

# Business Today

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**Interview:**  
**Peter Gauci**

Page 10

**Air Malta, Ryan air on departure tax removal**

Page 3



**Martin Scicluna's speech on MEPA reform**

Page 7

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## Inside

### APS retains its pre-tax profit

APS Bank AGM announces €7.45 million pre-tax profit

Page 3

### Lombard Bank hits record profit

Lombard Bank AGM announced record pre-tax profit of €10.6 million

Page 4

### Air Malta's record year

Air Malta Chairman Lawrence Zammit's inauguration speech at this year's edition of AMITEX

Page 5

### MDP explains

Energy crisis pushes up price of local milk

Page 6

## World Business Highlights

**Consumer Confidence Hits Five-Year Low as U.S. Home Prices Drop by Record** Confidence among Americans fell to a five-year low this month after home prices dropped by the most since at least 2001, signaling a deepening threat to consumer spending.

**Deutsche Bank Reports First Loss Since 2003 After \$4.2 Billion Writedown** Deutsche Bank AG, Germany's biggest bank, reported its first quarterly loss in five years after writing down the value of loans for leveraged buyouts and asset-backed securities by 2.7 billion euros (\$4.2 billion).

**Stocks in U.S. Drop as Consumer Confidence Falls; Merck, Newmont Retreat** U.S. stocks fell as consumer confidence slid to a five-year low, property values slumped and a drop in metal prices pushed commodity producers lower.

**MasterCard Net More Than Doubles, Beating Estimates, on Customer Spending** MasterCard Inc., the world's second-biggest credit-card network, said profit more than doubled, earning more than rival Visa Inc. as international revenue rose. The shares surged as much as 14 percent.

**Commodities Prices Tumble the Most in Five Weeks After Rebound in Dollar** Commodities fell the most in five weeks as a rally by the dollar eroded demand for energy, metals, crops and livestock as alternative investments.

**'Underwater' Subprime, Alt-A Mortgages to Swell by Midyear, Barclays Says** About half of recent subprime and Alt-A borrowers may soon owe more on their mortgages than their houses are worth or hold minimal equity, putting \$800 billion of debt at greater risk of default, according to Barclays Capital.

### FTSE 100



# BOV profits more than halved

Charlot Zahra

As forecast by international credit agency Moody's in its latest credit rating for the bank issued on March 31, the Bank of Valletta (BOV) group saw its profits more than halved when compared to the same period last year.

In fact, BOV has recorded a net profit before taxation of €25 million for the six months which ended on 31 March 2008, as against a profit of €56.6 million for the equivalent period ended 31 March last year, a reduction of €31.6 million or 55.86 per cent.

Addressing a news conference at the bank's offices in Valletta, soon after the Board of Directors approved the group's half-yearly accounts, BOV Chairman Roderick Chalmers said that "after three years of impressive double digit growth in profits, it was disappointing, if not unexpected, to have to report a decline in profits for this half year".

He explained that the results were influenced by a number of factors, and particularly by the impact of markdowns in the value of the bank's financial markets and investments portfolio as

a result of the extended disruption in the global financial markets since July 2007.

"Such markdowns, however, are expected to be largely temporary in nature, and the Board of Directors expects a significant proportion of the markdown amount to be clawed back over time, as the investments are held through to redemption and the fair value adjustment unwinds," Chalmers said.

In spite of the losses affecting the results for the half year, the Board of Directors resolved to maintain the interim dividend at the same level as declared in 2007.

In trading on the Malta Stock Exchange (MSE) yesterday morning, the price of BOV shares was unaffected by the news, remaining unchanged at 5.19 with a single trade of 270 shares.

Related article: <http://www.businessstoday.com.mt/2008/04/02/t4.html>

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BOV CEO Tonio Depasquale flanked by Chairman Roderick Chalmers

## Unions, employers disagree on need for new social pact

For: FOI, COC, MHRA, GWU  
Against: UHM, MEA  
Undecided: CMTU

Charlot Zahra

Social partners had divergent views about the proposal for a new social pact made by Central Bank of Malta (CBM) Governor Michael C Bonello during the presentation of the CBM's annual report last Thursday.

General Workers' Union (GWU) Secretary-General Tony Zarb said that "the GWU has been saying for a long time that it is not against a social pact, but the GWU would surely be strongly against that the burdens of a social pact are shouldered by workers only, as was the case after the last discussions about the social pact when the Government arbitrarily put all the burden on workers." ▶ page 4

## Foreign Ministers to hold Malta meeting

### Oil Exploration on the cards

David Darmanin

At a meeting held last week between Foreign Minister Tonio Borg and his Libyan counterpart Abdul Rahman Shalgam it was agreed that a follow-up meeting is held in Malta - this time also including the Italian foreign minister, a spokesperson for Tonio Borg told Business Today.

"Although oil exploration does not fall into the portfolio of the Ministry for foreign affairs, the subject came up at the meeting with Libya's foreign minister in Tripoli last week," the spokesperson said. "The two have agreed on discussing the possibility of joint exploration in disputed areas. On this, Italy would have to come in too, so we're now waiting for Berlusconi to appoint a Foreign Minister. That done, we have agreed to hold a meeting between the three parties, in which, probably, the issue of finding a political solution for oil exploration will be on the agenda."

Italy has been propagating the idea of extending its oil exploration zone, cutting a straight line towards Libya, passing over Malta's territory.

The Ministry for foreign affairs has informed this newspaper that it has no official reaction to Italy's position at this point in time.

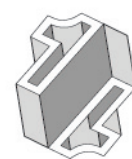
Also contacted was Labour Party spokesperson for oil exploration

Joe Mizzi, who has accused the government of dragging its feet over the issue.

"I can confirm that a foreign investor was interested in funding an oil exploration" ▶ page 4

## Markets

Security	Closing Prices in Euro Tue29-April-08	Closing Prices in MTL Tue29-April-08	% Change from previous wk
Bank of Valletta p.l.c.	5.190	2.228	-1.890%
HSBC Bank Malta p.l.c.	4.190	1.799	-1.643%
Lombard Bank Malta p.l.c.	13.200	5.667	1.538%
Middlesea Insurance p.l.c.	3.430	1.472	-2.000%
Simonds Farsons Cisk p.l.c.	2.600	1.116	0.000%
GO p.l.c.	2.950	1.266	-1.634%
International Hotel Investments p.l.c.	1.060	0.455	0.000%
Plaza Centres p.l.c.	1.725	0.741	0.000%
Malta International Airport p.l.c.	3.380	1.451	0.059%
GlobalCapital p.l.c.	3.176	1.363	0.000%
Datatrak Holdings p.l.c.	0.305	0.131	0.000%
San Tumas Shareholdings p.l.c.	2.562	1.100	0.000%
Medserv p.l.c.	4.044	1.736	0.000%
Grand Harbour Marina p.l.c.	2.250	0.966	0.000%
Crimsonwing p.l.c.	0.565	0.243	0.000%
MaltaPost p.l.c.	0.750	0.322	0.000%



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