



The KPMG Difference

Annual Review 2015

March 2016

kpmg.com.mt





At KPMG we build and sustain our reputation as the best firm to work with by ensuring that our people, our clients and our communities achieve their full potential.

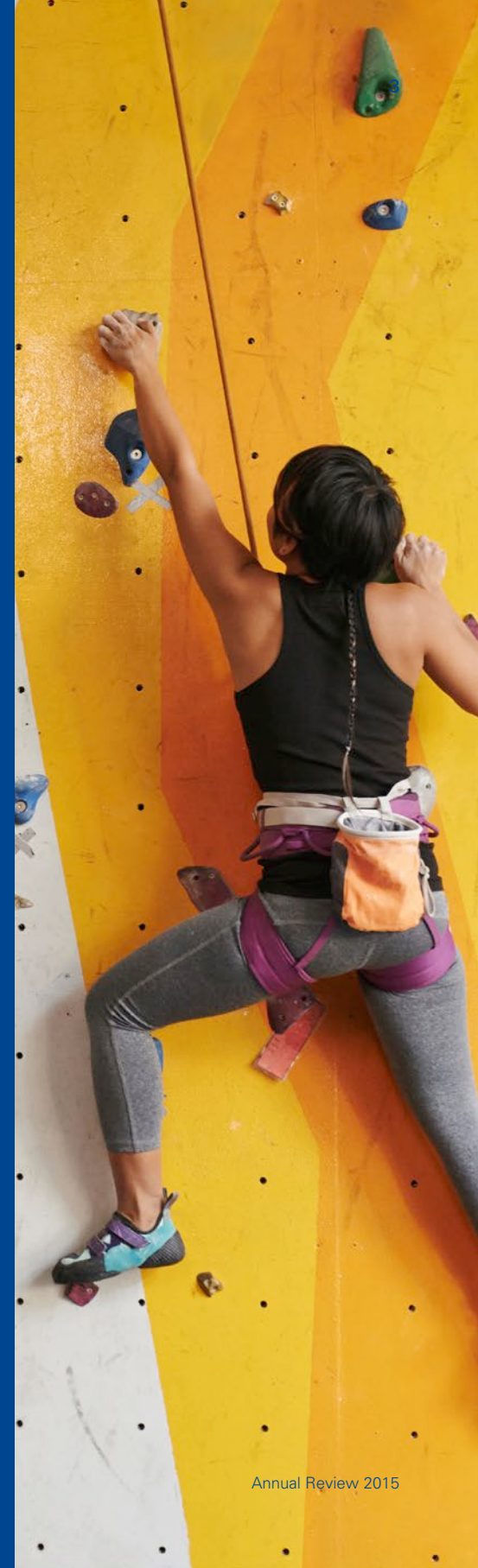
KPMG is a global network of professional firms providing Audit, Tax and Advisory services. The network operates in 155 countries and has 174,000 outstanding professionals working together to deliver value in member firms around the world.

KPMG in Malta is a Maltese Civil Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.



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Introduction by Senior Partner

If you had to ask me 'what is the KPMG difference' I would have to say quality. Quality is at the top of the KPMG agenda. Not just the quality of our work and services, but the quality of the Firm.

We set out to inspire confidence and empower change. We stand true to our values and these are reflected in our day to day operations. It is this commitment to making this difference that sets our quality benchmark as a firm and outlines the KPMG difference.

As our international portfolio of clients grows and as our local clients expand internationally, the connected approach as a global Firm is more evident. We collaborate closely with our member firms to be able to provide our international clients with the quality service they require to support their operations.

We have worked on a number of exciting projects and what never fails to impress me is the huge amount of respect for the work that we do and the positions we take. This is testament to the quality and commitment of our team. We invest heavily in our people and are truly committed to nurturing a culture of growth and transparency. The results of our recent people survey were excellent and verify this commitment.



I would say that most who have worked with us, both clients as well as our people, would recognize the unique culture we have, a culture not unique to KPMG in Malta but a feature of the KPMG generally. It is a highly collaborative culture and our people always go the extra mile for clients. It is this culture that sets us apart.

One of the main partnerships that has come into place this year is KPMG's strategic partnership with Microsoft on a global level. A partnership that was central to the acquisition of the local software house, Crimsonwing in 2015. This acquisition is in line with our strategy of providing further added value to our clients. Bringing the two organisations together has also made KPMG in Malta the largest of the Big4 firms on the island, with a joint staff complement of over 500 people here in Malta.

I would like to take this opportunity to invite you to read our Annual Review, which for the first time includes the outlook and review of the Firm in our new reality today, that is KPMG in Malta and KPMG Crimsomwing.

Tonio Zarb
Senior Partner, KPMG in Malta

30 March 2015

2015 Highlights

Revenue



People

610

The average staff complement in 2015 expressed in full time equivalents

Total employed in Malta

490

47 KCw United Kingdom

61 KCw The Netherlands

96 University students participate in the graduate recruitment programme

c. 2,000 Job applications received

Headcount by gender

KPMG in Malta

121 Male 164 Female **285 Total**

KPMG Crimsonwing

261 Male 64 Female **325 Total**

New hires by gender

KPMG in Malta

30 Male 48 Female **78 Total**

KPMG Crimsonwing

80 Male 24 Female **104 Total**

Client Reputation

KPMG in Malta Client Satisfaction Survey



Satisfaction with the quality and skills of the KPMG people assigned to your engagement(s)



Satisfaction with the extent to which KPMG has demonstrated an understanding of our business needs and of the issues and challenges that face our business



Satisfaction with the extent to which KPMG has met or exceeded your expectations



State that they are likely to continue to use KPMG for the services they currently receive

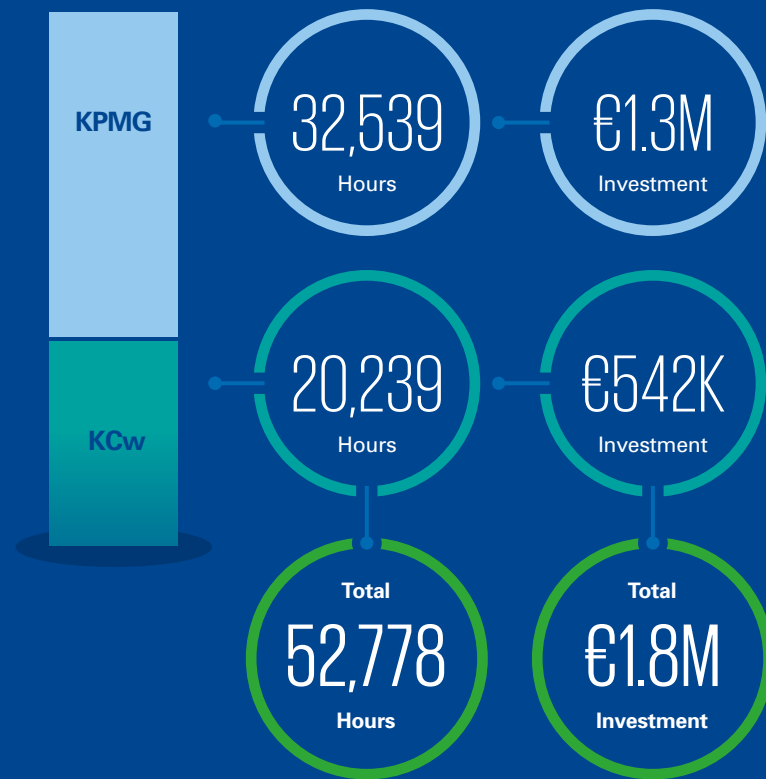
KPMG Crimsonwing

Overall Customer Satisfaction rating

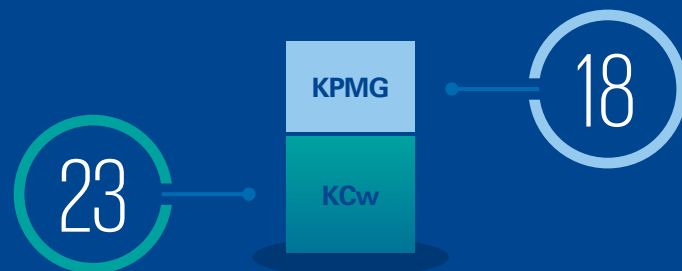


State that given the opportunity, they would do business with KPMG Crimsonwing again

Learning & Development



Nationalities



*KPMG Global People Survey – October 2015

Survey results do not include KPMG Crimsonwing staff complement

Annual Review 2015



New senior appointments

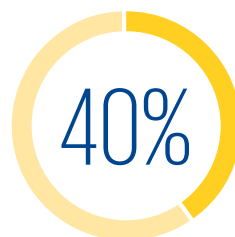
KPMG has appointed Alex Azzopardi, Claude Ellul, Simon Xuereb, Giselle Borg and Sarah Camilleri as Directors, with effect from 1 January 2016. This reflects the continued growth that the firm has achieved in 2015 and which is expected to be sustained in the coming years.

