

## COMPANY ANNOUNCEMENT

In terms of the Bye-laws of the Malta Stock Exchange and the London Stock Exchange, Maltacom p.l.c. would like to issue the following Company Announcement.

### Quote

The Board of Directors of Maltacom p.l.c. has to-day the 24<sup>th</sup> March 2000, met, discussed and resolved that the Financial Statements for the year ended 31<sup>st</sup> December 1999, be submitted for the approval of the Shareholders at the forthcoming Annual General Meeting of the Company. In terms of Bye-law 6.05.06(iii) of the Malta Stock Exchange, and Bye-law 23.64 of the London Stock Exchange, an extract from the above mentioned financial statements (preliminary statement of results), accompanied by the Company's financial overview are hereto being attached.

The Board is also proposing that the Annual General Meeting approves the payment of a Net Dividend of Lm 0.02c5 per Share, (after taxation at the rate of 30% incurred by the Company) as recommended by the Directors. This Dividend amounts to the sum of Lm 2,532,762.20c0 net of tax (which represents a gross payment of Lm 3,618,231.71c4).

At the said Meeting the Board also fixed the 7<sup>th</sup> April 2000 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 7<sup>th</sup> April 2000:

- i) will receive notice of and will be entitled to attend and to vote at the forthcoming 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 shall be held on the 8<sup>th</sup> May 2000 at 10.00 a.m. at the Mediterranean Conference Centre, Valletta, Malta.

Copies of the Annual Report, including the Financial Statements and Accounts will be made available by the 25<sup>th</sup> April 2000, from the Company Secretary, Maltacom p.l.c. and from Citigate Dewe Rogerson (Attn. Ms Katrine Astrup, London Wall Buildings, London Wall, London EC2M 5SY).

### 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 1999

	1999		1998	
	Lm000	€000	Lm000	€000
<b>FINANCIAL HIGHLIGHTS</b>				
Turnover	44,032	106,179	38,197	86,489
Profit before Taxation	13,079	31,538	10,807	10,174
Profit after Taxation	8,508	20,516	9,139	24,469
Total Assets	82,914	199,939	84,163	190,570
Shareholders' Funds	40,513	97,693	32,005	72,469
<b>PROFIT AND LOSS ACCOUNT</b>				
Turnover	44,032	106,179	38,197	86,489
Cost of Sales	22,547	54,368	21,008	47,568
Gross Margin	21,485	51,811	17,189	38,921
Administrative and Distribution Expenses	9,055	21,838	6,685	15,137
Other Operating Income	919	2,216	497	1,124
Other Operating Charges	(1,140)	(2,740)	611	1,383
	221	532	(114)	(259)
Operating Profit before Exceptional Items	12,209	29,441	10,390	23,525
Exceptional Items:				
Savings Realised or Anticipated in Provision for Restructuring Cost	195	470	460	1,042
Costs Incurred in the Hosting of the 1998 World Telecommunication Development Conference, net of Sponsorships	-	-	(140)	(317)
Operating Profit	12,404	29,911	10,710	24,250
Investment and Similar Income	1,228	2,961	1,018	2,305
Interest and Similar Charges	(1,185)	(2,858)	(1,470)	(3,329)
Equity Share of Associated Companies' Results	702	1,693	410	928
Goodwill on Consolidation	(70)	(169)	139	315
	675	1,627	97	219
Profit before Taxation	13,079	31,538	10,807	24,469
Taxation	(4,571)	(11,022)	(1,668)	(3,776)
Profit after Taxation	8,508	20,516	9,139	20,693
Minority Interest	-	-	-	-
Profit Attributable to the Group	8,508	20,516	9,139	20,693
Earnings per Share	Lm0.083	€0.202	Lm0.090	€0.204

