



## COMPANY ANNOUNCEMENT

The following is a company announcement issued by GO p.l.c. (“**the Company**”) pursuant to Malta Financial Services Authority Listing Rules.

### Quote

In a meeting held earlier today the 13<sup>th</sup> August 2014, the Board of Directors of the Company approved the attached Group Interim Unaudited Financial Statements for the six-month period ended 30 June 2014.

The Interim Financial Statements are available for viewing on the Company’s website [www.go.com.mt](http://www.go.com.mt)

### Unquote

A handwritten signature in blue ink, appearing to read 'F. Salomone'.

**Dr. Francis Galea Salomone LL.D.**  
**Company Secretary**

**13 August 2014**

**GO p.l.c.**

Condensed Consolidated  
Interim Financial Statements

For the Period 1 January 2014 to  
30 June 2014

Company Registration Number: C 22334

# GO p.l.c.

## Condensed Consolidated Interim Financial Statements

For the Period 1 January 2014 to 30 June 2014

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# GO p.l.c.

## Directors' Report pursuant to Listing Rule 5.75.2

For the period 1 January 2014 to 30 June 2014

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*This Half-Yearly Report is being published in terms of Chapter 5 of the Listing Rules of the Listing Authority – Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act, 2005. The Half-Yearly Report comprises the reviewed (not audited) condensed consolidated interim financial statements for the six months ended 30 June 2014 prepared in accordance with International Financial Reporting Standards adopted for use in the EU for interim financial statements (International Accounting Standard 34, 'Interim Financial Reporting'). The condensed consolidated interim financial statements have been reviewed in accordance with the requirements of ISRE 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. The comparative statement of financial position has been extracted from the audited financial statements for the year ended 31 December 2013.*

### **Principal activities**

The Group is Malta's leading telecommunications and ancillary services provider. The services provided by the Group include fixed-line and mobile telephony services, broadband and internet services, digital terrestrial television, IPTV and data centre operations. The Company also has an interest in a jointly-controlled entity (Forgendo Limited), a company registered in Cyprus. Forgendo Limited currently holds an investment in an associate (Forthnet S.A.) registered in Greece, which provides fixed-line telephony, broadband and satellite TV services in Greece.

Insofar as the electronic communications operations are concerned, the Company and certain of its subsidiary companies are regulated by and are subject to the provisions of the Electronic Communications (Regulation) Act, 2004 and regulations issued thereunder.

### **Review of financial performance**

Group performance during the six months period ended 30 June 2014 has been positive as the Group registered an operating profit before non-recurring items of €11.8 million representing growth of 13.3% over the comparative period. Furthermore, the Group's earnings before interest, tax, depreciation and amortisation (EBITDA) and before non-recurring costs, amounted to €24.3 million, a marginal increase of €165K over the comparative period. This performance is the result of various successful initiatives aimed at growing revenues and reducing costs.

The Group's revenue amounted to €60.8 million compared to €60.5 million in 2013. During 2013 GO revamped its product portfolio which was very well received in the market. This has resulted in growth of the overall client base which now accounts for more than 500,000 connections across the main retail products. The continued decline in traditional fixed-voice connections is compensated by growth in all other sectors, namely broadband, TV and mobile. Whilst the telecommunications market continues to be characterised by intense competition across all product lines resulting in lower ARPU levels, GO outperformed international trends as it managed to grow retail revenue. Growth in mobile, TV and broadband compensated for the continuing trend of declining revenues from traditional fixed voice services. The positive performance of retail revenue also compensated for the negative impact resulting from the continued reduction in wholesale rates, particularly mobile termination and roaming as mandated by the Malta Communications Authority and the EU Commission. It is indeed encouraging to see increased take up of Group services and an ever increasing proportion of clients opting for Limitless Homepack, the Group's new and highly successful bundle of services aimed at satisfying all telecommunication needs of a household.

Cost of sales and administration costs excluding costs of an unusual nature, size or incidence amounted to €49.7 million, which represents a decrease of €0.9 million over the comparative period. Whilst the Group successfully pursued cost reductions in most areas, it also experienced increased incidence of costs in certain areas directly related to sales activity.

