



8th April, 2005

COMPANY ANNOUNCEMENT

QUOTE

The Board of Directors of Maltacom p.l.c. has today, Thursday, the 7th of April, 2005, met, discussed and resolved that the Financial Statements for the year ended 31st December 2004, be submitted for the approval of the Shareholders at the forthcoming Seventh 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 Lm 0.02c1 per Share, [after taxation] to all shareholders of Maltacom p.l.c. registered at the closure of business on the 22nd April, 2005. Of this dividend, which is all being declared out of Accumulated Profits, Lm 0.00c9 is being declared out of profits which were taxable at 30% and Lm 0.01c2 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 22nd of April 2005, 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 22nd of April, 2005:

- i) will receive notice of, and will be entitled to attend and to vote at the forthcoming Seventh 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 Annual General Meeting should be held on Friday the 20th of May 2005 at 1000 hours, at the Hilton Malta Conference Centre, St.Julians, Malta.

Copies of the Annual Report, including the Financial Statements and Accounts will be made available by Monday the 2nd of May 2005, from the Company Secretary, Maltacom p.l.c., G.P.O. Box 175, Marsa.

UNQUOTE

**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 2004

	2004	2003	2004	2003
	Lm000	Lm000	€000	€000
FINANCIAL HIGHLIGHTS				
Turnover	54,676	55,143	125,837	126,912
Profit before Taxation	11,998	20,629	27,614	47,477
Profit for the Year	6,825	13,076	15,708	30,094
Total Assets	115,658	129,823	266,187	298,787
Shareholders' Funds	78,199	77,954	179,974	179,411
PROFIT AND LOSS ACCOUNT				
Turnover	54,676	55,143	125,837	126,912
Cost of Sales	(29,853)	(28,941)	(68,707)	(66,608)
Gross Margin	24,823	26,202	57,130	60,304
Administrative and Distribution Expenses	(10,106)	(9,865)	(23,259)	(22,704)
Other Operating Income	526	(214)	1,211	(493)
Other Operating Charges	(804)	(708)	(1,850)	(1,629)
	(278)	(922)	(639)	(2,122)
Contributions for Pensions and Gratuities	(1,053)	(99)	(2,423)	(228)
Provision for Value Added Tax	-	(2,494)	-	(5,740)
Impairment Loss on Tangible Assets	(175)	(1,509)	(403)	(3,473)
	(1,228)	(4,102)	(2,826)	(9,441)
Operating Profit	13,211	11,313	30,406	26,037
Investment and Similar Income	226	407	520	937
Interest and Similar Charges	(891)	(1,345)	(2,051)	(3,096)
Impairment Loss on Equity Investments	(372)	(2)	(856)	(5)
(Loss)/Profit on Realisation of Equity Investments	(21)	10,437	(48)	24,021
	(1,058)	9,497	(2,435)	21,857
Profit from Direct Operations	12,153	20,810	27,971	47,894
Share of Associated Undertakings' Results	(155)	(181)	(357)	(417)
Profit before Taxation	11,998	20,629	27,614	47,477
Taxation	(5,173)	(7,553)	(11,906)	(17,383)
Profit for the Year	6,825	13,076	15,708	30,094
Earnings per Share	6c7	12c9	16c	30c

