Malta International Airport plc

Interim condensed consolidated financial statements and Directors' report

30 June 2016

Contents

Malta International Airport plc

Interim Directors' report pursuant to Listing Rule 5.75.2

Interim condensed consolidated financial statements 30 June 2016

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

Performance Review

In the first six months of 2016 we welcomed 2,183,089 passenger movements, which is a significant increase of 9.8% compared to the previous year. This growth was stimulated by an increase in seat capacity and airlines improving occupancy on seats available. In fact seat capacity grew by 7.4%, while seat load factor for the period between January and June increased by 1.8 percentage points reaching 80%.

Malta's top market remains the UK, with 612,413 passenger movements, followed by Italy (459,657) and Germany (284,889). Whilst, the destinations that registered the largest growth were Turkey (37%) and Switzerland (36.6 %), following the introduction of additional flights from Istanbul, Zurich and Geneva. Other noteworthy developments include enhanced winter operations and schedules by Ryanair, SAS and Wizz and further capacity being deployed by Air Malta, Lufthansa and EasyJet.

The total revenue for the period January to June increased by 5.1% from Euro 29.9 million in 2015 to Euro 31.4 million in 2016. This increase is the result of the growth in passenger movements as well as an increase in non-aviation revenue. Turnover from the Airport segment increased by 5.7% to Euro 21.8 million, whilst that from the Retail and Property segment increased by 4.2% to Euro 9.5 million.

The company's costs are under control. There were only slight increases in staff costs (1.2%), other operating costs (1.8%) and depreciation (7.7%) due to the larger investment program in 2016. The EBITDA January to June 2016 of Euro 16.5 million improved by Euro 1.3 million or 8.5% compared to 2015. The net profit increased by Euro 0.9 million (11.9%) to Euro 8.2 million.

Flughafen Wien acquired SNC-Lavalin Group Inc.'s indirect stake in SNC-Lavalin (Malta) Limited. The total consolidated holding of Flughafen Wien AG in MIA, directly and indirectly, is now in excess of 48% of the total issued share capital of the company.

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

Dividends

The group is proposing a net dividend of € 0.03 per share on all shares settled as at close of business on Wednesday 24th August 2016 and payable by no later than Friday 16th September 2016.

Alan Borg
Chief Executive Officer

By Order of the Board
17 August 2016

Malta International Airport plc

Condensed consolidated statement of comprehensive income

Period ended 30 June 2016

	Group	
	30 Jun 2016 6 months (unaudited) EUR	30 Jun 2015 6 months (unaudited) EUR
Revenue	**31,413,960**	29,877,472
Staff costs	**(3,779,265)**	(3,732,660)
Depreciation	**(3,411,649)**	(3,166,946)
Other operating costs	**(11,154,282)**	(10,953,172)
Release of deferred income arising on the sale of terminal buildings and fixtures	**104,382**	104,382
Finance Income	**587,079**	404,554
Finance Cost	**(1,054,925)**	(1,097,539)
Profit before tax	**12,705,300**	11,436,091
Income tax expense	**(4,546,923)**	(4,144,350)
Profit for the period attributable to the ordinary equity holders of the Company	**8,158,377**	7,291,741
Other comprehensive income / (expense)		
Items that may be reclassified subsequently to profit or loss:		
Net Gain/(loss) from available-for-sale financial assets	**(1,482)**	5,677
Items that will not be reclassified subsequently to profit or loss:		
Actuarial losses on defined benefit pension plans	**-**	(136,167)
Deferred tax credit	**-**	47,658
	-	(88,509)
Other comprehensive income / (expense) for the period attributable to the ordinary equity holders of the Company, net of tax	**(1,482)**	(82,832)
Total comprehensive income for the period attributable to the ordinary equity holders of the Company, net of tax	**8,156,895**	7,208,909
Earnings per share attributable to the ordinary equity holders of the Company	**6.03cents**	5.39cents

