

AX Investments p.l.c.

Corporate governance – Statement of compliance

Pursuant to Listing Rules 8.36 to 8.39 issued by the Malta Financial Services Authority, AX Investments p.l.c. (the Company) is hereby reporting on the extent of its adoption of “the Code of Principles of Good Corporate Governance” (the Code) previously established by the Malta Stock Exchange. The Board has reviewed its Corporate Governance practices and an explanation of how the Principles of Good Governance have been applied is contained in this report.

The Company acts as a Finance Company to the AX Holdings Group of Companies and as such has minimal operations emanating from this task. Its primary function is the lending and monitoring of the proceeds of the Bonds issued to the public in 2006 by the Company and guaranteed by the parent company, AX Holdings Limited.

Compliance

Although the adoption of the Code is not mandatory, the Board has considered the principles embodied in the Code and has noted the Code’s recommended practices aimed towards the fulfilment of these same principles. The Board has also taken into account the nature of the Company’s structure, business activities and operations and in the light of such considerations it has formulated the view that the Company was generally in compliance with the Code throughout the period, with the following exceptions:

- The Company does not have a Chief Executive Officer as recommended in Principle Six, due to the nature of the Company and as such the Board carries out the policy decisions regarding the Company.
- The Company does not have a Remuneration Committee as recommended in Principle Eight, since the Company has no employees other than the Directors and the Company Secretary.

Board of Directors

The Board of Directors of AX Investments p.l.c. (the Board) is currently made up of five directors, three of whom are completely independent from the Company or any related Group company. Pursuant to generally accepted practices, as well as the Company’s Articles of Association, the appointment of directors to the Board is reserved exclusively to the Company’s shareholders.

The present directors are Mr Angelo Xuereb, Dr Patrick J. Galea LL.D., Chev Philip A. Ransley, Mr Michael Sciortino and Mr Michael Warrington. Messrs Galea, Ransley and Sciortino are independent directors in that they have no involvement or relationship with the company or with the majority shareholder.

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Mr Angelo Xuereb chairs the Board which met seven times during 2009. The Board has a formal schedule of matters reserved to it for decision. Directors receive board and committee papers days in advance of meetings and have access to the advice and services of the Company Secretary. Directors may, in the furtherance of their duties, take independent professional advice on any matter at the Company's expense.

Audit Committee

The Audit Committee held four meetings throughout 2009, besides having ongoing consultations with the Board of Directors, in the fulfilment of its task of monitoring and reviewing procedures and internal control systems.

The Committee is chaired by Chev. Philip A. Ransley, and its other members are Dr Patrick J. Galea LL.D. and Mr Michael Sciortino. The audit committee is in compliance with the amendments to the Listing Rules effected on 10 January 2010. All three directors forming the audit committee are non-executive directors and are totally independent from the Company or the AX Group of Companies. Mr Sciortino is a Certified Public Accountant.

The Company Secretary acts as secretary to the committee which also receives the assistance of the Group Finance Director, Mr Michael Warrington, and the Group Financial Controller, Mr Albert Bonello.

Dealings by Directors and Senior Officers

Conscious of its responsibility for monitoring dealings by directors and senior officers in the Company's securities, the Board approved a Code of Conduct for Securities Transactions by Directors, Executives and Employees in compliance with Listing Rules 8.45 to 8.55. The code provides guidance to the Company's officers and serves as a minimum standard of good practice when dealing in the Company's securities.

During the year under review, there were no transactions in the Company's securities involving directors or any of the Company's employees in possession of unpublished price-sensitive information.

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Internal Control

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve objectives, and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Audit Committee continued to review the Company's system of internal controls which are monitored by the Group's Finance Department, and is satisfied with their effectiveness.

A policy is in place, laying down the minimum required reports that should be made available to the Board in order to keep it informed in a structured and systematic manner on the operational and financial performance of the Company.

Risk Identification

Management is responsible for the identification and evaluation of key risks applicable to their areas of business. Risks may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements.

The Board reviews its risk management policies and strategies and oversees their implementation to ensure that identified operational risks are properly assessed and managed.

Directors' Remuneration

The Board determines the remuneration of the Directors. The directors' annual remuneration for the financial year under review, as previously approved by the Board, was as follows:

Chairman	€23,293
Executive director	€2,329

Mr Angelo Xuereb indirectly, through Fulcrum Services Limited and AX Holdings Limited, holds a controlling interest in the Company. Mr Michael Warrington holds the position of Group Finance Director with the majority shareholder; AX Holdings Limited.

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Commitment to Maintain an Informed Market

The Company recognises the importance of maintaining a dialogue with its stakeholders to ensure that its strategies and performance are understood. The Company communicates with bondholders by way of the Annual Report and Financial Statements and by publishing its results on a six-monthly basis during the year, and through company announcements to the market in general.

The Board has also implemented an Investor Relations Program, which aims at giving Bondholders rewards to be used within the Group to foster loyalty. This program, which is managed by AX Holdings Limited executives, includes the issue of the AX Investments Platinum Card and the periodic dissemination of the AX Investments Newsletter.

The information as provided above is a fair summary of the AX Investments p.l.c. adoption of the Code of Good Corporate Governance. Overall, the Company has broadly implemented the Code where the Board believes that it would add value to the stakeholders. In certain areas, it was felt that the Code was more suited to companies who held equity on the Malta Stock Exchange and therefore its implementation would not be useful for a limited operating company like AX Investments p.l.c.

The Board will continue to monitor the Code in future years and will decide on an annual basis if the position stated above will apply.

Going Concern

Under Corporate Governance requirements, the Directors confirm that, having reviewed the Group's budget and forecast for 2010, they consider that the Group has adequate resources to continue in operation and existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Approved by the Board of Directors on 26 February 2010 and signed on its behalf by:



Mr Angelo Xuereb
Director



Mr Michael Warrington
Director