





Malta Stock Exchange plc Garrison Chapel, Castille Place Valletta VLT 1063, Malta

Tel: +356 2124 4051

E-mail: borza@borzamalta.com.mt

www.borzamalta.com.mt

Malta Stock Exchange

as at 31 December 2018

Board of Directors

ChairmanMr Joseph PortelliDeputy ChairmanProfessor Joseph FalzonDirectorsDr Abdalla Kablan

Professor Tanya Sammut-Bonnici

Mr Steven Tedesco Ms Marie Cordina

Company Secretary Ms Marie Cordina

Audit Committee

ChairmanMr Steven TedescoMembersMr Joseph Portelli

Professor Tanya Sammut-Bonnici Ms Charmaine Baldacchino

Secretary Ms Claire Mula

Risk Management Committee

ChairmanProfessor Joseph FalzonMembersMr Joseph Portelli

Dr Abdalla Kablan Mr Simon Zammit Mr Alfred Sammut

Ms Charmaine Baldacchino

Ms Marie Cordina

Secretary Ms Claire Mula

Letter of Transmittal

as at 31 December 2018

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

April 2019

The Chairman Malta Financial Services Authority Notabile Road Attard BKR 3000

Dear Sir

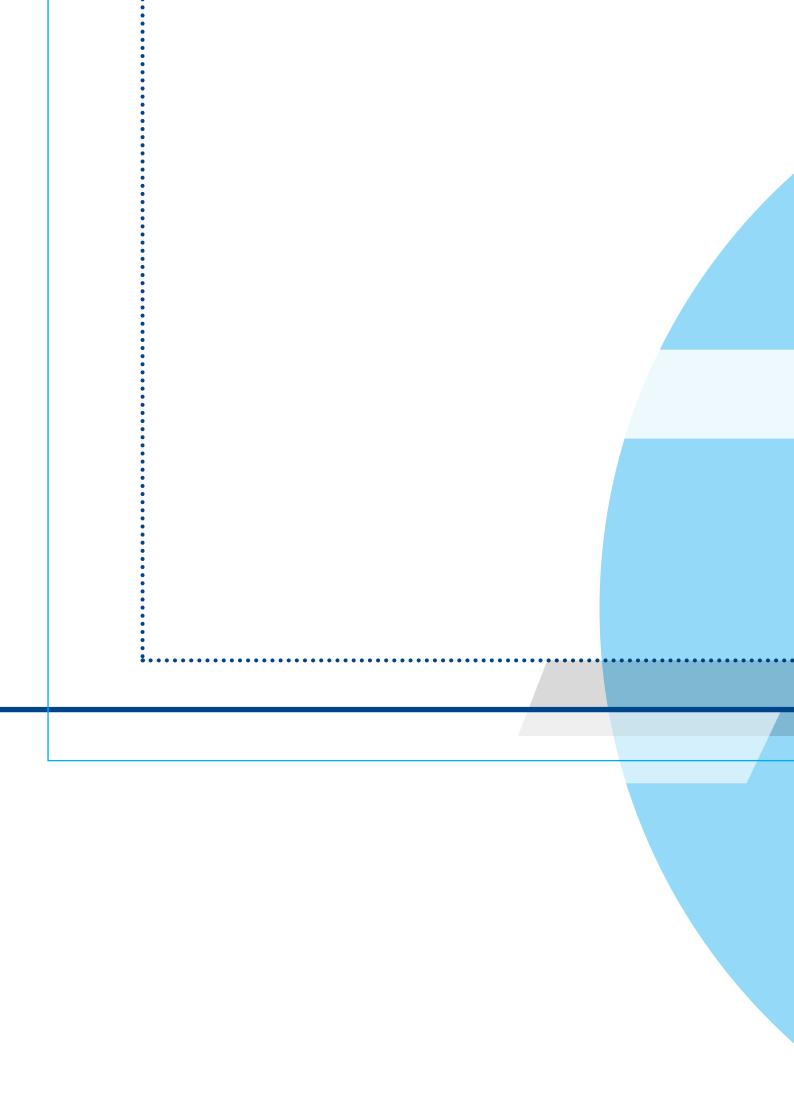
In accordance with the Financial Market Rules Stipulating Financial Requirements and Financial Reporting Requirements applicable to Regulated Markets and Central Securities Depositories, I have the honour to transmit the Audited Financial Statements and a report on the activities of the Malta Stock Exchange for the year ended 31 December 2018.

Yours faithfully

Joseph Portelli **Chairman**

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Chairman's

Message



Over the past year, we continued to execute on the 2016 National Capital Markets Strategic Plan to modernise, institutionalise and internationalise the Exchange. We believe we are succeeding to put in place the required processes and infrastructure, and are creating the necessary management structure to transform our organisation into one of Malta's leading institutions in the financial market.

The Group's future looks bright, despite a decline in operating profit in 2018 of 6.6% to €3,383,865 on the back of a 4.3% revenue decline due mainly to falls in register, dematerialisation fees and trading volumes. Trading turnover has declined for two years running, plunging 40% and 16% in 2017 and 2018 respectively. This is mostly due to the European Central Bank's curtailment of its quantitative easing programme and the Maltese investors' penchant for buying and holding securities. We will continue to endeavour to increase trading activity and improve liquidity. We also expect to revamp market making rules in the hope of attracting market makers to the Exchange. Register fee declines of 12% hit revenues hard in 2018. New corporate listings helped mitigate these revenue declines, though the Maltese Government has continued to reduce its bond issuance.

On a positive note, we expect 2019 new corporate listings to outpace last year's activity. Also, for the third successive year, we have managed to cut administrative costs. I am proud to report administrative expenses declined 2.3% in 2018, on top of the 2.4% and 4.3% declines in 2017 and 2016 respectively. We

have created efficiencies, resulting in productivity gains which, coupled with our disciplined approach to justifying all spending, have yielded significant savings for the Exchange. This in spite of having invested considerably in refurbishing our facilities, creating new product lines, increasing marketing, PR and business development budgets, and investing in our staff.

In 2018 we saw one new firm added to the ranks of member brokers, which now total 19. Two new equity and six new corporate bonds were listed on the regulated market. With regard to admission to Prospects MTF, the Exchange's new marketplace focusing on listing small and medium sized companies (SMEs), 2018 was a positive year, with seven new companies coming to market. We also saw the Exchange approve three new corporate advisors, bringing the current total to 20.

We remain committed to creating a capital markets ecosystem that will allow businesses to attract capital in a cost effective and efficient manner. We are mindful that our actions directly or indirectly have far reaching implications that help create jobs and drive economic growth. We are also aware that the marketplace is dynamic and capital market innovation is paramount for an economy to thrive and grow.

I am pleased to report we are building a reputation internationally of being trailblazers within the nascent digital asset and blockchain space. In July 2018, MSX plc was formed to be the Group's digital asset arm. MSX signed MoUs with Binance and OKEX, two of the world's leading digital asset trading platforms, to list security tokens. It is our hope both joint ventures will be operational by the last quarter of 2019.

Over the past year we continued to dedicate significant resources to processing new Prospects MTF applications. We believe by year end as many as 20 local SMEs will have been admitted to the Exchange. In 2018, the Board decided prudence dictated strengthening Prospects MTF admission requirements. We believe this action serves the interests of all stakeholders, including investors and the business community alike.

In 2017, we inaugurated the Institutional Financial Securities Market (IFSM), a regulated wholesale market geared towards the listing of securitised products consisting of asset-backed securities, convertible bonds and insurance linked notes. This decision proved well timed considering Euronext decided to windup the European Wholesale Securities Market (EWSM), a joint venture formed between the Irish Stock Exchange and the Exchange in 2012. The IFSM seamlessly became home to all 12 of these securities.

The Malta Stock Exchange Institute Ltd (the Institute) completed its first year of operations and was accretive to the Group's earnings. We are pleased with the Institute's mandate to provide investors and professionals with excellent quality and affordable continuing education. In 2018 almost 1,000 students attended over 70 courses. We believe the Institute is well on its way to becoming Malta's leading provider of affordable investment education.

Last year we continued our multiyear refurbishment programme. The executive floor was extended by roughly 25 m², increasing our conference and seminar space to a capacity of roughly 140 seated occupants. We also installed a new bathroom, upgraded our kitchen facilities and replaced the 18-year-old central air-conditioning chiller system with a more energy efficient one.

On the business development, marketing and PR front, the Exchange continued its strategy of promoting its brand locally and overseas. Many events were hosted at the Exchange including numerous bell ringing ceremonies. In commemoration of International Women's Day, the Exchange hosted Sophie, the Countess of Wessex, together with H.E. President of Malta Marie-Louise Coleiro Preca. We also hosted for the first time ever a World Federation of Exchanges event. Over 70 people from exchanges throughout the world participated in a two-day seminar to discuss how exchanges can help alleviate the day-to-day challenges SMEs face raising capital. We continued to welcome both local and international dignitaries, including the Prime Minister, the Minister for Finance, diplomats such as the American and Turkish ambassadors, and countless local and foreign CEOs, chairmen and business leaders.

We were very aggressive on the PR and business development front, having executed on a number of firsts to promote the Exchange overseas: we retained the services of an internationally recognised London PR firm to help promote our brand overseas; we ran a six-month international advertising campaign on Bloomberg TV; and we secured exhibit stands at two high-profile international conferences - the Barcelona ABS and the Milan NPL conference.

We continued to organise international delegations to promote Malta and our digital and capital markets with firsttime visits to New York City and Tel Aviv, among others.

Much of the Exchange's results and accomplishments in 2018 would not have been possible without the ongoing dedication of Mr Simon Zammit and Mr Alfred Sammut, our Chief Officer and Chief Human Resources and Corporate Services Officer, respectively. I would also like to thank our managers and staff, together with my fellow Board members for their continued support and encouragement. Thank you also to the Hon. Minister for Finance, Prof. Edward Scicluna, and his team for their continued wise counsel and support.

Joseph Portelli Chairman





Chief Officer's

Report



The Malta Stock Exchange posted an operating profit of over €3.3 million in 2018, a 6.6% decline on 2017. Total revenue was just over €6.8 million, a fall of 4.3% compared to 2017. This fall in revenue is a direct result of the downturn in market activity as well as a reduction in the number of listings coming to the market, which affected the Exchange's traditional income streams from market turnover, listing and registration.

The decrease in market activity experienced in 2018 is a continuation of a trend observed over the past few years. A closer look at the statistics for market activity during this time shows a heavy, consistent decline in market turnover and market capitalisation of Malta Government Stocks (MGS). Once again, the reduced Central Bank of Malta (CBM) intervention in this segment under the Eurosystem's Public Sector Purchase Programme was a major contributing factor to the decline in MGS trading volumes. In 2018, turnover volumes for the MGS segment fell 47.3%, amounting to a decrease of €191.1 million. The marginal growth of the equity and corporate bond segments, both in trading volumes and in market capitalisation, was not enough to counter the overall decline in market turnover. Trading volumes in the equity segment remained relatively unchanged at €86.3 million and the corporate bond segments increased by 22.5%, with a total value of €93.7 million. Total market turnover in 2018 stood at €392.7 million, a decrease of 30.9% (€175.6 million) compared to 2017.

The past year has once again been a busy period from a regulatory compliance perspective. The second Markets in Financial Instruments Directive (MiFID II) was implemented

and the Markets in Financial Instruments Regulation (MiFIR) introduced. MiFID II and MiFIR, which aim to improve investor protection and the resilience of financial markets, came into force on 3 January 2018. As an EU Regulated Market, the Exchange carried out an intensive review of its regulatory reporting requirements and administrative processes to ensure that all the necessary changes were made and implemented by that date.

The General Data Protection Regulation (GDPR) came into force on 25 May 2018. The new regulation adopted by the EU aims to strengthen individuals' rights on the processing of their personal data. A review was performed of the Exchange's marketing processes and procedures that involve the processing of personal data and the necessary revisions were made to ensure that they are fully compliant with these new regulatory requirements.

Another major regulatory project finalised in 2018 was the fulfilment of the requirements of the EU Central Securities Depository Regulation (CSDR). The MSE finalised and submitted the necessary documentation for the application for reauthorisation of its CSD. Based on these, the regulatory assessment was concluded and in October 2018 the Malta Financial Services Authority (MFSA), supported by the CBM, granted authorisation to the Malta Stock Exchange to provide the core services of a central securities depository and nonbanking type services. I would like to thank our counterparts both at the MFSA as well as the CBM for their contribution of the successful conclusion of the Malta-CSD's reauthorisation process.

Throughout the year, the Exchange has continued seeking to diversify its traditional revenue streams. We have continued to prepare for major changes expected in 2019 when the Exchange will take advantage of joint venture possibilities brought about by DLT Regulation and the Virtual Financial Assets Act (VFAA). The scope of this new regulatory framework and of the VFAA is to regulate the issuance and trading of Virtual Financial Assets (VFA) that are issued from Malta or admitted to DLT exchanges authorised in Malta. The VFAA is expected to bring with it new business opportunities for the Malta Stock Exchange and it is our intention to explore the opportunities to set up a digital exchange platform for the trading of Security Token Offerings (STOs).

We have explored opportunities to capitalise on our core competences and expertise in servicing the capital markets by extending our existing services to potential new infrastructures in the DLT and VFA sector. These opportunities will continue to be explored with a view to finalising a number of agreements with new entrants in this sector.

For all our staff and the management team, 2018 was a busy year in which a number of projects and initiatives that had commenced in the previous year were finalised, while preparations began for major upgrades that will be concluded in 2019. Thus, following the 3 January 2018 changeover to MiFID II, new systems were put in place that started reporting transparency data to ESMA and the MFSA.

In the early parts of Q3 2018, notice was given of the winding down of EWSM, the wholesale securities market in which the MSE was a shareholder with the Irish Stock Exchange. It was with great satisfaction that we note that all issuers that were listed on this market decided to migrate their listing to the Institutional Financial Securities Market (IFSM), the regulated wholesale market fully owned and operated by the MSE that only started operating in 2017.

Towards the end of the year a steering committee was set up, together with our counterparts at Deutsche Börse in Frankfurt, to manage the project that will lead to the changeover from the current Xetra trading system to the latest T7 trading technology. Once concluded, the T7 implementation would be the largest upgrade to our trading system since the Malta Stock Exchange became a Deutsche Börse Partner Exchange in 2012.

Despite these major regulatory changes as well as the implementation of the various projects and events throughout the year, we managed to minimise the impact on our operating profit margin, which fell by just 1.3% from 50.8% in 2017 to 49.5% in 2018, while we have also managed to decrease administrative expenses by just over €74,000. Throughout the

year we have continued to rigorously control and monitor our expenses. Our finance team has also been strengthened by among other things, the recruitment of more staff, including a Financial Controller and a Chief Financial Officer.

I would sincerely like to thank the Chairman and Board of Directors for their continued trust and support. I would also like to extend my appreciation to the management team and my colleagues who have shown their full commitment towards the Exchange and who, through their hard work, brought about the successes, events and produced the results that you can review in this report.

Simon Zammit
Chief Officer





Administration

Report



Governance

The Board

The Board is composed of Mr Joseph Portelli, Chairman; Professor Joseph Falzon, Deputy Chairman; Dr Abdalla Kablan, Director; Professor Tanya Sammut-Bonnici, Director; and Mr Steven Tedesco, Director. Ms Marie Cordina is the Secretary to the Board and Company Secretary.

The Board of MSE (Holdings) Ltd and CSD (Malta) plc respectively have the same composition as that of the Malta Stock Exchange plc. CSD (Malta) plc was put into voluntary liquidation on 12 November 2018 and a liquidator was appointed to take over the winding down procedures.

Mr Joseph Portelli is also Chairman of the Malta Stock Exchange Institute Ltd, with Professor Joseph Falzon and Mr Simon Zammit sitting on the Board of Directors.

In July 2018, Mr Joseph Portelli was appointed Chairman of MSX plc, a newly incorporated subsidiary of MSE (Holdings) Ltd. Professor Joseph Falzon was appointed as director of the company.

General Meetings

On 15 March, an Extraordinary General Meeting was convened during which the shareholders unanimously approved an extraordinary net dividend of €250,000.

The Exchange's Annual General Meeting was convened on 30 July 2018. During this meeting, the shareholders considered the minutes of the Annual General Meeting held on 28 April 2017; the minutes of the Extraordinary General Meetings held on 31 October 2017, 27 December 2017 and 15 March 2018; the appointment of the Directors, the appointment of the Exchange's Auditors; the Directors' report; the Auditors' report and the Audited Financial Statements for the year ended 31 December 2017. Furthermore, the shareholders unanimously approved an interim net dividend of €500,000.

Later on in the year, another Extraordinary General Meeting was held on 20 December 2018 during which a final net dividend of €750,000 was approved.

Board Meetings

Twelve regular meetings and one ad-hoc meeting of the Board of Directors were convened.

During the course of another busy year, the Board debated the Exchange's short-term and long-term growth strategy. So as to be well positioned within the global FinTech space, the Board approved the incorporation of MSX plc and the signing of Memorandums of Understanding (MoU) with Binance, OKEX and Neufund. The Board also approved the MSE FinTech Accelerator Programme together with the conversion of Level +2 into a number of offices that could be used as temporary office space by companies applying under this programme.



As in previous years, marketing and public relations; operational, compliance and regulatory matters; human resources and health and safety remained high in priority on the Board's Agenda.

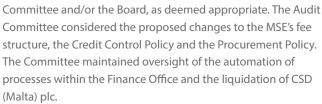
Board Committees

Two Board Committees, the Audit Committee and the Risk Management Committee, supported the Board in line with their respective terms of reference. Changes to the constitutions of these committees were made to reflect the recruitment exercise carried out in 2018.