**BALANCE SHEET**

	1999		1998	
	Lm000	€000	Lm000	€000
<b>Fixed Assets</b>				
Intangible Assets	749	1,806	1,042	2,359
Tangible Assets	49,379	119,870	45,495	103,014
Financial Assets	4,195	10,116	3,759	8,512
	<u>54,323</u>	<u>130,992</u>	<u>50,296</u>	<u>113,885</u>
<b>Other Long-Term Assets</b>				
Deferred Taxation	1,544	3,725	1,833	4,150
	<u>55,867</u>	<u>134,717</u>	<u>52,129</u>	<u>118,035</u>
<b>Current Assets</b>				
Stocks	408	985	479	1,085
Debtors	25,155	60,659	29,239	66,206
Cash in Hand and at Bank	1,484	3,578	2,316	5,244
	<u>27,047</u>	<u>65,222</u>	<u>32,034</u>	<u>72,535</u>
<b>Creditors: Amounts falling due within One Year</b>				
Loans	2,383	5,746	1,968	4,456
Bank Overdrafts	406	979	916	2,074
Creditors	19,757	47,643	21,766	49,285
Taxation	3,068	7,398	3,714	8,409
	<u>25,614</u>	<u>61,766</u>	<u>28,364</u>	<u>64,224</u>
<b>Net Current Assets</b>	<u>1,433</u>	<u>3,456</u>	<u>3,670</u>	<u>8,311</u>
<b>Total Assets less Current Liabilities</b>	<u>57,300</u>	<u>138,173</u>	<u>55,799</u>	<u>126,346</u>
<b>Creditors: Amounts falling due after more than One Year</b>				
Loans	13,067	31,510	17,884	40,495
	<u>13,067</u>	<u>31,510</u>	<u>17,884</u>	<u>40,495</u>
<b>Provisions for Liabilities and Charges</b>				
Provision for Restructuring	3,720	8,970	5,910	13,382
	<u>40,513</u>	<u>97,693</u>	<u>32,005</u>	<u>72,469</u>
<b>Capital and Reserves</b>				
Called Up Issued Share Capital	25,328	61,076	25,328	57,350
Profit and Loss Account	11,008	26,545	5,065	11,469
Other Reserves	4,177	10,072	1,612	3,650
	<u>40,513</u>	<u>97,693</u>	<u>32,005</u>	<u>72,469</u>

This report has been extracted from the audited consolidated financial statements of the Company which were approved by the board of directors on 24 March 2000.

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## STATEMENT OF CHANGES IN EQUITY

	Total	Called Up Issued Share Capital	Profit and Loss Account	Special Reserve	Other Reserve	Dividend Payment Reserve
	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000
At 31 December 1997	-	-	-	-	-	-
Losses of subsidiary companies attributable to the Group at 31 December 1997	(417)	-	(417)	-	-	-
Issue of Share Capital	25,328	25,328	-	-	-	-
Deferred tax credit on tax losses of the subsidiary companies at 31 December 1997	285	-	285	-	-	-
Profit for the Period	9,139	-	9,139	-	-	-
Transfers from Profit and Loss Account:						
■ unrealised excesses on termination benefits provision	-	-	(108)	108	-	-
■ net unrealised gains on exchange	-	-	(5)	-	5	-
■ unrealised gains recognised in connection with deferred taxation	-	-	(1,499)	-	1,499	-
Dividends proposed	(2,330)	-	(2,330)	-	-	-
At 1 January 1999	32,005	25,328	5,065	108	1,504	-
Profit for the Year	8,508	-	8,508	-	-	-
Transfers from Profit and Loss Account:						
■ unrealised excesses on termination benefits provision	-	-	99	(99)	-	-
■ unrealised gains recognised in connection with deferred taxation	-	-	(131)	-	131	-
■ Dividends Proposed for Approval by General Meeting	-	-	(2,533)	-	-	2,533
At 31 December 1999	<u>40,513</u>	<u>25,328</u>	<u>11,000</u>	<u>9</u>	<u>1,635</u>	<u>2,533</u>
At 31 December 1999 (€000)	<u>97,693</u>	<u>61,076</u>	<u>26,545</u>	<u>22</u>	<u>3,942</u>	<u>6,108</u>
At 31 December 1998 (€000)	<u>72,469</u>	<u>57,350</u>	<u>11,469</u>	<u>245</u>	<u>3,405</u>	<u>-</u>