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## Directors' Report pursuant to Listing Rule 5.75.2

For the period 1 January 2014 to 30 June 2014

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The results of 2014 and the comparative period were both negatively impacted by voluntary retirement costs and to a lesser extent by pension obligations, items considered to be of an unusual nature, size or incidence. The combined impact of these items of unusual nature, size or incidence resulted in reducing the 13.3% growth in operating profit before such items to a marginal increase in the Group's reported operating profit from €9.4 million during the first six months of 2013 to €9.7 million during the period under review mainly due to an increase in costs of voluntary retirement schemes as the Group maintains efforts to optimise operations as it aligns its organisational structure to reflect market conditions. Profit before tax increased by 3.1% to €8.5 million.

Cash generation from operations remains healthy and amounted to €18.4 million (2013: €17.2 million) whilst as at 30 June 2014 the Group's borrowings net of cash holdings amounted to €47.7 million, an increase in net debt of €5.8 million over December 2013 as a result of the payment of a net dividend of €0.07 and after having extended a loan of €6 million to Forghendo. Forghendo participated in the increase in share capital of Forthnet. GO financed 50% of Forghendo's investment through the loan referred to above, which on 9 July 2014, was converted to an equity investment.

During the period under review, the Company entered into a share purchase agreement for the purchase of 25% of the issued share capital of Cablenet Communications Systems Limited, a limited liability company incorporated under the Laws of Cyprus. As at 30 June 2014, the agreement had not yet been executed as this is subject to the satisfaction of various regulatory and other conditions.

### **Commentary on performance**

Invariably, entities operating within the telecommunications sector, and in particular within the EU, report pressure on revenues and profitability. Few are those operators that manage to report growth. During the period under review, GO managed to reverse past trends of declining revenues and profitability and record growth. The Group's performance, is exceptional by comparison to trends in the sector, both internationally as well as locally and confirm GO as the leading telecommunications service provider in Malta.

These results have been achieved as the Group benefits from pursuing a clear strategy focused on enhancing customer experience and driving efficiency across its various operations. Improved customer experience is pursued through a four pronged strategy aimed at (i) appropriate investments in technology; (ii) investments in solutions, applications and processes to serve clients more efficiently and effectively; (iii) investments in content, particularly premium sports content ensuring that GO remains the undisputed leader in the provision of quality premium TV and (iv) revamping its offers to consumers.

Various significant investments have been made in the areas of mobile internet through which GO customers can reach speeds of up to 42 Mbps whilst in the fixed line network various investments have been made to enable customers to reach speeds of 70 Mbps. Furthermore, ongoing investments in an FTTH network will see customers able to experience speeds and quality of service no other technology can make available. These significant investments are all part of a major programme being implemented over a number of years having as its primary objective the delivery to GO's clients an unparalleled quality of service seamlessly over mobile and fixed-line technologies.

In the Business segment, GO remains the undisputed leader in providing Total Communications solutions. The GO infrastructure servicing the Business community is unmatched in terms of the capabilities, resiliency and redundancy provided.

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## Directors' Report pursuant to Listing Rule 5.75.2

For the period 1 January 2014 to 30 June 2014

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Beyond technology, GO also invests in systems and processes and during the period under review GO launched a revamped portal aimed at facilitating interaction between the Company and its customers. Furthermore, GO continued to revamp its offers to consumers, a process which is aimed at ensuring that consumers get the best possible value for their spend with the Group. These initiatives, together with investments in a next generation fibre network and in IPTV are aimed to enhance the overall customer experience beyond the availability of a robust infrastructure.

As a result of this focused strategy, in spite of significant and intense competition and shrinking profitability in the telecommunications sector, GO managed to outperform trends as it increased its total customer connections by 6,000 and is reporting improved revenue and profitability. GO remains grateful for the confidence and trust that its customers continue to place in GO's product portfolio. This confidence is also translated in significant increases in Customer Satisfaction Metrics and NPS (Net Promoter Score). This confidence and trust continue to encourage GO to maintain its focus and actively continue to pursue a strategy which is giving value to customers and which will allow it to remain the service provider of choice, ensuring long term sustainability of its operations.

