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COMPANY ANNOUNCEMENT

Malta International Airport plc (the "Company")

Announces Approval of Interim Financial Statements and Interim Dividend

Date:	25 July 2019
Reference:	307/2019

In Terms of Chapter 5 of the Listing Rules

QUOTE

During the meeting of the Board of Directors of the Company held on Thursday 25 July 2019, the Group's interim financial statements for the six months ended 30 June 2019 were approved. The interim financial statements are attached herewith and are also available for viewing at the registered office of the Company and on its website www.maltairport.com.

The Directors have also approved a net interim dividend of €0.03 per share (gross €0.0461538) equivalent to €4,059,000 for payment on all shares settled as at close of business on Wednesday 21 August 2019 and payable by no later than Friday 13 September 2019.

The Company also announces that its guidance published on 17 January 2019, whereby it announced a profit in excess of €31 million, is in line with market expectations.

UNQUOTE

Signed:

Louis de Gabriele
Company Secretary

Malta International Airport p.l.c.

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Interim Report

Interim Condensed Consolidated Financial Statements
and Directors' Report

30 June 2019

Contents

Interim Directors' Report

Period Ended 30 June 2019

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

Performance Review

Traffic Development

Malta International Airport welcomed 3,251,859 passengers in the first half of 2019, translating into an additional 182,186 passenger movements and an increase of 5.9% over the previous year. This improved performance was achieved following an increase of 5.9% in aircraft movements and a 5.8% growth in seat capacity. This stemmed from an enhanced schedule for the winter season and the launch of the summer 2019 schedule, which includes 16 new developments. In total, Malta International Airport now offers direct links to over 125 destinations. Seat load factor for the first six months remained in line with the previous year and stood at an overall 79.8%.

Passenger growth was registered across all top 5 markets. The UK retained its top spot, with a marginal increase of 1.1%, whilst traffic from Italy and France improved by 3% and 9.6% respectively. The German market registered an increase of 4.9% following an additional weekly turnaround of the cruise and fly programme in 2019, together with 3 new routes that were launched in winter. The most notable growth was from Spain, which registered an increase of 26% as a result of increased schedules and an improved performance on pre-existing routes. Poland, a fast-growing strategic market closed off the first half of the year with a 4% increase in passengers. Other markets registering increases include Netherlands with 2.6% and Austria with 9%.

Following the performance in the first half of the year the Company remains confident in its forecast, which projects that traffic will grow by 5.8% to hit a new record of 7.2 million passenger movements by the end of the year.

Traffic Highlights

	H1 2019	**H1 2018**	**+/-**	**% Change**
Passenger Movements	**3,251,859**	3,069,673	182,186	5.9%
Aircraft Movements	**23,942**	22,615	1,327	5.9%
Seat Capacity	**4,076,371**	3,852,182	224,189	5.8%
Seat Load Factor	**79.8%**	79.7%		0.1 pp
MTOW (in tonnes)	**905,915**	869,535	36,380	4.2%
Cargo and Mail (in tonnes)	**8,886**	8,769	117	1.3%

Financial Performance

Total revenue for the period from January to June increased by 9.1% from EUR 40.9mn in H1 2018 to EUR 44.6mn in H1 2019. This increase reflects the growth in passenger movements, as well as an increase in non-aviation revenue. Whilst revenue growth remained robust, the Company's costs are under control. The increase in staff costs of EUR 0.6mn (+12.9%) resulted primarily from the growth in headcount required to maintain the high quality of service in view of the ever-increasing number of passengers.

During the reporting period, operating costs increased marginally by EUR 0.1mn (+0.8%) when compared to H1 2018. Increases in expenditure on security, cleaning and maintenance, as a result of the higher passenger volumes passing through the airport, were compensated by shifts out of other operating costs into depreciation and finance cost, which were required following the initial application of a new accounting standard on leases (IFRS 16) that became effective during the current reporting period.

