MALTA INTERNATIONAL AIRPORT

moving people...

Business Report and Financial Statements 2010

moving people...

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VISION

Our commitment to

Service Quality,

Remarkable Efficiency and

Outstanding Facilities

*makes MIA a **Top Airport***

in its class and a

***Dynamic Link** to the World.*

MALTA INTERNATIONAL AIRPORT

Winner of the

Best Airport of the Year 2010
in the '1 - 5 million passengers' category
in the 6th ACI Europe Awards

and the

Best European Airport of the Year 2010
in ACI's Airport Service Quality Survey

ACI EUROPE AIRPORTS COUNCIL INTERNATIONAL
6th ACI EUROPE AWARDS
BEST AIRPORT 2010
UNDER 5M PASSENGERS

WINNER 2010 ASQ
AIRPORTS COUNCIL INTERNATIONAL

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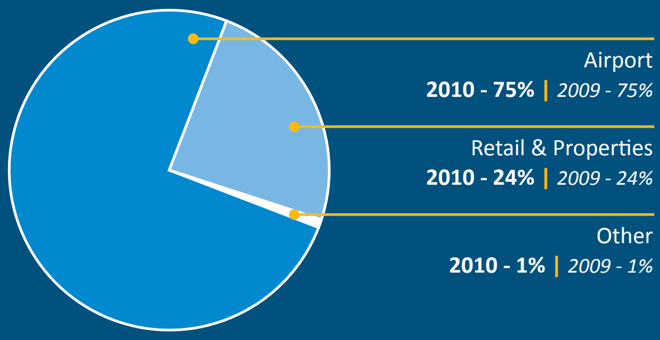
Key Data

Financial Indicators

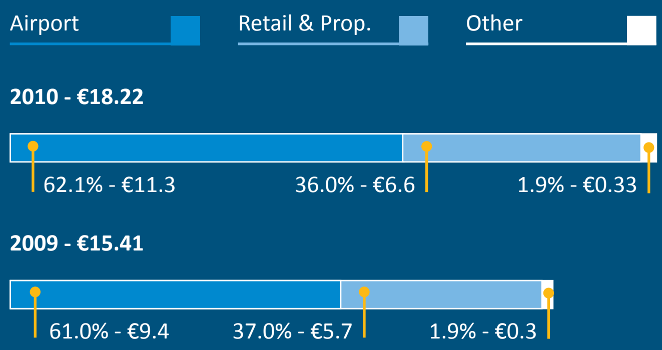
	The Group				
	Financial Year 2010	Change in %	Financial Year 2009	Change in %	Financial Year 2008
	(ended 31 December 2010)		*(ended 31 December 2009)*		*(ended 31 December 2008)*
Financial Indicators (in € million)					
Total turnover	51.34	10.5	46.45	3.0	45.11
Thereof Aviation	38.39	10.6	34.73	(2.4)	35.57
Thereof Non-Aviation	12.95	10.5	11.72	22.9	9.54
EBIT	18.22	18.2	15.41	0.2	15.38
EBIT margin in %	35.48	6.9	33.2	(2.7)	34.1
EBITDA	23.23	12.2	20.71	2.0	20.30
EBITDA margin in %	45.25	1.5	44.6	(0.9)	45.0
ROCE in %	7.08	22.8	5.77	(9.5)	6.37
Net Profit	10.69	20.9	8.84	2.1	8.66
Cash flow from operating activities	20.26	126.7	8.94	36.3	6.56
Equity	56.19	5.3	53.38	1.8	52.41
Balance sheet total	134.73	6.2	126.88	3.3	122.81
Capital Expenditure	3.25	(43.3)	5.73	(42.0)	9.88
Taxes on income	6.28	18.6	5.29	5.4	5.02
Average Employees for the year	367	(3.2)	379	1.9	372
Industry Indicators					
MTOW in million tonnes	2.39	9.2	2.19	(1.4)	2.22
Passengers in million	3.30	12.9	2.92	(6.1)	3.11
Thereof transfer passengers	6,091	34.7	4,523	18.7	3,810
Flight movements	28,936	10.0	26,305	(2.8)	27,070
Cargo in tonnes	15,407	(4.5)	16,134	(5.0)	16,990
Seat occupancy in %	70.8	2.0	69.4	(5.2)	73.2
Stock Market Indicators					
Shares outstanding in million	135.30	*	67.65	0.0	67.65
P/E ratio	21.01	*	18.36	(6.0)	19.53
Earnings per share in €	0.079	*	0.131	2.1	0.128
Net Dividend per share in €	0.065	*	0.117	0.0	0.1170
Net Dividend yield in %	3.916	*	4.875	4.2	4.680
Pay-out ratio as a % of net profit	82.26	*	89.51	(2.0)	91.35
Market capitalisation in € million	224.60	*	162.36	(4.0)	169.13
Stock price: high in €	1.66	*	2.50	(26.0)	3.38
Stock price: low in €	1.20	*	2.00	(9.1)	2.20
Stock price in €	1.66	*	2.40	(4.0)	2.50
Market weighting in %	6.81	*	3.59	(8.9)	3.94

N.B.
Stock Market Indicators for 2008 and 2009 are based on 67,650,000 shares. Following the 2:1 share split on 1 June 2010, the indicators for 2010 are based on 135,300,000 shares.
* Comparison not possible

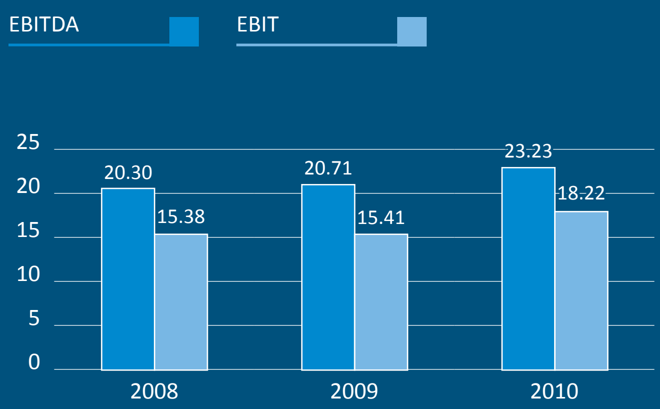
Revenue by Segment



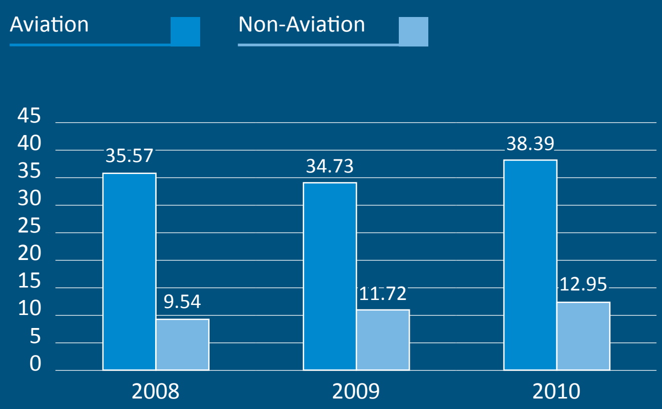
EBIT by Segment in € million



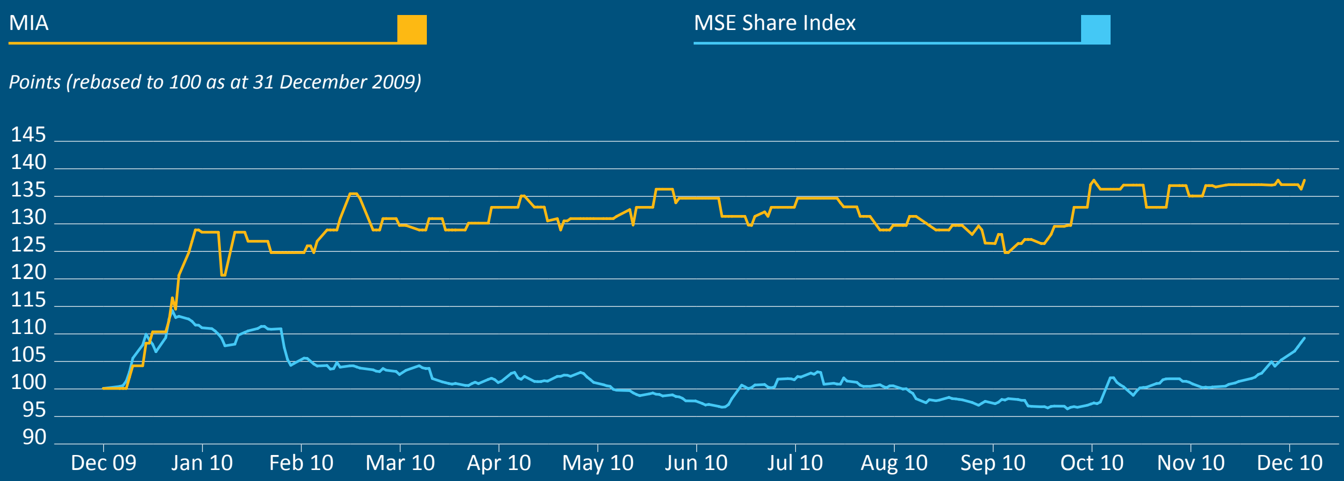
EBITDA and EBIT in € million



Turnover in € million



MIA Share Price vs MSE Share Index (2010 Performance)



Chairman's Message

The results published in this report – both financial and operational – are very positive not only because of their inherent value to the company, but more so because they reflect an overall attitude in the way Malta International Airport management and staff perceive their role in the larger picture of Malta's economic and social well-being.

Malta International Airport is Malta's gateway to the world. Not only is it the way through which the absolute majority of Malta's tourists reach its shores, but it is also the way Maltese people are connected to the rest of the world.

The theme we chose for this Business Report is 'Moving People'. Running Malta International Airport for us is not only about airlines and runways. We are very proud of the crucial role we play in the daily life of these Islands. This aspect of being central to what happens in Malta is commendable and at the same time lays a responsibility on all of us at Malta Airport.

We carry this responsibility with pride and energy to ensure that while being in the business of moving people, we also move them on an interpersonal level. In other words we are not simply managing a building… we are keen to offer excellent service to ensure that we do leave a positive impact on the passenger experience when arriving or departing Malta.

Having been in the airport business for almost 20 years, I can honestly state that the service offered at MIA is surely one of the best. 2010 has also been a significant year in this regard, with Malta International Airport winning the 'Best Airport of the Year' in its Category at the 6th ACI Europe Awards as well as the 'Best European Airport' across all categories in ACI's Airport Service Quality (ASQ) Survey.

These Awards were no mean feat. They are a testimony – if ever there was need for any – that the investment by all the shareholders in the Company is being managed and overseen in a truly professional way. On behalf of the Board, I would like to express my sincere gratitude to the management and staff for these notable achievements which I am sure will serve as an incentive for increased and better quality service levels in the future.

This coming year will yet again present new challenges to all of us in the airport business. We are living in exciting times but which also highlight the volatile nature of the international travel industry. I am sure that with the commitment of all our stakeholders we can consolidate the results achieved thus far and we can all look to the future with cautious optimism.

Andreas Schadenhofer
Chairman

Messaġġ miċ-*Chairman*

Ir-riżultati ppubblikati f'dan ir-rapport – kemm dawk finanzjarji u dawk operattivi – huma ferm pożittivi mhux biss għax jagħtu valur intrinsiku lill-kumpanija, iżda ħafna aktar għaliex jirriflettu l-attitudni ġenerali ta' kif il-*management* u l-impjegati tal-Ajruport Internazzjonali ta' Malta jaraw ir-rwol tagħhom fil-kuntest aktar wiesgħa tal-iżvilupp ekonomiku u soċjali ta' Malta.

L-ajruport huwa l-bieb li jgħaqqad 'il Malta mad-dinja. Mhux biss huwa l-mod li bih, il-maġġoranza assoluta tat-turisti jiġu fil-gżejjer Maltin, iżda wkoll huwa permezz tiegħu li l-Maltin iżommu kuntatt mal-kumplament tad-dinja.

It-tema li għażilna għal dan ir-Rapport Kummerċjali hija 'Moving People'. It-tmexxija tal-Ajruport Internazzjonali ta' Malta għalina mhijiex biss dwar linji tal-ajru u *runways*. Aħna kburin bir-rwol kruċjali li għandna fil-ħajja ta' kuljum ta' dawn il-gżejjer. Dan ir-rwol ċentrali f'dak kollu li jseħħ f'Malta huwa ta' min ifaħħru u fl-istess ħin iqiegħed responsabbiltà fuqna lkoll.

Din ir-responsabbiltà nġorruha bi kburija u b'enerġija li filwaqt li l-operat tagħna huwa dak li "inċaqilqu" l-passiġġieri, aħna nippruvaw nagħmlu d-differenza wkoll fuq livell interpersonali. Fi kliem ieħor, m'aħniex biss qed namministraw binja… aħna ħerqana li noffru servizz eċċellenti sabiex nassiguraw li nħalli impatt pożittiv fuq l-esperjenza li jgħaddi minnha passiġġier meta jiġi jew jitlaq minn Malta.

Ili naħdem fil-qasam tal-ajruporti għal kważi 20 sena, u nista' ngħid b'wiċċi minn quddiem li s-servizz mogħti fl-MIA huwa wieħed mill-aqwa. Minn dan l-aspett, l-2010 kienet ukoll sena importanti minħabba li l-Ajruport Internazzjonali ta' Malta rnexxielu jirbaħ il-Premju ta' "l-Aqwa Ajruport tas-Sena" fil-kategorija tiegħu fis-sitt edizzjoni tal-*ACI Europe Awards*, u kif ukoll kien dikjarat bħala "l-Aqwa Ajruport Ewropew" fil-kategoriji kollha fl-*Airport Service Quality (ASQ) Survey* tal-ACI.

Dawn il-premjijiet ma jintrebħux b'mod faċli. Dawn huma xhieda – jekk qatt kien hemm ħtieġa – li l-investiment tal-azzjonisti tal-kumpanija qiegħed jitħaddem tajjeb u ssorveljat b'mod professjonali.

F'isem il-Bord tad-Diretturi, nixtieq nirringrazzja lill-*management* u lill-impjegati għal dawn il-kisbiet importanti li ninsab ċert li fil-futur se jservu bħala xprun biex inkomplu ntejbu l-livell tal-kwalità tas-servizzi li noffru.

Matul is-sena li ġejja, aħna lkoll li noperaw fil-qasam tal-ajruporti se nerġgħu niffaċċjaw sfidi ġodda. Qed ngħixu fi żminijiet eċċitanti li juru biċ-ċar kemm l-industrija internazzjonali tal-ivvjaġġar hija waħda imprevedibbli.

Ninsab ċert li bl-impenn ta' dawk kollha li naħdmu magħhom nistgħu nikkonsolidaw ir-riżultati miksubin s'issa u nistgħu nħarsu lejn il-futur b'ottimiżmu kawt.

Andreas Schadenhofer
Chairman

CEO Review

Introduction

The period under review highlights a very positive year for Malta International Airport plc. 2010 was a year where new highs were registered albeit with considerable effort from all the stakeholders concerned, including the Malta Tourism Authority, Government, airlines and all the tourism operators.

Traffic

There was a significant increase in the volume of traffic that passed through Malta International Airport in 2010. Passengers were up by 12.9% from the previous year, aircraft movements were up by 10%. Cargo figures were less than last year by 4.5%.

Financial Results

As a result of the significant increase in traffic, revenue of the Group increased from €46.45 to €51.34 million, an increase of 10.5% over the previous year. Aviation revenue increased from €34.73 million to €38.39 million whilst Retail and Property (previously referred to as non-aviation revenue) increased from €11.26 million to €12.46 million.

The Earnings before Interest, Taxation Depreciation and Amortisation (EBITDA) of the Group increased by 12.2%; from €20.71 to €23.23 million and the EBITDA margin increased from 44.6% to 45.25%. There was also a significant increase in profit before tax. Profit increased from €14.13 million to € 16.97 million, an increase of 20.1%. Consequently, the net profit of the Group also increased from €8.84 to €10.69 million.

These results reflect the increased volume of traffic mentioned earlier but they also highlight the efforts made by the Group to contain costs as much as possible notwithstanding the higher volume of passengers that passed through the terminal and a significant hike in the rates for utilities during 2010.

Revenues

Revenues from the airport segment, which consist mainly of regulated fees, were up by 10.5%; from €34.73 million to €38.39 million. This segment constitutes 74.8% of the total revenues of the Group. The retail and property segment increased by 10.7%; from €11.26 million to €12.46 million. Significant increases in this segment were registered in the car park business, retail and catering outlets and in rents.
The revenues from Retail and Property segment constitute 24.3% of the total revenue of the Group.

Operating Costs

The key element of success in the airport business is not only to increase the volume of traffic that passes through the infrastructure but also to contain its costs as the traffic increases. Operating costs increased in 2010 by €1.84 million. However, a good part of this increase refers to a massive increase in the utility rates of €1.09 million. In fact, the total cost of utilities in 2009 was €1.83 million but in 2010 this shot up to €2.92 million notwithstanding the huge effort made by the Group to control consumption of water and electricity.

Staff costs also increased by €0.53 million but this amount includes payments made to staff in an early retirement scheme initiated during the year. These schemes are considered as an investment in helping reduce the cost base of the Group in the future. The PRM (Persons with Reduced Mobility) cost per passenger increased marginally during the year and the total charge increased from €1.33 million to €1.55 million. However, most of this cost was recuperated by the PRM charge made out to all passengers in conformity with EU legislation.

Significant cost reductions were made in maintenance, cleaning and in tele-communications to balance out the additional costs listed above.

As regards non-operating costs, there was a decrease in the depreciation charge of €0.28 million from 2009 mainly due to the fact that a significant proportion of assets became fully depreciated. There were no significant changes in the financing costs of the Group since the global interest rates remained static during the year.

Investments made during the year

During the year the Group carried out numerous investments in the infrastructure of the airport.
The upgrading of the runway lighting system programme resumed in 2010. There was also the upgrading of various key taxiways in order to be able to take larger aircraft. Most of the investments were aviation-related with the widening and enlarging of the pavement areas taking the lion's share of the €3.2 million capital investments made during the year. A notable new investment made during 2010 was the introduction of an array of photovoltaic cells in an attempt to sustain the electricity requirements of the airport with renewable energy. In this project, the airport made use of Government grants which financed 50% of the project.

Most importantly, the single largest investment during the year was the building of the Skyparks Business Centre which at the end of December 2010 amounted to €2.84 million. The whole project is expected to cost €16 million and should be completed by the third quarter of 2011.

Service Quality

The Company has invested thoroughly, not only in developing further the amenities within the Terminal, but especially in extensive training of its staff to ensure that the service levels are enhanced. These efforts were recognised by two prestigious international awards: Best Airport in its category at the ACI Europe Awards and the Best Airport in Europe across all categories in the ACI Airport Service Quality (ASQ Survey).

Outlook

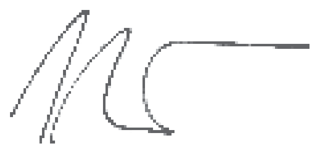
The outlook for the company in 2011 has to be put in the context of various considerations both on an international level as well as other local issues.

On a positive note, one has to consider the strong passenger numbers which are expected to be registered in the first half of the year, as well as the positive effect the Cruise & Fly operation commencing in May should have on this summer's passenger numbers.

On the other hand, there are a number of uncertainties. From a local perspective, the current restructuring of our home carrier, Air Malta, could affect passenger flow during the year. On an international level, the unrest in North Africa and the fact that the recovery of the global economy is more than uncertain, must all be factored in the outlook for the year.

One must also bear in mind that 2010 achieved an absolute record and consequently, it is more difficult to exceed. With all these considerations in mind, the Company is forecasting that passenger numbers for 2011 will be the same as in 2010, i.e. a consolidation of the record number of 3.29 million passengers achieved last year.

As already mentioned, during 2011, the Company will see the inauguration of the SkyParks Business Centre as a major element in its diversification strategy, thus consolidating the contribution of the Retail and Property segment to the Company's overall operation in the future.



Julian Jaeger
Chief Executive Officer

Review tal-Kap Eżekuttiv

Introduzzjoni

Il-perjodu diskuss f'dan ir-Rapport huwa kkaraterizzat minn riżultati pożittivi ħafna għall-Malta International Airport plc. L-2010 kienet sena fejn kienu rreġistrati rekords ġodda, għalkemm dawn seħħew bi sforz konsiderevoli kollettiv mill-partijiet kollha interessati, inklużi l-Awtorità tat-Turiżmu ta' Malta, il-gvern, il-linji tal-ajru u l-operaturi kollha fl-industrija tat-turiżmu.

Traffiku

Kien hemm żieda sinifikanti fil-volum ta' traffiku li għadda mill-Ajruport Internazzjonali ta' Malta fl-2010. In-numru ta' passiġġieri żdied bi 12.9% fuq is-sena ta' qabel, filwaqt li l-movimenti tal-ajruplani kien 10% aktar u ċ-ċifri għall-cargo juru tnaqqis ta' 4.5% fuq is-sena li għaddiet.

Riżultati Finanzjarji

Bħala riżultat taż-żieda sinifikanti fit-traffiku, id-dħul tal-Grupp żdied minn €46.45 miljuni għal €51.34 miljuni – żieda ta' 10.5% fuq is-sena ta' qabel. Id-dħul mis-Segment tal-*Airport* żdied minn €34.73 miljuni għal €38.39 miljuni filwaqt li s-Segment tar-*Retail & Property* (li qabel kien magħruf bħala *Non-Aviation*) żdied minn €11.26 miljuni għal €12.46 miljuni.