Audit Committee

The Audit Committee, chaired by Mr Steven Tedesco, met on a quarterly basis in 2018. An additional ad-hoc meeting was convened to meet the external auditors on the financial statements audit carried out earlier during the year.

The Audit Committee analysed the MSE's monthly and quarterly management accounts regularly. The MSE's investment portfolio and trade debtors were also closely monitored and recommendations were made to the Risk Management



Risk Management Committee

The Risk Management Committee, which is chaired by Prof. Joseph Falzon, was convened four times in 2018.

This Committee mainly focused on the review of the Risk Management Internal Capital Adequacy Assessment Process (RMICAAP) Report for 2017; monitored the key risks identified in the RMICAAP report and the implementation of the pertinent mitigating actions; the updating of the MSE's Risk Register; and the management of the MSE's investment portfolio.

Since the MSE appointed a Risk Manager in the second quarter of 2018, the Board approved, during its 128th Board Meeting held on 19 November 2018, that from then on Risk Management Committee meetings would be held quarterly.

Business Development

The Virtual Financial Assets Act, which came into force on 1 November 2018, will bring new business opportunities to the Malta Stock Exchange. The Exchange, in its intention to set up a digital exchange platform for the trading of Security Token Offerings (STOs), has also sought to position itself at the



forefront of the global FinTech space by signing MoUs with leading DLT platforms Binance, OKEX and Neufund. This will enable the Group to become Malta's leading DLT provider for Security Token Offerings.

The first key initiative of the National Capital Markets Strategic Plan was to promote the listing of Exchange Traded Funds (ETFs). This milestone was reached in March 2018 with the amendment of the Listing Rules, which were updated with a new section that specifically caters for the listing of ETFs, enabling the MSE to admit these funds on its official lists.

Prospects MTF, the Exchange's SME market, has attracted interest from a number of local and foreign SMEs that are considering it as a listing venue. Throughout the year the Business Development Office had various discussions with representatives of prospective issuers and investors from jurisdictions even outside the EU that have noted the efficient manner in which Prospects MTF has evolved, as well as the high quality of governance that eligibility to this market entails.

The Institutional Financial Securities Market (IFSM), launched in October 2017, became the alternative listing venue of choice for all the wholesale debt securities previously listed on the European Wholesale Securities Market (EWSM), which was wound down following the takeover of the Irish Stock Exchange by Euronext. All issuers listed on EWSM chose to migrate their securities to the new market. By the end of the year, 12 wholesale debt securities were listed on IFSM.

New York and Tel Aviv are two key business hubs from where the Exchange is attempting to attract new business. Between 16 and 19 April, the Chairman, Mr Joseph Portelli, and the Chief Officer, Mr Simon Zammit, were part of a business delegation to New York, led by the Hon. Prof. Edward Scicluna, Minister for Finance. Meetings were held in New York, with a number of law firms and other entities operating in the financial services and FinTech arena. The Maltese delegation, which also included FinanceMalta Chairman, Mr Kenneth Farrugia, and MFSA Securities and Markets Supervision Unit Director, Dr Christopher P. Buttigieg, participated in a seminar organised by Adherence LLP aimed at promoting Malta as a reputable financial services jurisdiction.

Representatives of the Malta Stock Exchange and FinanceMalta





also formed part of an official delegation led by Prof. Edward Scicluna to Israel between 27 and 29 November.

The Maltese delegation was welcomed by H.E. Cecilia Attard Pirotta, Malta's Ambassador to Israel. The delegation included the Chairman of the Malta Stock Exchange, Mr Joseph Portelli, the Chief of Staff at the Ministry for Finance, Dr Paul Debattista, Malta Stock Exchange Chief Officer Mr Simon Zammit, FinanceMalta Chairman Mr Kenneth Farrugia and Malta Stock Exchange Business Development Consultant, Mr Enry Digiacomo. The aim of the official visit was to explore new business collaborations and enhance existing business relationships between the two countries.

A number of business development trips were also organised to London throughout the year.

Refurbishment

To maintain the premises and continue to enhance the Malta Stock Exchange's image, the three-year refurbishment programme that began in 2016 continued in 2018.

In the first quarter of the year a tender was issued for the refurbishment, including demolition and welding works on Level 1 of the Exchange's building. The refurbishment works also



consisted of the construction of a steel and concrete structure to extend the existing floor space. The floorboards of the whole platform were changed from the pre-existing light wood into laminated parquet flooring. New light fittings were installed and new counter desks procured. On the same level, an additional

restroom was installed and the kitchenette was extended and refurbished. To ensure employees' safety during the construction of the floor extension, and as part of the business continuity plan, a substantial number of employees were asked to report to work at the Exchange's secondary site throughout the months that work was in progress.

Another refurbishment project began towards the end of the year on the second level of the Exchange's premises. Seven offices with glass partitions were assembled on this floor. New furniture was ordered to complement these offices. The intended use of these offices is to provide temporary office space as part of the MSE FinTech Accelerator Programme.

during Summer, the Exchange engaged nine students who were deployed in various offices within the Exchange.

Staff Training

The Exchange is active in encouraging its staff to pursue relevant training both externally and at the Malta Stock Exchange Institute. In 2018, 31 staff and directors attended 64 courses.

Family-Friendly Measures

As in previous years, a number of staff continued to avail themselves of family-friendly initiatives. Seventeen staff members benefit from teleworking, 10 worked on flexi-hours and a further three benefit from reduced hours.

Health and Safety Measures

As part of the health and safety procedures, safety measures were continuously evaluated. A number of fire drills and evacuations were performed and additional firefighting equipment was installed.

Social Events Committee

Once again, the Social Events
Committee organised a series of
events for members of staff and
their families. These included Dress
Down days, a weekend trip to Sicily,
a day by the beach at Paradise Bay
and a five-day tour to Disneyland
Paris. For employees having young
children, the Committee once
again organised the Kids' Christmas

Party. As has been the tradition in recent years, the children from the Ursuline Creche in Tarxien were invited to this party. All funds raised through the organisation of these events are donated to charity.

Human Resources



Staff Complement

To strengthen the human resources structure and in adherence to the Board's strategy to ensure succession planning, a number of staff promotions were given and internal redeployments were effected. The Exchange recruited a Chief Financial Officer and a Financial Controller. Another two recruits were

engaged towards the end of the year, one as a parttime officer and the other in a non-clerical grade also on a part-time basis.

Towards the end of the year, the Exchange's staff complement stood at 53, split on a gender basis between 35 females and 18 males. Similar to the previous year, this largely reflects the gender split throughout most of the grades in the organisation. The complement included 25 staff in the managerial grades, 13 in the supervisory grades and nine in the officer grades. The staff complement includes six non-clerical staff, split between three males and three females. Apart from the permanent staff complement,



Regulatory Matters

Regulation

January 2018 saw the coming into force of the second Markets in Financial Instruments Directive (MiFID II) and the Markets in Financial Instruments Regulation (MiFIR). On 25 May 2018, the General Data Protection Regulation (GDPR) was implemented. An internal review of the Exchange's processes was carried out to ensure compliance with these three regulations.

Following the submission of the relevant application, the Malta Stock Exchange plc was granted the reauthorisation to provide the core services of a central securities depository and non-banking type ancillary services in terms of Article 16 of Regulation (EU) No 909/2014 (Central Securities Depository Regulation).

Bye-Laws

A number of amendments were made to Chapters 2, 3 and 4 of the Bye-laws of the Exchange. Appendix 3.1, Appendix 3.2, Appendix 4.1 and Appendix 6.1 were also amended. These amendments mainly reflected changes to a number of operational procedures – such as the inclusion of the Legal Entity Identifier (LEI); updates in line with MiFID II regulations; strengthening of admission requirements to the CSD; and changes to the frequency of committee meetings.

Risk Management and Internal Capital Adequacy Assessment (RMICAAP)

In January 2018, the Board, in terms of the Financial Market Rules Stipulating Financial Resources and Financial Reporting Requirements applicable to Regulated Markets and Central Securities Depositories, confirmed to the MFSA that the Exchange had a Risk Management and Internal Capital Adequacy Assessment Process (RMICAAP) in place that was comprehensive and proportionate to the nature, scale, and complexity of its activities and functions.

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 beginning of February 2018 covering the period from August 2017 to January 2018 in which the Board confirmed the Exchange's compliance with applicable legislation, rules, and regulations.

Audit

During the Annual General Meeting held on 30 July 2018, the shareholders unanimously approved the Audited Financial Statements for the year ended on 31 December 2017. The Audited Financial Statements and the Annual Report on the Exchange's activities during 2017 were submitted to the Competent Authority and published in accordance with the Financial Market Rules Stipulating Financial Resources and Financial Reporting Requirements applicable to Regulated Markets and Central Securities Depositories.

Corporate Social Responsibility

The Exchange continued to support cultural, educational, and philanthropic causes. As already mentioned in the report, a number of events were organised by the Social Events Committee for members of staff. All funds raised through these events are donated to charity.

Furthermore, the Exchange extended financial support to amongst others:- the ALS Foundation, the Malta Dyslexia Association, the Malta Community Chest Fund, Din I-Art Helwa, the Association for Abandoned Animals, the Cancer Research Foundation and Nudgeathon.

International Affiliations

ANNA Association of National Numbering Agencies

ECSDA European Central Securities Depositories Association

FESE Federation of European Securities Exchanges

WFE World Federation of Exchanges

Events

The Exchange hosted a number of events related to the financial services industry.

Thomson Reuters MSE Investment Managers' Forum

The first event for the year was the Thomson Reuters MSE Investment Managers' Forum, held on 14 February. The event



focused on the investment managers' role in the fund and asset management industry and sought to highlight the challenges and opportunities that currently exist in the Financial Markets, as well as the changing role of the investment management industry.

The event was inaugurated by the Chairman of the Malta Stock Exchange, Mr Joseph Portelli, followed by a welcome address by the Hon. Prof. Edward Scicluna, Minister for Finance. In his speech, Minister Scicluna highlighted the high level of professionalism and expertise found in the Maltese financial services industry, which is the main reason Malta continues to attract international business to its shores.

Other keynote speeches were delivered by Detlef Glow, Head of Lipper EMEA Research at Thomson Reuters, Mr Gerry Perez from Interactive Brokers (UK) Ltd and Dr Christopher Buttigieg, Director of the Securities and Markets Supervision Unit at the MFSA.

World Federation of Exchanges (WFE) SME Conference

The second event was the World Federation of Exchanges (WFE) SME Conference, held at the Exchange on 26 February. During

the conference, the WFE presented its research on the challenges and opportunities faced by SMEs and the difficulties that family-owned businesses often face when listing their equity on the financial markets. Among the participants at the conference were delegates from Japan, Korea, India, Canada, Colombia, Germany, Norway, Turkey, Iran and Mauritius.

The opening address was delivered by the Chairman, Mr Portelli, followed by the keynote address delivered by the Hon. Prime Minister, Dr Joseph Muscat. Other speakers included, Ms Nandini Sukumar, WFE CEO; Ms Siobhan Cleary, Head of Research and Public Policy at the WFE; Professor Joe Bannister, MFSA Chairman; Mr Simon Zammit, MSE Chief Officer; and other local and international professionals operating in the field of SMEs.



4th Annual Investor Conference

The MSE is committed to increasing financial literacy among investors. In 2018, for the first time since its launch, the 4th Annual Investor Education Conference was held at the Exchange in Valletta on 1 December. The conference was well-attended by a mixed audience seeking to understand better the nature and operations of the financial markets.

The opening address was delivered by the Chairman, Mr Portelli, and Prof. Scicluna, Minister for Finance, delivered the opening keynote speech. Among the speakers and panellists were Dr Michelle Mizzi Buontempo, Director Conduct Supervision Unit, MFSA; Mr David Curmi, Managing Director at Curmi & Partners Ltd; Mr Jesmond Mizzi and Mr Colin Vella, both from Jesmond Mizzi Financial Advisors; Mr Jordan Portelli, Investment Manager at Calamatta Cuschieri; and Mr Martin Webster, from Lombard Bank Malta plc.

Annual Awards Dinner

The Phoenicia Ballroom was the venue for the Malta Stock Exchange Annual Awards Dinner. Awards were presented in three categories. The Lifetime Achievement Award was awarded



to Mr Paul Manduca - Group Chairman and Chairman of the Nomination Committee Prudential plc; the Employee of the Year

Award was awarded to Ms Claire Mula – Manager, Board & Executive Secretariat; and the Company of the Year Award was given to Mr Joseph A. Gasan on behalf of Gasan Finance Company plc. The three Awards were presented to the winners by Prof. Scicluna, Minister for Finance.

Exchange Participation at Industry Events

Annual IFSP Conference

Another calendar event supported by the Exchange was the Annual IFSP Conference, held on 15 February at Xara Lodge, limits of Rabat, at which the Exchange sponsored a post-meeting reception.



The title of the conference was 'Efficiency and Innovation – the way forward for Malta's financial services industry'. There was a panel discussion titled 'Capital Markets, from Prospects to Wholesale Securities Markets — Something for all investor classes'. The Exchange's Chief Officer, Mr Zammit, was one of the panellists, together with other industry practitioners.

FinanceMalta Annual Conference

In May, the Exchange participated in the 11th FinanceMalta Annual Conference, held at the Hilton Malta Conference Centre, where, among other initiatives, the Prospects MTF was promoted. The conference is attended by both industry practitioners and investors, apart from prospective issuers.

22nd Annual Global ABS Conference

As part of the promotional campaign to internationalise and attract business from overseas, the MSE sought to promote its Institutional Financial Securities Market (IFSM) and the Dematerialisation services at two major international conferences. The first was the 22nd Annual Global ABS Conference held in Barcelona, Spain, between 5 and 7 June. This conference attracts issuers and practitioners active in the field of Asset Backed Securities from all over the globe.

3rd Annual Investors Conference on Italian and European Non-Performing Loans

The Exchange participated in the third Annual Investors
Conference on Italian and European Non-Performing Loans,
held in Milan on 15 November, to continue promoting IFSM and
Dematerialisation services to international investors and issuers.
The discussions during the conference focused around the
subject of the securitisation of debt in the Italian and European
financial markets.

Visitors to the Exchange

On 8 March, to commemorate International Women's Day, the Exchange hosted a business breakfast organised by the 100 Women in Finance Next Generation Initiative. Among the



Her Royal Highness, the Countess of Wessex

distinguished guests were H.E. Marie-Louise Coleiro Preca, the President of Malta and Her Royal Highness, the Countess of Wessex, GCVO, who together launched the trading day with the symbolic ringing of the Exchange's trading bell.

Following this memorable occasion, other distinguished guests who visited the Exchange were Mr Stuart Gill, OBE, the British High Commissioner; Ms Başak Türkoğlu, the Turkish Ambassador to Malta; and Ms Glenna Kathleen Hill, the United States Ambassador to Malta.

Other visitors included a 30-strong delegation of senior executives from the Nation Building Institute in Thailand. This delegation was particularly interested in learning more about Malta's sustained economic growth, opportunities in the financial services sector and the development of the capital market.

Many prominent local and foreign CEOs, chairmen and business leaders also visited the Exchange.



Ms Glenna Kathleen Hill, the United States Ambassador to Malta



Ms Başak Türkoğlu, the Turkish Ambassador to Malta

Student visits to the Exchange

In November, a number of students both from local and foreign educational institutions visited the Exchange, including students from the Institute of Business Management & Commerce, MCAST, the Archbishop's Seminary and Sir M.A. Refalo Sixth Form in Gozo, as well as a group of German exchange students who came to the Exchange to learn more about the Maltese capital markets.



St Thomas Moore Students visit





Exchange Operations

and Other Activities

Regulated Main Market

Total market turnover for 2018 stood at \leqslant 392.7 million, a decrease of 30.9% (\leqslant 175.6 million) compared to 2017. While the equity segment showed only a slight decrease of 1.9% or \leqslant 1.68 million and the corporate bond segments showed an increase of 22.5% (\leqslant 17.2 million), the drop in turnover volumes for the MGS segment was of 47.3%, amounting to a decrease of \leqslant 191.1 million.

Market capitalisation at the end of the year stood at €12.1 billion, a decrease of 0.8% (€103.6 million) from the €12.2 billion at the end of 2017. This change was due solely to a decrease in market capitalisation of €369.1 million in Government Bonds. The total decrease was offset by an increase in the equities market capitalisation of €129.9 million, an increase in market capitalisation of €22.5 million in corporate bonds and an increase in market capitalisation of €113.1 million in Treasury Bills.

The MSE Equity Total Return Index closed at 8999.03, up by 3.8% from 8669.13 at the end of 2017. The Index peaked at 9042.68 on 16 October and fell to its lowest point of 8366.35 on 10 May.

There was one new equity listing, Main Street Complex plc, in 2018, a spin-off issue (Trident Estates plc) as well as rights offers and scrip issues by FimBank plc and BOV plc, respectively, with a combined initial market capitalisation of €147.6 million. There was one equity delisting, Pefaco Int plc.

A total of six corporate bonds were issued with a total value of \in 117.25 million and \in 85.4 million were redeemed. In 2017 these figures stood at 13 new issues with a total value of \in 339 million and \in 260 million when excluding roll-overs. Total redemptions amounted to \in 98.9 million.

A total of three new MGSs were issued in 2018 (nine in 2017), with a nominal value of \in 150.26 million (\in 259 million in 2017). The total value of redeemed MGSs amounted to \in 391 million (\in 268 million in 2017).

