding the number of redemptions and mergers of registers of listed financial instruments which took place during the year, this is the largest year-to-year increase registered in the number of accounts held within the Central Securities Depository since this started operating. This was due not only to the large amount of new issues admitted to the Exchange's recognised lists but also to the significant size of each register reflecting the increased interest of investors in listed financial instruments. These accounts represent 69,257 individuals, up from 65,121 registered at the end of 2008. For the first time, the largest number of accounts, almost 77,000, up form 52,000 in 2008, relate to Corporate Bonds, also reflecting the new admissions in the market. Over 73,000 accounts, up from just over 71,000 the previous year, hold Malta Government Stocks, while just over 63,000 accounts, showing a slight increase of 1,000 over 2008, hold equities.

The number of amendments to the accounts held within the Central Securities Depository during 2009 totalled 47,585, almost unchanged from the 48,007 amendments effected the previous year.

The Central Securities Depository also effected all the processes related to the redemptions and mergers of a number of Corporate Bonds and Government Stocks as well as the processing in respect of almost 350,000 dividend and interest payments amounting to over €350 million of behalf of Issuers. This is an increase of almost 70,000 payments and an amount of €30 million over the

CSD Register Amendments for 2009

Amendment Type	January	February	March	April	May	June	July	August	September	October	November	December	**Total**
Causa Mortis	153	158	133	188	156	200	151	365	184	138	196	20	**2,042**
Garnishee Insert	0	4	1	6	0	7	12	10	11	10	19	11	**91**
Garnishee Release	1	2	1	13	0	5	4	6	6	5	7	10	**60**
Holder Amendment	107	119	80	122	203	253	276	59	154	165	106	81	**1,725**
Mandate/Power of Attorney	172	252	196	271	118	91	980	353	269	407	318	130	**3,557**
Bought/Sold Movements	2,382	2,494	2,688	2,714	3,332	8,148	3,124	2,260	1,970	3,132	2,998	3,516	**32,758**
Release of Estates	411	298	369	320	312	195	655	400	458	286	367	188	**4,259**
Off Market Transfers/Donations	98	166	128	171	54	37	138	99	168	175	161	154	**1,549**
Pledge Insert	44	77	67	67	95	53	73	71	77	96	57	59	**836**
Pledge Release	34	30	58	49	75	24	45	99	106	73	82	33	**708**
Total	**3,402**	**3,600**	**3,721**	**3,921**	**4,345**	**3,013**	**5,458**	**3,722**	**3,403**	**4,487**	**4,311**	**4,202**	**47,585**

same figures registered last year. This increase was due to the significant number of new financial instruments listed during the year and also the increase in the size of the share and bond registers.

On 31 December 2008 of Article 3 of Act XV of 2008 amending article 1322(4) of the Civil Code (Cap. 16 of the Laws of Malta), was amended to provide that holdings of listed securities registered in the name of spouses "may only be withdrawn by such married person and it shall not be enquired whether such money or investment instrument belongs to the community of acquests or not".

With immediate effect the Central Securities Depository started the process of unblocking any holdings of widows/widowers that were previously blocked pending a release of estate of the pre-deceased spouse. Unless any other legal restriction applies, such holdings have thus been made freely available for transfer. Moreover, any pledge/donation of holdings registered in the name of a married person now only requires the signature of such married person on the relevant deed.

In September, new procedures were also implemented within the Central Securities Depository in relation to verbal communication with Members on matters related to trading. Such new procedures allow the Central Securities Depository to provide Members with client information insofar as this is pertinent to trading provided that Members have appropriate security procedures in place as is provided for in the Bye-laws of the Exchange.

Dividend/Interests Payments during 2009

Payment Date	Gross Amt Euro	Gross Amt US$	Gross Amt GBP	No. of Payments
January	17,957,745	-	-	12,808
February	19,956,076	-	-	27,421
March	32,015,543	-	-	27,458
April	43,999,176	3,180,567	-	31,504
May	43,290,700	-	-	79,681
June	8,527,268	-	-	10,800
July	19,742,990	-	-	13,530
August	43,555,310	-	-	37,072
September	26,357,141	-	-	21,562
October	18,750,013	288,503	-	25,922
November	16,028,172	-	-	24,364
December	46,311,699	-	456,577	36,852
Total 2009	**336,493,833**	**3,469,070**	**456,577**	**348,974**

Compliance and Market Operations

In view of the global financial crises, issues related to company information and also other matters relating to trading performance and patterns received special attention as Compliance and Markets Operations Office was particularly involved in monitoring the market and preparing ad hoc reports for the Competent Authority to support them in their role as regulator of the local capital market. Compliance and Market Operations Office also continued to monitor compliance of Members and listed companies with the rules and regulations of the Exchange with particular emphasis on trading matters and reporting requirements.

Throughout the year, Compliance and Market Operations also assisted Senior Management in providing the background data required for its discussions and deliberations related to trade ranges and small trades on the market. Exchange officials from this office also continued to be directly involved in the Committee reviewing the Listing Rules and also in other projects currently being undertaken by the Exchange.

Compliance and Market Operations Office conducted a number of on-line training sessions and relative tests in respect of the 6 new traders authorised to trade during the year and also assisted a new Member in setting up all the requisite operational and procedural structures in order to be able to trade on the Exchange.

A total of 344 Company Announcements were issued during 2009 through the Exchange's company information dissemination system. These announcements reflected the various corporate actions, such as bonus issues, rights issues and scrip dividend issues undertaken by the listed companies throughout the year. The issue of Company Announcements was concentrated around the close of this first quarter, when most of the companies issue their financial information.

Company Announcements were issued as follows during the year :

January	9
February	8
March	26
April	67
May	39
June	24
July	30
August	40
September	20
October	16
November	28
December	27

The Exchange, as the designated National Numbering Agency for Malta, through Compliance and Markets Operations Office which undertakes this function, issued 273 new ISIN Numbers during 2009, 188 to non-listed financial instruments, (most of which were funds registered in Malta) and 85 to listed financial instruments an increase of 17 when compared to the 68 issued to listed financial instruments last year. This increase reflects the significant amount of new listings that took place throughout the year.