Il-Qligħ qabel Interessi, Tassazzjoni, Deprezzament u Amortizzazzjoni (EBITDA) tal-Grupp żdied bi 12.2%; minn €20.71 miljuni għal € 23.23 miljuni u l-marġini tal-EBITDA żdied minn 44.6% għal 45.25%. Kien hemm ukoll żieda sinifikanti fil-profitt qabel it-taxxa. Il-qligħ żdied minn €14.13 miljuni għal €16.97 miljuni – żieda ta' 20.1%. Konsegwentement, il-profitt nett tal-Grupp żdied ukoll minn €8.84 miljuni għal €10.69 miljuni.

Dawn ir-riżultati jirriflettu l-volum akbar ta' traffiku imsemmi aktar qabel iżda jenfasizzaw ukoll l-isforzi tal-Grupp sabiex jikkontrolla l-ispejjeż kemm jista' jkun minkejja l-volum ogħla ta' passiġġieri li għaddew mit-Terminal u ż-żieda sinifikanti fir-rati tad-dawl u l-ilma matul l-2010.

Dħul

Id-dħul mis-segment tal-*Airport*, li jikkonsisti prinċiparjament f'miżati rregolati (regulated fees), żdied b'10.5% - minn €34.73 miljuni għal €38.39 miljuni. Dan is-segment jikkostitwixxi 74.8% tad-dħul totali tal-Grupp. Is-segment tar-*Retail & Property* żdied b'10.7% - minn €11.26 miljuni għal €12.46 miljuni. Iż-żidiet sinifikanti f'dan is-segment kienu rreġistrati fil-qasam tal-parkeġġ, fl-operat tal-ħwienet u stabbilimenti tal-ikel, u fil-kirjiet. Id-dħul minn dan is-segment jikkostitwixxi 24.3% tad-dħul totali tal-Grupp.

Spejjeż operattivi

L-element prinċipali ta' suċċess għal kwalunkwe ajruport mhux dovut biss għaż-żieda fil-volum ta' traffiku li jgħaddi mill-infrastruttura tiegħu, iżda wkoll li jirnexxielu jikkontrolla l-ispejjeż tiegħu hekk kif jiżdied it-traffiku. Fl-2010, l-ispejjeż operattivi żdiedu b'€1.84 miljuni.

Madankollu, parti sostanzjali ta' din iż-żieda hija dovuta għaż-żieda kbira ta' €1.09 miljuni fir-rati tad-dawl u l-ilma. Fil-fatt, l-ispiża totali tad-dawl u l-ilma fl-2009 kienet ta' €1.83 miljuni, imma fl-2010 din laħqet €2.92 miljuni minkejja l-isforz enormi magħmul mill-Grupp sabiex jikkontrolla l-konsum tal-ilma u l-elettriku.

L-ispejjeż relatati mal-impjegati żdiedu wkoll b'€0.53 miljuni imma dan l-ammont jinkludi ħlasijiet li saru lill-impjegati li ħadu sehem fi skema ta' irtirar kmieni li tniedet is-sena l-oħra. Dawn l-iskemi jitqiesu bħala investiment biex jgħinu fit-tnaqqis tal-*cost base* tal-Grupp fil-futur.

L-ispiża għal kull passiġġier PRM (*Person with Reduced Mobility* - Persuna b'Mobbiltà Mnaqqsa) żdiedet marġinalment matul is-sena u l-ħlas totali żdied minn €1.33 miljuni għal €1.55 miljuni. Madankollu, parti kbira minn din l-ispiża kienet irkuprata mill-ħlas tal-miżata tal-PRM li ssir fuq il-passiġġieri kollha, skond il-leġislazzjoni tal-UE.

Kien hemm tnaqqis konsiderevoli fl-ispejjeż relatati mat-tindif, il-manutenzjoni u fit-telekomunikazzjoni, li bbilanċjaw l-ispejjeż addizzjonali msemmija aktar qabel.

Fir-rigward tal-ispejjeż mhux operattivi, kien hemm tnaqqis ta' €0.28 miljun fil-ħlas ta' deprezzament mill-2009 prinċipalment minħabba l-fatt li parti sinifikanti tal-assi kienu deprezzati kompletament. Ma kien hemm ebda tibdil sinifikanti fl-ispejjeż ta' finanzjament tal-Grupp billi r-rati globali tal-interess baqgħu l-istess matul is-sena.

Investimenti magħmulin matul is-sena

Matul is-sena l-Grupp wettaq ħafna investimenti fl-infrastruttura tal-ajruport. Matul l-2010, tkompla l-programm ta' titjib tas-sistema tad-dawl tar-*runway*. Kien hemm ukoll xogħol ta' titjib fuq it-*taxiways* ewlenin sabiex ikunu jistgħu jaqdu tipi akbar ta' ajruplani. Ħafna mill-investimenti kienu relatati mal-avjazzjoni, bit-twessigħ u t-tkabbir tal-*pavement areas* ikollu l-akbar sehem tal-investiment kapitali, bi €3.25 miljuni magħmula matul is-sena.

Investiment ġdid importanti magħmul matul l-2010 kien dak ta' numru konsiderevoli ta' ċelluli fotovoltajċi, sabiex insostnu l-ħtiġijiet tal-elettriku tal-ajruport bl-enerġija rinnovabbli. F'dan il-proġett, l-ajruport uża fondi mogħtijin mill-Gvern, li ffinanzjaw 50% tal-proġett.

L-iktar investiment importanti matul is-sena kien il-bini ta' *SkyParks Business Centre* li sa l-aħħar ta' Diċembru 2010 ammonta għal €2.84 miljuni. Il-proġett kollu huwa mistenni li jiswa €16-il miljun u hu mistenni li jitlesta sat-tielet kwart tal-2011.

Kwalità tas-Servizz

Il-Kumpanija investiet konsiderevolment, mhux biss fl-iżvilupp ulterjuri tal-faċilitajiet fit-Terminal, iżda b'mod speċjali fit-taħriġ estensiv tal-impjegati tagħha biex tassigura li jibqa' jissaħħaħ il-livell ta' servizz.

Dawn l-isforzi kienu rikonoxxuti minn żewġ premjijiet prestiġjużi internazzjonali: L-Aqwa Ajruport fil-kategorija tiegħu fl-*ACI Europe Awards* u l-Aqwa Ajruport fl-Ewropa fil-kategoriji kollha fil-*ACI Airport Service Quality (ASQ) Survey*.

Ħarsa 'l Quddiem

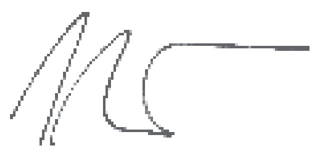
Il-prospetti għall-kumpanija għall-2011 għandhom jitqiesu fil-kuntest ta' diversi konsiderazzjonijiet kemm fuq livell internazzjonali u kif ukoll ta' kwistjonijiet oħrajn lokali.

Fuq nota pożittiva, wieħed irid iqis in-numru qawwi ta' passiġġieri li hu mistenni li jiġi rreġistrat fl-ewwel nofs tas-sena, u kif ukoll l-effett pożittiv li l-operazzjoni tal-*Cruise & Fly* li se tibda f'Mejju għandu jkollha fuq in-numru ta' passiġġieri dan is-sajf.

Min-naħa l-oħra, hemm għadd ta' inċertezzi. Minn perspettiva lokali, ir-ristrutturar li għaddej bħalissa tal-*carrier* prinċipali tagħna, l-Air Malta, jista' jaffettwa n-numru ta' passiġġieri matul is-sena. Fuq livell internazzjonali, l-inkwiet fl-Afrika ta' Fuq u l-fatt li l-irkuprar tal-ekonomija globali huwa wieħed pjuttost inċert, kollha għandhom jitqiesu fil-prospetti għas-sena.

Wieħed għandu jżomm f'moħħu li fl-2010 lħaqna rekord assolut u bħala konsegwenza, huwa aktar diffiċli li jinqabeż. B'dawn il-kunsiderazzjonijiet kollha quddiem għajnejha, il-kumpanija qed tbassar li n-numru ta' passiġġieri għall-2011 se jkun l-istess bħal dak fl-2010, jiġifieri konsolidazzjoni tan-numru rekord ta' 3.29 miljun passiġġier miksub is-sena li għaddiet.

Kif diġà semmejt qabel, matul l-2011, il-kumpanija se tara l-inawgurazzjoni ta' *SkyParks Business Centre* bħala element ewlieni fl-istrateġija tagħha ta' diversifikazzjoni, u b'hekk tikkonsolida l-kontribuzzjoni tas-segment tar-*Retail & Property* fl-operat totali tal-kumpanija fil-futur.



Julian Jaeger
Kap Eżekuttiv

Corporate Governance

Board of Directors

*Front Row (left to right): **Andreas Schadenhofer** – Chairman, **Jackie Camilleri** – Deputy Chairman, **Julian Jaeger** – Chief Executive;*
*Back Row (left to right): **Michael Bianchi** – Director, **Youssef Sabeh** – Director, **Austin Calleja** – Chief Financial Officer, **Louis de Gabriele** – Company Secretary.*

Andreas Schadenhofer
Chairman

Mr Schadenhofer was born in Austria in 1963 and graduated Master of Business Administration from the Vienna University of Economics and Business Administration.

Before Mr Schadenhofer joined Vienna International Airport plc in 1992 he gained work experience in the field of technical developments with KONE Sowitsch (Austria), as well as in Controlling. At Vienna Airport he was responsible amongst others for group planning and consolidation.

Since 2000 Mr Schadenhofer is Head of Strategy, Controlling and Group Shareholdings. This area of operation includes also project implementation and master planning.

Jackie Camilleri
Deputy Chairman

Ms Camilleri is a Certified Public Accountant, a graduate of the University of Malta with a B.A (Hons) degree in Accountancy and is a Fellow Member of the Institute of Accountants. She holds a Masters Degree in Business Administration from Heriot-Watt University Edinburgh Business School.

Ms Camilleri has held various positions within the AX Holdings Group of Companies as well as with the Foundation for Medical Services, where she carried out various internal feasibility reports, internal audit reviews and operational plans of the various healthcare entities falling within the Foundation's remit. She has also work experience in the United Kingdom where she joined the National Health Service and served as a Directorate Accountant at Stoke Mandeville Hospital.

Ms Camilleri provided financial consultancy services to the private and national health sector, including her role as Head of Financial Monitoring and Control Unit (FMCU) within the Ministry of Health, Elderly and Community Care. She has also worked on various consulting assignments, privatisation processes, strategic reviews and business evaluations during her time at MIMCOL. She recently rejoined the Ministry of Health, Elderly and Community Care management team as Chief Financial Officer.

Ms Camilleri served as a Board Member of the Foundation for Medical Services between 2005 and 2010 and is also a lecturer at the Institute of Healthcare (IHC) of the University of Malta.

Julian Jaeger
Chief Executive Officer

Mr Jaeger was born in Austria in 1971 and graduated Master of Law from the University of Vienna.

Mr Jaeger's experience originates from the legal field with particular emphasis on competition law and aviation law, as well as other work experience at the law courts and in the fields of insurance and IT. For three years he was Head of Business Development at Vienna International Airport. In this capacity Mr Jaeger was responsible for market development, market analysis, market research, aviation concessions, airport charges and aviation strategy as well as traffic forecasts, and statistics.

He served as Chief Commercial Officer with MIA for a year before being appointed CEO, undertaking airline marketing, the development of cargo traffic, the land development project, as well as the concessions and retail business.

Since his appointment, MIA has accomplished major projects on the terminal such as the Schengen area extension, the retail area restructuring and the upgrading of taxiways on airside.

Austin Calleja
Chief Financial Officer

Mr Calleja joined MIA in 1991 and formed part of the team that helped 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 Price Waterhouse (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, Information Systems and Information Management as well as other Administrative functions within the Company. He has been an active member of the Airports Council International (ACI) Europe Economics Committee for the last 16 years and was Chairman and Vice-Chairman of the same Committee between 2001 and 2005.

Youssef Sabeh

In 2008, Dr Sabeh assumed the post of Vice-President, Operations – Airports with SNC Lavalin in Europe. In this capacity, Mr Sabeh manages SEVA (*Société d'exploitation de Vannes Aéroport*), SECA (*Société d'exploitation de Chalon Aéroport*), SECMA (*Société d'Exploitation de Cherbourg Maupertus Aéroport*), SEAR (*Société d'Exploitation de l'Aéroport de Rouen*), SETA (*Société d'Exploitation de Tours Aéroport*) and SEATF (*Société d'Exploitation de Toulouse-Francazal*). He is also 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 remains 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.

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.

Michael J. Bianchi

Mr Bianchi was born in 1956 and educated at St Edward's College. He started his career in 1974 by joining the family business founded in the 19th century where he is still a Director. Mr Bianchi has been active in a diversified field of activities within and also outside the family business ranging from mobile telephony, having founded Vodafone Malta, to i-Gaming, from Shipping to Tourism and Leisure, Retailing to Yacht Yards. Mr Bianchi was also responsible for bringing together the consortium MMLC that includes Vienna Airport and SNC Lavalin that successfully bid during the privatisation process for the acquisition of shares and the management of Malta International Airport plc. He serves as a Director of various companies covering a wide spectrum of activities. Mr Bianchi is also Honorary Consul General for Austria in Malta.

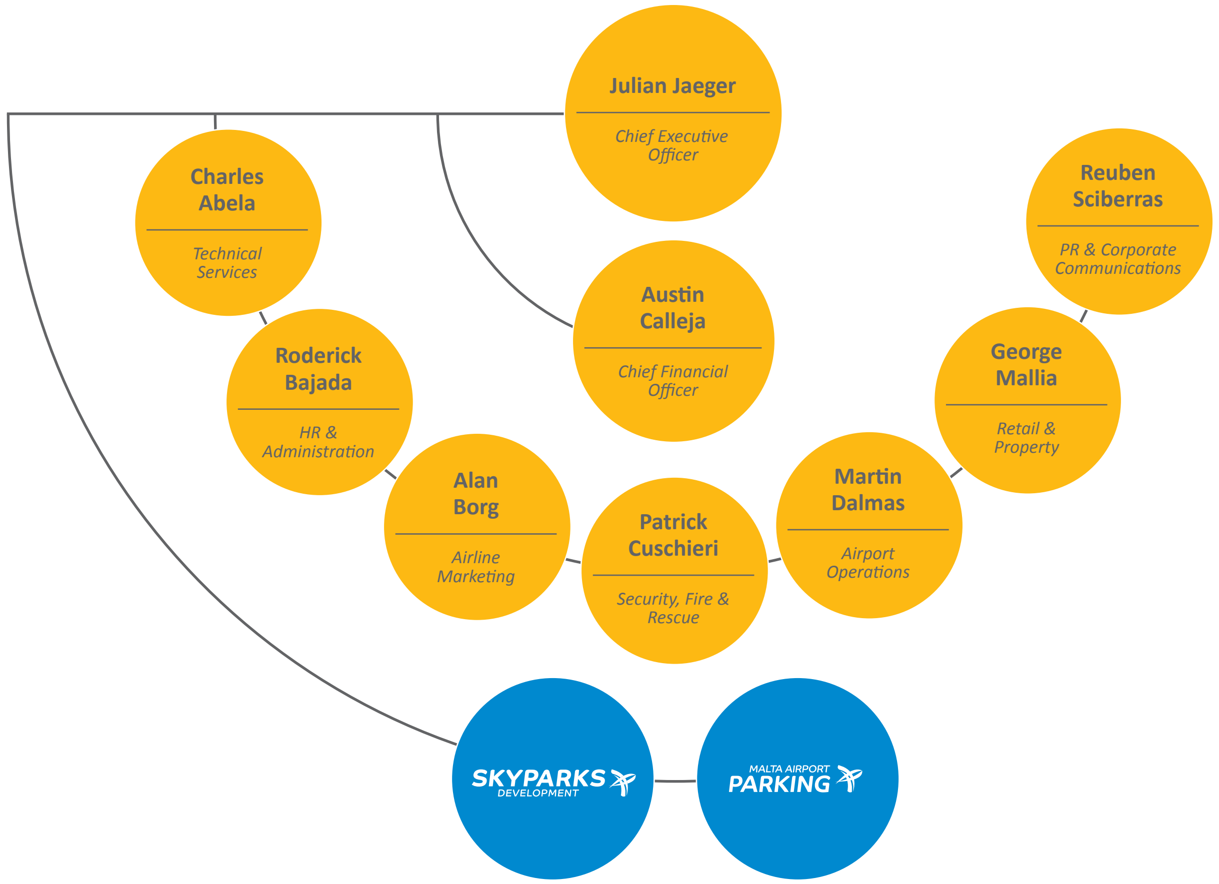
Louis de Gabriele
Company Secretary

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.

Organisation Structure



Malta International Airport plc has adopted corporate governance structures that are designed to suit the Company, its business and its size, to ensure proper checks and balances, whilst retaining an element of flexibility.

The Board of Directors shall consist of a balance of five (5) Non-Executive Directors and two (2) Executive Directors, a balance entrenched in the Company's Memorandum and Articles, which requires that the CEO is an *ex ufficio* Director together with the possibility of two other senior executives of the Company.

The Board delegates 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 Chief Executive Officer is the person accountable to the Board of Directors of the Company for all business operations. He has the power and authority to appoint the persons to fill in the post of each member of the Executive Committee.

The Executive Committee is headed by the Chief Executive Officer and consists of each Department Head. The Executive Committee meets an average of three times a month.

The Audit Committee is composed of three non-executive directors of the Company, and its role is to monitor internal systems and related costs. During the period under review it has met seven (7) times.

Segments

Airport Segment

The Airport Segment encompasses the activities ordinarily 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 & Property Segment

The Retail & Property Segment includes all the commercial services present at the airport. These include the various retail outlets within the airport perimeter, advertising sites and rental of offices, warehouses and the VIP services.
The operation of Airport Parking Ltd is included within this segment.

Other Segments

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

Revenue 2010 by Segment

75%
Airport

24%
Retail and Properties

1%
Other

Strategy & Masterplan

The strategy adopted by Malta International Airport plc is the consolidation of its airport operations, which is the core of its business activity, whilst investing in diversification through the enhancement of its Retail & Property segment.

The former is first and foremost achieved through Airport Charges which –whilst being within the European average– for the fourth year running have not been changed in order to make it appealing for airlines to start or continue their operations to and from Malta.

Another important component of consolidating the Airport Segment is that of investing in infrastructural developments. From a non-tangible perspective, this is boosted further through an Incentive Scheme via which airlines interested in operating new or underserved routes can avail themselves of reduced airport charges, through incentives on passenger service charges depending on the particular time of the year.

All these are coupled with a constant focus on cost control and efforts in maximising our HR complement, as well as achieving a leaner organisation through cost-effective measures and efficient internal systems such as outsourcing of various services.

The diversification strategy kicked off by the Terminal Extension in 2009 which enabled the Company to increase the retail area within the Terminal, has now taken on a new perspective through the development of the SkyParks Business Centre.

Looking to the future

During the period under review, a complete review of the MIA Infrastructural Masterplan was completed during 2010. Since the completion of the first version in 2006, the Masterplan has become a crucial planning tool for the Company.
It is primarily intended to anticipate infrastructural needs to sustain passenger and aircraft operations and plan capital expenditure outflows.

The latest edition incorporates greater emphasis on landside development of retail and property-related facilities. The basis of the document is a current capacity analysis of MIA facilities using IATA criteria and the development of a passenger and aircraft movement forecast based on economic and other factors which are known to correlate with passenger motivation to travel to Malta by air. Scenario analysis, such as the development of the Cruise & Fly business, is also an important part of the process. The document also makes estimates of the Long-Term Forecast and is a major tool in the decision-making process for major CAPEX-related investments.

The Masterplan's direct objective is to make the best use of existing facilities without compromising the travelling passenger's experience, particularly within the air terminal. Otherwise, future development is scheduled to meet just-in-time capacity demands with minimal operational disruption. To ensure that the Masterplan deals with actual market trends, the Company will be reviewing it on an annual basis.

