

22<sup>nd</sup> March, 2001

## **COMPANY ANNOUNCEMENT**

The Board of Directors of Maltacom p.l.c. yesterday, the 21<sup>st</sup> of March 2001, met, discussed and resolved that the Financial Statements for the year ended 31<sup>st</sup> December 2000, 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), is hereto being attached.

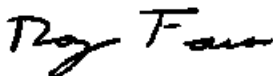
The Board is also proposing that the Annual General Meeting approves the payment of a Net Dividend of Lm 0.03c0 per Share, (after taxation at the rate of 30% incurred by the Company) as recommended by the Directors. This Dividend amounts to the sum of Lm 3,039,314 - 64c 0 net of tax (which represents a gross payment of Lm 4,341,878-05c7).

At the said Meeting, the Board also fixed the 30<sup>th</sup> March, 2001 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 30<sup>th</sup> March, 2001:

- 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 2<sup>nd</sup> of May 2001 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 10<sup>th</sup> of April 2001, from the Company Secretary, Maltacom p.l.c. .*



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 2000

	2000		1999	
	Lm000	€000	Lm000	€000
<b>FINANCIAL HIGHLIGHTS</b>				
Turnover	48,121	118,287	44,032	108,235
Profit before Taxation	13,666	33,591	13,079	32,150
Profit Attributable to the Group	9,524	23,410	8,508	20,914
Total Assets	104,933	257,937	82,914	203,812
Shareholders' Funds	54,986	135,161	40,513	99,585
<b>PROFIT AND LOSS ACCOUNT</b>				
Turnover	48,121	118,287	44,032	108,235
Cost of Sales	(27,844)	(68,446)	(22,547)	(55,423)
Gross Margin	20,277	49,841	21,485	52,812
Administrative and Distribution Expenses	(8,535)	(20,980)	(9,055)	(22,258)
Other Operating Income	1,335	3,282	919	2,259
Other Operating Charges	(1,123)	(2,760)	(1,140)	(2,802)
	212	522	(221)	(543)
Operating Profit before Exceptional Items	11,954	29,383	12,209	30,011
Exceptional Item: Savings Realised or Anticipated in Provision for Restructuring Cost	138	339	195	479
Operating Profit	12,092	29,722	12,404	30,490
Investment and Similar Income	403	991	1,228	3,019
Interest and Similar Charges	(1,123)	(2,761)	(1,185)	(2,913)
Equity Share of Associated Companies' Results	2,296	5,644	702	1,726
Goodwill on Consolidation	(2)	(5)	(70)	(172)
	1,574	3,869	675	1,660
Profit before Taxation	13,666	33,591	13,079	32,150
Taxation	(4,142)	(10,181)	(4,571)	(11,236)
Profit Attributable to the Group	9,524	23,410	8,508	20,914
Earnings per Share	Lm0.094	€0.231	Lm0.083	€0.204

**BALANCE SHEET**

	2000		1999	
	Lm000	€000	Lm000	€000
<b>Fixed Assets</b>				
Intangible Assets	882	1,971	749	1,841
Tangible Assets	64,035	157,404	49,379	121,379
Financial Assets	3,551	8,729	4,195	10,312
	<u>68,388</u>	<u>168,104</u>	<u>54,323</u>	<u>133,532</u>
<b>Other Long-Term Assets</b>				
Deferred Taxation	1,577	3,876	1,544	3,795
Debtors	3,382	8,313	4,160	10,226
	<u>73,347</u>	<u>180,293</u>	<u>60,027</u>	<u>147,553</u>
<b>Current Assets</b>				
Stocks	1,306	3,270	408	1,003
Debtors	25,106	61,776	20,995	51,608
Current Investments	2,626	6,455	-	-
Cash in Hand and at Bank	2,548	6,263	1,484	3,648
	<u>31,586</u>	<u>77,644</u>	<u>22,887</u>	<u>56,259</u>
<b>Creditors: Amounts falling due within One Year</b>				
Loans	2,394	5,885	2,383	5,858
Bank Overdrafts	454	1,116	406	998
Creditors	26,811	65,905	19,757	48,566
Taxation	812	1,996	3,068	7,541
	<u>30,471</u>	<u>74,902</u>	<u>25,614</u>	<u>62,963</u>
<b>Net Current Assets/(Liabilities)</b>	<u>1,115</u>	<u>2,742</u>	<u>(2,727)</u>	<u>(6,704)</u>
<b>Total Assets less Current Liabilities</b>	<u>74,462</u>	<u>183,035</u>	<u>57,300</u>	<u>140,849</u>
<b>Creditors: Amounts falling due after more than One Year</b>				
Loans	(15,921)	(39,135)	(13,067)	(32,120)
<b>Provisions for Liabilities and Charges</b>				
Provision for Restructuring	(3,555)	(8,739)	(3,720)	(9,144)
	<u>54,986</u>	<u>135,161</u>	<u>40,513</u>	<u>99,585</u>
<b>Capital and Reserves</b>				
Called Up Issued Share Capital	25,328	62,259	25,328	62,259
Profit and Loss Account	22,950	56,413	11,008	27,059
Other Reserves	6,788	16,489	4,177	10,267
	<u>54,986</u>	<u>135,161</u>	<u>40,513</u>	<u>99,585</u>

