

2014

annual report



Malta Stock Exchange plc



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malta stock exchange

as at 31 December 2014

Board of Directors

Chairman
Deputy Chairman
Directors

Paul J Spiteri
Daniel Darmanin
Joseph Azzopardi
Carmel Galea
Joseph Portelli

Secretary

Marie Cordina

Audit Committee

Chairman
Members

Joseph Azzopardi
Daniel Darmanin
Paul J Spiteri
Berta Vella

Secretary

Marie Cordina

Executive Committee

Chairman
Members

Eileen V Muscat
Robert Vella Baldacchino
Simon Zammit

Secretary

Marie Cordina

Risk Management Committee

Chairman
Members

Joseph Portelli
Carmel Galea
Marie Cordina
Eileen V Muscat

Secretary

Joanne Camilleri

Technical Committee

Chairman
Members

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

Company Secretary

Marie Cordina

letter of transmittal

The Chairman
Malta Stock Exchange plc
Garrison Chapel
Castille Place
Valletta

April 2015

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

Dear Sir

In accordance with the Financial Market Rules Stipulating Financial Reporting and Financial Reporting Requirements applicable to Regulated Markets and Central Securities Depositories, I have the honour to transmit the Audited Financial Statements and a report on the activities of the Malta Stock Exchange for the year ended 31 December 2014.

Yours faithfully



Paul J Spiteri
Chairman

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chairman's

message

chairman's message



It is indeed a pleasure to present the Annual Report for 2014, a year during which the Exchange continued to register a positive performance on both the primary and secondary markets.

Indeed, during 2014 fourteen (14) Government stocks, fourteen (14) corporate bonds as well as one (1) equity were admitted to the Official List, with a nominal value of just under €1 billion, apart from 85 issues of Treasury Bills, totalling over €900 million in nominal value. Significantly, a number of new Issuers approached the market for the first time in 2014, with four (4) new entrants issuing corporate bonds and another one the only equity admitted during the year. These new admissions contributed to an increase in the total Market Capitalisation value of 9.5% from a 2013 year end value of €9.4 billion to a 2014 year end value of €10.3 billion, which is very significant, given the size and depth of our economy.

The turnover value on the market exceeded €940 million, an increase of 21% when compared to the previous year. This increase in trading values was also reflected in the number of trades executed which increased from 16,886 in 2013, to 25,657 in 2014. Trading in equities remained largely unchanged when compared to the previous year in terms of market turnover value, while at the same time, significant increases in turnover

were registered both in the corporate bond and particularly, in the Government Stock sectors of the market.

Market activity is supported by the post-trading infrastructure, the Central Securities Depository which has seen a considerable increase in activity throughout the year, not only driven by the number of new issues being dematerialized and maintained as a result of the new admissions, but also in the light of an increase in the custodial business being entered into, which is bringing new users onto our books. The past year in fact saw several companies seeking dematerialization within the CSD with a view to also availing themselves of the custody services offered by the CSD, including the possibility of settlement through the CSD's link with Clearstream Banking AG. Major changes will take place in the CSD during 2015, not least migration to Target2-Securities in June as well as other regulatory and operational changes that will be brought about by the implementation of the CSD Regulation over the next few months. Both these developments are very challenging, however, I believe that they also open up new avenues for further development of both the CSD's products and services and indeed I am sure that over the next few years, the role of the CSD will become increasingly important for the functioning of the capital market as a whole.

Apart from continuing to develop its core services, during 2014 the Exchange developed a new service leveraging upon its technical infrastructure and relationships with international operators. The new service provides companies, both local and overseas, with a simple and cost-effective facility for them to report trading in derivatives in order to comply with the European Markets Infrastructure Regulation (EMIR) which became effective in February 2014. Several companies have signed up to this service, resulting in well over one million trades being reported through this facility. We believe that in providing such a service, the Exchange has once again led the way in supporting the local financial market to ensure that our jurisdiction remains at the forefront of compliance and innovation.

As reported in the Annual Report for 2013, during that year, the European Wholesale Securities Market (EWSM), a regulated market authorized in terms of Article 4 of the Financial Markets Act and established in Malta as a joint venture between the Irish Stock Exchange and the Malta Stock Exchange, announced its first listing and its activity remained at a reasonable level throughout 2014. There have been a number of listings on

this market and more are in the pipeline. Meanwhile the past year has not only seen an increase in admissions but also significantly, the authorization of a number of Listing Agents who are bringing new issues to this market. The Exchange remains very committed to continue to support this market and looks forward to further growth.

The positive performance of the core and ancillary services has contributed to the Exchange's continued growth and development. Indeed, I am pleased to report that at the end of 2014 the Exchange registered a pre-tax profit of €2.34 million, an increase of 16% when compared to the profit registered during the previous year, certainly a very significant increase when also seen in the context of challenging economic circumstances that prevailed during the year. This clearly indicates the confidence that market participants and investors have in the range and quality of services it provides as well as clearly demonstrates the need that exists for an alternative avenue of raising finance for companies and the opportunity for investment.

The Exchange is committed to continue to fulfil an important role within the financial sector and the economy and to this end is continuing not only to enhance its current services but also in introducing new initiatives to support SMEs and trading in international securities. Apart from these major projects the Exchange, will, over the next few months be implementing new processes and operations to comply with the requirements not only of the CSDR and Target2-Securities as already mentioned, but also MiFiD II and MiFiR.

All this augurs well for the future of the Exchange and its support services.

The continued development and success of the Exchange could not be achieved without the vital support and commitment of all the stakeholders in the Capital Market, in particular my colleagues on the Board of Directors and the Management and Staff whose dedication, energy and teamwork has been instrumental in the achievement of our positive results and gives us confidence to meet the requirements of what we know is going to be a very busy and challenging year.



Paul J Spiteri
Chairman

chief executive's

report

chief executive's report



The past year was undoubtedly dominated by market performance as both primary and secondary markets registered record growth, which was reflected in the very positive financial results for the year.

Apart from the number of issues seeking admission, the primary market also registered other positive indications in respect of the number of new Issuers seeking admission as well as first-time investors participating in the market. New entrants into the market add depth and breadth to both the demand and supply side which are vital for continued growth.

As announced at the end of the previous year, the Exchange implemented a new reporting service in relation to the reporting requirements under the European Market Infrastructures Regulation (EMIR). This has proven to be very successfully and new users, both local and overseas, are still seeking to sign up and benefit from this service in order to comply with their regulated requirements. Work was also completed with regard to the Implementation of the Single European Payments Area (SEPA), which started to operate in February.

Implementation of T2S continued unabated and to occupy many resources of the Exchange. Workstreams focussed on the delivery and testing of the CSD – T2S interface, and the

issue of rules in line with T2S criteria. An important step towards harmonisation with T2S criteria was the move to a T+2 Settlement Cycle with effect from 6 October 2014, which was effected very smoothly due to the co-operation of all concerned.

During the coming year while continuing to work on current projects, the Exchange will focus on regulatory and operational changes arising from significant European legislation that is coming on stream, mainly the CSD Regulation, MiFiD II and MiFIR. Other areas which will require consideration relate to new requirements that are starting to be discussed in relation to the Exchange's role as the Officially Appointed Mechanism of for Malta.

Apart from these regulation based changes, the Exchange as it has done in the past, will continue to innovate and it is envisaged that two major developments in respect of the primary and secondary market will be implemented to further grow the capital market and support the local economy and to continue to enhance services given to its users.

The outlook for the coming year augurs well with the positive market trend continuing, although there will also be many hurdles to overcome, not least the convergence of many projects and operational changes that are taxing on resources. However, we are certain that with the commitment of all parties, as in previous years we can rise to these challenges and shall continue to support the market's growth.

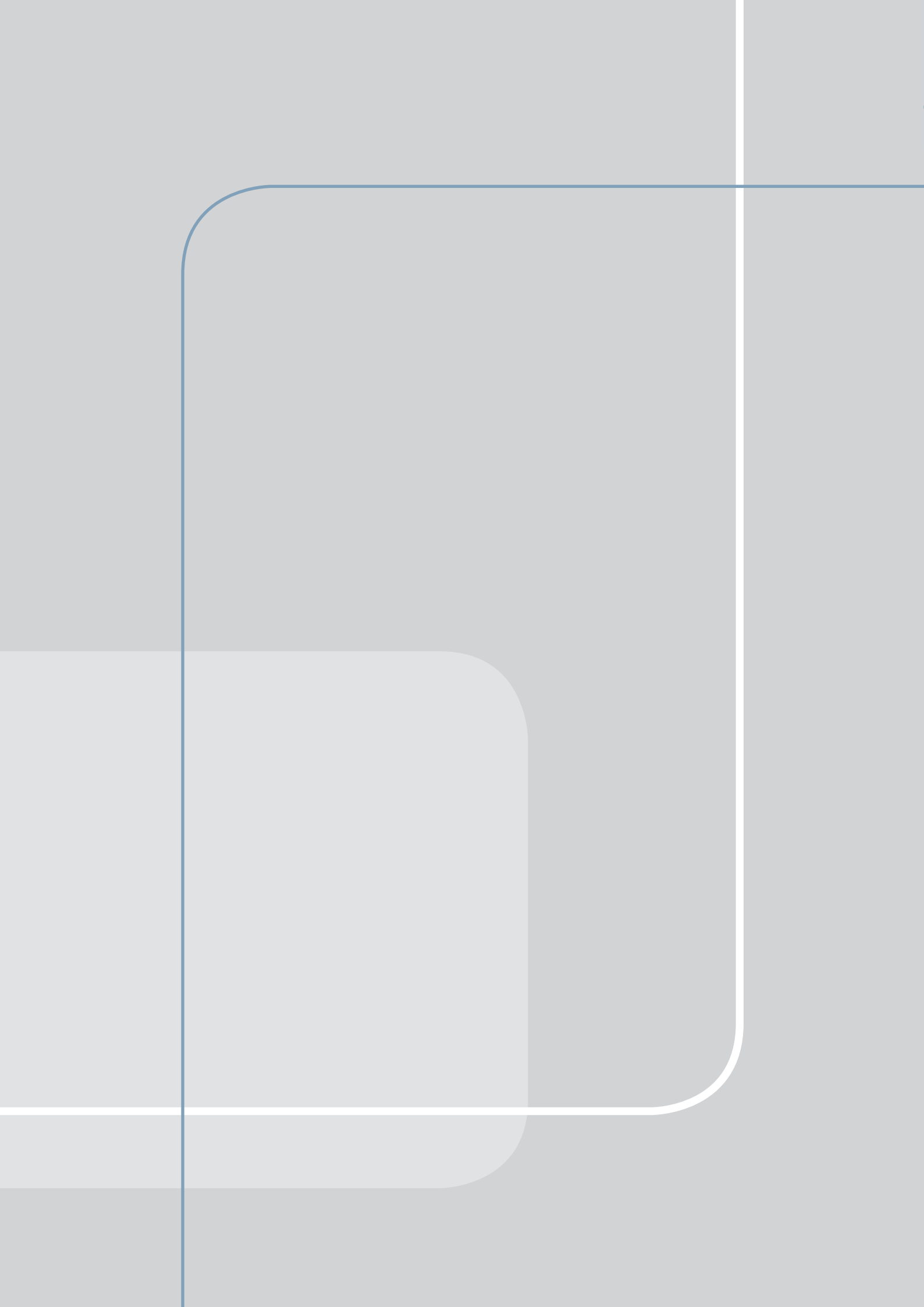
All this would certainly not be possible without the guidance of the Board and the dedicated commitment and hard work of our Members, Issuers, regulatory authorities and other shareholders and above all the support of my colleagues.

A handwritten signature in blue ink, appearing to read 'Eileen V Muscat', with a stylized flourish at the end.

Eileen V Muscat
Chief Executive

administration

report



administration report



Governance

The Board

The Board of Directors of the Exchange was re-appointed for a further year with effect from 22 April 2014, therefore, at the end of the year the Board was composed of Mr Paul J Spiteri, Chairman, Prof Daniel Darmanin, Deputy Chairman as well as three other directors namely Mr Joseph Azzopardi, Mr Carmel Galea and Mr Joseph Portelli.

Ms Marie Cordina, Senior Manager was confirmed in the post as Secretary to the Board and Company Secretary.

The same individuals also occupy the respective posts in the other two (2) companies within the Group, i.e MSE (Holdings) Ltd and CSD (Malta) plc.

General Meetings

The Exchange's Annual General Meeting was convened on 16 April 2014. During the Annual General Meeting, the Shareholders unanimously approved the Directors' Report, the Auditors' Report and the Audited Financial Statements for the year ended 31 December 2013. Furthermore, the shareholders also unanimously approved the re-appointment of the Directors for a further year as well the re-appointment of the Exchange's auditors, KPMG, also for a further year.

An Extraordinary General Meeting was held on 31 July 2014 wherein the Shareholders unanimously approved a net dividend of €1,000,000 for 2014.

Board Meetings

Nine (9) regular Board Meetings and five (5) Ad Hoc Board Meetings were convened during the year. This was again a very busy year for the Board as they considered and agreed upon the strategy of the Exchange and the goals it aimed to achieve over the next ten (10) years. In particular, the strategy commits to the development of the capital market in Malta, innovative solutions to support SMEs as well as other initiatives to grow the business of the CSD. The Board also discussed at length regulatory and operational matters in view of significant changes that will be brought about due to the implementation of T2S and new European legislation such as the CSD Regulation.

Board Committees

Throughout the year, the four committees appointed by the Board met on a regular basis and provided very valid support to the Board on relevant matters related mainly to major strategic initiative being undertaken.

Audit Committee

The Audit Committee, chaired by Mr Joseph Azzopardi, Director met eleven (11) times during the year. On a regular

basis the Audit Committee reviewed and analysed the monthly Financial Management Statements as well as monitored the Exchange's Cash Flow Forecast and Investment Portfolio. The Audit Committee also implemented a Credit Control Policy as well as oversaw the implementation of a new accounting system for the Exchange which is to be integrated with its core systems. The Audit Committee was also involved in the evaluation and adjudication of various calls for tenders issued by the Exchange throughout the year.

