Malta Stock Exchange plc

2013

ANNUAL REPORT

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Malta Stock Exchange

as at 31 December 2013

Board of Directors

Chairman	Paul J Spiteri
Deputy Chairman	Daniel Darmanin
Directors	Joseph Azzopardi
	Carmel Galea
	Joseph Portelli
Secretary	Marie Cordina

Audit Committee

Chairman	Joseph Azzopardi
Members	Daniel Darmanin
	Paul J Spiteri
	Berta Vella
Secretary	Marie Cordina

Executive Committee

Chairman	Eileen V Muscat
Members	Robert Vella Baldacchino
	Simon Zammit
Secretary	Marie Cordina

Risk Management Committee

Chairman	Joseph Portelli
Members	Carmel Galea
	Marie Cordina
	Eileen V Muscat
Secretary	Joanne Camilleri

Technical Committee

Chairman	Eileen V Muscat
Members	Elizabeth A Calleja Mousu'
	Marie Cordina
	Stephanie Galea
	Alexander Pace
	Robert Vella Baldacchino
	Simon Zammit

Company Secretary

Marie Cordina

Letter of Transmittal

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

20 March 2014

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

Dear Sir

In accordance with the Financial Market Rules Stipulating Financial Reporting 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 the Malta Stock Exchange for the year ended 31 December 2013.

Yours faithfully

Paul J Spiteri
Chairman

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Chairman's Message

Chairman's Message

It is indeed a pleasure for me to present the Annual Report of the Malta Stock Exchange for 2013 in my new role as Chairman, more so since my relationship with the Exchange goes back to the time of the drafting of the Malta Stock Exchange Act, 1990. Whilst I welcome my colleagues on the Board who were also all appointed on 17 June 2013, I wish to express my appreciation to all Members of the Board both past and present and, in particular to my predecessor, Dr Arthur Galea Salomone, with whom I had the pleasure of working when he was Deputy Chairman and I the Chief Executive.

I am pleased to report that, after a sluggish start, the year 2013 ended reasonably well. Initially trading activity was subdued and the Exchange managed to attract only a few new listings, however, by the end of the year, the pendulum appeared to be swinging in the other direction. Indeed, we have noted that there are a number of Issuers approaching the market for the first time with potential new listings, maintaining the steady trend noticeable towards the latter half of the year under review.

The major source of new listings on the primary market, however, still remains the Government through the issue of Government Stocks and Treasury Bills which totaled over €779 million spread over seventeen (17) new issues and €1.1 billion respectively. These new stock issues, together with the new issues of corporate bonds and equities admitted to the Exchange's recognised lists during 2013, contributed to a market capitalisation value at the end of year of €9.44 billion, a significant increase of €860 million in the market capitalisation value or 10% when compared to the end of 2012 value. The significantly higher market capitalisation value and the continuing trend of new listings coming to the market, clearly underline the positive influence of the Exchange within the local economy.

The flow of capital through trades in listed financial instruments which were executed on the market has also maintained a steady pace. During the year under review the market value of executed trades of €774 million exceeded all previous levels of trading, an increase of €104 million or almost 16% over the previous year's trading value of €670 million. The Malta Stock Exchange Share Index also reflected significant increases in equity values, closing the year at a value of 3,685.79, an increase of 14% when compared to the end-2012 value of 3,211.90.

Investors are recognizing the value to be attained through participation in the capital market and we are indeed pleased to be the facilitator and the catalyst through which this takes place. The high participation rate of the Maltese public has also been a contributory factor for our market and our economy to avoid the worse effects on the financial turmoil of the last few years.

The Malta Stock Exchange is a small market which is heavily retail investor driven and the question of lack of liquidity on the market is an issue the Exchange needs to address. In fact, in October, we launched Market Making structures to provide the necessary framework to enable such activities to take place in our market with a view to creating additional liquidity and depth to the market.

Over the years, significant investment has been made in respect of the development of new services and increasing the level of connectivity both locally and internationally. The Exchange is now an internationally recognised regulated market which fulfills its role as a successful contributor towards the development and growth of the financial sector in Malta which is fast becoming Malta's third pillar of the economy.

We now have international relationships in respect of both trading and custodial lines of business. Both these services are achieving value-added benefits, but beyond that, they also provide us with a strong platform to develop new business opportunities as well as new products, both locally as well as through international markets.

Last June the Exchange also reached another milestone when it achieved "Designated Offshore Securities Market" status conferred by the Securities and Exchange Commission of the

United States. This complement's the recognition that had been attained in 2005 from the UK's Tax Authorities as an HMRC recognised market.

Our objective now is to sustain our rate of growth and development in order to continue to support the economy and, in this respect, we need to continue examining how we can expand our operations to a wider international market place.

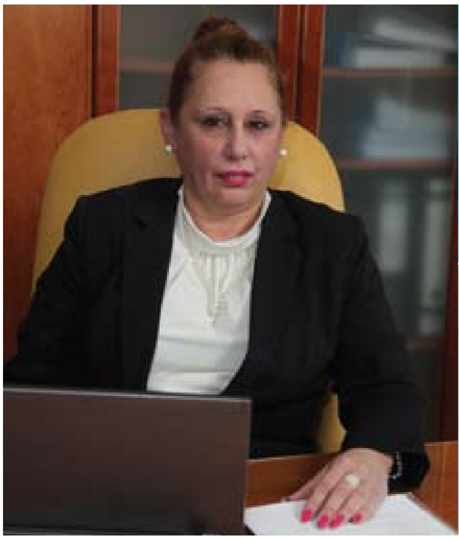
I am also pleased to report that our financial performance has continued to improve, with the Exchange registering a pre-tax profit of €2,015,372, an increase of almost 5% over the surplus registered the previous year. This augurs well for the future since it reflects our ability to remain efficient, to keep a good reign on costs and to develop new income streams.

The Exchange will continue to support the domestic market and will strive to ensure that the local capital market continues to be a viable alternative to the more traditional sources of capital for businesses. We will also seek to have a stronger and more significant presence in the international sphere, both through attracting new issuers to our market as well as improving the accessibility to international market for the benefit of investors. Furthermore, we shall also continue to support the local financial services sector through the provision of regulatory and compliance services that are so important to our jurisdiction maintaining its reputation as a centre of excellence, innovation and professionalism.

Of course, the growth and development of the Exchange would not have been possible without the support and commitment of all stakeholders. I wish, therefore, to thank our Shareholder, the Board of Directors, the Regulator, our Members, whether acting in their capacity as Sponsors or Intermediaries, the Investors and the Management and Staff of the Exchange whose dedicated energy and professionalism are key to the achievement of the results that have been attained not only this last year but also over the last twenty odd years.

Paul J Spiteri
Chairman

Chief Executive's Report



Chief Executive's Report

The past year was again a very busy one for the Exchange not only with regard to primary and secondary market activity which led to substantial growth and a positive financial performance but also with regard to the launch of new business streams and services as well as the continued development in regard to various projects as we moved inexorably closer towards implementation deadlines.

Given the size and retail base of the market, coupled with the embedded culture of "buy to hold" of the local investor, the lack of market liquidity has, since the start of the Exchange's activities, been a matter a matter for concern and continuous efforts have been made to address the issue. In this respect, in July, the Exchange launched a regulatory and operational framework in respect of market making activities, applicable to all classes of financial instruments traded on the market which became effective on 1 October 2013. The introduction of this new type of participant in the market is intended to provide further liquidity in the market and also support potential new Issuers in coming to the market.

Towards the end of the year the Exchange also launched a new service to support and facilitate compliance by subject persons in relation to the provisions of the European Market Infrastructure Regulation (EMIR). It was felt that the Exchange was ideally placed, leveraging on its experience with regard to regulatory reporting and also by expanding further relationships it already had with other service providers, to offer an efficient and cost-effective service to support practitioners to fulfill their obligations in relation to EMIR. We are pleased to note that the take up of this new service has been very positive, from both domestic and overseas practitioners.

The investment in the Xetra trading platform implemented in mid-2012 and the CSD-Clearstream link which started to operate in 2011 continued to bear fruit as in 2013 we saw the first foreign intermediary join the ranks of the Members of the Exchange as well as a significant increase in the number of transactions settled over the Link and a related increase in custody business. The Exchange's move towards unbundling its services and focusing on, when possible, providing individual services tailored to the needs of different users has also had positive outcomes as we have captured hitherto untapped business, particularly related to non-listed companies within the post-trading space.

Following the focus on the implementation of the new trading system during the previous year, 2013 was also dominated by the implementation of major projects which resulted or will soon result in significant operational and procedural changes. One major project undertaken during the year was the migration to a significant upgrade of the registration software used within the CSD. Apart from providing significantly enhanced operational, audit and risk management functionality, the new software also provides the basis for full compatibility of the CSD with Target 2-Securities (T2S) requirements and compliance with the relevant criteria. Indeed, as at the end of 2012 the European Central Bank confirmed the Exchange's inclusion in the first Migration Wave scheduled for 22 June 2015, during 2013 the Implementation Project in relation to participation in T2S geared up several notches both with regard to technical implementation, as well as with regard to the adoption of harmonised operating procedures in line with T2S criteria as laid down in the Framework Agreement. The Implementation Project focused on the development, together with our selected software supplier, of the interface between the CSD and the T2S platform, finalising the account structure within T2S in line with "layered model" to be adopted by the Exchange, as well as detailing settlement and corporate action processes. While not an Exchange project, as a service provider to listed companies and the Treasury the Exchange, in particular its IT Office, was also very involved in the implementation of the Single European Payments Area (SEPA) requirements, due to come on stream early in 2014.

Another area that the Exchange focused on during the year was risk management. While the management of risk has always been an important aspect of all Exchange operations, the issue of a formal policy on risk management and the setting up of a Risk Management Committee in mid-2013 together with enhanced procedures to identify, evaluate and manage risk. Over the next few months the Exchange will continue to implement these enhanced procedures which will put the management of risk firmly at the centre of the Exchange future strategic development.

The coming year will bring about many challenges, as new European legislation comes on stream, such as MIFID II and in particular, the CSD Regulation and as in the fourth quarter of the year we start the testing programme in relation to T2S. Such challenges are countered, however, by the many enhanced business opportunities that such new legislation and technical developments will bring which will allow the Exchange to continue to develop not only its current services but also to expand into hitherto untapped business streams.

The prospects for the coming year appear to be very positive, with both the primary and secondary markets continuing the steady growth that has been registered during the past few years. I am sure that we shall meet any challenges head on and will do our utmost to reap the benefits of any new opportunities that may arise and that the Exchange will continue to consolidate and enhance its role within the local financial sector as well as increase its international activity for the benefit of all its stakeholders and users of its services.

All this would not be possible without the guidance of the Board and our shareholder, the continuous support of our Members, Issuers, investors and regulatory authorities and above all, the unfailing commitment and hard work of all my colleagues.

Eileen V Muscat
Chief Executive

Administration
Report

Administration Report

Governance

The Board

A new Board of Directors was appointed on 17 June 2013 under the Chairmanship of Mr Paul J Spiteri. The other Directors are Professor Daniel Darmanin, who was subsequently appointed as Deputy Chairman, Mr Joseph Azzopardi, Mr Carmel Galea and Mr Joseph Portelli. Ms Marie Cordina, Senior Manager, was confirmed in the post of Company Secretary. Ms Eileen V Muscat continued in her capacity as Chief Executive Officer.

The same individuals also occupy the respective posts in the other two companies within the Group, namely MSE (Holdings) Ltd and CSD (Malta) plc.

General Meetings

The Exchange's Annual General Meeting was held on 23 April 2013, during which the Shareholders unanimously approved the Audited Financial Statements for the year ended 31 December 2012.

During an Extraordinary General Meeting held on 12 August 2013, the Shareholders unanimously approved a net dividend of €715,878. The Shareholders also approved the remuneration of the Chief Executive in terms of Article 58.1 of the Articles of Association of the Exchange.

A further Extraordinary General Meeting was held on 9 December 2013 when the Shareholders unanimously approved an additional net dividend of €284,122 to bring up the total Net Dividend to €1,000,000.

Board Meetings

Thirteen (13) regular Board Meetings and three (3) Ad Hoc Board Meetings were convened during the year under review. Apart from routine administrative, regulatory, staff and operational matters, the new Board also discussed at length the composition and terms of reference of the Committees set up by the Board as well as held discussions on the strategic direction to be taken by the Exchange.

Board Committees

Article 11 of the Financial Market Rules provides that the Board may delegate any of its functions to a committee or may appoint a committee to manage or oversee the carrying out of any of its functions which provision is also reflected in Chapter 2-Administration, of the MSE's Bye-laws.

During 2013 a new Committee was set up by the Board, the Risk Management Committee, in line with the Exchange's Risk Management Policy which was issued earlier on in the year.

Consequent to the appointment of the new Board the composition of the various Board Committees were reviewed as described elsewhere in this Report. New terms of reference, drawn up to better reflect the functions and responsibilities of the Board Committees were also approved by the Board.

Audit Committee

The terms of reference of the Audit Committee were expanded in line with the Exchange's focus on the management and control of risk to include new functions relating to:

- assessment of the scope and effectiveness of systems established to identify, assess, manage and monitor financial and non- financial risk, and
- assessment and review of the methodology and robustness of the Exchange's annual budget.

The Audit Committee met eleven (11) times during 2013 and focused mainly on the review of the monthly Management Accounts and also assessed and recommended enhancements to internal controls. The Audit Committee also reviewed the investment policy of the Exchange as well as discussed and reviewed the forecast for 2014.

Executive Committee

The functions of the Executive Committee which relate to the implementation of the strategy established by the Board and oversight of the day-to-day operations of the Board were expanded to include, as also reflected in the revised terms of reference:

- planning and formulation of development policies in line with the overall objectives and strategies of the Exchange, and
- planning and formulation of business and product development.

The Executive Committee met eleven (11) times during the year. Discussions during the meetings focused on operational matters, including

- upgrades to technical infrastructure
- amendments to Bye-laws and internal procedures
- business continuity planning, and
- matters relating to resourcing.

Technical Committee

The Technical Committee was very active and in fact was convened twenty-six (26) times during the year.

The Technical Committee meetings focused on two major projects being undertaken by the Exchange, i.e. a major upgrade to the CSD software which also resulted in significant operational and procedural changes, as well as the implementation of T2S including the finalisation of the business model and Adaptation Plan. Both these projects also involved related meetings with SWIFT, software suppliers, Competent Authorities, Issuers and Members.

The Technical Committee also discussed and monitored the implementation of SEPA, and the technical implementation related to PMLFT requirements.

The terms of reference of this Committee were also revised to shift focus from security settlement systems to all technical implementations to provide enhanced support to both the Executive Committee and the Board in carrying out their functions and responsibilities.

Risk Management Committee

In April the Board approved a Risk Management Policy placing the management of risk at the centre of the Exchange's strategic development in order that any risk emanating from its activities are methodically addressed with the objective to achieve sustained benefit from each activity and across all its services.
The Policy also includes the structure and administration of risk management and the different roles within that structure including those of a Risk Management Committee.

The role of the Risk Management Committee was determined to be, broadly, to assist and support the Board in carrying out its functions as outlined in the Policy in line with specific terms of reference including

- the design, implementation and maintenance of effective risk management systems as well as their oversight and evaluation of costs and benefits of risk control being undertaken, and
- the assessment and evaluation of risk implications of strategic decisions.

