malta international airport PLC

business report and financial statements two thousand and nine

mission statement

Our commitment to

Service Quality,

Remarkable Efficiency and

Outstanding Facilities

makes MIA a

top airport in its class

and a dynamic link

to the World

MALTA INTERNATIONAL AIRPORT

MALTA AIRPORT PARKING

MALTA AIRPORT SHOPPING

SKYPARKS BUSINESS CENTRE

MALTA AIRPORT METOFFICE

MALTA AIRPORT SECURITY

LAVALETTE CLUB

brand new image

contents

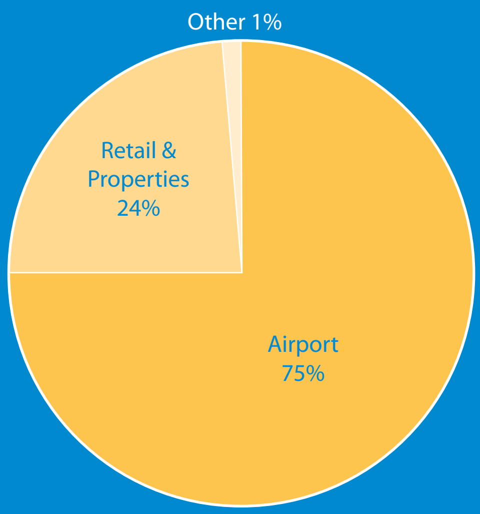
	The Group			The Company	
	Financial Year 2009	Financial Change in %	Financial Year 2008	Change in %	Year 2007
	(ended 31 December 2009)	(ended 31 December 2008)		(ended 31 December 2007)	
Financial Indicators (in € million)					
Total turnover	46.45	3.0	45.11	1.7	44.36
Thereof Aviation	34.73	(2.4)	35.57	1.6	35.01
Thereof Non-Aviation	11.72	22.9	9.54	2.0	9.35
EBIT	15.41	0.2	15.38	(2.9)	15.84
EBIT margin in %	33.2	(2.7)	34.1	(4.5)	35.7
EBITDA	20.71	2.0	20.30	(0.1)	20.32
EBITDA margin in %	44.6	(0.9)	45.0	(1.7)	45.8
ROCE in %	5.77	(9.5)	6.37	(39.5)	10.54
Net Profit	8.84	2.1	8.66	(2.9)	8.92
Cash flow from operating activities	8.94	36.3	6.56	(61.7)	17.14
Equity	53.38	1.8	52.41	1.3	51.72
Balance sheet total	126.88	3.3	122.81	2.0	120.46
Capital Expenditure	5.73	(42.0)	9.88	79.2	5.51
Taxes on income	5.29	5.4	5.02	(2.9)	5.17
Employees	379	1.9	372	2.8	362
Industry Indicators					
MTOW in million tonnes	2.19	(1.4)	2.22	3.9	2.14
Passengers in million	2.92	(6.1)	3.11	4.7	2.97
Thereof transfer passengers	4,523	18.7	3,810	(24.3)	5,036
Flight movements	26,305	(2.8)	27,070	(1.0)	27,356
Cargo in tonnes	16,134	(5.0)	16,990	0.5	16,910
Seat occupancy in %	69.4	(5.2)	73.2	4.7	69.9
Stock Market Indicators					
Shares outstanding in million	67.65	0.0	67.65	0.0	67.65
P/E ratio	18.36	(6.0)	19.53	(19.9)	24.38
Earnings per share in €	0.131	2.1	0.128	(2.9)	0.132
Net Dividend per share in €	0.117	(0.0)	0.117	0.7	0.116
Net Dividend yield in %	4.875	4.2	4.680	29.4	3.616
Pay-out ratio as a % of net profit	89.51	(2.0)	91.35	3.7	88.12
Market capitalisation in € million	162.36	(4.0)	169.13	(22.2)	217.46
Stock price: high in €	2.50	(26.0)	3.38	2.9	3.28
Stock price: low in €	2.00	(9.1)	2.20	(28.2)	3.06
Stock price in €	2.40	(4.0)	2.50	(22.2)	3.21
Market weighting in %	3.59	(8.9)	3.94	3.7	3.80

Notes

1 *The Financial Indicators of the financial years 2009 and 2008 are for The Group whereas the Financial Indicators for the financial year 2007 is for The Company.*

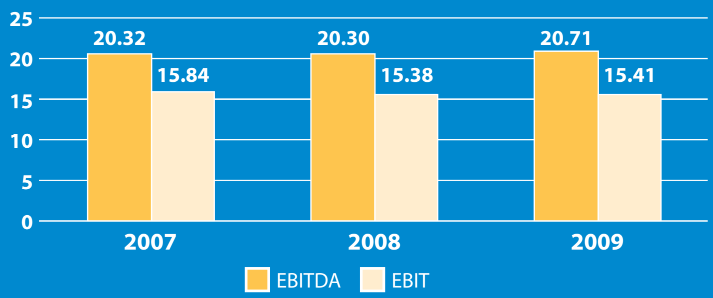
2 *The basis of classification of the Turnover of te Group in Aviation and Non-Aviation has been modified in 2009 and is now in line with Note 6 'Operating Segment Information'. The comparative figures for 2008 and 2007 have also been altered.*

Revenue 2009 by segment

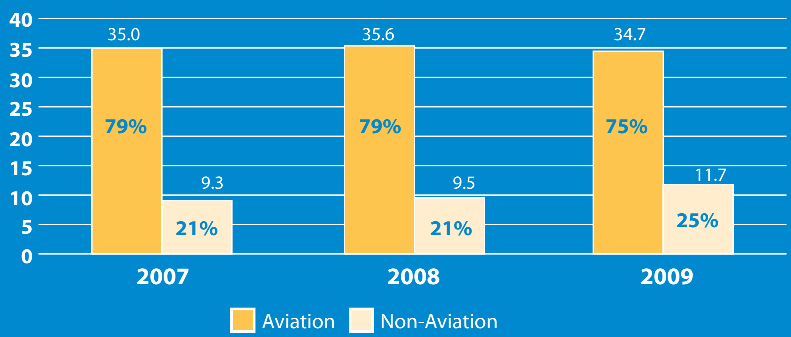


EBIT by segment in € thousand

EBITDA and EBIT in € million



Turnover in € million



key data

Chairman's Statement

2009 was not an easy year for airports worldwide. Traffic numbers fell as a result of the global economic crises whilst competition increased since travellers opted for more economic alternatives to air transportation and related choice of destinations. Moreover it was a year of balancing tight budgets with the ever increasing customer expectations but we may safely state that MIA clearly passed the test when compared with the performance of airports in its category.

Despite the bleak scenario MIA emerged successfully from a diversification strategy that is bearing its fruits. Last June the expansion project of the terminal was unveiled well on schedule. This has not only enhanced customer comfort and improved its logistic offer whilst embellishing the structure of the building, but more importantly it reached the intended objective of increasing non-aviation activity and related revenues to compensate for the depleted aviation income.

These positive results however were not achieved just by mere coincidence. Indeed for MIA to have registered a 2.1% in net profit simultaneously with a 6.1% decrease in traffic is proof enough of a well-deviced business plan characterised by strong financial investment.

It is gratifying for us to record that these efforts have deservedly been rewarded since MIA has ranked fourth best airport in Europe according to the Airport Service Quality Survey of the Airports Council International which is a world class benchmarking programme comprising 140 participating airports and having over 275,000 interviewees surveyed in 2009. Moreover MIA's accolades in the year under review also include the "Passenger Terminal World" award of the title "Most Noteworthy Airport for a New Small Budget Programme". This international review of airport design technology, security, operations and management has this year, alongside MIA, also rewarded airports of the calibre of Dubai, Brussels, San Francisco, Stockholm,

Heathrow, Changi, Barcelona and Vienna through classification determined by a high-profile jury made up of leading professionals in the industry. In a related review MIA's investment has been described as having totally transformed the passengers' experience marking a new approach to its commercial activities. The Passenger Terminal World Annual has made reference to MIA stating "When a new terminal can cost US$1.5 billion it is hard to think that many wonderful airports are being developed for a fraction of that sum, but Malta Airport is one such. With its current development programme

chairman's statement

it is a small airport with big plans – improving the commercial offer, enlarging security and other essential services, and gaining plaudits from the country's population."

No doubt all this would not have been possible if not for the commitment and dedication of our management team as well as the diligence of all MIA's employees who are the kingpin of the Company's success.

These results cannot but encourage us to move ahead with confidence towards future development for this reason we have embarked on yet further investment for the construction of a Business Centre. This is initially intended to include office space, a retail area and other community services, an investment of 16 million Euros. The project is scheduled to be completed by the second half of 2011 and we are pleased to have secured agreement with Vodafone as anchor tenants, to occupy some 3,000 square metres of the building. The partnership with a multinational company such as Vodafone is a further show of confidence in MIA and the initiative is yet a further step in the execution of its diversification strategy.

MIA's performance in 2009 and subsequent plans for the future show our firm belief in strong financial investment in the Company's business but even more importantly the well-earned commitment by its investors all of which should further contribute to the sustainability of MIA's activity and the consequent benefit of all its shareholders.

Karin Zipperer
Chairman

Messaġġ miċ-Chairman

L-2009 ma kinitx sena faċli għall-ajruporti madwar id-dinja. In-numri tal-passiġġieri naqsu minħabba l-kriżi ekonomika globali filwaqt li l-kompetizzjoni żdiedet minħabba li l-vjaġġaturi għażlu mezzi aktar irħas mill-ajru biex jivvjaġġaw u n-numru ta' destinazzjonijiet żdied. Fuq kollox kienet sena fejn ippruvajna nibbilanċjaw il-fondi stretti mal-istandards għoljin li jistennew il-klijenti, iżda nistgħu ngħidu bil-quddiem li l-AIM għadda b'mod ammirevoli minn dan it-test meta jitqabbel mar-riżultati li kisbu ajruporti oħra tal-istess kategorija.

Minkejja din il-qagħda skoraġġanti, l-AIM ħoloq b'suċċess strateġija ta' diversifikazzjoni li qed tħalli l-frott tagħha. F'Ġunju li għadda twettaq il-proġett ta' espansjoni tat-Terminal ħafna qabel iż-żmien stipulat. Dan mhux biss tejjeb il-kumdità tal-klijenti u saħħaħ il-loġistika billi sebbaħ l-istruttura tal-bini, iżda aktar importanti minn hekk, intlaħaq l-għan maħsub biex jimmoltiplika l-attivitajiet li m'għandhomx x'jaqsmu mal-avjazzjoni u d-dħul finanzjarju minnhom li jpattu għat-telf mid-dħul tas-safar.

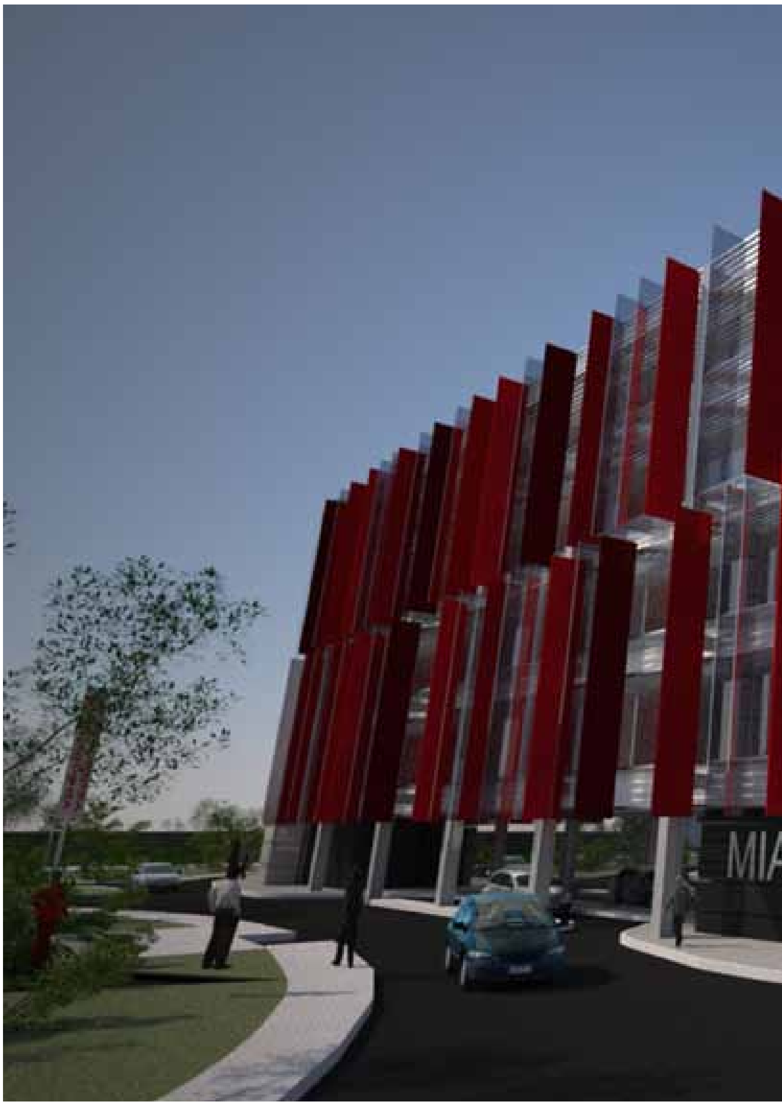
Dawn ir-riżultati pożittivi madanakollu ma ntlaħqux b'kumbinazzjoni. Ċertament biex l-AIM irreġistra profitt nett ta' 2% fl-istess ħin li kien hemm tnaqqis fl-għadd ta' vjaġġaturi ta' 6.1% ifisser li hemm pjan kummerċjali maħsub tajjeb ferm imsaħħaħ b'investiment qawwi finanzjarju.

Huwa ta' sodisfazzjon kbir għalina li nħabbru li dawn l-isforzi ġew ukoll ippremjati minħabba li l-AIM ġie kklassifikat bħala r-raba' l-aqwa ajruport fl-Ewropa skont il-Kwestjonarju tal-Kwalità tas-Servizzi tal-Ajruporti tal-Kunsill Internazzjonali tal-Ajruporti li huwa servej ta' stħarriġ mifrux mad-dinja kollha li jinkludi 140 ajruport li jieħdu sehem fih, u aktar minn 275,000 ruħ intervistati fl-2009.

Barra minn hekk l-AIM is-sena li għaddiet ħa l-premju wkoll tal-*Passenger Terminal World* bit-titlu *Most Noteworthy Airport for a New Small Budget Programme.* Din l-analiżi internazzjonali, li tinkludi t-teknoloġija tad-disinji tal-ajruporti, is-sigurtà, l-operat, u l-maniġment, ippremjat ukoll din is-sena, barra l-AIM, ajruporti ta' kalibru bħal Dubai, Brussell, San Francisco, Stokkolma, Heathrow, Changi, Barċellona, u Vjenna bi klassifikazzjoni maħluqa minn ġurija esperta ħafna magħmula mill-aqwa professjonisti fl-industrija.

F'analiżi oħra l-investiment li għamel l-AIM ġie deskritt bħala wieħed li biddel għalkollox l-esperjenza tal-passiġġieri u li ta bidu għal imbuttatura qawwija tal-attivitajiet kummerċjali tiegħu. L-annwarju *Passenger Terminal World* għamel referenza għall-operat tal-AIM billi stqarr, "Meta terminal ġdid jiġi jiswa mal-1.5 biljun dollaru Amerikan, huwa diffiċli biex tirrealizza li ħafna ajruporti sbieħ qed jinbnew b'ħafna inqas flus, iżda l-Ajruport ta' Malta rnexxielu jagħmel dan. Bil-pjan kummerċjali attwali tiegħu huwa ajruport żgħir b'tiri kbar – li jsaħħaħ il-poter tan-negozju tiegħu, ikabbar is-sigurtà u servizzi oħra neċessarji, u jkattar iżjed l-approvazzjoni tal-popolazzjoni tal-pajjiż."

Bla dubju ta' xejn dan kollu ma kienx iseħħ mingħajr l-impenn u d-dedikazzjoni tat-



tim maniġerjali kif ukoll għall-bżulija tal-impjegati kollha tal-AIM li huma l-qofol tas-suċċess tal-kumpanija.

Dawn ir-riżultati jimluna b'ħeġġa kbira biex inħarsu 'l quddiem b'ottimiżmu lejn żviluppi oħra fil-futur u b'dan f'moħħna dħalna għal aktar investiment bil-kostruzzjoni ta' Ċentru Kummerċjali. Huwa intenzjonat li dan ikollu ħafna spazju għall-uffiċini, żona għall-ħwienet u servizzi oħra għall-komunità, b'investiment ta' 16-il miljun ewro. Il-proġett huwa maħsub li jitlesta għat-tieni nofs tas-sena 2011, u aħna sodisfatti li lħaqna ftehim mal-Vodafone bħala kerrejja stabbiliti li se jokkupaw mat-3000 metru kwadru tal-bini. Is-sħubija ma' kumpanija multinazzjonali bħal Vodafone hija turija ċara ta' fiduċja fl-AIM u din l-inizjattiva hija pass ieħor 'il quddiem fit-twettiq tal-istrateġija ta' diversifikazzjoni.

Ir-riżultati li kiseb l-AIM fl-2009 u l-pjanijiet sussegwenti għall-futur juru l-fehma soda tagħna f'investiment finanzjarju

qawwi fil-biżnis tal-kumpanija, iżda ħafna aktar importanti minn hekk, l-impenn sħiħ tal-investituri tiegħu li kollha għandhom jikkontribwixxu għat-tisħiħ tal-attività tal-AIM u għall-profitt konsegwenti tal-azzjonisti kollha tiegħu.

Karin Zipperer
Chairman

messaġġ mic-Chairman

CEO's Review

The financial Year 2009 was indeed a difficult year. As expected, the economic crisis hit the leisure and travel market badly and the passenger numbers from the core European markets decreased significantly especially in the first three months of the year. However, the investments made by the Company in the previous years paid off and as the drop in passengers subsided towards the end of the year, the additional commercial revenues from these investments substituted the lost revenue from the airport regulated fees.

Traffic

The number of passengers that passed through Malta International Airport in 2009 was 6.1% less than 2008. The economic crisis in the later part of 2008 made a significant impact on the passenger numbers in the first two quarters of 2009. Passengers were down by 10% in the first quarter, 5% in the second quarter and another 5% in the third quarter. The downturn was halted in the fourth quarter when the passenger throughput increased by 2.3% over the same period of the previous year.

The result, however, was that the company ended up with a shortfall of Euro 1.3 million in turnover due to the lower amount of regulated fees collected when compared to the previous year. The UK and the German market suffered most and resulting in a reduction of 6.7% in passengers from the UK and 12.7% from Germany. On the other hand there was an increase in passengers from Italy (2.9%) and a sizeable influx of travelers from Cyprus which spurred the increase from that country to 122% over last year.

Financial Results

The comprehensive income of the Company increased from €45.11 to €46.45 million. There was a drop of 2.3% in aviation revenue due to the shortfall of passengers but a very strong 20% increase in non-aviation revenue which resulted in an overall increase in revenue of 3%. The Earnings before Interest and Taxation (EBIT) increased marginally from €15.38 to €15.41 million whilst the Earnings before Interest, Taxation Depreciation and Amortization (EBITDA) increased by 2.1%; from €20.30 to €20.71 million. Net profit also increased by 2% from €8.66 to €8.84 million which, given the circumstances, is a notable result. Profit before tax increased from €13.69 million to € 14.13 million, an increase of 3.3%. This was achievable not only because of the additional revenue generated from non-aviation activities, but also because of stringent controls on the Company's cost base. The Company also benefited from changes in the rates for utilities from the second quarter of 2009.

Revenues

With effect from this year, the financial statements show the results in the different segments of the business. In the case of Malta International Airport plc there are only two significant segments; the Aviation and the Non-Aviation segments. The aviation sector, which is shown in the Financial Statements as the *Airport Segment* includes the four regulated fees, the Passenger Service Charge, the Aircraft Landing Fees, the Security Fees and the Aircraft Parking Fees as well as other income related to aircraft handling, the provision of metrological services, charges relating to persons with reduced mobility and charges for the use of check-in systems. The Non-Aviation segment comprises of the *Retail and Properties Segment* and *Other Segments* and includes all commercial revenue from retail shops, catering outlets and rental of office space as well as income from car parks, income from advertising and executive lounges.

The most notable change this year is that whilst the Airport and the Retail and Properties Segments represented respectively 79% and 21% of the total revenues in 2008, in 2009 the Airport Segment dropped to 75% and the Retail and Properties Segment increased to 25%. In absolute terms the revenue from the Airport Segment decreased by €844,303, whilst the revenue from the Retail and Properties Segment increased by €2,062,213.

Investments made in previous years

This strong revenue performance across all the Non-Aviation related activities in 2009 contrasts with the fall in passenger movements. This has been achieved mainly because of the decisions taken in the previous years to invest in the commercial areas of the business and to upgrade both the airside and the landside area with new facilities for the benefit of the traveler as well as to the non-travelling public. This sector registered an increase in revenue for the Company of €799,646 or 15.6% more than last year. We have also registered substantial increases in rental income of €620,926 (55% increase over last year), car park fees of €555,881 (88% more than last year) and income from VIP services of €132,551 (23% more than last year). We are firm believers that the Company should continue to explore opportunities which could strengthen its revenue generation ability and consequently lessen its economic dependency on aviation related activities. The Company will also seek to protect this revenue stream in the future in a responsible and fair manner in the interest of the shareholders of the Company as well as the concessionaires who share the risks and rewards with MIA. We have, in fact, reviewed the contract of some of the present concessionaires during 2009 in order to help them weather the economic crisis storm by extending their contract beyond its original terms as well as renegotiated the contractual minimum guarantees to achievable levels.

