REPORTING 2013

MALTA INTERNATIONAL AIRPORT

VISION

A commitment to service quality, remarkable efficiency and outstanding facilities makes MIA a top airport in its class and a dynamic link to the world.

REPORT CONTENTS

INTRODUCTION

SECTION 1

The Malta International Airport 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 airport are the development and, operation and management of Malta's Airport.

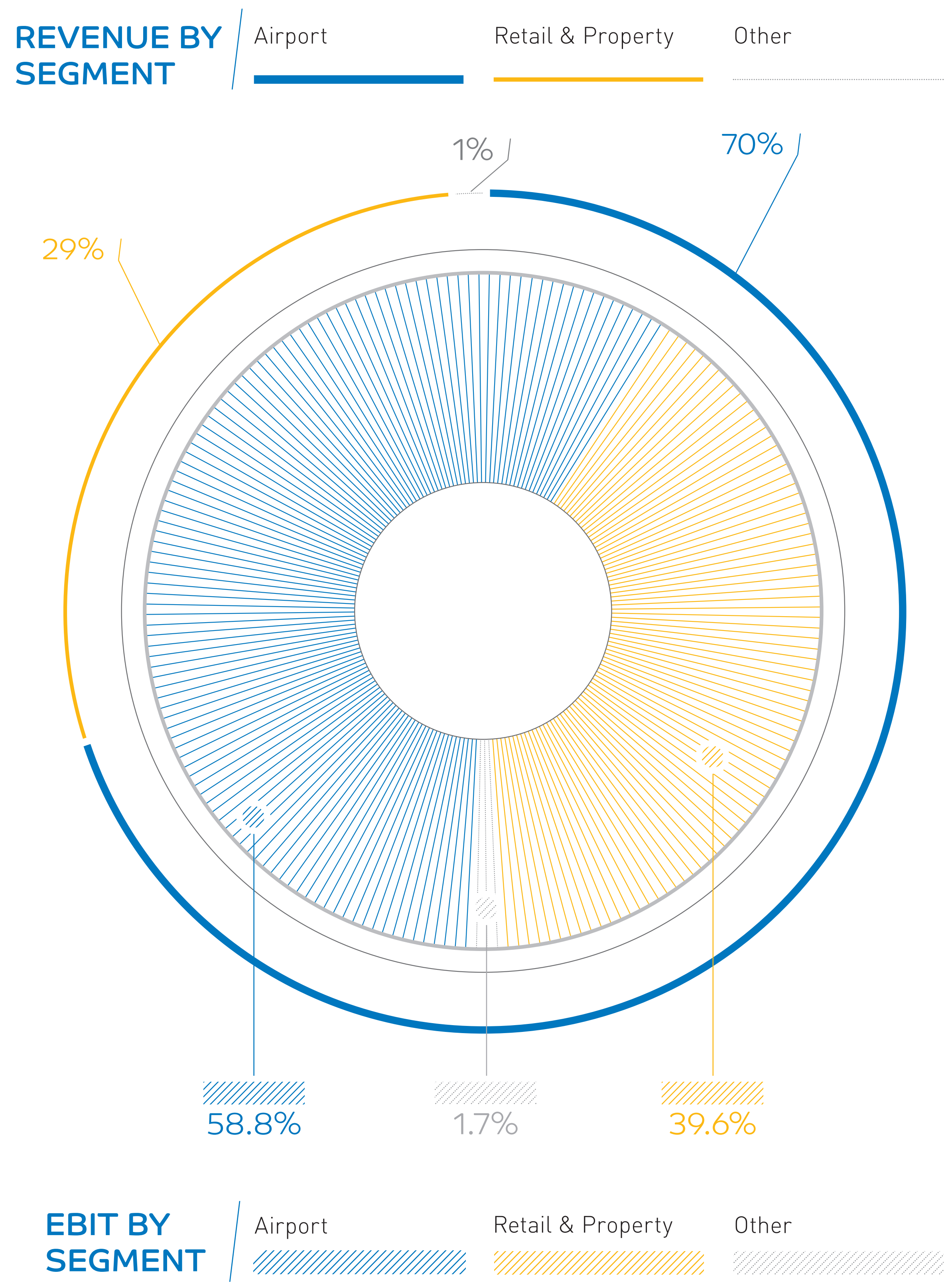
KEY DATA

A summary and three year comparison of key indicators that help gauge our performance, from a financial, industry and stock market position.

THE GROUP

	FINANCIAL YEAR 2013	CHANGE IN %	FINANCIAL YEAR 2012	CHANGE IN %	FINANCIAL YEAR 2011
FINANCIAL INDICATORS (IN € MILLION)					
Total turnover	58.79	11.3	52.81	0.7	52.43
Thereof Aviation	41.30	7.9	38.29	(2.2)	39.17
Thereof Non-Aviation	17.49	20.5	14.52	9.5	13.26
EBIT	24.31	17.4	20.71	4.5	19.82
EBIT margin in %	41.35	5.4	39.22	3.8	37.80
EBITDA	29.89	15.9	25.80	4.1	24.79
EBITDA margin in %	50.84	4.1	48.85	3.3	47.28
ROCE in %	14.13	19.2	11.85	3.9	11.41
Net Profit	14.59	17.1	12.46	4.6	11.91
Cash flow from operating activities	29.06	75.5	16.56	(17.7)	20.12
Equity	66.98	7.4	62.35	5.1	59.33
Balance sheet total	162.11	5.1	154.24	5.5	146.20
Capital expenditure	6.18	(46.9)	11.64	22.7	9.49
Taxes on income	8.09	15.6	7.00	(0.1)	7.01
Average employees for the year	316	(3.7)	328	(4.7)	344
INDUSTRY INDICATORS					
MTOW in million tonnes	2.57	8.9	2.36	1.7	2.32
Passengers in million	4.03	10.4	3.65	4.0	3.51
Thereof transfer passengers	11,866	89.4	6,264	59.3	3,931
Flight movements	30,759	9.1	28,200	0.6	28,022
Cargo in tonnes	14,668	(2.9)	15,105	1.5	14,883
Seat occupancy in %	78.50	0.3	78.30	3.0	76.00
STOCK MARKET INDICATORS					
Shares outstanding in million	135.30	-	135.30	-	135.30
P/E ratio	20.00	2.2	19.57	1.9	19.20
Earnings per share in €	0.108	17.4	0.092	4.5	0.088
*Net Dividend per share in € **	0.075	7.1	0.070	0.0	0.070
Net Dividend yield in %	3.472	(10.7)	3.889	(6.1)	4.142
Pay-out ratio as a % of net profit	69.56	(8.5)	76.01	(4.4)	79.53
Market capitalisation in € million	292.25	20.0	243.54	6.5	228.66
Stock price: high in €	2.16	20.0	1.80	(2.7)	1.85
Stock price: low in €	1.75	6.1	1.65	10.0	1.50
Stock price in €	2.16	20.0	1.80	6.5	1.69
Market weighting in %	8.64	3.0	8.39	-	8.39

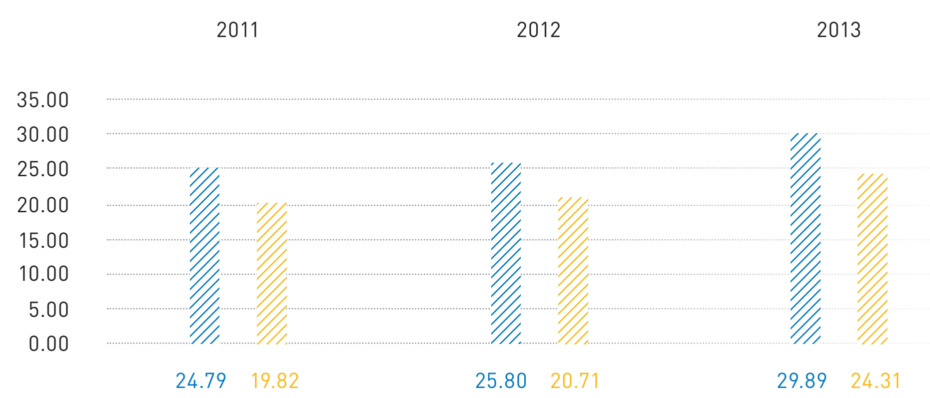
** Reporting year: recommendation to the Annual General Meeting*



EBITDA AND EBIT IN € MILLION

EBITDA

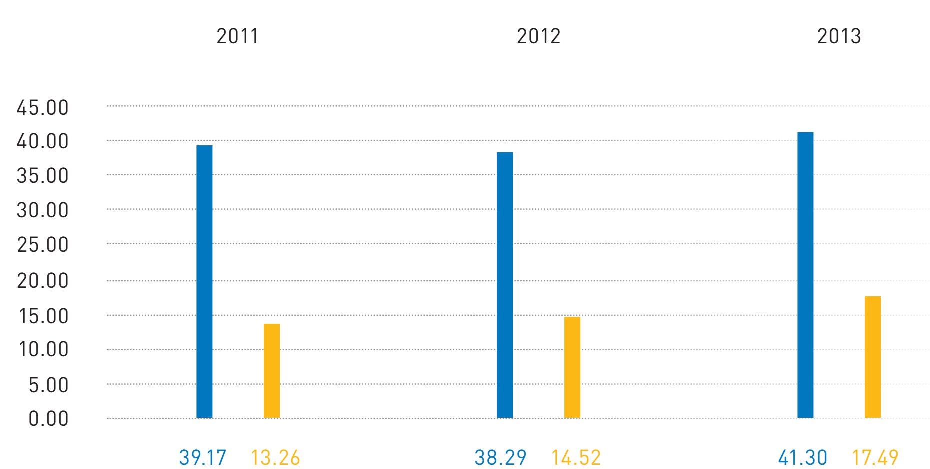
EBIT

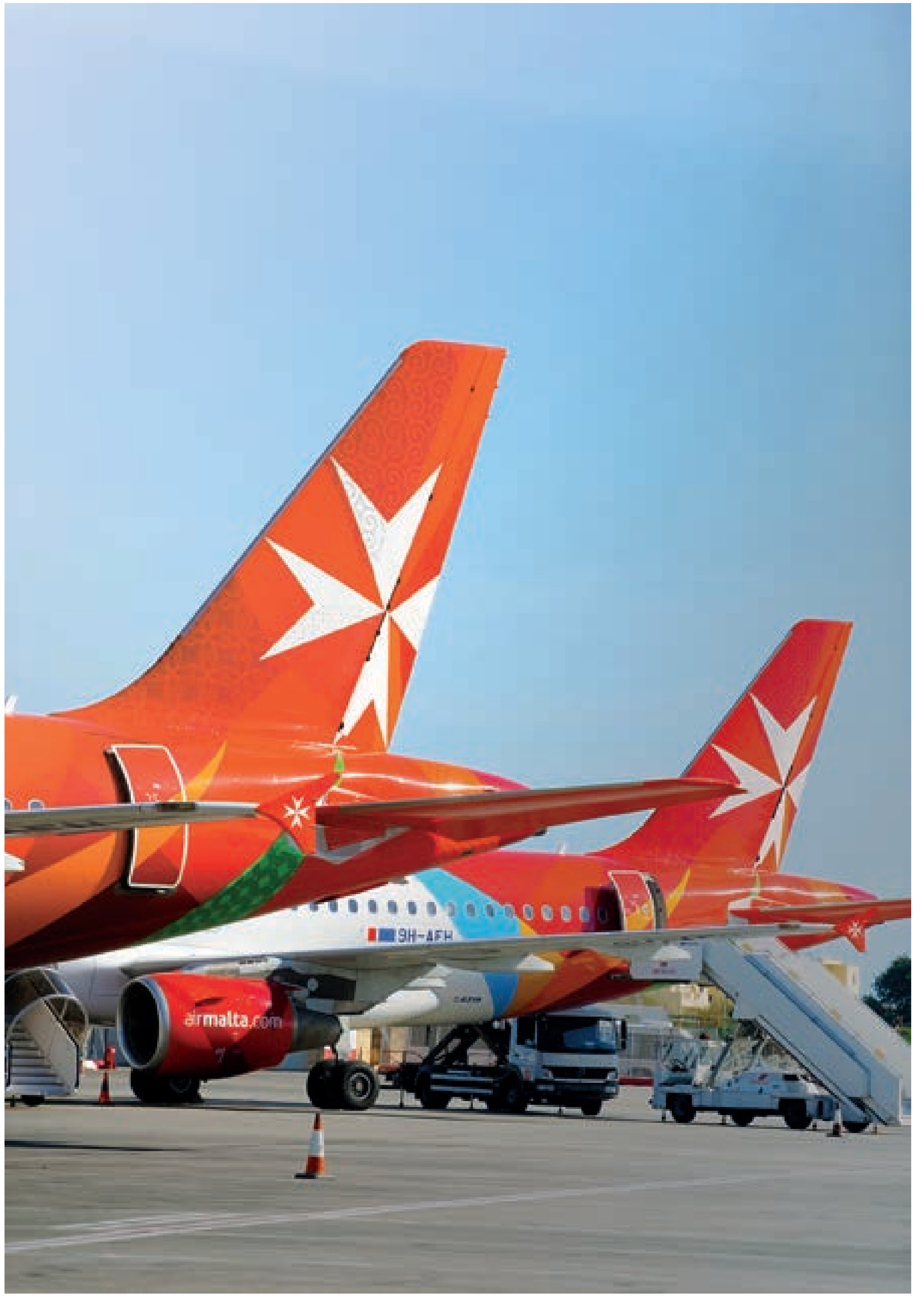


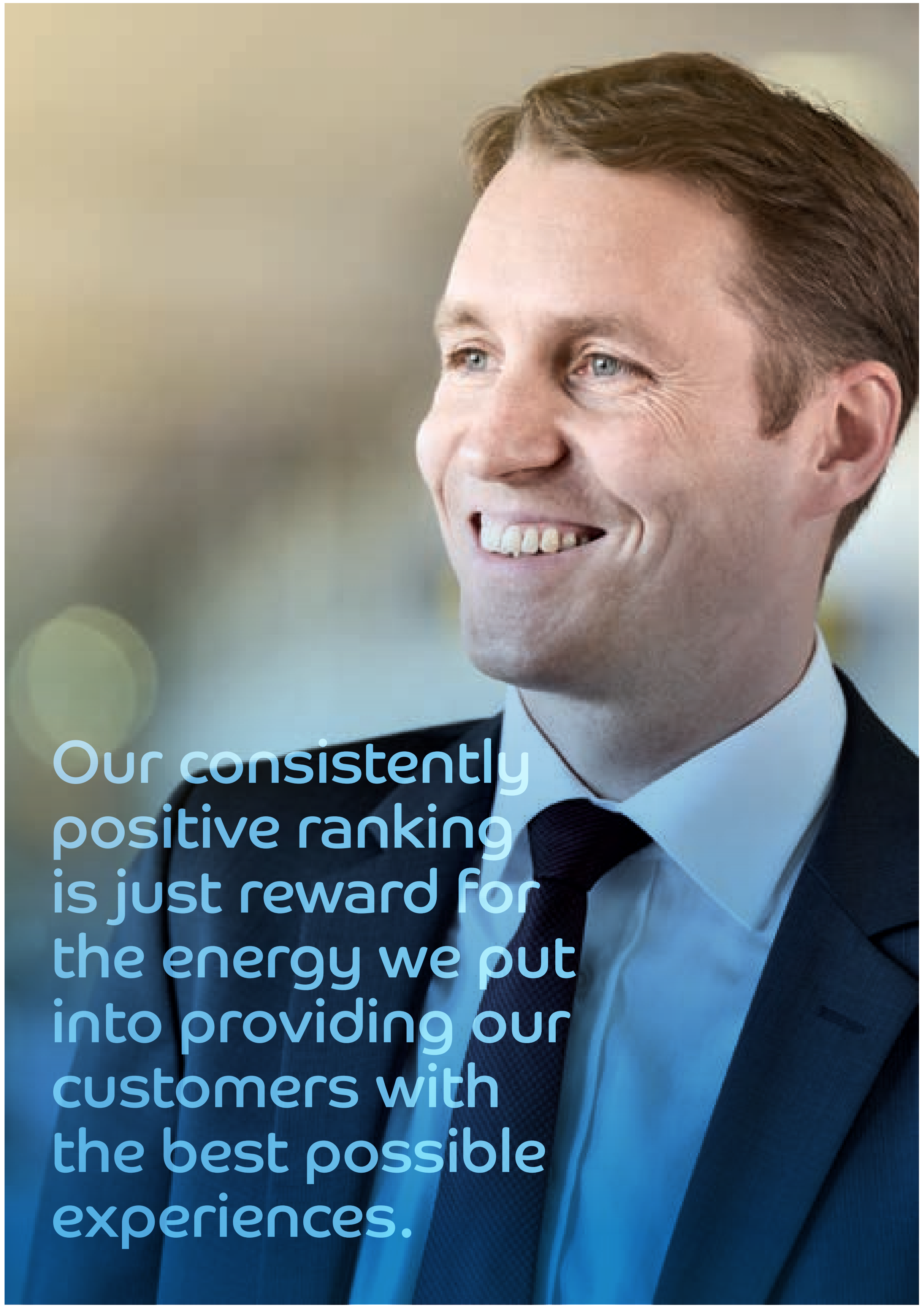
TURNOVER IN € MILLION

Aviation

Non-Aviation







CHAIRMAN'S MESSAGE

2013 has been a momentous year for Malta International Airport. Every month translated into record passenger movements. Strong growth potential in the shoulder and winter seasons yielded the largest increase in absolute passenger numbers and the best improvement in percentage terms.

In 2013, Malta International Airport yet again featured in Airport Council International's Top Five in the Best Airport by Region category. Our consistently positive ranking is just reward for the energy we put into providing our customers with the best possible experiences. We operate in an increasingly demanding and competitive industry and these results strengthen our resolve to reach even higher standards.

Our primary focus remains our core business. However we continue to invest in other segments, mainly retail and property. We have striven to polish our high quality proposition and worked tirelessly to exceed customers' expectations. New outlets have opened in the Food Court and existing ones have been refurbished. Investment was directed to increasing parking space to accommodate the ever-growing community at Malta International Airport. SkyParks Business Centre ended its first full year of operation with office space contracted at 95 per cent by year's end.

We anticipate passenger traffic to exceed the four million mark by a small margin. In 2014 we will focus on developing the potential of three key areas – developing capacity towards our island, attracting traffic in shoulder and winter months, and exploring opportunities in the 'cruise and fly' business.

From the extension of the baggage-handling facilities in the Check-in area, to works on the taxiways to ensure more efficient use is made of the runway, our firm commitment to customers is to keep on investing in initiatives that will result in increased capacity and efficiency across various activities, particularly in peak operational periods. The terminal expansion, specifically in the Non-Schengen area, aims to reduce congestion and improve passenger flows in the Schengen Area. Improved security measures in line with EU directives will be introduced to ensure improved security measures with minimal effect to passengers.

As we look to 2014 to build on the outstanding results of 2013, I would like to first of all thank Michael Hoeferer, who was chairman of Malta International Airport until November, as well as thank the entire team at Malta International Airport for serving our customers with

commitment, dedication and drive. Our team's qualities will ensure our offering's standards will climb consistently higher.

All of us are mindful of Malta International Airport's responsibility to the Maltese economy, particularly to the tourism industry. We pledge to enhance our collaboration with key stakeholders and ensure ongoing investment to provide our customers with treasured memories of Malta. It is, after all, Malta International Airport which gives most travellers their first and last impression of the islands.

NIKOLAUS GRETZMACHER
Chairman

MESSAĠĠ TAĊ-*CHAIRMAN*

Is-sena 2013 kienet sena importanti għall-Ajruport Internazzjonali ta' Malta. Kull xahar ġab miegħu movimenti rekord tal-passiġġieri. Potenzjal ta' tkabbir qawwi fl-istaġun tax-xitwa u f'dak mhux l-aktar intensiv wassal għall-akbar żieda fin-numru assolut tal-passiġġieri u l-aħjar titjib f'termini ta' persentaġġ.

Fl-2013, l-Ajruport Internazzjonali ta' Malta għal darb'oħra deher mal-Aqwa Ħamsa fil-kategorija tal-Aħjar Ajurport skont ir-Reġjun tal-Kunsill Internazzjonali tal-Ajruporti. Il-klassifikazzjoni konsistentement pożittiva tagħna hija biss premju għall-enerġija li nagħtu biex noffru lill-klijenti tagħna l-aħjar esperjenzi possibbli. Aħna noperaw f'industrija dejjem aktar eżiġenti u kompetittiva u dawn ir-riżultati jsaħħu r-rieda tagħna biex nilħqu standards saħansitra ogħla.

Il-punt fokali tagħna jibqa' jkun in-negozju ewlieni tagħna. Madankollu aħna nkomplu ninvestu f'segmenti oħra, prinċipalment il-bejgħ bl-imnut u l-propjetà. Aħna ħdimna biex nirfinaw il-propożizzjoni ta' kwalità għolja tagħna u ħdimna bla waqfien biex neċċedu l-aspettattivi tal-klijent. Infetħu ħwienet ġodda fil-parti fejn inservu l-ikel u dawk eżistenti ġew irranġati. Sar investiment biex jiżdied l-ispazju għall-parkeġġ biex jakkomoda l-komunità dejjem ikbar fl-Ajruport Internazzjonali ta' Malta. SkyParks Business Centre temm l-ewwel sena sħiħa ta' operazzjoni tiegħu fejn 95 fil-mija tal-uffiċċji tiegħu kienu kkuntrattati sal-aħħar tas-sena.

Qegħdin nantiċipaw li fl-2014, it-traffiku tal-passiġġieri se jaqbeż l-erba' miljuni b'marġni żgħir. Fl-2014 aħna se niffokaw fuq l-iżvilupp tal-potenzjal ta' tliet oqsma ewlenin – L-iżvilupp ta' *seats* disponibbli lejn gżiritna, l-attrazzjoni ta' traffiku fix-xhur tax-xitwa u dawk mhux intensivi, u l-esplorazzjoni ta' opportunitajiet fin-negozju tal-"cruise and fly".

Mill-estensjoni tal-faċilitajiet tat-tqandil tal-bagalji fiż-żona taċ-Check-in, saru xogħlijiet fuq it-*taxiways* biex jiġi żgurat użu aktar effiċjenti tar-runway. L-impenn sod tagħna mal-klijenti huwa li nibqgħu ninvestu f'inizjattivi li se jirriżultaw f'aktar spazju disponibbli u effiċjenza f'diversi attivitajiet, b'mod partikolari f'perjodi operattivi intensivi. L-espansjoni tat-terminal, speċifikament fiż-Żona li mhix Schengen, għandha l-għan li tnaqqas il-konġestjoni u ttejjeb il-flussi tal-passiġġieri fiż-Żona Schengen. Se jiġu introdotti miżuri ta' sigurtà mtejba konformi mad-direttivi tal-UE biex jiġu żgurati miżuri ta' sigurtà mtejba b'impatt minimu fuq il-passiġġieri.

Meta nħarsu lejn is-sena 2014 biex nibnu fuq ir-riżultati eċċezzjonali tas-sena 2013, nixtieq l-ewwel nett nirringrazzja lil Michael Hoeferer, li kien il-President tal-Ajruport Internazzjonali ta' Malta sa Novembru, kif ukoll nirringrazzja lit-tim kollu fl-Ajruport Internazzjonali ta' Malta talli jservi lill-klijenti tagħna b'impenn, dedikazzjoni u entużjażmu. Il-kwalitajiet tat-tim tagħna se jiżguraw li l-istandards li noffru se jibqgħu joghlew b'mod konsistenti.

Kollha kemm aħna konxji mir-responsabilità tal-Ajruport Internazzjonali ta' Malta lejn l-ekonomija Maltija, b'mod partikolari lejn l-industrija tat-turiżmu. Aħna nwegħdukom li se ntejbu l-kollaborazzjoni tagħna mal-partijiet interessati ewlenin u niżguraw investiment kontinwu biex nipprovdu lill-klijenti tagħna memorji prezzjużi ta' Malta. Wara kollox, l-Ajruport Internazzjonali ta' Malta huwa dak li jagħti lill-vjaġġaturi l-ewwel u l-aħħar impressjoni tal-gżejjer tagħna.

NIKOLAUS GRETZMACHER
Chairman

CEO'S REVIEW

Thanks to the unwavering commitment of the entire team to meet strategic, operational, and marketing objectives, all areas of Malta International Airport's operations registered significant growth in 2013. Significantly, we have been successful in balancing our airline portfolio, maximising the potential of all business units, and diversifying our offering to various customer segments. This success is reflected in the financial results for 2013 and the manner in which Malta International Airport continues to exceed customer expectations.

TRAFFIC

Passenger traffic at Malta International Airport reached a new milestone in 2013. For the first time traffic exceeded four million annual movements, with growth reaching 10.5%. This performance was a direct result of a 10.2% increase in seat capacity over the previous year. Seat load factor registered a marginal growth of 0.3% resulting in an average load factor of 78.5% for the year. While all months achieved record numbers in terms of passenger movements, October and November registered the largest increase in percentage terms, registering an 18% increase over the same months in 2012. Overall, aircraft movements reached 30,759 or 9.1% more than last year. Cargo and mail handled throughout the year reached 16,038 tonnes or 2.7% less.

Home carrier Air Malta registered a 6% growth in passenger movements, mainly as a result of a significant increase in seat capacity, particularly to Libya and Russia. Ryaniar, the second largest carrier, continued to increase its presence in Malta by launching the Bergamo route in the summer. A significant increase was achieved in the Italian market as passenger movements rose by 8.2%. These results show that there is a healthy mix between legacy carriers and low cost airlines.

FINANCIAL RESULTS

Group revenue increased by €6 million from €52.8 million to €58.8 million. The Airport Segment increased by €3 million from €38.3 million to €41.3 million. This was largely driven by the 10.5% increase in passenger traffic. The Retail and Property Segment also increased by a further €3 million from €14.1 million to €17.1 million.

This was the result of both the increase in retail and food and beverage sales to a larger number of passengers from the previous year and of the introduction of new rental income from SkyParks Business Centre.

The Earnings before Interest, Taxation Depreciation and Amortisation (EBITDA) of the Group increased by 15.8%, from €25.80 million to €29.89 million. There was also an increase in profit before tax. Profit increased from €19.46 million to €22.67 million, up by 16.5%. The total comprehensive income for the year attributable to shareholders net of tax for the Group also increased from €12.46 to €14.47 million, up by 16% over the previous year.

The Group's exceptionally good results were driven mostly by the unexpected large increase in volume of traffic during 2013. The financial results were positively impacted by strict group-wide cost control throughout the year, particularly on operating costs.

REVENUES

Revenues from the Airport Segment constitute 70.2% of the total revenues of the Group (2012: 72.5%). Aviation-related revenues remain the most important income stream of the Group in spite of aviation charges to carriers remaining unchanged since 2006.

Retail and Property Segment revenues increased by 21%, mainly due to the rental income from SkyParks Business Centre. However, the additional passenger traffic over the previous year also had an impact on this segment with additional revenues from all retail and food and beverage outlets at the airport. The revenues from Retail and Property Segment constitute 29.1% (2012: 26.7%) of the total revenue of the Group.

OPERATING COSTS

The other operating costs of the Group were higher than those of 2012 by 7.9%, from €18.9 million to €20.4 million. The increase is a result of a rise in marketing costs from €2.8 million to €3.3 million, and an increase in the ground rent lease charge of €0.7 million. There were also marginal increases in other operational costs such as staff costs, utility costs and charges related to services for People with Reduced Mobility.

As regards non-operating costs and revenues, there was a 9.8% increase in the depreciation charge for the year, from €5.08 million to €5.58 million, and in finance costs, from €2.15 million to €2.5 million. Both increases are mostly due to SkyParks Business Centre, which became fully operational in 2013, increasing both the depreciation charge of the Group as well as the cost of financing of this project. It was also necessary to adjust the ex-Government Employees Pension fund due to a change in accounting requirements which gave rise to a decrease in operating costs of €0.2 million. Furthermore, the financial income increased from €0.61 million to €0.69 million.

SKYPARKS BUSINESS CENTRE

SkyParks Business Centre was completed during 2012 and was inaugurated on September 27, 2012. By the end of 2013, almost all floor space was contracted out and the rental income for 2013 reached €1.3 million. It is expected that the contractual rental income for 2014 will reach just over €2 million.

SERVICE QUALITY

The Airport Passenger Survey examines passenger views on 34 key service indicators. Data captures passengers' immediate feedback from check-in through departure at the gate at more than 280 airports worldwide. Participation in this survey has increased substantially: in 2013, 16 new entrants joined the survey from the European region alone. There were 37 new entrants overall.

In 2013, Malta International Airport beat stiff competition to rank fifth in the Airport Passenger Survey, the industry's most comprehensive benchmarking tool. The airport has consistently featured among the Top 5 European Airports over the last few years.

OUTLOOK

The top three carriers Air Malta, Ryanair and Easyjet are expected to operate with approximately the same seat capacity as the levels deployed in 2013. Malta International Airport is also expected to welcome new operators in 2014 such as British Airways, Austrian airline Niki and Brussels Airlines. British Airways will be one of the main highlights of the year, operating daily from London Gatwick from March. Niki will also be adding Malta to its summer schedule, flying from Vienna three times a week. Brussels Airlines will be operating two flights a week from Brussels in the summer.

France remains one of our strongest markets as Transavia will introduce a weekly flight from Nantes following its successful launch from Paris Orly in 2013. Turkish Airlines will be adding two additional frequencies from Istanbul from March to operate five flights a week, while Lufthansa will be operating additional frequencies to have a double daily flight from Frankfurt throughout the summer. Overall, we also estimate that the new destinations of 2013 will become stronger in 2014 and operate with an improved seat load factor.

On the global scene, the forecast of growth for advanced economies for 2014 is 2.2%, according to the International Monetary Fund. The same sources anticipate a move away from recession towards recovery for the Euro area. Also reviewing the outlook for 2014, the airport association ACI has pointed out that there are encouraging signs that Europe can sustain its nascent economic recovery, indicating a positive picture for air traffic in the months ahead. ACI forecasts a growth in passenger traffic for Europe of 2.4% in 2014. The International Air Transport Association (IATA) is also upbeat about its forecast for 2014 stating that although European airlines are still suffering from the weak European economy, European airlines will see profitability improve in 2014 over 2013.