Following ratification by the new Board of the Risk Management Policy in July, the Risk Management Committee was set up and commenced its activities in the third quarter of the year. The Risk Management Committee met twice during 2013 and discussed the implementation of the Risk Management Policy and the issue of a tender in relation to the provision of risk management services.

Human Resources

Staff Complement

At the end of the year the staff complement of the Exchange was fifty seven (57) including both full-time and part-time employers. The staff complement is split between seventeen (17) executive staff and forty (40) non-executive staff, and on a gender basis is split between twenty (20) males and thirty seven (37) females. Two members of staff were promoted to the grade of Manager 1 with effect from 1 January 2013.

During the summer months the Exchange engaged five (5) students to gain work experience.

Several employees availed themselves of family-friendly schemes offered by the Exchange, including career breaks, reduced hours and teleworking.

Staff Training

During the year several Exchange personnel underwent specific industry training and participated in a number of seminars and conferences both locally and overseas. A number of members of staff attended training courses organised by the European Central Bank in relation to the implementation of T2S. In view of the provisions of the Risk Management Policy, a significant amount of training was related to risk management analysis and methodologies. Other training related to PMLFT requirements and regulatory matters.

Social Events Committee

The Social Events Committee met several times during the year and again organised a number of successful events including dress down days and day trips to Gozo and to Sicily. Participants in these events raised a considerable amount of money which was donated to Puttinu Cares.

Presentation to Puttinu Cares

Union Representation

The Exchange held a number of meetings with the Professional and Financial Services Section of the General Workers Union, the only Union recognised by the Exchange. The meetings related mainly to general discussions regarding operational matters. The Exchange would like to express its appreciation for the very valid contribution and support of the Section Secretary, Dr Cory Greenland and the Staff Committee composed of Ms Melissa Farrugia, Shop Steward, Ms Melissa Mamo, Assistant Shop Steward, Mr Joseph Farrugia and Mr Robert Sammut.

Regulatory Matters

Secondary Legislation

Legal Notice 424 of 2013 – Financial Markets Act (Off-Market Deals) (Amendment) Regulations, 2013 was issued amending Legal Notice 332 of 2007. The amendments reflect the removal of the pre-validation regime within Exchange procedures and also the right of the Competent Authority to make Financial Market Rules relating to any links as provided for in article 26 (c) of Financial Markets Act.

Bye-laws

Subsequent to approval by the Competent Authority, amendments to the Bye-laws of the Exchange were issued in relation to Board Committees, trading procedures, CSD procedures, membership and clearing and settlement.

New bye-laws 2.01.20 to 2.01.34 were included in Chapter 2- Administration, relating to the setting up of the Risk Management Committee, its composition, procedures and reporting requirements.

Bye-law 2.01.09 was reworded to clarify that the Chairman of the Audit Committee is appointed by the Board and that he has a casting vote. New bye-laws 2.01.10 to 2.01.17 were also added to outline clearly the composition, procedures and reporting requirements of the Audit Committee. Bye-law 2.01.10 was again subsequently amended to clarify the Members of the Committee necessary to be present to form a quorum for Committee meetings.

In respect of the Executive Committee, new bye-laws 2.01.36 and 2.01.38 to 2.01.45 were added to detail the quorum required for Executive Committee meetings as well to clarify the composition, procedures and reporting requirements of this Committee.

A new bye law 2.01.49 was included to further highlight the requirement of confidentiality in respect of all Board Committee members.

Bye-law 3.08.01 regarding the Exchange's right to request information from Members and to have right of entry to their premises was amended to extend such right not only in the case of any investigation but also in the course of routine on-going monitoring. Bye-law 4.01.05 relating to Client Agreement Letters was amended to ensure that "novation" could apply to both cash and security shortfalls, but also more significantly that this was only optional for both sides to a trade, i.e. Maltaclear participants could opt-out from such a settlement default process. As a consequence of this amendment, bye-law 7.06.05 forming part of MaltaClear Default Rules was amended to reflect the optional applicability of "novation" in a default situation.

A new section 4.08.00 was added to Chapter 4 – Trading Procedures, together with Appendices 4.2 to 4.5. This new Section of the Bye-laws relates to market makers and their activities. These new bye-laws include provisions relating to eligibility criteria, the application and approval procedure, rights and obligations of market makers as well as a waiver of such obligations in particular market circumstances.

An amendment was also made to bye-law 6.03.02.03 (Merger and Division of Holdings) in order to expand such possibility of merger/ division of joint holdings as registered within the CSD irrespective of the relationship between such joint holders.

Risk Management Policy

The Board approved a Risk Management Policy which set out the high level strategic objectives of the Exchange's risk management processes, the policy principles themselves, the structure and administration of risk management processes and related roles, assessment, identification and treatment of risk as well as monitoring and reporting.

The Policy includes the setting up of a Risk Management Committee which started its deliberations and functions during the latter part of the year.

Compliance

In accordance with the Financial Market Rules applicable to Regulated Markets the Exchange submitted the "Certificate of Compliance" to the Competent Authority at the end of January covering the period August 2012 to January 2013 and at the end of July covering the period from February to July 2013. In both instances the Board confirmed the Exchange's compliance with applicable legislation, rules and regulations.

The Exchange also submitted its Annual Compliance Report to the Financial Intelligence Analysis Unit as required in terms of Regulations relating to Provision of Money Laundering and Funding of Terrorism.

Audit

The Shareholders in General Meeting unanimously approved the Audited Financial Statements for the year ended 31 December 2012. The Audited Financial Statements and the Annual Report regarding the activities of the Exchange during 2012 were submitted to the Competent Authority and published in accordance with the Financial Market Rules Stipulating Financial Reporting and Financial Reporting requirements applicable to Regulated Markets.

EU Code of Conduct on Clearing and Settlement

In compliance with the EU Code of Conduct on Clearing and Settlement the Board approved the Self-Assessment Report on Services Unbundling and Account Separation for 2012. The Exchange's Auditors prepared on "Independent Assurance Report on the Self-Assessment Report" which was submitted to the Competent Authority. In their Report the Auditor's confirmed the Exchange's compliance with the Code. As required by the Code, the Exchange issued a Public Statement on its website, outlining the assessment methodology and how it complies with the Code particularly in relation to service unbundling and account separation.

Risk Management and Internal Capital Adequacy Assessment (RMICAAP)

The Board submitted its confirmation to the Competent Authority that the Exchange had an RMICAAP in place and that its technical and operational infrastructure, human resources and financial and legal and regulatory framework were sufficiently robust for continuity of business and that the Exchange had adequate risk mitigation processes in place that were sufficient for the scale and complexity of its operations.

Compliance Visits

The Competent Authority carried out three (3) separate compliance visits at the Exchange during the year relating to a general overview of the Exchange's operations, the functions of the CSD and IT infrastructure and systems.

Assessments

Towards the end of 2013, the European Central Bank confirmed the eligibility of the links that the Exchange has established with Clearstream Banking for use in the Eurosystem's monetary policy and intra-day credit operations.

The Exchange also completed and submitted to the Competent Authorities an assessment of its CSD and Security Settlement Systems against IOSCO Principles for Financial Markets Infrastructures. Feedback received highlighted that the Exchange's infrastructures were generally compliant with all the relevant Principles.

Target 2- Securities (T2S)

During 2013, work continued unabated on the Implementation Plan relating to migration to T2S in June 2015. Related to the Implementation Plan was the implementation of a significant upgrade to the software used with the CSD to provide the basis for compatibility and compliance with T2S criteria. At the same time, the Exchange, together with its selected software supplier worked on the requirements of the interface between the CSD and T2S as well as for the messaging hub. The Exchange also issued, at regular intervals, updates to the T2S Adaptation Plan, including details of the business model and process flows to be adopted. In particular the Adaptation Plan highlights the Adaptation Model, identifies T2S participants and technical accounts, indicates settlement time-tables and processes and also defines the testing time-table due to start in October of 2014. The Adaptation Plan also refers to issues in relation to harmonisation of processes in line with T2S criteria in particular relating to settlement and corporate action processing.

As part of the T2S implementation project, the Exchange held a number of Technical Committee meetings and workshops in relation to finalising the business model and processes. At the same time, Exchange Officials attended ECB-led training which focused on functional, operational and technical aspects of T2S as well as user standards. Exchange staff also participated in numerous workshops and taskforce meetings related in particular to project management, user testing and migration.

In June the Exchange was honoured to host the Advisory Group Meeting of T2S when it welcomed over seventy (70) delegates from European CSDs and ICSDs and other T2S participants. The meeting was led by the ECB's T2S Programme Board under the Chairmanship of Mr Jean Michel Godefroy. Mr Godefroy and Mr Marc Bayle, T2S Project Manager also took the opportunity to meet with Senior Executives of the Exchange to discuss the implementation of T2S within the Exchange.

Participants at the T2S Advisory Group Meeting

Prior to the T2S Advisory Group Meeting, the Exchange also hosted an Information Meeting on "European Market Practices

Standards for Corporate Actions Processing and General Meetings" organised in conjunction with the European Banking Federation. Among the speakers were Mr Christophe Bonte, Secretary of the Broad Stakeholder Group of the EBF and Mr Ben van del Velpen, member of the Corporate Actions Joint Working Group and of the T2S Corporate Actions Sub-Group.

Designated Offshore Securities Market

On 9 July 2013 the United States Securities and Exchange Commission (SEC) confirmed that the Exchange had been approved as a "Designated Offshore Securities Market (DOSM)" within the meaning of Rule 902 (B) of Regulation 5 under the Securities Act of 1933.

Regulation 5 provides an exemption from having to register securities with the SEC under the said Act. Rule 904 of Regulation 5 applies to offers or sales of securities effected by persons other than the Issuers of the securities, a distributor or persons acting on their behalf. An offer or sale of securities that satisfies the conditions of Rule 904 of Regulation 5 is deemed to occur outside the United States and, therefore, is not subject to the registration requirements of the said Act.

The business implication of the DOSM status conferred by the SEC is that equities and bonds admitted to listing on the Malta Stock Exchange and issued in Malta and which are also traded on the Exchange may now generally be re-sold in non-pre-arranged trades executed on the Exchange without requiring that the seller form a reasonable belief that the buyer is outside the United States. Thus, such transactions may be effected with US and non-US persons without any restrictions under the US Securities Act of 1933.

Conference

The Exchange organised its first international conference on 3 and 4 October 2013 with the theme "Sustaining Economic Growth Through New Financial Centres and Boutique Exchanges". This two-day event was attended by over 70 participants

and involved the participation of a number of both local and international speakers and panellists. In his keynote speech, the Hon Minister of Finance, Professor Edward Scicluna, spoke about the Government's policy to continue to support and develop Malta as a reputable, international financial centre.

Annual Dinner

On 30 October 2013 the Exchange hosted its Annual Dinner for listed companies and other stakeholders, under the distinguished patronage of the Hon Prime Minister, Dr Joseph Muscat. The Dinner was attended by over 120 guests including

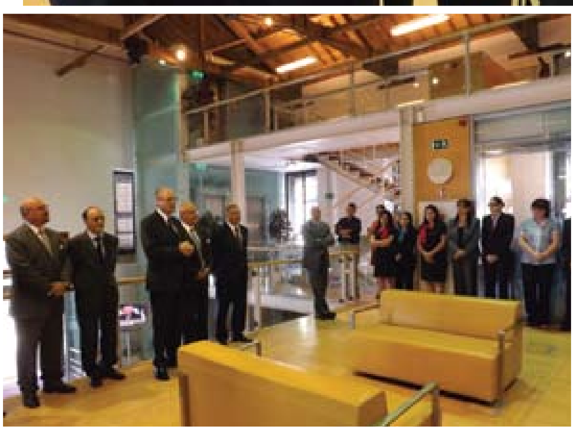
Annual Dinner 2013

the Hon Minister of Finance, regulators, listed companies, Members and other financial sector operators. In a brief welcome speech, the Chairman, Mr Paul J Spiteri, touched upon the current and future plans of the Exchange. In his response, the Prime Minister spoke about the Government's plans for the

MSE Conference 2013

continued development of the financial sector and in particular the development of the capital market.

Visitors to the Exchange



The Parliamentary Secretary for Competitiveness and Economic Growth, Dr Edward Zammit Lewis, paid an Official Visit to the Exchange on 23 April 2013 and also attended a Press Conference when the Exchange presented its Annual Report and Audited Financial Statements for the year ended 31 December 2012. In a brief address the Parliamentary Secretary referred to the important role of the Exchange in the Maltese economy and expressed the Government's commitment to continue to support and promote, not only the capital market but the whole financial sector.

Later on in the year, on 24 June 2013, the Hon Minister of Finance, Professor Edward Scicluna, also paid an Official Visit to the Exchange. During this visit, the Minister announced the composition of the newly-appointed Board and also spoke about the role of the Exchange and the importance of its continued development. In a brief address the new Chairman, Mr Paul J Spiteri, highlighted the Board's plans for the Exchange over the coming year and re-iterated the Minister's sentiments regarding the importance of the role of the Exchange within the economy.

The Hon Prime Minister, Dr Joseph Muscat, accompanied by the Minister of Finance also visited the Exchange on 16 September 2013 when he had the opportunity to meet the Board and the staff and learn more about the functions and operations of the Exchange. In a short meeting with the Board and Senior Management the Prime Minister and Minister of Finance discussed the future strategy of the Exchange.

On 7 August the Exchange welcomed HE Gina Abercrombie-Wistanley, the US Ambassador to Malta. The Ambassador met with the Chairman and Senior Executives of the Exchange when they discussed the Exchange's recognition as a Designated Offshore Securities Market by the US Securities and Exchange Commission and its implication for US investors in Maltese listed securities.

During the year, the Exchange welcomed a number of other dignitaries including HE Mr Robin Luke, the British High Commissioner to Malta, the former Prime Minister of Poland, Mr Waldemar Pawiak, the Minister of Finance of Curacao, as well as numerous journalists from prestigious publications from Germany, Poland, Italy, France and Dubai.

International Affiliations

A number of Exchange officials participated in the regulator meetings and workshops of the international industry-wide organisations indicated below, of which the Exchange is a Member.

ANNA	Association of National Numbering Agencies
ECSDA	European Central Securities Depositories Association
FESE	Federation of European Securities Exchanges
IOSCO	International Organisation of Securities Commissions
WFE	World Federation of Exchanges

In September the Exchange hosted the Management Committee meeting of FESE when it welcomed over 20 participants from the FESE Secretariat and from Member Exchanges across Europe.

In May, Ms Stephanie Galea, Senior Manager, Compliance and Market Operations Office, gave a presentation on behalf of ANNA regarding the ISIN numbering process and reporting at a workshop held in Basle organised by the Financial Stability Board Feasibility Study Group.

2013 was another very active year for these organisations, particularly FESE and ESCSDA as EU-wide discussions and consultations continued on a number of Directives and Regulations including MIFID II and the CSDR, as well as the implementation of the European Markets Infrastructure Regulation (EMIR) which came on stream in April. The Exchange actively participated in the relevant debates through EU-wide consultations and participation in meetings and workshops.

European Wholesale Securities Market (EWSM)

On 10 June 2013 the EWSM, a regulated market authorised in terms of Article 4 of the Financial Markets Act and wholly-owned by the Irish Stock Exchange and the Malta Stock Exchange announced its first listing, namely seven classes of securities issued by Grand Harbour IBV which is registered in the Netherlands. The offering is a collateralised loan obligation transaction arranged by Citigroup.

The strategy of the EWSM remains focused on targeting niche product areas, such as securities backed by unlisted funds, particularly insurance-linked securities.

