

Company Registration Number: C 10175

**MALTA GOVERNMENT  
INVESTMENTS LIMITED**

**Annual Report and Financial Statements**

**31 December 2023**

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**MALTA GOVERNMENT INVESTMENTS LIMITED**  
**Annual Report and Financial Statements for the year ended 31 December 2023**

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**GENERAL INFORMATION**

**Registration**

Malta Government Investments Limited (the “Company”) is registered in Malta as a limited liability company under the Companies Act, Cap. 386 of the Laws of Malta. The company’s registration number is C 10175.

**Directors**

Ms. Davina Sammut	(resigned on 10 January 2023)
Ms. Fleur Anne Vella	(resigned on 10 January 2023)
Ms. Amber-Marie Darmanin	(resigned on 10 January 2023)
Dr. Ryan Christopher Pace	
Mr. Ryan Azzopardi	(resigned on 10 January 2023)
Mr. Miguel Borg	(appointed on 10 January 2023 and resigned on 21 December 2023)
Dr. Lauren Ellul	(appointed on 10 January 2023)
Mr. Joseph Farrugia	(appointed on 4 July 2023)
Mr. Ronald Mizzi	(appointed on 10 January 2023)
Mr. Jesmond Mugliett	(appointed on 10 January 2023)
Mr. Andre Psaila	(appointed on 10 January 2023)
Mr. Simon Pantalleresco	(appointed on 8 February 2024)

**Company Secretary**

Mr. Ryan Azzopardi	(resigned on 10 January 2023)
Mr. Mark Camilleri	(appointed on 10 January 2023)

**Registered Office**

Clock Tower,  
Level 1, Tigne Point  
Sliema  
MALTA

**Auditor**

Ernst & Young Malta Limited  
Regional Business Centre  
Achille Ferris Street  
Msida MSD 1751  
MALTA



Ernst & Young Malta Limited  
Regional Business Centre  
Achille Ferris Street  
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## **INDEPENDENT AUDITOR'S REPORT**

### **to the Shareholders of Malta Government Investments Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

We have audited the financial statements of Malta Government Investments Limited (the "Company"), set on pages 6 to 26, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and the Companies Act, Cap. 386 of the Laws of Malta (the "Companies Act").

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board of Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 of the Laws of Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon other than our reporting on other legal and regulatory requirements.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **INDEPENDENT AUDITOR'S REPORT**

### **to the Shareholders of Malta Government Investments Limited - continued**

#### **Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Companies Act, 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.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



## INDEPENDENT AUDITOR'S REPORT to the Shareholders of Malta Government Investments Limited – continued

### Auditor's responsibilities for the audit of the financial statements – continued

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on other legal and regulatory requirements

*Matters on which we are required to report by the Companies Act*

We have responsibilities under the Companies Act to report to you if in our opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records;
- we have not received all the information and explanations we require for our audit.

We have nothing to report to you in respect of these responsibilities.

*The partner in charge of the audit resulting in this independent auditor's report is  
Jonathan Abela for and on behalf of*

Ernst & Young Malta Limited  
Certified Public Accountants

22 July 2025

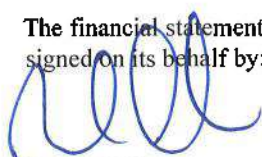
**MALTA GOVERNMENT INVESTMENTS LIMITED**  
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**Statement of financial position**