This report has been extracted from the audited consolidated financial statements of the Company which were approved by the board of directors on 21 March 2001.

## STATEMENT OF CHANGES IN EQUITY

	Total	Called Up Issued Share Capital	Profit and Loss Account	Special Reserve	Other Reserve	Revaluation Reserve	Dividend Payment Reserve
	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000	
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	-	-	(131)	-	131	-	-
■ dividends proposed for approval by General Meeting	-	-	(2,533)	-	-	-	2,533
At 1 January 2000	40,513	25,328	11,008	9	1,635	-	2,533
Profit for the Year	9,524	-	9,524	-	-	-	-
Dividends Paid	(2,533)	-	-	-	-	-	(2,533)
Surplus on Revaluation	7,592	-	-	-	-	7,592	-
Transfers from Profit and Loss Account:							
■ unrealised excesses on termination benefits provision	-	-	9	(9)	-	-	-
■ reversal of unrealised gains recognised in prior years	-	-	51	-	(51)	-	-
■ dividends proposed for approval by General Meeting	-	-	(3,039)	-	-	-	3,039
■ losses of subsidiary assumed upon acquisition of minority interest	(110)	-	(110)	-	-	-	-
■ transfer from revaluation reserve upon transfer of tangible fixed assets on finance lease	-	-	5,507	-	-	(5,507)	-
At 31 December 2000	54,906	25,328	22,950	-	1,584	2,085	3,039
At 31 December 2000 (€000)	135,161	62,259	56,413	-	3,894	5,125	7,470
At 31 December 1999 (€000)	99,585	62,259	27,059	22	4,019	-	6,226

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## CASH FLOW STATEMENT

	2000		1999	
	Lm000	€000	Lm000	€000
<b>Cash Flows from Operating Activities</b>				
Profit before Taxation	13,666	33,591	13,079	32,150
Adjustments for:				
Depreciation, Amortisation and Write Downs	6,485	15,941	5,419	13,321
Interest Expense	821	2,828	1,017	2,500
Investment Income and Interest Receivable	(408)	(991)	(1,220)	(2,999)
Share of Subsidiary and Associated Companies' Results	(2,296)	(3,644)	(702)	(1,726)
Net Gain Arising on Decommissioning or Disposal of Tangible Fixed Assets and Transactions in Financial Fixed Assets	(1,663)	(4,888)	(70)	(172)
Net Decrease in Provision	(234)	(574)	521	1,280
Goodwill on Consolidation	2	5	70	172
<b>Operating Profit before Working Capital Changes</b>	<b>16,378</b>	<b>40,260</b>	<b>18,114</b>	<b>44,526</b>
(Increase)/Decrease in Stocks	(744)	(1,829)	40	98
(Increase)/Decrease in Debtors	(4,243)	(10,429)	3,665	9,009
Increase/(Decrease) in Creditors	5,157	12,673	(1,891)	(4,648)
Settlement of Restructuring Costs	(850)	(2,889)	(1,723)	(4,233)
Movement in Group Companies' Balances	1,733	4,260	228	560
<b>Cash Generated from Operations</b>	<b>17,431</b>	<b>42,846</b>	<b>18,433</b>	<b>45,310</b>
Interest Received	328	315	81	199
Interest Paid on Bank Overdrafts	(13)	(32)	(33)	(81)
Tax Paid	(5,661)	(13,916)	(4,158)	(10,221)
<b>Net Cash from Operating Activities</b>	<b>11,885</b>	<b>29,213</b>	<b>14,323</b>	<b>35,207</b>
<b>Cash Flows from Investing Activities</b>				
Payments to Acquire Intangible Fixed Assets	(168)	(413)	(41)	(101)
Payments to Acquire Tangible Fixed Assets	(11,086)	(27,250)	(8,004)	(19,673)
Payments to Acquire Financial Fixed Assets	(299)	(735)	(220)	(541)
Receipts from Disposal of Financial Fixed Assets	14	34	15	37
Amounts Advanced to Group Undertakings	-	-	(7)	(17)
Repayments of Advances to Group Undertakings	-	-	-	-
Loan Advanced to Third Party	(25)	(61)	-	-
Income from Investments	456	1,121	655	1,610
<b>Net Cash used in Investing Activities</b>	<b>(11,108)</b>	<b>(27,304)</b>	<b>(7,602)</b>	<b>(18,687)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from Long Term Borrowings	5,160	12,684	-	-
Repayments of Long Term Borrowings	(2,294)	(5,639)	(4,366)	(10,732)
Advances by Group Undertakings	-	-	-	-
Repayments of Advances by Group Undertakings	-	-	(34)	(84)
Dividends Paid	(1,773)	(4,358)	(1,631)	(4,009)
Loan Interest Paid	(853)	(2,897)	(1,017)	(2,500)
<b>Net Cash from/(used in) Financing Activities</b>	<b>240</b>	<b>598</b>	<b>(7,048)</b>	<b>(17,325)</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1)	(2)	(1)	(2)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>1,016</b>	<b>2,497</b>	<b>(328)</b>	<b>(807)</b>
Cash and Cash Equivalents at Beginning of Year	1,078	2,638	1,406	3,437
<b>Cash and Cash Equivalents at End of Year</b>	<b>2,094</b>	<b>5,147</b>	<b>1,078</b>	<b>2,630</b>