A total of 93 Treasury Bills were issued, with a combined value of \in 1.21 billion, compared to 77 issues in 2017 totalling \in 602.2 million. A total of 83 Treasury Bills with a combined value of \in 1.04 billion were redeemed, compared to 61 Treasury Bills with a total value of \in 537.4 million in 2017.

Institutional Financial Securities Market

A total of 12 securities were re-listed under IFSM in 2018 with a total market capitalisation of €452.7 million. There was no trading registered on IFSM in 2018.

Prospects MTF

Admissions of securities to Prospects MTF increased steadily as more SMEs were attracted to this market. Seven corporate bonds, having an aggregate nominal value of \in 37.3 million, were admitted, with one further corporate bond application being approved but not yet admitted to trading by year end.

In addition, another three applicants were approved to act as Corporate Advisors. This brought the total number of Corporate Advisors to 20. Throughout the year, Corporate Advisors attended several workshops in Corporate Governance and the General Data Protection Regulation (GDPR) as part of their ongoing training.

Total market turnover in Prospects MTF in 2018 was €1.2 million (€0.2 million in 2017), spread over 207 trades (32 in 2017).

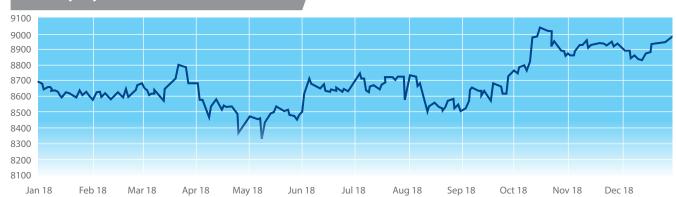
Central Securities Depository

The number of accounts held at the CSD continued to increase, standing at just over 77,700 when compared to 2017 when the number of accounts stood at just above 77,000. The CSD processed 384 corporate actions in 2018, of which 250 were interest and dividend payments, together with buy-backs, mergers and redemptions.

A total of 115 securities were admitted to the CSD. These were split into: two equities, six corporate bonds, three Malta Government Stock issues and 93 Treasury Bills listed on the Regulated Main Market and seven corporate bonds admitted to Prospects MTF. A further four non-listed companies also admitted securities to the CSD.

(continued on page 36)

MSE Equity Total Return Index for 2018



Regulated Main Market - Comparative Trading Figures

Security	Number 2017	of Deals 2018	Volume/N 2017	No. of Shares 2018	Market Tu 2017	ırnover (EURO) 2018
Equities						
Bank of Valletta p.l.c. Ord €1.00 FIMBank p.l.c. Ord US\$0.50	3,574 187	3,349 279	12,559,752 2,964,569	13,943,683 3,572,554	25,887,242.48 1,927,841.62	22,939,793.73 2,052,384.52
GlobalCapital p.l.c. Ord €0.291172	62	44	2,463,394	164,522	750,662.55	51,499.89
Grand Harbour Marina p.l.c. Ord €0.12 GO p.l.c. Ord €0.582343	25 611	612	54,108 1,664,106	274,708 2,503,667	46,994.46 5,842,609.21	205,767.16 9,174,590.46
HSBC Bank Malta p.l.c. Ord €0.30	1,061	985	3,939,441	4,367,119	7,871,069.61	7,874,251.05
International Hotel Investments p.l.c. Ord €1.00 Lombard Bank Malta p.l.c. Ord €0.25	292 164	324 101	3,493,034 562,275	3,926,455 420,389	2,170,187.29 1,296,923.47	2,418,119.38 974,937.24
Loqus Holdings p.l.c. Ord €0.232937 MIDI p.l.c. Ord €0.20	15 190	54 450	61,529 3,954,610	762,276 8,960,563	10,511.49 1,277,185.16	58,616.78 4,236,048.77
Medserv p.l.c. Ord €0.10	366	253	2,018,239	1,430,020	2,740,678.16	1,559,057.82
Malta International Airport p.l.c. Ord €0.25 Malita Investments p.l.c. Ord B €0.50	892 269	842 388	2,780,063 2,663,415	1,749,479 4,274,212	11,979,866.95 1,998,438.71	9,386,359.29 3,636,018.93
Mapfre Middlesea p.l.c Ord €0.21	149	191	297,610	700,510	582,938.03	1,331,510.17
Malta Properties Company plc Ord €0.32 MaltaPost p.l.c. Ord €0.25	430 107	381 115	2,404,540 522,815	4,035,964 311,131	1,242,106.21 1,054,525.30	2,065,451.53 532,882.24
PG p.l.c. Ord €0.25	514	363	4,235,927	3,206,218	5,541,686.63	4,283,221.98
Plaza Centres p.l.c. Ord €0.20 RS2 Software p.l.c. Ord €0.06	146 841	166 720	1,249,485 4,013,202	1,556,085 3,699,121	1,299,651.29 6,663,488.28	1,596,831.59 4,650,908.48
Simonds Farsons Cisk p.l.c. Ord €0.30	176	255	189,749	557,739	1,556,988.28	4,075,467.50
Santumas Shareholdings plc Ord €0.275 Tigne Mall p.l.c Ord €0.50	52 126	44 125	313,972 5,879,373	170,791 1,134,160	657,795.36 5,580,822.55	245,521.27 1,084,116.41
Trident Estates plc Ord €1.00	-	299	-	1,036,724	-	1,597,545.89
Main Street Complex plc Ord €0.10	10,249	37 10,401		417,899 63,175,989	97.090.212	271,596.80 86,302,499
Total Equity Corporate Bonds	10,249	10,401	58,285,208	03,173,969	87,980,213	80,302,499
•	17	260	08 300	5,284,700	105 145 70	5 000 154 61
5.1% 6PM Holdings plc Unsecured € 2025 6% AX Investments plc € 2024	17 148	368 131	98,300	659,100	105,145.70 1,219,931.26	5,088,154.61 736,143.79
4.8% Bank of Valletta plc Notes 2018	181	35	2,347,900	625,300	2,406,463.49	625,659.30
5.35% Bank of Valletta plc Sub € 2019 4.25% Bank of Valletta plc € Notes 2019 Series 2 Tranche 1	136 160	154 151	813,300 1,871,900	931,000 1,352,500	836,732.40 1,936,594.48	946,666.25 1,370,074.00
4.8% Bank of Valletta plc Sub € 2020	197	123	1,455,800	1,230,800	1,500,651.72	1,260,768.80
3.5% Bank of Valletta plc € Notes 2030 S1 T1 3.5% Bank of Valletta plc € Notes 2030 S2 T1	192 117	188 141	4,428,100 1,591,800	4,890,600 1,667,100	4,383,370.62 1,561,224.12	4,920,801.20 1,664,888.19
3.75% Bortex Group Finance plc Unsecured € 2027	40	171	270,700	1,220,500	274,662.86	1,262,254.62
5.75% Central Business Centres plc Unsecured € 2021 S1T1 5.25% Central Business Centres plc Unsecured € 2025 S2T1	27 49	23 15	240,800 255,800	128,200 97,000	252,562.78 266,115.06	134,250.35 102,426.10
4.4% Central Business Centres plc Unsecured € 2027 S1/17 T1	55	50	338,900	287,900	345,396.64	295,877.14
6% Corinthia Finance plc € 2019-2022 4.25% Corinthia Finance plc Unsecured € 2026	<u>8</u> 92	6 115	62,000 836,300	57,000 1,190,500	63,901.20 872,964.41	58,995.00 1,232,410.96
5% Dizz Finance plc Unsecured € 2026	106	137	1,322,000	963,000	1,391,147.40	1,006,869.80
6.6% Eden Finance plc 2017-2020 4% Eden Finance plc Unsecured € 2027	9 199	196	32,000 2,741,100	2,009,800	32,481.80 2,818,424.44	2,097,888.55
5% GlobalCapital plc Unsecured € 2021	154	194	1,584,900	1,630,400	1,565,422.76	1,615,542.00
4.9% Gasan Finance Company plc € 2019-2021 7% Grand Harbour Marina plc € 2017-2020	58 13	75	648,700 32,200	543,500	668,190.14 32,531.22	562,759.72
4.5% Grand Harbour Marina plc Unsecured € 2027	81	130	824,900	914,600	854,291.37	956,197.55
4.25% GAP Group plc Secured € 2023 5.9% HSBC Bank Malta Plc € Sub 2018	575 88	308 25	6,747,600 998,700	5,322,700 281,800	6,867,413.80 1,043,420.01	5,515,771.54 282,877.08
5% Hal Mann Vella Group plc Secured Bonds € 2024	225	158	2,114,200	1,111,700	2,205,640.54	1,178,029.34
4.5% Hili Properties plc Unsecured € 2025 4.5% Izola Bank plc € Unsecured 2025	297 63	283 52	1,147,100 792,100	1,421,200 624,300	1,194,122.76 835,770.80	1,489,237.72 658,691.25
6.5% Island Hotels Group Holdings plc € 2017-2019	8	-	44,300	-	44,115.95	-
6% International Hotel Investments plc € 2024 6.25% International Hotel Investments plc € 2017 - 2020	152 8	123	1,404,600 227,700	698,700	1,504,553.30 227,433.77	758,760.12
5.8% International Hotel Investments plc 2021	50	38	461,400	389,600	492,299.40	411,931.15
5.8% International Hotel Investments plc 2023 5.75% International Hotel Investments plc Unsecured € 2025	35 167	36 183	312,200 524,600	224,600 1,035,200	331,506.10 559,217.71	239,380.17 1,119,794.78
4% International Hotel Investments plc Secured € 2026	611	479	4,020,500	3,082,700	4,114,111.50	3,208,251.55
4% International Hotel Investments plc Unsecured € 2026 7.5% MeDirect Bank plc Subordinated Bonds EUR 2019	171 39	144 52	1,520,100 762,000	1,138,300 1,369,000	1,542,847.63 827,604.50	1,174,409.84 1,436,514.00
7.5% MeDirect Bank plc Subordinated Bonds GBP 2019	11	1	132,000	20,000	156,601.49	23,427.34
6% MeDirect Bank plc Subordinated Unsecured € 2019-2024 6% MeDirect Bank plc Subordinated Unsecured £ 2019-2024	23 1	23	558,000 20,000	556,000	576,373.80 23,155.83	571,847.00
5% MeDirect Bank Plc Subordinated Unsecured € 2022-2027	20	24	432,000	525,000	442,843.40	546,082.50
4% MIDI plc Secured € 2026 5.3% Mariner Finance plc Unsecured € 2024	299 99	355 121	1,473,000 759,600	3,277,100 900,900	1,518,514.36 808,120.05	3,415,834.44 980,441.51
7.15% Mediterranean Investments Holding plc Euro 2015-2017	22	-	84,700	-	84,190.20	-
7.15% Mediterranean Investments Holding plc GBP 2015-2017 7.15% Mediterranean Investments Holding plc USD 2015-2017	2	-	16,900 47,000		18,689.30 44,389.24	
5.5% Mediterranean Investments Holding plc Unsecured € 2020	43	43	328,800	343,000	338,881.54	355,453.88
6% Mediterranean Investments Holding plc Euro 2021 5% Mediterranean Investments Holding plc Unsecured € 2022	64 105	30 123	502,500 926,700	254,300 632,500	512,483.27 957,540.36	263,346.90 650,591.53
4.8% Mediterranean Maritime Hub Finance plc Unsecured € 2026	197	94	2,139,000	636,000	2,226,673.70	659,544.10
6% Medserv plc Sec. & Grntd € Notes 2020-2023 S1T1 4.5% Medserv plc Unsecured € 2026	75 78	83 108	442,200 1,457,100	338,300 2,162,100	472,421.48 1,508,904.18	348,422.31 2,190,028.99
5.75% Medserv plc Unsecured USD 2026	15	24	324,000	638,000	305,084.83	547,936.38
6.8% Premier Capital plc € Bond 2017-2020 3.75% Premier Capital plc Unsecured € 2026	6 520	353	26,100 5,459,700	2,794,200	26,019.50 5,568,769.92	2,896,139.00
5.5% Pendergardens Developments plc Secured € 2020 Series I	91	56	1,355,500	540,000	1,413,757.45	560,202.42
6% Pendergardens Developments plc Secured Ä 2022 Series II 5.1% 1923 Investments plc Unsecured € 2024	93 10	107 333	976,000 118,000	1,091,800 2,376,500	1,072,070.52 122,699.64	1,202,049.86 2,462,882.01
3.9% Plaza Centres plc Unsecured € 2026	15	22	515,000	543,700	529,542.50	548,725.00
4.35% SD Finance plc Unsecured € 2027 6% Simonds Farsons Cisk plc 2017 - 2020	436 43	331	5,327,300 134,300	3,581,600	5,436,695.58 138,261.83	3,720,965.62
3.5% Simonds Farsons Cisk plc Unsecured € 2027	70	104	446,000	1,084,800	462,729.08	1,145,063.47
4% Stivala Group Finance plc Secured € 2027 6.2% Tumas Investments plc € 2017 - 2020	152 25	405	1,419,900 297,300	4,557,600	1,452,919.41 303,962.48	4,746,846.72
5% Tumas Investments plc Unsecured € 2024	51	77	391,400	586,500	418,982.15	633,671.66
3.75% Tumas Investments plc Unsecured € 2027 5.3% United Finance Plc Unsecured € Bonds 2023		149	999,400	1,290,000 140,600	1,035,631.95 158,509.88	1,348,079.89 149,177.58
	103	20	149,200	170,000		
4.4% Von der Heyden Group Finance plc Unsecured € 2024	23 312	487	2,597,000	4,319,000	2,591,311.90	4,380,019.20
	23				2,591,311.90 565,719.06	4,380,019.20 4,774,319.71 114,593.00
4.4% Von der Heyden Group Finance plc Unsecured € 2024 3.75% Virtu Finance plc Unsecured € 2027 4.25% Best Deal Properties Holding plc Secured € 2024 4.35% Hudson Malta plc Unsecured € 2026	23 312 32 -	487 421 16 181	2,597,000 552,000 - -	4,319,000 4,619,800 109,700 2,588,800	565,719.06 - -	4,774,319.71 114,593.00 2,701,368.26
4.4% Von der Heyden Group Finance plc Unsecured € 2024 3.75% Virtu Finance plc Unsecured € 2027 4.25% Best Deal Properties Holding plc Secured € 2024	23 312 32	487 421 16	2,597,000 552,000	4,319,000 4,619,800 109,700	565,719.06	4,774,319.71 114,593.00
4.4% Von der Heyden Group Finance plc Unsecured € 2024 3.75% Virtu Finance plc Unsecured € 2027 4.25% Best Deal Properties Holding plc Secured € 2024 4.35% Hudson Malta plc Unsecured € 2026 3.85% Hilli Finance Company plc Unsecured € 2028 4% Exalco Finance plc Secured € 2028 4.85% Melite Finance plc Secured € 2028	23 312 32 - - -	487 421 16 181 332 83 6	2,597,000 552,000 - - - - -	4,319,000 4,619,800 109,700 2,588,800 4,445,600 2,273,700 350,000	565,719.06 - - - - - -	4,774,319.71 114,593.00 2,701,368.26 4,561,039.79 2,381,486.05 374,415.00
4.4% Von der Heyden Group Finance plc Unsecured € 2024 3.75% Virtu Finance plc Unsecured € 2027 4.25% Best Deal Properties Holding plc Secured € 2024 4.35% Hudson Malta plc Unsecured € 2026 3.85% Hilli Finance Company plc Unsecured € 2028 4% Exalco Finance plc Secured € 2028 4.85% Melite Finance plc Secured € 2028 4.15% Phoenicia Finance Company plc Unsecured € 2023-2028	23 312 32 - - - - -	487 421 16 181 332 83 6	2,597,000 552,000 - - - - - -	4,319,000 4,619,800 109,700 2,588,800 4,445,600 2,273,700 350,000 953,800	565,719.06 - - - - - -	4,774,319.71 114,593.00 2,701,368.26 4,561,039.79 2,381,486.05 374,415.00 991,946.20
4.4% Von der Heyden Group Finance plc Unsecured € 2024 3.75% Virtu Finance plc Unsecured € 2027 4.25% Best Deal Properties Holding plc Secured € 2024 4.35% Hudson Malta plc Unsecured € 2026 3.85% Hilli Finance Company plc Unsecured € 2028 4% Exalco Finance plc Secured € 2028 4.85% Melite Finance plc Secured € 2028 4.15% Phoenicia Finance Company plc Unsecured € 2023-2028 Total Corporate Bonds	23 312 32 - - -	487 421 16 181 332 83 6	2,597,000 552,000 - - - - -	4,319,000 4,619,800 109,700 2,588,800 4,445,600 2,273,700 350,000	565,719.06 - - - - - -	4,774,319.71 114,593.00 2,701,368.26 4,561,039.79 2,381,486.05 374,415.00
4.4% Von der Heyden Group Finance plc Unsecured € 2024 3.75% Virtu Finance plc Unsecured € 2027 4.25% Best Deal Properties Holding plc Secured € 2024 4.35% Hudson Malta plc Unsecured € 2026 3.85% Hilli Finance Company plc Unsecured € 2028 4% Exalco Finance plc Secured € 2028 4.85% Melite Finance plc Secured € 2028 4.15% Phoenicia Finance Company plc Unsecured € 2023-2028 Total Corporate Bonds Malta Government Stocks	23 312 32 - - - - - - - - - - - -	487 421 16 181 332 83 6 31 8,827	2,597,000 552,000 - - - - - - - - - - - - - - - - - -	4,319,000 4,619,800 109,700 2,588,800 4,445,600 2,273,700 350,000 953,800 90,914,200	565,719.06 - - - - - - - - 76,470,714	4,774,319.71 114,593.00 2,701,368.26 4,561,039.79 2,381,486.05 374,415.00 991,946.20 93,658,224
4.4% Von der Heyden Group Finance plc Unsecured € 2024 3.75% Virtu Finance plc Unsecured € 2027 4.25% Best Deal Properties Holding plc Secured € 2024 4.35% Hudson Malta plc Unsecured € 2026 3.85% Hilli Finance Company plc Unsecured € 2028 4% Exalco Finance plc Secured € 2028 4.85% Melite Finance plc Secured € 2028 4.15% Phoenicia Finance Company plc Unsecured € 2023-2028 Total Corporate Bonds	23 312 32 - - - - -	487 421 16 181 332 83 6	2,597,000 552,000 - - - - - -	4,319,000 4,619,800 109,700 2,588,800 4,445,600 2,273,700 350,000 953,800	565,719.06 - - - - - -	4,774,319.71 114,593.00 2,701,368.26 4,561,039.79 2,381,486.05 374,415.00 991,946.20

