Malta International Airport plc
C 12663

Interim condensed consolidated financial statements and Directors' report

30 June 2017

Contents

Malta International Airport plc

Interim Directors' report pursuant to Listing Rule 5.75.2

These interim consolidated financial statements comprise the financial statements of Malta International Airport plc and its subsidiaries Airport Parking Limited, Sky Parks Development Limited and Sky Parks Business Centre Limited.

Performance Review

Passenger movements for the first half of the year registered an increase of 20.3% as traffic registered new record figures on each month. Passenger movements reached 2,639,712 representing a growth of 444,745 additional passenger movements. This result was achieved following a 19.3% growth in seat capacity whereas seat load factor improved by 0.4 percentage points to reach an overall 80.4%.

Passenger growth was registered in all main markets. Traffic from the UK increased by 10.3%, this result being partially a result of the start of the new P&O cruise & fly programme. Traffic from Germany improved by 21.7% whilst the Italian and French markets both achieved a 19.4% increase in traffic. Significant increases were also noted in Belgium (204.6%) given a significant increase in flights, whilst a 63.7% and 26.5% growth was recorded from the Spanish and Polish market respectively with new routes being introduced. Other noteworthy developments include an enhanced winter flying programme by Jet2, Lufthansa, Ryanair, SAS and Vueling. This year we have also welcomed new scheduled services following the arrival of Eurowings and Condor whilst Volotea and Wizz Air continue to develop their presence with the introduction of a number of new routes.

The total revenue for the period January to June increased by 16.7% from Euro 31.4 million in 2016 to Euro 36.7 million in 2017. The increase reflects the growth in passenger movement as well as an increase in non-aviation revenue. Turnover from the Airport segment increased by 19.1% to Euro 25.9 million, whilst that from the Retail and Property segment increased by 10.7% to Euro 10.5 million.

The company's costs are under control, there was only a slight increase in staff costs of 1.7% and the other operating costs rose by 6.9 %. The EBITDA January to June 2017 of Euro 20.9 million improved by Euro 4.4 million or 26.7% compared to 2016. The net profit increased by Euro 2.8 million (34.8 %) to Euro 11.0 million. There was a large investment program in 2017. The Capital Expenditures in the first six months of the year were Euro 9.3 million of which are 8.4 million are attributable to the ongoing Terminal Reconfiguration Project.

The Group foresees no major changes in its activities for the remaining six months of the financial year.

Dividends

The group is proposing a net dividend of € 0.03 per share on all shares settled as at close of business on Wednesday 23rd August 2017 and payable by no later than Friday 22nd September 2017.

Alan Borg
Chief Executive Officer

By Order of the Board
26 July 2017

Condensed consolidated statement of comprehensive income

Period ended 30 June 2017

	Group	
	30 June 2017	30 June 2016
	6 months	6 months
	(unaudited)	(unaudited)
	EUR	EUR
Revenue	**36,656,074**	31,413,960
Staff costs	**(3,842,443)**	(3,779,265)
Depreciation	**(3,370,931)**	(3,411,649)
Other operating expenses	**(11,926,536)**	(11,154,282)
Release of deferred income arising on the sale of terminal buildings and fixtures	**104,382**	104,382
Finance Income	**4,160**	587,079
Finance Cost	**(519,017)**	(1,054,925)
Profit before tax	17,105,688	12,705,300
Income tax expense	**(6,112,270)**	(4,546,923)
Profit for the period attributable to the ordinary equity holders of the Company	**10,993,418**	8,158,377
Other comprehensive income / (expense)		
Items that may be reclassified subsequently to profit or loss:		
Net Gain/(loss) on available-for-sale financial assets	**2,247**	(1,482)
Other comprehensive income for the period attributable to the ordinary equity holders of the Company, net of tax	**2,247**	(1,482)
Total comprehensive income for the period attributable to the ordinary equity holders of the Company, net of tax	**10,995,665**	8,156,895
Earnings per share attributable to the ordinary equity holders of the Company	**8.13cents**	6.03cents