Costs

The Company has also made a great effort to contain its operating costs. Staff costs have increased only marginally whist the other operating costs are up by 5%. The Company did however benefit from a one-off reduction in the utilities rates between April and December 2009 of approximately €400,000 but it had also incurred additional costs on cleaning as well as additional marketing costs in its effort to attract new airlines and operators to Malta. The Company also had to make a substantial provision for unpaid regulated airport fees amounting to €362,749 following the filing for bankruptcy of a non-Maltese airline that operated to Malta for a long number of years.

Once again the Company was badly affected by the shortfall between the revenue it collects for the services provided for Persons with Reduced Mobility (PRM) and the amount the Company pays to the ground handlers that provide this service. To mitigate the situation, the PRM charge per passenger was increased on the 1st August 2009 from €0.46 to €0.92 per departing passenger. However, because the increase came late in the year, the total revenue collected in 2009 reached only €985,467, whilst the costs were €1,334,998 leaving a shortfall of €349,531. For 2010 we expect the revenue from the PRM charges to match the cost for providing this service and to leave a small surplus to cover part of the losses made in 2008 and 2009 which are intended to be recovered in the coming years.

As regards non-operating costs, there was an increase in the depreciation charge for the year 2009 which has increased by 7.7% from €4,920,162 to €5,300,548 and a significant decrease in financing costs of 25% from €2,345,047 to €1,752,652. The increase in the depreciation charge reflects the additional investments made on the air terminal and airfield infrastructure during 2008 and 2009 and which are now operational. The significant savings made on the finance costs are the result of the worldwide favourable drop in interest rates on debt.

Outlook

We are optimistic that in 2010 there will be an increase in traffic when compared to 2009. In January 2010, we made a prediction that the passenger growth for the year will be around 3%. We have now revised our estimates based on new developments announced recently and our new estimate is 6%. However, these predictions should be viewed with extreme caution. The market is extremely volatile and an accurate estimate of the traffic six to nine months ahead is very difficult.

With respect to non-aviation revenues, there could be a further contribution to the revenues of the Company from this segment albeit not at the same rate of growth as we had last year. On the other hand, we are also expecting to absorb additional costs in 2010, some of which were unexpected. Government has recently increased the utility rates significantly and this will mean that the total bill of the Company for 2010 is expected to be approximately €1 million more than in 2009. The Company is also committed to spend more on marketing with the aim of attracting more traffic to Malta. Further funds will

be made available to the Malta Tourism Authority and to airlines under the published incentive scheme in 2010 in order to sustain the promotion of Malta as a destination and to support the tourism industry. We are also expected to honour the commitments taken in 2007 by the signing of a collective agreement with the Unions,

which commitments will add to the cost base of the Company.

All in all we are expecting 2010 to be another challenging year in which we are expecting to register an increase in passenger traffic compared to the previous year. However, we also know that the regulated aviation fees charged by MIA to the airlines will remain unchanged for the fourth consecutive year and that operating costs will also continue to increase in 2010. Nevertheless, we look forward to the future and we are already actively engaged in increasing the diversification of the Company's activities by designing and marketing a new Business Centre next to the Air Terminal. The new building will have over 14,000 square metres of office space available for leasing and is currently under construction. This year's results encourage us moreover to proceed with the on going developments convinced that the end result will ensure the satisfaction of our shareholders. Our optimism is moreover prompted by our confidence in the competence of our work force, the zeal and dedication of our staff without whose efforts we would not be able to weather the storms and achieve success.

Julian Jaeger
Chief Executive Officer

Messaġġ mis-CEO

Is-sena finanzjarja 2009 kienet bla dubju ta' xejn waħda diffiċli ħafna. Kif kien mistenni, il-kriżi ekonomika laqtet ħażin lis-suq tad-divertiment u tal-ivvjaġġar, u n-numri ta' passiġġieri mis-swieq ewlenin Ewropej naqsu drastikament b'mod speċjali fl-ewwel tliet xhur tas-sena. Madanakollu l-investimenti li għamlet il-kumpanija fis-snin imgħoddija taw il-frott tagħhom u hekk kif in-nuqqas ta' passiġġieri kompla jonqos lejn l-aħħar tas-sena, id-dħul finanzjarju addizzjonali minn dawn l-investimenti patta għall-flus mitlufa mill-ħlasijiet aġġustati tal-ajruport.

It-Traffiku tal-Passiġġieri

L-għadd ta' passiġġieri li għaddew mill-Ajruport Internazzjonali ta' Malta fis-sena 2009 kien 6.1% anqas minn dak tal-2008. Il-kriżi ekonomika fl-aħħar ġimgħat tal-2008 ħalliet impatt negattiv fuq in-numru ta' passiġġieri fl-ewwel sitt xhur tal-2009. Fl-ewwel kwart tas-sena, in-numru niżel b'10%, fit-tieni kwart b'5%, u b'5% oħra fit-tielet kwart. Dan it-tnaqqis kollu waqaf fir-raba' kwart tas-sena meta d-dħul tal-passiġġieri żdied bi 2.3% fuq l-istess perjodu tas-sena ta' qabel. Ir-riżultat aħħari madanakollu kien li l-kumpanija rat tnaqqis fil-profotti tagħha ta' 1.3 miljun ewro minħabba l-ammont imnaqqas ta' ħlasijiet regolati miġbura meta mqabblin mas-sena preċedenti. Is-suq mill-Gran Brittanja u dak mill-Ġermanja kienu l-aktar li sofrew, kif jidher mit-tnaqqis ta' 6.7% tal-passiġġieri mill-Gran Brittanja u 12.7% mill-Ġermanja. Min-naħa l-oħra kien hemm żieda fin-numru ta' passiġġieri mill-Italja (2.9%), u qabża kbira fl-għadd ta' passiġġieri minn Ċipru li żiedet il-persentaġġ għal 122% fuq l-ammont tas-sena ta' qabel.

Riżultati Finanzjarji

Id-dħul totali tal-kumpanija żdied minn €45.11 għal €46.45 miljun. Kien hemm tnaqqis ta' 2.3% fid-dħul mill-avjazzjoni minħabba li naqsu l-passiġġieri, iżda żieda qawwija ta' 20% mid-dħul finanzjarju ta' investimenti li m'għandhomx x'jaqsmu mal-avjazzjoni li wasslu għal żieda ġenerali fid-dħul ta' 3%. Il-Profitti qabel l-Interessi u t-Tassazzjoni (EBIT) żdiedu minimament minn €15.38 għal €15.41 miljun filwaqt li l-Profitti qabel l-Interessi, id-Deprezzament tat-Taxxa u l-Ammortizzament (EBITDA) żdiedu bi 2%: minn €20.30 għal €20.71 miljun. Il-profitt nett żdied ukoll bi 2% minn €8.66 għal €8.84 miljun li, meta wieħed iqis iċ-ċirkostanzi, huwa riżultat sodisfaċenti. Dan seħħ mhux biss minħabba d-dħul finanzjarju addizzjonali ġġenerat minn attivitajiet li m'għandhomx x'jaqsmu mal-avjazzjoni, iżda wkoll minħabba kontrolli stretti fuq l-ispejjeż bażiċi tal-kumpanija. Il-kumpanija bbenefikat ukoll minn tibdil fir-rati tas-servizzi mit-tieni kwart tal-2009.

Id-Dħul Finanzjarju

B'effett minn din is-sena, ir-rapport finanzjarju juri r-riżultati f'oqsma differenti tan-negozju. Fil-każ tal-Ajruport Internazzjonali ta' Malta nsibu żewġ oqsma sinifikanti: il-qasam tal-Avjazzjoni u dak li jinkorpora fih dak kollu li m'għandux x'jaqsam mal-Avjazzjoni. Is-settur tal-Avjazzjoni, li huwa muri fir-rapport finanzjarju bħala *Is-Settur tal-Ajruport*, jinkludi l-erba' ħlasijiet aġġustati li huma: il-ħlas għas-servizzi tal-passiġġieri, il-ħlasijiet mill-inżul tal-ajruplani, il-ħlasijiet tas-sigurtà, u l-ħlasijiet għall-ipparkjar tal-ajruplani, kif ukoll dħul ieħor relatat mal-immaniġġjar tal-inġenji tal-ajru, il-forniment ta' servizzi meteoroloġiċi, miżati għal dawk il-persuni li jkollhom bżonn l-għajnuna fil-mobilità, u ħlasijiet għall-użu ta' sistemi taċ-*check-in*.

Is-settur l-ieħor, li jaqa' taħt *Is-Settur tal-Bejgħ u tal-Proprjetajiet* u *Oqsma Oħra*, jinkludi fih id-dħul finanzjarju kollu mill-ħwienet, mill-postijiet tal-ikel, u mill-kiri tal-uffiċini, kif ukoll dħul mill-parkeġġi tal-karozzi, mir-riklamar, u mis-swali eżekuttivi.

L-aktar tibdil notevoli għal din is-sena kien li waqt li s-Settur tal-Ajruport u dak tal-Bejgħ u tal-Proprjetajiet irrappreżentaw 79% u 21% rispettivament tad-dħul finanzjarju totali fis-sena 2008, fis-sena 2009 is-Settur tal-Ajruport waqa' b'75% filwaqt li s-Settur tal-Bejgħ u tal-Proprjetajiet żdied b'25%. Biex inkunu aktar preċiżi, id-dħul mis-Settur tal-Ajruport naqas bi €844,303 minħabba n-nuqqas fl-għadd ta' passiġġieri, iżda, aktar importanti, id-dħul mis-Settur tal-Bejgħ u tal-Proprjetajiet żdied b'€2,062,213.

Investimenti magħmulin fi snin imgħoddija

Din iż-żieda qawwija fid-dħul minn attivitajiet li m'għandhomx x'jaqsmu mal-avjazzjoni tikkuntrasta mal-waqgħa fl-għadd ta' passiġġieri. Dan kollu seħħ bis-saħħa ta' deċiżjonijiet li ttieħdu fil-passat biex il-kumpanija tinvesti f'oqsma oħra kummerċjali ta' negozju u li ttejjeb b'faċilitajiet ġodda kemm iż-żoni li għandhom x'jaqsmu mas-safar u anki dawk li mhumiex għall-benefiċċju ta' dawk li qed jivvjaġġaw kif ukoll għal dawk li mhumiex. Dan is-settur fil-fatt irreġistra żieda fid-dħul għall-kumpanija ta' €799,646 jew 16% aktar mis-sena ta' qabel. Irreġistrajna wkoll żidiet sostanzjali fid-dħul mir-renti ta' €620,926 (55% żieda fuq is-sena ta' qabel), mill-ħlasijiet tal-parkeġġ ta' €555,881 (88% aktar mis-sena ta' qabel), u dħul mis-servizzi tal-VIP ta' €132,551 (23% aktar mis-sena ta' qabel). Aħna nemmnu bis-sħiħ li l-kumpanija għandha tkompli tgħarrex il-possibbilitajiet li jsaħħu l-introjti finanzjarji u b'dan il-mod titnaqqas id-dipendenza ekonomika tagħna fuq l-attivitajiet relatati mal-avjazzjoni. Il-kumpanija trid tara wkoll kif se tipproteġi dan id-dħul finanzjarju fil-ġejjieni b'mod responsabbli u ġust fl-interess tal-azzjonisti tal-umpanija kif ukoll tal-konċessjonarji li jirriskjaw u jgawdu mill-profitti flimkien mal-MIA. Fil-fatt tul l-2009 aħna rrevedejna l-kuntratt ta' xi wħud mill-konċessjonarji li għandna bħalissa sabiex ngħinuhom itaffu wħud mill-problemi li ġabet magħha l-kriżi ekonomika billi wessajna l-kuntratt aktar mit-termini oriġinali tiegħu kif ukoll erġajna nnegozjajna dwar il-garanziji minimi kuntrattwali ħalli dawn iwasslu għal livelli li jistgħu jintlaħqu.

L-Infiq

Il-kumpanija għamlet minn kollox biex iżżomm l-ispejjeż baxxi kemm jista' jkun. L-ispejjeż tal-personell żdiedu bi ftit filwaqt li l-ispejjeż l-oħra għall-operazzjoni żdiedu b'5%.

Madanakollu l-kumpanija bbenefikat minn tnaqqis ta' darba fir-rati tas-servizzi tad-dawl u l-ilma għal bejn April u Diċembru 2009 fejn iffrankat madwar €400,000, iżda weħlet ħlasijiet ekstra fuq it-tindif kif ukoll spejjeż oħra fuq ir-riklamar li ntuża biex jattira kumpaniji tal-ajru u operaturi ġodda lejn Malta. Il-kumpanija kellha wkoll tagħel tajjeb għal ħlasijiet fissi tal-ajruport li ma tħallsux u li kienu jammontaw għal €362,749 wara li kumpanija tal-ajru barranija li kienet ilha topera lejn Malta għal diversi snin iddikjarat li falliet.

Għal darba oħra l-kumpanija ntlaqtet ħażin ferm bid-deficit bejn il-flus li ddaħħal mis-servizzi pprovduti lil dawk il-persuni bi problemi fil-mobilità u l-ammont li l-kumpanija tħallas lil dawk kollha li joffru dan is-servizz. Biex tagħmel tajjeb għal din is-sitwazzjoni, il-ħlas dovut għal dan is-servizz żdied mill-1 t'Awwissu 2009 minn €0.46 għal €0.92 għal kull passiġġier li ħalla l-pajjiż. Madanakollu, minħabba li din iż-żieda ddaħħlet lejn l-aħħar tas-sena, id-dħul totali fl-2009 laħħaq biss għal €985,467 filwaqt li l-ispejjeż telgħu għal €1,334,998 biex tħalla deficit ta' €349,531. Għall-2010 qegħdin nistennew li d-dħul finanzjarju minn dan is-servizz joqrob aktar lejn l-ispiża li trid biex tfornih u li jħalli introjtu żgħir biex ipatti għat-telf li sar fl-2008 u fl-2009.

Għal dak li għandu x'jaqsam ma' spejjeż mhux operattivi, kien hemm żieda ta' 7.7% fit-taxxa tad-deprezzament għas-sena 2009 biex l-ispiża telgħet għal €5,300,548 minn €4,920,162, u tnaqqis konsiderevoli ta' 25% fl-ispejjeż tal-iffinanzjar minn €2,345,047 għal €1,752,652. Iż-żieda fit-taxxa tad-deprezzament tirrifletti l-ivestimenti addizzjonali li saru fuq it-terminal u l-infrastruttura tal-ajruport matul l-2008 u l-2009 u li issa qegħdin jitħaddmu. Il-qligħ konsiderevoli li sar mill-ispejjeż tal-iffinanzjar huwa riżultat tat-tnaqqis favorevoli li sar mad-dinja kollha fuq ir-rati ta' interess li hemm fuq id-djun.

Ħarsa 'l quddiem

Aħna ottimisti li fl-2010 se jkun hemm żieda fl-għadd ta' passiġġieri meta mqabbel mal-2009. F'Jannar 2010 konna bassarna li t-tkabbir fl-għadd ta' passiġġieri għal din is-sena se jkun ta' 3%. Issa erġajna rrevedejna dawn l-estimi bbażati fuq żviluppi ġodda li tħabbru riċentament u għalhekk il-previżjoni tagħna hija ta' tkabbir ta' 6%. Madanakollu dan it-tbassir irid jitqies b'kawtela kbira. Is-suq huwa instabbli għall-aħħar u biex tipprevedi kif se jkun il-moviment tal-passiġġieri għal dawn is-sitt xhur sa disa' xhur li ġejjin huwa diffiċli ħafna.

Qegħdin nantiċipaw però li l-għadd ta' passiġġieri li jivvjaġġaw bis-saħħa ta' operaturi tal-ivvjaġġar se jkompli jonqos tul l-2010 u li n-numru ta' passiġġieri li jużaw il-kumpaniji tal-ajru b'rati baxxi ħafna se jkompli jiżdied.

Dwar id-dħul minn sorsi li m'għandhomx x'jaqsmu mal-avjazzjoni, qed nistennew li se naraw żieda oħra sinifikanti fid-dħul finanzjarju tal-kumpanija għalkemm mhux bl-istess rata ta' tkabbir daqs is-sena l-oħra. Min-naħa l-oħra, qed nistennew ukoll li se jkollna aktar spejjeż fl-2010, uħud minnhom mhux mistennija. Dan l-aħħar il-Gvern għolla konsiderevolment ir-rati tad-dawl u tal-ilma, u dan ifisser li l-kont totali tal-kumpanija għall-2010 huwa mistenni li jkun madwar €1 miljun aktar minn dak tas-sena 2009.

Il-kumpanija fiħsiebha wkoll li tonfoq aktar fir-reklamar bl-intenzjoni li tattira aktar turisti lejn Malta. Se jingħataw aktar fondi lill-Awtorità Maltija tat-Turiżmu u lill-kumpaniji tal-ajru taħt l-iskema ta' inċentivi ppubblikati għall-2010 biex jippromwovu aktar lil Malta bħala destinazzjoni u biex jgħinu 'l-industrija tat-turiżmu. Aħna mistennija wkoll nonoraw l-obbligi li rfajna fl-2007 bl-iffirmar ta' ftehim kollettiv mal-Unjins, tali obbligi jżidu l-ispejjeż tal-kumpanija.

Kollox ma' kollox qed nistennew li l-2010 tkun sena oħra mimlija sfidi fejn fiha qed nittamaw li jkollna żieda fl-għadd ta' passiġġieri meta mqabbel mas-sena preċedenti. Madanakollu aħna nafu li l-ħlasijiet fissi tal-avjazzjoni eżerċitati mill-MIA fuq il-kumpaniji tal-ajru mhux se jinbidlu għar-raba' sena konsekuttiva u li l-ispejjeż fuq l-operat se jkomplu jiżdiedu wkoll fl-2010. Minkejja dan kollu aħna qed inħarsu b'ottimiżmu lejn il-ġejjieni u diġà ninsabu impenjati biex inżidu d-diversifikazzjoni tal-attivitajiet tal-kumpanija billi ddisinjajna u qed nirreklamaw Ċentru Kumerċjali ġdid biswit it-Terminal tal-Ajru. Il-bini l-ġdid se jkollu 'l fuq minn 14,000 metru kwadru ta' spazju għall-uffiċini li jistgħu jinkrew u fil-fatt ix-xogħol ta' kostruzzjoni fuqu diġà beda.

Ir-riżultati tajbin ta' din is-sena jimlgħuna aktar bil-kuraġġ biex inkomplu bil-proġetti li għandna konvinti li r-riżultati aħħarija se jissodisfaw lill-azzjonisti tagħna.

L-ottimiżmu tagħna jissawwar ukoll mill-fiduċja li għandna fil-kompetenzi tal-impjegati tagħna, bl-entużjażmu u d-dedikazzjoni tagħhom, u bl-isforzi li jagħmlu li mingħajrhom ma nkunux nistgħu negħlbu l-ostakli u niksbu s-suċċess.

Julian Jaeger
Chief Executive Officer

messaġġ mis-ceo

Michael Bianchi
Director

Julian Jaeger
Chief Executive Officer

Austin Calleja
Chief Financial Officer

Karin Zipperer
Chairman

board of directors

Jackie Camilleri
Director

Andreas Schadenhofer
Director

Youssef Sabeh
Alternate Director to Mr Louis-M. St-Maurice appointed from 1st August 2009

The Company

Corporate Governance

The Chief Executive Officer acts as direct liaison between the Board of Directors and the Executive team.

The executive board includes the heads of each department and its primary function is that of executing Company policy in all sectors of the business as well as making recommendations to the Board of Directors. The Executive Board is chaired by the Chief Executive Officer.

For the period under review the Executive Committee was convened for forty meetings and was composed as follows:

Mr Julian Jaeger
– *Chief Executive Officer*
Mr Austin Calleja
– *Chief Financial Officer*
Major Charles Abela
– *Technical Services and Civil Engineering*
Mr Roderick Bajada – *HR and Administration*
Mr Alan Borg
– *Airline Marketing*
Mr Mario Cuomo
– *Security*
Ms Rosette Fenech
– *Communications and Events*

Mr George Mallia
– *Non-Aviation Services*
Major Martin Dalmas
– *Airport Operations*

The latter two Executive Heads have joined the Executive Board in the course of 2009, whilst Mario Cuomo resigned from his employment in December 2009 and was succeeded by Patrick Cuschieri.

Moreover as part of its corporate Governance the Company has an Audit Committee. The main role of this committee is the monitoring of internal systems and related controls. The Audit Committee has met four times and consists of three non-executive directors and is entitled to call upon the assistance of other persons when so required.

- CHIEF EXECUTIVE OFFICE — **Julian Jaeger**
  - CHIEF FINANCIAL OFFICER — **Austin Calleja**
    - FINANCE
    - IT
    - NETWORKS
    - PROCUREMENT
    - MET OFFICE
  - SKY PARKS DEVELOPMENT LTD
    - AIRPORT PARKING LTD
  - COMMUNICATIONS AND EVENTS — **Rosette Fenech**
  - SECURITY, FIRE AND SAFETY — **Patrick Cuschieri**
  - HR AND ADMINISTRATION — **Roderick Bajada**
  - TECHNICAL SERVICES — **Charles Abela**
  - NON AVIATION SERVICES — **George Mallia**
  - AIRLINE MARKETING — **Alan Borg**
  - AIRPORT OPERATIONS — **Martin Dalmas**

From left to right, front row: Patrick Cuschieri, *Head of Security*; Julian Jaeger, *Chief Executive Officer*; Austin Calleja, *Head of Finance*; Alan Borg, *Head of Airline Marketing*; Rosette Fenech, *Head of Communications.*

From left to right, bottom row: Martin Dalmas, *Head of Operations*; Roderick Bajada, *Head of Human Resources*; Charles Abela, *Head of Technical Services*; George Mallia, *Head of Non-Aviation Services*

Segments

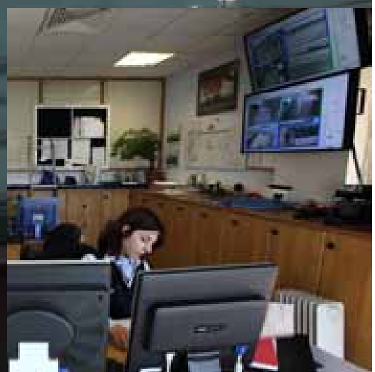
Airport segment
The Airport Segment comprises the activities usually carried out by an airport. These services include revenue from airport regulated fees, aviation concessions and PRMs (persons with reduced mobility) together with their associated costs. This segment also includes the operations and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

Retail and property segment
The Retail & 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 as well as warehouses and income from the running of the VIP lounges. Income and costs from Airport Parking Limited are also allocated within the Retail & Properties Segment.