Therefore, our view of the situation is cautiously optimistic. We are forecasting a 2.0% increase in passenger traffic for 2014. This we hope to achieve with a slight increase in seat capacity while maintaining the same levels of seat load factor as in the previous year.

CONCLUSION

The determination and hard work demonstrated by the management team and staff, coupled with the remarkable results achieved in 2013, means Malta International Airport is well placed to face the challenges of 2014. Notwithstanding this success, we are fully aware of the industry's volatility and there is no room for complacency. I am confident that the entire team has the necessary drive, determination and skill to sustain the momentum for continued growth.

MARKUS KLAUSHOFER
Chief Executive Officer

REVIEW TAL-KAP EŻEKUTTIV

L-oqsma kollha tal-operat tal-Ajruport Internazzjonali ta' Malta raw tkabbir sinifikanti matul -2013 grazzi għall-impenn sod tat-tim kollu biex jintlaħqu l-għanijiet strateġiċi, operattivi u ta' kommunikazzjoni. B'mod sinifikanti, irnexxielna nibnu sett bilanċjat ta' linji tal-ajru li permezz tiegħu nistgħu nimmassimizzaw il-potenzjal ta' kull qasam kummerċjali, filwaqt illi wessajna d-diversifikazzjoni tal-offerta tagħna lejn oqsma varji ta' klijenti. Dan is-suċċess huwa rifless fir-riżultati finanzjarji għall-2013 u l-mod li bih l-Ajruport Internazzjonali ta' Malta jkompli jeċċedi l-aspettattivi tal-klijenti tiegħu.

TRAFFIKU

It-traffiku tal-passiġġieri fl-Ajruport Internazzjonali ta' Malta laħaq kwota ġdida fl-2013. Għall-ewwel darba, it-traffiku qabeż l-erba' miljun moviment annwali, u t-tkabbir laħaq 10.5 %. Dan ir-rendiment irriżulta direttament minn żieda ta' 10.2 % fis-*seats* disponibbli matul is-sena preċedenti. Is-*seat load factor* irreġistra tkabbir marġinali ta' 0.3 % li wassal għal *seat load factor* medju ta' 78.5 % għal din is-sena. Għalkemm ix-xhur kollha kisbu numri rekord f'termini ta' movimenti tal-passiġġieri, kemm Ottubru kif ukoll Novembru kisbu l-akbar żieda f'termini ta' persentaġġ b'reġistrazzjoni ta' żieda ta' 18 % matul l-istess xhur fl-2012. B'mod ġenerali, il-movimenti tal-ajruplani laħqu 30,759 jew 9.1 % iktar mis-sena ta' qabel filwaqt li l-merkanzija u l-posta amministrati matul is-sena laħqu 16,038 tunnellata jew 2.7 % inqas.

It-trasportatur nazzjonali, Air Malta rreġistra tkabbir ta' 6 % f'movimenti tal-passiġġieri l-aktar bħala riżultat ta' żieda sinifikanti fis-*seats* disponibbli, b'mod partikolari lejn il-Libja u r-Russja. It-tieni l-akbar trasportatur, Ryanair kompla jżid il-preżenza tiegħu fl-2013 f'Malta permezz tat-tnedija ta' Bergamo mis-sajf. Inkisbet żieda sinifikanti fis-suq Taljan peress li l-movimenti tal-passiġġieri telgħu sa 8.2 %. Dawn ir-riżultati juru li hemm taħlita b'saħħitha bejn it-trasportaturi ta' legat u l-linji tal-ajru *low cost.*

RIŻULTATI FINANZJARJI

Id-dħul tal-Grupp żdied b'€6 miljun minn €52.8 miljun għal-€58.8 miljun. Is-Segment tal-Ajruport żdied bi €3 miljun minn €38.3 miljun għal-€41.3 miljun. Dan kien prinċipalment ikkawżat miż-żieda ta' 10.5 % fit-traffiku tal-passiġġieri. Is-Segment tal-Bejgħ bl-Imnut u l-Propjetà żdied ukoll bi €3 miljun oħra minn €14.1 miljun għal-€17.1 miljun.

Dan kien riżultat kemm taż-żieda fil-bejgħ bl-imnut u bejgħ ta' ikel u xorb lil numru ta' passiġġieri akbar minn dak tas-sena li għaddiet kif ukoll tal-introduzzjoni ta' dħul ġdid mill-kiri tal-iSkyParks Business Centre.

Id-Dħul qabel l-imgħax, it-Taxxi, id-Deprezzament u l-Amortizzament (EBITDA) tal-Grupp żdied bi 15.8 %, minn €25.80 miljun għal €29.89 miljun. Kien hemm ukoll żieda fil-profitt qabel it-taxxa. Il-profitt żdied minn €19.46 miljun għal €22.67 miljun, żieda ta' 16.5 %. Id-dħul komplessiv totali għas-sena attribwibbli għal azzjonisti nett mit-taxxa għall-Grupp żdied ukoll minn €12.46 għal €14.47 miljun, żieda ta' 16 % fuq is-sena preċedenti.

Ir-riżultati eċċezzjonalment tajbin tal-Grupp kienu kkawżati b'mod ġenerali miż-żieda sorprendentement kbira fil-volum tat-traffiku matul l-2013. Ir-riżultati finanzjarji tal-Grupp kienu saħansitra iktar għoljin billi nżamm kontroll strett tal-ispejjeż matul is-sena għall-Grupp kollu, b'enfasi speċjali fuq l-ispejjeż operattivi.

DĦUL

Id-dħul mis-segment tal-ajruport jikkostitwixxi 70.2 % tad-dħul totali tal-Grupp (2012 72.5 %). Id-dħul relatat mal-avjazzjoni jibqa' jkun l-aktar fluss ta' dħul importanti tal-Grupp minkejja l-fatt li l-ispejjeż tal-avjazzjoni għat-trasportaturi ma nbidlux mill-2006.

Id-dħul mis-Segment tal-Bejgħ bl-Imnut u l-Propjetà żdied b'21 %. Kif imsemmi qabel, din iż-żieda sinifikanti fid-dħul hija dovuta prinċipalment għad-dħul mill-kiri tal-iSkyParks Business Centre. Madankollu, it-traffiku addizzjonali tal-passiġġieri matul is-sena ta' qabel ukoll kellu impatt fuq dan is-segment bi dħul addizzjonali mill-ħwienet kollha tal-bejgħ bl-imnut u tal-ikel u x-xorb fl-ajruport. Id-dħul mis-Segment tal-Bejgħ bl-Imnut u l-Proprjetà jikkostitwixxi 29.1 % (2012 26.7 %) tad-dħul totali tal-Grupp.

SPEJJEŻ OPERATTIVI

L-ispejjeż operattivi l-oħra tal-Grupp kienu ikbar minn dawk tas-sena 2012 b'7.9 %, minn €18.9 miljun għal-€20.4 miljun. Iż-żieda hija riżultat ta' żieda fl-ispejjeż ta' kummerċjalizzazzjoni, li żdiedu minn €2.8 miljun għal-€3.3 miljun, żieda ta' €0.5 miljun, u żieda fil-ħlas tal-kera tal-art ta' €0.7 miljun. Kien hemm ukoll żidiet marġinali fi spejjeż operattivi oħrajn: bħal spejjeż tal-persunal, spejjeż ta' utilità u ħlasijiet relatati ma' servizzi għal Persuni b'Mobilità Mnaqqsa .

F'dak li jirrigwarda spejjeż u dħul mhux operattivi, kien hemm żieda ta' 9.8 % fit-tariffa ta' deprezzament għal din is-sena, minn €5.08 miljun għal-€5.58 miljun u fi spejjeż finanzjarji, minn €2.15 miljun għal-€2.5 miljun. Iż-żewġ żidiet huma l-aktar minħabba l-iSkyParks Business Centre li beda jopera bis-sħiħ fl-2013, u b'hekk żied kemm it-tariffa ta' deprezzament tal-Grupp kif ukoll l-ispiża tal-finanzjament ta' dan il-proġett. Kien meħtieġ ukoll li jiġi aġġustat il-fond tal-Pensjoni ta' dawk li kienu Impjegati tal-Istat minħabba bidla fir-rekwiżiti tal-kontabilità li wasslu għal tnaqqis fl-ispejjeż operattivi ta' €0.2 miljun. Barra minn hekk , id-dħul finanzjarju żdied minn €0.61 miljun għal €0.69 miljun.

SKYPARKS BUSINESS CENTRE

Il-bini tal-iSkyParks Business Centre tlesta matul l-2012 u ġie inawgurat fis-27 ta' Settembru 2012. Sa tmiem l-2013 kważi l-ispazju kollu tal-art kien ikkuntrattat u d-dħul mill-kiri għall-2013 laħaq €1.3 miljun. Huwa mistenni li d-dħul kuntrattwali tal-kiri għall-2014 se jilħaq ftit aktar minn €2 miljun.

KWALITÀ TAS-SERVIZZ

L-Istħarriġ tal-Passiġġieri tal-Ajruport jeżamina l-fehmiet tal-passiġġieri fuq 34 indikaturi ewlenin tas-servizz. Id-dejta taqbad ir-rispons immedjat tal-passiġġieri miċ-*check-in* sat-tluq mill-*gate* f'iktar minn 280 ajruport madwar id-dinja. Il-parteċipazzjoni f'dan l-istħarriġ żdiedet b'mod sostanzjali: fl-2013, 16-il parteċipant ġdid issieħeb fl-istħarriġ mir-reġjun Ewropew biss. Kien hemm 37 parteċipanti ġodda b'mod globali.

Fl-2013, l-Ajruport Internazzjonali ta' Malta daħal f'kompetizzjoni ħarxa u laħaq il-ħames post fl-Istħarriġ tal-Passiġġieri tal-Ajruport, l-iktar strument ta' valutazzjoni komprensiv f'din l-industrija. L-ajruport konsistentement issemma' fost l-Aqwa Ħames Ajruporti Ewropej matul l-aħħar ftit snin.

PROSPETT

L-aqwa tliet trasportaturi Air Malta, Ryanair u EasyJet huma mistennija li joperaw bejn wieħed u ieħor bl-istess *seats* disponibbli fil-livelli użati fl-2013. L-Ajruport Internazzjonali ta' Malta huwa mistenni wkoll li jilqa' operaturi ġodda fl-2014 bħal British Airways, il-linja tal-ajru Awstrijaka Niki u Brussels Airlines. British Airways se tkun waħda mill-attrazzjonijiet ewlenin ta' din is-sena, b'titjiriet ta' kuljum minn Gatwick Londra minn Marzu. Il-linja tal-ajru Niki se żżid lil Malta wkoll mal-iskeda tas-sajf tagħha u ttir minn Vjenna tliet darbiet fil-ġimgħa. Brussels Airlines se jkollha żewġ titjiriet fil-ġimgħa minn Brussell fis-sajf.

Il-preżenza tagħna fis-suq ta' Franza tibqa' waħda mill-aktar b'saħħitha peress li Transavia se tintroduċi titjira ta' kull ġimgħa minn Nantes wara t-tnedija b'suċċess tagħha minn Orly Pariġi fl-2013. Turkish Airlines se żżid żewġ frekwenzi addizzjonali minn Istanbul minn Marzu 'l quddiem li jwettqu ħames titjiriet fil-ġimgħa, filwaqt li Lufthansa se tibda tħaddem frekwenzi addizzjonali biex ikun hemm titjira doppja ta' kuljum minn Frankfurt matul l-istaġun tas-sajf. B'mod ġenerali, nipprevedu wkoll li d-destinazzjonijiet il-ġodda tal-2013 se jissaħħu iktar fl-2014 u joperaw b'*seat load factor* imtejjeb.

Fix-xena globali, il-previżjoni ta' tkabbir għall-ekonomiji avvanzati għall-2014 hija ta' 2.2 %, skont il-Fond Monetarju Internazzjonali. L-istess sorsi jantiċipaw ċaqliq lil hinn mir-riċessjoni lejn irkupru għaż-Żona tal-Ewro. B'kunsiderazzjoni ukoll tal-prospetti għall-2014, l-assoċjazzjoni tal-ajruport ACI indikat li hemm sinjali ta' tama suffiċjenti li l-Ewropa tista' żżomm l-irkupru ekonomiku naxxenti tagħha, li jagħti stampa pożittiva għat-traffiku bl-ajru fix-xhur li ġejjin. L-ACI bassret tkabbir fit-traffiku tal-passiġġieri għall-Ewropa ta' 2.4 % fl-2014. L-Assoċjazzjoni Internazzjonali tat-Trasport bl-Ajru (IATA) hija wkoll ottimista rigward it-tbassir tagħha għall-2014 u tiddikjara li filwaqt li l-linji tal-ajru Ewropej għadhom qed ibatu mill-ekonomija Ewropea dgħajfa, il-linji tal-ajru Ewropej se jaraw titjib fil-profitti fl-2014 meta mqabbla mal-2013.

Għalhekk, il-perspettiva tagħna dwar is-sitwazzjoni hija ottimista b'mod kawt. Aħna qed inbassru żieda ta' 2.0 % fit-traffiku tal-passiġġieri għall-2014. Din nittamaw li niksbuha permezz ta' żieda żgħira fis-*seats* disponibbli, iżda fl-istess ħin inżommu l-istess livelli ta'*seat load factor* bħal fis-sena ta' qabel.

KONKLUŻJONI

Id-determinazzjoni u x-xogħol iebes tat-tim maniġerjali u l-persunal, flimkien mar-riżultati notevoli li nkisbu fis-sena 2013, ifissru li l-Ajruport Internazzjonali ta' Malta qiegħed f'pożizzjoni tajba biex jilqa' l-isfidi tal-2014. Minkejja dan is-suċċess, aħna konxji ħafna li din l-industrija hi volatili u għalhekk il-ħidma tagħna ma tiqafx hawn. Ninsab kunfidenti li t-tim kollu għandu l-entużjażmu, id-determinazzjoni u l-ħiliet meħtieġa biex jinżamm il-momentum għal tkabbir kontinwu.

MARKUS KLAUSHOFER
Kap Eżekuttiv

CORPORATE GOVERNANCE

Malta International Airport plc's corporate governance structures are designed to ensure suitable, appropriate checks and balances are in place.

The board is composed of five non-executive directors and three executive directors. This balance is entrenched in the company's Memorandum and Articles, which requires that the Chief Executive Officer is an *ex ufficio* director, and allows for two other senior company executives to sit on the board.

The board assigns specific responsibilities to a number of committees, notably the Executive Committee – headed by the Chief Executive Officer – and the Audit Committee, each of which operate under formal terms of reference.

The members of the Board for the year under review were:

MR NIKOLAUS GRETZMACHER
Chairman
(Appointed on 28 November 2013)

MR MICHAEL HOEFERER
Chairman and Non-Executive Director
(Ceased to be the Chairman of the Company on 28 November 2013)

MS JACKIE CAMILLERI
Non-Executive Director
(Ceased to be a Non-Executive Director on 22 May 2013)

MR YOUSSEF SABEH
Non-Executive Director

MR MICHAEL BIANCHI
Non-Executive Director

MR ALFRED QUINTANO
Non-Executive Director
(Appointed on 22 May 2013)

MR MARKUS KLAUSHOFER
CEO and Executive Director

MR AUSTIN CALLEJA
CFO and Executive Director

MR ALAN BORG
CCO and Executive Director

The Chief Executive Officer is accountable to the Company's board of directors for all business operations. The Chief Executive Officer has the authority to appoint the people to fill each post on the Executive Committee.

The Executive Committee is made up of the Chief Executive Officer (who heads the committee), the Chief Financial Officer, the Chief Commercial Officer, and the heads of each department. On average, the Executive Committee meets three times a month.

The members of the Board for the year under review were:

MR MARKUS KLAUSHOFER
Chief Executive Officer

MR AUSTIN CALLEJA
Chief Financial Officer

MR ALAN BORG
Chief Commercial Officer

MAJOR CHARLES ABELA
Technical Services
(Resigned in June 2013, appointed as Technical Consultant in July 2013)

MR RODERICK BAJADA
HR and Administration
(Left the company in August 2013)

MR PATRICK CUSCHIERI
Security

MAJOR MARTIN DALMAS
Airport Operations

MR REUBEN SCIBERRAS
PR and Corporate Communication
(Left the company in July 2013)

MR GEORGE MALLIA
Retail and Property

MR IAN MAGGI
Innovation, ICT and Procurement
(Appointed in August 2013)

MR EMANUEL BRIFFA
Technical Facilities
(Left the company in November 2013)

MS VICKI BROWN
Projects
(Appointed in September 2013)

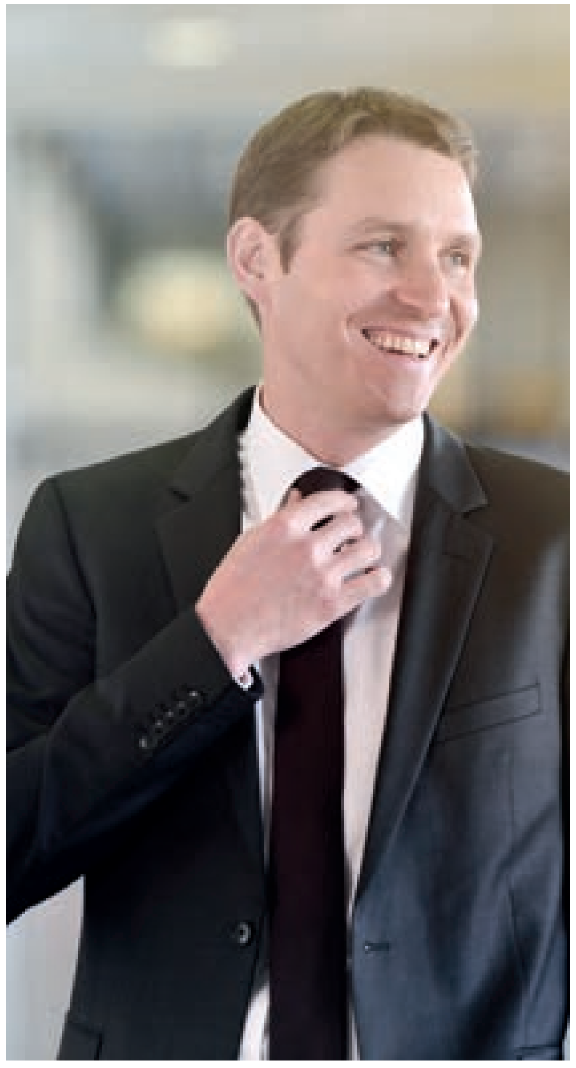
MR MICHAEL LOMBARDI
Technical Facilities

The Audit Committee is composed of three non-executive company directors. Its role is to monitor internal systems and related costs.

During the period under review it met six times.

BOARD OF DIRECTORS

The company's Board of Directors are appointed exclusively by the shareholders, and have all the powers necessary to manage and direct the company as well as being responsible for safeguarding the assets of the Group.



NIKOLAUS GRETZMACHER

CHAIRMAN

Nikolaus Gretzmacher was born in 1975. He graduated in Economics from the University of Vienna and joined the Business Development team at Vienna Airport in 2003. Three years later he was appointed Head of Strategic Planning and Shareholdings Management.

In 2007 he completed his Executive MBA and was appointed Deputy Chief of Staff at the Ministry of Transportation, Innovation and Technology under Werner Faymann. In 2009 he became Chief of Staff to the State Secretary, Josef Ostermayer, at the Austrian Federal Chancellery. In October 2011 he returned to Vienna Airport as Senior Vice President Operations.

Mr Gretzmacher was appointed Chairman of the Board on the 27th November 2013, following the resignation of Mr Michael Hoeferer, who retained his position as Director.

MARKUS KLAUSHOFER

CHIEF EXECUTIVE OFFICER

Mr Klaushofer took over the reins of the Company on 1st January 2012. Before his appointment, he spent three years at Moscow's Sheremetyevo International Airport, first as Divisional Director for Marketing, Sales & Business Development and subsequently as Chief Commercial Officer. Prior to that, he spent over seven years at Vienna International Airport, first as Head of Marketing & Sales (including Cargo) and later took over the added role of Business Development.

He is 40 years old, was born in Vienna, Austria and has attended the Law School of the University of Vienna.

Mr Klaushofer served on the Board of Directors of Malta International Airport plc, between April 2007 and April 2009.

AUSTIN CALLEJA

DEPUTY CEO & CHIEF FINANCIAL OFFICER

Mr Calleja joined the Company in 1991 and formed part of the team that assisted the Government of Malta privatise the Airport in 2002.

He is a fellow of the Chartered Association of Certified Accountants (UK) and a fellow of the Malta Institute of Accountants. His previous work experience includes auditing and consultancy with Pricewaterhouse (1981-87) and Chief Accountant with British Airways in Malta and later in Rome (Italy) as Business Manager Italy and the East Mediterranean (1987-91).

Mr Calleja is directly responsible for Finance and is an active member of the Airports Council International (ACI) Europe Economics Committee and was Chairman and Vice-Chairman of the same Committee between 2001 and 2005.

ALAN BORG
CHIEF COMMERCIAL OFFICER

Mr Borg joined the Company in 2007 as Manager in the Airline Marketing Department and was involved in securing new airline operations from various new European destinations. He was appointed Head of Airline Marketing in 2008 and in 2009 he was given the added responsibility of General Manager of SkyParks Business Centre.

He graduated in Hotel Operations from the Institute of Tourism Studies.

In 2012 Mr Borg was appointed Chief Commercial Officer and Executive Director of the Board.

MICHAEL J. BIANCHI
DIRECTOR

Mr Bianchi was educated at St Edward's College, Malta. He started his career in 1974 by joining the family business, founded in the 19th century, where he is still a Director. He has been active in a diversified field of activities within and also outside the family business ranging from mobile telephony, having founded Vodafone Malta, Shipping, Aviation, Tourism, Leisure, Retailing, Yacht Yards, Gaming, etc.

Mr Bianchi pioneered the introduction of many new fields of activity in Malta including the introduction of mobile telephony, the Internet and private hospitals amongst others. Mr Bianchi was also responsible for bringing together the consortium MMLCL and choosing Vienna Airport and SNC Lavalin as partners which consortium successfully bid during the privatisation process for the acquisition and management of Malta International Airport plc. He serves as a Director of various companies covering a wide spectrum of activities and institutions in Malta and internationally and sits on the advisory board of the American University of Rome.

Mr Bianchi is also Honorary Consul General for Austria in Malta.

MICHAEL HOEFERER
DIRECTOR

Mr Hoeferer was born in 1959 and is a graduate in economics, history and public relations. He began his career with Austrian Airlines in the marketing & planning division, where later he was responsible for marketing strategy before being appointed vice president of operations in 1994.

In 1996 Mr Hoeferer was appointed chief executive officer of the Austrian National Tourist Organisation. He was also president of the Alpine Tourist Commission and served for several terms on the board of the European Travel Commission, the board of directors of Austrian Travel Agents and Tour Operators as well as the advisory board of Austrian Airlines.
In 2001, Mr Hoeferer joined Vienna International Airport where he was appointed senior executive vice president for airline and terminal services, as well as CEO of Vienna International Holdings.

In November 2013 Mr Hoeferer resigned as Chairman but retained his directorship.

YOUSSEF SABEH
DIRECTOR

Since 2013, Youssef Sabeh is Senior Vice president of SNC Lavalin O&M in Europe. In 2008, Dr Sabeh assumed the post of Vice-President, General Manager – Airport Concessions with SNC Lavalin in Europe. In this capacity, Mr Sabeh is President of SEATLP (Société d'Exploitation de l'Aéroport Tarbes-Lourdes-Pyrénées) and a director of Malta International Airport plc since 2009.

Dr Sabeh managed Paris-Vatry Airport from 2000 to 2009, and remained a director of SEVE (Société d'Exploitation de Vatry Europort), the private company responsible for the management and development of Paris-Vatry International Airport and business park, until 2013.

In previous postings, he served as Vice-President, Airport Development with Aéroports de Montréal Capital from 1999 to 2000, and Director, Environment with Aéroports de Montréal from 1992 to 1998.

Dr Sabeh completed university level studies in Canada during the period from 1983 to 2000: Bachelor's degree in Civil Engineering, Master's degree scholarship in Civil Engineering and Doctorate (PhD) in Civil Engineering at Université de Sherbrooke, as well as a Master's degree in Business Administration (MBA) at École des Hautes Études Commerciales in Montréal. He speaks English, French, Spanish and Arabic.

ALFRED QUINTANO
DIRECTOR

Alfred joined the Institute for Tourism, Travel and Culture at the University of Malta as a full-time lecturer in 2007. His main areas of lecturing are Tourism Principles and Practices, Tourism Management, Transportation Management, Current Issues in Tourism and Tourism Policy and Planning. He is currently reading for a PhD at the University of Portsmouth (PBS) having previously obtained an MBA from Maastricht School of Management (MsM) and a BA (Hons) in Economics from the University of Malta.

Mr Quintano came to academia with a track record of achievement in top executive positions in the travel and tourism industries. He started his airline career with Scandinavian Airlines in Norway but joined the pioneering team of Malta's national airline, Air Malta, in 1976 where he set up and managed its Charter Division. Subsequently he managed Air Malta's Hospitality Division comprising of three major hotels in Malta. His last position at Air Malta was as Executive Assistant to the Chairman. In 2005 he left the airline to set up the Office of Strategy Management for a major hotel chain.

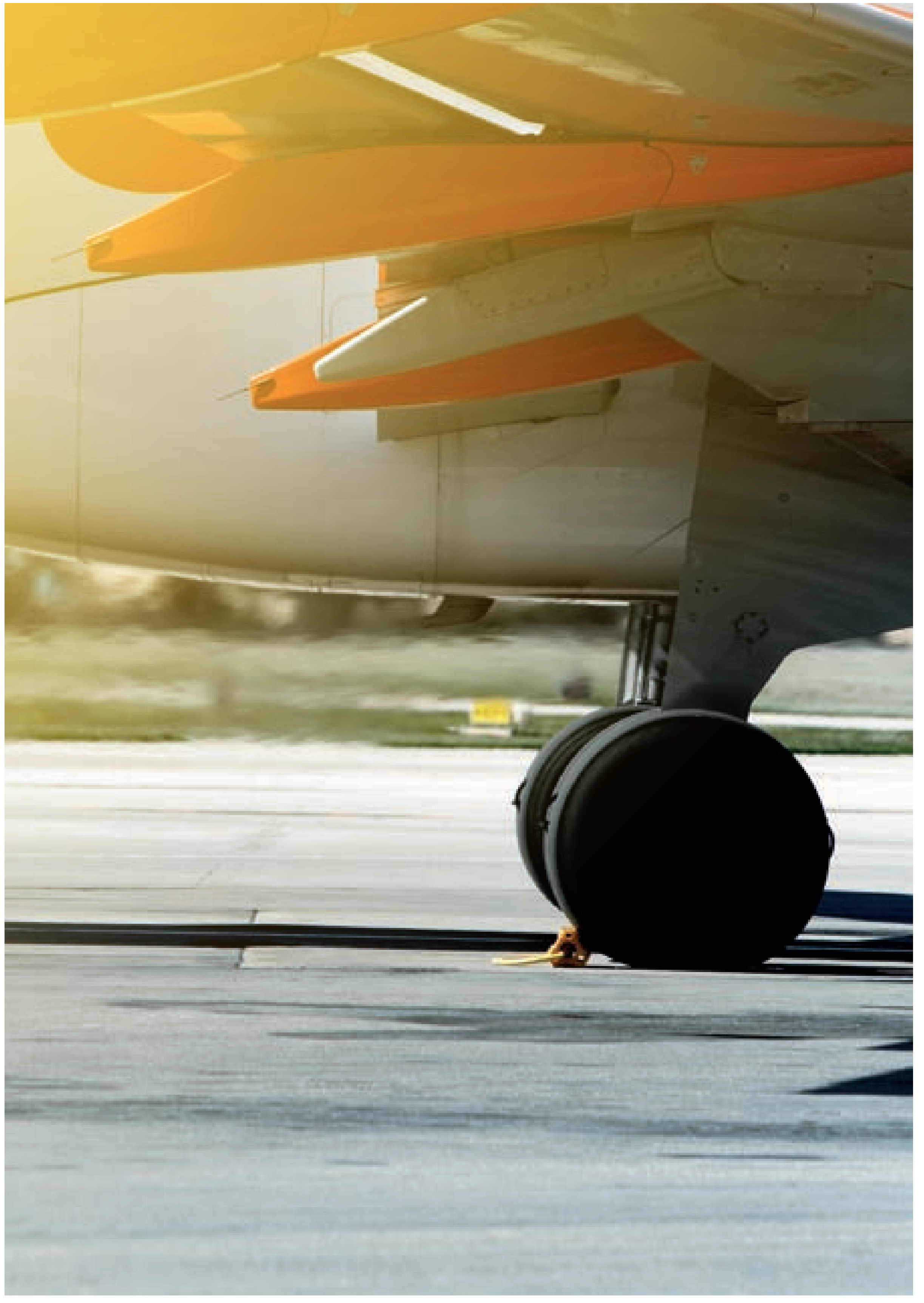
For many years Mr Quintano was a Director of the Malta Tourism Authority and its Deputy Chairman for a two year period. He has held several other directorships in tourism related enterprises such as Chairman of the Malta Cruise Marketing Board and company secretary of a leading casino and also Regional Development Director of a global hospitality chain. Mr Quintano is also Chairman of Malta's Aviation Advisory Board and the Sustainable Development Network Board and also a member of the Board of Governors of the Institute for Tourism Studies.

LOUIS DE GABRIELE
COMPANY SECRETARY

Dr de Gabriele was born in Malta, on the 29th February 1964. He read law at the University of Malta from where he graduated Doctor of Laws and subsequently at the University of London from where he graduated LL.M in Corporate & Commercial Law.

He was first employed as in-house legal counsel at Bank of Valletta in Malta. He then joined Camilleri Preziosi as an associate in 1993 and became Partner in 1995. He has since 1995 worked principally in Corporate and Commercial law with specialisation in Capital Markets and Corporate Finance. Dr de Gabriele still leads the firm's Corporate & Finance practice group. He has extensive experience in advising a number of companies in approaching the capital markets both in equity and debt and has been actively involved in the development of good corporate governance for public companies. He acts as legal advisor to the Company on an on-going basis.

