



7th April, 2006.

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Maltacom p.l.c. pursuant to Malta Financial Services Authority Listing Rules 8.6.2, 8.6.19 and 9.53.

QUOTE

The Board of Directors of Maltacom p.l.c. has approved the attached Preliminary Statement of annual results for the financial year ended 31st December 2005 as agreed with the auditors KPMG.

The Board of Directors further resolved to recommend that the Annual General Meeting approves the payment of a final net dividend of Lm 0.04c5 per share. The final dividend will be paid on the 31st May, 2006 to all shareholders who are on the shareholders' register as at Friday the 21st of April 2006.

UNQUOTE

A handwritten signature in blue ink, appearing to read "Francis Galea Salomone". The signature is fluid and cursive, with a long horizontal stroke at the end.

**Francis Galea Salomone LL.D.
Company Secretary**

Maltacom p.l.c.

Preliminary Statement of Group Results and State of Affairs

At and For the year Ended 31 December 2005

	2005	2004	2005	2004
	Lm000	Lm000	€000	€000
FINANCIAL HIGHLIGHTS				
Revenue	54,960	54,676	128,024	127,362
Profit before taxation	16,056	12,020	37,401	27,999
Profit for the year	11,225	7,468	26,148	17,396
Total assets	116,219	115,623	270,721	269,332
Shareholders' funds	87,226	79,371	203,184	184,887
INCOME STATEMENT				
Revenue	54,960	54,676	128,024	127,362
Cost of sales	(28,564)	(30,020)	(66,537)	(69,928)
Write-back of international traffic and leased circuit costs	698	-	1,626	-
Gross profit	27,094	24,656	63,113	57,434
Other operating income	746	519	1,738	1,209
Administrative and distribution expenses	(11,310)	(10,275)	(26,346)	(23,935)
Contributions for pensions and gratuities	-	(1,053)	-	(2,453)
Other operating expenses	(955)	(796)	(2,225)	(1,854)
	(11,519)	(11,605)	(26,833)	(27,033)
Operating profit before financing income/(costs)	15,575	13,051	36,280	30,401
Financial income	871	226	2,029	526
Financial expenses	(508)	(730)	(1,183)	(1,700)
Net financing income/(costs)	363	(504)	846	(1,174)
Net reversal of impairment losses on equity investments	372	100	867	233
Losses on realisation of investments	(325)	(494)	(757)	(1,151)
Share of the result of associate	71	(133)	165	(310)
	118	(527)	275	(1,228)
Profit before tax	16,056	12,020	37,401	27,999
Income tax expense	(4,831)	(4,552)	(11,253)	(10,603)
Profit for the year	11,225	7,468	26,148	17,396
Earnings per share	11c1	7c3	25c8	17c2

BALANCE SHEET

	2005	2004	2005	2004
	Lm000	Lm000	€000	€000
Assets				
Property, plant and equipment	64,129	67,240	149,382	156,629
Intangible assets	3,227	646	7,517	1,505
Investments in associate	978	906	2,278	2,110
Other investments	14,127	4,861	32,907	11,323
Finance lease receivables	294	-	685	-
Deferred tax assets	1,271	2,854	2,961	6,648
Total non-current assets	84,026	76,507	195,730	178,215
Inventories	819	902	1,908	2,101
Term deposit investment	50	50	117	117
Trade and other receivables	15,400	23,890	35,873	55,649
Tax recoverable	1,491	529	3,473	1,232
Cash at bank and in hand	12,441	12,480	28,980	29,071
Total current assets	30,201	37,851	70,351	88,170
Non-current assets classified as held for resale	1,992	1,265	4,640	2,947
Total assets	116,219	115,623	270,721	269,332
Equity				
Issued capital	25,328	25,328	58,999	58,999
Reserves	7,291	3,783	16,984	8,812
Retained earnings	54,607	50,260	127,201	117,076
Total equity	87,226	79,371	203,184	184,887
Liabilities				
Interest-bearing loans and borrowings	5,267	8,717	12,269	20,305
Provisions	12	24	28	56
Total non-current liabilities	5,279	8,741	12,297	20,361
Interest-bearing loans and borrowings	7,532	9,409	17,545	21,917
Derivative liability used for hedging	23	-	54	-
Trade and other payables	16,159	18,102	37,641	42,167
Total current liabilities	23,714	27,511	55,240	64,084
Total liabilities	28,993	36,252	67,537	84,445
Total equity and liabilities	116,219	115,623	270,721	269,332

