COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by MaltaPost p.l.c. pursuant to the Malta Financial Services Authority Listing Rules:

QUOTE

The Board of Directors of MaltaPost p.l.c. approved the audited financial statements for the financial year ended 30 September 2019 and resolved that these statements be submitted for approval at the forthcoming Annual General Meeting to be held on 26 February 2020. The attached Annual Report is being published in terms of the Listing Rules.

The Board of Directors further resolved to recommend for the approval of the Annual General Meeting:

1. The payment of a final Gross Dividend of €0.0615 (Net: €0.04) per nominal €0.25 share.

2. Shareholders shall receive the Dividend either by direct transfer or by cheque.

The Dividend, if approved at the Annual General Meeting, will be paid on 20 March 2020 to shareholders on the Company's share register at the Central Securities Depository of the Malta Stock Exchange as at close of business on 27 January 2020.

Shareholders on the Company's share register at the Central Securities Depository of the Malta Stock Exchange, as at close of business on 27 January 2020 will receive notice of the Annual General Meeting together with the Financial Statements for the financial year ended 30 September 2019.

UNQUOTE

Graham A. Fairclough
Company Secretary

20 December 2019

MaltaPost p.l.c.

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ANNUAL REPORT
2019

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Chairman's statement to the members

I am pleased to report to you a satisfactory set of results in respect of the financial year ended 30 September 2019, showing a Pre-tax profit for the year of €2.98 million – an increase of 13% over the previous year and this despite increased competition in the main growth area of e-commerce.

As the sole designated Universal Service Provider, MaltaPost continues to provide a service that processes mail throughout Malta and Gozo and internationally, six days a week and this at regulated and fixed prices which are the lowest in Europe.

Earnings per share remained constant so that a final net dividend of €0.04 per nominal €0.25 cent share, payable in cash, is being proposed for approval by the shareholders at the Annual General Meeting.

Shareholders' funds stand at €26.96 million enabling the Company to pursue its investment programme in its efforts to enhance its services and to provide product improvements while also diversifying into new business lines.

During the financial year the Company entered into an agreement with three other partners to form a company to carry out the business of life insurance . This is considered to be a significantly positive initiative and one that stands to benefit all stakeholders not least the community at large.

During the past year, the overdue review of postal tariffs was selectively authorised by the Malta Communications Authority, partly offsetting the additional costs incurred as a result of the year-on-year shrinkage in Letter Mail volumes and the costly impact of significant staff turnover. The welcome increase in e-commerce volumes is unavoidably placing a strain on our infrastructure as well as our last-mile delivery network and we are therefore planning further investment in these areas. We continue to strengthen our reach through our Post Office network so as to facilitate the introduction of new services.

We are focused on carrying on as the best last-mile delivery company in Malta and also the strategic partner of choice. We employ over 820 people and remain committed to preserving the trust that members of the public have in our hard-working team.

During the last year, our management team focused on ensuring continuous improvement in the Company's core products, services and processes as well as driving diversification initiatives while also seeking to identify efficiency improvements across the board. We remain committed to be the trusted postal and logistics service provider of a range of efficient and affordable quality services. We also remain committed to retain customer confidence to provide a rewarding workplace for our staff and to deliver a satisfactory return to our shareholders.

On behalf of the Board, I express sincere appreciation to the staff and management who have contributed in no small way to make possible this positive financial performance. Sincere thanks are also due to my fellow Directors for their valued contribution and support throughout the year, as well as to our customers for their continued trust and confidence in MaltaPost. Finally, I must thank you, the Company's shareholders, for your loyal support.

The successes achieved over of these past years reinforces your Board`s confidence in MaltaPost`s future. Indeed, by staying close to industry trends and alert to investment opportunities as and when these may arise, we will ensure that the Company`s prospects remain encouraging.

Joseph Said
Chairman

Chief Executive Officer's review of operations

Nevertheless the continued pressure in the postal sector worldwide, for the financial year ending 30 September 2019 our performance was satisfactory in spite of the various challenges this sector continues to face. Although Total Revenue decreased by 14.0% to €34.48 million, there was a corresponding decrease of 15.9% in Total Expenses of €31.70 million. Profit before Tax rose by 13% to €2.98 million when compared to €2.64 million in the previous year.

Postal revenue represented 85% of the total with the balance arising from document management, bill collection, sale of merchandise and financial services.

The decrease in both annual turnover and associated expenses was consequential to a drop in international postal activities unrelated to Malta postal traffic. Despite an increase in the local tariffs for domestic Letter Mail services (effective in May 2019), this failed to adequately compensate for the year-on-year decline in basic Letter Mail volumes. However, increases in revenue were recorded in respect of international parcels and packets, registered mail, bill collection and document management services.

These increases were however partly offset by higher staff costs, cross-border mail service charges and general inflationary cost increases.

OPERATIONAL PERFORMANCE

Efficiency improvement efforts progressed on various fronts. Digital transformation is not only facilitating access to our products and services but also assisting us to meet ever-growing customer expectations. We implemented enhancements to our work processes while managing costs within a highly competitive labour market.

The decline in Letter Mail volumes, coupled with the challenges to recruit and retain staff, contributed to an increased cost of delivery, rendering segments of our Universal Service Obligation unsustainably onerous – the more so given that the number of delivery addresses continues to rise. Postal tariffs in Malta continue to be the lowest in Europe.

In contrast to the declining Letter Mail, the growing parcel segment is attracting strong competition creating pressure on both tariffs and quality of service requirements.

Staff recruitment and retention remain a challenge, and as one of Malta's larger employers, with around 820 members of staff, we strive to provide adequate financial compensation while meeting the general work/life balance expectations. To this effect, the Company is reviewing its last-mile delivery network to render the operation more efficient through significant investment.

We are very proud to be the first company awarded the prestigious *'Premju Soċjetà Ġusta'* award in recognition of the inclusive manner our Tanseana Document Management Project offers in-work opportunities to persons with special needs in Gozo and for implementing practices that go beyond those required of by law. This project is supported by JobsPlus and the Lino Spiteri Foundation.

PROJECTS AND NEW SERVICES

A new Post Office opened for business in Marsascala in August 2019 while new properties to replace existing Post Offices in Sliema and Zejtun have been acquired. The Post Office in St. Julians is being refurbished and upgraded.

Additionally, we extended our 24/7 EasiPik parcel network to 20 locations by adding new parcel lockers in Marsascala, Naxxar, Swieqi and Tigne'. This service is available free of charge to all our customers. We also installed additional ATMs in select locations.

We launched new bill collection services as well as the collection and issue of VAT fiscal receipt books on behalf of the Ministry of Finance.

We also joined forces with APS Bank plc, Atlas Insurance PCC Ltd and GasanMamo Insurance Limited to establish a

Chief Executive Officer's review of operations

company which, subject to the relevant regulatory approvals, will enter the life insurance market.

CORPORATE SOCIAL RESPONSIBILITY

During 2019, we supported the Malta Community Chest Fund, Id-Dar tal-Providenza and other social and cultural organisations.

We also continue to preserve Malta's postal heritage by supporting the running of the Malta Postal Museum.

In order to reduce our carbon footprint while improving our last-mile delivery network, we have strengthened our fleet of electric vehicles.

OUTLOOK

We plan to sustain the growth in our core postal services by striving to deliver services of the highest quality while managing costs within a regulated framework where adequate compensation for all services provided is key.

We also need to manage a Universal Postal Union decision earlier this year, that will see a substantial increase in international mail charges as from 2020. To this effect, we remain in discussion with the Malta Communications Authority to ensure that the tariff structure is revised annually so as to truly reflect both domestic and international costs.

There is agreement over the Domestic Single Piece and Bulk Mail rates which will be reviewed upwards as from January 2020 in order to partly address the increasing costs of our Universal Service Obligation compounded by the year-on-year reduction in domestic Letter Mail volumes. Such loss-making obligations place a significant burden on the Company's performance and financial results.

Despite these price revisions, the tariffs of Letter Mail services in Malta remain the lowest in the European region. An annual revised tariff structure should help mitigate the financial burden that we are being made to carry through the Universal Service Obligation while also ensuring that the postal service in Malta continues to be of a standard equal to that of other EU countries and one that meets our customers' expectations without undermining the Company's profitability and investment programme.

We continue to manage other non-postal sectors of our business to further supplement our core activity with new revenue streams. We are confident that the diversification into logistics, document management and financial services bodes well for the future and shall continue to provide a fair return on investment.

The Company has in place a focused and committed management team which, together with a loyal and dedicated staff complement, have achieved satisfactory results in challenging circumstances while keeping customers at the forefront in the service provided.

Sincere thanks also go to the Chairman and Board of Directors who extend sound guidance throughout the year.

Joseph Gafa'
Chief Executive Officer

Directors' report

For the year ended 30 September 2019

The Directors present their annual report and the consolidated audited financial statements of MaltaPost p.l.c. for the year ended 30 September 2019.

PRINCIPAL ACTIVITIES

The MaltaPost Group comprises MaltaPost p.l.c. (the Company) and its subsidiary company, Tanseana Limited (Tanseana).

MaltaPost p.l.c. was registered in 1998 and listed on the Malta Stock Exchange (MSE) in 2008. The Company is a public limited liability company under the provisions of the Companies Act (Cap. 386).

The Company is Malta's leading postal services company, being the sole licensed Universal Service Provider of postal service on the Maltese Islands in terms of the Postal Services Act (Chapter 254 of the Laws of Malta) and under the terms of the Universal Postal Union Convention and Constitution on behalf of the Government of Malta. It is regulated by the Malta Communications Authority. The Company holds a network of 40 Post Offices and 32 Sub-Post Offices around Malta and Gozo providing an extensive range of postal and financial services.

Tanseana Limited, a company wholly owned by MaltaPost p.l.c., was registered and commenced operations in 2016. The company was established to provide document management services and to carry on such services which include, but are not restricted to, scanning, printing, shredding, storage and retrieval of digital and/or physical documents.

REVIEW OF PERFORMANCE

Profit before tax increased by 13% to €2.98 million when compared to last year's €2.64 million, resulting in an Earnings per Share of €0.05.

Although total revenue decreased by 14% to €34.48 million, there was a corresponding decrease of 15.9% in total expenses which amounted to €31.70 million. Postal revenue represented 85% of total revenue, while the balance stemmed from non-postal services such as document management, bill collection and financial services, which continued at the same growth trend of previous year.

The decrease in both total revenue and directly related expenses, was consequential to lower levels in international postal activities which do not impact postal traffic from or to Malta.

Employee benefits expense increased from €14.75 million to €16.08 million as a result of increased headcount following the increased levels of local mail operations, and employee turnover costs.

Remuneration policy

Details of total employee benefit expense for the year and the average number of persons employed by the Company, including part-timers, during the year is included in Note 19 to the financial statements.

Information on the Company's remuneration policy and practices is disclosed in the Remuneration Report within the Annual Report on page 20.

Social and employee matters

The Company is aware that a professional approach to appointments within the Company helps it to attract those individuals having the necessary skills and attributes compatible with achieving its overall objectives.

Thus, the Company ensures that appointments at all levels are based on each individual's knowledge, skills, expertise and merit, as required by Maltese legislation and in line with best practice.

Bearing its objectives in mind, the Company acknowledges the benefit of appointing directors with diverse skills and expertise that allow the Board to create value for shareholders by ensuring that the specific risks as well as risks that are intrinsic to its business are appropriately managed and mitigated within the Board's appetite. The Company will continue to promote this diversity by recruiting the ideal individual for the vacant position.

Taking cognisance of the Company's size and business model, it considers that as a policy it endeavours to have a varied Board, particularly in terms of diverse educational and professional backgrounds as well as extensive and specialised experience. It is confident that for this reason and in light of the fact that the Company is controlled by Lombard Bank Malta p.l.c., it benefits from a satisfactory diversified views and expertise which allows for a good understanding of current affairs, the environment in which the Company operates and long-term risks and opportunities related to the Company's business.

The Company remains committed to achieving further diversity among its Board members.

The Company is an equal opportunities employer and this has been certified by the local authorities through the Equality Certification Mark. The Company's policy is to:

- eliminate any forms of discrimination;
- deal with any incidents of inappropriate behaviour;
- promote equal opportunities for all employees;
- create an environment in which the individual characteristics of all employees are recognised and valued.

All applications for employment are given full and fair consideration, due regard being given to the aptitude and ability of the individual and the requirements of the position concerned. All employees are treated on equal terms with regard to training, career development and promotion. The employment of people with special needs far exceeds the obligation of 2% set under the Persons with Disability (Employment) Act, 1969. The Company is committed to ensure the highest safety standards and safe practices for its employees, contractors and members of the public in accordance with the Occupational Health and Safety Authority Act 2000. Conscious of the fact that legal obligations are the minimum acceptable standard, the Company is striving for excellence in this area and is continuing to increase awareness among employees and contractors.

The Statement of Compliance with the Principle of Good Corporate Governance in this Annual Report, describes the non-financial key performance indicators relevant to the Group, including information relating to environmental and employee matters.

The Company aims to minimise the environmental impact of our business operations. Being environmental friendly will also assist in reducing costs. Such initiatives include the installation of solar panels and the use of electric vehicles.

Further information in respect of these matters is disclosed within the Directors' Report in the Annual Report and Financial Statements of the Company's parent, Lombard Bank Malta p.l.c. in terms of paragraph 10 of the Sixth Schedule (Article 177) of the Companies Act Cap. 386.

OUR PRINCIPAL RISKS AND UNCERTAINTIES

Traditional mail evolution

The decline in domestic demand for traditional mail is primarily due to the increase of electronic means of communication. This continues to present the Company with a growing risk of not being able to continue its mission of providing the current nationwide service in line with its Universal Service Obligation, while maintaining reasonable rates and remaining largely self-supporting through postal revenues.

Intensifying competition in international business

International business is exposed to an increasingly competitive context denoted by low barriers to entry, the attractiveness of eCommerce growth and competitors that are unburdened by regulatory and legacy costs and obligations. Furthermore, these revenue streams are dependent on the favourable economic conditions on which the Company has no control.

Inability to maintain staff resourcing in line with business needs

Our performance, operating results and future growth depend on our ability to attract and retain staff with the appropriate level of experience.

Legislative and/or regulatory repercussions

The Company needs to comply with a diverse set of laws and regulations. This is set to increase in line with the Company's diversification initiatives in highly regulated industries. Failure to comply could translate in regulatory scrutiny, liabilities for both the Company and its Directors as well as reputational damage.

Financial risk management

The Company's activities potentially expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk, and liquidity risk. The Company's overall risk management, covering risk exposures for the subsidiary, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the respective Company's financial performance. The Audit and Risk Committee has overall responsibility for the establishment and oversight of the Company's risk management framework. Accordingly, the Committee provides principles for overall risk management, as well as risk management policies covering risks referred to above and specific areas such as investment of excess liquidity. A detailed review of the risk management policies employed by the Company is included in Note 2 to the financial statements.1

RESULTS AND DIVIDENDS

The income statements are set out on page 35. The Directors recommend the payment of a final net dividend of €0.04 per share amounting to €1,506,189 (2018: €1,506,189).