The introduction of IFRS 16 has a significant effect on the Group's financial statements, as the standard requires lessees to account for most leases under a single on-balance sheet model, thereby eliminating the distinction between finance and operating leases. As a consequence of this change in the accounting treatment of leases, the Group recognised additional assets and liabilities of EUR 45.7mn as at 1 January 2019 and is now required to record in its income statement depreciation on the asset and interest on the lease liability, instead of the operating lease expense. Further details on the effects of the transition to IFRS 16 can be found in Note 4.

EBITDA of the Group improved by 12.7% over the previous year, from EUR 23.9mn to EUR 27.0mn, whilst net profit rose by EUR 0.9mn to total EUR 14.0mn (+7.3%).

(continued)

Infrastructural Investments

Capital expenditure in the reporting period totalled EUR 7.0mn. Investments increased, when compared to the EUR 3.3mn registered in the first half of 2018, as the Company started the construction of a new parking village in late 2018, which is scheduled for completion in 2020, conducted resurfacing works on taxiways in the shoulder months in early 2019, and invested in terminal improvements and its ICT infrastructure.

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

Dividends

The Group is proposing a net dividend of EUR 0.03 per share on all shares settled as at close of business on Wednesday 21 August 2019 and payable by no later than Friday 13 September 2019.

Alan Borg
Chief Executive Officer

By Order of the Board
25 July 2019

Condensed Consolidated Statement of Comprehensive Income

Period Ended 30 June 2019

The Group unaudited | in EUR	Notes	H1 2019	H1 2018
Revenue	7	**44,569,246**	40,865,999
Staff costs	8	**(4,978,621)**	(4,409,277)
Other operating costs	4	**(12,618,865)**	(12,519,074)
Depreciation	4	**(4,348,080)**	(3,629,497)
Investment Income		**18,021**	209
Finance Cost	4	**(1,039,768)**	(180,561)
Release of deferred income arising on the sale of terminal buildings		**104,382**	104,382
Profit before tax		**21,706,315**	**20,232,181**
Income tax expense	9	**(7,754,077)**	(7,228,843)
Profit/Total Comprehensive Income after tax for the period attributable to the ordinary equity holders of the Company, net of tax		**13,952,238**	**13,003,338**
Earnings per share		**0.103**	**0.096**

Condensed Consolidated Statement of Financial Position

30 June 2019

The Group in EUR	Notes	30 June 2019 unaudited	31 December 2018 audited
Assets			
Tangible assets	4 / 10	**171,894,614**	123,585,716
Deferred tax assets		**4,944,259**	5,085,728
Non-current assets		**176,838,873**	**128,671,444**
Inventories		**826,438**	884,352
Trade and other receivables	11	**21,996,353**	20,002,906
Term deposits	11	**5,000,000**	-
Cash and short term deposits	11	**20,844,601**	20,253,186
Current assets		**48,667,392**	**41,140,444**
Total - Assets		**225,506,265**	**169,811,888**
Equity and liabilities			
Equity attributable to ordinary equity holders of the Company			
Share capital		**33,825,000**	33,825,000
Other reserve		**1,106,495**	1,130,817
Retained earnings	14	**79,468,097**	77,655,440
Total - Equity		**114,399,592**	**112,611,257**
Lease liability	4	**51,990,516**	-
Deferred income		**5,143,025**	5,127,504
Provision for retirement benefit plan		**3,648,398**	3,906,809
Provision for MIA benefit fund		**269,214**	250,638
Non-current liabilities		**61,051,153**	**9,284,951**
Trade and other payables	4	**45,342,090**	46,575,104
Current tax liabilities		**4,713,430**	1,340,576
Current liabilities		**50,055,520**	**47,915,680**
Total - Liabilities		**111,106,673**	**57,200,631**
Total - Equity and Liabilities		**225,506,265**	**169,811,888**

The Group has initially applied IFRS 16 as from 1 January 2019. Under the transition method chosen, comparative information is not restated. See Note 4.