### Related party transactions

During the period under review, the Group acquired services amounting to €0.6 million from entities ultimately controlled by Dubai Holdings LLC, the ultimate parent company. Dividends paid to the parent company amounted to €4.3 million.

### Dividends

The Board of Directors has resolved to determine the extent of dividend distribution for 2014 on the basis of the full results for the year. Accordingly, no dividends are declared upon issue of the results for the six-month period ended 30 June 2014.

Approved by the Board of Directors on 13 August 2014 and signed on its behalf by



Deepak S Padmanabhan  
Chairman



Nikhil Patil  
Director

# GO p.l.c.

## Condensed Consolidated Interim Financial Statements

Statement of financial position  
As at 30 June 2014

|   | Notes | As at<br>30.06.14<br>Unaudited<br>€000 | As at<br>31.12.13<br>Audited<br>€000 |
|---|-------|--|--------------------------------------|
| <b>ASSETS</b>                                   |       |  |                                      |
| <b>Non-current assets</b>                       |       |  |                                      |
| Property, plant and equipment                   | 5     | 133,423                                | 136,170                              |
| Investment property                             |       | 1,571                                  | 1,571                                |
| Intangible assets                               |       | 16,446                                 | 19,268                               |
| Loans receivable from jointly-controlled entity | 6     | 6,079                                  | -                                    |
| Deferred tax assets                             |       | 8,682                                  | 8,627                                |
| Trade and other receivables                     |       | 1,305                                  | 1,217                                |
| Total non-current assets                        |       | 167,506                                | 166,853                              |
| <b>Current assets</b>                           |       |  |                                      |
| Inventories                                     |       | 6,905                                  | 6,915                                |
| Trade and other receivables                     |       | 36,670                                 | 30,620                               |
| Current tax assets                              |       | -                                      | 186                                  |
| Cash and cash equivalents                       |       | 8,433                                  | 30,402                               |
| Total current assets                            |       | 52,008                                 | 68,123                               |
| <b>Total assets</b>                             |       | <b>219,514</b>                         | <b>234,976</b>                       |
| <b>EQUITY AND LIABILITIES</b>                   |       |  |                                      |
| <b>EQUITY</b>                                   |       |  |                                      |
| Share capital                                   |       | 58,998                                 | 58,998                               |
| Reserves  |       | 16,488                                 | 16,536                               |
| Retained earnings                               |       | 26,770                                 | 27,961                               |
| <b>Total equity</b>                             |       | <b>102,256</b>                         | <b>103,495</b>                       |

# GO p.l.c.

## Condensed Consolidated Interim Financial Statements

Statement of financial position (continued)  
As at 30 June 2014

|                                     | Notes | As at<br>30.06.14<br>Unaudited<br>€000 | As at<br>31.12.13<br>Audited<br>€000 |
|-------------------------------------|-------|--|--------------------------------------|
| <b>LIABILITIES</b>                  |       |  |                                      |
| <b>Non-current liabilities</b>      |       |  |                                      |
| Borrowings                          |       | 44,985                                 | 59,246                               |
| Derivative financial instruments    |       | -                                      | 512                                  |
| Deferred tax liabilities            |       | 6,887                                  | 7,109                                |
| Trade and other payables            |       | 2,182                                  | 3,656                                |
| Provisions for pensions             | 7     | 3,479                                  | 3,370                                |
| Total non-current liabilities       |       | 57,533                                 | 73,893                               |
| <b>Current liabilities</b>          |       |  |                                      |
| Trade and other payables            |       | 43,918                                 | 41,896                               |
| Derivative financial instruments    |       | 265                                    | -                                    |
| Current tax liabilities             |       | 1,583                                  | 27                                   |
| Borrowings                          |       | 11,125                                 | 13,014                               |
| Provisions for pensions             | 7     | 2,834                                  | 2,651                                |
| Total current liabilities           |       | 59,725                                 | 57,588                               |
| <b>Total liabilities</b>            |       | 117,258                                | 131,481                              |
| <b>Total equity and liabilities</b> |       | 219,514                                | 234,976                              |

