

28th August, 2001

COMPANY ANNOUNCEMENT

QUOTE

The Board of Directors of Maltacom p.l.c. duly convened during Meeting No. 63 of the Company, held on Monday, the 27th of August, 2001, met, discussed and approved the Group Financial Statements for the period ended 30th June, 2001.

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

UNQUOTE

**Raymond Fava
Company Secretary**

Maltacom p.l.c.

Statement of Results

For the Period Ended 30 June 2001

	6 Months 30.06.01	6 Months 30.06.00	Year 31.12.00
	Lm000	Lm000	Lm000
FINANCIAL HIGHLIGHTS			
Turnover	24,242	22,261	47,744
Profit before Taxation	5,658	6,729	13,666
Profit Attributable to the Group	4,010	4,849	9,524
Total Assets	107,780	92,171	104,933
Shareholders' Funds	55,957	42,719	54,986
PROFIT AND LOSS ACCOUNT			
Turnover	24,242	22,261	47,744
Cost of Sales	(13,304)	(12,382)	(27,844)
Gross Margin	10,938	9,879	19,900
Administrative and Distribution Expenses	(6,145)	(3,693)	(8,535)
Other Operating Income	1,127	425	1,712
Other Operating Charges	(385)	(354)	(1,123)
	742	71	589
Operating Profit before Exceptional Items	5,535	6,257	11,954
Exceptional Items	401	78	138
Operating Profit	5,936	6,335	12,092
Investment and Similar Income	802	185	403
Interest and Similar Charges	(901)	(522)	(1,123)
Goodwill on Consolidation	-	(2)	(2)
Equity Share of Associated Undertakings' Results	(179)	733	2,296
	(278)	394	1,574
Profit before Taxation	5,658	6,729	13,666
Taxation	(1,648)	(1,880)	(4,142)
Profit Attributable to the Group	4,010	4,849	9,524

Earnings per Share

4c0

4c8

9c4

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Balance Sheet

At 30 June 2001

	30.06.01	30.06.00	31.12.00
	Lm000	Lm000	Lm000
Fixed Assets			
Intangible Assets	778	706	802
Tangible Assets	66,154	52,857	64,035
Financial Assets	3,253	4,663	3,551
	-----	-----	-----
	70,185	58,226	68,388
Other Long-Term Assets			
Deferred Taxation	2,705	2,158	1,577
Debtors	2,243	3,268	3,382
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	75,133	63,652	73,347
	-----	-----	-----
Current Assets			
Stocks	1,413	804	1,306
Debtors	26,032	25,650	25,106
Current Investments	2,626	-	2,626
Cash in Hand and at Bank	2,576	2,065	2,548
	-----	-----	-----
	32,647	28,519	31,586
	-----	-----	-----
Creditors: Amounts falling due within One Year			
Bank Loans	2,394	2,481	2,394
Other Bank Borrowings	945	529	454
Creditors	23,108	24,841	26,811
Taxation	2,636	4,630	812
	-----	-----	-----
	29,083	32,481	30,471
	-----	-----	-----
Net Current Assets/(Liabilities)	3,564	(3,962)	1,115
	-----	-----	-----
Total Assets less Current Liabilities	78,697	59,690	74,462
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Creditors: Amounts falling due after more than One Year			
Bank Loans	19,800	13,056	15,921
	-----	-----	-----
Provisions for Liabilities and Charges			
Provision for Restructuring	2,940	3,915	3,555
	-----	-----	-----
	55,957	42,719	54,986
	=====	=====	=====
Capital and Reserves			
Called Up Issued Share Capital	25,328	25,328	25,328
Profit and Loss Account	25,839	15,352	22,950
Other Reserves	4,790	2,039	6,708
	-----	-----	-----
	55,957	42,719	54,986
	=====	=====	=====

This report has been extracted from the unaudited interim financial statements of the company which were approved by the Board of Directors on 27 August 2001. Comparative information for the year ended 31 December 2000 has been extracted from the audited financial statements for the year ended as at that date.

