

## Stock Market Review



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# Companies publish Interim Statements

Among the 20 companies that have their shares listed on the Malta Stock Exchange, 14 have their financial year closing on December 31. A regulatory obligation of a listed company is the publication of Interim Directors' Statements in accordance with Listing Rules 5.86, 5.87 and 5.88. These Listing Rules state that companies must publish such Interim Statements twice a year – once during the first six-month period of the financial year (January to June in the case of the 14 companies with a December year-end) and another time during the second six-month period of the financial year (June to December). Moreover, the rules stipulate that these statements must be issued at the latest six weeks before the end of the relevant six-month period.

Therefore, the first statement must be issued by the third week of May and the second statement by the third week of November. The Listing Rules also indicate the type of information that must be included, namely “a general description of the financial position and performance” of the company and its subsidiaries as well as “an explanation of material events and transactions that have taken place during the relevant period and their impact on the financial position”.

Initially, as the Listing Rules came into force which brought about the requirement of such Statements in March 2007, the amount of information published by many companies was pretty dry and they simply gave a very brief overview of the financial performance followed by a statement confirming that “no material events or transactions have taken place in the ordinary course of business that would have an impact on the financial position of the company, such that would require special mention, disclosure or announcement pursuant to the applicable Listing Rules”.

The introduction of the Interim Statements was an excellent initiative by the Malta Financial Services Authority and reflects similar reporting requirements in the more developed financial markets overseas. These requirements ensure companies report to the investing public on a more regular basis. Regular flow of communication is important for the market since newsflow drives activity among investors. Listed companies should make good use of such Interim Statements since constant communication ensures loyalty and support from stakeholders.

In recent weeks, 13 companies have issued their statements covering the financial performance since the start of 2011. This week's article aims to provide the key points raised by each of these companies.

**HSBC Bank Malta plc** (Date of publication: May 13, 2011)

Growth in operating income outpaced the increase in costs.

Loan impairments increased slightly over the same period last year but were lower than expected.

Slowdown in the demand for loans due to prevailing economic conditions and increasing competition.

**International Hotel Investments plc** (Date of publication: May 11, 2011)

Overall improvement in operating results across all hotels with the exception of the Corinthia Hotel in Tripoli.

Corinthia Hotel Lisbon and Corinthia Hotel St Petersburg registered significant progress in their trading performance.

Operating results of Tripoli hotel to negatively impact overall performance in 2011.

Sustained interest in the leasing of the retail mall and offices in St Petersburg with agreements signed with two major clients.

Corinthia Hotel London nearing completion and the hotel welcomed its first paying guests in April 2011.

**Malta International Airport plc** (Date of publication: May 24, 2011)

The financial position remained sound and the performance has been in line with projected results.

Notwithstanding the significant growth in traffic in the first four months of the year (+16.4 per cent), MIA stated that the total passenger movements for 2011 is expected to be more or less in line with that of 2010. A revised forecast for passenger numbers in 2011 will be announced around mid-July 2011.

Construction works at the Sky Parks Business Centre continued to progress and it is expected that the first tenants should be moving to the new building by the end of 2011.

**GO plc** (Date of publication: May 6, 2011)

During the first quarter of 2011, the group maintained positive trends in its turnover levels driven by the TV business, broadband data and related services.

Strengthening of overall client base.

Operating profit for the first quarter of 2011 is marginally ahead of that registered during the same period in 2010.

Go maintained a healthy cash position.

**Lombard Bank Malta plc** (Date of publication: May 6, 2011)

No direct negative impact on the bank's business in relation to the political unrest in Libya.

The bank's pre-tax profit figures remain at the same levels as those for the corresponding period last year.

Maltapost plc (the bank's postal subsidiary) continues to perform well albeit with a marginal reduction in the current pre-tax profit.

The Board of Directors looks to achieving further positive results for the half-year term.

**Middlesea Insurance plc** (Date of publication: May 18, 2011)

During Q1 2011, Middlesea experienced a further positive technical result from the group's insurance portfolios;

The subdued performance on the Malta Stock Exchange adversely impacted the group's final profits when compared to the first quarter of last year.

Middlesea reported that its statutory solvency continued to improve reaching 370 per cent.

**Midi plc** (Date of publication: May 11, 2011)

18 apartments handed over with a selling value in excess of €14 million.

Finishes on the 22 new apartments overlooking Pjazza Tigne are proceeding well in anticipation of the expected launch later this year.

Construction works were concentrated on the concluding stages of the Tigne North basement levels. Final discussions with Mepa for the issue of the full development permits for the same phases.

The Board of Directors is confident of achieving further positive financial results during 2011.

**FimBank plc** (Date of publication: May 17, 2011)

The Group's exposure in Libya and Egypt are well under control.

London Forfeiting Company maintained its consistently strong trading performance.

Conditions for MENA Factors continued to stabilise.

Overall group performance for the period under review is satisfactory.

The group has concluded negotiations with the IFC and Bicanco (a private financial group) to create a new joint venture in Brazil under the name of Brazil Factors.

**Medserv plc** (Date of publication: May 18, 2011)

The group experienced an upturn in activity out of its base in Malta as a direct result of the extraordinary activity due to the current situation in Libya.

This had a positive effect on the group's financial results – indications point to a profitable situation for the first half of 2011.

The continuing uncertainty in the group's main market of Libya make it extremely difficult to formulate any reliable forecast for the second half of the year.

Continuing efforts to develop new markets in the Mediterranean, particularly in Sicily.

**Grand Harbour Marina plc** (Date of publication: May 19, 2011)

Berthing revenues up by 8.3 per cent to €303,212.

Concluded one super yacht berth sale during March 2011. However, the size of the berth and the value of this sale were not disclosed.

Acquisition of a 45 per cent beneficial interest in Cesme Marina, Turkey

**RS2 Software plc** (Date of publication: May 16, 2011)

Contracts with new clients in the US and Philippines concluded.

Targets in terms of new licences for the whole of 2011 have already been met.

2011 expected to continue building on the success of the past years, particularly that of 2010.

Construction on the new premises in Mosta commenced in January 2011 and is progressing on schedule with completion targeted for the third quarter of 2012.

**GlobalCapital plc** (Date of publication: May 13, 2011)

The company's operational activity during the first quarter of 2011 was positive and in line with expectations;

Volatility in the financial markets continued to negatively impact the group's results.

Focus on growing revenues through expanding product offering and diversification of distribution network.

Implementation of new work practices and better efficiencies is also on-going.

**6pm Holdings plc** (Date of publication: May 19, 2011)

Following the successful rights issue in April, the new management team is now fully focused on delivering the strategic business plan prepared in December 2010.

The directors do not expect the half-year results to June 30, 2011 to be in line with expectations.

In May, 6pm UK finalised an agreement within the NHS sector which will further increase its product portfolio.

6pm completed the acquisition of Compunet which will add significant revenues to the group.

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