Condensed Consolidated Statement of Changes in Equity

Period Ended 30 June 2019

The Group unaudited | in EUR	Equity attributable to ordinary equity holders of the Company				
	Share capital	Other reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2019	**33,825,000**	**1,130,817**	**-**	**77,655,440**	**112,611,257**
Profit for the period	-	-	-	13,952,238	13,952,238
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	13,952,238	13,952,238
Difference for historical depreciation for the year calculated on the revalued amount	-	(37,419)	-	37,419	-
Deferred tax on revaluation	-	13,097	-	-	13,097
Dividends	-	-	-	(12,177,000)	(12,177,000)
Balance at 30 June 2019	**33,825,000**	**1,106,495**	**-**	**79,468,097**	**114,399,592**

The Group unaudited | in EUR	Share capital	Other reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2018	**33,825,000**	**1,179,462**	**30,973**	**60,712,916**	**95,748,351**
Profit for the period	-	-	-	13,003,338	13,003,338
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	13,003,338	13,003,338
Adjustment on initial application of IFRS 9	-	-	(30,973)	30,973	-
Difference for historical depreciation for the year calculated on the revalued amount	-	(37,419)	-	37,419	-
Deferred tax on revaluation	-	13,097	-	-	13,097
Dividends				(9,471,000)	(9,471,000)
Balance at 30 June 2018	**33,825,000**	**1,155,140**	**-**	**64,313,646**	**99,293,786**

Condensed Consolidated Statement of Cash Flows

Period Ended 30 June 2019

The Group unaudited | in EUR	Notes	H1 2019	H1 2018
Cash flows from operating activities			
Profit before tax		**21,706,315**	**20,232,181**
Adjustments for:			
Depreciation of property, plant and equipment		4,348,080	3,629,497
Release of deferred income arising on the sale of the terminal building		(104,382)	(104,382)
Amortisation of European Commission Grant		(20,128)	(20,128)
Amortisation of Norwegian Grant		-	(25,881)
Amortisation of Government Grant		(4,996)	(4,996)
Finance cost	4	1,039,768	180,561
Investment income		(18,021)	(209)
Provision for retirement benefit plan		31,466	22,512
Provision for MIA benefit plan		22,176	5,334
Operating items		**5,293,964**	**3,682,310**
Working capital movements:			
Movement in inventories		57,914	19,364
Movement in trade and other receivables		(1,993,447)	(7,480,074)
Movement in trade and other payables and other financial liabilities		5,620,052	2,115,880
Working capital movements		**3,684,519**	**(5,344,830)**
Cash flows from operations		**30,684,798**	**18,569,661**
Interest paid	4	(1,039,768)	(180,561)
Income taxes paid		(4,246,881)	(2,131,600)
Retirement benefit paid		(293,477)	-
Net cash flows from operating activities		**25,104,672**	**16,257,500**
Cash flows from investing activities			
Payments for property, plant and equipment	10	(6,974,788)	(3,307,633)
Payments for investment property		-	(3,420)
Payments for term deposits		(5,000,000)	-
Interest received		18,021	-
Net cash flows used in investing activities		**(11,956,767)**	**(3,311,053)**
Cash flows from financing activities			
Repayment of bank loans		-	(33,016,561)
Payments of lease liabilities	4	(379,489)	-
Dividends paid	14	(12,177,000)	(9,471,000)
Net cash flows used in financing activities		**(12,556,489)**	**(42,487,561)**
Net movement in cash and cash equivalents		**591,415**	**(29,541,115)**
Cash and cash equivalents at the beginning of the period		**20,253,186**	**38,401,907**
Cash and cash equivalents at the end of the period		**20,844,601**	**8,860,792**

1. Reporting Entity and Consolidation Range

The interim condensed consolidated financial statements ("Interim Financial Statements") of the Group for the six months ended 30 June 2019 ("H1") were authorised for issue in accordance with a resolution of the directors on 25 July 2019.

Malta International Airport p.l.c. (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 and its subsidiaries (the "Group") are the development, operation and management of Malta's airport. The Group also operates a business centre within the limits of the airport.

