



27<sup>th</sup> August, 2002

**COMPANY ANNOUNCEMENT**

**QUOTE**

The Board of Directors of Maltacom p.l.c. duly convened for Meeting Number 81 of the Company, held on the 26<sup>th</sup> of August, 2002, met, discussed and approved the Financial Statements for the period ended 30<sup>th</sup> of June, 2002.

**UNQUOTE**

A handwritten signature in cursive script that reads "Ray Fava".

**Raymond Fava  
Company Secretary**

# Maltacom p.l.c.

## Statement of Results - The Group

For the Period Ended 30 June 2002

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	<b>6 Months 30.06.02</b>	<b>6 Months 30.06.01</b>	<b>Year 31.12.01</b>
	Lm000	Lm000	Lm000
<b>FINANCIAL HIGHLIGHTS</b>			
Turnover	<b>25,953</b>	23,978	50,752
Profit before Taxation	<b>5,745</b>	5,658	13,126
Profit for the Period	<b>3,754</b>	4,010	9,337
Total Assets	<b>118,867</b>	107,780	113,140
Shareholders' Funds	<b>62,773</b>	55,957	62,261
<b>PROFIT AND LOSS ACCOUNT</b>			
<b>Turnover</b>	<b>25,953</b>	23,978	50,752
Cost of Sales	<b>(14,534)</b>	(13,303)	(26,443)
<b>Gross Margin</b>	<b>11,419</b>	10,675	24,309
Administrative and Distribution Expenses	<b>(5,940)</b>	(5,818)	(11,446)
Other Operating Income	<b>564</b>	736	1,616
Other Operating Charges	<b>(387)</b>	(313)	(1,365)
	<b>177</b>	423	251
<b>Operating Profit before Exceptional Items</b>	<b>5,656</b>	5,280	13,114
Exceptional Items	<b>180</b>	401	942
<b>Operating Profit</b>	<b>5,836</b>	5,681	14,056
Investment and Similar Income	<b>629</b>	802	862
Interest and Similar Charges	<b>(632)</b>	(646)	(1,373)
	<b>(3)</b>	156	(511)
<b>Profit from Direct Operations</b>	<b>5,833</b>	5,837	13,545
Equity Share of Associated Undertakings' Results	<b>(88)</b>	(179)	(419)
<b>Profit before Taxation</b>	<b>5,745</b>	5,658	13,126
Taxation	<b>(1,991)</b>	(1,648)	(3,789)
<b>Profit for the Period</b>	<b>3,754</b>	4,010	9,337
<b>Earnings per Share</b>	<b>3c7</b>	4c0	9c2

# Balance Sheet

At 30 June 2002

	<b>30.06.02</b>	<b>30.06.01</b>	<b>31.12.01</b>
	Lm000	Lm000	Lm000
<b>Fixed Assets</b>			
Intangible Assets	742	778	768
Tangible Assets	75,649	66,154	72,381
Financial Assets	2,949	3,253	3,017
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	<b>79,340</b>	70,185	76,166
<b>Other Long-Term Assets</b>			
Deferred Taxation	2,282	2,705	2,274
Debtors	1,157	2,243	2,129
	-----	-----	-----
	<b>82,779</b>	75,133	80,569
<b>Current Assets</b>			
Stocks	1,938	1,413	1,829
Debtors	29,923	26,032	25,554
Current Investments	2,626	2,626	2,626
Cash in Hand and at Bank	1,601	2,576	2,562
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	<b>36,088</b>	32,647	32,571
<b>Creditors: Amounts falling due within One Year</b>			
Bank Loans	2,394	2,394	2,397
Other Bank Borrowings	9,053	945	1,904
Creditors	22,556	23,108	24,212
Taxation	2,002	2,636	668
	-----	-----	-----
	<b>36,005</b>	29,083	29,181
<b>Net Current Assets</b>	<b>83</b>	3,564	3,390
<b>Total Assets less Current Liabilities</b>	<b>82,862</b>	78,697	83,959
<b>Creditors: Amounts falling due after more than One Year</b>			
Bank Loans	19,114	19,800	20,318
<b>Provisions for Liabilities and Charges</b>			
Provision for Restructuring	975	2,940	1,380
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	<b>62,773</b>	55,957	62,261
<b>Capital and Reserves</b>			
Called Up Issued Share Capital	25,328	25,328	25,328
Profit and Loss Account	34,957	25,839	31,385
Other Reserves	2,488	4,790	5,548
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	<b>62,773</b>	55,957	62,261
	=====	=====	=====

This report has been extracted from the unaudited interim financial statements of the company which were approved by the Board of Directors on 26 August 2002. Comparative information for the year ended 31 December 2001 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 2002