	Notes	As at 31 December	
		2023 €	2022 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	4	1,800,000	1,600,200
Equipment	5	3,545	651
Financial assets	6	6,471,771	4,765,589
Receivables	7	105,750	123,047
<b>Total non-current assets</b>		<b>8,381,066</b>	<b>6,489,487</b>
<b>Current assets</b>			
Receivables	7	1,475,142	444,557
Short-term deposits	8	973,712	1,510,404
Financial assets	6	9,457,834	3,895,278
Cash and cash equivalents	9	931,514	3,368,756
Current tax asset		185,958	122,109
<b>Total current assets</b>		<b>13,024,160</b>	<b>9,341,104</b>
<b>Total assets</b>		<b>21,405,226</b>	<b>15,830,591</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	10	1,250,000	1,250,000
Retained earnings		2,024,099	(995,905)
<b>Total equity</b>		<b>3,274,099</b>	<b>254,095</b>
<b>Non-current liabilities</b>			
Deferred tax liability		180,000	160,020
Interest-bearing borrowings	11	7,259,706	7,337,622
<b>Total non-current liabilities</b>		<b>7,439,706</b>	<b>7,497,642</b>
<b>Current liabilities</b>			
Interest-bearing borrowings	11	1,283,665	1,278,034
Other payables	12	9,407,756	6,800,820
<b>Total current liabilities</b>		<b>10,691,421</b>	<b>8,078,854</b>
<b>Total liabilities</b>		<b>18,131,127</b>	<b>15,576,496</b>
<b>Total equity and liabilities</b>		<b>21,405,226</b>	<b>15,830,591</b>

The notes on pages 10 to 26 are an integral part of these financial statements.

The financial statements on pages 6 to 26 were authorised for issued by the board on 22 July 2025 and were signed on its behalf by:



Ronald Mizzi  
Chairman



Andre Psaila  
Director

**MALTA GOVERNMENT INVESTMENTS LIMITED**  
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**Statement of Profit or Loss and other comprehensive income**

	Notes	For the year ended 31 December	
		2023 €	2022 €
<b>Income</b>			
Investment income	14	502,774	144,093
Other finance income	15	289,798	298,410
Rental Income from investment property		100,000	100,000
Income from intellectual property rights	17	700,000	350,000
Fair value gain on investment property	4	199,800	-
Gains from changes in fair value of financial assets	6	2,044,003	-
		<b>3,836,375</b>	<b>892,503</b>
<b>Expenses</b>			
Finance costs	16	(285,971)	(302,496)
Administrative expenses	13	(464,908)	(706,012)
Recharges of expenses	13	636	76,789
Loss from changes in fair value of financial assets	6	-	(922,779)
Provision for impairment of related party receivables	7	-	(445,238)
		<b>(750,243)</b>	<b>(2,299,736)</b>
<b>Profit / (Loss) before tax</b>		<b>3,086,132</b>	<b>(1,407,233)</b>
Tax expense	18	(66,128)	(2,742)
<b>Profit /(Loss) for the year – total comprehensive income/(loss)</b>		<b>3,020,004</b>	<b>(1,409,975)</b>

The notes on pages 10 to 26 are an integral part of these financial statements.

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**Statement of changes in equity**

	<b>Notes</b>	<b>Share Capital €</b>	<b>Retained earnings €</b>	<b>Total €</b>
Balance at 1 January 2022		1,250,000	414,070	1,664,070
<b>Comprehensive income:</b>				
Loss for the year		-	(1,409,975)	(1,409,975)
<b>Balance at 31 December 2022</b>		<b>1,250,000</b>	<b>(995,905)</b>	<b>254,095</b>
<b>Comprehensive income:</b>				
Profit for the year		-	3,020,004	3,020,004
<b>Balance at 31 December 2023</b>		<b>1,250,000</b>	<b>2,024,099</b>	<b>3,274,099</b>

The notes on pages 10 to 26 are an integral part of these financial statements.

**MALTA GOVERNMENT INVESTMENTS LIMITED**  
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**Statement of cash flows**

		For the year ended 31 December	
	Notes €	2023 €	2022
<b>Cash flows from operating activities</b>			
Cash from operations	21	2,867,524	(8,880,868)
Income from financial assets received		457,546	118,248
Other finance income received		289,798	298,410
Finance costs paid		(283,824)	(291,758)
Tax paid		(64,767)	(20,635)
Net cash from operating activities		3,266,277	(8,776,603)
<b>Cash flows from investing activities</b>			
Additions of financial assets at fair value through profit or loss	6	(7,144,209)	(5,249,764)
Proceeds from disposal of financial assets	6	1,919,473	3,068,139
Movement in short term deposits		536,692	(1,190,369)
Purchase of equipment	5	(3,792)	-
Net cash used in investing activities		(4,691,836)	(3,371,994)
<b>Cash flows used in financing activities</b>			
Repayment of bank borrowings	11	(1,011,683)	(1,016,635)
Proceeds from bank borrowings	11	-	-
Net cash used in financing activities		(1,011,683)	(1,016,635)
Net movement in cash and cash equivalents		(2,437,2432)	(13,165,232)
Cash and cash equivalents at beginning of year		3,368,756	16,533,988
Cash and cash equivalents at end of year	9	931,514	3,368,756

The notes on pages 10 to 26 are an integral part of these financial statements.