2. Basis of Preparation

These Interim Financial Statements for the six months ended 30 June 2019 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and the Listing Rules issued by the Malta Financial Services Authority.

The financial information of the Group as at 30 June 2019 and for the six months then ended reflect the financial position and the performance of Malta International Airport p.l.c. and its subsidiaries Airport Parking Limited, Sky Parks Development Limited, and Sky Parks Business Centre Limited. The comparative amounts reflect the position of the Group as included in the audited financial statements ended 31 December 2018 and the unaudited results for the period ended 30 June 2018.

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2018, which form the basis for these Interim Financial Statements.

3. Judgments and Key Sources of Estimation Uncertainty

In preparing these Interim Financial Statements, management has made judgements and estimates that affect the application of accounting policies and that can significantly affect the amounts recognised.

Significant judgements made in applying the Group's accounting policies with respect to service concession arrangements in terms of IFRIC 12 were the same as those described in the last annual financial statements.

Judgments and estimates in relation to lessee accounting under IAS 17 became obsolete with the initial application of IFRS 16 *Leases* as of 1 January 2019. Any new judgments and estimates with regards to IFRS 16 *Leases* that warrant additional disclosures in terms of IAS 1 are outlined in Note 4.

4. Application of new and revised IFRS

The Group has initially adopted IFRS 16 *Leases* in the current period from 1 January 2019. The nature and effect of changes from the initial application of this standard are disclosed below.

A number of other new amendments and interpretations are effective from 1 January 2019, but do not have a material effect on the interim condensed consolidated financial statements of the Group.

4.1 IFRS 16 *Leases*

IFRS 16 *Leases* supersedes IAS 17 *Leases* and related interpretations. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model, eliminating the distinction between operating and finance leases. Leases in which the Group is a lessee will be subject to significant adjustments.

Lessor accounting under IFRS 16 remains substantially unchanged from IAS 17 except for a requirement to provide enhanced disclosures and for the reassessment of subleases by an intermediate lessor. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17, whereas intermediate lessors are required to reassess subleases that were classified as operating leases applying IAS 17 and are ongoing at the date of initial application on the basis of the remaining contractual terms and conditions of the head lease and sublease at that date in terms of the transitional provisions of IFRS 16. The Group has determined that such leases continue to be classified as operating leases. Hence, IFRS 16 did not have a material impact for leases where the Group is a lessor.

Therefore, the remaining part of this note is in relation to leases in which the Group acts as a lessee.

Transition approach in accordance with the transitional provisions of IFRS 16

The Group adopted IFRS 16 using the modified retrospective application with the cumulative effect of initially applying the standard recognised at the date of initial application. Consequently, the Group has not restated the comparative information.

The Group has not reassessed sale and leaseback transactions entered into before the date of initial application to determine whether the transfer of the underlying asset satisfies the requirements in IFRS 15 to be accounted for as a sale. For the sale and leaseback transaction of the Group's land and buildings in 2002, the Group (being the seller-lessee) has accounted for the transactions in terms of IFRS 16 as follows:

(i) For the building and fixtures and fittings element which resulted in a sale and a finance lease in terms of IAS 17, the Group has accounted for the leaseback in the same way as it accounted for any other finance lease that existed at the date of initial application and has continued to amortise any gain on sale over the remaining life of the underlying assets. The carrying amount of the right-of-use asset at the date of initial application is the carrying amount of the asset immediately before that date measured applying IAS 17. There is no corresponding lease liability at that date;

(ii) For the land element which resulted in a sale and an operating lease in terms of IAS 17, the Group has accounted for the leaseback in the same way as it accounted for any other operating lease that existed at the date of initial application in the absence of any deferred gains or losses that related to off-market terms recognised in the statement of financial position immediately before the date of initial application, as further disclosed below.

