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COMPANY ANNOUNCEMENT

Malta International Airport plc

Announces annual results for the year ended 31 December 2009

Date of Announcement	11 March 2010
Reference	68/2010
Listing Rule	LR8.7.3

This is a company announcement being made by the Company in compliance with Chapter 8 of the Listing rules:

QUOTE

Approval of Annual Financial Statements

At a meeting of the directors of the Company held on the 11 March 2009 the board of directors approved the financial statements of the Company for the financial year ended 31 December 2009. A preliminary statement of annual results is being attached herewith in terms of the listing rules.

Dividend

At the same meeting the board of directors resolved to propose to the annual general meeting of shareholders that a further gross dividend of €0.08769 (net €0.057) per share be paid to shareholders on the register of members after settlement as at close of business on the 5th April 2010 which, together with the interim dividend already paid of a gross dividend of €0.09231 (net €0.06) per share will bring the total and final dividend for the financial year ended 31 December 2009 to a gross final dividend of €0.18 (net €0.117)

Annual General Meeting

The directors have also scheduled the annual general meeting of the Company for the 10th May 2010. Shareholders on the registry of members at the central Securities Depository as at close of business on the 5th April 2010 shall be eligible to receive notice, attend and vote at the annual general meeting and to receive a copy of the annual report with the notice.

DIRECTORS:

Karin Zipperer (Chairman),
Jackie Camilleri (Deputy Chairman),
Michael Bianchi, Austin Calleja,
Julian Jaeger, Markus Klaushofer,
Louis-M. St-Maurice.

Company Registration No.: C1266



The Board of Directors further resolved to recommend for the approval of the annual general meeting:

1. The redenomination of the nominal value of the ordinary shares of the company from €0.465874 per share to €0.5 per share by the capitalization of €2,308,624 from the retained earnings for the purpose of paying up the difference between the current nominal value and the new nominal value.
2. That following the redenomination set out above the nominal value of the companies issued share capital be again redenominated and converted from 67,650,000 ordinary shares of €0.5 each to 135,300,000 ordinary shares of €0.25 each, to be allocated proportionately to members of the Company as at 1st June 2010, in each class of shares at a ratio of 2 shares of €0.25 each for each registered share of €0.5.

The Directors will provide the full text of the resolutions to be proposed to the general meeting in the notice convening the annual general meeting.

Louis de Gabriele
Company Secretary

Malta International Airport plc
Preliminary Statement of Annual Results for the year ended 31 December 2009

These figures have been extracted from the Malta International Airport Group's audited financial statements for the year ended 31 December 2009, as approved by the Directors on the 11 March 2010, and are being published in terms of MFSA Listing Rules 9.35

Statements of Comprehensive Income
Year ended 31 December 2009

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

Statements of Financial Position

31 December 2009

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

Statements of Changes in Equity
Year ended 31 December 2009

The Group	Share capital EUR	Revaluation reserve EUR	Fair value reserve EUR	Retained earnings EUR	Total EUR
Balance at 1 January 2008	31,516,422	1,665,903	-	18,536,545	51,718,870
Profit for the year	-	-	-	8,664,246	8,664,246
Other comprehensive income	-	-	(13,293)	-	(13,293)
Total comprehensive income for the year	-	-	(13,293)	8,664,246	8,650,953
Difference between historical depreciation for the year calculated on the revalued amount	-	(74,838)	-	74,838	-
Deferred tax liability on revaluation	-	26,195	-	-	26,195
Conversion difference between Euro and Lm	(46)	-	-	46	-
Dividends paid	-	-	-	(7,982,700)	(7,982,700)
Balance at 31 December 2008	31,516,376	1,617,260	(13,293)	19,292,975	52,413,318
	Share capital EUR	Revaluation reserve EUR	Fair value reserve EUR	Retained earnings EUR	Total EUR
Balance at 1 January 2009	31,516,376	1,617,260	(13,293)	19,292,975	52,413,318
Profit for the year	-	-	-	8,842,463	8,842,463
Other comprehensive income	-	-	10,091	-	10,091
Total comprehensive income for the year	-	-	10,091	8,842,463	8,852,554
Difference between historical depreciation for the year calculated on the revalued amount	-	(74,838)	-	74,838	-
Deferred tax liability on revaluation	-	26,200	-	-	26,200
Dividends paid	-	-	-	(7,915,050)	(7,915,050)
Balance at 31 December 2009	31,516,376	1,568,622	(3,202)	20,295,226	53,377,022