Institutional Financial Securities Market

Security	Numbe 2017	er of Deals 2018	Volume/ 2017	No. of Shares 2018	Market T 2017	urnover (EURO) 2018
Total all IFSM Securities	-	-	-	-	-	-
Total all Securities	30.368	26.222	487.623.226	338.845.173	568.280.672	392.666.094

Prospects MTF - Comparative Trading Figures

Security	Number 2017	of Deals 2018	Volume 2017	/No. of Shares 2018	Market To 2017	urnover (EURO) 2018
Equities						
SFA SpA Ord €1.00	-	-	-	-	-	-
Corporate Bonds						
4.875% AgriHoldings Plc Senior € Secured 2024	-	26	-	193,700	-	195,429.50
5.5% IG Finance plc € Unsecured 2024-2027	9	10	72,000	52,000	73,367.50	52,605.40
4.75% Orion Finance plc € Unsecured 2027	18	28	106,000	153,000	107,350.80	155,355.00
5.5% Anchovy Studios plc € Unsecured 2027	4	19	15,000	85,000	15,240.00	86,079.50
5.25% Klikk Finance plc € Unsecured 2027	1	5	5,000	30,000	5,300.00	30,000.00
5.5% AST Group plc € Unsecured 2028	-	3	-	15,000	-	15,025.00
5% HH Finance plc € Unsecured 2023-2028	-	37	-	262,600	-	266,092.45
5% JD Capital plc € Unsecured 2028	-	42	-	221,200	-	223,784.11
5% Luxury Living Finance plc € Secured 2028	-	8	-	56,000	-	57,822.90
5.35% D Shopping Malls Finance plc € Unsecured 2028	-	9	-	45,000	-	45,390.00
5.75% Pharmacare Finance plc € Unsecured 2025-2028	-	11	-	53,400	-	53,939.16
4.75% Gillieru Investments plc € Secured 2028	-	9	-	26,200	-	26,696.60
Total all Securities	32	207	198,000	1,193,100	201,258	1,208,220

MGS Movements 2018

Security Name	Date of Issue	Amount Issued	Coupon	Dates of	Interest	Traded Value (EURO)	Deals	Last Closing Price
7.8% MGS 2018	3-Aug-98	163,057,021	7.800%	15-Jan	15-Jul	6,639,562.33	22	100.55
7% MGS 2018 (II)	18-Apr-08	326,700	7.000%	18-Apr	18-Oct	-	-	-
7% MGS 2018 (III)	30-Jun-08	6,542,600	7.000%	30-Jun	30-Dec	-	-	-
FLTNG RT 6MTH EUR MGS 2018(IV)	7-Sep-12	31,400,000	0.729%	05-Mar	05-Sep	-	-	-
3.85% MGS 2018 (V)	12-Dec-12	121,431,000	3.850%	18-Apr	18-Oct	-	-	-
FLTNG RT 6MTH EUR MGS 2018(VI)	25-Sep-13	38,950,000	0.629%	25-Mar	25-Sep	751,725.00	1	100.23
FLTNG RT 6MTH EUR MGS 2018(VII)	12-Jun-14	29,300,000	0.633%	12-Jun	12-Dec	-	-	-
6.6% MGS 2019	1-Sep-99	102,493,253	6.600%	01-Mar	01-Sep	3,598,248.06	72	104.50
7% MGS 2019 (II)	30-Jun-09	13,670,000	7.000%	30-Jun	30-Dec	-	-	-
3% MGS 2019 (III)	1-Mar-13	122,495,900	3.000%	22-Mar	22-Sep	3,832,674.82	23	102.37
FLTNG RT 6MTH EUR MGS 2019(IV)	25-Sep-13	40,750,000	0.732%	25-Mar	25-Sep	754,125.00	1	100.55
3.2% MGS 2019 (V)	9-Dec-13	121,450,700	3.200%	31-Jan	31-Jul	4,417,796.74	3	102.67
FLTNG RT 6MTH EUR MGS 2019(VI)	27-Nov-15	35,000,000	0.093%	27-May	27-Nov	-	-	102.07
5.2% MGS 2020	27-Jun-07	52,407,462	5.200%	10-Jun	10-Dec	781,286.03	86	107.75
4.6% MGS 2020 (II)	18-Nov-09	158,327,200	4.600%	25-Apr	25-Oct	1,700,077.78	111	106.30
7% MGS 2020 (III)	30-Jun-10	430,700	7.000%	30-Jun	30-Dec	1,700,077.76	-	100.30
3.35% MGS 2020 (IV)	9-Dec-13	64,040,000	3.350%	31-Jan	31-Jul	-		
2% MGS 2020 (V)	4-Apr-14	138,484,400	2.000%	26-Mar	26-Sep	679,636.63	13	103.65
						0/9,030.03	-	105.05
FLTNG RT 6MTH EUR MGS 2020(VI)	29-Oct-14	47,850,000	0.491%	29-Apr	29-Oct			112.70
5% MGS 2021	25-May-04	458,844,653	5.000%	08-Feb	08-Aug	16,785,080.09	475	112.79
7% MGS 2021 (II)	18-Jun-11	466,000	7.000%	18-Jun	18-Dec		-	
7% MGS 2021 (III)	30-Jun-11	2,858,800	7.000%	30-Jun	30-Dec	-	-	-
5.1% MGS 2022	16-Aug-04	71,047,725	5.100%	16-Feb	16-Aug	2,196,253.94	163	117.59
4.3% MGS 2022 (II)	6-Feb-12	240,169,400	4.300%	15-May	15-Nov	4,748,451.86	226	113.75
7% MGS 2022 (III)	1-Sep-12	1,318,800	7.000%	01-Mar	01-Sep	-	-	
1.5% MGS 2022 (IV)	11-Jul-16	63,396,700	1.500%	11-Jan	11-Jul	1,196,629.50	5	104.05
5.5% MGS 2023	14-Jul-03	78,811,283	5.500%	06-Jan	06-Jul	1,765,251.89	107	122.86
7% MGS 2023 (II)	18-Nov-13	2,404,400	7.000%	18-May	18-Nov	-	-	-
1.4% MGS 2023 (III)	20-Feb-17	146,276,500	1.400%	11-May	11-Nov	1,050,900.00	1	105.09
3.3% MGS 2024 (I)	3-Mar-14	24,051,100	3.300%	12-May	12-Nov	1,859,686.39	57	114.29
7% MGS 2024 (II)	18-Aug-14	1,135,000	7.000%	18-Feb	18-Aug	-	-	-
1.4% MGS 2024 (III)	11-Dec-18	134,000,000	1.400%	29-Jan	29-Jul	-	-	-
7% MGS 2025 (I)	14-Aug-15	2,007,900	7.000%	14-Feb	14-Aug	-	-	-
7% MGS 2026 (I)	25-Jul-16	734,400	7.000%	25-Jan	25-Jul	-	-	-
1.5% MGS 2027 (I)	20-Feb-17	90,954,500	1.500%	15-Jun	15-Dec	1,067,051.10	8	101.52
7% MGS 2027 (II)	25-Jul-17	1,096,800	7.000%	25-Jan	25-Jul	-	-	-
4.8% MGS 2028 (I)	2-Nov-12	107,029,500	4.800%	11-Mar	11-Sep	4,722,520.30	156	131.52
4.5% MGS 2028 (II)	1-Mar-13	286,651,500	4.500%	25-Apr	25-Oct	8,101,005.42	326	129.08
7% MGS 2028 (III)	16-Jul-18	260,500	7.000%	13-Jan	13-Jul	-	-	-
5.1% MGS 2029 (I)	22-Jun-12	79,144,900	5.100%	01-Apr	01-Oct	5,312,422.80	109	135.15
2.3% MGS 2029 (II)	16-Jun-15	143,518,400	2.300%	24-Jan	24-Jul	16,855,843.15	317	108.55
1.85% MGS 2029 (III)	11-Dec-18	16,000,000	1.850%	30-May	30-Nov	991,945.00	9	104.47
5.25% MGS 2030	26-May-10	440,165,700	5.250%	23-Jun	23-Dec	12,718,185.53	260	139.65
5.2% MGS 2031 (I)	21-Nov-11	201,343,600	5.200%	16-Mar	16-Sep	11,970,621.00	231	141.45
4.65% MGS 2032 (I)	4-Nov-13	140,454,200	4.650%	22-Jan	22-Jul	5,843,615.79	207	136.18
4.45% MGS 2032 (II)	3-Mar-14	153,111,700	4.450%	03-Mar	03-Sep	6,062,544.82	189	133.49
4.3% MGS 2033 (I)	9-Jun-14	150,699,900	4.300%	01-Feb	01-Aug	5,769,982.03	211	132.47
4.1% MGS 2034 (I)	4-Apr-14	200,075,700	4.100%	18-Apr	18-Oct	10,738,515.40	325	130.80
2.2% MGS 2035 (I)	20-Feb-17	20,539,100	2.200%	24-May	24-Nov	1,108,562.19	73	105.04
2.5% MGS 2036 (I)	17-May-16	221,733,100	2.500%	17-May	17-Nov	9,332,558.65	408	109.18
2.1% MGS 2039 (I)	24-Oct-16	159,102,100	2.100%	24-Feb	24-Aug	34,861,725.07	1,809	101.90
3% MGS 2040 (I)	2-Mar-15	162,276,100	3.000%	11-Jun	11-Dec	9,931,247.38	564	117.55
2.4% MGS 2041 (I)	25-Jan-17	153,669,800	2.400%	25-Jan	25-Jul	14,559,640.12	426	106.79

Market Capitalisation as at 31 December 2018

Security	No of Shares	Close Price	Capitalisation in Euro
Equities			
BOV ORD SHARES	530,772,064	1.330	705,926,845.12
HSBC ORD SHARES	360,306,099	1.830	659,360,161.17
LOM BANK ORD SHARES MMS SHARES	44,177,914 92,000,000	2.440 1.990	107,794,110.16 183,080,000.00
SFC ORD SHARES	30,000,000	8.750	262,500,000.00
GO ORD SHARES	101,310,488	3.960	401,189,532.48
IHI ORD SHARES PZC ORD SHARES	615,684,920 28,242,000	0.620 1.020	381,724,650.40 28,806,840.00
LQS ORD SHARES	31,899,000	0.075	2,392,425.00
GC PLC ORD SHARES	30,000,000	0.332	9,960,000.00
FIMB PLC ORD SHARES MIA PLC ORD A SHARES	505,440,214 81,179,990	0.750 5.800	330,958,757.20 470,843,942.00
STUMAS SHOLDINGS PLC	6,649,184	1.420	9,441,841.28
MDS ORD SHARES GHM ORD SHARES	53,744,405 20,000,000	1.150 0.700	61,806,065.75 14,000,000.00
MALTAPOST PLC ORD SHARES	37,654,720	1.580	59,494,457.60
RS2 SOFTWARE PLC ORD SHARES	171,527,619	1.400	240,138,666.60
MIDI PLC ORDINARY SHARES MALITA INV PLC ORD B SHARES	214,159,922 30,000,000	0.670 0.880	143,487,147.74 26,400,000.00
TIGNE MALL PLC ORD SHARES	56,400,000	0.965	54,426,000.00
MPC PLC ORD SHARES	101,310,488	0.570	57,746,978.16
PG PLC ORDINARY SHARES TRIDENT ESTATES ORD SHARES	108,000,000 30,000,000	1.330 1.500	143,640,000.00 45,000,000.00
MAIN STREET COMP ORD SHARES	19,384,619	0.650	12,600,002.35
Total:			4,412,718,423.01
Corporate Bonds			
5.35% BOV PLC SUB BDS 2019 4.8% BOV SUB BDS 2020	50,000,000 70,000,000	100.050 100.800	50,025,000.00 70,560,000.00
4.8% BOV SUB BDS 2020 4.25% BOV EUR NTS 2019 S 2 TR 1	40,000,000	100.500	40,200,000.00
3.5% BOV SUB NTS 2030 SRS1 TR1	66,920,500	100.000	66,920,500.00
3.5% BOV SUB NTS 2030 SRS2 TR1 4.9% GFC PLC BONDS 2019-2021	44,670,400 24,898,400	99.900 102.700	44,625,729.60 25,570,656.80
3.5% SFC PLC UNS EUR BDS 2027	20,000,000	106.000	21,200,000.00
6% AX INV PLC BNDS 2024	40,000,000	113.100	45,240,000.00
6% CFC PLC BONDS 2019-2022 4.25% CFC USC BDS 2026	7,500,000 40,000,000	103.500 103.990	7,762,500.00 41,596,000.00
5.8% IHI PLC BDS 2021	20,000,000	107.000	21,400,000.00
5.8% IHI PLC BONDS 2023	10,000,000	107.000	10,700,000.00
5.75% IHI PLC UNSEC BDS 2025 4% IHI PLC SEC BDS 2026	45,000,000 55,000,000	109.490 103.000	49,270,500.00 56,650,000.00
4% IHI PLC UNSEC BDS 2026	40,000,000	102.000	40,800,000.00
3.9% PZC PLC UNSEC BNDS 2026	8,500,000	101.550	8,631,750.00
5.3% UFC PLC UNSEC BDS 2023 4% EDF PLC UNS EUR BDS 2027	8,500,000 40,000,000	106.510 104.900	9,053,350.00 41,960,000.00
5% GC PLC EUR UNSEC BNDS 21	10,000,000	98.000	9,800,000.00
5% TUM INV PLC UNS BDS 2024	25,000,000	108.500	27,125,000.00
3.75% TUM INV UNS EUR BDS 2027 5.3% MRN FIN UNS BNDS 2024	25,000,000 35,000,000	104.000 109.640	26,000,000.00 38,374,000.00
6% MDS SEC NTS 2020/23 S1 T1	20,000,000	102.100	20,420,000.0
4.5% MDS PLC UNS EUR BDS 2026 5.75% MDS UNSEC USD BDS 2026	21,982,400 9,148,100	102.500 100.000	22,531,960.00 7,986,816.83
4.5% GHM PLC UNS EUR BDS 2027	15,000,000	104.350	15,652,500.00
5.1% 6PM HLDS PLC UNSEC BDS 2025	13,000,000	100.990	13,128,700.00
6% MIH PLC UNS BNDS 2021 5.5% MIH PLC UNSEC BDS 2020	12,000,000 20,000,000	105.750 103.500	12,690,000.00 20,700,000.00
5% MIH PLC UNSEUR BNDS 2022	40,000,000	104.000	41,600,000.00
4% MIDI PLC EUR SEC BDS 2026	50,000,000	103.600	51,800,000.00
6% IHI PLC BNDS 2024 3.75% PRC PLC UNSEC BDS 2026	35,000,000 65,000,000	109.200 103.000	38,220,000.00 66,950,000.00
4.5% IZL BNK PLC UNSEC BDS 2025	12,000,000	106.000	12,720,000.00
7.5% MDBK EUR SUB BDS 2019	18,829,000	103.260	19,442,825.40
7.5% MDBK GBP SUB BD 2019 6% MDBK EUR SB UN BD 2019/24	3,044,000 23,286,000	103.010 101.500	3,473,490.86 23,635,290.00
6% MDBK GBP SB UN BD 2019-24	1,373,000	104.060	1,582,692.28
5% MDBK SB UN EUR BDS 2022/27	18,651,000	103.000	19,210,530.00
5% MDBK SB UN GBP BDS 2022/27 5.5% PENDRG S I SEC BD 2020	1,188,000 14,711,300	100.000 104.000	1,316,008.11 15,299,752.00
6% PENDRG S II SEC BD 2022	26,921,200	110.000	29,613,320.00
5% HMV GRP PLC SEC BDS 2024	30,000,000	107.000	32,100,000.00
5.1% 1923 INV UNS BD 2024 5.75% CBC UNS BD 2021 S1 T1	36,000,000 3,000,000	104.000 105.010	37,440,000.00 3,150,300.00
5.25% CBC UNS BD 2025 S2 T1	3,000,000	106.500	3,195,000.00
4.4% CBC UNS EUR BD 2027 S1T1	6,000,000	103.490	6,209,400.00
4.5% HIL UNSEC BDS 2025 5% DFC PLC UNSEC BDS 2026	37,000,000 8,000,000	103.600 105.000	38,332,000.00 8,400,000.00
4.25% GAP PLC SEC EUR BDS 2023	40,000,000	104.300	41,720,000.00
4.8% MMHF PLC UNSEC EUR BDS 2026 4.4% VDH G F UNS EUR BDS 2024	15,000,000	104.000 102.480	15,600,000.00
4.4% VDH G F UNS EUR BDS 2024 4.35% SD FIN UNS EUR BDS 2027	25,000,000 65,000,000	102.480	25,620,000.00 68,250,000.00
3.75% VFP PLC UNS EUR BDS 2027	25,000,000	103.250	25,812,500.00
4% SGF SEC BDS 2027 3.75% BGF PLC UNS EUR BDS 2027	45,000,000	104.800	47,160,000.00
4.35% HDS PLC UNS EUR BDS 2026	12,750,000 12,000,000	103.770 102.500	13,230,675.00 12,300,000.00
3.85% HLF UNSEC BONDS 2028	40,000,000	102.500	41,000,000.00
4% EXF SEC EUR BDS 2028	15,000,000	105.000	15,750,000.00
4.85% MTE PLC SEC BDS 2028 4.15% PHN UNS BDS 2023-2028	9,250,000 25,000,000	106.970 104.150	9,894,725.00 26,037,500.00
4.25% BDPH SEC BDS 2024	16,000,000	104.850	16,776,000.00
Total:			1,679,416,971.87