For leases previously classified as operating leases in terms of IAS 17, the Group has chosen to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised immediately before the date of initial application. The Group applied IAS 36 to the right-of-use asset at the date of initial application and determined that there is no objective evidence of impairment at that date.

Impact on Financial Statements

Where the Group acts as a lessee, the nature of the lease contracts identified under IFRS 16 are primarily in relation to:

(i) The temporary emphyteuses in relation to the leasehold land and buildings with annual ground rents payable to Malita Investments plc (previously to the Government of Malta) and the related aerodrome licence fee payable to the Government of Malta; and

(ii) Motor vehicle leases.

The lease terms under IFRS 16 for the temporary emphyteuses and the related aerodrome licence remain unchanged from IAS 17 and do not involve significant judgment as there are no extension, termination or purchase options from the perspective of the Group beyond the non-cancellable and enforceable period, with clauses for remote contingencies that are customary for the type of lease in place. The lease terms range from 58 years to 65 years, which are governed under a concession which was granted by the Government and which commenced in 2002 and ends in 2067 with a smaller lease being granted for the period 2010 to 2067.

The lease term of the motor vehicle lease contract commenced in 2014 and ends in 2020. The motor vehicle lease contract includes termination and purchase options, both of which are not expected to be exercised by the Group with reasonable certainty.

The effect on the Group's financial statements as at the date of initial application of IFRS 16 is as follows:

Statement of Financial Position

The Group in EUR million	**Impact as at 1 January 2019**
Assets	
Tangible assets	45.7
Total Assets	**45.7**
Liabilities	
Lease liability	52.4
Trade and other payables	(6.7)
Liabilities	**45.7**

On initial application, the Group recognized lease liabilities of EUR 52.4 million as at 1 January 2019 with a corresponding right-of-use asset for the same amount, as further adjusted below.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2019. The incremental borrowing rate reflects the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. To determine this rate, the Group obtained information from its bank for the particular purpose and extrapolated it to reflect the specific characteristics of the lease, in particular the long remaining lease term of the temporary emphyteuses and the related aerodrome licence until 2067. The weighted average incremental borrowing rate that the Group applied to its lease liabilities as at 1 January 2019 was 4.07%.

in EUR million	
Operating lease committments disclosed as at 31 December 2018	139.1
Discounted using the incremental borrowing rate upon initial application	(86.8)
Lease Liability recognized as at 1 January 2019	**52.4**

Upon transition to IFRS 16, the Group has applied the practical expedient to use a single discount rate to a portfolio of leases with reasonably similar characteristics for its motor vehicle lease contracts.

Lease liabilities are classified as non-current in the Statement of Financial Position as over the next 12 months interest will exceed the contractual cash payments.

Right-of-use assets were adjusted by the amount of the existing lease liability as at 31 December 2018 of EUR 6.7 million, which consisted of accrued lease payments relating to the operating leases now recognised as right-of-use assets.

The carrying amount of the upfront payments made in relation to the temporary emphyteuses of the leasehold land and buildings (also included within right-of-use assets) amounted to EUR 56.6 million at 1 January 2019, which amount was already included within property, plant and equipment at 31 December 2018. This amount excludes subsequent additions and improvements made to tangible assets with a carrying amount of EUR 67.0 million at 1 January 2019.

The recognised right-of-use assets, which are included within tangible assets in the Statement of Financial Position, relate to the following types of assets:

(in EUR million)	
Upfront payments and annual ground rents in relation to the temporary emphyteuses of leasehold land and buildings and the related aerodrome licence	102.2
Rental payments in relation to motor vehicle leases	0.1
Right-of-use assets recognized as at 1 January 2019	**102.3**

For leases of low value assets, the Group has applied the optional recognition exemptions to not recognise right-of-use assets as at the date of initial application of the standard.

For the purpose of the presentation of the line items in the Statement of Financial Position in terms of IAS 1, right-of use assets will be allocated accordingly to property, plant and equipment and investment property in the annual financial statements.