Operations Audit Office

As reported in the Annual Report for 2008, towards the end of that year, Operations Audit Office piloted an internal "Risk Management and Internal Capital Adequacy Assessment" project which involves a qualitative and quantitative risk assessment of all the processes and procedures of the Exchange. Operations Audit Office provided guidance and assistance to the Heads of Offices to compile descriptions of all the processes carried out by their individual offices, indicating the possible risks attached to such processes whether these be legal, regulatory, operational or otherwise. After this first input by the various offices, Operations Audit Office started to review these submissions and embarked on a series of lengthy discussions with the Exchange's external auditors in order to rationalise and analyse these submissions leading to a final quantification and qualitative analysis of risk as required by the relevant Guidelines by the end of the year. The Auditors had concluded their report and will be submitting it to the Board early in 2010.

Throughout the year, Operations Audit Office continued to be involved in all discussions and designing of new procedures in relation to operations and services offered by the Exchange in order to ensure that all new processes were thoroughly tested before implementation. In particular during the first half of the year Operations Audit Office was very involved in the launch of the Exchange's revamped website, not only from the operations and technical point of view, but also to verify that all the data and information available on the website was correct and consistent. Once the website was launched in June, Operations Audit Office continued to monitor the website to ensure that data and information was being repeatedly updated as appropriate.

Another specific exercise carried out by Operations Audit Office towards the end of the year was that relating to an in-depth overview of the Exchange's procurement and payment processes. This exercise was carried out in line with the Audit Committee's policy regarding initiatives to control expenditure. Operations Audit Office would be reporting to the Audit Committee on this matter early in 2010. At the same time Operations Audit Office continued to carry out real-time verification of a number of core processes, particularly those relating to the Central Securities Depository and Data Operations.

Other Exchange Functions and Activities

Throughout the year, all the offices of the Exchange continued to build and consolidate new processes and procedures. In particular, 2009 saw a number of projects evolving that required the involvement and co-operation of many offices working together to achieve the ultimate goal. Some of these projects were the risk management review as described above, the Exchange's new website, the Members' Survey, new procedures for review of draft prospectuses as well as other new procedures currently in progress.

As has been reported elsewhere in this Report, the Exchange launched a totally re-designed website on 1 June 2009, providing more real-time information, a wider range of information and statistics, simpler access to archived information and data access to secure areas for Members and Listed Companies. The design of the website was kept as simple as possible, to allow greater clarity in the dissemination of real time trading data and also to make access to all sections of the website as easy as possible. The new website was the result of a long process led by Data Operations & IT Office who were mainly responsible for the design and set up of the new website but which also required the input of the various offices of the Exchange responsible for the information and data appearing in the website. The involvement of all offices remains paramount in the website, as it is the individual offices which remain responsible for ensuring that all information and data is constantly updated and in particular for ensuring that new information becomes immediately available on the website. In addition to the new website, Data Operations & IT Office were also responsible for an expansion in the services and information available internally to Exchange personnel through the Exchange's intranet facility.

During the first quarter of the year, the Exchange organised a Members' Survey dealing with listing, trading and central securities depository services. The aim of the survey was to obtain feedback from Members regarding these three issues which are core to the development of the Exchange. The survey sought to find out what the Members' assessment of the services currently being offered by the Exchange with regard to these three issues. Most of the points raised in the Members' responses have been incorporated into the Exchange's strategy and procedures.

The Exchange's on-going education programme for schools continued during 2009. The Exchange welcomed hundreds of students of varying ages from around 20 different schools which participated in this programme. Several Exchange officials delivered these presentations providing an overview of all the functions of the Exchange while at the same time giving the students the opportunity to visit the Exchange's premises. The Exchange is very pleased to note the very positive feedback from all participants and is very appreciative that staff members are willing to expend considerable efforts to ensure that such a programme continues to be a success.

As part of its education programme, the Exchange presented the Alfred Camilleri Prize for 2009 to Ms. Katrina Buhagiar. The Alfred Camilleri Prize is an award for the best dissertation by a University Student undertaking a Banking and Finance degree, on any topic related to the capital market and related subjects.

During 2009 the Exchange embarked upon a refurbishment programme of the Exchange's premises which was overseen by Corporate Services Office. The refurbishment programme included a complete review of the Exchange's water, electricity, cooling, telecommunications and security services. In conjunction with this review, Corporate Services Office also undertook the re-negotiation of many of the maintenance agreements covering the supply of utility services and also recommended some new maintenance programmes that needed to be implemented. This was the first time that such review had taken place since the Exchange moved to its premises in 2001 and was necessary to ensure that all services were ready to deal with the increased workload caused by additional equipment and staff and also to reduce the risk of interruption of those services which could impinge on the Exchange's ability to provide its core services. At the same time, the Exchange constantly seeks to ensure that such utility services are cost and energy efficient and more environmentally friendly.

Throughout the year Exchange officials also participated in a number of events as speakers. The Chairman participated in a half-day event organised by Finance Malta in Frankfurt while the Chief Executive participated in a number of State Visits where he spoke about the services offered by the Exchange. Locally, the Chief Executive met with prospective listed companies and gave presentations regarding the listing and admission process. The General Manager addressed a meeting of representatives from foreign banks operating in Malta when she gave an update on developments taking place in clearing and settlement while the Deputy General Manager (CSD, CMO & Legal) also addressed an international conference on Anti Money Laundering regulations.

Senior officials also continued to represent the Exchange on a number of committees including the Public Debt Management Committee, the Financial Services Consultative Committee, a committee on anti-money laundering regulations as well as the committee set up to review the Listing Rules.