1. Alex Azzopardi
2. Claude Ellul
3. Giselle Borg
4. Simon Xuereb
5. Sarah Camilleri

Female Participation

KPMG has a firm policy in place to encourage female participation, in particular in senior roles in the firm. A number of family friendly measures including flexi-time, reduced hours and remote working are put into place to enable mothers to continue to pursue their career.

Although the ratio of Male to Female at KPMG Crimsonwing is lower, by nature of the industry, the company shares the same philosophy and a number of measures are also in place to support the family unit and one's career aspirations.



Females in Management Roles

*KPMG in Malta

Thought Leadership

Thought leadership is not about being known, it is about being known for making a difference. As Thought Leaders, our role is underpinned by three words – Clarity, Commitment, and Community. Clarity about our purpose. Commitment to empower change and create trust to instill confidence and focus that will allow the Community to benefit or act upon this change.



14 Events
83 Articles, publications and factsheets

As Thought Leaders we believe our role is to work to change the world in meaningful ways and engage others to join our efforts.

Amongst a number of other events such as our Anti-Money Laundering Roundtable and Audit Committee Meetings, in 2015 we held the 6th edition of our Biennial Financial Services Conference. The conference attracts over 200 senior executives and practitioners from across the financial services sector on the island.

These events serve as a vehicle to reach our goal and to build on our long-standing tradition of focusing on developments in the industry. Our aim is to spark ideas and creative thinking around direction and strategy. This year's conference provided a platform to explore the direction in which Malta ought to be heading, starting by addressing the criteria which we ought to gauge our success by, as well as matters which would add to Malta's punching weight in the financial services arena, such as an expert and efficient judicial system. Challenges such as the shortage in the required skill-set were also considered, while the contentious matter as to whether reform ought to be driven by the public or private sectors was reviewed.

In November, KPMG Crimsonwing participated in Microsoft Convergence EMEA Event held in Barcelona where we presented a client case study which highlighted how a mobility sector recycler and services organization achieved business transformation enabled by Microsoft technology. The case study provided a sound case of how to optimize the return on technology investments and add genuine value into their business.

CSR

KPMG has a role to play in society that is ambitious – the words of KPMG's Global Head of Citizenship underpin the Firm's commitment to making a difference in the communities in which we live.

Central to our purpose as a Firm and true to the values and culture that are at the heart of our operations, we place immense value on what and how we can contribute to our local community. The causes we align ourselves with and the organizations we support reflect our commitment to nurturing talent, instilling confidence and making impactful contributions to the communities in which we live and work.



Both KPMG in Malta and KPMG Crimsonwing have active CSR committees that help the Firm identify and realise our CSR goals. Our people are central to this, both in terms of the time they volunteer to these causes as well as the skills they take to the table. Besides our traditional Shoe Box activity, dress down Fridays and KPMG Crimsonwing's People Who Care Fund that raised over €7K in 2015 alone, we have provided support to a number of causes and organisations in 2015 including Pink October, the Malta Community Chest Fund, L-Istrina and Paqpal.

Hilary Galea-Lauri, one of our Partners at KPMG in Malta, successfully completed his fund-raising charity cycle in aid of The Inspire Foundation.

Hilary bravely undertook this grueling challenge, spanning 1,600 kilometers in less than 12 days, from Land's End to John's o'Groats, effectively cycling the entire length of Great Britain, to raise funds for Inspire Foundation. This philanthropic undertaking is founded in Hilary's core belief that as human beings we are collectively responsible to support and help fellow human beings.

Other CSR initiatives we are proud to have supported include:

The BOV Joseph Calleja Foundation -

We are strategic partners in the BOV Joseph Calleja Foundation – a partnership in place for the next five years. We are delighted to be supporting the Foundation as it continues to identify talent and support growth particularly with the most vulnerable individuals and social groups in the Maltese community. The Foundation supports underprivileged children and children with innovative, distinctive or unique artistic or musical talents who are in any way unable to develop or enhance their talents.

The Duke of Edinburgh's International Award -

Introduced in Malta in 1961, one of the first countries to adopt the Award Programme, The Duke of Edinburgh's International Award is the world's leading youth achievement award. In recent years more than one million young people around the world took part in the Award, in over 140 countries and territories. By creating opportunities for young people to develop skills, get physically active, give service and experience adventure, the Award can play a critical role in their development outside the classroom.

In 2015 we are proud to have been one of the supporters of this Award through our donation placed at the Award Ceremony where ten members of our staff had the opportunity to meet with HRH The Duke of Edinburgh.

JCI Malta -

We have once again renewed our corporate membership agreement with JCI Malta (JCI), an affiliate of the international network of active citizens in their 20s and 30s, committed to create development opportunities that empower young people to create positive change. Our relationship with JCI dates back to 2005.

The Marigold Foundation -

KPMG has partnered with the Marigold Foundation for the first time in 2015. The foundation works to raise awareness on the challenges faced in our society. Working at a grass-root level within our communities, with schools, young people and specific entities, they share information that addresses social behaviour, health issues, special needs and education in an effort to educate society.

CoderDojo -

We are proud to have helped the Malta Communications Authority set up the first CoderDojo coding club for children in Malta. CoderDojo is a global network of clubs, present in approximately 50 countries, that promotes free, volunteer-led, community-based programming clubs for children. It is all about teaching solid principles of programming logic in a fun way, and nurturing their interest in the subject from a young age. Six of KPMG Crimsonwing's programmers taught coding to eighteen children over twelve two-hour sessions between March and June.

The Richmond Foundation -

KPMG Crimsonwing built a website for the Richmond Foundation – the only non-governmental organisation that provides mental health services in the community. Our people put 260 days on company time into this project. They used a responsive design approach; meaning that the website resizes depending on the device used. It is integrated with a payment gateway allowing users to make donations directly.

1,950 Hours volunteered

€13,200 People's donations

€42,500 Firm donations

A year in review

2015 in the words of Tonio Zarb, Senior Partner KPMG in Malta

Six years after the world economy emerged from its roughest and deepest post-war recession, a return to a strong and harmonized global growth remains largely elusive. In fact, according to the World Economic Outlook 2015 Report of the International Monetary Fund (IMF), 2015 was characterised by a somewhat subdued global economic growth, estimated at 3.1 percent, 0.3 percentage points lower than in 2014.

“Compared to 2014, the annual real GDP growth rate was registered at 6.3%, making Malta one of the fastest growing economies in Europe.”

Although country-specific shocks and developments need to be factored into the equation, the major contributing elements to this seemingly insurmountable impasse include, inter alia, low productivity growth since the economic crisis; crisis legacies ranging from high public and private debt; financial sector weakness and low investment; demographic transitions; growth shift in China and a downturn in commodity prices, triggered by weaker demand and higher production capacity.

However, despite this seemingly negative outlook, the IMF report projects global economic growth will increase to 3.4 percent in 2016 and 3.6 percent in 2017.

The global reality is a quasi-reflection of the situation in the European Union. 2015 was demarcated by a slow-paced recovery as Europe continued to struggle in the aftermath of the economic crisis. European Commission reports reveal that EU-wide Real GDP Growth for 2015 stood at 1.7 percent, compared to 1.3 percent in 2014 (2.1 percent projected for 2016) while the Euro Area's was at 1.3 percent compared to 0.8 percent in 2014 (1.9 projected for 2016). During 2015, performance in Europe has been as expected – economic growth has been slow but stable, inflation remained low and unemployment started to fall.

Economic growth was weighed down by fragmentary macroeconomic adjustments and lethargic implementation of reforms, which was intrinsic to long-standing weak growth trends. Coupled with geopolitical uncertainties within and outside its borders, the Greek crisis, unprecedented migratory flows from war-torn countries, commitments to future policy initiatives and unpredictable energy prices, failed investment recovery and minimal growth support from exports. In line with these challenges, the EU is still facing an uphill struggle.

Zooming in on Malta, the European Commission reports that economic performance has been robust and the economy demonstrated notable resilience in a challenging macroeconomic environment over the last several years. Real GDP recovered relatively quickly following the recession and in 2015 managed to exceed the pre-crisis peak. Compared to 2014, the annual real GDP growth rate was registered at 6.3%, making Malta one of the fastest growing economies in Europe. Forecasts for 2016 predict an economic growth of 3.5% while nominal growth is expected to reach 4.8%, compared to 2015. Malta has avoided the EU's prevailing problematic deflation trend, and our rate of inflation is projected at a stable 1.5%. In 2015, Malta registered an unemployment rate of 5.4%, the third lowest in Europe.

This healthy economic environment reflects KPMG's positive financial year in 2015. We registered an increase over 2014 of just under 10% in the Audit function and a 4% increase in the other functions.