CAPITAL

The Authorised Share Capital of the Company was fourteen million euro (€14,000,000) made up of fifty six million (56,000,000) ordinary shares of a nominal value of €0.25 each. The Issued and Fully Paid Up Share Capital was nine million, four hundred and thirteen thousand, six hundred and eighty euro (€9,413,680) made up of thirty seven million, six hundred and fifty four thousand, seven hundred and twenty (37,654,720) ordinary shares of a nominal value of €0.25 each, all of one class.

BOARD OF DIRECTORS, OFFICERS AND SENIOR MANAGEMENT

The Directors of the Company who held office during the year were:

Joseph Said (Chairman)
David P. Attard
James Dunbar Cousin
Eugenio Farrugia
Graham A. Fairclough
Paul Muscat
Aurelio Theuma

In accordance with the Company's Articles of Association, a member of the Company holding, or number of members, who between them hold, such number of equity securities having voting rights as may be sufficient to constitute one or more qualifying holdings, shall be entitled to appoint one (1) director for every qualifying holding held. Other members shall be entitled to participate and vote in an election of directors to take place once in every year at a general meeting of the Company. Unless appointed for a longer or shorter period, or unless they resign or are removed, directors, unless otherwise specified in the letter of their appointment, hold office for a period of one year. Notwithstanding the period for which a director has been appointed, on the lapse of such period a director will be eligible for re-appointment. An election of directors shall take place every year, if there are vacancies on the board which are not filled by the appointment of directors by the member holding, or number of members who between them hold, such number of equity securities having voting rights as may be sufficient to constitute one or more qualifying holdings. The composition of Officers and Senior Management is further disclosed under section 'Company Information'. Further information is also given in the 'Statement of Compliance with the Principles of Good Corporate Governance'.

DIRECTORS' STATEMENT OF RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required by the Maltese Companies Act (Cap. 386) 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 relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Maltese Companies Act (Cap. 386). 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 MaltaPost p.l.c. for the year ended 30 September 2019 are included in the Annual Report 2019, which is published in hard-copy printed form and made available on the Company's website. The Directors are responsible for the maintenance and integrity of the Annual 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.

STATEMENT OF THE DIRECTORS PURSUANT TO LISTING RULE 5.68

The Directors confirm that, to the best of their knowledge:

- the financial statements give a true and fair view of the financial position of the Company as at 30 September 2019, 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; and

- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

INFORMATION PROVIDED IN ACCORDANCE WITH LISTING RULE 5.70.1

There were no material contracts to which the Company or any of its subsidiaries were a party, and in which any one of the Company Directors was directly or indirectly interested, except for transactions listed in the notes to the financial statements.

GOING CONCERN BASIS

After making due enquiries, the Directors have a reasonable expectation, at the time of approving the financial statements, that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

LISTING RULES DISCLOSURES

In terms of the Listing Rule 5.64, the Directors are required to disclose the following information:

Amendments to the Memorandum and Articles of Association are effected in conformity with the provisions in the Companies Act (Cap. 386). Furthermore in terms of the Articles of Association of the Company:

(a) Directors may be authorised by the Company to issue shares subject to the provisions of the Memorandum and Articles of Association and the Companies Act (Cap. 386);

(b) Directors may decline to register the transfer of a share (not being a fully paid share) to a person of whom they shall not approve;

(c) Directors may decline to recognise any instrument of transfer, unless accompanied by the certificate of the shares of which it relates, and/or such other evidence;

(d) no registration of transfer of shares shall be made and no new particulars shall be entered in the register of members when the register is closed for inspection;

(e) the Company may, from time to time, by extraordinary resolution reduce the share capital and any share premium account in any manner.

Currently there are no matters that require disclosures in relation to:

(a) holders of any securities with special rights;

(b) employee share schemes;

(c) restrictions on voting rights or relevant agreements thereto;

(d) agreements pertaining to the change in control of the Company;

(e) any agreements between the Company and its Directors or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

The exercise of any share buy back option by the Directors requires the passing of an extraordinary resolution.

Directors' report
For the year ended 30 September 2019

The Company's capital structure, direct and indirect shareholding in the Company, in excess of 5% and the rules governing the changes to the Board members are contained in other parts of this Annual Report.

The only shareholder holding 5% or more of the Issued Share Capital of the Company is Redbox Limited which owned 71.5% as at 30 September 2019 and 12 November 2019.

AUDITORS

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

By order of the Board

Joseph Said
Chairman

Aurelio Theuma
Director

Registered office
305, Qormi Road,
Marsa, MTP 1001
Malta

20 December 2019

Statement of compliance with the principles of good corporate governance

For the year ended 30 September 2019

The Board of Directors of MaltaPost p.l.c. have carried out a review of the Company's compliance with the Code of Principles of Good Corporate Governance (the 'Principles') during the period under review, as specified in Appendix 5.1 to Chapter 5 of the Malta Financial Services Authority Listing Rules. The following report highlights the extent to which the Code has been adopted, as well as the reasons for any departure from the Code.

Although compliance with the Code is not mandatory, the Board of Directors of MaltaPost p.l.c. firmly believes that adoption of the Principles ensures the required standards of accountability, transparency and probity, all of which go to safeguard the very best interests of all the Company's stakeholders.

A. COMPLIANCE WITH THE CODE

PRINCIPLE 1: THE BOARD

The Board of Directors is composed of the Chairman and six (6) Directors, five (5) of whom are non-executive. Five (5) of the Directors are employed with the ultimate parent Company. While the Board of Directors is elected by the shareholders as stipulated in the Company's statute, the Chairman is elected by the Directors from amongst themselves during the first Board Meeting following the Annual General Meeting. Any Director (other than an alternate Director) may in writing appoint any person who is approved by the majority of the Directors, to be his alternate to act in his place at any meeting of the Directors at which he is unable to be present.

The main responsibility of the Board is to set the strategic direction of the Company and to provide the necessary oversight to ensure adherence to the agreed strategies.

In so doing the Board delegates certain responsibilities to a number of Board committees, notably the Audit and Risk Committee and Remuneration Committee, details of which appear hereunder.

The Directors possess the necessary skills and competencies to enable them to discharge their responsibilities with integrity, honesty, prudence and professionalism.

PRINCIPLE 2: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The post of Chairman and that of Chief Executive Officer are held by different individuals. The separation of roles is meant to differentiate between the role of the Chairman as the leader of the Board of Directors and that of the Chief Executive Officer who is responsible for the execution of the agreed strategies as well as the day-to-day management of the Company.

PRINCIPLE 3: COMPOSITION OF THE BOARD

The following Directors served on the Board during the period under review:

	First appointment date
Joseph Said	18 August 2006
David P. Attard	16 January 2015
James Dunbar Cousin	27 February 2018
Graham A. Fairclough	27 February 2018
Eugenio Farrugia	1 October 2016
Paul Muscat	15 November 2017
Aurelio Theuma	8 October 2007

Joseph Said is an Executive Director of the ultimate controlling shareholder, while David P. Attard, Graham A. Fairclough, Eugenio Farrugia and Aurelio Theuma are employees of the ultimate controlling shareholder. These relationships are not considered necessarily conducive to the creation of a conflict of interest such as to jeopardise exercise of these Directors' free judgement. James Dunbar Cousin and Paul Muscat are considered to be independent Directors of the Company and in determining independence or otherwise, the Board has taken into consideration the relevant Code provisions.

It is considered that the experience, skills and competencies of the members of the Board are sufficient to ensure the proper functioning of the Board.

In terms of Principle 3.4, all the Directors have confirmed in writing that they:

(a) maintain in all circumstances their independence of analysis, decision and action;

(b) do not seek or accept any unreasonable advantages that could be considered as compromising their independence;

(c) clearly express their opposition in the event that they find that a decision of the Board may harm the Company.

Taking cognisance of the Company's size and business model, the Board considers that as a policy it endeavours to have a varied board, particularly in terms of diverse educational and professional backgrounds as well as extensive and specialised experience. The Board is confident that for this reason and in light of the fact that the Company is controlled by Lombard Bank Malta p.l.c., it benefits from a satisfactory diversity of views and expertise which allows for a good understanding of current affairs, the environment in which the Company operates and long-term risks and opportunities related to the Company's business.

The Board will consider formalising its diversity policy and remains committed to achieving further diversity among its members particularly in terms of number, age, gender, experience, educational and professional backgrounds.

PRINCIPLE 4: RESPONSIBILITIES OF THE BOARD

The Board of Directors is responsible for the formulation of the agreed strategy as well as the monitoring of its implementation by management, within the confines of all the applicable rules and regulations.

In so doing, the Board is responsible for:

(a) devising the appropriate strategies of the Company with a view to maximising value;

(b) approving Business Plans which are consonant with approved strategies and monitoring the execution of such plans on a regular basis;

(c) approving Risk Management Plans which are appropriate to the business and monitoring the application of mitigating factors;

(d) ensuring that internal control systems are in place and function appropriately. Although the relative systems are designed to mitigate all the risks in accordance with best practice, they cannot completely eliminate the possibility of material error or fraud;

(e) appointing the Company's Executive Officers, monitoring their performance, approving their compensation as well as ensuring that succession plans are in place;

(f) putting in place a policy to ensure that the Company communicates effectively with shareholders, other stakeholders and the public generally;

(g) putting in place procedures to ensure that the Company and its employees maintain the highest standards of corporate conduct and ethical standards;

(h) delegating specific responsibilities to committees, notably the Audit and Risk Committee and the Remuneration Committee.

PRINCIPLE 5: BOARD MEETINGS

Six (6) Board meetings were held during the period under review and attendance by Board members was as follows:

	Attended
Joseph Said	6
David P. Attard	6
James Dunbar Cousin	6
Graham A. Fairclough	6
Eugenio Farrugia	6
Paul Muscat	6
Aurelio Theuma	6

Both strategic and operational matters are featured in the agenda of Board meetings and the appropriate supporting papers are circulated to each Board member well ahead of the meeting to ensure adequate time for preparation for deliberation at Board meetings. All Board members are given the opportunity of expressing their opinion on all agenda items. Minutes of all Board meetings are prepared immediately after each meeting and circulated amongst all Board members. All the Directors dedicate the necessary attention and time to their duties as Directors of the Company.

PRINCIPLE 6: INFORMATION AND PROFESSIONAL DEVELOPMENT

While the training of management and staff is an on-going process, the Directors are regularly updated with all the relevant information which is considered necessary for the proper discharge of their duties and responsibilities. Furthermore, all Company Directors have direct access to the Company Secretary who is at their disposal and who ensures that the appropriate information flows are maintained at all times. Additionally, and in terms of the Company's statute, the Directors are entitled to seek independent professional advice on any aspect of their duties at the Company's expense.

On first joining the Board, each Director is provided with a dossier containing information pertaining to Director's duties and responsibilities together with relevant legislation and regulations, including the Malta Financial Services Authority Listing Rules. Additionally, Directors have access to Senior Executives to update and develop their skills as considered appropriate.

PRINCIPLE 7: EVALUATION OF BOARD'S PERFORMANCE

Vide under Non-Compliance within the Code Section.

PRINCIPLE 8: COMMITTEES

The following committees have been established by the Board of Directors, each having their own Terms of Reference with direct reporting lines to the Board.

AUDIT AND RISK COMMITTEE

The Listing Rules of the Malta Financial Services Authority provide for the establishment of an Audit and Risk Committee, the main functions of which include the monitoring of the financial reporting process, the soundness of the Company's internal control systems as well as the scrutiny and approval of related party transactions in order to ensure that the 'arm's length' principle is observed at all times. The management of the relationship of the external auditors with the Company also falls within the scope of the Audit and Risk Committee's Terms of Reference.

The Audit and Risk Committee was made up of three (3) Non-Executive Directors, viz Paul Muscat (Chairman), James Dunbar Cousin together with Aurelio Theuma.

In terms of Listing Rule 5.117 both Paul Muscat and Aurelio Theuma are competent in Accounting and/ or Auditing on the basis that they are both Certified Public Accountants. Furthermore in terms of Listing Rule 5.118, James Dunbar Cousin and Paul Muscat, are considered by the Board to be independent given that they are free from any business, family or other relationship with the Company or its management in a manner that may create a conflict of interest such as to impair their judgement. The Company Secretary acts as secretary to the Audit and Risk Committee.

During the period under review the Audit and Risk Committee met six (6) times. While the external auditors are invited to attend, the Chief Internal Audit Officer attends these meetings in terms of Listing Rule 5.131 and has a direct access to the Chairman of the Audit and Risk Committee at all times. It is within the discretion of the Audit and Risk Committee members to invite any other official of the Company to attend any Committee meeting as they deem fit. The Chairman of the Audit and Risk Committee also met up with the Executive Director, Chief Financial Officer and Chief Internal Audit Officer on a monthly basis.

REMUNERATION COMMITTEE

The report by the Remuneration Committee in terms of Code Provision 8.A.4 is presented on pages 20 and 21. The Chief Executive Officer attends the Remuneration Committee meetings when requested to do so and the Company Secretary acts as secretary to this Committee.

PRINCIPLES 9 AND 10: RELATION WITH SHAREHOLDERS AND WITH THE MARKET AND INSTITUTIONAL SHAREHOLDERS

The Company is cognisant of the importance of maintaining effective and on-going dialogue with its shareholders as well as the market generally. It does so by issuing company announcements and press releases from time to time on matters which are considered important and which may affect the Company. The announcement of the half-yearly results, as well as the annual results together with the interim Directors' statements are uploaded on the Company's website and that of the Malta Stock Exchange as are all the other company announcements issued.

The Company also communicates with its members through the Annual General Meeting during which shareholders are requested to consider the Annual Report and Accounts, the declaration of a dividend (if any), the election of Directors, Directors' remuneration, the appointment of external auditors and the Board's authorisation to set the auditors' fees. Extraordinary General Meetings are held as and when necessary in conformity with both the Company's statute as well as the Companies Act (Cap. 386).

All Directors attend the General Meetings and are available to answer questions if necessary.

PRINCIPLE 11: CONFLICTS OF INTEREST

While Directors are aware of their duty and responsibility to act in the best interests of the Company at all times, policies and procedures are in place to ensure that Directors effectively manage any conflicts of interest, whether actual or potential, in the best interest of the Company.

Specifically, the Company's Memorandum and Articles of Association regulate the behaviour of a Director in the event of a potential conflict of interest.

Furthermore, the Company's Code of Conduct for dealings in securities and which has been adopted and implemented in conformity with The Market Abuse Laws and Regulations, sets out the obligations of a Director when it comes to dealing in any of the Company's securities.