Malta International Airport plc

Condensed consolidated statement of financial position

30 June 2017

	Group	
	30 June 2017	**31 December 2016**
	(unaudited)	(audited)
	EUR	EUR
ASSETS		
Non-current assets		
Property, plant and equipment	**104,826,857**	98,669,856
Investment property	**16,996,942**	17,240,197
Available-for-sale financial assets	**105,895**	103,648
Deferred tax assets	**4,019,492**	4,083,787
	125,949,186	120,097,489
Current assets		
Inventories	**845,611**	834,443
Trade and other receivables	**19,718,500**	14,880,674
Cash and short term deposits	**36,570,080**	36,550,212
	57,134,192	52,265,329
TOTAL ASSETS	**183,083,378**	172,362,817
EQUITY AND LIABILITIES		
Equity attributable to ordinary shareholders of the Company		
Share capital	**33,825,000**	33,825,000
Other Reserve	**1,203,784**	1,228,107
Fair Value reserve	**29,290**	27,043
Retained earnings	**51,577,435**	50,017,598
Total equity	**86,635,510**	85,097,748
Non-current liabilities		
Bank loans	**41,997,638**	43,866,560
Deferred income	**5,512,441**	5,667,827
Provision for retirement benefit plan	**4,387,266**	4,365,940
Provision for MIA benefit fund	**230,613**	223,936
	52,127,958	54,124,263
Current liabilities		
Trade and other payables	**36,717,502**	29,496,332
Bank loan	**2,481,423**	2,481,423
Current tax liabilities	**5,120,985**	1,163,051
	44.319.910	33.140.806
Total liabilities	**96,447,868**	87,265,069
TOTAL EQUITY AND LIABILITIES	**183,083,378**	172,362,817

Malta International Airport plc

Condensed consolidated statement of changes in equity
Period ended 30 June 2017

	Equity attributable to ordinary shareholders of the company				
	Share capital EUR	**Other reserve EUR**	**Fair value reserve EUR**	**Retained earnings EUR**	**Total EUR**
Balance at 1 January 2016	**33,825,000**	**1,276,752**	**23,725**	**42,563,671**	**77,689,148**
Profit for the period	-	-	-	8,158,377	8,158,377
Other comprehensive income / (expense)	-	-	(1,482)	-	(1,482)
Total comprehensive income for the period	-	-	(1,482)	8,158,377	8,156,895
Difference between historical cost depreciation charge and actual depreciation for the period calculated on the revalued amount	-	(37,423)	-	37,423	-
Deferred tax	-	13,107	-	-	13,107
Dividends	-	-	-	(9,471,000)	(9,471,000)
Balance at 30 June 2016 (unaudited)	**33,825,000**	**1,252,436**	**22,243**	**41,288,471**	**76,388,150**

	Share capital EUR	**Other reserve EUR**	**Fair value reserve EUR**	**Retained earnings EUR**	**Total EUR**
Balance at 1 January 2017	**33,825,000**	**1,228,107**	**27,043**	**50,017,598**	**85,097,748**
Profit for the period	-	-	-	10,993,418	10,993,418
Other comprehensive income / (expense)	-	-	2,247	-	2,247
Total comprehensive income for the period	-	-	2,247	10,993,418	10,995,665
Difference between historical depreciation charge and actual depreciation for the period calculated on the revalued amount	-	(37,419)	-	37,419	-
Deferred tax	-	13,097	-	-	13,097
Dividends				(9,471,000)	(9,471,000)
Balance at 30 June 2017 (unaudited)	**33,825,000**	**1,203,784**	**29,290**	**51,577,435**	**86,635,510**