2015 in the words of David Walsh, CEO KPMG Crimsonwing

It's been a year since Crimsonwing was acquired by KPMG and the changes that this has brought have been immense. During this period our group revenues have grown annually by over 30 percent and there's been a rapid expansion of capabilities in our markets. We also connected to other KPMG Firms and have helped KPMG win work as far apart as Canada and South Korea. KPMG really does have a global vibrant network.

"Many of our new clients, and KPMG member firms are really impressed by our Malta Solution Centre and are looking to commit long term into its continued development."

The ambition for our venture together was very clear: to be able to deliver Microsoft enabled business transformation. Combined with KPMG's management consulting and industry expertise, and KPMG Crimsonwing's Microsoft solution capability, this has proved to be a strong and resonant go-to-market message. Historically, KPMG Crimsonwing had to drive sales through its direct channels. Now, over half our business is derived from the powerful KPMG network - the strategic relationships KPMG has built and developed with Company Boards. One benefit of this for our staff is that they are working on larger and higher profile projects than ever before.

The progress of the KPMG alliance with Microsoft has been very rapid – Microsoft have commented themselves on how fast KPMG have moved over the past year. Not just with KPMG Crimsonwing but across the globe. It is a multi-faceted relationship. For example, this year KPMG in the UK adopted Microsoft's CRM solution for the firm – this is one of the largest CRM installations in the UK, with over 12,000 seats, and is a project that KPMG Crimsonwing is helping to implement. Another example attesting to the close relationship with Microsoft, saw KPMG as platinum sponsors at the Microsoft Convergence event in December – the flagship business event for Europe. We have executive level support from Microsoft global, and we enjoy co-funded marketing and business

development plans. Microsoft also offers us inside track technical training, and we are working closely with Microsoft labs on new and exciting products. All these attributes were not available when Crimsonwing was a standalone business. Being part of KPMG has really transformed the relationship we have with Microsoft and opened up new opportunities for our staff.

KPMG Crimsonwing is now a regulated business and this has also brought its own challenges. However, many of the disciplines that have been new to KPMG Crimsonwing have been very valuable and we are now much more aware of Risk and Commerciality. We also have better sales and delivery processes. It's been a really interesting experience and of great value.

In Malta, as we continue to grow, we are looking at how we improve our facilities and capacity, and have some exciting developments in the year ahead. Many of our new clients, and KPMG member firms are really impressed by our Malta Solution Centre and are looking to commit long term into its continued development. As a result we are receiving more visits than before and more demand for our services – all very positive for the Maltese economy and profile, and for our KPMG reputation.

In summary, the past year has been motivating and fast-moving. I do feel we are really setting down some strong foundations for exciting future growth.

Providing assurance during turbulent economic times

Are International Standards on Auditing ("ISA") resilient and flexible enough to withstand the impact of economic downturns?

Hilary Galea-Lauri
Partner, KPMG in Malta

The turbulent economic times we have and continue to witness challenge auditors in more ways than one, not least because the expectations of the stakeholders who rely on our independent audit opinion are heightened during such times, with questions such as "are our auditors considering the macro side of our business?", or "have our auditors adequately considered the risks pertinent to our business in designing their audit procedures?"

One may suggest that these very questions go beyond what an ISA audit of historical financial statements is all about, since they embody, to some degree, a look-forward mindset. The debate here revolves around "audit of the past vs. audit of the future". Looking back and giving comfort on historical financial statements necessarily involves considering what has been accounted for. However, the increased use of fair values in measuring the carrying amount of assets and liabilities requires auditors to also assess, amongst others, forecasts of future cash flows in arriving at the recoverable amounts against which the carrying amounts of those elements of the financial statements are compared to at the reporting date or, where required by accounting standards, disclosed by way of a note to the financial statements.

The use, and perhaps relevance of, such fair values continues to be at the centre of the debate relating to the development of accounting standards, particularly so during times of uncertainty and depressed market conditions. Some argue, for example, whether what is reported at a point in time should be adjusted for the effects of market conditions which may well reverse after such reporting has gone public.

Against such a backdrop, it is easy to conclude why modern-time auditors' tasks are by no means limited to simple verification procedures, especially so when financial statements are purported (unless otherwise stated) to be prepared on a going concern basis, which assumes that an entity will continue to operate in the foreseeable future. It is this very basis which focuses that part of an auditor's mandate to look at

conditions which may cast doubt on an entity's ability to continue to operate as a going concern, by evaluating management's expectations and the current and expected future economic conditions over the period which the enterprise has considered in making a positive statement in this regard. Specifically, as also required by the new Audit Directive, the audit report for all statutory audits in the EU (i.e. not just statutory audits of Public Interest Entities, "PIEs") will need to "provide a statement of any material uncertainty relating to events or conditions that may cast significant doubt about the entity's ability to continue as a going concern".

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“Major frauds coming to light have propelled further the financial storm, rendering it a challenging period during which to perform any attest engagement and issue a report for any enterprise. Management’s integrity remains a key element in the execution of an effective ISA audit.”

Assessing an entity’s ability to expand in the face of an adverse economic climate and the effect that such prevailing conditions may have on the current state of affairs of the entity, will be central themes during turbulent economic times, which those charged with governance will need to keep at the fore. On their part, auditors must give serious consideration to an entity’s ability to continue as a going concern, recognising though that, while they should be familiar with the economic effects on the entity being audited, they are not responsible for predicting future conditions or events with certainty, even if adverse conditions are to then prevail.

Some commentators have pushed for auditors reporting on the financial health of their audit clients, as if to say that an ISA audit gives a measure of assurance in this respect. That discussion may have been the precursor to the enhanced reporting by auditors which comes into effect with respect to the next wave of financial statements of PIEs. Such reporting now requires auditors of PIEs to communicate key audit matters in a separate section of their report under the heading “Key Audit Matters”; matters, which, in their professional judgment, were of most significance in the audit of the financial statements of the period under review. In this regard, the audit report will need to “provide, in support of the audit opinion, the following: (i) a description of the most significant assessed risks of material misstatement, including assessed risks of material

misstatement due to fraud, (ii) a summary of the auditor’s response to those risks, and (iii) where relevant, key observations arising with respect to those risks”. The current and expected economic climate will undoubtedly affect the design and implementation of the procedures selected to address such matters in adhering with the requirements of ISAs.

Major frauds coming to light have further propelled the financial storm, rendering it a challenging period during which to perform any attest engagement and issue a report for any enterprise. Management’s integrity remains a key element in the execution of an effective ISA audit. This is all the more the case when management will be under significant pressure to continue to secure funding and meet owners’ expectations. Whilst weathering the storm, owner-managers will want

to project a “business as usual” attire “until things get better”, and, in the midst of all this, some may well succumb to the pressure of questionable accounting. The current economic environment will certainly test the robustness of ISAs when adhered to as intended, as one reflects on whether such standards are resilient and flexible enough to withstand the impact of economic downturns. ISAs dictate that auditors should not be satisfied with less than sufficient appropriate audit evidence, requiring additional attention to: the determination of audit risk and materiality, placing reliance on management representations, and considering fraudulent reporting practices. Intensifying professional scepticism (and documenting the auditor’s approach in this regard in his / her work papers) may avoid unfortunate audit failures, particularly in times of economic

turmoil. For example, the economic climate could play a significant role in determining impairment charges and / or provisions towards inventory obsolescence. A proper understanding of the audited entity and the industry in which it operates will go a long way in an auditor being able to plan and execute an audit which will stand up to scrutiny.

The financial crisis has fuelled stakeholders’ demand for better reporting of business risks, based on the belief that an improved understanding of such risks should keep those responsible for the stewardship of companies more in step with what is expected of them and to a more efficient allocation of resources taking those risks into account. This, in my view, is an entirely legitimate demand, and risk reporting can and should be improved.

Looking beyond our mandate as ISA auditors, immediately brings to mind assurance that the audit profession can provide to lend credibility to such reporting. And it is during turbulent economic times where such assurance becomes all the more relevant to the various stakeholders who look to the profession as another safeguard signalling where things can go wrong.

D&A: A game changer?

Eric Muscat, Partner, KPMG in Malta and

Adrian Mizzi, Associate Director KPMG in Malta

Data & Analytics (D&A) is expected to impact and alter the competitive business landscape in the near future, setting the scene for the creation of a differentiated competitive edge through the strategic exploitation of data and analytics.

While D&A has graduated from a relatively unknown term to a business buzzword, the term D&A, however, may have been abused and its connotations and key messages were distorted over time.

Much has been said about the concept of data and that organisations should invest in data mining and visualisation tools to extract useful information. Like many other countries, Malta underwent a staged developmental process, over the last decade. Several initiatives were undertaken to mine data, build data warehouses and more recently lakes and implement business intelligence (BI) solutions.