Executive Committee

The Executive Committee under the Chairmanship of the Chief Executive convened ten (10) times during 2014. The Executive Committee considered and made recommendations to the Board with regard to regulatory and operational matters including T2S and relevant changes to the Bye-laws, risk assessment, business continuity, PMLFT requirements as well as staff matters. The Executive Committee also held a number of meetings with the Board wherein the strategy of the Exchange was discussed.

Risk Management Committee

The Risk Management Committee set up in 2013 under the Chairmanship of Mr Joseph Portelli, Director held its regular quarterly meetings throughout the year under review. This Committee focused on the selection of the service provider in respect of a three year review of the Exchange's risk management structures and procedures as had been approved by the Board. Subsequently, the Risk Management Committee oversaw and monitored this project and met with Ernst & Young, the selected provider, on a regular basis. The Committee also reviewed the RMICAP Report prior to its submission to the Board.

Technical Committee

It was another very busy year for the Technical Committee, which met twenty-six (26) times during 2014. As the implementation of T2S geared up to its final phase, the Technical Committee was heavily involved not only in oversight of the project but also discussions on interface deliverables, training testing, drafting of new rules and processes as well as meetings with other interested parties. The Technical Committee also oversaw the change-over to a T+2 Settlement Cycle, discussed and drew up new procedures regarding PMLFT requirements as well as monitored the implementation of SEPA processes and changes to trading procedures.



Human Resources

Staff Complement

At the end of 2014, the staff complement was fifty seven (57) including both full-time and part-time employees and unchanged from the previous year. On a gender basis the staff complement was split between thirty seven (37) females and twenty (20) males. A total of twenty (20) staff were in the managerial grades, thirty three (33) in the supervisory and other grades and four (4) non-clericals.

During the year a number of staff continued to avail of family friendly measures. One (1) Manager continued on a Career Break two (2) availed themselves of flexi-hours which a further eleven (11) benefitted from teleworking.

As in previous years, the Exchange gave the opportunity to students to work on six-month internships. During 2014, in fact three (3) students benefitted from this opportunity. Furthermore, the Exchange also engaged eight (8) students to work during the Summer months.

Staff Training

During the year a number of Exchange Officials underwent industry training, both locally and overseas, as well as participated in a number of local and international conferences and seminars. In particular several members of staff attended ECB training overseas in relation to T2S. Such training covered both technical and operational aspects of the project. Also related to T2S a number of training sessions were held in relation to SWIFT developments. Apart from this, emphasis was also given to training related to risk management, anti money laundering requirements and other training related to changes in regulation.

Social Events Committee

The Social Events Committee under the Chairmanship of Manager HR, had very busy year and organised a series of very successful events including trips to Rome and Sicily, and dress down days in which many staff participated. These events also raised a significant amount of money which again will be donated to Puttinu Cares.

Union Representation

The Exchange held a number of meetings with the Professional and Financial Services Section of the General Workers Union, the only Union recognised by the Exchange wherein general operational and policy matters were discussed. The Exchange would like to express its appreciation for the support of the new Section Secretary, Mr Charles Galea and the Staff Committee composed of Ms Melissa Farrugia, Shop Steward, Ms Melissa Mamo, Assistant Shop Steward, and the other members, Mr Joseph Farrugia and Mr Robert Sammut. The Exchange would also like to thank the out-going Section Secretary, Dr Cory Greenland for his support and guidance.

Regulatory Matters

Bye-laws

Subsequent to approval by the Competent Authority a number of amendments to the Bye-laws were issued which related to the Exchange's migration to a T+2 Settlement Cycle on 6 October 2014, new Default Rules, and changes to trading and CSD procedures.

Bye-laws 7.04.01, 7.06.03 – 7.06.09, 7.06.14-7.06.17, 7.06.20-7.06.21, 7.06.29- 7.11.02 and 7.11.04 were amended to reflect the new T+2 Settlement Cycle.

A new Bye-law 7.06.01 was added to the Default Rules to provide for a voluntary renunciation to execution of a settlement obligation in the case of default, where both parties to a trade renounce their respective rights.

Bye-laws 4.01.12, 4.05.04, 4.05.05, 4.07.13 and 4.07.17 regarding trading procedures were amended to reflect minor changes in the Xetra platform trading rules.

Bye-laws 6.03.02.02 and 6.03.02.02 regarding off-market transfers on the CSD were also slightly amended to reflect changes in legislation and procedures.

Migration to T+2 Settlement Cycle

On 16 April 2014 the Exchange announced that in line with the CSD Regulation (Chapter II – Settlement Periods/Article 5 – Intended Settlement Dates) and in preparation for the MSE's migration to the T2S Settlement Platform on 22 June 2015,

together with most European markets, the MSE would move to a T+2 Settlement Cycle as from 6 October 2014.

The T+2 Settlement Cycle applies to the settlement of trades executed on the regulated market and settled in MaltaClear, in equities, corporate bonds, Malta Government Stocks, Treasury Bills and in any other in financial instruments that may be so traded in the future.

OTC trades would continue to be reported to the market in terms of Chapter 8 of the Bye-laws and settled in terms of the said Bye-laws.

As indicated above, relevant bye-laws were amended to reflect the T+2 Settlement Cycle. The market moved seamlessly to T+2 on 6 October 2014 as announced.

Risk Management

Following a call for service proposals, the Board selected Ernst & Young to undertake a three-year assignment to review the Exchange's risk management structures, policies and procedures. The purpose of the assignment is to ensure the robustness of the Exchange's operations in this regard and to ensure full compliance with its license and regulatory requirements and also in order to create a holistic approach to risk management across the whole organisation.

The assignment commenced mid-2014 and Ernst & Young have already provided preliminary reports to the Risk Management Committee for their consideration.

Compliance

In accordance with the Financial Market Rules applicable to Regulated Markets the Exchange submitted the "Certificate of Compliance" to the Competent Authority at the end of January covering the period August 2013 to January 2014 and at the end of July covering the period from February to July 2014. In both instances the Board confirmed the Exchange's compliance with applicable legislation, rules and regulations.

The Exchange also submitted its Annual Compliance Report to the Financial Intelligence Analysis Unit at the end of March 2014 as required in terms of Regulations relating to Prevention of Money Laundering and Funding of Terrorism.

Audit

The shareholders in General Meeting unanimously approved the Audited Financial Statements for the year ended 31 December 2013. The Audited Financial Statements and the Annual Report regarding the activities of the Exchange during 2013 were submitted to the Competent Authority and published in accordance with the Financial Market Rules Stipulating Financial Reporting and Financial Reporting requirements applicable to Regulated Markets.

EU Code of Conduct on Clearing and Settlement

In compliance with the EU Code of Conduct on Clearing and Settlement the Board approved the Self-Assessment Report on Services Unbundling and Account Separation for 2013. The Exchange's Auditors prepared on "Independent Assurance Report on the Self-Assessment Report" which was submitted to the Competent Authority. In their Report the Auditor's confirmed the Exchange's compliance with the Code. As required by the Code, the Exchange issued a Public Statement on its website, outlining the assessment methodology and how it complies with the Code particularly in relation to service unbundling and account separation.

Risk Management and International Capital Adequacy Assessment (RMICAAP)

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

CPSS – IOSCO Disclosure Framework

Late in 2014 following the amendments to the Bye-laws resulting from the move to a T+2 Settlement Cycle, the Exchange published on its website an update to the Disclosure Framework on compliance with CPSS-IOSCO standards in respect of Securities Settlement Systems which had last been updated in 2012.

Assessments

Throughout the year the Exchange submitted to the ECB regular quarterly "Client Readiness Templates" in connection with T2S which monitor the progress of participating CSDs and NCBs with T2S criteria.

The Exchange also submitted responses in respect of the Third Assessment of Securities Settlement Systems and links against IOSCO principals, which focused on the legal certainty of infrastructures and their operations.

Target 2-Securities (T2S)

Following the implementation of a significant update to the CSD Software in 2013 as preparation for interface with and migration to T2S, during 2014 work of this project geared up a notch, focusing on delivery and testing of the technical interface, migration of data, the relevant upgrade of SWIFT to ISO20022, as well as preparation of the relevant rules and testing of processes. Intense training conducted by the ECB on both technical and operational processes was attended by a number of Exchange staff. The Exchange also participated in the relevant testing programme led by the ECB which had a positive outcome and which will continue until migration in June 2015.



Internally, the Exchange held regular Steering Committee Meetings to oversee the progress of the project implementation. A number of meetings were also held with the community i.e. Banks, Members and Issuers, in order to keep interested parties abreast of developments. In this regard the Exchange regularly issued an update to the Adaptation Plan.

Annual Dinner

One of the highlights of the year was the Exchange's Annual Dinner held on 30 October 2014, under the

patronage of the Hon Minister of Finance, Prof Edward Scicluna. The event was held in the beautiful and historic setting of the Mediterranean Conference Centre, Valletta and was attended by over 100 guests representing the Exchange's stakeholders including Members, Issuers and Regulators. In his welcome speech, the Chairman of the Malta Stock Exchange, Mr Paul J. Spiteri, highlighted the Exchange's record performance for the year as well as outlined major developments currently underway. In his response the Hon Minister of Finance spoke about the growing role of the Exchange in the economy and also highlighted the overall positive performance of the economy.

Visitors to the Exchange

In June, the Chairman and Chief Executive met with Mr Steven Majior, the Chairman of the European Securities Markets Authority (ESMA) as part of a programme of visits to financial institutions in Malta. The discussions held related to significant legislation and regulations that would be implemented shortly and the impact of these on the local financial sector and on the Exchange and CSD in particular. Later on in the year, the Exchange welcomed Mr Jean Michel Godeffroy, Chairman of the Programme Board of T2S. Mr Godeffroy's visit was one of a programme of visits to all T2S, Wave 1 CSDs intend to gauge



the progress being made on the project and to discuss any particular difficulties being encountered in the implementation.

Another distinguished guest at the Exchange was H.E Dr Mark A Micallef Malta's Ambassador to Spain who accompanied during his visit by Mr Olivier Cauro of Pefaco plc, which was later in the year admitted to the Official List.

The April Board Meeting and AGM of European Wholesale Securities Market (EWSM) was held in Malta, when the Board of Directors of the Exchange and the EWSM had the opportunity to discuss the developments within the EWSM.

International Affiliations

2014 was an extremely busy year for the industry associations of which the Exchange is also a Member in view of the significant new legislation and regulations coming on stream and the publication of relevant implementing Measures for consultation and feedback.

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

Many discussions and meetings concentrated on the CSD Regulation MiFID II and MiFIR all of which will have a significant impact of Exchanges and CSDs. T2S was also a general topic of

discussion given its imminent go-live date and also its impact on financial markets. Exchange Officials participated regularly in these discussions and also participated in the relevant debates through the consultation process.

European Wholesale Securities Market (EWSM)

Following the first listing on this market, a joint venture between the Exchange and the Irish Stock Exchange, 2014 saw a further three (3) issues admitted to the market as well as the authorisation of a number of Listing Agents who are also bringing new issues to the market. The market remains buoyant as several issues are in the process of admission.

The Exchange remains very committed to the continued development of this

market and is certain that further growth will be registered in the coming year.



exchange operations
and other activities

exchange operations and other activities

The Market

The capital market registered a significant increase in business generated through the issue and admission of new financial instruments to the Main Market, an increase in the number of listed entities, as well as secondary market activity when compared to the previous year. In 2014, a record high of 41 listed entities contributed to the total market capitalisation of the Exchange which exceeded the €10 billion mark for the first time in its history while market turnover value also reached a new record level of over €940 million, which is a significant €166 million (21.4%) more than the value of transactions registered in 2013. The number of transactions also increased to a total of 25,657, which is almost 52% higher than for the previous year when 16,886 trades were executed on the market. Clearly, there has been a significant increase in both the volume of trades as well as their total value. The market has marginally increased its interest in Malta Government Stocks, and also registered an increase in the level of trading in Corporate Bonds, with a slight decrease in the trading of equities and a marginal increase in the trading of Treasury Bills.

The equity market registered 8,140 trades, which totaled €50.7 million in 2014, a decrease of just over €2.36 million in value, over 2013. These trades represent a total of over 44.5 million shares changing hands, which is 34% lower when compared to the 45 million equities that were transacted in 2013. The average value per equity trade was marginally lower at €6,235, down 7% on the average value per trade for 2013. The equity market represents the major sectors of the Maltese economy, covering the financial, retail, construction, hospitality, ICT, communication and real estate sectors. This year, one equity with a value of €20 million was granted admission to listing on the Exchange during the year, with another closed ended listed fund being converted to an equity, bringing the end of year total number of equities listed on the Main and Alternative Companies List (ACL) up to 24.

The corporate bond market has been very active with the admission to listing of 14 new corporate bonds with a combined total value of almost €300 million; there were 4 new issuers on

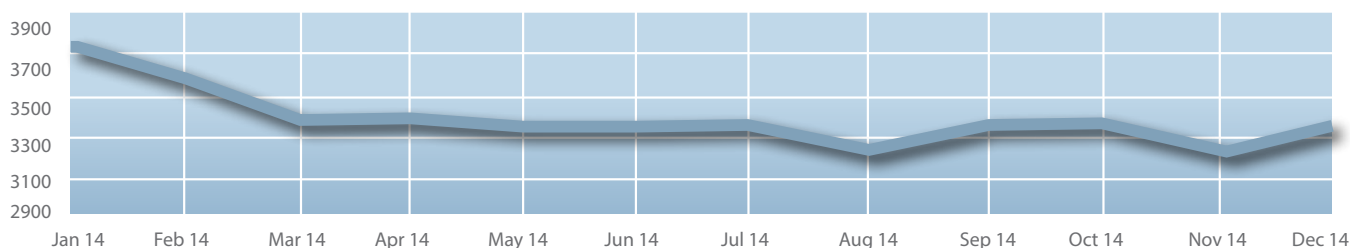
the Bond market, bring the total number of 'Corporate Bond' listed entities up to 25. This new business contributed to the significant increase the turnover of almost 30% when compared to the previous year, with a total trade value of €43.2 million compared to €33.4 million in 2013. The number of trades also increased significantly from 2,413 in 2013 to 4,056 in 2014, with the average value per deal of €10,657.