Members

Membership

A total of twelve (12) firms together with the Central Bank of Malta appeared on the Exchange's list of Authorised Member Firms at the end of 2009. The membership of Mediterranean Bank plc was discontinued at the request of the firm itself following the restructuring of the firm. Lombard Bank Malta plc was authorised as a Member of the Exchange towards the end of 2009. During the year another Member firm merged with an authorised intermediary's firm to create an entity providing a full range of investment services.

Six (6) new traders representing three (3) Member Firms and the Central Bank of Malta were authorised during 2009 while a number of other traders ceased to operate and, therefore, their access to the trading system was terminated. At the end of 2009 therefore, around 50 traders were authorised to have access to the trading system and trade on behalf of Member firms.

College of Member Firms

During 2009, Mr Vincent J Rizzo of Rizzo, Farrugia & Co (Stockbrokers) Ltd continued in his post as Chairman of the College of Member Firms while Mr David Curmi of Curmi & Partners Ltd also continued in the post of Deputy Chairman.

Throughout 2009 the College held regular meetings with the Chairman and Senior Management of the Exchange wherein matters of mutual interest were discussed particularly those focusing on trading and listing matters. In particular the College was instrumental in leading the discussions regarding trade ranges and market making and gave invaluable feedback regarding the Exchange's new website. Members also provided very valid and comprehensive responses to the Members' Survey issued by the Exchange earlier on in the year regarding listing, trading and depository matters.

The Members, through the College, gave very valid support and assistance to the Exchange throughout the year through its feedback and recommendations regarding the updating of current processes and the implementation of new procedures.

The Exchange is greatly appreciative of the continued support and commitment of the Members and particularly the efforts of the College, without which its tasks would be so much more difficult to achieve.

Members' Contacts

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The company
generated a profit
before tax of
€1,197,835 the
financial year
ended 31 December 2009

05

AUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2009

General Information

Malta Stock Exchange plc was incorporated on 5 October 2007, in accordance with Act XX of 2007, and succeeded to all the assets, liabilities, rights and obligations of the former Malta Stock Exchange ("MSE") as from 1 November 2007. Malta Stock Exchange plc is registered in Malta as a public limited company under the Companies Act, Cap. 386 of the Laws of Malta. The company's registration number is C 42525.

Directors

Arthur Galea Salomone
Chairman
(appointed Chairman on 10 August 2009)

Antoine Fiott
Deputy Chairman

Charlotte Attard
Director

Karen Spiteri Bailey
Director

Joseph Zammit Tabona
(resigned 24 April 2009)

Richard Sladden
(appointed 10 August 2009)

Secretary

Eileen V. Muscat
Secretary

Registered Office

Garrison Chapel
Castille Place
Valletta VLT 1063
MALTA

Bankers

Bank of Valletta p.l.c.
Valletta Business Centre
Level 2, Annex
45, Republic Street
Valletta VLT 1113
MALTA

Auditors

Ernst & Young
Certified Public Accountants
Fourth Floor
Regional Business Centre
Achille Ferris Street
Msida MSD 1751
MALTA

Directors' Report

The Directors submit their annual report and audited financial statements for the year ended 31 December 2009.

Principal activity

Malta Stock Exchange plc maintains facilities to ensure an orderly and efficient market place for securities' trading. Malta Stock Exchange plc also provides clearing and settlement, depository and related services for securities.

Results and dividends

The statement of comprehensive income is set out on page 55 and the movements in the reserves are disclosed in the statement of changes in equity on page 57. Dividend declared and paid during the year amounted to €387,608.

Review of the business

The company generated a profit before tax of €1,197,835 for the financial year ended 31 December 2009. The Directors expect to continue maintaining a sustainable level of activity in the foreseeable future.

Management

During the year ended 31 December 2009 the management of Malta Stock Exchange plc was vested in the Board of Directors as listed on page 52. The Directors were appointed in terms of the Memorandum and Articles of Association of the Company.

Statement of Directors' responsibilities

The Directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for that year.

The Directors are responsible for ensuring that: -

- appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates;
- the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union;
- the financial statements are prepared on the basis that the company must be presumed to be carrying on its business as a going concern; and
- account has been taken of income and charges relating to the accounting year, irrespective of the date of receipt or payment.

The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act, Cap. 386 of the Laws of Malta. It is 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.

Auditors

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be put to the Annual General Meeting.

This Report was approved by the Board of Directors of Malta Stock Exchange plc and was signed on its behalf by:

Arthur Galea Salomone
Chairman
6 April 2010

Antoine Fiott
Deputy Chairman

Independent Auditors' Report to the Shareholders of Malta Stock Exchange plc

We have audited the accompanying financial statements of Malta Stock Exchange plc, set on pages 55 to 75, which comprise the statement of financial position as at 31 December 2009 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, the Companies Act, Cap. 386 of the Laws of Malta and the Financial Markets Act, Cap. 345 of the Laws of Malta. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 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 auditors' 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 of the Laws of Malta and the Financial Markets Act, Cap. 345 of the Laws of Malta.

Report on other Legal and Regulatory Requirements

We also have responsibilities under the Companies Act, Cap. 386 of the Laws of Malta 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,
- the financial statements are not in agreement with the accounting records,
- we have not received all the information and explanations we require for our audit,
- if 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.

This copy of the audit report has been signed by Mario P. Galea (Partner) for and on behalf of

Ernst & Young
Certified Public Accountants
6 April 2010

Statement of Comprehensive Income

for the year ended 31 December 2009

	Notes	Year to 31.12.09 EUR	05.10.07 to 31.12.08 EUR
Revenue	5	**3,810,370**	4,116,899
Administrative expenses	6	**(2,716,908)**	(2,811,902)
Operating profit		**1,093,462**	1,304,997
Income from investments	8	**103,169**	89,629
Finance revenue	9	**1,204**	360
Finance costs	10	**-**	(12)
Profit before tax		**1,197,835**	1,394,974
Income tax expense	11	**(411,744)**	(350,056)
Profit for the year/period		**786,091**	1,044,918
Other comprehensive income			
Net gain on available-for-sale financial assets		**8,734**	82,560
Total comprehensive income for the year net of tax		**794,825**	1,127,478

The accounting policies and explanatory notes on pages 59 to 75 form an integral part of the financial statements.