The notes on pages 11 to 19 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements set out on pages 4 to 19 were approved by the Board of Directors on 13 August 2014 and were signed on its behalf by:



Deepak S Padmanabhan  
Chairman



Nikhil Patil  
Director



# GO p.l.c.

## Condensed Consolidated Interim Financial Statements

### Income statement

For the period 1 January 2014 to 30 June 2014

|  | Note | Six months ended<br>30.06.14<br>Unaudited<br>€000 | Six months ended<br>30.06.13<br>Unaudited<br>€000 |
|--|------|---|---|
| Revenue  |      | 60,766  | 60,534  |
| Cost of sales  |      | (36,381)  | (37,200)  |
| <b>Gross profit</b>  |      | <b>24,385</b>                                     | 23,334  |
| Administrative and other related expenses  |      | (15,393)  | (14,387)  |
| Other income   |      | 745   | 465   |
| Other expenses   |      | (62)  | (55)  |
| <b>Operating profit</b>  | 8    | <b>9,675</b>                                      | 9,357   |
| Analysed as follows:   |      |   |   |
| Operating profit before non-recurring items                                      |      | 11,758  | 10,374  |
| Non-recurring items presented within 'Administrative and other related expenses' |      | (2,083)   | (1,017)   |
| Operating profit after non-recurring items                                       |      | 9,675   | 9,357   |
| Finance income   |      | 26  | 276   |
| Finance costs  |      | (1,190)   | (1,375)   |
| <b>Profit before tax</b>   |      | <b>8,511</b>                                      | 8,258   |
| Tax expense  |      | (2,610)   | (2,905)   |
| <b>Profit for the period</b>   |      | <b>5,901</b>                                      | 5,353   |
| <b>Earnings per share (euro cents)</b>   |      | <b>5c8</b>  | 5c3   |

The notes on pages 11 to 19 are an integral part of these condensed consolidated interim financial statements.

# GO p.l.c.

## Condensed Consolidated Interim Financial Statements

Statement of comprehensive income  
For the period 1 January 2014 to 30 June 2014

|   | <b>Six months<br/>ended<br/>30.06.14<br/>Unaudited<br/>€000</b> | Six months<br>ended<br>30.06.13<br>Unaudited<br>€000 |
|---|---|--|
| <b>Profit for the period</b>  | <b>5,901</b>  | 5,353  |
| <b>Other comprehensive income</b>   |   |  |
| <i>Items that will not be reclassified to profit<br/>or loss</i>                          |   |  |
| Remeasurements of defined benefit obligations   | <b>(321)</b>  | -  |
| Income tax relating to components of<br>other comprehensive income                        | <b>112</b>  | -  |
| <i>Items that may be subsequently reclassified to profit<br/>or loss</i>                  |   |  |
| Change in fair value of derivative designated<br>as hedging instrument in cash flow hedge | <b>247</b>  | 466  |
| Income tax relating to components of<br>other comprehensive income                        | <b>(86)</b>   | (163)  |
| <b>Total other comprehensive income for the<br/>period, net of tax</b>                    | <b>(48)</b>   | 303  |
| <b>Total comprehensive income for the period</b>  | <b>5,853</b>  | 5,656  |

The notes on pages 11 to 19 are an integral part of these condensed consolidated interim financial statements.

