

ACTIVITIES CARRIED OUT
BY MALTA GOVERNMENT INVESTMENTS LIMITED
AS AGENT FOR THE GOVERNMENT OF MALTA

Annual Report and Financial Statements
31 December 2016

INVESTMENT ACTIVITIES CARRIED OUT BY MALTA GOVERNMENT INVESTMENTS LIMITED AS
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Statement of directors' responsibilities

The directors of Malta Government Investments Limited are required by the Companies Act, 1995 to prepare financial statements that give a true and fair view of the state of affairs of the company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal 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, and that comply with the Companies Act, 1995. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Malta Government Investments Limited for the year ended 31 December 2016 are included in the Annual Report 2016, which is published in hard-copy printed form and may be made available on the Company's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.



Independent auditor's report

To the Shareholders of Malta Government Investments Limited

Report on the Financial Statements for the year ended 31 December 2016

We have audited the financial statements of Malta Government Investments Limited on pages 3 to 9 which comprise the accumulated fund as at 31 December 2016 and the investment account for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As explained more comprehensively in the Statement of directors' responsibilities for the financial statements on page 1, the directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, 1995, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the accumulated fund as at 31 December 2016, and of its financial performance in accordance with the basis of preparation set out in Note 1 on page 5.

PricewaterhouseCoopers

78 Mill Street
Qormi
Malta

A handwritten signature in blue ink, appearing to read 'Simon Flynn', is written over the printed name and title.

Simon Flynn
Partner

19 October 2017


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Accumulated fund

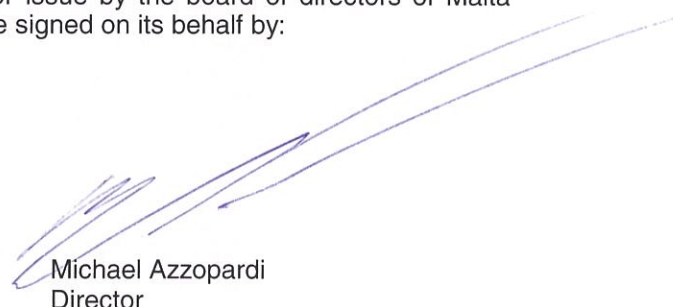
		As at 31 December	
	Notes	2016 €	2015 €
Investments held as agent for the Government of Malta			
Subsidiary undertakings	3	16,943,258	12,723,975
Associated undertakings	4	349,406	349,406
Other investments	5	1,016	2,019
		17,293,680	13,075,400
Other assets			
Other receivables	6	1,875,000	1,360,000
Other loans	7	18,932,547	13,513,044
		20,807,547	14,873,044
Liabilities			
Payables	8	19,962,360	14,449,908
Provision for guarantees issued		349,406	349,406
Provision for uncalled share capital		822,600	822,600
		21,134,366	15,621,914
Net assets		16,966,861	12,326,530
Funded by:			
Government of Malta - Capital account	9	16,966,861	12,326,530

The notes on pages 5 to 9 are an integral part of these financial statements.

The financial statements on pages 3 to 9 were authorised for issue by the board of directors of Malta Government Investments Limited on 19 October 2017 and were signed on its behalf by:



Adrian Said
Chairman



Michael Azzopardi
Director

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Investment account

	Year ended 31 December	
	2016 €	2015 €
Income attributable to Government		
Dividend income	2,824,984	3,010,500
Amounts written back relating to other payables and accruals	-	282,945
Reimbursement of expenses – claims debt servicing	1,298,508	1,623,134
	4,123,492	4,916,579
Charges borne by Government		
Reimbursement of bank interest	407,377	436,310
Expenses in relation to subsidiary undertakings	177,680	-
Payments on behalf of subsidiaries	700,000	-
Interest on Loan from Malta Investment Management Company Limited	112,613	-
Provision for impairment of investment in subsidiaries	259,586	-
	1,657,256	436,310
Profit for the year	2,466,236	4,480,269

The notes on pages 5 to 9 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

These financial statements reflect the investment activities carried out by Malta Government Investments Limited as agent for the Government of Malta.

Malta Government Investments Limited holds these investments as agent for the Government of Malta whereby any dividends, interests or profits arising on disposal of these investments are treated as attributable to Government. Similarly losses on disposal and provisions made to write down the investments to their underlying net asset values are also borne by Government. Accordingly, generally accepted accounting principles and practice are not considered to be appropriate for, and applicable to, the preparation of these financial statements in view of the substance of the activities which are being reported upon in these accounts. The principal accounting policies adopted in the preparation of these financial statements are set out below.

1.2 Foreign currency translation

Functional currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The euro is the company's functional and presentation currency.

1.3 Investments

Investments held as agent for the Government are made from funds emanating from the Government of Malta.

Investments are held on a long term basis and are analysed as follows:-

- i) Subsidiary undertakings - those in which an equity interest of over fifty per cent is held.
- ii) Associated undertakings - those in which an equity interest of not less than twenty per cent is held.
- iii) Other investments - those companies in which an equity interest of less than twenty per cent is held.

1. Summary of significant accounting policies - continued

1.4 Valuation of investments

Investments are stated at cost less provisions to write down the investments to the underlying net asset value as disclosed by the latest audited or unaudited accounts.

1.5 Investment income

Interest on loans and dividends from investments held as agent for the Government of Malta accrue to the Government.