Statements of Changes in Equity
Year ended 31 December 2009

The Company					
	Share capital EUR	Revaluation reserve EUR	Fair value reserve EUR	Retained earnings EUR	Total EUR
Balance at 1 January 2008	31,516,422	1,665,903	-	18,536,545	51,718,870
Profit for the year	-	-	-	8,632,445	8,632,445
Other comprehensive income	-	-	(13,293)	-	(13,293)
Total comprehensive income for the year	-	-	(13,293)	8,632,445	8,619,152
Difference between historical depreciation for the year calculated on the revalued amount	-	(74,838)	-	74,838	-
Deferred tax liability on revaluation	-	26,195	-	-	26,195
Conversion difference between Euro and Lm	(46)	-	-	46	-
Dividends paid	-	-	-	(7,982,700)	(7,982,700)
Balance at 31 December 2008	31,516,376	1,617,260	(13,293)	19,261,174	52,381,517
	Share capital EUR	Revaluation reserve EUR	Fair value reserve EUR	Retained earnings EUR	Total EUR
Balance at 1 January 2009	31,516,376	1,617,260	(13,293)	19,261,174	52,381,517
Profit for the year	-	-	-	8,719,172	8,719,172
Other comprehensive income	-	-	10,091	-	10,091
Total comprehensive income for the year	-	-	10,091	8,719,172	8,729,263
Difference between historical depreciation for the year calculated on the revalued amount	-	(74,838)	-	74,838	-
Deferred tax liability on revaluation	-	26,200	-	-	26,200
Dividends paid	-	-	-	(7,915,050)	(7,915,050)
Balance at 31 December 2009	31,516,376	1,568,622	(3,202)	20,140,134	53,221,930

Statements of Cash Flows
Year ended 31 December 2009

	The Group		The Company	
	2009 EUR	2008 EUR	2009 EUR	2008 EUR
Profit before tax	14,134,526	13,687,086	13,944,847	13,638,162
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment	5,300,548	4,920,162	5,270,955	4,905,968
Release of deferred income arising on the sale of the terminal building and fixtures	(288,190)	(288,190)	(288,190)	(288,190)
Amortisation of European Commission grant	(23,618)	(23,619)	(23,618)	(23,619)
Amortisation of Norwegian grant	(51,761)	-	(51,761)	-
Interest expense	1,752,652	2,345,047	1,752,652	2,345,047
(Gain)/loss on sale of property, plant and equipment	(2,389)	23,786	(2,389)	23,786
Interest income	(187,642)	(359,722)	(187,642)	(359,722)
Provision for retirement benefit plan	129,706	289,945	129,706	289,945
Provision for MIA benefit plan	32,970	39,436	32,970	39,436
Provision for bad debts	418,445	(233,423)	418,445	(233,423)
Operating profit before working capital movement	21,215,247	20,400,508	20,995,975	20,337,390
<i>Working capital movements:</i>				
Movement in inventories	16,690	105,601	16,690	105,601
Movement in trade and other receivables	(4,350,400)	(1,415,824)	(4,294,079)	(1,582,040)
Movement in trade and other payables and other financial liabilities	813,435	1,029,474	799,715	985,147
Cash flows from operations:	17,694,972	20,119,759	17,518,301	19,846,098
Interest paid	(1,752,652)	(2,345,047)	(1,752,652)	(2,345,047)
Income taxes paid	(7,003,984)	(10,522,003)	(6,997,491)	(10,522,003)
<i>Net cash flows from operating activities</i>	8,938,336	7,252,709	8,768,158	6,979,048
Cash flows from investing activities				
Receipt of Norwegian grant	517,611	-	517,611	-
Purchase of property, plant and equipment	(5,730,124)	(10,576,587)	(5,628,891)	(10,394,821)
Purchase of financial assets	(16,605)	(60,000)	(16,605)	(60,000)
Movement in short term deposits	480,014	-	480,014	-
Shares invested in a subsidiary	-	-	(1,200)	(1,200)
Proceeds from sale of property, plant and equipment	15,361	5,844	13,498	5,844
Interest received	187,642	359,722	187,642	359,722
<i>Net cash flows used in investing activities</i>	(4,546,101)	(10,271,021)	(4,447,931)	(10,090,455)
Cash flows from financing activities				
Income from bank loan	3,449,354	7,193,946	3,449,354	7,193,946
Repayment of bank loans	(1,525,167)	(1,218,687)	(1,525,167)	(1,218,687)
Dividends paid	(7,915,050)	(7,982,700)	(7,915,050)	(7,982,700)
<i>Net cash flows used in financing activities</i>	(5,990,863)	(2,007,441)	(5,990,863)	(2,007,441)
Net movement in cash and cash equivalents	(1,598,628)	(5,025,753)	(1,670,636)	(5,118,848)
Cash and cash equivalents at the beginning of the year	4,065,225	9,090,978	3,972,130	9,090,978
Cash and cash equivalents at the end of the year	2,466,596	4,065,225	2,301,494	3,972,130

Commentary on the Annual Consolidated Financial Statements for the year ended 31 December 2009

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

Traffic

The number of passengers that passed through Malta International Airport in 2009 was 6.1% less than 2008. The economic crisis in the later part of 2008 made a significant impact on the passenger numbers in the first two quarters of 2009. Passengers were down by 10% in the first quarter, 5% in the second quarter and another 5% in the third quarter. The downturn was halted in the fourth quarter when the passenger throughput increased by 2.3% over the same period of the previous year. The result, however, was that the company ended up with a shortfall of Euro 1.3 million in turnover due to the lower amount of regulated fees collected when compared to the previous year. The UK and the German market suffered most and resulting in a reduction of 6.7% in passengers from the UK and 12.7% from Germany. On the other hand there was an increase in passengers from Italy (2.9%) and a sizeable influx of travelers from Cyprus which spurred the increase from that country to 122% over last year.