# GO p.l.c.

## Condensed Consolidated Interim Financial Statements

Statement of changes in equity (unaudited)  
For the period 1 January 2014 to 30 June 2014

|  | Share<br>capital<br>€000 | Reserves<br>€000 | Retained<br>earnings<br>€000 | Total<br>equity<br>€000 |
|--|--------------------------|------------------|------------------------------|-------------------------|
| Balance at 1 January 2013  | 58,998                   | 16,144           | 26,458                       | 101,600                 |
| <b>Comprehensive income</b>  |                          |                  |                              |                         |
| Profit for the period  | -                        | -                | 5,353                        | 5,353                   |
| Other comprehensive income:  |                          |                  |                              |                         |
| Cash flow hedge, net of deferred tax                                 | -                        | 303              | -                            | 303                     |
| Total other comprehensive income                                     | -                        | 303              | -                            | 303                     |
| Total comprehensive income for the period                            | -                        | 303              | 5,353                        | 5,656                   |
| <b>Transactions with owners in their capacity as owners</b>          |                          |                  |                              |                         |
| Distributions to owners:   |                          |                  |                              |                         |
| Dividends to equity holders relating to the preceding financial year | -                        | -                | (10,131)                     | (10,131)                |
| Total transactions with owners                                       | -                        | -                | (10,131)                     | (10,131)                |
| <b>Balance at 30 June 2013</b>                                       | <b>58,998</b>            | <b>16,447</b>    | <b>21,680</b>                | <b>97,125</b>           |
| Balance at 1 January 2014  | 58,998                   | 16,536           | 27,961                       | 103,495                 |
| <b>Comprehensive income</b>  |                          |                  |                              |                         |
| Profit for the period  | -                        | -                | 5,901                        | 5,901                   |
| Other comprehensive income:  |                          |                  |                              |                         |
| Cash flow hedge, net of deferred tax                                 | -                        | 161              | -                            | 161                     |
| Remeasurements of defined benefit obligations, net of deferred tax   | -                        | (209)            | -                            | (209)                   |
| Total other comprehensive income                                     | -                        | (48)             | -                            | (48)                    |
| Total comprehensive income for the period                            | -                        | (48)             | 5,901                        | 5,853                   |
| <b>Transactions with owners in their capacity as owners</b>          |                          |                  |                              |                         |
| Distributions to owners:   |                          |                  |                              |                         |
| Dividends to equity holders relating to the preceding financial year | -                        | -                | (7,092)                      | (7,092)                 |
| Total transactions with owners                                       | -                        | -                | (7,092)                      | (7,092)                 |
| <b>Balance at 30 June 2014</b>                                       | <b>58,998</b>            | <b>16,488</b>    | <b>26,770</b>                | <b>102,256</b>          |

The notes on pages 11 to 19 are an integral part of these condensed consolidated interim financial statements.

# GO p.l.c.

## Condensed Consolidated Interim Financial Statements

### Statement of cash flows

For the period 1 January 2014 to 30 June 2014

|   | <b>Six months<br/>ended<br/>30.06.14<br/>Unaudited<br/>€000</b> | Six months<br>Ended<br>30.06.13<br>Unaudited<br>€000 |
|---|---|--|
| <b>Cash flows from operating activities</b>   |   |  |
| Operating profit  | <b>9,675</b>  | 9,357  |
| Adjustments for:  |   |  |
| Depreciation and amortisation   | <b>12,570</b>   | 13,790   |
| Net increase in provisions and write-downs in relation to receivables and inventories | <b>198</b>  | 113  |
| Voluntary retirement costs  | <b>2,079</b>  | 814  |
| Provisions for pensions   | <b>4</b>  | 203  |
|   | <b>24,526</b>   | 24,277   |
| Changes in working capital:   |   |  |
| Inventories   | <b>(21)</b>   | (851)  |
| Trade and other receivables   | <b>(6,097)</b>  | (2,451)  |
| Trade and other payables  | <b>3,316</b>  | (1,483)  |
| Cash generated from operations  | <b>21,724</b>   | 19,492   |
| Interest received   | <b>5</b>  | 86   |
| Interest paid on bank overdrafts  | <b>(97)</b>   | (120)  |
| Tax paid  | <b>(1,117)</b>  | (1,226)  |
| Tax refund received   | <b>30</b>   | -  |
| Payments under voluntary retirement scheme  | <b>(2,079)</b>  | (814)  |
| Payments in relation to pension obligations   | <b>(50)</b>   | (226)  |
| <b>Net cash generated from operating activities</b>                                   | <b>18,416</b>   | 17,192   |