The term BI added to the confusion. On the one hand, it conveyed the message of sophistication while on the other hand, the term was frequently associated with projects that failed to deliver what the business was promised: namely adding business value. Due to a culmination of factors, chiefly project fatigue; too much focus on building the data warehouse; less focus on how to process the data and ill-advice on the appropriate technology stack; the resultant effect was that few organisations managed to reap the benefits of what ultimately became known as “BI projects”.

D&A is not the new label on the old “BI bottles”: that is, if it is to be successful. The approach and the business mind-set need to change. Lessons from failed BI projects have taught the industry that the focus should be about identifying the right data sources and focusing on those that are readily

available. Perhaps less attention and importance should be given to data consolidation and cleansing. Although two very important aspects, experience shows that they drain financial and technical resources and sometimes led to project delays and abandonment.

The focus should shift more onto analytics. Analytics refers to a scientific approach whereby, through the use of advanced statistical mathematical techniques, data is examined and meaningful information extracted. This approach, uses descriptive analytics to assess the findings in a scientific way - the first step in an ‘investigative’ journey. The journey moves into predictive analytics where we project the past experience on what would happen to an outcome in the future. Prescriptive analytics takes this a step further: it attempts to optimise the outcome.

“D&A is not the new label on the old “BI bottles”: that is, if it is to be successful. The approach and the business mind-set need to change.”

Predictive analytics has been around for the last twenty years and has been applied successfully in the engineering field, including oil & gas exploration, medicine, and more recently in the business fields. Prescriptive analytics is considered by some as an obvious extension to predictive analytics. However, it sends an important message to the business – prescriptive analytics is about optimisation of processes using underlying data whereas predictive analytics stops at predicting a business outcome given past experience.

A tangible example could relate to an organisation requiring assistance to optimise its debtors. The first step would be for KPMG to review the demographics of the clients’ customers. Through descriptive analytics, charts and graphs would illustrate the mix of the customers that pay late. For instance, using predictive analytics, one can predict, with a degree of certainty, that customers who purchase a particular product and fall within a particular age

bracket, have a propensity for not paying. Recommendations would be proposed accordingly.

Prescriptive analytics might lead to the recommendation of adopting different payment terms using an automatic system when selling the product. This will optimise the debt collection process as the client is receiving real-time advice. All of this is driven by the data that the organisation already possesses.

D&A is progressively becoming the scale by which performance and growth is measured, driving business decisions and disrupting traditional business models.

... D&A is a game changer.

Automatic Exchange of Information: Closing the gap

Juanita Brockdorff, Partner, KPMG in Malta

Having the Savings Directive in place meant that EU Member States were familiar with periodic automatic exchange of information, though of a limited scope. The introduction of FATCA in 2010 by the USA raised brows amongst other countries and stakeholders, only to be embraced 3 years down the line on a broader scale by the OECD and the EU into worldwide automatic exchange of information.

Once the initial scepticism had been overcome, it became obvious that the FATCA-mechanism could be adopted as a reporting model that could serve the purpose of any country keen on collecting financial information about its tax residents in an effective and efficient manner, namely by outsourcing the obligation to foreign financial institutions. Indeed, on 6th May 2014, the first 47 countries agreed on the common reporting standard or CRS developed by the OECD on the FATCA-model. The number of participating countries has grown rapidly to reach almost 100 at the time of writing. Similarly, the EU forged ahead and in December 2014 amended its Savings Directive to introduce CRS (Directive 2014/107/EU), proceeding to repeal the Savings Directive in November 2015 to make room for the new automatic exchange of information

regime. Thus, as of 1st January 2016, CRS became applicable to all EU financial institutions, including Maltese ones, such as banks, investment funds, brokers, custodians, certain trusts and even some holding companies.

Interestingly, exchange of information has been taken up – whether begrudgingly or otherwise – by jurisdictions which so far had championed confidentiality, such as Switzerland, Bahamas, Costa Rica, Mauritius or UAE.

Domestically, Malta implemented the Directive into local legislation and published Guidelines which ought to assist local financial institutions in complying with CRS, though proof of the pudding will fall on 30th April 2017 when the first reports will be due by local institutions.

BEPS project: the challenge of modifying the global tax treaty network

In October 2015, the OECD published the final reports on the base erosion and profit shifting project (BEPS) seeking to introduce significant reforms in the rules governing the international tax system.

Once consensus had been reached, efforts shifted towards implementation with some of the measures of the BEPS package falling to be transposed into domestic law by each country, while others requiring changes to the existing network of bilateral treaties.

“The challenge is daunting: the treaty network is currently composed by more than 3,000 instruments. Bilateral tax treaties are highly varied in their details and the modification of each individual treaty would be burdensome and time-consuming.”

The challenge is daunting: the treaty network is currently composed of more than 3,000 instruments. Bilateral tax treaties are highly varied in their details and the modification of each individual treaty would be burdensome and time-consuming, considering the sheer number of bilateral negotiations which would be required. In this context, the OECD has proposed a multilateral instrument that would coexist with the existing bilateral tax treaty network while modifying a limited number of provisions common to most existing treaties without the requirement to individually re-negotiate each instrument. An ad hoc group has started working on the instrument and its goal is to produce a treaty open for signature by the end of 2016. It remains to be seen whether the OECD will be able to overcome the technical challenges involved and meet the ambitious deadline set in connection with this multilateral instrument.

For the contracting states, entry into force of such instrument in 2017 could result in the immediate implementation of some key BEPS measures, such as stricter limitations on access to treaty benefits, lower thresholds for permanent establishment status and measures to address dual-residence structures. Given its potential impact on cross-border transactions, governments and businesses would do well to monitor the progress of multi-lateral instrument project to exert influence where possible.

The Crimsonwing acquisition – one of the largest acquisitions for KPMG in Europe

Bryan Cruickshank, Global Head of IT Advisory for KPMG UK

Our goal at KPMG is to consistently and continually seek avenues on how we can improve the quality and level of the service and support that we provide our clients. The proliferation of technology is not something new to the market, but the evolutionary if not revolutionary impact is undeniable.

We recognised that we needed to become more technically conversant in order to support our clients' growing demands. We carried out a thorough analysis of the solutions market and our clients' technical demands, and the need for Microsoft Dynamics skills became evident. As a result we began scouting for talent and this is where our paths crossed with Crimsonwing. We identified the synergies immediately. They had the talent, are well reputed in the industry and their nearshore model in Malta provided competitive advantage.

The acquisition is consistent with KPMG's strategy of building an advisory practice which combines business expertise with the underlying technology capabilities required to implement business solutions. It allows us to be in a better position to support our clients

to transform their businesses and ensure they get the full benefit from their investments in new technology and information systems.

The acquisition is the largest acquisition for KPMG in the UK and possibly the largest in Europe. KPMG Crimsonwing is today jointly-owned by KPMG's UK, Netherlands and Malta firms, and will see the Microsoft Dynamics and eCommerce workforce rise significantly to some 350 staff, including a 200-strong, highly skilled, nearshore team in Malta.

We have a very aggressive plan in place. Our vision is to double revenue and grow even beyond that in three years. We intend to keep Crimsonwing as an entity and invest in it and grow it. The company has a good product mix and a reputed market position. We intend to ride this positive wave and to position the company as the partner of

choice for business transformations enabled by Microsoft technology in the European market.

The acquisition makes KPMG Crimsonwing the largest 'big four' provider in Europe of Microsoft Dynamics consulting and implementation services. The process took a year to complete from initial contact. The process was complex given that Crimsonwing was previously a listed company on the Malta Stock Exchange, the only listed company to date that KPMG has ever acquired.

The key things we were enthusiastic about is the shared value set that is critical to KPMG, their ethical approach, the quality and collaborative attitude. They are a perfect fit with KPMG and we are excited about the prospects for both the company and our people.

Beyond Technology Advisory

Eric Muscat, Partner, Advisory Services

Advisors the world over assist clients on what needs to be done and how, to address a problem or an opportunity. At KPMG, we have been experiencing a shift in expectation where clients require us to go beyond a report and to participate actively in the implementation journey.

This principle is pervasive across a wide range of advisory services not least in the areas of strategy and all things digital. In response to this strong message, KPMG has formed relationships with a variety of organisations to enable it to better assist clients in delivering solutions. These relationships are in the form of acquisitions, joint ventures, and strategic alliances.

One recent initiative is the expansion of KPMG's global strategic alliance with Microsoft which prompted the acquisition of Crimsonwing, the largest Microsoft partner in Malta. KPMG can now deliver beyond business technology advisory to its clients in Malta.

We can take an IT strategy and deliver the technology with a full suite of services that include the compilation of business and system requirements, process redesign to align to best practice, project and programme management, change management, configuration and extension of ERP and CRM solutions, bespoke development, full testing of the solution including management of user acceptance testing, transformation and migration of data from one system to another, as well as preparation of all necessary documentation.