Statement of Comprehensive Income

The impact on the income statement in the reporting period to 30 June 2019 is a reduction of other operating expenses by EUR 1.1 million and increases of depreciation and interest expense by EUR 0.5 million and EUR 1.0 million, respectively.

The Group in EUR million	**Impact in H1 2019**
Other operating expenses	1.1
Depreciation	(0.5)
Finance costs	(1.0)
Profit before tax	**(0.4)**
Income tax expense	0.1
Profit for the period	**(0.3)**

The lease expense included in the line item ‘Other operating expenses’ in H1 2018 amounted to EUR 1.1 million. There is no impact on other comprehensive income. Earnings per share decreased by EUR 0.2 cents.

Statement of Cash Flows

In the statement of cash flows, a lessee is required to classify cash payments for the principal portion of the lease liability within cash flows used in financing activities and to classify cash payments for the interest portion of the lease liability in accordance with the lessee’s accounting policy for interest paid. As a result, the Group classifies prepayments of EUR 0.4 million within its financing cash flows in H1 2019, with the remaining payments being classified within operating cash flows. For the full financial year, interest will exceed the contractual cash payments.

5. Significant Accounting Policies

The Interim Financial Statements as of 30 June 2019 have been prepared using the same accounting policies and methods of computation as those on which the preceding annual consolidated financial statements as of 31 December 2018 were based, with the exception of those resulting from the initial application of IFRS 16 *Leases* as of 1 January 2019, as outlined below.

The changes in accounting policies in these Interim Financial Statements are also expected to be reflected in the Group’s consolidated financial statements as at and for the year ending 31 December 2019.

5.1 Leases

Accounting policy applicable before 1 January 2019

Leases were classified as finance leases whenever the terms of the lease transferred substantially all the risks and rewards incidental to ownership to the lessee. All other leases were classified as operating leases. Lease classification was made at inception of the lease, which was 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 was a lessee, rentals payable under operating leases less the aggregate benefit of incentives received from the lessor, were recognised as an expense in profit or loss on a straight-line basis over the lease term unless another systematic basis was more representative of the time pattern of the users’ benefit.

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

Accounting policy applicable from 1 January 2019

The Group as a lessee

For any contract entered into by the Group, it considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are (1) whether the contract contains an identified asset; (2) whether the Group has the right to obtain substantially all of the economic benefits from use throughout the period of use; and (3) whether the Group has the right to direct the use of the identified asset throughout the period of use.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet.

The Group measures the lease liability at the lease commencement date at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease (if that rate is readily determined) or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed) less any incentives receivable, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from purchase options or termination penalties reasonably certain to be exercised.

Variable lease payments not included in the measurement of the lease liability are recognised in profit or loss (unless the costs are included in the carrying amount of another asset) in the period in which the event or condition that triggers those payments occurs.

The right-of-use asset is initially measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made at or before the lease commencement date.

Right-of-use assets are subsequently measured using the cost model. The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group will account for short-term leases and leases of low-value assets using the recognition exemptions. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these will be recognised as an expense in profit or loss on a straight-line basis over the lease term or another systematic basis that is more representative of the pattern of the lessee's benefit.

The Group as a lessor

The Group's accounting policy under IFRS 16 has not changed from the comparative period.

As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

Lease classification is made at inception of the lease, which was the earlier of the date of the lease agreement and the date of commitment by the parties to the principal terms and conditions of the lease.

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 pattern in which use benefit derived from the leased asset is diminished.