Dr de Gabriele is also a lecturer at the University of Malta in Corporate and Commercial Law subjects.



SEGMENTS

For management purposes the Group is organised into operating segments based on the nature of its operations and has three reportable segments. Management monitors the operating results of its segments separately for the purposes of making decisions about resource allocation and performance assessment.

AIRPORT SEGMENT

The Airport Segment encompasses activities related to the airport's core operations, and includes the operation and maintenance of the terminal, runways, taxiways and aircraft parks. Moreover this segment also incorporated revenue generated from airport-regulated fees, aviation concessions, services offered to persons with reduced mobility and other associated costs.

RETAIL & PROPERTY SEGMENT

The Retail & Property Segment includes all commercial services related to the airport. These include the various retail outlets within the airport's perimeter, the advertising programme, the rental of offices and warehouses, as well as the provision of VIP services and lounges.

Airport Parking Ltd, SkyParks Business Centre and SkyParks Development Ltd are also included within this segment.

OTHER SEGMENTS

Other segments incorporate any miscellaneous income, disbursement fees from third parties, and costs associated with this income.

RISK MANAGEMENT

The continuous identification and management of risk is central to achieving Malta International Airport's corporate objectives to deliver long-term value to shareholders. Each year, the board reviews the entire operation's risk profile and examines operational and strategic risks.

The board has delegated the overview of risk management to the Executive Committee. Additionally, the board requires the Chief Executive Officer to implement a control system for identifying and managing risk. The directors, through the Executive Committee, review the systems that have been established and review their effectiveness regularly.

The Company operates a system that provides a consistent framework for the assessment and management of risks. Risks are ranked according to common practices. Risk that is assessed as material risk is reported and reviewed by senior management.

STRATEGY & MASTERPLAN

Malta International Airport has adopted a long-term strategy to consolidate its core business activity. Diversification has sought to broaden the commercial vision, particularly through enhanced retail and property propositions.

Constant investment to upgrade airside and landside facilities enables the Company to accommodate higher capacity in peak operational periods, to operate more efficiently, and to deliver a consistently positive traveller experience.

Under a continuous effort to encourage carriers to introduce or develop their operations to and from Malta, the Company has devised a collection of incentives to heighten business-friendliness. The number of new carriers on Malta International Airport's schedules proves that these incentives are successful.

While the Company's primary focus remains its core business, it has also directed considerable investment towards the Retail and Property Segment. Renovation and extensions have translated into increased take-up of outlet space and the introduction of additional facilities. SkyParks Business Centre ended its first full year of operation in 2013 with 95 per cent of office space contracted to tenants.

LOOKING TO THE FUTURE

Malta International Airport aims to establish itself as the transportation, office and commercial centre for Malta's southern region. In spite of significant potential competition, Malta International Airport can safely be considered a regional landmark. Interest in its facilities has also been generated beyond Maltese shores. Enquiries have been received from organisations in North African countries which are considering Malta as a stable alternative to base offices.

The Malta Airport Infrastructural Masterplan is reviewed annually to take real market trends and potential events into account. Applying IATA criteria and forecasts based on economic factors, the Masterplan's objective is to ensure the airport makes the best use of existing facilities without compromising the traveller experience, particularly within the air terminal.

While air terminal facilities benefit from constant investment to maximise potential for expansion, the next phases of the Masterplan focus on the further development of landside, non-aviation facilities.

New, longer-term development will see the creation of increased office and retail space, parking facilities, and a hotel. These projects will give Malta International Airport a competitive advantage as it prepares to grasp opportunities in a range of business activities.

SECTION 2

The Malta International Airport plc share has been trading on the Malta Stock Exchange since 2002. The company's issued share capital is now made up of 81,179,990 Ordinary 'A' Shares, 24,120,000 Ordinary 'B' Shares and 10 Ordinary 'C' Shares. The 'A' Shares are actively being traded on the Malta Stock Exchange.

MIA SHARES

OUR STORY SO FAR

Malta's geographical position made it possible for the Islands to develop the aviation industry as early as the second decade of last century. Public perception of our airport shows it is a clear example of progress, improved technology and modern standards. Malta International Airport has since been a role model for other entities and is a prime force for change, innovation and creativity in Malta's civil aviation history.

1992 | 8th February - New air terminal inaugurated. MIA is established.

1998 | 1st May - MIA takes over the management of the airfield and Air Traffic Control

2002 | 1st January - Air Traffic Control becomes a separate company (MATS). MIA is privatised.

2002 | 26thJuly - Government sells 40% of MIA equity to MML Consortium.

2002 | 15th December - Government sells 20% of MIA equity to the public.

2005 | 5th October - Government sells a further 20% of MIA equity to the public.

2012 | 27th September - SkyParks Business Centre Inauguration

PERFORMANCE OF MIA SHARES

	2013	2012	2011	2010	2009
Shares outstanding in million	135.30	135.30	135.30	135.30	67.65
P/E ratio	20.00	19.57	19.20	21.01	18.36
Earnings per share in €	0.11	0.09	0.09	0.08	0.13
Net dividend per share in € *	0.075	0.070	0.070	0.065	0.117
Net dividend yield in %	3.47	3.89	4.14	3.92	4.88
Pay-out ratio as a % of net profit	69.56	76.01	79.53	82.26	89.51
Market capitalisation in € million	292.25	243.54	228.66	224.60	162.36
Stock price high in €	2.16	1.80	1.85	1.66	2.50
Stock price low in €	1.75	1.65	1.50	1.20	2.00
Stock price as at 31 December in €	2.16	1.80	1.69	1.66	2.40
Market weighting in %	8.64	8.39	8.39	6.81	3.59

** Reporting year: recommendation to the Annual General Meeting*

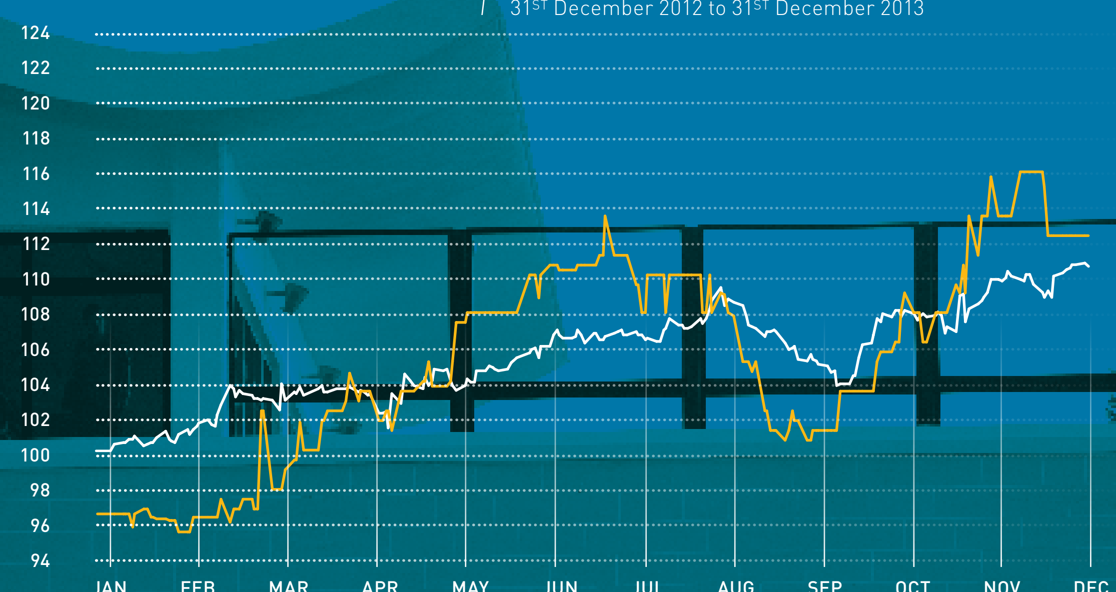
Stock Market Indicators for 2009 are based on 67,650,000 shares.
Following the 2:1 share split on 1 June 2010, the indicators for 2010, 2011, 2012 and 2013 are based on 135,300,000 shares

MIA SHARE PRICE vs. MSE SHARE INDEX

MIA SHARE PRICE

MSE SHARE INDEX

The visualisation below depicts data gathered between 31ST December 2012 to 31ST December 2013



INVESTOR RELATIONS

Malta International Airport plc strives to keep shareholders updated. In the period under review, Investor Relations fell under the responsibility of the Public Relations and Corporate Communications Department which now has been incorporated in the newly set up Marketing and Brand Development Department.

All relevant information, including monthly traffic statements, is shared with shareholders through interim and final reports and company announcements. Shareholders also receive MIALink, a newsletter published three times a year. There is an investors' helpline and a dedicated section for investors on the Company website at www.maltairport.com.

Presentations for stockbrokers and financial institutions are held twice a year.

A newly set up Investor Relations Team is composed of Deputy Chief Executive Officer and Chief Financial Officer Austin Calleja, Chief Commercial Officer Alan Borg, and Rizzo Farrugia & Co (Stockbrokers) Ltd director Edward Rizzo.

RECOMMENDATION FOR DISTRIBUTION OF PROFIT

The 2013 financial year of Malta International Airport plc closed with a net profit of €15,013,899. A net interim dividend of €4,059,000 (€0.03 cents per share based on 135,300,000 shares) was paid in September 2013 to the ordinary shareholders of the Company. The Board of Directors of Malta International Airport plc is further recommending a payment of a final net dividend of €0.045 per share or €6,088,500 on all shares settled as at close of business on the 22 April 2014 which dividend shall be paid by not later than the 9 June 2014. The total net dividend paid and proposed for the financial year 2013 is therefore €0.075 per share or €10,147,500, which is 67.6% of the total net profit of the Company for the year.

FINANCIAL CALENDAR

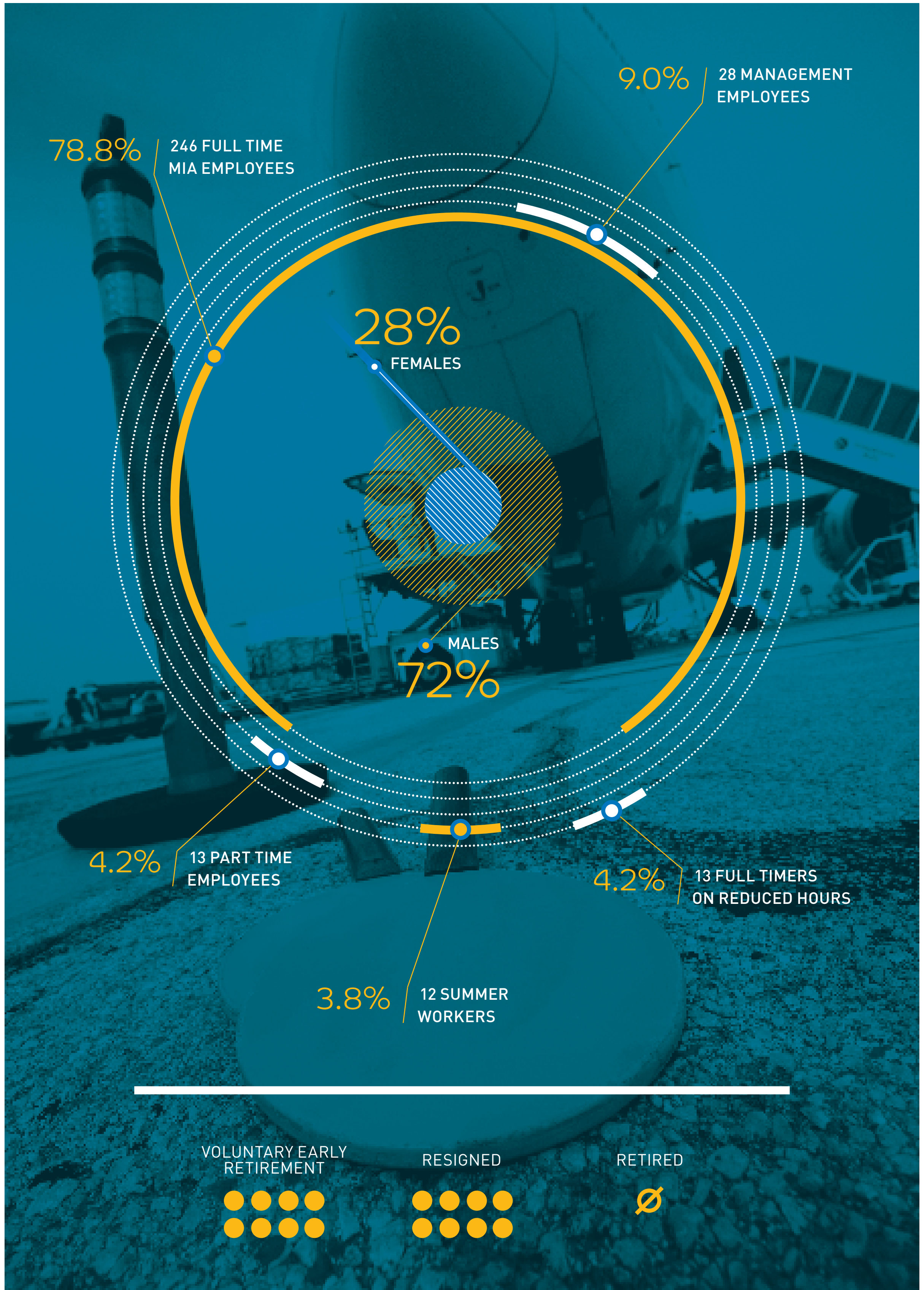
Close of Shareholders' Register	22 April 2014
Annual General Meeting	22 May 2014
Payment	9 June 2014

SECTION 3

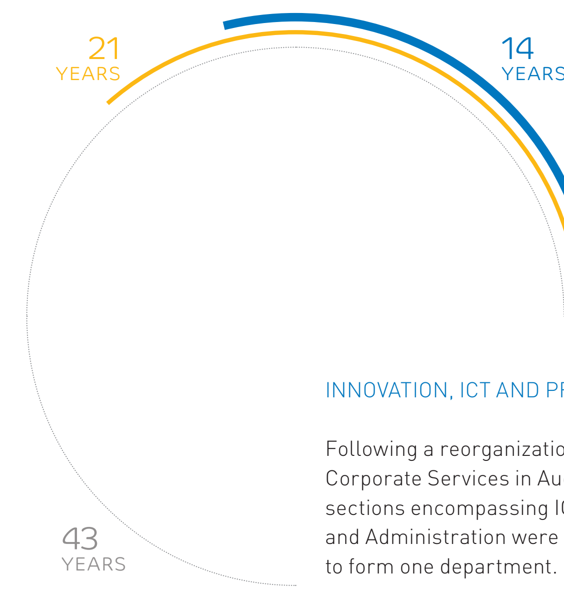
Our company's growth and success is largely dependent on our people who are consistently and actively contributing to achieve the best possible performance, not only from a business and commercial perspective, but especially as a top ranking airport in Europe.

EMPLOYEES


easyJet
MIA
SECURITY



OUR EMPLOYEES, OUR DNA



INNOVATION, ICT AND PROCUREMENT

Following a reorganization of the Airport's Corporate Services in August 2013, various sections encompassing ICT, Procurement and Administration were brought together to form one department.

This function has been entrusted with the deployment of strategies that encourage innovation, one of the airport's core values, through processes and products. Teams are motivated to identify synergies among different units with a view to creating more value for customers and partners, and increasing efficiency.

Further initiatives aimed at improving internal process efficiency and enhancing the overall traveller experience will be implemented in 2014. These include business process re-engineering procedures, the introduction of state-of-the-art software for operations, and investment in a passenger support, communication and feedback infrastructure.

These projects will ensure Malta International Airport adopts advanced management practices and technology.

Innovative tools will enable employees to work better and reach higher performance levels. A holistic approach to integrating resources will position Malta International Airport to attain sustainable growth and further success.

OCCUPATIONAL HEALTH & SAFETY (OHS)

Malta International Airport is committed to safeguarding the health and satefy of its employees and all stakeholders and on an annual basis engages in activity aimed at reaching the highest health and safety standards.

This activity included:

- 130 risk assessments (68 internally and 62 by third parties)
- On-going professional development by employees
- Employee training
- Implementation of occupational health and safety management system procedures.

TRAINING & DEVELOPMENT

SECURITY AWARENESS TRAINING

All airport personnel holding a Permanent or Temporary Pass are required to follow a General Security Awareness Training (GSAT) Course under European Union and national regulations.

SECURITY TRAINING IN DANGEROUS GOODS

All airport security employees directly or indirectly involved in the transport of goods classed as dangerous must receive appropriate training as required by EU, national (TM) and international legislation (ICAO, IATA). Employees are required to take a refresher course every two years.

SECURITY PROFILING TECHNIQUE TRAINING

This non-obligatory training is delivered to all Malta International Airport security officers. It serves to update officers on developments in airport security and is based on a three-year input. The training is designed to help security officers conduct situational threat assessments on security vulnerabilities.

AERONAUTICAL METEOROLOGICAL FORECASTING PROFESSIONAL COURSE

In line with the latest World Meteorological Organisation (WMO) and International Civil Aviation Organisation (ICAO) mandatory standards, meteorologists are given ongoing training in interpretation of actual and forecast data. This knowledge enables them to identify the most relevant meteorological situations for the Maltese Islands.

INSPIRE LEADERSHIP DEVELOPMENT

The INSPIRE training programme for employees in a supervisory or administrator grade was run for a third year. This training gives employees added skills in team management, decision-making, and conflict management to enhance core leadership behaviour, including communication and assertiveness.

OCCUPATIONAL HEALTH AND SAFETY INDUCTION COURSES

Employees were trained in first aid, emergency and evacuation procedures, safe usage, storage and handling of chemical substances, elevator operation awareness safety procedures, and working at heights.

Several employees also qualified as risk assessors, enabling them to recognise hazards, evaluate risks and determine safe control measures for specific scenarios. Induction sessions on general health and safety issues, awareness and procedures, were delivered to all new employees.

FUNDAMENTALS OF ROUTE DEVELOPMENT TRAINING

This course included case studies and exercise-based sessions on market positioning and strategies, route traffic forecasting, airline target setting and campaign design. Participants learned how to understand better the markets and customers they seek to target, and how to deliver new routes to the airport.

AIRPORT MANAGEMENT TRAINING PROGRAMME

The Airport Management Training Programme was delivered to members of the management team by the Vienna Airport Academy in collaboration with Cranfield University of the UK. Five members of the management team have completed this course since 2011. Two others embarked on this training programme in September 2013.

OTHER TRAINING PROGRAMMES

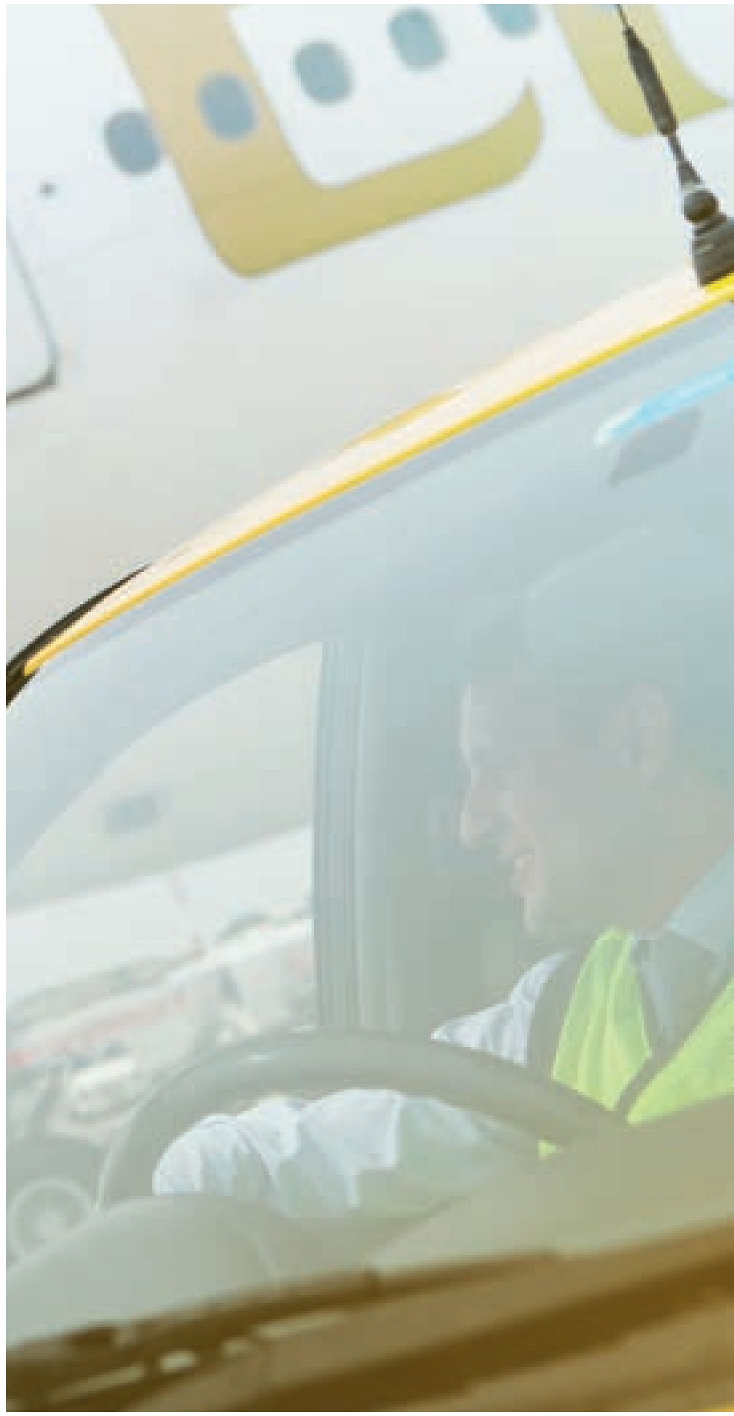
A wide range of training programmes focused to develop proficient skills in office management, communication and presentation as well as coaching to supervisory levels are provided on an ongoing basis.

REWARD AND RECOGNITION

A number of schemes are in place to recognise the efforts of employees who go beyond their responsibilities to ensure an excellent experience for our stakeholders.

2014 TRAINING PROGRAMMES

The training programme calendar for 2014 features refresher courses in aeronautical meteorology, communications, effective coaching for management, airport operations, fire awareness, rescue and security.



SECTION 4

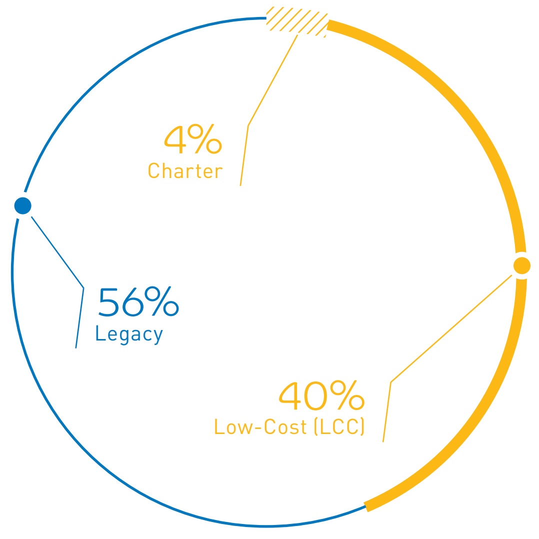
An overview, highlighting the Company's principal activities for 2013, focusing on the development, operation and management of the Airport as well as investments and strategy being adopted going forward.

MANAGEMENT REPORT

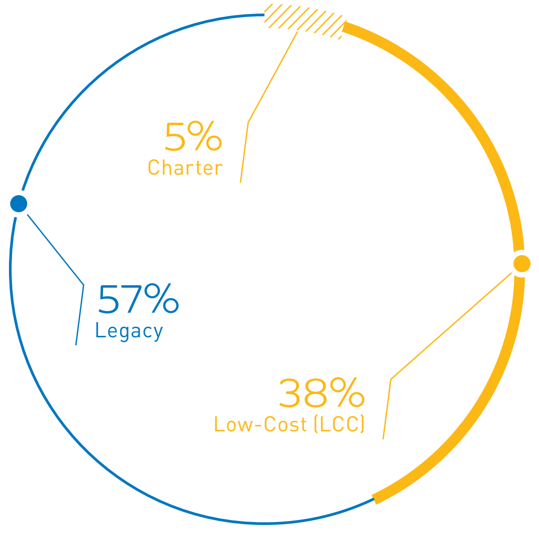

TRAFFIC RESULTS
2012
2013
600,000
500,000
400,000
300,000
200,000
100,000
0
8.0%
4.2%
12.2%
8.9%
9.8%
9.8%
5.8%
9.9%
10.9%
17.5%
17.8%
11.3%
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC

BUSINESS MIX

2013 results, showing the mix between legacy carriers, low cost airlines and charter flights.

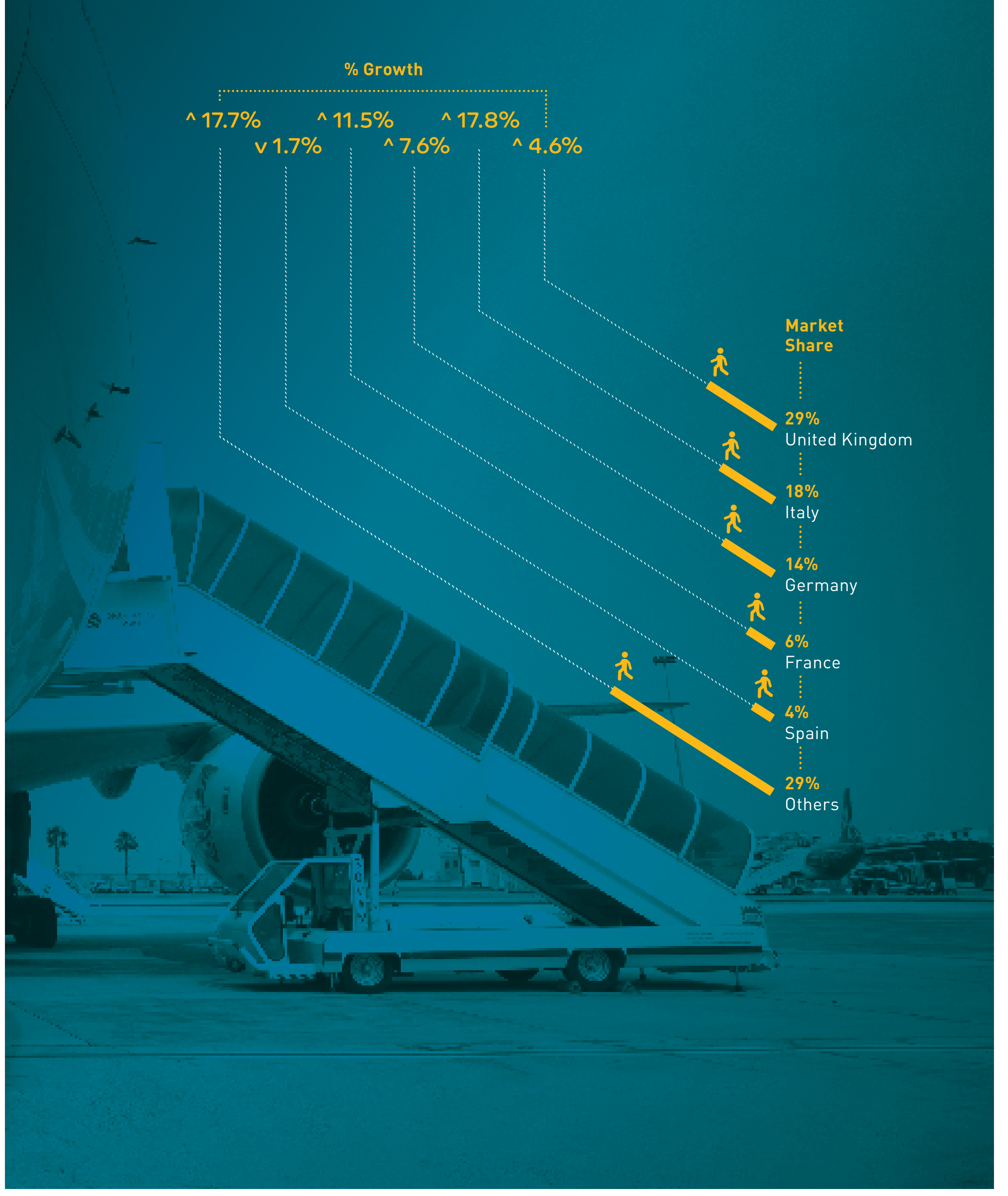


2013 | TOTAL 4,031,502



2012 | TOTAL 3,649,979

PASSENGER ARRIVALS FROM TOP FIVE MARKETS



TOP 5 AIRLINES

1 | Air Malta — ^ 6.0%
1,760,471 - 1,660,586
44%

2 | Ryanair — ^ 19.3%
1,104,510 - 925,880
27%

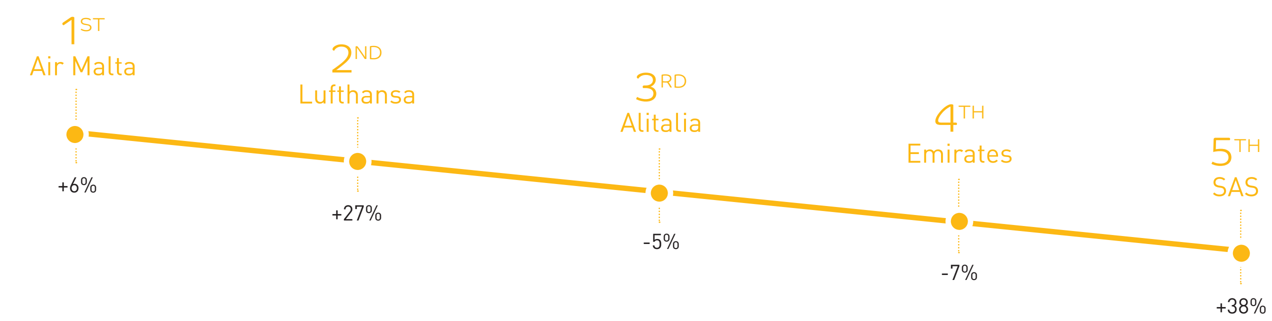
3 | easyJet — v 1.9%
313,617 - 319,601
8%

