



2nd April, 2007

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by Maltacom p.l.c. pursuant to Malta Financial Services Authority Listing Rules 8.7.4. and 8.7.21.

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 2006 as agreed with the auditors KPMG.

The Board of Directors further resolved to recommend that the Annual General Meeting which is being held on Wednesday 30th May 2007 at the Malta Hilton, St. Julians, approves the payment of a final net dividend of Lm 0.05c0 per share. The final dividend will be paid on the 6th of June, 2007 to all shareholders who are on the shareholders' register as at Monday the 30th of April 2007.

Unquote

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 2006

	2006	2005
	Lm000	Lm000
FINANCIAL HIGHLIGHTS		
Revenue	55,476	54,960
Profit before taxation	12,076	16,056
Profit for the year	8,142	11,225
Total assets	116,641	116,219
Shareholders' funds	88,893	87,226
INCOME STATEMENT		
Revenue	55,476	54,960
Cost of sales	(28,610)	(29,093)
Write-back of international traffic and leased circuit costs	31	698
Gross profit	26,897	26,565
Other operating income	721	746
Administrative and distribution expenses	(12,535)	(11,310)
Voluntary retirement costs	(3,155)	-
Other operating expenses	(253)	(426)
	(15,222)	(10,990)
Results from operating activities	11,675	15,575
Finance income	879	871
Finance expenses	(435)	(508)
Net finance income	444	363
Net reversal of impairment losses on equity		
Investments	-	372
Losses on realisation of investments	-	(325)
Share of the result of associate	(43)	71
	(43)	118
Profit before tax	12,076	16,056
Income tax expense	(3,934)	(4,831)
Profit for the year	8,142	11,225
Earnings per share	8c0	11c1

BALANCE SHEET

	2006	2005
	Lm000	Lm000
Assets		
Property, plant and equipment	59,855	61,820
Intangible assets	5,338	5,537
Investment in associate	935	978
Other investments	13,702	14,127
Finance lease receivables	262	294
Deferred tax assets	574	1,271
	-----	-----
Total non-current assets	80,666	84,027
	-----	-----
Inventories	1,028	819
Term deposit investment	-	50
Trade and other receivables	13,925	15,399
Tax recoverable	2,314	1,491
Cash at bank and in hand	16,694	12,441
	-----	-----
Total current assets	33,961	30,200
	-----	-----
Non-current assets classified as held for sale	2,014	1,992
	-----	-----
Total assets	116,641	116,219
	=====	=====
Equity		
Share capital	25,328	25,328
Reserves	7,664	7,291
Retained earnings	55,901	54,607
	-----	-----
Total equity	88,893	87,226
	=====	=====
Liabilities		
Interest-bearing loans and borrowings	1,903	5,267
Provisions	16	12
	-----	-----
Total non-current liabilities	1,919	5,279
	-----	-----
Interest-bearing loans and borrowings	8,252	7,532
Derivative liability used for hedging	-	23
Trade and other payables	17,577	16,159
	-----	-----
Total current liabilities	25,829	23,714
	-----	-----
Total liabilities	27,748	28,993
	-----	-----
Total equity and liabilities	116,641	116,219
	=====	=====

This report has been extracted from the audited financial statements of the Group which were approved by the Board of Directors on 2 April 2007.

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 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	-	-	-	-	-
Dividends approved at general meeting and paid	(2,128)	-	-	-	-	-	(2,128)	-	-
Change in fair value of other investments	381	-	-	-	381	-	-	-	-
Deferred taxation*	(19)	-	-	(6)	(13)	-	-	-	-
Revaluation of land and buildings	405	-	-	-	-	-	-	405	-
Interim dividend paid	(2,026)	-	-	-	-	-	-	-	(2,026)
Transfer to retained earnings:									
Unrealised gains	-	-	243	-	-	-	-	-	(243)
Transfer to insurance contingency reserve	-	-	-	-	-	50	-	-	(50)
Dividends proposed for approval at 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
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Balance at 1 January 2006	87,226	25,328	1,819	11	347	150	4,559	405	54,607
Cash flow hedges - effective portion of changes in fair value*	(17)	-	-	(17)	-	-	-	-	-
Change in fair value of other investments*	13	-	-	-	13	-	-	-	-
Deferred taxation*	13	-	-	6	7	-	-	-	-
Revaluation of land and buildings	(405)	-	-	-	-	-	-	(405)	-
Dividends approved at general meeting and paid	(4,559)	-	-	-	-	-	(4,559)	-	-
Interim dividend paid	(1,520)	-	-	-	-	-	-	-	(1,520)
Transfer from retained earnings:									
Unrealised gains	-	-	213	-	-	-	-	-	(213)
Transfer to insurance contingency reserve	-	-	-	-	-	50	-	-	(50)
Dividends proposed for approval at general meeting	-	-	-	-	-	-	5,065	-	(5,065)
Profit for the year	8,142	-	-	-	-	-	-	-	8,142
	=====	=====	=====	=====	=====	=====	=====	=====	=====
Balance at 31 December 2006	88,893	25,328	2,032	-	367	200	5,065	-	55,901
	=====	=====	=====	=====	=====	=====	=====	=====	=====

