

Tug Malta Limited

EXPANSION OF TUG MALTA LIMITED

Following the acquisition of the majority shareholding of Tug Malta Limited from Malta Government Investments Limited, as agent for the Government of Malta, in July 2007, the new majority shareholder – Rimorchiatori Riuniti SpA of Genova, Italy – has taken some important decisions to establish Tug Malta as a leading player in the central Mediterranean and beyond as far as towage and ancillary services are concerned.

Tug Malta operated successfully for a number of years and in 2006, took delivery of two powerful 68-tonne Bollard Pull tugs, newly built for the Company by Damen Shipyards Limited of the Netherlands, and this because of the ever-increasing size and number of container-ships using Marsaxlokk, necessitating the posting there of three powerful tugs at all times. Today the Company may boast that it is offering an efficient and cost-effective service for vessels calling at Malta and who wish to utilise the towage services offered by the Company.

As everyone is aware, most ship-owners view tugs as a necessary evil. In some European ports, towage is either compulsory or minimum tug requirements are laid down. In Malta, we have a table of tug norms which has been established in consultation with the Malta Maritime Authority, but which is only a guideline for pilots and/or ship masters who are ultimately responsible if tugs are used or not.

However, a Ship's Master choosing not to make use of tugs needs to be very aware of the risks, as the slightest error could result in damage to his vessel, to other vessels, or to the ports' infrastructure, and may also result in the tugs being summoned after all for salvage.

Towage rates in Malta are officially regulated by the Malta Maritime Authority through Towage Tariff Rates and Conditions made public by a Legal Notice. These rates are based on a scale of Gross Tonnage (indicating the size of the vessel), the number of tugs used, and the duration of the move. To encourage its major clients, the Company allows rebated rates to shipowners whose vessels call frequently at Malta.

Local towage rates are well below those charged in other Mediterranean Ports, and so Tug Malta is very competitive. Tug Malta will keep investing in the more powerful tugs that will be needed to serve more efficiently the types of vessel using Malta's harbours today.

Following an international call for offers in September 2006 in order to identify a strategic partner, who could "add value" to Tug Malta's operations in Malta as well as in the Mediterranean, in July 2007, Malta Government Investments Limited sold its 73% shareholding in the Company to Rimorchiatori Malta Limited, a company of the Rimorchiatori Riuniti SpA group of Genova, Italy, established in 1922 and today involved in Towage, Shipping Activities and Maritime Logistics in Europe and South America.

Tug Malta Limited

At the end of October 2007, the new Board of Tug Malta Limited met in Malta for the second time under the new shareholders. Present for the meeting were Directors Dott. Giovanni delle Piane, President of Rimorchiatori Riuniti S.p.A., Dott Gregorio Gavarone, Managing Director and Chief Executive Officer of Rimorchiatori Riuniti S.p.A., and Ing. Riccardo Biale, Executive Director of Rimorchiatori Riuniti S.p.A. Also present were John E. Sullivan representing one of the minority shareholders, who was re-appointed Chairman of the Company, Dr. Richard Camilleri LL.D. and Mr. Godwin Falzon ACCA. The other minority shareholders were represented by Mr. Charles J. Farrugia and Dr. Andrew Zammit LL.D.

At the Board meeting a number of improvements made to date were reviewed. A substantial investment has already taken place in I.T. equipment, enabling Tug Malta to be fully linked to the Group of Companies.

Some very important decisions have been taken to expand the fleet. It has been decided to build, in a leading European shipyard, two new vessels, with the aim to develop offshore services in North African countries and in the Mediterranean Sea in general. The first vessel is an 80 tons Bollard Pull Harbour / Escort/ Anchor Handling tug primarily designed to operate in the Maltese Harbours and their approaches. The tug will be fully equipped with Fire-Fighting Class 1, Oil Recovery and Salvage Equipment, in order to be prepared for any emergency that may occur in Maltese waters, or in the Mediterranean Sea. The vessel is due to be delivered in December 2008, and will be equipped with Voith Schneider propulsion and twin MAK main engines able to give a total power of 7.180 BHP.

The winch installed on board is a double drum in waterfall arrangement, having the upper drum for long distance purposes with a drum capacity of 1000 m steel wire rope and a pull of 80 tons, and a lower drum divided into two sections, one for escorting purposes (capacity 250 metres of synthetic rope) and one for harbour towing (capacity 150 metres of synthetic rope).

The second vessel, an Anchor Handling Supply Vessel with delivery due in April 2010, is a MOSS 424 Mark III design with a DWT of 3100 tons, and will be equipped with 4 Main Engines (Bergen) with a power of 19.000 BHP able to give a Bollard Pull of about 210 tonnes. The vessel will also be equipped with a Fire Fighting system Class 2, Dynamic Positioning 2, and Oil Recovery capability, in order to match the technical/operational requirements coming from offshore operators. The winch installed on board will be an Anchor Handling winch with two drums with a capacity of 5400 metres of 77 mm wire rope, with a pull up to 400 tons, and a secondary winch with two independent drums with a capacity of 800 metres of fibre rope of 203 mm and a pull of 90 tons. The vessel will also be able to carry typical liquid and dry cargo necessary for rig operations and 1200 tons of cargo on a deck area of 600 square metres.

The total value of these two investments will be of over 50 million Euros (€50,000,000). This investment is coming hard on the heels of the investment already made by Rimorchiatori Riuniti Group when purchasing Tug Malta Limited from the Government of Malta in July 2007. Both contracts for the ordering of the tugs have been signed recently. It is foreseen that the financing of the first vessel will be done in Malta. A leading local Bank has shown a keen interest.

Tug Malta Limited

A training programme for Tug Malta's tug crew members represents one of the most important goals of the Group. The programme is in process, and will be divided into two parts: one on theory (manuals and special courses) and one on practical (on board the tugs with Group personnel) for familiarization with the new equipment. The aim is to reach a high level of professionalism for the Maltese crews for towage and offshore services.

The new shareholders of the Company have confirmed that the Maltese management of Tug Malta will continue to run the Company within the Group, under the direction of the Chief Executive Officer, Ray Miller.

The management structure of the Company is being strengthened, and total quality management is the aim. The Company has developed manuals of procedure for all its operations, and a comprehensive Health and Safety policy for all its employees, especially for those operating the tugs, both when at sea and in port.

The Quality Management Systems introduced into the Company have certainly improved the efficiency of Tug Malta, and in January 1999 were certified as complying with the ISO 9002 : 1994 quality standards by Bureau Veritas Quality International, an internationally-accredited certification body. They have been upgraded to the new ISO 9001: 2000 standard in 2005.

A member of the European Tug Owner's Association and the International Salvage Union, Tug Malta actively participates in the workings of these two international bodies. The next Annual General Meeting of the International Salvage Union is due to be held in Malta in September 2008.

Tug Malta is today proud that, as a member of the Rimorchiatori Riuniti group, it can offer a better, more comprehensive, more efficient and extremely economical service to all tug users, and that it remains an indispensable link in the chain of services offered by the ports of Malta, which have become an international Maritime 'hub' in the centre of the Mediterranean.