Other segments
Other Segments comprise the services that do not fall under the Airport and the Retail and Property Segments. These include miscellaneous income and disbursement fees from third parties as well as costs associated with this income.

Outsourced Services

The air traffic control of aircraft at MIA is provided by the Malta Air Traffic Services Ltd (MATS). The service is governed by a contractual agreement between MIA and MATS that have the responsibility for the coordination and control of aircraft landing at or taking off from MIA including ground control during taxiing and parking. MIA's Operations department and MATS regularly coordinate aerodrome services through determined procedures agreed upon in order to provide a seamless service to aircraft. The senior management of both MIA and MATS sit on joint committees having the primary objective of ensuring safe and expedient operations as well as facilitating infrastructural developments on airside. MATS are solely responsible for the coordination and



control of *en-route* aircraft traffic flying through the Malta flight information region. The number of aircraft movements handled during 2009 were 30,072 which includes scheduled, non-scheduled, private, freight, military and domestic flights.

The 26 passenger service counters in the check-in hall are operated by MIA that distributes respective manning between the two licensed Ground Handling Service providers, Air Malta and Globe Ground, on a dynamic basis depending on the number of flights being handled. MIA in cooperation with the Ground Handling Service Providers affords the highest possible level of customer service with particular emphasis on service time, waiting time, queuing and courtesy. MIA personnel regularly monitor and spot-audit the agreed service levels frequently responding with direct assistance in facilitating queue management during peak times.

Passengers with reduced mobility are assisted whilst transiting at the air terminal. MIA provides for the facilitation of PRMs both through devising adequate features to its infrastructure as well as through the direct assistance extended by two service providers that have been licensed in line with EU related regulations. PRM service providers are bound with strict procedures which ensure that these services are efficient and that staff are duly qualified having undertaken an intensive training regimen. Since the introduction of these enhanced PRM Services, MIA has experienced a surge in demand for such assistance which has presented significant challenges on the Company in rationalising relative costs of provision. PRM costs are recovered through a fee imposed on each departing passenger. MIA's PRM facilities include specialised equipment provided and handled by trained Service Providers, priority seating at the Check-in Hall, at all departure gates and in the Arrivals Schengen and Non-Schengen Areas, a PRM Waiting Area opposite Gate 10, low telephone facilities in the Departures area and all areas of the air terminal as well as lifts and escalators to reach all

floors of the air terminal, moreover dedicated washrooms in all areas of the air terminal and dedicated car park spaces in the Main Car Park are available.

Success Factors and Strategy Forward

Capacity

Malta International Airport has the advantage of having ample runway capacity to cater for the current and future needs. With two runways of 3544 x 60 metres and 2377 x 45 metres as well as adequate navigational aids, the airport can handle most civil aviation aircraft flying today. The airport has aircraft parking facilities- both for narrow and wide bodied aircraft on four designated parks and two other parks for general aviation aircraft. The Air Terminal has a peak passenger throughput capacity in excess of 1000 passengers per hour in all operational areas and is equipped to handle the current three million passenger movement per annum with ease. With minor alterations to the current set-up, the Air Terminal may take much higher passenger numbers.

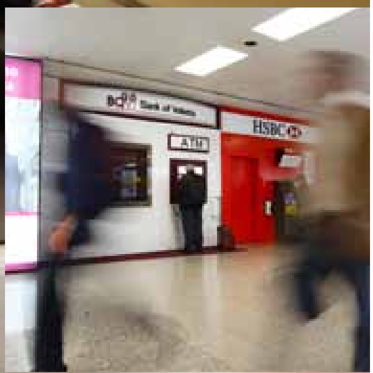
Attractive Airport Charges

Airlines landing at Malta International Airport are charged four regulated fees; a passenger service charge

and a security fee which is payable for each departing passenger; a landing fee which is determined according to the maximum take-off weight (MTOW) of the aircraft; and an aircraft parking fee which is only payable if an aircraft is on the ground for more than 6 hours. All in all, the airport charges at Malta International Airport are attractive to airlines because these charges are largely variable with the load factor of the aircraft and only a small percentage of the charges are fixed.

Attractive Incentive Schemes

The airport also took the initiative to incentivise airlines that operate to Malta by granting reduced airport charges for routes identified as underserved. The scheme gives different rebates on the passenger service charge depending on the time of the year, for a period of three years. At the moment, a number of airlines are benefitting from this scheme operating to Malta from airports from Spain, Scandinavia, and Italy. In the near future we hope to be able to extend these schemes to parts of Germany, Russia and East European countries.



A committed home carrier

With a market share of just over 56% of the total passenger movements, Air Malta remains the major operator at Malta International Airport. In 2009 when most airlines reduced seat capacity to Malta, Air Malta increased their operations to and

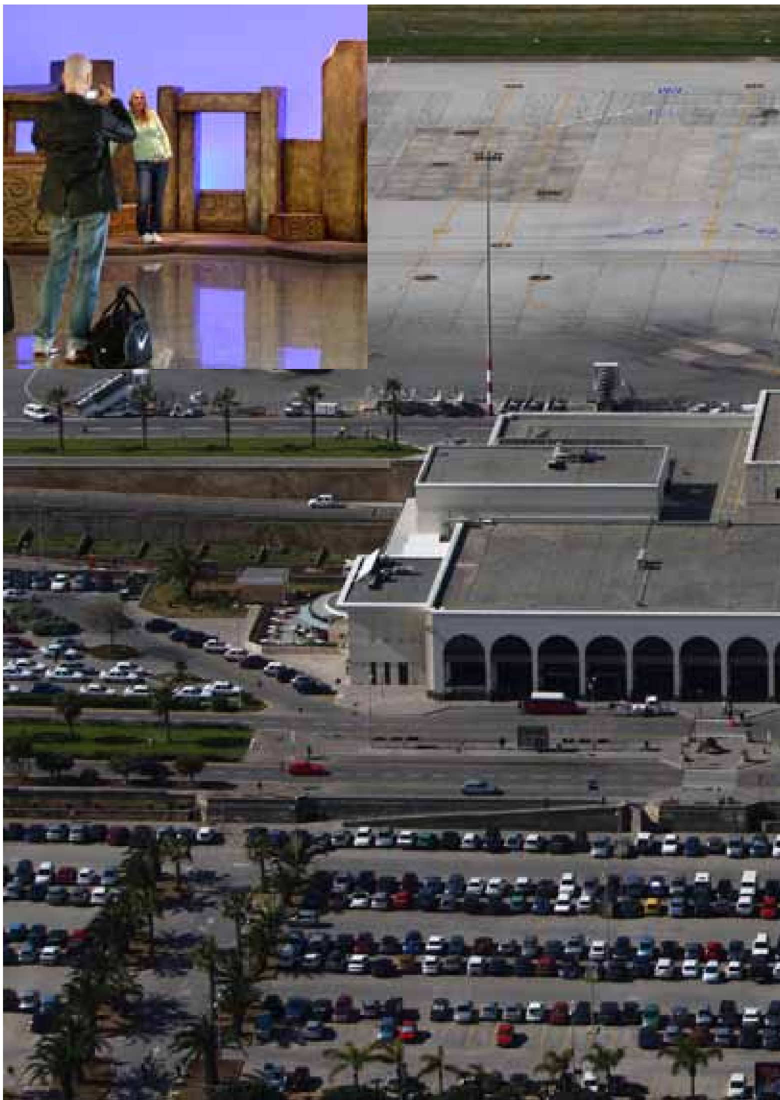
from the Island. The home carrier was instrumental in generating additional passengers from Germany and France whilst keeping a strong presence in the UK.

Growing Low-Cost Airlines

Traffic genereated by low-cost carriers has increased significantly since the introduction of low-cost carriers to Malta in the last quarter of 2006. In 2009, passenger traffic by low-cost carriers represented almost 23% of the total passenger movements at Malta International Airport. This percentage is destined to grow as more passengers switch from charter and legacy carriers to low-cost carriers. Ryanair is the largest low-cost carrier with 15.2% of the total passenger movements to Malta, followed by Easyjet at 6.3%. Ryanair is expected to increase its operations to Malta by opening new routes from Spring/Summer 2010 operating from Bournemouth and Leeds-Bradford (UK), Seville and Valencia (Spain), Marseille (France), Krakow (Poland), Bologna (Italy) and Billund (Denmark). Easyjet also intends to increase capacity to Malta in 2010 starting flights from Rome Fiumicino and Milan Malpensa (Italy) and from Liverpool (UK). We are also encouraging other low-cost carriers to start operations to Malta International Airport and we are expecting to have our first flights by Bmibaby from East Midlands (UK) starting from May 2010, whilst Norwegian Air Shuttle is expected to commence operations from Oslo (Norway) and Copenhagen (Denmark).

Cruise and Fly

It has always been the aim of Malta International Airport to introduce the concept of Cruise and Fly business to Malta by marketing the attraction of having an efficient international airport with capacity for growth, within a few kilometers from a deep water and sheltered harbour which alone has already made a name for itself as a visiting cruise liner destination in the Mediterranean. So far we have commitments from leisure giants TUI Cruises to home-port an 800 passenger cruise liner in Malta starting from 2011. This initiative is expected



to further stimulate traffic from Germany which has been rather disappointing in the last few years.

Diversification of business

Although the airport segment of the Company will continue to be the most important revenue generating part of the

business, it is essential that the Company also seeks to diversify its source of revenue by exploring other income streams. During 2009 a thorough of market research and planning was carried out to pave the way for the construction of a Business Centre a few metres away from the Air Terminal.

Work on the new building started in February 2010 and should be completed to commence business in around 18 months. The Board of Directors of the Company has approved a budget of €16 million for this project which will involve the construction of 14,000 square metres of office space, and two floors dedicated to car parking. We estimate that when fully occupied, the building will accommodate up to 1,000 office staff increasing considerably the commercial activity in the airport area.

Another non-aviation business initiative which was planned during 2009 is the enhancement of the commercial activities on the landside area of the Air Terminal. The aim is to generate more commercial revenues from "meeters" and "greeters" visiting the airport as well as from the local community neighbouring the airport that lacks leisure entertainment and shopping venues. At the end of March 2010, the Company will be inaugurating a revamped food court area which will offer the facilities of two fast food outlets, a pub, and an oriental food outlet. Plans are under way to animate the area over the weekends with live music and other entertaining events to attract the non-travelling public.

Higher Passenger spend

The airside retail and the food and beverage outlets in the departure area were significantly upgraded and extended in the second half of 2009. The additional space created and the improved shopping facilties are now evident in the area that should generate more revenue both for the concessionaires and the Company in 2010. The aim is to increase the average passenger spend by targeting specific passengers and coordinating with the concessionaires to provide the right product for the right customer.

Airport Parking

Also during 2009, the Company constructed a 500 slot car park facility for airport staff. When this commenced operation in the second quarter of 2009, a considerable amount of space previously occupied by airport staff was released from the main car park. Consequently the performance of the airport parking subsidiary of Malta International Airport, Airport Parking Ltd (previously Sky Parks Ltd) improved significantly. Revenues from car parking increased by 63% complemented also by a revision of the car park rates. Airport Parking Ltd is moreover in the process of redefining the remaining car park facilities at the airport, including the smaller car park areas on either side of the Air Terminal as well as controlling access roads leading to the Terminal.

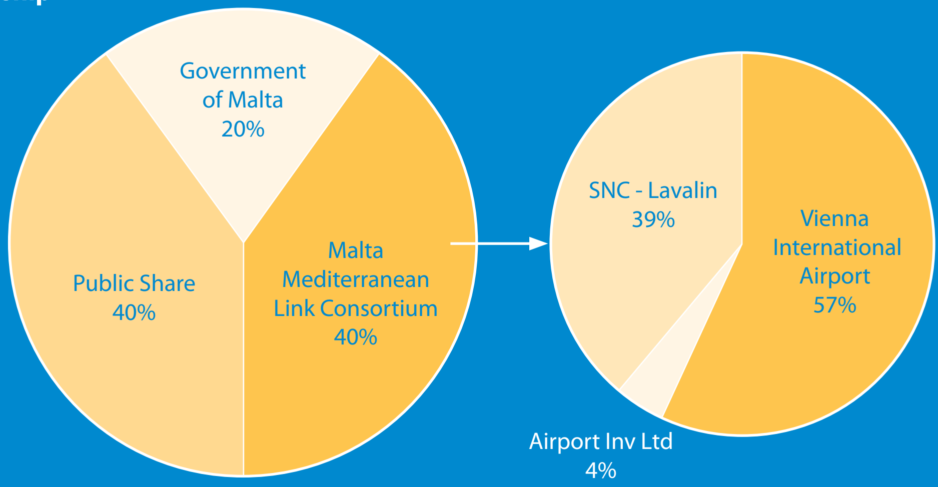

9H-AEO
AIR MALTA


Emirates

MIA's time-line

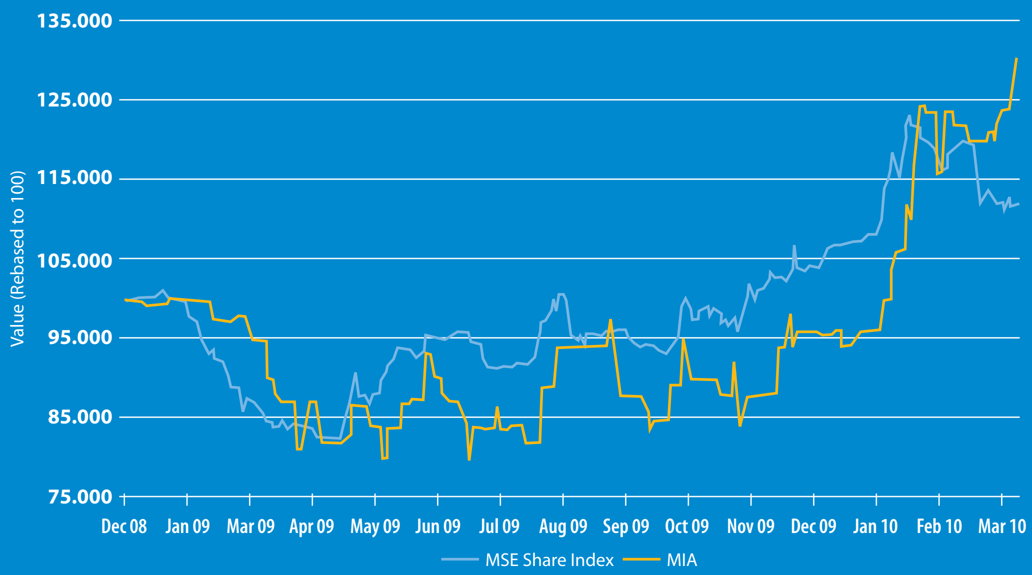
1992	MIA took over the management of the Air Terminal
1998	MIA took over the management of the airfield and Air Traffic Control
1 January 2002	Air Traffic Control was hived off to another company (MATS) before privatisation of MIA
26 July 2002	Government sold 40% of the equity of MIA to MML Consortium
15 December 2002	Government sold 20% of the equity of MIA to the Public
5 October 2005	Government sold a further 20% of the equity of MIA to the Public

Ownership



MSE Share Index vs MIA

5 January 2009 to 16 March 2010



Performance of MIA share 2009

During the course of 2009, the share price of Malta International Airport plc declined by 4% in contrast with the overall improvement of 7.9% in the benchmark MSE Share Index. The recovery in the local equity market following the multi-year low reached in April 2009 was spearheaded by 3 of the 4 largest capitalized companies, namely Bank of Valletta plc (+33.8%), GO plc (+19.9%) and HSBC Bank Malta plc (+19.6%). Trading activity in the market declined significantly and likewise the number of MIA shares that were exchanged on the secondary market also dropped from 579,301 shares in 2008 to 297,799 shares in 2009. MIA's equity dropped to a low of €2.00 in May 2009 and recovered by 20% towards the end of the year to close at €2.40.

MIA's share price has since recovered and to date made a gain of 35.8% since the start of the year. It recovered from a level of €2.40 as at 31 December 2009 to €3.26 as at 16 March 2010. The overall equity market on the Malta Stock Exchange increased by 4.2% by comparison.

Stock market listings

The Malta International Airport plc share has traded on the Malta Stock Exchange since 2002. The Company's issued share capital of €31,516,376 is divided into 40,589,995 "A"shares, 27,060,000 as "B"shares and 5 shares as "C"shares. The "A"shares are actively being traded on the Malta Stock Exchange.

Information on MIA share

	2009	2008	2007	2006 (9 mths)	2005/06
Shares outstanding in millio	67.65	67.65	67.65	67.65	67.65
P/E ratio	18.36	19.53	24.38	29.72	34.29
Earnings per share in €	0.131	0.128	0.132	0.107	0.106
Net Dividend per share in €	0.117	0.117	0.116	0.109	0.109
Net Dividend yield in %	4.875	4.680	3.616	3.431	3.013
Pay-out ration as a % of net profit	89.51	91.35	88.12	101.97	103.35
Market capitalisation in € million	162.36	169.13	217.46	215.89	245.83
Stock price: high in €	2.50	3.38	3.28	3.63	3.774
Stock price: low in €	2.00	2.20	3.06	3.08	2.562
Stock price in €	2.40	2.50	3.21	3.19	3.634
Market weighting in %	3.59	3.94	3.80	5.30	5.30

Investor relations

The aim of Malta International Airport plc is to inform its shareholders of any new development that is taking place within the Company. In addition to its interim and final reports it also issues monthly traffic statements and press releases on any major event. At least twice annually, presentations are made for stockbrokers and financial institutions giving detailed financial and operational information on the Company.

Financial calendar 2010

Close of shareholders' register	5 April 2010
Annual general meeting	10 May 2010
Payment date	17 May 2010

Recommendation for the distribution of profit

The 2009 financial year closed with a profit after tax of €8,842,463. A net interim dividend of €4,059,000 was paid in September 2009 to the shareholders of the Company. The Board of Directors of Malta International Airport plc is further recommending a payment of a final net dividend of €0.057 per share or €3,856,050 to all shareholders of the Company. This makes a total payout of €7,915,050 or 89.5% of the profit.

Additional information

More information on Malta International Airport as well as statistics and the annual reports are available for review on the Company's website at www.maltairport.com.

Human Resources

Malta International Airport employs a staff complement of 379, however, altogether the company provides direct and indirect employment to some 3,000 staff.

Personal Development

To support the continued education and development of employees, MIA, besides organising internal training programmes also sponsors a number of accredited courses and gives special time-off for study purposes.

An Airport Management Training Programme organised by Vienna International Airport, through the Vienna Airport Academy was successfully completed by three employees, whilst another three commenced a new course in September 2009. Furthermore another course is being undertaken by all the Management team in order to improve on managerial skills.

Security

Moreover, the Security Department, for the first time since its inception, is officially providing recognised certification to its own staff, a service which was previously undertaken by the Office of the Manager Airport Security (OMAS) on behalf of the Ministry for Justice and Home Affairs (MJHA). This is the result of having a newly appointed Head of Security who is a certified EU inspector and ECAC (European Civil Aviation Conference) auditor. This

staff certification is a licence which enables holders to work unsupervised at airport security points for determined periods of 1-3 years.