Statement of Financial Position
as at 31 December 2009

	Notes	2009 EUR	2008 EUR
ASSETS			
Non-current assets			
Property, plant and equipment	13	**703,311**	772,541
Intangible assets	14	**121,653**	166,164
Other non-current financial assets	15	**2,580,111**	1,536,342
		3,405,075	2,475,047
Current assets			
Trade and other receivables	16	**1,251,102**	1,260,211
Other current financial assets	15	**-**	432,094
Cash at bank and in hand	22	**171,162**	132,689
		1,422,264	1,824,994
TOTAL ASSETS		**4,827,339**	4,300,041
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	17	**2,500,000**	2,500,000
Retained earnings		**1,055,793**	657,310
Revaluation reserve	18	**91,294**	82,560
Total equity		**3,647,087**	3,239,870
Non-current liabilities			
Deferred tax liability	20	**7,831**	29,802
Current liabilities			
Interest bearing borrowings	19	**4,563**	13,708
Trade and other payables	21	**962,530**	949,383
Income tax payable		**205,328**	67,278
		1,172,421	1,030,369
Total liabilities		**1,180,252**	1,060,171
TOTAL EQUITY AND LIABILITIES		**4,827,339**	4,300,041

The accounting policies and explanatory notes on pages 59 to 75 form an integral part of the financial statements.

The financial statements on pages 55 to 75 have been authorised for issue by the Board of Directors on 6 April 2009 and were signed on its behalf by:

Arthur Galea Salomone
Chairman

Antoine Fiott
Deputy Chairman

Statement of Changes in Equity
for the year ended 31 December 2009

	Notes	Capital EUR	Revaluation reserve EUR	Retained earnings EUR	Total EUR
Profit for the period		-	-	1,044,918	1,044,918
Other comprehensive income		-	82,560	-	82,560
Total comprehensive income		-	82,560	1,044,918	1,127,478
Issue of share capital		2,500,000	-	-	2,500,000
Dividends paid	12	-	-	(387,608)	(387,608)
At 31 December 2008		**2,500,000**	**82,560**	**657,310**	**3,239,870**
At 1 January 2009		**2,500,000**	**82,560**	**657,310**	**3,239,870**
Profit for the year		-	-	786,091	786,091
Other comprehensive income		-	8,734	-	8,734
Total comprehensive income		-	8,734	786,091	794,825
Dividends paid	12	-	-	(387,608)	(387,608)
At 31 December 2009		**2,500,000**	**91,294**	**1,055,793**	**3,647,087**

The accounting policies and explanatory notes on pages 59 to 75 form an integral part of the financial statements.

Statement of Cash Flows
for the year ended 31 December 2009

	Notes	Year to 31.12.09 EUR	05.10.07 to 31.12.08 EUR
Operating activities			
Profit before tax		**1,197,835**	1,394,974
Adjustment to reconcile profit before tax to net cash flows			
Non-cash:			
Depreciation of property, plant and equipment	13	**158,218**	176,811
Amortisation of intangible assets	14	**60,434**	66,059
Interest receivable from available-for-sale investments	8	**(99,004)**	(82,899)
Gain on disposal of available-for-sale investments	8	**(4,165)**	(6,730)
Working capital adjustments:			
Decrease/(increase) in trade and other receivables		**11,876**	(1,252,250)
Increase in trade and other payables		**13,147**	949,383
Income tax paid		**(295,656)**	(252,976)
Net cash flows from operating activities		**1,042,685**	992,372
Investing activities			
Property, plant and equipment taken over from MSE	13	**-**	(903,736)
Purchase of property, plant and equipment	13	**(88,988)**	(45,616)
Intangible assets taken over from MSE	14	**-**	(208,354)
Purchase of intangible assets	14	**(15,923)**	(23,869)
Available-for-sale investments taken over from MSE		**-**	(1,650,309)
Purchase of available-for-sale investments		**(1,553,264)**	(1,103,037)
Proceeds from available-for-sale investments		**923,287**	851,269
Interest received from available-for-sale investments		**127,429**	97,869
Net cash flows used in investing activities		**(607,459)**	(2,985,783)
Financing activities			
Issue of share capital		**-**	2,500,000
Dividends paid	12	**(387,608)**	(387,608)
Net cash flows (used in)/from financing activities		**(387,608)**	2,112,392
Net increase in cash and cash equivalents		**47,618**	118,981
Cash and cash equivalents at 1 January		**118,981**	-
Cash and cash equivalents at 31 December	22	**166,599**	118,981

The accounting policies and explanatory notes on pages 59 to 75 form an integral part of the financial statements.

Notes to the Financial Statements

1. Incorporation

Malta Stock Exchange plc was incorporated on 5 October 2007, in accordance with Act XX of 2007, and succeeded to all the assets, liabilities, rights and obligations of the former Malta Stock Exchange ("MSE") as from 1 November 2007. All assets and liabilities had been transferred at the carrying amounts presented in the audited financial statements of the Malta Stock Exchange as of 31 October 2007. Malta Stock Exchange plc is registered in Malta as a public limited company under the Companies Act, Cap. 386 of the Laws of Malta.

Accordingly the current year figure cover the period from 1 January 2009 to 31 December 2009 and the comparative figures cover the period from 5 October 2007 to 31 December 2008.

2.1 Basis of Preparation and Statement of Compliance

These financial statements are prepared under the historical cost convention, except for available-for-sale investments that have been measured at fair value. These financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union and comply with the Companies Act, Cap.386 of the Laws of Malta and the Financial Markets Act, Cap. 345 of the Laws of Malta.