# GO p.l.c.

## Condensed Consolidated Interim Financial Statements

Statement of cash flows (continued)

For the period 1 January 2014 to 30 June 2014

|   | <b>Six months<br/>ended<br/>30.06.14<br/>Unaudited<br/>€000</b> | Six months<br>ended<br>30.06.13<br>Unaudited<br>€000 |
|---|---|--|
| <b>Cash flows from investing activities</b>                             |   |  |
| Payments to acquire property, plant and equipment and intangible assets | <b>(10,069)</b>   | (6,606)  |
| Advances to jointly-controlled entity                                   | <b>(6,024)</b>  | -  |
| <b>Net cash used in investing activities</b>                            | <b>(16,093)</b>   | (6,606)  |
| <b>Cash flows from financing activities</b>                             |   |  |
| Proceeds from bank borrowings   | <b>589</b>  | -  |
| Repayments of bank borrowings   | <b>(14,770)</b>   | (15,867)   |
| Dividends paid  | <b>(6,971)</b>  | (9,930)  |
| Loan interest paid  | <b>(1,115)</b>  | (1,149)  |
| <b>Net cash used in financing activities</b>                            | <b>(22,267)</b>   | (26,946)   |
| <b>Net movement in cash and cash equivalents</b>                        | <b>(19,944)</b>   | (16,360)   |
| <b>Cash and cash equivalents at beginning of period</b>                 | <b>24,762</b>   | 21,886   |
| Exchange gains on cash and cash equivalents                             | <b>(3)</b>  | (6)  |
| Movement in cash pledged as guarantees                                  | <b>(75)</b>   | 54   |
| <b>Cash and cash equivalents at end of period</b>                       | <b>4,740</b>  | 5,574  |

The notes on pages 11 to 19 are an integral part of these condensed consolidated interim financial statements.

### **1 General information**

GO p.l.c. (“the Company”) is a limited liability company domiciled and incorporated in Malta. The condensed consolidated interim financial statements of the Company as at 30 June 2014 and for the six-month period then ended comprise the Company and its subsidiaries (together referred to as the “Group”). The Group operates in Malta and is primarily involved in the provision of telecommunications services (both fixed and mobile), internet related services, digital terrestrial television in Malta and in the operation of data centres.

The consolidated financial statements of the Group as at and for the year ended 31 December 2013 are available upon request from the Company’s registered office at Fra Diegu Street, Marsa, MRS 1501, Malta. They are also available for viewing on its website at [www.go.com.mt](http://www.go.com.mt).

This condensed consolidated interim financial information was approved for issue by the Board of Directors on 13 August 2014.

The condensed consolidated interim financial information has been reviewed, not audited, in accordance with the requirements of ISRE 2410 ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’.

### **2 Basis of preparation**

The condensed consolidated interim financial information for the six-month period ended 30 June 2014 has been prepared in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, ‘Interim Financial Reporting’). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with IFRSs as adopted by the EU.

### **3 Accounting policies**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

*(a) Standards, interpretations and amendments to published standards effective in 2014*

In 2014, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group’s accounting period beginning on 1 January 2014. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the Group’s accounting policies impacting the Group’s financial performance and position.

### **3 Accounting policies (continued)**

*(b) Standards, interpretations and amendments to published standards that are not yet effective*

Certain new standards, amendments and interpretations to existing standards which are mandatory for accounting periods beginning after 1 January 2014 have been published by the date of authorisation for issue of this financial information. The Company's directors are of the opinion that there are no requirements that will have a possible significant impact on the Company's consolidated interim financial statements in the period of initial application.

### **4 Operating segments**

*(a) Description of segments*

The Group has three reporting segments, as described below, which are the Group's strategic business units. The strategic business units offer different services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Board of Directors reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

*Fixed Communication Services (Fixed-line)* comprise the Group's fixed-line telephony services, digital television services, sale of broadband, internet services and other business communication solutions.