There were 14 new Government Stocks issued during 2014, with a total value of €650 million - this contributed to a higher end of year value of Government Stocks which stood at €5,747 million, 14% higher than the previous end of year value of €5,032 million. This larger market value, which represents 55.7% of the total market capitalisation, contributed to an increase in the value of trades, which increased to a value of €836.3 million during 2014, up by over 23% when compared to the previous year. The number of trades doubled, totaling 13,456 trades which is a very significant figure when compared to 6,554 trades in 2013. Government Bonds remain the highest traded instrument category, representing almost 89% of the total turnover, and over 52% of all trades. During 2014 there were 85 issues of Treasury Bills, totaling €905 million and as was reported for the previous year, these instruments were traded much less frequently in the secondary market with just 5 deals, with a value of circa €10 million changing hands.

The Malta Stock Exchange Share Index

The Malta Stock Exchange Share Index (the Index) closed the year at a value of 3,331.08, down from an end 2013 value of 3,685.79, that is a drop of 9.62%. The highest value of the Index for the year was registered on 14 February at 3,719.97 while the lowest value of the year was registered on 17 December at 3,229.88, that is a variance of 13% between the highest and lowest values of the year. During the last two weeks of the year the Index regained just over a 100 points, a positive trend which continued into the new year.

MSE Index for 2014



Comparative Trading Figures

Security	Number of Deals		Volume/No. of Shares		Market Turnover (EURO)	
	2013	2014	2013	2014	2013	2014
Equities						
6pm Holdings p.l.c. Ord GBP0.20	116	81	669,612	839,498	399,890	753,164.66
Bank of Valletta p.l.c. Ord €1.00	2508	3,239	5,811,477	7,802,184	13,697,316	17,513,864.23
Crimsonwing p.l.c. Ord €0.10	274	106	4,140,307	1,228,689	2,890,695	1,001,024.52
FIMBank p.l.c. Ord US\$0.50	217	112	2,838,204	708,831	2,158,637	390,948.72
GlobalCapital p.l.c. Ord €0.291172	-	32	-	42,202	-	30,550.68
Grand Harbour Marina p.l.c. Ord €0.232937	35	15	215,885	33,520	405,972	61,806.05
GO p.l.c. Ord €0.582343	797	732	2,819,663	2,300,873	4,388,940	5,184,355.29
HSBC Bank Malta p.l.c. Ord €0.30	1068	1,550	2,889,600	3,838,234	7,636,974	8,335,512.52
Island Hotels Group Holdings p.l.c. Ord €1.00	179	37	1,906,950	122,956	1,185,321	105,125.88
International Hotel Investments p.l.c. Ord €1.00	245	173	1,244,638	816,279	1,012,017	597,069.68
Lombard Bank Malta p.l.c. Ord €0.25	235	188	727,518	872,508	1,356,845	1,491,633.79
Loqus Holdings p.l.c. Ord €0.232937	11	24	105,258	102,555	9,184	10,160.47
MIDI p.l.c. Ord €0.20	175	83	8,012,600	3,552,232	2,159,994	829,455.36
Medserv p.l.c. Ord €0.10	59	203	305,331	1,612,926	807,008	2,085,235.55
Malta International Airport p.l.c. Ord €0.25	570	458	1,988,805	1,327,306	3,802,143	3,037,177.89
Malita Investments p.l.c. Ord B €0.50	140	155	2,037,641	2,314,310	1,062,478	1,273,677.61
Middlesea Insurance p.l.c. Ord €0.21	135	140	436,322	207,427	372,826	194,245.39
MaltaPost p.l.c. Ord €0.25	238	122	1,339,140	779,095	1,379,491	882,989.59
Pefaco International plc Ord €1.50	-	-	-	-	-	-
Plaza Centres p.l.c. Ord €0.20	107	97	2,234,493	1,826,168	1,247,582	1,101,869.74
RS2 Software p.l.c. Ord €0.20	630	405	3,957,489	1,581,034	5,849,535	4,011,562.86
Simonds Farsons Cisk p.l.c. Ord €0.30	91	96	217,063	195,315	583,109	571,897.87
Santomas Shareholdings plc Ord €0.55	-	19	-	18,651	-	37,588.38
Tigne Mall p.l.c. Ord €0.50	38	71	1,032,700	2,414,600	525,793	1,254,105.41
Total Equity	7,868	8,138	44,930,696	34,537,393	52,931,750	50,755,022
Corp. Bonds						
6.7% AX Investments Plc 2014-2016	28	5	81,861	47,938	83,944	48,081
6% AX Investments Plc €2024	-	376	-	3,550,300	-	3,708,770
4.8% Bank of Valletta plc Notes 2018	95	91	2,755,800	1,568,300	2,907,657	1,653,189
5.35% Bank of Valletta plc Sub €2019	92	106	668,100	543,800	702,886	575,977
4.25% Bank of Valletta plc € Notes 2019 Series 2 Tranche 1	94	106	1,089,900	1,783,000	1,112,287	1,840,267
4.8% Bank of Valletta Plc Sub €2020	200	139	1,234,700	843,900	1,267,657	875,738
5.75% Central Business Centres p.l.c. Unsec Bonds 2021 Ser 1 Tranche 1	-	-	-	-	-	-
6.25% Corinthia Finance plc €2016-2019	72	113	479,000	2,022,600	495,121	2,075,176
6% Corinthia Finance plc €2019-2022	2	3	10,000	29,000	10,400	30,068
6.6% Eden Finance plc 2017-2020	20	31	146,800	198,900	151,984	205,528
5.6% GlobalCapital plc €2014/16	134	259	1,535,800	2,615,000	1,235,716	2,491,561
6% Gasan Finance Company plc €2014-2016	27	4	205,300	5,800	211,758	5,782
4.9% Gasan Finance Company plc €2019-2021	14	109	100,400	891,600	103,134	911,605
7% Grand Harbour Marina plc €2017-2020	34	36	135,100	485,200	141,605	519,064
4.6% HSBC Bank Malta Plc €2017	97	73	788,895	1,719,196	813,579	1,784,062
5.9% HSBC Bank Malta Plc €Sub 2018	42	50	973,100	448,000	1,063,036	486,288
5% Hal Mann Vella Group plc Secured Bonds €2024	-	163	-	1,307,300	-	1,354,807
5.35% Izola Bank plc Secured Notes 2015	12	14	322,000	1,847,000	324,436	1,860,938
6.5% Island Hotels Group Holdings plc €2017-2019	32	30	200,600	119,300	207,506	123,563
6% Island Hotels Group Holdings plc €2024	-	237	-	2,388,900	-	2,518,320
6.5% Int. Hotel Invest. Plc €2012/14	7	-	50,400	-	50,622	-
6.25% Int. Hotel Invest. Plc €2015-2019	62	91	410,500	676,400	423,592	690,100
6.25% International Hotel Investments Plc €2017 - 2020	33	73	193,300	985,000	199,614	1,012,598
5.8% International Hotel Investments plc 2021	74	83	482,700	972,400	497,854	998,939
5.8% International Hotel Investments plc 2023	11	91	219,400	1,469,200	226,800	1,506,039
6.25% Mediterranean Bank plc EUR 2015	97	50	2,164,100	340,100	2,253,045	347,570
7.5% Mediterranean Bank plc Subordinated Bonds EUR 2019	73	41	1,373,000	1,081,000	1,409,370	1,128,466
7.5% Mediterranean Bank plc Subordinated Bonds GBP 2019	5	1	336,000	20,000	416,152	25,832
7.5% Mediterranean Bank plc Subordinated Bonds EUR 2019 FI	21	-	3,030,000	-	3,113,365	-
7.5% Mediterranean Bank plc Subordinated Bonds GBP 2019 FI	6	-	546,000	-	655,788	-
6% Mediterranean Bank plc Subordinated Unsecured EUR 2019-2024	-	1	-	25,000	-	25,503
6% Mediterranean Bank plc Subordinated Unsecured GBP 2019-2024	-	-	-	-	-	-
7.15% Melita Capital plc C 2014-2016	82	32	739,700	159,800	767,158	162,496
7% MIDI plc EUR 2016-2018	93	42	1,101,500	312,900	1,146,700	328,880
7% MIDI plc GBP 2016-2018	13	10	123,800	156,000	155,206	202,732
5.3% Mariner Finance plc Unsecured C 2024	-	191	-	2,354,600	-	2,458,735
7.5% Mediterranean Investments Holding plc EUR 2012-2014	39	10	512,180	84,669	523,446	84,015
7.5% Mediterranean Investments Holding Plc €2015	47	169	286,200	1,059,600	293,827	1,025,119
7.15% Mediterranean Investments Holding plc Euro 2015-2017	118	206	886,400	1,157,600	912,199	1,121,617
7.15% Mediterranean Investments Holding plc GBP 2015-2017	20	21	138,400	112,600	167,257	139,562
7.15% Mediterranean Investments Holding plc USD 2015-2017	31	32	508,000	254,400	388,301	190,387
6% Mediterranean Investments Holding plc Euro 2021	-	53	-	787,100	-	778,262
6.2% Mizzi Org. Fin. plc €2016-2019	73	59	620,600	448,300	661,819	475,274
6% Medserv plc Sec. & Grntd € Notes 2020-2023 S1 T1	73	203	541,100	786,800	564,518	825,553
6% Medserv plc Sec. & Grntd € Notes 2020-2023 S1 T2	-	8	-	52,000	-	53,905
6.8% Premier Capital plc € Bond 2017-2020	37	48	263,300	253,300	277,598	269,406
5.5% Pendergardens Developments plc Secured € 2020 Series I	-	109	-	1,438,000	-	1,509,308
6% Pendergardens Developments plc Secured € 2022 Series II	-	190	-	2,016,200	-	2,113,909
7% PAVI Shopping Complex Plc Sec 2014-2017	13	12	168,754	263,158	175,185	269,818
5.1% PTL Holdings plc Unsecured € 2024	-	94	-	890,200	-	926,094
6% Simonds Farsons Cisk plc 2017 - 2020	41	52	126,900	135,200	136,768	142,225
6.25% Tumas Investments plc € 2014-2016	51	20	397,400	118,100	411,477	120,441
6.2% Tumas Investments plc € 2017 - 2020	50	60	240,200	509,500	251,421	539,841
5% Tumas Investments plc Unsecured C 2024	-	36	-	375,800	-	390,122
6.75% United Finance Plc € 2014-2016	26	11	788,200	88,800	804,984	90,351
5.3% United Finance Plc Unsecured € Bonds 2023	-	12	-	198,200	-	202,257
Total Corp. Bonds	2,191	4,056	26,975,390	41,996,961	27,716,769	43,224,138
Close Ended Collective Investment Scheme						
Santomas Shareholdings p.l.c.	10	2	23,520	32	42,191	64
Total Close Ended Collective Investment Scheme	10	2	23,520	32	42,191	64
Malta Government Stocks						
Total MGSS	6,554	13,456	621,877,209	751,868,419	678,951,968	836,358,833
Treasury Bills	-	-	-	-	-	-
Total T.Bills	11	5	9,233,000	10,120,000	9,220,659	10,118,137
Total all Securities	16,634	25,657	-	-	768,863,339	940,456,193