6. Operating Segments

Airport Segment

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

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

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

The results of the Group's operating segments are as follows:

H1 2019 (in EUR)	**Airport**	**Retail and Property**	**Other**	**The Group**
Revenue (external)	31,024,891	13,320,809	223,546	44,569,246
Staff costs	(4,358,105)	(620,516)	-	(4,978,621)
Other operating costs	(10,270,721)	(2,348,145)	-	(12,618,865)
EBITDA	**16,396,065**	**10,352,149**	**223,546**	**26,971,760**
Depreciation	(2,838,114)	(1,509,966)	-	(4,348,080)
EBIT	**13,557,951**	**8,842,183**	**223,546**	**22,623,680**
Investment income				18,021
Finance cost				(1,039,768)
Release of deferred income arising on the sale of terminal buildings and fixtures				104,382
Profit before tax				**21,706,315**

H1 2018 (in EUR)	**Airport**	**Retail and Property**	**Other**	**The Group**
Revenue (external)	28,979,853	11,769,661	116,484	40,865,999
Staff costs	(3,876,633)	(532,644)	-	(4,409,277)
Other operating costs	(10,508,459)	(2,010,615)	-	(12,519,074)
EBITDA	**14,594,761**	**9,226,403**	**116,484**	**23,937,648**
Depreciation	(2,151,826)	(1,477,671)	-	(3,629,497)
EBIT	**12,442,935**	**7,748,731**	**116,484**	**20,308,151**
Investment income				209
Finance cost				(180,561)
Release of deferred income arising on the sale of terminal buildings and fixtures				104,382
Profit before tax				**20,232,181**

The Group has initially applied IFRS 16 as from 1 January 2019. The impact of adopting the standard on the Group's other operating costs, depreciation and finance costs (and thus the effect on EBITDA and EBIT) are outlined in detail in Note 4. Comparative information is not restated under the transition method chosen.

7. Revenue

In the following table, revenue is disaggregated by revenue category. The table also includes a reconciliation of the disaggregated revenue with the Group's operating segments (see Note 8).

H1 2019 (in EUR)	**Airport**	**Retail and Property**	**Other**	**The Group**
Revenue from Services provided Over Time				
Regulated revenue	27,558,920	-	-	**27,558,920**
Unregulated revenue	3,465,971	2,885,145	223,546	**6,574,662**
Revenue from Contracts with Customers	**31,024,891**	**2,885,145**	**223,546**	**34,133,582**
Revenue from Leases	**-**	**10,435,664**	**-**	**10,435,664**
Total Revenue	**31,024,891**	**13,320,809**	**223,546**	**44,569,246**

H1 2018 (in EUR)	**Airport**	**Retail and Property**	**Other**	**The Group**
Revenue from Services provided Over Time				
Regulated revenue	26,081,155	-	-	**26,081,155**
Unregulated revenue	2,898,698	2,348,880	116,484	**5,364,062**
Revenue from Contracts with Customers	**28,979,853**	**2,348,880**	**116,484**	**31,445,218**
Revenue from Leases	**-**	**9,420,782**	**-**	**9,420,782**
Total Revenue	**28,979,853**	**11,769,661**	**116,484**	**40,865,999**

8. Number of Employees

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

	30 June 2019	**30 June 2018**
Employees	**380**	340

9. Income Tax

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

10. Tangible Assets

During the first six months of the year the Group spent EUR 7.0 million (H1 2018: EUR 3.3 million) on investment projects within the terminal and on the airfield, as well as on car parking infrastructure.

11. Financial Assets and Financial Liabilities

Except for lease liabilities, the Group's financial assets and financial liabilities are all of current nature and comprise trade and other receivables, term deposits, and cash; as well as trade and other payables. All of these current financial assets and current financial liabilities are classified as measured at amortised cost (AC). The lease liabilities are measured in terms of the Group's accounting policy.

Fair Values

At 30 June 2019 and 31 December 2018 carrying amounts of the Group's current financial assets and current financial liabilities approximated their fair values due to the short term maturities of these financial instruments. For the lease liabilities, disclosure of fair value is not required.

12. Contingencies and Commitments

There were no major changes in contingent liabilities and they remain in essence as reported in the Group's annual financial statements of 2018.

At 30 June 2019, the Group had capital commitments of approximately EUR 3.9 million (31 December 2018: EUR 1.7 million) in respect of the terminal and airfield.

