

MPC042018

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Malta Properties Company p.l.c. (“**the Company**”) pursuant to Malta Financial Services Authority Listing Rules.

Quote

The Board of Directors of the Company has approved the attached Financial Statements of annual results for the financial year ended 31 December 2017. These audited financial statements are also available for viewing on the Company’s website at www.maltaproperties.com.mt. The Board of Directors also recommended to the annual general meeting that no dividend will be paid.

The Annual General Meeting will be held on Wednesday 13 June 2018 at The Westin Dragonara Resort, St. Julians.

Unquote



Dr. Francis Galea Salomone LL.D.
Company Secretary

21 March 2018

Preliminary Statement of Group Results and State of Affairs for the year ended and as at 31 December 2017

This Statement is published pursuant to The Malta Financial Services Authority Listing Rules Chapter 5 and Article 4(2)(b) of the Prevention of Financial Markets Abuse (Disclosure and Notification) Regulations, 2005.

The financial information has been extracted from Malta Properties Company p.l.c.'s Annual Report and Consolidated Financial Statements for the year ended 31 December 2017 as approved by the Board of Directors on 21 March 2018, which have been audited by PricewaterhouseCoopers.

These financial statements will be laid before the members at the general meeting to be held on 13 June 2018. The Group's financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Maltese Companies Act, 1995.

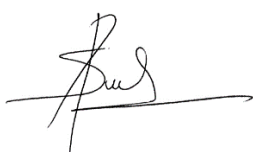
Statements of financial position

	As at 31 December			
	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
ASSETS				
Non-current assets				
Property, plant and equipment	749,547	464,829	749,547	464,829
Investment property	58,810,000	50,090,000	13,920,000	10,655,000
Investment in subsidiaries	-	-	69,993	69,993
Loans receivable from subsidiaries	-	-	38,859,068	38,859,068
Deferred tax asset	26,360	28,662	26,360	28,662
Trade and other receivables	29,472	18,879	-	-
Total non-current assets	59,615,379	50,602,370	53,624,968	50,077,552
Current assets				
Inventories – property held for resale	6,360,000	6,360,000	-	-
Trade and other receivables	559,107	332,673	7,392,109	4,300,229
Current tax asset	42,541	59,268	-	-
Cash and cash equivalents	954,771	1,376,510	161,011	1,364,010
Total current assets	7,916,419	8,128,451	7,553,120	5,664,239
Total assets	67,531,798	58,730,821	61,178,088	55,741,791

Statements of financial position - continued

	As at 31 December			
	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	32,419,356	32,419,356	32,419,356	32,419,356
Other reserves	170,259	(53,229)	170,259	(53,229)
Retained earnings	8,398,008	3,725,053	2,247,080	696,747
Total equity	40,987,623	36,091,180	34,836,695	33,062,874
LIABILITIES				
Non-current liabilities				
Borrowings	17,017,258	16,000,000	17,017,258	16,000,000
Deferred tax liability	6,587,000	5,645,000	1,462,000	1,065,500
Derivative financial instruments	75,313	81,891	75,313	81,891
Trade and other payables	96,702	-	96,702	-
Total non-current liabilities	23,776,273	21,726,891	18,651,273	17,147,391
Current liabilities				
Trade and other payables	2,258,230	337,872	7,229,038	5,072,049
Current tax liability	509,672	574,878	461,082	459,477
Total current liabilities	2,767,902	912,750	7,690,120	5,531,526
Total liabilities	26,544,175	22,639,641	26,341,393	22,678,917
Total equity and liabilities	67,531,798	58,730,821	61,178,088	55,741,791

The financial statements were authorised for issue by the Board on 21 March 2018 and were signed on its behalf by:



Deepak S. Padmanabhan
Chairman



Paul S. Testaferrata Moroni Viani
Director

Income statements

	Year ended 31 December			
	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
Rental income	3,098,942	3,235,816	528,067	618,176
Other income	314	5,000	283	-
Administrative expenses	(1,309,024)	(711,253)	(1,274,406)	(670,306)
Operating profit/(loss)	1,790,232	2,529,563	(746,056)	(52,130)
Finance income	-	-	1,457,216	1,457,216
Finance costs	(637,021)	(778,710)	(637,021)	(778,712)
Adjustment arising on fair valuation of property	4,973,911	1,696,843	2,175,671	145,311
Profit before tax	6,127,122	3,447,696	2,249,810	771,685
Tax expense	(1,454,167)	(890,785)	(699,477)	(394,822)
Profit for the year	4,672,955	2,556,911	1,550,333	376,863
Earnings per share	0.05	0.03		

Statements of comprehensive income

	Year ended 31 December			
	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
Comprehensive income				
Profit for the year	4,672,955	2,556,911	1,550,333	376,863
Other comprehensive income				
<i>Items that may not be reclassified to profit or loss</i>				
Surplus arising on revaluation of land and buildings, net of deferred tax	219,212	-	219,212	-
<i>Items that may be subsequently reclassified to profit or loss</i>				
Change in fair value of derivative designated as hedging instrument in cash flow hedge	6,578	(81,891)	6,578	(81,891)
Income tax relating to components of other comprehensive income	(2,302)	28,662	(2,302)	28,662
Total other comprehensive income for the year, net of tax	223,488	(53,229)	223,488	(53,229)
Total comprehensive income for the year	4,896,443	2,503,682	1,773,821	323,634