Condensed consolidated statement of cash flows

Period ended 30 June 2017

	The Group	
	30 June 2017	**30 June 2016**
	6 months	6 months
	(unaudited)	(unaudited)
	EUR	EUR
Cash flows from operating activities		
Profit before tax	**17,105,688**	12,705,300
Adjustments for:		
Operating items	**3,806,613**	3,808,950
Working capital movements	**2,296,996**	(4,321,054)
Cash flows from operations	**23,209,297**	12,193,195
Interest paid	**(519,017)**	(1,054,925)
Income taxes paid	**(2,054,380)**	(1,794,432)
Net cash flow from operating activities	**20,635,900**	9,343,838
Cash flows from investing activities		
Payments for property, plant and equipment	**(9,280,268)**	(2,119,817)
Interest received	**4,160**	587,079
Net cash flows used in investing activities	**(9,276,108)**	(1,532,738)
Cash flows from financing activities		
Repayment of bank loans	**(1,868,923)**	(1,843,923)
Dividends paid	**(9,471,000)**	(9,471,000)
Net cash flows used in financing activities	**(11,339,923)**	(11,314,923)
Net movement in cash and cash equivalents	**19,869**	(3,503,823)
Cash and cash equivalents at the beginning of the period	**36,550,212**	39,644,210
Cash and cash equivalents at the end of the period	**36,570,080**	36,140,387

1. Corporate information and Consolidation Range

The interim condensed consolidated financial statements of the group for the six months ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors of the 26th July 2017.

Malta International Airport plc is a public company incorporated and domiciled in Malta whose shares are publicly traded.

The principal activities of the company and its subsidiaries ('the group') are the development, operation and management of Malta's airport. The group also operates the Business Centre within the limits of the airport.

2. Basis of preparation, significant accounting policies and International Financial Reporting Standards in issue but not yet effective

Basis of preparation

These interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and in terms of the Malta Financial Services Authority Listing Rules.

The financial information of the group as at 30 June 2017 and for the six months then ended reflect the financial position and the performance of Malta International Airport plc and its subsidiaries Airport Parking Limited, Sky Parks Development Limited, and Sky Parks Business Centre Limited. The comparative amounts reflect the position of the group as included in the audited financial statements ended 31 December 2016 and the unaudited results for the period ended 30 June 2017.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at 31 December 2016.

Significant accounting policies and valuation methods

The accounting and valuation policies and the calculation methods applied in preparing the annual financial statements for 2016 were also used to prepare the condensed consolidated interim financial statements, with the exception of the new standards that are applicable to the current reporting period. Additional information on these accounting and valuation policies as well as the new standards that require mandatory application as of 1 January 2017 is provided in the consolidated financial statements as of 31 December 2016, which form the basis for these condensed consolidated interim financial statements. The following new and revised standards shall be applied for the first time in financial year 2017 but are not yet endorsed by EU:

- Amendments to IAS 12: "Recognition of Deferred Tax Assets for Unrealised Losses"
- Amendments to IAS 7: "Disclosure Initiative"
- Annual Improvements to IFRS Standards 2014-2016 Cycle*: thereof Amendments to IFRS 12 Disclosure of Interests in Other Entities*

It is not expected that the application of the new standards will have any material effects on the condensed consolidated interim financial statements.

2. Basis of preparation, significant accounting policies and International Financial Reporting Standards in issue but not yet effective (continued)

International Financial Reporting Standards in issue but not yet effective

At the date of authorisation of these condensed financial statements, the following International Financial Reporting Standards were in issue but not yet effective.

IFRS 16 – Leases
IFRS 16 *Leases,* which was issued on 13 January 2016, brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains substantially unchanged (except for a requirement to provide enhanced disclosures) and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 *Leases* and related interpretations. IFRS 16 is effective for periods beginning on or after 1 January 2019. Early application is permitted for companies that also apply IFRS 15. The Standard has not been endorsed by the EU at the date of authorisation of these financial statements. Given the significance of the Group's and the Company's leasing transactions. This Standard will be given due attention by the Board prior to its effective date.

IFRS 9– Financial Instruments
The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The Standard supersedes all previous versions of IFRS 9. IFRS 9 introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule based requirements that are generally considered to be overly complex and difficult to apply.

The new model also results in a single, forward-looking 'expected loss' impairment model that will require more timely recognition of expected credit losses. IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. This Standard has been endorsed by the European Union.