13. Related Party Disclosures

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

The related party transactions in question were:

	H1 2019			**H1 2018**		
(in EUR)	**Related party activity**	**Total activity**	**%**	**Related party activity**	**Total activity**	**%**
Revenue						
Related party transaction with:						
Entities controlled by Government	10,603,989			9,535,596		
Entities that control the Company's parent	-			1,476		
	10,603,989	**44,569,246**	**24**	**9,537,072**	**40,865,999**	**23**
Other operating costs						
Related party transaction with:						
Key management personnel of the Group	260,065			261,548		
Related parties other than the parent and key management personnel of the Group	1,222,305			1,176,229		
	1,482,372	**12,618,864**	**12**	**1,437,777**	**12,519,074**	**11**

The Group's other operating costs for the current year in relation to related parties other than the parent and key management personnel comprise EUR 1,123,990 (H1 2018: EUR 1,033,464) in connection with entities controlled by Government and EUR 98,315 (H1 2018: EUR 142,765) in connection with entities which have an equity interest in the Company's parent.

In addition to the above, the details of the material contracts entered into by the Group in the period ended 30 June 2019 with its substantial shareholders and their related parties are listed below:

Malta Mediterranean Link Consortium Limited

The provision of Technical Consulting Services by the Group's strategic partners VIE Operations Limited and SNC-Lavalin Inc. did not give rise to expenses in H1 2019 (H1 2018: EUR 164,651).

The Government of Malta

(i) The terminal and other land lease agreements with Malita Investments plc for EUR 572,405 (H1 2018: EUR 572,405);

(ii) The aerodrome licence fee payable to the Government of Malta for the airport operation amounting to EUR 248,078 (H1 2018: EUR 248,078);

(iii) The contract for contribution to the Malta Tourism Authority (MTA) for EUR 116,468 (H1 2018: EUR 116,468);

(iv) The contract with the Armed Forces of Malta for the security of the restricted areas at the Airport for an expense of EUR 900,000 (H1 2018: EUR 900,000);

(v) The provision of Air Navigation Services and other services by Malta Air Traffic Services Limited for an expense of EUR 464,806 (H1 2018: EUR 460,586);

(vi) The provision of Meteorological Services and other services to Malta Air Traffic Services Limited for revenue of EUR 371,844 (H1 2018: EUR 368,469);

(vii) The contract for fuel throughput charges with Enemed Company Ltd. generated the amount of EUR 203,553 (H1 2017: EUR 208,161) in revenue;

(viii) The ground handling and concession agreements with Air Malta plc and its subsidiaries that generated income of EUR 1,017,112 (H1 2018: EUR 1,003,387).

Right-of-use assets include the Group's right to use the land and the buildings held on temporary emphyteuses with annual ground rents payable to Malita Investments plc (previously to the Government of Malta) and the corresponding licence payable to the Government of Malta, as further disclosed above. The annual depreciation is recognised as an expense over the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

14. Dividends

During the interim period, a net dividend of EUR 0.09 (H1 2018: EUR 0.07) per share was paid to the shareholders of the parent company.

15. Seasonality

The revenue and earnings of the first six months of the year generally represents around 44% and 41% of the total annual revenue and earnings of the Group, respectively.

16. Events after the Reporting Period

All events occurring after the balance sheet date until the date of authorisation for issue of these financial statements and that are relevant for valuation and measurement as of 30 June 2019 – such as outstanding legal proceedings or claims for damages and other obligations or impending losses that must be recognised or disclosed in accordance with IAS 10 – are included in these Interim Financial Statements.

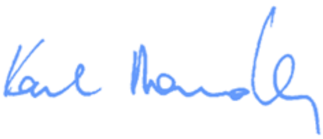
Statement pursuant to Listing Rule 5.75.3

30 June 2018

I confirm that to the best of my knowledge:

a) the condensed consolidated financial statements give a true and fair view of the financial position of the Group as at 30 June 2019, and the financial performance and cash flows for the period then ended, in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (IAS 34); and

b) the Interim Directors' Report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.



Karl Dandler
Chief Financial Officer
25 July 2019