



30th March, 2004

COMPANY ANNOUNCEMENT

Quote

'The Board of Directors of Maltacom p.l.c. has today, the 30th March 2004, met, discussed and resolved that the Financial Statements for the year ended 31st December, 2003, be submitted for the approval of the Shareholders at the forthcoming Sixth Annual General Meeting of the Company. In terms of Listing Rules 8.6.1 and 8.6.2 of the Malta Financial Services Authority, Listing Authority Listing Rules, and in accordance with the Listing Rules of the United Kingdom Listing Authority, an extract from the above mentioned Financial Statements (preliminary statement of results), is hereto being attached.

The Board is also proposing that the Annual General Meeting approves the payment of a Net Dividend of Lm0-03c7 per share [after taxation], to all shareholders of Maltacom p.l.c. registered at the closure of business on the 21st of April, 2004. The dividend is being declared out of the Accumulated Profits, which were taxable at 30% and out of exempt profits generated in terms of sub-article 1 of article 9 of the Business Promotion Act.

At the said Meeting the Board also fixed the 21st of April, 2004, as the "Record Date", and hence, the Shareholders on the Company's Register at the Central Securities Depository of the Malta Stock Exchange following closing of business on the 21st of April 2004:

- i) will receive notice of, and will be entitled to attend and to vote at the forthcoming Sixth Annual General Meeting of the Company, and**
- ii) will be paid the Dividend as approved by the Annual General Meeting.**

Moreover the Board also decided that the said Sixth Annual General Meeting should be held on the 21st of May 2004 at 1000 hours, at the Mediterranean Conference Centre, Valletta, Malta.

Copies of the Annual Report, including the Financial Statements and Accounts will be made available by the 1st of May, 2004, from the Company Secretary, Maltacom p.l.c., G.P.O. Box 175, Marsa.

Unquote

A handwritten signature in cursive script, reading "Ray Fava".

**Raymond Fava
Company Secretary**

Maltacom p.l.c.

Preliminary Statement of Group Results and State of Affairs

At and for the Year Ended 31 December 2003

	2003		2002	
	Lm000	€000	Lm000	€000
FINANCIAL HIGHLIGHTS				
Turnover	55,165	127,801	54,580	126,445
Profit before Taxation	20,629	47,792	13,484	31,237
Profit for the Year	13,076	30,294	9,633	22,315
Total Assets	129,823	300,761	126,667	293,449
Shareholders' Funds	77,954	180,595	68,652	159,046
PROFIT AND LOSS ACCOUNT				
Turnover	55,165	127,801	54,580	126,445
Cost of Sales	(28,961)	(67,094)	(29,271)	(67,678)
Gross Margin	26,204	60,707	25,309	58,767
Administrative and Distribution Expenses	(9,963)	(23,081)	(11,284)	(26,276)
Other Operating Income	(237)	(549)	719	1,666
Other Operating Charges	(708)	(1,640)	(1,066)	(2,470)
	(945)	(2,189)	(347)	(804)
Operating Profit before Exceptional Items	15,296	35,437	13,678	31,687
Exceptional Items	6,453	14,950	635	1,471
Operating Profit	21,749	50,387	14,313	33,158
Investment and Similar Income	407	943	781	1,809
Interest and Similar Charges	(1,344)	(3,114)	(1,471)	(3,408)
Equity Share of Associated Undertakings' Results	(183)	(424)	(139)	(322)
	(1,120)	(2,595)	(829)	(1,921)
Profit before Taxation	20,629	47,792	13,484	31,237
Taxation	(7,553)	(17,498)	(3,851)	(8,922)
Profit for the Year	13,076	30,294	9,633	22,315
Earnings per Share	12c9	30c	9c5	22c