The Directors' interest in the Share Capital of the Company as at 30 September 2019 was as follows:

	Shares held
Eugenio Farrugia	522 Ordinary Shares
Aurelio Theuma	2,646 Ordinary Shares

Joseph Said, who is a Director of the Company, is also a director of the following companies, which as at 30 September 2019 had the following shareholding in the Company:

	Shares held
First Gemini p.l.c.	36,341 Ordinary Shares
Safaco Limited	44,745 Ordinary Shares

In addition, Joseph Said has a minority shareholding in Safaco Limited.

PRINCIPLE 12: CORPORATE SOCIAL RESPONSIBILITY

Fully conscious of the responsibility towards the society in which it operates, MaltaPost p.l.c. not only encourages healthy and balanced life styles for its employees, but also seeks to promote environment friendly initiatives particularly those which reduce the Company's overall carbon footprint. Significant investment has been made in this area and the intention is to continue with this investment.

The Company also encourages and promotes philanthropic initiatives towards disadvantaged groups and the intention is to continue in this direction.

MaltaPost p.l.c., therefore, is not only committed to be in full compliance with its legal obligations in this regard, but go well beyond this in pursuit of its social obligations.

B. NON-COMPLIANCE WITH THE CODE

PRINCIPLE 4: RESPONSIBILITIES OF THE BOARD

Code Provision 4.2.7 provides for the development of a succession policy for the future composition of the Board. Given that it is the prerogative of the shareholders of MaltaPost p.l.c. to elect directors to represent them and this in accordance with the Company's Memorandum and Articles of Association, and the Maltese Companies Act (Cap. 386) it has not been considered appropriate to develop a succession policy for the future composition of the Board. However, the recommendation to have a policy in place will be kept under review.

PRINCIPLE 7: EVALUATION OF BOARD'S PERFORMANCE

The Company Secretary arranges for a "Board Effectiveness Questionnaire" which is completed by each Board Member and the findings are analysed by him in liaison with the Chairman. Similarly, an "Effectiveness Questionnaire" is also arranged for the Audit and Risk Committee, by the Company Secretary in liaison with the Chairman rather than by a Committee chaired by a Non-Executive Director as stipulated by the code.

PRINCIPLE 8: NOMINATION COMMITTEE

This Principle provides for a Nomination Committee to cater for a formal and transparent procedure for the appointment of new directors to the Board. Such a committee has not been set up given that it is the prerogative of the shareholders of the Company, in accordance with the relative Memorandum and Articles of Association, to appoint directors to the Board.

The Articles of Association of the Company provide that at every General Meeting, seven (7) directors are appointed as follows:

(a) a member of the Company holding, or a number of members, who between them hold, such number of shares having voting rights as may be sufficient to constitute one (1) or more Qualifying Holdings (such number of shares held by a member of the Company amounting to twenty per cent (20%) of the Issued Share Capital of the Company having voting rights) is entitled to appoint one (1) director for every Qualifying Holding held, by letter addressed to the Company Secretary;

(b) any member who is not entitled to appoint directors in terms of the provisions of paragraph (a) above, or who is not entitled to aggregate his holding with those of other members for the purposes of appointing a director(s) pursuant thereto, is entitled to participate and vote in an election of directors at the General Meeting of the Company;

(c) members who avail themselves of appointing directors pursuant to the provisions of paragraph (a) above are still entitled to participate in the election of directors in terms of paragraph (b) provided that in such an election they may only use such shares not otherwise used for the appointment of directors pursuant to paragraph (a).

For an election of directors mentioned in paragraph (b) above, every shareholder entitled to vote thereunder shall be entitled to nominate one (1) person to stand for the election of directors. Such nominee must be seconded by at least such shareholder or shareholders as in aggregate hold at least point five per cent (0.5%) of the Issued Share Capital of the Company between them.

In the event that there are more nominations than there are vacancies, an election amongst such candidates shall take place for the appointment of such number of directors as will fill the vacancies available on the Board. At an election of directors each member shall be required to vote on the ballot paper provided by the Company by putting such number of votes against the name or names of the preferred candidates as such member may determine, provided that in aggregate the number of votes cast cannot exceed the number of shares held by such member.

The candidates obtaining the highest number of votes shall be elected and appointed directors.

PRINCIPLE 9: RELATIONS WITH SHAREHOLDERS AND WITH THE MARKET

Code Provision 9.3 provides for procedures to be in place to resolve conflicts between minority shareholders and controlling shareholders. The Memorandum and Articles of Association of the Company do not provide for a procedure to resolve such conflicts. However, the Company's Senior Management and the Non-Executive Directors maintain an open dialogue to cater for any such conflicts.

The Company also maintains an open channel of communication with its shareholders through the Company Secretarial Office.

C. INTERNAL CONTROL (LISTING RULE 5.97.4)

The Board of Directors have set up the required organisational structures in order to effectively manage and control the operational risks which the Company undertakes in its day-to-day operations. It is understood that whereas these risks may be mitigated by the adoption of various control systems, such risks cannot be completely eliminated. Therefore, reasonable but not absolute assurances can be given against material losses, error or fraud.

The more important structures which are in place to consolidate the internal control mechanisms are the Internal Audit Department, the Audit and Risk Committee as well as the Compliance and Risk Management functions.

The Company's system of internal control includes:

(a) the Company operates through an Executive Committee led by the Chief Executive Officer with clear reporting lines and delegation of authority. Through the Executive Committee the Company plans, executes, controls and monitors business operations in order to achieve the set objectives;

(b) the Company is committed to the highest standards of business conduct and seeks to maintain these standards across all its operations. Company policies and employee procedures are in place to detect, report and resolve any fraudulent activities or any infringement of the integrity of mail;

(c) the Executive Committee is responsible to identify and evaluate key risks applicable to areas of business. A member of this same Committee assists the Board of Directors to assess the different types of risks identified, to which the Company is exposed. This function also monitors, on an on-going basis, the effective management of the different types of risk at the same time as ensuring that the Company is in full compliance with all the obligations imposed by codes, rules, legislation and statute relevant to the Company as well as its business;

(d) the Board, through the Audit and Risk Committee, receives periodic management reports on Risk Management and Compliance; and

(e) the Board receives periodic management information giving comprehensive analysis of financial and business performance including variances against the Company's set targets.

D. GENERAL MEETINGS (LISTING RULE 5.97.6)

A General Meeting is conducted in conformity with the Articles of Association of the Company and is called by giving at least 21 days notice.

The Ordinary Business conducted at the Annual General Meeting consists of receiving or adoption of the Annual Financial Statement, the Declaration of a Dividend, the Appointment and Remuneration of Directors, the Appointment of the External Auditors, as well as the Authority to the Board to fix the external Auditors' emoluments.

All shareholders on the shareholders register on the record date as defined in the Listing Rules, have the right to attend, participate and vote at the General Meeting.

A member or members holding not less than five per cent (5%) of the voting issued share capital of the Company may (I) request the Company to include items on the agenda of the General Meeting provided that each item is accompanied by a justification or a draft resolution to be adopted at the General Meeting, and (II) table draft resolution for items included in the agenda of a General Meeting. Such requests are to be received by the Company at least forty-six (46) days before the date set for the relative General Meeting.

Every person entered into the register of members shall be entitled to appoint only one (1) person to act as proxy holder to attend and vote at a General Meeting instead of him. The proxy holder shall enjoy the same rights to speak and ask questions in the General Meeting as those to which the member thus represented would be entitled.

Approved by the Board of Directors on 20 December 2019 and signed on its behalf by:

Joseph Said
Chairman

Aurelio Theuma
Director

Remuneration report

For the year ended 30 September 2019

MEMBERSHIP AND TERMS OF REFERENCE

The following Directors of MaltaPost p.l.c. make up the Remuneration Committee: Paul Muscat (Chairman), Eugenio Farrugia, Aurelio Theuma and David P. Attard. The Remuneration Committee is tasked with maintaining a Remuneration Policy which ensures that MaltaPost p.l.c. attracts, retains and motivates the appropriate calibre of Directors, Senior Executives and Management in the formulation and execution of the Company's strategies and policies. Furthermore, the Remuneration Committee recommends remuneration packages for all Directors and Senior Management.

MEETINGS

During the financial year ended 30 September 2019 the Remuneration Committee met to discuss the following matters:

- Review of the Terms of Reference of the Committee
- Review of the Remuneration Policy of the Company
- Contracts of employment for Chief Officers and Managers
- Proposed Salaries and Discretionary Bonuses

REMUNERATION POLICY - DIRECTORS

The last Annual General Meeting approved the amount of sixty thousand euro (€60,000) as the aggregate amount by way of Directors' Remuneration.

None of the Directors has any service contracts with the Company, and none is entitled to share options, profit sharing, pension benefits or any other remuneration. It is confirmed that no other fees were payable to any of the Directors during the year under review.

Five (5) of the Directors are employees of the ultimate controlling shareholder of MaltaPost p.l.c.

In terms of Code Provision 8.A.5 of the Malta Financial Services Authority Listing Rules, the total emoluments received by Directors for the financial year 2018/2019 are specified below:

FIXED REMUNERATION	VARIABLE REMUNERATION	SHARE OPTIONS	OTHERS
€59,600	None	None	None

Directors' emoluments paid for financial year 2018/2019 were as follows:

Joseph Said	€	17,000
David P. Attard	€	7,100
James Dunbar Cousin	€	7,100
Graham A. Fairclough	€	7,100
Eugenio Farrugia	€	7,100
Paul Muscat	€	7,100
Aurelio Theuma	€	7,100
Total	€	59,600

Remuneration report

For the year ended 30 September 2019

REMUNERATION POLICY - SENIOR EXECUTIVES

All references to 'Senior Executives' in this report refer specifically to the Chief Executive Officer and the Chief Officers of MaltaPost p.l.c.

It falls within the Terms of Reference of the Remuneration Committee to recommend to the Board of Directors the appropriate remuneration packages for Senior Executives. In so doing the Committee is mindful of the need to attract, retain and motivate Senior Executives with the qualities and attributes which enable them to discharge their obligations professionally and with utmost integrity. The Remuneration Committee also seeks to maintain a sense of fairness and consistency in its recommendations. In this connection it is to be mentioned that there were no material changes to the remuneration policy for Senior Executives during the financial year ended 30 September 2019.

The contracts of all Senior Officers specify their remuneration packages, none of which provide for profit sharing or share options, supplementary pensions or other pension benefits. All Senior Executives are on indefinite contracts of employment.

Annual salary increases may be awarded to Chief Officers but such increases are not directly related to performance. A discretionary annual bonus, however, is payable to the Chief Officers following an assessment of their performance during the previous financial year.

The Board of Directors and Chief Executive Officer agree upon pre-set quantitative and qualitative objectives for the Chief Executive Officer and a discretionary annual bonus is payable to him based on the attainment of these objectives. The Remuneration Committee considers the linkage between the fixed remuneration and the discretionary annual bonus to be appropriate.

In terms of Code Provision 8.A.5 of the Malta Financial Services Authority Listing Rules, the total emoluments received by Senior Executives during the financial year 2018/2019 are as detailed below:

FIXED REMUNERATION	VARIABLE REMUNERATION	SHARE OPTIONS	OTHERS
€312,483	€10,450	None	See below*

*Senior Executives are covered by a group life assurance scheme and are entitled to health insurance, communication expenses as well as the use of company car or car allowance.

Company information

VISION STATEMENT

To be Malta's leading Logistics Company delivering excellence in customer experience globally.

MISSION STATEMENT

To exceed customers' expectations by providing high quality, cost-effective logistical and diversified services.

COMPANY REGISTRATION NUMBER: C22796

REGISTERED OFFICE: 305, Qormi Road, Marsa MTP 1001, Malta

(+356) 2122 4421 | (+356) 2122 6368 (Fax) | (+356) 80072244 (Freephone) | info@maltapost.com | www.maltapost.com

Registered shareholders with five per cent (5%) or more of the Share Capital of the Company:

	30 September 2019	12 November 2019
Redbox Limited	71.5%	71.5%

Company information

BOARD OF DIRECTORS
Joseph Said (Chairman)
David P. Attard
James Dunbar Cousin
Graham A. Fairclough
Eugenio Farrugia
Paul Muscat
Aurelio Theuma

COMPANY SECRETARY
Graham A. Fairclough

CORPORATE OFFICE AND INVESTORS RELATIONS
Antoinette Camilleri

CHIEF OFFICERS

Joseph Gafa`	Chief Executive Officer
Carmen Ellul	Chief Internal Audit Officer
Ian Lucas	Chief Financial Officer
Adrian Vassallo	Chief Operating Officer

CONSULTANT RETAIL OPERATIONS
Ray Briffa

HEADS OF DEPARTMENTS

Edwin Abdilla	Mail Services
Johan Attard	Finance - Management and Regulatory Accounts
David Borg	Corporate Security
Lara Bugeja	Malta Postal Museum Curator
Josef Camilleri	Marketing and Communications
Stefania Camilleri	Human Resources
Robert Cassar	Business Relations
Charles Cilia	Logistics and eCommerce Services
John Cremona	Support Services
Paul Curmi	Document Management Services
Derian Debattista	Health and Safety
Albert Gouder	Retail Network
Darren Micallef	Finance - Financial Accounts
Joswill Micallef	Information Technology
Patrick Polidano	Quality Assurance
Kenneth Spiteri	Business Process Design
Joseph Zammit	Internal Audit

Independent auditor's report

To the Shareholders of MaltaPost p.l.c.

Report on the audit of the financial statements

Our opinion

In our opinion:

- MaltaPost p.l.c.'s Group financial statements and Parent Company financial statements (the financial statements) give a true and fair view of the Group's and the Parent Company's financial position as at 30 September 2019, and of the Group's and the Parent Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

MaltaPost p.l.c.'s financial statements, set out on pages 33 to 83, comprise:

- the Consolidated and Parent Company statements of financial position as at 30 September 2019;
- the Consolidated and Parent Company income statements and statements of comprehensive income for the year then ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

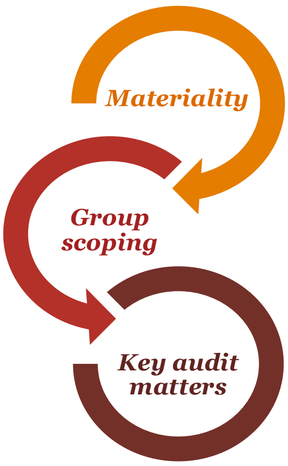
Independence

We are independent of the Group and the Parent Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Parent Company and its subsidiary are in accordance with the applicable law and regulations in Malta and that we have not provided non-audit services that are prohibited under Article 18A of the Accountancy Profession Act (Cap. 281). The non-audit services that we have provided to the Parent Company and its subsidiary, in the period from 1 October 2018 to 30 September 2019, are disclosed in Note 18 to the financial statements.