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## CASH FLOW STATEMENT

	1999		1998	
	Lm000	€000	Lm000	€000
<b>Cash Flows from Operating Activities</b>				
Profit before Taxation	13,079	31,538	10,807	24,469
Adjustments for:				
Depreciation and Write Downs	5,147	12,412	4,378	9,915
Amortisation	272	656	146	331
Goodwill on Consolidation	70	189	(139)	(315)
Provision for Doubtful Debts	671	1,617	780	1,766
Interest Expense	1,017	2,453	1,361	3,082
Profit on Decommissioning or Disposal of Tangible Fixed Assets	(70)	(169)	(130)	(294)
Investment Income and Interest Receivable	(1,220)	(2,942)	(1,008)	(2,282)
Provision for Restructuring	(195)	(470)	(460)	(1,042)
Share of Subsidiary and Associated Companies' Results	(702)	(1,693)	(410)	(928)
Provision for Exchange Fluctuations	24	58	(16)	(36)
Provision for Obsolescence of Stocks	16	38	97	220
Provision for Tangible Fixed Assets Awaiting Repair	5	12	12	27
<b>Operating Profit before Working Capital Changes</b>	<b>18,114</b>	<b>43,679</b>	<b>15,418</b>	<b>34,913</b>
Decrease(Increase) in Stocks	49	96	(112)	(254)
Decrease in Debtors	3,665	8,838	3,300	7,472
Decrease in Creditors	(1,891)	(4,568)	(3,430)	(7,767)
Settlement of Restructuring Costs	(1,723)	(4,155)	-	-
Movement in Group Companies' Balances	228	550	183	414
<b>Cash Generated from Operations</b>	<b>18,433</b>	<b>44,448</b>	<b>15,359</b>	<b>34,778</b>
Interest Received	98	217	17	38
Interest Paid on Bank Overdrafts	(33)	(80)	(117)	(265)
Tax Paid	(4,158)	(18,826)	-	-
Withholding Tax on Interest Received	(9)	(22)	-	-
<b>Net Cash from Operating Activities</b>	<b>14,323</b>	<b>34,537</b>	<b>15,259</b>	<b>34,551</b>
<b>Cash Flows from Investing Activities</b>				
Payments to Acquire Intangible Fixed Assets	(41)	(99)	(361)	(817)
Payments to Acquire Tangible Fixed Assets	(8,004)	(19,301)	(6,677)	(15,119)
Payments to Acquire Financial Fixed Assets	(228)	(531)	(437)	(989)
Receipts from Disposal of Tangible Fixed Assets	15	34	1	2
Amounts Advanced to Group Companies	(7)	(17)	(122)	(276)
Income from Investments	655	1,579	772	1,748
<b>Net Cash used in Investing Activities</b>	<b>(7,682)</b>	<b>(18,333)</b>	<b>(6,824)</b>	<b>(15,451)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from Issues of Shares to Other Parties	-	-	20	45
Repayment of Amounts Advanced by Group Companies	(34)	(80)	-	-
Repayments of Long Term Borrowings	(4,366)	(18,528)	(3,024)	(6,847)
Loan Interest Paid	(1,017)	(2,452)	(1,330)	(3,012)
Dividends Paid	(1,631)	(3,933)	-	-
<b>Net Cash used in Financing Activities</b>	<b>(7,048)</b>	<b>(16,993)</b>	<b>(4,334)</b>	<b>(9,814)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>(1)</b>	<b>11</b>	<b>(18)</b>	<b>153</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(328)</b>	<b>(778)</b>	<b>4,083</b>	<b>9,439</b>
<b>Cash and Cash Equivalents at Beginning of Year/Acquired from Teknaka Corporation</b>	<b>1,406</b>	<b>3,377</b>	<b>(2,677)</b>	<b>16,062</b>
<b>Cash and Cash Equivalents at End of Year/Period</b>	<b>1,078</b>	<b>2,599</b>	<b>1,406</b>	<b>3,377</b>

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# Review of Group Operations

31 December 1999

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## Review of Group Operations

### Introduction

Maltacom p.l.c. was incorporated on 31 December 1997 and on the 2nd January 1998 succeeded to the business of Telemalta Corporation in terms of Section 40(1) of the Telecommunications (Regulation) Act 1997 and Legal Notice 238 of 1997.