MGS Movements 2014

Security Name	Date of Issue	Amount Issued (EURO)	Coupon	Dates of Interest	Traded Value (EURO)	Deals	Last Closing Price
2% MGS 2020 (V) R	12-Aug-14	6,044,300	2.00%	26-Mar - 26-Sep	257,544	12	103.400
2% MGS 2020 (V)	29-Sep-14	6,044,300	2.00%	26-Mar - 26-Sep	392,343	21	104.830
3% MGS 2019 (III)	23-Sep-13	82,969,200	3.00%	22-Mar - 22-Sep	16,623,497	162	109.900
3% MGS 2019 (III) FI NOV 13 I	7-Nov-13	24,500,000	3.00%	22-Mar - 22-Sep	-	-	-
3% MGS 2019 (III) FI NOV 13 R	13-Nov-13	15,026,700	3.00%	22-Mar - 22-Sep	15,663	1	104.420
3.2% MGS 2019 (V) FI MAR 14 R	17-Mar-14	1,208,700	3.20%	31-Jan - 31-Jul	116,260	2	107.600
3.2% MGS 2019 (V) FI MAR 14 I	6-Mar-14	6,000,000	3.20%	31-Jan - 31-Jul	-	-	-
3.2% MGS 2019 (V)	10-Dec-13	121,450,700	3.20%	31-Jan - 31-Jul	573,911	6	110.680
3.2% MGS 2019 (V) FI APR 14	9-Apr-14	30,500,000	3.20%	31-Jan - 31-Jul	1,077,830	2	108.840
3.3% MGS 2024 (I) R	17-Mar-14	21,551,100	3.30%	12-May - 12-Nov	1,937,657	56	102.830
3.3% MGS 2024 (I) I	6-Mar-14	2,500,000	3.30%	12-May - 12-Nov	-	-	-
3.3% MGS 2024 (I)	13-May-14	24,051,100	3.30%	12-May - 12-Nov	3,096,729	109	112.820
6.6% MGS 2019	17-Jun-97	102,493,253	3.30%	01-Mar - 01-Sep	2,476,479	89	126.350
3.35% MGS 2020 (IV)	10-Dec-13	64,040,000	3.35%	31-Jan - 31-Jul	-	-	-
3.75% MGS 2015 (VI)	3-Mar-10	131,545,100	3.75%	03-Jun - 03-Dec	75,349,849	109	103.320
3.75% MGS 2017 (IV)	20-Aug-12	71,963,700	3.75%	20-Feb - 20-Aug	10,311,381	30	108.490
3.85% MGS 2018 (V)	18-Dec-12	121,431,000	3.85%	18-Apr - 18-Oct	-	-	-
4.1% MGS 2034 (I) R	19-Aug-14	172,925,700	4.10%	18-Apr - 18-Oct	24,764,515	598	109.120
4.1% MGS 2034 (I) FI OCT 14	30-Oct-14	27,150,000	4.10%	18-Apr - 18-Oct	-	-	-
4.1% MGS 2034 (I)	19-Aug-14	172,925,700	4.10%	18-Apr - 18-Oct	18,111,834	531	112.350
4.25% MGS 2017 (III)	3-Mar-11	263,853,300	4.25%	06-May - 06-Nov	14,589,860	435	110.420
4.3% MGS 2016 (IV)	7-Dec-11	158,145,275	4.30%	16-Feb - 16-Aug	9,982,687	11	106.370
4.3% MGS 2033 (I) R	17-Jun-14	150,699,900	4.30%	01-Feb - 01-Aug	34,194,475	635	104.550
4.3% MGS 2033 (I)	4-Aug-14	150,699,900	4.30%	01-Feb - 01-Aug	27,848,983	614	115.210
4.3% MGS 2022 (II)	15-May-12	240,169,400	4.30%	15-May - 15-Nov	44,979,060	640	119.740
4.45% MGS 2032 (II) R	17-Mar-14	128,661,700	4.45%	03-Mar - 03-Sep	55,983,402	877	110.410
4.45% MGS 2032 (II)	4-Sep-14	153,111,700	4.45%	03-Mar - 03-Sep	14,150,725	304	118.160
4.45% MGS 2032 (II) FI APR 14	9-Apr-14	24,450,000	4.45%	03-Mar - 03-Sep	307,770	2	102.640
4.5% MGS 2028 (II)	26-Apr-13	286,651,500	4.50%	25-Apr - 25-Oct	93,673,608	1811	123.680
4.6% MGS 2020 (II)	19-Nov-09	158,327,200	4.60%	25-Apr - 25-Oct	16,741,858	249	118.240
4.65% MGS 2032 (I)	23-Jan-14	140,454,200	4.65%	22-Jan - 22-Sep	56,383,206	1045	120.870
4.65% MGS 2032 (I) I	7-Nov-13	5,500,000	4.65%	22-Jan - 22-Sep	-	-	-
4.65% MGS 2032 (I) R	13-Nov-13	134,954,200	4.65%	22-Jan - 22-Sep	8,335,765	163	103.030
4.8% MGS 2028 (I)	12-Mar-13	107,029,500	4.80%	11-Mar - 11-Sep	19,919,616	594	127.210
4.8% MGS 2016 (II)	1-Dec-03	186,351,758	4.80%	26-May - 26-Nov	21,448,616	252	108.270
5% MGS 2021	3-Jun-04	458,844,653	5.00%	08-Feb - 08-Aug	80,455,217	663	123.380
5.1% MGS 2022	24-Aug-04	71,047,725	5.10%	16-Feb - 16-Aug	4,422,848	203	125.800
5.1% MGS 2014 (III)	21-Jul-03	388,915,541	5.10%	06-Jan - 06-Jul	3,126,539	174	100.300
5.1% MGS 2029 (I)	2-Oct-12	79,144,900	5.10%	01-Apr - 01-Oct	19,059,023	306	130.400
5.2% MGS 2031 (I)	20-Mar-12	201,343,600	5.20%	16-Mar - 16-Sep	36,249,909	669	129.470
5.2% MGS 2020	4-Jul-07	52,407,462	5.20%	10-Jun - 10-Dec	1,611,269	115	121.700
5.25% MGS 2030	4-Jun-10	440,165,700	5.25%	23-Jun - 23-Dec	56,723,557	912	131.500
5.5% MGS 2023	21-Jul-03	78,811,283	5.50%	06-Jan - 06-Jul	7,193,144	116	130.460
5.9% MGS 2015 (II)	19-Apr-02	116,518,196	5.90%	09-Apr - 09-Oct	20,439,900	336	104.340
6.1% MGS 2015 (I)	6-Jul-00	69,882,174	6.10%	10-Jun - 10-Dec	7,657,800	135	102.590
6.45% MGS 2014 (II)	8-Jun-01	69,882,324	6.45%	24-May - 24-Nov	2,821,717	120	100.400
6.6% MGS 2014	16-Oct-00	24,459,140	6.60%	30-Mar - 30-Sep	483,367	18	100.610
6.65% MGS 2016	16-Apr-01	69,883,069	6.65%	28-Mar - 28-Sep	2,976,908	212	107.710
7% MGS 2014 (IV)	6-Aug-04	4,003,727	7.00%	30-Jun - 30-Dec	-	-	-
7% MGS 2015 (III)	8-Jul-05	678,780	7.00%	30-Jun - 30-Dec	-	-	-
7% MGS 2015 (IV)	30-Nov-05	804,571	7.00%	03-May - 03-Nov	-	-	-
7% MGS 2016 (III)	30-Jun-06	3,390,636	7.00%	30-Jun - 30-Dec	-	-	-
7% MGS 2017	19-Feb-07	668,998	7.00%	18-Feb - 18-Aug	-	-	-
7% MGS 2021 (II)	20-Jun-11	466,000	7.00%	18-Jun - 18-Dec	-	-	-
7% MGS 2021 (III)	1-Jul-11	2,858,800	7.00%	30-Jun - 30-Dec	-	-	-
7% MGS 2022 (III)	3-Sep-12	1,318,800	7.00%	01-Mar - 01-Sep	-	-	-
7% MGS 2020 (III)	1-Jul-10	430,700	7.00%	30-Jun - 30-Dec	-	-	-
7% MGS 2017 (II)	28-Jun-07	10,338,691	7.00%	30-Jun - 30-Dec	-	-	-
7% MGS 2018 (II)	17-Apr-08	326,700	7.00%	18-Apr - 18-Oct	-	-	-
7% MGS 2018 (III)	30-Jun-08	6,542,600	7.00%	30-Jun - 30-Dec	-	-	-
7% MGS 2019 (II)	26-Jun-09	13,670,000	7.00%	30-Jun - 30-Dec	-	-	-
7% MGS 2023 (II)	18-Nov-13	2,404,400	7.00%	18-May - 18-Nov	-	-	-
7% MGS 2024 (II)	18-Aug-14	1,135,000	7.00%	18-Feb - 18-Aug	-	-	-
7.8% MGS 2018	3-Aug-98	163,057,021	7.80%	15-Jan - 15-Jul	18,480,426	116	125.020
FLOATING RATE 6 MTH EUR MGS 2014 (V)	24-Nov-11	24,000,000	0.857%	23-May - 23-Nov	-	-	-
FLOATING RATE 6 MTH EUR MGS 2015 (V)	19-Nov-09	29,800,000	1.700%	25-Apr - 25-Oct	1,012,087	1	101.310
FLOATING RATE 6 MTH EUR MGS 2017 (V)	7-Sep-12	25,000,000	1.150%	05-Mar - 05-Sep	-	-	-
FLOATING RATE 6 MTH EUR MGS 2018 (IV)	7-Sep-12	31,400,000	1.350%	05-Mar - 05-Sep	-	-	-
FLOATING RATE 6MTH EUR MGS 2018 (VI)	25-Sep-13	38,950,000	1.085%	25-Mar - 25-Sep	-	-	-
FLOATING RATE 6 MTH EUR MGS 2018 (VII)	13-Jun-14	29,300,000	1.079%	12-Jun - 12-Dec	-	-	-
FLOATING RATE 6 MTH EUR MGS 2019 (IV)	25-Sep-13	40,750,000	1.185%	25-Mar - 25-Sep	-	-	-
FLOATING RATE 6MTH EUR MGS 2020 (VI)	30-Oct-14	47,850,000	0.939%	29-Apr - 29-Oct	-	-	-

Market Capitalisation

The market capitalisation value of the financial instruments admitted to the Exchange's recognised lists as at the end of 2014 stood at €10.3 billion (excluding Collective Investment Schemes) an increase of €869 million (9.4%) when compared to the previous end-year value of €9.44 billion. The end-2014 capitalisation value is the highest value registered since the Exchange started operations in 1992 and is a clear indication of the growth of the market.

The largest increase in market capitalisation was registered in Government Stocks which totalled €5.75 billion at the end of 2014, an increase of €715 million (14.2%) comparing year-on-year values. At the same time, the Treasury Bill sector continued to shrink, registering a market capitalisation value of €140 million, down from €247 million the previous year.

The equity market also registered a decrease in its market capitalisation value which decreased by 7.3% during 2014 to

Market Capitalisation as at 31 December 2014

Security	No of Shares	Close Price	Capitalisation in Euro
6PM HOLDINGS PLC ORD SHARES	20,571,518	0.700	18,407,340
BOV ORD SHARES	330,000,000	2.240	739,200,000
CRIMSONWING P.L.C. ORD SHARES	30,199,982	0.860	25,971,984
FIMB PLC ORD SHARES	271,396,591	0.600	133,912,791
GC P.L.C. ORD SHARES	13,207,548	0.800	10,566,038
GHM ORD SHARES	10,000,000	1.865	18,650,000
GO ORD SHARES	101,310,488	2.550	258,341,744
HSBC ORD SHARES	324,271,380	1.950	632,329,191
IHGH PLC ORDINARY SHARES	36,583,660	0.850	31,096,111
IHI ORD SHARES	554,238,573	0.579	320,904,133
LOM BANK ORD SHARES	41,687,174	1.799	74,995,226
LQS ORD SHARES	31,899,000	0.140	4,465,860
MIDI PLC ORDINARY SHARES	214,159,922	0.240	51,398,381
MDS ORD SHARES	25,000,004	1.450	36,250,005
MIA PLC ORD A SHARES	81,179,990	2.350	190,772,976
MALITA INV PLC ORD B SHARES	30,000,000	0.640	19,200,000
MSI SHARES	92,000,000	0.994	91,448,000
MALTAPOST P.L.C. ORDINARY SHARES	35,280,410	1.200	42,336,492
PEFACO INT PLC ORD SHARES	20,336,719	1.500	30,505,078
PZC ORD SHARES	28,242,000	0.650	18,357,300
RS2 SOFTWARE PLC ORD SHARES	44,999,956	2.920	131,399,871
SFC ORD SHARES	30,000,000	3.051	91,530,000
STUMAS SHOLDINGS PLC	1,831,716	2.000	3,663,432
TIGNE MALL PLC ORD SHARES	56,400,000	0.600	33,840,000

Total

3,009,541,958

Bonds	Nominal Value		
6% AX INV PLC BNDS 2024	40,000,000	108.540	43,416,000
4.8% BOV PLC NOTES 2018	55,400,000	105.520	58,458,080
5.35% BOV PLC SUB BDS 2019	50,000,000	106.770	53,385,000
4.25% BOV PLC EUR NTS 2019 SERIES 2 TRA 1	40,000,000	104.430	41,772,000
4.8% BOV SUB BDS 2020	70,000,000	106.000	74,200,000
5.75% CBC PLC UNS BDS 2021 S1 TR1	3,000,000	100.000	300,000,000
6.25% CFC PLC BONDS 2016 - 2019	39,927,600	103.000	41,125,428
6% CFC PLC BONDS 2019-2022	7,500,000	103.530	7,764,750
6.6% EDF P.L.C. BONDS 2017-2020	13,984,000	105.500	14,753,120
5.6% G.C. P.L.C. EUR BONDS 2014/16	14,317,700	100.000	14,317,700
4.9% GF PLC BONDS 2019-2021	25,000,000	104.260	26,065,000
7% GHM PLC BONDS 2017-2020	11,651,200	108.540	12,646,212
4.6% HSBC EUR 2017	58,234,390	104.650	60,942,289
5.9% HSBC BANK MALTA PLC SUB BDS 2018	30,000,000	109.250	32,775,000
5% HMV GROUP PLC SEC BNDS 2024	30,000,000	103.750	31,125,000
5.35% IZOLA BANK PLC SECURED NOTES 2015	9,000,000	100.600	9,054,000
6.5% IHGH PLC BONDS 2017-2019	14,000,000	105.500	14,770,000
6% IHG PLC BNDS 2024	35,000,000	106.760	37,366,000
6.25% IHI PLC BDS 2015-2019	35,000,000	100.510	35,178,500
6.25% IHI PLC BONDS 2017-2020	24,831,700	103.000	25,576,651
5.8% IHI PLC BDS 2021	20,000,000	103.000	20,600,000
5.8% IHI PLC BONDS 2023	10,000,000	102.500	10,250,000
6.25% MED BANK PLC BONDS 2015	9,404,200	102.000	9,592,284
7.5% MED BANK EUR SUB BONDS 2019	18,829,000	106.000	19,958,740
7.5% MED BANK GBP SUB BONDS 2019	3,044,000	102.500	3,988,367
6% MEDBANK PLC EUR SUB UNSEC BNDS 2019 - 2024	23,286,000	102.010	23,754,048
6% MEDBANK PLC GBP SUB UNSEC BNDS 2019 - 2024	1,373,000	100.000	1,755,081
7% MIDI P.L.C. EUR BNDS 2016 - 2018	31,702,900	105.500	33,446,559
7% MIDI P.L.C. £ BNDS 2016 - 2018	7,214,300	105.500	9,729,114
5.3% MRN FIN UNS BNDS 2024	35,000,000	107.030	37,460,500
7.5% MIH PLC BDS 2015	19,649,600	97.000	19,060,112
7.15% MIH PLC EUR BONDS 2015 - 2017	28,519,400	96.000	27,378,624
7.15% MIH P.L.C. GBP BONDS 2015 - 2017	4,351,100	99.990	5,561,376
7.15% MIH PLC USD BONDS 2015 - 2017	7,120,300	100.000	5,855,509
6% MIH PLC UNS BNDS 2021	12,000,000	94.000	11,280,000
6.2% MOF PLC BONDS 2016-2019	30,000,000	106.050	31,815,000
6% MEDSERV PLC SEC & GRNTD NTS 2020-2023 SER 1 TR 1	20,000,000	107.000	21,400,000
6.8% PRC plc Bds 2017-2020	24,641,000	108.040	26,622,136
5.5% PENDERGARDENS DEV PLC SI SEC BNDS 2020	15,000,000	106.500	15,975,000
6% PENDERGARDENS DEV PLC SII SEC BNDS 2022	27,000,000	106.000	28,620,000
5.1% PTL HLDINGS PLC UNSEC BNDS 2024	36,000,000	104.750	37,710,000
6% SFC P.L.C. BONDS 2017 - 2020	15,000,000	105.830	15,874,500
6.2% TIP P.L.C. BONDS 2017 - 2020	25,000,000	107.490	26,872,500
5% TUM INV PLC UNS BDS 2024	25,000,000	105.500	26,375,000
5.3% UFC PLC UNSEC BNDS 2023	8,500,000	102.020	8,671,700