**MALTA GOVERNMENT INVESTMENTS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1. Summary of accounting policies**

The principal accounting policies adopted 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 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Companies Act, Cap 386 of the Laws of Malta. They have been prepared under the historical cost convention, except for investment property and financial assets which are measured in fair values.

As at 31 December 2023, the Company's equity amounted to EUR3,274,099 whilst its' current assets exceeded current liabilities by EUR2,332,729. Consequently, these financial statements have been prepared on a going concern basis which assumes that the Company will continue in the foreseeable future.

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 3 — Critical accounting estimates and judgements).

The principal function of the company is to hold investments as agent for the Government of Malta. The agency relationship which exists with the Government implies that although legal title to most of the investments is vested in the company, any dividends, interests or profits arising on disposal of these investments are treated as attributable to the Government. Similarly, any losses on disposal and provisions made to write down the investments to their underlying net asset values are also borne by Government. Consequently, these investments are not disclosed in the accounts of the company as such but included in the separate supplementary statements reflecting the investment activities carried out by Malta Government Investments Limited as agent for the Government of Malta.

In view of the agency relationship described above, the investments held as agent for the Government of Malta are not taken into consideration in determining whether the limits set out in Section 185 of the Companies Act, 1995, referred to for the purposes of establishing whether the company is exempt from the preparation of consolidated financial statements, have been exceeded.

**a) Standards, interpretations and amendments to published standards effective in current year.**

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2023. The adoption of these standards or interpretations did not have a material impact on the financial statements or performance of the Company.

- IFRS 17 Insurance Contracts; including Amendments to IFRS 17
- Amendments to IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2: Disclosure of Accounting policies
- Amendments to IAS 8 Accounting policies, changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Summary of accounting policies – continued**

**1.1 Basis of preparation – continued**

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

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The changes resulting from these standards are not expected to have a material effect on the financial statements of the Company.

- Amendments to IFRS 16 Leases: lease Liability in a sale and leaseback (effective for financial years beginning on or after 1 January 2024)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current –effective for financial years beginning on or after 1 January 2024)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements leaseback (effective for financial years beginning on or after 1 January 2024)
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (effective for financial years beginning on or after 1 January 2025)

**c) Standards, interpretations and amendments issued but not yet endorsed by the European Union**

- IFRS 19 Subsidiaries without Public Accountability: Disclosures Exchangeability (effective for financial years beginning on or after 1 January 2027)
- IFRS 18 Presentation and Disclosure in Financial Statements Exchangeability (effective for financial years beginning on or after 1 January 2027)
- Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7(effective for financial years beginning on or after 1 January 2026)
- Annual Improvements Volume 11 (effective for financial years beginning on or after 1 January 2026)
- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for financial years beginning on or after 1 January 2026)

The changes resulting from these standards are not expected to have a material effect on the financial statements of the Company.

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Summary of accounting policies – continued**

**1.2 Foreign currency translation**

**(a) Functional and presentation currency**

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

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement (statement of comprehensive income) within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement (statement of comprehensive income) within 'other income/(expense)'.

**1.3 Investment property**

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Summary of accounting policies – continued**

**1.4 Financial assets**

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

*Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

*Financial assets at fair value through OCI (debt instruments)*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

**1. Summary of accounting policies – continued**

**1.4 Financial assets - continued**

*Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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**1. Summary of accounting policies – continued**

**1.5 Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

***Financial liabilities at amortised cost (loans and borrowings)***

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**1.5 Cash and cash equivalents**

Cash and cash equivalents are carried at face value. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdraft. In the statement of financial position, the bank overdraft is included in borrowings in current liabilities.