Malta International Airport plc

Condensed consolidated statement of financial position

30 June 2016

	Group	
	30 Jun 2016	31 Dec 2015
	(unaudited)	(audited)
	EUR	EUR
ASSETS		
Non-current assets		
Property, plant and equipment	**96,591,084**	97,484,385
Investment property	**17,735,343**	18,118,585
Available-for-sale financial assets	**98,848**	100,330
Deferred tax assets	**4,035,157**	3,952,722
	118,460,432	119,656,022
Current assets		
Inventories	**841,010**	816,582
Trade and other receivables	**17,478,523**	11,797,884
Cash and short term deposits	**36,140,387**	39,644,210
	54,459,920	52,258,676
TOTAL ASSETS	**172,920,352**	171,914,698
EQUITY AND LIABILITIES		
Equity attributable to ordinary shareholders of the Company		
Share capital	**33,825,000**	33,825,000
Other Reserve	**1,252,436**	1,276,752
Fair Value reserve	**22,243**	23,725
Retained earnings	**41,288,471**	42,563,671
Total equity	**76,388,150**	77,689,148
Non-current liabilities		
Bank loan	**44,472,795**	31,347,984
Deferred income	**6,059,451**	5,978,600
Provision for retirement benefit plan	**4,221,868**	4,192,969
Provision for MIA benefit fund	**231,116**	210,890
	54,985,230	41,730,443
Current liabilities		
Trade and other payables	**26,871,813**	25,558,802
Bank loan	**10,781,423**	25,750,157
Current tax liabilities	**3,893,736**	1,186,148
	41,546,972	52,495,107
Total liabilities	**96,532,202**	94,225,550
TOTAL EQUITY AND LIABILITIES	**172,920,352**	171,914,698

Malta International Airport plc

Condensed consolidated statement of changes in equity

Period ended 30 June 2016

Group

	Share capital EUR	Other reserve EUR	Fair value reserve EUR	Retained earnings EUR	Total EUR
Balance at 1 January 2015	**33,825,000**	**1,325,397**	**17,158**	**38,455,666**	**73,623,221**
Profit for the period	-	-	-	7,291,741	7,291,741
Other comprehensive income / (expense)	-	-	5,677	(88,509)	(82,832)
Total comprehensive income for the period	-	-	5,677	7,203,232	7,208,909
Difference between historical cost depreciation charge and actual depreciation for the year calculated on the revalued amount	-	(37,423)		37,423	
Deferred tax	-	13,107	-		13,107
Dividends	-	-	-	(10,824,000)	(10,824,000)
Balance at 30 June 2015 (unaudited)	**33,825,000**	**1,301,081**	**22,835**	**34,872,321**	**70,021,237**

	Share capital EUR	Other reserve EUR	Fair value reserve EUR	Retained earnings EUR	Total EUR
Balance at 1 January 2016	**33,825,000**	**1,276,752**	**23,725**	**42,563,671**	**77,689,148**
Profit for the period	-	-	-	8,158,377	8,158,377
Other comprehensive income / (expense)	-	-	(1,482)	-	(1,482)
Total comprehensive income for the period	-	-	(1,482)	8,158,377	8,156,895
Difference between historical cost depreciation charge and actual depreciation for the year calculated on the revalued amount	-	(37,423)	-	37,423	-
Deferred tax	-	13,107	-	-	13,107
Dividends	-	-	-	(9,471,000)	(9,471,000)
Balance at 30 June 2016 (unaudited)	**33,825,000**	**1,252,436**	**22,243**	**41,288,471**	**76,388,150**