	Total	Called Up Issued Share Capital	Profit and Loss Account	Other Reserve	Revaluation Reserve	Dividend Payment Reserve
	Lm000	Lm000	Lm000	Lm000	Lm000	Lm000
At 1 January 2001	54,986	25,328	22,950	1,584	2,085	3,039
Profit for the Period	4,010	-	4,010	-	-	-
Dividend Approved by General Meeting	(3,039)	-	-	-	-	(3,039)
Transfer from Profit and Loss Account:						
■ unrealised gains recognised	-	-	(1,121)	1,121	-	-
At 30 June 2001	55,957	25,328	25,839	2,705	2,085	-
Profit for the Period	5,327	-	5,327	-	-	-
Surplus on Revaluation	977	-	-	-	977	-
Transfers from/to Profit and Loss Account:						
■ unrealised gains	-	-	399	(399)	-	-
■ transfer from revaluation reserve upon transfer of tangible fixed assets on finance lease	-	-	3,062	-	(3,062)	-
■ dividends proposed for approval by general meeting	-	-	(3,242)	-	-	3,242
At 1 January 2002	62,261	25,328	31,385	2,306	-	3,242
Profit for the Period	3,754	-	3,754	-	-	-
Dividend Approved by General Meeting	(3,242)	-	-	-	-	(3,242)
Transfer from Profit and Loss Account:						
■ unrealised gains recognised	-	-	(182)	182	-	-
<b>At 30 June 2002</b>	<b>62,773</b>	<b>25,328</b>	<b>34,957</b>	<b>2,488</b>	<b>-</b>	<b>-</b>

# Cash Flow Statement

For the Period Ended 30 June 2002

	<b>6 Months</b> <b>30.06.02</b>	<b>6 Months</b> <b>30.06.01</b>	<b>Year</b> <b>31.12.01</b>
	Lm000	Lm000	Lm000
<b>Cash Flows from Operating Activities</b>			
Profit before Taxation	5,745	5,658	13,126
Adjustments for:			
Depreciation, Amortisation and Write Downs	4,292	3,836	7,553
Interest Expense	570	583	1,189
Investment Income and Interest Receivable	(629)	(799)	(862)
Share of Associated Undertakings' Results	88	179	419
Net Gain Arising on Decommissioning or Disposal of Tangible Fixed Assets and Transactions in Financial Fixed Assets	(1)	(168)	(90)
Net Increase in Provisions	169	42	1,415
Exceptional Gains	(180)	(401)	(942)
Liabilities Written Back	-	-	(2)
Operating Profit before Working Capital Changes	<b>10,054</b>	8,930	21,806
Increase in Stocks	(137)	(146)	(521)
(Increase)/Decrease) in Debtors	(4,037)	653	(1,138)
Increase/(Decrease) in Creditors	682	(1,516)	(1,790)
Movement in Group Undertakings' Balances	(220)	(1,138)	(1,093)
Settlement of Restructuring Costs	(563)	(637)	(1,213)
Cash Generated from Operations	<b>5,779</b>	6,146	16,051
Interest Received	9	58	111
Interest Paid on Bank Overdrafts	(13)	(11)	(15)
Net Taxation Paid	(666)	(728)	(4,396)
Input VAT Credit Received	-	-	158
<b>Net Cash from Operating Activities</b>	<b>5,109</b>	5,465	11,909
<b>Cash Flows from Investing Activities</b>			
Payment to Acquire Intangible Fixed Assets	-	-	(16)
Payments to Acquire Tangible Fixed Assets	(9,143)	(7,464)	(15,354)
Receipts from Disposal of Tangible Fixed Assets	3	6	67
Receipts from Disposal of Financial Fixed Assets	-	150	199
Repayments of Amounts Advanced to Third Parties	-	-	2
Income from Investments	-	121	521
Input VAT Credit Received	-	-	85
<b>Net Cash used in Investing Activities</b>	<b>(9,140)</b>	(7,187)	(14,496)
carried forward	<b>(4,031)</b>	(1,722)	(2,587)

# Cash Flow Statement

For the Period Ended 30 June 2002

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	<b>6 Months 30.06.02</b>	<b>6 Months 30.06.01</b>	<b>Year 31.12.01</b>
	Lm000	Lm000	Lm000
brought forward	<b>(4,031)</b>	(1,722)	(2,587)
	-----	-----	-----
<b>Cash Flows from Financing Activities</b>			
Proceeds from Long Term Borrowings	-	5,158	6,770
Repayments of Long Term Borrowings	<b>(1,199)</b>	(1,284)	(2,381)
Dividends Paid	<b>(2,269)</b>	(2,128)	(2,128)
Loan Interest Paid	<b>(612)</b>	(490)	(1,109)
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<b>Net Cash (used in)/from Financing Activities</b>	<b>(4,080)</b>	1,256	1,152
	-----	-----	-----
Effect of Exchange Rate Changes in Cash and Cash Equivalents	<b>9</b>	3	(4)
	-----	-----	-----
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(8,102)</b>	(463)	(1,439)
Cash and Cash Equivalents at Beginning of Period/Year	<b>650</b>	2,094	2,097
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<b>Cash and Cash Equivalents at End of Period/Year</b>	<b>(7,452)</b>	1,631	658
	=====	=====	=====

# Explanatory Notes

For the Period Ended 30 June 2002

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## 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 2001.

