



COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by MaltaPost p.l.c. in compliance with Chapter 8 of the Listing Rules in respect of the interim financial statements for the six months ended 31 March 2010.

QUOTE

At a meeting of the Board of Directors of MaltaPost p.l.c. held on 13 May 2010, the attached unaudited Condensed Interim Financial Statements for the six-month period ended 31 March 2010 were approved.

The Interim Financial Statements for the period ended 31 March 2010 are available for viewing and download on the MaltaPost p.l.c. website at www.maltapost.com.

UNQUOTE

A handwritten signature in blue ink, consisting of several horizontal strokes and a small, stylized mark at the end.

Graham A. Fairclough
Company Secretary

Basis of preparation

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting, and have been extracted from the company’s unaudited accounts for the six months ended 31 March 2010 and have been reviewed in terms of ISRE 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. The accounting policies used in preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 30 September 2009 except for the fact that the Company adopted IAS 1 (revised), Presentation of financial statements, which became effective for periods beginning on or after 1 January 2009. The revised standard has no impact on the classification and measurement of the Company’s elements of the interim financial statements. IAS 1 (revised) requires ‘non-owner changes in equity’ to be presented separately from owner changes in equity in a statement of comprehensive income. The half-yearly results are being published in terms of Chapters 8 and 9 of the Listing Rules of the Malta Financial Services Authority.

Interim directors’ report

Review of performance

For the six months ended 31 March 2010, MaltaPost p.l.c. registered a pre tax profit of €1.86m (2009: €1.92m) and €1.18m profit after tax as compared to €1.14m for the corresponding period last year, representing an increase of 3.5%.

The main factors underlying the performance for the period under review, in comparison with the same period last year, are as follows:

- Revenue increased marginally to €10.55m. The traditional domestic postal market registered a slight increase over last year. This was further complemented by an increase in the international mail business;
- Employee benefits expense increased by 5.8% to €5.09m;
- Depreciation increased by 8.1% to €440k as a result of upgrading the Company’s branch network in order to improve customer experience and to prepare for new business opportunities;
- Other expenses decreased by 6.2% to €3.31m in the continuing effort to improve the efficiency of business processes;

Shareholders’ funds increased to €11.92m from €10.88m as at 30 September 2009. This was principally due to the considerable number of shareholders opting for scrip dividend in preference to receiving their dividend in cash.

Outlook

The competitive environment and outlook for the Company continues to be determined to a substantial degree by the effect that e-substitution is having on traditional mail volumes and the impact on its main source of revenue. However, the general decreasing trend of the traditional mail market continues to be substituted by increases in international inbound mail as a result of growth in internet mail-order. Increasing local and international competition, especially in the packets and parcel business, means that the Company must continue to strive for excellence in all its operations, maintain high levels of customer service and adapt its products to meet clients' requirements. The Company intends to further diversify the business into low cost financial services and the provision of bespoke back office processes.

The Board has taken into consideration the evolving market situation and, to date, the directors do not envisage any occurrence which could prevent the Company from achieving the targets set for the financial year. Furthermore, it believes that the Company continues to have a sound balance sheet which enables it to move forward with its plans from a position of strength. The performance for the first half of the financial year is the result of the good work by management and staff as well as the continued support of the customers of MaltaPost.

By Order of the Board
13 May 2010

**Condensed statement of financial position
At 31 March 2010**

	31-Mar-10 €'000 Unaudited	30-Sep-09 €'000 Audited
ASSETS		
Non-current assets		
Intangible asset	238	278
Property, plant and equipment	2,158	2,327
Available-for-sale financial assets	5,165	4,896
Deferred income tax asset	468	442
Total non-current assets	<u>8,029</u>	<u>7,943</u>
Current assets		
Inventories	594	424
Trade and other receivables	6,895	6,652
Cash and cash equivalents	6,149	7,046
Total current assets	<u>13,638</u>	<u>14,122</u>
Total assets	<u>21,667</u>	<u>22,065</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	7,643	7,282
Other reserves	1,421	750
Retained earnings	2,856	2,845
Total equity	<u>11,920</u>	<u>10,877</u>
Non-current liabilities		
Provision for liabilities and charges	1,687	1,600
Total non-current liabilities	<u>1,687</u>	<u>1,600</u>
Current liabilities		
Trade and other payables	7,105	9,028
Current income tax liabilities	955	560
Total current liabilities	<u>8,060</u>	<u>9,588</u>
Total liabilities	<u>9,747</u>	<u>11,188</u>
Total equity and liabilities	<u>21,667</u>	<u>22,065</u>