Related Data

Average age of employees	42.5
Female staff percentage	22%
Average length of service	143 months
Apprentices engaged in 2009	7
Summer workers engaged	21

Employee Participation

Malta International Airport employees across the board, are encouraged to participate in the day-to -day running and ongoing developments of the airport, through working groups directed towards effecting a strategy process, these groups are focused on improving the passenger experience, customer relations, public perception, as well as internal

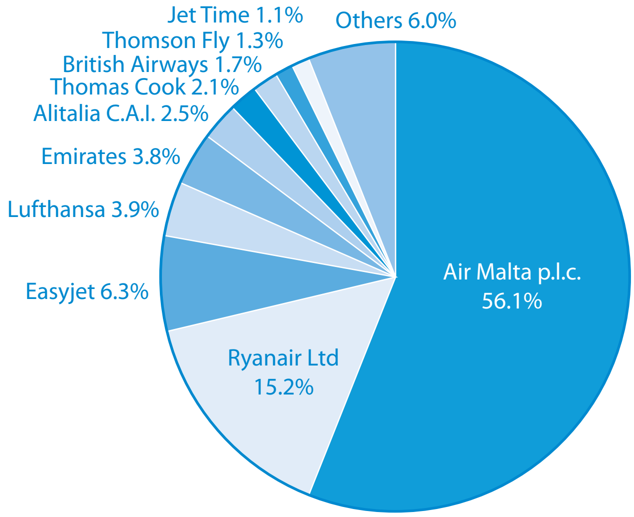
human resources

processes, standards and the physical infrastructure, employee motivation, *inter alia.*

Traffic results

Passenger traffic by airlines, 2009

Carrier	*Market Share*	*Pax 2009*
Air Malta p.l.c.	56.1%	1,638,641
Ryanair Limited	15.2%	444,527
Easyjet	6.3%	182,821
Lufthansa	3.9%	113,320
Emirates	3.8%	110,161
Alitalia C.A.I.	2.5%	71,904
Thomas Cook	2.1%	61,617
British Airways	1.7%	50,842
Thomson Fly	1.3%	38,663
Jet Time	1.1%	30,972
Others	6.0%	175,196

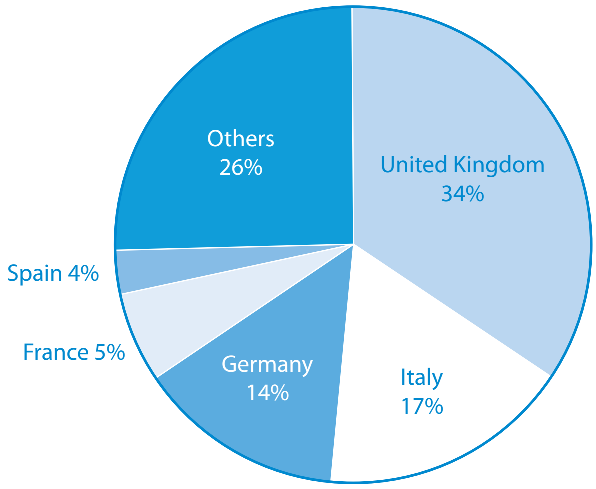


Top five airlines 2009

Carrier	*Pax 2009*	*Pax 2008*	*% Change*
Air Malta p.l.c.	1,638,641	1,740,410	-5.8%
Ryanair Limited	444,527	393,540	13%
Easyjet	182,821	168,771	8%
Lufthansa	113,320	114,355	-1%
Emirates	110,161	76,014	45%

Passenger arrivals from top five markets

Country	*Pax 2009*	*% Share*
United Kingdom	999,631	34%
Italy	498,413	17%
Germany	416,583	14%
France	146,932	5%
Spain	115,100	4%
Others	742,005	26%



Top three low cost carriers

Carrier	*Pax 2009*	*% Share*
Ryanair	444,527	66.6
Easy Jet	182,821	27.4
Vueling	35,316	5.3
Other	4,851	0.7
Totals	667,515	100%

Business mix

	2009	*2008*
Legacy Carriers	70.8%	69.7%
Charter Carriers	6.3%	9.3%
Low Cost Carriers (LCC's)	22.9%	21.0%

Aviation

The number of passengers using Malta International Airport in 2009 was of 2,918,664 which was a drop of 6.1% over the previous year. This decrease in traffic was mainly the result of the global economic crisis that had a negative impact on the demand for air travel causing many airlines to restrict capacity. This result was in line with the results attained by other European airports, in fact, overall passenger traffic for 110 European airports in 2009 declined by 5.9%. In spite of the adverse climate, MIA welcomed the introduction of ten new routes in 2009, however this was countered by sharp decreases in charter traffic together with the loss of a legacy carrier towards the end of the year. Consequently, MIA's aircraft movements and seat capacity dropped by 2.8% and 2.4% respectively when compared to 2008. The average seat load factor also suffered as a result of the reduction in demand, dropping by approximately 3 percentage points, from 72% in 2008 to 69%.

The national airline, Air Malta, maintained its 56% market share in 2009, carrying over 1,600,000 passengers which was 5.8% less than that carried in the previous year. Low-cost carriers on the other hand increased their market share from 21% in 2008 to 23%, jointly carrying almost 670,000 passengers. This was 1.7% higher than the amount of passengers carried by this group in 2008. The charter carrier segment once again was depleted, losing 33% over 2008 and dropping its market share from 9% to 6%. The core markets which were mostly affected by the negative economic climate were the UK and Germany, which registered decreases of 6.7% and 12.7% respectively, whilst Italy increased by 2.9% despite the challenging circumstances thanks to the introduction of several routes.

Cargo and mail handled at MIA was 4% less than 2008, equivalent to 17,504 tonnes. This result was substantially better than the European average which was -13.1% for the year under review. Aircraft movements from general aviation on the other hand, were almost at par with those recorded last year showing a decline of just 0.6%. MTOW reached

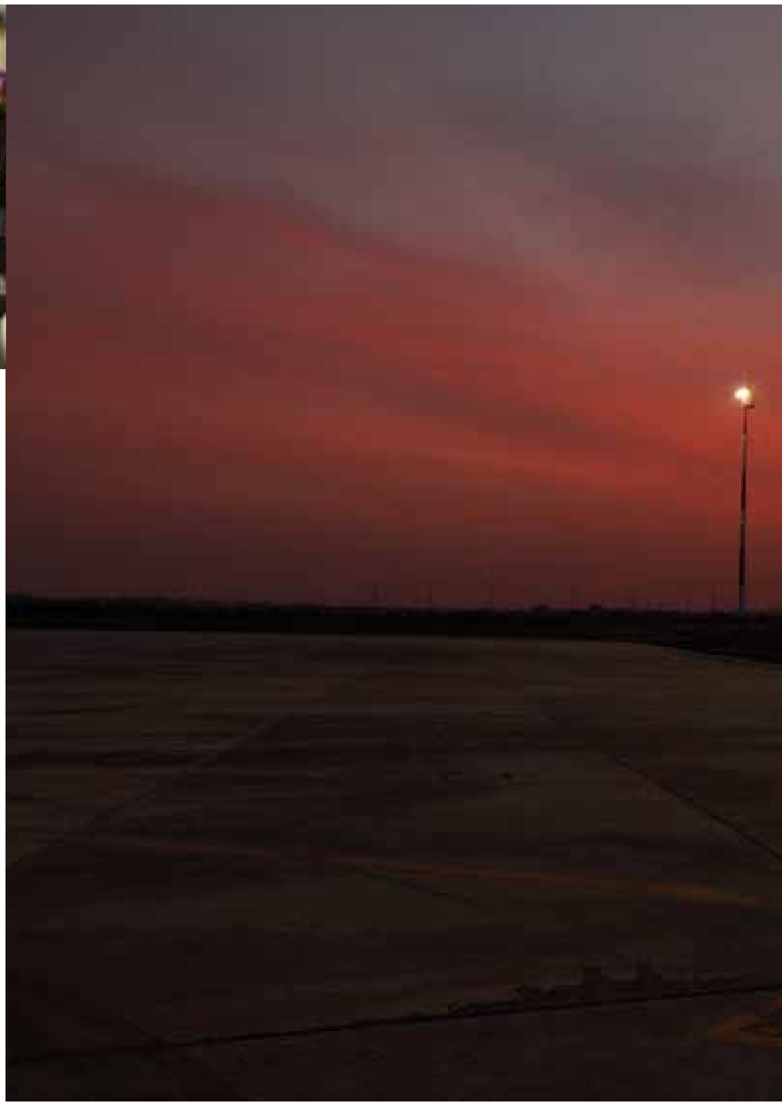
2,183,004 tonnes which was 1.8% less than 2008. This was the result of the increase in low-cost carriers which operate larger aircraft than the average for MIA.

Incentive Scheme

Once again, MIA's marketing strategy was focused on attracting new carriers and supporting routes from markets that were considered to be underserved – these were primarily the Iberian peninsula, Scandinavia, Eastern Europe and Germany. This scheme, which is based on MIA's Passenger Service Charge, allows airlines to benefit from support on new routes for up to three years from start-up. In 2009 alone, this support amounted to over €700,000. The beneficiaries were Ryanair, Easyjet, Vueling/Clickair, Air Malta and SAS.

Whilst MIA shall be retaining its focus on Germany, Scandinavia and Eastern Europe in 2010, it

shall also be concentrating on the Russian and Israeli markets.

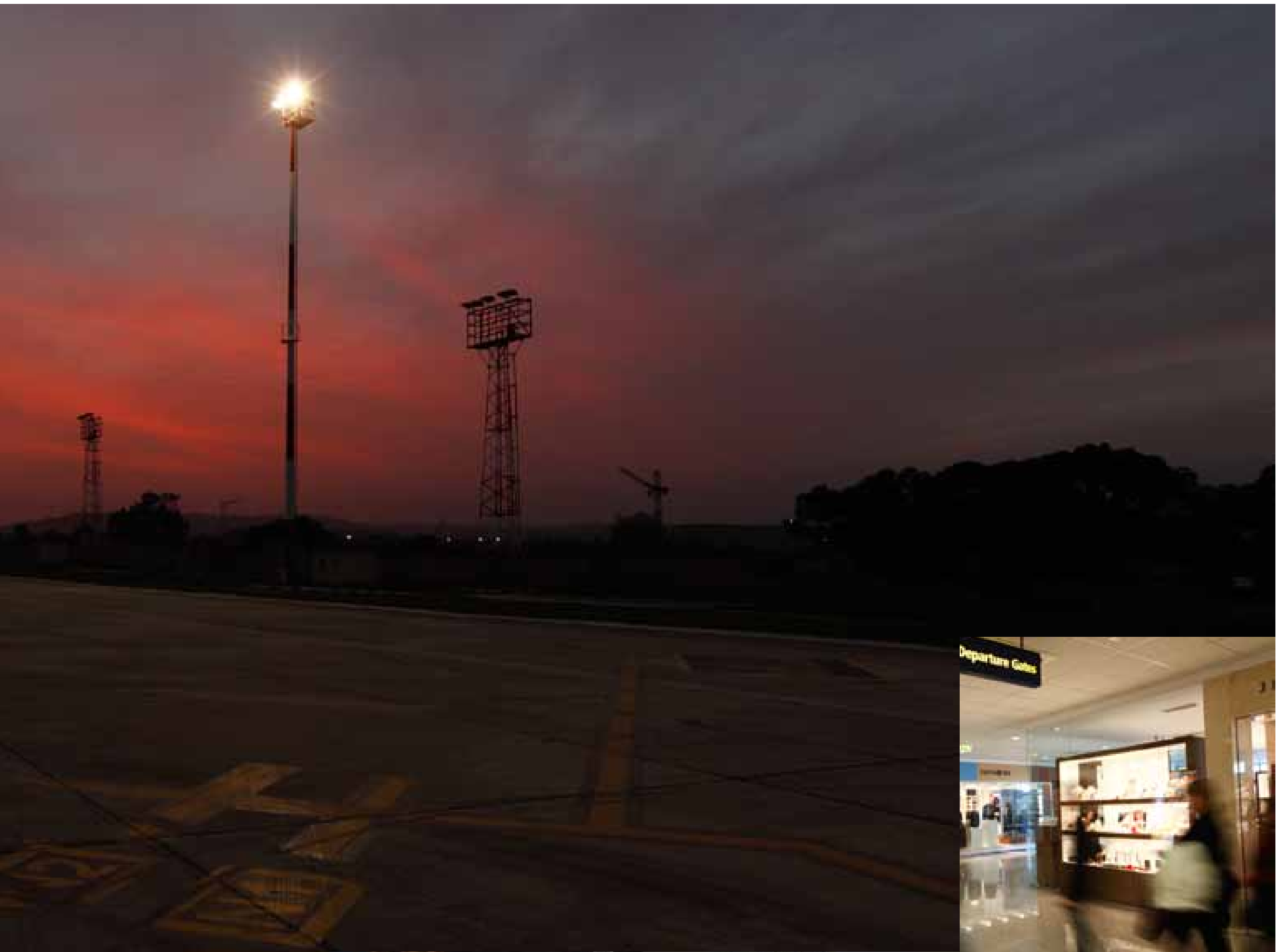


Outlook 2010

The estimated passenger growth stated in January by MIA was originally 3%; the Company subsequently announced a revised forecast of 6% in view of the recent passenger growth and a better understanding of the airline schedule patterns for summer 2010.

Though current trends show that charter traffic is expected to decrease further and British Airways curtailed their daily operation from Gatwick to Malta in October 2009, Air Malta's scheduled capacity is expected to maintain the same levels this year but more importantly a considerable development of new routes is underway namely:

- **Ryanair** will fly to Bournemouth, Leeds-Bradford, Seville, Marseille, Krakow, Bologna, Billund, Valencia.



- **Norwegian Air Shuttle** will fly to Oslo, Copenhagen
- **Easyjet** will fly to Rome Fiumicino, Milan Malpensa, Liverpool
- **Bmibaby** will fly to East Midlands

Operations

Airside Capacity, Expediency and Safety

Without doubt, the ability of MIA to ensure continuous, efficient access to its airside facilities remains a critical element to any airline's operation. There is an increasing focus on the minimum turnaround time between arrival and departure and at MIA some airlines are already effecting a turnaround in 25 minutes on a number of flights. In addition, maximising the capacity of the available infrastructure, especially during peak operating periods, necessitates acute vigilance by the Operations Department over the observance of safety procedures, ground handling staff competences and the quality levels of passenger facilitation. The Operations Department has remained committed to developing an open, collaborative dialogue with airline operators and service providers in order to develop a concerted mindset aimed at sustaining safe and efficient operations.

Major challenges face MIA in meeting demand of its airside facilities during summer peak operating periods. Taken on a yearly average, MIA's facilities are capable of much larger demand. However the season's characteristic of passenger movements results in significantly higher demands on the airport infrastructure which must operate at full capacity during peaks whilst leaving the infrastructure underutilised during other periods. MIA's infrastructure Masterplan provides for the development of facilities at the point these will be needed, based on the achievement of traffic milestones and the desired level of service, according to IATA criteria. In the meantime, tactical collaboration between the Operations and Technical Department ensures that there is a process of constant improvement of all facilities between phases of major redevelopment.

During 2009, MIA welcomed the inauguration of Lufthansa Technik's new aircraft maintenance facility located off Apron 4. The facility can maintain two wide-body and three narrow body aircraft simultaneously within an area covering approximately 25,000 m sq of hangar space. During 2010 MIA will also welcome the start of operations by SR Technics that will initiate maintenance operations on narrow-body aircraft within a 2-bay aircraft hangar located at the Safi Aviation Park.

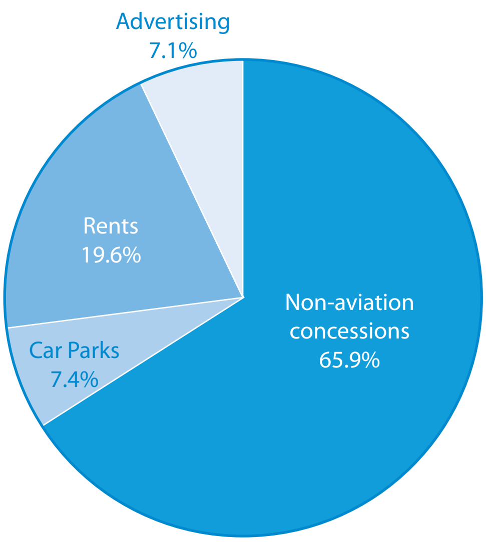

AF

Non-aviation report

Shopping and F & B

The refurbishment and expansion project of the terminal had a positive effect on the performance of the retail activity in 2009 with a 25% increase in the floor area which resulted in a 15% increase in revenues. Airside revenues increased by €450,000 when compared to 2008 despite the ongoing construction works which were completed in early June when the project was inaugurated by the Prime Minister. Amongst the outlets that opened their doors to this new MIA era were NUANCE with the novel concept store presenting a virtual walk-through shopping mall offering perfumery and skin care products, liquors, tobaccos and confectionery all under one roof; Moreover NUANCE are now also operating another novelty store, the “Spirit of Malta” specialising in local delicatessen and offering passengers regular tasting of typical indigenous products. Agenda have extended their bookshop

Total non-aviation revenue 2009



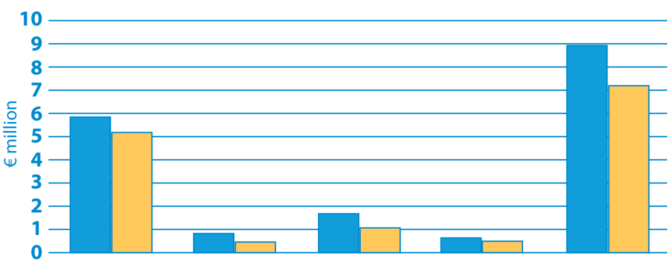
area and moreover a good selection of renowned brands is now available at the new attractive outlets, namely Jet Set, French Connection, Bling, Style Junky, Hard Rock and Playmobil. Furthermore an extensive range of prestigious jewellery is now available both in the Schengen and non-Schengen areas. The shopping experience is

complemented with a varied choice of Food and Beverage outlets.

This project resulted in an increased spending rate, which indeed is noteworthy when considering the economic climate of 2009. The result for 2009 may also be attributed to a fruitful partnership between the concessionaires and MIA, whereby a majority of contracts have been reviewed to reflect the year's trading environment. An extension of the contracts with NUANCE, Classic Jewellers and Airmode has also been determined and guaranteed revenues for NUANCE have now improved from €25.5 million to €33.8 million. This is based on revenues received from an additional outlet 'Spirit of Malta' which has been added to the original contract, thus bringing the shops operated by NUANCE to four. These comprise the main walk-through virtual shopping mall in the Schengen area, an outlet in the non-Schengen area, another in the baggage reclaim area together with the above mentioned 'Spirit of Malta' in the Departures Lounge. This contract has also been extended by four years until December 2018.

On landside visitors to MIA are regaled with

Total non-aviation revenue 2008-2009



	Non-aviation consession	Car Parking	Rents	Advertising	Total
2009	5,915,932	659,210	1,754,305	644,131	8,973,578
2008	5,116,286	394,890	1,133,379	589,349	7,233,904

an equally inviting array of shops. These consist of a Samsonite store, a convenience store “8-till-late”, an accessories outlet as well as an Agenda bookshop and Classic Jewellers which offers a selection of jewellery and eyewear. Operations at the Food Court have been enhanced with the addition of an English Pub, an oriental cuisine outlet and a KFC. All this variety complements Burger King which commenced its operation in December 2008. The new outlets have contributed to the €250,000 in additional revenues registered by the MIA non-aviation sector.

A full range of services is also offered on landside, varying from commercial airline ticketing booths, general aviation booths which are located at the check-in hall and also telephony outlets, car hire operators and transport booths that can be found at the Welcomers Hall and the baggage reclaim area to offer arriving passengers a complete service.

Rents revenues for the year under review were boosted by the agreement with Lufthansa Technik, whereby total revenues increased by over 50% compared to 2008. The operation increased total revenues to €1.7million. An agreement has also been reached with MCM Ltd. that will start operation in the early 2010. This operation will focus on the servicing of aircraft and will be developing a new field of operations on the airside area.

An increase in advertising revenues was also registered, whereby a 10% increase raised revenues performance to €650,000. This was achieved mainly through additional space made available in 2009 together with revised rates which could then be negotiated given the improved terminal environment,.

Another project completed in 2009 was the opening of a new staff car park which relieved around 500 spaces from the original facility which may now be used for commercial purposes at the main car park area. This operation was completed in July 2009 resulting in a 63% increase in revenues for the year 2009 when compared to 2008. Airport Parking Ltd., was created as the subsidiary that runs the car park operation at the airport and is 100%, owned by MIA. This company is in the process of expanding its control over the parking facilities at the airport, including the Mc Donalds car park and other reserved car park areas, which will be completed in 2010.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Met Office

The MetOffice is certified by the National Supervisory Authority of Malta as an air navigation weather service provider compliant with the common requirements according to the ICAO, WMO and EC Regulations.

In line with this certification, the MetOffice is the authorised sole supplier of a suite of products for the aviation community to ensure safe and efficient operations. Specific products are issued on time every day, these contain brief synopsis of the weather, surface pressure, as well as clouds and other weather conditions.

SIGMET Advisories and local area forecasts are issued to notify pilots, dispatchers, and air traffic controllers of severe weather conditions of concern to all domestic aircraft. Such advice is issued for severe turbulence, thunderstorms, severe icing, intense sand, dust storms, or volcanic ash clouds over Malta's entire flight information region.