**MALTA GOVERNMENT INVESTMENTS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1. Summary of accounting policies – continued**

**1.6 Share capital**

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

**1.7 Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

**1.8 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**1.9 Current and deferred taxation**

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.

**1.10 Revenue recognition**

The Company recognises revenue at the amount that reflects the consideration (transaction price) to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

*Rendering of Services*

The Company recognises revenue from the provision of services over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Company.

*Interest income*

Interest income is recognised as the interest accrues, unless collectability is in doubt. Interest income is included in finance income in the statement of comprehensive income.

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**NOTES TO THE FINANCIAL STATEMENTS**

**2. Financial risk management**

**2.1 Financial risk factors**

The company's activities potentially expose it to a variety of financial risks: market risk (including cash flow interest rate risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The company did not make use of derivative financial instruments to hedge certain risk exposures during the current and preceding financial years.

**(a) Cash flow and fair value interest rate risk**

The company's cash flow interest rate risk arises from cash and cash equivalents that are short term in nature. Notes 6, 8, 9 and 11 incorporate interest rate and maturity information with respect to the company's assets and liabilities. Up to the end of the reporting period, the company did not have any hedging policy with respect to interest rate risk as exposure to such risk was not deemed to be significant by the directors. Management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the reporting date to be immaterial.

**(b) Price risk**

The company is exposed to price risk because of equity investments held by the company and classified as financial assets at fair value through profit or loss. The financial assets at fair value through profit or loss of the company represent equity instruments quoted on the Malta Stock Exchange and accordingly they are considered to be realisable.

**(c) Credit risk**

Assets bearing credit risk at the reporting date are analysed as follows:

	2023	2022
	€	€
<b>Financial assets</b>		
Debt securities at fair value through profit or loss	2,864,440	2,163,344
Debt securities at amortised cost	2,500,000	2,500,000
Treasury bills	4,206,956	497,735
<b>Loans and receivables</b>		
Other receivables	1,580,892	567,404
Short term deposits	973,712	1,510,404
Cash at bank and in hand	931,514	3,368,756
Maximum exposure	<u>13,057,514</u>	<u>10,607,843</u>

The company's cash is placed with quality financial institutions.

Credit risk in respect of receivables is limited since the company's principal receivables are subsidiary undertakings or undertakings in which investment is held by the company as agent for the Government of Malta.

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**NOTES TO THE FINANCIAL STATEMENTS**

**1. Financial risk management - continued**

**2.1 Financial risk factors - continued**

**(d) Liquidity risk**

The company is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally other payables and borrowings. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the company's obligations.

Management monitor liquidity risk and ensures that no additional financing facilities are expected to be required over the coming year. The company's liquidity risk is not deemed material in view of the company's committed borrowing facilities that it can access to meet liquidity needs.

**2.2 Capital risk management**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the company may issue new shares or sell assets.

**2.3 Fair value estimation**

At 31 December 2023 and 2022, the carrying amounts of cash at bank, debtors, creditors and accrued expenses and short-term borrowings approximated their fair values due to the short-term maturity of these assets and liabilities. The fair values of long-term borrowings are not materially different from their carrying amounts.

The fair value of financial assets at fair value through profit or loss is based on quoted prices at the reporting date. IFRS 7 requires disclosures for financial instruments that are measured in the statement of financial position at fair value, of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the company's assets that are measured at fair value at 31 December.

	2023	2022
	€	€
<b>Assets</b>		
Financial assets at fair value through profit or loss - Level 1	13,429,605	6,160,867
Investment Property – Level 3	1,800,000	1,600,200

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**NOTES TO THE FINANCIAL STATEMENTS**

**3. 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.

**4. Investment property**

<b>At 1 January 2022</b>	
Opening net book amount	1,600,200
Fair value gain	-
<b>Closing net book amount</b>	<u>1,600,200</u>
<b>Year ended 31 December 2023</b>	
Opening net book amount	1,600,200
Fair value gain	199,800
<b>Closing net book amount</b>	<u>1,800,000</u>
<b>At 31 December 2023</b>	
Fair Value	1,800,000
<b>Net book amount</b>	<u>1,800,000</u>

*Description of valuation techniques used and key inputs to valuation of lands and buildings and investment properties*

The fair value was determined reference to market prices based on database of valuations and sales of properties in the relevant area adjusted for the restrictions of use imposed by the permanent structure built on the property and future cashflows expected to be earned from the lease agreement. The property has been determined to fall within level 3 of the fair valuation hierarchy. The different levels in the fair value hierarchy are defined in Note 2.3.

