

**MALITA INVESTMENTS P.L.C.**

**Condensed Interim Financial Statements  
30 June 2013**

	<b>Pages</b>
Interim directors' report	1 - 2
Report on review of interim financial information	3
Condensed statement of financial position	4
Condensed statement of comprehensive income	5
Condensed statement of changes in equity	6
Condensed statement of cash flows	7
Notes to the condensed interim financial statements	8 - 17

## **Interim directors' report**

The directors present their report together with the condensed interim financial statements for the period ended 30 June 2013.

### **Incorporation**

Malita Investments p.l.c. was incorporated on 3 June 2011 in terms of the Maltese Companies Act, 1995. These financial statements have been prepared for the period from 1 January to 30 June 2013.

The directors have elected for a review of the Interim Unaudited Financial Statements in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity.'

### **Principal activities**

The company's principal activities include the development, management and operation of immovable property, in particular, projects of national and/or strategic importance, and the investment in local and foreign stocks and shares.

### **Review of the business**

In the first six months of the year, the Company did not enter into any new contracts. The Company's results are in line with the projections presented in the prospectus dated 2 July 2012 except for the fair value movement of €4,096,624 resulting from a review of the discount rate as explained in Note 4. Since there has been a delay in the completion of the development of the Parliament Building and Open-Air Theatre, the Government of Malta ('the Government') was required to pay the Company a daily penalty. Upon their completion, the Parliament Building and the Open-Air Theatre shall be leased to the Government.

### **Results and dividends**

The condensed statement of comprehensive income is set out on page 5. The directors recommend the payment of an interim gross dividend of €442,800 or €0.01476 per ordinary share equating to an interim net dividend of €287,700 or €0.00959 per share payable on 13 September 2013 as per the Company's prospectus dated 2 July 2012.

### **Directors**

The directors of the company who held office during the period were:

Kenneth Farrugia (Chairman)  
Vince Mifsud  
Frederick Mifsud Bonnici  
Publio Danny Rosso

The company's Articles of Association require directors to retire after three years in office, but they are eligible for re-appointment.

## Interim directors' report - continued

### Statement of directors' responsibilities for the financial statements

The directors are required by the Maltese Companies Act, 1995 to prepare financial statements which 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 controls 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 Maltese 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 Malita Investments p.l.c. for the period ended 30 June 2013 are included in the Condensed Interim Financial Statements – 30 June 2013, which is published in hard-copy printed form and will be made available on the company's website. The directors are responsible for the maintenance and integrity of the 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.

On behalf of the board



Kenneth Farrugia  
Chairman



Frederick Mifsud Bonnici  
Director

Registered office  
Clock Tower  
Level 1  
Tigne' Point  
Sliema  
Malta

12 August 2013



## Report on Review of Interim Financial Information

To the Directors of Malita Investments p.l.c.

### *Introduction*

We have reviewed the accompanying condensed statement of financial position of Malita Investments p.l.c. as of 30 June 2013 and the related condensed statement of comprehensive income, statement of changes in equity and statement of cash flow for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union applicable to interim financial reporting (IAS 34). Our responsibility is to express a conclusion on these interim financial statements based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

This report, including the conclusion, has been prepared for, and only for, the Company for the purpose of reporting on interim financial information and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

### **PricewaterhouseCoopers**

78 Mill Street  
Qormi  
Malta

Simon Flynn  
Partner

12 August 2013

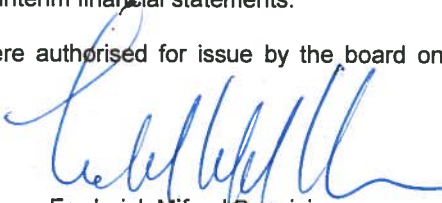
## Condensed statement of financial position

	Notes	As at 30 June 2013 €	As at 31 December 2012 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		3,836	4,495
Investment property	4	121,652,063	117,553,752
		<b>121,655,899</b>	<b>117,558,247</b>
<b>Current assets</b>			
Held-to-maturity investments	5	-	2,595,306
Trade and other receivables		797,582	391,524
Cash and cash equivalents		20,888,138	26,618,331
		<b>21,685,720</b>	<b>29,605,161</b>
<b>Total assets</b>		<b>143,341,619</b>	<b>147,163,408</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	6	73,295,143	73,295,143
Retained earnings		6,581,880	1,486,134
<b>Total equity</b>		<b>79,877,023</b>	<b>74,781,277</b>
<b>Non-current liabilities</b>			
Borrowings		39,929,572	39,927,885
Deferred tax liabilities		857,937	603,882
		<b>40,787,509</b>	<b>40,531,767</b>
<b>Current liabilities</b>			
Capital creditor for acquisition of property		17,975,141	30,678,501
Trade and other payables		3,261,993	663,881
Current tax liabilities		1,439,953	507,982
		<b>22,677,087</b>	<b>31,850,364</b>
<b>Total liabilities</b>		<b>63,464,596</b>	<b>72,382,131</b>
<b>Total equity and liabilities</b>		<b>143,341,619</b>	<b>147,163,408</b>

The notes on pages 9 to 18 are an integral part of these condensed interim financial statements.