Our audit approach

Overview



Overall group materiality: €150,000 which represents 5% of profit before tax

- The Parent Company and its subsidiary are based in Malta, and the financial statements of these entities have been audited by our audit team.
- Our audit scope addresses 100% of Group revenues and Group profit before tax.

- Risk of fraud in revenue recognition.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	€150,000 (2018: €135,000)
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within the range of quantitative materiality thresholds that we consider acceptable.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €15,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Risk of fraud in revenue recognition	
ISA 240 presumes that there is a risk of material misstatement due to fraud related to revenue recognition and requires the auditor to treat this assessed risk of material misstatement due to fraud as a significant risk, thus requiring special audit consideration. This comprises the risk that sales revenue is misstated due to fraud as individuals may have incentive to manipulate revenue, and hence results. The risk of fraud in revenue recognition entails the risk that sales revenue is not recognised in accordance with IFRS 15 requirements, and that revenue is not completely or accurately reflected or that fictitious sales revenue is recorded or that the cut-off point at which risks and rewards are transferred is not correctly reflected in the financial statements. The Parent Company's revenue consists of revenue from retail sales, comprising sale of stamps, philatelic sales, sale of non-postal stationery and provision of non-postal services, and sales revenue comprises terminal dues, consisting of remuneration for processing and delivering post items received from other territories. Terminal dues are invoiced on a quarterly basis in arrears on the basis of volume data accumulated throughout the respective quarter. Accordingly, the risk of fraud in revenue recognition in respect of terminal dues is principally attributable to the unbilled revenue at year end in respect of the last quarter of the financial year.	We confirmed our understanding and evaluation of the Parent Company's control processes and procedures in respect of revenue recognition, including IT and system controls. Specifically in respect of revenue from retail sales, we evaluated the relevant systems and the design of controls, and tested the operating effectiveness of automated and non-automated controls over the: • capture and recording of revenue transactions comprising products or services supplied to customers; • authorisation of price changes and updating this information within the operational retail system; and • calculation of amounts invoiced to customers. Accordingly we validated key controls including automated control procedures in respect of the operational retail system. We tailored our final audit plan based on the results of our assessment of the control environment and operating effectiveness of such controls. We utilised computer assisted audit techniques to recalculate aggregate revenue recognised by extracting independently volume data from the operational retail system and taking into account independently sourced or verified sales prices to address accuracy and existence. We also tested reconciliations between the operational retail and accounting systems to address completeness and cut-off. We have also carried out audit procedures, comprising validation of controls and tests of detail, in respect of cash counts and stock counts covering the retail sales business.

Key audit matter	How our audit addressed the key audit matter
Revenue from retail sales is attributable to a large volume of low value transactions handled through an operational retail system in an automated manner, whereby inventory items are updated with sales taking into account standing data in respect of unit prices. In this respect, the risk of fraud in revenue recognition is mainly in respect of the output of the operational retail system not being properly reflected within the accounting system. *Refer to Accounting policy 1.18 and Note 17 of the financial statements*	In respect of terminal dues, we have carried out tests of detail by recalculating revenue recognised during the year on the basis of volume data accumulated over time. We have validated volume data to third party documentation or documentation duly approved by third parties. We have also validated volume data by carrying out tests such as sequence checks and other data validation tests. We have validated terminal dues rates to contractual arrangements or other supporting documentation. We have also tested revenue recognised in respect of terminal dues within the accounting system to amounts invoiced and the subsequent receipt of payment. In respect of these key audit matters, we found no significant exceptions in our controls testing and no material misstatements were identified in our substantive testing.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's accounting process is structured around a group finance function at its head office. Within the head office, supporting finance functions exist for each of the key business operating areas, and these report to the Group finance team as appropriate. All work was conducted by the same audit team in Malta.

The Group audit team performed all of this work by applying the overall Group materiality, together with additional procedures performed on the consolidation. This gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

Independent auditor's report - continued

To the Shareholders of MaltaPost p.l.c.

Other information

The Directors are responsible for the other information. The other information comprises *the Directors' report, the Chairman's statement and the Chief Executive Officer's review of operations, the Remuneration report, the Company information, the Five year summary, the Financial highlights in major currencies and the Supplementary information* (but does not include the financial statements and our auditor's report thereon). Our opinion on the financial statements does not cover the other information, including the Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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. With respect to the Directors' report, we also considered whether the Directors' report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386).

Based on the work we have performed, in our opinion:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of the Directors and those charged with governance for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent auditor's report - continued

To the Shareholders of MaltaPost p.l.c.

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 judgement and maintain professional scepticism 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 Group's and the Parent 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 Group's or the Parent 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 Group or the Parent Company to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on the statement of compliance with the Principles of Good Corporate Governance

The Listing Rules issued by the Malta Listing Authority require the Directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Listing Rules also require the auditor to include a report on the Statement of Compliance prepared by the Directors.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance set out on pages 13 to 19 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

Independent auditor's report - continued

To the Shareholders of MaltaPost p.l.c.

Other matters on which we are required to report by exception

We also have responsibilities:

- under the Maltese Companies Act (Cap. 386), to report to you if, in our opinion:
  - Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
  - The financial statements are not in agreement with the accounting records and returns.
  - We have not received all the information and explanations we require for our audit.
  - Certain disclosures of Directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

- under the Listing Rules to review the statement made by the Directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

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

Appointment

We were first appointed as auditors of the Group on 1 May 1998. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 21 years. The Parent Company became listed on a regulated market on 24 January 2008.

PricewaterhouseCoopers
78, Mill Street
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Malta

Simon Flynn
Partner

20 December 2019

MaltaPost p.l.c.

FINANCIAL STATEMENTS

30 September 2019

2019

Statements of financial position

	Notes	Group		Company	
		As at 30 September			
		2019 €'000	2018 €'000	**2019 €'000**	2018 €'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**17,903**	17,289	**17,903**	17,289
Intangible assets	5	**688**	286	**688**	286
Investment in subsidiary	6	**-**	-	**1**	1
Financial assets:					
Available-for-sale	7	**-**	3,826	**-**	3,826
Fair value through other comprehensive income	7	**3,925**	-	**3,925**	-
Deferred tax asset	8	**543**	582	**543**	582
Total non-current assets		**23,059**	21,983	**23,060**	21,984
Current assets					
Inventories	9	**664**	606	**664**	606
Trade and other receivables	10	**9,484**	7,879	**9,484**	7,951
Current tax asset		**193**	183	**193**	183
Deposits with financial institutions	11	**4,700**	4,714	**4,700**	4,714
Cash and cash equivalents	12	**5,065**	12,565	**5,046**	12,458
Total current assets		**20,106**	25,947	**20,087**	25,912
Total assets		**43,165**	47,930	**43,147**	47,896

Statements of financial position *- continued*

		Group		Company	
		As at 30 September			
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	13	**9,414**	9,414	**9,414**	9,414
Share premium	13	**7,367**	7,367	**7,367**	7,367
Other reserves	14	**2,630**	2,534	**2,630**	2,534
Retained earnings		**7,545**	7,101	**7,528**	7,092
Total equity		**26,956**	26,416	**26,939**	26,407
Non-current liabilities					
Deferred tax liability	8	**1,028**	1,028	**1,028**	1,028
Provision for liabilities and charges	15	**1,827**	1,829	**1,827**	1,829
Total non-current liabilities		**2,855**	2,857	**2,855**	2,857
Current liabilities					
Trade and other payables	16	**13,168**	18,522	**13,171**	18,497
Provision for liabilities and charges	15	**182**	135	**182**	135
Current tax liability		**4**	-	**-**	-
Total current liabilities		**13,354**	18,657	**13,353**	18,632
Total liabilities		**16,209**	21,514	**16,208**	21,489
Total equity and liabilities		**43,165**	47,930	**43,147**	47,896

The notes on pages 40 to 83 are an integral part of these financial statements.
The financial statements on pages 33 to 83 were authorised for issue by the Board on 20 December 2019 and were signed on its behalf by:

Joseph Said
Chairman

Aurelio Theuma
Director

Income statements

	Notes	Group 2019 €'000	Group 2018 €'000	Company 2019 €'000	Company 2018 €'000
		Year ended 30 September			
Revenue	17	**34,482**	40,167	**34,482**	40,169
Employee benefits expense	19	**(16,075)**	(14,745)	**(16,075)**	(14,745)
Depreciation and amortisation expense	18	**(1,019)**	(964)	**(1,019)**	(964)
Other expenses	18	**(14,602)**	(21,986)	**(14,615)**	(22,001)
Operating profit		**2,786**	2,472	**2,773**	2,459
Finance income	20	**191**	164	**191**	164
Profit before tax		**2,977**	2,636	**2,964**	2,623
Tax expense	21	**(1,027)**	(908)	**(1,022)**	(903)
Profit for the year		**1,950**	1,728	**1,942**	1,720
Earnings per share	23	**€0.05**	€0.05		

The notes on pages 40 to 83 are an integral part of these financial statements.

Statements of comprehensive income

	Notes	Group		Company	
		Year ended 30 September			
		2019	2018	**2019**	2018
		€'000	€'000	**€'000**	€'000
Comprehensive income					
Profit for the year		**1,950**	1,728	**1,942**	1,720
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Gains/(losses) from changes in fair value:					
Available-for-sale financial assets	7	**-**	(34)	**-**	(34)
Financial assets at fair value through other comprehensive income	7	**188**	-	**188**	-
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit obligations	15	**(146)**	(11)	**(146)**	(11)
Surplus arising on revaluation of land and buildings	4, 14	**-**	2,846	**-**	2,846
Income tax relating to components of other comprehensive income:					
Remeasurements of defined benefit obligations	8	**54**	4	**54**	4
Surplus arising on revaluation of land and buildings	8	**-**	(251)	**-**	(251)
Total other comprehensive income for the year		**96**	2,554	**96**	2,554
Total comprehensive income for the year		**2,046**	4,282	**2,038**	4,274

The notes on pages 40 to 83 are an integral part of these financial statements.

Statements of changes in equity

Group	Notes	Share capital €'000	Share premium €'000	Other reserves €'000	Retained earnings €'000	Total €'000
		Attributable to equity shareholders				
Balance at 1 October 2017		9,414	7,367	(20)	6,879	23,640
Comprehensive income						
Profit for the year		-	-	-	1,728	1,728
Other comprehensive income						
Available-for-sale financial assets: Losses from changes in fair value	7	-	-	(34)	-	(34)
Remeasurements of defined benefit obligations, net of deferred tax	8, 15	-	-	(7)	-	(7)
Surplus arising on revaluation of land and buildings, net of deferred tax	4, 14	-	-	2,595	-	2,595
Total other comprehensive income		-	-	2,554	-	2,554
Total comprehensive income		-	-	2,554	1,728	4,282
Transactions with owners						
Dividends	24	-	-	-	(1,506)	(1,506)
Total transactions with owners		-	-	-	(1,506)	(1,506)
Balance at 30 September 2018		**9,414**	**7,367**	**2,534**	**7,101**	**26,416**
Balance at 1 October 2018		9,414	7,367	2,534	7,101	26,416
Comprehensive income						
Profit for the year		-	-	-	1,950	1,950
Other comprehensive income						
Financial assets at fair value through other comprehensive income: Gains from changes in fair value	7	-	-	188	-	188
Remeasurements of defined benefit obligations, net of deferred tax	8, 15	-	-	(92)	-	(92)
Total other comprehensive income		-	-	96	-	96
Total comprehensive income		-	-	96	1,950	2,046
Transactions with owners						
Dividends	24	-	-	-	(1,506)	(1,506)
Total transactions with owners		-	-	-	(1,506)	(1,506)
Balance at 30 September 2019		**9,414**	**7,367**	**2,630**	**7,545**	**26,956**

Company

	Notes	Share capital €'000	Share premium €'000	Other reserves €'000	Retained earnings €'000	Total €'000
		Attributable to equity shareholders				
Balance at 1 October 2017		9,414	7,367	(20)	6,878	23,639
Comprehensive income						
Profit for the year		-	-	-	1,720	1,720
Other comprehensive income						
Available-for-sale financial assets: Losses from changes in fair value	7	-	-	(34)	-	(34)
Remeasurements of defined benefit obligations, net of deferred tax	8, 15	-	-	(7)	-	(7)
Surplus arising on revaluation of land and buildings, net of deferred tax	4, 14	-	-	2,595	-	2,595
Total other comprehensive income		-	-	2,554	-	2,554
Total comprehensive income		-	-	2,554	1,720	4,274
Transactions with owners						
Dividends	24	-	-	-	(1,506)	(1,506)
Total transactions with owners		-	-	-	(1,506)	(1,506)
Balance at 30 September 2018		**9,414**	**7,367**	**2,534**	**7,092**	**26,407**
Balance at 1 October 2018		9,414	7,367	2,534	7,092	26,407
Comprehensive income						
Profit for the year		-	-	-	1,942	1,942
Other comprehensive income						
Financial assets at fair value through other comprehensive income:						
Gains from changes in fair value	7	-	-	188	-	188
Remeasurements of defined benefit obligations, net of deferred tax	8, 15	-	-	(92)	-	(92)
Total other comprehensive income		-	-	96	-	96
Total comprehensive income		-	-	96	1,942	2,038
Transactions with owners						
Dividends	24	-	-	-	(1,506)	(1,506)
Total transactions with owners				-	(1,506)	(1,506)
Balance at 30 September 2019		**9,414**	**7,367**	**2,630**	**7,528**	**26,939**

The notes on pages 40 to 83 are an integral part of these financial statements.

Statements of cash flows

	Note	Group		Company	
		Year ended 30 September			
		2019	2018	**2019**	2018
		€'000	€'000	**€'000**	€'000
Cash flows from operating activities					
Cash from customers		**34,111**	43,633	**34,111**	43,633
Cash paid to suppliers and employees		**(29,669)**	(40,869)	**(29,584)**	(40,950)
Cash flows attributable to funds collected on behalf of third parties		**(8,026)**	7,873	**(8,026)**	7,873
Cash (used in)/generated from operating activities		**(3,584)**	10,637	**(3,499)**	10,556
Income tax paid		**(944)**	(1,293)	**(941)**	(1,292)
Net cash (used in)/generated from operating activities		**(4,528)**	9,344	**(4,440)**	9,264
Cash flows from investing activities					
Finance income		**180**	166	**180**	166
Purchase of property, plant and equipment		**(1,225)**	(1,007)	**(1,225)**	(1,007)
Purchase of intangible assets		**(521)**	(338)	**(521)**	(338)
Purchase of financial assets at fair value through other comprehensive income		**(225)**	-	**(225)**	-
Purchase of available-for-sale financial assets		**-**	(500)	**-**	(500)
Proceeds from disposals/redemptions of financial assets at fair value through other comprehensive income		**313**	-	**313**	-
Proceeds from disposals/redemptions of available-for-sale financial assets		**-**	250	**-**	250
Maturity of deposits with financial institutions		**14**	-	**14**	-
Placements of deposits with financial institutions		**-**	(2,700)	**-**	(2,700)
Net cash used in investing activities		**(1,464)**	(4,129)	**(1,464)**	(4,129)
Cash flows from financing activities					
Dividends paid		**(1,508)**	(1,504)	**(1,508)**	(1,504)
Net cash used in financing activities		**(1,508)**	(1,504)	**(1,508)**	(1,504)
Net movement in cash and cash equivalents		**(7,500)**	3,711	**(7,412)**	3,631
Cash and cash equivalents at beginning of year		**12,565**	8,854	**12,458**	8,827
Cash and cash equivalents at end of year	12	**5,065**	12,565	**5,046**	12,458

The notes on pages 40 to 83 are an integral part of these financial statements.