## 2 Segmental Information

	<b>Turnover</b>	<b>Operating Profit/(Loss)</b>
	Lm000	Lm000
Local Traffic	4,906	216
International Traffic	3,899	1,445
Mobile Traffic	7,369	246
Subscribers' Rentals	3,713	1,844
Carriers Revenue	2,849	2,068
Internet Related Services	1,568	421
Card Services	690	284
Radio Paging and Telemarketing Services	50	(7)
Others	909	(861)
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	<u>25,953</u>	<u>5,656</u>

## 3 Exceptional Item

	Lm000
Savings realised or anticipated on provision for restructuring cost	<b>180</b>
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## 4 Property, Plant and Equipment

Movements on property, plant and equipment during the period were:	Lm000
Net Acquisitions	<b>7,431</b>
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# Explanatory Notes

*For the Period Ended 30 June 2002*

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## **5 Provision for Restructuring**

During the period, the amount of Lm405,000 was reversed out of the Provision for Restructuring balance.

## **6 Changes in Contingent Liabilities**

Since the last audited financial statements, Government has raised a claim amounting to Lm5,241,291 as reimbursement of pensions paid up to 31 December 2001 and an additional annual amount of Lm516,877 in respect of retired public officers formerly assigned to Telemalta Corporation. Maltacom's directors have identified certain significant inconsistencies with the terms of the applicable legislation in the computations underlying this claim, which inconsistencies have materially and artificially inflated the amount claimed. In addition, on the basis of independent legal advice obtained in 1997 and further advice on this matter, Maltacom's directors are still of the view that the maximum potential exposure relates to the years between 1975 and 1979, for which provision had been made in the accounts during previous accounting periods. This provision is, however, significantly less than the amount now being claimed by Government, even after allowing for the effect of the inconsistencies referred to above. Maltacom is disputing liability, and has not provided, for the additional amount claimed.

In addition, following a call-up during the current period, the share capital not yet called up at period-end of one of the subsidiary undertakings, Datastream Limited, represented 17.5% of this undertaking's share capital and amounted to Lm175,000. In addition, the Company has increased its guarantees on subsidiaries' banking facilities by Lm282,028.

## **7 Capital Commitments**

Commitments at the balance sheet date for the acquisition of property, plant and equipment and financial assets amounted to Lm16.3 million.



# Review of Group Operations

30 June 2002

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## 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 2002 and 30 June 2002. The comparative amounts reflect the position and results of the group as included in the audited financial statements for the year ended 31 December 2001 and the position and results for the period 1 January 2001 to 30 June 2001.

### Seasonality

The group's operations are to some extent cyclical, being affected by 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 (2001 Six Months: Lm5.7 million, 2001 Year: Lm13.1 million). This represents an annualised return of 18.4 % (2001 Six Months annualised: 20.4 %, 2001 Year: 22.4%) on the average shareholders' funds, and of 9.9% (2001 Six Months annualised: 10.6%, 2001 Year: 12.0%) on the average total assets employed. Earnings per share for the period amounted to 3c7 (2001 Six Months: 4c0, 2001 Year: 9c2).

The Gross Margin for the period amounted to Lm11.4 million (2001 Six Months Lm10.7 million, 2001 Year: Lm24.3 million), equivalent to 44.0% (2001 Six Months: 44.5%, 2001 Year: 47.9%) of turnover. Net operating costs amounted to Lm20.1 million (2001 Six Months: Lm18.3 million, 2001 Year: Lm36.7 million) and mainly represent interconnection, labour, foreign administration charges and depreciation. The tax expense provided for the period amounted to Lm2.0 million (2001 Six Months: Lm1.6 million, 2001 Year: Lm3.8 million) and represents an effective tax rate of 34.7% (2001 Six Months: 29.1%, 2001 Year: 28.9%).

The Group's annualised return on capital employed as at the end of the period, as adjusted for the effects of the revaluation of the immovable property in prior periods, stands at 23.2% (2001 Six months annualised: 25.8%, 2001 Year: 26.7%).

No interim dividend is being declared.

### Balance Sheet

Group total assets at 30 June 2002 stood at Lm118.9 million (2001 Six Months: Lm107.8 million, 2001 Year: Lm113.1 million). Loans by financial institutions amounted to Lm21.5 million (2001 Six Months: Lm22.2 million, 2001 Year: Lm22.7 million) and finance 26.0% (2001 Six Months: 29.5%, 2001 Year: 28.2%) of the group's fixed assets.

Debtors, net of provisions for doubtful debts, amounted to Lm31.1 million (2001 Six Months: Lm28.3 million, 2001 Year: Lm27.7 million). Of these, 50.1% (2001 Six Months: 68.0%, 2001 Year: 72.2%) 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 Lm16.0 million (2001 Six Months: Lm14.1 million, 2001 Year: Lm16.1 million).

Shareholders' funds amounted to Lm62.8 million (2001 Six Months: Lm56.0 million, 2001 Year: Lm62.3 million). They finance 52.8% (2001 Six Months: 51.9%, 2001 Year: 55.0%) of the group's total assets. The group's net asset value per share stands at 62c0 (2001 Six Months: 55c2, 2001 Year: 61c5).