4 | Lufthansa — ^ 27.2%
190,416 - 149,727
5%

5 | Alitalia — v 5.2%
93,449 - 98,573
2%

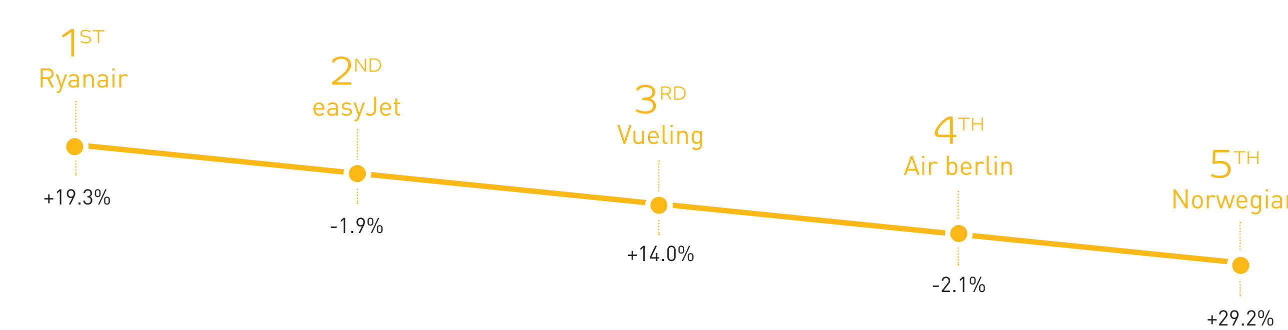
6 | Others — ^ 14.8%
569,039 - 495,612
14%

TOP LEGACY CARRIERS



AIRLINE	2013	2012	Change in %
Air Malta	1,760,471	1,660,586	6%
Lufthansa	190,416	149,727	27%
Alitalia	93,449	98,573	-5%
Emirates	87,048	93,215	-7%
SAS	30,476	22,154	38%
Others	101,552	58,712	73%
Total Legacy	2,263,412	2,082,967	9%
Total MIA	4,031,502	3,649,979	10%

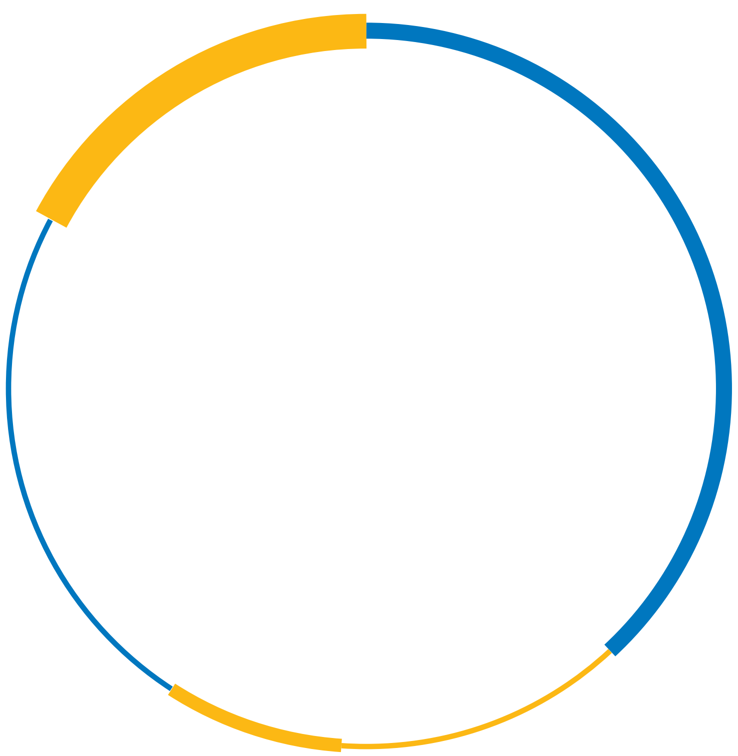
TOP LOW COST CARRIERS



AIRLINE	2013	2012	Change in %
Ryanair	1,104,510	925,880	19.3%
easyJet	313,617	319,601	-1.9%
Vueling	49,679	43,579	14.0%
Air Berlin	37,655	38,473	-2.1%
Norwegian	32,807	25,400	29.2%
Others	69,137	28,102	146.0%
Total Low Cost Carriers	1,607,405	1,381,035	16.4%
Total MIA	4,031,502	3,649,979	10.5%

CAPEX

Our airport generally provides the first and last impression a visitor to Malta experiences. Ongoing investment in our infrastructure ensures that our airport continues to operate to the highest of standards, investing in the latest technology and ongoing maintenance.



CAPITAL EXPENDITURE IN 2013

€3,101,640

38.07%

AIRFIELD INFRASTRUCTURE

€1,180,903

Ongoing investment towards the maintenance of our airport infrastructure

23.42%

TERMINAL UPGRADES

€726,502

Investing in upgrading and improving our customers' experience at our Terminal

17.21%

INFORMATION TECHNOLOGY

€533,767

Installation of new Weather Radar Management providing the Met Office forecasters with earlier storm warnings and an increased user-friendly experience to website visitors

13.11%

PARKING AND ROAD INFRASTRUCTURE

€406,752

Ongoing maintenance in our parking areas and airfield perimeter as well as installation of energy saving street lighting

8.19%

SECURITY SYSTEMS

€253,716

Investing in new technology in line with EU regulations , which see the implementation of new and improved security measures with minimal effect to passengers.

TRAFFIC DEVELOPMENT

Over the past few years, Malta International Airport has enjoyed a steady increase in routes and airlines. Business growth was even more pronounced in 2013, with two major achievements. The airport welcomed five new airlines and, for the first time, it's four millionth passenger.

The airport was connected to a remarkable 94 destinations in 2013 served by 28 commercial passenger carriers.

This increase in capacity was attributable to new airlines; Air Baltic, Monarch Airlines, Transavia France, Turkish Airlines and Wizz Air, as well as new routes operated by Ryanair and additional capacity deployed by Air Malta and Lufthansa. Average seat load factor for the year increased marginally to 78.5 per cent.

As a result, monthly passenger movements reached record levels. More than 500,000 movements were recorded in August alone. Performance in the shoulder months was very encouraging, with October experiencing growth of more than 60,000 movements. All months in the last quarter recorded double-digit growth. These results demonstrated that traffic volumes traditionally associated with the peak summer months are achievable in the shoulder months.

COMPETITIVENESS

Airport charges remained unchanged, denoting a decrease in real terms of the airport cost to airlines. However, the incentive programme which was revised in 2012 to include four additional schemes was extended to 2013. 17 airlines benefitted from over €3.5 million in incentives, a demonstration of Malta International Airport's commitment to maintaining its competitiveness among airline partners.

STRATEGY

The Traffic Development Team actively seeks to broaden the network served by existing and new airline customers and to secure better connectivity for the Maltese Islands.

In 2013, members of the team represented Malta International Airport at five international conferences. More than 60 meetings were held with more than 20 airlines. These efforts resulted in the addition of three new airlines for summer 2014: British Airways from London Gatwick, NIKI from Vienna and Brussels Airlines from Brussels.

Going forward, there will be increased focus on marketing Malta International Airport in the eastern European and Scandinavian markets, which are still under-served. The shoulder and winter months continue to present the strongest potential for growth. The opportunities in the 'cruise and fly' business appeal to the traffic development strategy and will continue to be explored.

Malta International Airport's traffic development efforts are carried out in close collaboration with the Ministry for Tourism, in line with the marketing efforts of the Malta Tourism Authority as well as other aviation stakeholders.

NEW ROUTES

2013 | New Airlines

AIRLINE	DESTINATION	COMMENCEMENT
Transavia	Paris	25 / 04 / 2013
Air Baltic	Riga	11 / 05 / 2013
Wizz Air	Budapest	17 / 05 / 2013
Turkish Airlines	Istanbul	25 / 05 / 2013
Monarch Airlines	East Midlands	05 / 07 / 2013

2013 | New Routes

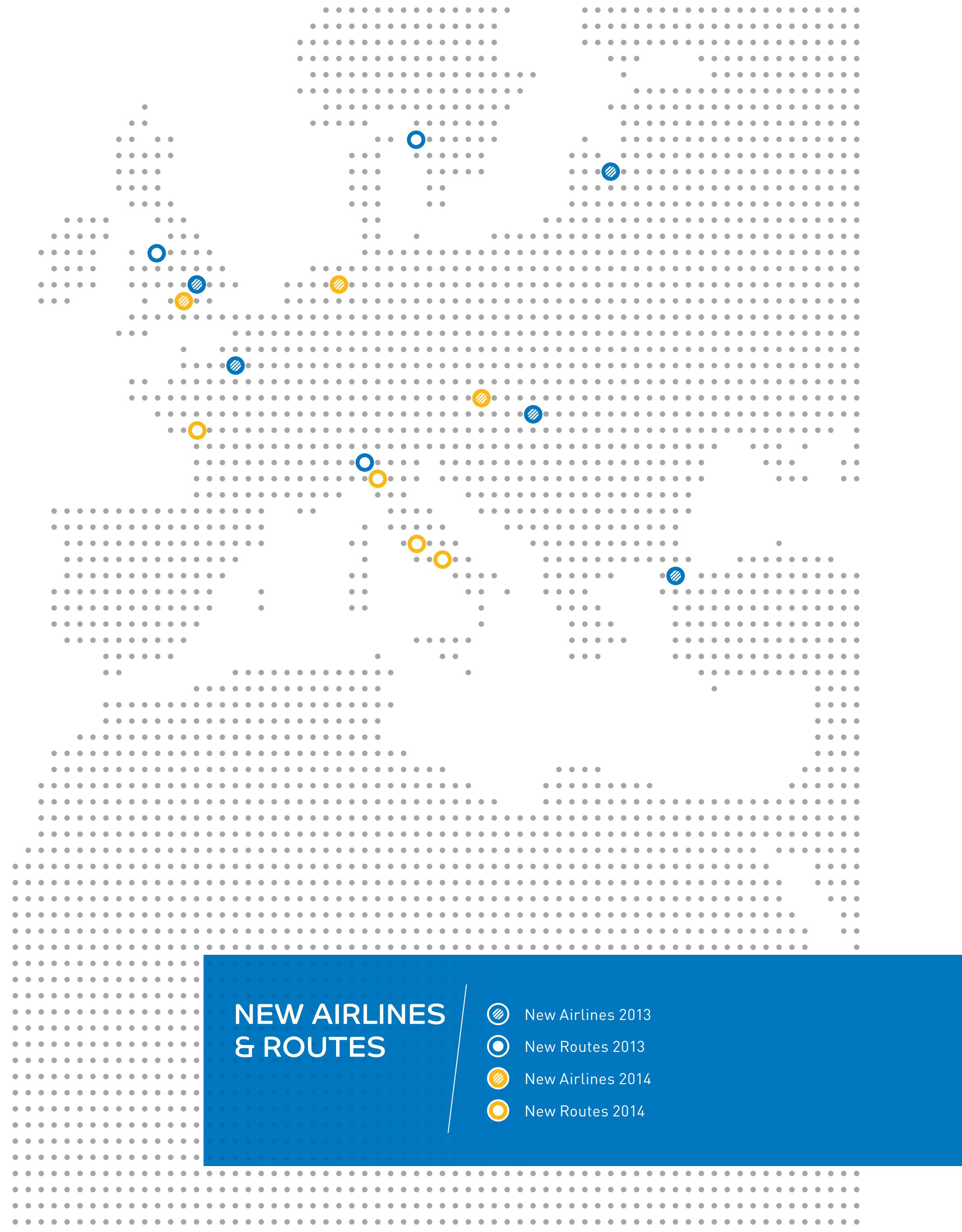
AIRLINE	DESTINATION	COMMENCEMENT
RyanAir	Gothenburg	04 / 01 / 2013
	Liverpool	31 / 03 / 2013
	Bergamo	31 / 03 / 2013

2014 | New Airlines

AIRLINE	DESTINATION	COMMENCEMENT
British Airways	London Gatwick	01 / 03 / 2014
NIKI	Vienna	01 / 03 / 2014
Brussels Airlines	Brussels	27 / 06 / 2014

2014 | New Routes

AIRLINE	DESTINATION	COMMENCEMENT
Transavia	Nantes	01 / 04 / 2014
Air Malta	Parma	02 / 06 / 2014
easyJet	Naples	01 / 07 / 2014
Vueling	Rome	June - Sept 2014




AKH 98168 SK
SAS Cargo
544

OPERATIONS

A record four million passenger movements were registered in 2013 as Malta International Airport continued to reach new milestones.

In addition to the increased passenger movements, there are high industry expectations when it comes to 'Cruise and Fly' operations and the positive results achieved in the audits carried out by TUI cruises were a contributing factor to Malta being retained as a homeport in 2014 and 2015. Passengers consistently experienced the highest levels of customer service during their transit through Malta International Airport.

Catering efficiently for the high amounts of passengers using our facilities, especially in the peak summer period, requires careful planning and co-ordination with a number of aviation stakeholders and government entities. Good synergies between the Airport and entities such as Transport Malta (Civil Aviation Directorate), Malta Air Traffic Services, the Office of the Manager Airport Security (OMAS), ground-handling agents, Enemalta Corporation, the Armed Forces of Malta, Malta Police and Immigration, and Customs are crucial.

These relationships not only facilitate daily operations, but also permit the Company to host major events on airside facilities. Three large-scale public events in aid of the Community Chest Fund were held on the airfield: the Malta Air Rally, the Malta International Airshow, and Paqpali Għall-Istrina, an annual motor show.

The Airport has sustained its efforts to ensure enhanced personal interaction between travellers, employees and service providers. Personal interaction is crucial to ensure that travellers' expectations are met.

Airport employee contribution supported the Company in scoring consistently high ratings for most key performance indicators in the Airports Council International Airport Service Quality surveys. In fact, our Airport was ranked the fifth best in Europe, out of a total 75 European airports surveyed, obtaining a passenger satisfaction score of 4.17 on a scale from one (poor) to five (excellent).

As part of its efforts to improve customer experience, the external sign-work infrastructure has been completely replaced with a design concept allowing for improved visibility, sequential continuity of information, and consistent clarity to pedestrians and motorists

CUSTOMER SERVICES

The decision to reintegrate the Customer Services Department within the Airport Operations Department reflects the Company's customer-oriented vision to deliver increased value to travellers and the public through seamless organisational structures.

Grouping employees by function and product fosters better correlation between employee contribution and the customer value-chain. The Customer Services employees are Malta International Airport's brand ambassadors.

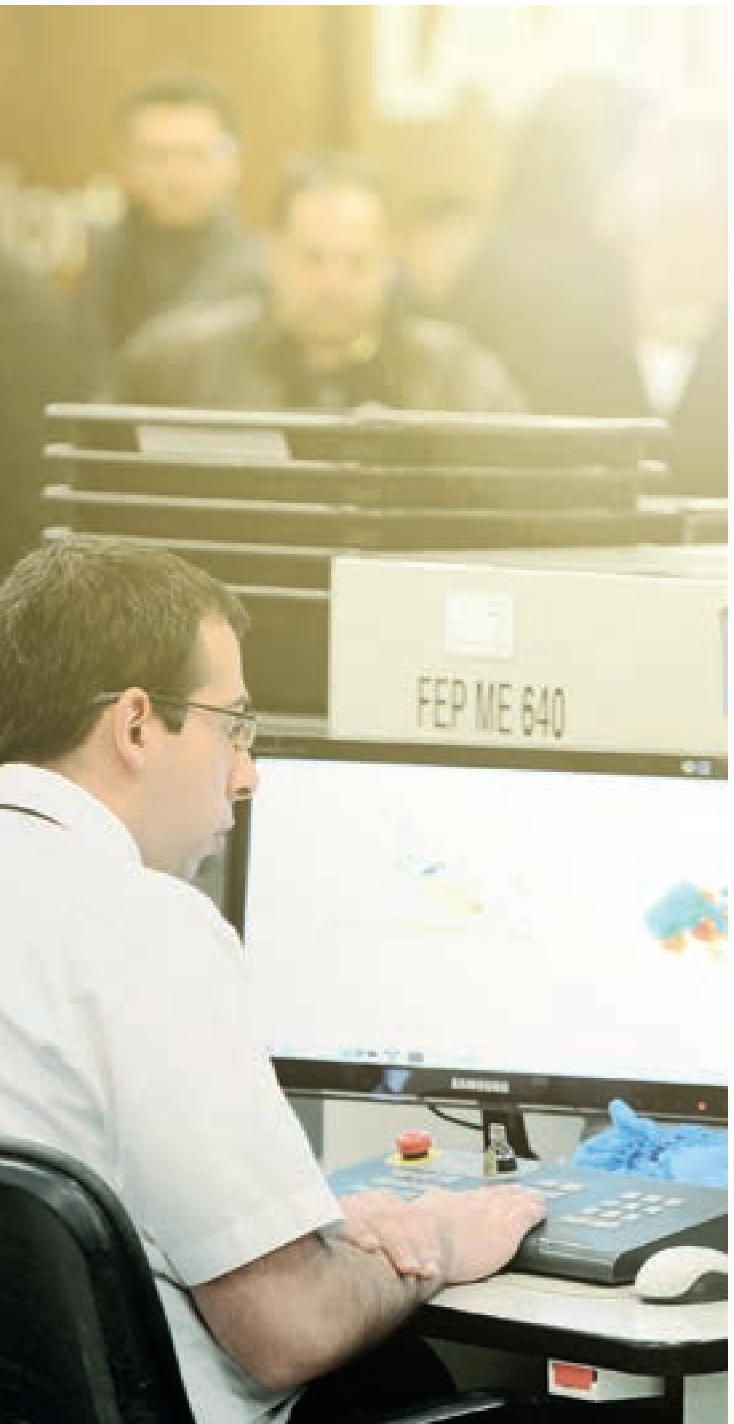
They offer assistance, information, and assurance to travellers and visitors. Their responsibilities also include overseeing passenger handling services by ground handlers, delivering the La Valette proposition, safeguarding lost items until they are returned to owners, and facilitating visits by schoolchildren.

FIRE AND RESCUE

Recently incorporated with the Operations Department, the Fire and Rescue Team has invested in a fourth fire services vehicle to further strengthen the current fleet of major foam vehicles. The new vehicle allows Malta International Airport to assure rescue and fire protection capability to aircraft, equivalent to ICAO CAT 9, continuously, including during periods of scheduled maintenance.

The Airport Rescue and Fire Fighting (ARFF) unit initiated an investment programme for renovation of its disabled aircraft recovery equipment that will be completed in 2014.

A volunteer firefighter programme was also launched, wherein volunteer firefighters undergo and complete rigorous training that includes supervised, live fire exercises to maintain their V-ARFF qualification.



SECURITY

2013 saw the introduction of several initiatives, investment in new equipment as well as training programmes within the Security Department. This activity ensures that we are always in line with EU directives and processes as well as being in the forefront of providing improved security measures with minimal disruption and negative effect to the passengers' experience.

The Security Department had a very positive outcome during the aviation security inspection conducted by the European commission. These inspections, which are carried out in all airports of EU Member States serve to ensure that European Union security standards are fully implemented by Member States.

A new structure for airport access passes was introduced, enabling employees on a contract of not more than 6 months being granted a Temporary Pass which will enable them to enter Restricted Areas without the need to be escorted.

The Airport Security Programme underwent a second revision, which now includes the latest update of the National Civil Aviation Security Programme and EC Aviation Security Legislation.

The installation of the latest state of the art equipment ensures that we are not only in line with EU Directives but also provide minimum disruption to passengers. Installations and improvements to current systems included:

- Migration of CCTV cameras from analogue to digital - A four year plan to migrate airport/aerodrome CCTV cameras witnessed its third year during the year 2013. A substantial amount of analogue cameras were replaced with digital cameras to the benefit of better coverage and enhanced visual images. CCTV footage storage was also upgraded to meet the current demand.

- Additional x-ray machine installed at Gate 1 to screen staff, crew and passenger belongings gaining access to the aerodrome. This installation mainly enhances the security screening process for flying schools and other staff accessing through Gate 1.

- New dual view image x-ray machine to screen airport supplies and items carried to Bonded Stores which contain most of the supplies intended in the outlets within the Departures Area.

- Procurement of six Type B liquid explosive detection systems have been installed in all security lanes at the airport, including transfer security points. Security Systems, which are in line with EU Regulations, will allow the screening of Liquids Aerosols and Gels sealed in Security Tamper Evident Bags together with any medicines and special dietary products. This system ensures minimal effect on passenger service and throughput.

Ensuring that security employees and stakeholders are well versed with new security rules, regulations and legislation, as well as trained and certified to operate the machinery used in this area, is an ongoing process. Over 400 employees underwent training provided by the Security Department which included topics such as General Security Awareness, Escorting and Airport Supplies Training for non-security personnel and Aviation Security Legislation for security staff.

Whilst not compulsory, Airport Security officers underwent an Advanced Profiling training course, which serves to update officers on developments in airport security and is based on a three-year input. The training is designed to help security officers conduct situational threat assessments on security vulnerabilities. A number of Armed Forces personnel were trained by Airport security personnel on how to use the X-Ray machines at three access points thus improving the security and service standards at these access points.

OUTSOURCED SERVICES

SERVICES FOR PEOPLE WITH REDUCED MOBILITY (PRM)

A total 23,128 passengers made use of the facilities provided for people with reduced mobility. The quality of PRM services provided by Malta International Airport is constantly recognised by travellers. Services, entrusted to two ground handling service providers, are provided at travellers' request.

Malta International Airport ensures that all passenger rights and service quality levels stipulated by the European Commission, the International Civil Aviation Organisation, and the European Civil Aviation Conference are respected.

OTHER SERVICES

GROUND HANDLING

Air Malta plc and GlobeGround Malta Ltd signed a seven-year agreement for the provision of ground handling services in November 2011.

Enemalta continues to provide aviation fuel services at Malta International Airport.

Current contracts for the provision of aircraft ramp and fuel services include a service level agreement to ensure the safety of operations, minimise aircraft turnaround and passenger service times, and optimal use of airport resources.

Airport Operations employees perform regular monitoring and audits on the ground handling services provided. General aviation handling is currently restricted and falls under the responsibility of the two main ramp ground handling service providers. The Company believes this sector should be liberalised and is in talks with the Civil Aviation Directorate to this end.

AIR TRAFFIC CONTROL

Aerodrome air traffic services are provided under an agreement between Malta International Airport and the government-owned Malta Air Traffic Services Ltd. Malta Air Traffic Services Ltd extends its expertise to the airport by coordinating control of aircraft landing, take-off and ground control (taxiing and parking) on its behalf.

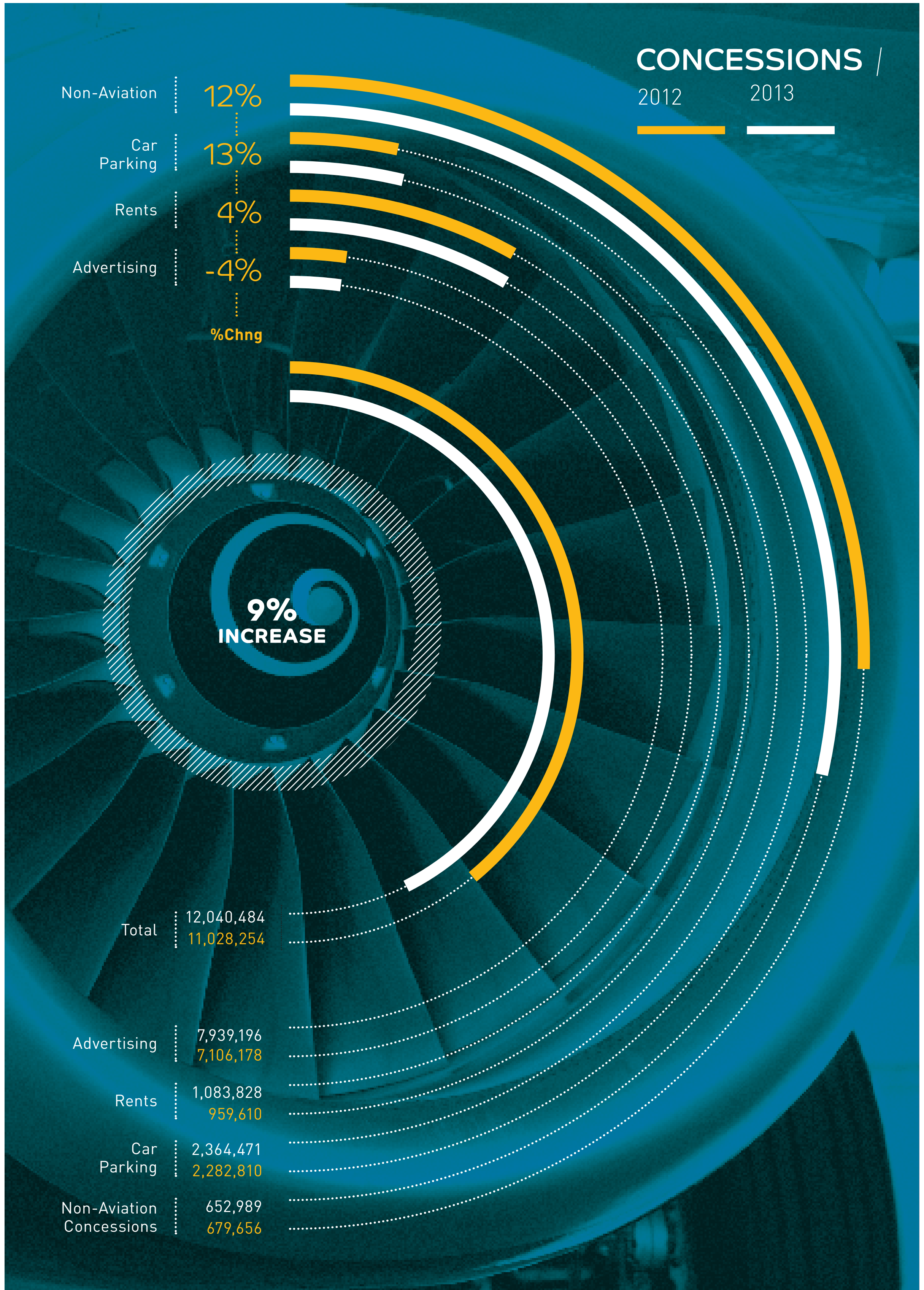
Coordination between Malta International Airport and Malta Air Traffic Services Ltd is structured to ensure direct and regular communication at senior management and tactical levels through bilateral meetings and joint committees with third parties.

At operational level, constant coordination takes place through direct contact between Malta Air Traffic Services Ltd Ground Control and the airport's Operations Department. This ensures operational safety during routine operations and more complex environments, such as the implementation of infrastructural development airside.

SECTION 5

Our commitment to offering what the customer is looking for has seen us improve on the overall customer experience with a series of refurbishment projects in various areas, opening of new outlets, which now count to 30 retail outlets and 14 catering establishments.

RETAIL & PROPERTY



Over 2013, we looked at improving the already high levels at the terminal. Together with our partners, we improved on the service offer, concentrating on what the customer is truly looking for.

Testament to this we have, over last year, opened a flagship Agenda Bookshop and continued to improve on our food and beverage concept with the opening of Sandella's at the Food Court. We have also invested in additional car parking spaces to accommodate the increase in demand.

This shows our commitment, that irrespective of what our results are, it is always meeting the customer's expectations that is at the forefront of our targets.

CONCESSIONS

AIRSIDE

Renovations at Singular and an extension at Hugo Boss were completed. The Non-Schengen jewellery shop operated by Diamonds International was reopened in February following refurbishment. The Duty Free Store in Baggage Reclaim section has been refurbished. An open-air, airside observation deck was opened on Level 3.

CONTRACTS EXPIRING IN 2014

- Corinthia Island Bar
- Playmobil
- Bling
- Style Junkie

The contract with Singular in the Non-Schengen Area, currently stocking skincare products, cosmetics, souvenirs and magazines, expires in September 2014. The outlet's area will be defined in line with the Non-Schengen extension.

LANDSIDE

An amusement area opened in the Food Court in February. Sandella's Flatbread Café franchise was introduced to the Food Court in April. Fairplay took over the area previously occupied by Bank of Valletta in the Welcomers' Hall in April. Agenda in the Check-in Hall was refurbished in May to offer a wider selection of categories.

CONTRACTS EXPIRING IN 2014

- Classic Opticians
- Dr Juice
- Claire's

RENTS

AIRSIDE

MCM Maintenance Malta Ltd is extending its facilities in Malta with a new hangar on Apron 3. MedAir, an air ambulance company targeting North Africa and the Middle East, took occupancy of an area close to Apron 1.

LANDSIDE

Turkish Airlines rented a booth and office in the Check-in Hall. Green Motion leased an area in the Welcomer's Hall.

AIRPORT PARKING LIMITED

Increase in demand for parking space, mainly from the SkyParks Business Centre community, resulted in near full occupancy in the peak months. To reduce these capacity constraints, the parking area situated near the McDonald's restaurant is being extended to accommodate approximately 100 spaces.

LA VALETTE CLUB

La Valette Club rates were revised for airlines and travellers' membership. Increase in passenger movements together with added services and upgrades in 2012 and 2013 contributed to La Valette Club's positive performance.

New anti-smoking legislation effective January 2013 allowed for the upgrade of the La Valette Lounge facilities. Passengers at the lounge can now enjoy a renovated food and beverage area, added seating with use of iPads and new toilets.

SECTION 6

Malta International Airport began construction on SkyParks Business Centre in 2010 and the building was inaugurated in 2012. Its first full year of operations in 2013 ended with 95 per cent of the office space contracted to tenants.