BALANCE SHEET

	2004	2003	2004	2003
	Lm000	Lm000	€000	€000
Non-Current Assets				
Intangible Assets	646	706	1,487	1,625
Tangible Assets	67,240	72,407	154,753	166,645
Investments in Associated Undertakings	906	1,046	2,085	2,407
Other Equity Investments	623	1,192	1,434	2,743
Debt Securities Available-for-Sale	4,238	-	9,754	-
Deferred Taxation	2,854	4,116	6,568	9,473
	<u>76,507</u>	<u>79,467</u>	<u>176,081</u>	<u>182,893</u>
Current Assets				
Inventories	902	1,019	2,076	2,345
Term Deposit Investment	50	-	115	-
Property Held for Resale	1,265	1,261	2,911	2,902
Debtors	24,454	32,062	56,281	73,791
Cash in Hand and at Bank	12,480	16,014	28,723	36,856
	<u>39,151</u>	<u>50,356</u>	<u>90,106</u>	<u>115,894</u>
Current Liabilities				
Bank Loans	3,453	4,624	7,947	10,642
Other Bank Borrowings	5,956	10,919	13,708	25,130
Creditors	18,666	23,861	42,960	54,916
Taxation	643	296	1,481	681
	<u>(28,718)</u>	<u>(39,700)</u>	<u>(66,096)</u>	<u>(91,369)</u>
Net Current Assets	<u>10,433</u>	<u>10,656</u>	<u>24,010</u>	<u>24,525</u>
Total Assets less Current Liabilities	<u>86,940</u>	<u>90,123</u>	<u>200,091</u>	<u>207,418</u>
Non-Current Liabilities				
Bank Loans	8,717	12,169	20,062	28,007
Provision for Pensions' Liability	24	-	55	-
	<u>(8,741)</u>	<u>(12,169)</u>	<u>(20,117)</u>	<u>(28,007)</u>
	<u>78,199</u>	<u>77,954</u>	<u>179,974</u>	<u>179,411</u>
Capital and Reserves				
Called Up Issued Share Capital	25,328	25,328	58,292	58,292
Retained Earnings	49,088	44,079	112,976	101,448
Other Reserves	3,783	8,547	8,706	19,671
	<u>78,199</u>	<u>77,954</u>	<u>179,974</u>	<u>179,411</u>

STATEMENT OF CHANGES IN EQUITY

	Total	Called Up Issued Share Capital	Retained Earnings	Other Reserve	Fair Value Reserve	Insurance Contingency Reserve	Dividend Payment Reserve
	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000
At 1 January 2003	68,652	25,328	36,425	3,151	-	-	3,748
Profit for the Year	13,076	-	13,076	-	-	-	-
Prior Year's Final Dividends Paid	(3,748)	-	-	-	-	-	(3,748)
Decrease in Fair Value of Investment	(40)	-	-	-	(40)	-	-
Deferred Taxation	14	-	-	-	14	-	-
Transfers from Retained Earnings:							
- unrealised gains recognised	-	-	(1,624)	1,624	-	-	-
- transfer to Insurance Contingency Reserve	-	-	(50)	-	-	50	-
- dividends proposed for approval by General Meeting	-	-	(3,748)	-	-	-	3,748
At 1 January 2004	77,954	25,328	44,079	4,775	(26)	50	3,748
Profit for the Year	6,825	-	6,825	-	-	-	-
Prior Year's Final Dividend Paid	(3,748)	-	-	-	-	-	(3,748)
Interim Dividends Paid	(2,837)	-	(2,837)	-	-	-	-
Net Increase in Fair Value of Investments	7	-	-	-	7	-	-
Deferred Taxation	(2)	-	-	-	(2)	-	-
Transfers from/to Retained Earnings:							
- unrealised gains recognised	-	-	3,199	(3,199)	-	-	-
- transfer to Insurance Contingency Reserve	-	-	(50)	-	-	50	-
- dividends proposed for approval by General Meeting	-	-	(2,128)	-	-	-	2,128
At 31 December 2004	78,199	25,328	49,088	1,576	(21)	100	2,128
<i>At 31 December 2004 (€000)</i>	<i>179,974</i>	<i>58,292</i>	<i>112,976</i>	<i>3,627</i>	<i>(48)</i>	<i>230</i>	<i>4,897</i>
<i>At 31 December 2003 (€000)</i>	<i>179,411</i>	<i>58,292</i>	<i>101,448</i>	<i>10,990</i>	<i>(60)</i>	<i>115</i>	<i>8,626</i>