	<b>Valuation technique</b>	<b>Significant Unobservable Inputs</b>	<b>Value</b>	<b>Narrative Sensitivity</b>
Investment Property	Income approach	Price per Square metre	2023: EUR1,772/sqm  2022: EUR1,575/sqm	The higher the price per sqm, the higher the fair value

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**NOTES TO THE FINANCIAL STATEMENTS**

**5. Equipment**

	2023	2022
	€	€
<b>Year ended 31 December</b>		
Opening net book amount	651	1,100
Additions	3,792	-
Depreciation for the year	(898)	(449)
<b>Closing net book value</b>	<b>3,545</b>	<b>651</b>

**6. Financial assets**

	2023	2022
	€	€
Financial assets at amortised cost	2,500,000	2,500,000
Financial assets at fair value through profit or loss	13,429,605	6,160,867
<b>Total Financial assets</b>	<b>15,929,605</b>	<b>8,660,867</b>
Total non-current	6,471,771	4,765,589
Total current	9,457,834	3,895,278
	<b>15,929,605</b>	<b>8,660,867</b>

**a. Financial assets at amortised cost**

During financial year ending 31 December 2022, the Company acquired EUR2,500,000 of debt instruments maturing in 2027. These instruments carry interest at 10% per annum and the company intends to keep them till maturity. They are traded on the stock market and had a fair value of EUR 2,729,375 as at year-end (2022: EUR 2,553,000).

**b. Financial assets at fair value through profit or loss**

	2023	2022
	€	€
<b>Year ended 31 December</b>		
Opening net book amount	6,160,867	7,402,021
Additions	7,144,209	2,749,764
Disposals	(1,919,474)	(3,068,139)
Gain/(loss) from changes in fair value	2,044,003	(922,779)
<b>Closing net book amount</b>	<b>13,429,605</b>	<b>6,160,867</b>
<b>At 31 December</b>		
Cost	12,376,823	7,179,122
Fair value gains/(losses)	1,052,782	(1,018,255)
<b>Net book value</b>	<b>13,429,605</b>	<b>6,160,867</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

**6. Financial assets at fair value through profit or loss — continued**

**b. Financial assets at fair value through profit or loss — continued**

Financial assets at fair value through profit or loss, consisting of equity instruments and Malta Government Stocks quoted on the Malta Stock Exchange, are fair valued annually. The fair value of these investments is determined by reference to the Malta Stock Exchange quoted bid prices. Debt securities and funds quoted in foreign markets are also fair valued annually and their fair value is determined by reference to the quoted prices on foreign markets.

	2023	2022
	€	€
<b>Analysed as follows:</b>		
Equity securities	4,835,143	3,102,074
Debt securities	2,864,440	2,163,344
Funds	1,523,066	397,714
Treasury bills	4,206,956	497,735
	<u>13,429,605</u>	<u>6,160,867</u>

Weighted average effective interest rates:

Debt securities	3.1%	2.8%
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Maturity of debt securities:

	2023	2022
	€	€
Less than one year	188,534	16,966
Between two and three years	403,753	320,854
Between four and five years	538,842	461,451
More than five years	1,733,311	1,364,073
	<u>2,864,440</u>	<u>2,163,344</u>

**7. Receivables**

	2023	2022
	€	€
Amounts owed by related parties – gross (i)	554,870	554,870
Other receivables – gross (ii)	129,699	146,996
Less: expected credit losses	(551,289)	(551,289)
Net receivables	<u>133,281</u>	<u>150,577</u>
Accrued income and prepayments	1,447,611	417,027
	<u>1,580,892</u>	<u>567,604</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**7. Receivables - continued**