We can also take traditional BI requirements and solutions to a new level by applying analytics to structured and unstructured data to provide end-to-end solutions in the space of predictive and prescriptive analytics allowing our clients to monetise the data that could have accumulated over the years. And we can now help our clients achieve all of the above

in a cloud environment to enable flexibility and scalability, to improve security and to lower the capital expenditure of an IT project.

KPMG and KPMG Crimsonwing together bring you an unrivalled business focus with world class technology excellence working with Microsoft products and Microsoft specialists. KPMG brings to the table specialists in specific industries such as financial services, gaming, hospitality, manufacturing, healthcare, public sector and others as well as specialists in various disciplines such as risk management, human resource management, regulatory, privacy, information security, tax, project management and much more.

Our clients in Malta can now rely on KPMG to take a problem or an opportunity from concept right up to implementation, in collaboration with an unrivalled technology partner.

KPMG's Strategic Alliance with Microsoft

Bryan Cruickshank, Global Head of IT Advisory for KPMG UK

In January last year, KPMG announced an expansion of its strategic relationship with Microsoft to include a global collaboration to jointly deliver new suites of innovative solutions and services in data and analytics (D&A), cloud compliance and transformation, and business solutions.

This was a major investment in the partnership and is an important phase in the Microsoft and KPMG relationship. The investment was driven by a shared certainty that clients are looking for business partners with solutions and services that combine the best in leading-edge technology, industry insight and innovative thinking with proven excellence in managing complex global projects.

KPMG has already guided over 100 clients using Microsoft's Business Intelligence (BI), Analytics and Microsoft Dynamics products to transform their business operations.

This relationship is now also seen as one of the most strategic partnerships for Microsoft. We are working together on key client accounts. The relationship provides us with insight into how and what Microsoft are developing into their product range which is of great value to our Advisory services. Our Global Head of Advisory regards this relationship as the most significant alliance on a global scale.

This collaboration will allow us to develop a new generation of business solutions, underpinned by Microsoft's Dynamics technology. In conjunction with Microsoft, our clients now have a global partner they can trust to help them solve their key challenges such as improvements to productivity, customer engagement and competitiveness. The Crimsonwing acquisition is further evidence of our commitment to invest to be a leading global provider.



Extracts from the 2015 KPMG Biennial Financial Services Conference



Juanita Brockdorff

Partner, KPMG in Malta

To date, Malta has capitalised on a mix of unique elements to punch above its weight. We are conveniently located; our regulatory structure is robust and sensible; we are open to business. Our tax system is transparent and does not differentiate between foreign and local business, while being conducive to a thriving economy. Our infrastructure and telecommunications are advanced. Our most treasured asset lies in our people, boasting a wealth of intellectual capital replete with financial and legal experts.

The Hon. Prof. Edward Scicluna

Minister for Finance

As it has already done in the past, Malta is ready to co-operate to reach an agreement with respect to transparency and exchange of information on taxation matters with foreign tax authorities with which we have deals with. This includes all member states of the European Union. This is because Malta is against both tax evasion, whether it is done by individuals or by companies. On the other hand, we are not willing to accept any harmonization of tax rates or changes in the country's tax system known as full imputation system. This was and remains a basic and crucial position for us. We're not going to allow anyone to cross the red line and it will remain up to the national parliament to decide.

Kenneth Farrugia

Chairman, FinanceMalta

Now clearly the industry is being shaped by regulation and we're seeing that in so far as financial services operators are concerned they are in their majority boxing their business and operational models to fit regulatory requirements.

....

We've seen the development of clusters and from maybe just over twenty operators in the late eighties and early nineties, today we have some 500 licensed investment services operators in the market and we have fully developed clusters in some sectors, notably in the asset management and the insurance sector, where we have developed clusters predominately consisting of foreign owned operators. This clearly shows the paradigm shift that the industry has gone through from being a domestic driven industry to one which is very much driven by international business. I feel that the industry should be more dynamic and proactive in recommending and proposing innovations within our legal and regulatory framework. This requires ownership, because there is

in my view no proper formal ownership structure that brings together practitioners and operators to contribute to the innovation process, to contribute ideas to make Malta more competitive.

....

If I look back over these last 20 years and the business that we had then and I look at the quality of the business reaching Malta, it is highly evident that this has become much more sophisticated and much more complex. Likewise, the risk profile of this business has changed, not necessarily falling within the risk appetite of the credit institutions in Malta. I think that today we are facing a gap. There are credit institutions that have defined their own risk appetite and are not ready to take certain business which falls outside this appetite. There is therefore the dire need to widen the provision of corporate banking services in Malta through other providers to ensure that this addresses the full requirements of the business that is coming to our shores.

Jane McCormick

Partner, KPMG EMA Board

Many of the changes that are foreshadowed by BEPS would have been politically impossible a few years ago but it was an absolute masterstroke of the OECD to get the attention of the G20 and I think things are now moving forward. Of course, the OECD writes reports it doesn't make law. So the next thing that happens is implementation.

....

There is a lot of focus on effective taxation where profits are generated which of course is a BEPS consistent principle. Interestingly enough, I think it's probably a principle that will be outdated in about two years' time.

....

Apart from educating people today, there's something about leaving people the space to develop the businesses of tomorrow and that's probably not through a classical education of any kind. It's probably from a very different place.

....

But nonetheless, that's the direction of travel and of course now we're coming up with proposals to actually implement some of the BEPS' requirements and of course tax transparency and the EU coordination. BEPS is coming; we're not at the end of BEPS... we're at the end of the beginning and an awful lot yet to come. Malta I think will be keeping a very close eye on this. I know they're having a think about the possible BEPS implications on the imputation system. So there will be lots to watch out for as this comes through.

Juanita Bencini

Partner, KPMG in Malta

Tax transparency is not about dictating what a country's tax rate should be and neither should it be stating what a country's taxation system should look like.

....

Automation needs to be at the heart and core of the processing of applications and it must be designed to improve key supervisory processes. It is therefore imperative that this unit undergoes this reengineering fast and transitions to a paperless environment as soon as possible.

....

Efficiency and efficacy in processing licences in one of the areas where we can differentiate our country in the face of increased harmonising of regulation. So we need to address this problem now and fast.

....

We need to look beyond the EU and increase our work force by importing talent from non-EU jurisdictions. But these people can't afford to wait 4-6 months for a visa and work permit. We need a fast track process that would make it easier for Maltese companies to hire qualified staff from non-EU countries. With input from the industry, government can build a critical skills list for such employment permits to ensure that the process is managed and controlled well.

....

In my opinion, the industry today is crying out for some energising and new initiatives to revitalise and rekindle the interest of both existing participants and to attract new and younger talent to the industry. We need some headline grabbing initiatives that will excite and propel people to turn their attention to this industry.

Tonio Zarb

Senior Partner, KPMG in Malta

I think we are at a stage of development today where we can safely say that our professionals hold their own when compared to those in other jurisdictions. We're also seeing clusters of expertise in various areas. Nevertheless, though we're moving ahead we may not be at the level of a sophistication of certain other EU financial centres. We still have some catch up to do.

....

Innovation is closely linked to education so we need to see how we can change our educational system to produce people who can think for themselves and who will be able to cope with the fast rate of change that we are experiencing today, and more so in the future.

....

Any changes to our education system to produce graduates that meet today's needs of the various sectors of the financial services industry will need several years to implement. By the time the changes necessary to meet today's needs have been implemented, those needs would have changed. The answer is that industry specific needs have to be based on vocational training. I mean short, sharp courses for people who have already the foundation to learn industry specific skills.

The Hon. Dr. Charles Mangion

Member of Parliament and Chairman –
Financial Services Working Group

One question I would ask the panel to consider when we talk of innovation is whether Malta should seek to develop specific areas of excellence or if we should be everything for everyone, which has been our strategy to date. Likewise, do we develop people to be excellent in a few focused areas or do we continue as we have done till now?

....

Innovation must come from the industry. The regulator acts as a catalyst but it is the industry that must lead the innovation.

Dr. Max Ganado

Parnter Ganado & Associates

The participation of the private sector in the development of the financial services industry is so obvious it need hardly be repeated. But this has to continue and the issue that we need to address is the way it is done. We can't afford to rely anymore on only a small number of individuals to take initiatives and we really need to institutionalise the function and give it a clear focus and resources. I have suggested many times that if parliament or government wants to be involved in this, then they need to create the structures for listening and marshaling resources for quick implementation because we have no problem of expressing ourselves in terms of ideas and to any level of detail.

The Hon. Owen Bonnici

Minister for Justice,
Culture and Local Government

The justice system is not just about court cases; it's about how to make the economy grow stronger. It is very understandable to suggest that a country would search for how much a court case would take before deciding whether to invest in a particular country or not. So this is why we believe that we need an efficient justice system also to boost the economy and economic growth. In addition, there are niches that can be created and we intend to create a specialised, international arbitration tribunal were people would decide out of their volition to file a court case in Malta rather than in their own country.