IFRS 15 – Revenue from Contracts with Customers
IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 *Revenue,* IAS 11 *Construction Contracts* and a number of revenue-related interpretations. The Standard applies to nearly all contracts with customers, the main exceptions being leases, financial instruments and insurance contracts. By virtue of an amendment issued on 11 September 2015, the effective date of the Standard was deferred by one year to annual periods beginning on or after 1 January 2018, with earlier application being permitted. This Standard has been endorsed by the European Union.
On 12 April 2016, the IASB issued certain clarifications to IFRS 15, which are effective for periods beginning on or after 1 January 2018, with earlier application being permitted. These clarifications have not as yet been endorsed by the European Union.

2. Basis of preparation, significant accounting policies and International Financial Reporting Standards in issue but not yet effective (continued)

International Financial Reporting Standards in issue but not yet effective (continued)

The Group is in the process of assessing the impact of these standards on the financial position and performance of the Group

The Board of Directors anticipate that the adoption of the International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective, other than the above, will have no material impact on the financial statements of the Group in the period of initial application.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Except as discussed below and in the remaining notes to the financial statements, the directors did not make any significant judgments in the process of applying the Group's accounting policies which can significantly affect the amounts recognised in the consolidated financial statements and, at the end of the reporting period, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

IFRIC 12 Service Concession Arrangements

IFRIC 12 *Service Concession Arrangements* was endorsed by the EU for financial years beginning after 29 March 2009. The Interpretation, which is limited in scope, clarifies the accounting of service concession arrangements by private sector operators which provide public services on behalf of government or other public sector entities. The Interpretation states that for arrangements falling within its scope, the infrastructure assets are not recognised as property, plant and equipment of the operator. Rather, depending on the terms of the arrangement, the operator will recognise:

i. a financial asset (where the operator has an unconditional right to receive a specified amount of cash or other financial asset over the life of the arrangement); or
ii. an intangible asset (where the operator's future cash flows are not specified, for example, where they will vary according to usage of the infrastructure asset); or
iii. both a financial asset and an intangible asset where the operator's return is provided partially by a financial asset and partially by an intangible asset.

The Group's business activities and operations are governed under a 65 year concession which was granted by the Government in July 2002. The directors have conducted a detailed analysis to determine the applicability of IFRIC 12. Based on the Group's proportion of regulated and unregulated activities, the directors have determined that the extent of unregulated business activities cannot be deemed as insignificant. Accordingly the directors have concluded that IFRIC 12 does not apply to the Group.

3. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

Lessee accounting in terms of IAS 17 Leases

Operating lease payments represent ground rents payable by the Group to the Government of Malta on the temporary emphyteuses, with an original term of 58 to 65 years and periodic upwards adjustments by a specified rate over the lease term. The lease expense is allocated to commercial and non-commercial areas, being site areas with restricted access on the basis of the total surface area covered by the lease. The recognition of the lease expense in relation to the non-commercial areas is made on a systematic basis that is considered to be most representative of the time pattern of the expected benefit that the Group can reasonably be expected to reap from the use of that part of the leased asset over the lease term on the basis of passenger movements. This assessment is reviewed annually to determine whether the basis that is applied in allocating the lease expense over the lease term continues to be appropriate.

4. Operating segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

For management purposes the group is organised into operating segments based on the nature of its operations and has reportable segments as shown below.

Management monitors the operating results of its segments separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on earnings before interest, tax and deferred income arising from the sale of terminal buildings and fixtures (EBIT).Revenues and certain costs are allocated in full to particular segments. The remaining costs are allocated across the different segments on the basis of square meters or revenues, as applicable. The Group financing (including finance income and finance costs), deferred income arising from the sale of terminal buildings and fixtures and income tax are managed on a Group and Company basis and are not allocated to operating segments.

Airport segment

The Airport Segment comprises of the activities usually carried out by an airport. These services include revenue from airport regulated fees, aviation concessions and PRMs (persons with reduced mobility) and their associated costs. This segment also includes the operations and maintenance of the terminal, runways, taxiways and aircraft parks.