Presented as:

	2023 €	2022 €
Non-current	105,750	123,047
Current	1,475,142	444,557
	1,580,892	567,604

- (i) Amounts owed by related parties; being undertakings in which the Company has invested as agent for the Government of Malta fall due within one year and are unsecured and interest-free. No provision on related party balances was recognised in profit and loss during 2023(2022: EUR445,238).
- (ii) Other receivables as at 31 December 2023 represent a loan advanced to the Ministry for Foreign Affairs. This loan is repayable through equal instalments over a period of 12 years with € 23,950 due in the next 12 months. The loan bears interest at the rate of 4% per annum (2022: 4% per annum).

**8. Short-term deposits**

The company's short-term deposits represent amounts held with brokers which mature within a period that varies from one month to one year from the end of the reporting period.

**9. Cash and cash equivalents**

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

	2023 €	2022 €
Cash at bank	931,514	3,368,756

**10. Share capital**

	2023 €	2022 €
<b>Authorised share capital:</b>		
2,500,000 Ordinary shares of €1 each	2,500,000	2,500,000
<b>Issued and fully paid:</b>		
1,250,000 Ordinary shares of €1 each	1,250,000	1,250,000

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**NOTES TO THE FINANCIAL STATEMENTS**

**11. Interest bearing borrowings**

	2023	2022
		€
<b>Current</b>		
Bank loans	1,283,665	1,278,034
<b>Non-current</b>		
Bank loans	7,259,706	7,337,622
<b>Total borrowings</b>	<b>8,543,371</b>	<b>8,615,656</b>

The bank borrowings are subject to floating rates of interest and are secured by guarantees issued by the Government of Malta. All bank loans outstanding as at 31 December 2023 and 2022 are subject to interest rates which fluctuate with the bank's base rate.

During 2023 the company borrowed EUR 939,398 from banks (2022: EUR 2,149,378). These funds were paid directly by the bank to the creditors. The company has a banking facility in respect of the loan of €8,577,964 (2022: €9,589,646).

Weighted average effective interest rates as at the reporting date:

	2023	2022
		%
Bank loans	3.4%	3.4%

The following are the contracted undiscounted cash flows of the company's bank loan analysed into relevant maturity groupings based on the remaining period at the end of the reporting period to the maturity date:

	2023	2022
	€	€
Within 1 year	1,623,135	1,623,135
Between 1 and 2 years	1,298,508	1,298,508
Between 2 and 5 years	3,989,817	3,895,524
Over 5 years	2,918,233	3,004,790
	<b>9,829,693</b>	<b>9,821,957</b>
<b>Carrying amount</b>	<b>8,543,371</b>	<b>8,615,656</b>

**12. Other payables**

	2023	2022
	€	€
<b>Current</b>		
Amounts owed to Government of Malta - M.G.I. L. as agent	5,535,668	5,034,260
Amounts owed to related parties	3,365,390	1,365,390
Accruals	359,126	348,016
Other payables	147,572	53,154
	<b>7,407,756</b>	<b>6,800,820</b>

Amounts owed to M. G. I. L. as agent for the Government of Malta are unsecured, interest-free and repayable on demand. Amounts owed to related parties are unsecured, interest free and repayable on demand.

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**NOTES TO THE FINANCIAL STATEMENTS**

**13. Expenses by nature**

	2023	2022
	€	€
Auditor's remuneration	6,600	6,100
Directors' fees and emoluments (Note 19)	54,459	128,089
Depreciation of equipment (Note 5)	898	448
Wages and salaries	225,638	286,612
Legal and professional fees	75,896	185,819
Insurance (i.)	61,741	59,536
Other expenses	39,676	39,408
	<hr/>	<hr/>
Total administrative expenses before recharges	464,908	706,012
Total Recharges to M.G.I. L. as agent for the Government of Malta	636	76,789
	<hr/>	<hr/>
Total administrative expenses after recharges	464,272	629,223

i. Insurance expense includes indemnity insurance in respect of the directors of the company.