Market Capitalisation as at 31 December 2018 (continued)

Security	No of Shares	Close Price	Capitalisation in Euro
Malta Government Stocks			
6.6% MGS 2019	102,493,253	104.500	107,105,449.39
5.5% MGS 2023	78,811,283	122.860	96,827,542.29
5% MGS 2021 5.1% MGS 2022	458,844,653	112.790 117.590	517,530,884.12
5.2% MGS 2020	71,047,725 52,407,462	107.750	83,545,019.83 56,469,040.31
7% MGS 2019 (II)	13,670,000	100.000	13,670,000.00
4.6% MGS 2020 (II)	158,327,200	106.300	168,301,813.60
5.25% MGS 2030	440,165,700	139.650	614,691,400.05
7% MGS 2020 (III)	430,700	100.000	430,700.00
7% MGS 2021 (II) 7% MGS 2021 (III)	466,000 2,858,800	100.000	466,000.00 2,858,800.00
5.2% MGS 2021 (II)	201,343,600	141.450	284,800,522.20
4.3% MGS 2022 (II)	240,169,400	113.750	273,192,692.50
5.1% MGS 2029 (I)	79,144,900	135.150	106,964,332.35
7% MGS 2022 (III)	1,318,800	100.000	1,318,800.00
4.8% MGS 2028 (I) 3% MGS 2019 (III)	107,029,500 122,495,900	131.520 102.370	140,765,198.40 125,399,052.83
4.5% MGS 2028 (II)	286,651,500	129.080	370,009,756.20
4.65% MGS 2032 (I)	140,454,200	136.180	191,270,529.56
7% MGS 2023 (II)	2,404,400	149.390	3,591,933.16
3.2% MGS 2019 (V)	121,450,700	102.670	124,693,433.69
3.35% MGS 2020 (IV) 3.3% MGS 2024 (I)	64,040,000 24,051,100	105.056 114.290	67,278,118.56 27,488,002.19
4.45% MGS 2032 (II)	153,111,700	133.490	27,488,002.19
4.3% MGS 2033 (I)	150,699,900	132.470	199,632,157.53
7% MGS 2024 (II)	1,135,000	154.070	1,748,694.50
2% MGS 2020 (V)	138,484,400	103.650	143,539,080.60
4.1% MGS 2034 (I)	200,075,700	130.800	261,699,015.60
3% MGS 2040 (I)	162,276,100	117.550	190,755,555.55
2.3% MGS 2029 (II) 7% MGS 2025 (I)	143,518,400 2,007,900	108.550 158.170	155,789,223.20 3,175,895.43
7.5% MGS 2023 (IV)	63,396,700	104.050	65,964,266.35
2.5% MGS 2036 (I)	221,733,100	109.180	242,088,198.58
7% MGS 2026 (I)	734,400	161.320	1,184,734.08
2.4% MGS 2041 (I)	153,669,800	106.790	164,103,979.42
2.1% MGS 2039 (I)	159,102,100	101.900	162,125,039.90
1.4% MGS 2023 (III) 1.5% MGS 2027 (I)	146,276,500	105.090 101.520	153,721,973.85
2.2% MGS 2035 (I)	90,954,500 20,539,100	101.520	92,337,008.40 21,574,270.64
7% MGS 2027 (II)	1,096,800	100.000	1,096,800.00
7% MGS 2028 (III)	260,500	100.000	260,500.00
1.4% MGS 2024 (III)	134,000,000	104.270	139,721,800.00
1.85% MGS 2029 (III)	16,000,000	104.470	16,715,200.00
FLTNG RT 6MTH EUR MGS 2019(IV)	40,750,000	100.550	40,974,125.00
FLTNG RT 6MTH EUR MGS 2020(VI) FLTNG RT 6MTH EUR MGS 2019(VI)	47,850,000 35,000,000	101.436 100.000	48,536,934.60 35,000,000.00
Total:	33,000,000	100.000	5,724,802,282.78
Treasury Bills			
91 DTB 18.10.18 - 17.01.19	21,000,000	100.090	21,018,858.00
91 DTB 08.11.18 - 07.02.19	19,000,000	100.090	19,017,062.00
91 DTB 22.11.18 - 21.02.19	24,800,000	100.090	24,822,270.40
91 DTB 06.12.18 - 07.03.19 92 DTB 12.12.18 - 14.03.19	32,500,000 33,000,000	100.090 100.091	32,529,185.00 33,029,964.00
91 DTB 20.12.18 - 21.03.19	35,000,000	100.090	35,031,360.00
90 DTB 28.12.18 - 28.03.19	34,000,000	100.088	34,029,954.00
182 DTB - 12.07.18 - 10.01.19	1,000,000	100.144	1,001,443.00
182 DTB - 06.09.18 - 07.03.19	2,000,000	100.180	2,003,596.00
182 DTB 04.10.18 - 04.04.19	4,000,000	100.177	4,007,072.00
182 DTB - 25.10.18 - 25.04.19 182 DTB - 01.11.18 - 02.05.19	20,000,000 22,000,000	100.180 100.180	20,035,960.00 22,039,556.00
182 DTB - 06.12.18 - 06.06.19	2,500,000	100.180	2,504,495.00
183 DTB 12.12.18 - 13.06.19	2,200,000	100.180	2,203,988.60
182 DTB - 20.12.18 - 20.06.19	10,000,000	100.179	10,017,880.00
273 DTB 05.07.18 - 04.04.19	2,000,000	100.197	2,003,946.00
273 DTB 13.09.18 - 13.06.18	2,000,000	100.246	2,004,910.00
272 DTB 15.11.18 - 14.08.19	15,000,000	100.264	15,039,540.00
272 DTB 28.12.18 - 26.09.19 364 DTB 23.08.18 - 22.08.19	5,000,000 3,000,000	100.265 100.293	5,013,255.00 3,008,793.00
304 DTB 23.08.18 - 22.08.19 Total:	3,000,000	100.293	290,363,088.00
Grand Total			12,107,300,765.67
IFSM			
MRP Maritime Risk Protection GmbH - mrp GmbH 4/17-6/19 Senior Anleihe	20,000,000	100.000	20,000,000.00
Turku Marine Industry Holding OY - Industry 5/17-5/32 Senior Bond	1,500,000	100.000	1,500,000.00
Turun Telakkakiinteistoet OY - Real Estate 5/17-5/32 SNR Bond	16,000,000	100.000	16,000,000.00
True Sale GmbH - True Sale Senior Bond 6/17-12/21 True Sale GmbH - True Sale Junior Bond 6/17-12/21	14,200,000 14,200,000	100.000 100.000	14,200,000.00 14,200,000.00
Vera Emptio GmbH - Vera Emptio Senior Bond 9/17 - 12/24	15,300,000	100.000	15,300,000.00
Vera Emptio GmbH - Vera Emptio Junior Bond 9/17 - 12/24 Vera Emptio GmbH - Vera Emptio Junior Bond 9/17 - 12/24	15,300,000	100.000	15,300,000.00
NPL Securitisation Europe SPV S.R.L. Partly Paid Asset-Backed	, ,		. 5/5 50/5 50:00
Fixed Rate Class A Notes 2036	20,000,000	100.000	20,000,000.00
Investar plc - 6% Investar plc Exchangeable Notes 2021	5,500,000	100.000	5,500,000.00
Quasar System SA - AC Convertible Callable Zero Coupon Bonds 2021	71,500,000	100.000	71,500,000.00
Helix SCC plc - Finsion Life One 2022 USD	6,750,000	100.000	6,750,000.00
PCAM Issuance III S.A BER_USD_001 - Profit Contingent Secured Bonds Total:	291,200,000	100.000	291,200,000.00
			491,450,000.00

Market Capitalisation as at 31 December 2018 (continued)

Security	No of Shares	Close Price	Capitalisation in Euro
Prospects			
Equities			
SFA SPA ORDINARY SHARES	700,000	278.000	1,946,000.00
Total:			1,946,000.00
Corporate Bonds			
5.5% IGF UNSEC BDS 2024-2027	3,700,000	101.000	3,737,000.00
5.5% ANCHOVY UNSEC BDS 2027	1,000,000	103.500	1,035,000.00
4.75% ORN FIN EUR UNS BDS 2027	5,000,000	103.500	5,175,000.00
5.25% KLF PLC UNSEC EUR BDS 2027	2,000,000	100.000	2,000,000.00
4.875% AGH SEN SEC BDS 2024	2,000,000	101.000	2,020,000.00
5.5% AST PLC UNS EUR BDS 2028	1,835,000	100.000	1,835,000.00
5% JDC PLC UNS EUR BDS 2028	5,000,000	101.000	5,050,000.00
5% HHF PLC UNS EUR BDS 2023-2028	5,000,000	102.000	5,100,000.00
5% LUXURY LIVING FIN PLC SEC BONDS 2028	8,000,000	100.010	8,000,800.00
5.35% DSM PLC UNS BDS 2028	7,500,000	101.000	7,575,000.00
5.75% PHC UNS BDS 2025-2028	5,000,000	101.200	5,060,000.00
4.75% GLR SEC BDS 2028	5,000,000	102.750	5,137,500.00
Total:			51,725,300.00
Grand Total			53,671,300.00

Collective Investment Funds Investing in MSE Listed Securities

Fund	Net Asset Value in EURO 31 Dec 17	Net Asset Value in EURO 31 Dec 18
Vilhena Funds Sicav plc - Malta Fund	45,737,191	43,155,120
Vilhena Funds Sicav plc - Malta Government Bond Fund	292,923,281	287,067,995
Vilhena Funds Sicav plc - Maltese Opportunities Fund	30,686,333	28,861,691
Vilhena Funds Sicav plc - Maltese Equity Focus Fund	15,105,292	15,998,362
Vilhena Funds Sicav plc - Malta Bond Fund	163,657,053	158,575,977
Global Funds Sicav plc - Malta Privatisation and Equity Fund	2,527,105*	2,527,105*
Amalgamated Funds Sicav plc - Growth and Income Fund	72,384,155.87**	78,235,850.48**
APS Funds SICAV plc - APS Income Fund	80,576,814	78,570,822
HSBC Malta Funds Sicav plc - Malta Bond Fund	152,021,485	139,233,598
HSBC Malta Funds SICAV plc - Malta Government Bond Fund	132,633,501	115,389,275
HSBC Malta Funds SICAV plc - Maltese Assets Fund	45,681,551	43,469,321
Calamatta Cuschieri Funds SICAV plc - Malta Government Bond Fund	1,885,308	12,534,020
Calamatta Cuschieri Funds SICAV plc - Malta Income Fund Class		
A EUR Accumulation Investor Shares	-	2,319,401
Calamatta Cuschieri Funds SICAV plc - Malta Income Fund Class		
B EUR Distribution Investor Shares	-	5,211,715

^{*}Valuation Date as at 5 May 2015 (Fund Suspended) **Valuation Date only available as at 31 October each year.

Securities listed on the Regulated Main Market as at 31 December 2018

Equities	24
Corporate Bonds	62
Government Stocks	46
Treasury Bills	20
Structured Debt Instrument	0
Collective Investment Schemes	128 Funds- Primary Listed
	14 Funds - Secondary Listed
TOTAL	294

IFSM Listed Securities as at 31 December 2018

Corporate Bonds	12	
TOTAL	12	

Securities admitted on the Prospects MTF Market as at 31 December 2018

Equities	1
Corporate Bonds	12
TOTAL	13

Regulated Main Market	
_	
Equities	
30,000,000	Trident Estates plc Ordinary Shares
	Fimbank plc Ordinary Shares Bank Of Valletta plc Ordinary Shares
19,384,619	
. 5,00 .,0 . 5	Than of the Complete Processing Principle
Corporate Bonds	
12.000.000	4.35% Hudson Malta plc Unsecured € Bonds 2026
	3.85% Hilli Finance Company plc Unsecured € Bonds 2028
	4% Exalco Finance plc Secured € Bonds 2028
	4.85% Melite Finance plc Secured € Bonds 2028
	4.15% Phoenicia Finance Company plc Unsecured € Bonds 2023-2028
16,000,000	4.25% Best Deal Properties Holding plc Secured € Bonds 2024
Malta Government Stocks	
	7% Malta Government Stock 2028 (III)
	1.4% Malta Government Stock 2024 (III)
16,000,000	1.85% Malta Government Stock 2029 (III)
Treasury Bills	
1,209,400,000	93 issues of Treasury Bills
Collective Investment Schemes	
4 sub-funds	Aquarium Fund Sicav plc
	Calamatta Cuschieri Funds SICAV plc
	Altruid Hybrid SICAV plc
	Selenium SICAV plc
1 sub-fund	
4 sub-funds	Lloyds Multi Strategy Fund
Institutional Financial	
Securities Market	
291,200,000	PCAM Issuance III S.A BER USD 001 - Profit Contingent Secured Bonds
291,200,000 20,000,000	NPL Securitistion Europe SPV S.R.L Partly Paid Asset-Backed Fixed Rate Class A Notes 2036
291,200,000 20,000,000 5,500,000	NPL Securitistion Europe SPV S.R.L Partly Paid Asset-Backed Fixed Rate Class A Notes 2036 Investar plc - 6% Investar plc Exchangeable Notes 2021
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The number of transactions effected over the MSE CSD – Clearstream Banking AG link totalled 195. This results in a decrease of 90 transactions when compared to the previous year. As in the previous year, the majority of these were related to transactions in non-listed securities.

The CSD received a record number of correspondence from MSE account holders requesting updates affecting the registers.

E-Portfolio

Major design changes have been implemented to the online e-Portfolio facility available to investors registered at the CSD. These design changes were made to facilitate the additional features, including a new payment history page, additional historical archived data, downloadable documents and online information.

Just over 640 CSD accounts were activated on the online e-Portfolio facility. The total number of activated accounts by the end of the year stood at just below 6,000.

Dematerialisation of non-listed securities

Thirty-six applications were received from non-listed issuers seeking CSD dematerialisation services. Thirty-two of these applications related to an increase in the existing dematerialised issued share capital amounting to 5,333,610 ordinary shares. Four new issuers applied for admission to the CSD, with 65,550,633 ordinary shares and €5,500,000 notes being admitted. Eight securities were terminated and 17 instruments redeemed. As at year end, the non-listed securities admitted to the CSD amounted to 14 equities and 38 debt instruments.

Market Operations Office

The Market Operations office admitted one new member, Dolfin Asset Services Ltd, increasing the list of approved member firms to 19 at year end.

In addition, Market Operations processed eight new traders' applications from five member firms. The new traders underwent a period of training before being granted access to the Xetra Trading System and all received training within their respective firms. The number of active traders having access to the Xetra Trading System at the end of the year stood at 57.

Information Technology

The Exchange continued to invest in its IT infrastructure to ensure that systems remain updated and to take advantage of new technologies. This involved upgrading the core infrastructure to cater for the Exchange's present and future requirements and to enhance IT security on its systems. All changes and upgrades were done in line with change management procedures, ensuring that downtime of services and IT systems were kept to a minimum.

As already mentioned in this report, January 2018 saw the coming into force of MiFID II. After the preparations towards the end of 2017, with upgrades to the trading platform and post-trading interfaces available

to the members, the Exchange started reporting transparency data and transactions to ESMA and the MFSA respectively.

Information security remains a high priority for the Exchange and a number of assessments were performed in the course of the year. Assessments by the competent authorities, as well as by SWIFT through the SWIFT Customer Security Controls Framework, were performed and the necessary recommendations applied. Furthermore, members of the IT staff attended a four-day training programme on Cyber Security and Fraud Preventative Measures to enhance their knowledge and awareness on cyber threats and how these could be mitigated.

The MSE is a Partner Exchange of Deutsche Börse and in recent years has been using the XETRA trading architecture for its market. In the last quarter of 2018, the MSE started the process to migrate to the Deutsche Börse T7 trading platform which had been scheduled for the first quarter of 2019.

National Numbering Agency

A total of 401 International Securities Identification Numbers (ISINs) were issued last year. A total of 213 ISINs were issued for financial instruments listed on the MSE, and another 188 were issued for unlisted financial instruments.

Reporting in line with the European Markets Infrastructure Regulation

Three new delegating counterparties signed agreements with existing reporting counterparties to report their trades using the Exchange's reporting service. At the end of the year, 17 counterparties and 91 delegating counterparties were using this service. In total, 2,659 trades were reported through the MSE's reporting facility in 2018.

Malta Stock Exchange Institute

In just one year, the Malta Stock Exchange Institute has attained its objective of effectively entering the educational sphere of operations through the organisation of short, affordable, useful courses covering a wide variety of topics. Over 70 courses were held at the Malta Stock Exchange Institute with a total attendance of almost 1,000. This is a significant increase on the number of courses and attendees registered in the previous year.