The revenue increased by 19.1 %, due to the passenger growth. EBITDA improved by Euro 3.5 million to Euro 12.8 million. Taking account depreciation and amortisation, a segment EBIT of Euro 10.9 million was achieved, which is an improvement of Euro 3.4 million or 45.0%. The EBITDA margin rose from 42.8 % to 49.5 %, while the EBIT margin improved from 34.5 % to 42.0 %

4. Operating segment information (continued)

Retail & Property segment

The Retail and Property Segment includes various services that support the airport operations. These include the operations of the various retail outlets within the airport perimeter, advertising sites and rental of offices, warehouses and income from the running of the VIP lounges. Income and costs from Airport Parking Limited and Sky Parks Business Centre Limited are also allocated within the Retail & Property Segment.

The revenue improved from Euro 9.5 million to Euro 10.5 million, a 10.7 % increase. The operating costs slightly increased from Euro 2.5 million in the previous period to Euro 2.7 million in 2017. Therefore EBITDA increased by 11.6 % to Euro 7.8 million. Depreciation slightly decreased from Euro 1.6 million to Euro 1.4 million. The EBITDA margin rose from 73.9% to 74.5 % and the EBIT margin increased as well from 57.0 % to 60.9%.

Other

This comprises services that do not fall under the Airport and the Retail and Property Segments. These include miscellaneous income and disbursement fees from third parties and any costs associated with this income.

The results of the segments are reported below:

	30-Jun-17 EUR	30-Jun-16 EUR
Airport		
Segment Revenue (external)	**25,915,884**	21,767,919
Staff costs and other operating costs	**13,084,950**	12,450,285
Segment EBITDA	**12,830,934**	9,317,634
Segment depreciation	**1,942,174**	1,808,879
Segment EBIT	**10,888,760**	7,508,756
Retail & Property		
Segment Revenue (external)	**10,530,352**	9,511,632
Staff costs and other operating costs	**2,684,030**	2,483,262
Segment EBITDA	**7,846,322**	7,028,370
Segment depreciation	**1,428,757**	1,602,770
Segment EBIT	**6,417,564**	5,425,600
Other		
Segment Revenue (external)	**209,839**	134,408
Segment EBIT	**209,839**	134,408
Total		
Segment Revenue (external)	**36,656,074**	31,413,959
Staff costs and other operating costs	**15,768,980**	14,933,547
Segment EBITDA	**20,887,095**	16,480,412
Segment depreciation	**3,370,931**	3,411,649
Segment EBIT	**17,516,164**	13,068,764

4. Operating segment information (continued)

30-Jun-17	Airport	Retail & Property	Other Segments	Group
Segment Revenue (external)	**25,915,884**	**10,530,352**	**209,839**	**36,656,074**
Staff and other operating cost	(13,084,950)	(2,684,030)	-	(15,768,980)
Segment EBITDA	**12,830,934**	**7,846,322**	**209,839**	**20,887,095**
Segment deprication	(1,942,174)	(1,428,757)	-	(3,370,931)
Segment EBIT	**10,888,760**	**6,417,564**	**209,839**	**17,516,164**
Finance income				4,160
Finance cost				(519,017)
Release of deferred income arising on the sale of terminal buildings and fixtures				104,382
Profit before tax				**17,105,688**
EBITDA Margin	49.5%	74.5%	n.a.	57.0%
EBIT Margin	42.0%	60.9%	n.a.	47.8%

30-Jun-16	Airport	Retail & Property	Other Segments	Group
Segment Revenue (external)	21,767,919	9,511,632	134,408	31,413,960
Staff and other operating cost	(12,450,285)	(2,483,262)	-	(14,933,546)
Segment EBITDA	9,317,634	7,028,370	134,408	16,480,413
Segment deprication	(1,808,879)	(1,602,770)	-	(3,411,649)
Segment EBIT	7,508,756	5,425,600	134,408	13,068,764
Finance income				587,079
Finance cost				(1,054,925)
Release of deferred income arising on the sale of terminal buildings and fixtures				104,382
Profit before tax				12,705,300
EBITDA Margin	42.8%	73.9%	n.a.	52.5%
EBIT Margin	34.5%	57.0%	n.a.	41.6%

5. Number of employees

The number of persons employed at the end of the six month period, including Executive Directors was as follows:

	30 June 2017	30 June 2016
Employees	**305**	304

6. Income tax

The interim period income tax is based on the corporate tax rate of 35%. Income taxes for the interim reporting period represent a best estimate of the weighted average annual income tax rate expected for the full financial year.

