MALTA
INTERNATIONAL
AIRPORT

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1st June 2006

# COMPANY ANNOUNCEMENT

The following is a Company Announcement by Malta International Airport plc pursuant to the Malta Financial Services Authority Listing Rules 8.6.2 and 8.6.19:

The Board of Directors is proposing that the Annual General Meeting approves the payment of a gross dividend of Lm0.0338. Upon such approval, all shares of Malta International Airport plc settled as at close of business on Friday 21st July 2006, shall be entitled to a payment of a net dividend of Lm0.022 per share, which shall be paid by not later than the 31st August 2006.

The Board of Directors of Malta International Airport plc has today approved the financial statements for the year ended 31st March 2006 and resolved that they be submitted for the approval of the shareholders at the forthcoming Annual General Meeting. A preliminary profits statement is being attached.

The Board of Directors has also decided that the Annual General Meeting shall be held on the 13th July 2006. Shareholders on the Company's Register, at the Central Securities Depository of the Malta Stock Exchange as at close of business on Thursday, 15th June 2006 will receive notice of the Annual General Meeting together with a copy of the Annual Report and Financial Statements.

Louis de Gabriele
Company Secretary

Enc:

# Malta International Airport p.l.c.

## Preliminary statement of annual results

## Income statement
Year ended 31 March 2006

| | 2006 Lm | 2005 Lm |
|---|---|---|
| Revenue | **16,686,758** | 16,578,001 |
| Staff costs | **(3,278,465)** | (3,181,447) |
| Depreciation | **(1,588,822)** | (1,311,170) |
| Other operating expenses | **(6,071,791)** | (6,162,851) |
| Investment gains | **61,174** | 109,627 |
| Release of deferred income arising on the sale of terminal buildings and fixtures | **123,720** | 123,720 |
| Finance costs | **(1,035,724)** | (1,022,077) |
| Profit before tax | **4,896,850** | 5,133,803 |
| Income tax expense | **(1,820,437)** | (1,911,649) |
| **Profit for the year** | **3,076,413** | 3,222,154 |
| **Earnings per share** | **4.55 c** | 4.76 c |

# Malta International Airport p.l.c.

## Preliminary statement of annual results

## Balance sheet
31 March 2006

| | 2006 Lm | 2005 Lm |
|---|---|---|
| **ASSETS AND LIABILITIES** | | |
| **Non-current assets** | | |
| Property, plant and equipment | **40,989,696** | 40,447,672 |
| Available-for-sale investments | **373,300** | 366,800 |
| Deferred tax assets | **1,821,289** | 1,906,006 |
| | **43,184,285** | 42,720,478 |
| **Current assets** | | |
| Inventories | **438,503** | 417,127 |
| Trade and other receivables | **2,628,445** | 2,987,345 |
| Current tax assets | **-** | 124,300 |
| Treasury bills | **-** | 992,671 |
| Cash and cash equivalents | **3,787,834** | 1,635,954 |
| | **6,854,782** | 6,157,397 |
| **Total assets** | **50,039,067** | 48,877,875 |
| **Current liabilities** | | |
| Trade and other payables | **2,547,179** | 2,359,532 |
| Bank loan | **-** | 2,532,700 |
| Current tax liabilities | **1,116,102** | - |
| | **3,663,281** | 4,892,232 |
| **Non-current liabilities** | | |
| Bank loan | **20,000,000** | 17,467,300 |
| Deferred income | **3,348,509** | 3,472,229 |
| Provision for retirement benefit fund | **1,434,038** | 1,360,983 |
| | **24,782,547** | 22,300,512 |
| **Total liabilities** | **28,445,828** | 27,192,744 |
| **Net assets** | **21,593,239** | 21,685,131 |
| **EQUITY** | | |
| Share capital | **13,530,000** | 13,530,000 |
| Revaluation reserve | **751,719** | 772,600 |
| Retained earnings | **7,311,520** | 7,382,531 |
| **Total equity** | **21,593,239** | 21,685,131 |

# Malta International Airport p.l.c.

## Preliminary statement of annual results

## Statement of changes in equity

Year ended 31 March 2006

| | Share capital Lm | Revaluation reserve Lm | Retained earnings Lm | Total Lm |
|---|---|---|---|---|
| **Balance at 1 April 2004** | 13,530,000 | 793,481 | 6,766,601 | 21,090,082 |
| Difference between historical depreciation charge and actual depreciation for the year calculated on the revalued amount | - | (32,126) | 32,126 | - |
| Deferred tax liability on revaluation | - | 11,245 | - | 11,245 |
| Net income recognised directly in equity | - | (20,881) | 32,126 | 11,245 |
| Profit for the year | - | - | 3,222,154 | 3,222,154 |
| **Total recognised income and expense for the year** | - | (20,881) | 3,254,280 | 3,233,399 |
| Dividends paid (note 12) | - | - | (2,638,350) | (2,638,350) |
| **Balance at 31 March 2005** | 13,530,000 | 772,600 | 7,382,531 | 21,685,131 |
| Difference between historical depreciation charge and actual depreciation for the year calculated on the revalued amount | - | (32,126) | 32,126 | - |
| Deferred tax liability on revaluation | - | 11,245 | - | 11,245 |
| Net income recognised directly in equity | - | (20,881) | 32,126 | 11,245 |
| Profit for the year | - | - | 3,076,413 | 3,076,413 |
| **Total recognised income and expense for the year** | - | (20,881) | 3,108,539 | 3,087,658 |
| Dividends paid (note 12) | - | - | (3,179,550) | (3,179,550) |
| **Balance at 31 March 2006** | **13,530,000** | **751,719** | **7,311,520** | **21,593,239** |