They would do so because they believe that Malta provides an efficient and a sound legal framework which meets their needs and that is why we believe that the national arbitration centre of Malta provides this splendid opportunity... To this end we have issued a call for a strategic partner.

A few words with

Tonio Zarb

Senior Partner, KPMG in Malta

"Hard work, focus, avoiding superficial thinking, connecting with people, and most importantly enjoying what I do."

You have been in the industry for a number of years now, do you ever have the urge to do something different?

TZ. No not really. I enjoy what I do and till now I have no intention to change that. I will think of that nearer to retirement.

If you had a chance to start over, would your career take a different path?

TZ. I'm not sure that it would have. I subscribe to the belief that as professionals we should seek to plan ahead and set targets for our own career development. I have always believed that my career has developed more or less, as I had intended it to. I certainly have no regrets.

What did you want to be when you were a child?

TZ. I took sciences at school intending to enter the medical course but I quickly changed my mind when I realized I could not stand the sight of blood. After that it was between law and accountancy. I settled for the latter after I had come across Munro's Bookkeeping one summer and read through the book over a few weeks.

What is one of the most memorable or defining moments in your career?

TZ. I would mention two in particular:

The first relates to my first overseas experience back in 1986. I was sent for a few days to the US subsidiary of a European group to look into an inventory issue and instead I ended up spending five weeks assisting the CEO in restructuring their US operations.

The second memorable moment was in 1993 / 1994 when working on what was then known as Project Malta in KPMG in London. This involved advising the Maltese Government at the time on the phasing out of the offshore international business regime and replacing it with a number of new laws and several amendments to existing legislation to bring this industry "onshore". This was an exciting project, which resulted in the success of the financial services / international business sector as we know it today.

Along the way we all encounter set-backs. How have you dealt with this? What do you think is important to allow someone to move forward?

TZ. Experience has taught me that the most effective way to deal with issues is to tackle them head on and that procrastination can seem like neglect and nearly invariably worsens the situation. At the same time, I'm not saying that one should rush into a solution without properly thinking this through.

What would one find you doing in your spare time? provided you have any...

TZ. Reading; watching Man Utd. (this was once a salutary occupation – I'm an optimist and I'm still hoping for the good days to return!); watching TV with my wife (whilst playing on my i-Pad); playing tennis (badly); watching feature films or TV series with my son (at the moment we're into season 5 of House)

We all talk about the importance of striking a work-life balance, however the pressures today seem to make this harder. What advice would you give to those starting out and building their careers?

TZ. Success and hard work go hand in hand, yet our life cannot be dominated by work alone. I have always found it difficult to strike the right balance though I believe I have improved in this over the years. I guess in the end it depends on getting a number of things right including time management, setting realistic deadlines (though this may not always be in your control), learning how to prioritise, and finally managing expectations.

What has been the secret or greatest contributor to your success?

TZ. Hard work, focus, avoiding superficial thinking, connecting with people, and most importantly enjoying what I do.

How has KPMG changed since you started here?

TZ. I first started with the firm in April 1979 when it was still known as Joseph Tabone & Co. We were about 50 people at the time and our client base consisted of a mix of manufacturing companies, mostly foreign owned, and local clients. The firm has developed in line with the Maltese economy and it has grown dramatically since then, both in scope and size.

A few words with

David Walsh

CEO, KPMG Crimsonwing

"you need to make decisions and act, and have the courage of your convictions to follow through."

You have been in the industry for a number of years now, do you ever have the urge to do something different?

DW. I've always been interested in business, more than the technology for itself. I'm motivated by the possibilities of improving business performance and value. And of course it is all people and relationship driven. So I'm really happy to continue to do that as it's both constantly challenging and rewarding.

If you had a chance to start over, would your career take a different path?

DW. Well, other than play for Leeds United, I can't think of anything else I'd like to have been doing! I settled on a career in business and IT after teaching for a few years. When I joined the industry in the 1980's working with IBM it was an exciting time, and I realised it was exactly the kind of career I had been looking for.

What did you want to be when you were a child?

DW. I do remember wanting to be a train driver. Rather weirdly I also remember asking for a broom from Father Christmas when very young. So road sweeping must have been on my mind! I must admit I do have a tidy streak.

What is one of the most memorable or defining moments in your career?

DW. It seems strange to say this now but I didn't know if I could be accepted or handle being in sales. I joined IBM through a consultancy stream, but sales was where the action was, brutal as it could be. So I pitched myself to the UK Sales Director in IBM to move across, and was accepted onto the sales training programme as a result. It was one of the most career defining sales pitches I have ever had to do!

What would you say has been the greatest challenge or disappointment you have encountered?

DW. Well, all sales people hate losing. I've had a few that slipped through. But at least you are in the game. If I think back over the last 15 years or so, my biggest challenges have been guiding Crimsonwing through two very severe recessions – in 2002 (the internet bubble) and in 2008 (global credit crunch). But we wouldn't have survived without the grit and determination of our staff.

Along the way we all encounter setbacks. How have you dealt with this? What do you think is important to allow someone to move forward?

DW. I'm extremely stubborn and very resilient. I'm also very self-critical and always looking for different ways to improve or tackle problems. I think moving forward you need to make decisions and act, and have the courage of your convictions to follow through. Even making a mistake is often better than prevarication.

What would one find you doing in your spare time? provided you have any...

DW. I keep active and I enjoy gardening. I am just about to start building a house with a Japanese theme and garden – back to my tidy streak!

We all talk about the importance of striking a work-life balance, however the pressures today seem to make this harder. What advice would you give to those starting out and building their careers?

DW. I think the most important thing is to enjoy the journey of your career, and not see it as an ends to a means. So that means you should hopefully be working in a field that inspires you and with people you get energy from. Finances and home are also important to have in balance with your work life.

What has been the secret or greatest contributor to your success?

DW. Being honest and acting with integrity. Many things along the way are not easy – you have to be courageous but act fairly.

You founded Crimsonwing in 1996, how have things changed for you now that your company has been acquired by KPMG?

DW. Well, first of all I never thought of Crimsonwing as my company, it was always set up as a professionally run business and of course it became public. So many things have changed now we are part of KPMG and there have been quite some challenges. I've loved it. It feels like moving full circle for me, back into a corporate environment. Refreshingly, KPMG is an entrepreneurial business and there's many opportunities for interesting sales, projects and personal development.

What challenges did the acquisition pose both to the firm and to you personally?

DW. Crimsonwing was always a lean and responsive business and worked across multiple territories. As part of KPMG we are now regulated and deal with many different KPMG Member firms. So there have been challenges around risk and controls, and how we go to market. Personally, I've had to change the way I work – it's extremely interesting to work out how to adapt and then to influence and drive the business forward.

What personal goals have you set for yourself?

DW. We have a three year plan we are grappling with. It's ambitious. I'm very motivated to achieving this.

Our Talent

A network of exceptionally talented and diverse professionals



Adrienne McCarthy

Head of HR, KPMG in Malta

Every day our people do extraordinary things, they go above and beyond to ensure the work they do at KPMG inspires confidence and empowers change. Our people are the heartbeat of our firm. They provide the means by which we can achieve our strategy and fulfil our goals. It is our role to continually reaffirm our commitment to ensuring we are attracting the best talent, and developing and retaining our people by providing them with the opportunity, experience and support needed to bring out the extraordinary in them.

We welcome diversity and focus on developing and supporting people from different backgrounds so that we can deliver the highest quality service to our clients. We have 19 different nationalities in our workforce whilst 58% of our members of staff are women. 30% of these women hold a managerial position and above. We have placed significant focus on gender diversity in the workplace and we have introduced key initiatives to remove obstacles that could hinder our employees from developing their talent and advancement within the firm.

Employer of Choice

Our vision is to build and sustain our reputation as the best firm to work with by ensuring that our people, our clients and our communities achieve their full potential. In this respect, the skills, knowledge and capabilities of our people are paramount. A critical success factor in achieving this vision is our student and graduate recruitment, which is aimed at attracting and developing the brightest candidates on the market. With this in mind, we have developed one of the strongest learning and development packages that combines technical training as well as personal development programs. These include coaching and mentoring, secondments both in Malta and abroad, emerging leader programs, fast track talent management programs and reward and recognition

awards. From day one, our graduates are given the opportunity to make their mark by developing their learnings into real-world solutions and have a thriving career within the firm.

Cultivating tomorrow's Leader

Our people are given the right support to embark upon a challenging and fulfilling career that affords them the opportunity for continuous training, personal and professional development and career progression that dovetails with their professional aspirations and personal development goals. This goes beyond the traditional classroom learning and workshops and takes the form of innovative learning processes like self-study and eLearning. For our recruits the journey begins the moment they walk through our door. Regardless of the individual's level or function, a clear training path is set which is delivered locally as well as within the wider KPMG network. We are fully committed to cultivating a work environment that supports our people in building their careers and developing as potential future leaders in the firm and elsewhere in life.