This report has been extracted from the audited financial statements of the Group which were approved by the Board of Directors on 6 April 2006.

STATEMENT OF CHANGES IN EQUITY

	Total	Share capital	Other reserve	Hedging reserve	Fair value reserve	Insurance contingency reserve	Dividend payment reserve	Revaluation reserve	Retained earnings
	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000
Balance at 1 January 2004 as originally stated	77,954	25,328	4,775	-	(26)	50	3,748	-	44,079
Effect of prior year consolidation adjustment	529	-	-	-	-	-	-	-	529
Balance at 1 January 2004 as restated	78,483	25,328	4,775	-	(26)	50	3,748	-	44,608
Dividends approved by general meeting and paid	(3,748)	-	-	-	-	-	(3,748)	-	-
Change in fair value of securities available-for-sale*	7	-	-	-	7	-	-	-	-
Deferred taxation*	(2)	-	-	-	(2)	-	-	-	-
Interim dividend paid	(2,837)	-	-	-	-	-	-	-	(2,837)
Transfer to retained earnings:									
Reversal of 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)
Profit for the year	7,468	-	-	-	-	-	-	-	7,468
Balance at 31 December 2004	79,371	25,328	1,576	-	(21)	100	2,128	-	50,260
Balance at 1 January 2005	79,371	25,328	1,576	-	(21)	100	2,128	-	50,260
Cash flow hedges - effective portion of changes in fair value*	17	-	-	17	-	-	-	-	-
Change in fair value of other investments*	381	-	-	-	381	-	-	-	-
Deferred taxation*	(19)	-	-	(6)	(13)	-	-	-	-
Revaluation of land and buildings	405	-	-	-	-	-	-	405	-
Dividends approved by general meeting and paid	(2,128)	-	-	-	-	-	(2,128)	-	-
Interim dividend paid	(2,026)	-	-	-	-	-	-	-	(2,026)
Transfer from retained earnings:									
Unrealised gains	-	-	243	-	-	-	-	-	(243)
Transfer to insurance contingency reserve	-	-	-	-	-	50	-	-	(50)
Dividends proposed for approval by general Meeting	-	-	-	-	-	-	4,559	-	(4,559)
Profit for the year	11,225	-	-	-	-	-	-	-	11,225
Balance at 31 December 2005	87,226	25,328	1,819	11	347	150	4,559	405	54,607

* Net income recognised directly to equity

At 31 December 2005 (€000)	203,184	58,999	4,238	26	808	349	10,620	943	127,201
At 31 December 2004 (€000)	184,887	58,999	3,671	-	(49)	233	4,957	-	117,076