Malta International Airport plc

Condensed consolidated statement of cash flows

Period ended 30 June 2016

	Group	
	30 Jun 2016	30 Jun 2015
	6 months	6 months
	(unaudited)	(unaudited)
	EUR	EUR
Cash flows from operating activities		
Profit before tax	**12,705,300**	11,436,091
Adjustments for:		
Operating items	**3,808,950**	3,761,784
Working capital movements	**(4,321,054)**	(5,009,331)
Cash flows from operations	**12,193,196**	10,188,544
Interest paid	**(1,054,925)**	(1,097,539)
Income taxes paid	**(1,794,433)**	(1,585,952)
Net cash flow from operating activities	***9,343,838***	*7,505,053*
Cash flows from investing activities		
Payments for property, plant and equipment	**(2,119,817)**	(1,367,717)
Interest received	**587,079**	404,554
Net cash flows used in investing activities	**(1,532,738)**	(963,163)
Cash flows from financing activities		
Repayment of bank loans	**(1,843,923)**	(2,456,423)
Dividends paid	**(9,471,000)**	(10,824,000)
Net cash flows used in financing activities	**(11,314,923)**	(13,280,423)
Net movement in cash and cash equivalents	**(3,503,823)**	(6,738,533)
Cash and cash equivalents at the beginning of the period	**39,644,210**	30,726,466
Cash and cash equivalents at the end of the period	**36,140,387**	23,987,933

1. **Corporate information and Consolidation Range**

The interim condensed consolidated financial statements of the group for the six months ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors of the 17 August 2016.

Malta International Airport plc is a public company incorporated and domiciled in Malta whose shares are publicly traded.

The principal activities of the company and its subsidiaries ('the group') are the development, operation and management of Malta's airport. The group also operates the Business Centre within the limits of the airport.

2. **Basis of preparation, significant accounting policies and International Financial Reporting Standards in issue but not yet effective**

Basis of preparation

These interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* and in terms of the Malta Financial Services Authority Listing Rules.

The financial information of the group as at 30 June 2016 and for the six months then ended reflect the financial position and the performance of Malta International Airport plc and its subsidiaries Airport Parking Limited, Sky Parks Development Limited, and Sky Parks Business Centre Limited. The comparative amounts reflect the position of the group as included in the audited financial statements ended 31 December 2015 and the unaudited results for the period ended 30 June 2016.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual financial statements as at 31 December 2015.

Significant accounting policies and valuation methods

The accounting and valuation policies and the calculation methods applied in preparing the annual financial statements for 2015 were also used to prepare the condensed consolidated interim financial statements, with the exception of the new standards that are applicable to the current reporting period. Additional information on these accounting and valuation policies as well as the new standards that require mandatory application as of 1 January 2016 is provided in the consolidated financial statements as of 31 December 2015, which form the basis for these condensed consolidated interim financial statements. The following new and revised standards were applied for the first time in financial year 2016:

- Amendments to IAS 19: Resulting from the 2012-2014 Improvements Project
- Amendments to IAS 1: Disclosure Initiative

The application of the new standards did not have any material effects on the condensed consolidated interim financial statements.

International Financial Reporting Standards in issue but not yet effective

At the date of authorisation of these condensed financial statements, the following International Financial Reporting Standards were in issue but not yet effective.

IFRS 16 - Leases

IFRS 16 *Leases,* which was issued on 13 January 2016, brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains substantially unchanged (except for a requirement to provide enhanced disclosures) and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 *Leases* and related interpretations. IFRS 16 is effective for periods beginning on or after 1 January 2019. Early application is permitted for companies that also apply IFRS 15. The Standard has not been endorsed by the EU at the date of authorisation of these financial statements. Given the significance of the Group's and the Company's leasing transactions, this Standard will be given due attention by the Board prior to its effective date.

IFRS 9– Financial Instruments

The final version of IFRS 9 brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. The Standard supersedes all previous versions of IFRS 9. IFRS 9 introduces a logical approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule based requirements that are generally considered to be overly complex and difficult to apply. The new model also results in a single, forward-looking 'expected loss' impairment model that will require more timely recognition of expected credit losses. IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. IFRS 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. The Standard has not as yet been endorsed by the European Union.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 *Revenue*, IAS 11 *Construction Contracts* and a number of revenue-related interpretations. The Standard applies to nearly all contracts with customers, the main exceptions being leases, financial instruments and insurance contracts. IFRS 15 is applicable for annual periods beginning on or after 1 January 2018 (by virtue of an amendment issued on 11 September 2015) The Standard has not as yet been endorsed by the European Union.

