



10th September, 2004

COMPANY ANNOUNCEMENT

QUOTE

The Board of Directors of Maltacom p.l.c. duly convened for Meeting No. 128 of the Company, held on Thursday, the 9th of September, 2004, met, discussed and approved the Group's Financial Statements for the period ended 30th of June, 2004.

An extract from the above mentioned statements, is hereby being attached.

UNQUOTE

A handwritten signature in cursive script that reads "Ray Fava".

**Raymond Fava
Company Secretary**

Maltacom p.l.c.

Preliminary Statement of Group Results and State of Affairs

At and For the Period Ended 30 June 2004

	6 Months 30.06.04	6 Months 30.06.03	Year 31.12.03
	Lm000	Lm000	Lm000
FINANCIAL HIGHLIGHTS			
Turnover	26,947	27,018	55,165
Profit before Taxation	6,178	4,927	20,629
Profit for the Period	4,051	3,266	13,076
Total Assets	125,343	125,133	129,823
Shareholders' Funds	76,836	68,170	77,954
PROFIT AND LOSS ACCOUNT			
Turnover	26,947	27,018	55,165
Cost of Sales	(15,007)	(13,931)	(28,961)
Gross Margin	11,940	13,087	26,204
Administrative and Distribution Expenses	(5,210)	(5,115)	(9,963)
Other Operating Income	131	97	(237)
Other Operating Charges	(306)	(362)	(708)
	(175)	(265)	(945)
Operating Profit before Exceptional Items	6,555	7,707	15,296
Exceptional Items	-	(2,279)	6,453
Operating Profit	6,555	5,428	21,749
Investment and Similar Income	113	320	407
Interest and Similar Charges	(417)	(742)	(1,344)
	(304)	(422)	(937)
Profit from Direct Operations	6,251	5,006	20,812
Equity Share of Associated Undertakings' Results	(73)	(79)	(183)
Profit before Taxation	6,178	4,927	20,629
Taxation	(2,127)	(1,661)	(7,553)
Profit for the Period	4,051	3,266	13,076
Earnings per Share	4c0	3c2	12c9

BALANCE SHEET

	30.06.04	30.06.03	31.12.03
	Lm000	Lm000	Lm000
Fixed Assets			
Intangible Assets	676	738	706
Tangible Fixed Assets	70,010	76,674	72,407
Investments in Associated Undertakings	998	1,197	1,046
Other Financial Assets	4,701	1,682	1,192
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	76,385	80,291	75,351
Other Long-Term Assets			
Deferred Taxation	3,461	3,435	4,116
	-----	-----	-----
	79,846	83,726	79,467
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Current Assets			
Stocks	925	2,066	1,019
Property Held for Resale	1,265	-	1,261
Debtors	32,180	33,420	32,062
Current Investment	-	2,626	-
Cash in Hand and at Bank	11,127	3,295	16,014
	-----	-----	-----
	45,497	41,407	50,356
	-----	-----	-----
Creditors: Amounts falling due within One Year			
Bank Loans	3,956	4,794	4,624
Other Bank Borrowings	8,536	8,743	10,919
Creditors	24,014	27,490	23,861
Taxation	1,559	1,541	296
	-----	-----	-----
	38,065	42,568	39,700
	-----	-----	-----
Net Current Assets/(Liabilities)	7,432	(1,161)	10,656
	-----	-----	-----
Total Assets less Current Liabilities	87,278	82,565	90,123
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Creditors: Amounts falling due after more than One Year			
Bank Loans	10,442	14,395	12,169
	-----	-----	-----
	76,836	68,170	77,954
	=====	=====	=====
Capital and Reserves			
Called Up Issued Share Capital	25,328	25,328	25,328
Profit and Loss Account	50,066	38,912	44,079
Other Reserves	1,442	3,930	8,547
	-----	-----	-----
	76,836	68,170	77,954
	=====	=====	=====

This report has been extracted from the unaudited interim financial statements of the Group which were approved by the Board of Directors on 9 September 2004. Comparative information for the year ended 31 December 2003 has been extracted from the audited financial statements for the year ended as at that date.