The condensed interim financial statements on pages 4 to 17 were authorised for issue by the board on 12 August 2013 and were signed on its behalf by:

  
Kenneth Farrugia  
Chairman

  
Frederick Mifsud Bonnici  
Director

**Condensed statement of comprehensive income**

	Notes	Period from 1 January to 30 June 2013 €	Period from 1 January to 30 June 2012 €
Revenue	7	3,344,767	681,342
Administrative expenses		(176,052)	(67,682)
Change in fair value of investment property		4,096,624	-
<b>Operating profit</b>		<b>7,265,339</b>	613,660
Finance income		184,173	54,641
Finance costs		(658,987)	(123)
<b>Profit before tax</b>		<b>6,790,525</b>	668,178
Tax expense	8	(1,221,704)	(246,666)
<b>Profit for the period - total comprehensive income</b>		<b>5,568,821</b>	421,512
<b>Earnings per share (cents)</b>	10	<b>3.76</b>	2.12

The notes on pages 8 to 17 are an integral part of these condensed interim financial statements.

**Condensed statement of changes in equity**

	Share capital €	Accumulated profits €	Total €
Balance at 1 January 2012	15,000,000	84,907	15,084,907
<b>Comprehensive income</b>			
Profit for the period	-	421,512	421,512
<b>Transactions with owners</b>			
Issue of share capital – Ordinary A shares	44,054,032	-	44,054,032
<b>Balance at 30 June 2012</b>	<b>59,054,032</b>	<b>506,419</b>	<b>59,560,451</b>
Balance at 1 January 2013	73,295,143	1,486,134	74,781,277
<b>Comprehensive income</b>			
Profit for the period	-	5,568,821	5,568,821
Final dividend	-	(473,075)	(473,075)
<b>Balance at 30 June 2013</b>	<b>73,295,143</b>	<b>6,581,880</b>	<b>79,877,023</b>

The notes on pages 8 to 17 are an integral part of these condensed interim financial statements.



**Condensed statement of cash flows**

	Note	Period from 1 January to 30 June 2013 €	Period from 1 January to 30 June 2012 €
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	11	4,672,613	(1,413,169)
Interest received		214,888	54,641
Interest paid		(837)	(123)
Tax paid		(35,678)	(8,196)
<b>Net cash generated from/(used in) operating activities</b>		<b>4,850,986</b>	<b>(1,366,847)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(50)	-
Disposals of held-to-maturity investments		2,595,306	-
Payments to capital creditor		(12,703,360)	-
<b>Net cash used in investing activities</b>		<b>(10,108,104)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Issue of share capital		-	10,000,000
Dividends paid		(473,075)	-
<b>Net cash (used in)/generated from financing activities</b>		<b>(473,075)</b>	<b>10,000,000</b>
<b>Net movement in cash and cash equivalents</b>		<b>(5,730,193)</b>	<b>8,633,153</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>26,618,331</b>	<b>15,036,144</b>
<b>Cash and cash equivalents at end of period</b>		<b>20,888,138</b>	<b>23,669,297</b>

The notes on pages 8 to 17 are an integral part of these condensed interim financial statements.

## Notes to the condensed interim financial statements

### 1. Summary of significant accounting policies

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

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, 1995. They have been prepared under the historical cost convention as modified by the fair valuation of investment property.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the company's accounting policies (see note 2 – Critical accounting estimates and judgements).

The statement of financial position reflects a current liability position of €991,367. The cash flow projections for 2013 show that the company will be able to meet liabilities when they fall due. The projections show that this current liability position will be reversed and accordingly the financial statements have been prepared on a going concern basis.

#### *Standards, interpretations and amendments to published standards effective in 2013*

The company adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 1 January 2013. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the company's accounting policies.

#### *Standards, interpretations and amendments to published standards that are not yet effective*

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the company's accounting periods beginning after 1 January 2013. The company has not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the company's directors are of the opinion that there are no requirements that will have a possible significant impact on the company's financial statements in the period of initial application.