1.6 Profits or losses arising on disposal of investments

Profits or losses arising on disposal of investments held as agent for the Government of Malta are attributable to Government.

1.7 Provisions

Provisions are recognised when the Agency has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical.

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3. Investments in subsidiary undertakings

	Equity €
Cost	
At 1 January 2015	13,404,607
Additions	-
	13,404,607
At 31 December 2015	13,404,607
 Net book amount	
At 31 December 2015	12,723,975
 Cost	
At 1 January 2016	13,404,607
Additions	4,477,866
	17,882,473
At 31 December 2016	17,882,473
 Provisions	
At 1 January 2016	(680,632)
Provision for impairment of investment in subsidiary	(258,583)
	(939,215)
At 31 December 2016	(939,215)
 Net book amount	
At 31 December 2016	16,943,258

4. Investments in associated undertakings

	Equity €
Net book amount	
At 1 January 2016 and 1 January 2015	349,406
	349,406
 Cost	
At 1 January 2016 and 31 December 2015	1,455,858
	1,455,858
 Provisions	
At 1 January 2016 and 31 December 2015	1,106,452
	1,106,452
 Net book amount	
At 31 December 2016 and 1 January 2016	349,406

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5. Other investments

	Equity €
Cost	
At 1 January 2015	2,019
Additions	-
	2,019
Net book amount	
At 31 December 2015	2,019
Cost	
At 1 January 2016	2,019
Assets written-off	(770)
	1,249
At 31 December 2016	1,249
Provisions	
At 1 January 2016	-
Provision for impairment of other investment	(233)
	(233)
At 31 December 2016	(233)
Net book amount	
At 31 December 2016	1,016

6. Other receivables

	2016 €	2015 €
Accrued income	1,875,000	1,360,000

7. Other loans

	2016 €	2015 €
Loans granted to undertakings in which an investment is held in order for these undertakings to settle their creditors	18,943,029	13,523,526
Provisions	(10,482)	(10,482)
	18,932,547	13,513,044

Other loans are interest free.

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8. Payables

	2016 €	2015 €
Amounts owed to Malta Government Investments Limited	5,531,608	7,683,672
Amounts owed to Malta Investment Management Company Limited	13,984,066	6,433,320
Other payables and accruals	446,686	332,916
	19,962,360	14,449,908

9. Government of Malta - Capital account

	2016 €	2015 €
Year ended 31 December		
At the beginning of the year	12,326,530	9,069,530
Movements during the year:-		
MIMCOL subvention to be financed by MGI	-	(1,110,000)
Amounts due from subsidiary undertaking	2,174,095	(113,269)
	2,174,095	(1,223,269)
Profit for the year	2,466,236	4,480,269
At the end of the year	16,966,861	12,326,530

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List of investments

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Subsidiary undertakings

	Shares €	Provision €	Net €
In operation			
Casma Limited	1,165,849	-	1,165,849
Gozo Channel (Holding) Company Limited	8,799,671	-	8,799,671
Gozo Heliport Limited	46,587	(46,587)	-
Kordin Grain Terminal Company Limited	931,747	-	931,747
Malpro Limited	169	-	169
Malta Air Traffic Services Limited	4,192,869	-	4,192,869
Malta Government Technology Investments Limited	116,466	-	116,466
Malta Marketing Limited	1,162	-	1,162
National Orchestra Limited	1,162	-	1,162
Pitkalija Limited	2,999	-	2,999
The Grand Harbour Regeneration Corporation p.l.c.	46,585	(46,585)	-
Wasteserv Malta Limited	46,587	(46,587)	-
Projects Malta Limited	699,999	-	699,999
Petromal Company Limited	25,000	-	25,000
Film Finance Malta Limited	999,999	-	999,999
Engineering Resources Limited	1	-	1
Enemalta p.l.c.	1	-	1
Housing Project Management Unit (H.P.M.U.) Limited	1,160	-	1,160
	17,078,013	(139,759)	16,938,254
In liquidation or having ceased operations			
Health Change Management Unit	4,999	-	4,999
Malta Super Yacht Services Limited	99,999	(99,999)	-
Malta Venture Capital p.l.c.	46,585	(46,585)	-
Sliema Point Company Limited	874	(873)	1
Kalaxlokk Company Limited	2	-	2
The Glorious Few Production Limited	2	-	2
Ricasoli Tank Cleaning Limited	651,999	(651,999)	-
	804,460	(799,456)	5,004
Total investments in subsidiary undertakings	17,882,473	(939,215)	16,943,258

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Associated undertakings

	Shares €	Provision €	Net €
In operation			
Malta Dairy Products Limited	349,406	-	349,406
In liquidation or having ceased operations			
Cottonera Properties Limited	1,106,542	(1,106,542)	-
Total investments in associated undertakings	1,455,948	(1,106,542)	349,406

Other investments

	Shares €	Provision €	Net €
In operation			
Industrial Projects and Services Limited	2	-	2
Malta Investment Management Company Limited	5	-	5
MDD Manoel Island Company Limited	233	(233)	-
Mediterranean Offshore Bunkering Company Limited	2	-	2
Public Broadcasting Services Limited	2	-	2
MPG Energy Services Limited	2	-	2
KM Holdings Limited	2	-	2
Core Malta Education Solutions Limited	1,000	-	1,000
D3 Power Generation Company Limited	1	-	1
Total other investments	1,249	(233)	1,016