

08 May 2007

Press Release

Malta Shipyards reiterates its position on the Cala Corporation

At a meeting in the presence of Cala Corporation this morning, Malta Shipyards Ltd. reiterated its position as sent to Mr Cala on the 2nd April 2007. No commitment has been made for the lease of the Marsa Shipyard, nor a commitment to build the proposed vessels for Cala Corp.

At a meeting in the presence of Cala Corporation this morning, Malta Shipyards Ltd. reiterated its position as sent to Mr Cala on the 2nd April 2007. This was for Cala Corp. to commission and pay for the feasibility study that was recommended to him by Malta Shipyards Ltd. on the 2nd March 2007. This feasibility study is necessary as currently the Marsa Facility does not meet the construction requirements for the proposed vessels. Thus, it is not technically possible to quote for or construct the vessels immediately. The feasibility study will require from Cala Corp. the full functional specifications as a term of reference. On completion of the study Malta Shipyards Ltd. will be in a position to estimate a quotation provided that Cala Corp. submit to Malta Shipyards Ltd. the design package and drawings fully approved for construction by Lloyd's Register. Thereafter, a full contractual and financial due diligence exercise would be carried out before further commitments or actions as is normal practice for a project of this nature. Moreover, from the information that MSL has on Cala Corporation, it transpires that the company has a total shareholder equity of Lm 58,114 and an accumulated deficit of Lm 3.6 million. In the interim, Malta shipyards Ltd. will continue to market the shipyard facilities.

We now understand that Cala Corporation is undertaking to conduct this feasibility study we asked from it 2 months ago.

Since the meeting of 2nd March 2007, held at Malta Shipyards, adverse media statements have been made that result from the failures of Mr Cala to adhere to the process agreed to at that time. Malta Shipyards Ltd. is therefore separately assessing possible legal action against the Cala Corporation to protect the reputation of the company.

The business relationship with clients is the exclusive remit of management. The intervention of the General Workers' Union in this case served no purpose except for Malta Shipyards Ltd. management to reiterate the original terms set in March 2007 to Cala Corp.

Malta Shipyards Ltd. continues to follow potential work prospects with serious clients of good financial and commercial standing during the normal course of business. In fact, Malta Shipyards Ltd. has already secured work for the Marsa Facility from existing valued customers. Malta Shipyards Ltd. will commit no further resources to the Cala Corp. project prior to receipt of the completed feasibility study.

8th May 2007