The Institute assesses its performance through a system of feedback collected after each course and has consistently received excellent reviews on the quality and organisation of the courses, the lecturers and the overall standard of delivery.

The Malta Stock Exchange Institute will continue to focus on its target audience through the positioning of its courses that are aimed at participants with various levels of knowledge, from the small investor to students and practitioners, or simply those who want to know more about financial matters.

The Malta Stock Exchange Institute would like to thank the following sponsors:

alterDomus*































List of Member Firms

APS Bank Ltd

APS Centre Tower Street Birkirkara

Tel: +356 2122 6644 Fax: +356 2560 3001

E-mail: trading@apsbank.com.mt Web: www.apsbank.com.mt

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

Calamatta Cuschieri Investment Services Ltd

Europa Business Centre

Triq Dun Karm Birkirkara

Tel: +356 2568 8688 Fax: +356 2568 8256 Email: info@cc.com.mt Web: www.cc.com.mt

Curmi & Partners Ltd

Finance House

Princess Elizabeth Street

Ta' Xbiex

Tel: +356 2342 6000 Fax: +356 2134 7333

Email: info@curmiandpartners.com Web: www.curmiandpartners.com

Dolfin Asset Services Ltd

89, Level 5 St. John Street Valletta

Tel: +356 2034 1901 Email: info@dolfin.com Web: http://dolfin.com

Financial Planning Services Ltd

4 Marina Court G Cali' Street Ta' Xbiex

Tel: +356 2134 4243/4 Fax: +356 2134 1202

E-mail: info@bonellofinancial.com Web: www.bonellofinancial.com

Finco Treasury Management Ltd

Level 5

The Mall Complex

The Mall Floriana

Tel: +356 2122 0002 Fax: +356 2124 3280

E-mail: investments@fincotrust.com Web: www.fincotrust.com

Global Capital Financial Management Ltd

Testaferrata Street

Ta' Xbiex

Tel: +356 2134 2342 Fax: +356 2279 6405

E-mail: info@globalcapital.com.mt Web: www.globalcapital.com.mt

Hogg Capital Investments Ltd

Nu Bis Centre Mosta Road

Lija

Tél: +356 2132 2872 Fax: +356 2134 2760

E-mail: markhogg@hoggcapital.com Web: www.hoggcapital.com

HSBC Bank Malta plc

Global Markets Banking Centre 1st Floor

Mill Street Qormi

Tel: +356 2380 2211 Fax: +356 2380 2495 Email: hsl@hsbc.com Web: www.hsbc.com.mt

Jesmond Mizzi Financial Advisors Ltd

67 Level 3 South Street Valletta

Tel: +356 2326 5690 Fax: +356 2326 5691 Email: info@jesmondmizzi.com Web: www.jesmondmizzi.com

Lombard Bank Malta plc

Head Office 67 Republic Street

Valletta

Tel: +356 2558 1114 Fax: +356 2558 1815

Email: wealthmanagement@lombardmalta.com

Web: www.lombardmalta.com

Me Direct Bank (Malta) plc

The Centre Tigne Point Sliema

Tel: +356 2557 4400 E-mail: info@medirect.com.mt Web: www.medirect.com.mt

Michael Grech Financial Investment Services Ltd

The Brokerage, Level 0'A' St. Marta Street

Victoria Gozo

Tel: +356 2258 7000 Fax: +356 2155 9199

E-mail: info@michaelgrechfinancial.com Web: www.michaelgrechfinancial.com

MZ Investment Services Ltd

55, MZ House St Rita Street

Rabat

Tel: +356 2145 3739 Fax: +356 2145 3407

E-mail: info@mzinvestments.com Web: www.mzinvestments.com

Rizzo Farrugia & Co (Stockbrokers) Ltd

Airways House Third Floor High Street Sliema

Tel: +356 2258 3000 Fax: +356 2258 3001 E-mail: info@rizzofarrugia.com Web: www.rizzofarrugia.com

XNT Ltd

Portomaso Business Tower

Level 7 St Julian's

Tel: +356 2015 0000 Fax: +356 2015 0015 E-mail: info@exante.eu Web: www.exante.eu



Statement of Compliance

with the Code of Principles of Good Corporate Governance



Statement of Compliance

with the Code of Principles of Good Corporate Governance

For the Year Ended 31 December 2018

The Malta Stock Exchange (the "Exchange") supports the Code of Principles of Good Corporate Governance (the "Code" or the "Principles") published as Appendix 5.1 to Chapter 5 of the Listing Rules of the Malta Financial Services Authority. The Exchange is committed to observing the principles of transparent, responsible corporate governance and the Board of Directors has voluntarily adopted this Code.

Part 1: Compliance with the principles

The Board of Directors (the "Board") considers compliance with the Code to constitute an important means of maintaining the confidence of present and future shareholders, creditors, employees, market participants and the public. The Board has taken the necessary measures in order for the Exchange to comply with the main principles of the Code to the extent that these were considered appropriate and complementary to the size, nature and operations of the Exchange.

Pursuant to a Board decision, the Exchange is hereby presenting a statement of compliance for the year ended 31 December 2018, which details the extent to which the Code has been adopted, as well as the effective measures taken by the Exchange to ensure compliance with the Code.

Principle 1: Roles and responsibilities of the Board

The Exchange is headed by an effective Board and the composition of the Board during the period ensured that the Exchange was led and controlled by individuals who have the necessary skills and diversity of experience. Besides having a broad range of knowledge of the Exchange, the Board is also conversant with the applicable statutory and regulatory requirements.

The Board exercises prudent and effective controls which enables risks to be assessed. The Board is responsible for accountability, monitoring, strategy formulation and policy development and supplements the management team in delivering sustainable added value for its shareholder. The Board considers strategic issues, key projects and regularly monitors performance against delivery of key targets.

Principle 2: Roles and responsibilities of the Chairman and the Chief Officer

The Exchange clearly distinguishes between the roles and responsibilities of the Executive Chairman and the Chief Officer thus ensuring that no one individual or small group of individuals have unfettered powers of decision. The roles of the Executive Chairman and the Chief Officer were held separately during the period to ensure that there was a clear distinction between the running of the Board and the responsibility for the running of the business of the Exchange. The Executive Chairman is engaged on a part-time basis and in addition to the responsibilities stipulated in the Code, also oversees all Exchange affairs with a particular emphasis on Board matters, managing public relations, marketing and business development initiatives. This is not considered to be of concern to the Exchange, as the Chairman undertakes to maintain in all circumstances his independence of analysis, decision and action. The Chairman is responsible to manage the Board's agenda, ensure that the Directors of the Board receive timely information, ensure effective communication with shareholders, and encourages active engagement by all members of the Board during meetings.

Principle 3: Board composition and appointment of directors

The Board is composed of an Executive Chairman and four independent non-executive Board Members, thus is not so large as to be unwieldy while being of sufficient size that the balance of skills and experience is appropriate for the requirements of the business. In addition, any changes to the Board's composition can be managed without undue disruption.

The Board considers that all non-executive Directors are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The members of the Board have the balance of knowledge and experience as well as a strong non-executive presence to allow continued scrutiny of performance, strategy and governance.

The Board believes that the independence of its Directors is not compromised because of long service or the provision of any other service to the Exchange. Each Director is mindful of maintaining independence, professionalism and integrity in carrying out his/her duties, responsibilities, whilst providing judgement as a Director of the Exchange.

The Board considers that none of the independent Directors of the Exchange:

- is or has been employed in any capacity by the Exchange;
- has or has had, over the past three years, a significant business relationship with the Exchange;
- has received or receives significant additional remuneration from the Exchange in addition to his/her director's fee;
- has close family ties with any of the Exchange's executive directors or senior employees; and
- has been within the last three years an engagement partner or a member of the audit team or past external auditor of the Exchange.

In terms of Code Principle 3.4, every Non-Executive Director has declared in writing to the Board that he/she undertakes:

- to maintain in all circumstances his/her independence of analysis, decision and action;
- not to seek or accept any unreasonable advantages that could be considered as compromising his/her independence; and
- to clearly express his/her opposition in the event that he/she finds that a decision of the Board may harm the Exchange.

Principle 4 and 5: Duties and proceedings of directors

The Board has the first level responsibility of executing the four basic roles of corporate governance namely; accountability, monitoring, strategy formulation and policy development. The Board has responsibility for overseeing the strategic planning process and reviewing and monitoring management's execution of policy and strategy. The Board assesses and monitors on a continuous basis the Exchange's present and future operations, opportunities, threats and risks in the external environment and current and future strengths and weaknesses. On a monthly basis, the Board monitors performance and reports to its satisfaction.

The Board ensures that its level of power is known by all Directors and senior management of the Exchange, however the Board delegates certain powers, authorities and discretions to the Audit Committee.

The Board meets twelve times a year unless further meetings are required in accordance with the needs of the Exchange. Board members are given ample opportunity during meetings to discuss issues set on the Board Agenda and convey their opinions. Minutes are taken during Board meetings that record faithfully attendance and decisions. These minutes are subsequently circulated to all the Directors as soon as practicable after the meeting.

Each Director is expected to attend all meetings of the Board and Board committees of which the Director is a member. The Board recognises that occasional meetings may need to be

scheduled on short notice when the participation of a Director is not possible and that conflicts may arise in time schedules that will prevent a Director from attending or participating in a regularly scheduled meeting.

Principle 6: Information and professional development

All Directors are supplied with precise, timely and clear information so that they can effectively contribute to Board decisions. The Exchange is committed to provide adequate and detailed induction training to Directors who are newly appointed to the Board. Directors are encouraged to engage directly with any member of management regarding any questions or concerns the Directors may have.

The Exchange firmly believes in the professional development of all the members in the organisation and training opportunities are provided for the Exchange's employees and the Directors to keep abreast of current technological, regulatory and operational trends and practices. All tools are made available to the Board and the Chief Officer in order to monitor management and staff morale and ensure an adequate succession plan is in place including the provision of options for recruitment and appointment of senior management.

All Directors have access to independent professional advice at the expense of the Exchange, where necessary, and they have access to the advice and services of the Company Secretary at all times

Principle 8: Board committees

The Board has established the following Committees:

- Audit Committee; and
- Risk Management Committee.

Board Committees present a report of their activities to the Board on an annual basis.

Audit Committee

The Board delegates certain powers, authorities and discretions to the Audit Committee. The Audit Committee's primary role is to protect the interests of the Exchange's Shareholder and support the Board in terms of quality control of the Exchange's financial reporting process, internal controls and in managing the Board's relationships with the External Auditors.

This Committee approves the internal audit work plan, which will include assessment of controls relating to financial reporting and other risks as appropriate. The Internal Audit Working Committee and as from 2019 the outsourced Internal Auditor have direct access to the Audit Committee Chairman.

The terms of reference of the Audit Committee include, amongst other matters:

 to assist the Board in fulfilling its monitoring responsibility over the financial reporting processes, financial policies and internal control structures;

- to assess the scope and effectiveness of systems established by Management, to identify, assess, manage and monitor financial and non-financial risks;
- to establish and review accounting systems and internal control procedures as well as any matters raised by the external auditor and the internal auditors, and monitor these on a regular basis;
- to review and assess the methodology and robustness of the Exchange's annual budget as presented by management and make recommendations to the Board;
- to determine whether the financial statements have been prepared following appropriate accounting standards;
- to make recommendations to the Board regarding the approval of the Budget and the Financial Statements;
- to maintain communications on such matters between the Board, Management, External Auditors and Internal Audit; to receive updates and note management's responsiveness to the internal auditors' findings and recommendations in relation to financial operations, procedures, reporting, requirements and related matters;
- to consider and make recommendations to the Board on the appointment, re-appointment and/or removal of External Auditors;
- to approve and make recommendations to the Board with regard to the qualifications, expertise, resources, effectiveness and independence of the External Auditors and to recommend relevant terms of engagement and remuneration of the external auditors;
- to discuss with the External Auditors the findings of the auditors and to review management letter and responses of management prior to submission to the Board.

The members of the Audit Committee as at 31 December 2018 are the following:

Mr Steven Tedesco (Chairman) Prof Tanya Sammut-Bonnici Mr Joseph Portelli Ms Charmaine Baldacchino

Mr Tedesco and Prof Sammut-Bonnici are independent non-executive directors. Mr Tedesco has been appointed by the Board of Directors to act as Chair to the Audit Committee. Ms Baldacchino is the Exchange's Chief Financial Officer and is competent in accounting and auditing. All members of the Audit Committee have extensive experience in the financial services sector.

The Audit Committee met five times during 2018. The External Auditors were invited to and attended one of these meetings to discuss the 2017 Annual Report. The Chair of the Internal Audit Working Committee attended the meetings of the Audit Committee in 2018.

Risk Management Committee

The role of the Risk Management Committee is to assist and support the Board in determining the strategic direction of the organisation and the creation of the appropriate environment and structures for risk management to operate effectively.

The terms of reference of the Risk Management Committee include, amongst other matters:

- to have responsibility for the design, implementation and maintenance of effective risk management in order to minimize the probable occurrence of risk and the impact on its business;
- to identify the nature and extent of risk acceptable to the MSE in respect of its activities and the probability of such risks becoming a reality;
- to monitor the effectiveness of the risk management process and to review and assess the Exchange's Risk Management Policy on a regular basis and to have oversight of risk management related matters in order to ensure compliance with the strategy laid down by the Board giving due regard all the Exchange's procedures including Business Contingency Arrangements;
- to assist and support the strategy set out by the Board to ensure best practice to mitigate risk in order to reduce the risk of impairment to the Exchange's integrity and reputation.

The members of the Risk Management Committee as at 31 December 2018 are the following:

Prof Joseph Falzon (Chairman)
Dr Abdalla Kablan
Mr Joseph Portelli
Mr Simon Zammit
Mr Alfred Sammut
Ms Charmaine Baldacchino
Ms Marie Cordina

The Risk Management Committee met four times during 2018.

Principle 9 and 10: Relations with Shareholder and with the market

The Board ensures that the Exchange communicates with the market effectively and is committed to having an open and communicative relationship with its Shareholder, market participants and investors.

The Board is, as far as possible, prepared to enter into a satisfactory dialogue with market intermediaries based on the mutual understanding of objectives.

Principle 11: Conflict of interest

The Directors' primary responsibility is always to act in the interest of the Exchange and its shareholder irrespective of who appointed them to the Board and thus follow procedures to manage conflicts of interest. In accordance with the provisions of the Articles of Association of the Exchange, a Director who is in any way, whether directly or indirectly interested in a contract or proposed contract or in any transaction or arrangement (whether or not constituting a contract) with the Exchange shall declare the nature of his interest at a meeting of the Directors and shall not vote at a meeting of Directors in respect of any transaction, contract, or arrangement in which he/she has a personal material interest.

Principle 12: Corporate social responsibility

The Exchange remains committed to being a responsible company and making a positive contribution to society and the environment and to create long-term value for society, the economy and its business. The Exchange is committed to playing a leading and effective role in Malta's sustainable development of the capital markets and continues to support a number of different initiatives aimed at supporting the local community.

Part 2: Non-compliance with the principles

Principle 4: Succession policy for directors

Whereas Code provision 4.2.7 requires Directors to develop a succession policy for the future composition of the Board, and particularly the executive component thereof, this is not considered to be applicable in view of the fact that the Board is composed solely of non-executive members, except for the Chairman.

Whereas Code provision 4.5 requires Directors to benchmark business risk and key performance indicators against industry norms, this is not considered to be applicable given that the Exchange is the only regulated market in Malta and comparing its activity to foreign exchanges may be misleading due to size and differences in the business models.

Principle 7: Evaluation of the Board's performance

The Board reports directly to the sole Shareholder of the Exchange, being the Government of Malta. Should the Board not perform as expected, the Shareholder would change its composition. No material changes in the governance structures and organisation resulted during 2018.

Principle 8: Audit committee

The Audit Committee is composed of two non-executive directors, one executive director and one member of the senior management. Whilst the Committee is not composed entirely of non-executive directors, this is not considered to be of concern given that there is no undue influence by the executive members on recommendations made by the non-executive members of the same Committee.

Principle 8: Nomination and remuneration committee

The policy for remuneration of Directors does not fall within the remit of the Board however the Exchange is in the process of constituting a Remuneration Committee that would discuss potential variable elements of the remuneration of the senior management.

The Nominations committee for the appointment of new Directors to the Board is not considered applicable to the Exchange, given that the Shareholder has all the rights to appoint the members of the Board.

Principle 9: Relations with shareholders and with the market

Procedures in favour of minority shareholders as required by the Code are not applicable as the Exchange's sole Shareholder is the Government of Malta.

Internal Control

The Board is ultimately responsible for the identification and evaluation of key risks applicable to the different areas of the operations of the Exchange, and for ensuring that proper systems of internal control are in place. The Board has delegated Management with the task of creating an effective control environment to the highest possible standards.

The Board has delegated the internal controls review to the Internal Audit Working Committee which meets periodically to discuss specific procedures. The Internal Audit Working Committee is made up of the Chief Human Resources and Corporate Services Officer, the Assistant General Manager Board and Executive Secretariat, the Assistant General Manager IT, Manager Compliance and Manager CSD. The Internal Audit Working Committee performs tests of control on selected areas and reports findings to the Audit Committee.

As from 2019, the Board has outsourced the Internal Audit function to an independent auditor who will be reviewing and testing compliance with policies, standards and procedures and the effectiveness of the internal control environment within the Exchange. The Internal Auditor will be reporting findings to the Audit Committee.