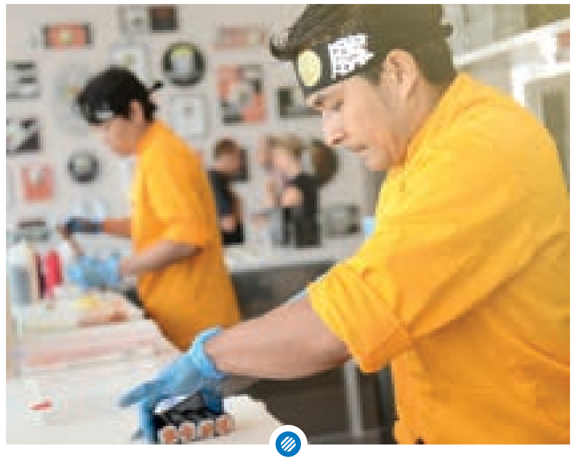
SKYPARKS BUSINESS CENTRE

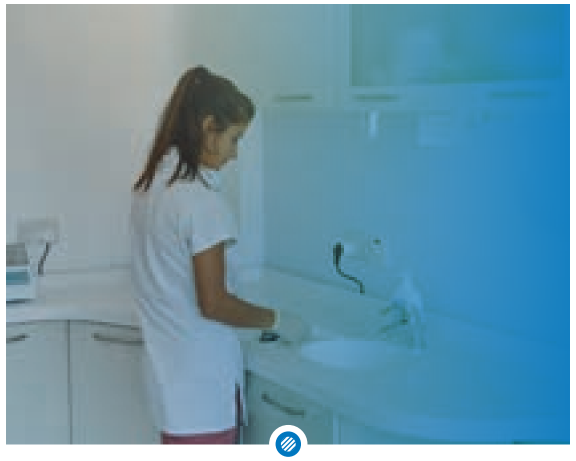
New in 2013
Opening in 2014

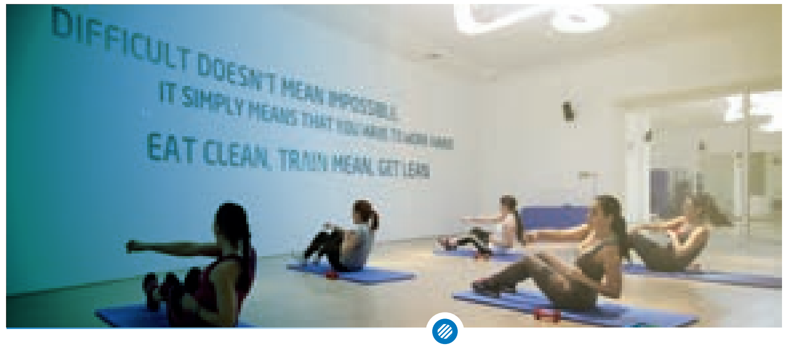
SKYPARKS BUSINESS CENTRE

Malta's most desirable corporate address which has caught the eye of some of Malta's largest and most influential corporate entities.

FACILITIES & SERVICES


Zen Sushi To Go

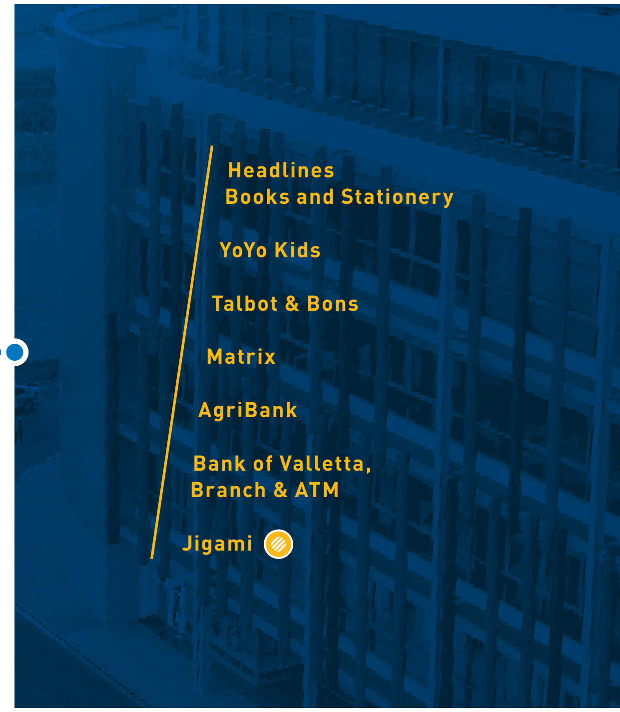

Savina Dental Clinic



Sky Spirit Fitness Lounge

Atlas Insurance


Chic Med-Aesthetic Clinic

OFFICE TENANTS

- New in 2013
- Opening in 2014

Vodafone
Hyperion Aviation
Arbor
Air Malta

Microsoft
Microsoft Innovation Centre
Hifly
Evolution
Vistajet
Hermes Aviation
Horizon Media
Serone

Shireburn
Relax Ltd
Network Pacific
AFM International

OUTLOOK 2014

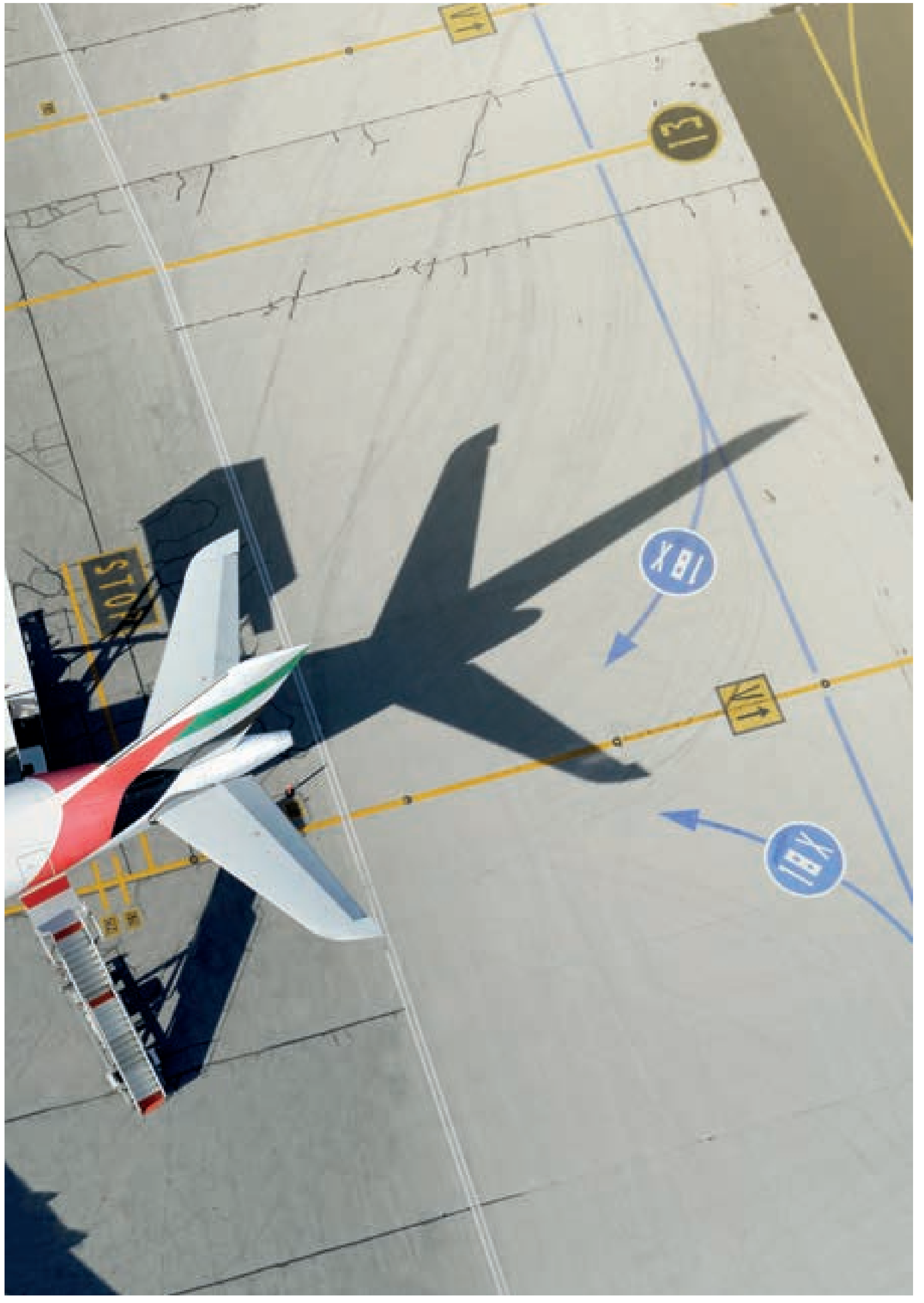
Malta International Airport reached a remarkable record of four million passenger movements in 2013. However, these results do not mean the Company will rest on its laurels. We will keep working hard on providing a great first and last impression to all those who come through our Airport.

In 2014, Malta International Airport will continue to work closely with key stakeholders in the industry, sustain its investment programme, and strive to reach higher levels of efficiency while maintaining strict operational safety measures. We endeavour to deliver the best possible customer experience to the millions of passengers we serve every year.

To cater for higher capacity in peak operational periods, work has started on the extension of the baggage-handling facilities in the Check-in area. Meanwhile, work on taxiways is underway to ensure more efficient use is made of the runway.

The project to maximise aircraft parking space and increase daily aircraft movement on the apron is now complete. Terminal expansion, specifically in the Non-Schengen area, will reduce congestion in this section and improve passenger flows in the Schengen Area. The introduction of liquid explosive detectors in line with EU directives will introduce improved security measures with minimal impact on the traveller experience.

The outlook for 2014 is positive. Seat capacity is forecasted to grow beyond 2013 levels but a drop in seat load factor is being anticipated. Passenger traffic for 2014 is being forecasted to exceed the four million mark by a small margin. Following the record year experienced in 2013, this marginal growth would indicate that 2014 growth at Malta International Airport is in line with other European airports of comparative size.

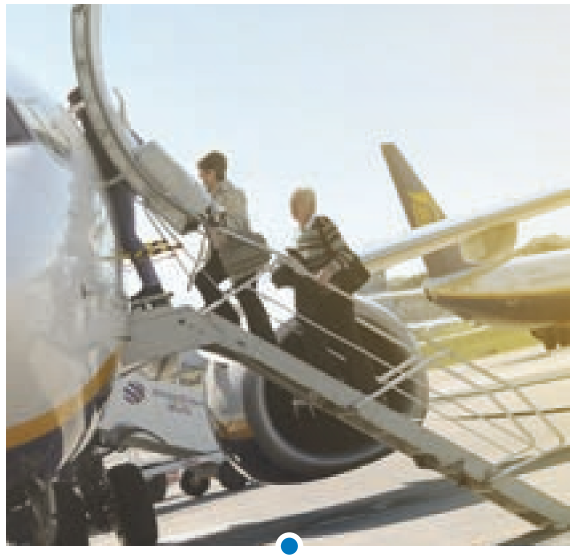


SECTION 7

From winning coveted awards, to celebrating employee milestones, to welcoming new airlines, our airport is proud to share some of these memorable moments. Here we show some of the key events that were the highlight of our calendar.

KEY EVENTS

KEY EVENTS



Children's Drawing Competition
Gianni Farrugia from San Anton School beat hundreds of children to win the Malta International Airport Drawing Competition. Chief Executive Officer Markus Klaushofer presented Gianni with an MIA beanbag. Later, Gianni spent time with the Fire and Rescue Team and was taken on a short flight over Malta and Gozo, courtesy of Sky People Aviation.

JANUARY

New Routes
Ryanair added two routes to its winter schedule to bring its total to 20 routes and 92 weekly flights. Ryanair began operations to Liverpool twice a week and to Bergamo, Italy, five times a week.

MARCH

Transavia brings its first passengers from Orly
Transavia began its twice-weekly operation to Malta from Paris (Orly) for summer 2013. The Malta Airport Fire and Rescue Team welcomed the inaugural flight with a water arch on the taxiway. Tourism Minister Karmenu Vella, French Ambassador Michel Vandepoorter, Malta Tourism Authority Chief Executive Officer Josef Formosa Gauci and Malta International Airport Chief Executive Officer Markus Klaushofer watched as dancers in traditional Maltese costumes greeted passengers.

APRIL

MIA ranked among Europe's top airports
Malta International Airport placed second across all categories for 2012 in the annual ACI Airport Service Quality (ASQ) passenger survey.

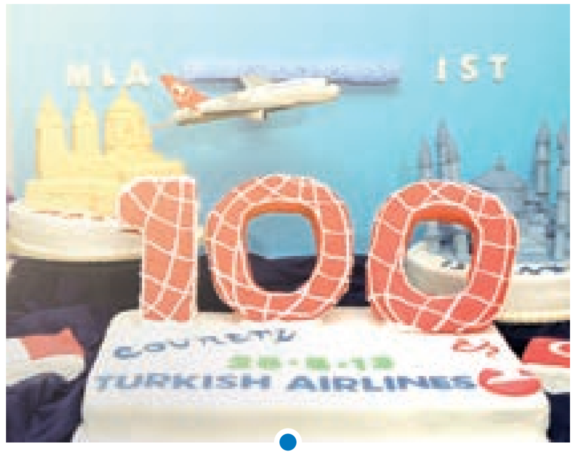
Joseph Calleja Concert in Paris
Malta International Airport supported tenor Joseph Calleja's concert, La Grande Voix de Malte, at the Cathédral Saint Louis des Invalides in Paris. Mr Calleja was accompanied by the renowned Orchestre de la Garde Republicaine.

Euro ANNIE Award

The record increase in new airlines in the 2013 summer schedule was recognised by anna.aero's Euro ANNIE award. Malta International Airport was rewarded for its position among European airports with the biggest net gain in scheduled airlines operating between August 2012 and August 2013.

Award for Excellence in Destination Marketing

The Malta Tourism Authority received the Highly Commended Award for Excellence in Destination Marketing during the Routes Europe event in Budapest. The award followed the joint effort between the Malta Tourism Authority and Malta International Airport to ensure adequate seat capacity for the Maltese Islands.



Three New Airlines

Malta International Airport welcomd three new airlines to its ever-growing family: Air Baltic (Riga, Latvia), WizzAir (Budapest, Hungary) and Turkish Airlines (Istanbul, Turkey). Malta Airport's Fire and Rescue Team saluted each airline's inaugural flight with a water arch. Crews were welcomed on the apron by various dignitaries.

21st Annual General Meeting

Malta International Airport held its 21st Annual General Meeting at the Dolmen Hotel, Qawra, on May 21. The Company's financial statements for the year ended December 31, 2012, were approved. The shareholders approved a total dividend for 2012 of €0.070 net per share, which represents a total gross payment of €14,570,769.

MAY

Malta International Airport included in Airport Council International (ACI)'s Role of Excellence

Malta International Airport was chosen to be included in the Airport Council International (ACI)'s Director General's Roll of Excellence. This exclusive list recognizes airports that have ranked among the top five in Airport Service Quality (ASQ) for their category on at least five different occasions. Since 2011, 17 airports have made it to the Roll of Excellence. Malta Airport is the third European airport to receive such a prestigious recognition following Porto (Portugal) and Zurich (Switzerland).

JUNE

Incentive Schemes for Airlines

For a third year, Malta International Airport granted all scheduled airlines a full refund on winter season landing fees in its bid to further stimulate traffic during the shoulder/winter months. This initiative falls under the incentive programme for airlines designed to attract carriers to Malta and encourage others to increase business in Malta.

JULY

European Business Awards 2013/2014

Malta International Airport was selected among the National Champions for the European Business Awards 2013/2014. This independent awards programme recognises excellence, best practice, and innovation across the European business community, and rewards people and organisations for outstanding results in varied disciplines, including environmental awareness and customer focus.

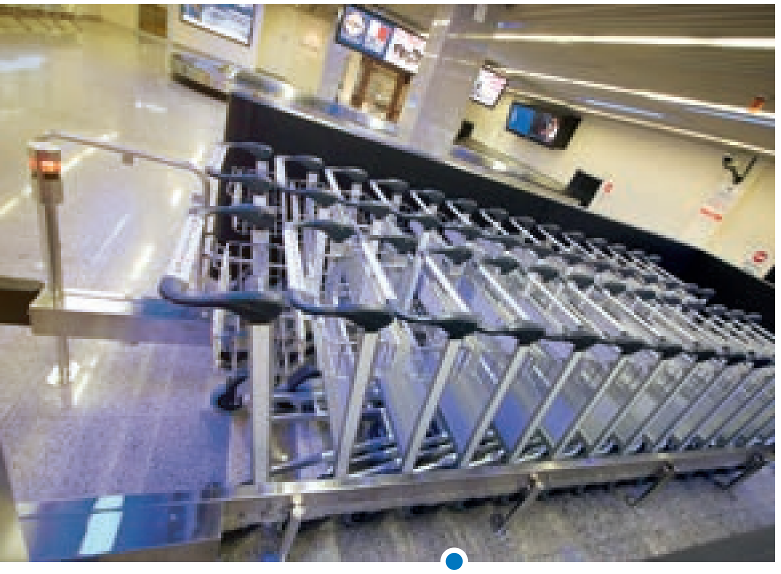
JULY

Investment in Weather Radar

New weather radar technology was acquired for the Meteorological Office. The equipment provides data on rainfall, including early warnings of approaching storms, through high-resolution imagery and fast data processing. These radars are used to advise the Civil Protection Department on storm weather and aerodrome and civil weather safety alerts.

SEPTEMBER

OCTOBER



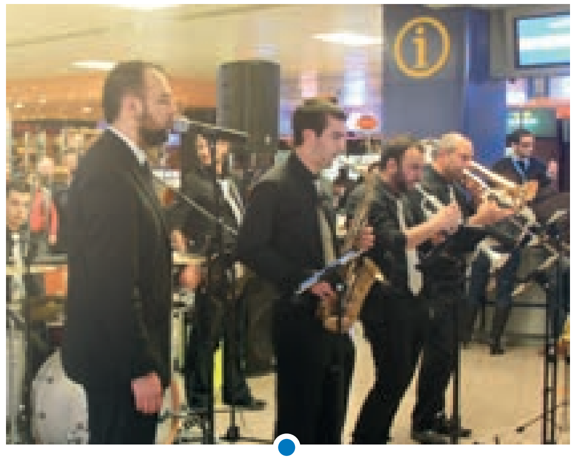
New luggage trolleys

Malta International Airport invested in 240 new luggage trolleys to upgrade its current 200. Made of light aluminium, they are easier for travellers to manoeuvre and are less prone to rust. The trolleys have been placed in 10 convenient areas around the terminal and the car park. A dedicated system tracks the availability of trolleys in each bay, helping managers ensure there is adequate supply at all times.

New Chairman

On November 27, Nikolaus Gretzmacher was appointed chairman of Malta International Airport, succeeding Michael Hoeferer. At an earlier board meeting, Mr Hoeferer informed the board he would retain his directorship.

DECEMBER



Departures Lounge opens to non-travellers

The Departures Lounge was opened to non-travellers on December 11 during an event aimed to encourage people who never fly to experience the terminal. Throughout the evening, visitors enjoyed the retail experience at the terminal shops. A performance by The Big Band Brothers added to the lively atmosphere.

Four millionth passenger milestone

Klaudia Bant, travelling from Rome on December 27, became Malta International Airport's four millionth passenger for 2013. Tourism Minister Karmenu Vella and MIA Chief Commercial Officer Alan Borg greeted Ms Bant and presented her with a gemstone globe.

COMMITMENT TO THE COMMUNITY

The Malta International Airport, is conscious of its role in our society and through its Corporate Social Responsibility policy has financially supported a number of economic, social and environmental causes and beneficiaries.

Malta International Airport demonstrated its sustained commitment to making positive contributions to the community among which it operates with numerous initiatives.

The Company's corporate social responsibility policy drives this commitment. Malta International Airport supported these initiatives in 2013:

TOURISM

- Lejl f'Casal Fornaro
  A night in the village of bakers
- Malta Jazz 'OFF'
- Beland Music Festival 2013
- Mattia Preti (1613-1699)
  Faith and Humanity

CULTURE

- Paris concert by tenor Joseph Calleja
- Malta Journalism Award
  (Sports Photography category)
- Festival Mediterranea
- Restoration of the Annunciation by Mattia Preti

ENVIRONMENT

- Picnic area at Xrobb l-Ghagin Nature Park – Nature Trust
- Environmental Awareness Through Our Children – BirdLife
- Malta Coastal Walk
- Water Conservation – University of Malta research project

SPORT

- Alive 2013 - Cycling challenge for research in breast cancer
- Malta Shooting Federation International Trap Grand Prix
- Malta Open International Karate Championships 2013
- Volleyball marathon in aid of Id-Dar tal-Providenza

In 2014, Malta International Airport plans to develop its corporate social responsibility strategy so that meaningful investment is directed to economic, social and environmental causes and beneficiaries.

SECTION 8

The Directors' report together with the audited Financial Results for the year ended 31st December 2013, includes the principal activities, performance review, share capital, appointment, replacement and powers of directors as well as the dividends payable.

FINANCIALS

GENERAL INFORMATION

DIRECTORS

MR. NIKOLAUS GRETZMACHER
Chairman

MR. MARKUS KLAUSHOFER
Chief Executive Officer

MR. MICHAEL BIANCHI

MR. ALFRED QUINTANO

MR. AUSTIN CALLEJA
Chief Financial Officer

MR. ALAN BORG
Chief Commercial Officer

MR. MICHAEL HOEFERER

MR. YOUSSEF SABEH

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

AUDITOR

Deloitte Audit Limited,
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.


EXIT
TO OPEN

DIRECTORS' REPORT
Year ended 31 December 2013

The directors present their report together with the audited financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company's principal activities are the development, operation and management of Malta International Airport. Malta International Airport plc has a 65 year concession to operate Malta's airport, a concession which 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 at the airport. This later changed its name to Airport Parking Limited.

Another subsidiary, Sky Parks Development Limited was set up on 29 October 2009 to build the new Business Centre near the Air Terminal and a separate subsidiary Sky Parks Business Centre Limited was set up to run the facility. In June 2013, three other subsidiaries were set up, Kirkop PV Farm Limited, Luqa PV Farm Limited and Gudja PV Farm Limited followed in September 2013 by another two, Gudja Two PV Farm Limited and Gudja Three PV Farm Limited. The intention of the Company is to explore opportunities in the generation of electricity using photovoltaic technologies. None of the five subsidiaries set up for this purpose traded in 2013.

Malta International Airport plc also has a 10% shareholding interest in Valletta Cruise Port plc (formerly VISET Malta plc), a company set up to develop the Valletta Waterfront and operate a cruise liner terminal at the Grand Harbour.

PERFORMANCE REVIEW

TRAFFIC

Passenger traffic at Malta International Airport reached a new milestone in 2013. For the first time traffic exceeded four million annual movements, with growth reaching 10.5%. This performance was a direct result of a 10.2% increase in seat capacity over the previous year. Seat load factor registered a marginal growth of 0.3% resulting in an average load factor of 78.5% for the year. Whilst all months achieved record numbers in terms of passenger movements, October and November both achieved the largest increase in percentage terms registering an 18% increase over the same months in 2012. Overall, aircraft movements reached 30,759 or 9.1% more than last year whilst cargo and mail handled throughout the year reached 16,038 tonnes or 2.7% less.

The home carrier, Air Malta registered a 6% growth in passenger movements mainly as a result of a significant increase in seat capacity, particularly to Libya and Russia. The second largest carrier, Ryanair continued to increase its presence in 2013 in Malta with the launch of Bergamo as from summer. A significant increase was achieved in the Italian market as passenger movements were up by 8.2%.

FINANCIAL RESULTS

The revenue of the Group increased by €6 million from €52.8 million to €58.8 million. The Airport Segment increased by €3 million from €38.3 million to €41.3 million. This was largely driven by the 10.5% increase in passenger traffic. The Retail and Property Segment also increased by another €3 million from €14.1 million to €17.1 million.

This was the result of both the increase in retail and food and beverage sales to a larger number of passengers from the previous year as well as the introduction of new rental income from SkyParks Business Centre.

The Earnings before Interest, Taxation Depreciation and Amortization (EBITDA) of the Group increased by 15.8%; from €25.80 million to €29.89 million and the EBITDA margin increased from 48.84% to 50.8%. There was also an increase in profit before tax. Profit increased from €19.46 million to €22.67 million, an increase of 16.5%. The total comprehensive income for the year attributable to shareholders net of tax for the Group also increased from €12.46 to €14.47 million, an increase of 16% over the previous year.

The exceptionally good results of the Group were driven by and large by the unexpected large increase in volume of traffic during 2013. The financial results of the Group were higher still by adhering to strict cost control throughout the year for the whole Group, with special emphasis on the operating costs.

REVENUES

Revenues from the airport segment constitute 70.2% of the total revenues of the Group (2012 – 72.5%). Aviation-related revenues remain the most important income stream of the Group notwithstanding the fact that the aviation charges to carriers have not changed since 2006.

The revenues from the Retail and Property Segment increased by 21%. As mentioned earlier, this significant increase in revenue is mainly due to the rental income from SkyParks Business Centre. However, the additional passenger traffic over the previous year had also an impact on this segment with additional revenues from all retail and food and beverage outlets at the airport. The revenues from Retail and Property Segment constitute 29.1% (2012 – 26.7%) of the total revenue of the Group.

OPERATING AND OTHER COSTS

The other operating costs of the Group were higher than those of 2012 by 7.9%, from €18.9 million to €20.4 million. The increase is a result of an increase in marketing costs, which increased from €2.8 million to €3.3 million, an increase of €0.5 million, and an increase in the ground rent lease charge recognised of €0.7 million. There were also marginal increases in other operational costs such as staff costs, utility costs and PRM charges.

As regards non-operating costs and revenues, there was a 9.8% increase in the depreciation charge for the year, from €5.08 million to €5.58 million and in finance costs, from €2.15 million to €2.5 million. Both increases are mostly due to SkyParks Business Centre which became fully operational in 2013, increasing both the depreciation charge of the Group as well as the cost of financing of this project. It was also necessary to adjust the ex-Government Employees Pension fund due to a change in accounting requirements which gave rise to a decrease in operating costs of €0.2 million (recognised instead in other comprehensive income). Furthermore, the financial income increased from €0.61 million to €0.69 million.

SKYPARKS BUSINESS CENTRE

The SkyParks Business Centre building was completed during 2012 and was inaugurated on the 27 September 2012. Tenants started moving into the building from November 2012. By the end of 2013 almost all floor space was contracted out and the rental income for 2013 reached €1.3 million. It is expected that the contractual rental income for 2014 will reach just over €2 million.

OUTLOOK

The top three carriers Air Malta, Ryanair and Easyjet are expected to operate with approximately the same seat capacity to the levels deployed in 2013. Malta International Airport is also expected to welcome new operators in 2014 such as British Airways and the Austrian airline Niki. British Airways will be one of the main highlights of the year, operating daily from London Gatwick as from March. Niki will also be adding Malta to its summer schedule flying from Vienna three times a week. Our penetration in France remains one of our strongest markets as Transavia will introduce a weekly flight from Nantes following their successful launch from Paris Orly in 2013. Turkish Airlines will be adding two additional frequencies from Istanbul as from March to operate five flights a week, whilst Lufthansa will be operating additional frequencies to have a double daily flight from Frankfurt throughout the summer season. Overall, we also estimate that the new destinations of 2013 will become stronger in 2014 and operate with an improved seat load factor.

The Cruise & Fly programme during 2014 will be starting later due to the arrival of a new larger vessel. Compared to the 24 weeks of operation during 2013, the new schedule will only cover 18 weeks during 2014 with the larger vessel expected to partly recover passenger movements to achieve same levels of 2013.

On the global scene, the forecast of growth for advanced economies for 2014 is 2.2%, according to the International Monetary Fund. The same sources anticipate a move away from recession towards recovery for the Euro area. Also reviewing the outlook for 2014, the airport association ACI has pointed out that there are enough hopeful signs that Europe can sustain its nascent economic recovery, indicating a positive picture for air traffic in the months ahead. ACI forecast a growth in passenger traffic for Europe of 2.4% in 2014. The International Air Transport Association (IATA) is also upbeat about its forecast for 2014 stating that whilst European airlines are still suffering from the weak European economy, European airlines will see profitability improve in 2014 over 2013.

Therefore, our view of the situation is cautiously optimistic. We are forecasting a 2.0% increase in passenger traffic for 2014. This we hope to achieve with an increase in seat capacity but at the same time maintaining the same levels of seat load factor as in previous year.

SHARE CAPITAL

The share capital of the Company is €33,825,000 divided into three classes of shares as follows:

- 81,179,990 Ordinary 'A' Shares representing approximately 60% of the total issued share capital;
- 54,120,000 Ordinary 'B' Shares representing 40% of the total issued share capital; and
- 10 Ordinary 'C' Shares.

All shares issued have a nominal value of €0.25, are fully paid up and allotted.

The ordinary "A" Shares are admitted to the official list of the Malta Stock Exchange, whilst the ordinary "B" and ordinary "C" Shares are not admitted or traded on an exchange.

The Ordinary 'A' Shares and Ordinary 'B' Shares shall entitle their holders to the same rights, benefits and powers in the Company save for the transferability thereof. The Ordinary 'A' Shares shall be freely transferable whilst the Ordinary 'B' Shares are non-transferable for a period of fifteen (15) years from the 26 July, 2002, upon which date they shall automatically become fully and freely transferable without the need of any formality.

The Class 'C' Share is held by and in terms of the memorandum of Association may only be held by the Government of Malta. It does not carry any right to receive dividends or assets on a winding up or other return of capital, but entitles the Government of Malta to appoint members on the National Interest Matters Committee pursuant to article 58.10 of the Articles of Association of the Company.

Save for the above there are no other restrictions attaching to the shares of the Company.

No changes in the share capital of the Company were made nor did the Company acquire ownership of, or any rights over, any portion of its own share capital.

The following shareholders have an interest in more than 5% of the issued share capital of the Company:

Malta Mediterranean Link Consortium Ltd
Government of Malta – Consolidated Fund
VIE (Malta) Ltd

APPOINTMENT AND REPLACEMENT OF DIRECTORS

The Board of Directors of the Company is made up of a maximum of eight (8) directors. Five (5) directors are Non-Executive Directors and a maximum of three (3) directors, amongst whom the CEO, are Executive Directors.