We are part of a fascinating and truly global network made up of outstanding people with a broad range of interests, talents and ambitions and we are determined to maintain KPMG's position as a world-class employer.

Talent Interviews

Hermione Arciola

Director, Deal Advisory

How would you describe your career to date?

HA. An interesting and exciting journey full of new experiences and opportunities.

What would you say has been the highlight or determining factor in your career so far?

HA. The deal advisory team at KPMG.

What part of your role do you enjoy the most / do you find most exciting?

HA. I must admit that I find each and every part of my role to be very exciting and rewarding, whether it is leading deal advisory engagements, interacting with clients, managing and developing people, or organizing a firm event, though, I must admit that I still enjoy getting involved in the actual delivery of the work whenever the opportunity arises.

Where do you see yourself in 5 years?

HA. Leading an even larger deal advisory team.

What support does the organization provide you with in order to further your career?

HA. Ongoing constructive feedback on my performance, training including both technical and non-technical and, last but not least, endless opportunities to stretch myself outside my comfort zone to continue learning and growing both professionally and personally.

"I find it extremely satisfying seeing a transaction, on which your team had been working on for months, close successfully and where you work."

What is it that you love about what you do?

HA. It is very challenging and rewarding. Every work day is different, every client is different and every transaction is different and each one brings with it new experiences and new challenges. I find it extremely satisfying seeing a transaction, on which your team had been working on for months, close successfully and where you work.

What is it that you love about what you do and where you work?

HA. At KPMG I feel I am in control of my own career – KPMG provides you with the platform, tools and opportunities to learn, grow and build a successful career.

Giselle Borg

Director, Audit

How would you describe your career to date?

GB. The past 12 years with KPMG have strongly shaped my career in the profession and have been highly rewarding and fulfilling.

What would you say has been the highlight or determining factor in your career so far?

GB. I believe that what mainly contributed to the development of my career was first of all, choosing an organisation within which I feel at ease, and, having an open and positive attitude to opportunities that come my way.

What part of your role do you enjoy the most / do you find most exciting?

GB. What intrigues me most about my role is the interaction with clients, including audit committees, and adding value and insight through our work.

"As a woman and a working mother, I feel that I am given the opportunity to achieve a work-life balance whilst climbing the corporate ladder, without experiencing perceived glass ceilings in the process."

Where do you see yourself in 5 years?

GB. I see myself with enhanced leadership responsibilities, but more importantly, engaged in other inspiring and challenging spheres. As someone I look up to once told me, I will aspire to never settle for any role but to look into new ways of re-inventing myself and stretching my capabilities.

What support does the organization provide you with in order to further your career?

GB. As a woman and a working mother, I feel that I am given the opportunity to achieve a work-life balance whilst climbing the corporate ladder, without experiencing perceived glass ceilings in the process.

What is it that you love about what you do and where you work?

GB. The thing I enjoy and appreciate the most is working and consulting with brilliant and pragmatic people, including our young and rising talent.

Sarah Camilleri

Director, KPMG in Malta

How would you describe your career to date?

SC. A rollercoaster! So far I think my career has been fast-paced, interesting, and varied. While very focused on a particular sector, I have seen it work from different angles, which has contributed to a holistic understanding.

What would you say has been the highlight or determining factor in your career so far?

SC. The determining factor in my career I believe was moving to Luxembourg – it set my career in IS and Funds off, and allowed me to gain specialist knowledge in that area.

What part of your role do you enjoy the most / do you find most exciting?

SC. The part of my role I enjoy the most is meeting different people, hearing about developments, what is going on in the market, etc. The interaction with clients and other service providers, as well as working within a team are the most invigorating for me. Finding new solutions for clients that may not be mainstream, but that are actually the most feasible for particular stage at that time.

"The organization supports me in initiatives that I think of and put to the table, that would benefit the organization and the team, in some way. Additionally, it also provides support by sharing ideas and information with me, on a constant basis."

What support does the organization provide you with in order to further your career?

SC. I think the organization supports me in initiatives that I think of and put to the table, that would benefit the organization and the team, in some way. Additionally, it also provides support by sharing ideas and information with me, on a constant basis.

What is it that you love about what you do and where you work?

SC. Its meeting with different people, seeing clients able to grow their business and be successful, as well as seeing team members and peers moving forward and succeeding.

Aimee Cassar

Senior HR Executive, KPMG Crimsonwing

How would you describe your career to date?

AC. I joined KPMG Crimsonwing in June 2015. Till now, my career here has been very exciting as I was given the opportunity to shape the way that the HR department works. My ideas have always been valued and I have seen many of them come to life and yield results.

What would you say has been the highlight or determining factor in your career so far?

AC. The highlight is definitely seeing successful new recruits starting a career with us.

"I love working in a multicultural environment with different departments and understanding their needs. I also like working in this office since it is open plan so you get to meet many new people!"

What part of your role do you enjoy the most / do you find most exciting?

AC. I enjoy meeting new people and holding interviews as well as collaborating with our project managers and executive team in order to successfully recruit talent.

Where do you see yourself in 5 years?

AC. I see myself in an HR managerial position in which I can provide a more valuable service to our employees when it comes to HR related matters.

What is it that you love about what you do and where you work?

AC. I love working in a multicultural environment with different departments and understanding their needs. I also like working in this office since it is open plan so you get to meet many new people!

"I am excited to see what the future has to offer: what challenges I will face; the people I will get to work with; the clients I will meet."

John Ellul Sullivan
Director, KPMG in Malta

How would you describe your career to date?

JES. To be honest I think it is a bit early to stop and look back at my career. Same as the first day I started working at KPMG, I am excited to see what the future has to offer: what challenges I will face; the people I will get to work with; the clients I will meet... If my career so far is anything to go by, it is going to be an exciting ride. I've had the luck of working with people I highly respect, not just my mentors, but also my team as well as clients.

What would you say has been the highlight or determining factor in your career so far?

JES. I have a vision of where I want the firm to be in 10-20 years' time, and to be honest I work towards that. I'm not one to dwell on highlights, but if I have to choose, I'd say that one of the highlights was building a relationship with a particular client over the years and getting to a stage where I am the first person they call when they have a new idea or transaction they wish to enter into. Another highlight is convincing people to join the firm and seeing them develop into great professionals with a bright future ahead – to their benefit and the firm's.

What part of your role do you enjoy the most / do you find most exciting?

JES. I work in an advisory role, and the part I find most exciting is what I call "the light-bulb moments", i.e. when during a meeting you get a great idea which no one thought of, an idea which initially seems too good to be true, but then you dig deeper and realize it works. In these moments you build a special rapport with your client, as you found an out of the box solution for him which others did not.

These moments also help build team spirit, as the people you work with start exploring the idea from different angles, trying to test the theory to ensure it works – and this breathes new life into a team.

Where do you see yourself in 5 years?

JES. Working hard.

What support does the organization provide you with in order to further your career?

JES. In my career I mainly needed two types of support: technical and soft skills. I am lucky enough to be surrounded by great people that are always willing to help, whether I ask for it or not. This could be done through technical discussions, or advice. I've also benefitted greatly from training within the network (both technical training and soft skills training). I've had the opportunity of going to a development centre where professionals assessed me on my soft skill abilities through role play scenarios. Through these role plays, they identified my strengths and weaknesses and provided me with great feedback which has helped me develop further during the years.

What is it that you love about what you do and where you work?

JES. I must admit that I love the subject. I truly enjoy tax – which probably doesn't reflect very well on me, may make me seem boring, but there is little I can do about it. The thing I love most about my job is discussing technical matters with other people, whether it is clients, colleagues or even the tax authorities. From the very early stages of my career at KPMG, I've always had people that acted as reference points to discuss technical matters with.

Fernando Pereira Founar
Senior Business Analyst, KPMG Crimsonwing

How would you describe your career to date?

FPF. A rollercoaster! I started as a waiter back in Sao Paolo (Brazil), where the salary was used to pay home expenses and studying (college). After completing 1 year I had a chance to migrate to the ERP world – my dream coming true!

My ERP life started with a medium size company (SAP partner) where I did some training to get more ERP background. But there is where the rollercoaster ride begins: After 4 weeks just doing training and not being allocated to a customer, I received an invite to work with Dynamics AX in a small company that employed less than 10 people, but with very big potential, a nice plan, and a fatter paycheck!

4 years later, the company employed over 300 people! I had gained loads of experience, I had started off as a trainee and left the company as a reference point on several issues related to the system. I left the company and spent some time working at a Help Desk. A year after that I received the opportunity to join Crimsonwing and I accepted right away. I am now living the life I always wanted, and this is just the beginning for me.

What would you say has been the highlight or determining factor in your career so far?