Statement of Changes in Equity

For the Period Ended 30 June 2001

	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	Lm000
The Group							
At 1 January 2000	40,513	25,328	11,008	9	1,635	-	2,533
Profit for the Period	4,849	-	4,849	-	-	-	-
Transfers to/from Profit and Loss Account:							
■ realised excesses on termination benefits provision	-	-	9	(9)	-	-	-
■ losses of subsidiary assumed upon acquisition of minority interest	(110)	-	(110)	-	-	-	-
■ dividend approved by general meeting	(2,533)	-	-	-	-	-	(2,533)
■ unrealised gains recognised	-	-	(404)	-	404	-	-
At 30 June 2000	42,719	25,328	15,352	-	2,039	-	-
Profit for the Period	4,675	-	4,675	-	-	-	-
Surplus on Revaluation	7,592	-	-	-	-	7,592	-
Transfers to/from Profit and Loss Account:							
■ reversal of unrealised gains	-	-	455	-	(455)	-	-
■ dividends proposed for approval by general meeting	-	-	(3,039)	-	-	-	3,039
■ transfer from revaluation reserve upon transfer of tangible fixed assets on finance lease	-	-	5,507	-	-	(5,507)	-
At 31 December 2000	54,986	25,328	22,950	-	1,584	2,085	3,039
Profit for the Period	4,010	-	4,010	-	-	-	-
Transfers from Profit and Loss Account:							
■ dividend approved by general meeting	(3,039)	-	-	-	-	-	(3,039)
■ unrealised gains recognised	-	-	(1,121)	-	1,121	-	-
At 30 June 2001	55,957	25,328	25,839	-	2,705	2,085	-

Cash Flow Statement

For the Period Ended 30 June 2001

	6 Months 30.06.01	6 Months 30.06.00	Year 31.12.00
	Lm000	Lm000	Lm000
Cash Flows from Operating Activities			
Profit before Taxation	5,658	6,729	13,666
Adjustments for:			
Depreciation, Amortisation and Write Downs	3,836	2,735	6,485
Interest Expense	583	434	821
Investment Income and Interest Receivable	(799)	(183)	(403)
Share of Associated Undertakings' Results	179	(733)	(2,296)
Net Gain Arising on Decommissioning or Disposal of Tangible Fixed Assets and Transactions in Financial Fixed Assets	(168)	(124)	(1,663)
Net Increase/(Decrease) in Provisions	42	126	(96)
Exceptional Gains	(401)	(78)	(138)
Goodwill on Consolidation	-	2	2
	-----	-----	-----
Operating Profit before Working Capital Changes	8,930	8,908	16,378
Increase in Stocks	(146)	(400)	(744)
Decrease/(Increase) in Debtors	1,564	(3,683)	(4,243)
(Decrease)/Increase in Creditors	(1,516)	2,906	5,157
Movement in Related Undertakings' Balances	(1,138)	947	1,733
Settlement of Restructuring Costs	(637)	(580)	(850)
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Cash Generated from Operations	7,057	8,098	17,431
Interest Received	58	55	128
Interest Paid on Bank Overdrafts	(11)	(9)	(13)
Tax Paid	(728)	(527)	(5,661)
	-----	-----	-----
Net Cash from Operating Activities	6,376	7,617	11,885
	-----	-----	-----
Cash Flows from Investing Activities			
Payments to Acquire Intangible Fixed Assets	-	(34)	(168)
Payments to Acquire Tangible Fixed Assets	(7,464)	(4,463)	(11,086)
Payments to Acquire Financial Fixed Assets	-	(91)	(299)
Receipts from Disposal of Tangible Fixed Assets	6	1	-
Receipts from Disposals of Financial Fixed Assets	150	-	14
Loan Advanced to Third Party	-	-	(25)
Income from Investments	121	323	456
	-----	-----	-----
Net Cash used in Investing Activities	(7,187)	(4,264)	(11,108)
	-----	-----	-----
carried forward	(811)	3,533	777

Cash Flow Statement

For the Period Ended 30 June 2001

	6 Months 30.06.01	6 Months 30.06.00	Year 31.12.00
	Lm000	Lm000	Lm000
brought forward	(811)	3,353	777
	-----	-----	-----
Cash Flows from Financing Activities			
Proceeds from Long Term Borrowings	5,158	1,191	5,160
Repayment of Long Term Borrowings	(1,284)	(1,108)	(2,294)
Dividends Paid	(3,039)	(2,533)	(1,773)
Loan Interest Paid	(490)	(447)	(853)
	-----	-----	-----
Net Cash from/(used in) Financing Activities	345	(2,897)	240
	-----	-----	-----
Effect of Exchange Rate Changes in Cash and Cash Equivalents	3	2	(1)
	-----	-----	-----
Net (Decrease)/Increase in Cash and Cash Equivalents	(463)	458	1,016
Cash and Cash Equivalents at Beginning of Period/Year	2,094	1,078	1,078
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Cash and Cash Equivalents at End of Period/Year	1,631	1,536	2,094
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Explanatory Notes

For the Period Ended 30 June 2001

1 Basis of Preparation

This interim financial report has been compiled in compliance with the requirements of International Accounting Standard 34 'Interim Financial Reporting' and complies with the continuing listing obligations of the Malta Stock Exchange.