Any shareholder holding not less than 20% of the issued share capital of the Company having voting rights is entitled to appoint one director for each 20% shareholding by a letter addressed to the Company. In this respect Malta Mediterranean Link Consortium Limited is entitled to appoint two (2) Non-Executive Directors and the Government of Malta is entitled to appoint one (1) Non-Executive Director. The remaining Non-Executive Directors are appointed by the shareholders in general meeting pursuant to the Articles of Association.

Unless appointed for a longer term, a director holds office from one Annual General Meeting to the next and is eligible for re-appointment. The maximum period for which a director may be appointed is a term of three (3) years, following the lapse of which such director shall be eligible for re-appointment.

In terms of the Articles of Association, the CEO of the Company shall occupy one of the Executive Director positions. The other Executive Directors to be co-opted to the Board are the Chief Finance Officer and the Chief Commercial Officer.

POWERS OF DIRECTORS

The directors of the Company have all the powers necessary to manage and direct the Company.

The Company is empowered to buy-back any of its shares, subject to the limitations and restrictions at law and the listing rules.

Subject to the authority of shareholders, to be given at five (5) year intervals, the directors are also empowered to issue further shares in the Company.

FINANCIAL RESULT AND DIVIDENDS

The financial result of the Group and the Company for year ended 31 December 2013 are shown in the Statement of Comprehensive Income on page one hundred and fifteen. The total comprehensive income of the Group for the year after taxation amounted to €14,466,283 (2012: €12,464,874).

FINANCIAL RESULT AND DIVIDENDS (Continued)

The largest single customer of the Group, Airmalta plc, which is currently going through a restructuring process, accounts for €1.0 million (2012 – €3.6 million) of the Group's trade and other receivables and 34.5% (2012 – 36.2%) of the Group's revenue.

The maximum exposure to this customer during a period of increased trading, in particular in the summer months at normal credit terms, is expected to be in the region of €4.4 million (2012 – €4.4 million). The Board feels confident that the Group's and the Company's exposure to Airmalta plc will not jeopardize in any way the Group's ability to continue operations for the foreseeable future and that Airmalta plc will meet its obligations.

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 €0.045 per share (gross €9,366,923) on all shares settled as at close of business on 22 April 2014 which dividend shall be paid not later than the 9 June 2014.

DIRECTORS

The directors who served during the year were:

- MR. NIKOLAUS GRETZMACHER
  Chairman
  (Appointed on 28 November 2013)
- MR. MICHAEL HOEFERER
  Chairman and Non-Executive Director
  (Ceased to be the Chairman of the Company on 28 November 2013)
- MS. JACKIE CAMILLERI
  Non-Executive Director
  (Ceased to be a Non-Executive Director on 22 May 2013)
- MR. YOUSSEF SABEH
  Non-Executive Director
- MR. MICHAEL BIANCHI
  Non-Executive Director
- MR. ALFRED QUINTANO
  Non-Executive Director
  (Appointed on 22 May 2013)
- MR. MARKUS KLAUSHOFER
  CEO and Executive Director
- MR. AUSTIN CALLEJA
  CFO and Executive Director
- MR. ALAN BORG
  CCO and Executive Director

Mr Michael Hoeferer resigned from his position as Chairman with effect from 28 November 2013. Mr Nikolaus Gretzmacher was appointed Chairman of the Board with effect from the same date. Mr Alfred Quintano was also appointed Non-Executive Director with effect from 22 May 2013. Ms Jackie Camilleri ceased to be a director of the Company also with effect from the 22 May 2013.

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 IN MATERIAL CONTRACTS

None of the current directors had a direct or indirect interest in any material contract to which the Company or the Group was a party during the financial year.

AUDITOR

A resolution to reappoint Deloitte Audit Limited as auditor 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 on 4 March 2014 and signed on its behalf by:

Nikolaus Gretzmacher
Chairman

Markus Klaushofer
Chief Executive Officer

Austin Calleja
Chief Financial Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act (Cap. 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 and the Group at the end of each financial year and of the profit or loss of the Company and the Group 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
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Company and the Group will continue in business as a going concern.

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 the Group and which enable the directors to ensure that the financial statements comply with the Companies Act (Cap. 386). This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation 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 the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF RESPONSIBILITY PURSUANT TO THE LISTING RULES ISSUED BY THE LISTING AUTHORITY

We confirm that to the best of our knowledge:

a. In accordance with the Listing Rules the financial statements give a true and fair view of the financial position of the Company and its Group as at 31 December 2013 and of their financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU; and

b. In accordance with Listing Rules 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
Chief Financial Officer
obo/directors

CORPORATE GOVERNANCE – STATEMENT OF COMPLIANCE

1. INTRODUCTION

Pursuant to the Listing Rules issued by the Listing Authority, Malta International Airport p.l.c. (the "Company") should endeavour to adopt the Code of Principles of Good Corporate Governance contained in Appendix 5.1 to Chapter 5 of the Listing Rules (the "**Code**"). In terms of Listing Rule 5.94, the Company hereby reports on the extent of its adoption of the principles of the Code for the financial year being reported upon.

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 (the "**Board**") has carried out a review of the Company's compliance with the Code for the financial year being reported upon, namely the year ended 31 December 2013.

2. GENERAL

The directors believe that good corporate governance is a function of a mix of checks and balances that best suit the Company and its business. Accordingly, whilst there are best practices that can be of general application 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 a corporate governance framework within the Company that is designed to better 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.

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 corporate governance statement (the "**Statement**") will now set out the structures and processes in place within the Company and how these effectively achieve the goals set out in the Code. For this purpose, this Statement will make reference to the pertinent principles of the Code and then set out the manners in which the directors believe that these have been adhered to. Where the Company has not complied with any of the principles of the Code, this Statement will give an explanation for non-compliance.

For the avoidance of doubt, reference in this Statement to compliance with the principles of the Code means compliance with the Code's main principles, and the Code Provisions.

3. COMPLIANCE WITH THE CODE

Principles One to Five

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

Principle One

The directors believe that for the period under review the Company has generally complied with the requirements of this principle and the relative code provisions.

The Board has throughout the period under review provided the necessary leadership in the overall direction of the Company and has adopted systems whereby it obtains timely information from the Chief Executive Officer (the "CEO") as the head of the Executive Committee to ensure an open dialogue between the CEO and directors at regular intervals and not only at meetings of the Board. The Company has a structure that ensures a mix of executive and Non-Executive Directors that enables the Board, and particularly the Non-Executive Directors to have direct information about the Company's performance from the head of executive management that is also a director on the Board.

Principle Two

In line with the requirements of Principle Two, the Company has segregated the functions of the CEO and the Chairman. Whilst the CEO heads the Executive Committee, the Chairman's main function is to lead the Board, a function which the Board believes has been conducted in compliance with the dictates of Code Provision 2.2.

The CEO is accountable to the Board 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 Committee. He also has the discretion to ask any one or more of such members, from time to time, to address the Board on matters relating to the operations of the Company and its Subsidiaries. The Board, of course, is entitled to call in, at its discretion, any one or more of the executives of the Company.

Principle Three

The full complement of the Board, in line with Principle Three is of five (5) Non-Executive Directors and three (3) 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 a maximum of 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 to the implementation of policies that allow effective discussion and the availability of all the information necessary to carry out their functions in the best possible manner.

The members of the Board for the year under review were:

- MR. NIKOLAUS GRETZMACHER
  Chairman
  (Appointed on 28 November 2013)
- MR. MICHAEL HOEFERER
  Chairman and Non-Executive Director
  (Ceased to be the Chairman of the Company on 28 November 2013)
- MS. JACKIE CAMILLERI
  Non-Executive Director
  (Ceased to be a Non-Executive Director on 21 May 2013)
- MR. YOUSSEF SABEH
  Non-Executive Director
- MR. MICHAEL BIANCHI
  Non-Executive Director
- MR. ALFRED QUINTANO
  Non-Executive Director
  (Appointed on 21 May 2013)
- MR. MARKUS KLAUSHOFER
  CEO and Executive Director
- MR. AUSTIN CALLEJA
  CFO and Executive Director
- MR. ALAN BORG
  CCO and Executive Director

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.

The Board normally meets every eight (8) weeks and as a matter of Board policy, a guideline was established whereby at its first meeting, meetings will be scheduled for the full year. 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 Committee and the Audit Committee which operate under their respective formal terms of reference. Directors may, in the furtherance of their duties, take independent professional advice on any matter at the Company's expense.

For the purposes of Code Provision 3.2, requiring the Board to report on whether it considers each Non-Executive Director as independent in line with the requirements of that Code Provision, the Board considers each of the Non-Executive Directors as independent within the meaning of the Code.

Save for what is stated hereunder, none of the Non-Executive Directors:

a. are or have been employed in any capacity by the Company;

b. has or has had a significant direct or indirect relationship with the Company

c. receive significant additional remuneration from the Company;

d. have close family ties with any of the executive members of the Board;

e. has served on the Board for more than twelve consecutive years;

f. have been within the last three years an engagement partner or a member of the audit team of the present or past external auditor of the Company or any Company forming part of the same group; and

g. have a significant business relationship with the Company.

Mr Nikolaus Gretzmacher, and Mr Yousef Sabeh (Non-Executive Directors) are currently both members of the Board of Directors of Malta Mediterranean Link Consortium Limited, a Company holding more than 40 per cent of the issued and voting capital of the Company. Mr Gretzmacher was appointed director of this company on the 21 November 2013 replacing Mr Hoeferer who was director of Malta Mediterranean Link Consortium Limited for the period 1 January to 21 November 2013. Notwithstanding the above relationship the Board still considers each of Mr Gretzmacher, Mr Sabeh, and Mr Hoeferer as having the required skills, experience and integrity to retain their independence and impartiality in acting as directors of the Company.

Principle Four

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 Committee is principally the CEO, together with the other two Executive Directors on the Board, both of whom are member of the Executive Committee.

The Executive Committee comprises both the Executive Directors and the heads of each business unit of the Group. The role of the Executive Committee is that of policy execution, business development, finance, security, administrative and personnel matters. It also makes recommendations to the Board on matters which are beyond its remit. The Chief Executive Officer chairs the Executive Committee.

The members of the Committee for the period under review were:

- MR. MARKUS KLAUSHOFER
  Chief Executive Officer
- MR. AUSTIN CALLEJA
  Chief Financial Officer
- MR. ALAN BORG
  Chief Commercial Officer
- MAJOR CHARLES ABELA
  Technical Services
- MR. RODERICK BAJADA
  HR and Administration
- MR. PATRICK CUSCHIERI
  Security
- MAJOR MARTIN DALMAS
  Airport Operations
- MR. REUBEN SCIBERRAS
  PR and Corporate Communication
- MR GEORGE MALLIA
  Retail and Property
- MR. IAN MAGGI
  Innovation, ICT and Procurement
- MR. EMANUEL BRIFFA
  Technical Facilities
- MS. VICKI BROWN
  Projects
- MR. MICHAEL LOMBARDI
  Technical Facilities

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.

In view of the number of members of the Board, the directors believe that its size is manageable to be able to address most issues as a Board rather than create sub-committees of the Board that may be more suitable in the case of companies having larger Boards. Indeed the Board feels that its size and membership allows directors the opportunity to discuss matters directly and that this is a more effective and efficient manner to conduct its business. The directors however are aware that there may be situations that require the delegation to certain committees of certain tasks or assignments and the Board has on occasion composed ad hoc committees for this purpose.

In ensuring compliance with other statutory requirements and with continuing listing obligations, the Board is advised directly, as appropriate, by its appointed broker, legal advisor and external auditors.

Corporate Governance – Statement of Compliance (Continued)

Directors are entitled to seek independent professional advice at any time on any aspect of their duties and responsibilities, at the Company's expense.

During the financial year under review, the Board held six meetings.

Principle Five

The Board believes that it complies fully with the requirements of this principle and the relative Code Provisions, in that it has systems in place to ensure the reasonable notice of meetings of the Board and the circulation of discussion papers in advance of meetings so as to provide adequate time for directors to prepare themselves for such meetings.

Principle Six

Principle Six of the Code deals with information and professional development

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 Committee 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 Committee.

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. Directors have access to the advice and services of the Company Secretary who is also the legal counsel to the Board and the Company.

Principle Seven

Principle Seven of the Code deals with an evaluation of the Board's performance

The Board has not appointed a committee for the purpose of undertaking an evaluation of the Board's performance in accordance with the requirements of Code Provision 7.1.

Principle Eight

Principle Eight A of the Code deals with the establishment of a remuneration committee for the Company aimed at developing policies on executive remuneration

The Company has no performance related remuneration payable to its Non-Executive Directors and accordingly, as allowed by Code Provision 8A.2, it has not appointed a Remuneration Committee, but rather establishes itself the remuneration policies of the Company. In so far as senior executives are concerned it is the Non-Executive members of the Board itself that establish the policies and decides on the performance related remuneration of senior executives and its Executive Directors.

The Board notes that the organizational set-up of the Company and the size of the Board itself, together with the fact that Non-Executive Directors are not entitled to performance related remuneration, does not, in the opinion of the directors, warrant the establishment of a Remuneration Committee. Remuneration policies have therefore been retained within the remit of the Board itself, and as already stated in the case of the Executive Directors, it is the Non-Executive members of the Board that decide on their performance related remuneration.

The directors believe that certain committees 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 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.

The aggregate amount of remuneration paid to all directors, including salaries paid to the CEO, CFO and CCO amount to €613,966. For the purposes of the provisions of article 63 of the Company's articles of association, the aggregate emoluments paid to the directors is €351,270 which is within the amount approved by the shareholders of €465,875 for the purpose of that article.

Principle Eight B - This principle deals with the requirement of a formal and transparent procedure for the appointment of directors.

The Board believes that the main principle has been duly complied with, in that it is the Articles of Association themselves that establish a formal and transparent procedure for the appointment of directors.
The Articles however do not contemplate the existence of a Nominations Committee as suggested by the Code.

Principles Nine and Ten

Principles Nine and Ten of the Code deal with relations with shareholders and with the market, and institutional shareholders

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 the 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 which are also 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

Principle Eleven deals with conflicts of interest 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. By virtue of the Memorandum and Articles, in the event that, in the opinion of the Board such a conflict exists then the conflicted director is invited to leave the meeting when it proceeds to the vote, if any, on the matter concerned. As a matter of practice discussions of such matters are normally 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.

Commercial relationships between the Company and other companies are related by way of common directors and shareholders ("Related Party Transactions"). Contracts are entered into in the ordinary course of business with shareholders and other parties in which the directors have a beneficial interest. Terms and conditions of contracts negotiated with related parties are reviewed by the Company's Audit Committee. Full disclosure of Related Party Transactions entered into during the financial year under review is made in note 32 to the financial statements.

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

Director

- MR. NIKOLAUS GRETZMACHER
  a non-beneficial interest 1
- MR. YOUSEF SABEH
  a non-beneficial interest 2
- MR. AUSTIN CALLEJA
  a beneficial interest
- MR. MICHAEL BIANCHI
  an indirect beneficial interest

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

Principle Twelve

Principle Twelve 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.

1 These shares are held by MMLC, a company of which Mr Gretzmacher is a director
2 These shares are held by MMLC, a company of which Mr Sabeh is a director

4. NON-COMPLIANCE WITH CODE PROVISIONS

The directors set out below the code provisions with which they do not comply and a careful explanation as to the reasons for such non-compliance:

Code Provision	Explanation
2.1	Whilst the Company has segregated the functions of the Chairman and the CEO, in that the two posts are occupied by different persons, the division of responsibilities between them has not been established in writing, although there is significant experience and practice that determines the two roles.
4.3	For the purposes of Code Provision 4.3, whilst the Board reports that for the year under review it has not organised any information sessions as set out in that provision, during its meetings the Board regularly discusses the Company's operations and prospects, the skills and competence of senior management, the general business environment and the Board's expectations.
7.1	The Board believes that the size of the Company and the Board itself does not warrant the proliferation of several committees. Whilst the requirement under Code Provision 7.1 might be useful in the context of larger companies having a more complex set-up and a larger Board, the size of the Board is such that it should enable it to evaluate its own performance without the requirement of setting up an ad hoc committee for this purpose. The Board shall retain this matter under review over the coming year. Having conducted an informal review of its own 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 a wider range of business areas and skills.
8B	The Board has not appointed a Nominations Committee in line with Code Provision 8B, particularly in the light of the specific manner in which the Articles of Association require that Non-Executive Directors be appointed by a shareholding qualification to the Board. The Executive Directors are, in accordance with the Articles, appointed by the Non-Executive Directors after their appointment as aforesaid. The Board believes that the current Articles of Association do not allow the Board itself to make any recommendations to the shareholders for appointments of directors and that if this function were to be undertaken by the Board itself or a Nominations Committee, they would only be able to make a non-binding recommendation to the shareholders having the necessary qualification to appoint directors pursuant to the Articles of Association. The Board intends to keep under review the utility and possible advantages of having a Nominations Committee and following an evaluation may, if the need arises, make recommendations to the shareholders for a change to the Articles of Association.
9.3	The memorandum and Articles of Association does not provide any mechanism for the resolution of conflicts between shareholders or any process that would trigger arbitration in these instances.

THE 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 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 (3) Non-Executive Directors, namely Mr Michael Hoeferer [3] (Chairman), Mr Yousef Sabeh (Member), Mr Alfred Quintano [3] (Member). Ms Jackie Camilleri and Mr Andreas Schadenhofer occupied the post of Chairman and Member respectively for the period up to 22 May 2013. 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. The directors believe that Mr Michael Hoeferer is independent and competent in accounting and/or auditing in terms of Listing Rule 5.117. The directors believe that Mr Michael Hoeferer satisfies the independence criteria as he is independent within the meaning of the Code as explained above in this Statement.

When the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendations to the Board on the action needed to address the issue or make improvements.

In the period under review the Audit Committee has held six meetings.

5. 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.

6. GENERAL MEETINGS

The general meeting is the highest decision making body of the Company and is regulated by the Company's Articles of Association. All shareholders registered on the register of members of the Company on a particular record date are entitled to attend and vote at general meetings. A general meeting is called by twenty-one (21) days' notice.

At an Annual General Meeting what is termed as "ordinary business" is transacted, namely, the declaration of a dividend, the consideration of the accounts, balance sheets and the reports of the directors and the auditors, the election of directors, the appointment of auditors and the fixing of remuneration of directors and auditors. Other business which may be transacted at a general meeting (including at the Annual General Meeting) will be dealt with as "Special Business".

Voting at any general meeting takes place by a show of hands or a poll where this is demanded. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands each shareholder is entitled to one vote and on a poll each shareholder is entitled to one vote for each share carrying

[3] As from the 22 May 2013

voting rights of which he is a holder. Shareholders who cannot participate in the general meeting may appoint a proxy by written or electronic notification to the Company. Appointed proxy holders enjoy the same rights to participate in the general meeting as those to which the shareholder they represent is entitled. Every shareholder represented in person or by proxy is entitled to ask questions which are pertinent and related to the items on the agenda of the general meeting and to have such questions answered by the directors or such persons as the directors may delegate for such purpose.

The directors' statement of responsibilities for preparing the financial statements is set out on page 104.

Approved by the Board of Directors on 4 March 2014
and signed on its behalf by:

Nikolaus Gretzmacher
Chairman

Markus Klaushofer
Chief Executive Officer

Austin Calleja
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT ON CORPORATE GOVERNANCE STATEMENT OF COMPLIANCE

to the members of

MALTA INTERNATIONAL AIRPORT P.L.C.

Pursuant to Listing Authority Listing Rules 5.94 and 5.97 issued by the Malta Financial Services Authority, the directors are required to include in their annual financial report a Corporate Governance 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 5.98, which requires us to include a report on the Corporate Governance Statement of Compliance.

We read the Corporate Governance 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.

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 or the Group's system of internal control or its corporate governance procedures.

In our opinion, the Corporate Governance Statement of Compliance set out on pages 105 to 112 has been properly prepared in accordance with the requirements of Listing Rules 5.94 and 5.97.

Bernard Scicluna as Director
In the name and on behalf of,
DELOITTE AUDIT LIMITED
Registered Auditor

4 March 2014

STATEMENTS OF COMPREHENSIVE INCOME

		The Group		The Company	
	Notes	**2013 EUR**	2012 EUR	**2013 EUR**	2012 EUR
Revenue	5	**58,788,522**	52,811,968	**56,589,413**	52,080,158
Staff costs	11	**(8,463,322)**	(8,084,813)	**(8,211,281)**	(7,890,229)
Depreciation	14,15	**(5,582,322)**	(5,082,589)	**(4,811,317)**	(4,691,508)
Other operating expenses	9	**(20,434,141)**	(18,931,029)	**(19,628,319)**	(18,599,936)
Release of deferred income arising on the sale of terminal buildings and fixtures	23	**208,765**	288,190	**208,765**	288,190
Finance income	7	**693,811**	612,624	**693,811**	612,624
Finance costs	8	**(2,538,444)**	(2,151,301)	**(1,547,486)**	(1,622,610)
Profit before tax		**22,672,869**	19,463,050	**23,293,586**	20,176,689
Income tax expense	12	**(8,085,144)**	(7,003,196)	**(8,279,687)**	(7,245,272)
Profit for the year attributable to the ordinary equity holders of the Company		**14,587,725**	12,459,854	**15,013,899**	12,931,417
Other comprehensive income / (expense)					
Items that may be reclassified subsequently to profit or loss:					
Net gain on available-for-sale financial assets	17	**1,766**	5,020	**1,766**	5,020
Items that will not be reclassified subsequently to profit or loss:					
Actuarial losses on defined benefit pension plans	24	**(189,550)**	-	**(189,550)**	-
Deferred tax credit	12	**66,342**	-	**66,342**	-
		(123,208)	-	**(123,208)**	-
Other comprehensive (expense) / income for the year attributable to the ordinary equity holders of the Company, net of tax		**(121,442)**	5,020	**(121,442)**	5,020
Total comprehensive income for the year attributable to the ordinary equity holders of the Company, net of tax		**14,466,283**	12,464,874	**14,892,457**	12,936,437
Earnings per share attributable to the ordinary equity holders of the Company	29	**10.78cents**	9.21cents	**11.10cents**	9.56cents

STATEMENTS OF FINANCIAL POSITION

	Notes	The Group 2013 EUR	The Group 2012 EUR	The Company 2013 EUR	The Company 2012 EUR
ASSETS					
Non-current assets					
Property, plant and equipment	14	**97,400,230**	98,108,470	**96,851,513**	97,514,261
Investment property	15	**18,203,441**	16,901,518	**-**	-
Investment in subsidiaries	16	**-**	-	**9,600**	3,600
Available-for-sale financial assets	17	**1,069,546**	967,780	**1,069,546**	967,780
Deferred tax assets	18	**3,473,806**	3,151,289	**3,430,626**	3,143,421
		120,147,023	119,129,057	**101,361,285**	101,629,062
Current assets					
Inventories	19	**861,473**	866,765	**861,473**	866,765
Trade and other receivables	20	**11,920,130**	16,781,579	**14,839,010**	16,333,317
Cash and short term deposits	28	**29,178,589**	17,466,190	**27,975,424**	16,697,730
		41,960,192	35,114,534	**43,675,907**	33,897,812
TOTAL ASSETS		**162,107,215**	154,243,591	**145,037,192**	135,526,874
EQUITY AND LIABILITIES					
Equity attributable to ordinary shareholders of the Company					
Share capital	26	**33,825,000**	33,825,000	**33,825,000**	33,825,000
Other reserve	27	**1,374,042**	1,422,687	**1,374,042**	1,422,687
Fair value reserve	27	**8,245**	6,479	**8,245**	6,479
Retained earnings		**31,776,471**	27,091,067	**32,862,666**	27,751,088
Total equity		**66,983,758**	62,345,233	**68,069,953**	63,005,254
Non-current liabilities					
Bank loans	22	**59,554,563**	61,900,986	**44,929,527**	46,775,950
Deferred income	23	**6,520,638**	6,751,988	**6,515,638**	6,746,988
Provision for retirement benefit plan	24	**4,070,876**	3,243,473	**4,070,876**	3,243,473
Provision for MIA benefit plan	25	**115,930**	102,573	**115,930**	102,573
		70,262,007	71,999,020	**55,631,971**	56,868,984
Current liabilities					
Trade and other payables	21	**20,900,920**	17,000,505	**17,902,063**	13,200,174
Bank loan	22	**2,346,423**	2,283,923	**1,846,423**	1,846,423
Current tax liabilities		**1,614,107**	614,910	**1,586,782**	606,039
		24,861,450	19,899,338	**21,335,268**	15,652,636
Total liabilities		**95,123,457**	91,898,358	**76,967,239**	72,521,620
TOTAL EQUITY AND LIABILITIES		**162,107,215**	154,243,591	**145,037,192**	135,526,874

These financial statements were approved and authorised for issue by the Board of Directors on 4 March 2014 and signed on its behalf by:

Nikolaus Gretzmacher
Chairman

Markus Klaushofer
Chief Executive Officer

Austin Calleja
Chief Financial Officer

STATEMENTS OF CHANGES IN EQUITY | THE GROUP

	Equity attributable to ordinary shareholders of the company				
	Share capital EUR	**Other reserve EUR**	**Fair value reserve EUR**	**Retained earnings EUR**	**Total EUR**
Balance at 1 January 2012	**33,825,000**	**1,471,327**	**1,459**	**24,027,375**	**59,325,161**
Profit for the year	-	-	-	12,459,854	12,459,854
Other comprehensive income	-	-	5,020	-	5,020
Total comprehensive income for the year	-	-	5,020	12,459,854	12,464,874
Difference between historical cost depreciation charge and actual depreciation for the year calculated on the revalued amount	-	(74,838)	-	74,838	-
Deferred tax (note 18)	-	26,188	-	-	26,188
Dividends (note 13)	-	-	-	(9,471,000)	(9,471,000)
Balance at 31 December 2012	**33,825,000**	**1,422,687**	**6,479**	**27,091,067**	**62,345,233**

	Share capital EUR	**Other reserve EUR**	**Fair value reserve EUR**	**Retained earnings EUR**	**Total EUR**
Balance at 1 January 2013	**33,825,000**	**1,422,687**	**6,479**	**27,091,067**	**62,345,233**
Adjustment to retained earnings arising from changes in actuarial assumptions on defined benefit pension plans (note 2.2)	-	-	-	(382,951)	(382,951)
Profit for the year	-	-	-	14,587,725	14,587,725
Other comprehensive income/ (expense)	-	-	1,766	(123,208)	(121,442)
Total comprehensive income for the year	-		1,766	14,464,517	14,466,283
Difference between historical cost depreciation charge and actual depreciation for the year calculated on the revalued amount	-	(74,838)	-	74,838	-
Deferred tax (note 18)	-	26,193	-	-	26,193
Dividends (note 13)	-	-	-	(9,471,000)	(9,471,000)
Balance at 31 December 2013	**33,825,000**	**1,374,042**	**8,245**	**31,776,471**	**66,983,758**

STATEMENTS OF CHANGES IN EQUITY | THE COMPANY

	Equity attributable to ordinary shareholders of the company				
	Share capital EUR	Other reserve EUR	Fair value reserve EUR	Retained earnings EUR	Total EUR
Balance at 1 January 2012	**33,825,000**	**1,471,327**	**1,459**	**24,215,833**	**59,513,619**
Profit for the year	-	-	-	12,931,417	12,931,417
Other comprehensive income	-	-	5,020	-	5,020
Total comprehensive income for the year	-	-	5,020	12,931,417	12,936,437
Difference between historical cost depreciation charge and actual depreciation for the year calculated on the revalued amount	-	(74,838)	-	74,838	-
Deferred tax (note 18)	-	26,188	-		26,188
Dividends (note 13)	-	-	-	(9,471,000)	(9,471,000)
Balance at 31 December 2012	**33,825,000**	**1,422,687**	**6,479**	**27,751,088**	**63,005,254**

	Share capital EUR	Other reserve EUR	Fair value reserve EUR	Retained earnings EUR	Total EUR
Balance at 1 January 2013	**33,825,000**	**1,422,687**	**6,479**	**27,751,088**	**63,005,254**
Adjustment to retained earnings arising from changes in actuarial assumptions on defined benefit pension plans (note 2.2)	-	-	-	(382,951)	(382,951)
Profit for the year	-	-	-	15,013,899	15,013,899
Other comprehensive income/(expense)	-	-	1,766	(123,208)	(121,442)
Total comprehensive income for the year	-		1,766	14,890,691	14,892,457
Difference between historical cost depreciation charge and actual depreciation for the year calculated on the revalued amount	-	(74,838)	-	74,838	-
Deferred tax (note 18)	-	26,193	-	-	26,193
Dividends (note 13)	-	-	-	(9,471,000)	(9,471,000)
Balance at 31 December 2013	**33,825,000**	**1,374,042**	**8,245**	**32,862,666**	**68,069,953**

STATEMENTS OF CASH FLOWS

		The Group		The Company	
	Notes	2013 EUR	2012 EUR	2013 EUR	2012 EUR
Cash flows from operating activities					
Profit before tax		**22,672,869**	19,463,050	**23,293,586**	20,176,689
Adjustments for:					
Depreciation of property, plant and equipment	14	**5,582,322**	5,082,589	**4,811,317**	4,691,508
Release of deferred income arising on the sale of the terminal building and fixtures	23	**(208,765)**	(288,190)	**(208,765)**	(288,190)
Amortisation of European Commission grant	23	**(40,255)**	(40,252)	**(40,255)**	(40,252)
Amortisation of Norwegian grant	23	**(51,761)**	(51,761)	**(51,761)**	(51,761)
Amortisation of Government grant	23	**(9,991)**	(9,991)	**(9,991)**	(9,991)
Interest expense	8	**2,538,444**	2,151,301	**1,547,486**	1,622,610
Loss/(gain) on sale of property, plant and equipment		**3,129**	(12,252)	**3,129**	(12,252)
Interest income	7	**(693,811)**	(612,624)	**(693,811)**	(612,624)
Provision for retirement benefit plan		**131,217**	267,199	**131,217**	267,199
Provision for MIA benefit plan	25	**28,757**	33,833	**28,757**	33,833
Decrease in provision for impairment of trade receivables	20	**(110,330)**	(10,545)	**(110,330)**	(10,545)
		29,841,825	25,972,357	**28,700,579**	25,766,224
Working capital movements:					
Movement in inventories		**5,292**	83,671	**5,292**	83,671
Movement in trade and other receivables		**4,972,443**	(3,596,206)	**1,361,639**	(5,335,424)
Movement in trade and other payables and other financial liabilities		**3,900,415**	4,189,242	**4,701,889**	1,612,580
Cash flows from operations		**38,719,975**	26,649,064	**34,769,399**	22,127,051
Interest paid		**(2,538,444)**	(2,151,301)	**(1,547,486)**	(1,622,610)
Income taxes paid		**(7,109,725)**	(7,287,558)	**(7,043,748)**	(7,230,013)
Retirement benefit paid		**(15,400)**	(650,093)	**(15,400)**	(650,093)
Net cash flows from operating activities:		**29,056,406**	16,560,112	**26,162,765**	12,624,335
Cash flows from investing activities					
Payments for property, plant and equipment	14,15	**(4,194,584)**	(4,043,172)	**(4,155,459)**	(3,986,673)
Purchase of financial assets		**(100,000)**	-	**(106,000)**	-
Payments for investment property		**(1,988,311)**	(7,597,124)	**-**	-
Interest received		**693,811**	612,624	**693,811**	612,624
Net cash flows used in investing activities:		**(5,589,084)**	(11,027,672)	**(3,567,648)**	(3,374,049)
Cash flows from financing activities					
Proceeds from bank loan		**-**	4,598,745	**-**	-
Repayment of bank loans		**(2,283,923)**	(2,283,923)	**(1,846,423)**	(1,846,423)
Dividends paid	13	**(9,471,000)**	(9,471,000)	**(9,471,000)**	(9,471,000)
Net cash flows used in investing activities:		**(11,754,923)**	(7,156,178)	**(11,317,423)**	(11,317,423)
Net movement in cash and cash equivalents		**11,712,399**	(1,623,738)	**11,277,694**	(2,067,137)
Cash and cash equivalents at the beginning of the year		**17,466,190**	19,089,928	**16,697,730**	18,764,867
Cash and cash equivalents at the end of the year	28	**29,178,589**	17,466,190	**27,975,424**	16,697,730

NOTES TO THE FINANCIAL STATEMENTS

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 activity of Sky Parks Development Limited is to manage real estate projects within the land which is currently under the management of the Group. Another subsidiary Sky Parks Business Centre Limited was set up by the Company on 26 April 2012. The principal activity of the subsidiary is to operate the Business Centre within the limits of the airport. On 20 June 2013, the Company set up three wholly-owned subsidiaries, Kirkop PV Farm Limited, Luqa PV Farm Limited and Gudja PV Farm Limited. On 20 September 2013, the Company set up two other wholly-owned subsidiaries, Gudja Two PV Farm Limited and Gudja Three PV Farm Limited. The main activity of these companies is to explore opportunities in the generation of electricity using photovoltaic technologies. 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 individual and consolidated financial statements. The financial statements of the Group and the Company have been prepared on a historical cost basis, 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, as mentioned in note 1 above.