FPF. My will to learn, always working to be better and get prepared for what I am aiming for. So for the moment I am in English classes and I took overtime hours studying while I was a trainee... I guess that was the trick.

"KPMG Crimsonwing provides me with the things money cannot buy, such as quality of life."

What part of your role do you enjoy the most / do you find most exciting?

FPF. The possibility to face different challenges with different customers and different scenarios on a daily basis, and get them sorted by being able to provide a long term solution, either within the system or process change. So, in short, provide a better fitted and upgraded business solutions for my clients.

Where do you see yourself in 5 years?

FPF. Hum... hard to say, my life changed a lot in the past five years, but I my goal is to be leading people, projects and be responsible to deliver solutions on a bigger scale. And I have no doubt that this company will give me the proper support and background to do so.

What support does the organization provide you with in order to further your career?

FPF. Besides time and background material, KPMG Crimsonwing provides me with the things money cannot buy, such as quality of life, the possibility to spend more time with my family and friends, to have a nice apartment close to the office, flexible hours, a great working environment and constantly being challenged when I want to improve (and ask for it).

What is it that you love about what you do and where you work?

FPF. Learning how business is done. Understanding organization and business requirements as the company grows. Provide product and business solutions that helps people carry out their jobs in a better, faster, more accurate way without losing quality or time.

Keith Sacco

Project Manager, KPMG Crimsonwing

How would you describe your career to date?

KS. My career to date has been very challenging. I have over 16 years of experience in the IT industry, and joined a dynamic team within KPMG Crimsonwing 5 years ago. Here, I have gained additional experience working with various colleagues from various walks of life, backgrounds, cultures and countries.

What would you say has been the highlight or determining factor in your career so far?

KS. At KPMG Crimsonwing, each day, irrespective of its highs and lows, has been different since I joined 5 years ago. This has and is the highlight of my job as although in general I would know what each day has in store for me, there's always that something different or a new challenge that makes it interesting.

Other things that are highlights in my career is the learning path. I am lucky to be surrounded by very good managers and functional and technical people who share ideas and from whom I have learnt, and with whom I have shared my experiences.

What part of your role do you enjoy the most / do you find most exciting?

KS. A go live is most rewarding and most exciting. First and foremost, it is the accumulation of weeks and months of effort, and irrespective of the amount of effort and hours put into it by the team, there is always that element of suspense to ensure all goes well. The climax of all this is when the end client gives the sign off or thumbs up – that is where one feels the satisfaction of all the work done.

What support does the organization provide you with in order to further your career?

KS. This is all about opportunities. KPMG Crimsonwing has given me various opportunities to prove myself and show my skills, by the projects I have lead, the people I have worked with, the clients and employees I have managed, and the experiences I have learnt from. These opportunities provide me with a bigger drive to achieve more, and thus progress in my career within KPMG Crimsonwing.

"I am lucky to be surrounded by very good managers and functional and technical people who share ideas and from whom I have learnt, and with whom I have shared my experiences."



Client Successes

DARAG

...

Foster Clark Products (FCP) Limited

...

Medserv plc

DARAG chooses Malta as the centre to develop its expansion strategy

With over 65 years of experience, the DARAG group of companies is a pioneer in the run-off insurance industry, today having a market potential of more than 240 billion in Europe. Since 2009, the group has taken on inactive or discontinued businesses from direct insurers and reinsurers, assuming insurers' commitments until final settlement. Priding itself on the expertise and stability that it has cultivated, DARAG operates on the tenets of innovation, service and future.

The economic context of these last years, occasioning low interest rates, fragmented markets and increasing regulation, has led to an exponential growth in the run-off insurance sector. DARAG, a fully licensed and soundly capitalized insurance provider, supervised by a college of regulators including the Malta Financial Services Authority (MFSA), the German Federal Financial Supervisory Authority (BaFin) as well as the Swiss Financial Market Supervisory Authority (FINMA), has positioned itself as a market leader, tapping into the sector's full potential.

To do so, DARAG has chosen Malta as the centre to develop its expansion strategy. We are proud to be accompanying DARAG throughout the reorganization of the group, taking into account its current functions and corporate composition. The project requires a multifaceted understanding of DARAG's present activities and future projects, maintaining sensitivity to its ongoing business. The Maltese hub resulting from the reorganization plays a central role in the expansion of DARAG's business through portfolio transfers, equity acquisitions and the provision of structured insurance and reinsurance solutions.

During its process of expansion, the company required our insight in the varied domestic and cross-border implications of its transactions, presenting holistic solutions which were compatible with DARAG's overall commercial strategy.

Licensed to carry out insurance business in 28 member states of the European Union, DARAG's team in Malta, including technical staff and top management, service the group as a whole. In addition, the Maltese headquarters also plays a key role in funding the group's transactions. Since the reorganization, the firm has extended its business throughout Europe with plans for further growth amid the new peak that the run-off market is expected to reach in 2016.

The experience of DARAG in Malta represents the vision of our practice. We position ourselves not only as tax advisors of excellence but also as providers of integral solutions that take into account the complex multinational and polygonal dimension of our clients' businesses.

"In DARAG we believe that the ability to work together, as one team, is of paramount importance for building business relationships. This has been the fundamental principle of our successful cooperation with KPMG, all these years."

Arndt Gossmann, CEO DARAG

Foster Clarks roll out Microsoft Dynamics AX

Foster Clark Products (FCP) Limited is a Maltese company that produces and distributes food and beverage products. They deliver thousands of containers annually to over 70 customers in various parts of the world making FCP one of the largest exporting entities in Malta.

FCP employed over 7 different and disparate IT systems to manage the information of the various departments. This led to various inefficiencies in the management and control of the business operations, duplicated and incongruent data across departments as well as outdated information for decision makers, amongst other issues.

Dynamics AX was able to address and integrate the business needs of the Finance, Procurement, Warehousing, Sales, Logistics, Shipping, Quality, Planning and Production departments resulting in increased efficiency and control across the entire organisation. Decision makers are today presented with one, congruent, view of information enabling them to make better informed decisions that will help FCP to achieve further growth.

Following the implementation of Dynamics AX, FCP can review, monitor and control the entire operation using one ERP package. Each step in the business workflow is tightly integrated with each other creating a leaner business process.

Since FCP is driven by a make-to-order strategy, feedback of the current state of a sales order is crucial in order to be in a position to meet the customers' demands in a defined timeline. Dynamics AX assists users to query the current status of each sales order as well as highlights problem areas. The real-time information that the system provides today plays

a vital role in facilitating the delivery of products to consumers.

The fact that FCP exports to various countries implies that the products are to adhere to strict legislative requirements and formalities imposed by the various countries and customers. Dynamics AX allowed us to create a solution for FCP that takes these varied requirements into consideration and builds them into the particular workflow.

The reporting suite can be tailored by user to provide real time information that supports their particular business operation enabling management to take informed, timely decisions.

The project was rolled out to 200 users across 6 sites in March 2015. It was the largest Dynamics AX implementation in Malta to date. The solution was awarded the 'Best ERP Solution' award at the fifth edition of the MCA eBusiness Awards 2015.

"As a company we were delighted to see our team come together to deliver this project successfully, showing mastery and commitment! They worked hand-in-hand with the team from KPMG Crimsonwing and we couldn't be happier with the result."

Stephen Vella, Head of HR Foster Clark Products

Medserv expand their scope of operations and geographic footprint via acquisition

In 2015, the Board of Directors of Medserv plc announced that the Company entered into a conditional share purchase agreement for the acquisition of METS Group, a group of companies based in the Middle East, for the sum of US\$45 million. This acquisition was in line with the Company's strategy for growth via diversification both of service as well as geographic market.

The METS Group provides and operates a comprehensive threading, repair, inspection and storage service for oil country tubular goods (OCTG). It maintains three sites in Sharjah, Oman and in Basra, Iraq. This acquisition enabled Medserv to enter the well-established Middle Eastern oil and gas service industry in a region where extraction costs are comparatively low. Synergies are expected to be achieved now that the two groups have been combined.

We are proud to have had the opportunity to play a role in this exciting project. KPMG Deal Advisory team worked closely with Medserv to carry out the required due diligence and provide Medserv with the support needed during the process.

In order to raise the required funds, Medserv went to market with a Dual Issue financial instrument, an Intermediary Offer, so as to raise the necessary funds for the acquisition. In December 2015, the Malta Listing Authority granted approval for the admissibility to the Official List of the Malta Stock Exchange of a Bond Issue of 30,000,000 Unsecured Bonds and a Rights Issue of 10,000,000 ordinary shares at the share offer price of 1.50 per ordinary share. This was one of the most complex instruments to have been made available on the local market. Our team is fortunate to have been part of the team that took this instrument to market. The offer closed successfully in January and the acquisition was completed in February this year.

"When you are working on a project such as this it is essential that you have the right advisors on your team. We were fortunate in this regard."

Anthony Diacono, Chairman Medserv plc.

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