Exchange Operations

and other activities

Exchange Operations

and other activities

The Market

During 2013 a marked increase in activity was registered in the market over the previous year in terms of number of transactions as well as total value of executed trades. In fact, in 2013, the market turnover value reached a record level of over €774 million, an increase of €104 million (15.58%) over the value of transactions registered in 2012. The number of transactions increased to a total of 16,886, which is almost 9% higher than for the previous year (15,392 trades). It is interesting to note that the market retained its interest in Malta Government Stocks while at the same time there was a significant increase in trading in Equities but a decrease in Corporate Bond activity, with trading in Treasury Bills becoming even less significant than in previous years.

A total of 7,868 trades were transacted in equities throughout the year, with a market value €52.9 million, an increase of over 2,100 trades and almost €20 million in value, over 2012. These trades represent a total of almost 45 million shares changing hands, which is significantly higher than the 29 million shares traded in 2012. The average value per trade was just over €6,700, up by 15% on the average value per trade for 2012. The financial sector accounted for almost 53% of equities traded during the year, which is somewhat less than the previous year (2012 - 62.2%). Two new equities were granted admission to listing on the Exchange during the year, bringing the total equities listed on the Main and Alternative Companies List (ACL) to twenty three (23).

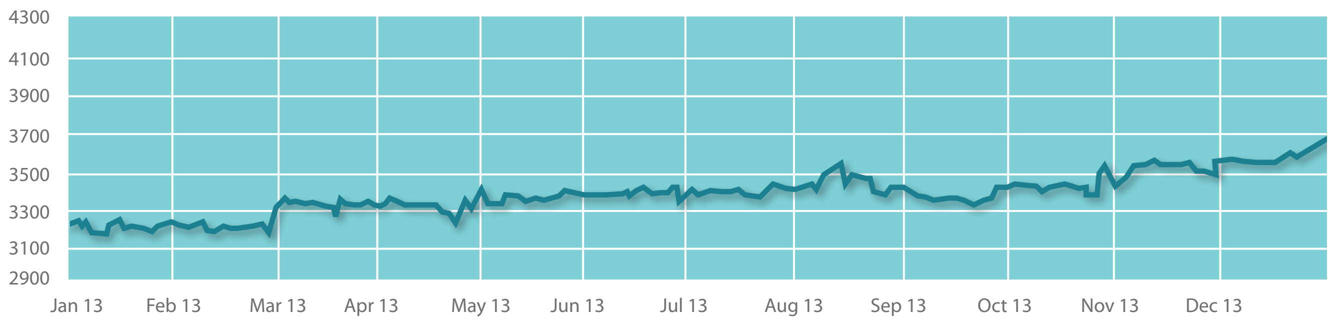
The corporate bond market saw in decrease in turnover of almost 29% from the previous year, registering a total traded value of €33.3 million compared to €47 million in 2012. The number of trades also went down from 3,700 in 2012 to 2,413 in 2013, with the average value per deal, at €13,800, registering an increase of almost 9% over the previous year. During 2013, the market saw five (5) new corporate bond issues, totaling €57.8 million, coming onto the market – all from issuers who already came to the market for an equity or a corporate bond issue in the past.

The turnover and number of trades in Government Stocks has continued to increase, albeit at a slower rate, when compared to the previous year, rising by over €112 million with the total traded value reaching almost €679 million in 2013. This translated into an increase of almost 20% on 2012's figures. The number of trades also increased, by some 11%, up to 6,554 trades executed on the market during the previous year. Government Stocks remain the highest traded instrument category, representing almost 88% of the total turnover, and almost 40% of all trades. There were seventeen (17) new Stocks issued, totaling just over €779 million, during the year, with all issues being significantly oversubscribed mostly by retail investors. Furthermore, the Treasury also issued 81 different Treasury Bills in 2013 with a total nominal issue value of €1.1 billion. Secondary market trading in these instruments continued to decrease over the year. Only 11 deals were struck in these instruments, with a value of around €9 million, down from 29 trades with a combined value of over €23 million in 2012.

The Malta Stock Exchange Share Index

The increased level of trading in equities led to an overall appreciation of the Equity Market capitalisation value, resulting

MSE Index for 2013



in a very significant increase of 14.75% in the Malta Stock Exchange Share Index. The MSE Share Index closed the year at a value of 3,685.79, its highest point during the year, up from 3211.91 at the end of 2012. The lowest value of 2013 was on 14 January at 3,193.02, registering a variance of over 15% between the two extreme points, whilst the longest negative trend during the year occurred between 12 August and 16 September, when the Share Index lost 151 points. The Share

Comparative Trading Figures

Security	Number of Deals		Volume/No. of Shares		Market Turnover (EURO)	
	2012	2013	2012	2013	2012	2013
Equities						
Bank of Valletta p.l.c. Ord €1.00	2,354	2,508	5,204,603	5,811,477	11,525,459	13,697,316
HSBC Bank Malta p.l.c. Ord €0.30	768	1,068	1,826,905	2,889,600	4,820,137	7,636,974
Lombard Bank Malta p.l.c. Ord €0.25	216	235	717,533	727,518	1,484,030	1,356,845
Middlesea Insurance p.l.c. Ord€0.21	96	135	118,860	436,322	83,263	372,826
Simonds Farsons Cisk p.l.c. Ord €0.30	98	91	240,967	217,063	485,788	583,109
GO p.l.c. Ord €0.582343	844	797	5,084,841	2,819,663	4,392,989	4,388,940
International Hotel Investments p.l.c. Ord €1.00	213	245	2,253,137	1,244,638	1,833,252	1,012,017
Plaza Centres p.l.c. Ord €0.2	58	107	1,541,999	2,234,493	950,150	1,247,582
GlobalCapital p.l.c. Ord €0.291172	13	0	16,350	0	15,335	0
FIMBank p.l.c. Ord US$0.50	123	217	3,020,237	2,838,204	1,930,738	2,158,637
Malta International Airport p.l.c. Ord €0.25	352	570	1,366,212	1,988,805	2,384,665	3,802,143
Medserv p.l.c. Ord €0.232937	27	59	80,406	305,331	318,901	807,008
Grand Harbour Marina p.l.c. Ord €0.232937	36	35	135,250	215,885	253,605	405,972
6pm Holdings p.l.c. Ord GBP0.20	30	116	106,700	669,612	42,333	399,890
Crimsonwing p.l.c. Ord €0.10	100	274	1,458,788	4,140,307	408,701	2,890,695
MaltaPost p.l.c. Ord €0.25	171	238	760,853	1,339,140	612,058	1,379,491
RS2 Software p.l.c. Ord €0.20	142	630	1,773,886	3,957,489	1,016,861	5,849,535
Island Hotels Group Holdings p.l.c. Ord €1.00	28	179	17,551	1,906,950	14,820	1,185,321
MIDI p.l.c. Ord €0.20	48	175	3,059,320	8,012,600	890,883	2,159,994
Malita Investments p.l.c. Ord B €0.50	22	140	82,530	2,037,641	42,074	1,062,478
Tigne Mall p.l.c Ord €0.50	0	38	0	1,032,700	0	525,793
Loqus Holdings p.l.c. Ord €0.232937	1	11	100	105,258	15	9,184
A25 Gold Producers Corporation Common Shares	-	-	-	-	-	-
Total Equity	**5,740**	**7,868**	**28,867,028**	**44,930,696**	**33,506,056**	**52,931,750**
Corp. Bonds						
6.75% Corinthia Finance Plc 2012	17	-	599,573	-	599,607	-
6.3% Int. Hotel Investments Plc 2013	47	-	162,104	-	162,364	-
6.2%-6.8% Int. Hotel Invest. Plc € 2013	13	-	75,000	-	75,020	-
6% Dolmen Properties Plc Sec 2010/3	13	-	43,532	-	43515.578	-
4.25% FIMBank plc EUR 2013	94	40	1,837,600	1,263,200	1,839,915	1,262,915
4.25% FIMBank plc USD 2013	56	15	707,800	418,200	559,114	320,142
4% AX Investments Plc 2013	37	14	655,454	1,148,495	849,749	1,557,436
6.5% Int. Hotel Invest. Plc € 2012/14	9	7	135,500	50,400	136,143	50,622
7.5% Mediterranean Investments Holding plc EUR 2012-2014	81	39	493,886	512,180	500,738	523,446
5.35% Izola Bank plc Secured Notes 2015	34	12	1,117,000	322,000	1,134,048	324,436
7.5% Mediterranean Investments Holding Plc € 2015	102	47	1,506,500	286,200	1,521,330	293,827
6.25% Mediterranean Bank plc EUR 2015	152	97	3,671,800	2,164,100	3,706,916	2,253,045
6% Gasan Finance Company plc € 2014-2016	42	27	221,800	205,300	227,517	211,758
5.6% GlobalCapital plc € 2014/16	58	134	245,900	1,535,800	201,239	1,235,716
6.75% United Finance Plc € 2014-2016	12	26	125,700	788,200	128,975	804,984
6.25% Tumas Investments plc € 2014-2016	48	51	220,500	397,400	226,905	411,477
6.7% AX Investments Plc 2014-2016	41	28	133,235	81,861	133,969	83,944
4.6% HSBC Bank Malta Plc € 2017	126	97	2,551,543	788,895	2,600,531	813,579
7.15% Mediterranean Investments Holding plc Euro 2015-2017	233	118	1,899,000	886,400	1,919,167	912,199
7.15% Mediterranean Investments Holding plc GBP 2015-2017	30	20	274,500	138,400	346,809	167,257
7.15% Mediterranean Investments Holding plc USD 2015-2017	48	31	540,900	508,000	428,492	388,301
4.8% Bank of Valletta plc Notes 2018	164	95	2,252,000	2,755,800	2,314,188	2,907,657
5.9% HSBC Bank Malta Plc € Sub 2018	68	42	1,207,400	973,100	1,288,927	1,063,036
7% MIDI plc EUR 2016-2018	238	93	2,134,100	1,101,500	2,165,569	1,146,700
7% MIDI plc GBP 2016-2018	33	13	415,600	123,800	535,522	155,206
7% FIMBank plc EUR 2012-2019	200	79	1,112,100	467,900	1,138,434	477,062
7% FIMBank plc USD 2012-2019	29	15	510,300	119,600	407,027	93,561
4.25% Bank of Valletta plc € Notes 2019 Series 2 Tranche 1	153	94	1,645,600	1,089,900	1,669,690	1,112,287
5.35% Bank of Valletta plc Sub € 2019	144	92	673,700	668,100	701,825	702,886
6.5% Island Hotels Group Holdings plc € 2017-2019	42	32	134,900	200,600	137,835	207,506
6.25% Int. Hotel Invest. Plc € 2015-2019	106	62	688,700	410,500	697,998	423,592
6.25% Corinthia Finance plc € 2016-2019	124	72	978,800	479,000	995,811	495,121
6.2% Mizzi Org. Fin. plc € 2016-2019	63	73	372,500	620,600	388,392	661,819
7.5% Mediterranean Bank plc Subordinated Bonds EUR 2019	3	73	1,005,000	1,373,000	1,020,709	1,409,370
7% Grand Harbour Marina plc € 2017-2020	32	34	156,100	135,100	163,064	141,605
4.8% Bank of Valletta Plc Sub € 2020	148	200	910,400	1,234,700	925,230	1,267,657
4.8% Bank of Valletta plc Notes 2018 Tranche II	9	-	175900	-	180,463	-
6.8% Premier Capital plc € Bond 2017-2020	89	37	1,088,100	263,300	1,141,458	277,598
6.25% International Hotel Investments Plc € 2017 - 2020	48	33	196,600	193,300	199,913	199,614
6% Simonds Farsons Cisk plc 2017 - 2020	59	41	264,700	126,900	277,973	136,768
6.6% Eden Finance plc 2017-2020	47	20	459,000	146,800	472,460	151,984
6.2% Tumas Investments plc € 2017 - 2020	71	50	1,047,900	240,200	1,099,102	251,421
5.8% International Hotel Investments plc 2021	3	74	367,300	482,700	367,479	497,854
6% Corinthia Finance plc € 2019-2022	2	2	20,000	10,000	20,300	10,400
7% GAP Developments Plc Euro Sec 2011-13	238	59	7,996,354	1,968,908	7,996,043	1,968,908
7.15% Melita Capital plc € 2014-2016	268	82	3,125,700	739,700	3,213,994	767,158
7% PAVI Shopping Complex Plc Sec 2014-2017	26	13	160,554	168,754	168,423	175,185
4.9% Gasan Finance Company plc € 2019-2021	-	14	-	100,400	-	103,134
5.8% International Hotel Investments plc 2023	-	11	-	219,400	-	226,800
7.5% Mediterranean Bank plc Subordinated Bonds GBP 2019	-	5	-	336,000	-	416,152
7.5% Mediterranean Bank plc Subordinated Bonds EUR 2019 FI	-	21	-	3,030,000	-	3,113,365
7.5% Mediterranean Bank plc Subordinated Bonds GBP 2019 FI	-	6	-	546,000	-	655,788
6% Medserv plc Sec. & Grntd € Notes 2020-2023 S1 T1	-	73	-	541,100	-	564,518
Total Corp. Bonds	**3,700**	**2,413**	**46,318,135**	**32,361,693**	**47,029,893**	**33,396,794**
Close Ended Collective Investment Scheme						
Santumas Shareholdings p.l.c.	10	40	23,520	106,909	42,191	185,481
Total Close Ended Collective Investment Scheme	**10**	**40**	**23,520**	**106,909**	**42,191**	**185,481**
Malta Government Stocks						
Total MGSs	**5,913**	**6,554**	**534,076,031**	**621,877,209**	**566,319,222**	**678,951,968**
Treasury Bills						
Total T.Bills	**29**	**11**	**23,367,000**	**9,233,000**	**23,347,237**	**9,220,659**
Total all Securities	**15,392**	**16,886**			**670,244,600**	**774,686,653**

