

**MPC022019**

**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 Preliminary Statement of annual results for the financial year ended 31 December 2018. These audited financial statements are also available for viewing on the Company’s website at [www.maltaproperties.com.mt](http://www.maltaproperties.com.mt). The Board of Directors further resolved to recommend that the Annual General Meeting approves the payment of a final dividend of €0.01 net of taxation per share. The payment of this net dividend amounts to the sum of €1,013,105. The final dividend will be paid on the 13 June 2019 to all shareholders who are on the shareholders’ register as at 13 May 2019.

The Annual General Meeting will be held on Tuesday 11 June 2019 at The Westin Dragonara Resort, St. Julians.

**Unquote**



**Dr. Francis Galea Salomone LL.D.**  
**Company Secretary**  
**20 March 2019**

**Preliminary Statement of Group Results and State of Affairs  
For the year ended and as at 31 December 2018**

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 2018 as approved by the Board of Directors on 20 March 2019, which have been audited by PricewaterhouseCoopers.

These financial statements will be laid before the members at the general meeting to be held on 11 June 2019. 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.

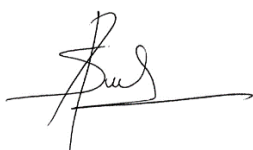
## Statements of financial position

	As at 31 December			
	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	<b>842,398</b>	749,547	<b>842,398</b>	749,547
Investment property	<b>72,482,147</b>	58,810,000	<b>15,214,750</b>	13,920,000
Investment in subsidiaries	-	-	<b>69,993</b>	69,993
Loans receivable from subsidiaries	-	-	<b>38,785,236</b>	38,859,068
Deferred tax asset	<b>16,595</b>	26,360	<b>16,595</b>	26,360
Trade and other receivables	<b>46,896</b>	29,472	-	-
Total non-current assets	<b>73,388,036</b>	59,615,379	<b>54,928,972</b>	53,624,968
<b>Current assets</b>				
Inventories – property held for resale	<b>3,500,000</b>	6,360,000	-	-
Trade and other receivables	<b>720,941</b>	559,107	<b>6,738,929</b>	7,392,109
Current tax asset	<b>42,511</b>	42,541	-	-
Cash and cash equivalents	<b>4,874,104</b>	954,771	<b>338,046</b>	161,011
Total current assets	<b>9,137,556</b>	7,916,419	<b>7,076,975</b>	7,553,120
<b>Total assets</b>	<b>82,525,592</b>	67,531,798	<b>62,005,947</b>	61,178,088

**Statements of financial position** - continued

	As at 31 December			
	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	<b>32,419,356</b>	32,419,356	<b>32,419,356</b>	32,419,356
Other reserves	<b>216,365</b>	170,259	<b>216,365</b>	170,259
Retained earnings	<b>18,976,523</b>	8,398,008	<b>2,455,562</b>	2,247,080
<b>Total equity</b>	<b>51,612,244</b>	40,987,623	<b>35,091,283</b>	34,836,695
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	<b>19,089,084</b>	17,017,258	<b>19,089,084</b>	17,017,258
Deferred tax liability	<b>7,678,160</b>	6,587,000	<b>1,601,420</b>	1,462,000
Derivative financial instruments	-	75,313	-	75,313
Trade and other payables	<b>316,460</b>	96,702	<b>316,460</b>	96,702
<b>Total non-current liabilities</b>	<b>27,083,704</b>	23,776,273	<b>21,006,964</b>	18,651,273
<b>Current liabilities</b>				
Derivative financial instruments	<b>47,413</b>	-	<b>47,413</b>	-
Trade and other payables	<b>3,650,947</b>	2,258,230	<b>5,770,141</b>	7,229,038
Current tax liability	<b>131,284</b>	509,672	<b>90,146</b>	461,082
<b>Total current liabilities</b>	<b>3,829,644</b>	2,767,902	<b>5,907,700</b>	7,690,120
<b>Total liabilities</b>	<b>30,913,348</b>	26,544,175	<b>26,914,664</b>	26,341,393
<b>Total equity and liabilities</b>	<b>82,525,592</b>	67,531,798	<b>62,005,947</b>	61,178,088