# Review of Group Operations

31 December 2000

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## 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 2000 and 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.

### Performance

The Maltacom Group has recorded a profit for the year before taxation amounting to Lm13.7 million (€33.6 million) (1999: Lm13.1 million (€32.2 million)). This represents a return of 28.6% (1999: 36.1%) on the average shareholders' funds and of 14.6% (1999: 15.8%) on the average total assets employed. Earnings per share for the year amounted to 9c4 (€0.231) (1999: 8c3 (€0.204)).

The Gross Margin for the year amounted to Lm20.3 million (€49.8 million) (1999: 21.5 million (€52.8 million)), equivalent to 42.1% (1999: 48.8%) of total revenues. Net operating costs amounted to Lm36.2 million (€88.9 million) (1999: Lm31.8 million (€78.2 million)) and mainly represent foreign administration charges, interconnection and labour charges. The tax expense provided for the year amounted to Lm4.1 million (€10.2 million) (1999: Lm4.6 million (€11.2 million)) and represents an effective tax rate of 30.3% (1999: 34.9%).

A dividend of 3c0 (€0.074) (1999: 2c5 (€0.061)) per share net of taxation is proposed for the year under review and, if approved, is payable on the 31<sup>st</sup> May 2001.

### Balance Sheet

Group total assets at balance sheet date stood at Lm104.9 million (€257.9 million) (1999: Lm82.9 million (€203.8 million)). Loans by financial institutions amounted to Lm18.3 million (€45.0 million) (1999: Lm15.5 million (€38.0 million)) and finance 26.8% (1999: 28.4%) of the Group's fixed assets.

Debtors, net of provisions for doubtful debts, amounted to Lm28.5 million (€70.0 million) (1999: Lm25.2 million (€61.8 million)). Of these, 67.5% (1999: 57.1%) 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 Lm16.9 million (€41.5 million) (1999: Lm11.6 million (€28.5 million)).

Shareholders' funds amounted to Lm55.0 million (€135.2 million) (1999: Lm40.5 million (€99.6 million)). They finance 52.4% (1999: 48.9%) of the Group's total assets. The Group's net asset value per share stands at Lm0.54 (€1.33) (1999: Lm0.40 (€0.98)).

## Share Register Information as at 31 December 2000

	<b>% Interest in the Company</b>
Mr S Muscat	0.017
Mr C Sacco	0.016
Mr J Baldacchino	0.006
Mr I Pellicano	0.003
Mr J A Ellul Vincenti	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 2000 were:

	<b>Number of Ordinary Shares</b>	<b>Percentage Held (%)</b>
Government of Malta	60,786,288	60.0
HSBC Bank Malta p.l.c. as custodian for the depository (Bank of New York)	4,318,068	4.3
Maltacom Employees' Foundation	3,039,315	3.0

- (b) As at 31 December 2000, the Company's issued share capital, which consists of ordinary shares with equal voting rights attached, was held by 8,132 shareholders as follows:

<b>Range</b>	<b>Shareholders</b>
1 - 500	1,001
501 - 1000	1,534
1001 - 5000	4,953
5000 and over	644
	<hr style="width: 50px; margin-left: auto; margin-right: 0;"/> 8,132 <hr style="width: 50px; margin-left: auto; margin-right: 0;"/>

### 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 2<sup>nd</sup> May 2001.

*Ray Fava*

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21 March 2001

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