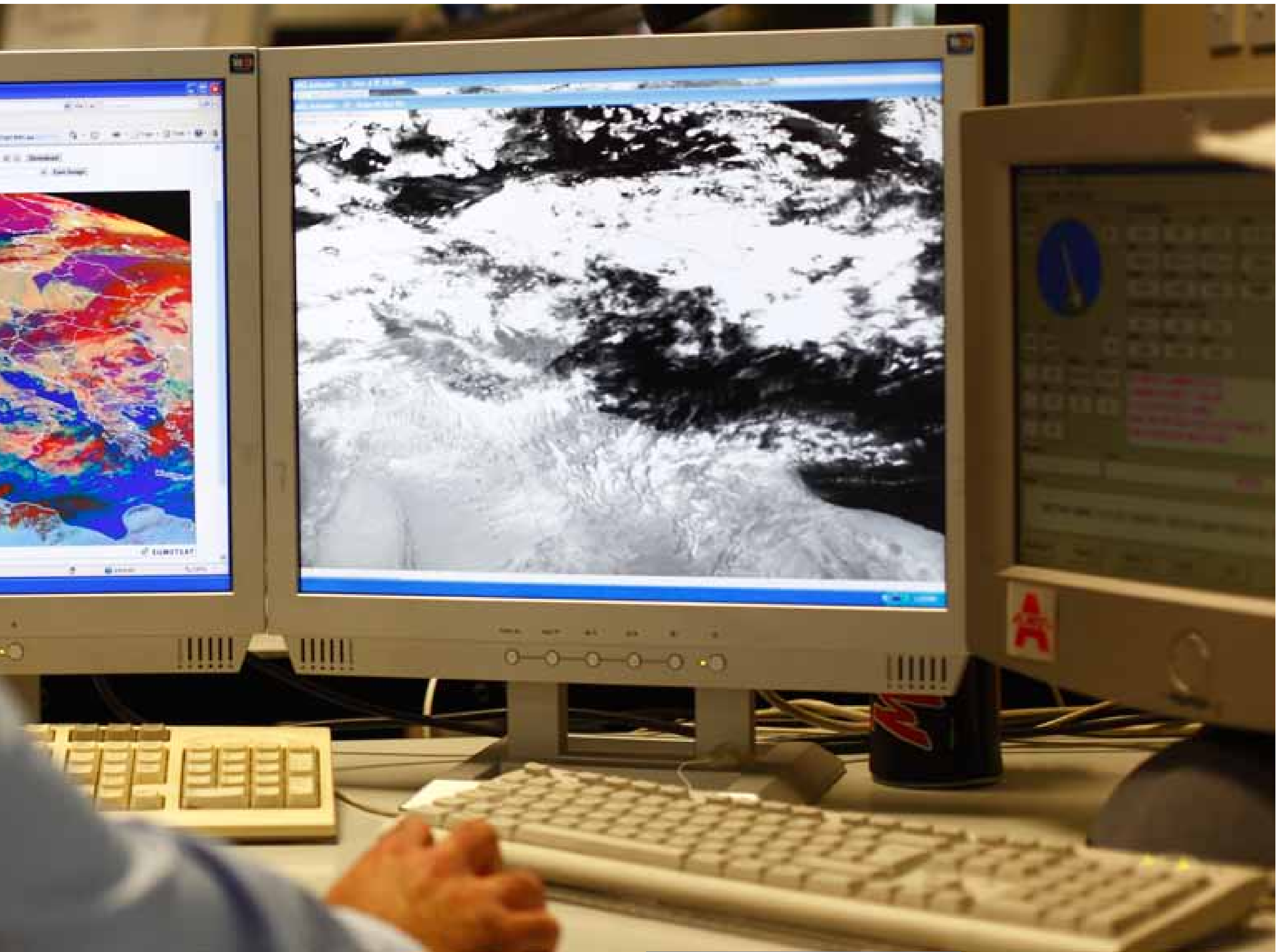
Moreover, the MetOffice identifies

imminent weather hazards over Malta's aerodrome and generates warnings that are immediately sent to the air traffic control, airport managers at MIA and to the aviation community in general.

All these products are an integral part of an overall weather briefing provided by MIA's MetOffice that includes terminal and enroute forecasts as well as weather observations to air traffic and flight planning offices operating at MIA. This is done to maximize operational efficiency at MIA.

The Met Office also provides occasional training to flight operators of major airlines operating at MIA, as well as climate and historic information, which is needed by airlines and operators for a variety of reasons.

The MetOffice constantly seeks improvement in its

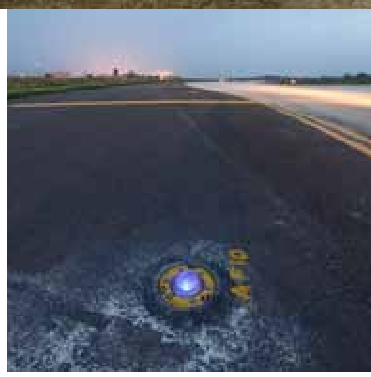


services through a Quality Management System which meets the requirements of the International ISO 9001:2008.

Capital Expenditure

During 2009 the company invested €4.8 million in upgrading services and facilties in the airport. The projects included:

- upgrading of taxiways to Code Faircraft and installation of new tailways lighting services;
- upgrading of terminal electrical distribution and replacement of terminal main electrical switchboard;
- upgrading of airfield electrical power system in two phases which included the installation of stand alone standby generators and replacement of main runaway electrical distribution switchboard;
- new conference room at basement level;
- upgrading of departures' area and the concessions with the aim of implementing new design concept, increase the retail area and increase revenue;
- new seating providing additional capacity and more comfortable facilities;
- new and improved facilities for tour operators;
- opening of more outlets at the food court at basement level which now include Burger King, KFC, Fat Harry, Chinese, Indian and Turkish food outlets;
- new staff car park with a capacity to accomodate 512 cars;
- replacement of old chillers, provision of additional airconditioner and improved efficiency and reduction in electrical consumption.




AX + DUTY FREE
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SHOPPING
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11

CSR

MIA's corporate social responsibility is based on a well defined strategy that concentrates on its commitment to Maltese society through the identified pillars of culture, sports and community welfare

In the cultural sphere emphasis was pursued on resoration works of our national heritage at the Santa Marija ta' Bir Miftuh Chapel and its medieval frescoes. In line with MIAs core activity, the staging of a large scale exhibition featuring the history of the airport terminal since the first landing of a civilian aircraft in 1922 to present day developments, proved to be a crowd puller at MIA.

MIA's commitment to sport is concentrated on the younger generation and the development of true sportsmanship from a tender age. To this end MIA encourages sport talent to emerge and moreover assists young athletes to gain exposure and experience in the course of international exchanges. In fact MIA invited youth football nurseries to participate at a children's under-9 football festival and the most successful teams were sponsored by MIA to participate at an international tournament in Austria organised by the partner airport Vienna International Airport. MIA maintains that sports education amongst the younger set is an investment in itself to enhance a healthier society for the future.

With climate change at the forefront of the European environmental scene, the contribution of aviation emissions has become a central theme for developing airports. During 2009, in collaboration with ACI – Europe, MIA participated in the development of the Airport Carbon Accreditation Scheme (ACAS) which is intended to provide airports with a means of demonstrating commitment to understanding and mitigating their climate change impact. MIA will be joining ACAS during 2010 to build stronger environmental credentials and encourage greater public awareness of its environmental initiatives.

Moreover, the support and sponsorship of cultural events on a national level such as the Calleja-Bolton concert confirmed MIA's renowned allegiance on this score.

financial statements

General Information

Directors as at 31.12.09:	Karin Zipperer Jackie Camilleri Julian Jaeger Austin Calleja Louis-M. St-Maurice Michael Bianchi Andreas Schadenhofer	(Chairman) (Deputy Chairman) (Chief Executive Officer) (Chief Financial Officer)
Company secretary:	Dr. Louis de Gabriele LL.D.	
Registered office:	Malta International Airport, Luqa, Malta. Tel. (+356) 21 249 600	
Country of incorporation:	Malta	
Company registration number:	C 12663	
Auditors:	Deloitte, Deloitte Place, Mriehel Bypass, Mriehel, Malta.	
Principal bankers:	Bank of Valletta p.l.c. Corporate Centre, Canon Road, Santa Venera, Malta.	
Legal advisors:	Camilleri Preziosi Advocates, Level 2 - Valletta Buildings, South Street, Valletta, Malta.	

Directors' report
Year ended 31 December 2009

The directors present their report together with the audited financial statements for the year ended 31 December 2009.

Principal activities
The company's principal activities are the development, operation and management of Malta International Airport. Upon privatization, Malta International Airport plc was granted a 65 year concession to operate Malta's only airport, this concession commenced in July 2002. On 11 February 2008, Malta International Airport plc set up a 100% subsidiary, Sky Parks Limited to take over and operate the car parks of the airport. This later changed its name to Airport Parking Limited.

On the 29 October 2009, another subsidiary, Sky Parks Development Limited was set up to build and operate the new Business Centre currently under construction near the Air Terminal. Malta International Airport plc has also a 10% shareholding interest in VISET Malta plc, a company set up to develop the Valletta Waterfront and operate a cruise liner terminal in Grand Harbour.

Performance review
A full review of the performance of the Group for the year ended 31December 2009 and an indication of future developments are given in the Chief Executive Officer Review which can be found in the front section of this Business Report and Financial Statements.

Share capital
The Company did not modify the structure of its share capital during the year. No further issues were made nor did the Company acquire ownership of, or any rights over, any portion of its own share capital.

Result and dividends
The financial result of the Group and the Company for year ended 31 December 2009 are shown in the statement of comprehensive income on page twelve. The profit of the Group for the year after taxation amounted to €8,842,463 *(2008: €8,664,246*).

Further to the net interim dividends paid of *€4,059,000* (gross *€6,244,615*), the Board of Directors is recommending the payment of a final net dividend of €0.057 per share (gross €3,856,050) on all shares settled as at close of business on Monday, 5 April 2010 which dividend shall be paid not later than the 17 May 2010.

Directors

The directors who served during the year were:

Karin Zipperer	*Chairman*
Jackie Camilleri	*Deputy Chairman*
Julian Jaeger	*Chief Executive Officer*
Austin Calleja	*Chief Financial Officer*
Louis-M. St-Maurice	
Andreas Schadenhofer	
Michael Bianchi	

In accordance with paragraph 56.1 of the company's articles of association all the present directors are to retire at the forthcoming annual general meeting. The appointment of the new directors will take place in accordance with paragraphs 55 and 56 of the same articles of association at the annual general meeting.

Directors' Interests
The interests of the directors holding office at the end of the year in the ordinary shares of the company are shown in note 27 to the financial statements. None of the current directors had a material interest in any contract of significance to which the company was a party during the financial year.

Auditors
A resolution to reappoint Deloitte as auditors of the company will be proposed at the forthcoming annual general meeting.

Going concern
After reviewing the company's budget for the next financial year, and other longer term plans, the directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

Approved by the board of directors and signed on its behalf on 11 March 2010 by:

Karin Zipperer
Chairman

Julian Jaeger
Chief Executive Officer

Statement of directors' responsibilities

The directors are required by the Companies Act (Chap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the company at the end of each financial year and of the profit or loss of the company for the year then ended. In preparing the financial statements, the directors should:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and which enable the directors to ensure that the financial statements comply with the Companies Act (Chap. 386). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of responsibility pursuant to Listing Rule 9.44.b issued by the Listing Authority

We confirm that to the best of our knowledge:

a. In accordance with listing rule 9.44c1 the report and annual separate and consolidated financial statements give a true and fair view of the financial position as at 31December 2009, financial performance and cash flows for the year then ended, in accordance with accounting standards adopted for use in the EU for annual financial statements; and

b. In accordance with listing rule 9.44c.2 the Directors' report includes a fair review of the performance of the business and the position of the Issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Austin Calleja
obo/ directors

Corporate Governance – Statement of Compliance

1. Introduction

Malta International Airport plc ("the Company") is subject to the provisions of Appendix 8.1 of the Listing Rules issued by the Listing Authority containing the principles of good corporate governance (the **"Code"**) For the purposes of listing rules 8.37 and 8.38 the Company is hereby reporting on the extent of its adoption of the principles contained in the Code.

The Company acknowledges that the Code does not dictate or prescribe mandatory rules but recommends principles of good practice. However, the directors strongly believe that such practices are generally in the best interests of the Company and its shareholders and that compliance with the principles of good corporate governance is not only expected by investors but also evidences the directors' and the Company's commitment to a high standard of governance.

The Board of Directors of the Company ("the Board") has carried out a review of the Company's compliance with the Code from the 1 January, 2009 up to the end of the financial period being reported upon, namely the 31 December 2009.

2. General

The Directors believe that there is no blue print for good corporate governance and that accordingly the structures that may be required within the context of larger Companies are not necessarily and objectively the best structures for companies whose size and/or business dictate otherwise. It is in this context that the directors have adopted corporate governance structures within the Company that are designed to suit the Company, its business and its size whilst still ensuring proper checks and balances.

The Company has a corporate decision-making and supervisory structure that is tailored to suit the Company's requirements and designed to ensure the existence of adequate checks and balances within the Company, whilst retaining an element of flexibility.

The first feature is the Board's delegation of specific responsibilities to a number of Committees, notably the Executive Committee and the Audit Committee each of which operates under formal terms of reference. The Executive Committee is headed by the Chief Executive Officer and consists of each Department Head. The Audit Committee is composed of three non-executive directors of the Company.

The second feature is that the Board is composed of a balance of 5 Non-Executive Directors and 2 Executive Directors, a balance that is entrenched in the Company's Memorandum and Articles, which requires that the CEO is an *ex ufficio* Director together with two other senior executives of the Company. The presence of top executives on the board is designed to ensure that all the members of the Board, including non-executive directors, have direct access at meetings of directors to the individuals having the prime responsibility for day to day operations and executive management of the Company and the implementation of polices that allows effective discussion and the availability of all the information necessary to carry out their functions in the best possible manner. This is also in line with the wording of the provisions laid down in paragraph 2.3 of the Code in terms of having a mix of Executive and Non-Executive Directors.

The Chief Executive Officer is the person accountable to the board of directors of the Company for all business operations. He has the power and authority to appoint the persons to fill in the post of each member of the Executive Board. He also has the discretion to ask any one or more of such members to, from time to time, address the board of directors of the Company on matters relating to the operations of the Subsidiaries. The board of directors of the Company is entitled to call in, at its discretion, any one or more of the members of the Executive Board.

In general the Directors believe that the Company has adopted appropriate structures to achieve an adequate level of good corporate governance, together with an adequate system of checks and balances in line with the Company's requirements.

This report will now set out the structures and processes in place within the Group and how these effectively achieve the goals set out by the Code. For this purpose this report will make reference to the pertinent principles and then set out the manners in which the directors believe that these have been adhered to.

Principles One to Five

These principles deal fundamentally with the role of the board and of the directors.

The Directors believe that for the period under review the Company has generally complied with the requirements of each of these principles.

The Board of directors has throughout the period under review provided the necessary leadership in the overall direction of the Company and has adopted systems

Corporate Governance – Statement of Compliance
(continued)

whereby it obtains timely information from the CEO as the head of the Executive team to ensure an open dialogue between the CEO and directors at regular intervals and not only at meetings of the board.

In line with the requirements of Principle Two, the Company has segregated the functions of the CEO and the chairman, with the CEO heading the Executive team and the chairman's main function is that of leading the board.

The board's composition, in line with Principle Three is of three independent non-executive directors and two executive directors. Pursuant to generally accepted practices, as well as the Company's Articles of Association, the appointment of Directors to the Board is reserved exclusively to the Company's shareholders, except in so far as an appointment is made to fill a vacancy on the Board.

As stated above, the Board of Directors currently comprises five (5) Non-Executive Directors. The Board normally meets every eight (8) weeks and as a matter of policy Board established a guideline whereby at its first meeting, it schedules meetings for the full year. The Board has met 7 times during the year under review. Board meetings concentrate mainly on strategy, operational performance and financial performance. The Board also delegates specific responsibilities to the CEO and the Committees, notably the Executive and the Audit Committees which operate under their respective formal terms of reference. Directors have access to the advice and services of the Company Secretary who is also the legal counsel to the Board and the Company. Directors may, in the furtherance of their duties, take independent professional advice on any matter at the Company's expense.

As stated above, the Board of Directors currently comprises five Non-Executive Directors one of which is appointed by the Government of Malta by virtue of its Qualifying Shareholding in the Company. By virtue of an appointment made prior to the Annual general Meeting of 2008, the Government of Malta appointed Ms Jackie Camilleri for a term of three years. Accordingly Ms. Camilleri has served as a director on the Board since the last annual general meeting. Another two non-executive directors are appointed by Malta Mediterranean Link Consortium Limited ("MML") also by virtue of the Qualifying Shareholding. At the last annual general meeting MML appointed each of Ms Karin Zipperer and Mr Louis-M St-Maurice as directors for a one year term. The remaining two directors are subject to appointment by public investors. At the last annual general meeting the shareholders elected each of Mr Michael Bianchi and Mr Andreas Schadenhofer as directors.

In terms of Principle Four it is the board's responsibility to ensure a system of accountability, monitoring, strategy formulation and policy development. Whilst these are matters which are reserved for the board to determine within the Group, the board believes that this responsibility includes the appropriate delegation of powers to management and the organization of the executive team in a manner that is designed to provide high levels of comfort to the directors that there is proper monitoring and accountability apart from appropriate

implementation of policy. The Board's link to the executive team is principally the CEO, together with the other executive directors on the board, both of whom are member of the Executive Board.

The Executive Board comprises apart from the executive directors the heads of each business unit of the group and its role is that of policy execution, business development, finance, security, administrative and personnel matters, and makes recommendations to the Board on matters which are beyond its remit. Mr Julian Jaeger, CEO, chairs the Executive Committee. The committee has met 40 times during the year under review.

For the period under review the Committee was composed of:
Mr Julian Jaeger – Chief Executive Officer
Mr Austin Calleja – Chief Financial Officer
Major Charles Abela – Technical Services and Civil Engineering
Mr Roderick Bajada – HR and Administration
Mr Alan Borg – Airline Marketing
Mr Mario Cuomo – Security
Ms Rosette Fenech – Communications and Events
Mr George Mallia – Non-Aviation Services
Major Martin Dalmas – Airport Operations

Company Executives participate in periodic strategic reviews, which include consideration of long-term projections and the evaluation of business alternatives. Regular budgets and strategic plans are prepared, which are incorporated into a Company Strategic Plan. Performance against these plans is actively monitored and reported to the Board.

Internal Control

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate risk to achieve business objectives, and can provide only reasonable, and not absolute, assurance against normal business risks or loss.

Through the Audit Committee, the Board reviews the effectiveness of the Company's system of internal controls, which are monitored by the Internal Auditors on a regular basis.

The key features of the Company's system of internal control are as follows:

Organisation

The Company operates through the CEO and Executive Committee with clear reporting lines and delegation of powers.

Control Environment

The Company is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. Company policies and employee procedures are in place for the reporting and resolution of improper activities.

The Company has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Company objectives.

Risk Identification

Company management is responsible for the identification and evaluation of key risks applicable to their respective areas of business. In addition, through regular checks the internal auditors test the

Company's internal control systems and processes and make recommendations to management and the audit committee on any deficiency in such systems.

Principle Six

The Board believes that this principle has been duly complied with for the period under review.

The CEO is appointed by the directors and enjoys the full confidence of the board. The CEO, although responsible for the selection of the executive team and the recruitment of senior executives, consults with the directors on the appointment of senior executives. The board is satisfied that the current schemes for executive compensation are designed to render the Company an attractive proposition for the retention of top executives within the Company and to motivate the executive team.

The board intends to organise professional development sessions for directors and executives designed specifically to enable them to discharge their functions more efficiently and in line with the high standards expected of them.

Principle Seven

Principle 7 deals with an evaluation of the board's performance.

Over the period under review it is the board's view that all members of the board, individually and collectively have contributed in line with the required levels of diligence and skill. In addition the board believes that its current composition endows the board with a cross-section of skills and experience, not only with respect to the specific business of the company, but also in having a director who has the necessary competence in accounting. The combined skills of the directors provide a balance of skills and competences that add value of the functioning of the board and its direction of the Company.

Principle Eight

This principle deals with the establishment of a remuneration committee for the Company aimed developing policies on executive remuneration.

There is no requirement in the code as it currently applies for a nominations committee or a remuneration committee. In the context of a board consisting of 5 non-executive directors, the Board has opted not to have appointed committees other than the audit committee. The Directors believe that certain committees or boards that are suggested in the Code are either not required by the Company or the functions of a number of committees may efficiently be merged or undertaken by the board itself. In addition, the board believes that its size and composition is sufficient for the proper direction and management of the Company and its business and that it there would be no value added to the Company and its shareholders to increase the number of board members simply to be able to have separate committees of the board – when the same functions can properly be undertaken by the board itself. The directors will retain the need of such committees under review and as in the past, may appoint *ad hoc* committees of directors to deal with specific issues as and when these arise.

Corporate Governance – Statement of Compliance
(continued)

The aggregate amount of remuneration paid to all executive and non-executive Directors of the Company, as authorised by the shareholders of the Company, was € 376,082 which falls within the maximum approved by the shareholders of € 465,875. Directors' remuneration are being disclosed in aggregate rather than as separate figures as required by the principles.

Principles Nine and Ten

These principles encourage the directors of issuers to foster good relations with their shareholders and that the Company communicates with the market in a timely manner.

The board is of the view that over the period under review the Company has communicated effectively with the market through a number of company announcements that it published informing the market of significant events happening within the company.

The Company also communicates with its shareholders through the annual general meeting where the board communicates directly with shareholders on the performance of the Company over the last financial year and to inform shareholders of the challenges that lie ahead.

Business at the Company's Annual General Meeting (AGM) will cover the approval of the Annual Report and Audited Financial Statements, the declaration of a dividend, if any, the election of Directors, the determination of the maximum aggregate emoluments that may be paid to Directors, the appointment of auditors and the authorisation of the Directors to set the auditors' remuneration. Any other matter that may be placed by the directors before the annual general meeting will be dealt with as special business.

Apart from the AGM, the Company has continued to communicate with its shareholders and the market by way of the Annual Report and Financial Statements, by publishing its results on a six-monthly basis during the year and through the directors' statements published on a six-monthly basis, and by company announcements to the market in general. The Company recognises the importance of maintaining a dialogue with the market to ensure that its strategies and performance are well understood. The Company's website (www.maltairport.com) also contains information about the Company and its business which is a source of further information to the market.

Principle Eleven

This principle deals with conflicts of interests and the principle that directors should always act in the best interests of the Company.

The board has established procedures on how conflicts are to be handled, if and when they arise. A director having a personal conflict on any matter is bound to inform the other members of the board of such a conflict whether it is an actual, potential or a perceived conflict. It is then the other members of the board that would decide on whether there exists such a conflict, actual or potential. In the event that, in the opinion of the board such a conflict exists then the conflicted director is invited to leave to meeting and both the discussion on the matter and the vote, if any, on the matter concerned are conducted in the absence of the conflicted director. The board feels that this is a procedure that achieves compliance with both the letter and the rationale of principle eleven.

The following directors have declared the following interests in the share capital of the company:

Austin Calleja has 6,000 shares in Malta International Airport plc whilst Michael Bianchi has 66.6% of the share capital of Airport Investments Ltd which in turn holds 4.15% of Malta Mediterranean Link Consortium Ltd, a Company that holds 40% of the share capital of Malta International Airport plc.