The financial statements were authorised for issue by the Board on 20 March 2019 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	
	2018	2017	2018	2017
	€	€	€	€
Rental income	<b>3,297,616</b>	3,098,942	<b>761,126</b>	528,067
Other income	<b>13,830</b>	314	<b>12,516</b>	283
Net impairment losses on financial assets	-	-	<b>(85,632)</b>	-
Administrative expenses	<b>(1,037,121)</b>	(1,309,024)	<b>(990,076)</b>	(1,274,406)
<b>Operating profit/(loss)</b>	<b>2,274,325</b>	1,790,232	<b>(302,066)</b>	(746,056)
Finance income	-	-	<b>1,457,215</b>	1,457,216
Finance costs	<b>(632,706)</b>	(637,021)	<b>(632,706)</b>	(637,021)
Gain on disposal of property	<b>2,140,000</b>	-	-	-
Adjustment arising on fair valuation of property	<b>8,997,603</b>	4,973,911	<b>221,521</b>	2,175,671
<b>Profit before tax</b>	<b>12,779,222</b>	6,127,122	<b>743,964</b>	2,249,810
Tax expense	<b>(2,200,707)</b>	(1,454,167)	<b>(535,482)</b>	(699,477)
<b>Profit for the year</b>	<b>10,578,515</b>	4,672,955	<b>208,482</b>	1,550,333
<b>Earnings per share</b>	<b>0.10</b>	0.05		

## Statements of comprehensive income

	Year ended 31 December			
	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
<b>Comprehensive income</b>				
Profit for the year	<b>10,578,515</b>	4,672,955	<b>208,482</b>	1,550,333
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Surplus arising on revaluation of land and buildings	<b>37,916</b>	289,212	<b>37,916</b>	289,212
Deferred tax on surplus arising on revaluation of land and buildings	<b>(9,945)</b>	(70,000)	<b>(9,945)</b>	(70,000)
<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	<b>27,900</b>	6,578	<b>27,900</b>	6,578
Deferred tax on change in fair value of derivative	<b>(9,765)</b>	(2,302)	<b>(9,765)</b>	(2,302)
Total other comprehensive income for the year, net of tax	<b>46,106</b>	223,488	<b>46,106</b>	223,488
<b>Total comprehensive income for the year</b>	<b>10,624,621</b>	4,896,443	<b>254,588</b>	1,773,821

### Statements of changes in equity

Group	Share capital €	Other reserves €	Retained earnings €	Total €
Balance at 1 January 2017	32,419,356	(53,229)	3,725,053	36,091,180
<b>Comprehensive income</b>				
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
Balance at 31 December 2017	32,419,356	170,259	8,398,008	40,987,623
<b>Comprehensive income</b>				
Profit for the year	-	-	10,578,515	10,578,515
Other comprehensive income:				
Cash flow hedge, net of deferred tax	-	18,135	-	18,135
Surplus arising on revaluation of land and buildings, net of deferred tax	-	27,971	-	27,971
Total comprehensive income	-	46,106	10,578,515	10,624,621
<b>Balance at 31 December 2018</b>	<b>32,419,356</b>	<b>216,365</b>	<b>18,976,523</b>	<b>51,612,244</b>

As at 31 December 2018, total retained earnings of the Group amounted to €18,976,523 (2017: €8,398,008). Distributable reserves within retained earnings amounted to €4,127,949 (2017: €1,647,276), while non-distributable reserves amounted to €14,848,574 (2017: €6,750,732).

**Statements of changes in equity - continued**

<b>Company</b>	<b>Share capital</b> €	<b>Other reserves</b> €	<b>Retained earnings</b> €	<b>Total</b> €
Balance 1 January 2017	32,419,356	(53,229)	696,747	33,062,874
<b>Comprehensive income</b>				
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
Balance at 31 December 2017	32,419,356	170,259	2,247,080	34,836,695
<b>Comprehensive income</b>				
Profit for the year	-	-	208,482	208,482
Other comprehensive income:				
Cash flow hedge, net of deferred tax	-	18,135	-	18,135
Surplus arising on revaluation of land and buildings, net of deferred tax	-	27,971	-	27,971
	-	46,106	208,482	254,588
<b>Balance at 31 December 2018</b>	<b>32,419,356</b>	<b>216,365</b>	<b>2,455,562</b>	<b>35,091,283</b>

As at 31 December 2018, total retained earnings of the Company amounted to €2,455,562 (2017: €2,247,080). Distributable reserves within retained earnings amounted to €68,978 (2017: €59,865), while non-distributable reserves amounted to €2,386,584 (2017: €2,187,215).