1. Summary of significant accounting policies

The principal accounting policies applied 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

The consolidated financial statements include the financial statements of MaltaPost p.l.c. (the Company) and its subsidiary undertaking (together referred to as 'the Group' and individually as 'Group entities'). The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and comply with the requirements of the Maltese Companies Act (Cap. 386). The financial statements are prepared under the historical cost convention, as modified by the fair valuation of the land and buildings class within property, plant and equipment and financial assets at fair value through other comprehensive income.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain critical accounting estimates. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(a) Standards, interpretations and amendments to published standards effective in 2019

In 2019, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 October 2018. The adoption of these revisions to the requirements of IFRSs as adopted by the EU, primarily the adoption of IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from Contracts with Customers', did not result in substantial changes to the Group's accounting policies or a substantial impact on the Group's financial performance and position. The Group had to change its accounting policies as a result of adopting the following standards:

IFRS 9, 'Financial Instruments'

IFRS 9 replaced the existing guidance in IAS 39, 'Financial Instruments: Recognition and Measurement'; the Group adopted IFRS 9 on 1 January 2018, which is the date of initial application of the standard. IFRS 9 has resulted in changes in accounting policies related to the classification and measurement and impairment of financial assets. The Group has taken advantage of the exemption in IFRS 9 allowing it not to restate comparative information for prior periods with respect to classification and measurement and impairment changes.

(a) Classification

On 1 October 2018 (the date of initial application of IFRS 9), management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. The main effect resulting from this review comprised the reclassification of certain investments from available-for-sale financial assets to financial assets measured at fair value through other comprehensive income. This reclassification had no impact on the Group's equity, and cumulative fair value gains were designated as such

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

1.1 **Basis of preparation** - continued

(a) Classification - continued

within the fair value through other comprehensive income reserve from the available-for-sale financial assets reserve on 1 October 2018.

The key financial assets presented in the statements of financial position, comprising trade and other receivables and cash equivalents, were classified as loans and receivables measured at amortised cost for IAS 39 purposes and remain categorised as financial assets measured at amortised cost under IFRS 9 requirements.

(b) Impairment

IFRS 9 replaced the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to the Group's and the Company's financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The impact of this change in the impairment model was insignificant at the date of initial application of the standard.

The full accounting policies being applied by the Group and the Company with effect from 1 October 2018 are set out in Note 1.6.

IFRS 15, 'Revenue from Contracts with Customers'

IFRS 15 establishes the principles that an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. The core principle of IFRS 15 requires an entity to recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

To recognise revenue under IFRS 15, an entity applies the following five steps:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the separate performance obligations.
5. Recognise revenue when (or as) each performance obligation is satisfied.

The Group has adopted IFRS 15 from 1 October 2018 which resulted in changes in accounting policies. However adjustments to the amounts recognised in the financial statements were insignificant. In accordance with the transition provisions in IFRS 15, the Group has adopted the new rules on a modified retrospective basis; under this transition method, the Group did not restate comparative information.

The adoption of IFRS 15 has not had an impact on the measurement of the Group's assets, liabilities and equity at the date of initial application. The Group has however reclassified 'accrued income' to 'contract assets' and 'deferred income' to contract liabilities; these amounts continue to be presented within 'trade and other receivables' and 'trade and other payables' respectively.

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

1.1 Basis of preparation - continued

(b) 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, that are mandatory for the Group's accounting periods beginning after 1 October 2018. The Group 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, except as disclosed below, there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

IFRS 16, 'Leases'

IFRS 16 was published in January 2016 and will be effective from 1 January 2019, replacing IAS 17 'Leases'.

The standard requires lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset is of low value. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The accounting for lessors will not significantly change.

The Group will apply the standard from its mandatory adoption date of 1 October 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. All right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

The Group has set up a project team which has reviewed all of the Group's leasing arrangements over the last year in light of the new lease accounting rules in IFRS 16. The standard will primarily affect the accounting for the Group's operating leases.

The Group expects to recognise right-of-use assets and lease liabilities of approximately €2,382,000 on 1 October 2019.

The Group expects that net profit before tax will decrease by approximately €21,000 for 2020 as a result of adopting the new requirements.

Short-term leases and low value leases will both be recognised on a straight-line basis as expense in profit or loss.

1.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

1.2 Consolidation - continued

(a) Subsidiaries - continued

The Group applies the acquisition method of accounting to account for business combinations that fall within the scope of IFRS 3. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed (identifiable net assets) in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired. If this is less than the fair value of the identifiable net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Upon consolidation, inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

In the Company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Cost includes directly attributable costs of the investment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of subsidiaries are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

1.3 Foreign currency translation

(a) Functional and presentation currency

Items included in these 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.

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

1.3 Foreign currency translation - continued

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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.

1.4 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost.

Land and buildings are subsequently shown at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment is subsequently stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset 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. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same individual asset are charged in other comprehensive income and debited against the revaluation reserve directly in equity; all other decreases are charged to profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged to profit or loss, and then reflected in other comprehensive income and shown as a revaluation reserve.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

1.4 Property, plant and equipment - continued

The rates of depreciation used for the current and comparative periods are as follows:

	%
Buildings	1
Fixtures, furniture and fittings	4 -15
Equipment	20 - 25
Motor vehicles	25
Improvements to premises:	
Property leased out from Government	Up to 2028
Property leased out from other third parties	Over the period of the lease agreements
MaltaPost p.l.c. owned properties	Over 15 years

Assets in the course of construction and artefacts are not depreciated. Artefacts are not depreciated since in the opinion of management, their residual value is not less than their original cost.

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.7).

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to the asset are transferred to retained earnings.

1.5 Intangible assets

Computer software

The Group's computer software comprises software purchased from third parties. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

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

1.6 Financial assets

Accounting policies applicable from 1 October 2018

1.6.1 Classification

From 1 October 2018, the Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

1.6.2 Recognition and derecognition

The Group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

1.6.3 Measurement

At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(a) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

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

1.6 Financial assets - continued

1.6.3 Measurement - continued

(b) Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

(c) Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

1.6.4 Impairment

From 1 October 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, the Group assesses on a forward-looking basis the expected credit losses on the basis of the 'three-stage' model for impairment outlined by IFRS 9, based on changes in credit quality since initial recognition.

Accounting policies applicable until 30 September 2018

1.6.5 Classification

The Group classified its financial assets (other than derivative financial instruments and, only in the Company's case, investments in subsidiaries) in the following categories: loans and receivables and available-for-sale. The classification depended on the purpose for which the financial assets were acquired. Management determined the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. They arose when the Group provided money, goods or services directly to a debtor with no intention of trading the receivable. They were included in current assets, except for maturities greater than

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

1.6 Financial assets - continued

1.6.5 Classification - continued

(a) Loans and receivables - continued

twelve months after the end of the reporting period. These were classified as non-current assets. The Group's loans and receivables comprised loans and advances, trade and other receivables and cash and cash equivalents in the statement of financial position.

(b) Available-for-sale financial assets

Available-for-sale financial assets were non-derivatives that were either designated in this category or not classified in any of the other categories. Investments intended to be held for an indefinite period of time, which may have been sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices were classified as available-for-sale assets. They were included in non-current assets unless the asset matures or management intended to dispose of it within twelve months from the end of the reporting period.

1.6.6 Recognition and measurement

The Group recognised a financial asset in its statement of financial position when it became a party to the contractual provisions of the instrument.

Financial assets were initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss were initially recognised at fair value and transaction costs were expensed in profit or loss.

Available-for-sale financial assets and financial assets at fair value through profit or loss were subsequently carried at fair value. Loans and receivables were 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 were derecognised when the rights to receive cash flows from the assets had expired or had been transferred and the Group had transferred substantially all risks and rewards of ownership or had not retained control of the asset.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss were recognised in profit or loss in the period in which they arose.

Changes in the fair value of monetary assets denominated in a foreign currency and classified as available-for-sale were analysed between translation differences resulting from changes in amortised cost of the asset and other changes in the carrying amount of the asset. The translation differences on monetary assets were recognised in profit or loss; translation differences on non-monetary assets were recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary assets classified as available-for-sale were recognised in other comprehensive income directly in equity.
The fair values of quoted investments were based on current bid prices. If the market for a financial asset was not

1. Summary of significant accounting policies - continued

1.6 Financial assets - continued

1.6.6 Recognition and measurement - continued

active (and for unlisted securities), the Group established fair value by using valuation techniques, in most cases by reference to the net asset backing of the investee.

When assets classified as available-for-sale were sold or impaired, the accumulated fair value adjustments recognised in equity were included in profit or loss within 'Investment and other related income'. Dividends on available-for-sale equity instruments were recognised in profit or loss within 'Investment and other related income' when the Group's right to receive payment was established.

1.6.7 Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was 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) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. The Group first assessed whether objective evidence of impairment existed. The criteria that the Group used to determine that there was objective evidence of an impairment loss included:

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

(a) Assets carried at amortised cost

For financial assets carried at amortised cost, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreased and the decrease could have been 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 was recognised in profit or loss.

(b) Assets classified as available-for-sale

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets were impaired. If objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – was reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments were not reversed through profit or loss.

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

1.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of postal stationery and inventories for resale is determined by a weighted average basis, and other inventory items by a first-in first-out method. The cost of inventories comprises the invoiced value of goods sold and in general includes transport and handling costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

1.9 Trade and other receivables

Trade receivables comprise amounts due from customers for merchandise sold or services performed 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 receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit loss allowances in accordance with accounting policy 1.6.3. 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 in profit or loss.

1.10 Cash and cash equivalents and deposits with financial institutions

Cash and cash equivalents and deposits with financial institutions are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks, whereas deposits which exceed the three month term are classified and presented as deposits with financial institutions.

1.11 Share capital and share premium

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. When shares are issued at a premium, the difference between the proceeds and the share's par value is recognised in a share premium reserve.

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

1.12 Financial liabilities

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These other liabilities are subsequently measured at amortised cost.

The Group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.13 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.

1.14 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

1.15 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.

The Group has agreements in place with third parties to collect, through the Group's outlet network, amounts due to these third parties owed by their customers. Any amounts collected in respect of these agreements are retained by the Group until settlement with the respective third parties, during which time the Group is exposed to the risks and rewards emanating from the amounts collected. Such amounts are therefore presented within assets with a corresponding liability towards the third party presented within trade and other payables.

1. Summary of significant accounting policies - continued

1.16 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 income 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 income 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 income 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.

1.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The Company provides for the obligation arising in terms of Article 8A of the Pensions Ordinance, Cap 93 of the laws of Malta, covering those ex-Government employees who opted to become full-time employees of the Company, and who continued to be entitled to pension rights which go beyond the National Insurance Scheme.

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period. A defined benefit obligation is calculated annually using the projected unit credit method. The present value of a defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate yields of Government bonds that have terms to maturity approximating to the terms of the related pension liability.

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

1.17 Provisions - continued

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

1.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of sales taxes and discounts and is included in the financial statements as revenue. It comprises revenue directly received from customers, commissions earned on postal and non-postal transactions and income from foreign outbound mail receivable from foreign postal administrators. Revenue is recognised as follows: income from sale of stamps, commissions earned on postal and non-postal transactions and from foreign inbound mail is recognised when the service is rendered. Allowance is made for the assessed amount of revenue from prepaid product sales at the reporting date for which the service has not yet been provided.

IFRS 15 requires that at contract inception the goods or services promised in a contract with a customer are assessed and each promise to transfer to the customer the good or service is identified as a performance obligation. Promises in a contract can be explicit or implicit if the promises create a valid expectation to provide a good or service based on the customary business practices, published policies, or specific statements.

A contract asset must be recognised if the Company recorded revenue for fulfillment of a contractual performance obligation before the customer paid consideration or before – irrespective of when payment is due – the requirements for billing and thus the recognition of a receivable exist.

A contract liability must be recognised when the customer paid consideration or a receivable from the customer is due before the Company fulfilled a contractual performance obligation and thus recognised revenue.

Multiple-element arrangements involving the delivery or provision of multiple products or services must be separated into distinct performance obligations, each with its own separate revenue contribution that is recognised as revenue on fulfillment of the obligation to the customer. The total transaction price of a bundled contract is allocated among the individual performance obligations based on their relative – possibly estimated – standalone selling prices, i.e., based on a ratio of the standalone selling price of each separate element to the aggregated standalone selling prices of the contractual performance obligations.

A contract modification exists where the Group and the customer approve a modification that either creates new, or changes existing, enforceable rights and obligations of both parties. The Group accounts for a contract modification as a separate contract where the scope of the contract increases because of the addition of distinct promised services, and the price of the contract increases by an amount of consideration that reflects the stand-alone selling price of those additional promised services. A modification that is not accounted for as a separate contract is accounted for as an adjustment to the existing contract, either prospectively or through a cumulative catch-up adjustment, depending on whether the remaining goods or services to be provided to the customer under the modified contract are distinct.

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

1.18 Revenue recognition - continued

The Group measures revenue on a basis that reflects the amount of consideration that it expects to be entitled to; this measurement of revenue is however limited to amounts to which the Group has enforceable rights, and it excludes amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation, which occurs when it transfers control of a promised good or service to a customer. Control of a promised good or service is transferred to a customer when the customer is able to direct the use of the promised good or service. A performance obligation is satisfied at a point in time unless it meets certain criteria that indicate that it is satisfied over time.

Management has determined that none of the Group's contracts with customers contain a significant financing component as the period between the recognition of revenue and the payment due date is of less than one year.

Other income is recognised as follows:

(a) finance income is recognised as it accrues on a time proportion basis using the effective interest method, unless collectability is in doubt;

(b) dividend income is recognised when the right to receive payment is established.

1.19 Customer contract assets and liabilities

The timing of revenue recognition may differ from customer invoicing. Trade receivables presented in the statement of financial position represent an unconditional right to receive consideration (primarily cash), i.e. the services and goods promised to the customer have been transferred.