CASH FLOW STATEMENT

	2005	2004	2005	2004
	Lm000	Lm000	€000	€000
Cash flows from operating activities				
Profit for the year	11,225	7,468	26,148	17,396
Adjustments for:				
Income tax expense	4,831	4,552	11,253	10,603
Depreciation, amortisation and write-downs	8,754	10,186	20,392	23,727
Net financing (income)/costs	(363)	504	(846)	1,174
Share of associated undertaking's results	(71)	133	(165)	310
Write offs and net loss arising on disposal of property, plant and equipment	336	96	783	224
Net (decrease)/increase in provisions and write offs/write backs	(776)	249	(1,807)	580
Reversal of unclaimed liabilities written back	8	-	19	-
Loss on realisation of equity investments	325	494	757	1,151
Net reversal of impairment loss on equity investments	(372)	(100)	(867)	(233)
Contributions for pensions/gratuities	-	1,053	-	2,453
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	23,897	24,635	55,667	57,385
Working capital changes:				
Inventories	199	(8)	463	(19)
Trade and other receivables	8,560	8,117	19,940	18,908
Trade and other payables	(3,318)	(6,956)	(7,729)	(16,204)
Movement in associate's balance	(77)	29	(179)	68
Settlement of restructuring costs	-	(25)	-	(58)
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Cash generated from operations	29,261	25,792	68,162	60,080
Interest received (net of withholding tax)	288	86	671	200
Interest paid on bank overdrafts	(14)	(83)	(33)	(193)
Net taxation paid	(4,163)	(3,552)	(9,697)	(8,274)
VAT paid on international interconnection revenue	-	(116)	-	(270)
Payment for pensions and gratuities	-	(940)	-	(2,190)
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Net cash from operating activities	25,372	21,187	59,103	49,353
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Cash flows from investing activities				
Payments to acquire property, plant and equipment	(4,902)	(4,139)	(11,419)	(9,641)
Payments to acquire investments	(12,045)	(4,464)	(28,058)	(10,398)
Payment to acquire intangible assets	(2,501)	-	(5,826)	-
Receipts from disposal of property, plant and equipment	239	25	557	58
Receipts from disposal and realisation of investments	3,325	211	7,745	492
Amounts advanced to associate	(29)	(7)	(68)	(16)
Repayments of loan advanced to associate	7	-	16	-
Dividends received	-	1	-	2
Investment income received	247	144	575	335
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Net cash used in investing activities	(15,659)	(8,229)	(36,478)	(19,168)
	=====	=====	=====	=====
carried forward	9,713	12,958	22,625	30,185

CASH FLOW STATEMENT

	2005	2004	2005	2004
	Lm000	Lm000	€000	€000
brought forward	9,713	12,958	22,625	30,185
Cash flow from financing activities				
Repayments of long-term borrowings	(3,450)	(4,624)	(8,037)	(10,771)
Dividends paid	(4,148)	(6,547)	(9,662)	(15,251)
Loan interest paid	(446)	(589)	(1,039)	(1,372)
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Net cash used in financing activities	(8,044)	(11,760)	(18,738)	(27,394)
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Net increase in cash and cash equivalents	1,669	1,198	3,887	2,791
Cash and cash equivalents at 1 January	6,466	5,128	15,062	11,946
Effect of exchange rate fluctuations on cash held	102	155	238	361
Movement in cash pledged as guarantees	18	(78)	42	(182)
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Cash and cash equivalents at 31 December	8,255	6,403	19,229	14,916
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Review of Group Operations

31 December 2005

Review of group operations

Introduction

This Statement is published pursuant to The Malta Financial Service Authority Listing Rules 8.6.2, 8.6.19, 9.39, and Article 4(2)(b) of the Prevention of Financial Markets Abuse (Disclosure and Notification) Regulations, 2005.

The financial information in Maltese liri (Lm) has been extracted from Maltacom p.l.c.'s audited consolidated financial statements, which have been audited by KPMG, for the year ended 31 December 2005 as approved by the Board of Directors on 6 April 2006.

These figures have been prepared in accordance with Article 4 of Regulation 1606/2002/EC ("IAS Regulation") which requires that, for each financial year starting on or after 1 January 2005, companies governed by the law of an EU Member State shall prepare their consolidated financial statements in conformity with International Financial Reporting Standards (IFRS) as adopted by the EU if, at their balance sheet date, their securities are admitted to trading on a regulated market of any EU Member State.

The IAS Regulation overrides the provisions of the Companies Act, 1995 enacted in Malta, relating to the form and content of the financial statements (and in particular the Third and Fourth Schedules of the Act) of companies as described above.

Performance

During the year, the Maltacom Group has recorded a profit before taxation amounting to Lm16.1 million (€37.4 million) (2004: Lm12.0 million (€28.0 million)). This represents a return of 19.3% (2004: 15.2%) of the average shareholders' funds and of 13.9% (2004: 9.8%) of the average total assets employed.