Annual General Meeting

The Annual General Meeting (AGM) is called by a fourteen day notice and is conducted in accordance with the Companies Act and the Exchange's Memorandum and Articles of Association. At an AGM, what is termed as "ordinary business" is transacted, namely declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the Directors and the auditors, the election of the Directors in the place of those retiring and the appointment of and the fixing of the remuneration of, the Directors and the auditors. Other business which may be transacted at a general meeting (including at the Annual General Meeting) will be dealt with as "Special Business".

No business shall be transacted at any general meeting unless a quorum of members is present in person or by proxy at the time when the meeting proceeds to business. Save where a member or members present in person or by proxy holding at least fifty one per cent (51%) of the voting rights of the ordinary shares in the Company shall be a quorum. The Chairman of the Board of Directors shall preside as chairman at every general meeting of the Exchange, unless as prescribed within the Articles of Association, the Directors present shall elect one of their number, to be chairman of the meeting. At any general meeting a resolution put to the vote at the meeting shall be determined and decided upon by a show of hands.





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Directors' Report

For the Year Ended 31 December 2018

The directors have prepared this directors' report in accordance with article 177 of the Companies Act, 1995 (Chapter 386, Laws of Malta) including the further provisions as set out in the Sixth Schedule, together with the financial statements of Malta Stock Exchange plc (the "Company"), for the year ended 31 December 2018.

Directors

Mr. Joseph Portelli (Chairman) Prof. Joseph Falzon (Deputy Chairman) Dr. Abdalla Kablan Prof. Tanya Sammut-Bonnici Mr. Steven Tedesco

Principal activity, risks and uncertainties

The Company was set up with its principal objective being that of maintaining facilities to ensure an orderly and efficient market place for securities' trading. The Company also provides clearing, settlement, depository and other security related services.

The Company is subject to a number of risks and uncertainties, many of which are out of its control. A severe slowdown in economic conditions locally may have a negative effect on share and bond prices putting pressure on market capitalisations and adversely affecting the Company's revenues.

Likewise, should a local company experience a credit default, investor appetite for corporate bonds will diminish. Also, given that the Maltese Treasury is the Company's largest revenue source, any curtailment of Maltese Government debt issuance will have a deleterious effect on earnings.

There are also the risks of foreign stock exchanges, and local entrants competing with the Company locally. Technological innovations within the Fintech sector and adverse regulatory changes could also put pressure on the Company's earnings. Reputational issues, litigation and adverse court rulings could also negatively affect the Company.

Review of business development and financial position

During the year 2018, the Company generated a profit before tax of EUR 3,509,407 (2017: EUR 3,915,034). The decrease in profitability for the year was driven by a decrease in revenue streams. Total assets as at 31 December 2018 stood at EUR 11,689,352 (2017: EUR 10,917,348) while Capital and Reserves stood at EUR 9,290,313 (2017: EUR 8,521,800). The Statement of Profit or Loss and Other Comprehensive Income is set out on page 50 and the movements in the reserves are disclosed in the Statement of Changes in Equity on page 51.

Dividends

The Company paid total net dividends of EUR 1,500,000 (2017:

EUR 3,000,000). The Directors do not propose further dividend distributions for the year.

Reserves

The Directors propose that retained earnings amounting to EUR 6,359,854 (2017: EUR 5,551,463) be carried forward to the next financial year.

Regulatory sanctions

The Directors confirm that no regulatory breaches were reported during 2018 and no regulatory sanctions were imposed on the Malta Stock Exchange plc by the Competent Authority during the year.

Events after the reporting date

No significant events have taken place since the reporting date that would otherwise have required adjustment to and/or disclosures in the financial statements.

Future developments

The Company's focus for the coming year is to continue its business development efforts with emphasis on seeking international business opportunities from a number of different markets. The Exchange will be increasing its efforts to conclude the necessary legal and regulatory amendments for Real Estate Investment Trusts (REITs) to become eligible for listing and trading. The Exchange will also continue to execute on its public relations and international promotion strategy with a view to expand its business and to promote Maltese businesses in general. The Exchange will continue to actively explore opportunities within the blockchain space and to conclude on agreements with selected partners to start operating in the security token market and will continue to improve efficiency and scope in the now established operations of Prospects MTF and the Malta Stock Exchange Institute.

Approved by the Board of Directors on 26 April 2019 and signed on its behalf by:

Joseph Portelli Chairman

Registered office Garrison Chapel Castille Place Valletta VLT 1063 Malta **Joseph Falzon** Deputy Chairman

Statement of Financial Position

As at 31 December 2018

ASSETS Non-current assets Plant and equipment Intangible assets Investment in equity accounted investee Financial assets at FVOCI Deferred tax asset	Notes 5 6 7 8 9	574,856 46,552 11,842 1,698,035	432,909 100,824 11,842
Non-current assets Plant and equipment Intangible assets Investment in equity accounted investee Financial assets at FVOCI	6 7 8	46,552 11,842 1,698,035	100,824
Plant and equipment Intangible assets Investment in equity accounted investee Financial assets at FVOCI	6 7 8	46,552 11,842 1,698,035	100,824
Intangible assets Investment in equity accounted investee Financial assets at FVOCI	6 7 8	46,552 11,842 1,698,035	100,824
Investment in equity accounted investee Financial assets at FVOCI	7	11,842 1,698,035	
Financial assets at FVOCI	8	1,698,035	11,042
			1,740,895
		18,051	18,245
		2,349,336	2,304,715
		2,349,330	2,304,713
Current assets			
Trade and other receivables	10	2,291,092	2,211,026
Cash at bank and in hand	11	7,048,924	6,401,607
		9,340,016	8,612,633
TOTAL ASSETS		11,689,352	10,917,348
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	12.1	2,500,000	2,500,000
Fair value reserve	12.3	409,179	448,267
Social responsibility fund	12.4	21,280	22,070
Retained earnings		6,359,854	5,551,463
		9,290,313	8,521,800
Current liabilities			
Bank borrowings	13	2,098	1,320
Trade and other payables	14	2,375,721	2,314,503
Current tax		21,220	79,725
		2,399,039	2,395,548
Total liabilities		2,399,039	2,395,548
TOTAL EQUITY AND LIABILITIES		11,689,352	10,917,348

The accounting policies and explanatory notes found on pages 53 to 69 form an integral part of the financial statements.

The financial statements on pages 49 to 69 have been authorised for issue by the Board of Directors on 26 April 2019 and were signed on its behalf by:

Joseph Portelli Chairman **Joseph Falzon**Deputy Chairman

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

		2018	2017
	Notes	EUR	EUR
Revenue	15	6,831,615	7,135,399
Cost of revenue	16	(193,809)	(190,744)
Gross profit		6,637,806	6,944,655
Administrative expenses	16	(3,226,896)	(3,301,086)
Impairment allowances		(27,045)	(19,635)
Operating profit		3,383,865	3,623,934
Share of profit of equity accounted investee	7	_	1,822
Rental income		12,315	2,000
Income from financial assets	17	59,153	261,303
Finance income	18	54,074	26,107
Finance costs	18	-	(132)
Profit before tax		3,509,407	3,915,034
Income tax expense	19	(1,201,806)	(1,299,746)
Profit for the year		2,307,601	2,615,288
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
- Net unrealised loss on available-for-sale financial assets		-	(271,056)
- Debt investments at FVOCI – net change in fair value		(39,088)	-
Total comprehensive income for the year		2,268,513	2,344,232

The accounting policies and explanatory notes found on pages 53 to 69 form an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 31 December 2018

	Notes	Issued capital EUR	Fair value reserve EUR	Social responsibility fund EUR	Retained earnings EUR	Total EUR
At 1 January 2017		2,500,000	719,323	27,070	5,931,175	9,177,568
Total comprehensive income Profit for the year		-	-	-	2,615,288	2,615,288
Net loss on available for sale financial assets		-	(271,056)	-	-	(271,056)
Total comprehensive income		-	(271,056)	-	2,615,288	2,344,232
Net movement for the year	12.4	-	-	(5,000)	5,000	-
Transactions with owners of the Company Dividends paid	12.2				(3,000,000)	(3,000,000)
At 31 December 2017	12.2	2,500,000	448,267	22,070	5,551,463	8,521,800
At 1 January 2018		2,500,000	448,267	22,070	5,551,463	8,521,800
Total comprehensive income Profit for the year		-	-	-	2,307,601	2,307,601
Net loss on debt investments at FVOCI		-	(39,088)	-	-	(39,088)
Total comprehensive income		-	(39,088)	-	2,307,601	2,268,513
Net movement for the year	12.4	-	-	(790)	790	-
Transactions with owners of the Company						
Dividends paid	12.2	-	-	-	(1,500,000)	(1,500,000)
At 31 December 2018		2,500,000	409,179	21,280	6,359,854	9,290,313

The accounting policies and explanatory notes found on pages 53 to 69 form an integral part of the financial statements.

Statement of Cash Flows

For the year ended 31 December 2018

Operating activities Colspan="4">Colsp		Notes	2018 EUR	2017 EUR
Profit for the year 2,307,601 2,615,288 Adjustment for: 0 109,625 Depreciation of plant and equipment 5 135,041 109,625 Amortisation of intangible assets 6 60,130 81,917 Interest payable 18 - 132 Gain on disposal of available-for-sale financial assets 17 - (194,103) Share of profit of equity accounted investee 7 - (1822) Tax expense 1,201,806 1,299,746 Changes in: 3,591,351 3,817,476 Changes in: 3,591,351 3,817,476 Trade and other receivables (58,223) 44,767 Trade and other payables 61,219 106,719 Cash generated from operating activities 3,594,347 3,968,962 Income tax paid (1,260,118) (2,374,316) Interest paid on bank overdraft - (132) Net cash flows from operating activities 2,334,229 1,594,514 Investing activities 5 (276,988) (123,792)	Operating activities	Notes	LOIL	LOIL
Depreciation of plant and equipment 5 135,041 109,625 Amortisation of intangible assets 6 60,130 81,917 Interest receivable 17/18 (113,227) (93,307) Interest payable 18 - 132 Gain on disposal of available-for-sale financial assets 17 - (194,103) Share of profit of equity accounted investee 7 - (1,622) Tax expense 3,591,351 3,817,476 Changes in: 3,591,351 3,817,476 Trade and other receivables (58,223) 44,767 Trade and other payables (58,223) 44,767 Trade and other payables (58,223) 44,767 Income tax paid (1,260,118) (2,374,316) Interest paid on bank overdraft 2,334,229 1,594,514 Investing activities 2,334,229 1,594,514 Investing activities 5 (276,988) (123,792) Acquisition of plant and equipment 5 (276,988) (123,792) Proceeds from available-for-sale financia			2,307,601	2,615,288
Amortisation of intangible assets interest receivable interest receivable interest receivable interest receivable interest payable interest payables inte	Adjustment for:			
Interest receivable	Depreciation of plant and equipment	5	135,041	109,625
Interest payable	Amortisation of intangible assets	6	60,130	81,917
Gain on disposal of available-for-sale financial assets 17 - (194,103) Share of profit of equity accounted investee 7 - (1,822) Tax expense 1,201,806 1,299,746 Cax expense 1,201,806 1,299,746 Tax expense 3,591,351 3,817,476 Changes in:	Interest receivable	17/18	(113,227)	(93,307)
Share of profit of equity accounted investee Tax expense 7 - (1,822) Tax expense 1,201,806 1,299,746 3,591,351 3,817,476 Changes in: Trade and other receivables (58,223) 44,767 Trade and other payables 61,219 106,719 Cash generated from operating activities 3,594,347 3,968,962 Income tax paid (1,260,118) (2,374,316) Interest paid on bank overdraft - (132) Net cash flows from operating activities 2,334,229 1,594,514 Investing activities 2,334,229 1,594,514 Investing activities 5 (276,988) (123,792) Acquisition of plant and equipment 5 (276,988) (15,998) Proceeds from available-for-sale financial assets - 779,541 Interest received 95,156 97,780 Maturity / (Acquisition) of term deposits 375,037 (1,674,703) Financing activities 187,347 (937,172)				

The accounting policies and explanatory notes found on pages 53 to 69 form an integral part of the financial statements.

For the year ended 31 December 2018

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 ("IFRS") as adopted by the EU. 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 that debt investments are measured at fair value whilst associated undertakings are accounted for using the equity method.

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 *Presentation of Financial Statements*.

2.5 Changes in accounting policies

The Company has initially applied IFRS 9 and IFRS 15 from 1 January 2018.

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

2.5.1 IFRS 9 Financial Instruments

IFRS 9 has not had a significant effect on the Company's financial performance and position, as explained below.

The debt securities categorised as available-for-sale under IAS 39 were held by the Company to earn interest income, but could be sold to meet liquidity requirements arising in the normal course of business. The directors consider that these securities were held within a business model whose objective was achieved both by collecting contractual cash flows and by selling securities. The assets have therefore been classified as financial assets at FVOCI under IFRS 9.

2.5.2 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services.

IFRS 15 has not had a significant effect on the Company's accounting policies as all revenue streams are generated at a specific point in time.

For the year ended 31 December 2018

3 Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

3.1 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 is 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 capitalised 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 profit or loss as incurred.

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

General electrical equipment10 to 15 yearsComputer hardware5 yearsOffice furniture, fittings and other equipment6 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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss 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.

3.2 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.

3.2.1 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.

3.2.2 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.

3.3 Interests in equity-accounted investees

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. 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 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.

3.4 Financial instruments

3.4.1 Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

For the year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.4 Financial instruments (continued)

3.4.1 Recognition and initial measurement (continued)

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

3.4.2 Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The Company classifies its financial assets into one of the following categories: amortised cost (which includes receivables and cash and cash equivalents) and FVOCI – debt instrument.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated at FVTPL:

- · It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objectives is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Financial assets – Business model assessment: Policy applicable from 1 January 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- · The risks that affect the performance of the business model and how these risks are managed;
- How managers of the business are compensated; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- · Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- · Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets.

For the year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.4 Financial instruments (continued)

3.4.2 Classification and subsequent measurement (continued)

Financial assets - Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at FVTPL – These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost – These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI – These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI – These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets - Policy applicable before 1 January 2018

The Company classified its financial assets into the following categories: loans and receivables and available-for-sale.

Financial assets – Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

Loans and receivables – Measured at amortised cost using the effective interest method.

Available-for-sale financial assets – Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified by the Company as measured at amortised cost.

3.4.3 Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

3.4.4 Offsetting

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

3.5 Share capital

3.5.1 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.

For the year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.6 Impairment

3.6.1 Non-derivative financial assets

Policy applicable from 1 January 2018

The Company recognises loss allowances for Expected Credit Losses ("ECLs") on: financial assets measured at amortised cost and on debt investments measured at FVOCI.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- · Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Policy applicable before 1 January 2018

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.

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 debt securities

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 profit or loss, is transferred from equity to profit or loss. 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 Cash and cash equivalents

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 demand deposits at banks.

3.8 Taxes

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.

For the year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.8 Taxes (continued)

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

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 assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

3.9 Revenue recognition

Revenue comprises membership and other fees receivable from stockbrokers, together with fees receivable in respect of the listing, clearing, registration and trading of quoted and admitted securities and related services. Revenue is measured based on the consideration specified in Exchange Notice 1 – Fees and Charges published by the Company. The Company recognises revenue at the time the service is delivered. Revenue is recognised on an accrual basis.

For all financial instruments measured at amortised cost and interest bearing financial assets classified at FVOCI, 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 profit or loss.

3.10 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 exchange 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 profit or loss.

3.11 Employee benefits

The entity pays fixed contributions towards the State pension in accordance with local legislation and has 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.

3.12 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 part 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 recognised in profit or loss net of any reimbursement.

For the year ended 31 December 2018

3 Significant Accounting Policies (continued)

3.13 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 profit or loss on a straight line basis over the lease term.

Company as a lessor

Lease income from operating leases is recognised in income on a straight line basis over the lease term.

3.14 New standards and interpretations endorsed by the EU not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2018. Earlier application is permitted; however the Company has not early applied the following new or amended standards in preparing these financial statements.

Of those standards that are not yet effective, IFRS 16 is expected to have a material impact on the Company's financial statements in the period of initial application.

IFRS 16 Leases

The Company is required to adopt IFRS 16 *Leases* from 1 January 2019. The Company has assessed the estimated impact that initial application of IFRS 16 will have on its financial statements, as described below.

IFRS 16 introduces a single on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions involving the Legal Form of a Lease.

(i) Leases in which the Company is a lessee

The Company will recognise new assets and liabilities for its operating leases of office premises, the secondary site and motor vehicles. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

Based on the information currently available, the Company estimates that it will recognise additional lease liabilities of EUR 600,800 as at 1 January 2019.

(ii) Transition

The Company plans to apply IFRS 16 on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening retained earnings at 1 January 2019, with no restatement of comparative information. The Company shall measure the right-of-use asset as being equal to the lease liability, and therefore has no impact on its retained earnings on 1 January 2019 as a result of transitioning to IFRS 16.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

For the year ended 31 December 2018

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 both measurement and 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 Other financial assets and liabilities

The fair values of the other financial assets and liabilities measured at cost are not different from their carrying amount, in view of their short term nature.