CASH FLOW STATEMENT

	6 Months 30.06.04	6 Months 30.06.03	Year 31.12.03
	Lm000	Lm000	Lm000
Cash Flows from Operating Activities			
Profit before Taxation	6,178	4,927	20,629
Adjustments for:			
Depreciation, Amortisation, Impairment and Write Downs	4,923	4,577	9,760
Interest Expense	356	623	1,049
Investment Income and Interest Receivable	(83)	(320)	(407)
Share of Associated Undertakings' Results	73	79	183
Net (Gain)/Loss Arising on Decommissioning or Disposal of Tangible Fixed Assets and Transactions in Financial Fixed Assets	(13)	(1)	8
Net Decrease in Provisions and Write Offs/Write Backs	149	249	69
Loss on Merger of Subsidiary's Results	150	-	-
Calculation of Software Development	-	-	(98)
Net Exceptional Charge/(Gains)	-	2,279	(6,453)
	-----	-----	-----
	11,733	12,413	24,740
Working Capital Changes:			
(Increase)/Decrease in Stocks	(1)	(452)	452
(Increase)/Decrease in Debtors	(445)	1,211	2,812
Increase in Creditors	300	2,401	1,296
Movement in Associated Undertakings' Balances	187	2	25
Settlement of Restructuring Costs	(25)	(919)	(934)
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Cash Generated from Operations	11,749	14,656	28,391
Interest Received	60	10	70
Interest Paid on Bank Overdrafts	(58)	(238)	(373)
Net Taxation Paid	(86)	(531)	(8,195)
VAT Paid on International Interconnection Revenue	-	-	(2,814)
Input VAT Credit Received	-	351	351
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Net Cash from Operating Activities	11,665	14,248	17,430
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Cash Flows from Investing Activities			
Payments to Acquire Tangible Fixed Assets	(2,870)	(5,685)	(9,442)
Payments to Acquire Financial Fixed Assets	(3,833)	-	-
Amounts Advanced to Group and Associated Undertakings	(7)	-	-
Receipts from Disposal of Tangible Fixed Assets	10	2	3
Receipts from Disposal and Realisation of Financial Fixed Assets	-	-	13,856
Dividends Received	1	-	200
	-----	-----	-----
Net Cash (used in)/from Investing Activities	(6,699)	(5,683)	4,617
	-----	-----	-----
Cash Flows from Financing Activities			
Repayment of Long Term Borrowings	(2,397)	(1,172)	(3,590)
Dividends Paid	(4,927)	(2,624)	(2,624)
Loan Interest Paid	(401)	(555)	(995)
	-----	-----	-----
Net Cash used in Financing Activities	(7,725)	(4,351)	(7,209)
	-----	-----	-----
Effect of Exchange Rate Changes in Cash and Cash Equivalents	21	22	12
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Net (Decrease)/Increase in Cash and Cash Equivalents	(2,738)	4,236	14,850
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Cash and Cash Equivalents at Beginning of Period	5,329	(9,684)	(9,755)
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Cash and Cash Equivalents at End of Period	2,591	(5,448)	5,095
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Explanatory Notes

For the Period from 1 January 2004 to 30 June 2004

1 Basis of Preparation

This interim financial report has been compiled in compliance with the requirements of International Accounting Standard 34 'Interim Financial Reporting' promulgated by the International Accounting Standards Board and complies with the Listing Rules published by the Listing Authority of the Malta Financial Services Authority.

The accounting policies adopted in the preparation of these interim financial statements are the same as those that had been adopted in the preparation of the audited financial statements for the year ended 31 December 2003.

2 Segmental Information

	Turnover	Segment Result
	Lm000	Lm000
Regulated Activities:		
Core Network	2,534	635
Local Access Network	2,996	(1,963)
Retail Business	13,078	6,117
Other Business	7,280	1,851
Non-Regulated and Other Activities	1,059	(85)
	-----	-----
	26,947	6,555
	=====	=====

3 Property, Plant and Equipment

Movements on property, plant and equipment during the period were:

	Lm000
Net Acquisitions	2,381
	=====

4 Changes in Contingent Liabilities

This contingent liability in the audited financial statements for the year ended 31 December 2003 was removed: The Company may have incurred further costs in connection with certain services received and provided, which total expenditure may have amounted to Lm194,685.