2.2 Changes in Accounting Policies and Disclosures

Standards, interpretations and amendments to published standards as adopted by the EU effective in 2009

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2009:

IFRS 1	First-time Adoption of International Financial Reporting Standards (Amended) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 January 2009
IFRS 2	Share-based Payment: Vesting Conditions and Cancellations (Amended) effective 1 January 2009
IFRS 7	Financial Instruments: Disclosures (Amended) effective 1 January 2009
IFRS 8	Operating Segments effective 1 January 2009
IAS 1	Presentation of Financial Statements (Revised) effective 1 January 2009
IAS 23	Borrowing Costs (Revised) effective 1 January 2009
IAS 32	Financial Instruments: Presentation (Amended) and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation (Amended) effective 1 January 2009
IFRIC 13	Customer Loyalty Programmes effective 1 July 2008
IFRIC 14, IAS 19	The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15	Agreements for the Construction of Real Estate effective 1 January 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation effective 1 October 2008

Improvements to IFRSs (May 2008)

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Company, its impact is described below:

IFRS 7 requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by the source of inputs, using a three-level hierarchy, by class, for all financial instruments recognised for fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is not required, as well as significant transfers between the levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. Such amendments will give right to additional disclosures in the financial statements.

IAS 1 has been revised to enhance the usefulness of information presented in the financial statements. The statement of changes in equity includes only transactions with shareholders. In addition, the standard introduces the statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with "other comprehensive income". The company has made the necessary changes to the presentation of its financial statements.

Standards, interpretations and amendments to published standards as adopted by the EU that are not yet effective
Up to date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which the company has not early adopted. These are as follows:

IFRS 1 Revised 'First Tome Adoption of IFRS' (effective for annual periods beginning on or after 1 July 2009). The revised version of the standard does not make any changes to the substance of accounting by first-time adopters but aims to improve its readability. IFRS 1 (revised) will not have any impact on the company's financial statements.

IFRS 2 Amendments 'Group cash-settled share-based payment transactions' (effective for annual periods beginning on or after 1 January 2010). The amendment further clarified the scope and the accounting for group cash-settled share-based payment transactions. This amendment will not have any impact on the Company's financial statements.

IFRS 3 Revised 'Business Combinations' and IAS 27 Revised 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after 1 July 2009). IFRS 3 (revised) introduces a number of changes in the accounting for business combinations occurring after this date that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27 (revised) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential changes were made to IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39. The amendments to IFRS 3 (revised) and IAS 27 (revised) will not have any impact on the financial position or performance of the company.

IAS 32 Amendment ' Classification of Rights Issue' (effective for financial years beginning on or after 1 July 2009). For rights issued offered for a fixed amount of foreign currency, if such rights are issued pro-rata to an entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment to IAS 32 will have no impact on the financial position and performance of the company.

IAS 39, Financial Instruments: Recognition and Measurement - Eligible Hedged Items' (effective for financial years beginning on or after 1 July 2009). The amendment clarifies that an entity is permitted to designate a portion of the fair value charges or cash flow variability of a financial instrument as a ledged item. This also covers the designation of inflation as a ledged risk or portion in particular situations. The company has concluded that the amendment will have no impact on the financial position or performance of the company, as it has not entered into any such hedges.

IFRIC 9 'Reassessment of Embedded Derivatives' and IAS 39 'Financial Instruments: Recognition and Measurement' – Embedded derivatives' (effective for annual periods beginning on or after 30 June 2009). These amendments require an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. The amendments to IFRIC 9 and IAS 39 will not have any impact on the financial position or performance of the company.

IFRIC 17 'Distributions of Non-Cash Assets to Owners' (effective for annual periods beginning on or after 1 July 2009). IFRIC 17 provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognise a liability, how to measure it and the associated assets, and when to derecognise the asset and liability. The company does not expect IFRIC 17 to have an impact on the financial statements as the company has not made non-cash distributions to shareholders in the past.

IFRIC 18 'Transfers of Assets from Customers' (effective for annual periods beginning on or after 30 June 2009). IFRIC 18 provides guidance on how to account for items of property, plant and equipment received from customers or cash that is received and used to acquire or construct specific assets. It is only applicable to such assets that are used to connect the customer to a network or to provide ongoing access to a supply of goods or services or both. This interpretation will have no impact on the financial position or performance of the company.

In April 2009 the IASB issued the second omnibus improvements to IFRSs, primarily with a view of removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of these amendments may result in changes to accounting policies but will not have any impact on the financial position or performance of the Company.

Standards, interpretations and amendments issued by the International Accounting Standards Board (IASB) but not yet adopted by the EU:

The following standards, interpretations and amendments have been issued by the IASB but not yet adopted by the EU:

- IFRS 1 Amendments – Additional exemptions for First Time Adopters
- IFRS 9 – Financial Instruments
- IAS 24 Revisions – Related Party Disclosures
- Amendment to IFRS 1 Limited Exemption from Comparative IFRS 7 disclosures for First-time Adoption
- IFRIC 14 Amendments – Prepayment of a Mini mum Funding Requirement
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

3. Summary of Significant Accounting Policies

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding discounts, rebates and sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

Stockbrokers, listing and register fees

Revenue is recognised on an accrual basis.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available-for-sale interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

Foreign currency translation

The financial statements are presented in Euro (EUR), which is also the company's functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the functional rate prevailing at the date of the transaction. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income with the exemption of all monetary items that provide an effective hedge for a net investment in a foreign operation. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in equity.

Settlement of deals

The company provides the services of a clearing house to facilitate the settlement of deals made during the trading session. Since these clearing house activities are not transactions of the company, they are not reflected in these financial statements.

Plant and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the company recognises such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

General electrical equipment	15 years
Computer hardware	5 years
Office furniture, fittings and other equipment	6-10 years

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of IFRIC 4.