*Mobile Communication Services (Mobile)* comprise the Group's mobile telephony services.

*Data Centre Services (Data centre)* comprise the Group's data centre activities including co-location services.

The Group's internal reporting to the Board of Directors and senior executives is analysed according to the above segments. The segment results are based on results from operations adjusted for attributable finance costs.

# GO p.l.c.

## Notes to the Condensed Consolidated Interim Financial Statements For the period 1 January 2014 to 30 June 2014

### 4 Operating segments (continued)

(b) Information about reportable segments for the six-month periods ended 30 June

|   | Fixed-line     |              | Mobile        |              | Data centre  |              | Total          |              |
|---|----------------|--------------|---------------|--------------|--------------|--------------|----------------|--------------|
|   | 2014<br>€000   | 2013<br>€000 | 2014<br>€000  | 2013<br>€000 | 2014<br>€000 | 2013<br>€000 | 2014<br>€000   | 2013<br>€000 |
| External revenues   | <b>35,776</b>  | 35,895       | <b>18,768</b> | 18,667       | <b>6,222</b> | 5,978        | <b>60,766</b>  | 60,540       |
| Inter-segment revenues  | <b>1,409</b>   | 1,082        | <b>(105)</b>  | 255          | <b>149</b>   | 188          | <b>1,453</b>   | 1,525        |
| Reportable segment profit before tax  | <b>(1,736)</b> | (1,692)      | <b>7,488</b>  | 7,767        | <b>2,759</b> | 2,183        | <b>8,511</b>   | 8,258        |
| <i>Information about items presented within reportable segment results:</i> |                |              |               |              |              |              |                |              |
| Non-recurring items impacting operating profit (Note 8)                     | <b>(2,083)</b> | (1,017)      | -             | -            | -            | -            | <b>(2,083)</b> | (1,017)      |
| Reportable segment assets   | <b>207,844</b> | 195,293      | <b>30,195</b> | 33,155       | <b>5,913</b> | 7,864        | <b>243,952</b> | 236,312      |



# GO p.l.c.

## Notes to the Condensed Consolidated Interim Financial Statements For the period 1 January 2014 to 30 June 2014

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### 5 Property, plant and equipment

#### *(a) Acquisitions and disposals*

During the six months ended 30 June 2014, the Group acquired assets, primarily plant and equipment, with a cost of €5.8 million (six months ended 30 June 2013: €3.9 million).

#### *(b) Capital commitments*

The following are capital commitments of the Group:

|                                       | <b>30.06.14</b> | 31.12.13 |
|---------------------------------------|-----------------|----------|
|                                       | <b>€000</b>     | €000     |
| Contracted for                        | <b>2,627</b>    | 2,153    |
| Authorised but not yet contracted for | <b>12,118</b>   | 1,431    |
|                                       | <b>14,745</b>   | 3,584    |

### 6 Investment in and loans receivable from jointly-controlled entity

GO p.l.c. controls 50% of the share capital and voting rights of a jointly-controlled entity, Forgendo Limited ("Forgendo"), a company registered in Cyprus. Forgendo and Massar Investments LLC each control 50% of Giradena Limited ("Giradena"), a company also registered in Cyprus. The sole activity of both Forgendo and Giradena is that of holding investments in an undertaking, Hellenic Company for Telecommunications and Telematic Applications S.A. ("Forthnet S.A." or "Forthnet"), a Greek company listed on the Athens Stock Exchange which is treated as an associated undertaking of Forgendo. As at 30 June 2014, the ownership interest of Forgendo in Forthnet S.A. was 41.27% (31 December 2013: 41.27%), whereas Giradena's ownership interest in Forthnet was 3.94% (31 December 2013: nil).