CASH FLOW STATEMENT

	2004	2003	2004	2003
	Lm000	Lm000	€000	€000
Cash Flows from Operating Activities				
Profit before Taxation	11,998	20,629	27,614	47,477
Adjustments for:				
Depreciation, Amortisation, Impairment and Write Downs	10,043	9,760	23,115	22,463
Interest Expense and Amortisation of Investment	639	1,050	1,471	2,417
Investment Income and Interest Receivable	(226)	(407)	(520)	(937)
Share of Associated Undertakings' Results	155	181	357	417
Net Loss/(Gain) Arising on Decommissioning or Disposal of Tangible Assets and Transactions in Financial Assets	58	(10,429)	133	(24,002)
Net Increase in Provision and Write Offs/Write Backs	249	69	573	159
Capitalisation of Software Development	-	(98)	-	(226)
Contributions for Pensions and Gratuities	1,053	99	2,423	228
Provision for Value Added Taxation	-	2,494	-	5,740
Impairment Loss on Tangible Assets and Equity Investments	547	1,511	1,259	3,478
	24,516	24,859	56,425	57,214
Working Capital Changes:				
Movement in Inventories	(8)	452	(18)	1,040
Movement in Debtors	8,117	2,812	18,681	6,472
Movement in Creditors	(6,838)	1,177	(15,738)	2,706
Movement in Group Undertakings' Balances	29	25	67	58
Settlement of Restructuring Costs	(25)	(934)	(58)	(2,150)
Cash Generated from Operations	25,791	28,391	59,359	65,340
Interest Received	86	70	198	161
Interest Paid on Bank Overdrafts	(83)	(373)	(191)	(858)
Net Taxation Paid	(3,552)	(8,195)	(8,175)	(18,861)
VAT Paid on International Interconnection Revenue	(116)	(2,814)	(267)	(6,476)
Input VAT Credit Received	-	351	-	808
Payment for Pensions and Gratuities	(940)	-	(2,163)	-
Net Cash from Operating Activities	21,186	17,430	48,761	40,114
Cash Flows from Investing Activities				
Payments to Acquire Tangible Assets	(4,139)	(9,442)	(9,526)	(21,731)
Payments to Acquire Financial Assets	(4,464)	-	(10,274)	-
Receipts from Disposal of Tangible Assets	25	3	57	7
Receipts from Disposal and Realisation of Financial Assets	211	13,856	486	31,890
Amounts Advanced to Associated Undertaking	(7)	-	(16)	-
Dividends Received	1	-	2	-
Investment Income Received	144	200	331	460
Net Cash (used in)/from Investing Activities	(8,229)	4,617	(18,940)	10,626
carried forward	12,957	22,047	29,821	50,740

CASH FLOW STATEMENT

	2004	2003	2004	2003
	Lm000	Lm000	€000	€000
brought forward	12,957	22,047	29,821	50,740
Cash Flows from Financing Activities				
Repayment of Long Term Borrowings	(4,624)	(3,590)	(10,642)	(8,262)
Dividends Paid	(6,547)	(2,624)	(15,068)	(6,039)
Loan Interest Paid	(589)	(995)	(1,356)	(2,290)
Net Cash used in Financing Activities	(11,760)	(7,029)	(27,066)	(16,591)
Effect of Exchange Rate Changes in Cash and Cash Equivalents	155	12	357	28
Net Increase in Cash and Cash Equivalents	1,352	14,850	3,112	34,177
Cash and Cash Equivalents at Beginning of Year	5,172	(9,755)	11,903	(22,451)
Cash and Cash Equivalents at End of Year	6,524	5,095	15,015	11,726

Review of Group Operations

31 December 2004

Review of Group Operations

Introduction

The financial information in Lm has been extracted from Maltacom p.l.c.'s audited consolidated financial statements, for the years ended 31 December 2004 and 2003. 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, their interpretations adopted by the International Accounting Standards Board and the accounting policies adopted by the Group.

