

# Maltapost plc

Year end 30<sup>th</sup> September 2007

## Chairman's Statement

This year Maltapost registered a profit before tax of Lm 714,176 an increase of 248% on the previous year. Earnings per Share increased from 7.3 cents to 25.5 cents while Return on Equity (pre-tax) has improved to 19.68% from 6.32% last year.

These positive results follow the Company's continuous efforts to control costs, increase and diversify its range of activities while consolidating traditional revenue streams. No doubt, the increase of 1c in the postage rate for basic local mail (approved by the MCA in August 2006) also helped. However we continue to incur losses in this service.

Maltapost's core activity demands the extensive employment of human resources. We endeavour to upgrade the standards of our staff by continuous on-the-job training and development. The Company seeks to support its human resources with a robust IT system so as to facilitate work processes and add value. Your Board of Directors shall in the coming years continue investing significantly in ICT as well as staff training and development. We shall also be upgrading our outlets and work areas as necessary to ensure a better environment for customers and staff alike.

Quality standards continue to be of major importance in our activities. High service levels are set by the various regulatory bodies and also expected by customers. It therefore remains of paramount importance for us to maintain standards. For example, this year we introduced and extended a series of tracking facilities for courier, parcels and registered letters which should result in attracting more customers and revenue.

In September 2007 Lombard Bank purchased a further 25% stake in Maltapost plc thus becoming its majority shareholder with 60%. This development should translate into gains for the Company and presents an opportunity for Maltapost to expand its services and consolidate its branch network. It also anchors the Company to an institution which is well respected and successful in its market. Government has also announced that it shall be disposing of its remaining 40% shareholding by selling to the public via an IPO in Q1 2008. Concurrently the Company will be listing its shares on the Malta Stock Exchange.

Maltapost is conscious of the important role that the post office plays in Maltese society. We are well aware of the fact that besides being a commercial enterprise we also need to provide services that are affordable and of a high standard. We shall not shy away from our obligations in this regard.

We remain sensitive to our corporate social responsibility and throughout the year extend support to various voluntary and charitable organisations as well as participating in programmes and initiatives of a philanthropic nature.

The future holds many challenges, including but not limited to the complete liberalisation of the postal market. In the face of those posed by new technology and direct competition Maltapost must continue building on strong foundations by consolidating its existing revenue streams and expanding into new areas such as financial services.

Our best single asset remains the staff. It is only through the dedication and effort of our staff that such positive results may continue to be achieved. In the coming years your Board will be looking into the various schemes and options that can be adopted to ensure that staff is kept motivated and accordingly remunerated.

I conclude by thanking my fellow directors on the Board, the Management and staff for the effort that they put in achieving this encouraging set of results as well as our customers and business partners for their support and loyalty. A final word of thanks goes to David Stellini who served as Company chairman until recently and who has accepted to continue serving as a director on the Board.

Joseph Said  
Chairman