By contrast, contract assets mainly refer to amounts allocated per IFRS 15 as compensation for goods or services provided to customers for which the right to collect payment is subject to providing other services or goods under that same contract. Contract assets, like trade receivables, are subject to impairment for credit risk. The recoverability of contract assets is also verified, especially to cover the risk of impairment should the contract be interrupted.

Contract liabilities represent amounts paid by customers before receiving the goods and/or services promised in the contract. This is typically the case for advances received from customers or amounts invoiced and paid for goods or services not transferred yet, such as contracts payable in advance or prepaid stamps (previously recognised in deferred income).

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

1.20 Government grants

Grants from Government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

1.21 Leases

Leases of assets in which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

1.22 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

1.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

1.24 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

2. Financial risk management

2.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the functional currency. The Group is exposed to foreign exchange risk arising primarily from the Group's sales and purchases attributable to its postal activities, a part of which are denominated in SDR. The table below summarises the main exposure to foreign currencies analysing the exposure of assets and liabilities by foreign currency, focusing on invoiced amounts:

	Group and Company	
	2019	2018
	€'000	€'000
Financial assets		
Trade receivables		
SDR	**722**	519
Financial liabilities		
Trade payables		
SDR	**(2,602)**	(1,730)
Net exposure to foreign currency risk	**(1,880)**	(1,211)

Management does not deem the Group's exposure to foreign currencies reflected in the table above to be significant. Foreign exchange risk is not considered significant, taking cognisance of the impact of exchange fluctuations on the net financial position exposures as at the reporting dates and the staged short settlement periods for both assets and liabilities denominated in SDR. A sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting periods is not accordingly deemed necessary since the Directors are of the opinion that the net impact would be insignificant. Also foreign exchange risk attributable to future transactions is not deemed to be significant.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(a) Market risk - continued

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises principally from term deposits (subject to fixed interest rates), fixed income debt securities and cash and cash equivalents (subject to floating interest rates). Assets earning interest at variable rates expose the Group to cash flow interest rate risk whereas assets earning interest at fixed rates expose the Group to fair value interest rate risk.

The Group's fixed income debt securities, categorised as financial assets at fair value through other comprehensive income, consist principally of corporate and Government debt securities, and constitute the Group's only financial instruments carried at fair value.

Management does not consider cash flow and fair value interest rate risk to be significant in view of the nature and terms of the instruments highlighted above. Accordingly, a sensitivity analysis for this risk disclosing how profit or loss and equity would have been affected by changes in interest rates that were reasonably possible at the end of the reporting period is not deemed necessary.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks, financial investments, as well as credit exposures to customers including outstanding receivables and committed transactions. The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Financial assets:				
At fair value through other comprehensive income (2018: available-for-sale financial assets):				
Debt securities (Note 7)	**3,925**	3,826	**3,925**	3,826
At amortised costs (2018: loans and receivables):				
Trade and other receivables (Note 10)	**8,777**	7,439	**8,777**	7,511
Deposits with financial institutions (Note 11)	**4,700**	4,714	**4,700**	4,714
Cash and cash equivalents (Note 12)	**5,065**	12,565	**5,046**	12,458
	22,467	28,544	**22,448**	28,509

The maximum exposure to credit risk at the reporting date as reflected by the carrying amount of financial investments, credit exposures to customers and cash and cash equivalents is disclosed in the table above and the respective notes to the financial statements. The figures disclosed in the table above in respect of trade and other receivables exclude prepayments and indirect taxation.

2. **Financial risk management** - continued
   2.1 Financial risk factors - continued
   (b) Credit risk - continued

Financial assets at fair value through other comprehensive income

The Group's financial investments comprise listed sovereign debt securities having a carrying amount of €2.2 million (2018: €2.2 million) with a credit rating of A, as well as listed debt securities issued by corporates having a carrying amount of €0.6 million (2018: €0.6 million) with a credit rating of BBB. The remaining investments in listed debt instruments issued by local corporates with a carrying amount of €1.1 million (2018: €1.1 million) are unrated. Low credit risk simplification is applied for listed sovereign debt securities. Other listed debt securities are considered by the Directors to have low credit risk as the probability of default is considered to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, financial assets at fair value through other comprehensive income are classified under Level 1 and no loss allowance has been recognised based on 12-month expected credit loss, as any such impairment would be wholly insignificant to the Group and the Company.

Cash and cash equivalents and deposits with financial institutions

Entities forming part of the Group principally bank with local and European financial institutions with high-quality standing or rating. Balances are primarily callable on demand or within a maximum period of 1 week. Low credit risk simplification is applied and the Directors consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit loss as any such impairment would be wholly insignificant to the Group and the Company.

Amounts owed by related parties

The Group's receivables include amounts owed by related parties (Note 10). The Group monitors credit exposures with related parties at an individual entity level on a regular basis and ensures timely performance of these assets in the context of overall Group liquidity management. The Group assesses the credit quality of these related parties taking into account financial position, performance and other factors. The Group takes cognisance of the related party relationship with these entities and management does not expect any significant losses from non-performance or default.

Expected credit losses, based on the assumption that repayment of the balance is on demand, are deemed to be insignificant to the Group and the Company.

Trade and other receivables (including contract assets)

The Group assesses the credit quality of its customers taking into account financial position, past experience and other factors. It has policies in place to ensure that sales of products and services are effected to customers with an appropriate credit history in the case of credit sales. Sales to retail customers are effected in cash.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

Trade and other receivables (including contract assets) - continued

Standard credit terms are in place for individual clients, however, wherever possible, new corporate customers are analysed individually for creditworthiness before the Group's standard payment and service delivery terms and conditions are offered. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance represents specific provisions against individual exposures.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts.

The Group monitors the performance of its financial assets on a regular basis to identify incurred collection losses which are inherent in the Group's receivables taking into account historical experience in collection of accounts receivable.

The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group adjusts the historical loss rates based on expected changes in these factors. Credit loss allowances include specific provisions against credit impaired individual exposures with the amount of the provisions being equivalent to the balances attributable to credit impaired receivables.

As at 30 September 2019 the Group was exposed to concentration of credit risk with 43% (2018: 24%) of its trade receivables being attributable to three (2018: four) postal administrators. The Group assesses the credit quality of these administrators by taking into account financial position, performance and other factors. The Group also takes cognisance of the fact that balances with postal administrators in respect of terminal dues are generally cleared and settled through a central clearing house which acts as a credit risk mitigant. Trade receivables include €6.9 million (2018: €5.4 million) terminal due receivables.

The Group established an allowance for impairment that represented its estimate of expected credit losses in respect of trade receivables. The individually credit impaired trade receivables mainly relate to a number of independent customers which are in unexpectedly difficult economic situations and which are accordingly not meeting repayment obligations. Hence, provisions for impairment in respect of credit impaired balances with corporate trade customers relate to entities which are in adverse trading and operational circumstances.

As at 30 September 2019, the Group had trade receivables amounting to €3,911,000 (2018: €3,594,000) which were fully performing whilst trade receivables amounting to €281,000 (2018: €376,000) were past due but not impaired. These dues relate to a number of independent parties for whom there is no recent history of default. Trade receivable amounting to €173,000 (2018: €104,000) were overdue by at least three months, whereas €108,000 (2018: €272,000) were overdue by at least nine months.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk- continued

Trade and other receivables (including contract assets) - continued

The movement in provisions for impairment in respect of trade receivables during the year was as follows:

	Group and Company	
	2019	2018
	€'000	€'000
At 1 October	**79**	102
Increase in provisions	**1**	10
Reversal of provisions	**(3)**	(33)
At 30 September	**77**	79

As at 30 September 2019, the impact of the change in impairment methodology on the Company's retained earnings and equity, was insignificant.

Reversals of provisions for impairment of credit impaired receivables arise in those situations where customers recover from unfavourable circumstances and accordingly start meeting repayment obligations.

The Group does not hold any significant collateral as security in respect of the credit impaired assets. The movements in credit loss allowances of these receivables are disclosed above.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than a year past due.

Credit losses on trade receivables and contract assets are presented as net expected credit losses and other impairment charges within operating profit. Subsequent recoveries of amounts written off are credited against the same line item.

Previous accounting policy for impairment of trade and other receivables

In the prior year, the impairment of trade and other receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. Receivables which were not considered specifically credit impaired under the incurred loss model, were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

The Group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor;
- probability that the debtor will enter bankruptcy or financial reorganisation; and
- default or late payments.

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

2. Financial risk management- continued
2.1 Financial risk factors - continued

(c) Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables (Note 16). 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 Group's obligations.

Management monitors liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve month period and ensures that adequate financing facilities are in place for the coming year. The carrying amounts of the Group's assets and liabilities are analysed into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date in the respective notes to the financial statements, where deemed applicable.

The Group's liquidity risk is not deemed material in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments, coupled with financing facilities that it can access to meet liquidity needs. The Group's trade and other payables are entirely repayable within one year from the end of the reporting period.

2.2 Capital risk management

Capital is managed by reference to the level of the Company's equity and borrowings or debt as disclosed in the financial statements of the Company. The Group'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 adjust the amount of dividends paid to shareholders.

The Group's equity, as disclosed in the statement of financial position, constitutes its capital. The Group maintains the level of capital by reference to its financial obligations and commitments arising from operational requirements. In view of the nature of the Company's activities and the extent of borrowings or debt, the capital level as at the end of the reporting period is deemed adequate by the Directors.

2.3 Fair values of financial instruments

In accordance with IFRS 7, for financial instruments that are measured in the statement of financial position at fair value, disclosure of fair value measurements by level of the following fair value measurement hierarchy is required:

- 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).

2. **Financial risk management** - continued
2.3 **Fair values of financial instruments** - continued

	Group and Company Level 1	
	2019	2018
	€'000	€'000
Assets		
Financial assets at fair value through other comprehensive income (2018: available-for-sale financial assets)		
Debt securities	**3,925**	3,826

The fair value of financial assets at fair value through other comprehensive income (2018: available-for-sale financial assets) which are traded in active markets, is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the entity is the current bid price.

The carrying amounts of cash and cash equivalents, term placements, receivables (net of impairment provisions) and payables are assumed to approximate their fair values in view of the short term nature of the instruments.

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 consolidated financial statements, which have been highlighted above, are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

The Directors also draw attention to the fact that there are no assumptions and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Property, plant and equipment

Group and Company	Land and buildings €'000	Improvements to leasehold properties €'000	Fixtures, furniture and fittings €'000	Equipment €'000	Motor vehicles €'000	Total €'000
At 1 October 2017						
Cost or valuation	10,031	1,161	6,261	6,521	323	24,297
Accumulated depreciation	(117)	(484)	(3,684)	(5,474)	(148)	(9,907)
Net book amount	9,914	677	2,577	1,047	175	14,390
Year ended 30 September 2018						
Opening net book amount	9,914	677	2,577	1,047	175	14,390
Additions	190	120	314	339	8	971
Disposals	-	-	-	(6)	-	(6)
Reclassification	(38)	7	31	-	-	-
Depreciation	(62)	(77)	(284)	(445)	(44)	(912)
Revaluation surplus:						
Effect on cost or valuation	2,667	-	-	-	-	2,667
Effect on accumulated depreciation	179	-	-	-	-	179
Closing net book amount	12,850	727	2,638	935	139	17,289
At 30 September 2018						
Cost or valuation	12,850	1,288	6,606	6,854	331	27,929
Accumulated depreciation	-	(561)	(3,968)	(5,919)	(192)	(10,640)
Net book amount	12,850	727	2,638	935	139	17,289
Year ended 30 September 2019						
Opening net book amount	12,850	727	2,638	935	139	17,289
Additions	794	79	369	216	56	1,514
Disposals and write-offs	-	(10)	(39)	-	-	(49)
Depreciation	(45)	(81)	(281)	(439)	(54)	(900)
Depreciation released on disposals and write-offs	-	10	39	-	-	49
Closing net book amount	**13,599**	**725**	**2,726**	**712**	**141**	**17,903**
At 30 September 2019						
Cost or valuation	13,644	1,357	6,936	7,070	387	29,394
Accumulated depreciation	(45)	(632)	(4,210)	(6,358)	(246)	(11,491)
Net book amount	**13,599**	**725**	**2,726**	**712**	**141**	**17,903**

4. Property, plant and equipment - continued

Property, plant and equipment include assets relating to the Company's postal museum as follows:

	Group and Company Carrying amount	
	2019	2018
	€'000	€'000
As at 30 September		
Land and buildings	**1,161**	1,161
Artefacts and exhibits	**1,095**	1,035
	2,256	2,196

Fair valuation of property

The land and buildings within property, plant and equipment were revalued on 30 September 2018 by an independent firm of property valuers having appropriate recognised professional qualifications and experience in the location and category of the property being valued. Management had reviewed the carrying amounts of the properties as at 30 September 2018, on the basis of the assessments carried out by the independent property valuers. The carrying values of the properties classified within property, plant and equipment, were adjusted to the valuations and the net resultant adjustment comprised an increase of €2,846,000 in the carrying values for the Company to reflect the property's estimated open market value on an individual asset level. This increase was recognised in other comprehensive income in the property revaluation reserve within shareholders' equity. As at 30 September 2019, management reviewed the carrying amount of the property and no adjustments to the carrying amount were deemed necessary as at that date.

Valuations were made on the basis of open market value taking cognisance of the specific location of the properties, the size of the sites together with their development potential, the availability of similar properties in the area, and whenever possible, having regard to recent market transactions for similar properties in the same location.

The Group is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

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

The Group's land and buildings, within property, plant and equipment, comprises the head office, mail delivery hubs and retail outlets. All the recurring property fair value measurements use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

4. Property, plant and equipment - continued

Fair valuation of property - continued

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the year ended 30 September 2018 and 30 September 2019.

A reconciliation from the opening balance to the closing balance of land and buildings for recurring fair value measurements categorised within Level 3 of the value hierarchy, is reflected in the table above.

Valuation processes

The valuations of the properties will be performed regularly on the basis of valuation reports prepared by independent and qualified valuers. These reports are based on both:

- information provided by the Group which is derived from the Group's financial systems and is subject to the Group's overall control environment; and
- assumptions and valuation models used by the valuers – the assumptions are typically market related. These are based on professional judgement and market observation.

The information provided to the valuers, together with the assumptions and the valuation models used by the valuers, are reviewed by the Chief Financial Officer (CFO). This includes a review of fair value movements. When the CFO considers that the valuation report is appropriate, the valuation report is recommended to the Audit and Risk Committee. The Audit and Risk Committee considers the valuation report as part of its overall responsibilities.

At the end of every reporting period, the CFO will assess whether any significant changes or developments have been experienced since the last external valuation. This is supported by an assessment performed by the independent firm of property valuers. The CFO reports to the Audit and Risk Committee on the outcome of this assessment.