MIA SHARES

> *When I decided to invest my savings in Malta International Airport plc, I knew it would pay off...*
>
> *But most of all, I am delighted that I play a part in such a successful organisation.*

Ingrid Micallef
Shareholder & Employee

Timeline

1992
MIA took over the management of the Air Terminal

1998
MIA took over the management of the airfield and Air Traffic Control

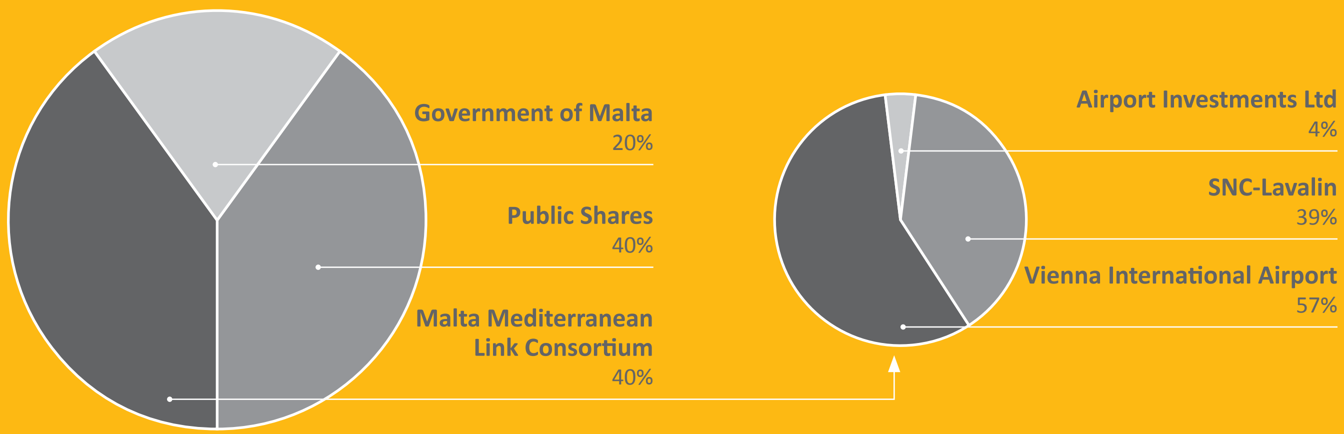
1 Jan 2002
Air Traffic Control was hived off to another company (MATS) before privatisation of MIA

26 Jul 2002
Government sold 40% of the equity of MIA to MML Consortium

15 Dec 2002
Government sold 20% of the equity of MIA to the Public

5 Oct 2005
Government sold a further 20% of the equity of MIA to the Public

Ownership

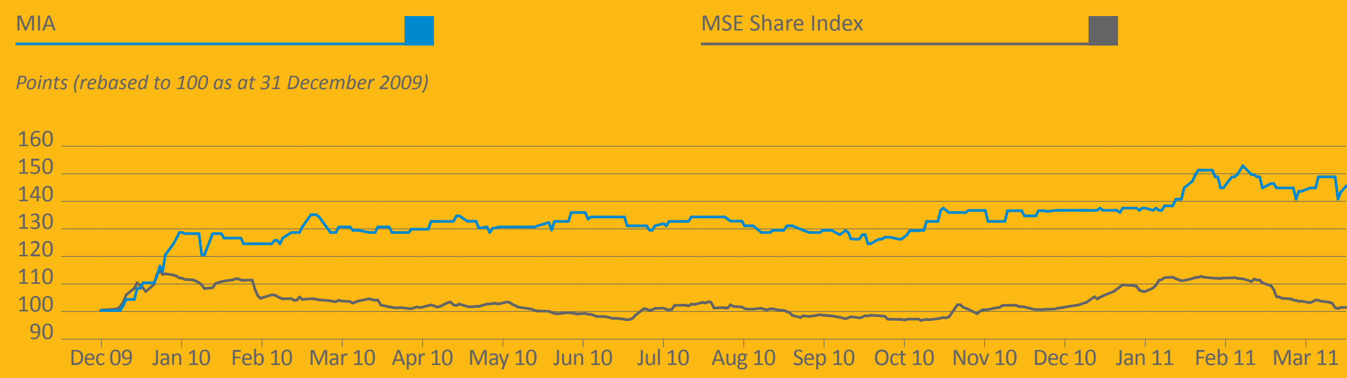


Performance of MIA share

	2010*	2009	2008	2007	2006 *(9 mths)*
Shares outstanding in million	135.300	67.65	67.65	67.65	67.65
P/E ratio	21.01	18.36	19.53	24.38	29.72
Earnings per share in €	0.079	0.131	0.128	0.132	0.107
Net dividend per share in €	0.065	0.117	0.117	0.116	0.109
Net dividend yield in %	3.916	4.875	4.680	3.616	3.431
Pay-out ratio as a % of net profit	82.26	89.51	91.35	88.12	101.97
Market capitalisation in € million	224.60	162.36	169.13	217.46	215.89
Stock price high in €	1.66	2.50	3.38	3.28	3.63
Stock price low in €	1.2	2.00	2.20	3.06	3.08
Stock price as at 31 December in €	1.66	2.40	2.50	3.21	3.19
Market weighting in %	6.81	3.59	3.94	3.80	5.30

***N.B.**
Stock Market Indicators for 2006 to 2009 are based on 67,650,000 shares.
Following the 2.1 share split on 1 June 2010, the indicators for 2010 are based on 135,350,000 shares.

MSE Share Index vs MIA Share



Stock Market Listing

The Malta International Airport plc share has been trading on the Malta Stock Exchange since 2002. On the 1 June 2010, the nominal share value of the Company was increased from €0.465874 to €0.50 per share, thus increasing the issued share capital of the Company from €31,516,376 to €33,825,000 by the capitalisation of €2,308,624 from retained earnings. On the same date, there was a 2:1 share split with the number of issued shares of the Company increasing from 67,650,000 to 135,300,000 shares.

The Company's issued share capital is now made up of 81,179,990 Ordinary 'A' shares, 54,120,000 Ordinary 'B' shares and 10 Ordinary 'C' shares. The 'A' shares are actively being traded on the Malta Stock Exchange.

Investor Relations

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

It is the Company's intention to increase other methods of communication through the issuing of a quarterly newsletter as well as an enhanced Investor Information area on the company's website.

Financial Calendar 2011

Close of Shareholders' register
5 April 2011

Annual General Meeting
5 May 2011

Payment
17 May 2011

Recommendation for Distribution of Profit

The 2010 financial year closed with a net profit of €10,691,217. A net interim dividend of €4,059,000 (€0.03 cents per share based on 135,300,000 shares) was paid in September 2010 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 €0.035 per share or €4,735,500 on all shares settled as at close of business on the 5 April 2011 which dividend shall be paid by not later than the 17 May 2011. The total net dividend paid for the financial year 2010 is therefore €0.065 per share or €8,794,500 which is 82.3% of the total net profit for the year.

Additional Information

More information on Malta International Airport as well as statistics and annual reports are available online **www.maltairport.com** in the Investor Information section.

EMPLOYEES

> *I have sworn to protect my loved ones.*
>
> *Every day I make sure I do the same for all my colleagues and everyone else at the Airport.*

Ivan Pulis
Crew Commander, Fire & Rescue (MIA)

Employees

total number of MIA employees
(as at 31 December 2010)

358

(2009 - 372)

number of apprentices
(as at 31 December 2010)

7

(2009 - 7)

number of summer workers
(as at 31 December 2010)

35

(2009 - 21)

Average age of all MIA employees
(as at 31 December 2010)

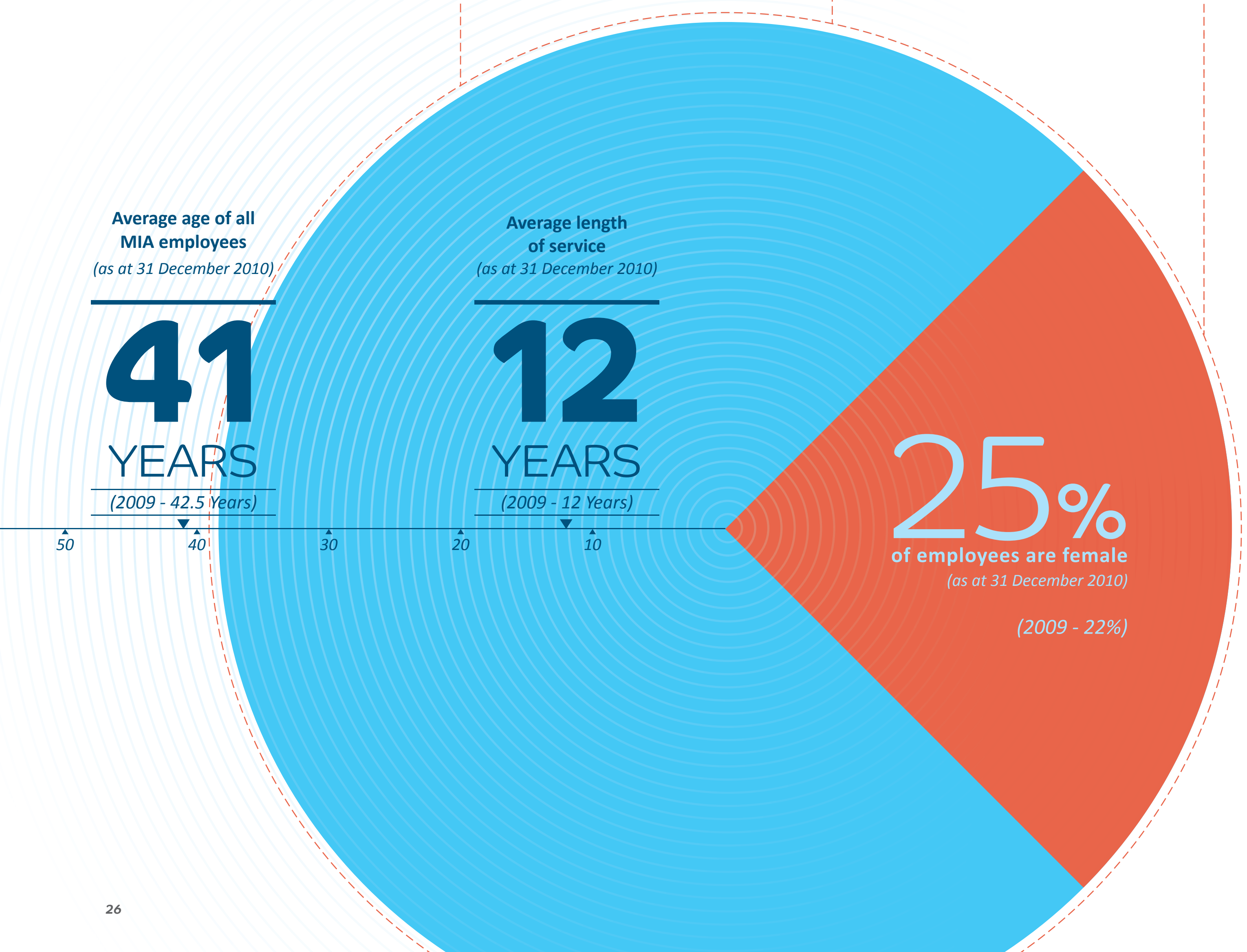
41 YEARS

(2009 - 42.5 Years)

Average length of service
(as at 31 December 2010)

12 YEARS

(2009 - 12 Years)



Early Retirement Schemes

In December 2010 the Company decided to offer the opportunity of early retirement through a Voluntary Early Retirement Scheme to those employees satisfying certain criteria. The objective of this early retirement package was to improve the company's efficiency as regards staffing levels whereby those employees taking up this scheme would not be replaced.

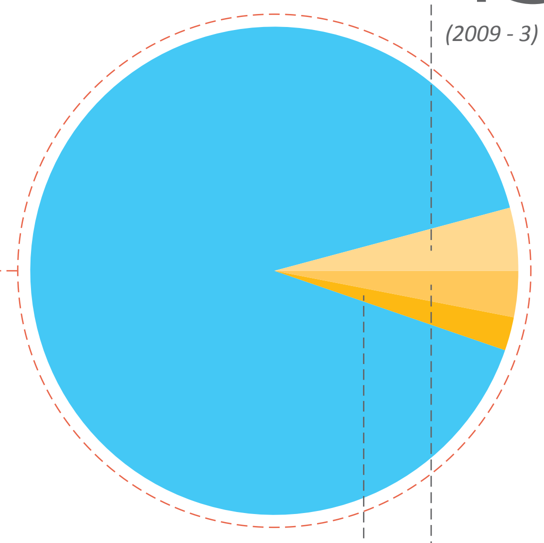
total number of MIA employees
(as at 31 December 2010)

358

Retired (61+)
(during the course of 2010)

15

(2009 - 3)



Resigned
(during the course of 2010)

8

(2009 - 9)

Early Retirement Scheme
(as at 31 December 2010)

11

Restructuring

In its efforts to continue enhancing service levels whilst maintaining efficiency, in 2011, the Company will be carrying out restructuring processes in various areas of its Operations. The first one will be that within the Technical Department which currently is divided into Airside and Terminal. The new setup will be merging these into one unit, whilst creating a small unit which particularly focuses on Projects.

Training and Development

ADVANCE Training Programme for Developing Leaders in Tourism

This programme – a Malta Tourism Authority initiative co-funded by the EU – was launched in October 2010 and is specifically designed for those who work in senior management, middle management or in a supervisory role within the Tourism industry.

MIA is participating both at middle and higher management level through a total of 28 employees as it strives to encourage those employees who want to contribute to the success of the tourism industry by advancing their capabilities in innovation and change.

Airport Management Training Programme (AMTP)

This programme is designed and implemented by Vienna Airport Academy with the aim of bringing together employees from four airports including Malta International Airport, and offering them the opportunity to embark on a unique training programme which spans over a whole year.

This programme offers the participants the opportunity to meet other employees coming from airports of different sizes and aims, thus sharing and comparing information about the differences and similarities between the operations of these airports.

The AMTP training programme is currently in its third year with the participation of the third intake of three MIA employees, following the successful completion of the programme by six employees in the previous two years.

APEX Leadership Driver Course

APEX is a leadership development programme specifically developed for all executives and managers at MIA.
The course is intended towards addressing areas of leadership, business and management development. There are a total of 24 participants in this training programme which commenced in March 2010 and will end in March 2011.

Training plan for 2011

Core Values training

An intensive training programme entitled "Live the Values' was held in February 2011 whereby all the 358 MIA employees received direct training on how to adopt the Company Values in their everyday life.

'Inspire' - Training for all MIA Officers

In April 2011, a training programme kicked off for the next level of supervisory staff within the company, that is, the Officers and Supervisors from all departments. This programme entitled 'Inspire' follows the same lines of the APEX programme since the focus lies on both lecture-style training and personal coaching sessions.

Health and Safety Training

This year will see the continuation of the training 'Rescue from Heights' being delivered by St John's Rescue Corps to a number of employees from the Fire and Rescue Department. Another important training programme currently in progress is the Risk Assessment Awareness training for around 60 employees as part of the two year Health and Safety programme.

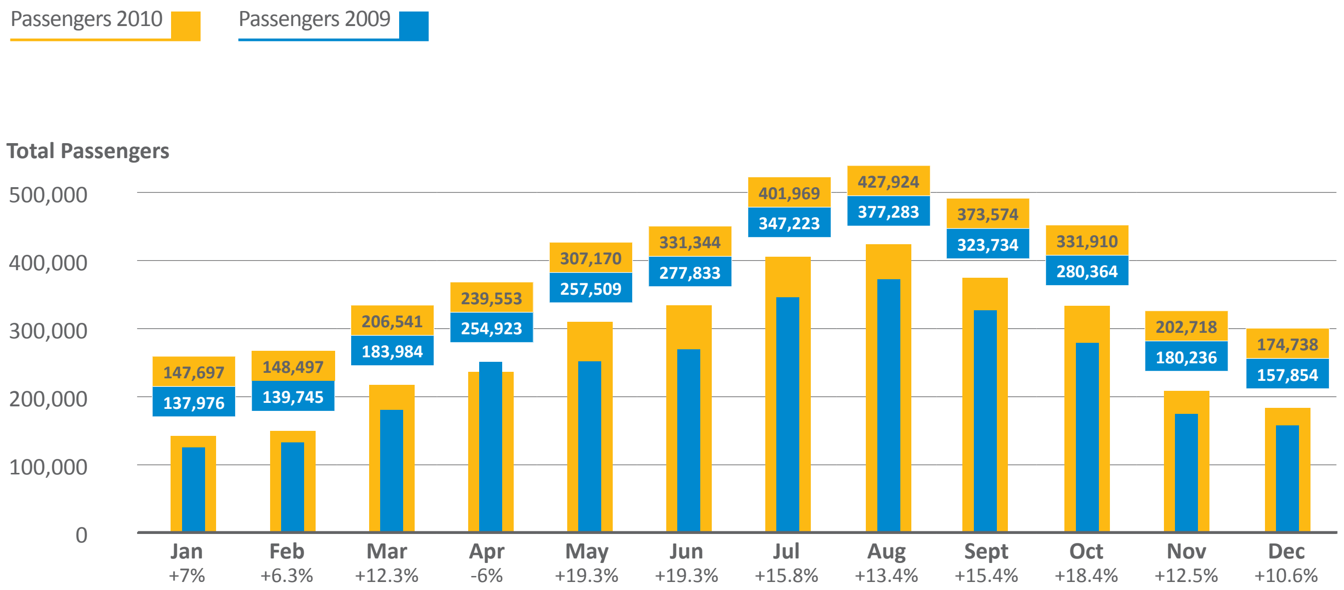
MANAGEMENT REPORT

> *Every day, I meet hundreds of people who come to our Airport...*
>
> *I feel honoured that with my contribution, I am making their travelling experience a little bit better.*

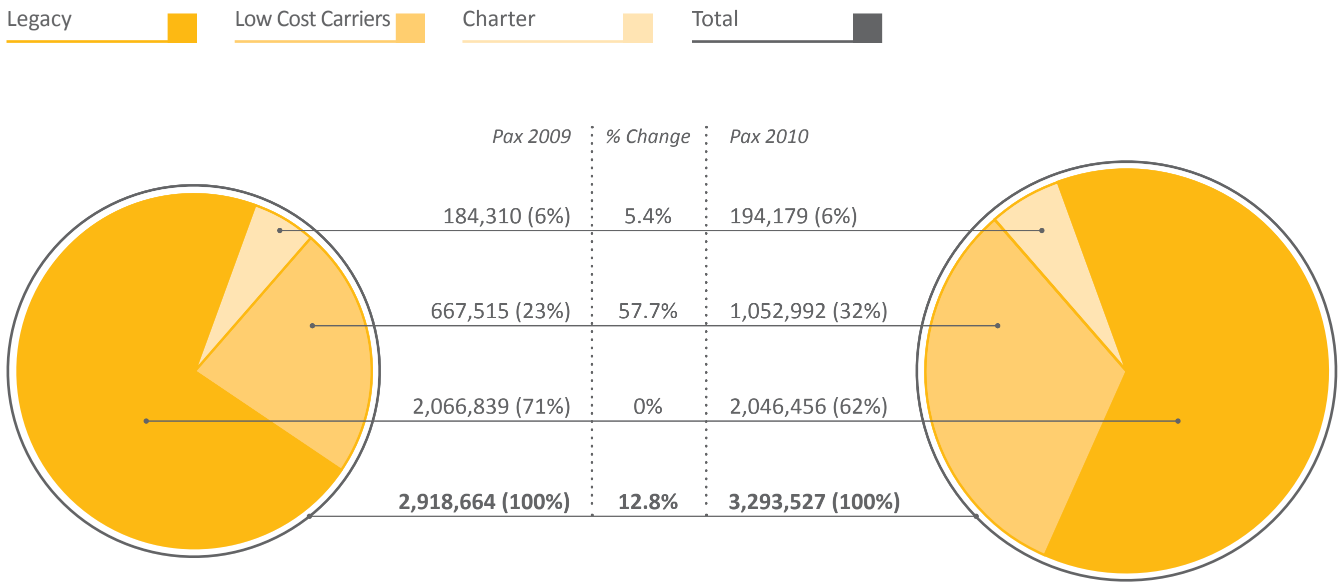
Irene Camilleri
Senior Officer, Customer Service

Airport Segment
Traffic Results

Passenger Movements

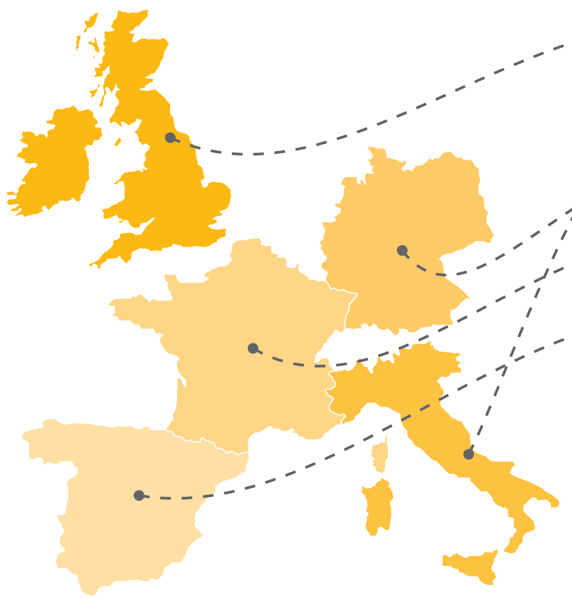


Business Mix



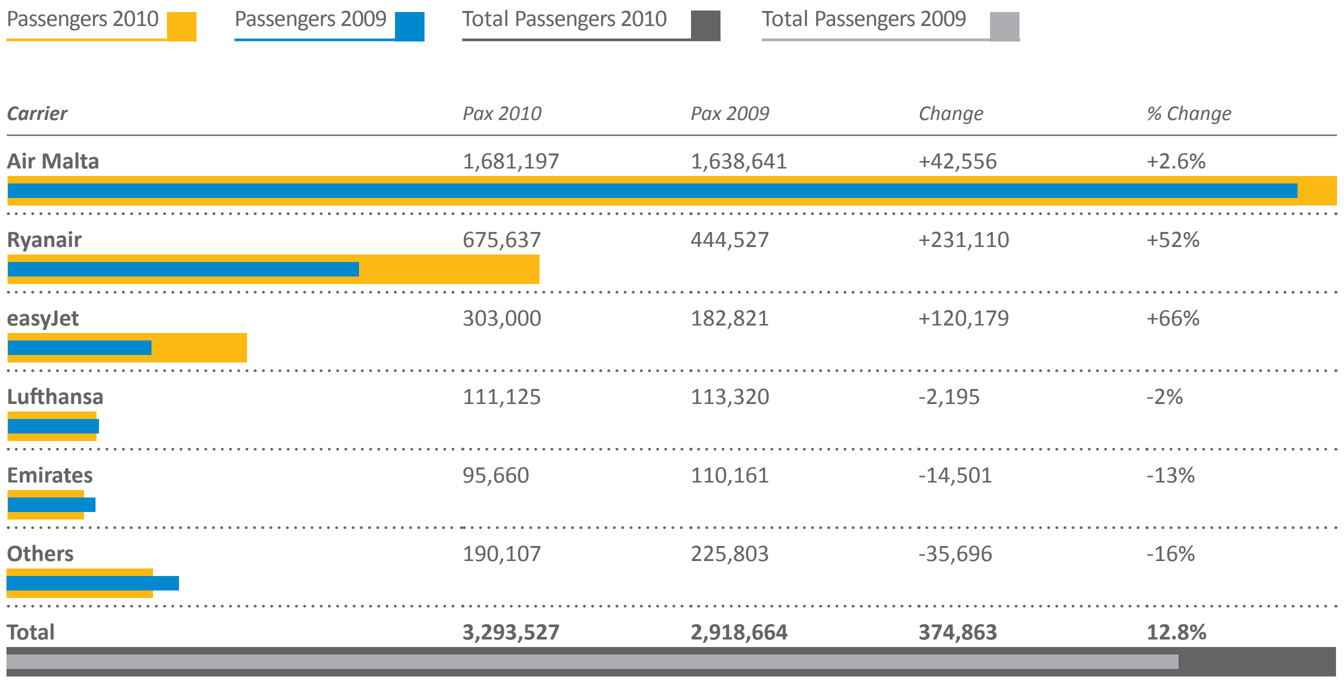
Top 5 Markets

Passenger Arrivals



	Pax 2010	*Pax 2009*	*Change*	*% Change*	*% Share*
United Kingdom	1,032,610	999,631	32,979	3.3%	31%
Italy	641,814	498,413	143,401	28.8%	19%
Germany	422,498	416,583	5,915	1.4%	13%
France	182,485	146,932	35,553	24.2%	6%
Spain	173,858	115,100	58,758	51.0%	5%