Condensed income statement
For the six months ended 31 March 2010

	01-Oct-09 to 31-Mar-10 €'000 Unaudited	01-Oct-08 to 31-Mar-09 €'000 Unaudited
Revenue	10,549	10,495
Employee benefits expense	(5,093)	(4,812)
Depreciation and amortisation expense	(440)	(407)
Other expenses	(3,306)	(3,525)
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Operating profit	1,710	1,751
Finance income	149	167
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Profit before income tax	1,859	1,918
Income tax expense	(683)	(780)
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Profit for the financial period	1,176	1,138
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Earnings per share	€0.04	€0.04

Condensed statement of comprehensive income
For the six months ended 31 March 2010

	01-Oct-09 to 31-Mar-10 €'000	01-Oct-08 to 31-Mar-09 €'000
Profit for the financial period	1,176	1,138
Other comprehensive income		
Unrealised fair value movements	80	125
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Total comprehensive income for the financial period	1,256	1,263
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Condensed statement of changes in equity
For the six months ended 31 March 2010 (Unaudited)

	Called up share capital €'000	Other reserves €'000	Retained earnings €'000	Total €'000
Balance at 1 October 2008	7,000	3	1,991	8,994
Transactions with owners				
Rights issue of ordinary shares	282	587	-	869
Dividends	-	-	(1,120)	(1,120)
Total transactions with owners	282	587	(1,120)	(251)
Comprehensive income				
Profit for the financial period	-	-	1,138	1,138
Other comprehensive income				
Fair value gains on available-for-sale investments	-	125	-	125
Total comprehensive income	-	125	1,138	1,263
Balance at 31 March 2009	7,282	715	2,009	10,006
Balance at 1 October 2009	7,282	750	2,845	10,877
Transactions with owners				
Rights issue of ordinary shares	361	591	-	952
Dividends	-	-	(1,165)	(1,165)
Total transactions with owners	361	591	(1,165)	(213)
Comprehensive income				
Profit for the financial period	-	-	1,176	1,176
Other comprehensive income				
Fair value gains on available-for-sale investments	-	80	-	80
Total comprehensive income	-	80	1,176	1,256
Balance at 31 March 2010	7,643	1,421	2,856	11,920

Condensed statement of cash flows
For the six months ended 31 March 2010

	01-Oct-09 to 31-Mar-10 €'000 Unaudited	01-Oct-08 to 31-Mar-09 €'000 Unaudited
Cash flows from operating activities		
Cash generated from customers	45,506	36,174
Cash paid to suppliers and employees	(45,571)	(34,774)
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Cash (used in)/generated from operating activities	(65)	1,400
Income tax paid	(314)	(149)
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Net cash (used in)/from operating activities	(379)	1,251
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Cash flows from investing activities		
Interest received	222	196
Purchase of property, plant and equipment	(334)	(253)
Purchase of investments	(193)	(233)
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Net cash used in investing activities	(305)	(290)
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Cash flow used in financing activities		
Dividends paid	(213)	(249)
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Net movement in cash and cash equivalents	(897)	712
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Cash and cash equivalents at beginning of financial period	7,046	7,950
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Cash and cash equivalents at end of financial period	6,149	8,662
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I confirm that to the best of my knowledge:

- The condensed interim financial statements, prepared in accordance with IAS 34 give a true and fair view of the financial position as at 31 March 2010, financial performance and cash flows for the period then ended, and conform with the requirements of the accounting standards adopted for use in the EU for interim financial statements, including adopted IAS 34: *Interim Financial Reporting* and,
- The interim directors' report includes a fair review of the information required in terms of Listing Rule 9.44k.2.



Joseph Gafa'
Chief Executive Officer

Report on review of interim financial information

To the directors of MaltaPost p.l.c.

Introduction

We have reviewed the accompanying condensed interim statement of financial position of MaltaPost p.l.c. as at 31 March 2010 and the related condensed income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six month period then ended. The directors are responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union applicable to interim financial reporting (IAS 34) "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Malta Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PRICEWATERHOUSECOOPERS 

167, Triq il-Merkanti
Valletta VLT 1174
Malta


Simon Flynn
Partner

13 May 2010