No other director has a beneficial or non-beneficial interest in the Company's share capital.

Principle 12

Principle 12 encourages directors of listed companies to adhere to accepted principles of corporate social responsibility.

The directors are committed to high standards of ethical conduct and to contribute to the development of the well-being of employees and their families as well as the local community and society at large.

Audit Committee

As part of its corporate governance structures the company has an Audit Committee in line with the requirements of the Listing Rules. Unlike the provisions of the Code which are not mandatory in nature, the directors acknowledge that the requirement of having an Audit Committee in place is an obligation under the Listing Rules. The principal role of the Audit Committee is the monitoring of internal systems and controls. During the course of the period under review the Board

Corporate Governance – Statement of Compliance
(continued)

established the audit committee under formal terms of reference designed both to strengthen this function within the Company and to establish the scope of the duties and responsibilities of this Committee. The committee consists of the three non-executive directors, namely Jackie Camilleri as its chairman, Louis St-Maurice and Andreas Schadenhofer. The committee has the power and authority under its terms of reference to summon any person to assist it in the performance of its duties.

Ms Jackie Camilleri is an accountant by profession and in the opinion of the board is an independent director that has the required level of competence in accounting and/or auditing.

In the year under review the Audit Committee has held 4 meetings.

The Statement of Directors' Responsibilities for preparing the financial statements is set out on page 4.

Independent auditor's report on Corporate Governance matters
to the members of Malta International Airport p.l.c.

Pursuant to Listing Rule 8.37 and 8.38 issued by the Malta Financial Services Authority, the directors are required to include in their annual report a Statement of Compliance to the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance with these principles.

Our responsibility is laid down by Listing Rule 8.39, which requires us to include a report on the Statement of Compliance.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information included in the annual report.

We are not required to perform additional work necessary to, and we do not, express an opinion on the effectiveness of either the company's system of internal control or its corporate governance procedures.

In our opinion, the Statement of Compliance set out on pages five to ten has been properly prepared in accordance with the requirements of Listing Rule 8.37 and 8.38.

Paul Mercieca
Partner for, and on behalf of,
DELOITTE
Certified Public Accountants

11 March 2010

Statements of Comprehensive Income
Year ended 31 December 2009

		The Group		The Company	
		2009	2008	**2009**	2008
	Notes	**€**	€	**€**	€
Revenue	5	**46,446,079**	45,106,348	**46,078,169**	44,938,309
Staff costs	11	**(8,432,975)**	(8,380,037)	**(8,321,094)**	(8,308,471)
Depreciation	14	**(5,300,548)**	(4,920,162)	**(5,270,955)**	(4,905,968)
Other operating expenses	9	**(17,301,210)**	(16,421,928)	**(17,264,453)**	(16,388,573)
Release of deferred income arising on the sale of terminal buildings and fixtures	23	**288,190**	288,190	**288,190**	288,190
Finance income	7	**187,642**	359,722	**187,642**	359,722
Finance costs	8	**(1,752,652)**	(2,345,047)	**(1,752,652)**	(2,345,047)
Profit before tax	9	**14,134,526**	13,687,086	**13,944,847**	13,638,162
Income tax expense	12	**(5,292,063)**	(5,022,840)	**(5,225,675)**	(5,005,717)
Profit for the year attributable to the ordinary equity holders of the Company		**8,842,463**	8,664,246	**8,719,172**	8,632,445
Other comprehensive income					
Net gain/(loss) on available-for-sale financial assets		**10,091**	(13,293)	**10,091**	(13,293)
Total comprehensive income for the Year attributable to the ordinary equity holders of the Company		**8,852,554**	8,650,953	**8,729,263**	**8,619,152**
Earnings per share attributable to the ordinary equity holders of the Company	30	**13.07cents**	12.81cents	**12.89cents**	12.76cents

Statements of Financial Position
31 December 2009

	Notes	The Group 2009 €	The Group 2008 €	The Company 2009 €	The Company 2008 €
ASSETS					
Non-current assets					
Property, plant and equipment	14	**103,073,030**	102,656,426	**102,835,677**	102,488,850
Available-for-sale financial assets	15	**958,099**	931,403	**958,099**	931,403
Investment in subsidiaries	16	**-**	-	**2,400**	1,200
Deferred tax assets	17	**4,500,301**	4,695,670	**4,524,546**	4,706,300
		108,531,430	108,283,499	**108,320,722**	108,127,753
Current assets					
Inventories	18	**820,714**	837,404	**820,714**	837,404
Trade and other receivables	19	**12,665,505**	8,733,550	**12,775,404**	8,899,770
Current tax asset		**2,392,544**	412,774	**2,392,544**	412,774
Cash and short term deposits	29	**2,466,597**	4,545,239	**2,301,494**	4,452,144
		18,345,360	14,528,967	**18,290,156**	14,602,092
TOTAL ASSETS		**126,876,790**	122,812,466	**126,610,878**	122,729,845
EQUITY AND LIABILITIES					
Equity attributable to ordinary shareholders of the parent					
Share capital	26	**31,516,376**	31,516,376	**31,516,376**	31,516,376
Revaluation reserve	28	**1,568,622**	1,617,260	**1,568,622**	1,617,260
Fair value reserve	28	**(3,202)**	(13,293)	**(3,202)**	(13,293)
Retained earnings		**20,295,226**	19,292,975	**20,140,134**	19,261,174
Total equity		**53,377,022**	52,413,318	**53,221,930**	52,381,517
Non-current liabilities					
Bank loan	21	**52,414,415**	50,671,099	**52,414,415**	50,671,099
Deferred income	23	**7,534,823**	7,456,160	**7,534,823**	7,456,160
Provision for retirement benefit plan	24	**3,800,897**	3,671,191	**3,800,897**	3,671,191
Provision for MIA benefit plan	25	**72,406**	39,436	**72,406**	39,436
		63,822,541	61,837,886	**63,822,541**	61,837,886
Current liabilities					
Trade and other payables	20	**7,877,228**	6,988,102	**7,819,181**	6,943,775
Other financial liabilities	22	**-**	312	**-**	312
Bank loan	21	**1,747,226**	1,566,355	**1,747,226**	1,566,355
Current tax liabilities		**52,773**	6,493	**-**	-
		9,677,227	8,561,262	**9,566,407**	8,510,442
Total liabilities		**73,499,768**	70,399,148	**73,388,948**	70,348,328
EQUITY AND LIABILITIES		**126,876,790**	122,812,466	**126,610,878**	122,729,845

These financial statements were approved and authorised for issue by the board of directors on 11 March 2010 and signed on its behalf by:

Karin Zipperer
Chairman

Julian Jaeger
Chief Executive Officer

Austin Calleja
Chief Financial Officer

Statements of Changes in Equity
Year ended 31 December 2009

The Group

	Share capital €	Revaluation reserve €	Fair value reserve €	Retained earnings €	Total €
Balance at 1 January 2008	**31,516,422**	**1,665,903**	**-**	**18,536,545**	**51,718,870**
Profit for the year	-	-	-	8,664,246	8,664,246
Other comprehensive income	-	-	(13,293)	-	(13,293)
Total comprehensive income for the year	-	-	(13,293)	8,664,246	8,650,953
Difference betweeen historical depreciation for the year calculated on the revalued amount	-	(74,838)	-	74,838	-
Deferred tax liability on revaluation (note 17)	-	26,195	-	-	26,195
Conversion difference between Euro and Lm	(46)	-	-	46	-
Dividends paid (note 13)	-	-	-	(7,982,700)	(7,982,700)
Balance at 31 December 2008	**31,516,376**	**1,617,260**	**(13,293)**	**19,292,975**	**52,413,318**

	Share capital €	Revaluation reserve €	Fair value reserve €	Retained earnings €	Total €
Balance at 1 January 2009	**31,516,376**	**1,617,260**	**(13,293)**	**19,292,975**	**52,413,318**
Profit for the year	-	-	-	8,842,463	8,842,463
Other comprehensive income	-	-	10,091	-	10,091
Total comprehensive income for the year	-	-	10,091	8,842,463	8,852,554
Difference betweeen historical depreciation for the year calculated on the revalued amount	-	(74,838)	-	74,838	-
Deferred tax liability on revaluation (note 17)	-	26,200	-	-	26200
Dividends paid (note 13)	-	-	-	(7,915,050)	(7,915,050)
Balance at 31 December 2009	**31,516,376**	**1,568,622**	**(3,202)**	**20,295,226**	**53,377,022**

Statements of Changes in Equity
Year ended 31 December 2009

The Company

	Share capital €	Revaluation reserve €	Fair value reserve €	Retained earnings €	Total €
Balance at 1 January 2008	**31,516,422**	**1,665,903**	**-**	**18,536,545**	**51,718,870**
Profit for the year	-	-	-	8,632,445	8,632,445
Other comprehensive income	-	-	(13,293)	-	(13,293)
Total comprehensive income for the year	-	-	(13,293)	8,632,445	8,619,152
Difference between historical depreciation for the year calculated on the revalued amount	-	(74,838)	-	74,838	-
Deferred tax liability on revaluation (note 17)	-	26,195	-	-	26,195
Conversion difference between Euro and Lm	(46)	-	-	46	-
Dividends paid (note 13)	-	-	-	(7,982,700)	(7,982,700)
Balance at 31 December 2008	**31,516,376**	**1,617,260**	**(13,293)**	**19,261,174**	**52,381,517**

	Share capital EUR	Revaluation reserve EUR	Fair value reserve EUR	Retained earnings EUR	Total EUR
Balance at 1 January 2009	**31,516,376**	**1,617,260**	**(13,293)**	**19,261,174**	**52,381,517**
Profit for the year	-	-	-	8,719,172	8,719,172
Other comprehensive income	-	-	10,091	-	10,091
Total comprehensive income for the year	-	-	10,091	8,719,172	8,729,263
Difference between historical depreciation for the year calculated on the revalued amount	-	(74,838)	-	74,838	-
Deferred tax liability on revaluation (note 17)	-	26,200	-		26,200
Dividends paid (note 13)	-	-	-	(7,915,050)	(7,915,050)
Balance at 31 December 2009	**31,516,376**	**1,568,622**	**(3,202)**	**20,140,134**	**53,221,930**

Statements of Cash Flows
Year ended 31 December 2009

	Note	The Group 2009 €	The Group 2008 €	The Company 2009 €	The Company 2008 €
Profit before tax		**14,134,526**	13,687,086	**13,944,847**	13,638,162
Adjustments for:					
Depreciation of property, plant and equipment	14	**5,300,548**	4,920,162	**5,270,955**	4,905,968
Release of deferred income arising on the sale of the terminal building and fixtures	23	**(288,190)**	(288,190)	**(288,190)**	(288,190)
Amortisation of European Commission grant	23	**(23,618)**	(23,619)	**(23,618)**	(23,619)
Amortisation of Norwegian grant	23	**(51,761)**	-	**(51,761)**	-
Interest expense	8	**1,752,652**	2,345,047	**1,752,652**	2,345,047
(Gain)/loss on sale of property, plant and equipment		**(2,389)**	23,786	**(2,389)**	23,786
Interest income	7	**(187,642)**	(359,722)	**(187,642)**	(359,722)
Provision for retirement benefit plan	24	**129,706**	289,945	**129,706**	289,945
Provision for MIA benefit plan	25	**32,970**	39,436	**32,970**	39,436
Provision for bad debts	19	**418,445**	(233,423)	**418,445**	(233,423)
Operating profit before working capital movement		**21,215,247**	20,400,508	**20,995,975**	20,337,390
Working capital movements:					
Movement in inventories		**16,690**	105,601	**16,690**	105,601
Movement in trade and other receivables		**(4,350,400)**	(1,415,824)	**(4,294,079)**	(1,582,040)
Movement in trade and other payables and other financial liabilities		**813,435**	1,029,474	**799,715**	985,147
Cash flows from operations:		**17,694,972**	20,119,759	**17,518,301**	19,846,098
Interest paid		**(1,752,652)**	(2,345,047)	**(1,752,652)**	(2,345,047)
Income taxes paid		**(7,003,984)**	(10,522,003)	**(6,997,491)**	(10,522,003)
Net cash flows from operating activities		**8,938,336**	7,252,709	**8,768,158**	6,979,048
Cash flows from investing activities					
Receipt of Norwegian grant	23	**517,611**	-	**517,611**	-
Purchase of property, plant and equipment	14	**(5,730,124)**	(10,576,587)	**(5,628,891)**	(10,394,821)
Purchase of financial assets	15	**(16,605)**	(60,000)	**(16,605)**	(60,000)
Movement in short term deposits	29	**480,014**	-	**480,014**	-
Shares invested in a subsidiary	16	-	-	**(1,200)**	(1,200)
Proceeds from sale of property, plant and equipment		**15,361**	5,844	**13,498**	5,844
Interest received		**187,642**	359,722	**187,642**	359,722
Net cash flows used in investing activities		**(4,546,101)**	(10,271,021)	**(4,447,931)**	(10,090,455)

Statements of Cash Flows
Year ended 31 December 2009

The Group		**The Company**			
		2009	2008	**2009**	2008
	Note	**€**	€	**€**	€
Cash flows from financing activities					
Income from bank loan		**3,449,354**	7,193,946	**3,449,354**	7,193,946
Repayment of bank loans		**(1,525,167)**	(1,218,687)	**(1,525,167)**	(1,218,687)
Dividends paid	13	**(7,915,050)**	(7,982,700)	**(7,915,050)**	(7,982,700)
Net cash flows used in financing activities		**(5,990,863)**	(2,007,441)	**(5,990,863)**	(2,007,441)
Net movement in cash and cash equivalents		**(1,598,628)**	(5,025,753)	**(1,670,636)**	(5,118,848)
Cash and cash equivalents at the beginning of the year		**4,065,225**	9,090,978	**3,972,130**	9,090,978
Cash and cash equivalents at the end of the year	29	**2,466,596**	4,065,225	**2,301,494**	**3,972,130**

Notes to the financial statements
Year ended 31 December 2009

1. Corporate Information

The Company is a public company incorporated and domiciled in Malta whose shares are publicly listed and traded on the Malta Stock Exchange. The principal activities of the Company are the development, operation and management of Malta's airport. On 11 February 2008, the Company set up a wholly-owned subsidiary, Sky Parks Limited, to take over the operations of the car park business. The name of this subsidiary was changed to Airport Parking Limited on the 27 October 2009. Another subsidiary, Sky Parks Development Limited, was set up by the Company on 29 October 2009. The main activities of Sky Parks Development Limited are to operate and manage real estate projects within the land which is currently under the management of the Group. The principal activities of this subsidiary for the foreseeable future are to build and operate a Business Centre within the limits of the airport. The Company and the subsidiaries constitute 'the Group'.

2.1 Basis of Preparation

Under the Companies Act, Cap. 386 of the Laws of Malta, the Company is required to present separate and consolidated financial statements. The annual separate and consolidated financial statements of the Group and the Company have been prepared on a historical cost basis, except for the revaluation of certain land and buildings and except for the fair valuation of the available-for-sale financial assets, and are in accordance with International Financial Reporting Standards as adopted by the EU, and comply with the Companies Act, Cap. 386 of the Laws of Malta. The functional currency of the Company is the Euro which is also the presentation currency of the Group. The significant accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Malta International Airport p.l.c. and its Subsidiaries.

The financial statements of the Subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control or from the date of set-up under the control of the Company, and continue to be consolidated until the date such control ceases.

2.2 Changes in Accounting Policies And Disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:
The Group and the Company have adopted the following new and amended IFRS which are effective as from 1 January 2009:

- IFRS 7 Financial Instruments: Disclosures
- IFRS 8 Operating Segments
- IAS 1 Presentation of Financial Statements (Revised)
- IAS 23 Borrowing Costs (Revised)

When the adoption of the standard is deemed to have an impact on the financial statements or performance of the Group and the Company, its impact is described below:

IFRS 7 Financial Instruments: Disclosures

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers

Notes to the financial statements
Year ended 31 December 2009
2.2 Changes in Accounting Policies And Disclosures *(continued)*

between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented throughout the financial statements. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 38.

IFRS 8 Operating Segments
IFRS 8 replaced IAS 14 Segment Reporting upon its effective date. The Group and the Company adopted this standard with effect from 1 January 2009. This standard requires the disclosure of information about the Group's and the Company's reportable operating segments, as shown in note 6. Since the adoption of IFRS 8 has no effect on the balance sheet as at the beginning of the earliest comparative period presented, the company has concluded that, based on all the relevant facts and circumstances, it need not present a third statement of financial position and related notes in this respect.

IAS 1 Presentation of Financial Statements (Revised)
The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group and the Company have elected to present one statement.

IAS 23 Borrowing Costs (Revised)
The revised IAS 23 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Group's and the Company's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended IAS 23, the Group and the Company has adopted the standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 January 2009. During the 12 months to 31 December 2009, €23,150 of borrowing costs have been capitalised on qualifying assets included in construction in progress (Note 14).

2.3 Significant Accounting Policies

Property, plant and equipment
The Group's and the Company's property, plant and equipment are classified into the following classes – land held as temporary emphyteusis, buildings and furniture, fixtures, plant and equipment.

Property, plant and equipment are initially measured at cost. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Group or the Company and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost or revaluation less any accumulated depreciation and any accumulated impairment losses.

Every year, the difference between depreciation of buildings based on the fair value at the date of change in title of the underlying land and depreciation based on the asset's original cost prior to the original revaluation is transferred from the revaluation reserve to retained earnings. When the asset is derecognised, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained earnings.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net

Notes to the financial statements
Year ended 31 December 2009
2.3 Significant Accounting Policies *(continued)*

disposal proceeds, if any, and the carrying amount. Any gains or losses arising on derecognition are included in profit or loss in the year the asset is derecognised.

Land held on temporary emphyteusis relates to the land assigned to the Group and the Company by title of temporary emphyteusis. The value of the land held on temporary emphyteusis is amortised over the remaining term of the lease.

Assets under construction
Assets under construction for production, rental, capital appreciation or administrative purposes are classified as property, plant and equipment and are carried at cost, less any identified impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for use.

Depreciation
Depreciation commences when the depreciable assets are available for use and is charged to the income statement, less any estimated residual value, over their estimated useful lives, using the straight-line method, on the following bases:

Land held on temporary emphyteusis	-	by equal annual instalments over the remaining term of the emphyteusis
Buildings	-	2% - 4% per annum
Furniture, fixtures, plant and equipment	-	10% - 33 1/3% per annum

The depreciation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at each date of the Statement of Financial Position.

Borrowing costs
Borrowing costs include the costs incurred in obtaining external financing and mainly consist of interest on bank loans.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets.

The Group and the Company capitalise borrowing costs for all eligible assets where construction was commenced on or after 1 January 2009. The Group and the Company continue to expense borrowing costs relating to construction projects that commenced prior to 1 January 2009.

Investments in subsidiaries
Investment in subsidiaries in the separate financial statements of the Company are accounted for on the basis of the direct equity interest and are stated at cost less any provisions for impairment, where in the opinion of the directors, any impairment in value has taken place.

Financial assets and liabilities
Financial assets and financial liabilities are recognised when the Group or the Company become a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs.

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when the Group or the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the financial statements

Year ended 31 December 2009

2.3 Significant Accounting Policies *(continued)*

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the Group or the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

(i) *Trade and other receivables*

Trade and other receivables are classified with current assets and are stated at their nominal value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets are those non-derivative financial assets that are either designated in this category by the Group and the Company or not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. After initial recognition, available-for-sale financial assets are measured at their fair value except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost. Where applicable gains and losses arising from a change in fair value are recognised directly in equity, except for impairment losses and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

(iii) *Bank and other borrowings*

Subsequent to initial recognition, interest-bearing bank loans are measured at amortised cost using the effective interest rate method. Bank loans are carried at face value due to their market rate of interest. Other borrowings are measured at amortised costs using the effective interest rate method, unless the effect of discounting is immaterial.

(iv) *Trade payables*

Trade payables are classified with current liabilities and are stated at their nominal value.

(v) *Cash and short term deposits*

Cash and short term deposits comprise cash on hand, demand deposit and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and short term deposits are stated at nominal amounts, being the amount recognised at inception.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method and comprises expenditure incurred in acquiring the inventories and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion.

Shares issued by the Company

Ordinary shares issued by the Company are classified as equity instruments.

Impairment

All assets are tested for impairment except for deferred tax assets and inventories. At each date of Statement of Financial Position, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated.

Notes to the financial statements
Year ended 31 December 2009
2.3 Significant Accounting Policies *(continued)*

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The impairment loss on investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured is measured as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

When a decline in the fair value of an available for sale asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative impairment loss that had been directly recognised through equity is removed from equity and recognised directly in profit and loss and is measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

In the case of other assets tested for impairment, the recoverable amount is the higher of fair value less costs to sell (which is the amount obtainable from sale in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal) and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated.

Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case, the impairment loss is recognised directly against the asset's revaluation surplus to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

An impairment loss recognised in a prior year on assets other than equity instruments carried at cost is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Impairment losses recognised on equity instruments at cost are not reversed.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Impairment reversals are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which case, the impairment reversal is recognised directly in equity, unless an impairment loss on the same asset was previously recognised in profit or loss.

The impairment loss on investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured is not reversed in a subsequent year.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value-added tax and discounts, where applicable. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Group and the Company and these can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

(i) *Rendering of services*
Revenue from the provision of services is recognised in the year in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. For practical purposes, when services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion.

(ii) *Interest income*
Interest income is recognised on an accruals basis. Interest income is included in finance income in the income statement.

(iii) *Grants and deferred income*
Grants received are recognised within revenue when there is reasonable assurance that all the conditions attached to them are complied with and the grants will be received. Grants related to assets are presented in

the Statement of Financial Position as deferred income, which is recognised as income on a systematic basis over the useful life of the asset.