Local guarantees provided by the Company and subsidiary undertakings in favour of third parties have changed from Lm41,000 and Lm2,350 to Lm20,000 and Lm4,507 respectively and guarantees provided by the Company for banking facilities availed by the subsidiaries have been reduced from Lm14,750,000 to Lm11,900,000. Also, the banking facilities being granted to Telepage Limited have been reduced from Lm366,060 to Lm226,660.

Furthermore, the Company has committed itself to support another subsidiary undertaking in meeting its liabilities as and when they are due.

5 Capital Commitments

Commitments at the balance sheet date for the acquisition of property, plant and equipment amounted to Lm10.7 million.

Review of Group Operations

30 June 2004

Review of Group Operations

Introduction

The financial information has been extracted from Maltacom p.l.c.'s unaudited consolidated financial statements, for the period between 1 January 2004 and 30 June 2004. The comparative amounts reflect the position and results of the Group for the period between 1 January 2003 and 30 June 2003 and as included in the audited financial statements for the year ended 31 December 2003.

Performance

The Maltacom Group has recorded a profit for the period before taxation amounting to Lm6.2 million (2003 Six Months: Lm4.9 million; 2003 Year: Lm20.6 million). This represents an annualised return of 16.0% (2003 Six Months annualised: 14.4%; 2003 Year: 28.1%) on the average shareholders' funds and of 9.7% (2003 Six Months annualised: 7.8%; 2003 Year: 16.1%) on the average total assets employed. Earnings per share for the period amounted to 4c0 (2003 Six Months: 3c2; 2003 Year: 12c9).

The gross margin for the period amounted to Lm11.9 million (2003 Six Months: Lm13.1 million; 2003 Year: Lm26.2 million), equivalent to 44.3% (2003 Six Months: 48.4%; 2003 Year: 47.5%) of turnover. Net operating costs amounted to Lm20.8 million (2003 Six Months: Lm22.1 million; 2003 Year: Lm34.5 million) and mainly represent interconnection charges with other operators, labour charges and depreciation. The tax expense for the period amounted to Lm2.1 million (2003 Six Months: Lm1.7 million; 2003 Year: Lm7.6 million) and represents an effective tax rate of 34.4% (2003 Six Months: 33.7%; 2003 Year: Lm36.6%).

An interim dividend of 1c2 per share net of taxation was declared on the 30th March 2004 and paid on the 30th April 2004.

Balance Sheet

Group total assets at balance sheet date stood at Lm125.3 million (2003 Six Months: Lm125.1 million; 2003 Year: Lm129.8 million). Loans by financial institutions amounted to Lm14.4 million (2003 Six Months: Lm19.2 million; 2003 Year: Lm16.8 million) and finance 18.0% (2003 Six Months: 22.9%; 2003 Year: 21.1%) of the Group's fixed assets.

Debtors, net of provisions for doubtful debts, amounted to Lm32.2 million (2003 Six Months: Lm33.4 million; 2003 Year: Lm32.1 million). Of these, 75.7% (2003 Six Months: 71.3%; 2003 Year: 71.4%) represent invoiced amounts receivable in respect of services rendered and goods sold by the Group. The Group's trade and capital creditors at the end of the period amounted to Lm16.6 million (2003 Six Months: Lm14.1 million; 2003 Year: Lm17.2 million).

Shareholders' funds amounted to Lm76.8 million (2003 Six Months: Lm68.2 million; 2003 Year: Lm78.0 million). They finance 61.3% (2003 Six Months: 54.5%; 2003 Year: 60.0%) of the Group's total assets. The Group's net asset value per share stands at Lm0.758 (2003 Six Months: Lm0.673; 2003 Year: Lm0.769).