Company as a lessee

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Intangible assets

Intangible assets acquired red separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible asset. . A summary of the policies applied to the Company's intangible assets is as follows:

	Useful lives	Amortisation method	Internally generated or acquired
Computer Software	finite (5 years)	Amortisation on a straight line basis	Acquired

Financial assets

Financial assets in the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, as appropriate. All financial assets are initially recognised at cost, being the fair value of the consideration given, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

The company has classified its financial assets during the current year as 'available-for-sale' financial assets. Available-for-sale financial investments are debt securities. Debt securities are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market contributions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is recognised in the income statement in finance costs and removed from the available-for-sale reserve.

The company evaluated its available-for-sale financial assets whether the ability and intention to sell them in the near term is still appropriate. When the company is unable to trade these financial assets due to inactive markets and managements intent significantly changes to do so in the foreseeable future, the company may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and has the intent and ability to hold these assets for the foreseeable future or maturity. The reclassification to held to maturity is permitted only when the entity has the ability and intent to hold until the financial asset accordingly.

For financial assets actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business on the statement of financial position date. For investments where there is no quoted market price, a reasonable estimate of the fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis based on the expected cash flows of the underlying net asset base of the investment and option pricing models.

Derecognition of financial assets

A financial asset is derecognised (or, where applicable a part of a financial asset or part of a group of similar financial assets) when:

- the right to receive cash flows from the asset have expired;
- the right to receive cash flows from the asset is retained, but the company has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the rights to receive cash flows from the asset have been transferred and either the company (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

Financial liabilities are initially recognised at cost, being the fair value of the consideration received, including transaction costs that are directly attributable to the issue of the financial liability, in the case of financial liabilities not at fair value through profit or loss.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Trade and settlement date accounting

All "regular way" purchases and sales of financial assets are recognised on the "trade date", that is, the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Impairment of non-financial assets

The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets (other than goodwill and any indefinite life intangibles) are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose suitable discount rate in order to calculate the present value of those cash flows.

Impairment and uncollectability of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss recognised for the difference between the recoverable amount and the carrying amount as follows:

- for financial assets at amortised cost - the carrying amount of the asset is reduced to its estimated recoverable amount either directly or through the use of an allowance account and the amount of the loss is included in the statement of comprehensive income for the year; and
- for available-for-sale financial assets - if an available-for-sale financial asset is impaired, an amount comprising the difference between the cost and its current fair value,less any impairment loss previously recognised in the statement of comprehensive income,is transferred from equity to the statement of comprehensive income.

The recoverable amount is determined by discounting the estimated future cash flows to present values at the financial assets' original effective interest rate.

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for impairment is made when there is objective evidence (such as financial difficulties of a debtor) the company will not be able to collect the full amount due. Impaired debts are derecognised when they are assessed as uncollectible.

Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term investments with an original maturity of three months or less, highly liquid and readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash in hand and short-term deposits at banks, net of other outstanding bank overdrafts.

Trade and other payables
Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid for goods and services received, whether or not billed to the company.

Taxes
Current income tax
Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary difference, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Provisions
Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where it is expected that some or all of a provision is to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

4. Significant Accounting Judgements, Estimates and Assumptions
In preparing the financial statements, the directors are required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted in the period the changes become known.

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 (revised) - 'Presentation of financial statements'.

5. Revenues

Revenue comprises membership and other fees receivable from stockbrokers, together with fees receivable in respect of the listing, clearing, registration and trading of quoted securities and related services. The income from the main activities was as follows:

	Year to 31.12.09 EUR	05.10.07 to 31.12.08 EUR
Stockbrokers fees	**211,662**	229,967
Listing fees	**2,390,141**	2,741,447
Register fees	**1,084,473**	991,932
Transaction fees and other income	**124,094**	153,553
	3,810,370	4,116,899

6. Expenses by Nature

	Year to 31.12.09 EUR	05.10.07 to 31.12.08 EUR
Emoluments of the chairman and board members	**22,828**	29,351
Salaries, social security and other staff costs	**1,241,111**	1,313,770
Travelling and attendance at conferences and workshops	**116,299**	120,243
Publications, printing and stationery	**120,042**	115,205
Subscriptions	**115,571**	119,507
Rent	**101,611**	102,777
Insurances	**68,322**	78,666
Consultancy and professional fees	**216,502**	177,934
Auditors' remuneration	**8,260**	8,246
Depreciation of property, plant and equipment	**158,218**	176,811
Amortisation of intangible assets	**60,434**	66,059
Miscellaneous expenses	**487,710**	503,333
Total administrative expenses	**2,716,908**	2,811,902

Consultancy and professional fees included remuneration payable to the company's auditors as follows:

	Year to 31.12.09 EUR	05.10.07 to 31.12.08 EUR
Other assurance services	**3,097**	-
Tax compliance	**2,596**	75,201
Other non-audit services	**55,630**	21,743

7. Employee Information

a. Staff costs

The total employment costs were as follows:

	Year to 31.12.09 EUR	05.10.07 to 31.12.08 EUR
Wages and salaries	**1,141,875**	1,186,508
Social security costs	**71,131**	75,201
Other staff costs	**28,105**	52,061
	1,241,111	1,313,770

b. Staff numbers

The average number of persons employed by Malta Stock Exchange plc during the year was 49 (2008: 44).