## Statements of cash flows

	Year ended 31 December			
	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
<b>Cash flows from operating activities</b>				
Cash generated from/(used in) operations	<b>1,788,422</b>	3,581,983	<b>656,236</b>	(115,311)
Interest paid	<b>(632,706)</b>	(637,021)	<b>(632,706)</b>	(637,021)
Tax paid	<b>(1,497,850)</b>	(630,646)	<b>(776,943)</b>	(371,372)
Net cash (used in)/generated from operating activities	<b>(342,134)</b>	2,314,316	<b>(753,413)</b>	(1,123,704)
<b>Cash flows from investing activities</b>				
Additions to investment property	<b>(4,117,210)</b>	(3,746,089)	<b>(1,073,229)</b>	(1,089,329)
Purchase of property, plant and equipment	<b>(68,149)</b>	(7,224)	<b>(68,149)</b>	(7,224)
Proceeds from disposal of property	<b>5,000,000</b>	-	-	-
Funds received upon promise of sale agreements	<b>1,375,000</b>	-	-	-
Net cash (used in)/generated from investing activities	<b>2,189,641</b>	(3,753,313)	<b>(1,141,378)</b>	(1,096,553)
<b>Cash flows from financing activities</b>				
Bank loan drawdown	<b>2,071,826</b>	1,017,258	<b>2,071,826</b>	1,017,258
Net cash generated from financing activities	<b>2,071,826</b>	1,017,258	<b>2,071,826</b>	1,017,258
<b>Net movement in cash and cash equivalents</b>	<b>3,919,333</b>	(421,739)	<b>177,035</b>	(1,202,999)
<b>Cash and cash equivalents at beginning of year</b>	<b>954,771</b>	1,376,510	<b>161,011</b>	1,364,010
<b>Cash and cash equivalents at end of year</b>	<b>4,874,104</b>	954,771	<b>338,046</b>	161,011

## **Review of Group operations**

The Board of Directors is recommending that the Annual General Meeting approves the payment of a final net dividend of €0.01 per share. The payment of this net dividend amounts to the sum of €1,013,105. The final dividend will be paid on the 13 June 2019 to all shareholders who are on the shareholders' register as at 13 May 2019.

## ***Performance***

The Group has once again delivered a positive financial performance during the year under review. Malta Properties Company p.l.c. (MPC) Group's profit before tax reached €12.78 million (2017: €6.13 million), an increase of €6.65 million over that of the previous year. During 2018, development on the various properties continued. The newly refurbished offices at Floriana were fully rented out by year end, this being the main factor contributing to the increase in rental income of 6.4%, netted off by the release from GO p.l.c. (GO) of the old Sliema Exchange which was subsequently sold. Total income for the year amounted to €3.31 million (2017 €3.10 million) and gain on disposal of the Sliema property amounted to €2.14 million. The long term leases with various tenants continue to be in place, which secure constant revenues for the Group, while revenues are expected to increase gradually in line with inflation and with rents from new developments. During the year under review, administrative expenses decreased by €0.27 million and stood at €1.04 million (2017: €1.31 million). The Group continuously strives to carry out its operations in an efficient manner.

During the year under review, works continued to progress at the former Zejtun Exchange which is being redeveloped into a state-of-the-art technical and data centre for GO and on the new B'Kara Exchange also being developed for GO. On completion of the new B'Kara Exchange, which is expected early 2019, GO will be in a position to move into this smaller exchange and eventually release the larger exchange which will allow MPC to redevelop the released property.

## ***Financial position***

The Group is in a strong financial position. Total non-current assets amounted to €73.39 million as at the end of 2018 (2017: €59.62 million). Throughout the year, development works and improvements continued on a number of properties, contributing to additional property value, as has the fair valuation of the Group's properties as per the Group's accounting policies. The main increase in fair value resulted from the promise of sale agreement of the Group's property in St. George's during 2018.

Current assets as at year end amounted to €9.14 million (2017: €7.92 million), the main increase arising as a result of the Sliema site sale which occurred during the year at a significantly higher price than its book value.

The Group's borrowings increased in line with the cost of works of the Zejtun project, but these borrowings remained less than half of its equity. As at year end, the Group's gearing ratio was low at 0.37 (2017: 0.42) and its loan to value ratio stood at 0.25 (2017: 0.26), which means that the Group's assets are four times larger than its debt.