The published figures have been extracted from Maltacom p.l.c.'s audited consolidated financial statements, for the year ended 31 December 1999. These figures are being published in terms of the bye-laws of the Malta Stock Exchange, and the Listing Rules of the London Stock Exchange, and have been drawn up in accordance with International Accounting Standards and the accounting policies adopted by the Company. The comparative amounts provided refer to the period from 31 December 1997 to 31 December 1998.

### Performance

The Maltacom Group has recorded a profit for the year before taxation amounting to Lm13.1 million (€31.5 million) (1998: Lm10.8 million (€24.5 million)). This represents a return of 32.3% (1998: 33.8%) on the average shareholders' funds and of 15.8% (1998: 12.8%) on the average total assets employed. Earnings per share for the year amounted to 8c3 (€0.202) (1998: 9c0 (€0.204)).

The Gross Margin for the year amounted to Lm21.4 million (€51.8 million) (1998: 17.2 million (€38.9 million)), equivalent to 48.8% (1998: 45.0%) of total revenues. Net operating costs amounted to Lm22.5 million (€54.4 million) (1998: Lm21.0 million (€47.6 million)) and mainly represent foreign administration, interconnection and labour charges. The tax expense provided for the year amounted to Lm4.6 million (€11.0 million) (1998: Lm1.7 million (€3.8 million)) and represents an effective tax rate of 34.8% (1998: 15.4%).

A dividend of 2c5 (€0.06) (1998: 2c3 (€0.052)) per share net of taxation is proposed for the year under review and, if approved, is payable on or around the 31<sup>st</sup> May 2000.

### Balance Sheet

Group total assets at balance sheet date stood at Lm82.9 million (€200.0 million) (1998: Lm84.2 million (€190.6 million)). Loans by financial institutions amounted to Lm15.4 million (€37.3 million) (1998: Lm19.9 million (€65.0 million)) and finance 28.4% (1998: 39.5%) of the Group's fixed assets.

Debtors, net of provisions for doubtful debts, amounted to Lm25.2 million (€60.6 million) (1998: Lm29.2 million (€66.2 million)). Of these, 72.2% (1998: 61.3%) represent 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 Lm11.6 million (€27.9 million) (1998: Lm12.3 million (€27.9 million)).

Shareholders' funds amounted to Lm40.5 million (€97.7 million) (1998: Lm32.0 million (€72.5 million)). They finance 48.9% (1998: 38.0%) of the Group's total assets. The Group's net asset value per share stands at Lm0.40 (€0.96 (1998: Lm0.32 (€0.72))).

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## Share Register Information as at 20 March 2000

	<b>% Interest in the Company</b>	<b>% Interest in Related Companies</b>
Chev M Mizzi	0.123	5.556
Mr I Pellicano	0.003	-
Mr A Zammit Cutajar	0.049	-
Mr J Baldacchino	0.006	-

### 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 20 March 2000 were:

	<b>Number of Ordinary Shares</b>	<b>Percentage Held (%)</b>
Government of Malta	60,786,288	60
HSBC Bank Malta p.l.c. as custodian for the depository (Bank of New York)	6,184,782	6
Maltacom Employees' Foundation	3,039,315	3

- (b) As at 20 March 2000 the Company's issued share capital, which consists of ordinary shares with equal voting rights attached, was held by 7,383 shareholders as follows:

<b>Range</b>	<b>Shareholders</b>
1 - 500	717
501 - 1000	1,399
1001 - 5000	5,052
5000 and over	636
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	<b>7,804</b>
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### Source of Information

The financial information contained herein have been extracted from the audited consolidated financial statements of the Company, which financial statements are to be laid before the members in the general meeting on the 9<sup>th</sup> May 2000.

Raymond Fava  
*Company Secretary*

Spencer Hill  
Marsa

Tel: (+356) 385531

24 March 2000

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