Total

1,414,296,885

Market Capitalisation as at 31 December 2014 (continued)

ISIN	Security	Nominal Value	Close Price	Capitalisation in Euro
Malta Government Stocks				
	7% MGS 2014 (IV)	4,003,727	100.000	4,003,727
	6.1% MGS 2015 (I)	69,882,174	102.590	71,692,122
	5.9% MGS 2015 (II)	116,518,196	104.340	121,575,085
	7% MGS 2015 (III)	678,780	100.000	678,780
	7% MGS 2015 (IV)	804,571	123.250	991,633
	FLOATING RATE 6 MTH EUR MGS 2015 (V)	29,800,000	101.310	30,190,380
	3.75% MGS 2015 (VI)	131,545,100	103.320	135,912,397
	6.65% MGS 2016	69,883,069	107.710	75,271,053
	4.8% MGS 2016 (II)	186,351,758	108.270	201,763,048
	7% MGS 2016 (III)	3,390,636	100.000	3,390,636
	4.3% MGS 2016 (IV)	158,145,275	106.370	168,219,129
	7% MGS 2017	668,998	100.000	668,998
	7% MGS 2017 (II)	10,338,691	100.000	10,338,691
	4.25% MGS 2017 (III)	263,853,300	110.420	291,346,813
	3.75% MGS 2017 (IV)	71,963,700	108.490	78,073,418
	FLOATING RATE 6 MTH EUR MGS 2017 (V)	25,000,000	100.202	25,050,500
	7.8% MGS 2018	163,057,021	125.020	203,853,887
	7% MGS 2018 (II)	326,700	100.000	326,700
	7% MGS 2018 (III)	6,542,600	100.000	6,542,600
	FLOATING RATE 6 MTH EUR MGS 2018 (IV)	31,400,000	99.327	31,188,678
	3.85% MGS 2018 (V)	121,431,000	105.265	127,824,342
	FLOATING RATE 6MTH EUR MGS 2018 (VI)	38,950,000	100.090	38,985,055
	FLOATING RATE 6 MTH EUR MGS 2018 (VII)	29,300,000	100.470	29,437,710
	6.6% MGS 2019	102,493,253	126.350	129,500,225
	7% MGS 2019 (II)	13,670,000	100.000	13,670,000
	3% MGS 2019 (III)	122,495,900	109.900	134,622,994
	FLOATING RATE 6 MTH EUR MGS 2019 (IV)	40,750,000	100.310	40,876,325
	3.2% MGS 2019 (V)	121,450,700	110.680	134,421,634
	5.2% MGS 2020	52,407,462	121.700	63,779,881
	4.6% MGS 2020 (II)	158,327,200	118.240	187,206,081
	7% MGS 2020 (III)	430,700	100.000	430,700
	2% MGS 2020 (V)	6,044,300	104.830	6,336,239
	FLOATING RATE 6 MTH EUR MGS 2020 (VI)	47,850,000	101.436	48,536,934
	5% MGS 2021	458,844,653	123.380	566,122,532
	7% MGS 2021 (II)	466,000	100.000	466,000
	7% MGS 2021 (III)	2,858,800	100.000	2,858,800
	5.1% MGS 2022	71,047,725	125.800	89,378,038
	4.3% MGS 2022 (II)	240,169,400	119.740	287,578,839
	7% MGS 2022 (III)	1,318,800	100.000	1,318,800
	5.5% MGS 2023	78,811,283	130.460	102,817,199
	7% MGS 2023 (II)	2,404,400	100.000	2,404,400
	3.3% MGS 2024 (I)	24,051,100	112.820	27,134,451
	7% MGS 2024 (II)	1,135,000	100.000	1,135,000
	4.8% MGS 2028 (I)	107,029,500	127.210	136,152,226
	4.5% MGS 2028 (II)	286,651,500	123.680	354,530,575
	5.1% MGS 2029 (I)	79,144,900	130.400	103,204,949
	3.35% MGS 2020 (IV)	64,040,000	105.056	67,278,118
	5.25% MGS 2030	440,165,700	131.500	578,817,895
	5.2% MGS 2031 (I)	201,343,600	129.470	260,679,558
	4.65% MGS 2032 (I)	140,454,200	120.870	169,766,991
	4.45% MGS 2032 (II)	153,111,700	118.160	180,916,784
	4.3% MGS 2033 (I)	150,699,900	115.210	173,621,354
	4.1% MGS 2034 (I)	172,925,700	112.350	194,282,023
	4.1% MGS 2034 (I) FI OCT 14	27,150,000	110.144	29,904,204
Total				5,747,075,148
Treasury Bills				
		Nominal Value		
	28 DTB 12.12.14 - 09.01.15	6,000,000	99.995	5,999,718
	91 DTB 03.10.14 - 02.01.15	24,000,000	99.977	23,994,552
	91 DTB 14.11.14 - 13.02.15	16,500,000	99.979	16,496,584
	91 DTB 21.11.14 - 20.02.15	11,000,000	99.977	10,997,503
	91 DTB 28.11.14 - 27.02.15	5,000,000	99.979	4,998,925
	91 DTB 05.12.14 - 06.03.15	8,000,000	99.980	7,998,384
	91 DTB 12.12.14 - 13.03.15	2,800,000	99.980	2,799,434
	182 DTB 25.07.14 - 23.01.15	2,000,000	99.823	1,996,468
	182 DTB 08.08.14 - 06.02.15	10,000,000	99.838	9,983,750
	182 DTB 22.08.14 - 20.02.15	2,000,000	99.854	1,997,072
	182 DTB 12.09.14 - 13.03.15	1,500,000	99.898	1,498,462
	182 DTB 26.09.14 - 27.03.15	2,000,000	99.924	1,998,484
	182 DTB 17.10.14 - 17.04.15	16,000,000	99.922	15,987,552
	182 DTB 07.11.14 - 08.05.15	13,640,000	99.926	13,629,933
	182 DTB 05.12.14 - 05.06.15	17,000,000	99.942	16,990,123
	273 DTB 11.07.14 - 10.04.15	3,000,000	99.631	2,988,939
Total				140,355,885
Grand Total				10,311,269,877

close the year at €3.01 billion, down from €3.24 billion at the end of 2013. The decrease in the market capitalisation value of €235 million in this sector of the market was mainly due to a decline in prices of the largest listed equities which also led to the loss in value of the Index. Conversely, the new admissions of corporate bonds that occurred during the year pushed up the market capitalisation value of this sector of the market by 54% from €916 million as at the end of 2013, to €1.41 billion at the end of 2014.

Collective Investment Schemes Net Assets Value

At the end of 2014, eight (8) Collective Investment Schemes which invest solely in locally listed financial instruments had a primary listing on the Exchange, with a total Net Asset Value of €643 million, decrease of €18 million when compared to the previous year-end value.

Holders of MSE Listed Securities by Market Capitalisation as at 31 December 2014

	Financial Entities		Non-Financial Entities		Government		Individuals	
	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident	Resident	Non-Resident
Equities	9.45%	24.79%	22.78%	4.09%	8.46%	0.01%	27.41%	3.01%
Corp. Bonds	13.68%	0.00%	3.04%	0.18%	0.23%	0.00%	80.83%	2.04%
MGS	56.16%	0.01%	3.57%	0.00%	1.43%	0.00%	32.64%	6.19%
T.Bills	99.54%	0.00%	0.46%	0.00%	0.00%	0.00%	0.00%	0.00%

Collective Investment Funds Investing in MSE Listed Securities

Fund	Net Asset Value in EURO 31 Dec 13	Net Asset Value in EURO 31 Dec 14
La Valette Funds SICAV plc – Malta Fund	26,430,555	-
La Valette Funds SICAV plc – Malta Bond Fund	87,646,446	-
Vilhena Funds SICAV plc – Malta Fund	21,745,452	22,591,193
Vilhena Fund SICAV plc – Malta Government Bond Fund	126,922,609	162,909,823
Global Funds SIAV plc – Malta Privatisation & Equity Fund	2,438,202	2,320,379
Wignacourt Funds SICAV plc – Malta Fund	13,524,461	-
Amalgamated Funds SICAV plc Growth & Income Fund	53,205,145	50,525,540
APS Funds SICAV plc – APS Income Fund	40,099,239	52,805,373
HSBC Malta Funds SICAV plc – Malta Bond Fund	126,299,520	149,046,978
HSBC No Load Funds SICAV plc – Malta Government Bond Fund	125,983,313	142,855,240
HSBC No Load Funds SIACV plc – Maltese Assets Fund	46,687,303	39,763,087
TOTAL	671,599,798	643,727,613

Admission

The positive trend with regard to admissions registered in 2012 and 2013 continued during 2014 when fourteen (14) corporate bond issues and one (1) equity gained admission to the Exchange's recognised lists, with a total issue value of €968 million, apart from a further eighty four (84) Treasury Bill issues with a nominal value of just over €910 million.

The new issues of corporate bonds totalled a value of €298 million, while the new issues of Government Stocks had a value of almost €650 million. The new equity had a value of €20 million.

It is interesting to note that five (5) new issuers have come to the market four (4) through issues of corporate bonds and (1) through an equity issue.

Admissions during 2014

Equities – Official List

20,336,739	Pefaco International plc Ordinary Shares Nominal Value of €1.50
1,831,716	San Tumas Shareholdings plc Ordinary Shares Nominal Value of €0.55 (conversion from close ended scheme to equity)
30,000,000	Bank of Valletta plc Ordinary Shares Subsequent to a Bonus Issue
17,939,936	Fimbank plc Ord Shares of US\$0.50 Nominal Subsequent to a Bonus Issue
32,431,380	HSBC Bank Malta plc Ord Shares of €0.30 Nominal Subsequent to a Bonus Issue
1,985,180	Lombard Bank Malta plc Ord Shares of €0.25 Nominal Subsequent to Bonus Issue
2,500,000	RS2 Software plc Ordinary Shares of Nominal €0.20, Subsequent to Bonus Issue
166,540	Santumas Shareholdings pls Ordinary Shares of €0.55 Nominal Subsequent to Bonus Issue
791,220	6PM Holdings plc Ordinary Shares of GBP 0.20 Nominal Subsequent to Bonus Issue
1,062,861	MaltaPost plc Ordinary Shares nominal value of €0.25 Subsequent to a Scrip dividend
74,060,886	FIMBank plc Ordinary Shares of US\$ 0.50 Nominal Subsequent to a Rights Issue
197,600	FIMBank plc Ordinary Shares of US\$ 0.50 Nominal (ESOS)
681,976	Crimsonwing plc Ordinary Shares of €0.10 Nominal (ESOS)

Corporate Bonds (€)

40,000,000	6% AX Investments € Bonds 2024
7,000,000	6% Medserv plc Secured and Guaranteed € Notes 2020-2023 S1 T2
15,000,000	5.5% Pendergardens Development plc Series I Secured Bonds 2020
27,000,000	6% Pendergardens Developments plc Series II Secured Bonds 2022
35,000,000	6% Island Hotels Group Holdings plc 2024
30,000,000	5% Hal Mann Vella Group plc Secured Bonds 2024
8,500,000	5.3% United Finance plc Unsecured Bonds 2023
12,000,000	6% Mediterranean Investment Holdings plc 2021
35,000,000	5.35% Mariner Finance plc Unsecured Bonds 2024
25,000,000	5% Tumas Investments plc Unsecured Bonds 2024
23,286,000	6% Mediterranean Bank plc EUR Sub Unsecured Bonds 2019-2024
1,373,000	6% Mediterranean Bank plc GBP Sub Unsecured Bonds 2019-2024
36,000,000	5.1% PTL Holdings plc Unsecured Bonds 2024
3,000,000	5.75% Central Business Centres plc Unsecured Bond 2021 SIT1

Malta Government Stocks (€)

6,000,000	3.2%MGS 2019 (V) FI Mar 14 I
2,500,000	3.2%MGS 2019 (V) FI Mar 14 I
21,551,100	3.3% MGS 2024 (I)R
1,208,700	3.2% MGS 2019 (V) FI Mar 14 R
128,661,700	4.45% MGS 2032 (II) R
30,500,000	3.2% MGS 2019(V) FI April'14
24,450,000	4.45% MGS 2032 (II) FI April' 2014
29,300,000	Floating Rate 6 Month Euribor MGS 2018 (VII)
150,699,900	4.3% MGS 2033 (I) r
6,044,300	2% MGS 2020 V R
1,135,000	7% MGS2024 (II)
172,925,700	4.1% MGS 2034 (I) R
27,150,000	4.1% MGS 2034 (I)
47,850,000	Floating Rate 6 Month Euribor MGS 2020 (VI)

Treasury Bills (€)

€901,000,000	84 Issues
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Redemptions, Deductions and Mergers

The outstanding nominal value of eight (8) corporate bonds was fully redeemed during 2014. A number of deductions in outstanding balances were also effected during the year through a series of buy backs affected on the market.