MGS Movements 2013

Security Name	Date of Issue	Amount Issued (EURO)	Coupon	Dates of Interest	Traded Value (EURO)	Deals	Last Closing Price
3% MGS 2019 (III)	23-Sep-13	82,969,200	3.00%	22-Mar - 22-Sep	3,616,363	17	103.640
3% MGS 2019 (III) I	11-Mar-13	31,750,000	3.00%	22-Mar - 22-Sep	-	-	-
3% MGS 2019 (III) r	13-Mar-13	12,808,800	3.00%	22-Mar - 22-Sep	4,867,855	51	103.160
3% MGS 2019 (III) FI May 13 I	30-May-13	20,500,000	3.00%	22-Mar - 22-Sep	-	-	-
3% MGS 2019 (III) FI May 13 r	5-Jun-13	17,910,400	3.00%	22-Mar - 22-Sep	2,797,759	28	103.160
3% MGS 2019 (III) FI Nov 13 I	7-Nov-13	24,500,000	3.00%	22-Mar - 22-Sep	-	-	-
3% MGS 2019 (III) FI Nov 13 r	13-Nov-13	15,026,700	3.00%	22-Mar - 22-Sep	10,396,984	5	103.670
3.2% MGS 2019 (V)	10-Dec-13	83,742,000	3.20%	31-Jan - 31-Jul	-	-	-
3.35% MGS 2020 (IV)	10-Dec-13	64,040,000	3.35%	31-Jan - 31-Jul	-	-	-
3.6% MGS 2013 (IV)	3-Apr-09	140,514,800	3.60%	18-Oct - 18-Apr	53,326,763	84	100.230
3.75% MGS 2015 (VI)	3-Mar-10	131,545,100	3.75%	03-Jun - 03-Dec	53,123,972	59	105.370
3.75% MGS 2017 (IV)	20-Aug-12	48,052,800	3.75%	20-Feb - 20-Aug	24,417,223	37	108.250
3.75% MGS 2017 (IV) I	28-Jun-12	43,500,000	3.75%	20-Feb - 20-Aug	-	-	-
3.75% MGS 2017 (IV) r	5-Jul-12	4,552,800	3.75%	20-Feb - 20-Aug	-	-	-
3.75% MGS 2017 (IV) FI Nov 12 I	12-Nov-12	1,400,000	3.75%	20-Feb - 20-Aug	-	-	-
3.75% MGS 2017 (IV) FI Nov 12 r	15-Nov-12	2,358,900	3.75%	20-Feb - 20-Aug	-	-	-
3.75% MGS 2017 (IV) FI Dec 12	18-Dec-12	20,152,000	3.75%	20-Feb - 20-Aug	-	-	-
3.85% MGS 2018 (V)	18-Dec-12	121,431,000	3.85%	18-Apr - 18-Oct	-	-	-
4.25% MGS 2017 (III)	3-Mar-11	263,853,300	4.25%	06-May - 06-Nov	16,826,714	293	109.440
4.25% MGS 2017 (III) FI Nov 11 I	24-Nov-11	3,000,000	4.25%	06-May - 06-Nov	-	-	-
4.25% MGS 2017 (III) FI Nov 11 r	2-Dec-11	16,070,900	4.25%	06-May - 06-Nov	-	-	-
4.25% MGS 2017 (III) FI Feb 12 I	13-Feb-12	33,500,000	4.25%	06-May - 06-Nov	-	-	-
4.25% MGS 2017(III) FI Feb 12 r	20-Feb-12	6,299,700	4.25%	06-May - 06-Nov	-	-	-
4.3% MGS 2016 (IV)	7-Dec-11	158,145,275	4.30%	16-Feb - 16-Aug	4,849,045	7	109.120
4.3% MGS 2022 (II)	15-May-12	210,970,100	4.30%	15-May - 15-Nov	22,374,859	514	108.760
4.3% MGS 2022 (II) I	13-Feb-12	87,200,000	4.30%	15-May - 15-Nov	-	-	-
4.3% MGS 2022 (II) r	20-Feb-12	71,276,900	4.30%	15-May - 15-Nov	-	-	-
4.3% MGS 2022 (II) FI Jun 12 I	28-Jun-12	17,500,000	4.30%	15-May - 15-Nov	-	-	-
4.3% MGS 2022 (II) FI Jun 12 r	5-Jul-12	34,993,200	4.30%	15-May - 15-Nov	-	-	-
4.3% MGS 2022 (II) FI Nov 12 I	12-Nov-12	7,800,000	4.30%	15-May - 15-Nov	-	-	-
4.3% MGS 2022 (II) FI Nov 12 r	15-Nov-12	21,399,300	4.30%	15-May - 15-Nov	4,379,072	49	108.480
4.5% MGS 2028 (II)	26-Apr-13	286,651,500	4.50%	25-Apr - 25-Oct	33,386,195	588	102.580
4.5% MGS 2028 (II) I	11-Mar-13	44,000,000	4.50%	25-Apr - 25-Oct	-	-	-
4.5% MGS 2028 (II) r	13-Mar-13	111,062,600	4.50%	25-Apr - 25-Oct	10,990,926	119	101.700
4.5% MGS 2028 (II) FI May 13 I	30-May-13	500,000	4.50%	25-Apr - 25-Oct	-	-	-
4.5% MGS 2028 (II) FI May 13 r	5-Jun-13	131,088,900	4.50%	25-Apr - 25-Oct	14,253,741	322	102.000
4.6% MGS 2020 (II)	19-Nov-09	158,327,200	4.60%	25-Apr - 25-Oct	17,625,503	141	112.300
4.65% MGS 2032 (I) I	7-Nov-13	5,500,000	4.65%	22-Jan - 22-Jul	-	-	-
4.65% MGS 2032 (I) r	13-Nov-13	134,954,200	4.65%	22-Jan - 22-Jul	3,264,655	132	102.390
4.8% MGS 2016 (II)	1-Dec-03	186,351,758	4.80%	26-May - 26-Nov	10,051,831	154	109.960
4.8% MGS 2028 (I)	12-Mar-13	107,029,500	4.80%	11-Mar - 11-Sep	13,800,730	303	105.980
4.8% MGS 2028 (I) I	12-Nov-12	10,000,500	4.80%	11-Mar -11-Sep	-	-	-
4.8% MGS 2028 (I) r	15-Nov-12	97,029,000	4.80%	11-Mar - 11-Sep	12,690,418	291	103.860
5% MGS 2021	3-Jun-04	458,844,653	5.00%	08-Feb - 08-Aug	15,314,575	464	114.230
5.1% MGS 2014 (III)	21-Jul-03	388,915,541	5.10%	06-Jan - 06-Jul	50,587,627	294	102.340
5.1% MGS 2022	24-Aug-04	71,047,725	5.10%	16-Aug - 16-Feb	1,201,469	110	115.080
5.1% MGS 2029 (I)	2-Oct-12	79,144,900	5.10%	01-Apr - 01-Oct	8,724,529	281	110.050
5.1% MGS 2029 (I) I	28-Jun-12	21,250,000	5.10%	01-Apr - 01-Oct	-	-	-
5.1% MGS 2029 (I) r	5-Jul-12	57,894,900	5.10%	01-Apr - 01-Oct	-	-	-
5.2% MGS 2020	4-Jul-07	52,407,462	5.20%	10-Jun - 10-Dec	590,995	53	115.740
5.2% MGS 2031 (I)	20-Mar-12	201,343,600	5.20%	16-Mar - 16-Sep	35,533,167	605	110.180
5.2% MGS 2031 (I) I	24-Nov-11	6,880,000	5.20%	16-Mar - 16-Sep	-	-	-
5.2% MGS 2031 (I) r	2-Dec-11	118,036,900	5.20%	16-Mar - 16-Sep	-	-	-
5.2% MGS 2031 (I) FI Feb 12 I	13-Feb-12	30,766,000	5.20%	16-Mar - 16-Sep	-	-	-
5.2% MGS 2031 (I) FI Feb 12 r	20-Feb-12	45,660,700	5.20%	16-Mar - 16-Sep	-	-	-
5.25% MGS 2030	4-Jun-10	440,165,700	5.25%	23-Jun - 23-Dec	37,732,822	690	110.710
5.5% MGS 2023	21-Jul-03	78,811,283	5.50%	06-Jan - 06-Jul	2,562,745	48	119.240
5.9% MGS 2015 (II)	19-Apr-02	116,518,196	5.90%	09-Apr - 09-Oct	23,726,892	199	108.690
6.1% MGS 2015 (I)	6-Jul-00	69,882,174	6.10%	10-Jun - 10-Dec	15,647,490	55	107.470
6.35% MGS 2013 (II)	5-Dec-01	60,565,893	6.35%	19-May - 19-Nov	884,745	58	100.380
6.45% MGS 2014(II)	8-Jun-01	69,882,324	6.45%	24-May - 24-Nov	35,004,818	114	105.290
6.6% MGS 2014	16-Oct-00	24,459,140	6.60%	30-Mar - 30-Sep	1,243,011	51	102.220
6.6% MGS 2019	17-Jun-97	102,493,253	6.60%	01-Mar - 01-Sep	12,064,862	68	122.420
6.65% MGS 2016	16-Apr-01	69,883,069	6.65%	28-Mar - 28-Sep	17,085,627	107	112.590
7% MGS 2013 (III)	12-Sep-03	155,370	7.00%	30-Jun - 30-Dec	-	-	-
7% MGS 2014 (IV)	6-Aug-04	4,003,727	7.00%	30-Jun - 30-Dec	-	-	-
7% MGS 2015 (III)	8-Jul-05	678,780	7.00%	30-Jun - 30-Dec	-	-	-
7% MGS 2015 (IV)	30-Nov-05	804,571	7.00%	03-May - 03-Nov	-	-	-
7% MGS 2016 (III)	30-Jun-06	3,390,636	7.00%	30-Jun - 30-Dec	-	-	-
7% MGS 2017	19-Feb-07	668,998	7.00%	18-Feb - 18-Aug	-	-	-
7% MGS 2017 (II)	28-Jun-07	10,338,691	7.00%	30-Jun - 30-Dec	-	-	-
7% MGS 2018 (II)	17-Apr-08	326,700	7.00%	18-Apr - 18-Oct	-	-	-
7% MGS 2018 (III)	30-Jun-08	6,542,600	7.00%	30-Jun - 30-Dec	-	-	-
7% MGS 2019 (II)	26-Jun-09	13,670,000	7.00%	30-Jun - 30-Dec	-	-	-
7% MGS 2020 (III)	1-Jul-10	430,700	7.00%	30-Jun - 30-Dec	-	-	-
7% MGS 2021 (II)	20-Jun-11	466,000	7.00%	18-Jun - 18-Dec	-	-	-
7% MGS 2021 (III)	1-Jul-11	2,858,800	7.00%	30-Jun - 30-Dec	-	-	-
7% MGS 2022 (III)	3-Sep-12	1,318,800	7.00%	01-Mar - 01-Sep	-	-	-
7% MGS 2023 (II)	18-Nov-13	2,404,400	7.00%	18-May - 18-Nov	-	-	-
7.8% MGS 2013	12-Nov-97	79,781,860	7.80%	18-Apr - 18-Oct	1,912,720	55	100.700
7.8% MGS 2018	3-Aug-98	163,057,021	7.80%	15-Jan - 15-Jul	100,592,803	102	125.650
Floating Rate 6 Mth Euribor MGS 2018 (VI)	25-Sep-13	38,950,000	1.237%	25-Mar - 25-Sep	-	-	-
Floating Rate 6 Mth Euribor MGS 2019 (IV)	25-Sep-13	40,750,000	1.337%	25-Mar - 25-Sep	-	-	-
Floating Rate 6 Mth Euribor MGS 2013 (V)	3-Mar-10	7,250,000	1.35%	24-Feb - 24-Aug	-	-	-
Floating Rate 6 Mth Euribor MGS 2013 (VI)	18-Aug-10	30,000,000	1.09%	11-Feb - 11-Aug	-	-	-
Floating Rate 6 Mth Euribor MGS 2013 (VII)	27-May-11	52,000,000	2.14%	18-May - 18-Nov	-	-	-
Floating Rate 6 Mth Euribor MGS 2014 (V)	24-Nov-11	24,000,000	2.14%	23-May - 23-Nov	-	-	-
Floating Rate 6 Mth Euribor MGS 2015 (V)	19-Nov-09	29,800,000	1.83%	25-Apr - 25-Oct	1,500,464	6	102.050
Floating Rate 6Mth Euribor MGS 2017 (V)	7-Sep-12	25,000,000	1.43%	05-Mar - 05-Sep	-	-	-
Floating rate 6Mth Euribor MGS 2018 (IV)	7-Sep-12	31,400,000	1.63%	05-Mar - 05-Sep	-	-	-

Market Capitalisation as at 31 December 2013

Security	No of Shares	Close Price	Capitalisation in Euro
6pm Holdings plc Ord Shares	19,780,298	0.700	16,554,529
BOV ORD SHARES	300,000,000	2.649	794,700,000
Crimsonwing p.l.c. Ord Shares	29,519,982	0.850	25,091,984
FIMB PLC ORD SHARES	179,198,169	0.975	126,763,560
GC P.l.c. Ord Shares	13,207,548	0.800	10,566,038
GHM Ord Shares	10,000,000	1.820	18,200,000
GO Ord Shares	101,310,488	1.825	184,891,640
HSBC ORD SHARES	291,840,000	2.600	758,784,000
IHGH plc Ordinary Shares	36,583,660	0.900	32,925,294
IHI Ord Shares	554,238,573	0.950	526,526,644
LOM Bank Ord Shares	39,701,994	1.810	71,860,609
LQS Ord Shares	31,899,000	0.085	2,711,415
MIDI plc Ordinary Shares	214,159,922	0.290	62,106,377
MDS Ord Shares	25,000,004	1.280	32,000,005
MIA Plc Ord A Shares	81,179,990	2.160	175,348,778
Malita Inv plc Ord B Shares	30,000,000	0.530	15,900,000
MSI SHARES	92,000,000	0.900	82,800,000
MaltaPost p.l.c. Ordinary Shares	34,217,549	1.150	39,350,181
PZC Ord Shares	28,242,000	0.575	16,239,150
RS2 Software plc Ord Shares	42,499,956	2.280	96,899,899
SFC Ord Shares	30,000,000	2.850	85,500,000
Tigne Mall plc Ord Shares	56,400,000	0.515	29,046,000
A25 Gold Producers Corp Common Shares	35,742,271	1.050	37,529,384
Total			**3,245,625,844**

Bonds	Nominal Value		
6.7% AXI BONDS 2014/16	11,647,819	1.030	11,997,253
4.8% BOV PLC NOTES 2018	55,400,000	1.063	58,862,500
5.35% BOV PLC SUB BDS 2019	50,000,000	1.060	53,005,000
4.25% BOV PLC € NTS 2019 SERIES 2 TRA 1	40,000,000	1.025	41,000,000
4.8% BOV SUB BDS 2020	70,000,000	1.033	72,282,000
6.25% CFC PLC BONDS 2016 - 2019	39,967,600	1.039	41,506,352
6% CFC PLC BONDS 2019-2022	7,500,000	1.040	7,800,000
6.6% EDF P.L.C. BONDS 2017-2020	14,133,000	1.031	14,565,469
5.6% G.C. P.L.C. € BONDS 2014/16	16,500,000	0.850	14,025,000
6% GFC PLC BDS 2014-2016	4,831,800	1.032	4,986,900
4.9% GF PLC BONDS 2019-2021	25,000,000	1.030	25,750,000
7% GHM PLC BONDS 2017-2020	12,000,000	1.050	12,600,000
4.6% HSBC € 2017	58,234,390	1.045	60,854,937
5.9% HSBC BANK MALTA PLC SUB BDS 2018	30,000,000	1.108	33,240,000
5.35% IZOLA BANK PLC SECURED NOTES 2015	9,000,000	1.000	9,000,000
6.5% IHGH PLC BONDS 2017-2019	14,000,000	1.038	14,526,400
6.5% IHI PLC € BONDS 2012/14	2,505,500	1.000	2,505,500
6.25% IHI PLC BDS 2015-2019	35,000,000	1.033	36,158,500
6.25% IHI PLC BONDS 2017-2020	25,000,000	1.038	25,937,500
5.8% IHI PLC BDS 2021	20,000,000	1.035	20,702,000
5.8% IHI PLC BONDS 2023	10,000,000	1.035	10,352,000
6.25% MED BANK PLC BONDS 2015	14,539,600	1.040	15,121,184
7.5% MED BANK EUR SUB BONDS 2019	18,829,000	1.035	19,488,015
7.5% MED BANK GBP SUB BONDS 2019	3,044,000	1.025	3,730,392
7.15% MLT PLC BONDS 2014-2016	25,878,300	1.030	26,654,649
7% MIDI P.L.C. € BNDS 2016 - 2018	31,702,900	1.060	33,611,414
7% MIDI P.L.C. £ BNDS 2016 - 2018	7,214,300	1.045	9,013,562
7.5% MIH plc Euro Bonds 2012-2014	14,757,659	1.002	14,779,795
7.5% MIH PLC BDS 2015	19,649,600	1.025	20,140,840
7.15% MIH p.l.c. € Bonds 2015 - 2017	28,519,400	1.040	29,645,916
7.15% MIH P.L.C. GBP BONDS 2015 - 2017	4,351,100	1.020	5,306,219
7.15% MIH P.L.C. USD BONDS 2015 - 2017	7,120,300	1.034	5,342,162
6.2% MOF PLC BONDS 2016-2019	30,000,000	1.060	31,800,000
6.8% PRC plc Bds 2017-2020	24,680,800	1.060	26,161,648
7% PAVI PLC SEC BDS 2014/17	9,959,643	1.030	10,258,432
6% SFC P.L.C. BONDS 2017 - 2020	15,000,000	1.080	16,200,000
6.25% TUM INV PLC BDS 2014 - 2016	25,000,000	1.035	25,875,000
6.2% TIP P.L.C. BONDS 2017 - 2020	25,000,000	1.053	26,312,500
6.75% UFC PLC BDS € 2014-2016	11,614,400	1.021	11,852,495
Total			**916,627,540**