7. Property, plant and equipment

During the first six months of the year the group spent Euro 9.3 million (2016 – Euro 2.1 million) on the completion of various projects within the terminal (thereof the Terminal Reconfiguration Project is amounting Euro 8.4 million) and airfield.

8. Available-for-sale financial assets

	Fund	**Total**
	EUR	**EUR**
At 30 June 2017	**105,895**	**105,895**

	Fund	**Total**
	EUR	**EUR**
At 31 December 2016	103,648	103,648

Available-for-sale financial asset - Fund

The Group holds an investment in a fund whose fair value is determined by prices quoted on the Malta Stock Exchange.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

8. Available-for-sale financial assets (continued)

As at 30 June 2017, the group held the following financial instruments measured at fair value:

	30 June 2017 EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Assets measured at fair value				
Fund	**105,895**	**105,895**	-	-

	31 December 2016 EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Assets measured at fair value				
Fund	103,648	103,648		

During the reporting periods ended 30 June 2017 and 31 December 2016, there were no transfers between Level 1 and Level 2 fair value measurements for financial instruments, and no transfers into and out of Level 3 fair value measurements for financial instruments.

9. Borrowings

	The Group	
	30 June 2017	31 December 2016
	EUR	EUR
Current bank loans	2,481,423	2,481,423
Non-current bank loans	**41,997,638**	43,866,560

Repayments of bank loans amounting to Euro 1.9 million (2016: Euro 1.8 million) were made in line with previously disclosed repayment terms.

10. Contingencies and commitments

There were no major changes in contingent liabilities as reported in the group's annual financial statements of 2016.

At 30 June 2017, the group had capital commitments of approximately Euro 5.9 million (31.12.2016 - Euro 5.3 million) in respect of the terminal and airfield.

11. Related party disclosures

During the course of the period, the group entered into transactions with related parties as set out below. Transactions between the Company and its subsidiaries have been eliminated on consolidation.

The related party transactions in question were:

	30 June 2017			30 June 2016		
	Related party activity EUR	**Total activity EUR**	**%**	Related party activity EUR	Total activity EUR	%
Revenue:						
Related party transactions with:						
Entities which are controlled by Government	**6,959,123**			6,910,742		
Entities which have an equity interest in the Company's parent	**12,949**			1,391		
	6,972,072	**36,656,074**	**19%**	6,912,133	31,413,960	22%
Staff and other operating costs:						
Related party transactions with:						
Key management personnel of the Group	**238,964**			198,799		
Related parties other than the parent and key management personnel of the Group	**1,627,402**			2,412,245		
	1,866,366	**15,768,980**	**12%**	2,611,044	14,933,546	17%

The Group´s other operating costs for the current year in relation to related parties other than the parent and key management personnel comprise EUR 1,204,082 (H1/2016: EUR 1,273,364) in connection with entities controlled by Government and EUR 423,321(H1/2016: EUR 1,138,881) in connection with entities which have an equity interest in the Company´s parent.

In addition to the above, the details of the material contracts entered into by the group in the period ended 30 June 2017 with its substantial shareholders and their related parties are listed below:

11. Related party disclosures (continued)

Malta Mediterranean Link Consortium Limited

The provision for Technical Services by the Group's strategic partners VIE Operations Limited and SNC-Lavalin Inc. gives rise to an expense of EUR 1,081,199 (30.06.2016 – EUR 803,237).