IAS 7 Amendments – Disclosure Initiative

The Amendments to IAS 7, Statement of Cash Flows, are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. They are effective for annual periods beginning on or after 1 January 2017, with earlier application being permitted. The Amendments have not as yet been endorsed by the European Union at the date of authorisation of these interim financial statements.

The Group are in the process of assessing the impact of these standards on the financial position and performance of the Group.

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 in the period of initial application.

3. Judgments 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 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:

1. 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
2. an intangible asset (where the operator's future cash flows are not specified, for example, where they will vary according to usage of the infrastructure asset); or
3. 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 group's business activities and operations are governed under a 65 year concession which was granted by the Government in July 2002. The directors have conducted a detailed analysis to determine the applicability of IFRIC 12 and concluded that IFRIC 12 does not apply in its entirety to the group. Based on the group's proportion of regulated and unregulated activities, the directors have determined that the extent of unregulated business activities cannot be deemed as insignificant.

4. 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 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). Revenues and certain costs are allocated in full to particular segments. The remaining costs are allocated across the different segments on the basis of square meters or revenues, as applicable. The Group financing (including finance income and finance costs), deferred income arising from the sale of terminal buildings and fixtures and income tax are managed on a Group and Company basis and are not allocated to operating segments.

The results of the segments are reported below:

	30-Jun-16 EUR	30-Jun-15 EUR
Airport		
Segment Revenue (external)	**21,767,919**	20,593,101
Staff costs and other operating costs	**12,450,285**	12,238,349
Segment EBITDA	**9,317,634**	8,354,752
Segment depreciation	**1,808,879**	1,646,354
Segment EBIT	**7,508,756**	6,708,398
Retail & Property		
Segment Revenue (external)	**9,511,632**	9,125,968
Staff costs and other operating costs	**2,483,262**	2,447,483
Segment EBITDA	**7,028,370**	6,678,485
Segment depreciation	**1,602,770**	1,520,592
Segment EBIT	**5,425,600**	5,157,893
Other		
Segment Revenue (external)	**134,408**	158,403
Staff costs and other operating costs	**-**	-
Segment EBITDA	**134,408**	158,403
Segment depreciation	**-**	
Segment EBIT	**134,408**	158,403
Total		
Segment Revenue (external)	**31,413,960**	29,877,472
Staff costs and other operating costs	**14,933,547**	14,685,832
Segment EBITDA	**16,480,412**	15,191,640
Segment depreciation	**3,411,649**	3,166,946
Segment EBIT	**13,068,764**	12,024,694

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.

The revenue increased by 5.7 %, due to the passenger growth. EBITDA improved by Euro 1.0 million to Euro 9.3 million. Taking account depreciation and amortisation, a segment EBIT of Euro 7.5 million was achieved, which is an improvement of Euro 0.8 million or 11.9%. The EBITDA margin rose from 40.6 % to 42.8 %, while the EBIT margin improved from 32.6 % to 34.5 %

Retail & Property segment

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

The revenue improved from Euro 9.1 million to Euro 9.5 million, a 4.2 % increase. The operating costs are almost on the same level as in the previous period. Therefore EBITDA increased by 5.2 % to Euro 7.0 million. Depreciation is up 5.4 % compared to previous period. The EBITDA margin rose from 73.2% to 73.9 % and the EBIT margin increased as well from 56.5 % to 57.0 %

Other

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

30-Jun-16	Airport	Retail & Property	Other	Group
Segment Revenue (external)	**21,767,919**	**9,511,632**	**134,408**	**31,413,960**
Staff costs and other operating costs	(12,450,285)	(2,483,262)	-	(14,933,546)
Segment EBITDA	**9,317,634**	**7,028,370**	**134,408**	**16,480,413**
Segment depreciation	(1,808,879)	(1,602,770)	-	(3,411,649)
Segment EBIT	**7,508,756**	**5,425,600**	**134,408**	**13,068,764**
Investment income				587,079
Finance cost				(1,054,925)
Release of deferred income arising on the sale of terminal buildings and fixtures				104,382
Profit before tax				**12,705,300**
EBITDA Margin	42.8%	73.9%	n.a.	52.5%
EBIT Margin	34.5%	57.0%	n.a.	41.6%