Market Capitalisation as at 31 December 2013 *(continued)*

ISIN	Security	Nominal Value	Close Price	Capitalisation in Euro
Malta Government Stocks				
	6.6% MGS 2014	24,459,140	1.022	25,002,132
	6.45% MGS 2014(II)	69,882,324	1.053	73,579,098
	5.1% MGS 2014 (III)	238,915,541	1.023	244,506,164
	7% MGS 2014 (IV)	4,003,727	1.000	4,003,727
	FLOATING RATE 6 MTH EUR MGS 2014 (V)	24,000,000	1.003	24,067,200
	6.1% MGS 2015 (I)	69,882,174	1.075	75,102,372
	5.9% MGS 2015 (II)	116,518,196	1.087	126,643,627
	7% MGS 2015 (III)	678,780	1.000	678,780
	7% MGS 2015 (IV)	804,571	1.233	991,633
	FLOATING RATE 6 MTH EUR MGS 2015 (V)	29,800,000	1.021	30,410,900
	3.75% MGS 2015 (VI)	131,545,100	1.054	138,609,071
	6.65% MGS 2016	69,883,069	1.126	78,681,347
	4.8% MGS 2016 (II)	186,351,758	1.100	204,912,393
	7% MGS 2016 (III)	3,390,636	1.000	3,390,636
	4.3% MGS 2016 (IV)	158,145,275	1.091	172,568,124
	7% MGS 2017	668,998	1.000	668,998
	7% MGS 2017 (II)	10,338,691	1.000	10,338,691
	4.25% MGS 2017 (III)	263,853,300	1.094	288,761,051
	3.75% MGS 2017 (IV)	71,963,700	1.083	77,900,705
	FLOATING RATE 6 MTH EUR MGS 2017 (V)	25,000,000	1.002	25,050,500
	7.8% MGS 2018	163,057,021	1.257	204,881,146
	7% MGS 2018 (II)	326,700	1.000	326,700
	7% MGS 2018 (III)	6,542,600	1.000	6,542,600
	FLOATING RATE 6 MTH EUR MGS 2018 (IV)	31,400,000	0.993	31,188,678
	3.85% MGS 2018 (V)	121,431,000	1.053	127,824,342
	FLOATING RATE 6MTH EUR MGS 2018 (VI)	38,950,000	1.001	38,985,055
	6.6% MGS 2019	102,493,253	1.224	125,472,240
	7% MGS 2019 (II)	13,670,000	1.000	13,670,000
	3% MGS 2019 (III)	82,969,200	1.036	85,989,278
	3% MGS 2019 (III) FI NOV 13 R	15,026,700	1.037	15,578,179
	3% MGS 2019 (III) FI NOV 13 I	24,500,000	1.042	25,516,750
	FLOATING RATE 6 MTH EUR MGS 2019 (IV)	40,750,000	1.003	40,876,325
	3.2% MGS 2019 (V)	83,742,000	1.051	88,030,009
	5.2% MGS 2020	52,407,462	1.157	60,656,396
	4.6% MGS 2020 (II)	158,327,200	1.123	177,801,445
	7% MGS 2020 (III)	430,700	1.000	430,700
	5% MGS 2021	458,844,653	1.142	524,138,247
	7% MGS 2021 (II)	466,000	1.000	466,000
	7% MGS 2021 (III)	2,858,800	1.000	2,858,800
	5.1% MGS 2022	71,047,725	1.151	81,761,721
	4.3% MGS 2022 (II)	240,169,400	1.088	261,208,239
	7% MGS 2022 (III)	1,318,800	1.000	1,318,800
	5.5% MGS 2023	78,811,283	1.192	93,974,573
	7% MGS 2023 (II)	2,404,400	1.000	2,404,400
	4.8% MGS 2028 (I)	107,029,500	1.060	113,429,864
	4.5% MGS 2028 (II)	286,651,500	1.026	294,047,108
	5.1% MGS 2029 (I)	79,144,900	1.101	87,098,962
	3.35% MGS 2020 (IV)	64,040,000	1.051	67,278,118
	5.25% MGS 2030	440,165,700	1.107	487,307,446
	5.2% MGS 2031 (I)	201,343,600	1.102	221,840,378
	4.65% MGS 2032 (I) R	134,954,200	1.024	138,179,605
	4.65% MGS 2032 (I) I	5,500,000	1.012	5,568,200
Total				**5,032,517,468**
Treasury Bills		**Nominal Value**		
	91 DTB 18.10.13 - 17.01.14	17,200,000	0.999	17,179,755
	91 DTB 01.11.13 - 31.01.14	11,000,000	0.999	10,986,591
	91 DTB 08.11.13 - 07.02.14	1,000,000	0.999	998,796
	91 DTB 06.12.13 - 07.03.14	27,667,000	0.999	27,637,230
	92 DTB 12.12.13 - 14.03.14	5,000,000	0.999	4,994,895
	91 DTB 20.12.13 - 21.03.14	1,000,000	0999	999,015
	91 DTB 27.12.13 - 28.03.14	33,500,000	0.999	33,467,438
	182 DTB 05.07.13 - 03.01.14	20,000,000	0.997	19,930,980
	182 DTB 12.07.13 - 10.01.14	16,750,000	0.997	16,693,535
	182 DTB 26.07.13 - 24.01.14	2,000,000	0.997	1,993,902
	182 DTB 30.08.13 - 28.02.14	5,000,000	0.997	4,986,110
	182 DTB 27.09.13 - 28.03.14	500,000	0.997	498,613
	182 DTB 04.10.13 - 04.04.14	17,500,000	0.997	17,446,380
	182 DTB 11.10.13 - 11.04.14	2,000,000	0.997	1,994,254
	182 DTB 20.12.13 - 20.06.14	9,000,000	0.998	8,980,209
	273 DTB 02.08.13 - 02.05.14	35,000,000	0.995	34,829,655
	273 DTB 09.08.13 - 09.05.14	25,000,000	0.995	24,874,925
	273 DTB 06.09.13 - 06.06.14	3,000,000	0.995	2,986,434
	273 DTB 25.10.13 - 25.07.14	5,500,000	0.995	5,474,925
	274 DTB 12.12.13 - 12.09.14	10,500,000	0.999	10,489,279
Total				**247,442,924**
Grand Total				**9,442,213,777**

Index regained its value in the final quarter, peaking at the end of the year as a result of consistently high equity trading.

Market Capitalisation

The market capitalisation of the financial instruments admitted to the Malta Stock Exchange's recognised lists as at the end of 2013 stood at €9.442 billion, (excluding Collective Investment Schemes), up by €862 million over the previous year-end figure of €8.58 billion. This increase of 10% over the end of 2012 figure is an indication of the development of the Maltese capital market that has shown significant resilience in the face of challenging economic conditions.

The market capitalisation of all equities listed totaled €3.25 billion at the end of the year, which translated to a 17.8% increase over the previous year end figure of €2.75 billion. This increase of €491 million was the result of two new equities admitted to the recognised lists and the change in listed equity values, and was the major contributor to the overall increase in Market Capitalisation, reflecting the change in the focus of market activity from Corporate Bonds to Equity. In fact, the corporate bond category saw a slight decrease in value from €981 million as at the end of 2012 to €916 million as at the end of 2013, a decrease of €65 million, or 6%. This reduction in value was the result of the redemption (€99 million) and the partial repayment (€13 million) of issued bonds offset against the new issues coming to market (€57 million). The most significant category of instruments, the Malta Government Stocks, closed the year at a value of just over €5 billion, an increase of €343 million (7.3%) over the end of 2012 value. As stated previously, Treasury Bills played a smaller part of the overall picture, closing the year at a market capitalisation value of €247 million, which was higher than the previous year close of €154 million, but still relatively insignificant when seen in the light of the overall Market Capitalisation figures.

Holders of MSE Listed Securities by Market Capitalisation as at 31 December 2013

	Financial Entities		Non-Financial Entities		Government		Individuals	
	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident
Equities	8.81%	24.50%	23.92%	6.49%	8.21%	0.01%	24.91%	3.15%
Corp. Bonds	14.61%	0.01%	3.51%	0.27%	0.29%	0.00%	79.76%	1.56%
MGS	58.89%	0.01%	3.54%	0.00%	1.05%	0.00%	32.00%	4.52%
T.Bills	97.42%	0.00%	0.00%	0.00%	0.00%	0.00%	0.17%	2.41%

Collective Investment Funds Investing in MSE Listed Securities

Fund	Net Asset Value in EURO 31 Dec 12	Net Asset Value in EURO 31 Dec 13
La Valette Funds Sicav plc - Malta Fund	26,430,555	27,050,108
La Valette Funds Sicav plc - Malta Bond Fund	68,983,455	87,644,446
Vilhena Funds Sicav plc - Malta Fund	21,637,487	21,745,452
Vilhena Funds Sicav plc - Malta Government Bond Fund	103,570,867	126,922,609
Global Funds Sicav plc - Malta Privatisation and Equity Fund	2,449,808	2,438,202
Wignacourt Funds Sicav plc - Malta Fund	14,020,879	13,524,461
Amalgamated Funds Sicav plc - Growth and Income Fund	48,098,079	53,205,145
APS Funds SICAV plc - APS Income Fund	32,096,988	40,099,239
HSBC Malta Funds Sicav plc - Malta Bond Fund	117,269,028	126,299,520
HSBC No-Load Funds Sicav plc - Malta Government Bond Fund	118,725,147	125,983,313
HSBC No-Load Funds Sicav plc - Maltese Assets Fund	42,508,663	46,687,303

Collective Investment Schemes Net Asset Value

The total Net Asset Value of the eleven (11) Collective Investment Schemes which are primary listed on the Exchange and which invest in locally listed instruments amounted to over €652 million as at the end of 2013, up by almost 13% over the end of 2012 value of €596 million. This was mainly the result of the significant appreciation of the La Vallette and Vilhena Malta Bond Funds and the APS Income Funds.

Admission

The momentum achieved during 2012 in the private sector continued during 2013, with the number of admissions to the market achieving a very positive range of two (2) new equities other corporate action derived issues as well as five (5) new corporate bonds totaling almost €58 million two of which were rolled-over maturing bonds. The revised Listing Rules in respect of the Alternative Companies List and revised Listing Policies in respect of the requirements for a Sinking Fund by Corporate Bond Issuers, have continued to reap positive results in this regard. In the public sector, there were seventeen (17) new Malta Government stocks issues with a value of over €779 million during the year together with the re-issue of integrated stocks, which is broadly on the same lines as previous year, whilst there were 81 Treasury bills issued, totaling €1.121 billion, up in value from 95 issues of €842 million issued during the previous year.

Admissions during 2013

Equities – ACL

36,254,587	A25 Gold producers Corporation Common Shares

Equities – Official List

56,400,000	Tigne Mall plc Ordinary Shares of nominal €0.50
1,528,949	MaltaPost plc Ordinary Shares of nominal €0.25 subsequent to a scrip dividend issue
30,000,000	Bank of Valletta plc Ordinary Shares of nominal €1 subsequent to a bonus issue
3,609,302	Lombard Bank Malta plc Ordinary Shares of nominal €0.25 subsequent to a bonus issue
760,788	6pm Holdings plc Ordinary Shares of nominal GBP 0.20 subsequent to a bonus issue
2,500,000	RS2 Software plc Ordinary Shares of nominal €0.20 subsequent to a bonus issue
243,500	Island Hotel Group plc Ordinary Shares of nominal €1 (addition)
36,354,567	Fimbank plc Ordinary Shares of nominal US$0.50 (addition)
484,982	Crimsonwing plc Ordinary Shares of nominal €0.10 subsequent to a scrip dividend issue
95,000	Crimsonwing plc Ordinary Shares of nominal €0.10 subsequent to exercise of share options

Corporate Bonds

€8,673,000	7.5% Mediterranean Bank plc EUR Subordinated Bonds 2019 FI June 2013
GBP1,133,000	7.5% Mediterranean Bank plc GBP Subordinated Bonds 2019 FI June 2013
€13,000,000	6% Medserv plc Secured and Guaranteed € Notes 2020-2023 Series 1 Tranche 1
€10,000,000	5.8% International Hotel Investments plc Bonds 2023
€25,000,000	4.9% Gasan Finance Company plc Bonds 2019-2021

Malta Government Stocks (€)

31,750,000	3% MGS 2019 (III) I
44,000,000	4.5% MGS 2028 (II) I
107,029,500	4.8% MGS 2028 (I)
12,808,800	3% MGS 2019 (III) R
111,062,600	4.5% MGS 2028 (II) R
155,062,600	4.5% MGS 2028 (II)
20,500,000	3% MGS 2019 (III) FI May 13 I
500,000	4.5% MGS 2028 (II) FI May 13 I
17,910,400	3% MGS 2019 (III) FI May 13 R
131,088,900	4.5% MGS 2028 (II) FI May 13 R
82,969,200	3% MGS 2019 (III)
38,950,000	Floating Rate 6 Month Euribor MGS 2018 (VI)
40,750,000	Floating Rate 6 Month Euribor MGS 2019 (IV)
24,500,000	3% MGS 2019 (III) FI Nov 13 I
5,500,000	4.65% MGS 2032 (I) I
15,026,700	3% MGS 2019 (III) FI Nov 13 R
134,954,200	4.65% MGS 2032 (I) R
2,404,400	7% MGS 2023 (II)
83,742,000	3.2% MGS 2019 (V)
64,040,000	3.35% MGS 2020 (IV)

Treasury Bills (€)

1,210,000,000	81 issues

Collective Investment Schemes – Primary Listing

GBP2,499,850,000	FINEX Navigator UCITS SICAV plc Navigator Futures Fund Ordinary Class B (GBP) Investor Shares
€2,499,850,000	FINEX Navigator UCITS SICAV plc Navigator Futures Fund Ordinary Class C (EUR) Investor Shares

Redemptions, Deductions and Mergers

Eight (8) Corporate Bonds were fully redeemed during 2013 while a further six (6) Corporate Bonds were partially redeemed through a series of buy-backs. Seven (7) Government Stock issues and eighty-five (85) Treasury Bill issues were also redeemed during the year. Fifteen (15) Government Bonds were merged and re-issued as six (6) merged Government Bonds with the same maturity and coupon rates together with two (2) corporate bond issues that were merged into one (1) issue having the same maturity and coupon rate.