The Government of Malta

(i) The terminal and other land lease agreements with Malita Investments plc for EUR 503,092 (30.06.2016 – EUR 503,092);
(ii) The contract for contribution to the Malta Tourism Authority for EUR 116,468 (30.06.2016 – EUR 116,468);
(iii) The contract with the Armed Forces of Malta for the security of the restricted areas at the Airport for an expense of EUR 900,000 (30.06.2016 – EUR 900,000);
(iv) The provision of Air Navigation Services and other services by Malta Air Traffic Services Limited for an expense of EUR 460,586 (30.06.2016 – EUR 460,588);
(v) The provision of Meteorological Services and other services to Malta Air Traffic Services Limited for revenue of EUR 368,469 (30.06.2016 – EUR 368,469);
(vi) The contract with Enemed Company Ltd. for fuel throughput charges generated the amount of EUR 186,178 (30.06.2016 – EUR 180,558) in revenue;
(vii) The ground handling and concession agreements with Air Malta plc and its subsidiaries that generated income of EUR 981,651 (30.06.2016 – EUR 804,470).
(viii) Licence Fee payable to the Government of Malta for the airport operation amounting EUR 248,078 (30.06.2016 – EUR 248,078)

Property, plant and equipment include land held on temporary emphyteusis, which relates to the land assigned by the Government of Malta to the group by title of temporary emphyteusis. The annual payments are amortised over the remaining term of the lease in accordance with IAS17.

12. Dividends

During the interim period, a net dividend of € 0.07 (2016: €0.07) per share was paid to the shareholders of the parent company.

13. Fair value of financial assets and financial liabilities

At 30 June 2017 and 31 December 2016 the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively, comprising trade and other receivables, cash and trade and other payables, approximated their fair values due to the short term maturities of these assets and liabilities.

The fair values of non-current financial assets and non-current financial liabilities that are not measured at fair value and that carry a floating rate of interest, comprising certain bank loans and loans and receivables are not materially different from their carrying amounts because they carry an arm's length interest rate that is repriced periodically.

The carrying amount of the Group's bank loan that carries a fixed coupon of 6% amounts to EUR 11.5 million (2016: EUR 11.5 million) and has a fair value amounting to EUR 13.1 m (2016 – EUR 13.4m) at the end of the reporting period. This fair value is determined using a discounted present value technique applying a yield curve applicable to the respective remaining term and the applicable credit spread.

13. Fair value of financial assets and financial liabilities (continued)

The following table provides an analysis of financial instruments that are not measured subsequent to initial recognition at fair value, other than investments in subsidiaries and those with carrying amounts that are reasonable approximations of fair value, grouped into Levels 1 to 3:

		Fair value measurement at the end of the reporting period using		
	30 June 2017			
	Carrying amount	Level 1	Level 2	Level 3
The Group	EUR	EUR	EUR	EUR
Financial liabilities				
Financial liabilities at amortised cost:				
Bank Loans	**44,479,061**		**46,727,457**	

		Fair value measurement at the end of the reporting period using		
	31 December 2016			
	Carrying amount	Level 1	Level 2	Level 3
The Group	EUR	EUR	EUR	EUR
Financial liabilities				
Financial liabilities at amortised cost:				
Bank Loans	**46,347,983**		**49,739,357**	

The Fair Value of the available for sale instruments is disclosed in note 8.

14. Seasonality of the airport business

The revenue and earnings of the first six months of the year generally represents around 46% of the total annual revenue and earnings of the group. The first quarter of the year is generally around 17% and the second quarter is approximately 29% of the total revenue and earnings of the group

15. Events after the reporting period

General
All events occurring after the balance sheet date until the date of authorisation for issue of these financial statements and that are relevant for valuation and measurement as of 30 June 2017 – such as outstanding legal proceedings or claims for damages and other obligations or impending losses that must be recognised or disclosed in accordance with IAS 10 – are included in these consolidated interim financial statements.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority
30 June 2017

I confirm that to the best of my knowledge:

a. the condensed consolidated financial statements give a true and fair view of the financial position of the group as at 30 June 2017, financial performance and cash flows for the period then ended, in accordance with accounting standards adopted for use in the EU for interim financial statements (*adopted IAS 34 'Interim Financial Reporting'*); and

b. the interim Directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

Karl Dandler
Chief Financial Officer