30-Jun-15	Airport	Retail & Property	Other	Group
Segment Revenue (external)	20,593,101	9,125,968	158,403	29,877,472
Staff costs and other operating costs	(12,238,349)	(2,447,483)		(14,685,832)
Segment EBITDA	8,354,752	6,678,485	158,403	15,191,640
Segment depreciation	(1,646,354)	(1,520,592)		(3,166,946)
Segment EBIT	6,708,398	5,157,893	158,403	12,024,694
Investment income				404,554
Finance cost				(1,097,539)
Release of deferred income arising on the sale of terminal buildings and fixtures				104,382
Profit before tax				11,436,091
EBITDA Margin	40.6%	73.2%	n.a.	50.8%
EBIT Margin	32.6%	56.5%	n.a.	40.2%

5. Number of employees

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

	30 June 2016	30 June 2015
Employees	**304**	300

6. Income tax

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

7. Property, plant and equipment

During the first six months of the year the group spent Euro 2.1 million (2015 – Euro 1.4 million) on the completion of various projects within the terminal.

8. Available-for-sale financial assets

	Local Listed Fund	Total
	EUR	EUR
At 30 June 2016	**98,848**	**98,848**

	Local Listed Fund	Total
	EUR	EUR
At 31 December 2015	100,330	100,330

Available-for-sale financial asset - Fund

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

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

8. Available-for-sale financial assets (continuing)

As at 30 June 2016, the group held the following financial instruments measured at fair value:

	30 June 2016 EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Assets measured at fair value				
Fund	**98,848**	**98,848**	-	-

	31 December 2015 EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Assets measured at fair value				
Fund	100,330	100,330	-	-

During the reporting periods ended 30 June 2016 and 31 December 2015, there were no transfers between Level 1 and Level 2 fair value measurements for financial instruments, and no transfers into and out of Level 3 fair value measurements for financial instruments.

9. Borrowings

Repayments of bank loans amounting to Euro 1,843,923 (2015: Euro 2.5 million) were made in line with previously disclosed repayment terms.

The Company has a bullet payment, amounting to Euro 23,293,734, which was due for repayment on 19 April 2016. The conditions for a prolongation of the bullet loan including a part repayment between MIA and BOV are agreed. An amount of EUR 8.3 million will be paid in August; the remaining Euro 15 million will be prolonged for more than 12 months and consequently it is being presented with non-current liabilities.

10. Contingencies and commitments

There were no major changes in contingent liabilities as reported in the group's annual financial statements of 2015. Regarding the dispute with two contractors involved in the construction of Skyparks Business Centre see note 15.

At 30 June 2016, the group had capital commitments of approximately Euro 4.8 million (31.12.2015 - Euro 2.2 million) in respect of the terminal and airfield.

11. Related party disclosures

During the course of the period, the group entered into transactions with related parties as set out below:

The related party transactions in question were:

	30.06.2016			30.06.2015		
	Related party activity EUR	**Total activity EUR**	**%**	Related party activity EUR	Total activity EUR	%
Revenue:						
Related party transactions with:						
Entities which are controlled by Government	**6,910,742**			8,380,887		
Entities which (previous period: jointly) control the Company's parent	**1,391**			1,410		
	6,912,133	**31,413,960**	**22%**	8,382,297	29,877,472	28%
Staff and other operating costs:						
Related party transactions with:						
Key management personnel of the Group	**198,799**			245,764		
Related parties other than the parent and key management personnel of the Group	**2,412,245**			2,272,736		
	2,611,044	**14,933,546**	**17%**	2,518,500	14,685,832	17%

The Group´s other operating costs for the current year in relation to related parties other than the parent and key management personnel comprise EUR 1,273,364 (H1/2015: EUR 1,175,557) in connection with entities controlled by Government and EUR 1,138,881 (H1/2015: EUR 1,097,179) in connection with entities which jointly (until 30th of March 2016) control the Company´s parent.