Redemptions

Corporate Bonds

€4,061,143	6.3% International Hotel Investments plc Bonds 2013
€1,687,600	6.2%/6.8% International Hotel Investments plc Euro Bonds 2013
€23,033,162	7% GAP Developments plc Euro Secured Bonds 2011-2013
€23,579,500	7% Fimbank plc Euro Bonds 2012-2019
US$8,107,800	7% Fimbank plc USD Bonds 2012-2019
€19,263,600	4.25% Fimbank plc Eur Bonds 2013
US$18,047,700	4.25% Fimbank plc USD Bonds 2013
€1,317,160	4% AX Investments plc Bonds 2013

Malta Government Stocks (€)

7,250,000	Floating Rate 6 Month Euribor MGS 2013 (V)
52,000,000	Floating Rate 6 Month Euribor MGS 2013 (VII)
60,565,893	6.35% MGS 2013 (II)
30,000,000	Floating Rate 6 Month Euribor Malta Government Stock 2013 (V)
79,781,860	7.8% MGS 2013
140,514,800	3.6% MGS 2013 (IV)
155,370	7% MGS 2013 (III)

Treasury Bills (€)

1,027,850,000	85 Issues

A number of corporate bond issuers effected buy-backs on the market resulting in a reduction of the nominal outstanding bond value. As indicated above, a number of these deductions were followed by redemption of the outstanding balances. Deductions through market buy-backs also took place in a number of other corporate bonds, but which, however, have only been partially redeemed throughout the year.

The Treasury also effected a deduction in the outstanding amount of one of the Malta Government Stock Issues.

Deductions

Malta Government Stocks (€)

150,000,000	5.1% MGS 2014 (III)

Corporate Bonds (€)

867,000	6.6% Eden Finance plc Bonds 2017-2020
4,094,400	7% Mediterranean Bank plc Bonds 2015
359.853	7% PAVI Shopping Complex plc Secured Bonds 2014-2017
385,600	6.7% United Finance plc bonds 2014-2016
500,000	5.6% GlobalCapital plc Euro Bonds 2014-2016
54,800	6.8% Premier Capital plc Bonds 2017-2020
32,400	6.25% Corinthia Finance plc Bonds 2016-2019

De-listing

The following funds and sub-funds were delisted from the Exchange's Official List during 2013 :

Lazard Global Active Funds plc and sub-funds
Vilhena US Multimanager Fund
JFP Investments (SICAV) plc and sub-fund
Fidelity Funds SICAV and sub-funds
Vilhena Funds SICAV and sub-funds
Lloyds TSB Offshore Funds Ltd – 1 sub-fund
Vilhena UK Multimanager Fund

Financial Instruments granted Admission as at 31 December 2013

A total of 195 financial instruments appeared on the Exchange's Recognised Lists as at the end of 2013; while the Equity, Corporate Bond and Government paper remaining fairly buoyant, the de-listing of a secondary listed fund with multiple sub-funds had a significant effect on the total of listed instruments. While the de-listing of the funds and sub funds was a rather disappointing development, this did not have a significant impact on the Exchange operations since these are not traded, and do not have a relationship with the Central Securities Depository.

Listed Securities as at 31 December 2013

Equities	23 Ordinary Shares
Corporate Bonds	40 Bonds
Government Stocks	52 Stocks
Treasury Bills	20 Treasury Bills
Close Ended Investment Schemes	1
Structured Debt Instrument	1
Collective Investment Schemes	39 Funds- Primary Listed 19 Funds - Secondary Listed

Central Securities Depository (CSD)

During 2013 the Exchange implemented an upgrade to the software utilised in the CSD. The upgrade provides additional and enhanced functionality with regard to operations and processes as well as provides the basis for full compatibility with T2S operational criteria.

The number of accounts registered within the CSD at the end of 2013 totalled 244,785 a decrease of 2,307 when compared to the total number of accounts registered at the end of the previous year. These accounts represent 73,509 individual holders, also a slight decrease of 316 when compared to the previous year. The number of amendments effected during 2013 across all registers totalled 51,641 categorised as indicated in the relevant Table shown below, an increase of 5,789 amendments when compared to the total effected during 2012. The number of amendments generally showed at increase across all categories with the largest increases being in the bought/sold movements reflecting the increase in transactions executed on the market.

A total value of over €800 million was cleared through MaltaClear throughout the year, that is, an average of €67 million per month. Transactions over the CSD-Clearstream Links also continued to increase with a total of 89 transactions being executed over the CSD-Clearstream Link.

The CSD processed 355 corporate actions throughout the year including interest and dividend payments, a share split, redemptions, amalgamations, bonus issues and rights and scrip dividend issues. The largest number of corporate actions related to interest and dividend payments. Throughout the year CSD processed a total of 497,785 dividend and interest payments split over more than 200 payment runs. Such processing amounted to payments of over €80 million, an increase of €120 million when compared to the previous year.

At the end of 2013, five (5) non-listed companies had applied for dematerialisation and been admitted to the CSD having an aggregate market capitalisation value of just over €164 million.

CSD amendments during 2013

Amendment Type	January	February	March	April	May	June	July	August	September	October	November	December	Total
Causa Mortis	55	100	62	302	194	89	28	105	10	220	186	145	**1,422**
Garnishee Insert	46	3	9	2	17	8	3	2	0	0	9	8	**107**
Garnishee Release	2	46	1	6	4	4	4	0	0	0	4	0	**71**
Holder Amendment	34	120	33	59	32	67	89	52	35	35	270	55	**881**
Mandate/Power of Attorney	174	118	240	267	188	211	34	275	84	54		60	**1,705**
Bought Movements	1,755	2,065	1,308	1,648	1,988	1,264	1,225	1,011	1,550	1,708	1,526	1,201	**18,249**
Sold Movements	1,722	2,071	1,311	1,648	1,962	1,229	994	1,086	1,583	1,584	1,521	1,322	**18,033**
Release of Estates	630	834	638	840	630	385	411	116	185	504	450	276	**5,899**
Off Market Transfers/Donations	426	694	232	636	318	125	175	37	141	260	342	313	**3,699**
Pledge Insert	46	53	75	68	64	65	72	54	92	57	52	69	**767**
Pledge Release	66	64	81	93	89	56	63	55	76	43	83	39	**808**
Total	**4,956**	**6,168**	**3,990**	**5,569**	**5,486**	**3,503**	**3,098**	**2,793**	**3,756**	**4,465**	**4,443**	**3,488**	**5,1641**

Dividend and Interest Payments 2013

Payment Date	Gross (Euro)	Gross (US$)	Gross (GBP)	No of Payments
January	21,936,157	-	-	18,759
February	22,617,007	-	-	25,877
March	20,945,021	-	-	28,263
April	51,378,571	286,926	-	43,788
May	57,433,373	7,279,071	-	89,609
June	34,500,106	-	371,421	41,453
July	24,400,520	509,101	311,104	25,463
August	22,732,364	-	-	23,808
September	99,810,634	-	-	94,374
October	27,708,052	288,503	-	32,916
November	20,419,133	389,906	-	26,140
December	66,041,496	-	689,721	47,335
Total	**469,922,434**	**8,753,507**	**1,372,246**	**497,785**

Compliance and Market Operations

At the beginning of the year Compliance and Markets Operations Office processed the application in respect of the new Member, the first overseas Member of the Exchange as well as the applications relating to four (4) new traders.
This Office was also heavily involved in drawing up the operational criteria in respect of market making activities which were launched in July. As a result of these new market activities, changes were made to the parameters relating to volatility interruptions which were introduced during the third quarter of the year. Some changes were also made to volatility interruption procedures with regard to cancellation of trades executed outside the relevant limits.

Release 14, the latest upgrade to the trading platform which related mainly to technical and functional changes did not have any impact on the Exchange's trading procedures.
During the year, however, Exchange implemented Xetra Observer, a surveillance module in respect of market activities in order to assist the Exchanging in carrying out its market monitoring function and to comply with its reporting requirements.

A total of 498 Company Announcements were issued and disseminated throughout the year an increase of 42 when compared to the total issued the previous year.

January	25
February	38
March	61
April	71
May	54
June	35
July	36
August	51
September	15
October	30
November	44
December	38
Total	498

National Numbering Agency (NNA)

A total of 424 new International Security Identification Numbers (ISINs) were issued during the year being an increase of 17 over the number issued in 2012. One hundred and twenty six (126) of the issued ISINs related to listed financial instruments and the remaining 298 related to non-listed financial instruments, mainly investment funds choosing Malta as their domicile.

Operations Audit Office

During the year Operations Audit Office was involved in all the on-going technical projects, in particular the implementation of T2S and the upgrade of the CSD software. With particular reference to the latter, new "audit" functionality was implemented within the system to facilitate audit processes and oversight. With regard to CSD procedures, staff from this Office also participated in training organised by Clearsteam regarding the operations of the CSD-Clearstream link seen from an audit perspective. Later on in the year, Operations Audit Office also reviewed new procedures drawn up in relation to EMIR reporting services.

The focus of Operations Audit Office during the year centred on drawing up a Risk Management Policy for approval by the Board including the setting up of a Risk Management Committee as also recommended by the Competent Authority and in line with the Exchange's policy to put risk management at the centre of its strategic objectives. Later on in the year, in line with a decision of the Risk Management Committee, this Office was instrumental in drawing up a tender document in respect of provision of risk management services.

During 2013, Operations Audit Office continued to build on its risk-based audit function, by continuing to shed more of its verification role and strengthening its focus on the identification and analysis of risk and the design and operation of risk management tools. All Operations Audit Office staff in fact underwent considerable training, both locally and overseas in order to be better prepared for this enhanced risk- based role. Operations Audit Office also continued to carry out its internal audit function in relation to all operations of the Exchange and to report to the Board as required in terms of the Financial Market Rules.

Other Exchange Operations and Activities

The year was again dominated by major technological projects as well as new service offerings. The work on the technical implementation of T2S as well as related operations and processes accelerated and intensified during the year as Migration Date and commencement of testing draws near. Also related to this project was a major upgrade to the CSD registration software which involved also significant operational changes.

At the same time work on the implementation of SEPA also intensified as the effective date of 1 February drew near. A new module of the trading platform in respect of surveillance tools was also implemented to assist Compliance and Markets Office in this function as well as assist in the monitoring of market making activities. Towards the latter half of the year the Exchange implemented new processes in relation to its EMIR reporting service offering.

Throughout the year the Exchange continued to provide services to all its users, including the processing of primary issues and numerous corporate actions as well as custody services and related services.

Product Development

Market Making

Following a lengthy consultation period and final approval of relevant Bye-laws, the Exchange launched the new rules at a Business Breakfast held on 7 July 2013. The CEO gave a brief overview of the Bye-laws governing market making activities while Mr Cliff Pace, Manager Business and Product Development explained the calculations and basis of the technical criteria relating to spreads and liquidity classes.

The introduction of this new class of market participants is intended to further support and enhance liquidity in all classes of financial instruments traded on the market.

The new rules became effective on 1 October 2013 following some changes that were effected to the trading procedures concerning volatility interruptions that were necessitated not to conflict with market making criteria.

Later on in the year the Chief Executive was invited to address a meeting of the Financial Markets Committee chaired by the Central Bank of Malta on market making activities.

Compliance with EMIR Requirements

The European Market Infrastructure Regulation (EMIR) which entered into Law on 1 April 2013 has the objective of increasing market and price transparency through the disclosure and availability of information on OTC directives contracts. As a result of EMIR, and with effect from the 12th February 2014, all parties subject to EMIR regulations become obliged to submit all derivative trading activity to a registered European Trade Repository by end of the day (EOD) +1. This includes all OTC derivatives, exchange-traded derivatives, and FX forwards and FX swaps.

In order to support practitioners in fulfilling their reporting obligations and to facilitate compliance with EMIR, the Exchange had entered into a "Reporting Third Party Agreement" with Regis TR, an authorised Trade Repository in order to report applicable trades on behalf of Authorising Counterparties. The service to be provided by the Exchange is to act as the local point of access to the Trade Repository and to provide assistance to users to comply with the complicated and extensive reporting requirements.

Promotion and Education

The Exchange continued to participate in a number of events to increase its visibility locally and overseas, through a number of interviews and articles on the local TV and press media that were used to promote its various services and the developments that would have taken place on the market. The Exchange also continued with its communication strategy and gave a number presentations about its operations to B. Comm students at the University of Malta, as well as to numerous secondary school students who would have participated in business-oriented outings organized by their school guidance counsellors. The Exchange also presented an overview of its functions, role and legal and regulatory framework to students undertaking the "Diploma in Financial Services – Operations and Compliance". In December the Exchange awarded two prizes to two University of Malta Banking and Finance Honours students who achieved an "A" grade in their dissertations. The two students were Mr Stefan Mallia for his dissertation entitled "An Alternative Optimization Method to the Exhaustive Search for Systematic

Mr Paolo Zonno receiving prize from Mr Cliff Pace

Trading Strategies" and Mr Paolo Zonno for his dissertation entitled "The Role of High Dividend Stocks as Investments".

The Exchange also participated in a number of high profile events that were held during the year as part of its education and communication strategy.

On 26 April 2013, the CEO participated as a Panellist at the Finance Malta Annual Conference. The panel discussed opportunities for the MSE and small exchanges in general, while in June, Dr Robert Vella-Baldacchino, DGM, CSD was a speaker in the European Clearing and Settlement Annual Conference where he spoke about the services the Exchange offers in this regard. DGM, CSD was also a speaker at the Annual Conference on Prevention of Financial Crime held in Cambridge, UK.

Later on the year the Chief Executive formed part of a delegation to Latina, Italy, composed of representatives from the Latina Branch of the Malta-Italian Chamber of Commerce, Malta Enterprise and Bank of Valletta plc, and led by HE Mr Charles Inguanez, Malta's Ambassador to Italy. The event, which had the theme "Malta la Porta per l'italia', was attended by around 100 representatives of Italian local companies and the financial sector. Mr Cliff Pace Manager Product and Business Development also participated at the Malta Institute of Management Mediterranean Economic Forum held in November on a panel entitled "Financing Options via local regional and international stock exchanges".

Mr Pace also represented the Exchange at a Workshop organised by the European Investment Bank held in Marseilles, France with the theme "Developing a Regional Market place for SME's and Family Owned Business" with a view to identify solutions to difficulties faced by SME's in the Mediterranean Rim to access finance for development. This event included delegates from a number of Exchanges including Morocco, Tunisia, Palestine and Lebanon.

The Exchange's website also continued to be upgraded throughout the year. Apart from the additional information regarding the Exchange's operations and functions as well as new services and products, enhancements were also made to the Members' page and Issuers' section. During the coming year further major changes will be made to the Exchange's website to not only provide a showcase for its products and services but also to ensure that it serves as an excellent information and teaching tool and reflects the strategic aims of the organisation.

Members

Membership

In Febrauay 2013 the Board approved the admission to Membership of Joh Berenberg, Gossler & Co.KG of Hamburg, Germany, the Exchange's first foreign Member.

At the end of 2013, therefore, a total of thirtten (13) Firms together with the Central Bank of Malta appeared on the Exchange's list of Member Firms.

Furthermore, a further four (4) traders were authorised by the Board, representing two Member Firms, including the newly authorised Member Firm.

College of Member Firms

Representatives of all the Member Firms forming the College of Member Firms met regularly with the Chairman and Senior Executives of the Exchange to discuss on-going projects and other operational matters. Discussions during the year focused on market-making and procedural and operational changes brought about by the upgrade to the CSD software. In particular, Members gave very valid input to the Exchange with regard to the technical and operational criteria relating to market-making activities. The College and the Exchange also discussed other potential new business and product development being proposed by the Exchange.