Redemptions

Corporate Bonds

€2,505,500	6.5% International Hotel Investments plc Euro Bond 2012-2024
€4,831,800	6% Gasan Finance plc Bonds 2014-2016
€4,767,500	6.25% Tumas Investments plc Bonds 2014 -2016
€25,878,300	7.15% Melita Capital plc Bonds 2014-2016
€9,534,361	7% PAVI Shopping Complex plc Secured Bonds 2014-2017
€3,551,900	6.75% United Finance plc Bonds Euro 2014-2016
€5,348,683	7.5% Mediterranean Investments Holdings plc Euro Bonds 2012-2014
€1,676,345	6.75% AX Investments plc Bonds 2014-2016

Malta Government Stocks

€24,459,140	6.6% MGS 2014
€238,915,541	5.1% MGS 2014 (III)
€69,882,324	6.45% MGS 2014 (II)
€24,000,000	Floating Rate 6 Month Euribor MGS 2014 (V)
€4,003,727	7% MGS 2014 (IV)

Treasury Bills

€990,000,000	88 Issues
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Deductions

€425,282	7% Pavi Shopping Complex plc Secured Bonds 2014-2017
€39,800	6.8% Premier Capital plc Bonds 2017 - 2020
€348,800	7% Grand Harbour Marina plc 2017 - 2020
€11,647	6.7% AX Investments plc Bonds 2014 -2016
€40,000	6.25% Corinthia Finance plc Bonds 2016 - 2019
€168,300	6.25% International Hotel Investments plc Bonds 2017 -2020
€230,400	6.25% Mediterranean Bank plc Bonds 2015
€149,000	6.6% Eden Finance plc Bonds 2017 - 2020
€2,182,300	5.6% Global Capital plc Euro Bonds 2014 -2016

Mergers

One (1) Corporate Bond merged and was re-issued as an integrated issue, while a further fourteen (14) Government Stock issues were also merged and re-issued as eight (8) integrated issues.

Corporate Bonds

€7,000,000	6% Medserv plc Series 1 Tranche 1 Secured and Guaranteed Notes 2023
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Malta Government Stocks

€140,454,200	4.65% MGS 2032 (I)
€122,495,900	3% MGS 2019 (III)
€24,051,100	3.3% MGS 2024 (I)
€37,708,700	3.2% MGS 2019 (V)
€150,699,900	4.3% MGS 2033 (I)
€153,111,700	4.45% MGS 2032 (II)
€6,044,300	2% MGS 2020 (V)
€172,925,700	4.1% MGS 2034 (I)

De-listing

The following financial Instruments were de-listed from the Exchange's Official List during 2014:

Santumas Shareholdings Plc Ordinary Shares	
A25 Gold Producers Corporation	
3 Sub-funds	Vilhena Funds SICAV plc
1 Sub-fund	HSCB No Loads Funds SICAV plc
2 Sub-funds	Wignacourt Malta Fund
2 Sub-funds	La Valette Malta Fund
2 Sub-funds	La Valette Malta Bond Fund

Financial Instruments granted admission as at 31 December 2014

A total of 184 financial instruments appeared on the Exchange's recognised lists at the end of 2014, down from 195 at the end of last year. The decrease in listed financial instruments resulted from the delisting of funds and sub-funds.

Equities	24 Ordinary Shares
Corporate Bonds	45 Issues
Malta Government Stocks	53 issues
Treasury Bills	16 issues
Structured Debt Instruments	1 issue
CIS - Primary Listed	31
CIS -Secondary Listed	14

Central Securities Depository (CSD)

Following the upgrade to the software utilised in the CSD during 2013 as preparation for migration to T2S, during 2014 the CSD

was involved in a number of projects including implementation of T2S itself, drawing up new processes and upgrades to the software in relation to anti money laundering requirements as well as the Exchange's move to T+2 in October. With regard to T2S, a number of CSD staff attended training overseas as well as were involved in data migration and the drafting of

new processes and procedures that will come into force upon migration.

The number of companies seeking dematerialisation also continued to increase. By the end of the year in fact, a further three (3) companies had been admitted to the CSD bringing the

CSD amendments during 2014

Amendment Type	January	February	March	April	May	June	July	August	September	October	November	December	Total
Causa Mortis	172	94	78	120	138	83	72	109	138	207	75	89	1375
Garnishee Insert	9	11	3	20	6	0	7	16	1	22	7	6	108
Garnishee Release	16	7	4	4	3	3	6	8	5	6	2	9	73
Holder Amendment	100	185	128	237	109	133	83	60	22	109	89	41	1296
Mandate/Power of Attorney	173	331	154	259	303	186	1361	377	162	120	104	195	3727
Bought Movements	1950	2095	1572	1521	2684	1988	261	709	1670	1102	1451	2013	19016
Sold Movements	1995	2113	1574	1512	2642	1999	833	1539	606	1105	654	2180	18752
Release of Estates	455	421	120	301	361	307	21	197	270	180	198	268	3099
Off Market Transfers/Donations	229	437	298	546	427	410	27	260	388	156	295	317	3790
Pledge Insert	54	67	39	105	53	77	64	97	85	59	66	59	825
Pledge Release	66	41	90	73	93	82	106	82	63	121	65	61	943
Total	5219	5802	4060	4698	6819	5268	2841	3454	3410	3187	2959	5229	52946

Dividends and Interest Payments 2014

Payment Date	Gross (Euro)	Gross (US\$)	Gross (GBP)	No of Payments
January	22,025,081	-	-	24,313
February	21,153,232	-	-	22,084
March	22,625,492	-	-	31,311
April	38,921,685	-	-	36,203
May	73,492,169	-	-	82,478
June	36,554,375	-	-	40,979
July	26,463,579	509,101	311,104	30,207
August	23,544,316	-	-	28,201
September	44,684,349	-	-	52,180
October	23,052,764	-	-	28,288
November	20,733,381	-	-	21,045
December	58,965,085	-	-	51,468
Total	412,215,508	509,101	311,104	448,757

total to eight (8), with a market capitalisation value of just over €172 million.

During the year, the CSD also processed almost 400 Corporate Actions including interest and dividend payments, a number of bonus and right issues and scrip dividend issues as well as mergers and redemptions. The largest number of corporate actions related to interest and dividend payments which during the year totalled almost €413 million representing 448,757 dividend and interest payments.

Transactions over the CSD-Clearstream link also continued to increase with a total of 113 transactions, an increase of 24 when compared to the previous year being executed over the Link.

The number of accounts registered within the CSD at the end of 2014 totalled 252,777, an increase of over 6,000 over the previous year, representing 73,350 individual holders, virtually unchanged from the previous year. The increase in the number of accounts was due to the significant number of new financial instruments that were granted admission during the year. The number of amendments effected during 2014 across all registers totalled 52,946, an increase of over 1,300 amendments when compared to the previous year. The increase in amendments was also mainly as a result of significant primary and secondary market activity.

Compliance and Market Operations Office (CMO)

During the year, CMO processed applications in respect of new traders approved by the Board and also provided the requisite training.

CMO was also heavily involved in drawing up processes and procedures in respect of the Exchange's move to a T+2 Settlement Cycle. All instruments traded on the market, including Treasury Bills, in fact migrated to the T+2 Settlement Cycle on 6 October 2014 together with most European markets. In November the Exchange went live with the new ASB (ANNA Services Bureau) record structure, a database which includes additional data fields in order that more detailed information is recorded and available in respect of the financial instruments for which the Exchange issues ISIN Codes in its role as National Numbering Agency. Indeed, during 2014 the Exchange issued 408 ISIN Codes, 116 pertaining to listed financial instruments and the remaining 292 to non-listed financial instruments.

A total of 501 company announces, virtually unchanged from the previous year, were issued and disseminated throughout the year, as follows :

January	25
February	37
March	42
April	60
May	60
June	39
July	46
August	51
September	31
October	31
November	36
December	36
Total	501

Operations Audit Office (OAO)

During the year, OAO was very involved with the review of the Exchange's risk management structure and processes which started during the latter half of the year. OAO not only acted as liaison with E&Y, the independent advisers who had been assigned to undertake the three-year project, but were instrumental in gathering and providing all the relevant information and documentation in order that E&Y may move forward on the project.

During the year, OAO also continued to shed more of its verification processes and continued to build on its risk-based audit function and to focus on the identification and analysis of risk. In this respect, OAO was also involved in all the on-going projects of the Exchange including T2S and the implementation of a new accounting system. Also in the light of this risk-based approach to compliance and audit, OAO staff continued to undergo a considerable amount of training both locally and overseas.

At the same time, OAO continued with its internal audit function in relation to all operations of the Exchange and to report to the Board as required in terms of the Financial Market Rules.

Other Exchange Operations and Activities

The year was dominated by major projects being undertaken as well as the significant number of issues that were admitted to the market during the year, as well as other projects that were initiated during the year resulting from the strategy approved by the Board.

The implementation of T2S continued to involve many resources from various offices and indeed work on this project intensified towards the end of the year when the testing phase commenced. Work was concluded in relation to the implementation of SEPA, while later on in the year the reporting facility in respect of EMIR requirements and processes in relation to the change to a T+2 settlement Cycle were also concluded.

New initiatives were also launched during the year. One project related to the overview of the Exchange's risk management structure and processes which is being carried out with the assistance of Ernst & Young and will continue over the next two (2) years. The Exchange also embarked on two other initiatives related to the development of both the primary and secondary market intended to support respectively local SMEs and local investors to trade in non-domestic securities. These projects are on-going and are envisaged to be concluded by 2015.

Throughout the year the Exchange acted as Registrar to a number of new issues as well as continued to provide extensive services to both listed and dematerialised companies through the CSD.

Product Development

Compliance with EMIR Reporting Requirements

In February, 2014 the Exchange commenced providing services to Appointing Counterparties to enable them to report trades in derivatives and futures to ESMA in accordance with EMIR requirements. The Exchange entered into an agreement with Regis TR, an ESMA licenced Trade Repository owned by Clearstream SA and Iberclear. The Exchange leveraged on its existing relationship with Clearstream to enter into this agreement to provide this reporting service which facilitates compliance by relevant entities with EMIR requirements.

During the year the Exchange has entered into agreements with several entities, both local and overseas, to process their relevant data. In the first ten (10) months of the operation over 1.2 million trades were reported. In August daily valuation and collateral positions reporting also commenced in accordance with EMIR provisions. Significant operational support was given by the Exchange to all appointing counterparties in order to ensure smooth processing in view of the complicated reporting that compliance with these Regulations entail.

Promotion & Education

The Exchange continued to maintain its presence in the media through a number of articles as well as advertisements. The objective was to maintain the presence of the Exchange brand, as well highlight the various services that we offer in respect of the capital market. The Exchange also maintained its support to the educational authorities and in line with its communication strategy, gave a number of presentations about its operations to students at the University of Malta, as well as to numerous secondary school students who visited the Exchange as part of orientation visits organized by school guidance counselors. A visit to the Exchange and a presentation about its operations also became part of the Bank of Valletta employees' investments training schedule. Mr C Pace, Product and Business Development Manager, was invited to give updates on exchange operations on the TV, radio and print media, and also took part in a series of talks organized by the Malta Shareholders' Association to further educate the public on Exchange operations, and clarify any queries that many investors had.

The Exchange also supported the first SME Growth Conference in November 2014, organized by MBR Promotions, which was very well attended, and which was addressed by Ms Eileen V Muscat, CEO, who used the opportunity to showcase the Exchange's, proposed SME oriented product that is planned for launch in 2015. This event was also addressed by Hon Minister for the Economy, investment and Small Business, Dr Chris Cardona amongst other esteemed speakers.

In 2014, the Exchange was invited to participate in a number of high profile events that were held by various stakeholders, such as:

- The FinanceMalta annual conference, held in May 2014, involved the participation of Ms Eileen V Muscat, CEO in a panel that addressed the SME dimension in respect of the Maltese Capital Markets. The Exchange also had a promotional stand set up during this well-attended annual event.



In September 2014, Dr Robert Vella-Baldacchino addressed the Annual Conference on Prevention of Financial Crime held in Cambridge UK while in October Ms Eileen V Muscat, Chief Executive addressed Xetra Participating Exchanges during the Annual Networking Event held in Frankfurt Germany regarding market developments.



Exante, an authorised financial, operating from its new Head office in Malta invited the Exchange to present an overview of its services and the benefits of doing business through Malta at a gala dinner organized in Riga, Latvia, that was attended by over 200 investors and financial intermediaries.

The Exchange also sponsored the Business Roundtable with the Government of Malta event organized by the Economist, entitled "Invigorating investment and Growth", held at the Hilton in March 2014. A promotional stand was also set up during the very well attended event.

- The World Exchange Congress, held in Doha, Qatar, during which Cliff pace showcased the Exchange's positioning in respect of the SME market, and the particular attraction of Bond instruments as a cost-effective and popular method of tapping the capital market in Malta.

The Exchange supported by Mr Denis Borg, Secretary General of the Maltese Italian Chamber of Commerce, participated in an event aimed at Italian industrialists to promote the Maltese capital market and the Malta Stock Exchange. This event was held at the Chamber of Commerce in Milan.



Members

Membership

No new member firms were authorised during 2014. Therefore, at the end of the year a total of thirteen (13) Firms together with the Central Bank of Malta appeared on the Exchange's list of authorised Member Firms.

Three (3) new traders were authorised during the year, representing three (3) Member Firms.

College of Member Firms

The Senior Management of the Exchange held regular meetings with the College of Members Firms to discuss matters related to the development and operations of the capital market. Discussions during the year focused on admission, T2S and

Integration to a T+2 Settlement Cycle. Indeed, the Member Firms were instrumental in ensuring that this change was brought about seamlessly. The Exchange also briefed Member Firms regarding potential new business and products that it was developing.

The continued support and commitment of the Member Firms is essential to the development and growth of the capital market and the services and products provided by the Exchange. The Exchange is very cognisant of the important role of the College as a forum for debate and consultation and would like to express its appreciation for the Members continued support.