Deferred income arising from the gain on disposal of the land and buildings is transferred separately to the income statement in equal annual instalments over the lease term.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases. Lease classification is made at the inception of the lease, which is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date. The substance is determined on whether the fulfilment of the arrangement either is dependent on the use of specific asset/assets; or if it conveys a right to use the asset.

Where the Company is a lessee rentals payable under operating leases, less the aggregate benefit of incentives received from the lessor are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Where the Company is a lessor, leases where the Group and Company do not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rents are recognised as revenue in the period in which they are earned.

Taxation

Current and deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the current and deferred tax is also dealt with in Statement of Changes in Equity.

The charge for current tax is based on the taxable result for the year. The taxable result for the year differs from the result as reported in profit or loss because it excludes items which are non taxable or disallowed and it further excludes items that are taxable or deductible in other periods. The tax charge is calculated using tax rates that have been enacted or substantively enacted by the date of the Statement of Financial Position.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets (including deferred tax assets for the carry forward of unused tax losses and unused tax credits) are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences (or the unused tax losses and unused tax credits) can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the date of the Statement of Financial Position.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to taxation authorities. Deferred tax assets and liabilities are offset when the Group and the Company have a legally enforceable right to settle its current tax assets and liabilities on a net basis.

Employee benefits

The Group and the Company contribute towards the state pension in accordance with local legislation. The only obligation of the Group and the Company is to make the required contribution. Costs are expensed in the year in which they are incurred.

Notes to the financial statements
Year ended 31 December 2009
2.3 Significant Accounting Policies *(continued)*

Retirement plans
For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with estimations being carried out at each date of the Statement of Financial Position. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The amount recognised in the Statement of Financial Position represents the present value of the defined benefit obligation minus any past service costs not yet recognised.

Currency translation
Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are retranslated to the functional currency spot rate of exchange ruling at the date of the Statement of Financial Position. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a currency other than the functional currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a currency other than the functional currency are translated using the exchange rates at the date when the fair value is determined.

Dividends
Dividends to holders of equity instruments are recognised as liabilities in the year in which they are declared.

3. Judgements in applying Accounting Policies and Key Sources of Estimation Uncertainty
In the process of applying the Group's and the Company's accounting policies, management has made certain judgements which can significantly affect the amounts recognised in the financial statements. At the date of the Statement of Financial Position, there were certain 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. Areas of judgement, estimation and assumptions are those disclosed in notes 32 and 37.

4. International Financial Reporting Standards in Issue but not yet effective
At the date of the approval of these financial statements, a number of standards and interpretations issued by the International Accounting Standards Board were either not yet endorsed by the EU or were not yet applicable to the Group and the Company. The latter include IFRIC 12 – *Service Concession Arrangements* which deals on how service concession operators should apply existing International Financial Reporting Standards to account for the obligations they undertake and rights they receive in service concession arrangements. A detailed analysis of the possible applicability and potential effect of this pronouncement has not yet been performed by the Group and the Company.

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 and the Company in the period of initial application.

5. Revenue

The contribution of the various activities of the Group to turnover which are in respect of continuing activities are set out below:

	The Group		The Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
By activity:				
Regulated fees	**29,967,321**	31,290,967	**29,967,321**	31,290,967
Commercial fees	**10,460,012**	9,108,733	**10,460,012**	9,108,783
Recharges and other income	**6,018,746**	4,706,648	**5,650,836**	4,538,559
	46,446,079	45,106,348	**46,078,169**	44,938,309

6. Operating Segment Information

The Group has adopted IFRS 8 *Operating Segments* with effect from 1st January 2009. 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 three 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 and tax (EBIT). However, the Group and the Company financing (including finance income and finance costs) and income tax are managed on a Group and Company basis and are not allocated to operating segments.

The results of the segments are reported below:

Segment results

	The Group	
	2009	**2008**
	€	**€**
Airport		
Segment revenue (external)	**34,725,157**	35,569,460
Segment EBIT	**9,418,279**	10,924,548
Retail and property		
Segment revenue (external)	**11,262,468**	9,200,255
Segment EBIT	**5,697,639**	4,395,708
Other segments		
Segment revenue (external)	**458,454**	336,633
Segment EBIT	**295,428**	63,965
Total		
Segment revenue (external)	**46,446,079**	45,106,348
Segment EBIT	**15,411,346**	15,384,221

Notes to the financial statements
Year ended 31 December 2009
6. Operating Segment Information *(continued)*

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.

Retail and property segment
The Retail & 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 are also allocated within the Retail & Properties Segment.

Other segments
Other Segments 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 costs associated with this income.

The Group

31 December 2009

	Airport EUR	Retail and property EUR	Other segments EUR	Group EUR
Segment revenue (external)	34,725,157	11,262,468	458,454	46,446,079
Segment operating costs	(25,306,878)	(5,564,829)	(163,026)	(31,034,733)
Segment EBIT	9,418,279	5,697,639	295,428	15,411,346
Finance income				187,642
Finance cost				(1,752,652)
Release of deferred income arising on the sale of terminal buildings and fixtures				288,190
Profit before tax				**14,134,526**

Notes to the financial statements

Year ended 31 December 2009

6. Operating Segment Information *(continued)*

31 December 2008

	Airport €	Retail and property €	Other segments €	Group €
Segment revenue (external)	35,569,460	9,200,255	336,633	45,106,348
Segment operating costs	(24,644,912)	(4,804,547)	(272,668)	(29,722,127)
Segment EBIT	10,924,548	4,395,708	63,965	15,384,221
Finance income				359,722
Finance cost				(2,345,047)
Release of deferred income arising on the sale of terminal buildings and fixtures				288,190
Profit before tax				**13,687,086**

Segment assets

	The Group 2009 €	The Group 2008 €
Assets by segment		
Airport	**76,976,017**	74,139,064
Retail and properties	**38,719,732**	36,849,515
Other segments	-	-
Total assets in reported segments	**115,695,749**	110,988,579
Assets not allocated to a specified segment		
Financial assets	**958,099**	931,403
Deferred tax assets	**4,500,301**	4,695,670
Inventories	**820,714**	837,404
Other receivables	**95,151**	401,397
Receivables due from taxation	**2,392,544**	412,774
Cash and short term deposits	**2,466,597**	4,545,239
Total not allocated	**11,233,406**	11,823,887
Group assets	**126,929,155**	122,812,466

Revenue from one customer amounted to EUR19,863,573 (2008: EUR20,324,716) arising from the airport, retail and properties segments.

Notes to the financial statements
Year ended 31 December 2009

7. Finance Income

	The Group		The Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Bank interest	**187,642**	359,722	**187,642**	359,722

8. Finance Costs

	The Group		The Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Total borrowing costs	1,775,802	2,345,047	1,775,802	2,345,047
Less: Amounts capitalised (note 14)	(23,150)	-	(23,150)	-
Interest on bank loans	**1,752,652**	2,345,047	**1,752,652**	2,345,047

9. Profit Before Tax

	The Group		The Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
This is stated after charging/(crediting):				
Depreciation of property, plant and equipment	**5,300,548**	4,920,162	**5,270,955**	4,905,968
Net exchange differences	**2,381**	(948)	**2,490**	(952)
Operating lease payments	**876,969**	872,928	**876,969**	872,928
Movements in provision for bad debts (note 19)	**418,445**	(233,423)	**418,445**	(233,423)
Stock write-off	**43,439**	23,521	**43,439**	23,521
The analysis of the amounts that are payable to the parent company's auditors and are required to be disclosed is as follows:				
Audit of the financial statements	**26,828**	28,828	**24,308**	26,428
Tax advisory services	**2,183**	8,643	**2,183**	8,643
Non-audit services other than tax advisory service	**8,824**	2,547	**8,824**	2,547

Other operating expenses include all the Group's and the Company's operating expenses apart from staff costs and depreciation charges which are disclosed separately.

10. Key Management Personnel Compensation

	The Group		The Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Directors' compensation:				
Short-term benefits:				
Fees	**65,028**	69,171	**65,028**	69,171
Management remuneration	**311,054**	254,884	**311,054**	254,884
Social security costs	**3,362**	3,322	**3,362**	3,322
	379,444	327,377	**379,444**	327,377

In addition during the year under review the Company granted other benefits to its directors. The aggregate amount of benefits, which include monetary and non monetary benefits, amounted to EUR103,019 (31.12.2008 – EUR132,090). These amounts are included with other operating expenses.

Also during the year under review, the Company maintained professional indemnity insurance for its directors. The aggregate amount of premiums paid in respect thereof amounted to EUR18,351 (31.12.2008 – EUR18,351). These amounts are included with other operating expenses.

11. Staff Costs and Employee Information

	The Group		The Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Staff costs:				
Wages and salaries	**7,699,408**	7,498,507	**7,595,133**	7,431,825
Social security costs	**570,891**	552,149	**563,285**	547,265
Retirement benefit costs (notes 24 & 25)	**162,676**	329,381	**162,676**	329,381
	8,432,975	8,380,037	**8,321,094**	8,308,471

Notes to the financial statements
Year ended 31 December 2009
11. Staff Costs and Employee Information *(continued)*

The average number of persons employed during the year, including executive directors, was made up as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	Number	*Number*	**Number**	*Number*
Business development, operations and marketing	**118**	101	**118**	101
Finance, IT and information management	**23**	22	**23**	22
Firemen	**41**	41	**41**	41
Meteorological office	**15**	16	**15**	16
Safety, security and administration	**93**	88	**87**	83
Technical and engineering	**89**	96	**89**	96
	379	364	**373**	359

12. Income Tax Expense

	The Group		The Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Current tax expense	**5,070,494**	4,749,885	**5,017,721**	4,743,392
Deferred tax expense (note 17)	**221,569**	272,955	**207,954**	262,325
	5,292,063	5,022,840	**5,225,675**	5,005,717

Tax applying the statutory domestic income tax rate and the income tax expense for the year are reconciled as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Profit before tax	**14,134,526**	13,687,086	**13,944,847**	13,638,162
Tax at the applicable rate of 35%	**4,947,084**	4,790,480	**4,880,696**	4,773,356
Tax effect of:				
Depreciation charges not deductible by way of capital allowances in determining taxable income	**329,296**	289,240	**329,296**	289,241
Disallowed expenses in determining taxable income	**5,816**	9,176	**5,816**	9,176
Finance income subject to lower tax rates	**(36,708)**	(66,056)	**(36,708)**	(66,056)
Other permanent differences	**46,575**	-	**46,575**	-
Income tax expense for the year	**5,292,063**	5,022,840	**5,225,675**	5,005,717

13. Dividends

The net final dividend of EUR3,856,050 (5.7cents per ordinary share) proposed by the directors of the Company in the previous financial year was approved by the shareholders at the Annual General Meeting on 30 April 2009 and was paid on 29 May 2009 (The net final dividend for 2007 of EUR3,923,700 [5.8cents per ordinary shares] proposed by the directors during 2008 was paid on 26 May 2008).

In respect of the current year, on 15 September 2009 a net interim dividend of EUR4,059,000 (6cents per share) (2008 – EUR4,059,000 (6cents per share)) was paid to ordinary shareholders of the Company.

The directors propose that a net final dividend of EUR0.057 per ordinary share will be paid to ordinary shareholders in respect of the year ended 31 December 2009. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in the financial statements. The total proposed dividend to be paid is EUR3,856,050.

14. Property, Plant and Equipment

The Group

	Land held on temporary emphyteusis €	Buildings €	Furniture, fixtures, plant and equipment €	Total €
Cost				
At 01.01.2008	42,033,473	58,439,946	56,408,295	156,881,714
Additions	-	2,303,920	8,272,671	10,576,591
Disposals	-	-	(47,773)	(47,773)
At 01.01.2009	42,033,473	60,743,866	64,633,193	167,410,532
Additions	-	1,788,877	3,941,247	5,730,124
Disposals	-	-	(43,627)	(43,627)
At 31.12.2009	42,033,473	62,532,743	68,530,813	173,097,029
Accumulated depreciation				
At 01.01.08	3,502,791	14,557,020	41,792,276	59,852,087
Provision for the year	646,669	1,214,850	3,058,643	4,920,162
Eliminated on disposal	-	-	(18,143)	(18,143)
At 01.01.09	4,149,460	15,771,870	44,832,776	64,754,106
Provision for the year	646,669	1,250,655	3,403,224	5,300,548
Eliminated on disposal	-	-	(30,655)	(30,655)
At 31.12.2009	4,796,129	17,022,525	48,205,345	70,023,999
Carrying amount				
At 31.12.2009	**37,237,344**	**45,510,218**	**20,325,468**	**103,073,030**
At 31.12.2008	37,884,013	44,971,996	19,800,417	102,656,426

Notes to the financial statements
Year ended 31 December 2009
14. Property, Plant and Equipment *(continued)*

No depreciation is being charged on assets not yet put into use amounting to EUR830,435 (31.12.2008–EUR1,511,274).

Capitalised borrowing costs
The Group and the Company started construction of the following major projects in 2009:

Project name	*Completion date*	*Carrying amount* ***on 31.12.09***	*on 31.12.08*
		EUR	*EUR*
Upgrading of Chillers	December 2009	**1,153,107**	-
Upgrading of taxiways	May 2009	**1,200,000**	-

The above projects were partly financed through bank loans.

The amount of borrowing costs capitalised during the year ended 31 December 2009 was EUR23,150 (2008: EUR nil). The rate used to determine the amount of borrowing costs eligible for capitalisation was 3.25%, which is the effective interest rate of the specific borrowing.

The Company

	Land held on temporary emphyteusis	Buildings	Furniture, fixtures, plant and equipment	Total
	€	€	€	€
Cost				
At 01.01.2008	42,033,473	58,439,946	56,408,295	156,881,714
Additions	-	2,303,920	8,090,901	10,394,821
Disposals	-	-	(47,773)	(47,773)
At 01.01.2009	42,033,473	60,743,866	64,451,423	167,228,762
Additions	-	1,788,877	3,840,014	5,628,891
Disposals	-	-	(41,298)	(41,298)
At 31.12.2009	42,033,473	62,532,743	68,250,139	172,816,355
Accumulated depreciation				
At 01.01.08	3,502,791	14,557,020	41,792,276	59,852,087
Provision for the year	646,669	1,214,850	3,044,449	4,905,968
Eliminated on disposal	-	-	(18,143)	(18,143)
At 01.01.09	4,149,460	15,771,870	44,818,582	64,739,912
Provision for the year	646,669	1,250,655	3,373,631	5,270,955
Eliminated on disposal	-	-	(30,189)	(30,189)
At 31.12.2009	4,796,129	17,022,525	48,162,024	69,980,678
Carrying amount				
At 31.12.2009	**37,237,344**	**45,510,218**	**20,088,115**	**102,835,677**
At 31.12.2008	37,884,013	44,971,996	19,632,841	102,488,850

14. Property, Plant and Equipment *(continued)*

No depreciation is being charged on assets not yet put into use amounting to EUR830,435 (31.12.2008 – EUR1,511,274).

15. Available-For-Sale Financial Assets

The Group and the Company

	Local unlisted equity shares €	Fund €	Total €
At 01.01.2008	884,696	-	884,696
Additions	-	60,000	60,000
	884,696	60,000	944,696
Movements in fair value	-	(13,293)	(13,293)
At 31.12.2008	**884,696**	**46,707**	**931,403**
At 01.01.2009	884,696	46,707	931,403
Additions	-	16,605	16,605
	884,696	63,312	948,008
Movements in fair value	-	10,091	10,091
At 31.12.2009	**884,696**	**73,403**	**958,099**

Available-for-sale financial asset - Local unlisted equity shares
The Company has an investment in unlisted securities which present it with an opportunity for return through dividend.

Available-for-sale financial asset - Fund
During 2008, the Company made an investment in a fund whose fair value is determined by prices quoted on the Malta Stock Exchange.

Fair Value Hierarchy

As at 31 December 2009, the Group held the following financial instruments measured at fair value:

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Notes to the financial statements
Year ended 31 December 2009
15. Available-For-Sale Financial Assets *(continued)*

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	31.12.2009	**Level 1**	**Level 2**	**Level 3**
	€	**€**	**€**	**€**
Assets measured at fair value				
Fund	**73,403**	73,403	-	-

As per the Group's and Company's accounting policy, investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

During the reporting period ending 31 December 2009, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

16. Investment in Subsidiaries

The Company
The Company's investment in subsidiaries is stated at cost and comprises:

	2009	2008
	€	€
Shares in Airport Parking Limited	**1,200**	1,200
Shares in Sky Parks Development Limited	**1,200**	**-**
	2,400	1,200

The Company holds a 100% ownership in the ordinary share capital of Airport Parking Limited, a limited liability company incorporated in Malta, whose principal activity is the operation of car parks, and a 100% ownership in the ordinary share capital of Sky Parks Development Limited, a limited company incorporated in Malta, whose principal activity is the building and operation of a Business Centre within the limits of the airport.

17. Deferred Taxation

The Group

	31.12.2008 EUR	Movement for the year EUR	**31.12.2009 EUR**
Arising on:		*recognised in profit or loss:*	
Accelerated tax depreciation	1,703,188	(323,927)	**1,379,261**
Provision for pension costs	1,284,917	45,397	**1,330,314**
Deferred income	2,553,460	(100,866)	**2,452,594**
Other temporary differences	24,928	157,827	**182,755**
	5,566,493	(221,569)	**5,344,924**
		recognised in equity:	
Revaluation of properties prior to change in title of the underlying land	(870,823)	26,200	**(844,623)**
Total	4,695,670	(195,369)	**4,500,301**

The Company

	31.12.2008 EUR	Movement for the year EUR	**31.12.2009 EUR**
Arising on:		*recognised in profit or loss:*	
Accelerated tax depreciation	1,713,818	(310,312)	**1,403,506**
Provision for pension costs	1,284,917	45,397	**1,330,314**
Deferred income	2,553,460	(100,866)	**2,452,594**
Other temporary differences	24,928	157,827	**182,755**
	5,577,123	(207,954)	**5,369,169**
		recognised in equity:	
Revaluation of properties prior to change in title of the underlying land	(870,823)	26,200	**(844,623)**
Total	4,706,300	(181,754)	**4,524,546**

Notes to the financial statements
Year ended 31 December 2009
17. Deferred Taxation *(continued)*

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against, which deductible temporary differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

18. Inventories

	The Group		The Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Consumables	**820,714**	837,404	**820,714**	837,404

19. Trade and Other Receivables

	The Group		The Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Trade receivables	**9,329,106**	5,920,828	**9,307,058**	5,899,000
Other receivables	**95,151**	401,397	**95,151**	401,397
Receivables from subsidiaries	-	-	**163,437**	204,298
Receivables from other related parties	**1,455,168**	321,892	**1,455,168**	321,892
Prepayments and accrued income	**1,786,080**	2,089,433	**1,769,830**	2,073,183
	12,665,505	8,733,550	**12,775,404**	8,899,770

The terms and conditions of the receivables from other related parties are disclosed in note 33. Trade receivables are non-interest bearing and are generally on 30 days' terms.

The Group and the Company

As at 31 December 2009, trade receivables at nominal value of EUR464,843 (2008: EUR46,398) were impaired and fully provided for. Movements in the provision for impairment of trade receivables were as follows:

	Individually Impaired
	€
At 1 January 2008	279,821
Charge for the year	8,601
Unused amounts reversed	(242,024)
At 31 December 2008	46,398
Charge for the year	418,445
At 31 December 2009	464,843

19. Trade and Other Receivables *(continued)*

The Group

As at 31 December, the ageing analysis of trade receivables is as follows:

	Total €	Neither past due nor impaired €	Past due but not impaired (date from issue of invoices) 30-60 days €	60 days €	90 days €	>120 days €
2009	**9,329,106**	**3,449,502**	**2,041,494**	**2,113,487**	**1,393,580**	**331,043**
2008	5,920,828	3,482,437	1,125,509	513,789	203,943	595,150

The Company

As at 31 December, the ageing analysis of trade receivables is as follows:

	Total €	Neither past due nor impaired €	Past due but not impaired (date from issue of invoices) 30-60 days €	60 days €	90 days €	>120 days €
2009	**9,307,058**	**3,447,499**	**2,036,668**	**2,099,648**	**1,393,320**	**329,923**
2008	5,899,000	3,480,877	1,109,464	509,589	203,920	595,150

Included in the Group's trade receivable balance are debtors with carrying amount of Eur3,449,502 (31 December 2008: Eur3,482,437) that are neither past due nor impaired. The Group does not hold any collateral over these balances and has not provided for allowance as these trade debtors are substantially companies with good track record with the Group and thus the amount is still considered recoverable.

20. Trade and Other Payables

	The Group 2009 €	The Group 2008 €	The Company 2009 €	The Company 2008 €
Trade payables	**2,962,630**	1,272,199	**2,945,323**	1,272,171
Other payables	**362,088**	14,714	**359,894**	7,169
Accruals and deferred income	**4,552,510**	5,701,189	**4,513,964**	5,664,435
	7,877,228	6,988,102	**7,819,181**	6,943,775

Notes to the financial statements
Year ended 31 December 2009
20. Trade and Other Payables *(continued)*

Terms and conditions of the above financial liabilities:

• Trade payables are non-interest bearing and are normally settled on 30 days' terms.
• Other payables are non-interest bearing and have an average term of three months.

21. Bank Loan

	The Group		The Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Current bank loan	**1,747,226**	1,566,355	**1,747,226**	1,566,355
Non-current bank loan	**52,414,415**	50,671,099	**52,414,415**	50,671,099

The bank loan, which will expire in 2026, is secured by a general hypothec over all the Company's present and future assets, with the exception of terminal buildings and other sites. At the date of the Statement of Financial Position the loan is charged interest at 3.25% (period ended 31.12.2008 – 3.75%) per annum. The bank loan is repayable as disclosed in note 38.