The continued support and input from its Members is invaluable to the Exchange in order for it to achieve its strategic aims and in order to face the ever increasing challenges being brought about by new compliance and regulatory requirements. The Exchange would like to express its appreciation for such support and assistance from all the Members and would like to thank them for their efforts to continue to grow the business of the capital markets.

IN MEMORIAM

Joseph J P Bonello

The Exchange would like to pay tribute to Joseph J P Bonello of Financial Planning Services Ltd who passed away at the end of last year. Joe was one of the first Members of the Exchange and throughout the years was a stalwart supporter of the capital market. His forthright manner of expression made him an excellent spokesman for the whole community. He is sadly missed.

List of Member Firms

Bank of Valletta plc
Cannon Road
Sta Venera
Tel: +356 2275 1732
Fax: +356 2275 1733
E-mail: stockbroking@bov.com
Web: www.bov.com

Joh Berenberg, Gossler & Co. KG
Neuer Jungfernstieg 20
20354 Hamburg
Germany
Tel: +49 40 350 600
Fax: +49 40 350 60900
E-mail: info@berenberg.de
Web: www.berenberg.de/en/home.html

Calamatta Cuschieri & Company Ltd
5th Floor
Valletta Buildings
South Street
Valletta
Tel: +356 2568 8688
Fax: +356 2568 8256
E-mail: info@cc.com.mt
Web: www.cc.com.mt

Charts Investment Management Service Ltd
Valletta Waterfront
Vault 17
Pinto Wharf
Floriana
Tel: + 356 2122 4106/2124 1121
Fax: +356 2124 1101
E-mail: info@charts.com.mt
Web: www.charts.com.mt

Curmi & Partners Ltd
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Princess Elizabeth Street
Ta' Xbiex
Tel: +356 2342 6000
Fax: +356 2134 7333
E-mail: info@curmiandpartners.com
Web: www.curmiandpartners.com

Financial Planning Services Ltd
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Tel: +356 2134 4243/2134 4244/2134 4255
Fax: +356 2134 1202
E-mail: info@bonellofinancial.com
Web: www.bonellofinancial.com

Finco Treasury Management
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The Mall Complex
The Mall
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Tel: +356 2122 0002
Fax: +356 2124 3280
E-mail: investments@fincotrust.com
Web: www.fincotrust.com

GlobalCapital Financial Management Ltd
Testaferrata Street
Ta Xbiex
Tel: +3562 134 2342/ 22796400
Fax: +356 22796405
E-mail: info@globalcapital.com.mt
Web: www.globalcapital.com.mt

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Fax: +356 2322 5691
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Web: www.jesmondmizzi.com

Lombard Bank Malta plc
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67 Republic Street
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Tel: +356 2558 1114
Fax: +356 2558 1815
E-mail: wealthmanagement@lombardmalta.com
Web: www.lombardmalta.com

Rizzo, Farrugia & Co (Stockbrokers) Ltd
Airways House
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Sliema
Tel: +356 2258 3000
Fax: +356 2258 3001
E-mail: info@rizzofarrugia.com
Web: www.rizzofarrugia.com

Audited Financial Statements

for the year ended 31 December 2013

Contents

Directors' Report

The directors present their report, together with the financial statements of Malta Stock Exchange plc (the "Company"), for the year ended 31 December 2013.

Directors

Mr. Paul J.Spiteri (Chairman) (Appointed on 17 June 2013)

Prof. Daniel Darmanin (Deputy Chairman) (Appointed on 17 June 2013)

Mr. Carmel Galea (Appointed on 17 June 2013)

Mr. Joseph Azzopardi (Appointed on 17 June 2013)

Mr. Joseph Portelli (Appointed on 17 June 2013)

Dr. Arthur Galea Salomone (Chairman) (Resigned on 17 June 2013)

Dr. Antoine Fiott (Deputy Chairman) (Resigned on 17 June 2013)

Ms. Karen Spiteri Bailey (Resigned on 17 June 2013)

Ms. Charlotte Attard (Resigned on 17 June 2013)

Dr. Richard Sladden (Resigned on 17 June 2013)

Principal activity

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

Review of business development and financial position

During the year 2013, the Company generated a profit before tax of EUR2,015,372 (2012: EUR1,926,940). The statement of comprehensive income is set out on page 49 and the movements in the reserves are disclosed in the statement of changes in equity on page 50.

Dividends

The Company paid a distribution of EUR1,000,000. The Directors do not propose further dividend distributions for the year.

Reserves

The Directors propose that retained earnings amounting to EUR3,162,887 be carried forward to the next financial year.

Regulatory Sanctions

The Directors confirm that no regulatory breaches were reported during 2013 and no regulatory sanctions were imposed on the Malta Stock Exchange plc by the Competent Authority during 2013.

Future developments

The Company is currently working on the technical and operational implementation of participation in the Target 2 – Securities [T2S] platform, the pan-European Security Settlement System developed by the ECB, and to which the Exchange will be migrating in June 2015. Testing in relation to connectivity to T2S will commence in October 2014. The Company is also continuing to expand its custody services and has also launched and will continue to enhance its service offering in relation to compliance with EMIR requirements. Furthermore, the Company is working on a strategic exercise in order to enhance and expand its role in the economy.

Approved by the Board of Directors on 20 March 2014 and signed on its behalf by:

Paul J.Spiteri
Chairman

Daniel Darmanin
Deputy Chairman

Registered office
Garrison Chapel
Castille Place
Valletta VLT 1063
MALTA

Directors' Responsibility for the Financial Statements

The Companies Act, 1995 (Chapter 386, Laws of Malta) requires the directors to prepare financial statements of Malta Stock Exchange plc (the "Company") for each financial period which give a true and fair view of the financial position of the Company as at the end of the financial period and of the profit or loss of the Company for that period in accordance with the requirements of International Accounting Standards as adopted by the EU.

The directors are 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 have been properly prepared in accordance with the provisions of the Act.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors, through oversight of management, are responsible to ensure that the Company establishes and maintains internal control to provide reasonable assurance with regard to reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.

Management is responsible, with oversight from the directors, to establish a control environment and maintain policies and procedures to assist in achieving the objective of ensuring, as far as possible, the orderly and efficient conduct of the Company's business. This responsibility includes establishing and maintaining controls pertaining to the Company's objective of preparing financial statements as required by the Act and managing risks that may give rise to material misstatements in those financial statements. In determining which controls to implement to prevent and detect fraud, management consider the risks that the financial statements may be materially misstated as a result of fraud.

Signed on behalf of the Board of Directors by:

Paul J.Spiteri
Chairman

Daniel Darmanin
Deputy Chairman

Statement of Financial Position

As at 31 December 2013

	Notes	2013 EUR	2012 EUR
Assets			
Non-current assets			
Plant and equipment	11	**365,831**	429,613
Intangible assets	12	**423,398**	391,988
Investment in equity accounted investee	13	**10,379**	-
Available-for-sale financial assets	14	**4,616,259**	3,887,256
Loan receivable	15	**-**	20,000
Deferred tax asset	19	**17,566**	20,838
		5,433,433	4,749,695
Current assets			
Trade and other receivables	16	**1,615,972**	2,324,507
Cash at bank and in hand	21	**303,614**	101,128
		1,919,586	2,425,635
TOTAL ASSETS		**7,353,019**	7,175,330
Equity and Liabilities			
Capital and reserves			
Issued capital	17	**2,500,000**	2,500,000
Fair value reserve	17	**291,255**	188,855
Retained earnings		**3,162,887**	2,809,559
Total equity		**5,954,142**	5,498,414
Non-current liabilities			
Loans and borrowings	18	**-**	274,584
		-	274,584
Current liabilities			
Loans and borrowings	18	**9,505**	102,189
Trade and other payables	20	**1,356,005**	1,248,710
Current tax		**33,367**	51,433
		1,398,877	1,402,332
Total liabilities		**1,398,877**	1,676,916
Total Equity and Liabilities		**7,353,019**	7,175,330

The accounting policies and explanatory notes on pages 52 to 66 form an integral part of the financial statements.

The financial statements on pages 49 to 66 have been authorised for issue by the Board of Directors on 20 March 2014 and were signed on its behalf by:

Paul J.Spiteri
Chairman

Daniel Darmanin
Deputy Chairman

Statement of Comprehensive Income

For the year ended 31 December 2013

	Notes	2013 EUR	2012 EUR
Revenue	5	**4,838,433**	4,582,951
Administrative expenses	6	**(3,051,351)**	(2,844,926)
Operating profit		**1,787,082**	1,738,025
Share of loss of equity accounted investee	13	**(9,621)**	(10,000)
Income from financial assets	8	**250,561**	208,302
Finance income	9	**1,424**	1,578
Finance costs	9	**(14,074)**	(10,965)
Profit before tax		**2,015,372**	1,926,940
Income tax expense	10	**(662,044)**	(646,236)
Profit for the year		**1,353,328**	1,280,704
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
- Net gain on available-for-sale financial assets		**102,400**	120,812
Total comprehensive income for the year		**1,455,728**	1,401,516

The accounting policies and explanatory notes on pages 52 to 66 form an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 31 December 2013

	Notes	Issued capital EUR	Fair value EUR	Retained earnings EUR	Total EUR
At 1 January 2012		**2,500,000**	**68,043**	**2,528,855**	**5,096,898**
Total comprehensive income					
Profit for the year		-	-	1,280,704	1,280,704
Other comprehensive income		-	120,812	-	120,812
Total comprehensive income		-	120,812	2,809,559	1,401,516
Transactions with owners of the Company					
Dividends paid	17.2	-	-	(1,000,000)	(1,000,000)
At 31 December 2012		**2,500,000**	**188,855**	**2,809,559**	**5,498,414**
At 1 January 2013		**2,500,000**	**188,855**	**2,809,559**	**5,498,414**
Total comprehensive income					
Profit for the year		-	-	1,353,328	1,353,328
Other comprehensive income		-	102,400	-	102,400
Total comprehensive income		-	102,400	1,353,328	1,455,728
Transactions with owners of the Company					
Dividends paid	17.2	-	-	(1,000,000)	(1,000,000)
At 31 December 2013		**2,500,000**	**291,255**	**3,162,887**	**5,954,142**

The accounting policies and explanatory notes on pages 52 to 66 form an integral part of the financial statements.

Statement of Cash Flows

For the year ended 31 December 2013

	Notes	2013 EUR	2012 EUR
Operating activities			
Profit for the year		**1,353,328**	1,280,704
Adjustment for:			
Depreciation of plant and equipment	11	**121,359**	126,545
Amortisation of intangible assets	12	**137,015**	108,105
Interest receivable from available-for-sale financial assets	8	**(203,389)**	(202,658)
Gain on disposal of available-for-sale financial assets	8	**(47,172)**	(5,644)
Interest on bank loan		**13,459**	10,267
Share of loss of equity accounted investee	13	**9,621**	10,000
Tax expense		**662,044**	646,236
Cash generated from operations		**2,046,265**	1,973,555
Changes in:			
Trade and other receivables		**708,534**	(263,301)
Trade and other payables		**107,378**	(767)
Income tax paid		**(676,840)**	(775,429)
Net cash flows from operating activities		**2,185,337**	934,058
Investing activities			
Purchase of plant and equipment	11	**(57,577)**	(69,079)
Purchase of intangible assets	12	**(168,425)**	(450,977)
Purchase of available-for-sale financial assets		**(1,573,666)**	(1,096,467)
Proceeds from available-for-sale financial assets		**977,323**	981,633
Interest received from available-for-sale financial assets		**220,223**	223,282
Purchase of shares in equity accounted investee		**-**	(10,000)
Loan advanced to equity accounted investee		**-**	(20,000)
Net cash flows used in investing activities		**(602,122)**	(441,608)
Financing activities			
Dividends paid		**(1,000,000)**	(1,000,000)
Bank loan (paid) / received		**(354,667)**	354,584
Interest paid on bank loan		**(13,459)**	(10,186)
Net cash flows used in financing activities		**(1,368,126)**	(655,602)
Net increase / (decrease) in cash and cash equivalents		**215,089**	(163,152)
Cash and cash equivalents at 1 January		**79,020**	242,172
Cash and cash equivalents at 31 December	21	**294,109**	79,020

The accounting policies and explanatory notes on pages 52 to 66 form an integral part of the financial statements.

1 Reporting Entity

Malta Stock Exchange plc ("the Company") is domiciled and incorporated in Malta as a public limited company under the Companies Act, 1995 (Chapter 386, Laws of Malta), (the "Act").

2 Basis of Preparation

2.1. Statement of compliance

The financial statements have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU (the "applicable framework"). All references in these financial statements to IAS, IFRS or SIC / IFRIC interpretations refer to those adopted by the EU. These financial statements have also been drawn up in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta).

2.2. Basis of measurement

These financial statements are prepared under the historical cost convention, except for available-for-sale financial assets that have been measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Euro (EUR) which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 descriptions as significant and critical in terms of the requirements of IAS1 (revised).

2.5 Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements.

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

2.5.1 Presentation of items of other comprehensive income (amendments to IAS 1).

As a result of the amendments to IAS 1, the Company has modified the presentation of items of OCI in its statement of profit or loss and OCI, to present items that would be reclassified to profit or loss in the future separately from those that would never be. Comparative information has been re-presented on the same basis.

3 Significant Accounting Policies

Except for the changes explained in Note 2.5, the Company has consistently applied the following accounting policies to all periods presented in these financial statements.

3.1 Associates and jointly-controlled entities

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The financial

3 Significant Accounting Policies (continued)

3.1 Associates and jointly-controlled entities (continued)
statements include the Company's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

3.2 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 or receivable excluding discounts, rebates and sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

3.2.1 Stockbrokers, listing and register fees
Revenue is recognised on an accrual basis.

3.2.2 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, 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 income from financial assets in the statement of comprehensive income.

3.3 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. 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.

3.4 Plant and equipment
Plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Cost includes expenditure that it directly attributable to the acquisition of the asset. When significant parts of 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. Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs 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	10 to 15 years
Computer hardware	5 years
Office furniture, fittings and other equipment	6 to 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 statement of comprehensive income 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.

3.5 Intangible assets
Intangible assets represent software licences acquired by the Company and have finite useful lives. Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

3 Significant Accounting Policies (continued)

3.5 Intangible assets (continued)

3.5.1 Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

3.5.2 Amortisation
Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on the straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

The estimated useful life for the current and comparative periods for software licenses is of 5 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.6 Financial instruments

3.6.1 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.

Available-for-sale

Available-for-sale financial assets 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. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the fair value 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 statement of comprehensive income in finance costs and removed from the fair value reserve.

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 reporting 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.

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.

Trade and other receivables

Trade and other 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 receivable) that the Company will not be able to collect the full amount due. Impaired debts are derecognised when they are assessed as uncollectible.

3 Significant Accounting Policies (continued)

3.6 Financial instruments (continued)

3.6.1 Financial assets (continued)

Cash and cash equivalents

Cash in hand and at banks and term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments 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.

3.6.1.1 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.

3.6.2 Financial liabilities
Financial liabilities are initially recognised at fair value less any 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.

3.6.2.1 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.

3.6.3 Share capital

3.6.3.1 Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.7 Impairment

3.7.1 Non-derivative financial assets
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, or indications that a debtor will enter bankruptcy.

3 Significant Accounting Policies (continued)

3.7 Impairment (continued)

3.7.1 Non-derivative financial assets (continued)

Financial assets at amortised cost
An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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.