Top 5 Airlines



Carrier	*Pax 2010*	*Pax 2009*	*Change*	*% Change*
Air Malta	1,681,197	1,638,641	+42,556	+2.6%
Ryanair	675,637	444,527	+231,110	+52%
easyJet	303,000	182,821	+120,179	+66%
Lufthansa	111,125	113,320	-2,195	-2%
Emirates	95,660	110,161	-14,501	-13%
Others	190,107	225,803	-35,696	-16%
Total	**3,293,527**	**2,918,664**	**374,863**	**12.8%**

Top 5 Legacy Carriers

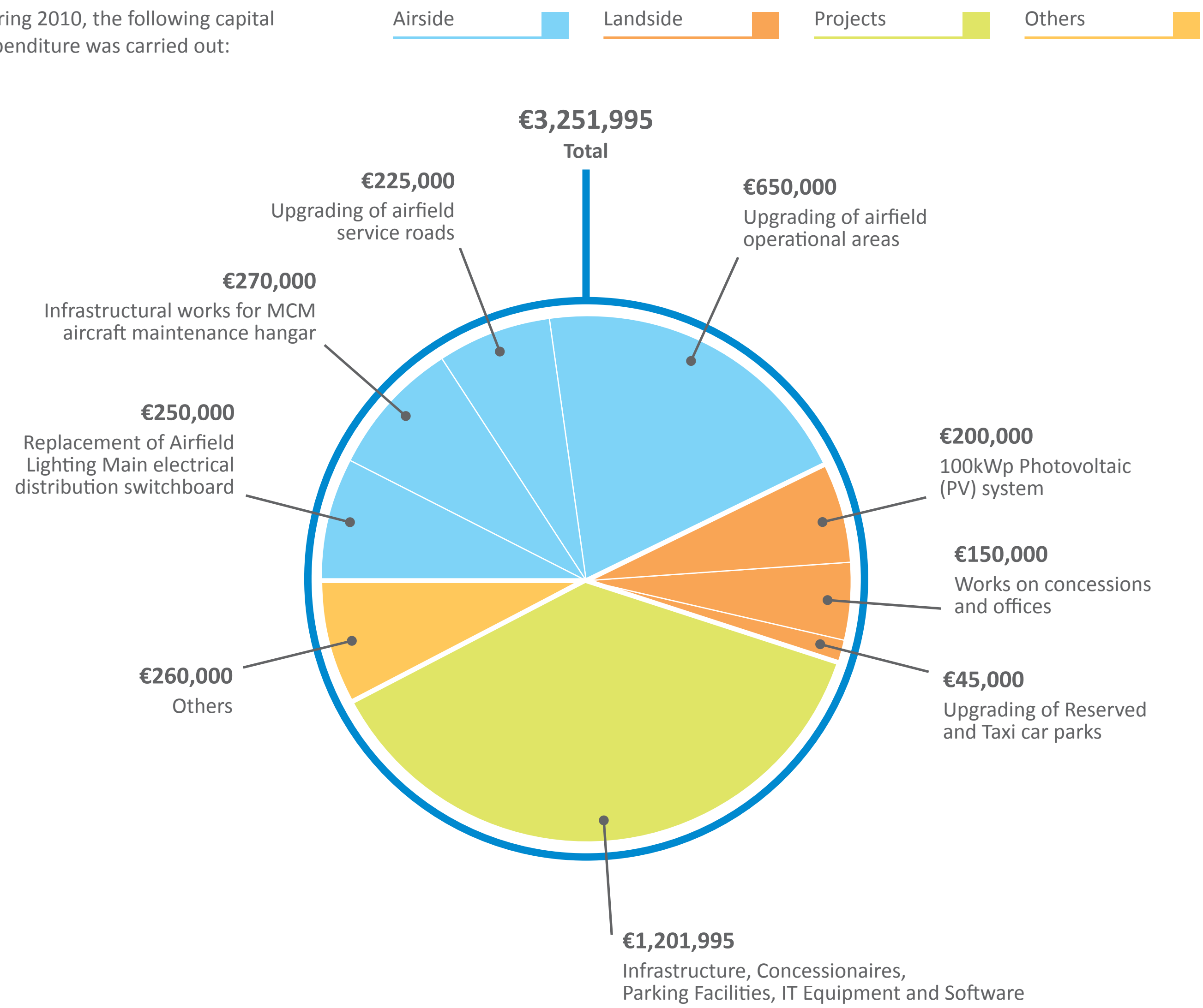
Airline	*Passengers 2010*	*Share of Legacy Traffic 2010*	*Share of Total Traffic 2010*	*Share of Total Traffic 2009*
Air Malta	1,681,197	82.2%	51.0%	56.1%
Lufthansa	111,125	5.4%	3.4%	3.9%
Emirates	95,660	4.7%	2.9%	3.8%
Alitalia	77,781	3.8%	2.4%	2.5%
SAS	20,360	1.0%	0.6%	0.7%
Others	60,233	2.9%	1.8%	3.7%
Total Legacy	**2,046,356**	**100%**	**62.1%**	**70.8%**
Total MIA	**3,293,527**		**100%**	

Top 5 Low Cost Carriers

Airline	*Passengers 2010*	*Share of LCC Traffic 2010*	*Share of Total Traffic 2010*	*Share of Total Traffic 2009*
Ryanair	675,637	64.2%	20.5%	15.2%
easyJet	303,000	28.8%	9.2%	6.3%
Norwegian Air Shuttle	30,935	2.9%	0.9%	NA
Vueling	30,424	2.9%	0.9%	1.2%
Bmibaby	12,636	1.2%	0.4%	NA
Total LCC	**1,052,992**	**100%**	**31.9%**	**22.9%**
Total MIA	**3,293,527**		**100.0%**	

CAPEX

During 2010, the following capital expenditure was carried out:



Overview

Malta International Airport concluded 2010 with an increase of 12.8% in passenger movements when compared to 2009. This increase signifies that the number of passengers at MIA for 2010 has reached the record figure of 3.29 million.

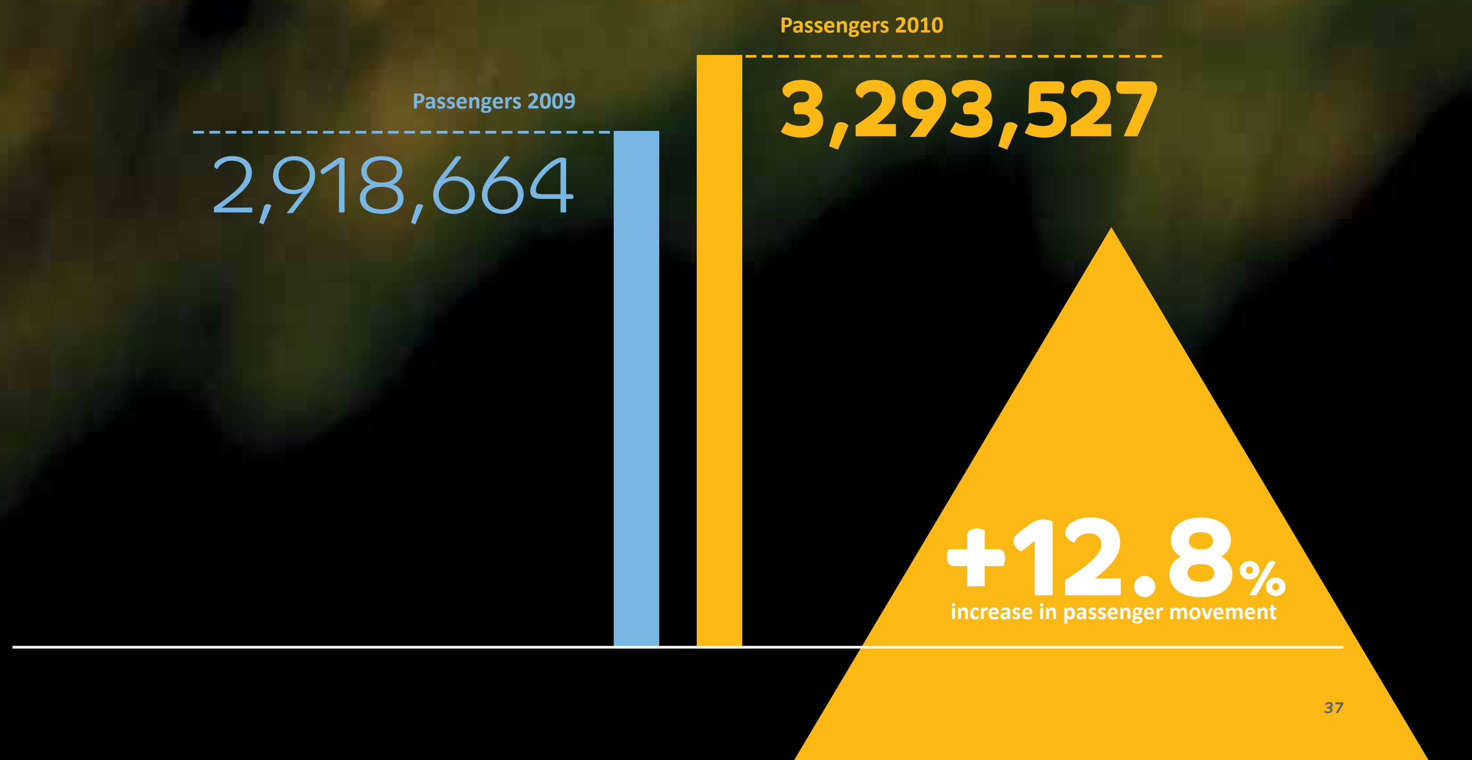
Aircraft movements at MIA increased to 28,936 which is +10% when compared to 2009 whilst seat capacity increased by 10.6%, reaching a total of 4,653,592. The seat load factor also grew by 1.5 PPD, to 70.8%. In so far as Cargo and Mail is concerned, there was a slight decrease of 3.4% over the previous year, to a total of 16,907 tonnes.

MIA's main markets for 2010 were the UK with a share of 31.4% translating into 1,032,610 passengers (+3.3%) followed by Italy and Germany with 19.5% or 641,814 passengers (+28.8%) and 12.8% or 422,498 passengers (+1.4%) respectively.

Air Malta was the major carrier operating 51% of traffic equivalent to 1,681,197 passengers, registering an increase of 2.6% on figures registered in 2009. It is followed by Ryanair with a traffic share of 20.5% equivalent to 675,637 passengers meaning an increase of 52% and easyJet with a traffic share of 9.2% equivalent to 303,000 passengers meaning an increase of 66%.

Legacy carriers have maintained their passenger numbers, although they lost on their market share (71% in 2009; 62% in 2010) to Low Cost operations (23% in 2009; 32% in 2010). Charter operations have maintained the same share (6%) of the business as that of 2009.

The results by Malta International Airport exceed the overall European average which saw passenger traffic increase by +4.2% in 2010 compared to 2009, according to the 'ACI EUROPE Airport Traffic Report – 2010' which includes 125 airports in total, collectively accounting for 80% of European air traffic.



Marketing Strategy

MIA's airline marketing is not done in isolation but is carried out in tandem with the Malta Tourism Authority to ensure that the synergies needed for a small destination like Malta are indeed maximised.

MIA's Marketing Team is very active in seeking opportunities for both new and underserved markets. During 2010, MIA's marketing efforts focused on the German market, as well as the Scandinavian market and Eastern Europe.

During the period under review, the Airline Marketing Department attended six international conferences (including *Routes Europe, Routes World, French Connect, ITB, SCM Summer / Winter*) along with a number of business meetings with individual airlines. This means that MIA's marketing department attended over 65 meetings with 25 different airlines during the year.

New Routes

In 2010

Air Malta
- Torino (Italy)
- Genoa (Italy)
  (operating during peak season only)

Ryanair
- Bournemouth (UK)
- Leeds-Bradford (UK)
- Billund (Denmark)
- Krakow (Poland)
- Bologna (Italy)
- Seville (Spain)
- Marseille (France)
- Valencia (Spain)
- Birmingham (UK)
- Eindhoven (Netherlands)

Norwegian
- Copenhagen (Denmark)
- Oslo (Norway)

easyJet
- Rome Fiumicino (Italy)
- Milan Malpensa (Italy)
- Liverpool (UK)

Bmibaby
- East Midlands (UK)

In 2011

easyJet
- Belfast (Northern Ireland)
  February 2011

Lufthansa
- Munich (Germany)
  April 2011

AirBerlin
- Nuremberg (Germany)
  April 2011
- Basel (Switzerland)
  April 2011

Operations

The record number of passenger movements during 2010 has represented a significant challenge for MIA, particularly during summer peak periods when facilities available were frequently saturated. Notwithstanding this, MIA successfully managed to assure that passengers were consistently afforded the best possible level of customer service and that their transit through MIA left a positive enduring experience.

26 Check-In Desks

15 Departure Gates
(7 Schengen, 5 Non-Schengen, 3 Flexi Schengen/non-Schengen)

Operations were also aided through the investment in various projects which enabled a better running of the airfield and aircraft. Projects during the year included the upgrading of Airfield Service Roads, replacement of Airfield Lighting switchboard and upgrading of the airfield operational areas among others.

Although facilitated access and ambience play an important role in the perceived level of service, MIA sees that the personal interaction between passengers and service providers plays a leading role in defining the passenger's lasting impression. As from 2010, passengers can identify their service provider on reclaim monitors, facilitating baggage service enquiries. During June, Malta International Airport was named 'Winner of the ACI EUROPE Best Airport Award 2010: up to 5 million passengers category'. This award was presented by ACI to recognise MIA's achievement in core activities such as customer service, retail, security and environmental awareness. The award was recognised by MIA as tangible evidence of the dedication of all the members of MIA staff, without whose consistent contribution, the award would not have been achieved.

In the second half of the year, Welcome Services Representatives were provided with dedicated service cubicles and separate meeting area for their guests. This has greatly helped to decrease congestion within the Welcomer's Hall and improved the service provided to group travellers.

During April the Icelandic volcanic ash eruption had a significant effect on the

aviation industry in Malta. Over the course of approximately a week, 336 flights to and from Malta were cancelled, resulting in a loss of around 35,000 passenger movements for MIA. MIA had then deployed additional staff to deal with constant customer requests for information and facilitated passenger attempts to re-book their travel arrangements online. A number of complimentary facilities were also provided, including the use of PC terminals with free internet access and respite facilities for mothers with infants.

At an operational level, a full scale Aircraft Emergency Exercise was held at MIA during November with the participation of numerous government agencies and NGOs. The organisation of these exercises is aimed at assessing the level of preparedness of all entities involved in handling an aircraft accident and reflects MIA's commitment to safety and security in all its operations.

In so far as the Security Department is concerned, there were a number of developments during the period under review:

- Introduction of the Patrol Team with the aim to prevent, detect and investigate pilferage and protect MIA Property. This resulted in a decrease in the number of pilferage cases;
- The purchase and introduction of Computer Based Training for X-Ray Image identification with the aim to further enhance the X-Ray screening and identification of threat objects during X-Ray screening;
- Change in the uniform of Security personnel in line with the company's rebranding;
- Increase the number of live testing (acting passengers going through the screening points with prohibited items) at the screening points, with the aim to increase vigilance, sharpness and motivation of security staff;
- Walk Through Metal Detectors (in access Gates 1,2 & 3) changed (from EC Standard 1) to EC Standard 2.

MetOffice

The primary role of the MetOffice is to provide detailed weather information to the aviation industry. However, this role is extended to the public in general and to professionals involved in various industries whose business depends on weather conditions as well as to the maritime and search & rescue operators.

Today, the MetOffice provides several types of detailed weather reports and forecasts within a radius of 50 nautical miles from the Maltese Islands in line with certified ISO quality management standards. These reports are disseminated through various means such as through MIA's weather website, through dedicated aeronautical communication channels as well as directly to clients via email.

A dedicated aerodrome weather observation system is installed along Luqa runway and operates in line with WMO/ ICAO guidelines and is subjected to rigorous maintenance and calibration procedures according to ISO 9001:2008 quality standards.

An additional network of automatic weather stations strategically placed at eight localities in Malta and Gozo continuously feed the MetOffice with local weather data, enriching the MetOffice database with more than four million observations every year, where each observation consists of several weather elements.

MALTA AIRPORT METOFFICE

Outsourced Services

PRMs

MIA provides for the facilitation of passengers with reduced mobility whilst transiting through the terminal in line with the relevant EU regulations. The terminal infrastructure takes due account of providing unflustered access to PRMs by giving due consideration to the design of all facilities. In addition, direct assistance is provided by two service providers, namely Air Malta plc Ground Handling and GlobeGround Malta Ltd, which are engaged under contract from MIA.

The service providers are bound by quality standards and strict procedures that assure the service provided is efficient. MIA continues to experience high demand for such assistance.
Apart from the assistance extended and specialized equipment employed by service providers, MIA provides persons with reduced mobility the opportunity for reserved parking, priority seating, low telephone facilities, dedicated washrooms as well as lifts and escalators throughout the terminal facilities.

2010: 17,054 PRM requests handled
2009: 15,083 PRM requests handled

During 2010, the fees for the provision of these services were re-negotiated with the two sub-contractors, with the new fees coming into effect as of 1st January 2011.

Other Services

Air Traffic Control

Aircraft Traffic at MIA is controlled through a service agreement between Malta International Airport and government-owned company, Malta Air Traffic Services Ltd (MATS). Through this agreement, MATS is entrusted with the responsibility of the coordination and control of aircraft landing and take-off from MIA, including ground control, i.e. taxiing and parking.

MIA's Operations Department is in direct and regular contact with MATS to coordinate this activity, through pre-determined procedures so that the final service provision to airlines is smooth and efficient.

Coordination between MIA and MATS occurs also on a senior management level through bilateral meetings as well as joint committees with third parties, to ensure the safe execution of programmed infrastructural developments on airside.

Ground Handling

To this end, MIA has continued to seek the co-operation of its two ground handling service providers, Air Malta and GlobeGround to assure courtesy and optimal use of resources, minimising service times and queuing.

Special emphasis was made to reduce baggage reclaim waiting time following arrival, with MIA performing regular monitoring and audits.

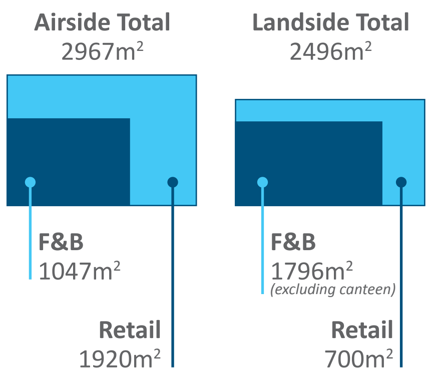
A new call for tenders for the provision of this service was issued in the last quarter of 2010 and it was adjudicated to the two incumbents. The new seven-year term of the tender will commence in November 2011.

Retail & Property Segment

Concessions

Driven by an increase in passenger numbers over 2009 (+12.8%), together with the first full year of operations following the refurbishment project in 2009, revenues from the concessions operation at MIA registered an increase of 9% over the previous year.
The performance is boosted by an improvement in the passenger spend rate of 6% against last year.

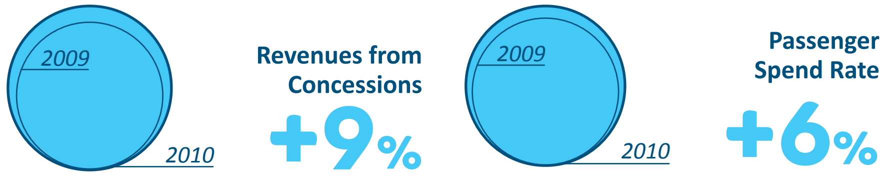
In total, the space currently available within the Terminal for all Retail and F&B on both landside and airside is a total of 5463m² and is divided as follows:



This was achievable through the constant investment by the Company in maximising its potential in this segment. CAPEX in this segment for 2010 included infrastructural works for the MCM aircraft maintenance hangar which started operating in 2010, the upgrading of the Reserved and Taxi car parks, as well as infrastructural works and maintenance on concessions and rented offices.

Airside

These results were due to the recovery in the economic environment during 2010 together with the work done by Malta Airport Shopping, the association marketing the outlets situated on airside. Throughout the year the focus of the association was concentrated on events



creating a sense of place around the airport. Events such as 'Taste of Malta' were created.

Nuance is the main performer on airside, operating three Tax and Duty Free outlets located in the different areas at the terminal together with a Souvenirs outlet 'The Spirit of Malta' situated at departures. The main outlet, being the walk-through at departures, offers a variety of categories for the travelling passenger, from Spirits and Tobacco to Perfumes & Cosmetics, together with a vast selection of Confectionery products. A toys area is also present in the outlet.

