

Business Today



WEDNESDAY 10 June 2009 - ISSUE NO. 586



Interview:
George Fenech

Page 8

Trade gap widens

Page 3

**Dockers Union
president resigns**

Page 10

In collaboration with:



KAMRA TAL-PERITI

www.businesstoday.com.mt

GDP shrinks by 3.3% in Q1

Karl Stagno-Navarra

Statistics issued yesterday by the National Statistics Office, Eurostat and the Central Bank confirm that the Maltese economy is in clear recession, as the first quarter of 2009 registered a 'real term' shrinking of 3.3 per cent in Gross Domestic Product.

Although expected, the figures released yesterday sound the alarm bells for government, as dwindling tourism arrivals and a practical halt in orders from the manufacturing sector, spell trouble for the employment sector, inflation and consumer confidence.

According to the NSO, during the first quarter of 2009 GDP amounted to €1,315.2 million, signalling a decline of 1.0 per cent compared to the same period last year. In real terms, GDP contracted by 3.3 per cent.

In a Quarterly Review published also by the Central Bank, it was explained that lower tourist arrivals together with a downturn in global demand due to the international financial crisis, were the cause of the decline in Malta's economic activity during the period under review, reflecting the impact from the global economic downturn.

In terms of perceptions – surveys show that business sentiment and consumer confidence weakened further in the final quarter of 2008 and the first quarter of 2009, while



signs of a deteriorating economic environment also showed up in the labour market.

However, even if the employment

sector continued to expand during 2008, it has since been on what has been defined as "on an upward trend."

The fact that inflation in Malta remains above the Euro area is – according to the Central Bank – a "source of concern," and suggested

that this could be addressed, in part, "by promoting more competitive product markets and increased labour market flexibility. ▶ page 3

Tumas Group to launch bond issue tomorrow

David Darmanin

An interview with Tumas Group Chairman George Fenech featured in this edition of Business Today reveals that final preparations are underway for a bond issue to be launched by the group tomorrow.

"We are seeing a slowdown in property development this year and we know that the situation is temporary," Fenech told Business Today. "There will be an improvement by next year. But players in this industry need

liquidity so they can take advantage of such new opportunities."

Fenech did not rule out more public issues in store for the future. Mentioning the possibility of an eventual Initial Public Offering, he said: "Why not? Why shouldn't the public benefit with us? Besides, when it comes to large-scale developments, there is a limit as to how much Maltese banks can lend, so the other viable option would be to be financed by the public."

Fenech started importing furniture to

Malta from Italy in his teens, filling up a small showroom which then grew into Qormi's Easysell. "One thing then led to the other," he said. "In the 1970s, we were the first to build and market self-catering apartments to tourists. Then in 1978, we opened the Cartwheel Hotel – which is when I became involved in catering and hospitality. We were doing very well. By 1981 we bought the Topaz Hotel, and two years later we pioneered in offering timeshare in Malta. In 1984 we went on to purchase the Halland Hotel, followed by the acquisition of the Dolmen in 1985, the Hilton in 1986 and Mgarr Hotel in 1989."

Tumas Group also owns the Hilton Hotel in Evian-les-Bains on Lake Geneva in France, but the Fenechs have various other interests apart from tourism. The group is involved in the development of first-class office space which they rent out to established local and foreign companies; it fully owns and rents out a private jet; it owns the Kia franchise in Malta; it has formed a partnership with Portech international to operate the Valletta Gateway Terminal; it owns two casinos; and is heavily involved in developing and selling off luxury dwellings.

Full interview on pages 8 and 9

Markets

Security	Closing Prices in Euro Tue 02-June-09	Closing Prices in Euro Tue 09-June-09	% Change from previous wk
Bank of Valletta p.l.c.	2.401	2.580	7.455%
HSBC Bank Malta p.l.c.	2.580	2.581	0.039%
Lombard Bank p.l.c.	2.700	2.650	-1.852%
Middlesea Insurance p.l.c.	2.260	2.000	-11.504%
Simonds Farsons Cisk p.l.c.	1.860	1.860	0.000%
GO p.l.c.	1.740	1.729	-0.632%
IHI p.l.c.	0.990	0.990	0.000%
Plaza Centres p.l.c.	1.720	1.720	0.000%
FIMBank p.l.c. (US\$)	\$1.290	\$1.288	-0.155%
Malta International Airport p.l.c.	2.250	2.180	-3.111%
GlobalCapital p.l.c.	1.500	1.550	3.333%
Datatrak Holdings p.l.c.	0.190	0.190	0.000%
San Tumas Shareholdings p.l.c.	3.200	3.200	0.000%
Medserv p.l.c.	3.550	3.550	0.000%
Grand Harbour Marina p.l.c.	1.980	1.980	0.000%
6pm Holdings p.l.c. (GBP)	£0.590	£0.590	0.000%
Crimsonwing p.l.c.	0.390	0.390	0.000%
MaltaPost p.l.c.	0.710	0.710	0.000%
RS2 Software p.l.c.	0.690	0.690	0.000%

FLEXI-TERM DEPOSIT ACCOUNT

4%_{p.a.}

Third Year*

3.25%_{p.a.}

First and Second Year

Denominated in Euro • Interest paid every 12 months

Minimum deposit €15,000 • Offer valid until **15 July 2009**

* Optional third year @ 4% p.a. following a minimum two year fixed term deposit @ 3.25% p.a.

FIMBank plc,
7th Floor, The Plaza Commercial Centre,
Bisazza Street, Sliema SLM 1640, Malta.
Tel: +356 2132 2100
E-mail: ftd@fimbank.com
www.fimbank.com

FREEPHONE: 8007 3110

FIMBank plc is a licensed credit institution in Malta, regulated by the MFSA and listed on the Malta Stock Exchange. Terms and conditions for this offer are applicable and available upon request. This Euro based product falls within the Depository Compensation Scheme established pursuant to the Banking Act. Rates are correct at the time of going to press. FIMBank plc reserves the right to change such rates and/or conditions without further notice. The value of your deposit and interest payable may be subject to currency exchange rate fluctuations, depending on the depositor's reference currency.