List of Member Firms

Bank of Valletta plc

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

Joh Berenberg, Gossler & Co. KG

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

Calamatta Cuschieri & Company Ltd

5th Floor
Valletta Buildings
South Street
Valletta
Tel: +356 2568 8688
Fax: +356 2568 8256
Email: info@cc.com.mt
Web: www.cc.com.mt

Charts Investment Management Services Ltd

Valletta Waterfront
Vault 17
Pinto Wharf
Floriana
Tel: +356 2122 4106 / +356 2124 1121
Fax: +356 2124 1101
Email: info@charts.com
Web: www.charts.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

Financial Planning Services Ltd

4 Marina Court
G Cali Street
Ta Xbiex
Tel: +356 2134 4243/2134 4244/2134 4255
Fax: +356 2134 1202
E-mail: info@bonellofinancial.com
Web: www.bonellofinancial.com

Finco Treasury Management

Level5
The Mall Complex
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 / 22796400
Fax: +356 22796405
E-mail: info@globalcapital.com.mt
Web: www.globalcapital.com.mt

Hogg Capital Investments Ltd

Ferris Building, Level 4
1, St. Luke's Road
Gwardamangia
Pieta
Tel: +356 2132 2872
Fax: +356 2134 2760
E-mail: markhogg@hoggcapi.com
Web: www.hoggcapi.com

HSBC Stockbrokers (Malta) Ltd

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 2380 2495
Email: info@jesmondmizzi.com
Web: www.jesmondmizzi.com

Lombard Bank Malta plc

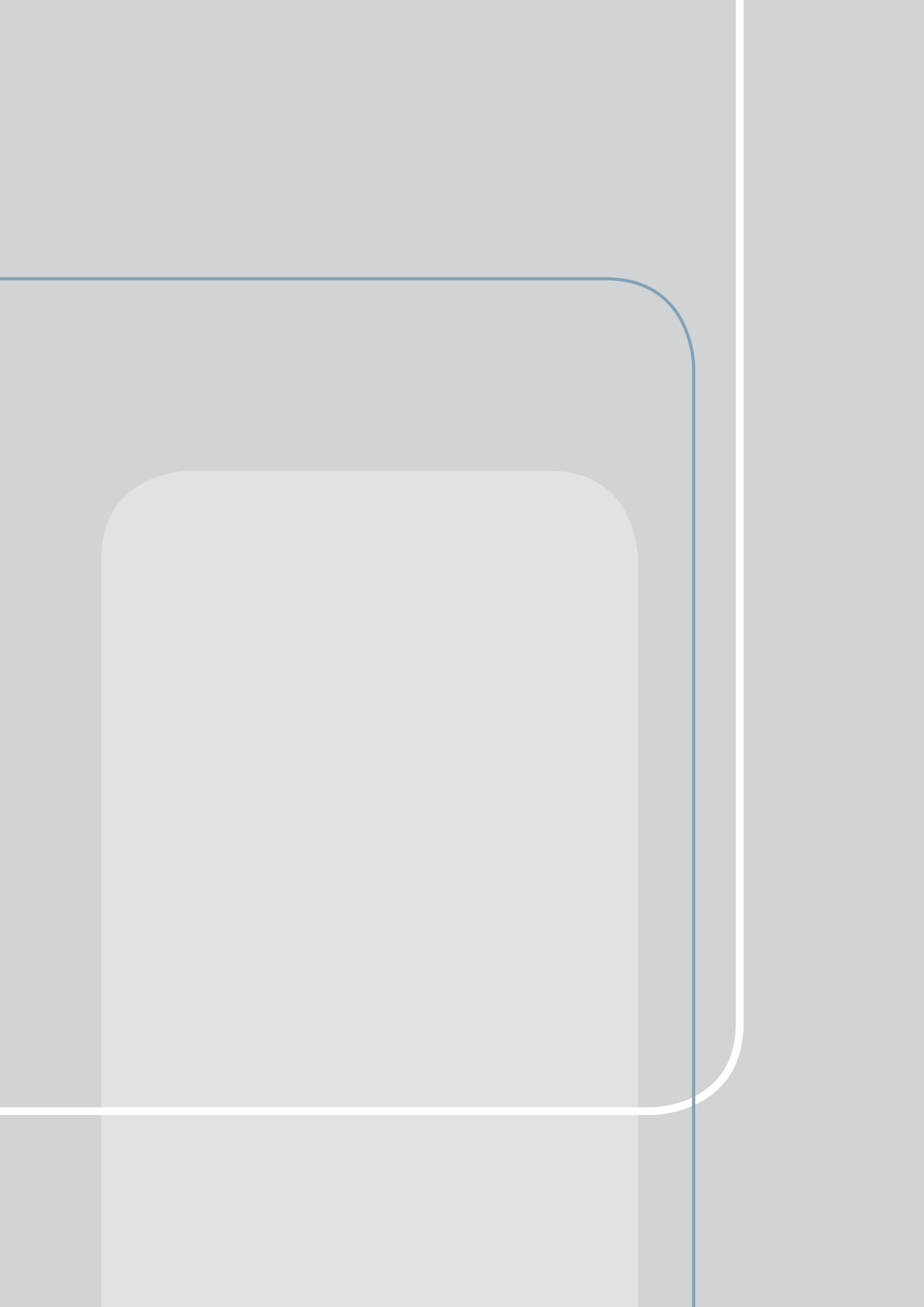
Head Office
67 Republic Street
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Tel: +356 2558 1114
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Email: wealthmanagement@lombardmalta.com
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Rizzo Farrugia & Co (Stockbrokers) Ltd

Airways House
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Web: www.rizzofarrugia.com

audited financial
statements

for the
year ended
31 december 2014



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Director's Report

For the Year Ended 31 December 2014

The directors present their report, together with the financial statements of Malta Stock Exchange plc (the "Company"), for the year ended 31 December 2014.

Directors

Mr. Paul J. Spiteri (Chairman)
Prof. Daniel Darmanin (Deputy Chairman)
Mr. Carmel Galea
Mr. Joseph Azzopardi
Mr. Joseph Portelli

Principal activity

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

Review of business development and financial position

During the year 2014, the Company generated a profit before tax of EUR 2,341,041 (2013: EUR 2,015,372). The statement of comprehensive income is set out on page 47 and the movements in the reserves are disclosed in the statement of changes in equity on page 48.

Dividends

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

Reserves

The Directors propose that retained earnings amounting to EUR 3,736,581 be carried forward to the next financial year.

Regulatory sanctions

The Directors confirm that no regulatory breaches were reported during 2014 and no regulatory sanctions were imposed on the Malta Stock Exchange plc by the Competent Authority during 2014.

Future Developments

The Company is continuing to work on the implementation of Target-2 Securities (T2S) platform, the pan-European Security Settlement System developed by the ECB. The project is currently in the testing phase and will go live on 22 June 2015. In line with its strategic plans, the Company is working on a number of other initiatives in order to enhance and expand its role in the economy.

Approved by the Board of Directors on 21 April 2015 and signed on its behalf by:



Paul J. Spiteri
Chairman



Daniel Darmanin
Deputy Chairman

Registered office

Garrison Chapel
Castille Place
Valletta VLT 1063
MALTA

Directors' Responsibility for the Financial Statements

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with the provisions of the Act.

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

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

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

Signed on behalf of the Board of Directors by:



Paul J. Spiteri
Chairman



Daniel Darmanin
Deputy Chairman

Statement of Financial Position

As at 31 December 2014

	Notes	2014 EUR	2013 EUR
Assets			
Non-current assets			
Plant and equipment	11	301,674	365,831
Intangible assets	12	342,910	423,398
Investment in equity accounted investee	13	3,938	10,379
Available-for-sale financial assets	14	5,541,269	4,616,259
Deferred tax asset	18	17,804	17,566
		6,207,595	5,433,433
Current assets			
Trade and other receivables	15	2,033,167	1,615,972
Cash at bank and in hand	20	394,684	303,614
		2,427,851	1,919,586
TOTAL ASSETS		8,635,446	7,353,019
Equity and Liabilities			
Capital and reserves			
Issued capital	16	2,500,000	2,500,000
Fair value reserve	16	767,983	291,255
Retained earnings		3,736,581	3,162,887
Total equity		7,004,564	5,954,142
Current liabilities			
Loans and borrowings	17	13,545	9,505
Trade and other payables	19	1,502,083	1,356,005
Current tax		115,254	33,367
		1,630,882	1,398,877
Total liabilities		1,630,882	1,398,877
Total Equity and Liabilities		8,635,446	7,353,019

The accounting policies and explanatory notes form an integral part of the financial statements.

The financial statements on pages 46 to 65 have been authorised for issue by the Board of Directors on 21 April 2015 and were signed on its behalf by:



Paul J. Spiteri
Chairman



Daniel Darmanin
Deputy Chairman

Statement of Comprehensive Income

For the year ended 31 December 2014

	Notes	2014 EUR	2013 EUR
Revenue	5	5,601,350	4,838,433
Administrative expenses	6	(3,524,556)	(3,051,351)
Operating profit		2,076,794	1,787,082
Share of loss of equity accounted investee	13	(6,441)	(9,621)
Income from financial assets	8	270,480	250,561
Finance income	9	595	1,424
Finance costs	9	(387)	(14,074)
Profit before tax		2,341,041	2,015,372
Income tax expense	10	(767,347)	(662,044)
Profit for the year		1,573,694	1,353,328
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
- Net gain on available-for-sale financial assets		476,728	102,400
Total comprehensive income for the year		2,050,422	1,455,728

The accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 31 December 2014

	Notes	Issued capital EUR	Fair value EUR	Retained earnings EUR	Total EUR
At 1 January 2013		2,500,000	188,855	2,809,559	5,498,414
Total comprehensive income					
Profit for the year		-	-	1,353,328	1,353,328
Other comprehensive income		-	102,400	-	102,400
Total comprehensive income		-	102,400	1,353,328	1,455,728
Transactions with owners of the Company					
Dividends paid	16.2	-	-	(1,000,000)	(1,000,000)
At 31 December 2013		2,500,000	291,255	3,162,887	5,954,142
At 1 January 2014		2,500,000	291,255	3,162,887	5,954,142
Total comprehensive income					
Profit for the year		-	-	1,573,694	1,573,694
Other comprehensive income		-	476,728	-	476,728
Total comprehensive income		-	476,728	1,573,694	2,050,422
Transactions with owners of the Company					
Dividends paid	16.2	-	-	(1,000,000)	(1,000,000)
At 31 December 2014		2,500,000	767,983	3,736,581	7,004,564

The accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 EUR	2013 EUR
Operating activities			
Profit for the year		1,573,694	1,353,328
Adjustment for:			
Depreciation of plant and equipment	11	125,623	121,359
Amortisation of intangible assets	12	138,487	137,015
Write-off of intangible assets	12	62,265	-
Interest receivable from available-for-sale financial assets	8	(186,081)	(203,389)
Gain on disposal of available-for-sale financial assets	8	(84,399)	(47,172)
Interest on bank loan		-	13,459
Share of loss of equity accounted investee	13	6,441	9,621
Tax expense		767,347	662,044
Cash generated from operations		2,403,377	2,046,265
Changes in:			
Trade and other receivables		(412,073)	708,534
Trade and other payables		146,082	107,378
Income tax paid		(685,698)	(676,840)
Net cash flows from operating activities		1,451,688	2,185,337
Investing activities			
Purchase of plant and equipment	11	(61,466)	(57,577)
Purchase of intangible assets	12	(120,264)	(168,425)
Purchase of available-for-sale financial assets		(1,514,243)	(1,573,666)
Proceeds from available-for-sale financial assets		1,119,608	977,323
Interest received from available-for-sale financial assets		211,707	220,223
Net cash flows used in investing activities		(364,658)	(602,122)
Financing activities			
Dividends paid		(1,000,000)	(1,000,000)
Bank loan paid		-	(354,667)
Interest paid on bank loan		-	(13,459)
Net cash flows used in financing activities		(1,000,000)	(1,368,126)
Net increase in cash and cash equivalents		87,030	215,089
Cash and cash equivalents at 1 January		294,109	79,020
Cash and cash equivalents at 31 December	20	381,139	294,109

The accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2014

1 Reporting Entity

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

2 Basis of Preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their descriptions as significant and critical in terms of the requirements of IAS1 (revised).

2.5 Changes in accounting policies

Effective from 1 January 2014, the following IFRS as adopted by the EU became effective, namely IFRS 10: Consolidated Financial Statements, IFRS 11: Joint Arrangements and IFRS 12: Disclosure of Interests in Other Entities. The impact of IFRS 11 on the Company has been assessed and no changes in accounting policies is required and the investment continues to be recognised on an equity basis. The other two standards do not impact the Company.

3 Significant Accounting Policies

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

3.1 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.

Notes to the Financial Statements

For the year ended 31 December 2014

3 Significant Accounting Policies *(continued)*

3.2 Revenue recognition

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

3.2.1 *Stockbrokers, listing and register fees*

Revenue is recognised on an accrual basis.

3.2.2 Interest income

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

3.3 Foreign currency translation

The financial statements are presented in Euro (EUR), which is also the Company's functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the functional rate prevailing at the date of the transaction. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

3.4 Plant and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Cost includes expenditure that it directly attributable to the acquisition of the asset. When significant parts of plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance costs are recognised in the statement of comprehensive income as incurred.

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

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

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

3.5 Intangible assets

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

3.5.1 *Subsequent expenditure*

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

Notes to the Financial Statements

For the year ended 31 December 2014

3 Significant Accounting Policies *(continued)*

3.5.2 Amortisation

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

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

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

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

3.6 Financial instruments

3.6.1 Financial assets

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

Available-for-sale

Available-for-sale financial assets are debt securities. Debt securities are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market contributions. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

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

Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and has the intent and ability to hold these assets for the foreseeable future or maturity. The reclassification to held to maturity is permitted only when the entity has the ability and intent to hold until the financial asset accordingly.

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

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

Trade and other receivables

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

Cash and cash equivalents

Cash in hand and at banks and term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Notes to the Financial Statements

For the year ended 31 December 2014

3 Significant Accounting Policies *(continued)*

Cash and cash equivalents (continued)

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

3.6.1.1 Derecognition of financial assets

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

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

3.6.2 Financial liabilities

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

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

3.6.2.1 Derecognition of financial liabilities

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

3.6.3 Share capital

3.6.3.1 Ordinary shares

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

3.7 Impairment

3.7.1 Non-derivative financial assets

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

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

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.