#### 1.2 Investment property

Investment property is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Company. Investment property also includes property that is being constructed or developed for future use as investment property, when such identification is made.

**1. Summary of significant accounting policies - continued**

**1.2 Investment property - continued**

Investment property is measured initially at its historical cost, including related transaction costs and borrowing costs. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. After initial recognition, investment property is carried at fair value. Given that there is no active market for the investment property held by the company, the company establishes fair value by using valuation techniques, including the use of discounted cash flow analyses.

Investment property that is being redeveloped for continuing use as investment property continues to be measured at fair value. Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

**1.3 Financial assets**

**1.3.1 Classification**

The Company classifies its financial assets as loans and receivables and held-to-maturity financial assets, as appropriate. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

**1. Summary of significant accounting policies - continued**

**1.3 Financial assets - continued**

*(a) Held-to-maturity financial assets*

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity. If the company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than twelve months from the end of the reporting period, which are classified as current assets.

*(b) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. The latter are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position (note 1.5).

**1.3.2 Recognition and measurement**

The Company recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on trade date, which is the date on which an asset is delivered to or by the Company. Any change in fair value for the asset to be received is recognised between the trade date and settlement date in respect of assets which are carried at fair value in accordance with the measurement rules applicable to the respective financial assets.

Financial assets are initially recognised at fair value plus transaction costs. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

## 1. Summary of significant accounting policies - continued

### 1.4 Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The Company first assesses whether objective evidence of impairment exists. The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount at the beginning of the financial period and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is accordingly reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

### 1.5 Trade and other receivables

Trade receivables comprise amounts due from the emphyteuta of the properties and penalties due from Government, in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment (note 1.4). The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

### 1.6 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

### 1.7 Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**1. Summary of significant accounting policies - continued**

**1.8 Current and deferred tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**1.9 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for ground rents as per contracts entered into and penalties arising from a delay in completion of the development of the Parliament Building and Open-Air Theatre. Sales are recognised net of sales tax, returns, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities as described below.

*(a) Interest income*

Interest income is recognised for all interest-bearing instruments using the effective interest method.

*(b) Dividend income*

Dividend income is recognised when the right to receive payment is established.

*(c) Rental income from investment property*

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.



**1. Summary of significant accounting policies - continued**

**1.10 Borrowing costs**

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment, investment property or property held for development and resale are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed. Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Borrowing costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of interest-bearing borrowings.

**1.11 Dividend distributions**

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's directors in the case of any interim dividends whilst final dividends that may be proposed by the board will be recognised as a liability once they are approved by the shareholders of the Company.

**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.

The fair value of investment property (refer to note 4) has been determined based on projected future cash flows discounted by a risk adjusted discount rate. The valuation requires the use of a number of assumptions, particularly with regard to the discount rate applied in the valuation. The assumptions underlying the valuation are reviewed by the directors on a regular basis.

As mentioned above, the principal assumption underlying the valuation relates mainly relate to the discount rate used to discount the cash flows. If the discount rate was 0.5% higher than that applied in the valuation as at 30 June 2013, the fair value of investment property would decrease by €4,010,265. If the discount rate was 0.5% lower than that applied in the valuation as at 30 June 2013, the fair value of investment property would increase by €4,824,743.

In the opinion of the directors, the other 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 in terms of the requirements of IAS 1 (revised).

**3. Segment reporting**

The directors have reviewed the disclosure requirements of IFRS 8, 'Operating Segments' and determined that the company effectively has one operating segment, which is the development, management and operation of immovable property, taking cognisance of the information utilised within the company for the purpose of assessing performance.

#### 4. Investment property

The movement in the fair value of investment property comprises the movement in the fair value of the directum dominium of the MIA and VCP properties. The fair value of investment property is calculated with reference to the cash flows receivable by the company in terms of its contractual agreements, discounted to present value as at 30 June 2013. Accordingly, the fair value of the investment property is subject to variation owing to, amongst other things, movements in market interest rates and changes in the contractual cash flows owing to the passage of time.

The discount rate, used to discount the cash flows, is based on the yield to maturity on the longest term MGS in issue at the time when the prospectus was published plus a premium reflecting the risk inherent in the underlying cash flows. In view of a variation in the MGS benchmark used for this purpose, the directors have determined that the resulting discount rate duly reflects this variation with the recognition of a fair value movement of €4,096,624.

#### 5. Held-to-maturity investments

Held-to-maturity investments comprise of investments in 91 day government treasury bills.