A significant shift was registered in 2010 in the Perfume & Cosmetics section whereby this category now represents 33% of total sales in the outlet.
The performance for the year was also boosted by the results obtained in the jewellery section, in which Diamonds International and Swarovski operate.
The fashion industry is represented through a number of outlets, with Jetset, French Connection, Style Junkie and Hard Rock. Playmobil completes the retail offer on airside, with a toys selection of the renowned brand.

The F&B outlets, being Island Bar, Jet Express and Hard Rock registered a very positive year, with revenues registering +23% over 2009. Travel Stores is located in the non-Schengen departures. Singular at the non-Schengen area offer a variety of skincare products together with Travel Stores and jewellery store Cielo Venezia.

Landside

On landside, March saw the refurbishment of the Food Court area, which is now themed around a Maltese 'Pjazza', offering visitors a more inviting and warm environment. Two outlets started their operations in 2010 at the Food Court: an Italian outlet operated by Mirabelle, together with Sr Patata, a Spanish franchise operation specialising in a variety of recipes of jacket potatoes. Fat Harry's English Pub, Burger King and KFC are also found in the Food Court together with Noor's, offering different types of Asian cuisine.

Retail operations on landside saw the introduction of Vodafone in June 2010, with the opening of an outlet at the Welcomers' Hall. Revenues on landside showed an increase of +10% over 2009. The main drivers to this performance are Agenda Bookshop together with 8 till late, the Convenience store offering a vast selection of products, ranging from newspapers and magazines to a perfumery section.

A Pharmacy also forms part of the outlet, offering its services seven days a week. These outlets represent over 70% of the total retail sales registered on landside. The outlets are complemented by Claire's together with Classic, who operate a Jewellery store and Optical services and products. Samsonite is also located on landside.

Various other services are present on landside, from airline ticketing booths to a travel agency situated at the Check-in Hall. Postal services are also offered through an office in the area. DC aviation, involved in the business aviation industry also operates a booth at the Check-in Hall.

Arriving passengers and the 'meeters and greeters' at MIA are met with the different services found at the Welcomers' Hall. Transport services from taxi operations to bus services and a booth offering direct transport to the different hotels around the island are found. The transport offer is further enhanced with a number of Rent-a-Car booths situated upon arrival.
A cafeteria is also present.

A mix of outlets, from cafeterias to restaurants, is found independently from the Food Court. A restaurant overlooking the runway hosting a children's play area is located on the third floor of the premises while another cafeteria is situated at the Check-in Hall.

Rents

Rent revenues for 2010 were increased by €100,000, +6% against the previous year. In April 2010 Maintenance Centre Malta (MCM) saw the start of operations with the opening of its maintenance centre facility on Apron 3. The company offers its services to the business aviation community. Lufthansa Technik operates from its hangar at MIA and offers its maintenance services to commercial aircraft. The maintenance business is in the process of being strengthened through the announcement by the Government of Malta that SR Technics will commence operations through an area reserved on Apron 4. A number of offices are rented out, mainly to operators using the terminal for their operations.

Airport Parking Limited

Airport Parking Limited (APL), controlling the operation of the carparks at MIA also registered a positive year.

Carpark revenues for the year were up +19% against last year.

2010 saw some major decisions in the running of the carpark operation at MIA.

In March an agreement was reached with McDonald's to control the carpark situated next to the outlet.

In the third quarter of the year a decision was taken to change the carpark equipment. This based on the fact that the business was growing with the addition of more carparks on MIA grounds, mainly improving control of the terminal inner lane, the taxi operation at MIA and SkyParks Business Centre. This will increase the number of carparks controlled by APL to a total of five.

MALTA AIRPORT PARKING

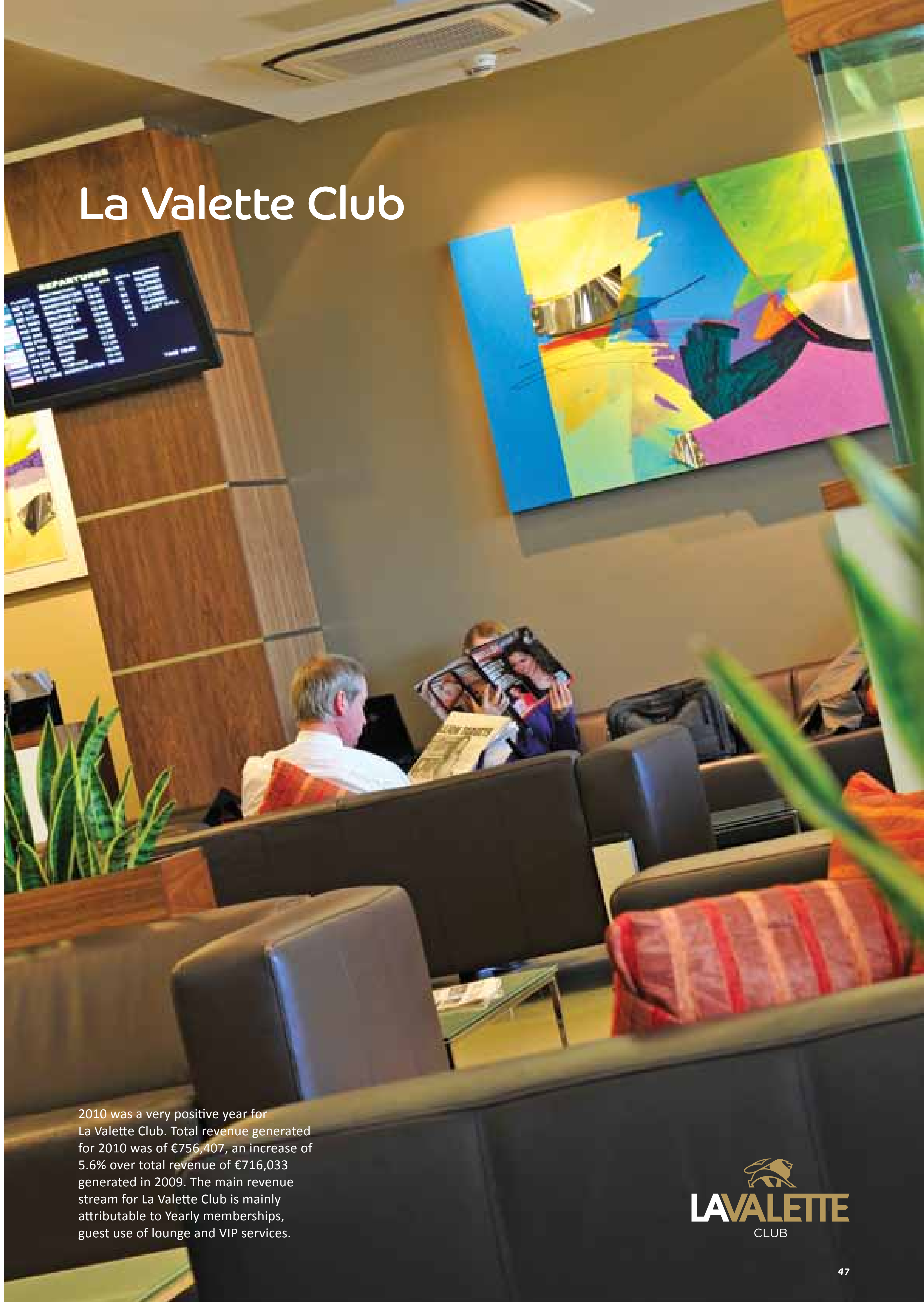
Advertising

Advertising revenues for the year are slightly below the previous year.
A decision to outsource the advertising programme in January 2011 was taken in the course of 2010.

MIA entered into an agreement with International Airport Advertising Corporation which manages over 300 advertising programmes worldwide.

The new advertising programme is set to add to the high standards achieved by the airport over the last years through the implementation of unique, high impact media.

La Valette Club



2010 was a very positive year for La Valette Club. Total revenue generated for 2010 was of €756,407, an increase of 5.6% over total revenue of €716,033 generated in 2009. The main revenue stream for La Valette Club is mainly attributable to Yearly memberships, guest use of lounge and VIP services.

LA VALETTE CLUB

SkyParks Business Centre

During 2010, MIA started the construction works on the SkyParks Business Centre, which is intended to further enhance the facilities offered within the airport as well as assist in the diversification of the business activity of the Company.

At the time of compiling this report, construction works were in full swing.

The related costs have been kept within budget, and indications show that this will remain a constant till completion.

SkyParks Business Centre is dedicated mostly to office space for rent, one third of which is already taken up by Vodafone Malta for their new headquarters.

It will also include complementary facilities to meet the daily needs of the tenants, whilst reinforcing the creation of a commercial hub at the airport.

Amenities will include a child care centre, fitness and wellness centre, medical clinic, banking services and a variety of food and beverage outlets on level 1 and level 0.

To ensure the highest quality of design and efficient performance, SkyParks Development Ltd has applied for the BRE Environmental Assessment Method (BREEAM) certification. This assessment process will lead to SkyParks Business Centre becoming the first building in Malta to obtain this kind of certification.

SkyParks intends to ensure an improved internal environment with high indoor quality.

To this effect it is investing in the highest level of energy efficient systems for air conditioning, air ventilation, heat recovery units and vertical transportation and plans to maximise energy conservation whilst limiting wastages in lighting systems, water circulations and sanitary ware. A pre-assessment report already indicates a very good rating obtained by the development.

SKYPARKS BUSINESS CENTRE

Risk Management

Malta International Airport plc is constantly aware that the identification and management of risk is central to achieving the Corporate Objective of delivering long-term value to shareholders. Each year, the Board reviews and considers the risk profile for the whole business. This risk profile covers both operational and strategic risks.

The Board has delegated the overview of risk management to the Executive Committee. In addition, the Board specifically requires the CEO to implement a system of control for identifying and managing risk. The Directors, through the Executive Committee, review the systems that have been established for this purpose and regularly review their effectiveness.

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

Outlook 2011

At the end of 2010, the European Commission issued its economic forecasts for 2011, stating that "*a continuation of the economic recovery is currently underway in the EU*." It refers to GDP growth which was projected to grow by around 1.75% in 2010/11 across the European Union.

The World Tourism Organisation (UNWTO) is forecasting a 4% to 5% growth in world tourism for 2011, with the forecast for Europe envisaged at a more discreet 2% - 3% growth.

Moreover, ACI Europe, in its forecast for 2011 states that while the first weeks of 2011 saw strong passenger traffic growth at an increasing number of European airports, it "*remains cautious on the outlook for the full year. The dynamic and sustainability of air traffic growth in Europe is likely to be affected by several external factors, including the ability of the EU to tackle the continent's debt crisis, inflationary pressures and in particular further surges in oil prices.*"

The unrest in North Africa is also expected to leave an impact on the travelling patterns of visitors to the Maltese Islands.

There are also a number of local considerations one has to factor in when discussing the company's outlook for 2011:

- the fact that 2010 achieved an absolute record and consequently, more difficult to exceed;
- Air Malta's restructuring process;
- the known new destinations for 2011;
- the Cruise & Fly operation kicking off in May.

Within this context, MIA is forecasting that passenger numbers for 2011 will be the same as those in 2010, i.e. a consolidation of the record number of 3.29 million passengers achieved last year.

During 2011, Malta International Airport will see the inauguration of the SkyParks Business Centre as the main drive behind its diversification strategy, thus consolidating the contribution of the Retail and Property segment to the company's overall operation in the future.

KEY EVENTS & CORPORATE SOCIAL RESPONSIBILITY

"Whenever I return home, our Airport is the first thing I see.

I am proud of the overall standards, and of the key role it plays in Maltese society."

Joseph Calleja
Internationally Renowned Tenor

March 2010

New Brand launched

Since its privatisation in 2002, MIA plc, as a listed Company, has moved ahead constantly working hard to improve its results.

The new identity is a modern icon which characterises the colours of Malta as a destination. The new logo is also directly present in most of the sub-brands, namely Sky Parks Development Ltd, Malta Airport Parking, Malta Airport Shopping, Malta Airport Security, Malta Airport MetOffice and the La Valette Club.

April 2010

MIA hosts ACI Airport Trading Conference

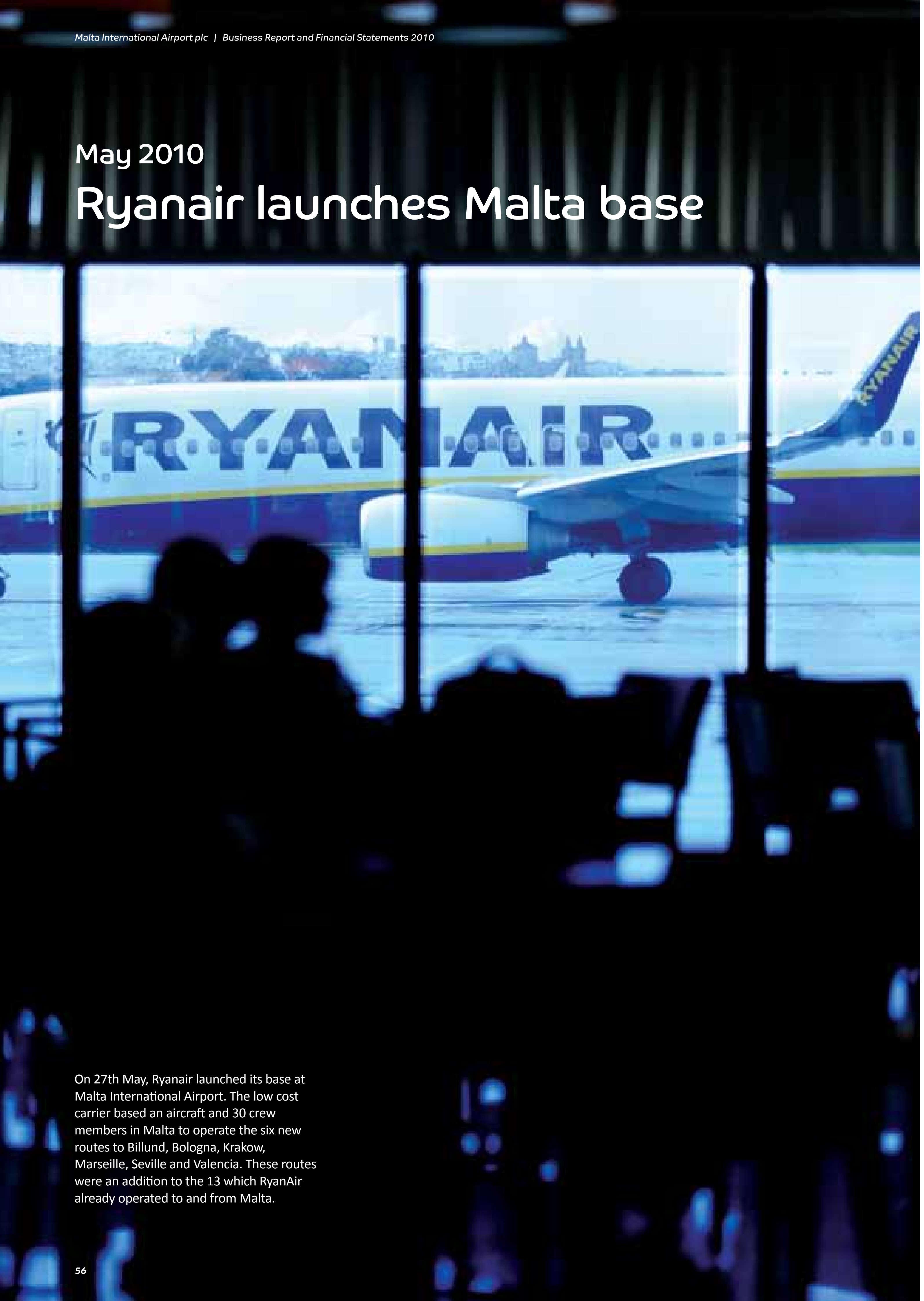
Between the 26th and 28th April 2010, Malta International Airport hosted the 19th ACI Europe Airport Trading Conference and Exhibition. The leading message of this professional meeting was very much in line with the then prevailing current global situation namely "A new decade, new economic cycle, permanent revolution: Reinventing your commercial offer to captivate the post-recession consumer".

The European Travel Retail Council (ETRC) partnered with MIA in holding this event together with the collaboration of Vienna International Airport (VIE). The ETRC is the Council of national trade associations and its members are the individual companies operating in European travel retail markets.

May 2010

Pope Benedict XVI lands in Malta

On 17th May 2010, Malta International Airport was proud to welcome His Holiness Pope Benedict XVI during a State Visit to Malta.



May 2010
Ryanair launches Malta base

On 27th May, Ryanair launched its base at Malta International Airport. The low cost carrier based an aircraft and 30 crew members in Malta to operate the six new routes to Billund, Bologna, Krakow, Marseille, Seville and Valencia. These routes were an addition to the 13 which RyanAir already operated to and from Malta.

June 2010
MIA wins ACI Europe's Best Airport Award 2010

On 17th June, it was announced that Malta International Airport had won the ACI Europe's Best Airport Award 2010: in the 1-5 million passengers category. This award was presented to Chief Executive Officer Julian Jaeger by Angela Gittens, Director General of ACI World, for MIA's excellent and innovative entry, reflecting the airport's serious progress across the range of competition criteria.

Commenting about the Award, MIA CEO Julian Jaeger expressed satisfaction and gratitude for the efforts of all those who contributed towards this success. "In these circumstances I would first of all thank all the members of MIA staff without whose dedication this award would not have been achieved. I would also like to thank all the stakeholders who supported our initiative in order to make possible the improvements that have materialised".

June 2010
Malta International Air Rally

The 41st edition of the Malta International Air Rally was held between the 26th and 30th June. As usual, the overall organisation of Capt. George Kissaun and his Committee was crucial for the success of this event.

July 2010

MIA supports Joseph Calleja Concert

Malta International Airport was one of the main supporters of this year's concert of internationally renowned Maltese tenor Joseph Calleja, who was accompanied by world famous singer Dionne Warwick and the legendary Italian *cantautore* Riccardo Cocciante. The Concert was held on the 17th of July at the Granaries in Floriana.

The evening was attended by a 10,000 strong audience captivated by the voices of the singers and the 500-strong children's choir as they passed from one hit to the next classical aria. Accompanying Calleja and "friends" was the Malta Philharmonic Orchestra under the direction of Maestro Paul Bateman, who has conducted many prestigious orchestras in his long-standing career.

September 2010

Malta International Airshow

The Malta International Airshow 2010 was held on the 25th and 26th September 2010. This was the 18th consecutive edition of this popular event and featured participation from eight countries, namely Malta, Belgium, France, Germany, Italy, The Netherlands, The United Kingdom and the United States of America.

Once again, this edition of the Airshow was a complete success and this was due to the dedication of the Airshow Team led by Joe Ciliberti and the collaboration of all the other stakeholders.

November 2010

3 millionth passenger welcomed

On November 15th, Malta International Airport (MIA) welcomed its three millionth passenger for 2010, estimated as coming in on Air Malta flight KM467 from Paris Orly at 1415hrs.

The passenger, 26-year-old Barbara Fesquet from Paris, was welcomed at MIA's La Valette Lounge at Arrivals by MIA's Head of Airline Marketing, Alan Borg and the Malta Tourism Authority's CEO, Josef Formosa Gauci.

December 2010

President visits MIA

On 7th December 2010, H.E. President Dr George Abela attended an event at Malta International Airport, during which he officially lit up the huge Christmas Tree in front of the Terminal. The Tree has now become a Christmas tradition in itself at the Airport, as it is donated by Vienna International Airport every year.

During the event, a life-size crib was also blessed and there was carol singing by the Shalom Children's Choir.

The President was welcomed by CEO Julian Jaeger who took the opportunity to make a donation on behalf of the Chairman, the Board of Directors, Management and Staff to the Malta Community Chest Fund's Strina Campaign.

Later, on the 12th December, the President visited Malta International Airport once again, this time as part of the *Paqpaqli għall-Istrina* event which the Company assists in its organisation. This event is also held in aid of the Malta Community Chest Fund.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is the activity wherein a company voluntarily integrates social and environmental concerns in its business operations and in its interaction with stakeholders.

One of the important aspects of the Company's CSR activity relates to its contribution to Malta, both as an employer, as well as in its investment in various projects which not only contribute to the national economy, but in the crucial role it plays in the tourism industry.

The principles of our current CSR activity are concentrated on a commitment to Maltese Society through three pillars: culture, sport and environment.

Culture

During 2010, various projects and events were supported under this pillar, and these included:

- National Heritage Restoration initiatives in collaboration with the NGO '*Din L'Art Ħelwa*' supported the second phase of the Restoration of the Medieval Chapel adjacent to the Airport, known as *Ta' Bir Miftuħ;*
- Supporting local promising musicians with a potential to achieve international standards;
- Endorsed the testimonials of the Maltese tenor Joseph Calleja, singer Ira Losco and popular band Winter Moods;
- Supported Educational Programmes intended for the development of young musicians with potential;
- Awarded a Scholarship in Austria to a young pianist to further her studies in the discipline through the *Biċe Mizzi Vassallo Music Competition*.

Sport

MIA believes that sporting activity is a healthy way of life and consequentially assists in the promotion of discipline as these are of benefit to society. In the period under review, the Company has supported initiatives promoting the positive elements of sport at various levels:

- The Malta Rugby Football Union - Official Sponsor of the Women's National Team and the Women's League;
- Under 9 and Under 10 Football Tournament – a football Festival with 16 participating teams from local youth nurseries. Two winning teams participated in an international tournament in Austria;
- International Junior Golf Tournament at the Royal Malta Golf Club;
- Others:
  - The Malta International Airshow;
  - Technical support to the Rolex Middle SeaRace;
  - Volleyball Marathon in aid of Dar tal-Provvidenza;
  - PaqPaqli għall-Istrina in aid of Community Chest Fund;
  - Lifecycle;
  - Swimathon in aid of Caritas.

Environment

Environmental concerns are high on the agenda of any organisation and CSR activity in this field is not only that directed at events and initiatives by other entities but also that of taking operational initiatives within the Company.