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 2000.

2 Segmental Information

	Turnover	Operating Profit/(Loss)
	Lm000	Lm000
Local Traffic	6,049	1,827
International Traffic	4,340	1,844
Mobile Traffic	4,694	(2,141)
Line Rentals	3,789	1,809
Income from Foreign Administrations	1,900	1,268
Internet Related Services	899	109
Card Services	1,015	549
Radio Paging and Telemarketing Services	57	(140)
Others	1,499	410
	-----	-----
	24,242	5,535
	=====	=====

3 Exceptional Items

	Lm000
Savings realised or anticipated on provision for restructuring cost	315
Deemed input VAT credit available to the providers of cable telephony services to non-VAT registered persons as per Legal Notice 217 of 1999	86

	401
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4 Property, Plant and Equipment

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

	Lm000
Acquisitions	6,036
	=====
Disposals	138
	=====

Explanatory Notes

For the Period Ended 30 June 2001

5 Provision for Restructuring

During the period, the amount of Lm615,000 was reversed out of the Provision for Restructuring.

6 Changes in Contingent Liabilities

No changes in contingent liabilities arose since the last audited financial statements.

7 Capital Commitments

Commitments at the balance sheet date for the acquisition of property, plant and equipment and financial assets amounted to Lm16.4 million.

Review of Group Operations

30 June 2001

Review of Group Operations

Introduction

This financial information has been extracted from Maltacom p.l.c.'s unaudited consolidated financial statements, for the period between 1 January 2001 and 30 June 2001. The comparative amounts reflect the position and results of the group as included in the audited financial statements for the year ended 31 December 2000 and the position and results for the period 1 January 2000 to 30 June 2000.

Seasonality

The group's operations are affected to a large extent by the impact of tourism which peaks during the summer months.

Performance

The Maltacom Group has recorded a profit for the period before taxation amounting to Lm5.7 million (2000 Six Months: Lm6.7 million, 2000 Year: Lm13.7 million). This represents an annualised return of 20.4% (2000 Six Months annualised: 32.3%, 2000 Year: 28.6%) on the average shareholders' funds, and of 10.6% (2000 Six Months: 15.4%, 2000 Year: 14.6%) on the average total assets employed. Earnings per share for the period amounted to 4c0 (2000 Six Months: 4c8, 2000 Year: 9c4).

The Gross Margin for the period amounted to Lm10.9 million (2000 Six Months Lm9.9 million, 2000 Year: Lm19.9 million), equivalent to 45.1% (2000 Six Months: 44.4%, 2000 Year: 41.7%) of turnover. Net operating costs amounted to Lm18.3 million (2000 Six Months: Lm15.9 million, 2000 Year: Lm35.7 million) and mainly represent interconnection, labour and foreign administration charges. The tax expense provided for the period amounted to Lm1.6 million (2000 Six Months: Lm1.9 million, 2000 Year: Lm4.1 million) and represents an effective tax rate of 29.1% (2000 Six Months: 27.9%, 2000 Year: 30.3%).

No interim dividend is being declared.

Balance Sheet

Group total assets at 30 June 2001 stood at Lm107.8 million (2000 Six Months: Lm92.1 million, 2000 Year: Lm104.9 million). Loans by financial institutions amounted to Lm22.2 million (2000 Six Months: Lm15.5 million, 2000 Year: Lm18.3 million) and finance 31.6% (2000 Six Months: 26.7%, 2000 Year: 26.8%) of the group's fixed assets.

Debtors, net of provisions for doubtful debts, amounted to Lm28.3 million (2000 Six Months: Lm28.9 million, 2000 Year: Lm28.5 million). Of these, 68.0% (2000 Six Months: 65.9%, 2000 Year: 67.5%) 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 period amounted to Lm14.1 million (2000 Six Months: Lm17.2 million, 2000 Year: Lm16.9 million).

Shareholders' funds amounted to Lm56.0 million (2000 Six Months: Lm42.7 million, 2000 Year: Lm55.0 million). They finance 51.9% (2000 Six Months: 46.3%, 2000 Year: 52.4%) of the group's total assets. The group's net asset value per share stands at 55c (2000 Six Months: 42c, 2000 Year: 54c).