BALANCE SHEET

	2003		2002	
	Lm000	€000	Lm000	€000
Fixed Assets				
Intangible Assets	706	1,636	768	1,779
Tangible Assets	72,407	167,745	75,684	175,337
Investment in Associated Undertakings	1,046	2,423	1,252	2,900
Other Financial Assets	1,192	2,762	1,682	3,898
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	75,351	174,566	79,386	183,914
Other Long-Term Assets				
Deferred Taxation	4,116	9,536	3,083	7,142
Debtors	-	-	1,157	2,680
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	79,467	184,102	83,626	193,736
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Current Assets				
Stocks	1,019	2,361	1,700	3,938
Property Held for Resale	1,261	2,921	-	-
Debtors	32,062	74,277	35,095	81,305
Current Investments	-	-	2,626	6,084
Cash in Hand and at Bank	16,014	37,100	3,620	8,386
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	50,356	116,659	43,041	99,713
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Creditors: Amounts falling due within One Year				
Bank Loans	4,624	10,712	2,394	5,546
Other Bank Borrowings	10,919	25,296	13,462	31,187
Creditors	23,861	55,280	24,103	55,839
Taxation	296	686	67	156
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	39,700	91,974	40,026	92,728
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Net Current Assets	10,656	24,685	3,015	6,985
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Total Assets less Current Liabilities	90,123	208,787	86,641	200,721
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Creditors: Amounts falling due after more than One Year				
Bank Loans	12,169	28,192	17,989	41,675
	-----	-----	-----	-----
	77,954	180,595	68,652	159,046
	=====	=====	=====	=====
Capital and Reserves				
Called Up Issued Share Capital	25,328	58,677	25,328	58,677
Profit and Loss Account	44,079	102,118	36,425	84,386
Other Reserves	8,547	19,800	6,899	15,983
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	77,954	180,595	68,652	159,046
	=====	=====	=====	=====

CASH FLOW STATEMENT

	2003		2002	
	Lm000	€000	Lm000	€000
Cash Flows from Operating Activities				
Profit before Taxation	20,629	47,792	13,484	31,237
Adjustments for:				
Depreciation, Amortisation and Write Downs	9,760	22,611	8,529	19,759
Interest Expense	1,049	2,430	1,303	3,019
Investment Income and Interest Receivable	(407)	(943)	(641)	(1,485)
Share of Associated Undertakings' Results	183	424	139	322
Net Loss Arising on Decommissioning or Disposal of Tangible Fixed Assets and Transactions in Financial Fixed Assets	8	19	1	2
Net Increase in Provisions and Write Offs	69	160	1,447	3,352
Net Exceptional Gains	(6,453)	(14,950)	(635)	(1,471)
Capitalisation of Software Development	(98)	(227)	-	-
Operating Profit before Working Capital Changes	24,740	57,316	23,627	54,735
Decrease/(Increase) in Stocks	452	1,047	(150)	(348)
Decrease/(Increase) in Debtors	2,812	6,515	(11,558)	(26,776)
Increase in Creditors	1,296	3,002	1,263	2,929
Movement in Group Undertakings' Balances	25	58	1,386	3,211
Settlement of Restructuring Costs	(934)	(2,164)	(785)	(1,819)
Cash Generated from Operations	28,391	65,774	13,783	31,932
Interest Received	70	162	20	46
Interest Paid on Bank Overdrafts	(373)	(864)	(191)	(442)
Net Taxation Paid	(8,195)	(18,985)	(5,061)	(11,725)
Input VAT Credit Received	351	813	200	462
VAT Received on International Interconnection Revenue	(2,814)	(6,519)	-	-
Net Cash from Operating Activities	17,430	40,381	8,751	20,273
Cash Flows from Investing Activities				
Payments to Acquire Intangible Fixed Assets	-	-	(21)	(49)
Payments to Acquire Tangible Fixed Assets	(9,442)	(21,874)	(13,955)	(32,330)
Receipts from Disposal of Tangible Fixed Assets	3	7	4	9
Receipts from Disposal of Financial Fixed Assets	13,856	32,100	-	-
Dividends Received	200	463	400	928
Net Cash from/(used in) Investing Activities	4,617	10,696	(13,572)	(31,442)
Cash Flows from Financing Activities				
Proceeds from Long Term Borrowings	-	-	210	487
Repayments of Long Term Borrowings	(3,590)	(8,317)	(2,391)	(5,539)
Dividends Paid	(2,624)	(6,079)	(2,269)	(5,257)
Loan Interest Paid	(995)	(2,305)	(1,168)	(2,706)
Net Cash used in Financing Activities	(7,209)	(16,701)	(5,618)	(13,015)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	12	28	(18)	(42)
Net Increase/(Decrease) in Cash and Cash Equivalents	14,850	34,404	(10,457)	(24,226)
Cash and Cash Equivalents at Beginning of Year	(9,755)	(22,600)	615	1,425
Cash and Cash Equivalents at End of Year	5,095	11,804	(9,842)	(22,801)

Review of Group Operations

31 December 2003

Review of Group Operations

Introduction

The financial information has been extracted from Maltacom p.l.c.'s audited consolidated financial statements, for the years ended 31 December 2003 and 2002. These figures are being published in terms of the Listing Rules published by the Listing Authority of the Malta Financial Services Authority, and the Listing Rules of the United Kingdom Financial Services Authority, and have been drawn up in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board and the accounting policies adopted by the Group.