An example of tangible measures to reduce electrical consumption was the installation of the Photovoltaic System installed in 2010, which, as yet, is the largest installation of its kind in the Maltese Islands. This 100 kWpeak PV project will produce approximately 165,000 units of electrical power per year using solar energy. Such savings translate into a reduction of some €30,000 of MIA's electricity costs, but most of all, it is expected to reduce MIA's carbon footprint by about 145,000kg CO_2 per year.

From an external perspective, MIA funded a field trip for students of the Institute of Earth Systems of the University of Malta, in the Maremma region in Italy.


FINANCIAL STATEMENTS

General Information

Directors as at 31.12.10:	Karin Zipperer Jackie Camilleri Julian Jaeger Austin Calleja Michael Bianchi Youssef Sabeh Andreas Schadenhofer	(Chairman) (Deputy Chairman) (Chief Executive Officer) (Chief Financial Officer)
Company secretary:	Dr Louis de Gabriele LL.D.	
Registered office:	Malta International Airport, Luqa, Malta. Tel. (+356) 21 249 600	
Country of incorporation:	Malta	
Company registration number:	C 12663	
Auditors:	Deloitte, Deloitte Place, Mrieħel Bypass, Mrieħel, Malta.	
Principal bankers:	Bank of Valletta p.l.c. Corporate Centre, Canon Road, Santa Venera, Malta.	
Legal advisors:	Camilleri Preziosi Advocates, Level 2 - Valletta Buildings, South Street, Valletta, Malta.	

Directors' Report

Year ended 31 December 2010

The directors present their report together with the audited financial statements for the year ended 31 December 2010.

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 of the airport. This later changed its name to Airport Parking Limited.

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

Performance review

Traffic

There was a significant increase in the volume of traffic that passed through Malta International Airport in 2010. Passengers were up by 12.9% from the previous year, aircraft movements were up by 10%. Cargo figures were less than last year by 4.5%.

Financial Results

As a result of the significant increase in traffic, revenue of the Group increased from €46.45 to €51.34 million, an increase of 10.5% over the previous year. Aviation revenue increased from €34.73 million to €38.39 million whilst Retail and Property (previously referred to as non-aviation revenue) increased from €11.26 million to €12.46 million.

The Earnings before Interest, Taxation Depreciation and Amortisation (EBITDA) of the Group increased by 12.2%; from €20.71 to €23.23 million and the EBITDA margin increased from 44.6% to 45.25%. There was also a significant increase in profit before tax. Profit increased from €14.13 million to € 16.97 million, an increase of 20.1%. Consequently, the net profit of the Group also increased from €8.84 to €10.69 million.

These results reflect the increased volume of traffic mentioned earlier but they also highlight the efforts made by the Group to contain costs as much as possible notwithstanding the higher volume of passengers that passed through the terminal and a significant hike in the rates for utilities during 2010.

Revenues

Revenues from the airport segment, which consist mainly of regulated fees were up by 10.5%; from €34.73 million to €38.39 million. This segment constitutes 74.8% of the total revenues of the Group.

The retail and property segment increased by 10.7%; from €11.26 million to €12.46 million. Significant increases in this segment were registered in the car park business, retail and catering outlets and in rents. The revenues from retail and properties segment constitute 24.3% of the total revenue of the Group.

Operating Costs

The key element of success in the airport business is not only to increase the volume of traffic that passes through the infrastructure but also to contain its costs as the traffic increases. Operating costs increased in 2010 by €1.84 million. However, a good part of this increase refers to a massive increase in the utility rates of €1.09 million. In fact, the total cost of utilities in 2009 was €1.83 million but in 2010 this shot up to €2.92 million notwithstanding the huge effort made by the Group to control consumption of water and electricity.

Staff costs also increased by 6.3% or €0.53 million. The Group initiated an early retirement scheme during the year and the charge for 2010 was €0.64 million. Such schemes are considered as an investment in helping reduce the cost base of the Group in the future. The PRM (Persons with Reduced Mobility) cost per passenger increased marginally during the year and the total charge increased from €1.33million to €1.55 million. However, most of this cost was recuperated by the PRM charge made out to all passengers in conformity with EU legislation.

Significant cost reductions were made in maintenance, cleaning and in telecommunications to balance out the additional costs listed above.

As regards non-operating costs, there was a decrease in the depreciation charge of €0.28 million from 2009 mainly due to the fact that a significant proportion of assets became fully depreciated. There were no significant changes in the financing costs of the Group since the global interest rates remained static during the year.

Investments made during the year

During the year the Group carried out numerous investments in the infrastructure of the airport. The upgrading of the runway lighting system program resumed in 2010. There were also the upgrading of various key taxiways in order to be able to take larger aircraft. Most of the investments were aviation related with the widening and enlarging of the pavement areas taking the lion's share of the €3.2 million capital investments made during the year. A notable new investment made during 2010 was the introduction of an array of photovoltaic cells in an attempt to sustain the electricity requirements of the airport with renewable energy. In this project, the airport made use of Government grants which financed 50% of the project.

Most importantly, the single largest investment during the year was the building of the Skyparks Business Centre which at the end of December 2010 amounted to €2.84 million. The whole project is expected to cost €16 million and is expected to be completed by the third quarter of 2011.

Outlook

The outlook for the company in 2011 has to be put in the context of various considerations both on an international level as well as other local issues.

On a positive note, one has to consider the strong passenger numbers which are expected to be registered in the first half of the year, as well as the positive effect the Cruise & Fly operation commencing in May should have on this summer's passenger numbers.

On the other hand, there are a number of uncertainties. From a local perspective, the current restructuring of our home carrier, Air Malta, could affect passenger flow during the year. On an international level, the unrest in North Africa and the fact that the recovery of the global economy is more than uncertain, must all be factored in the outlook for the year.

One must also bear in mind that 2010 achieved an absolute record and consequently, it is more difficult to exceed. With all these considerations in

Directors' Report

(continued)

Performance review (continued)

mind, the Company is forecasting that passenger numbers for 2011 will be the same as in 2010, i.e. a consolidation of the record number of 3.29 million passengers achieved last year.

As already mentioned, during 2011, the Company will see the inauguration of the SkyParks Business Centre as a major element in its diversification strategy, thus consolidating the contribution of the Retail and Property segment to the company's overall operation in the future.

Share capital

Following the changes made to the share capital of the Company, as explained below, 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 26th 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.

During the year under review, the Company increased the nominal value of the shares of the Company from €0.465874 to €0.50 per share. This increase in share capital, which amounted to €2,308,624, was made by the capitalization of retained earnings and took place on the 1st June 2010. Moreover, on the same date, there was a 2:1 share split with the number of issued shares of the company increasing from 67,650,000 to 135,300,000 shares. No further 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 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 hold 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 there (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. The office of Chief Commercial Officer of the Company is currently vacant.

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 2010 are shown in the statement of comprehensive income on page fifteen. The profit of the Group for the year after taxation amounted to €10,691,217 (2009: €8,842,463).

As explained in more detail in Note 37 of the Financial Statements, the Group has significant exposure to Air Malta plc, being its major customer. The current exposure to this customer is in the region of Euro 3 million. 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 Euro 4.8 million. It is public knowledge that Air Malta plc is undergoing a restructuring process which is expected to be concluded in the coming months. The Board is assessing the situation on an ongoing basis and feels confident that whatever the outcome of the restructuring process, it will not jeopardize in any way the Group's ability to continue operations and to meet its obligations. After considering all relevant circumstances, and in particular the fact that the year-end balance has substantially been repaid, the Board does not feel that the amount due from Air Malta plc at year-end is impaired.

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 €0.035 per share (gross €4,735,500) on all shares settled as at close of business on Tuesday, 5 April 2011 which dividend shall be paid not later than the 17 May 2011.

Directors' Report

(continued)

Directors

The directors who served during the year were:

Karin Zipperer	Chairman
Jackie Camilleri	Deputy Chairman
Julian Jaeger	Chief Executive Officer
Austin Calleja	Chief Financial Officer
Michael Bianchi	
Youssef Sabeh	
Andreas Schadenhofer	

Ms Karin Zipperer resigned from her position as the Chairman as well as a director with effect from 26th January 2011. Mr Andreas Schadenhofer was appointed Chairman of the Board with effect from the 17th March 2011.

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.

Auditors

Following an internal restructuring of the Deloitte Malta firm a resolution to appoint Deloitte Audit Limited, a company forming part of the same firm in Malta, will be proposed at the forthcoming annual general meeting.

Going concern

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

Approved by the board of directors and signed on its behalf on 17 March 2011 by:

Andreas Schadenhofer
Chairman

Julian Jaeger
Chief Executive Officer

Statement of directors' responsibilities

The directors are required by the Companies Act (Chap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the company 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 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 (Chap. 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 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 31December 2010 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 plc ("the Company") as a company whose equity securities are listed on a regulated market should endeavour to adopt the principles of good corporate governance contained in the Listing Rules . In terms of the Listing Rules the Company is bound to include a report providing an explanation of the extent to which it has adopted the principles. For the purposes of the Listing Rules the Company is hereby reporting on the extent of its adoption of the principles contained in Appendix 8.1 of the Listing Rules (hereinafter "the Code").

The Company acknowledges that the Code does not dictate or prescribe mandatory rules but recommends principles of good practice. However, the directors strongly believe that such practices are generally in the best interests of the Company and its shareholders and that compliance with the principles of good corporate governance is not only expected by investors but also evidences the directors' and the Company's commitment to a high standard of governance and corporate discipline. In this respect the directors note the flexibility allowed by the code that allows the Company the possibility of adopting such measures as the directors, taking into account the fundamental principles enshrined in the Code, as they consider to be the most suitable for the size, nature and operations of the Company, and to explain the reasons why, if any, there are instances where the Company does not conform to the principles.

The Board of Directors of the Company ("the Board") has carried out a review of the Company's compliance with the Code for the financial year being reported upon and sets out its report hereunder.

2. General

The Company's governance principally lies in its Board of Directors, responsible for the overall setting of the Group's policies and business strategies.
The Company has a corporate decision-making and supervisory structure that is tailored to suit the Company's requirements and designed to ensure the existence of adequate checks and balances within the Company, whilst retaining an element of flexibility.

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

The second feature is that the Board shall consist of a balance of 5 Non-Executive Directors and 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 the implementation of polices that allows effective discussion and the availability of all the information necessary to carry out their functions in the best possible manner. This is also in line with the wording of the provisions laid down in paragraph 3.2 of the Code in terms of having a mix of Executive and Non-Executive Directors.

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

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

This report will now set out the structures and processes in place within the Company and how these effectively achieve the goals set out by the Code. For this purpose this report will make reference to the pertinent principles and then set out the manner in which the directors believe that these have been adhered to or alternatively explain any non-compliance.

Principles One to Five

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

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

As stated above, the Board of Directors currently comprises four (4) Non-Executive Directors. The Board normally meets every quarter and as a matter of policy, the Board established a guideline whereby at its first meeting, it schedules meetings 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 and the Audit Committees which operate under their respective formal terms of reference. Directors have access to the advice and services of the Company Secretary who is also the legal counsel to the Board and the Company. Directors may, in the furtherance of their duties, take independent professional advice on any matter at the Company's expense.

As stated above, the Board of Directors currently comprises four Non-Executive Directors one of which is appointed by the Government of Malta by virtue of its Qualifying Shareholding in the Company. By virtue of an appointment made prior to the Annual general Meeting of 2008, the Government of Malta appointed Ms Jackie Camilleri for a term of three years. Accordingly Ms. Camilleri has served as a director on the Board since the last annual general meeting. Another two non-executive directors are appointed by Malta Mediterranean Link Consortium Limited ("MML") also by virtue of the

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[1] **The Code of Principles of Good Corporate Governance has been amended and is currently set out as appendix 5.1 to Chapter 5 of the Listing Rules (as amended). In view of the transitory provisions in force at the time the Code as amended shall only come into force with respect to the Company as from the financial year ending 31 December 2011. Accordingly this statement of compliance is being based on the Code provisions and requirements as in force today being Appendix 8.1 appended to the previous Chapter 8 of the Listing Rules.**

[2] **In the current composition of the board of directors this maximum complement is not utilised and there is only one other executive director apart from the CEO.**

Corporate Governance: Statement of Compliance

(continued)

Principles One to Five (continued)

Qualifying Shareholding. At the last annual general meeting MML appointed each of Ms Karin Zipperer and Mr Youssef Sabeh as directors for a one year term. The remaining two directors are subject to appointment by public investors. At the last annual general meeting the shareholders elected each of Mr Michael Bianchi and Mr Andreas Schadenhofer as directors.

In terms of Principle Four it is the board's responsibility to ensure a system of accountability, monitoring, strategy formulation and policy development. Whilst these are matters which are reserved for the board to determine, 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 reasonable assurance to the directors that there is proper monitoring and accountability apart from appropriate implementation of policy. The Board's link to the executive team is principally the CEO, together with the other executive director on the board, both of whom are members of the Executive Board.

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

For the period under review the Committee was composed of:

Mr Julian Jaeger – Chief Executive Officer
Mr Austin Calleja – Chief Financial Officer
Major Charles Abela – Technical Services
Mr Roderick Bajada – HR & Administration
Mr Alan Borg – Airline Marketing
Mr Patrick Cuschieri – Security, Fire & Rescue
Major Martin Dalmas – Airport Operations
Mr George Mallia – Retail & Property
Mr Reuben Sciberras – PR & Corporate Communication

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

Internal Control

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

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

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

Organisation

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

Control Environment

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

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

Risk Identification

Company management is responsible for the identification and evaluation of key risks applicable to their respective areas of business. In addition, through regular checks the internal auditors test the Company's internal control systems and processes and make recommendations to management and the audit committee on any deficiency in such systems.

Principle Six

This principle 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 team and the recruitment of senior executives, consults with the directors on the appointment of senior executives.

The board is satisfied that the current schemes for executive compensation are designed to render the Company an attractive proposition for the retention of top executives within the Company and to motivate the executive team.

The board organises, from time to time, 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.

The directors are of the view that the lines of communication with management, through the CEO enable them to receive accurate, clear and timely information that enables them to discuss and resolve matters efficiently.

Principle Seven

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

Over the period under review it is the board's view that all members of the board, individually and collectively have contributed in line with the required levels of diligence and skill. In addition the board believes that its current composition endows the board with a cross-section of skills and experience that adds value of discussions at board level.

Principle Eight

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

There is no requirement in the code as it currently applies for a nominations committee or a remuneration committee. In the context of a board consisting of 5 non-executive directors, the Board has opted not to appoint committees other than the required audit committee. The Directors believe that certain committees or boards that are suggested in the Code may not be necessary within the Company given the size and composition of the board of directors, since the functions of a number of committees may efficiently be merged or

Corporate Governance: Statement of Compliance

(continued)

Principle Eight (continued)

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 be properly conducted 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 executive and non-executive Directors of the Company, as authorised by the shareholders of the Company, was € 428,108 which falls within the maximum approved by the shareholders of €465,875.

Principles Nine and Ten

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

The board is of the view that over the period under review the Company has communicated effectively with the market through a number of company announcements that it published informing the market of significant events happening within the company, including regular performance statistics with respect to passenger throughput at the airport.

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

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

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

Principle Eleven

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

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

The following directors have declared the following interests in the share capital of the company:
Mr Austin Calleja has 12,000 shares in Malta International Airport plc whilst Mr Michael Bianchi has 66.6% of the share capital of Airport Investments Ltd which in turn holds 4.15% of Malta Mediterranean Link Consortium Ltd, a Company that holds 40% of the share capital of Malta International Airport plc.

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.

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 non-executive directors, namely Ms Jackie Camilleri as its chairman, Mr Youssef Sabeh and Mr Andreas Schadenhofer. The committee has the power and authority under its terms of reference to summon any person to assist it in the performance of its duties. In the event that the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, the Committee through its chairman reports to the Board of directors and makes recommendations to the Board on the action needed to address the issue or make improvements. The audit committee is also responsible for vetting related party transactions in terms of the Listing Rules.

Ms Jackie Camilleri is a certified public accountant by profession and in the opinion of the board is an independent director that has the required level of competence in accounting and/or auditing. In the period under review the Audit Committee has held seven (7) meetings.

The Statement of Directors' Responsibilities for preparing the financial statements is set out on page 70.

Signed on behalf of the board of directors on 17 March 2011 by:

Andreas Schadenhofer
Chairman

Julian Jaeger
Chief Executive Officer

Independent auditor's report on Corporate Governance

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 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.

We read the Corporate Governance Statement 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 set out on pages 71 to 73 has been properly prepared in accordance with the requirements of Listing Rules 5.94 and 5.97.

Paul Mercieca as Principal
In the name and on behalf of,
DELOITTE
Registered Auditor

17 March 2011

Statements of Comprehensive Income

Year ended 31 December 2010

		The Group		The Company	
	Notes	**2010 EUR**	2009 EUR	**2010 EUR**	2009 EUR
Revenue	5	**51,342,081**	46,446,079	**50,893,114**	46,078,169
Staff costs	11	**(8,965,645)**	(8,432,975)	**(8,763,820)**	(8,321,094)
Depreciation	14	**(5,018,756)**	(5,300,548)	**(4,980,649)**	(5,270,955)
Other operating expenses	9	**(19,142,513)**	(17,301,210)	**(19,003,442)**	(17,264,453)
Release of deferred income arising on the sale of terminal buildings and fixtures	23	**288,190**	288,190	**288,190**	288,190
Finance income	7	**220,171**	187,642	**220,171**	187,642
Finance costs	8	**(1,755,118)**	(1,752,652)	**(1,755,118)**	(1,752,652)
Profit before tax		**16,968,410**	14,134,526	**16,898,446**	13,944,847
Income tax expense	12	**(6,277,193)**	(5,292,063)	**(6,208,503)**	(5,225,675)
Profit for the year attributable to the ordinary equity holders of the Company		**10,691,217**	8,842,463	**10,689,943**	8,719,172
Other comprehensive income					
Net gain on available-for-sale financial assets	17	**10,262**	10,091	**10,262**	10,091
Total comprehensive income for the year attributable to the ordinary equity holders of the Company, net of tax		**10,701,479**	8,852,554	**10,700,205**	8,729,263
Earnings per share attributable to the ordinary equity holders of the Company	29	**7.90cents**	6.54cents	**7.90cents**	6.44cents

Earnings per share for comparative periods have been restated as a result of a share split affected on 1 June 2010.

Statements of Financial Position

31 December 2010

	Notes	The Group 2010 EUR	The Group 2009 EUR	The Company 2010 EUR	The Company 2009 EUR
ASSETS					
Non-current assets					
Property, plant and equipment	14	**101,298,166**	103,073,030	**100,468,226**	102,835,677
Investment property	15	**2,838,828**	-	**-**	-
Investment in subsidiaries	16	**-**	-	**2,400**	2,400
Available-for-sale financial assets	17	**968,361**	958,099	**968,361**	958,099
Deferred tax assets	18	**4,112,114**	4,500,301	**4,151,840**	4,524,546
		109,217,469	108,531,430	**105,590,827**	108,320,722
Current assets					
Inventories	19	**773,424**	820,714	**773,424**	820,714
Trade and other receivables	20	**13,837,871**	12,665,505	**13,186,826**	12,775,404
Current tax asset		**878,994**	2,392,544	**878,994**	2,392,544
Cash and short term deposits	28	**10,025,521**	2,466,597	**9,750,493**	2,301,494
		25,515,810	18,345,360	**24,589,737**	18,290,156
TOTAL ASSETS		**134,733,279**	126,876,790	**130,180,564**	126,610,878
EQUITY AND LIABILITIES					
Equity attributable to ordinary shareholders					
Share capital	26	**33,825,000**	31,516,376	**33,825,000**	31,516,376
Revaluation reserve	27	**1,519,977**	1,568,622	**1,519,977**	1,568,622
Fair value reserve	27	**7,060**	(3,202)	**7,060**	(3,202)
Retained earnings		**20,837,607**	20,295,226	**20,681,241**	20,140,134
TOTAL EQUITY		**56,189,644**	53,377,022	**56,033,278**	53,221,930
Non-current liabilities					
Bank loan	22	**53,769,636**	52,414,415	**50,468,795**	52,414,415
Deferred income	23	**7,171,254**	7,534,823	**7,171,254**	7,534,823
Provision for retirement benefit plan	24	**3,142,652**	3,800,897	**3,142,652**	3,800,897
Provision for MIA benefit plan	25	**78,084**	72,406	**78,084**	72,406
		64,161,626	63,822,541	**60,860,785**	63,822,541
Current liabilities					
Trade and other payables	21	**11,685,155**	7,877,228	**10,636,363**	7,819,181
Bank loan	22	**1,846,423**	1,747,226	**1,846,423**	1,747,226
Current tax liabilities		**46,716**	52,773	**-**	-
Provision for retirement benefit plan	24	**803,715**	-	**803,715**	-
		14,382,009	9,677,227	**13,286,501**	9,566,407
TOTAL LIABILITIES		**78,543,635**	73,499,768	**74,147,286**	73,388,948
TOTAL EQUITY AND LIABILITIES		**134,733,279**	126,876,790	**130,180,564**	126,610,878

These financial statements were approved and authorised for issue by the board of directors on 17 March 2011 and signed on its behalf by:

Andreas Schadenhofer
Chairman

Julian Jaeger
Chief Executive Officer

Austin Calleja
Chief Financial Officer

Statements of Changes in Equity

Year ended 31 December 2010

The Group

	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 on revaluation	-	26,200	-	-	26,200
Dividends paid (note 13)	-	-	-	(7,915,050)	(7,915,050)
Balance at 31 December 2009	**31,516,376**	**1,568,622**	**(3,202)**	**20,295,226**	**53,377,022**