**14. Investment income**

	2023	2022
	€	€
Income from financial assets at fair value through profit or loss:		
- Dividends receivable	129,222	73,841
- Interest receivable	412,067	107,747
Investment transaction costs	(38,515)	(37,495)
	<hr/>	<hr/>
	502,774	144,093

**15. Other finance income**

	2023	2022
	€	€
Bank interest recoverable	283,824	291,758
Other interest	5,974	6,652
	<hr/>	<hr/>
	289,798	298,410

**16. Finance costs**

	2023	2022
	€	€
Finance costs on bank loans	283,824	291,758
Other finance charges	2,147	10,738
	<hr/>	<hr/>
	285,971	302,496

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**NOTES TO THE FINANCIAL STATEMENTS**

**17. Income from intellectual property rights**

By virtue of an agreement entered into on 10 March 2022, Malta Government Investments Limited granted the right and licence to the Ministry for the Economy and Industry to use the Intellectual Property Rights in connection with the granting of the National Lottery Concession and during the 10-year term of the said National Lottery Concession. This IP licence will run for a period of ten years against a licence fee payment to the company by way of royalties of €700,000 per annum as from 30 June 2022.

**18. Tax expense**

	2023	2022
	€	€
Current tax expense	46,148	2,742
Deferred tax expense on revaluation of investment property	19,980	-
	66,128	2,742

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

	2023	2022
	€	€
Profit/(Loss) before tax	3,262,507	(1,407,233)
Tax for the year at 35%	1,080,146	(492,532)
Tax effect of:		
- Income subject to reduced rates of tax	(57,598)	(4,117)
- Unrealised fair value movements	(702,177)	291,646
- (Utilisation of)/increase in unrecognised deferred tax asset	(204,600)	45,864
- Expenses not deductible for tax purposes	307	161,881
- Revaluation of investment property subject to reduced rate of tax	(49,950)	-
Tax expense	66,128	2,742

**19. Directors' emoluments**

	2023	2022
	€	€
Fees, emoluments and allowances	54,459	128,089

**20. Dividends**

No dividends were distributed during the year ended 31 December 2023 (2022: None).

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**NOTES TO THE FINANCIAL STATEMENTS**

**21. Cashflow from operations**

Reconciliation of profit before tax to cash from operations:

	2023	2022
	€	€
Profit /(loss)Loss before tax	3,086,132	(1,407,233)
<b>Adjustment for:</b>		
Depreciation of equipment (Note 5)	898	449
Investment income	(502,774)	(144,093)
Other finance income and similar income	(289,798)	(298,410)
Finance costs and similar charges	285,971	302,496
(Gain)/loss from changes in fair value of financial assets	(2,044,003)	922,779
Provision for impairment of related party receivables	-	445,238
Gain from changes in fair value of investment property	(199,800)	-
<b>Changes in working capital:</b>		
Receivables	(1,013,288)	98,706
Payables	3,544,186	(8,800,800)
Cash from operations	<u>2,867,524</u>	<u>(8,880,868)</u>

**22. Related party transactions**

The company's shares are wholly owned by the Government of Malta. The Government of Malta provides considerable ongoing support to the company, particularly in terms of providing capital to finance the company's activities. In addition, as disclosed in Note 11 to these financial statements, the Government of Malta acts as a guarantor on the bank loans taken out by the company.

Due to common ultimate shareholding, the directors also consider Malta Investment Management Company Limited and other Government owned entities as being related parties. The balances due from/to the related party are included in Notes 7 and 12 to these financial statements.

Key management personnel compensation, consisting of directors' remuneration, has been disclosed in Note 18.

**23. Statutory information**

Malta Government Investments Limited is a limited liability company and is incorporated in Malta.

**24. Subsequent events**

Following a Cabinet decision to close off MIMCOL, MGI's related-party company, MIMCOL ceased its operating activities as from 1 January 2025. Both MGI and MIMCOL are two state-owned entities with a common Board of Directors represented by the same shareholder, the Malta Government Board of Trustees. Proposals on the clearance of outstanding balances between the two companies are currently under discussion with Government of Malta being the common shareholder and beneficial owner of both companies prior to the company being placed into liquidation.