22. Other Financial Liabilities

	The Group		The Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Amounts owed to related parties	**-**	312	**-**	312

The terms and conditions of the related party transactions are disclosed in note 33.

Notes to the financial statements
Year ended 31 December 2009
(continued)

23. Deferred Income

The Group and the Company

	2008	Movement for the year		**2009**
		Additions	Amortised	
		€	€	**€**
Deferred income arising from the gain on disposal of the land and buildings	7,295,600	-	(288,190)	**7,007,410**
European Commission grant	448,750	-	(23,618)	**425,132**
Norwegian grant	-	517,611	(51,761)	**465,850**
Total deferred income as at 31 December	7,744,350	517,611	(363,569)	**7,898,392**
Less: amounts included in trade and other Payables (note 20)	(288,190)			**(363,569)**
Amounts included in non-current liabilities	7,456,160			**7,534,823**

The deferred income arising from the gain on disposal of the land and buildings that took place prior to privatisation in 2002 is being taken to income in accordance with the accounting policy stated in note 2.

The European Commission grant is a grant related to assets and which was received in 2006 in respect of the upgrading of taxiways project.

The Norwegian grant is related to the implementation of the Schengen project and was received in 2009.

24. Provision for Retirement Benefit Plan

	The Group		**The Company**	
	2009	2008	**2009**	2008
	€	€	**€**	€
Provision for retirement benefit plan	**3,800,897**	3,671,191	**3,800,897**	3,671,191

The provision for retirement benefits is unfunded and represents the year-end provision for possible future liabilities relating to pensions of employees who joined the public service before 15 January 1979 and were transferred to the Company. The provision has been computed in accordance with the accounting policy stated in note 2 and represents the Company's obligation discounted to the net present value at the rate of 6% (2008: 6%) after considering the average life expectancy of such employees and where applicable, expected rates of salary increases based on the inflation and previous increases given to employees.

The movement in the provision for retirement benefit plan may be analysed as follows:

Notes to the financial statements
Year ended 31 December 2009
24. Provision for Retirement Benefit Plan *(continued)*

	31.12.09 12 months €	31.12.08 12 months €	31.12.07 12 months €	31.12.06 9 months €	31.03.06 12 months €
Present value of the provision for retirement benefits at 1 January / 1 April	**3,671,191**	3,381,246	3,357,270	3,340,410	3,170,238
Payments effected	**-**	-	-	(313,482)	
Charge for the year/period	**129,706**	289,945	23,976	330,342	170,172
Present value of the provision for retirement benefits at 31 December / 31 March	**3,800,897**	3,671,191	3,381,246	3,357,270	3,340,410

25. Provision for MIA Benefit Plan

	The Group		The Company	
	2009 €	2008 €	**2009 €**	2008 €
Provision for MIA benefit plan	**72,406**	39,436	**72,406**	39,436

The provision for MIA benefit plan is unfunded and represents the year-end provision for possible future liabilities relating to payments to employees after their retirement as per the Company's Collective Agreement. The provision has been computed in accordance with the accounting policy stated in note 2 and represents the Company's possible obligation discounted to the net present value at the rate of 6% (2008: 6%) after considering the probability that employees reach the applicable retirement age when they are still in employment with the Company.

The movement in the provision for retirement pension plan may be analysed as follows:

	2009 EUR	**2008 EUR**
Present value of the provision for MIA benefit plan at 1 January	**39,436**	-
Charge for the year	**32,970**	39,436
Present value of the provision for MIA benefit plan at 31 December	**72,406**	39,436

The undiscounted past service cost not yet recognised as at the date of the Statement of Financial Position amounted to EUR379,064.

26. Share Capital

The Company

31.12.2009 and 31.12.2008

	Authorised EUR	Issued and called up EUR
40,589,995 "A" ordinary shares of EUR0.465874 each (all of which have been issued, called up and fully paid)	**18,909,824**	18,909,824
27,060,000 "B" ordinary shares of EUR0.465874 each (all of which have been issued, called up and fully paid)	**12,606,550**	12,606,550
5 "C" ordinary shares of EUR0.465874 each (all of which have been issued, called up and fully paid)	**2**	2
32,350,000 unissued ordinary shares of EUR0.465874 each (none of which have been issued and called up)	**15,071,024**	-
	46,587,400	31,516,376

The Ordinary 'A' and 'B' shares have the same rights, benefits and powers in the Group and the Company save for the transferability thereof. Ordinary 'A' shares are freely transferred while the 'B' shares shall be non-transferable for a period of 15 years from 26 July 2002. Ordinary 'C' shares carry no voting rights and do not receive dividends.

Shareholders

The shareholders owning 5% or more of the Company's equity share capital at 31 December 2009 were the following:

Malta Mediterranean Link Consortium Limited	40.0%	'B' shares
Government of Malta	20.0%	'A' and 'C' shares
VIE (Malta) Limited	10.1%	'A' shares

Notes to the financial statements
Year ended 31 December 2009
26. Share Capital *(continued)*

The number of holders of each class of share at 31 December 2009 was as follows:

Number of ordinary shares held	**Number of accounts**	**Number of shares**	**% of shares**
Ordinary 'A' shares			
1 - 1,000	1,995	1,204,184	1.78
1,001 - 5,000	3,983	8,362,665	12.36
> 5,001	667	31,023,146	45.86
	6,645	40,589,995	60.00
Ordinary 'B' shares	1	27,060,000	40.00
Ordinary 'C' shares	1	5	-
	6,647	67,650,000	100.00

The above number of holders did not differ significantly from 31 December 2009 to 11 March 2010.

27. Directors' Interests

The directors Austin Calleja and Michael Bianchi have registered their interest in the share capital of the Company as at 31 December 2009.

Austin Calleja has 6,000 shares in Malta International Airport plc whilst Michael Bianchi has 66.6% of the share capital of Airport Investments Ltd which in turn holds 4.15% of Malta Mediterranean Link Consortium Ltd, a Company that holds 40% of the share capital of Malta International Airport plc.

No other director has a beneficial or non-beneficial interest in the Company's share capital.

The above holdings have not changed from 31 December 2009 to 11 March 2010.

28. Reserves

Revaluation Reserve
The revaluation reserve emanates from the revaluation of the Company's buildings prior to the change in title to land and buildings.

Fair Value Reserve
The fair value reserve originates from movements in fair values of available-for-sale financial assets and represents unrealised amounts.

29. Cash and Short Term Deposits

Cash and short term deposits included in the statement of cash flow comprise the following amounts presented in the Statement of Financial Position:

	The Group		The Company	
	2009 **€**	2008 €	**2009** **€**	2008 €
Cash and short term deposits as per the Statement of Financial Position	**2,466,597**	4,545,239	**2,301,494**	4,452,144
Less short term deposits	**-**	(480,014)	**-**	(480,014)
Cash at banks and in hand	**2,466,597**	4,065,225	**2,301,494**	3,972,130

Cash at bank earns interest based on daily bank deposit rates.

30. Earnings Per Share

Earnings per ordinary share for the Group and the Company have been calculated by dividing the net profit for the year after taxation attributable to the ordinary equity holders of the Company by the average number of ordinary shares in issue during the year.

	The Group		The Company	
	2009 **EUR**	2008 EUR	**2009** **EUR**	2008 EUR
Weighted average number of shares in issue	**67,650,000**	67,650,000	**67,650,000**	67,650,000
Earnings per share (cents) attributable to the ordinary equity holders of the Company	**13.07**	12.81	**12.89**	12.76

There is no difference between the basic and diluted earnings per share as the Company has no potential dilutive ordinary shares.

Notes to the financial statements
Year ended 31 December 2009
(continued)

31. Capital Commitments

Property, plant and equipment

	The Group		The Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Contracted but not provided for	**600,000**	3,259,000	**600,000**	3,259,000
Authorised but not contracted for	**1,779,380**	827,088	**1,779,380**	827,088

32. Contingent Liabilities

At the date of the Statement of Financial Position there existed:

(i) various claims filed by former employees of the Company for unfair promotions and dismissals, the amounts of which have not been determined;

(ii) a dispute with the Government of Malta which arose in 2005 and which could result in a claim. Government estimated at the time, the value of the claim to be in the region of EUR1,747,030; and

(iii) a claim by an airline for a total amount of EUR250,526 (2008:EUR250,526) which claim is subject to full reimbursement by the Company's insurers should it materialise.

The above contingent liabilities have all been claimed against the Company. In the directors' opinion, all the above claims are unfounded.

33. Related Party Disclosures

During the course of the year, the Group and the Company entered into transactions with related parties as set out below. Transactions between the Company and the subsidiary have been eliminated on consolidation. Other than those disclosed in note 35 the related party transactions in question were:

The Group

	31.12.2009			**31.12.2008**		
	Related party activity	**Total activity**		**Related party activity**	**Total activity**	
	€	**€**	%	**€**	**€**	%
Revenue:						
Related party transactions with:						
Companies which are significantly influenced by members of key management personnel of the Group	**3,503,848**	**46,446,079**	**8**	2,205,481	45,106,348	5
Staff and other operating costs:						
Related party transactions with:						
Key management personnel of the Company (note 10)	**500,814**			477,818		
Related parties other than the parent (note 10) and key management personnel of the Group	**1,093,989**			1,081,187		
	1,594,803	**25,734,185**	**6**	**1,559,005**	**25,801,965**	**6**

Notes to the financial statements
Year ended 31 December 2009
33. Related Party Disclosures *(continued)*

The Company

	31.12.2009			31.12.2008		
	Related party activity	**Total activity**		**Related party activity**	**Total activity**	
	€	€	%	€	€	%
Revenue:						
Related party transactions with:						
Companies which are significantly influenced by members of key management personnel of the Company	**3,496,187**			2,205,100		
Subsidiary	**720,416**			419,202		
	4,216,603	**46,078,169**	**8**	2,624,302	44,938,309	6
Staff and other operating costs:						
Related party transactions with:						
Key management personnel of the Company (note 10)	**500,814**			477,818		
Related parties other than the parent (note 10) and key management personnel of the Company	**1,093,989**			1,081,187		
	1,594,803	**25,585,547**	**6**	1,559,005	24,697,044	6

The amounts due to/from related parties are disclosed in note 19 and 22. The terms and conditions do not specify the nature of the consideration to be provided in settlement. No guarantees have been given or received. These amounts were unsecured and interest-free.

34. Operating Lease Arrangements

The Group / Company as lessee

	The Group		The Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Minimum lease payments under operating lease recognised as an expense for the year	**806,535**	799,757	**806,535**	799,757

At the date of the Statement of Financial Position, the Company and the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Within one year	**803,634**	803,634	**803,634**	803,634
In the second to fifth years inclusive	**3,335,081**	3,335,081	**3,335,081**	3,335,081
After five years	**112,033,891**	112,033,891	**112,033,891**	112,033,891
	116,172,606	116,172,606	**116,172,606**	116,172,606

Operating lease payments represent ground rent payable by the Company to the Government of Malta on the temporary emphyteusis, with no renewal option included in the contract. Leases are determined up to the term of the lease, being 65 years. The lease payments are adjusted subject to the average rate of inflation every 5 years.

Notes to the financial statements
Year ended 31 December 2009
34. Operating Lease Arrangements *(continued)*

The Group / Company as lessor

	The Group		The Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Minimum lease payments under operating lease recognised as income for the year	**504,426**	275	**504,426**	275

At the date of the Statement of Financial Position, the Company and the Group had outstanding commitments under non-cancellable operating lease income , which fall due as follows:

	The Group		The Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Within one year	**504,426**	504,426	**504,426**	504,426
In the second to fifth years inclusive	**2,043,753**	2,017,704	**2,043,753**	2,017,704
After five years	**14,104,395**	14,634,870	**14,104,395**	14,634,870
	16,652,574	17,157,000	**16,652,574**	17,157,000

Operating lease income represents rent of offices, bonded stores and warehouses, one of which is recognised as non-cancellable lease agreement.

35. Contracts of Significance

Pursuant to Listing Rules 9.44e.9 and 9.44e.10 issued by the Listing Authority of the Malta Financial Services Authority, the contracts of significance entered into by the Company in the year ended 31 December 2009 with its substantial shareholders and their related parties are the following:

Malta Mediterranean Link Consortium Limited
The provision for Technical Services by the Company's strategic partners VIE (Malta) Limited and SNC-Lavalin Inc., gives rise to an expense of EUR1,093,989 (31.12.2008 – EUR1,081,187).

The Government of Malta
(i) The terminal land lease agreement with the Lands Department for EUR806,535 (31.12.2008 – EUR799,758);
(ii) The contract for contribution to the Malta Tourism Authority for EUR232,937 (31.12.2008 – EUR232,937);
(iii) The contract with the Armed Forces of Malta for the security of the restricted areas at the Airport for an expense of EUR2,959,576 (31.12.2008 – EUR2,959,576);
(iv) The provision of Air Navigation Services and other services by Malta Air Traffic Services Limited for an expense of EUR1,289,854 (31.12.2008 – EUR1,289,854);
(v) The provision of Meteorological Services and other services to Malta Air Traffic Services Limited for revenue of EUR926,115 (31.12.2008 – EUR926,115);
(vi) The ground handling and concession agreements with Air Malta p.l.c. and its subsidiaries that generated income of EUR2,181,238 (31.12.2008 – EUR2,171,648); and

(vii) The contract with Enemalta Corporation for fuel throughput charges generated the amount of EUR1,390,017 (31.12.2008 – EUR1,405,309) in revenue.

36. Parent Company

For the purposes of IAS 27 – Consolidated and Separate Financial Statements, it is considered that Articles 58.2 and 58.7 of the Company's Articles of Association combine so as to give Malta Mediterranean Link Consortium Limited, which has its registered office at Palazzo Pietro Stiges, 60 St. Christopher Street, Valletta, Malta, the power to govern the financial and operating policies of the Company so as to obtain benefits from its activities. The consolidated financial statements of the Group are incorporated in the group financial statements of Malta Mediterranean Link Consortium Limited.

37. Fair Values of Financial Assets and Financial Liabilities

At 31 December 2009 and 31 December 2008 the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short term maturities of these assets and liabilities that are not measured at fair value. The fair values of non-current financial assets and non-current financial liabilities that are not measured at fair value, other than unlisted investments that cannot be reliably measured and that are carried at cost, are not materially different from their carrying amounts.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are stated at cost since the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reliably assessed. It is not possible to disclose the range of estimates within which fair value is highly likely to lie.

The Company does not intend to dispose of all its available-for-sale financial assets within twelve months of the date of the Statement of Financial Position.

Notes to the financial statements
Year ended 31 December 2009
(continued)

38. Financial Risk Management

The Group's and the Company's principal financial liabilities comprise bank loans and trade payables. The main purpose of these financial liabilities is to raise finance for the Group and the Company's operations. The principal financial assets of the Group and the Company are trade receivables, available-for-sale financial assets and cash and short-term deposits, which arise mainly from its operations.

These financial instruments are classified into the following categories:

	The Group		The Company	
	2009	2008	**2009**	2008
	€	€	**€**	€
Available-for-sale financial assets	**958,099**	931,403	**958,099**	931,403
Loans and receivables	**13,630,823**	11,376,329	**13,506,289**	11,465,704
Financial liabilities at amortised cost	**58,853,273**	56,806,547	**58,748,384**	56,799,581

Net gains /(losses) arising from these financial instruments are classified as follows:

Recorded in the statement of comprehensive income:				
Loans and receivables	(**230,803)**	593,145	(**230,803)**	593,145
Financial liabilities at amortised cost	**(1,752,652)**	(2,345,047)	**(1,752,652)**	(2,345,047)
Recorded as other comprehensive income:				
Available for sale financial assets	**10,091**	(13,293)	**10,091**	(13,293)

The main risks arising from the Group's and the Company's financial instruments are changes in interest rate and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate risk
The Company has taken out bank facilities to finance its operations as disclosed in note 21. The interest rates thereon and the terms of such borrowings are disclosed accordingly. The Company is exposed to cash flow interest rate risk on bank balances and borrowings carrying a floating interest rate. Management monitors the movement in interest rates and, where possible, reacts to material movements in such rates by restructuring its financing structure.

Interest rate risk table
The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and Company's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's and Company's equity. The Company considers the reasonably possible changes in interest rates to be a change in 25 basis points.

Notes to the financial statements
Year ended 31 December 2009
38. Financial Risk Management *(continued)*

	Increase/ decrease in basis points	Effect on profit before tax €
2009		
	+25	**(129,650)**
	-25	**129,650**
2008		
	+25	(119,463)
	-25	119,463

The effect on profit takes into consideration both interest payable and interest receivable based on the bank loan and cash and short term deposits as disclosed in notes 21 and 29 respectively.

Credit risk
Financial assets which potentially subject the Group and the Company to concentrations of credit risk, consist principally of available-for-sale financial assets, receivables and cash and short term deposits held at bank. Receivables are presented net of an allowance for doubtful debts. The maximum exposure is the carrying amounts of each class of asset as disclosed in notes 15 and 19 and 29 respectively.

An allowance for doubtful debts is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Credit risk with respect to trade receivables is managed and assessed through the adherence to credit control procedures, which include client acceptance procedures, and is also limited through the number of customers comprising the Group's and Company's debtor base. Outstanding trade receivables are regularly monitored by management. Available-for-sale financial assets are acquired after assessing the quality of the relevant available-for-sale financial asset. Cash and short term deposits held at bank is placed with reliable financial institutions.

There is no concentration of credit risk except that more than 10% (31 December 2008: >10%) of the Group's receivables at the end of the financial year relate to 1 entity (31 December 2008: 1 entity).

Liquidity risk
The tables below summarises the maturity profile of the Group's and Company's financial liabilities at 31 December 2009 based on contractual undiscounted payments.

Notes to the financial statements
Year ended 31 December 2009
38. Financial Risk Management *(continued)*

The Group
Year ended 31 December 2009

	Total €	Current €	<3 months €	3–12 months €	1–5 years €	>5 years €
Interest bearing loans and borrowings	67,173,579	-	2,249,794	1,281,757	16,777,073	46,864,955
Other payables	362,088	72,418	217,253	72,417	-	-
Accruals	2,663,282	730,970	1,849,122	83,190	-	
Trade payables	2,962,630	1,357,964	960,252	644,414	-	-
Other financial liabilities	-	-	-	-	-	-
	73,161,579	**2,161,352**	**5,276,421**	**2,081,778**	**16,777,073**	**46,864,955**

The Group
Year ended 31 December 2008

	Total EUR	Current EUR	< 3 months EUR	3 – 12 months EUR	1 – 5 years EUR	>5 years EUR
Interest bearing loans and borrowings	68,071,621	-	2,091,002	1,430,456	18,709,461	45,840,702
Other payables	7,169	-	-	7,169	-	-
Accruals	3,700,880	925,220	1,665,396	1,110,264	-	-
Trade payables	1,272,199	984,148	117,780	170,271	-	-
Other financial liabilities	312	312	-	-	-	-
	73,052,181	**1,909,680**	**3,874,178**	**2,718,160**	**18,709,461**	**45,840,702**

Notes to the financial statements
Year ended 31 December 2009
38. Financial Risk Management *(continued)*

The Company
Year ended 31 December 2009

	Total	Current	<3	3–12	1–5	>5
			months	months	years	years
	€	€	€	€	€	€
Interest bearing loans and borrowings	67,173,579	-	2,249,794	1,281,757	16,777,073	46,864,955
Other payables	359,894	71,979	215,936	71,979		
Accruals	2,628,073	717,410	1,827,473	83,190		
Trade payables	2,945,323	1,340,398	960,511	644,414		
Other financial liabilities	-	-	-	-	-	-
	73,106,869	**2,129,787**	**5,253,714**	**2,081,340**	**16,777,073**	**46,864,955**

The Company
Year ended 31 December 2008

	Total	Current	months	months	years	years
		< 3	3 – 12	1 – 5	>5	
	€	€	€	€	€	€
Interest bearing loans and borrowings	68,071,621	-	2,091,002	1,430,456	18,709,461	45,840,702
Other payables	7,169	-	-	7,169	-	-
Accruals	3,693,942	923,485	1,662,274	1,108,183	-	-
Trade payables	1,272,171	984,120	117,780	170,271	-	-
Other financial liabilities	312	312	-	-	-	-
	73,045,215	**1,907,917**	**3,871,056**	**2,716,079**	**18,709,461**	**45,840,702**

The Group monitors and manages its risk to a shortage of funds by monitoring forecast and actual cash flows. The Company has additional undrawn bank facilities of EUR2.9 million earmarked for capital expenditure projects and EUR4.7 million overdraft facility.

Capital management
One of the objectives of the Group and the Company is to ensure that it maintains a strong credit rating and healthy capital ratios by means of proper management of its capital. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. No changes were made in the objectives and processes during the years ended 31 December 2009 and 31 December 2008.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. As at the date of the Statement of Financial Position the Group's and Company's policy is to keep the gearing ratio between 40% and 50%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short term deposits. Capital includes equity attributable to the equity holders and other reserves. The Group's and Company's policy in managing capital has remained unchanged from the prior year.

Independent auditor's report
to the members of Malta International Airport p.l.c.

Report on the financial statements

We have audited the accompanying financial statements of Malta International Airport p.l.c. and its group, set out on pages twelve to fifty, which comprise the statements of financial position of the company and the group as at 31 December 2009, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the company and the group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As also described in the statement of directors' responsibilities on page four, the directors of the company are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the company and the group. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the company give a true and fair view of the financial position of the company and its group as of 31 December 2008 and of the company's and its group's financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

In our opinion, the financial statements have been properly prepared in accordance with the Companies Act (Chap. 386).

Paul Mercieca

Partner for, and on behalf of,
DELOITTE
Certified Public Accountants
11 March 2010

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