	30 June 2013	30 June 2012
	€	€
<b>Held-to-maturity investments</b>		
Treasury bills	-	2,595,306

#### 6. Share capital

	30 June 2013	30 June 2012
	€	€
<b>Authorised</b>		
150,000,000 Ordinary A shares of €0.50 each	75,000,000	75,000,000
50,000,000 Ordinary B shares of €0.50 each	25,000,000	25,000,000
	<b>100,000,000</b>	100,000,000
<b>Issued and fully paid</b>		
118,108,064 Ordinary A shares of €0.50 each	59,054,032	59,054,032
30,000,000 Ordinary B shares of €0.50 each	15,000,000	-
	<b>74,054,032</b>	59,054,032
	<b>30 June 2013</b>	<b>30 June 2012</b>
	€	€
<b>Issued share capital including issue costs</b>		
15,000,000 Ordinary A shares of €1 each	-	15,000,000
118,108,064 Ordinary A shares of €0.50 each	59,054,032	-
30,000,000 Ordinary B shares of €0.50 each	15,000,000	-
	<b>74,054,032</b>	15,000,000
Issue costs	<b>(758,889)</b>	-
	<b>73,295,143</b>	15,000,000



**7. Revenue**

Revenue represents ground rents receivable during the period on the Company's investments property and penalties arising from a delay in completion of the development of the Parliament Building and Open-Air Theatre.

**8. Tax expense**

The tax charge for the year is made up as follows:

	<b>Period from 1 January to 30 June 2013 €</b>	Period from 1 January to 30 June 2012 €
Current tax expense	<b>1,221,704</b>	246,666
Deferred tax expense (note 9)	<b>254,055</b>	-
<b>Tax expense</b>	<b>1,475,759</b>	<b>246,666</b>

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	<b>Period from 1 January to 30 June 2013 €</b>	Period from 1 January to 30 June 2012 €
Profit before tax	<b>6,790,525</b>	668,178
Tax on profit at 35%	<b>2,376,684</b>	233,862
Tax effect of:		
Income subject to 15% final withholding tax	<b>(36,835)</b>	(10,928)
Expenses not deductible for tax purposes	<b>61,618</b>	23,732
Tax rules applicable to immovable property	<b>(1,179,763)</b>	-
<b>Tax charge in the accounts</b>	<b>1,221,704</b>	<b>246,666</b>

## 9. Deferred tax

Deferred tax is provided for using the liability method for temporary differences arising on movements in the fair value of immovable investment property. The calculation of the deferred tax provision is based on the assumption that the Company will retain the immovable investment property beyond the initial twelve-year period from acquisition in which the Company has the option to select the tax regime under which the fair value gain would be brought to tax. Accordingly, the Company provides annually for deferred tax so as to accumulate a provision equivalent to the principal tax rate of 12% of the fair value of investment property by the end of the expiry of the initial twelve year period from acquisition. The deferred tax provided on the annual fair value movement is calculated based on the standard corporate tax rate of 35% - i.e. the rate at which the cash flows on which the fair value of the properties is based are brought to tax.

The deferred tax balance as at 30 June 2013 represents:

	<b>Period from 1 January to 30 June 2013 €</b>	Period from 1 January to 30 June 2012 €
Temporary differences on: Fair value gains	<b>254,055</b>	-

## 10. Earnings per share

Earnings per share is calculated by dividing the profit attributable to owners of the company by the total number of ordinary shares in issue during the period.

	<b>Period from 1 January to 30 June 2013</b>	Period from 1 January to 30 June 2012
Profit for the period (€)	<b>5,568,821</b>	421,512
Total average number of ordinary shares in issue	<b>148,108,064</b>	19,884,801
Earnings per share (cents)	<b>3.76</b>	2.12

**11. Cash generated from/(used in) operations**

Reconciliation of operating profit to cash generated from/(used in) operations:

	<b>Period from 1 January to 30 June 2013 €</b>	Period from 1 January to 30 June 2012 €
Operating profit	<b>7,265,339</b>	613,660
Adjustments for:		
Depreciation of property, plant and equipment	<b>709</b>	463
Change in fair value of investment property	<b>(4,096,624)</b>	-
Changes in working capital:		
Trade and other receivables	<b>(386,773)</b>	(849,586)
Trade and other payables	<b>1,889,962</b>	(1,177,706)
Cash generated from/(used in) operations	<b>4,672,613</b>	(1,413,169)

The following non-cash transactions were carried out:

	<b>Period from 1 January to 30 June 2012 €</b>
Acquisition of investment property dominium directum in exchange for share capital	<b>34,054,032</b>

**12. Statutory information**

Malita Investments p.l.c. is a public limited liability company and is incorporated in Malta.