Financial Results

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

Revenues

With effect from this year, the financial statements show the results in the different segments of the business. In the case of Malta International Airport plc there are only two significant segments; the Aviation and the Non-Aviation segments. The aviation sector, which is shown in the Financial Statements as the *Airport Segment* includes the four regulated fees, the Passenger Service Charge, the Aircraft Landing Fees, the Security Fees and the Aircraft Parking Fees as well as other income related to aircraft handling, the provision of metrological services, charges relating to persons with reduced mobility and charges for the

use of check-in systems. The Non-Aviation segment comprises of the *Retail and Properties Segment* and *Other Segments* and includes all commercial revenue from retail shops, catering outlets and rental of office space as well as income from car parks, income from advertising and executive lounges.

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

Investments made in previous years

This strong revenue performance across all the Non-Aviation related activities in 2009 contrasts with the fall in passenger movements. This has been achieved only because of the decisions taken in the previous years to invest in the commercial areas of the business and to upgrade both the airside and the landside area with new facilities for the benefit of the traveler as well as to the non-travelling public. This sector registered an increase in revenue for the Company of €799,646 or 16% more than last year. We have also registered substantial increases in rental income of €620,926 (55% increase over last year), car park fees of €555,881 (88% more than last year) and income from VIP services of €132,551 (23% more than last year). We are firm believers that the Company should continue to explore opportunities which could strengthen its revenue generation ability and consequently lessen its economic dependency on aviation related activities. The Company will also seek to protect this revenue stream in the future in a responsible and fair manner in the interest of the shareholders of the Company as well as the concessionaires who share the risks and rewards with MIA. We have, in fact, reviewed the contract of some of the present concessionaires during 2009 in order to help them weather the economic crisis storm by extending their contract beyond its original terms as well as renegotiated the contractual minimum guarantees to achievable levels.

Costs

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

Once again the Company was badly affected by the shortfall between the revenue it collects for the services provided for Persons with Reduced Mobility (PRM) and the amount the Company pays to the ground handlers that provide this service. To mitigate the situation, the PRM charge per passenger was increased on the 1st August 2009 from €0.46 to €0.92 per departing passenger. However, because the increase came late in the year, the total revenue

collected in 2009 reached only €985,467, whilst the costs were €1,334,998 leaving a shortfall of €349,531. For 2010 we expect the revenue from the PRM charges to match the cost for providing this service and to leave a small surplus to cover the losses made in 2008 and 2009. As regards non-operating costs, there was an increase in the depreciation charge for the year 2009 which has increased by 7.7% from €4,920,162 to €5,300,548 and a significant decrease in financing costs of 25% from €2,345,047 to €1,752,652. The increase in the depreciation charge reflects the additional investments made on the air terminal and airfield infrastructure during 2008 and 2009 and which are now operational. The significant savings made on the finance costs are the result of the worldwide favourable drop in interest rates on debt.

Outlook

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

We do anticipate however, that the proportion of passengers that travel through tour operators will continue to decline in 2010 and that the low-cost carrier traffic will continue to increase.

With respect to non-aviation revenues, we are expecting to show another significant contribution to the revenues of the Company from this segment albeit not at the same rate of growth as we had last year. On the other hand, we are also expecting to absorb additional costs in 2010, some of which were unexpected. Government has recently increased the utility rates significantly and this will mean that the total bill of the Company for 2010 is expected to be approximately €1 million more than in 2009. The Company is also committed to spend more on marketing with the aim of attracting more traffic to Malta. Further funds will be made available to the Malta Tourism Authority and to airlines under the published incentive scheme in 2010 in order to sustain the promotion of Malta as a destination and to support the tourism industry. We are also expected to honour the commitments taken in 2007 by the signing of a collective agreement with the Unions, which commitments will add to the cost base of the Company.

All in all we are expecting 2010 to be another challenging year in which we are expecting to register an increase in passenger traffic compared to the previous year. However, we also know that the regulated aviation fees charged by MIA to the airlines will remain unchanged for the fourth consecutive year and that operating costs will also continue to increase in 2010. Nevertheless, we look forward to the future and we are already actively engaged in increasing the diversification of the Company's activities by designing and marketing a new Business Centre next to the Air Terminal. The new building will have over 14,000 square metres of office space available for leasing and is currently under construction.