Statements of changes in equity

Group	Share capital €	Other reserves €	Retained earnings €	Total €
Balance at 1 January 2016	32,419,356	-	1,168,142	33,587,498
Comprehensive income				
Profit for the year	-	-	2,556,911	2,556,911
Other comprehensive income:				
Cash flow hedge, net of deferred tax	-	(53,229)	-	(53,229)
Balance at 31 December 2016	32,419,356	(53,229)	3,725,053	36,091,180
Comprehensive income				
Profit for the year	-	-	4,672,955	4,672,955
Other comprehensive income:				
Cash flow hedge, net of deferred tax	-	4,276	-	4,276
Surplus arising on revaluation of land and buildings, net of deferred tax	-	219,212	-	219,212
Total comprehensive income	-	223,488	4,672,955	4,896,443
Balance at 31 December 2017	32,419,356	170,259	8,398,008	40,987,623

Statements of changes in equity - continued

Company	Share capital €	Other reserves €	Retained earnings €	Total €
Balance 1 January 2016	32,419,356	-	319,884	32,739,240
Comprehensive income				
Profit for the year	-	-	376,863	376,863
Other comprehensive income:				
Cash flow hedge, net of deferred tax	-	(53,229)	-	(53,229)
Balance at 31 December 2016	32,419,356	(53,229)	696,747	33,062,874
Comprehensive income				
Profit for the year	-	-	1,550,333	1,550,333
Other comprehensive income:				
Cash flow hedge, net of deferred tax	-	4,276	-	4,276
Surplus arising on revaluation of land and buildings, net of deferred tax	-	219,212	-	219,212
	-	223,488	1,550,333	1,773,821
Balance at 31 December 2017	32,419,356	170,259	2,247,080	34,836,695

Statements of cash flows

	Year ended 31 December			
	Group		Company	
	2017	2016	2017	2016
	€	€	€	€
Cash flows from operating activities				
Cash generated from/(used in) operations	3,581,983	2,145,131	(115,311)	870,510
Interest paid	(637,021)	(778,710)	(637,021)	(778,712)
Tax paid	(630,646)	(394,043)	(371,372)	(166,059)
Net cash generated from/(used in) operating activities	2,314,316	972,378	(1,123,704)	(74,261)
Cash flows from investing activities				
Additions to investment property	(3,746,089)	(1,148,008)	(1,089,329)	(110,254)
Purchase of property, plant and equipment	(7,224)	(50,499)	(7,224)	(50,499)
Net cash used in investing activities	(3,753,313)	(1,198,507)	(1,096,553)	(160,753)
Cash flows from financing activities				
Bank loan drawdown	1,017,258	16,000,000	1,017,258	16,000,000
Repayment of related party loan	-	(16,000,000)	-	(16,000,000)
Net cash generated from financing activities	1,017,258	-	1,017,258	-
Net movement in cash and cash equivalents	(421,739)	(226,129)	(1,202,999)	(235,014)
Cash and cash equivalents at beginning of year	1,376,510	1,602,639	1,364,010	1,599,024
Cash and cash equivalents at end of year	954,771	1,376,510	161,011	1,364,010

Review of Group operations

Performance

During the financial year under review, Malta Properties Company p.l.c. (MPC) Group's profit before tax increased by €2.68 million over that of the previous year and amounted to €6.13 million (2016: €3.45 million). Revenues from rental income decreased by 4.3% and stood at €3.10 million (2016: €3.24 million) due to the release of various properties or areas within the properties previously occupied by GO p.l.c. (GO) for the purpose of redevelopment of these properties by MPC. While the long term leases in place on the various properties secure constant revenues for the Group, revenues are expected to increase gradually in line with inflation and with rents from new developments. In 2017, administrative expenses amounted to €1.31 million (2016: €0.71 million). This increase was in line with expectations as the Group is undergoing growth in its operations, working on its property acquisition front and undertaking its planned redevelopment projects.

During 2017, work commenced on two new small exchanges which are being developed for GO at the Group's properties in Marsa and B'Kara. The Marsa new exchange has been completed before year end while works continue at the B'Kara new exchange. These new exchanges will allow GO to eventually release the larger exchanges which will allow MPC to redevelop these properties. Moreover, work has continued to progress at the former Zejtun Exchange which is being redeveloped into a state-of-the-art technical and data centre for GO. MPC's Floriana property was also redeveloped into The Bastions office complex, which welcomed its first tenant early in 2018.

Financial position

As at the end of the year, total non-current assets amounted to €59.62 million (2016: €50.60 million). The increase from the previous year was mainly as a result of the development and improvements being carried out by the Group on a number of its properties as described above and also due to the fair valuation of the Group's properties as per the Group's accounting policies. During 2017, two of the Group's non-core properties were sold on preliminary agreement.

The Group's current assets amounted to €7.92 million as at year end (2016: €8.13 million). The major movement within current assets resulted due to capital expenditure on development and advance payments made to the Group's contractors, reflecting a decrease in the cash balance as at year end.

In 2017, the Group started to withdraw its Zejtun project bank loan facility as works at the exchange and data centre progressed as planned. The Group's borrowings remain less than half of its equity, and in fact as at year end the Group's gearing ratio stood low at 0.42 (2016: 0.44). During the year, the Group maintained a loan to value ratio of 0.26 (2016: 0.28), which means that the Group has almost four times as much assets as it has debt.