	Share capital EUR	Revaluation reserve EUR	Fair value reserve EUR	Retained earnings EUR	Total EUR
Balance at 1 January 2010	**31,516,376**	**1,568,622**	**(3,202)**	**20,295,226**	**53,377,022**
Profit for the year	-	-	-	10,691,217	10,691,217
Other comprehensive income	-	-	10,262	-	10,262
Total comprehensive income for the year	-	-	10,262	10,691,217	10,701,479
Difference between historical depreciation for the year calculated on the revalued amount	-	(74,838)	-	74,838	-
Deferred tax on revaluation (note 18)	-	26,193	-	-	26,193
Increase in issued share capital (note 26)	2,308,624	-	-	(2,308,624)	-
Dividends paid (note 13)	-	-	-	(7,915,050)	(7,915,050)
Balance at 31 December 2010	**33,825,000**	**1,519,977**	**7,060**	**20,837,607**	**56,189,644**

Statements of Changes in Equity

Year ended 31 December 2010

The Company

	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 on revaluation	-	26,200	-		26,200
Dividends paid (note 13)	-	-	-	(7,915,050)	(7,915,050)
Balance at 31 December 2009	**31,516,376**	**1,568,622**	**(3,202)**	**20,140,134**	**53,221,930**

	Share capital EUR	Revaluation reserve EUR	Fair value reserve EUR	Retained earnings EUR	Total EUR
Balance at 1 January 2010	**31,516,376**	**1,568,622**	**(3,202)**	**20,140,134**	**53,221,930**
Profit for the year	-	-	-	10,689,943	10,689,943
Other comprehensive income	-	-	10,262	-	10,262
Total comprehensive income for the year	-	-	10,262	10,689,943	10,700,205
Difference between historical depreciation for the year calculated on the revalued amount	-	(74,838)	-	74,838	-
Deferred tax on revaluation (note 18)	-	26,193	-	-	26,193
Increase in issued share capital (note 26)	2,308,624	-	- (2,308,624)	-	-
Dividends paid (note 13)	-	-	-	(7,915,050)	(7,915,050)
Balance at 31 December 2010	**33,825,000**	**1,519,977**	**7,060**	**20,681,241**	**56,033,278**

Statements of Cash Flows

Year ended 31 December 2010

	Notes	The Group 2010 EUR	The Group 2009 EUR	The Company 2010 EUR	The Company 2009 EUR
Cash flows from operating activities					
Profit before tax		**16,968,410**	14,134,526	**16,898,446**	13,944,847
Adjustments for:					
Depreciation of property, plant and equipment	14	**5,018,756**	5,300,548	**4,980,649**	5,270,955
Release of deferred income arising on the sale of the terminal building and fixtures	23	**(288,190)**	(288,190)	**(288,190)**	(288,190)
Amortisation of European Commission grant	23	**(23,618)**	(23,618)	**(23,618)**	(23,618)
Amortisation of Norwegian grant	23	**(51,761)**	(51,761)	**(51,761)**	(51,761)
Interest expense	8	**1,755,118**	1,752,652	**1,755,118**	1,752,652
(Gain)/loss on sale of property, plant and equipment		**8,103**	(2,389)	**8,103**	(2,389)
Interest income	7	**(220,171)**	(187,642)	**(220,171)**	(187,642)
Provision for retirement benefit plan	24	**145,470**	129,706	**145,470**	129,706
Provision for MIA benefit plan	25	**37,278**	32,970	**37,278**	32,970
Provision for impairment of trade receivables	20	**134,599**	418,445	**134,599**	418,445
		23,483,994	21,215,247	**23,375,923**	20,995,975
Working capital movements:					
Decrease in inventories		**47,290**	16,690	**47,290**	16,690
Increase in trade and other receivables		**(840,908)**	(4,350,400)	**(546,021)**	(4,294,079)
Increase in trade and other payables and other financial liabilities		**3,715,678**	813,435	**2,817,182**	799,715
Cash flows from operations:		**26,406,054**	17,694,972	**25,694,374**	17,518,301
Interest paid		**(1,755,118)**	(1,752,652)	**(1,755,118)**	(1,752,652)
Income taxes paid		**(4,355,320)**	(7,003,984)	**(4,296,054)**	(6,997,491)
Retirement benefit paid		**(31,600)**	-	**(31,600)**	-
Net cash flows from operating activities		**20,264,016**	8,938,336	**19,611,602**	8,768,158
Cash flows from investing activities					
Receipt of Norwegian grant	23	**-**	517,611	**-**	517,611
Payments for property, plant and equipment	14	**(3,251,995)**	(5,730,124)	**(2,621,301)**	(5,628,891)
Payments for investment property		**(3,212,636)**	-	**-**	-
Purchase of financial assets	17	**-**	(16,605)	**-**	(16,605)
Movement in short term deposits		**-**	480,014	**-**	480,014
Shares invested in a subsidiary	16	**-**	-	**-**	(1,200)
Proceeds from sale of property, plant and equipment			15,361	**-**	13,498
Interest received		**220,171**	187,642	**220,171**	187,642
Net cash flows used in investing activities		**(6,244,460)**	(4,546,101)	**(2,401,130)**	(4,447,931)
Cash flows from financing activities					
Proceeds from bank loan		**3,300,841**	3,449,354	**-**	3,449,354
Repayment of bank loans		**(1,846,423)**	(1,525,167)	**(1,846,423)**	(1,525,167)
Dividends paid	13	**(7,915,050)**	(7,915,050)	**(7,915,050)**	(7,915,050)
Net cash flows used in financing activities		**(6,460,632)**	(5,990,863)	**(9,761,473)**	(5,990,863)
Net increase / (decrease) in cash and cash equivalents		**7,558,924**	(1,598,628)	**7,448,999**	(1,670,636)
Cash and cash equivalents at the beginning of the year		**2,466,597**	4,065,225	**2,301,494**	3,972,130
Cash and cash equivalents at the end of the year	28	**10,025,521**	2,466,597	**9,750,493**	2,301,494

Notes to the financial statements

31 December 2010

1. CORPORATE INFORMATION

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of Malta International Airport p.l.c. and its Subsidiaries, 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 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year.

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 less any accumulated depreciation and any accumulated impairment losses. Other tangible assets are stated at cost less any accumulated depreciation.

Every year, the difference between depreciation of buildings based on their fair value at the date of change in title of the underlying land and depreciation based on the asset's original cost prior to the original revaluation is transferred from the revaluation reserve to retained earnings. When the asset is derecognised, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained earnings. Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net 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.

2.3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation

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

Land held on temporary emphyteusis:
by equal annual instalments over the remaining term of the emphyteusis

Buildings:
2% - 4% per annum

Furniture, fixtures, plant and equipment:
10% - 33 1/3% per annum

The depreciation method applied, the residual value and the useful life are reviewed 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.

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.

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. 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.

Financial instruments
Financial assets and financial liabilities are recognised when the Group or the Company become a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs 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 or the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for derecognition. Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

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

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

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

Notes to the financial statements

(continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(iv) *Trade payables*
Trade payables are classified with current liabilities and are stated at their nominal value.

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

(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
All assets are tested for impairment except for deferred tax assets and inventories. 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 arrears or economic conditions that correlate with defaults. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

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

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

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

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

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

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

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

Notes to the financial statements

(continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the effective interest rate. Interest income is included in finance income in the profit or loss.

(iii) *Grants and deferred income*
Grants received are recognised within revenue when there is reasonable assurance that all the conditions attached to them are complied with and the grants will be received. Grants related to assets are presented in the Statement of Financial Position as deferred income, which is recognised as income on a systematic basis over the useful life of the asset.

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

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

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

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

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

Taxation
Current and deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly 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 for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences (or the unused tax losses and unused tax credits) can be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted 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 (staff costs) and long term benefits (post-employment benefits).

Staff costs of the Group and the Company are expensed in the year in which they are incurred.

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.

Notes to the financial statements

(continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Except as discussed below, 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 interim condensed consolidated 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

(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. 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. Accordingly the directors, after appropriate detailed consultation, have concluded that IFRIC 12 does not apply in its entirety to the company and its Group.

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

At the date of the approval of these financial statements, a number of standards and interpretations issued by the International Accounting Standards Board were either not yet endorsed by the EU or were not yet applicable to the Group and the Company.

IAS 24 (revised in 2009) - Related Party Disclosures
The revised IAS 24 supersedes IAS 24 – Related Party Disclosures issued in 2003 and is mandatory for annual periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. The revised standard clarifies and simplifies the definition of a related party and provides certain exemptions for government-related entities. The group will apply the revised standard from 1 January 2011. The group is assessing the potential impact, if any, of the revised standard on the related party disclosures.

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

Notes to the financial statements

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

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. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. However, this standard has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the new standard on the financial position and performance of the Group.

Amendments to IAS 1 – Presentation of Financial Statements and IAS 34 – Interim Financial Reporting
The amendments to IAS 1 and IAS 34 are part of the May 2010 Improvements to IFRSs 2010. The amendments to IAS 1 clarify that an entity may present the analysis of other comprehensive income by item either in the statement of changes in equity or in the notes to the financial statements. The amendments to IAS 34 emphasises the principle in IAS 34 that the disclosure about significant events and transactions in interim periods should update the relevant information presented in the most recent annual financial report, and clarifies how to apply this principle in respect of financial instruments and their fair values.

The amendments to IAS 1 and IAS 34 are effective for annual periods beginning on or after 1 January 2011 with earlier application permitted. However, these amendments have not yet been endorsed by the EU. The Group does not currently expect these amendments to have a significant impact on its annual financial statements or the interim financial reports to be issued in the period of initial application.

The Board of Directors anticipate that the adoption of the International Financial Reporting Standards that were in issue at the date of authorisation of these financial statements, but not yet effective, other than the above, will have no material impact on the financial statements of the Group and the Company in the period of initial application.

5. REVENUE

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

	The Group		The Company	
	2010 EUR	2009 EUR	**2010 EUR**	2009 EUR
By activity:				
Regulated fees	**32,767,660**	29,967,321	**32,767,660**	29,967,321
Commercial fees	**11,451,229**	10,460,012	**11,451,229**	10,460,012
Recharges and other income	**7,123,192**	6,018,746	**6,674,225**	5,650,836
	51,342,081	46,446,079	**50,893,114**	46,078,169

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

Commercial fees comprise income from retail 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, advertising, 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.

Notes to the financial statements

(continued)

6. OPERATING SEGMENT INFORMATION (continued)

The results of the segments are reported below:

Segment results

	The Group 2010 EUR	2009 EUR
Airport		
Segment revenue (external)	**38,390,792**	34,725,157
Segment EBIT	**11,319,214**	9,418,279
Retail and property		
Segment revenue (external)	**12,463,598**	11,262,468
Segment EBIT	**6,564,493**	5,697,639
Commercial fees	**11,451,229**	10,460,012
Other segments		
Segment revenue (external)	**487,691**	458,454
Segment EBIT	**331,460**	295,428
Total		
Segment revenue (external)	**51,342,081**	46,446,079
Segment EBIT	**18,215,167**	15,411,346

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

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

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

The Group

31 December 2010

	Airport EUR	Retail and property EUR	Other segments EUR	Group EUR
Segment revenue (external)	38,390,792	12,463,598	487,691	51,342,081
Segment operating costs	(27,071,578)	(5,899,105)	(156,231)	(33,126,914)
Segment EBIT	11,319,214	6,564,493	331,460	18,215,167
Finance income				220,171
Finance cost				(1,755,118)
Release of deferred income arising on the sale of terminal buildings and fixtures				288,190
Profit before tax				**16,968,410**

Notes to the financial statements

(continued)

6. OPERATING SEGMENT INFORMATION (continued)

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

Segment assets

	The Group 2010 EUR	2009 EUR
Assets by segment		
Airport	**75,808,622**	76,923,652
Retail and properties	**41,594,996**	38,719,732
Other segments	**-**	-
Total assets in reported segments	**117,403,618**	115,643,384
Assets not allocated to a specified segment		
Financial assets	**968,361**	958,099
Deferred tax assets	**4,112,114**	4,500,301
Inventories	**773,424**	820,714
Other receivables	**571,247**	95,151
Current tax asset	**878,994**	2,392,544
Cash and short term deposits	**10,025,521**	2,466,597
Total not allocated	**17,329,661**	11,233,406
Group assets	**134,733,279**	126,876,790

Revenue from two different customers amounted to EUR20,404,693 (2009: EUR19,863,573) and EUR7,031,359 (2009: EUR4,428,618) respectively. These revenues arise from the airport segment.

7. FINANCE INCOME

	The Group 2010 EUR	The Group 2009 EUR	The Company 2010 EUR	The Company 2009 EUR
Bank interest	**220,171**	187,642	**220,171**	187,642

Notes to the financial statements

(continued)

8. FINANCE COSTS

	The Group		The Company	
	2010	2009	**2010**	2009
	EUR	EUR	**EUR**	EUR
Total borrowing costs	**1,836,098**	1,775,802	**1,755,118**	1,775,802
Less: Amounts capitalised (note 14)	**(80,980)**	(23,150)	**-**	(23,150)
Interest on bank loans	**1,755,118**	1,752,652	**1,755,118**	1,752,652

9. OTHER OPERATING EXPENSES

	The Group		The Company	
	2010	2009	**2010**	2009
	EUR	EUR	**EUR**	EUR
Repairs and maintenance	**1,666,609**	1,929,863	**1,666,609**	1,929,863
Marketing and communication costs	**1,974,923**	1,814,577	**1,918,890**	1,814,577
Insurance	**409,548**	479,414	**409,548**	479,414
Telecommunications	**217,710**	236,820	**217,710**	236,820
Utilities	**2,916,839**	1,829,315	**2,916,839**	1,829,315
Third party services	**7,402,493**	7,216,851	**7,402,493**	7,216,851
Legal and professional fees	**447,452**	411,956	**441,698**	409,436
Losses of disposal of fixed assets	**8,103**	(2,389)	**8,103**	(2,389)
Net exchange differences	**376**	2,381	**319**	2,490
Operating lease payments	**842,555**	876,969	**842,555**	876,969
Movements in provision for bad debts (note 20)	**134,599**	418,445	**134,599**	418,445
Miscellaneous operating expenses	**3,121,306**	2,087,008	**3,044,079**	2,052,662
	19,142,513	17,301,210	**19,003,442**	17,264,453

Included in the legal and professional fees are amounts that are payable to the parent company's auditors, the analysis of which is required to be disclosed as follows:

	2010	2009	**2010**	2009
	EUR	EUR	**EUR**	EUR
Audit of the financial statements	**30,652**	26,828	**24,898**	24,308
Tax advisory services	**2,714**	2,183	**2,714**	2,183
Non-audit services other than tax advisory services	**40,430**	8,824	**40,430**	8,824

Notes to the financial statements

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10. KEY MANAGEMENT PERSONNEL COMPENSATION

	The Group		The Company	
	2010	2009	**2010**	2009
	EUR	EUR	**EUR**	EUR
Directors' compensation:				
Short-term benefits:				
Fees	**74,734**	65,028	**74,734**	65,028
Management remuneration	**458,374**	311,054	**458,374**	311,054
Social security costs	**3,423**	3,362	**3,423**	3,362
	536,531	379,444	**536,531**	379,444

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 EUR97,466 (31.12.2009 – EUR103,019). 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 EUR15,723 (31.12.2009 – EUR18,351). These amounts are included with other operating expenses.

11. STAFF COSTS AND EMPLOYEE INFORMATION

	The Group		The Company	
	2010	2009	**2010**	2009
	EUR	EUR	**EUR**	EUR
Staff costs:				
Wages and salaries	**8,204,378**	7,699,408	**8,011,632**	7,595,133
Social security costs	**578,519**	570,891	**569,440**	563,285
Retirement benefit costs (notes 24 & 25)	**182,748**	162,676	**182,748**	162,676
	8,965,645	8,432,975	**8,763,820**	8,321,094

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

	The Group		The Company	
	2010	2009	**2010**	2009
	Number	Number	**Number**	Number
Business development, operations and marketing	**113**	118	**111**	118
Finance, IT and information management	**22**	23	**22**	23
Firemen	**39**	41	**39**	41
Meteorological office	**15**	15	**15**	15
Safety, security and administration	**93**	93	**87**	87
Technical and engineering	**85**	89	**85**	89
	367	379	**359**	373

Notes
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12. INCOME TAX EXPENSE

	The Group		The Company	
	2010 EUR	2009 EUR	**2010 EUR**	2009 EUR
Current tax expense	**5,862,813**	5,070,494	**5,809,604**	5,017,721
Deferred tax expense (note 18)	**414,380**	221,569	**398,899**	207,954
	6,277,193	5,292,063	**6,208,503**	5,225,675

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

	The Group		The Company	
	2010 EUR	2009 EUR	**2010 EUR**	2009 EUR
Profit before tax	**16,968,410**	14,134,526	**16,898,446**	13,944,847
Tax at the applicable rate of 35%	**5,938,944**	4,947,084	**5,914,456**	4,880,696
Tax effect of:				
Depreciation charges not deductible by way of capital allowances in determining taxable income	**354,509**	329,296	**354,509**	329,296
Disallowed expenses in determining taxable income	**47,971**	5,816	**3,769**	5,816
Finance income subject to lower tax rates	**(39,706)**	(36,708)	**(39,706)**	(36,708)
Other permanent differences	**(24,525)**	46,575	**(24,525)**	46,575
Income tax expense for the year	**6,277,193**	5,292,063	**6,208,503**	5,225,675

13. DIVIDENDS

The net final dividend of EUR3,856,050 (5.7cents per ordinary share) proposed by the directors of the Company in the previous financial year was approved by the shareholders at the Annual General Meeting on 10 May 2010 and was paid on 17 May 2010. The net final dividend for 2008 of EUR3,856,050 [5.7cents per ordinary share] proposed by the directors during 2009 was paid on 29 May 2009.

In respect of the current year, a share split was effected on 1 June 2010 and the issued share capital of the company was increased from 67,650,000 Ordinary shares to 135,300,000 Ordinary shares. Subsequently, on the 15 September 2010, a net interim dividend of EUR4,059,000 (3cents per share) (2009 – EUR4,059,000 (6cents per share)) was paid to ordinary shareholders of the Company.

The directors propose that a net final dividend of EUR0.035 per ordinary share will be paid to ordinary shareholders in respect of the year ended 31 December 2010. 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 EUR4,735,500.

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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 01.01.2009	42,033,473	60,743,866	64,633,193	167,410,532
Additions	-	1,788,877	3,941,247	5,730,124
Disposals	-	-	(43,627)	(43,627)
At 01.01.2010	42,033,473	62,532,743	68,530,813	173,097,029
Additions	-	632,683	2,619,312	3,251,995
Disposals	-	-	(20,266)	(20,266)
At 31.12.2010	42,033,473	63,165,426	71,129,859	176,328,758
Accumulated depreciation				
At 01.01.09	4,149,460	15,771,870	44,832,776	64,754,106
Provision for the year	646,669	1,250,655	3,403,224	5,300,548
Eliminated on disposal	-	-	(30,655)	(30,655)
At 01.01.10	4,796,129	17,022,525	48,205,345	70,023,999
Provision for the year	646,669	1,260,877	3,111,210	5,018,756
Eliminated on disposal	-	-	(12,163)	(12,163)
At 31.12.2010	5,442,798	18,283,402	51,304,392	75,030,592
Carrying amount				
At 31.12.2010	**36,590,675**	**44,882,024**	**19,825,467**	**101,298,166**
At 31.12.2009	37,237,344	45,510,218	20,325,468	103,073,030

No depreciation is being charged on assets not yet available for use amounting to EUR1,661,065 (31.12.2009 – EUR830,435). In addition, the cost of fully depreciated plant and equipment amounts to EUR38,959,731 (31.12.2009 - EUR34,142,306) for both the Group and the Company. There were no borrowing costs capitalised for both the Group and the Company during 2010 (2009 – Eur23,150)

Notes
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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 01.01.2009	42,033,473	60,743,866	64,451,423	167,228,762
Additions	-	1,788,877	3,840,014	5,628,891
Disposals	-	-	(41,298)	(41,298)
At 01.01.2010	42,033,473	62,532,743	68,250,139	172,816,355
Additions	-	632,683	1,988,618	2,621,301
Disposals	-	-	(20,266)	(20,266)
At 31.12.2010	42,033,473	63,165,426	70,218,491	175,417,390
Accumulated depreciation				
At 01.01.09	4,149,460	15,771,870	44,818,582	64,739,912
Provision for the year	646,669	1,250,655	3,373,631	5,270,955
Eliminated on disposal	-	-	(30,189)	(30,189)
At 01.01.10	4,796,129	17,022,525	48,162,024	69,980,678
Provision for the year	646,669	1,260,877	3,073,103	4,980,649
Eliminated on disposal	-	-	(12,163)	(12,163)
At 31.12.2010	5,442,798	18,283,402	51,222,964	74,949,164
Carrying amount				
At 31.12.2010	36,590,675	44,882,024	18,995,527	100,468,226
At 31.12.2009	37,237,344	45,510,218	20,088,115	102,835,677

No depreciation is being charged on assets not yet available for use amounting to EUR1,005,777 (31.12.2009 – EUR830,435).

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15. INVESTMENT PROPERTY

Project Name	*Completion date*	*Carrying amount (at cost)* **on 31.12.10**	on 31.12.09
		EUR	EUR
Business Centre	August 2011	**2,838,828**	-

The above project which is currently under construction was financed through bank loans (note 22). The amount of borrowing costs capitalised for the Group in respect of investment property during the year ended 31 December 2010 was EUR80,980 (2009 – nil). The rate used to determine the amount of borrowing costs eligible for capitalisation was 4.70% (2009: 3.25%), which is the effective interest rate of the specific borrowing.