8. Income from Investments

	Year to 31.12.09 EUR	05.10.07 to 31.12.08 EUR
Interest on available-for-sale investments	**99,004**	82,899
Gain on disposal of available-for-sale investments	**4,165**	6,730
	103,169	89,629

9. Finance Revenue

	Year to 31.12.09 EUR	05.10.07 to 31.12.08 EUR
Interest on bank balances	**1,204**	360

10. Finance Costs

	Year to 31.12.09 EUR	05.10.07 to 31.12.08 EUR
Interest on bank overdraft	**-**	12

11. Income Tax Expense

The tax charge for the year is comprised of the following:

	Year to 31.12.09 EUR	05.10.07 to 31.12.08 EUR
Current tax expenses	**433,715**	518,488
Deferred tax credit (note 20)	**(21,971)**	(168,432)
Income tax expense	**411,744**	350,056

The income tax expense differs from the theoretical tax expense that would apply on the company's profit before tax using the applicable tax rate in Malta of 35% as follows:

	Year to 31.12.09 EUR	05.10.07 to 31.12.08 EUR
Profit before tax	**1,197,835**	1,394,974
Theoretical tax expense at 35%	**419,242**	488,241
Tax effect of		
- capital allowances adjustment on property, plant and equipment		
- and intangible assets taken over from MSE	**-**	(131,505)
- expenses not deductible for tax purposes	**8,944**	10,194
- income subject to lower rates of tax	**(15,458)**	(12,711)
- income not subject to tax	**(984)**	(4,163)
Income tax expense	**411,744**	350,056

12. Dividends

	Year to 31.12.09 EUR	05.10.07 to 31.12.08 EUR
Declared and paid during the year: Interim dividend on ordinary shares for 2009: 15.5 cents (2008: 15.5 cents)	**387,608**	387,608

13. Property, Plant and Equipment

	General electrical equipment EUR	Computer hardware EUR	Office furniture fittings, & other equipment EUR	Total EUR
Cost				
Assets taken over from MSE	626,019	63,431	214,286	903,736
Additions	16,512	12,956	16,148	45,616
At 31 December 2008	642,531	76,387	230,434	949,352
Additions	15,321	9,908	63,759	88,988
At 31 December 2009	**657,852**	**86,295**	**294,193**	**1,038,340**
Depreciation				
Depreciation charge for the year	84,102	27,969	64,740	176,811
At 31 December 2008	84,102	27,969	64,740	176,811
Depreciation charge for the year	73,266	21,424	63,528	158,218
At 31 December 2009	**157,368**	**49,393**	**128,268**	**335,029**
Net book value				
At 31 December 2008	558,429	48,418	165,694	772,541
At 31 December 2009	**500,484**	**36,902**	**165,925**	**703,311**

14. Intangible Assets

	Computer software EUR
Cost	
Assets taken over from MSE	208,354
Additions	23,869
At 31 December 2008	232,223
Additions	15,923
At 31 December 2009	**248,146**
Amortisation and impairment	
Amortisation	66,059
At 31 December 2008	66,059
Amortisation	60,434
At 31 December 2009	**126,493**
Net book value	
At 31 December 2008	166,164
At 31 December 2009	**121,653**

The average remaining amortisation period of computer software is of 2½years.

15. Other Financial Assets

Available-for-sale investments (at fair value)

a. The fair value of the financial assets is as follows:

	2009	2008
	EUR	EUR
Non-current		
Malta Government Stocks	**2,580,111**	1,536,342
Current		
Malta Government Stocks	**-**	332,797
Treasury Bills	**-**	99,297
	-	432,094
Total other financial assets	**2,580,111**	1,968,436

b. The amortised cost of the financial assets is as follows:

	Effective interest rate	**2009**	**2008**
	%	**EUR**	**EUR**
Non-current			
Malta Government Stocks	4.68 / 5.1	**2,488,817**	1,459,124
Current			
Malta Government Stocks	- / 4.8	**-**	329,692
Treasury Bills	- / -	**-**	97,060
		-	426,752
Total other financial assets		**2,488,817**	1,885,876

c. The fair value movements of the financial assets (recognised in equity) is as follows:

	2009	**2008**
	EUR	**EUR**
Non-current		
Malta Government Stocks	**91,294**	77,218
Current		
Malta Government Stocks	**-**	3,105
Treasury Bills	**-**	2,237
	-	5,342
Total other financial assets	**91,294**	82,560

The company has investments in listed debt securities. The fair value of the quoted debt securities is determined by reference to published price quotations is an active market.

Fair value hierarchy

As at 31 December 2009, the Company held the following financial instruments measured at fair value:
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	31 Dec 2009	Level 1	Level 2	Level 3
	EUR	EUR	EUR	EUR
Available-for-sale financial assets				
Debt securities	**2,580,111**	2,580,111	-	-

During the reporting period ending 31 December 2009, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

16. Trade and Other Receivables

	2009	2008
	EUR	EUR
Fees receivable (note i)	**992,039**	924,877
Other receivables	**-**	3,868
Prepayments and accrued income	**110,494**	121,457
Amounts due from related companies (note ii)	**148,569**	210,009
	1,251,027	1,260,211

i. As at the statement of financial position date, the ageing analysis of fees receivable is as follows:

	Total	Neither past due nor impaired	<30 days	30-60 days	60-90 days
	EUR	EUR	EUR	EUR	EUR
2009	**992,039**	**883,614**	**79,919**	**1,807**	**26,699**
2008	924,877	852,761	41,950	974	29,192

Fees receivable include amounts due from related party of €294,517. No provision for impairment was deemed necessary as at 31 December 2009.

ii. Amounts due from related parties are unsecured, non-interest bearing and with no fixed date of repayment. These amounts are due from MSE (Holdings) Limited and CSD (Malta) plc and are not related to the trading activities of the Company.

17. Share Capital

	2009	2008
	EUR	EUR
Authorised		
5,000,000 ordinary shares of EUR1 each	**5,000,000**	5,000,000
Issued and fully paid up		
2,500,000 ordinary shares of EUR1 each	**2,500,000**	2,500,000

18. Reserves

Revaluation reserve

This reserve records fair value changes on available-for-sale investments, representing net unrealised gains not available for distribution.

19. Interest Bearing Borrowings

	2009	2008
	EUR	EUR
Current borrowings		
Bank overdraft (note 22)	**4,563**	13,708

The company has unsecured overdraft facilities of EUR750,000 to cover any temporary shortfall in the Securities Settlement account and as an Overnight Facility to finance exchange operations.