* Net income recognised directly to equity

CASH FLOW STATEMENT

	2006	2005
	Lm000	Lm000
Cash flows from operating activities		
Profit for the year	8,142	11,225
Adjustments for:		
Income tax expense	3,934	4,831
Depreciation, amortisation and write-downs	8,898	8,753
Net financing income	(444)	(363)
Share of associate's results	43	(71)
Write offs and net loss/ arising on disposal of intangible assets and property, plant and equipment	161	336
Net increase in provisions and write offs	311	(776)
Reversal of unclaimed liabilities written back	-	8
Liabilities written back	(221)	-
Loss on realisation of equity investments	-	325
Net reversal of impairment loss on equity investments	-	(372)
Voluntary retirement costs	3,155	-
	-----	-----
	23,979	23,896
Working capital changes:		
Inventories	(217)	199
Trade and other receivables	1,125	8,560
Trade and other payables	1,360	(3,317)
Movement in associate's balance	14	(77)
	-----	-----
Cash generated from operations	26,261	29,261
Interest received (net of withholding tax)	250	288
Interest paid on bank overdrafts	(12)	(14)
Net taxation paid	(3,999)	(4,163)
Payments on voluntary retirement scheme	(2,679)	-
	-----	-----
Net cash from operating activities	19,821	25,372
	-----	-----
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(7,164)	(4,902)
Payment to acquire property held for sale	(22)	-
Payments to acquire investments	-	(12,045)
Payment to acquire intangible assets	-	(2,501)
Receipts from disposal of property, plant and equipment	7	239
Receipts from disposal and realisation of investments	448	3,325
Amounts advanced to associate	(37)	(29)
Repayments of loan advanced to associate	-	7
Investment income received	362	247
	-----	-----
Net cash used in investing activities	(6,406)	(15,659)
	-----	-----
carried forward	13,415	9,713

CASH FLOW STATEMENT

	2006	2005
	Lm000	Lm000
brought forward	13,415	9,713
Cash flow from financing activities		
Repayments of long-term borrowings	(3,447)	(3,450)
Dividends paid	(6,077)	(4,148)
Loan interest paid	(308)	(446)
	-----	-----
Net cash used in financing activities	(9,832)	(8,044)
	-----	-----
Net increase in cash and cash equivalents	3,583	1,669
Cash and cash equivalents at 1 January	8,180	6,466
Effect of exchange rate fluctuations on cash held	(58)	27
Movement in cash pledged as guarantees	28	18
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Cash and cash equivalents at 31 December	11,733	8,180
	=====	=====

Review of Group Operations

31 December 2006

Review of group operations

Introduction

This Statement is published pursuant to The Malta Financial Service Authority Listing Rule 9.35 and Article 4(2)(b) of the Prevention of Financial Markets Abuse (Disclosure and Notification) Regulations, 2005.

The financial information 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 2006 as approved by the Board of Directors on 2 April 2007. These financial statements will be laid before the members at the general meeting to be held on 30 May 2007.

The Group's financial statements have been prepared in accordance with the Companies Act, 1995 enacted in Malta (the "Act") which requires adherence to International Financial Reporting Standards (IFRSs). Article 4 of Regulation 1606/2002/EC ("the Regulation") 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 (IFRSs) 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 Regulation overrides the provisions of the Act, 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.

Notwithstanding the above, there were no incompatibilities between the provision of the Act and the requirements of the Regulation in relation to the preparation of these financial statements.

Performance

During the year, the Maltacom Group has recorded a profit before taxation amounting to Lm12.1 million (2005: Lm16.1 million). This represents a return of 13.7% (2005: 19.3%) of the average shareholders' funds and of 10.4% (2005: 13.9%) of the average total assets employed.

Earnings per share for the year amounted to 8c0 (2005: 11c1).

The gross margin for the year amounted to Lm26.9 million (2005: Lm26.6 million), equivalent to 48.5% (2005: 48.4%) of total revenues. Net operating costs excluding voluntary retirement costs amounted to Lm41.4 million (2005: Lm40.1 million) and mainly represent interconnection charges with other operators, labour costs and depreciation.

The tax expense for the year amounted to Lm3.9 million (2005: Lm4.8 million).

Following an interim dividend of 1c5 (net of taxation) (2005: 2c) which was declared on 22 September 2006 and paid on 27 October 2006, the Board of Directors is recommending the payment of a final dividend of 5c (net of tax) (2005: 4c5) per ordinary share for the approval of the shareholders at the next Annual General Meeting to be held on 30 May 2007 which dividend will be payable on 6 June 2007. This net dividend will be payable to shareholders who will be on the register of shareholders as at 30 April 2007.

Review of Group Operations

31 December 2006

Review of group operations (continued)

Balance sheet

Group total assets at balance sheet date stood at Lm116.6 million (2005: *Lm116.2 million*).

Receivables, net of impairment loss, amounted to Lm13.9 million (2005: *Lm15.4 million*). Of these, 55.8% (2005: *59.4%*) 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 Lm17.6 million (2005: *Lm16.2 million*).

Non-current and current bank loans amounted to Lm5.3 million (2005: *Lm8.7 million*). The gearing ratio, that is, the ratio of loan finance to shareholders' equity stood at 5.9% at 31 December 2006 compared with 10.0% at 31 December 2005.

Shareholders' funds amounted to Lm88.9 million (2005: *Lm87.2 million*). They finance 76.2% (2005: *75.1%*) of the Group's total assets. The Group's net asset value per share stands at Lm0.877 (2005: *Lm0.861*).

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Company Secretary

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2 April 2007