Earnings per share for the year amounted to 11c1 (€0.26) (2004: 7c3 (€0.17)).

The gross margin for the year amounted to Lm27.1 million (€63.1 million) (2004: Lm24.7 million (€57.4 million)), equivalent to 49.3% (2004: 45.1%) of total revenues. Net operating costs amounted to Lm39.4 million (€91.7 million) (2004: Lm41.6 million (€97.0 million)) and mainly represent interconnection charges with other operators, labour, depreciation and write-back of international traffic and leased circuit costs. For 2004, it also includes contributions for pensions and gratuities.

The tax expense for the year amounted to Lm4.8 million (€11.3 million) (2004: Lm4.6 million (€10.6 million)).

Following an interim dividend of 2c (€0.047) (net of taxation) (2004: 2c8 (€0.065)) which was declared on 13 October 2005 and paid on 14 November 2005, the Board of Directors is recommending the payment of a final dividend of 4c5 (net of tax) (€0.105) (2004: 2c1 (€0.049)) per ordinary share for the approval of the shareholders at the next Annual General Meeting to be held on 19 May 2006 which dividend will be payable on 31 May 2006. This net dividend will be payable to shareholders who are on the register of shareholders as at 21 April 2006.

Review of Group Operations

31 December 2005

Review of group operations (continued)

Balance sheet

Group total assets at balance sheet date stood at Lm116.2 million (€270.7 million) (2004: Lm115.6 million (€269.3 million)).

Receivables, net of impairment loss, amounted to Lm15.4 million (€35.9 million) (2004: Lm23.9 million (€55.6 million)). Of these, 59.4% (2004: 71.5%) represent invoiced amounts receivable in respect of services rendered and goods sold by the Group. The Group's trade and other payables at the end of the year amounted to Lm16.2 million (€37.6 million) (2004: Lm18.1 million (€42.2 million)).

Non-current and current bank loans amounted to Lm8.7 million (€20.3 million) (2004: Lm12.2 million (€28.4 million)). The gearing ratio, that is, the ratio of loan finance to shareholders' equity stood at 10.0% at 31 December 2005 compared with 15.3% at 31 December 2004.

Shareholders' funds amounted to Lm87.2 million (€203.2 million) (2004: Lm79.4 million (€184.9 million)). They finance 75.0% (2004: 68.6%) of the Group's total assets. The Group's net asset value per share stands at Lm0.861 (€2.01) (2004: Lm0.783 (€1.82)).

Share Register Information as at 31 December 2005

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 2005 were:

	Number of ordinary shares	Percentage held (%)
Government of Malta	60,786,288	60
Maltacom Employees' Foundation	3,039,315	3

- (b) The number of shares held by the Company's Directors and their immediate families or related entities at 31 December 2005 were:

	Number of ordinary shares
The Noble Paul Testaferrata Moroni Viani	94,444
Mr P J Baldacchino	1,200

- (b) As at 31 December 2005, the Company's issued share capital, which consists of 101,310,488 ordinary shares with equal voting rights attached, were held by 8,558 shareholders as follows:

Range	Shareholders
1 - 500	1,451
501 - 1000	1,699
1001 - 5000	4,590
5001 and over	818

	8,558
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Source of Information

The financial information in Maltese liri 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 6 April 2006 and are to be laid before the members in the general meeting on 19 May 2006.

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 Maltese liri amounts included in the audited consolidated financial statements at 31 December 2005 and 2004 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 2005 stood at 0.4293. This translation and the presentation of the information in Euro equivalents are for illustrative purposes only. In accordance with International Accounting Standard 21 - The Effects of Changes in Foreign Exchange Rates, 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 as adopted by the EU.

Dr Francis Galea Salomone LL.D.
Company Secretary

Spencer Hill
Marsa

Tel: (+356) 21233168

6 April 2006