Valuation techniques

The external valuations of the Level 3 property have been performed using an adjusted sales comparison approach for the land component and the replacement cost approach for the buildings component.

In view of a limited number of similar sales in the local market, the valuations have predominantly been performed using unobservable inputs. The significant input to the adjusted sales comparison approach is generally a sales price per square metre related to transactions in comparable properties located in proximity to the Group's property, with significant adjustments for differences in the size, age, exact location and condition of the property. The significant input to the replacement cost approach is the estimated development costs per square metre.

4. Property, plant and equipment - continued

Information about fair value measurements using significant unobservable inputs (Level 3)

	At 30 September 2019 and 2018			
Description by class based on highest and best use	**Fair value €**	**Valuation technique**	**Significant unobservable input**	**Range of unobservable inputs (weighted average) €**
Current use as office premises, retail outlets and mail delivery hubs	13.6 million (2018: 12.8 million)	Adjusted sales comparison approach	Sales price per square metre	1,300 - 3,400 (1,500)

The Group's improvements to premises not owned by the Group, with a carrying amount of €740,000 (2018: €727,000), have not been included in the analysis above.

The higher the sales price per square metre or the development costs per square metre, the higher the resultant fair valuation.

The highest and best use of the Group's properties is equivalent to their current use.

If the land and buildings were stated on the historical cost basis, the carrying amounts would be as follows:

	Group and Company	
	2019	2018
	€'000	€'000
Cost	**10,943**	10,149
Accumulated depriciation	**(405)**	(361)
Net book amount	**10,538**	9,788

5. Intangible assets

Group and Company	Computer software €'000
Year ended 30 September 2018	
Additions	338
Amortisation	(52)
Closing net book amount	**286**
At 30 September 2018	
Cost	338
Accumulated amortisation	(52)
Net book amount	**286**
Year ended 30 September 2019	
Opening net book amount	286
Additions	521
Amortisation	(119)
Closing net book amount	**688**
At 30 September 2019	
Cost	859
Accumulated amortisation	(171)
Net book amount	**688**

6. Investment in subsidiary

	Company	
	2019	2018
	€'000	€'000
Cost and carrying amount at beginning and end of year	**1**	1

The carrying amount of the investment at 30 September 2019 and 2018 is equivalent to the cost of investment. The subsidiary at 30 September 2019 and 2018 is shown below:

Subsidiary	**Registered office**	**Percentage of shares and voting rights held**	**Nature of business**
Tanseana Limited	305, Qormi Road, Marsa, MTP 1001, Malta	100% of ordinary shares	Document management services

7. Financial assets at fair value through other comprehensive income

Financial instruments, other than loans and receivables, are summarised in the table below:

	Group and Company	
	2019	2018
	€'000	€'000
Financial assets at fair value through other comprehensive income:		
Non-current	**3,925**	3,826

	Group and Company	
	2019	2018
	€'000	€'000
Year ended 30 September		
Opening carrying amount	**3,826**	3,613
Additions	**225**	500
Disposals/redemptions	**(313)**	(250)
Net fair value movements (Note 14)	**188**	(34)
Amortisation	**(1)**	(3)
Closing carrying amount	**3,925**	3,826
At 30 September		
Amortised cost	**3,342**	3,431
Accumulated fair value gains	**583**	395
Carrying amount	**3,925**	3,826

The previously designated available-for-sale financial assets, were categorised as financial assets at fair value through other comprehensive income and cumulative fair value gains of €395,000 were designated as such within the fair value through other comprehensive income reserve from the available-for-sale financial assets reserve on 1 October 2018.

Financial assets at fair value through other comprehensive income consist of debt securities listed on the Malta Stock Exchange. These debt securities are subject to fixed interest rates ranging from 3% to 6% (2018: 3% to 6%). The weighted average effective interest rate as at 30 September 2019 was 4% (2018: 5%).

For investments traded on the Malta Stock Exchange, fair value is determined by reference to quoted market prices.

8. Deferred tax assets and liabilities

Deferred taxes are calculated on all temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The principal tax rate used is 35% (2018: 35%), with the exception of deferred taxation on the fair valuation of non-depreciable property, which is computed on the basis applicable to disposals of immovable property i.e. tax effect of 8% of the transfer value, amounting to €1,028,000 as at 30 September 2019 (2018: €1,028,000).

The balance at 30 September represents temporary differences attributable to:

	Group and Company	
	2019	2018
	€'000	€'000
Assets		
Reflected within profit or loss		
Depreciation of property, plant and equipment	**128**	144
Provisions	**52**	51
Other	**-**	78
Reflected within other comprehensive income		
Provisions for liabilities and charges	**363**	309
	543	582
Liabilities		
Reflected within other comprehensive income		
Fair valuation of land and buildings	**(1,028)**	(1,028)
	(1,028)	(1,028)

8. Deferred tax assets and liabilities - continued

The movement in the deferred tax assets and liabilities during the year is as follows:

	Group and Company	
	2019	2018
	€'000	€'000
Assets		
At beginning of year	**582**	611
Charge to profit or loss (Note 21)	**(93)**	(33)
Credit to other comprehensive income (Note 14)	**54**	4
At end of year	**543**	582
Liabilities		
At beginning of year	**(1,028)**	(777)
Charge to other comprehensive income (Note 14)	**-**	(251)
At end of year	**(1,028)**	**(1,028)**
Net deferred tax liability	**(485)**	(446)

The recognised deferred tax assets and liabilities are expected to be recovered or settled principally after more than twelve months from the end of the reporting period. The deferred tax liabilities and assets reflected in other comprehensive income relate to temporary differences attributable to fair valuation of land and buildings within property, plant and equipment (Note 14) and to provision for actuarial losses in respect of pension obligations (Note 15) respectively.

9. Inventories

	Group and Company	
	2019	2018
	€'000	€'000
Inventories for resale	**232**	250
Other inventory items	**224**	234
Stamps and postal stationery	**208**	122
	664	606

There were no inventory write-downs during the current and preceding financial years.

10. Trade and other receivables

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Current				
Trade receivables - gross	**3,424**	2,820	**3,424**	2,820
Provision for impairment	**(77)**	(79)	**(77)**	(79)
Trade receivables - net	**3,347**	2,741	**3,347**	2,741
Amounts due from parent undertaking	**22**	-	**22**	-
Amounts due from subsidiary undertaking	**-**	-	**-**	72
Amounts due from related undertakings	**845**	788	**845**	788
Contract assets	**4,563**	-	**4,563**	-
Prepayments and accrued income	**707**	4,350	**707**	4,350
	9,484	7,879	**9,484**	7,951

Amounts due from group and from related undertakings are interest free, unsecured and repayable on demand. The Group's exposures to credit and currency risks together with impairment losses relating to trade and other receivables are disclosed in Note 2.

Upon adoption of the requirements of IFRS 15 on 1 October 2018, accrued income, presented within 'prepayments and accrued income' prior to the adoption of IFRS 15, has been reclassified as 'Contract assets'. No remeasurement was deemed necessary.

11. Deposits with financial institutions

	Group and Company	
	2019	2018
	€'000	€'000
Term placements	**4,700**	4,714

Deposits with financial institutions comprise placements with a maturity of more than three months but less than one year.

12. Cash and cash equivalents

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

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Cash and balances with banks	**5,065**	12,565	**5,046**	12,458

Cash and cash equivalents as at 30 September 2019 include amounts collected on behalf of third parties, amounting to €1,520,000 (2018: €9,705,000) as disclosed in Note 16.

13. Share capital

	Company	
	2019	2018
	€'000	€'000
Authorised		
56,000,000 ordinary shares of €0.25 each	**14,000**	14,000
Issued and fully paid up		
37,654,720 ordinary shares of €0.25 each	**9,414**	9,414

Utilisation of the share premium account is governed by the requirements of Article 114 within the Companies Act (Cap. 386) of the laws of Malta.

14. Other reserves

Group and Company	Property revaluation reserve €'000	Investment fair value reserve €'000	Other reserve €'000	Total €'000
At 1 October 2017	117	429	(566)	(20)
Available-for-sale financial assets:				
Losses from changes in fair value (Note 7)	-	(34)	-	(34)
Remeasurements of defined benefit obligations (Note 15):				
Actuarial losses	-	-	(11)	(11)
Deferred taxes (Note 8)	-	-	4	4
Surplus arising on revaluation of land and buildings (Note 4)	2,846	-	-	2,846
Deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals (Note 8)	(251)	-	-	(251)
At 30 September 2018	2,712	395	(573)	2,534
At 1 October 2018	2,712	395	(573)	2,534
Financial assets at fair value through other comprehensive income: Gains from changes in fair value (Note 7)	-	188	-	188
Remeasurements of defined benefit obligations (Note 15): Actuarial losses	-	-	(146)	(146)
Deferred taxes (Note 8)	-	-	54	54
At 30 September 2019	**2,712**	**583**	**(665)**	**2,630**

Property revaluation reserve

The revaluation reserve relates to fair valuation of the land and buildings component of property, plant and equipment, and the balance represents the cumulative net increase in fair value of such property, net of related deferred tax.

Fair value through other comprehensive income revaluation reserve (formerly available-for-sale financial assets reserve)

The fair value reserve represents changes in fair value of financial assets measured at fair value through other comprehensive income (formerly available-for-sale financial assets) which are unrealised at financial reporting date. Upon disposal, realised fair value gains are reclassified to profit or loss as a reclassification adjustment.

14. Other reserves - continued

Other reserve

The other reserve reflects the impact of actuarial gains and losses with respect to pension obligations (Note 15) recognised in other comprehensive income in accordance with the Group's accounting policy, net of any related deferred tax impacts.

15. Provision for liabilities and charges

The Company provides for the obligation arising in terms of Article 8A of the Pensions Ordinance, Cap 93 of the laws of Malta, covering those ex-Government employees who opted to become full-time employees of the Company, and who continued to be entitled to pension rights which go beyond the National Insurance Scheme. The related scheme is a final salary defined benefit plan and is unfunded.

The amount recognised in the statement of financial position is as follows:

	Group and Company	
	2019	2018
	€'000	€'000
Present value of unfunded obligation	**3,971**	3,784
Crystallised obligation	**(1,263)**	(1,121)
Fair value of obligation to be reimbursed by Government	**(699)**	(699)
Provision reflected in financial statements	**2,009**	1,964

The provision is analysed in the statement of financial position as follows:

	Group and Company	
	2019	2018
	€'000	€'000
Non-current	**1,827**	1,829
Current	**182**	135
	2,009	1,964

The movement for the year is made up of:

	Group and Company	
	2019	2018
	€'000	€'000
Charge to profit or loss	**(41)**	(42)
Charge to other comprehensive income (Note 14)	**(146)**	(11)
Crystallised obligation	**142**	136
	(45)	83

15. Provision for liabilities and charges - continued

The amount recognised in other comprehensive income is as follows:

	Group and Company	
	2019	2018
	€'000	€'000
Net actuarial losses		
- attributable to financial assumptions	**146**	11

Crystallised obligations relate to amounts which became payable as at the end of the reporting period. In computing the provision, the Group used a weighted average discount rate of 0.73% (2018: 1.63%). Assumptions regarding future mortality experience are based on published mortality tables in Malta, which translate into an average life expectancy of 83 (83 in 2018) depending on age and gender of the beneficiaries.

These factors are deemed to be the key assumptions used in the computation of the liability. The sensitivity of the obligation to changes in the key assumptions is considered immaterial for disclosure purposes.

16. Trade and other payables

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Current				
Trade payables	**5,322**	3,705	**5,318**	3,705
Amounts owed to subsidiary undertaking	**-**	40	**110**	40
Amounts collected on behalf of third Parties (refer to Note 26)	**1,520**	9,705	**1,520**	9,705
Amounts owed to related undertaking	**1,263**	1,121	**1,263**	1,121
Other payables	**49**	51	**49**	51
Amounts owed to related undertakings	**1,263**	1,121	**1,263**	1,121
Indirect taxes and social security	**359**	382	**316**	357
Contract liabilities	**118**	-	**118**	-
Accruals and deferred income	**4,537**	3,518	**4,477**	3,518
	13,168	18,522	**13,171**	18,497

Amounts owed to subsidiary and to related undertakings are interest free, unsecured and repayable on demand.

The Group's exposures to currency and liquidity risks relating to trade and other payables are disclosed in Note 2.

Upon adoption of the requirements of IFRS 15 on 1 October 2018, liabilities previously recognised in respect of prepaid and deferred income (presented within 'Accruals and deferred income' as at 30 September 2018) have been reclassified to 'Contract liabilities'. No remeasurement was deemed necessary.

17. Revenue

Revenue is analysed as follows:

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
By activity				
Postal	**29,601**	35,260	**29,601**	35,260
Philatelic	**378**	404	**378**	404
Other	**4,503**	4,503	**4,503**	4,505
	34,482	40,167	**34,482**	40,169
By geographical segments				
Local	**27,369**	25,337	**27,369**	25,339
International	**7,113**	14,830	**7,113**	14,830
	34,482	40,167	**34,482**	40,169

Revenue categorised as 'International' within the table above is attributable to postal activities which do not impact postal traffic from or to Malta.

The Group primarily operates in one segment that comprises the provision of postal and related retail services to customers, which activities are substantially subject to the same risks and returns. Accordingly, the presentation of segment information as required by IFRS 8, 'Operating segments', within these financial statements is not deemed applicable.

18. Expenses by nature

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Employee benefits expense (Note 19)	**16,075**	14,745	**16,075**	14,745
Depreciation and amortisation (Notes 4, 5)	**1,019**	964	**1,019**	964
Foreign direct mail costs	**8,023**	15,328	**8,023**	15,328
Property operating lease rentals	**289**	251	**289**	251
Motor vehicle operating lease rental costs	**628**	599	**628**	599
Movement in provision for impairment of receivables (Note 10)	**(2)**	(23)	**(2)**	(23)
Other expenses	**5,664**	5,831	**5,677**	5,846
	31,696	37,695	**31,709**	37,710

Fees for work carried out by the external auditor were as follows:

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Annual statutory audit	**29**	27	**26**	24
Other assurance services	**26**	15	**26**	15
Tax advisory and compliance services	**1**	1	**1**	1
Other non-assurances services	**33**	105	**33**	105
	89	148	**86**	145

Other non-assurance services to the Company include advisory services related to the delivery of quality of service measurement studies on cross-border and local mail covering 3 year period from October 2015 to December 2018.