5 Plant and Equipment

	General		Office Furniture, fittings	
	Electrical	Computer	and other	
	Equipment	hardware	equipment	Total
	EUR	EUR	EUR	EUR
Cost	LOIL	LOIL	LOIL	LOIL
At 1 January 2017	865,059	351,502	448,809	1,665,370
Additions	80,697	36,732	6,363	123,792
, radicions	00,007	30,732	0,303	123/172
At 31 December 2017	945,756	388,234	455,172	1,789,162
At 1 January 2018	945,756	388,234	455,172	1,789,162
Additions	179,688	56,746	40,554	276,988
At 31 December 2018	1,125,444	444,980	495,726	2,066,150
Depreciation				
At 1 January 2017	689,566	211,049	346,013	1,246,628
Depreciation charge for the year	42,393	50,534	16,698	109,625
At 31 December 2017	731,959	261,583	362,711	1,356,253
At 1 January 2018	731,959	261,583	362,711	1,356,253
Depreciation charge for the year	57,329	57,950	19,762	135,041
At 31 December 2018	789,288	319,533	382,473	1,491,294
Carrying amount				
At 1 January 2017	175,493	140,453	102,796	418,742
At 31 December 2017	213,797	126,651	92,461	432,909
At 1 January 2018	213,797	126,651	92,461	432,909
At 31 December 2018	336,156	125,447	113,253	574,856

For the year ended 31 December 2018

6 Intangible Assets

	Computer Software EUR
Cost	
At 1 January 2017	1,099,116
Additions	15,998
At 31 December 2017	1,115,114
At 1 January 2018	1,115,114
Additions	5,858
At 31 December 2018	1,120,972
Amortisation	
At 1 January 2017	932,373
Amortisation	81,917
At 31 December 2017	1,014,290
At 1 January 2018	1,014,290
Amortisation	60,130
At 31 December 2018	1,074,420
Carrying amount	
At 1 January 2017	166,743
At 31 December 2017	100,824
At 1 January 2018	100,824
At 31 December 2018	46,552

7 Investment In Equity Accounted Investee

In January 2012, the Company was allotted shares on the incorporation of 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 market for wholesale fixed-income debt securities. EWSM was an EU regulated market, established in Malta and authorised by the Malta Financial Services Authority, which has now surrendered its licence and has been put into liquidation.

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 has invested a total of EUR 40,000 in the issued share capital of this equity accounted investee.

For the year ended 31 December 2018, the equity accounted investee generated a profit of EUR 557 (2017: net profit of EUR 9,109), with shareholders' equity closing the year at positive equity of EUR 59,774 (2017: EUR 59,214). In 2018, no share of profit or loss for the Company has been recognised as a share of profit or loss of equity accounted investee in profit or loss (2017: net profit of EUR 1,822) and therefore the investment in the equity accounted investee remained at EUR 11,842 (2017: EUR 11,842) at 31 December 2018.

For the year ended 31 December 2018

8 Financial Assets At FVOCI

Financial assets at FVOCI

a. The fair value of the financial assets is as follows:			
		2018	2017
		EUR	EUR
Non-current			
Malta Government Stocks		1,698,035	1,740,895
b. The amortised cost of the financial assets is as follows:			
	Effective		
	interest rate	2018	2017
	%	EUR	EUR
Non-current			
Malta Government Stocks	4.8 / 4.6	1,288,856	1,292,628
c. The revaluation balance of the financial assets (recognised in	equity) is as follows:	2010	2017
		2018	2017
Non-current		EUR	EUR
Malta Government Stocks		409,179	448,267
Marta Government Stocks		409,179	440,207
9 Deferred Tax			
9.1 Recognised deferred tax asset			
9.1 Necognised deferred tax asset			
Deferred tax asset is attributable to the following:			
		2018	2017
		EUR	EUR
Plant and equipment		8,978	15,362
Accrued investment income		(7,265)	(3,989)

9.2 Movement in temporary differences during the year

Impairment allowances

	Balance 01/01/2017	Recognised in profit or loss	Balance 31/12/2017	Recognised in profit or loss	Balance 31/12/2018
	EUR	EUR	EUR	EUR	EUR
Plant and equipment Accrued investment	28,022	(12,660)	15,362	(6,384)	8,978
Income	(4,521)	532	(3,989)	(3,276)	(7,265)
Impairment allowances	_	6,872	6,872	9,466	16,338
	23,501	(5,256)	18,245	(194)	18,051

16,338

18,051

6,872

18,245

For the year ended 31 December 2018

10 Trade And Other Receivables

	2018 EUR	2017 EUR
Fees receivable net of impairment allowances (note 10.1)	2,107,587	2,033,391
Amounts due from related parties (note 10.2)	18,328	24,312
Prepayments and accrued income	165,177	153,323
	2,291,092	2,211,026

Information about the Company's exposure to credit and market risk and impairment losses for trade receivables is included in note 22.

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

	Neither Past due nor		P	ast due but not im	paired
	Total EUR	impaired EUR	>30 days EUR	60-90 days EUR	90 days and older EUR
2018	2,107,587	1,838,552	87,913	118,460	62,662
2017	2,033,391	1,759,751	70,056	129,955	73,629

Fees receivable, which are neither past due nor impaired, include trade receivables due from the Government of Malta, a related party, of EUR 422,813 (2017: EUR 431,110).

10.2 Amounts due from related parties are unsecured, non-interest bearing and have no fixed date of repayment. The balance as at 31 December 2018 comprises a nil balance (2017: EUR 18,406) due from CSD (Malta) plc, a nil balance (2017: EUR 5,906) due from European Wholesale Securities Market Limited, EUR 15,836 (2017: EUR nil) due from Malta Stock Exchange Institute Limited and EUR 2,492 (2017: EUR nil) due from MSX plc.

11 Cash And Cash Equivalents

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

	2018	2017
	EUR	EUR
Cash at bank	7,048,494	6,400,919
Cash in hand	430	688
Cash at bank and in hand	7,048,924	6,401,607
Bank borrowings (note 13)	(2,098)	(1,320)
Cash and cash equivalents	7,046,826	6,400,287
Term deposits with contractual maturities exceeding three months	(3,905,552)	(4,280,589)
Bank guarantee	(9,000)	(9,000)
Cash and cash equivalents as shown in the		
Statement of cash flows	3,132,274	2,110,698

Term deposits earn interest at an average rate of 1.17% (2017: 1.17%) per annum.

For the year ended 31 December 2018

12 Capital And Reserves

12.1 Authorised and Issued Capital	2018 EUR	2017 EUR
Authorised		2011
5,000,000 ordinary shares of EUR 1 each	5,000,000	5,000,000
Issued and fully paid up		
2,500,000 ordinary shares of EUR 1 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.

12.2 Dividends

(2017: Eur1.20)	1,500,000	3,000,000
Dividend on ordinary shares for 2018: Eur0.60		
Declared and paid during the year:		
	EUR	EUR
	2018	2017

12.3 Fair value Reserve

This reserve records the fair value changes on financial assets at FVOCI, representing net fair value gains not available for distribution.

12.4 Social responsibility fund

The Company has setup a Social Responsibility Fund for the purpose of supporting educational, philanthropic and cultural causes as well as to support the maintenance and refurbishment of Malta's historical heritage. An annual contribution of EUR 15,000 (2017: EUR 15,000) is transferred from retained earnings into the Social Responsibility Fund. The budget for such fund shall be agreed for the calendar year subject to recommendations on the causes or events to be supported by the Executive Committee. Any payments from such Social Responsibility Fund are subject to approval by the Board of Directors upon recommendation of the Chief Executive Officer. As payments are effected, the expense is recognised in profit or loss with an equivalent transfer from the Social Responsibility Fund to retained earnings. The amount utilised during the year out of this Fund amounted to EUR 15,790 (2017: EUR 20,000).

13 Bank Borrowings

	2010	2017
	2018	2017
	EUR	EUR
Current borrowings		
Bank borrowings	2,098	1,320
14 Trade And Other Payables		
	2018	2017
	EUR	EUR
Trade payables (note 14.1)	154,052	159,224
Amounts due to related party (note 14.2)	494,614	512,723
Deferred income	1,274,407	1,227,339
Accruals and other payables	138,687	102,892
Other taxes	313,961	312,325
	2,375,721	2,314,503

For the year ended 31 December 2018

14 Trade And Other Payables (continued)

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

14.2 Amounts due to related party are unsecured, non-interest bearing and repayable on demand. These amounts include EUR 240,944 (2017: EUR 266,778) due to the immediate parent, EUR 245,945 (2017: EUR 245,945) due to the Government of Malta and EUR 7,725 (2017: EUR nil) due to EWSM.

15 Revenue

The income from the main activities was as follows:

The income from the main activities was as follows:		
	2018	2017
	EUR	EUR
Listing fees	4,422,252	4,480,154
Register fees	1,381,643	1,561,216
Turnover fees	252,447	300,832
Stockbrokers' fees	41,507	43,784
Other	733,766	749,413
	6,831,615	7,135,399
16 Cost Of Revenue And Administrative Expenses	2018	2017
	EUR	EUR
Cost of revenue		
Variable trading fees paid	193,809	190,744
Administrative expenses		
Emoluments of the chairman and other board members	22,600	22,600
Salaries, social security and other staff costs (note 16.1)	1,754,745	1,788,770
Rent	139,615	137,994
Auditors' remuneration	10,000	8,500
Depreciation of plant and equipment	135,042	109,625
Amortisation of intangible assets	60,130	81,917
Other expenses	1,104,764	1,151,680
	3,226,896	3,301,086

Other expenses include other non-audit services payable to the Company's auditors amounting to EUR 2,225 (2017: EUR 825).

16.1 Employee information

16.1.1 Salaries, social security and other staff costs

	1,754,745	1,788,770
Other staff costs	17,315	23,656
Social security costs	109,242	110,221
Wages and salaries	1,628,188	1,654,893
	2018 EUR	2017 EUR
16.1.1 Salaries, social security and other staπ costs	2010	2017

For the year ended 31 December 2018

16 Cost Of Revenue and Administrative Expenses (continued)

16.1.2 Staff numbers

The average number of persons employed by the Company during the year was 58 (2017: 58).

AT Lawrence Transfer and America		
17 Income From Financial Assets	2018	2017
	EUR	EUR
Interest on financial assets at FVOCI	59,153	67,200
Gain on disposal of financial assets at FVOCI	-	194,103
	59,153	261,303
18 Net Finance Income		
	2018 EUR	2017 EUR
	EUN	LON
Finance income		
Interest on bank balances	54,074	26,107
Finance costs		
Interest on bank borrowings	-	(132)
Net finance income	54,074	25,975
19 Income Tax Expense		
19.1	2018	2017
	EUR	EUR
Current tax expense	1,201,612	1,294,490
Deferred tax (note 9.2)	194	5,256
Income tax expense	1,201,806	1,299,746
19.2 Reconciliation of effective tax rate	2018	2017
	EUR	EUR
Profit before tax	3,509,407	3,915,034
Tax at 35%	1,228,292	1,370,262
Tax effect of		
- share of profit of equity accounted investee - amortisation of investments	- 1,320	(638) 1,326
- amortisation of investments - expenses not deductible for tax purposes	(4,406)	1,326 14,728
- income subject to lower rates of tax	(23,400)	(17,996)
- income not subject to tax	-	(67,936)
Income tax expense	1,201,806	1,299,746

For the year ended 31 December 2018

20 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.

21 Related Party Transactions And Balances

The related parties of the Company with which the Company had balances outstanding as of 31 December 2018 or transactions during the year then ended were as follows:

- Government of Malta (ultimate controlling party)
- MSE (Holdings) Limited (parent company)
- Malta Stock Exchange Institute Limited (other related company)
- MSX plc (other related company)
- CSD (Malta) plc company in liquidation (other related company)
- European Wholesale Securities Market Limited (associate of the Company)

21.1 Related party transactions

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

		2018 EUR	2017 EUR
Revenue	Related Party	LOIL	LOIT
Listing fees	Government of Malta	2,189,400	2,241,350
Register fees	Government of Malta	414,393	494,919
Amendments	Government of Malta	63,631	71,734
Administrative expenses			
Rent	MSE (Holdings) Limited	90,000	90,000
Dividend paid	MSE (Holdings) Limited	1,500,000	3,000,000

Included in administrative expenses are salaries paid to the chairman and board members amounting to EUR 22,600 (2017: EUR 22,600).

21.2 Related party balances

The outstanding amounts at year end together with the related terms have been separately disclosed in notes 10 and 14.

22 Financial Risk Management Objectives and Policies

At the year end, the Company's main financial assets on the statement of financial position comprise financial assets at FVOCI, 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 trade and other payables. At the year end, there were no off-balance sheet financial liabilities.

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

For the year ended 31 December 2018

22 Financial Risk Management Objectives and Policies (continued)

22.1 Credit risk

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

	2018 EUR	2017 EUR
Financial assets at FVOCI (note 8a)	1,698,035	1,740,895
Fees receivable (note 10)	2,107,587	2,033,391
Amounts due from related parties (note 10)	18,328	24,312
Cash at bank (note 11)	7,048,494	6,400,919
	10,872,444	10,199,517

The credit risk relating to financial assets at FVOCI 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 rated at BBB and AA- (Standard and Poor's) where credit ratings are available.

Carrying amounts for trade receivables are stated net of the necessary impairment allowances amounting to EUR 46,680 (2017: EUR 19,635). As per accounting policy 3.6.1, a loss rate of 0.27% has been applied to the gross carrying amounts of trade receivables, which rate is based on actual credit loss experience over the past five years. These rates have been adjusted, where necessary, by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

The Company's exposure to credit risk on its operations arises from activity exceeding 25% of its revenues. At year end the Company had EUR 422,813 (2017: EUR 431,110) owed by the Government of Malta representing 20% (2017: 21%) of the Company's total fee receivables. The Government of Malta generated EUR 2,667,424 (2017: EUR 2,808,003) of the Company's total revenue, representing 39% (2017: 39%) of the Company's total revenue.

22.2 Market risk

22.2.1 Interest rate risk

The interest rates on debt investments at FVOCI and term deposits are disclosed in notes 8b and 11. Under the present interest rate scenario, a reasonably expected change in benchmarks is not expected to have any significant effect on the Company's assets and liabilities.

22.2.2 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
2018	+100/-100	(17)/17
2017	+100/-100	(17)/17

For the year ended 31 December 2018

22 Financial Risk Management Objectives and Policies (continued)

22.3 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 debt investments at FVOCI. The presentation of the financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise.

22.4 Fair values

The Company's investments 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 carrying amounts of trade and other receivables, cash and cash equivalents, bank borrowings and trade and other payables approximate fair value.

22.5 Capital Management

Capital includes equity less the fair value reserve comprising net gains on debt investments at FVOCI. 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 capital requirements

The Company is required to comply with the capital requirements as set by the Malta Financial Services Authority. Central securities depositories and Trading Venues are required to maintain own funds equal or in excess of the capital requirements. The Company is required to have capital, together with its retained earnings and reserves, proportional to the risks stemming from the activities it undertakes. Capital requirement is calculated in accordance with Rule 3-1.1 of the Financial Market Rules for Trading Venues, DRSPs and Central Securities Depositories.

During the year under review, the Company complied with all of the capital requirements as stipulated in the financial market rules for trading venues and central securities depositaries.

Independent Auditors' Report

To the Shareholders of Malta Stock Exchange

1 Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Malta Stock Exchange plc (the "Company"), which comprise the statement of financial position as at 31 December 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- (a) give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU; and
- (b) have been properly prepared in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities* for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Chapter 281, Laws of Malta), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Letter of Transmittal, Chairman's message, Chief Executive's Report, Administration Report, Exchange Operations and Other Activities, Statement of Compliance with the Code of Principles of Good Corporate Governance and Directors' Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and, other than in the case of the directors' report on which we report separately below in our 'Report on Other Legal and Regulatory Requirements', we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

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

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

The directors are also responsible for overseeing the financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

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

We also:

 Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than

Independent Auditors' Report

To the Shareholders of Malta Stock Exchange

Auditors' responsibilities for the audit of the financial statements (continued)

for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of
 the going concern basis of accounting and, based on the
 audit evidence obtained, whether a material uncertainty
 exists related to events or conditions that may cast significant
 doubt on the Company's ability to continue as a going
 concern. If we conclude that a material uncertainty exists,
 we are required to draw attention in our auditors' report
 to the related disclosures in the financial statements or, if
 such disclosures are inadequate, to modify our opinion.
 Our conclusions are based on the audit evidence obtained
 up to the date of our auditors' report. However, future events
 or conditions may cause the Company to cease to continue as
 a going concern.
- Evaluate the overall presentation, structure and content
 of the financial statements, including the disclosures, and
 whether the financial statements represent the underlying
 transactions and events in a manner that achieves fair
 presentation.

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

Pursuant to article 179(3) of the Act, we are also required to:

- express an opinion on whether the directors' report has been prepared in accordance with the applicable legal requirements; and
- state whether, in the light of the knowledge and understanding of the entity and its environment obtained in the course of our audit of the financial statements, we have identified material misstatements in the directors' report, giving an indication of the nature of any such misstatements.

In such regards:

- in our opinion, the directors' report has been prepared in accordance with the applicable legal requirements; and
- we have not identified material misstatements in the directors' report.

Matters on which we are required to report by exception by the Act

Pursuant to articles 179(10) and 179(11) of the Act, we have nothing to report to you with respect to the following matters:

- · proper accounting records have not been kept; or
- the 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.

The Principal authorised to sign on behalf of KPMG on the audit resulting in this independent auditors' report is Noel Mizzi.

2 Report on Other Legal and Regulatory Requirements

Opinion on the directors' report

The directors are responsible for preparing a directors' report in accordance with the provisions of article 177 of the Act.

We are required to consider whether the information given in the directors' report for the accounting period for which the financial statements are prepared is consistent with those financial statements; and, if we are of the opinion that it is not, we shall state that fact in our report. We have nothing to report in this regard.

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KPMG26 April 2019
Registered Auditors

Portico Building Marina Street, Pietá PTA 9044