# Malta International Airport p.l.c.

## Preliminary statement of annual results

## Condensed Cash flow statement

Year ended 31 March 2006

| | 2006<br>Lm | 2005<br>Lm |
|---|---|---|
| **Net cash flows from operating activities** | **6,410,311** | 4,092,633 |
| **Net cash flows from investing activities** | **(2,071,552)** | (1,351,542) |
| **Net cash flows from financing activities** | **(3,179,550)** | (2,638,350) |
| **Net movement in cash and cash equivalents** | **1,159,209** | 102,741 |
| **Cash and cash equivalents at the beginning of the year** | **2,628,625** | 2,525,884 |
| **Cash and cash equivalents at the end of the year** | **3,787,834** | 2,628,625 |

## Explanatory notes
Year ended 31 March 2006

These financial results are being published in terms of the MFSA Listing Rules 8.6.19 and 9.53. They have been extracted from the Company's audited financial statements for the year ended 31st March, 2006.

The accounting policies have been consistently applied by the Company and are consistent with those used in previous years.

**Principal activities**
The Company's principal activities are the development, operation and management of Malta International Airport. Upon privatisation, the company was granted a 65 year concession to operate Malta's only airport, this concession commenced on July 2002. The Company is also involved through a 10% shareholding interest in VISET Malta p.l.c., a Company set up to develop the Valletta Waterfront and operate a cruise liner terminal in Grand Harbour.

**Performance review**
The financial year April 2005 to March 2006 was a particular difficult year where the Company experienced a reduction in passenger throughput when compared to the previous year as well as some significant increases in certain operating costs. The directors however note that the profit after tax of the Company for the financial year ended 31 March 2006 is only marginally less than that of last year.

The results of the Company for the financial year show a profit on ordinary activities before taxation of *Lm4,896,850* (2005 – *Lm5,133,803*). As stated above, the volume of passengers using Malta International Airport decreased by 2.65% over last year. However, the revenue of the Company increased from *Lm16,578,001* to *Lm16,686,758* mainly because of the increase in the aeronautical charges applicable with effect from 1 April 2005 as well as some increases in revenues related to passenger facilitation and other services.

The Company maintained a constant tight control over its key operating costs throughout the year and managed to contain the total operating costs of the Company at the same level as those of last year. There were some increases in staff costs in line with agreed collective agreements with the Unions but there was a decrease in other operating expenses notwithstanding unforeseen increases in utility charges and in insurance costs.

The number of passengers making use of the airport facilities during the financial year 2005/2006 decreased from 2.83 to 2.76 million. This was largely due to the absence of passenger traffic coming from the cruise business during summer 2005 compared to last year, the weak performance of the tourism industry and a reduction in travel from local residents as a result of an increase in taxation on air travel. Any gains made by the Company's marketing division to attract new airlines to fly to Malta during the year offset by these factors, with a net loss of about 39,000 international passenger movements throughout the financial year.

Nevertheless, the Company continued to pursue its long-term strategy to take active part in promoting travel to Malta especially from underserved destinations and together with Government agreed on an incentive scheme open to all airlines for specific European routes. The Company remains committed in its effort to continue on this regard for the foreseeable future.

The Company has also continued with its efforts to encourage carriers and the local air freight community stakeholders to explore the possibility of using the Airport as an air cargo hub. Discussions are in hand on the possibility to enlarge the cargo facilities areas opened last year and there are good prospects that the development of cargo and courier services in and out of Malta will pick up in the coming years.

The Company remains actively involved in the development of the cruise and fly segment. The Company, in association with VISET Malta p.l.c., participated once again in various promotional activities to encourage this sector. A cruise liner will be operating out of Malta for most of summer 2006 with good prospects that it will continue operation also for autumn 2006. There is also the possibility that a second ship will also operate out of Malta next year.

The Company has once again experienced a drop in revenue from retail outlets. In line with international trends, the sale of alcohol and tobacco products has remained largely disappointing. However, we still feel that this drop in sales will in the long term be compensated by increases in the sales of other products and the Company will continue to explore new possibilities and opportunities together with the concessionaires operating in the terminal to achieve this aim. Early in 2007, it is envisaged that new areas in the departure lounge will be open for the traveling public and this gives the Company the opportunity to enhance and enlarge the shopping facilities in this area.

The Company also continues in its endeavors to seek prospective investors to develop the land opposite the Air Terminal. The Company maintains that the concept it is proposing, the Mediterranean Business Park, is viable to the prospective investor and at the same time, also adds value to the core business of the airport. The Company therefore will increase its efforts to seek to conclude a deal or separate deals with one or more interested parties in the best interest of the Company.