19. Employee benefits expense

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Wages and salaries	**14,405**	13,179	**13,866**	12,705
Other staff costs	**560**	535	**1,159**	1,060
Social security and indirect tax	**1,110**	1,031	**1,050**	980
	16,075	14,745	**16,075**	14,745

Average number of persons employed during the year:

	Group		Company	
	2019	2018	**2019**	2018
Operational	**702**	674	**650**	632
Management	**49**	43	**49**	43
	751	717	**699**	675

20. Finance income

	Group and Company	
	2019	2018
	€'000	€'000
Interest income from bank balances and debt securities	**191**	164

21. Tax expense

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Current tax expense	**934**	875	**929**	870
Deferred tax charge (Note 8)	**93**	33	**93**	33
Tax expense	**1,027**	908	**1,022**	903

21. Tax expense - continued

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

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Profit before tax	**2,977**	2,636	**2,964**	2,623
Tax at 35%	**1,042**	923	**1,037**	918
Tax effect of:				
Income taxed at different rates	**(41)**	(33)	**(41)**	(33)
Other differences	**26**	18	**26**	18
Tax expense	**1,027**	908	**1,022**	903

22. Directors' emoluments

	Group and Company	
	2019	2018
	€'000	€'000
Directors' fees	**60**	47

The Company paid insurance premia of €9,695 (2018: €4,925) during the year, in respect of professional indemnity.

23. Earnings per share

Earnings per share is based on the profit for the year attributable to the equity holders of MaltaPost p.l.c. divided by the weighted average number of ordinary shares in issue and ranking for dividend during the year.

	Group	
	2019	2018
Profit attributable to equity holders (€'000)	**1,950**	1,728
Weighted average number of ordinary shares in issue (thousands)	**37,655**	37,655
Earnings per share (basic and diluted)	**€0.05**	€0.05

The Company has no instruments or arrangements which give rise to potential ordinary shares and accordingly diluted earnings per share is equivalent to basic earnings per share.

24. Dividends

	Company	
	2019	2018
	€'000	€'000
Dividends declared on ordinary shares	**1,506**	1,506
€ per share (net)	**€0.04**	€0.04

24. Dividends - continued

At the forthcoming Annual General Meeting, a final net dividend of €0.04 in respect of the financial year ended 30 September 2019 is to be proposed. These financial statements do not reflect this final dividend of €1,506,189 which, subject to approval by the shareholders at the forthcoming Annual General Meeting, will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 30 September 2020.

25. Commitments

Operating lease commitments

The Group lease various premises and other assets under operating leases. The future minimum lease payments under non-cancellable operating leases, with respect to property and motor vehicles, mainly having a term of five years, are as follows:

	Company	
	2019	2018
	€'000	€'000
Current		
Within 1 year	**41**	86
Non-current		
Between 1 and 2 years	**77**	77
Between 2 and 5 years	**94**	132
	212	295

Specific lease arrangements include an option to renew the lease after the original term but the amounts presented in the table above do not reflect lease charges applicable to the renewal period.

Operating lease payments in respect of cancellable and non-cancellable leases made during the year are disclosed in Note 18.

The Company is also committed to pay an annual licence fee of 1.50% of its total gross revenue from postal services within the scope of the universal services.

26. Related party transactions

The following entities are considered to be related parties of the Company:

- Tanseana Limited (MaltaPost p.l.c.'s wholly-owned subsidiary)
- Redbox Limited (direct parent company)
- Lombard Bank Malta p.l.c. (indirect parent company)
- National Development and Social Fund
- all entities controlled by the above

26. Related party transactions - continued

Lombard Bank Malta p.l.c. (via its wholly-owned subsidiary Redbox Limited) holds 71.5% shareholding in MaltaPost p.l.c. In turn, the National Development and Social Fund (NDSF) holds 49.01% shareholding in Lombard Bank Malta p.l.c. Consequently, Government of Malta and other government entities are considered to be parties related to MaltaPost p.l.c. Nevertheless, in its Company Announcement dated 10 August 2018, Lombard Bank Malta p.l.c. reported that the NDSF had reaffirmed that:

Quote

- it does not intend to increase its holdings in the Bank;
- it shall not act in concert with any other shareholders;
- it will seek to reduce its shareholding in the Bank in an orderly manner, at the right market conditions and by agreement with the regulatory authorities;
- it has no intention of exerting any influence on the operations of the Bank; and
- this acquisition will not result in a change in control of the Bank.

Unquote

The sale of stamps to entities referred to above is made directly or indirectly by the Company in the normal course of business at arm's length prices and is included within revenue. Disclosure of these amounts, which are not material, is not deemed necessary for the purpose of understanding the Company's financial results or its financial position.

In addition the following transactions were carried out by the Company with related parties:

	Company	
	2019	2018
	€'000	€'000
Subsidiary		
Services provided to	**2**	2
Services provided by	**617**	595

	Group and Company	
	2019	2018
	€'000	€'000
Indirect parent		
Services provided to	**58**	53
Goods and services provided by	**236**	185
Other related parties		
Services provided to	**4,666**	593
Services provided by	**397**	80
Postal licence fee	**296**	70

26. Related party transactions - continued

Year end balances with related parties arising from/to the above transactions are disclosed in Notes 10 and 16 to these financial statements. Included in 'Amounts collected on behalf of third parties' within 'Trade and other payables' are amounts that the Company processes on behalf of government entities which result in revenue amounting to €806,000 (2018: €156,000).

Financial assets at fair value through other comprehensive income include:

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Related party				
Malta Government debt securities	**2,174**	2,179	**2,174**	2,179

Cash and cash equivalents include:

	Group		Company	
	2019	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000
Indirect parent				
Term placements and bank balances held with Lombard Bank Malta p.l.c.	**4,236**	3,825	**4,217**	3,717

Key management personnel comprise the Directors of the Company. Total fees and emoluments paid to the Directors have been disclosed in Note 22.

27. Statutory information

MaltaPost p.l.c. is a limited liability company and is incorporated in Malta.

Five year summary
Accounting ratios

	01/10/18 to 30/09/19 %	01/10/17 to 30/09/18 %	01/10/16 to 30/09/17 %	01/10/15 to 30/09/16 %	01/10/14 to 30/09/15 %
Gross profit margin	**21.04**	17.90	18.13	24.01	28.15
Operating profit margin	**8.03**	6.12	7.56	9.91	12.45
Operating profit to total assets	**6.43**	5.14	6.98	7.61	9.11
Operating profit to capital employed	**10.30**	9.32	12.30	12.45	15.70
Profit before tax to total equity	**11.01**	9.94	12.91	13.20	16.59
Profit after tax to total equity	**7.21**	6.51	8.51	9.29	10.74

	30/09/19	30/09/18	30/09/17	30/09/16	30/09/15
Shares in issue of €0.25 each (thousands)	**37,655**	37,655	37,655	36,987	36,307
Net assets per share (€ cents)	**72**	70	63	60	56
Earnings per share (€ cents)	**5**	5	5	6	6

Financial highlights in major currencies

	Company	
	USD	GBP
	000's	000's
For the year ended 30 September 2019		
Revenue	37,618	30,598
Gross profit	7,915	6,438
Operating profit	3,021	2,457
Profit before tax	3,228	2,626
Net profit after tax	2,116	1,721
At 30 September 2019		
Total assets less current liabilities	32,442	26,388
Total equity	29,333	23,860
Per share		
	USD	**GBP**
Earnings	0.05	0.06
Net asset value	0.78	0.62

At currency rates of exchange ruling on 30 September 2019:

USD 1.0889 = EUR 1

GBP 0.8857 = EUR 1

MaltaPost p.l.c.

SUPPLEMENTARY INFORMATION

30 September 2019

2019

Supplementary information

MaltaPost p.l.c. Post Offices

HEAD OFFICE - MARSA
305, Qormi Road,
Marsa, MTP 1001

BIRKIRKARA
58, Valley Road,
Birkirkara, BKR 9013

BIRŻEBBUĠA
48, Żarenu Dalli Street,
Birżebbuġa, BBG 1522

BORMLA
Block 14, Fuq San Pawl,
Bormla, BML 1910

FLORIANA
San Kalċidonju Square,
Floriana, FRN 1520

GĦAJNSIELEM
J. F. De Chambrai Street,
Għajnsielem, GSM 1051

GĦARB
Visitation Street,
Għarb, GRB 1044

GŻIRA
21, Meme' Scicluna Square,
Gżira, GZR 1120

ĦAMRUN
18, Old Railway Street,
Ħamrun, ĦMR 1900

KALKARA
SmartCity Malta,
Building SCM 01 Level G,
Ricasoli, Kalkara, SCM 1001

LIJA
2, Mikielanġ Borg Street,
Lija, LJA 1440

LUQA
11, Dun Ġulju Muscat Street,
Luqa, LQA 1450

Malta International Airport,
M.I.A. Hall,
Luqa, LQA 5001

MARSASKALA
St Anthony Street,
Marsaskala, MSK 9059

MELLIEĦA
100, New Mill Street,
Mellieħa, MLĦ 1107

MOSTA
Civic Centre, Constitution Street,
Mosta, MST 9059

MSIDA
University Campus,
Msida, MSD 2080

NADUR
13, North Street,
Nadur, NDR 1220

NAXXAR
Civic Centre, 21st September Avenue,
Naxxar, NXR 1018

PAOLA
Civic Centre, Antoine de Paule Square,
Paola, PLA 1266

PIETA'
Gwardamanġa Hill,
Pieta', PTA 1310

QORMI
343, Victory Street,
Qormi, QRM 2504

RABAT
Civic Centre, St Rita Street,
Rabat, RBT 1001

SAN ĠWANN
95, Naxxar Road,
San Ġwann, SGN 9031

SAN ĠILJAN
Paceville Street,
Paceville, San Ġiljan, STJ 3103

SAN PAWL IL-BAĦAR
6, Dolmen Street,
Buġibba, San Pawl il-Baħar, SPB 2400

511, St Paul Street,
San Pawl il-Baħar, SPB 3416

SLIEMA
118, Manwel Dimech Street,
Sliema, SLM 1055

39, Sir Adrian Dingli Street,
Sliema, SLM 1902

SWIEQI
Civic Centre, G. Bessiera Street,
Swieqi, SWQ 2261

VALLETTA
1, Dar Annona, Castille Square,
Valletta, VLT 1060

75, Old Bakery Street,
Valletta, VLT 1458

Malta Postal Museum,
135, Archbishop Street,
Valletta, VLT 1444

25, South Street,
Valletta, VLT 1102

VICTORIA
5, Sir Adrian Dingli Street,
Victoria, VCT 1441

XAGĦRA
132, Race Course Street,
Xagħra, XRA 2013

ŻABBAR
Civic Centre, Convent Street,
Żabbar, ZBR 1351

ŻEBBUĠ
Sciortino Street,
Żebbuġ, ZBG 1962

ŻEJTUN
37, St Lucian Street,
Żejtun, ZTN 1834

ŻURRIEQ
75, Main Street,
Żurrieq, ZRQ 1317

Supplementary information

MaltaPost p.l.c. Sub-Post Offices

ATTARD
76, Higher Grades Stationery,
Kananea Street,
Attard, ATD 2703

BAĦAR IĊ-ĊAGĦAQ
Allstat Stationery,
Lampara Street,
Baħar iċ-Ċagħaq, NXR 5134

BIRGU
Step In,
Victory Square,
Birgu, BRG 1300

BIRKIRKARA
84, Landau Stationery,
Dun Gejtanu Mannarinu Street,
Birkirkara, BKR 9085

D Spiral Stationery,
Victory Street,
Birkirkara, BKR 2691

DINGLI
Għajn Stationery,
Main Street,
Dingli, DGL 1837

FGURA
Happy Kids Stationery,
St Thomas Street,
Fgura, FGR 1608

FLORIANA
Future Focus,
9, L-Imħażen Street,
Floriana, FRN 1118

GĦARGĦUR
Aquavel,
St Bartholomew Street,
Għargħur, GHR 1014

GĦASRI
Kunsill Lokali Għasri,
6, Dun Karm Caruana Street,
Għasri, GSR 1021

GĦAXAQ
4, Marchams,
Wesgħa Bir id-Deheb,
Għaxaq, GXQ 1651

GUDJA
CND Stationery,
144, Tower Avenue,
Gudja, GDJ 1704

IKLIN
6, Tronic Peach,
Citrus Street,
Iklin, IKL 1081

KALKARA
68, Troy DVD Rentals,
Archbishop Gonzi Square,
Kalkara, KKR 1510

KERĊEM
Kerċem Local Council,
Orvieto Square,
Kerċem, KCM 1360

MARSASKALA
Needz Stationery,
Vajrita Street,
Marsaskala, MSK 3325

MELLIEĦA
51, G. Borg Olivier Street,
Mellieħa, MLH 1024

MQABBA
12, Alessio's Old Cottage,
Parish Street,
Mqabba, MQB 1511

MSIDA
Wigwam, Tal-Qroqq Street,
Msida, MSD 1702

NAXXAR
Zaky's,
St Publius Street,
San Pawl tat-Tarġa, NXR 1490

QORMI
Electroit Stationery,
Federico Maemple Square,
Qormi, QRM 1011

QRENDI
Papel Stationery,
Saviour Street,
Qrendi, QRD 1701

SAN ĠWANN
6, S.G.S.,
Feliċ Borg Street,
San Ġwann, SGN 2040

SAN ĠILJAN
Papier, Level 0,
Spinola Park,
Mikielanġ Borg Street,
San Ġiljan, SPK 1000

SAN LAWRENZ
22A, San Lawrenz Local Council,
Our Lady of Sorrows Street,
San Lawrenz, SLZ 1261

SAN PAWL IL-BAĦAR
Paul's Arcade,
Kaħli Street,
San Pawl il-Baħar, SPB 3015

SANTA LUĊIJA
Willand Bargain Store,
Dun M. Mifsud Street,
Santa Luċija, SLC 1441

SANTA VENERA
C@C,
Fleur-De-Lys Junction,
Santa Venera, SVR 1580

SIĠĠIEWI
Many Things Stationery,
Old Church Street,
Siġġiewi, SGW 1704

TARXIEN
16/17, Forex,
Market Square,
Tarxien, TXN 1951

TA' XBIEX
Fleet Stationery,
Testaferrata Street,
Ta' Xbiex, XBX 1402

ŻURRIEQ
AZ Stationery,
Independence Avenue,
Żurrieq, ZRQ 2339

Supplementary information

Collection of postal articles from public letterboxes is held as follows (exceptions may apply as announced to the public in agreement with the Malta Communications Authority as from 2 January 2019).

- Monday - Friday 17:15 hrs
- Saturday 12:30 hrs

Delivery of postal articles generally commences as from 07:00 hrs and ends in accordance with operational exigencies.

Further information on our products and services, including prices and a full list of letterboxes and stamp vendors, may be found on our website on www.maltapost.com or by request from our Post Offices or from our Customer Care Department on (+356) 21224421.

The postal schemes which deal with a number of postal services may also be located and downloaded from our website or available upon request from our Post Offices or our Customer Care. During the year under review, Customer complaints accounted for 0.003% of all mail items handled.

10 Shillings Black
Issued on 6 March 1919
Watermark: Multiple Crown CA
Adapted from an engraving by Gustav Dorè