16. INVESTMENT IN SUBSIDIARIES

The Company

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

	2010	2009
	EUR	EUR
Shares in Airport Parking Limited	**1,200**	1,200
Shares in Sky Parks Development Limited	**1,200**	1,200
	2,400	2,400

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

Notes to the financial statements

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17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group and the Company

	Local unlisted Equity shares	Local Listed Fund	Total
	EUR	EUR	EUR
At 01.01.09	884,696	46,707	931,403
Additions	-	16,605	16,605
	884,696	63,312	948,008
Movements in fair value	-	10,091	10,091
At 31.12.09	884,696	73,403	958,099
At 01.01.10	884,696	73,403	958,099
Additions	-	-	-
	884,696	73,403	958,099
Movements in fair value	-	10,262	10,262
At 31.12.10	884,696	83,665	968,361

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
During 2008, the Company made an investment in a fund whose fair value is determined by prices quoted on the Malta Stock Exchange.

Fair Value Hierarchy
As at 31 December 2010, the Group held the following financial instruments measured at fair value:
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	31.12.2010	Level 1	Level 2	Level 3
	EUR	EUR	EUR	EUR
Assets measured at fair value				
Fund	83,665	83,665	-	-

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

	31.12.2010	Level 1	Level 2	Level 3
	EUR	EUR	EUR	EUR
Assets measured at fair value				
Fund	73,403	73,403	-	-

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

During the reporting period ended 31 December 2010, 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.

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18. DEFERRED TAXATION

The Group

	31.12.2008	Movement for the year	31.12.2009	Movement for the year	31.12.2010
	EUR	EUR	EUR	EUR	**EUR**
Arising on:		*recognised in profit or loss:*		*recognised in profit or loss:*	
Accelerated tax depreciation	1,703,188	(323,927)	1,379,261	(407,637)	**971,624**
Provision for pension costs	1,284,917	45,397	1,330,314	50,914	**1,381,228**
Deferred income	2,553,460	(100,866)	2,452,594	(100,867)	**2,351,727**
Other temporary differences	24,928	157,827	182,755	43,210	**225,965**
	5,566,493	(221,569)	5,344,924	(414,380)	**4,930,544**
		recognised in equity:		*recognised in equity:*	
Revaluation of properties prior to change in title of the underlying land	(870,823)	26,200	(844,623)	26,193	**(818,430)**
Total	4,695,670	(195,369)	4,500,301	(388,187)	**4,112,114**

The Company

	31.12.2008	Movement for the year	31.12.2009	Movement for the year	31.12.2010
	EUR	EUR	EUR	EUR	**EUR**
Arising on:		*recognised in profit or loss:*		*recognised in profit or loss:*	
Accelerated tax depreciation	1,713,818	(310,312)	1,403,506	(392,156)	**1,011,350**
Provision for pension costs	1,284,917	45,397	1,330,314	50,914	**1,381,228**
Deferred income	2,553,460	(100,866)	2,452,594	(100,867)	**2,351,727**
Other temporary differences	24,928	157,827	182,755	43,210	**225,965**
	5,577,123	(207,954)	5,369,169	(398,899)	**4,970,270**
		recognised in equity:		*recognised in equity:*	
Revaluation of properties prior to change in title of the underlying land	(870,823)	26,200	(844,623)	26,193	**(818,430)**
Total	4,706,300	(181,754)	4,524,546	(372,706)	**4,151,840**

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

19. INVENTORIES

	The Group		The Company	
	2010	2009	**2010**	2009
	EUR	EUR	**EUR**	EUR
Consumables	**773,424**	820,714	**773,424**	820,714

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20. TRADE AND OTHER RECEIVABLES

	The Group 2010 EUR	The Group 2009 EUR	The Company 2010 EUR	The Company 2009 EUR
Trade receivables	**10,835,886**	9,329,106	**10,721,276**	9,307,058
Other receivables	**588,247**	95,151	**29,383**	95,151
Receivables from subsidiaries	-	-	**432,157**	148,197
Receivables from other related parties	**867,888**	1,455,168	**867,888**	1,455,168
Prepayments and accrued income	**1,545,850**	1,786,080	**1,136,122**	1,769,830
	13,837,871	12,665,505	**13,186,826**	12,775,404

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

The Group and the Company
As at 31 December 2010, trade receivables at nominal value of EUR599,442 (2009: EUR464,843) were impaired and fully provided for. Movements in the provision for impairment of trade receivables were as follows:

	Individually Impaired EUR
At 1 January 2009	46,398
Charge for the year	418,445
At 31 December 2009	464,843
Charge for the year	134,599
At 31 December 2010	**599,442**

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

	Total EUR	Neither past due nor impaired EUR	Past due but not impaired (date from issue of invoices): 30-60 days EUR	60 days EUR	90 days EUR	>120 days EUR
2010	**10,835,886**	**3,832,105**	**2,434,000**	**2,499,556**	**1,721,715**	**348,510**
2009	9,329,106	3,449,502	2,041,494	2,113,487	1,393,580	331,043

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

	Total EUR	Neither past due nor impaired EUR	Past due but not impaired (date from issue of invoices): 30-60 days EUR	60 days EUR	90 days EUR	>120 days EUR
2010	**10,721,276**	**3,753,517**	**2,434,000**	**2,497,881**	**1,687,368**	**348,510**
2009	9,307,058	3,447,499	2,036,668	2,099,648	1,393,320	329,923

Included in the Group's trade receivable balance are trade receivables with carrying amount of EUR7,003,781 (31 December 2009: EUR5,879,604) that are past due but not impaired. The Group does not hold any collateral over these balances and has not provided for allowance as these trade receivables are substantially companies with good track records with the Group and thus the amount is still considered recoverable.

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21. TRADE AND OTHER PAYABLES

	The Group 2010 EUR	The Group 2009 EUR	The Company 2010 EUR	The Company 2009 EUR
Trade payables	**4,947,347**	2,962,630	**4,371,083**	2,945,323
Other payables	**77,264**	362,088	**2,015**	359,894
Accruals and deferred income	**6,660,544**	4,552,510	**6,263,265**	4,513,964
	11,685,155	7,877,228	**10,636,363**	7,819,181

Accruals and deferred income for the Group and the Company include deferred income amounting to EUR363,539 (2009: EUR363,539) as disclosed as note 23. Deferred income in this note includes amounts other than those 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

22. BANK LOANS

	The Group 2010 EUR	The Group 2009 EUR	The Company 2010 EUR	The Company 2009 EUR
Current bank loans	**1,846,423**	1,747,226	**1,846,423**	1,747,226
Non-current bank loans	**53,769,636**	52,414,415	**50,468,795**	52,414,415

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. During the year, the loan incurred interest at 3.25% (2009 – 3.25%) per annum.

Sky Parks Development Limited has undertaken a bank loan amounting to Eur16 million in the current year which will expire in 2030, and is secured by a general hypothec over the commercial block under construction, consisting of car parking spaces, retail outlets and other floor space which will be rented out to various companies. During 2010 Eur3,300,841 of this bank loan were drawn down. At the reporting date, interest is charged at 4.7% per annum.

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

23. DEFERRED INCOME

The Group and the Company

	2009	Movement for the year Amortisation EUR	2010 EUR
Deferred income arising from the gain on disposal of the land and buildings	7,007,410	(288,190)	**6,719,220**
European Commission grant	425,132	(23,618)	**401,514**
Norwegian grant	465,850	(51,761)	**414,089**
Total deferred income as at 31 December	7,898,392	(363,569)	**7,534,823**
Less: amounts included in trade and other payables (note 21)	(363,569)		**(363,569)**
Amounts included in non-current liabilities	7,534,823		**7,171,254**

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23. DEFERRED INCOME (continued)

	2008	Movement for the year		2009
		Additions	Amortisation	
	EUR	EUR	EUR	EUR
Deferred income arising from the gain on disposal of the land and buildings	7,295,600	-	(288,190)	7,007,410
European Commission grant	448,750	-	(23,618)	425,132
Norwegian grant	-	517,611	(51,761)	465,850
Total deferred income as at 31 December	7,744,350	517,611	(363,569)	7,898,392
Less: amounts included in trade and other payables (note 21)	(288,190)			(363,569)
Amounts included in non-current liabilities	7,456,160			7,534,823

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

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

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

24. PROVISION FOR RETIREMENT BENEFIT PLAN

	The Group		The Company	
	2010	2009	**2010**	2009
	EUR	EUR	**EUR**	EUR
Current provision for retirement benefit plan	**803,715**	-	**803,715**	-
Non-current provision for retirement benefit plan	**3,142,652**	3,800,897	**3,142,652**	3,800,897

The provision for retirement benefits is unfunded and represents the year-end provision for possible future liabilities relating to pensions of employees who joined the public service before 15 January 1979 and were transferred to the Company. The provision has been computed in accordance with the accounting policy stated in note 2 and represents the Company's obligation discounted to the net present value at the rate of 6% (2009: 6%) after considering the average life expectancy of such employees and where applicable, expected rates of salary increases based on the inflation and previous increases given to employees.

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

	31.12.10	31.12.09	31.12.08	31.12.07	31.12.06
	12 months	12 months	12 months	12 months	9 months
	EUR	EUR	EUR	EUR	EUR
Present value of the provision for retirement benefits at 1 January / 1 April	**3,800,897**	3,671,191	3,381,246	3,357,270	3,340,410
Payments effected	-	-	-	-	(313,482)
Charge for the year/period (recognised in staff costs)	**145,470**	129,706	289,945	23,976	330,342
Present value of the provision for retirement benefits at 31 December / 31 March	**3,946,367**	3,800,897	3,671,191	3,381,246	3,357,270

25. PROVISION FOR MIA BENEFIT PLAN

	The Group		The Company	
	2010	2009	**2010**	2009
	EUR	EUR	**EUR**	EUR
Provision for MIA benefit plan	**78,084**	72,406	**78,084**	72,406

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 of 6% (2009: 6%) after considering the probability that employees reach the applicable retirement age when they are still in employment with the Company.

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

	The Group and the Company	
	2010	2009
	EUR	EUR
Present value of the provision for MIA benefit plan at 1 January	**72,406**	39,436
Payments effected	**(31,600)**	-
Charge for the year (recognised in staff costs)	**37,278**	32,970
Present value of the provision for MIA benefit plan at 31 December	**78,084**	72,406

26. SHARE CAPITAL

The Company

	As at 31.12.2010	
	Authorised	**Issued and called up**
	EUR	**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 EUR0.25 each (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 Group and the Company save for the transferability thereof. Ordinary 'A' shares are freely transferred while the 'B' shares shall be non-transferable for a period of 15 years from 26 July 2002. Ordinary 'C' shares carry no voting rights and do not receive dividends.

On 10 May 2010 the shareholders approved an increase in issued share capital by EUR2,308,624 through a capitalisation of retained earnings. On that date, the shareholders also approved a split issue, thereby increasing the issued share capital from 67,650,000 shares to 135,300,000 shares, resulting in a paid up capital of EUR33,825,000. The above changes were effective on 1 June 2010.

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26. SHARE CAPITAL (continued)

The Company

	As at 31.12.2009	
	Authorised EUR	Issued and called up EUR
40,589,995 "A" ordinary shares of EUR0.465874 each (all of which have been issued, called up and fully paid)	18,909,824	18,909,824
27,060,000 "B" ordinary shares of EUR0.465874 each (all of which have been issued, called up and fully paid)	12,606,550	12,606,550
5 "C" ordinary shares of EUR0.465874 each (all of which have been issued,called up and fully paid)	2	2
32,350,000 unissued ordinary shares of EUR0.465874 each (none of which havebeen issued and called up)	15,071,024	-
	46,587,400	31,516,376

Shareholders

The shareholders owning 5% or more of the Company's equity share capital at 31 December 2010 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

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

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

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	
	2010 EUR	2009 EUR	**2010 EUR**	2009 EUR
Cash at bank and in hand	10,025,521	2,466,597	9,750,493	2,301,494

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

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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 calculation of the earnings per share for all periods presented was adjusted retrospectively in view of the increase in the number of ordinary shares outstanding from 67,650,000 to 135,300,000 as a result of the capitalisation of reserves and the share split, as disclosed in note 26.

	The Group		The Company	
	2010 EUR	2009 EUR	**2010 EUR**	2009 EUR
Profit for the year attributable to the ordinary equity holders of the company	**10,691,217**	8,842,463	**10,689,943**	8,719,172
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	**7.90**	6.54	**7.90**	6.44

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	
	2010 EUR	2009 EUR	**2010 EUR**	2009 EUR
Contracted but not provided for	**1,355,000**	600,000	**1,355,000**	600,000
Authorised but not contracted for	**17,715,150**	1,779,380	**5,015,150**	1,779,380

Included in the above amounts are Eur12.7 million (2009:nil) in connection with contractual obligations for the investment property under construction (note15).

31. CONTINGENT LIABILITIES

At reporting date, there existed:

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

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

(iii) a claim by an airline for a total amount of EUR250,526 (2009: EUR250,526) which claim is subject to full reimbursement by the Company's insurers should it materialise.

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

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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. Other than those disclosed in note 34 the related party transactions in question were:

The Group

	31.12.2010			31.12.2009		
	Related party activity EUR	**Total activity EUR**	**%**	**Related party activity EUR**	**Total activity EUR**	**%**
Revenue:						
Related party transactions with:						
Companies which are significantly influenced by members of key management personnel of the Group	**3,569,843**	**51,342,081**	**7**	3,503,848	46,446,079	8
Staff and other operating costs:						
Related party transactions with:						
Key management personnel of the Company (note 10)	**649,720**			500,814		
Related parties other than the parent and key management personnel of the Group	**1,282,338**			1,093,989		
	1,932,058	**28,108,158**	**7**	1,594,803	25,734,185	6

The Company

	31.12.2010			31.12.2009		
	Related party activity EUR	**Total activity EUR**	**%**	**Related party activity EUR**	**Total activity EUR**	**%**
Revenue:						
Related party transactions with:						
Companies which are significantly influenced by members of key management personnel of the Company	**3,558,592**			3,496,187		8
Subsidiary	**843,586**			720,416		
	4,402,178	**50,893,114**	**9**	4,216,603	46,078,169	9
Staff and other operating costs:						
Related party transactions with:						
Key management personnel of the Company (note 10)	**649,720**			500,814		
Related parties other than the parent and key management personnel of the Company	**1,282,338**			1,093,989		
	1,932,058	**27,767,262**	**7**	1,594,803	25,585,547	6

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

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33. OPERATING LEASE ARRANGEMENTS

The Group and the Company as lessee

	The Group		The Company	
	2010 EUR	2009 EUR	**2010 EUR**	2009 EUR
Minimum lease payments under operating lease recognised as an expense for the year	**801,419**	806,535	**801,419**	806,535

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

	The Group		The Company	
	2010 EUR	2009 EUR	**2010 EUR**	2009 EUR
Within one year	**803,750**	803,634	**803,750**	803,634
In the second to fifth years inclusive	**3,992,644**	3,335,081	**3,992,644**	3,335,081
After five years	**122,313,019**	111,230,257	**122,313,019**	111,230,257
	127,109,413	115,368,972	**127,109,413**	115,368,972

Operating lease payments represent ground rent payable by the Company to the Government of Malta on the temporary emphyteusis, with no renewal option included in the contract. Leases are determined up to the term of the lease, being 65 years. The lease payments are adjusted upwards by 15% every five years.

The Group and the Company as lessor

	The Group		The Company	
	2010 EUR	2009 EUR	**2010 EUR**	2009 EUR
Minimum lease payments under operating lease recognised as income for the year	**504,426**	504,426	**504,426**	504,426

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	
	2010 EUR	2009 EUR	**2010 EUR**	2009 EUR
Within one year	**504,542**	504,426	**504,542**	504,426
In the second to fifth years inclusive	**3,032,522**	2,043,753	**3,032,522**	2,043,753
After five years	**20,479,441**	14,104,395	**20,479,441**	14,104,395
	24,016,505	16,652,574	**24,016,505**	16,652,574

Operating lease income represents income from the lease of land recognised as a non-cancellable lease agreement.

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34. MATERIAL CONTRACTS

The material contracts entered into by the Company in the year ended 31 December 2010 with its substantial shareholders and their related parties are the following:

Malta Mediterranean Link Consortium Limited
The provision for Technical Services by the Company's strategic partners VIE (Malta) Limited and SNC-Lavalin Inc., gives rise to an expense of EUR1,282,338 (31.12.2009 – EUR1,093,989).

The Government of Malta
(i) The terminal land lease agreement with the Lands Department for EUR801,419 (31.12.2009 – EUR806,535);
(ii) The contract for contribution to the Malta Tourism Authority for EUR232,937 (31.12.2009 – EUR232,937);
(iii) The contract with the Armed Forces of Malta for the security of the restricted areas at the Airport for an expense of EUR2,959,576 (31.12.2009 – EUR2,959,576);
(iv) The provision of Air Navigation Services and other services by Malta Air Traffic Services Limited for an expense of EUR902,898 (31.12.2009 – EUR902,898);
(v) The provision of Meteorological Services and other services to Malta Air Traffic Services Limited for revenue of EUR937,140 (31.12.2009 – EUR933,778);
(vi) The contract with Enemalta Corporation for fuel throughput charges generated the amount of EUR1,560,886 (31.12.2009 – EUR1,390,096) in revenue.

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 2010 and 31 December 2009 the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short term maturities of these assets and liabilities that are not measured at fair value. The fair values of non-current financial assets and non-current financial liabilities that are not measured at fair value, other than unlisted investments that cannot be reliably measured and that are carried at cost, are not materially different from their carrying amounts.

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

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37. FINANCIAL RISK MANAGEMENT

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

These financial instruments are classified into the following categories:

	The Group		The Company	
	2010 EUR	2009 EUR	**2010 EUR**	2009 EUR
Available-for-sale financial assets	**968,361**	958,099	**968,361**	958,099
Trade receivables & cash and cash equivalents	**21,729,295**	13,630,823	**21,771,814**	13,506,289
Financial liabilities	**64,152,025**	58,853,273	**60,191,207**	58,748,384

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

	The Group		The Company	
Recorded in the statement of comprehensive income:				
Trade and other receivables	**(134,599)**	(418,445)	**(134,599)**	(418,445)
Cash and cash equivalents	**220,171**	187,642	**220,171**	187,642
Financial liabilities	**(1,755,118)**	(1,752,652)	**(1,755,118)**	(1,752,652)
Recorded in other comprehensive income:				
Available for sale financial assets	**10,262**	10,091	**10,262**	10,091

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

Interest rate risk
The Group has taken out bank facilities to finance its operations as disclosed in note 22. 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
2010		
	+25	**(114,664)**
	-25	**114,664**
2009		
	+25	(129,650)
	-25	129,650

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.

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.

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37. FINANCIAL RISK MANAGEMENT (continued)

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.

As at 31 December 2010 Eur5.7 million (2009 – Eur5.5 million) of the group's trade receivables were due from a single entity, Air Malta plc, which is the largest single customer of the Group, accounting for 39.7% (2009 – 42.8%) of the Group revenues.

This amount due represents 52.9% (2009 – 59.3%) of the Group's total trade receivables at 31 December 2010.

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

During the year the Company agreed to renegotiate its credit terms with Air Malta plc for a limited period of time, however, this has not led to an increased exposure of the Group at year end. Had these terms not been renegotiated Eur3.5 million would otherwise be past due. Air Malta plc has since been in line with its agreed credit terms.

During meetings with Air Malta plc, the Company has been informed that the airline is going through a restructuring process and that the European Commission has authorized Government of Malta to grant a loan facility to Air Malta plc as a temporary measure, until it can take a position on the restructuring plan to be submitted.

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 Eur4.8 million. The Board is assessing the situation on an ongoing basis, and feels confident that whatever the outcome of the restructuring process, it will not jeopardize in any way the Group's ability to continue operations and to meet its obligations.

Liquidity risk
The tables below summarises the maturity profile of the Group's and Company's financial liabilities at 31 December 2010 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.

The Group
Year ended 31 December 2010

	Total EUR	Current EUR	<3 months EUR	3–12 months EUR	1–5 years EUR	>5 years EUR
Interest bearing loans and borrowings	69,045,325	-	2,271,335	1,353,477	41,016,634	24,403,879
Other payables	77,264	9,058	68,206	-	-	-
Accruals	4,125,960	1,225,009	854,000	2,046,951	-	-
Trade payables	4,947,347	2,773,339	1,974,740	-	199,268	-
	78,195,896	**4,007,406**	**5,168,281**	**3,400,428**	**41,215,902**	**24,403,879**

The Group
Year ended 31 December 2009

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

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37. FINANCIAL RISK MANAGEMENT (continued)

The Company
Year ended 31 December 2010

	Total EUR	Current EUR	<3 months EUR	3–12 months EUR	1–5 years EUR	>5 years EUR
Interest bearing loans and borrowings	63,603,637	-	2,233,081	1,236,592	39,195,821	20,938,143
Other payables	2,015	1,259	756	-	-	-
Accruals	3,727,768	826,818	854,000	2,046,950	-	-
Trade payables	4,371,083	2,383,248	1,794,454	-	193,381	-
	71,704,503	**3,211,325**	**4,882,291**	**3,283,542**	**39,389,202**	**20,938,143**

The Company
Year ended 31 December 2009

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

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 EUR3.59 million earmarked for capital expenditure projects and EUR4.7 million overdraft facilities.

The Group has an additional undrawn bank facility amounting to approximately EUR12.7 million earmarked for the Business centre project.

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 2010 and 31 December 2009.

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. 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.

Report on the financial statements

We have audited the accompanying financial statements of Malta International Airport p.l.c. and its group, set out on pages 75 to 107, which comprise the statements of financial position of the company and the group as at 31 December 2010, 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 also described in the statement of directors' responsibilities on page 70, the directors of the company are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU, 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 Company's and the Group's 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 Company's and Group's internal control. 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 the company and its group as at 31 December 2010, 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 (Chap. 386).

Paul Mercieca as Principal
In the name and on behalf of,
DELOITTE
Registered Auditor

17 March 2011

Notes

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