Because the closing conditions were fulfilled, SNC-Lavalin Group Inc.'s indirect shares in MMLC Holdings Malta Limited (MMLC Holding, formerly SNC-Lavalin (Malta) Limited, SNCL Malta) were acquired by the Flughafen Wien Group on the closing date of 30 March 2016. MMLC Holding has a 38.75% stake in the consortium company Malta Mediterranean Link Consortium Limited (MMLC), which in turn holds 40% in Malta International Airport plc (MIA group). Flughafen Wien AG's consolidated share in Malta Airport therefore increased to 48.44%. As a result of this transaction, the Flughafen Wien Group has control over the MIA Group

In addition to the above, the details of the material contracts entered into by the group in the period ended 30 June 2016 with its substantial shareholders and their related parties are listed below:

Related party disclosures (continued)

Malta Mediterranean Link Consortium Limited

The provision for Technical Services by the Group's strategic partners VIE Operations Limited and SNC-Lavalin Inc. gives rise to an expense of EUR 865,227 (30.06.2015 – EUR 792, 393).

The Government of Malta

(i) The terminal and other land lease agreements with Malita Investments plc for EUR 503,092 (30.06.2015 – EUR 497,743);
(ii) The contract for contribution to the Malta Tourism Authority for EUR 116,468 (30.06.2015 – EUR 116,468);
(iii) The contract with the Armed Forces of Malta for the security of the restricted areas at the Airport for an expense of EUR 900,000 (30.06.2015 – EUR 900,000);
(iv) The provision of Air Navigation Services and other services by Malta Air Traffic Services Limited for an expense of EUR 460,588 (30.06.2015 – EUR 460,588);
(v) The provision of Meteorological Services and other services to Malta Air Traffic Services Limited for revenue of EUR 368,469 (30.06.2015 – EUR 368,469);
(vi) The contract with EneMed Co Ltd. for fuel throughput charges generated the amount of EUR 180,558 (30.06.2015 – EUR 168,610) in revenue;
(vii) The ground handling and concession agreements with Air Malta plc and its subsidiaries that generated income of EUR 804,470 (30.06.2015 – EUR 885,711).

Property, plant and equipment include land held on temporary emphyteusis, which relates to the land assigned by the Government of Malta to the group by title of temporary emphyteusis. The annual payments are amortised over the remaining term of the lease in accordance with IAS17.

12. Dividends

During the interim period, a net dividend of € 0.07 (2015: €0.08) per share was paid to the shareholders of the parent company.

13. Fair value of financial assets and financial liabilities

At 30 June 2016 and 31 December 2015 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 liabilities are not materially different from their carrying amounts, because they carry an arm's length interest that is repriced periodically.

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

	Fair value measurement at the end of the reporting period using			
	30.06.2016 Carrying amount EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Financial liabilities				
Financial liabilities at amortised cost:				
Bank loans	**55,254,218**	-	**55,254,218**	-

	Fair value measurement at the end of the reporting period using			
	31.12.2015 Carrying amount EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR
Financial liabilities				
Financial liabilities at amortised cost:				
Bank loans	57,098,141	-	57,098,141	-

The Fair Value of the available for sale instrument is disclosed in note 8.

14. Seasonality of the airport business

The revenue and earnings of the first six months of the year generally represents around 45% of the total annual revenue and earnings of the group. The first quarter of the year is generally around 16% and the second quarter is approximately 29% of the total revenue and earnings of the group

15. Events after the reporting period

The dispute with two contractors involved in the construction of Skyparks Business Centre could be settled in July 2016.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

30 June 2016

I confirm that to the best of my knowledge:

a. the condensed consolidated financial statements give a true and fair view of the financial position of the group as at 30 June 2016, financial performance and cash flows for the period then ended, in accordance with accounting standards adopted for use in the EU for interim financial statements (*adopted IAS 34 'Interim Financial Reporting'*); and

b. the interim Directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

Karl Dandler
Chief Financial Officer