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Middlesea Insurance plc planning rights issue



Middlesea building in Floriana

Karl Stagno-Navarra

Middlesea Insurance plc has announced it is planning a 'rights issue' as it called an extraordinary general meeting on November 20, in a bid to increase its authorised and issued share capital.

The unprecedented move was announced late yesterday through the Malta Stock Exchange by Middlesea Insurance plc, whereby it explained that the financial results of its Italian subsidiary, Progress Assicurazioni SpA, placed an 'unprecedented strain' on its capital resources.

The negative performance of its Italian subsidiary last August had caused the group to register a loss before taxation of €17.7 million for the first six months of the year.

The news is set to upset the small investors market who will have to

find the money to consolidate their shareholding, while Middlesea Insurance plc will have to take stock of the current economic situation to find alternate buyers for the vacant capital if it will not be taken up.

Financial analysts explained that it would be most likely that small investors would turn their eyes to Bank of Valletta being a key shareholder in Middlesea Insurance plc, and also a co-partner in a joint-venture with the same company in Valletta Life Assurance.

"If Bank of Valletta will refinance its shareholding in Middlesea Insurance plc, then the small investor would probably follow suit, however one must see how in the present circumstances small investors would have further disposable cash to consolidate their shareholding with the company," one analyst said.

In the statement signed by company secretary Carlo Farrugia, it was announced that resolutions are to be presented to the extraordinary meeting, including the proposal for an increase in the authorised share capital of the company to €60 million, divided into 100 million ordinary shares of a nominal value of 0.60c each.

The Board of Directors is also being authorised, for three months, to issue up to 67 million ordinary shares. The pricing and cut-off date for eligible shareholders that can participate in the rights issue are still being discussed and will be announced once they are finalised.

The new ordinary shares are expected to be admitted to listing during the last week of December. They will be ordinary shares and will rank equally with existing ordinary shares.

Moody's withdraws BOV ratings

Charlot Zahra

International credit rating agency Moody's has withdrawn the credit ratings for Bank of Valletta (BOV), Business Today has learnt.

The announcement was made by Moody's Investors' Service in a statement issued on Monday.

Moody's had been rating BOV since August 1997.

Moody's explained that the decision to withdraw its credit rating was taken for "business reasons".

The credit rating agency said that the decision to withdraw BOV's rating was taken "with the consent of both parties" and did not reflect on the bank's creditworthiness.

Asked by Business Today to elaborate more about the term "business reasons", Elena Panayiotou, the analyst who took care of the BOV ratings, told this newspaper:

"Under certain circumstances, Moody's will withdraw a rating for an issuer or an obligation for reasons unrelated to the adequacy of information, or bankruptcy or reorganization status of the credit."

"When this occurs, Moody's

will balance the market need for a rating against the resources required to maintain and monitor a rating," the Moody's analyst told Business Today.

In the same rating action, the rating agency had also lowered the bank's senior unsecured debt to Baal from A3. The bank's BFSR had been affirmed at D+.

BOV had consolidated total assets of €6.216 billion as at the end of September 2009.

The announcement came only a few days after BOV announced its financial results for Financial Year 2008-2009, which ended on 31 September 2009.

BOV made a profit after taxation of €60,149 million in the FY ending 31 September 2009 as against a profit of €26,283 million in the previous financial year.

BOV Group made a profit after taxation of €49,415 million as against a profit of 26,283 million in the previous financial year.

On 5 November 2008, Moody's had lowered the bank's long-term and short-term local and foreign currency ratings to Baal/Prime 2 from A3/Prime 1.

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Government to announce aid-package for SME's



Finance minister Tonio Fenech visiting Grixti Mobili in Marsa yesterday

Photo: Omar Camilleri/DOI

Karl Stagno-Navarra

A multi-million aid-package for small and medium sized enterprises and sole traders is to be announced in next Monday's Budget.

The news was announced yesterday by Finance Minister Tonio Fenech who explained that the aid-package, intended to assist small businesses will be over and above the EU funds that so far has

seen a total of 288 beneficiaries.

During a visit to Grixti Mobili in Marsa, Tonio Fenech explained that 143 enterprises would be benefiting from the second instalment of the European Regional Development Fund (ERDF)

The 143 enterprises are to benefit from a total of €8 million, with the most popular schemes so far being e-business

and international competition. The environment has meanwhile turned out to be the least popular among enterprises with only 17 applications being received.

Grixti Mobili which specializes in tailor-made furniture used €73,000 in ERDF funds to invest in equipment which helped make it more competitive in the local market.



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