The facilities bear interest at 2% over the Banks Base Rate which was of 4.45% at last renewal of the facility.

20. Deferred Tax Liability

The movement in the deferred taxation account for the year is analysed as follows:

	2009	2008
	EUR	EUR
Opening balance as of 1 January/1 November	**29,802**	-
Balance taken over from MSE	**-**	198,234
Credited in the statement of comprehensive income (note 11)	**(21,971)**	(168,432)
Closing balance 31 December	**7,831**	29,802

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35%. Deferred income tax at 31 December, disclosed with liabilities, relates to the following:

	2009	2008
	EUR	EUR
Excess of capital allowances over depreciation and amortisation	**2,797**	25,183
Accrued investment income taxable upon receipt	**5,034**	4,619
	7,831	29,802

21. Trade and Other Payables

The movement in the deferred taxation account for the year is analysed as follows:

	2009	2008
	EUR	EUR
Trade payables (note i)	**134,811**	133,068
Prepaid listing fees	**494,519**	440,231
Accruals	**87,256**	105,015
Other liabilities	**-**	25,125
Amounts due to related party (note ii)	**245,944**	245,944
	962,530	949,383

i. Trade payables are non-interest bearing and are normally settled on 60 day term.
ii. Amounts due to related party are unsecured, non-interest bearing and with no fixed date of repayment. These amounts are due to the Government of Malta.

22. Cash at Bank and in Hand

Cash and cash equivalents consist of cash at bank and on hand, net of other outstanding bank facilities as follows:

	2009	2008
	EUR	EUR
Excess of capital allowances over depreciation and amortisation	**171,162**	132,689
Accrued investment income taxable upon receipt	**(4,563)**	(13,708)
	166,599	118,981

23. Immediate Parent and Ultimate Holding Party

The immediate parent company of Malta Stock Exchange plc is MSE (Holdings) Ltd, a company registered in Malta having its registered address at Garrison Chapel, Castille Place, Valetta.

The ultimate holding party of Malta Stock Exchange plc is the Government of Malta.

24. Related Party Transactions and Balances

The related parties of the company with which the company had balances outstanding as of 31 December 2009 or transactions during the year then ended were as follows:

MSE (Holdings) Ltd (shareholder of the company)
CSD (Malta) plc (subsidiary of MSE (Holdings) Ltd)
Government of Malta (ultimate holding party)

Related party transactions

		Year to 31.12.09 EUR	05.10.07 to 31.12.08 EUR
Revenue	Related Party		
Listing fees	Government of Malta	**1,178,663**	1,375,107
Register fees	Government of Malta	**350,107**	386,604
Administrative expenses			
Rent	MSE (Holdings) Ltd	**90,000**	90,000

Key management personnel

The chairman and board members are considered to be key management personnel. Included in Administrative expenses are salaries paid to the chairman and board members amounting to €22,828

Related party balances

The outstanding amounts at year end together with the related terms have been separately disclosed in notes 16 and 21.

25. Financial Risk Management Objectives and Policies

At the year end, the company's main financial assets on the statement of financial position comprise available-for-sale investments, trade and other receivables and cash at bank and in hand. At the year end, there were no off-statement of financial position financial assets.

At the year end, the company's main financial liabilities comprise of bank overdraft and trade and other payables. At the year end, there were no off-statement of financial position financial liabilities.

The main risks arising from the company's financial assets and liabilities are credit risk, interest rate risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

Credit risk

Financial assets which potentially subject the company to concentrations of credit risk consist principally of available-for-sale investments, trade receivables and cash at bank. The maximum exposure is the carrying amounts disclosed as follows:

	2009 EUR	2008 EUR
Available-for-sale investments (note15a)	**2,580,111**	1,968,436
Fees receivable (note 16)	**992,039**	924,877
Amounts due from related parties (note 16)	**148,569**	210,009
Cash at bank	**171,045**	132,427
	3,891,764	3,235,749

The credit risk relating to available-for-sale investments is considered to be low in view of management's policy of investing only in high quality sovereign securities which are listed on recognised stock exchanges. The company's cash at bank is placed with quality financial institutions. Carrying amounts for trade receivables are stated net of the necessary provisions which have been prudently made against bad and doubtful debts in respect of which management reasonably believes that recoverability is doubtful. Credit risk with respect to debts is considered to be limited due to the large number of customers comprising the company's receivable base and the company has no significant concentration of credit risk. Moreover the credit risk arising on amounts due from related parties is minimal.

Interest rate risk

The interest rates on the available-for sale investments and bank overdraft are disclosed in notes 15b and 19.

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the company's equity, based on the balances at year end. There is only immaterial impact on the company's profit before tax.

	Increase/ decrease in basis points	Effect on Equity EUR000
2009	**+25/-25**	**(2)/2**
2008	+25/-25	(10)/10

Liquidity risk

The company actively manages its risk of a shortage of funds by closely monitoring the maturity of both its financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and proceeds from sale of available-for-sale investments. The presentation of the financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

Fair values

The fair value of available-for-sale investments is based on quoted market prices at the statement of financial position date. The carrying amounts of cash at bank, trade and other receivables, bank overdraft and trade and other payables approximated their fair values.

Capital Management

Capital includes equity less the revaluation reserve comprising net unrealised gains. The primary objective of the company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust capital structure, the company may adjust dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or process during the year.

Externally imposed financial resources requirements

The company is required to comply with the financial resources requirements as set by the Malta Financial Services Authority (MFSA). Regulated markets and central securities depositories are required to maintain own funds equal or in excess of its capital resources requirements. The Capital Resource requirement is calculated at the higher of (i) initial capital and (ii) the sum of various risk components.

During the year under review, the company complied with all of the financial resources requirements as stipulated in the financial market rules for regulated markets.