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 and dividends 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 INITIAL APPLICATION OF AN INTERNATIONAL FINANCIAL REPORTING STANDARD

In the current year, the Company and the Group have applied the following:

- IFRS 13 Fair Value Measurement, which is applicable for annual periods beginning on or after 1 January 2013 (with earlier application being permitted). This Standard defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 requires prospective application. In accordance with the transitional provisions set out in the Standard, entities need not apply the disclosure requirements in comparative information provided for periods before the initial application of the Standard. Consequently, the Company and the Group have not made any new disclosures required by IFRS 13 for the 2012 comparative period. These financial statements incorporate the additional disclosures that are required by the Standard for certain financial and non-financial items.

- The Revised IAS 19 Employee Benefits, which is applicable for annual periods beginning on or after 1 January 2013 (with earlier application being permitted). This Standard represents the completion of the International Accounting Standards Board's project to improve the accounting for pensions and other post-employment benefits. Where applicable, the Company and the Group have revised their accounting policy for post-employment benefits in line with the revised IAS 19, which requires (i) the recognition of changes in defined benefit obligations when they occur, (ii) the recognition of actuarial gains and losses in other comprehensive income and (iii) the acceleration of the

2.2 INITIAL APPLICATION OF AN INTERNATIONAL FINANCIAL REPORTING STANDARD (Continued)

recognition of past service costs. In accordance with the transitional provisions, this Standard is required to be applied retrospectively (except as otherwise indicated). The adoption of this Standard resulted in additional disclosures in the notes to the financial statements. The adoption of this Standard did not have a quantitative impact on the Company's and the Group's financial position at 1 January 2012 and hence it was not considered necessary to present a third statement of financial position as at that date. The following table shows the effect of adopting this Standard on this year's profit for the year and other comprehensive income for the year and the quantitative impact on the prior year's profit and other comprehensive income if this Standard were to be applied retrospectively:

	Effect on 2013 EUR	Effect on 2012 EUR
Decrease in staff costs recognised in profit or loss	189,550	187,699
Decrease in deferred tax credit recognised in profit or loss	(66,342)	(65,695)
Increase in profit for the year, net of tax	123,208	122,004
Increase in actuarial losses recognised in other comprehensive income	(189,550)	(187,699)
Increase in deferred tax credit recognised in other comprehensive income	66,342	65,695
Decrease in other comprehensive income for the year, net of tax	(123,208)	(122,004)

Given the fact that the quantitative effect of the revised Standard on the prior year's profit for the year and other comprehensive income for the year (including the effect of the change in earnings per share) was considered to be immaterial, the Company and the Group recognised this and other related adjustments in connection with its post-employment benefit plans, which were also considered to be immaterial, with effect from 1 January 2013 directly in the Statement of Changes in Equity, as follows:

	Effect on 2013 EUR
Increase in post-employment benefit obligations	(589,155)
Increase in deferred tax assets	206,204
Increase in prior year profits, net of tax	122,004
Decrease in prior year other comprehensive income, net of tax	(122,004)
Decrease in net assets – adjustment to retained earnings as at 1 January 2013	(382,951)

- The June 2011 Amendment to IAS 1, entitled Presentation of Items of Other Comprehensive Income. This Amendment is applicable for annual periods beginning on or after 1 July 2012 (with earlier application being permitted). This Amendment requires companies to group together items within other comprehensive income into two categories. The IAS 1 Amendment has been applied retrospectively.

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 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, buildings are stated at revalued amounts as at the date of the privatisation of the Company in 2002 less any accumulated depreciation and any accumulated impairment losses. Other tangible assets are stated at cost less any accumulated depreciation and any accumulated impairment losses.

2.3 SIGNIFICANT ACCOUNTING POLICIES (Continued)
Property, plant and equipment (Continued)
Every year, the difference between depreciation of buildings based on their fair on the date of the privatisation of the Company in 2002 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 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.

Depreciation
Depreciation commences when the depreciable assets are available for use and is charged to profit or loss, so as to write off the cost 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% - 4-5% per annum
Furniture, fixtures, plant and equipment	10% - 33 1/3% per annum
Investment property	5% - 15% per annum

The depreciation method applied, the residual value and the useful life are reviewed at each financial year end and adjusted prospectively, if appropriate.

Properties in the course of construction
Properties in the course of construction for production, supply or administrative purposes are classified as property, plant and equipment and are carried at cost, less any identified impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy on borrowing costs. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for use.

Properties in the course of construction for future use as investment property are classified as investment property. Existing investment property that is being redeveloped for continued future use as investment property continues to be classified as investment property.

Investment property
Investment property is property held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably. Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less any accumulated depreciation and any accumulated impairment losses.

Investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses on derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in profit or loss in the period of derecognition.

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 a qualifying asset, which is 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. All other borrowing costs are expensed as incurred.

Investments in subsidiaries
A subsidiary is an entity that is controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. 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. Dividends from the investment are recognised in profit or loss.

Other financial instruments
Financial assets and financial liabilities are recognised when the Group entities become a party to the contractual provisions of the instrument. Financial assets and

2.3 SIGNIFICANT ACCOUNTING POLICIES (Continued)
Other financial instruments (Continued)
financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

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

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 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 unless the effect of discounting is material. 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 price in an active market for an identical instrument (that is, a Level 1 input) 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 other comprehensive income, 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 other comprehensive income 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 cost 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 unless the effect of discounting is material.

(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.

(vi) Shares issued by the Company
Ordinary shares issued by the Company are classified as equity instruments.

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.

Impairment
At each reporting date, 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.

In the case of receivables, evidence of impairment may include indications that the receivables or a group of receivables is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with defaults. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

In addition to the above loss events, objective evidence of impairment for an investment in an equity instrument

2.3 SIGNIFICANT ACCOUNTING POLICIES (Continued)
Impairment (Continued)
includes information about significant changes which indicate that the cost of the investment in the equity instrument may not be recovered.

For trade receivables, if there is objective evidence that an impairment loss has been incurred, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount is reduced directly.

The impairment loss on investments in equity instruments that do not have a quoted price in an active market for an identical instrument (that is, a Level 1 input) 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 other comprehensive income and there is objective evidence that the asset is impaired, the cumulative impairment loss that had been directly recognised through other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment 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 (which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) less 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 because fair value cannot be reliably measured 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.

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 other comprehensive income, unless an impairment loss on the same asset was previously recognised in profit or loss.

Impairment losses recognised in profit or loss for an available for sale investment in an equity instrument are not reversed through profit or loss. Impairment losses recognised in profit or loss for an available-for-sale investment in a debt instrument are reversed through profit or loss if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss

The impairment loss on investments in equity instruments that do not have a quoted price in an active market for an identical instrument (that is, a Level 1 input) 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 using

2.3 SIGNIFICANT ACCOUNTING POLICIES (Continued)
Revenue recognition (Continued)
the effective interest rate. Interest income is included in finance income in the profit or loss.

(iii) Grants
Grants are recognised in profit or loss when there is reasonable assurance that all the conditions attached to them are complied with and the grants will be received. Grants related to income are recognised in the profit or loss over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. Such grants are presented as part of profit or loss. 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
Deferred income arising from the gain on disposal of the buildings and fixtures that took place on the date of the privatisation of the Company in 2002 is transferred separately to the income statement in equal annual instalments over the remaining life of the underlying assets.

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.

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 unless another systematic basis is more representative of the time pattern of the users benefit.

Where the Company is a lessor, rentals receivable under operating leases are recognised as income in profit or loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

Taxation
Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or equity as appropriate.

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 for tax purposes 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 at the reporting date.

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 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 period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Current 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 and the deferred taxes relate to the same taxable entity and the same taxation authority.

Employee benefits
Employee benefits include short term benefits and post-employment benefits.

The Group and the Company contribute towards the state pension fund 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.

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 reporting date. Past service cost is recognised as an expense at the earlier of the following dates (a) when the plan amendment or curtailment occurs and (b) when the entity recognises related restructuring costs or termination benefits. The amount recognised in the Statement of Financial Position

2.3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement plans (Continued)

represents the present value of the expected future payments required to settle the obligation resulting from employee service in the current and prior periods. The service cost and the net interest on the net defined benefit liability are recognised in profit or loss. Remeasurements of the net defined benefit liability, comprising actuarial gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss in a subsequent period. Such remeasurements are reflected immediately in retained earnings. Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from experience adjustments and the effects of changes in actuarial assumptions. Actuarial assumptions are an entity's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits. Due to the nature of the actuarial assumptions, in accordance with the provisions of IAS 19, the Company did not involve a qualified actuary in the measurement of its post-employment benefit obligations.

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 at the 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.

2.4 FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines when transfers are deemed to have occurred between Levels in the hierarchy at the end of each reporting period.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

(i) a financial asset (where the operator has an unconditional right to receive a specified amount of cash or other financial asset over the life of the arrangement); or

(ii) an intangible asset (where the operator's future cash flows are not specified, for example, where they will vary according to usage of the infrastructure asset); or

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(iii) both a financial asset and an intangible asset where the operator's return is provided partially by a financial asset and partially by an intangible asset.

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

4. INTERNATIONAL FINANCIAL REPORTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

At the date of the approval of these financial statements, a number of International Financial Reporting Standards were either not yet endorsed by the EU or were not yet applicable to the Group and the Company.

IFRS 9 (as amended in 2010 and in 2013) – Financial Instruments

IFRS 9 - Financial Instruments issued in November 2009 and amended in October 2010 and in November 2013 introduces new requirements for the classification and measurement of financial assets and financial liabilities.

IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

The November 2013 Amendment to IFRS 9 removed the 1 January 2015 mandatory effective date. This standard has not yet been endorsed by the European Union. During a meeting of the IASB in February 2014, the IASB came to a decision that the effective date for IFRS 9 should be 1 January 2018.

IFRIC 21 – Levies

IFRIC 21 is an interpretation of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC 21 addresses the accounting treatment of levies imposed by governments. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 (with earlier application being permitted).

The Group and the Company are in the process of assessing the impact of these standards on the financial position and performance of 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 and the Company to turnover which are in respect of continuing activities are set out below:

		The Group
	2013 EUR	2012 EUR
By activity:		
Regulated fees	**36,766,676**	33,913,354
Commercial fees	**14,217,676**	11,959,843
Recharges and other income	**7,804,170**	6,938,771
	58,788,522	52,811,968

		The Company
	2013 EUR	2012 EUR
By activity:		
Regulated fees	**36,766,676**	33,913,354
Commercial fees	**12,904,327**	11,842,822
Recharges and other income	**6,918,410**	6,341,982
	56,589,413	52,080,158

5. REVENUE (Continued)

Regulated fees comprise income from aviation services which arise from income from passenger services charge, security fee and landing and parking fee.

Commercial fees comprise income from retail activities, advertising and aviation concessionaires.

Recharges and other income comprise of the other income which is not included in the regulated and commercial fees such as PRM charge, VIP services, amenities and parking fees.

6. OPERATING SEGMENT INFORMATION

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

For management purposes the Group is organised into operating segments based on the nature of its operations and has 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, tax and deferred income arising from the sale of terminal buildings and fixtures (EBIT). However, the Group and the Company financing (including finance income and finance costs), deferred income arising from the sale of terminal buildings and fixtures and income tax are managed on a Group and Company basis and are not allocated to operating segments.

The results of the segments are reported below:

	THE GROUP	
	2013 EUR	2012 EUR
Airport		
Segment revenue (external)	**41,296,477**	38,294,689
Segment EBIT	**14,284,383**	12,707,388
Retail and Property		
Segment revenue (external)	**17,083,231**	14,120,236
Segment EBIT	**9,615,540**	7,609,106
Other Segment		
Segment revenue (external)	**408,814**	397,043
Segment EBIT	**408,814**	397,043
Total		
Segment revenue (external)	**58,788,522**	52,811,968
Segment EBIT	**24,308,737**	20,713,537

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

Other Segment

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

6. OPERATING SEGMENT INFORMATION (Continued)

THE GROUP

31 December 2013	**Airport EUR**	**Retail and Property EUR**	**Other Segment EUR**	**Group EUR**
Segment revenue (external)	41,296,477	17,083,231	408,814	58,788,522
Segment operating costs	27,012,094)	(7,467,691)	-	(34,479,785)
Segment EBIT	14,284,383	9,615,540	408,814	24,308,737
Finance income				693,811
Finance cost				(2,538,444)
Release of deferred income arising on the sale of terminal buildings and fixtures				208,765
Profit before tax				**22,672,869**

31 December 2012	**Airport EUR**	**Retail and Property EUR**	**Other Segment EUR**	**Group EUR**
Segment revenue (external)	38,294,689	14,120,236	397,043	52,811,968
Segment operating costs	(25,587,301)	(6,511,130)	-	(32,098,431)
Segment EBIT	12,707,388	7,609,106	397,043	20,713,537
Finance income				612,624
Finance cost				(2,151,301)
Release of deferred income arising on the sale of terminal buildings and fixtures				288,190
Profit before tax				19,463,050

SEGMENT ASSETS	THE GROUP	
	2013 EUR	2012 EUR
Assets by segment		
Airport	**74,081,413**	77,910,286
Retail and Property	**53,442,388**	53,881,281
Total assets in reported segments	**127,523,801**	131,791,567
Assets not allocated to a specified segment		
Financial assets	**1,069,546**	967,780
Deferred tax assets	**3,473,806**	3,151,289
Inventories	**861,473**	866,765
Cash and short term deposits	**29,178,589**	17,466,190
Total not allocated	**34,583,414**	22,452,024
Group assets	**162,107,215**	154,243,591

Revenue from two different customers amounted to EUR19,930,342 (2012: EUR18,975,449) and EUR11,319,568 (2012: EUR9,478,236) respectively. These revenues arise from the airport segment.

7. FINANCE INCOME

	The Group		The Company	
	2013 EUR	2012 EUR	2013 EUR	2012 EUR
Bank interest	**693,811**	612,624	**693,811**	612,624

8. FINANCE COSTS

	The Group		The Company	
	2013 EUR	2012 EUR	2013 EUR	2012 EUR
Total borrowing costs	**2,538,444**	2,692,091	**1,547,486**	1,622,610
Less: amounts capitalised (note 15)	**-**	(540,790)	**-**	-
Interest on bank loans	**2,538,444**	2,151,301	**1,547,486**	1,622,610

In 2013 there were no borrowing costs eligible for capitalisation (2012 - The rates used to determine the amount of borrowing costs eligible for capitalisation were 4.70% - 6.50% per annum).

9. OTHER OPERATING EXPENSES

	The Group		The Company	
	2013 EUR	2012 EUR	2013 EUR	2012 EUR
Repairs and maintenance	**1,383,206**	1,708,160	**1,265,692**	1,701,838
Marketing and communication costs	**3,281,760**	2,826,174	**3,238,955**	2,776,787
Insurance	**420,899**	413,516	**400,398**	394,172
Telecommunications	**115,888**	146,067	**109,244**	142,387
Utilities	**3,244,881**	3,125,759	**2,970,876**	3,073,782
Third party services	**7,339,949**	6,918,963	**7,218,672**	6,904,450
Legal and professional fees	**560,435**	499,983	**496,294**	470,828
Losses/(gains) of disposal of fixed assets	**3,129**	(12,249)	**3,129**	(12,249)
Net exchange differences	**(14,351)**	12,492	**(14,247)**	12,173
Operating lease payments	**1,686,826**	894,903	**1,686,826**	894,903
Movements in provision for bad debts (note 20)	**(110,330)**	(10,545)	**(110,330)**	(10,545)
Miscellaneous operating expenses	**2,521,849**	2,407,806	**2,362,810**	2,251,410
	20,434,141	18,931,029	**19,628,319**	18,599,936

Included in the legal and professional fees are amounts that are payable to the parent Company's auditor:

	The Group		The Company	
	2013 EUR	2012 EUR	2013 EUR	2012 EUR
Audit of the financial statements	**34,200**	34,200	**25,200**	25,200
Tax advisory services	**5,429**	12,465	**2,213**	10,795
Non-audit services other than tax advisory services and assurance services	**12,260**	20,100	**12,260**	14,600

10. KEY MANAGEMENT PERSONNEL COMPENSATION

	The Group		The Company	
	2013 EUR	2012 EUR	2013 EUR	2012 EUR
Directors' compensation:				
Short-term benefits:				
Fees	**66,124**	61,296	**66,124**	61,296
Management remuneration	**547,842**	400,939	**547,842**	400,939
Social security costs	**3,859**	3,204	**3,859**	3,204
	617,825	465,439	**617,825**	465,439

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 EUR156,692 (2012 – EUR173,729). 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 EUR14,190 (2012 – EUR14,190). These amounts are included with other operating expenses.

11. STAFF COSTS AND EMPLOYEE INFORMATION

	The Group		The Company	
	2013 EUR	2012 EUR	2013 EUR	2012 EUR
Staff costs:				
Wages and salaries	**7,407,177**	7,242,371	**7,163,864**	7,057,957
Social security costs	**538,286**	541,410	**529,558**	531,240
Retirement benefit costs (notes 24 & 25)	**77,426**	301,032	**77,426**	301,032
Other retirement benefit costs	**440,433**	-	**440,433**	-
	8,463,322	8,084,813	**8,211,281**	7,890,229

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

	The Group		The Company	
	2013 EUR	2012 EUR	2013 EUR	2012 EUR
Business development, operations and marketing	**107**	117	**102**	113
Finance, IT and information management	**21**	23	**21**	23
Firemen	**39**	38	**39**	38
Meteorological office	**12**	12	**12**	12
Safety, security and administration	**55**	56	**49**	50
Technical and engineering	**82**	82	**82**	82
	316	328	**305**	318

12. INCOME TAX EXPENSE

Income tax recognised in profit or loss is as follows:

	The Group		The Company	
	2013 EUR	2012 EUR	2013 EUR	2012 EUR
Current tax expense	8,108,926	6,545,481	8,024,495	6,483,402
Consideration paid for intra-group transfer of tax loss	-	-	243,662	249,648
Deferred tax	(23,782)	457,715	11,530	512,222
	8,085,144	7,003,196	8,279,687	7,245,272

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

	The Group		The Company	
	2013 EUR	2012 EUR	2013 EUR	2012 EUR
Profit before tax	22,672,869	19,463,050	23,293,586	20,176,689
Tax at the applicable rate of 35%	7,935,504	6,812,068	8,152,755	7,061,841
Tax effect of:				
Depreciation charges not deductible by way of capital allowances in determining taxable income	340,765	372,618	289,931	347,555
Other net difference between accounting and tax deductible items of expenditure	(31,986)	(20,866)	(3,500)	(3,500)
Finance income subject to lower tax rates	(138,762)	(122,525)	(138,762)	(122,525)
Other differences	(20,377)	(38,099)	(20,737)	(38,099)
Income tax expense for the year	8,085,144	7,003,196	8,279,687	7,245,272

Income tax recognised in other comprehensive income is as follows:

	The Group		The Company	
	2013 EUR	2012 EUR	2013 EUR	2012 EUR
Deferred tax credit on defined benefit pensions plans	66,342	-	66,342	-

13. DIVIDENDS

The net final dividend of EUR5,412,000 (EUR 4.0 cents 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 21 May 2013 and was paid on 5 June 2013. The net final dividend for 2011 of EUR5,412,000 (EUR 4.0 cents per ordinary share) proposed by the directors during 2012 was paid on 25 May 2012. On the 23 September 2013, a net interim dividend of EUR4,059,000 (EUR 3.0 cents per share) (2012 – EUR4,059,000 (EUR 3.0 cents per share)) was paid to ordinary shareholders of the Company.

The directors propose that a net final dividend of EUR0.045 per ordinary share will be paid to ordinary shareholders in respect of the year ended 31 December 2013. 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 EUR6,088,500.

14. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Land held on temporary emphyteusis	Buildings	Furniture, fixtures, plant and equipment	Total
	EUR	EUR	EUR	EUR
Cost				
At 1 January 2012	42,033,473	63,424,713	73,284,255	178,742,441
Additions	-	356,835	3,686,337	4,043,172
Disposals	-	-	(47,371)	(47,371)
Transfers	-	(484,060)	484,060	-
At 1 January 2013	42,033,473	63,297,488	77,407,281	182,738,242
Additions	-	453,718	3,740,866	4,194,584
Disposals	-	-	(105,908)	(105,908)
At 31 December 2013	42,033,473	63,751,206	81,042,239	186,826,918
Accumulated depreciation				
At 1 January 2012	6,089,467	19,528,522	54,282,300	79,900,289
Provision for the year	646,669	1,250,586	2,875,545	4,772,800
Eliminated on disposal	-	-	(43,317)	(43,317)
Transfers	-	(31,928)	31,928	-
At 1 January 2013	6,736,136	20,747,180	57,146,456	84,629,772
Provision for the year	646,669	1,251,516	2,997,749	4,895,934
Eliminated on disposal	-	-	(99,018)	(99,018)
At 31 December 2013	7,382,805	21,998,696	60,045,187	89,426,688
Carrying amount				
At 31 December 2013	**34,650,668**	**41,752,510**	**20,997,052**	**97,400,230**
At 31 December 2012	35,297,337	42,550,308	20,260,825	98,108,470

No depreciation is being charged on assets not yet available for use amounting to EUR2,823,624 (2012 – EUR1,596,223). In addition, the cost of fully depreciated plant and equipment amounts to EUR44,737,890 (2012 – EUR42,870,657) for both the Group and the Company.

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

THE COMPANY

	Land held on temporary emphyteusis	Buildings	Furniture, fixtures, plant and equipment	Total
	EUR	EUR	EUR	EUR
Cost				
At 1 January 2012	42,033,473	63,424,713	72,558,025	178,016,211
Additions	-	356,835	3,629,838	3,986,673
Disposals	-	-	(47,371)	(47,371)
Transfers	-	(484,060)	484,060	-
At 1 January 2013	42,033,473	63,297,488	76,624,552	181,955,513
Additions	-	453,718	3,701,741	4,155,459
Disposals	-	-	(105,908)	(105,908)
At 31 December 2013	42,033,473	63,751,206	80,220,385	186,005,064
Accumulated depreciation				
At 1 January 2012	6,089,467	19,528,522	54,175,072	79,793,061
Provision for the year	646,669	1,250,586	2,794,253	4,691,508
Eliminated on disposal	-	-	(43,317)	(43,317)
Transfers	-	(31,928)	31,928	-
At 1 January 2013	6,736,136	20,747,180	56,957,936	84,441,252
Provision for the year	646,669	1,251,516	2,913,132	4,811,317
Eliminated on disposal	-	-	(99,018)	(99,018)
At 31 December 2013	7,382,805	21,998,696	59,772,050	89,153,551
Carrying amount				
At 31 December 2013	**34,650,668**	**41,752,510**	**20,448,335**	**96,851,513**
At 31 December 2012	35,297,337	42,550,308	19,666,616	97,514,261

No depreciation is being charged on assets not yet available for use amounting to EUR2,823,624 (2012 – EUR1,596,293).

15. INVESTMENT PROPERTY

THE GROUP

COST	EUR
At 1 January 2012	9,614,183
Additions from subsequent expenditure	7,597,124
At 1 January 2013	17,211,307
Additions from subsequent expenditure	1,988,311
At 31 December 2013	19,199,618
Accumulated depreciation	
At 1 January 2012	-
Provision for the year	309,789
At 1 January 2013	309,789
Provision for the year	686,388
At 31 December 2013	996,177
Carrying amount	
At 31 December 2013	**18,203,441**
At 31 December 2012	16,901,518

The above investment property relates to the business centre which was completed during the prior year and which is located on the land held on temporary emphyteusis. The carrying amount incorporates the cost of construction and the cost of items that are an integral part of the building.

The directors consider the fair value of the above investment property not to be significantly different from its carrying amount which comprises the items stated above.

During the year there has been no change in the valuation technique used and the Group has continued to account for the investment property at cost.

In estimating the fair value of the investment property, the highest and best use of the property is its current use. Details about the Group's investment property and information about the fair value hierarchy at 31 December 2013 are as follows:

	Fair value measurement at the end of the reporting period using			
	31.12.2013 EUR	**Level 1 EUR**	**Level 2 EUR**	**Level 3 EUR**
The Business Centre	**18,203,441**	**-**	**18,203,441**	**-**

During the year direct operating expenses of EUR584,280 (2012 - EUR137,592), which arose from the Investment Property, were incurred. Such expenses were incurred in generating rental income during the year.

16. INVESTMENT IN SUBSIDIARIES

THE COMPANY

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

	2013 EUR	2012 EUR
Shares in Airport Parking Limited	**1,200**	1,200
Shares in Sky Parks Development Limited	**1,200**	1,200
Shares in Sky Parks Business Centre Limited	**1,200**	1,200
Shares in Kirkop PV Farm Limited	**1,200**	-
Shares in Luqa PV Farm Limited	**1,200**	-
Shares in Gudja PV Farm Limited	**1,200**	-
Shares in Gudja Two PV Farm Limited	**1,200**	-
Shares in Gudja Three PV Farm Limited	**1,200**	-
	9,600	3,600

The Company holds a 100% (2012 – 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.

The Company holds a 100% (2012 – 100%) ownership in the ordinary share capital of Sky Parks Development Limited, a limited company incorporated in Malta, whose principal activity is to manage real estate projects within the land which is currently under the management of the Group,

The Company holds a 100% (2012 – 100%) ownership in the ordinary share capital of Sky Parks Business Centre Limited, a limited liability company incorporated in Malta, whose principal activity is to operate the Business Centre within the limits of the airport.

The Company holds a 100% (2012 – 0%) ownership in the ordinary share capital of:

- Kirkop PV Farm Limited, a limited liability company incorporated in Malta;
- Luqa PV Farm Limited, a limited liability company incorporated in Malta;
- Gudja PV Farm Limited, a limited liability company incorporated in Malta;
- Gudja Two PV Farm Limited, a limited liability company incorporated in Malta;
- Gudja Three PV Farm Limited, a limited liability company incorporated in Malta.

The principal activity of these five companies is to explore opportunities in the generation of electricity using photovoltaic technologies.

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

THE GROUP AND THE COMPANY

	Local unlisted equity shares	Local listed fund	Total
	EUR	EUR	EUR
At 1 January 2012	884,696	78,064	962,760
Additions	-	-	-
	884,696	78,064	962,760
Movements in fair value	-	5,020	5,020
At 31 December 2012	884,696	83,084	967,780
At 1 January 2013	884,696	83,084	967,780
Additions	100,000	-	100,000
	984,696	83,084	1,067,780
Movements in fair value	-	1,766	1,766
At 31 December 2013	**984,696**	**84,850**	**1,069,546**

Available-for-sale financial asset - Local unlisted equity shares

The Company has an investment in unlisted securities which present it with an opportunity for returns through dividends.

Available-for-sale financial asset - Fund

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

As at 31 December 2013, the Group and the Company held the following financial instruments measured at fair value:

	31.12.2013 EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Assets measured at fair value				
Fund	**84,850**	**84,850**	**-**	**-**

As at 31 December 2012 the Group and the Company held the following financial instruments measured at fair value:

	31.12.2012 EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Assets measured at fair value				
Fund	83,084	83,084	-	-

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

During the reporting periods ended 31 December 2013 and 31 December 2012, 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.