3.7.2 Non-financial assets
The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Income tax
Income tax expense comprises current and deferred tax. Current tax and deferred tax expense are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.9 Employee benefits

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions towards the State pension in accordance with local legislation and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which the services are rendered by the employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

3 Significant Accounting Policies (continued)

3.10 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.

3.11 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.

Company as a lessee

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

3.12 New standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013 and have not been applied in preparing these financial statements. None of these will have a significant effect on the financial statements of the Company.

4 Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for disclosure purposes only based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.1 Debt securities
The fair value of debt securities is determined by reference to their quoted closing bid price at the reporting date.

4.2 Loan and trade and other receivables
The fair values of the loan and trade and other receivables are not different from their carrying amount, since these have no stated applicable interest rate and the effect of applying discounting is immaterial in view of their short term nature.

4.3 Non-derivative financial liabilities
Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5 Revenue

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:

	2013	2012
	EUR	EUR
Stockbrokers' fees	**280,655**	241,702
Listing fees	**3,156,716**	2,976,669
Register fees	**1,212,304**	1,192,606
Transaction fees and other income	**188,758**	171,974
	4,838,433	4,582,951

6 Administrative Expenses

	2013 EUR	2012 EUR
Emoluments of the chairman and board members	**24,820**	25,157
Salaries, social security and other staff costs (note 7.1)	**1,499,802**	1,440,663
Rent	**99,937**	101,661
Auditors' remuneration	**7,500**	7,000
Depreciation of plant and equipment	**121,359**	126,545
Amortisation of intangible assets	**137,016**	108,105
Other expenses	**1,160,917**	1,035,795
	3,051,351	2,844,926

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

	EUR
Other assurance services	2,500

7 Employee Information

7.1 Staff costs

The total employment costs were as follows:

	2013 EUR	2012 EUR
Wages and salaries	**1,374,531**	1,321,800
Social security costs	**93,840**	93,225
Other staff costs	**31,431**	25,638
	1,499,802	1,440,663

7.2 Staff numbers

The average number of persons employed by the Company during the year was 55 (2012: 57).

8 Income from Financial Assets

	2013 EUR	2012 EUR
Interest on available-for-sale financial assets	**203,389**	202,658
Gain on disposal of available-for-sale financial assets	**47,172**	5,644
	250,561	208,302

9 Net Finance Cost

	2013 EUR	2012 EUR
Finance income		
Interest on bank balances	**1,424**	1,573
Foreign exchange gains	**-**	5
	1,424	1,578
Finance cost		
Interest on bank borrowings	**(13,965)**	(10,965)
Foreign exchange losses	**(109)**	-
	(14,074)	(10,965)
	(12,650)	(9,387)

10 Income Tax Expense

10.1

	2013 EUR	2012 EUR
Current tax expenses	**658,772**	648,959
Deferred tax credit (note 19)	**3,272**	(2,723)
Income tax expense	**662,044**	646,236

10.2 Reconciliation of effective tax rate

	2013 EUR	2012 EUR
Profit before tax	**2,015,372**	1,926,940
Tax at 35%	**705,380**	674,429
Tax effect of		
- share of loss of equity accounted investee	**3,367**	3,500
- amortisation of available-for-sale investments	**5,920**	7,218
- lease payments not deductible for tax purposes	**6,641**	6,342
- other expenses not deductible for tax purposes	**1,252**	781
- income subject to lower rates of tax	**(44,006)**	(44,059)
- income not subject to tax	**(16,510)**	(1,975)
Income tax expense	**662,044**	646,236

11 Plant and Equipment

	General electrical equipment EUR	Computer hardware EUR	Office furniture, fittings & other equipment EUR	Total EUR
Cost				
At 1 January 2012	683,512	119,590	325,873	1,128,975
Additions	10,980	16,708	41,391	69,079
At 31 December 2012	694,492	136,298	367,264	1,198,054
At 1 January 2013	694,492	136,298	367,264	1,198,054
Additions	1,012	18,932	37,633	57,577
At 31 December 2013	**695,504**	**155,230**	**404,897**	**1,255,631**
Depreciation				
At 1 January 2012	330,904	92,028	218,964	641,896
Depreciation charge for the year	75,208	13,430	37,907	126,545
At 31 December 2012	406,112	105,458	256,871	768,441
At 1 January 2013	406,112	105,458	256,871	768,441
Depreciation charge for the year	75,276	15,769	30,314	121,359
At 31 December 2013	**481,388**	**121,227**	**287,185**	**889,800**
Net book value				
At 1 January 2012	352,608	27,562	106,909	487,079
At 31 December 2012	288,380	30,840	110,393	429,613
At 1 January 2013	288,380	30,840	110,393	429,613
At 31 December 2013	**214,116**	**34,003**	**117,712**	**365,831**

12 Intangible Assets

	Computer software EUR
Cost	
At 1 January 2012	297,903
Additions	450,977
At 31 December 2012	748,880
At 1 January 2013	748,880
Additions	168,425
At 31 December 2013	**917,305**

12 Intangible Assets (continued)

	Computer software EUR
Amortisation	
At 1 January 2012	248,787
Amortisation	108,105
At 31 December 2012	356,892
At 1 January 2013	356,892
Amortisation	137,015
At 31 December 2013	**493,907**
Net book value	
At 1 January 2012	49,116
At 31 December 2012	391,988
At 1 January 2013	391,988
At 31 December 2013	**423,398**

13 Investment in Equity Accounted Investee

In January 2012, the Company incorporated European Wholesale Securities Market Limited ("the equity accounted investee"), a company set-up under the laws of Malta with the aim to provide a European Wholesale Securities Market (EWSM), a specialist new market for wholesale fixed-income debt securities. EWSM is an EU regulated market, established in Malta and authorised by the Malta Financial Services Authority.

The Company has a 20% holding in European Wholesale Securities Market Limited, with the other shareholder being Irish Stock Exchange Limited holding 80%. The Company invested EUR30,000 in the issued share capital of this equity accounted investee, of which EUR20,000 has been invested during the current financial reporting period (note 15).

As of 31 December 2013, the equity accounted investee incurred a net loss of EUR44k (2012: EUR54k), with shareholders' equity closing the year at positive equity of EUR52k (2012: negative equity of EUR4k). The share of loss for the Company of EUR9,621 has been recognised as a share of loss of equity accounted investee in the Statement of Comprehensive Income (2012: share of loss of EUR10k limited to the Company's cost of investment at 31 December 2012).

14 Available-for-sale Financial Assets

Available-for-sale financial assets (at fair value)

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

	2013 EUR	2012 EUR
Non-current		
Malta Government Stocks	**4,616,259**	3,887,256

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

	Effective interest rate %	2013 EUR	2012 EUR
Non-current			
Malta Government Stocks	4.48 / 4.57	**4,325,004**	3,698,401

c. The revaluation difference of the financial assets (recognised in equity) is as follows:

	2013 EUR	2012 EUR
Non-current		
Malta Government Stocks	**291,255**	188,855

15 Loan Receivable

At a board meeting of EWSM held on 19 February 2013, it was resolved to recommend the issue of 20,000 Ordinary B shares of EUR1 each, the consideration of which be the loan favoured by the Company to EWSM. This recommendation has been approved by the Company during the current financial reporting period (note 13).

16 Trade and Other Receivables

	2013 EUR	2012 EUR
Fees receivable (note 16.1)	**1,484,004**	2,013,706
Settlements receivable	**-**	179,231
Amounts due from related parties (note 16.2)	**11,690**	31,888
Prepayments and accrued income	**120,278**	99,682
	1,615,972	2,324,507

16.1 As at the reporting date, the ageing analysis of fees receivable is as follows:

	Total EUR	Neither past due nor impaired EUR	Past due but not impaired >30 days EUR	60-90 days EUR	90 days and older EUR
2013	**1,484,004**	**1,357,075**	**31,476**	**54,778**	**40,675**
2012	2,013,706	1,346,357	52,695	109,369	505,285

Fees receivable include trade receivables due from the Government of Malta, a related party, of EUR430,078 (2012: EUR891,634).

16.2 Amounts due from related parties are unsecured, non-interest bearing and have no fixed date of repayment. This balance as at 31 December 2013 comprise EUR9,606 due from CSD (Malta) plc and EUR2,084 due from EWSM (refer to Note 13).

17 Issued Capital

17.1	**2013 EUR**	2012 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

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

17.2 Dividends

	2013 EUR	2012 EUR
Declared and paid during the year:		
Dividend on ordinary shares for 2013: 40 cents (2012: 40 cents)	**1,000,000**	1,000,000

17.3 Fair value reserve

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

18 Loans and Borrowings

18.1	2013 EUR	2012 EUR
Non-current borrowings		
Bank loans	-	274,584
	-	274,584
Current borrowings		
Bank overdraft (note 21)	**9,505**	22,108
Bank loans	-	80,081
	9,505	102,189

The Company has unsecured overdraft facilities of EUR250,000 to cover any temporary shortfall in the Securities Settlement account.

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

19 Deferred Tax

19.1 Recognised deferred tax assets / liabilities

Deferred tax assets / liabilities are attributable to the following:

	2013 EUR	2012 EUR
Plant and equipment	**24,298**	27,439
Accrued investment income	**(6,732)**	(6,601)
	17,566	20,838

19.2 Movement in temporary differences during the year

	Balance 01/01/2012 EUR	Recognised in profit or loss EUR	Balance 31/12/2012 EUR	Recognised in profit or loss EUR	Balance 31/12/2013 EUR
Plant and equipment	23,775	3,664	27,439	(3,141)	**24,298**
Accrued investment income	(5,660)	(941)	(6,601)	(131)	**(6,732)**
	18,115	2,723	20,838	(3,272)	**17,566**

20 Trade and Other Payables

	2013 EUR	2012 EUR
Trade payables (note 20.1)	**81,576**	108,373
Amounts due to related party (note 20.2)	**277,016**	245,944
Prepaid listing fees	**607,091**	558,899
Accruals	**184,420**	149,499
Other taxes	**205,902**	185,995
	1,356,005	1,248,710

20.1 Trade payables are non-interest bearing and are normally settled on 60 day term.

20.2 Amounts due to related party are unsecured, non-interest bearing and with no fixed date of repayment. These amounts include EUR31,071 due to immediate parent and EUR245,945 due to the Government of Malta.

21 Cash and Cash Equivalents

Cash and cash equivalents consist of cash at bank and in hand, net of a bank overdraft as follows:

	2013 EUR	2012 EUR
Cash at bank	**303,315**	101,019
Cash in hand	**299**	109
Cash at bank and in hand	**303,614**	101,128
Bank overdraft (note 18)	**(9,505)**	(22,108)
Cash and cash equivalents	**294,109**	79,020

22 Immediate Parent and Ultimate Controlling Party

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

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

23 Related Party Transactions and Balances

The related parties of the company with which the Company had balances outstanding as of 31 December 2013 or transactions during the year then ended were as follows:

- MSE (Holdings) Limited (shareholder of the Company)
- CSD (Malta) plc (subsidiary of MSE (Holdings) Ltd)
- Government of Malta (ultimate controlling party)
- European Wholesale Securities Market Limited (associate of the Company)

23.1 Related party transactions
During the year, the Company entered into various transactions with related parties, as follows:

		2013 EUR	2012 EUR
Revenue	*Related Party*		
Listing fees	Government of Malta	**1,801,350**	1,636,900
Register fees	Government of Malta	**446,016**	422,348
Administrative expenses			
Rent	MSE (Holdings) Limited	**90,000**	90,000

Included in administrative expenses are salaries paid to the chairman and board members amounting to EUR24,820 (2012: EUR25,157).

23.2 Related party balances
The outstanding amounts at year end together with the related terms have been separately disclosed in notes 15, 16 and 20.

24 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 financial assets, trade and other receivables and cash at bank and in hand. At the year end, there were no off-balance sheet 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-balance sheet financial liabilities.

24 Financial Risk Management Objectives and Policies (continued)

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.

24.1 Credit risk

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

	2013 EUR	2012 EUR
Available-for-sale investments (note 14a)	**4,616,259**	3,887,256
Fees receivable (note 16)	**1,484,004**	2,013,706
Settlement receivables (note 16)	**-**	179,231
Amounts due from related parties (notes 15 and 16)	**11,690**	51,888
Cash at bank (note 21)	**273,653**	101,019
	6,385,606	6,233,100

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.

The Company's exposure to credit risk arises from activity exceeding 25% of its revenues. At year end the Company had EUR430,078 (2012: EUR891,634) owed by the Government of Malta representing 27% (2012: 44%) of the Company's total trade receivables. The Government of Malta generated EUR2,247,366 (2012: EUR2,059,248) of the Company's total revenue, representing 46% (2012: 45%) of the Company's total revenue.

24.2 Market risk

24.2.1 Interest rate risk

The interest rates on the available-for sale investments and bank overdraft are disclosed in notes 14b and 18. The Company has limited exposure to interest rate risk due to low bank balances which are subject to floating interest rates.

24.2.2 Price risk table

The Company holds non-current financial assets which are exposed to changes in market prices. The following table demonstrates the sensitivity to a reasonably possible change in market prices, with all other variables held constant, of the Company's non-current financial assets, based on the balances as at year end.

	Increase/ decrease in basis points	**Effect on Equity EUR 000**
2013	**+100/-100**	**(46)/46**
2012	+100/-100	(39)/39

24.3 Liquidity risk

The Company actively manages its risk of a shortage of funds by closely monitoring the maturity of both its financial investments and other receivables 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 financial assets. The presentation of the financial assets and liabilities listed above under

24 Financial Risk Management Objectives and Policies (continued)

24.3 Liquidity risk (continued)
the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

24.4 Fair values
The Company's available-for-sale financial assets comprise listed debt securities. These financial instruments are measured at fair value and classify within the Level 1 category on the fair value hierarchy. Level 1 is defined as valuation techniques using quoted prices (unadjusted) in active markets for identical assets and liabilities.

The fair value of financial assets and liabilities which are carried at amortised cost, namely cash at bank, loan receivable, trade and other receivables, loans and borrowings, and trade and other payables, approximates the carrying amount as stated in the statement of financial position. These financial instruments, which are not measured at fair value through profit and loss, classify within the Level 2 category on the fair value hierarchy. Level 2 is defined as valuation techniques using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

24.5 Capital Management
Capital includes equity less the fair value 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. 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.

Report on the Financial Statements

We have audited the financial statements of Malta Stock Exchange plc (the "Company") as set out on pages 48 to 66, which comprise the statement of financial position as at 31 December 2013 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

As explained more fully in the Directors' Responsibilities Statement set out on page 47, the directors are responsible for the preparation of financial statements that (a) give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and (b) are properly prepared in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act"). They are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 179 of the Act and may not be appropriate for any other purpose.

In addition, we read the Directors' Report and consider the implications for our report if we become aware of any apparent material misstatements of fact.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 on Financial Statements

In our opinion, the financial statements:
- give a true and fair view of the financial position of the Company as at 31 December 2013, 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 EU; and
- have been properly prepared in accordance with the Companies Act, 1995 (Chapter 386, Laws of Malta).

Report on Other Legal and Regulatory Requirements

Matters on which we are required to report by exception by the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act")
We have nothing to report in respect of the following matters where the Act requires us to report to you if, in our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- proper accounting records have not been kept by the Company; or
- the Company's financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, we require for the purpose of our audit; or
- certain disclosures of directors' remuneration specified by the Act are not made.

H Galea Lauri

Hilary Galea-Lauri (Partner) for and on behalf of,

KPMG
Registered Auditors

20 March 2014

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