Performance

The Maltacom Group has recorded a profit for the year before taxation amounting to Lm20.6 million (€47.8 million) (2002: Lm13.5 million (€31.2 million)). This represents a return of 28.1% (2002: 20.6%) on the average shareholders' funds and of 15.8% (2002: 11.2%) on the average total assets employed. Earnings per share for the year amounted to 12c9 (€0.30) (2002: 9c5 (€0.22)).

The gross margin for the year amounted to Lm26.2 million (€60.7 million) (2002: Lm25.3 million (€58.8million)), equivalent to 47.5% (2002: 46.4%) of total revenues. Net operating costs amounted to Lm34.5 million (€80.0 million) (2002: Lm41.1 million (€95.2 million)) and include mainly the provision for VAT on the Company's international incoming interconnection revenue and other VAT claims on subsidiary undertakings, impairment charges on tangible fixed assets, interconnection charges with other operators, labour and depreciation and are net of the profit on disposal of the investment in Vodafone Malta Limited and Inmarsat Ventures plc. The tax expense for the year amounted to Lm7.6 million (€17.5 million) (2002: Lm3.9 million (€8.9 million)) and represents an effective tax rate of 36.6% (2002: 28.6 %).

A final dividend of 3c7 (€0.09) (2002: 3c7 (€0.09)) per share net of taxation is proposed for the year under review and, if approved, is payable on the 31st May 2004. In addition, an interim dividend of 1c2 (€0.03) per share net of taxation was declared on the 30th March 2004 and is payable on the 30th April 2004.

Balance Sheet

Group total assets at balance sheet date stood at Lm129.8 million (€300.8 million) (2002: Lm126.7 million (€293.4 million)). Loans by financial institutions amounted to Lm16.8 million (€38.9 million) (2002: Lm20.4 million (€47.2 million)) and finance 21.1% (2002: 24.4%) of the Group's fixed assets.

Debtors, net of provisions for doubtful debts, amounted to Lm32.1 million (€74.3 million) (2002: Lm36.3 million (€84.0 million)). Of these, 71.4% (2002: 67.5%) represent amounts invoiced and receivable in respect of services rendered and goods sold by the Group. The Group's trade and capital creditors at the end of the year amounted to Lm17.2 million (€39.8 million) (2002: Lm14.5 million (€33.6 million)).

Shareholders' funds amounted to Lm78.0 million (€180.6 million) (2002: Lm68.7 million (€159.0 million)). They finance 60.0% (2002: 54.2%) of the Group's total assets. The Group's net asset value per share stands at Lm0.769 (€1.78) (2002: Lm0.678 (€1.57)).

Share Register Information as at 31 December 2003

	% Interest in the Company
Mr S Muscat	0.029
Mr J A Ellul Vincenti	0.002
Mr P J Baldacchino	0.001
Mr S Sciberras	0.005

Shareholders

- (a) The shareholders holding in excess of 3% of the equity share capital as shown in the Company's Register of Shareholders as at the close of business on 31 December 2003 were:

	Number of Ordinary Shares	Percentage Held (%)
Government of Malta	60,786,288	60.0
Maltacom Employees' Foundation	3,039,315	3.0

- (b) As at 31 December 2003, the Company's issued share capital, which consists of ordinary shares with equal voting rights attached, was held by 8,443 shareholders as follows:

Range	Shareholders
1 - 500	1,293
501 - 1000	1,641
1001 - 5000	4,751
5000 and over	758

	<u>8,443</u>

Source of Information

The financial information contained herein have been extracted from the audited consolidated financial statements of the Company, which financial statements were approved by the Board of Directors on 30th March 2004 and are to be laid before the members in the general meeting on the 21st May 2004.

Raymond Fava
Company Secretary

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30 March 2004