18. DEFERRED TAXATION

THE GROUP

	31.12.2011 EUR	Movement for the year EUR	31.12.2012 EUR	Movement for the year EUR	**31.12.2013 EUR**
Arising on:		*recognised in total total comprehensive income:*		*recognised in total total comprehensive income:*	
Accelerated tax depreciation	773,550	(566,806)	206,744	(369,647)	**(162,903)**
Provision for pension costs	1,269,228	(134,012)	1,135,216	83,386	**1,218,602**
Deferred income	2,250,861	(100,867)	2,149,994	(73,068)	**2,076,926**
Unabsorbed capital allowances	-	336,723	336,723	304,655	**641,378**
Ground rent payable	-	-	-	209,327	**209,327**
Other temporary differences	81,409	7,247	88,656	(64,528)	**24,128**
	4,375,048	(457,715)	3,917,333	90,125	**4,007,458**
		recognised in equity:		*recognised in equity:*	
Revaluation of properties on privatisation	(792,242)	26,198	(766,044)	26,188	**(739,856)**
Provision for pension costs (note 2.2)				206,204	**206,204**
Total	3,582,806	(431,517)	3,151,289	322,517	**3,473,806**

THE COMPANY

	31.12.2011 EUR	Movement for the year EUR	31.12.2012 EUR	Movement for the year EUR	**31.12.2013 EUR**
Arising on:		*recognised in total total comprehensive income:*		*recognised in total total comprehensive income:*	
Accelerated tax depreciation	820,189	(284,590)	535,599	(121,558)	**414,041**
Provision for pension costs	1,269,228	(134,012)	1,135,216	83,386	**1,218,602**
Deferred income	2,250,861	(100,867)	2,149,994	(73,068)	**2,076,926**
Ground rent payable	-	-	-	209,327	**209,327**
Other temporary differences	81,409	7,247	88,656	(43,274)	**45,382**
	4,421,687	(512,222)	3,909,465	54,813	**3,964,278**
		recognised in equity:		*recognised in equity:*	
Revaluation of properties on privatisation	(792,242)	26,198	(766,044)	26,188	**(739,856)**
Provision for pension costs (note 2.2)				206,204	**206,204**
Total	3,629,445	(486,024)	3,143,421	287,205	**3,430,626**

The movement recognised in total comprehensive income during the current year for both the Group and the Company includes a deferred tax credit of EUR66,342 (2012 – EUR Nil) in connection with defined benefit plans, which deferred tax was recognised in other comprehensive income.

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. The amount of deferred tax assets that can be recognised is based upon the likely timing and level of future taxable profits together with future tax planning strategies.

19. INVENTORIES

	The Group		The Company	
	2013 EUR	2012 EUR	**2013 EUR**	2012 EUR
Consumables	**861,473**	866,765	**861,473**	866,765

20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2013 EUR	2012 EUR	**2013 EUR**	2012 EUR
Trade receivables	**8,874,422**	11,319,770	**7,345,262**	10,505,702
Other receivables	**1,067,419**	1,093,519	**244,873**	194,998
Receivables from subsidiaries	**-**	-	**5,659,995**	1,581,722
Receivables from other related parties	**807,066**	3,614,609	**807,066**	3,614,609
Prepayments and accrued income	**1,171,223**	753,681	**781,814**	436,286
	11,920,130	16,781,579	**14,839,010**	16,333,317

The terms and conditions of the receivables from subsidiaries and related parties are disclosed in note 32. Trade receivables are non-interest bearing and are generally on 30 day terms.

Included in the amount due from subsidiaries is a loan of EUR4,250,000 which is unsecured, interest free and repayable on demand.

The Group and the Company

As at 31 December 2013, trade receivables at nominal value of EUR101,533 (2012: EUR211,863) were impaired and fully provided for. Movements in the provision for impairment of trade receivables were as follows:

	Individually Impaired EUR
At 1 January 2012	222,408
Movement for the year	(10,545)
At 31 December 2012	211,863
Movement for the year	(110,330)
At 31 December 2013	**101,533**

THE GROUP

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

			Past due but not impaired			
	Total	Neither past due nor impaired	30 - 60 days	60 days	90 days	> 120 days
	EUR	EUR	EUR	EUR	EUR	EUR
2013	**9,681,488**	**4,611,364**	**1,880,062**	**1,232,142**	**654,841**	**1,303,079**
2012	14,934,379	5,406,095	3,458,922	1,850,265	1,742,485	2,476,611

20. TRADE AND OTHER RECEIVABLES (Continued)

THE COMPANY

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

			Past due but not impaired			
	Total	Neither past due nor impaired	30 - 60 days	60 days	90 days	> 120 days
	EUR	EUR	EUR	EUR	EUR	EUR
2013	**9,562,323**	**4,686,913**	**2,878,596**	**1,225,693**	**258,722**	**512,399**
2012	15,702,033	5,729,899	3,114,022	2,292,623	1,700,080	2,865,409

The Group does not hold any collateral over the past due but not impaired balances and has not provided for any allowance as these trade receivables are substantially companies with good track records with the Group and thus the amount is still considered recoverable.

21. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013 EUR	2012 EUR	**2013 EUR**	2012 EUR
Trade payables	**5,101,482**	2,288,145	**4,897,821**	1,752,850
Other payables	**1,545,677**	1,024,578	**1,465,874**	976,925
Accruals and deferred income	**14,253,761**	13,687,782	**11,538,368**	10,470,399
	20,900,920	17,000,505	**17,902,063**	13,200,174

Accruals and deferred income for the Group include deferred income amounting to EUR310,772 (2012: EUR390,194) as disclosed in note 23.

Terms and conditions of the above financial liabilities:
- Trade payables are non-interest bearing and are normally settled on 30 day terms.
- Other payables are non-interest bearing and have an average term of three months.

21. BANK LOANS

	The Group		The Company	
	2013 EUR	2012 EUR	**2013 EUR**	2012 EUR
Current bank loans	**2,346,423**	2,283,923	**1,846,423**	1,846,423
Non-current bank loans	**59,554,563**	61,900,986	**44,929,527**	46,775,950

The Company has a bank loan which will expire in 2026, and is secured by a general hypothec over all the Company's present and future assets, with the exception of terminal buildings and other sites. The loan is repayable in annual instalments. At the reporting date, the loan incurred interest at 3.1% (2012 – 3.25%) per annum.

In 2010 Sky Parks Development Limited was granted a bank loan amounting to Eur16 million which is repayable by 2030, and is secured by guarantees and a general hypothec over the commercial block, consisting of car parking spaces, retail outlets and other floor space held for rental purposes. The bank loan has been drawn down. At the reporting date, the weighted average interest rate is equal to 6.25% (2012 – 6.27%) per annum.

The maturity of the bank borrowings are disclosed in note 37.

23. DEFERRED INCOME

THE GROUP

	2012	Movement for the year	**2013**
		Amortisation EUR	**EUR**
Deferred income arising from the gain on disposal of the buildings and fixtures	6,142,840	(208,765)	**5,934,075**
European Commission grant	603,849	(40,255)	**563,594**
Norwegian grant	310,567	(51,761)	**258,806**
Government grant	79,926	(9,991)	**69,935**
Deposit received from tenant	5,000	-	**5,000**
Total deferred income as at 31 December	7,142,182	(310,772)	**6,831,410**
Less: amounts included in trade and other payables (note 21)	(390,194)		**(310,772)**
Amounts included in non-current liabilities	6,751,988		**6,520,638**

	2011	Movement for the year	2012
		Amortisation EUR	EUR
Deferred income arising from the gain on disposal of the buildings and fixtures	6,431,030	(288,190)	6,142,840
European Commission grant	644,101	(40,252)	603,849
Norwegian grant	362,328	(51,761)	310,567
Government grant	89,917	(9,991)	79,926
Deposit received from tenant	5,000	-	5,000
Total deferred income as at 31 December	7,532,376	(390,194)	7,142,182
Less: amounts included in trade and other payables (note 21)	(390,197)		(390,194)
Amounts included in non-current liabilities	7,142,179		6,751,988

THE COMPANY

	2012	Movement for the year	**2013**
		Amortisation EUR	**EUR**
Deferred income arising from the gain on disposal of the buildings and fixtures	6,142,840	(208,765)	**5,934,075**
European Commission grant	603,849	(40,255)	**563,594**
Norwegian grant	310,567	(51,761)	**258,806**
Government grant	79,926	(9,991)	**69,935**
Total deferred income as at 31 December	7,137,182	(310,772)	**6,826,410**
Less: amounts included in trade and other payables (note 21)	(390,194)		**(310,772)**
Amounts included in non-current liabilities	6,746,988		**6,515,638**

23. DEFERRED INCOME (Continued)

	2011	Movement for the year Amortisation EUR	2012 EUR
Deferred income arising from the gain on disposal of the buildings and fixtures	6,431,030	288,190)	6,142,840
European Commission grant	644,101	(40,252)	603,849
Norwegian grant	362,328	(51,761)	310,567
Government grant	89,917	(9,991)	79,926
Total deferred income as at 31 December	7,527,376	(390,194)	7,137,182
Less: amounts included in trade and other payables (note 21)	(390,197)		(390,194)
Amounts included in non-current liabilities	7,137,179		6,746,988

The deferred income arising from the gain on disposal of the buildings and fixtures that took place on the date of the privatisation of the Company in 2002 is being taken to income in accordance with the accounting policy stated in note 2.3.

The European Commission grant is composed of grants related to assets and which were received in 2006 and 2011 in respect of the upgrading of the taxiways project.

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

The Government grant is related to the installation of the photovoltaic system and was received in 2011.

24. PROVISION FOR RETIREMENT BENEFIT PLAN

	The Group		The Company	
	2013 EUR	2012 EUR	**2013 EUR**	2012 EUR
Non-current provision for retirement benefit plan	**4,070,876**	3,243,473	**4,070,876**	3,243,473

The provision for retirement benefits is unfunded and represents the Company's and the Group's share of the year-end provision in accordance with the Pensions Ordinance (Cap 93) 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 and the Group's obligation (i) discounted to the net present value at the rate which has been determined by reference to market yields at the end of the reporting period on Maltese government bonds (ii) after considering the average life expectancy of such employees based on the latest publicly available mortality tables and (iii) where applicable, expected rates of salary increases based on the inflation and previous increases given to employees and (iv) the Company's expectations, based on historic data, of the payment options that will be selected by the plan members, being either an annual benefit per employee or a lump sum payment plus a reduced annual benefit per employee until death, capped in accordance with statutory requirements.

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

24. PROVISION FOR RETIREMENT BENEFIT PLAN (Continued)

	31.12.2013 EUR	31.12.2012 EUR
Present value of the provision for retirement benefits at 1 January	**3,243,473**	3,626,367
Adjustment at 1 January 2013, gross of deferred tax (note 2.2)	**589,155**	-
Payments effected	**-**	(650,093)
Charge for the year *(recognised in staff costs)*	**48,698**	267,199
Actuarial gains and losses resulting from experience adjustments, gross of deferred tax *(recognised in other comprehensive income)*	**67,013**	-
Actuarial gains and losses resulting from changes in financial assumptions, gross of deferred tax *(recognised in other comprehensive income)*	**122,537**	-
Present value of the provision for retirement benefits at 31 December	**4,070,876**	3,243,473

The year-end obligation includes EUR2,989,032 (2012 - EUR2,237,202) in relation to retired employees.

The plan exposes the Group and the Company to such risks as (i) interest risk, since a decrease in market yields will increase the plan liability; (ii) longevity risk, since an increase in the life expectancy of the plan participants will increase the plan liability; and (iii) salary risk, since an increase in the salary of the plan participants will increase the plan liability.

The significant actuarial assumptions used to determine the present value of the retirement benefit plan were as follows:

	Group and Company	
	2013	2012
Discount rate(s)	**4.6%**	5.2%
Mortality rate(s)		
- Males	**79**	79
- Females	**83**	83

The sensitivity analyses below are in connection with each significant actuarial assumption and are prepared as of the end of the reporting period, showing how the defined benefit obligation would have been affected by hypothetical changes in the relevant actuarial assumption that were reasonably possible at that date, while holding all other assumptions constant. The sensitivity analyses presented below are for illustrative purposes only and may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the sensitivity analyses, the present value of the obligation has been calculated using the projected unit credit method at the end of the reporting period. The amounts generated from the sensitivity analyses represent forward-looking estimates and hence, actual results in the future may differ materially from those projected results. In accordance with the transitional rules in the revised IAS 19, the Company and the Group have not disclosed comparative information in this respect.

- If the discount rate is 100 basis points higher (lower) with all other assumptions held constant, the defined benefit obligation decreases by EUR262,865 (increases by EUR232,225)
- If the life expectancy increases (decreases) by two years for both men and women with all other assumptions held constant, the defined benefit obligation increases by EUR237,377 (decreases by EUR273,099)

The weighted average duration of the defined benefit obligation at 31 December 2013 is 23 years (2012 – 24 years) in relation to employees that are still employed by the company and 15 years (2012 – 16 years) in relation to retired employees.

25. PROVISION FOR MIA BENEFIT PLAN

	The Group		The Company	
	2013 EUR	2012 EUR	**2013 EUR**	2012 EUR
Provision for MIA benefit plan	**115,930**	102,573	**115,930**	102,573

The provision for MIA benefit plan is funded 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 which has been determined by reference to market yields at the end of the reporting period on Maltese government bonds 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:

	Group and Company	
	2013 EUR	2012 EUR
Present value of the provision for MIA benefit plan at 1 January	**102,573**	68,740
Payments effected	**(15,400)**	-
Charge for the year (*recognised in staff costs*)	**28,757**	33,833
Present value of the provision for MIA benefit plan at 31 December	**115,930**	102,573

26. SHARE CAPITAL

THE COMPANY

	As at 31.12.2013 & 31.12.2012	
	Authorised EUR	**Issued and called up EUR**
111,809,746 "A" ordinary shares of EUR0.25 each (81,179,990 of which have been issued, called up and fully paid)	**27,952,436**	20,294,997
74,539,840 "B" ordinary shares of EUR0.25each (54,120,000 of which have been issued, called up and fully paid)	**18,634,960**	13,530,000
14 "C" ordinary shares of EUR0.25 each (10 of which have been issued, called up and fully paid)	**4**	3
	46,587,400	33,825,000

The Ordinary 'A' and 'B' shares have the same rights, benefits and powers in 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 2013 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

27. RESERVES

Other Reserve

The other reserve emanates from the revaluation of the Company's buildings on the date of the privatisation of the Company in 2002.

Fair Value Reserve

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

28. CASH AND SHORT TERM DEPOSITS

Cash and short term deposits shown in the statements of cash flow comprise the following amounts presented in the Statements of Financial Position:

	The Group		The Company	
	2013 EUR	2012 EUR	**2013 EUR**	2012 EUR
Cash at bank and in hand	**29,178,589**	17,466,190	**27,975,424**	16,697,730

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

29. 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 weighted average number of ordinary shares in issue during the year.

	The Group		The Company	
	2013 EUR	2012 EUR	**2013 EUR**	2012 EUR
Profit for the year attributable to the ordinary equity holders of the Company	**14,587,725**	12,459,854	**15,013,899**	12,931,417
Weighted average number of shares	**135,300,000**	135,300,000	**135,300,000**	135,300,000
Earnings per share (cents) attributable to the ordinary equity holders of the Company	**10.78**	9.21	**11.10**	9.56

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

30. CAPITAL COMMITMENTS

	The Group		The Company	
	2013 EUR	2012 EUR	**2013 EUR**	2012 EUR
Property, plant and equipment				
Contracted but not provided for	**1,198,081**	1,295,000	**1,198,081**	1,295,000
Authorised but not contracted for	**4,567,109**	4,959,000	**4,567,109**	4,959,000

31. CONTINGENT LIABILITIES

At reporting date, there existed:

i. a claim filed by a former employee of the Company for unfair dismissal, the amount of which has not been determined;
ii. a dispute with the Government of Malta which arose in 2005 and which could result in a claim. The Government estimates the value of the claim as at 31 December 2013 to be approximately EUR2.8 million; and
iii. a claim by an airline for a total amount of EUR250,526 (2012: EUR250,526) which claim is subject to full reimbursement by the Company's insurers. In 2012 the court ordered the Company to reimburse the full amount claimed, including interest. The Company has filed an appeal to the sentence.
iv. a dispute with two contractors involved in the construction of Skyparks Business Centre. The amount claimed by the contractors on three separate contracts is in aggregate circa EUR450,000 more than estimated by the Group. Both contractors have initiated court cases against the Group.

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

32. 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 its subsidiaries have been eliminated on consolidation. The related party transactions in question were:

THE GROUP

	31.12.2013			31.12.2012		
	Related party activity EUR	**Total activity EUR**	**%**	Related party activity EUR	Total activity EUR	%
Revenue:						
Related party transactions with:						
Entities which are controlled by Government	**20,302,070**			20,421,897		
Entities which jointly control the Company's parent	**3,397**			-		
	20,305,467	**58,788,522**	**35**	20,421,897	52,811,968	39
Staff and other operating costs:						
Related party transactions with:						
Key management personnel of the Group (note 10)	**788,707**			653,358		
Related parties other than the parent and key management personnel	**4,019,149**			3,020,919		
	4,807,856	**28,897,463**	**17**	3,674,277	27,015,842	14

32. RELATED PARTY DISCLOSURES (Continued)

THE COMPANY

	31.12.2013			31.12.2012		
	Related party activity EUR	**Total activity EUR**	**%**	Related party activity EUR	Total activity EUR	%
Revenue:						
Related party transactions with:						
Entities which are controlled by Government	**19,930,342**			20,258,7727		
Subsidiary	**1,261,459**			1,653,206		
Entities which jointly control the Company's parent	**3,397**			-		
	21,195,198	**56,589,413**	**37**	21,911,978	52,080,158	42
Staff and other operating costs:						
Related party transactions with:						
Key management personnel of the Group (note 10)	**788,707**			653,358		
Related parties other than the parent and key management personnel	**4,019,149**			3,020,919		
	4,807,856	**27,839,600**	**17**	3,674,277	26,490,165	14

The Company's and the Group's other operating costs for the current year in relation to related parties other than the parent and key management personnel comprise EUR2,090,178 in connection with entities controlled by Government and EUR1,928,971 in connection with entities which jointly control the Company's parent.

The amounts due to/from related parties are disclosed in note 20 & 21. 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.

In addition to the above, the details of the material contracts entered into by the Company in the year ended 31 December 2013 with its substantial shareholders and their related parties are disclosed in note 34.

Property, plant and equipment includes land held on temporary emphyteusis, which relates to the land assigned by the Government of Malta to the Group and the Company by title of temporary emphyteusis. This is amortised over the remaining term of the lease by equal annual instalments. Details in connection with the operating lease expense are given in note 33.

33. OPERATING LEASE ARRANGEMENTS

	The Group		The Company	
	2013 EUR	2012 EUR	**2013 EUR**	2012 EUR
Minimum lease payments under operating lease recognised as an expense for the year	**1,686,826**	894,903	**1,686,826**	894,903

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

33. OPERATING LEASE ARRANGEMENTS (Continued)

	The Group		The Company	
	2013 EUR	2012 EUR	**2013 EUR**	2012 EUR
Within one year	**995,486**	995,486	**995,486**	995,486
In the second to fifth years inclusive	**4,301,982**	4,152,663	**4,301,982**	4,152,663
After five years	**114,429,266**	115,574,178	**114,429,266**	115,574,178
	119,726,734	120,722,327	**119,726,734**	120,722,327

Operating lease payments represent ground rents payable by the Company to the Government of Malta on the temporary emphyteuses, with no renewal option included in the contracts. The term of the leases ranges from 58 years to 65 years and the lease payments are adjusted upwards periodically by a specified rate. The lease expense is allocated to commercial and non-commercial areas on the basis of the total surface area covered by the lease. The lease expense in relation to the commercial areas is recognised on a straight-line basis. The recognition of the lease expense in relation to the non-commercial areas is made on a systematic basis that is considered to be most representative of the time pattern of the expected benefit that the Group and the Company can reasonably be expected to reap from the use of that part of the leased asset over the lease term on the basis of passenger movements. This assessment is reviewed annually to determine whether the basis that is applied in allocating the lease expense over the lease term continues to be appropriate.

THE GROUP AND THE COMPANY AS LESSOR

	The Group		The Company	
	2013 EUR	2012 EUR	**2013 EUR**	2012 EUR
Minimum lease payments under operating lease recognised as income for the year	**2,058,455**	882,877	**745,106**	745,106

At the date of the Statement of Financial Position, the Company and the Group had non-cancellable operating lease receivables as follows:

	The Group		The Company	
	2013 EUR	2012 EUR	**2013 EUR**	2012 EUR
Within one year	**2,411,236**	1,859,120	**771,155**	745,106
In the second to fifth years inclusive	**8,201,222**	8,108,316	**3,108,688**	3,362,160
After five years	**22,184,474**	25,163,188	**18,141,908**	20,495,554
	32,796,932	35,130,624	**22,021,751**	24,602,820

Operating lease income receivable by the Group represents income from leases of land held on temporary emphyteuses. The term of the principal non-cancellable lease arrangements range between 30 and 32 years and the lease receivables are adjusted upwards periodically by a specified rate. It also includes income from the lease of commercial property to tenants. The term of these leases ranges from 2 years to 12 years and the lease receivables are adjusted upwards periodically by specified rates. Operating lease income receivable by the Company also includes income from the lease of land to a subsidiary. The term of the lease is of 25 years and the lease receivables are adjusted upwards periodically by a specified rate.

Where the lease income is adjusted periodically by a specified rate, the lease income is recognised on a straight-line basis over the lease term.

The amounts recognised as income during the year that are based on a percentage of sales are EUR7,939,196 (2012 – EUR7,106,178).

34. MATERIAL CONTRACTS

The material contracts entered into by the Company in the year ended 31 December 2013 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 Operations Limited and SNC-Lavalin Inc., gives rise to an expense of EUR1,580,767 (2012 – EUR1,389,421).

The Government of Malta
i. The terminal and other land lease agreements with the Lands Department for EUR995,486 (2012 – EUR894,903);
ii. The contract for contribution to the Malta Tourism Authority for EUR232,937 (2012 – 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 EUR1,860,000 (2012 – EUR2,080,000);
iv. The provision of Air Navigation Services and other services by Malta Air Traffic Services Limited for an expense of EUR902,898 (2012 – EUR902,898);
v. The provision of Meteorological Services and other services to Malta Air Traffic Services Limited for revenue of EUR722,318 (2012 – EUR722,318);
vi. The contract with Enemalta Corporation for fuel throughput charges generated the amount of EUR342,524 (2012 – EUR318,872) in revenue;
vii. The ground handling and concession agreements with Air Malta plc and its subsidiaries that generated income of EUR1,890,979 (2012 – EUR1,816,160).

35. 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.

36. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

At 31 December 2013 and 31 December 2012 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. The fair values of non-current financial liabilities are not materially different from their carrying amounts because they carry an arm's length interest that is re-priced periodically.

Investments in available for sale equity instruments that do not have a quoted price in an active market for an identical instrument (that is, a Level 1 input) 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 these financial instruments within 12 months of the end of the reporting period. The fair value of the other available for sale instruments is disclosed in note 17.

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

36. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

THE GROUP

	Fair value measurement at the end of the reporting period using			
	31.12.2013 Carrying amount EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Financial liabilities				
Financial liabilities at amortised cost:				
Bank loans	**61,900,986**	**-**	**61,900,986**	**-**

THE COMPANY

	Fair value measurement at the end of the reporting period using			
	31.12.2013 Carrying amount EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Financial liabilities				
Financial liabilities at amortised cost:				
Bank loans	**46,775,950**	**-**	**46,775,950**	**-**

37. FINANCIAL RISK MANAGEMENT

The Group's and the Company's principal financial liabilities comprise bank loans and trade payables. The principal financial assets of the Group and the Company are trade receivables, available-for-sale financial assets and cash and short-term deposits.

The principal financial instruments are classified into the following categories:

	The Group		The Company	
	2013 EUR	2012 EUR	2013 EUR	2012 EUR
Available-for-sale financial assets	**1,069,546**	967,780	**1,069,546**	967,780
Trade receivables & cash and cash equivalents	**38,860,077**	32,400,569	**41,787,747**	32,399,763
Financial liabilities at amortised cost	**81,256,229**	80,160,836	**63,212,139**	60,845,622
Net gains /(losses) arising from these financial instruments are classified as follows:				
Recorded in the statement of comprehensive income:				
Trade and other receivables	**(2,579)**	25,858	**(2,579)**	25,858
Cash and cash equivalents	**693,811**	612,624	**693,811**	612,624
Financial liabilities at amortised cost	**(2,538,444)**	(2,151,301)	**(1,547,486)**	(1,622,610)
Recorded in other comprehensive income:				
Available for sale financial assets	**1,766**	5,020	**1,766**	5,020

36. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

The main risks arising from the Group's and the Company's financial instruments are changes in interest rate, liquidity risk and credit risk, which are summarised below.

Interest rate risk

The Group has taken out bank facilities to finance its operations as disclosed in note 22 and has cash at bank balances as disclosed in note 28. The interest rates thereon and the terms of such borrowings are disclosed accordingly. The Group 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 profit before tax. There is no impact on the Group's equity. The Group considers the reasonably possible changes in interest rates to be a change in 25 basis points.

	Increase/ decrease in basis points	Effect on profit before tax EUR
2013		
	+25	**(81,806)**
	-25	**81,806**
2012		
	+25	(116,797)
	-25	116,797

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 22 and 28 respectively. The Company's exposure to interest rates is not materially different to that of the Group.

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 to credit risk is the carrying amounts of each class of asset as disclosed in notes 17, 20 and 28 respectively. As disclosed in note 22 the Company has also granted security over its subsidiary's bank loan.

An allowance for provision for impairment of trade receivables 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. Management considers the quality of its financial assets as being acceptable.

The largest single customer of the Group, Airmalta plc, which is currently going through a restructuring process, accounts for EUR1.0 million (2012 – EUR3.6 million) of the Group's trade and other receivables and 34.5% (2012 – 36.2%) of the Group's revenue.

The Company's exposure to this customer is not materially different to that of the Group.

The maximum exposure to this customer during a period of increased trading, in particular in the summer months at normal credit terms, is expected to be in the region of EUR4.4 million (2012 – EUR4.4 million). The Board feels confident that the Group's and the Company's exposure to Airmalta plc will not jeopardize in any way the Group's ability to continue operations for the foreseeable future and that Airmalta plc will meet its obligations.

Liquidity risk

The tables below summarises the maturity profile of the Group's and Company's financial liabilities at 31 December 2013 based on contractual undiscounted payments. In the tables below, 'Current' refers to invoices issued close to year end, and which were within the credit period of 30 days given to the Group and the Company.

37. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk (Continued)

THE GROUP

31 December 2013

	Total EUR	Current EUR	<3 months EUR	3-12 months EUR	1-5 years EUR	>5 years EUR
Interest bearing bank borrowings	77,545,354	-	2,635,935	2,022,381	39,750,242	33,136,796
Other payables	1,545,677	185,481	1,360,196	-	-	-
Accruals	13,942,989	2,928,028	1,952,018	9,062,943	-	-
Trade payables	5,101,482	3,811,647	709,364	580,471	-	-
	98,135,502	**6,925,156**	**6,657,513**	**11,665,795**	**39,750,242**	**33,136,796**

31 December 2012

	Total EUR	Current EUR	<3 months EUR	3-12 months EUR	1-5 years EUR	>5 years EUR
Interest bearing bank borrowings	80,496,429	-	2,897,104	2,310,165	45,508,885	29,780,275
Other payables	1,024,578	122,949	901,629	-	-	-
Accruals	12,231,486	2,523,949	1,712,680	7,994,857	-	-
Trade payables	2,469,391	1,056,266	780,394	632,731	-	-
	96,221,884	3,703,164	6,291,807	10,937,753	45,508,885	29,780,275

THE COMPANY

31 December 2013

	Total EUR	Current EUR	<3 months EUR	3-12 months EUR	1-5 years EUR	>5 years EUR
Interest bearing bank borrowings	52,950,601	-	2,163,872	1,050,318	33,605,935	16,130,476
Other payables	1,465,874	175,905	1,289,969	-	-	-
Accruals	11,227,596	2,357,795	1,571,863	7,297,938	-	-
Trade payables	4,897,821	3,628,965	604,516	664,340	-	-
	70,541,892	**6,162,665**	**5,630,220**	**9,012,596**	**33,605,935**	**16,130,476**

31 December 2012

	Total EUR	Current EUR	<3 months EUR	3-12 months EUR	1-5 years EUR	>5 years EUR
Interest bearing bank borrowings	56,639,289	-	2,198,834	1,146,282	37,056,707	16,237,467
Other payables	976,925	176,998	799,927	-	-	-
Accruals	9,014,103	2,523,949	1,712,680	4,777,474	-	-
Trade payables	1,752,850	861,770	626,422	264,658	-	-
	68,383,167	3,562,717	5,337,863	6,188,414	37,056,707	16,237,467

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 EUR2.5 million (2012 – EUR2.5 million) earmarked for capital expenditure projects and EUR4.7 million (2012 – EUR4.7 million) overdraft facilities.

37. FINANCIAL RISK MANAGEMENT (Continued)

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 2013 and 31 December 2012.

The Company monitors its capital requirement on a periodic basis taking into account its current requirements. Capital includes equity attributable to the equity holders and other reserves and bank loans. The Group's and Company's policy in managing capital has remained unchanged from the prior year.

38. EVENTS AFTER THE REPORTING PERIOD

No events occurred between the end of the reporting period and the date when the financial statements were authorised for issue which are relevant to the financial statements.

INDEPENDENT AUDITOR'S REPORT
to the members of
MALTA INTERNATIONAL AIRPORT P.L.C.

We have audited the accompanying financial statements of Malta International Airport p.l.c. and its Group, set out on pages 115 to 153, which comprise the statements of financial position of the Company and the Group as at 31 December 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

As explained more fully in the statement of directors' responsibilities on page 104, the directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of financial statements that give a true and fair view 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 give a true and fair view of the financial position of Malta International Airport p.l.c. and its Group as at 31 December 2013, and of the Company's and its Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been properly prepared in accordance with the Companies Act (Cap. 386).

Bernard Scicluna as Director
In the name and on behalf of,
Deloitte Audit Limited
Registered Auditor

4 March 2014

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