Notes to the Financial Statements

For the year ended 31 December 2014

3 Significant Accounting Policies *(continued)*

3.7 Impairment *(continued)*

3.7.1 *Non-derivative financial assets (continued)*

Available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between the cost and its current fair value, less any impairment loss previously recognised in the statement of comprehensive income, is transferred from equity to the statement of comprehensive income.

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

3.7.2 *Non-financial assets*

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

Impairment losses are recognised in profit or loss.

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

3.8 Income tax

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

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.9 Employee benefits

Defined contribution plans

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

Notes to the Financial Statements

For the year ended 31 December 2014

3 Significant Accounting Policies *(continued)*

3.10 Provisions

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

3.11 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Company as a lessee

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

3.12 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014 and have not been applied in preparing these financial statements. None of these will have a significant effect on the financial statements of the Company.

4 Determination of Fair Values

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

4.1 Debt securities

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

4.2 Loan and trade and other receivables

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

4.3 Non-derivative financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5 Revenue

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

	2014 EUR	2013 EUR
Stockbrokers' fees	360,010	280,655
Listing fees	3,465,282	3,156,716
Register fees	1,418,165	1,212,304
Transaction fees and other income	357,893	188,758
	5,601,350	4,838,433

Notes to the Financial Statements

For the year ended 31 December 2014

6 Administrative Expenses

	2014 EUR	2013 EUR
Emoluments of the chairman and board members	22,600	24,820
Salaries, social security and other staff costs (note 7.1)	1,553,232	1,499,802
Rent	103,140	99,937
Auditors' remuneration	8,500	7,500
Depreciation of plant and equipment	125,623	121,359
Amortisation of intangible assets	138,487	137,016
Write-off of intangible assets	62,265	-
Other expenses	1,510,709	1,160,917
	3,524,556	3,051,351

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

	EUR
Other assurance services	2,500

7 Employee Information

7.1 Staff costs

The total employment costs were as follows:

	2014 EUR	2013 EUR
Wages and salaries	1,425,842	1,374,531
Social security costs	99,467	93,840
Other staff costs	27,923	31,431
	1,553,232	1,499,802

7.2 Staff numbers

The average number of persons employed by the Company during the year was 57 (2013: 55).

8 Income from financial assets

	2014 EUR	2013 EUR
Interest on available-for-sale financial assets	186,081	203,389
Gain on disposal of available-for-sale financial assets	84,399	47,172
	270,480	250,561

Notes to the Financial Statements

For the year ended 31 December 2014

9 Net Finance Income / (cost)

	2014 EUR	2013 EUR
Finance income		
Interest on bank balances	595	1,424
	595	1,424
Finance cost		
Interest on bank borrowings	(387)	(13,965)
Foreign exchange losses	-	(109)
	(387)	(14,074)
Net finance income / (cost)	208	(12,650)

10 Income Tax Expense

10.1

	2014 EUR	2013 EUR
Current tax expenses	767,585	658,772
Deferred tax (note 18)	(238)	3,272
Income tax expense	767,347	662,044

10.2 Reconciliation of effective tax rate

	2014 EUR	2013 EUR
Profit before tax	2,341,041	2,015,372
Tax at 35%	819,364	705,380
Tax effect of		
- share of loss of equity accounted investee	2,254	3,367
- amortisation of available-for-sale investments	10,762	5,920
- lease payments not deductible for tax purposes	6,641	6,641
- other expenses not deductible for tax purposes	1,047	1,252
- income subject to lower rates of tax	(43,181)	(44,006)
- income not subject to tax	(29,540)	(16,510)
Income tax expense	767,347	662,044

Notes to the Financial Statements

For the year ended 31 December 2014

11 Plant and Equipment

	General electrical equipment EUR	Computer hardware EUR	Office furniture, fittings & other equipment EUR	Total EUR
Cost				
At 1 January 2013	694,492	136,298	367,264	1,198,054
Additions	1,012	18,932	37,633	57,577
At 31 December 2013	695,504	155,230	404,897	1,255,631
At 1 January 2014	695,504	155,230	404,897	1,255,631
Additions	15,659	33,807	12,000	61,466
At 31 December 2014	711,163	189,037	416,897	1,317,097
Depreciation				
At 1 January 2013	406,112	105,458	256,871	768,441
Depreciation charge for the year	75,276	15,769	30,314	121,359
At 31 December 2013	481,388	121,227	287,185	889,800
At 1 January 2014	481,388	121,227	287,185	889,800
Depreciation charge for the year	84,011	20,548	21,064	125,623
At 31 December 2014	565,399	141,775	308,249	1,015,423
Net book value				
At 1 January 2013	288,380	30,840	110,393	429,613
At 31 December 2013	214,116	34,003	117,712	365,831
At 1 January 2014	214,116	34,003	117,712	365,831
At 31 December 2014	145,764	47,262	108,648	301,674

Notes to the Financial Statements

For the year ended 31 December 2014

12 Intangible Assets

	Computer software EUR
Cost	
At 1 January 2013	748,880
Additions	168,425
At 31 December 2013	917,305
At 1 January 2014	917,305
Additions	120,264
Write-off	(96,985)
At 31 December 2014	940,584
Amortisation	
At 1 January 2013	356,892
Amortisation	137,015
At 31 December 2013	493,907
At 1 January 2014	493,907
Amortisation	138,487
Release on write-off	(34,720)
At 31 December 2014	597,674
Net book value	
At 1 January 2013	391,988
At 31 December 2013	423,398
At 1 January 2014	423,398
At 31 December 2014	342,910

13 Investment in Equity Accounted Investee

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

The Company has a 20% holding in European Wholesale Securities Market Limited, with the other shareholder being Irish Stock Exchange Limited holding 80%. The Company invested EUR30,000 in the issued share capital of this equity accounted investee.

As of 31 December 2014, the equity accounted investee incurred a net loss of EUR32k (2013: EUR44k), with shareholders' equity closing the year at positive equity of EUR20k (2013: EUR52k). The share of loss for the Company of EUR6,441 has been recognised as a share of loss of equity accounted investee in the Statement of Comprehensive Income (2013: share of loss of EUR9,621).

Notes to the Financial Statements

For the year ended 31 December 2014

14 Available-for-sale Financial Assets

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

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

	2014 EUR	2013 EUR
<i>Non-current</i>		
Malta Government Stocks	5,541,269	4,616,259

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

	Effective interest rate %	2014 EUR	2013 EUR
<i>Non-current</i>			
Malta Government Stocks	4.50 / 4.48	4,773,286	4,325,004

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

	2014 EUR	2013 EUR
<i>Non-current</i>		
Malta Government Stocks	767,983	291,255

15 Trade and Other Receivables

	2014 EUR	2013 EUR
Fees receivable (note 15.1)	1,872,260	1,484,004
Amounts due from related parties (note 15.2)	23,297	11,690
Prepayments and accrued income	137,610	120,278
	2,033,167	1,615,972

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

	Total EUR	Neither past due nor impaired EUR	Past due but not impaired		
			>30 days EUR	60-90 days EUR	90 days and older EUR
2014	1,872,260	1,539,525	111,130	117,966	103,639
2013	1,484,004	1,357,075	31,476	54,778	40,675

Fees receivable include trade receivables due from the Government of Malta, a related party, of EUR430,582 (2013: EUR430,078).

Notes to the Financial Statements

For the year ended 31 December 2014

15 Trade and Other Receivables *(continued)*

15.2 Amounts due from related parties are unsecured, non-interest bearing and have no fixed date of repayment. These balance as at 31 December 2014 comprise EUR11,806 (2013: EUR9,606) due from CSD (Malta) plc and EUR11,491 (2013: EUR2,084) due from EWSM (refer to Note 13).

16 Issued Capital

16.1	2014 EUR	2013 EUR
Authorised		
5,000,000 ordinary shares of EUR1 each	5,000,000	5,000,000
Issued and fully paid up		
2,500,000 ordinary shares of EUR1 each	2,500,000	2,500,000

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

16.2 Dividends

	2014 EUR	2013 EUR
Declared and paid during the year:		
Dividend on ordinary shares for 2014: 40 cents (2013: 40 cents)	1,000,000	1,000,000

16.3 Fair value reserve

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

17 Loans and Borrowings

17.1	2014 EUR	2013 EUR
Current borrowings		
Bank overdraft (note 20)	13,545	9,505
	13,545	9,505

The Company has unsecured overdraft facilities of EUR250,000 to cover any temporary shortfall in the Securities Settlement account and a general overdraft of EUR500,000.

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

Notes to the Financial Statements

For the year ended 31 December 2014

18 Deferred Tax

18.1 Recognised deferred tax assets / liabilities

Deferred tax assets / liabilities are attributable to the following:

	2014 EUR	2013 EUR
Plant and equipment	25,304	24,298
Accrued investment income	(7,500)	(6,732)
	17,804	17,566

18.2 Movement in temporary differences during the year

	Balance 01/01/2013 EUR	Recognised in profit or loss EUR	Balance 31/12/2013 EUR	Recognised in profit or loss EUR	Balance 31/12/2013 EUR
Plant and equipment	27,439	(3,141)	24,298	1,006	25,304
Accrued investment income	(6,601)	(131)	(6,732)	(768)	(7,500)
	20,838	(3,272)	17,566	238	17,804

19 Trade and other payables

	2014 EUR	2013 EUR
Trade payables (note 19.1)	104,558	81,576
Amounts due to related party (note 19.2)	329,991	277,016
Prepaid listing and other fees	742,350	607,091
Accruals	114,946	184,420
Other taxes	210,238	205,902
	1,502,083	1,356,005

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

19.2 Amounts due to related party are unsecured, non-interest bearing and with no fixed date of repayment. These amounts include EUR84,046 (2013: EUR31,071) due to immediate parent and EUR245,945 (2013: EUR245,945) due to the Government of Malta.

Notes to the Financial Statements

For the year ended 31 December 2014

20 Cash and Cash Equivalents

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

	2014 EUR	2013 EUR
Cash at bank	394,485	303,315
Cash in hand	199	299
Cash at bank and in hand	394,684	303,614
Bank overdraft (note 17)	(13,545)	(9,505)
Cash and cash equivalents	381,139	294,109

21 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.

22 Related Party Transactions and Balances

The related parties of the Company with which the Company had balances outstanding as of 31 December 2014 or transactions during the year then ended were as follows:

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

22.1 Related party transactions

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

		2014 EUR	2013 EUR
<i>Revenue</i>	<i>Related Party</i>		
Listing fees	Government of Malta	1,970,350	1,801,350
Register fees	Government of Malta	434,644	446,016
<i>Administrative expenses</i>			
Rent	MSE (Holdings) Limited	90,000	90,000

Included in administrative expenses are salaries paid to the chairman and board members amounting to EUR 22,600, (2013: EUR 24,820).

22.2 Related party balances

The outstanding amounts at year end together with the related terms have been separately disclosed in notes 15, 16 and 19.

Notes to the Financial Statements

For the year ended 31 December 2014

23 Financial risk management objectives and policies

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

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

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.

23.1 Credit risk

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

	2014 EUR	2013 EUR
Available-for-sale investments (note 14a)	5,541,269	4,616,259
Fees receivable (note 15)	1,872,260	1,484,004
Amounts due from related parties (notes 15)	23,297	11,690
Cash at bank (note 20)	394,485	273,653
	7,831,311	6,385,606

The credit risk relating to available-for-sale investments is considered to be low in view of management's policy of investing only in high quality sovereign securities which are listed on recognised stock exchanges. The Company's cash at bank is placed with quality financial institutions. Carrying amounts for trade receivables are stated net of the necessary provisions which have been prudently made against bad and doubtful debts in respect of which management reasonably believes that recoverability is doubtful.

The Company's exposure to credit risk arises from activity exceeding 25% of its revenues. At year end the Company had EUR430,582 (2013: EUR430,378) owed by the Government of Malta representing 23% (2013: 27%) of the Company's total trade receivables. The Government of Malta generated EUR2,404,994 (2013: EUR2,247,366) of the Company's total revenue, representing 43% (2013: 46%) of the Company's total revenue.

23.2 Market risk

23.2.1 Interest rate risk

The interest rates on the available-for sale investments and bank overdraft are disclosed in notes 14b and 17. The Company has limited exposure to interest rate risk due to low bank balances which are subject to floating interest rates.

23.2.2 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
2014	+100/-100	(55)/55
2013	+100/-100	(46)/46

Notes to the Financial Statements

For the year ended 31 December 2014

23 Financial risk management objectives and policies *(continued)*

23.3 Liquidity risk

The Company actively manages its risk of a shortage of funds by closely monitoring the maturity of both its financial investments and other receivables and projected cash flows from operations.

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

23.4 Fair values

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

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

23.5 Capital Management

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

Externally imposed financial resources requirements

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

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

Independent Auditors' Report

To the Members of Malta Stock Exchange plc

Report on the Financial Statements

We have audited the financial statements of Malta Stock Exchange plc (the "Company") as set out on pages 46 to 65, which comprise the statement of financial position as at 31 December 2014 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

As explained more fully in the Directors' Responsibilities Statement set out on page 45, the directors are responsible for the preparation of financial statements that (a) give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and (b) are properly prepared in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act"). They are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on Financial Statements

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU; and
- have been properly prepared in accordance with the Companies Act, 1995 (Chapter 386, Laws of Malta).

Independent Auditors' Report

To the Members of Malta Stock Exchange plc

Report on Other Legal and Regulatory Requirements

Matters on which we are required to report by exception by the Companies Act, 1995 (Chapter 386, Laws of Malta) (the "Act")

We have nothing to report in respect of the following matters where the Act requires us to report to you if, in our opinion:

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



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

KPMG

Registered Auditors

Portico Building
Marina Street,
Pieta' PTA 9044

21 April 2015



Malta Stock Exchange plc

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