Performance

During the year, the Maltacom Group has recorded a profit before taxation amounting to Lm12.0 million (€27.6 million) (2003: Lm20.6 million (€47.5 million)). This represents a return of 15.4% (2003: 28.1%) on the average shareholders' funds and of 9.8% (2003: 16.1%) on the average total assets employed. Earnings per share for the year amounted to 6c7 (€0.16) (2003: 12c9 (€0.30)).

The gross margin for the year amounted to Lm24.8 million (€57.1 million) (2003: Lm26.2 million (€60.4 million)), equivalent to 45.4% (2003: 47.5%) of total revenues. Net operating costs amounted to Lm42.7 million (€98.2 million) (2003: Lm34.5 million (€79.4 million)) and mainly represent interconnection charges with other operators, labour, depreciation and contributions for pensions and gratuities. The tax expense for the year amounted to Lm5.2 million (€11.9 million) (2003: Lm7.6 million (€17.4 million)) and represents an effective tax rate of 43.1% (2003: 36.6 %).

Following an interim dividend of 1c6 (€0.04) which was declared on 24 November 2004 and paid on 20 December 2004, a final dividend of 2c1 (€0.05) (2003: 3c7 (€0.09)) per share net of taxation is proposed for the year under review and, if approved, is payable on 31 May 2005. In addition, an interim dividend of 1c2 (€0.03) per share net of taxation was declared on 30 March 2004 and was paid on 30 April 2004.

Balance Sheet

Group total assets at balance sheet date stood at Lm115.7 million (€266.2 million) (2003: Lm129.8 million (€298.8 million)). Loans by financial institutions amounted to Lm12.2 million (€28.0 million) (2003: Lm16.8 million (€38.6 million)) and finance 16.5% (2003: 22.3%) of the Group's fixed assets.

Debtors, net of provisions for doubtful debts, amounted to Lm24.5 million (€56.3 million) (2003: Lm32.1 million (€73.8 million)). Of these, 72.1% (2003: 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 year amounted to Lm13.2 million (€30.5 million) (2003: Lm17.2 million (€39.6 million)).

Shareholders' funds amounted to Lm78.2 million (€180.0 million) (2003: Lm78.0 million (€179.4 million)). They finance 67.6% (2003: 60.0%) of the Group's total assets. The Group's net asset value per share stands at Lm0.772 (€1.78) (2003: Lm0.769 (€1.77)).

Share Register Information as at 31 December 2004

	% Interest in the Company
The Noble Paul Testaferrata Moroni Viani	0.093
Mr P J Baldacchino	0.001

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 2004 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 2004, the Company's issued share capital, which consists of ordinary shares with equal voting rights attached, was held by 8,536 shareholders as follows:

Range	Shareholders
1 - 500	1,377
501 - 1000	1,661
1001 - 5000	4,710
5001 and over	788

	<u>8,536</u>

Source of Information

The financial information in Lm 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 7 April 2005 and are to be laid before the members in the general meeting on 20 May 2005.

Values stated in Euro for both the current and comparative years are presented solely as an aid to users of this financial information and represent the simple translation of the Lm amounts included in the audited consolidated financial statements at both 31 December 2004 and 31 December 2003 at the official closing middle rate of exchange between the Lm and the Euro as issued by the Central Bank of Malta, which at 31 December 2004 stood at 2.3015. This translation and the presentation of the information in Euro equivalents is for illustrative purposes only. In accordance with the interpretation of the International Financial Reporting Interpretations Committee of the International Accounting Standards Board, set out in SIC-30 *Reporting Currency - Translation from Measurement Currency to Presentation Currency*, all values stated in Euro are considered to be Supplementary Information and do not therefore form part of the financial statements prepared in accordance with IFRSs.

Raymond Fava
Company Secretary

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8 April 2005