#### *Equity investment*

The carrying amount of GO's equity investment in the jointly-controlled entity was reduced to nil during the financial year ended 31 December 2011 as a result of the partial recognition of GO's share of the financial results of Forgendo in accordance with the requirements of equity accounting. In determining the impact of equity accounting for the investment in the jointly-controlled entity, reference was made to the financial statements of this entity, which reflected the impact of accounting for the investment in Forthnet S.A. using the equity method. The carrying amount of the equity investment in Forgendo remained nil at 31 December 2013 and 30 June 2014 in view of Forgendo's further registered losses subsequent to 31 December 2011. The impact of GO's share of such losses was accordingly not recognised. The Group also had exposures to the jointly-controlled entity in the form of loans and other amounts receivable. The unrecognised share of losses registered by Forgendo has in substance necessitated impairment losses on the loans and other amounts receivable from Forgendo.

### **6 Investment in and loans receivable from jointly-controlled entity (continued)**

During the financial year ended 31 December 2013, loans receivable from the jointly-controlled entity with a nominal amount of €61,867,000 have been capitalised. These advances had been deemed fully impaired as at 31 December 2012.

#### *Loans receivable*

During the interim period under review, the Company effected advances amounting to €6,079,000 to the jointly-controlled entity, Forgendo.

In January 2014, the Company's jointly-controlled entity participated in the share capital increase of Forthnet exercising in full its pre-emption rights as an existing shareholder of Forthnet. Accordingly, Forgendo acquired 40,094,535 new shares in Forthnet at a cost of €12,028,000. Giradena exercised in full its pre-emption rights as an existing shareholder of Forthnet. Giradena acquired 2,670,000 new shares in Forthnet at a cost of €801,000.

Forgendo also exercised its oversubscription rights and as a result of this process Forgendo was allotted a further 1,034,720 new shares in Forthnet (equivalent to 0.94% of Forthnet's share capital) at a cost of €310,000. Forgendo has since transferred the shares acquired through the oversubscription process to Giradena.

Subsequent to the capital increase of Forthnet, Forgendo and Giradena hold an aggregate amount of 49,501,193 shares in Forthnet equivalent to a total of 44.96% of the share capital of Forthnet. GO has provided Forgendo with 50% of the funding required by Forgendo to participate in Forthnet's capital increase, through the advances of €6,079,000 effected during this period as referred to previously. The other 50% of the funding was provided by Emirates International Telecommunications (Malta) Limited ("EITML"). The funding provided by the Company and by EITML was effected through an interest-free loan granted by each of the Company (the "GO Loan") and EITML (the "EITML Loan") to Forgendo.

The GO Loan was, at the option of the Company, convertible into equity within the period of six months from the date on which the new Forthnet shares began to trade following the final transfer of such shares to the accounts of the Forthnet shareholders (the "Conversion Period") on 16 January 2014. On 9 July 2014 GO elected to convert the GO Loan into equity within the Conversion Period.

Had GO not elected to convert the GO Loan into equity within the Conversion Period, EITML would have converted the EITML Loan into equity and would have concurrently been obliged to repay to the Company the GO Loan on behalf of Forgendo in exchange for additional shares issued by Forgendo to EITML.

In view of the Company's decision subsequent to 30 June 2014, GO's cumulative unrecognised share of losses registered by Forgendo will, to the extent of the carrying amount of the advances effected, be recognised in the latter six month period of 2014. However, the accounting process subsequent to 30 June 2014 will reflect the impacts of, and take cognisance of, other significant developments that may occur subsequent to 30 June 2014 because of the matters disclosed below.

# GO p.l.c.

## Notes to the Condensed Consolidated Interim Financial Statements For the period 1 January 2014 to 30 June 2014

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### 6 Investment in and loans receivable from jointly-controlled entity (continued)

On 1 July 2014 Forthnet informed the investing public that it had received a non-binding offer by OTE S.A. for the acquisition of the activity of NOVA, its pay-TV operating company, for a consideration ranging between €250-300 million, on a debt-free cash-free basis.

Also, on 17 July 2014 Forthnet announced that the Vodafone Group Services Ltd (on behalf of its affiliate) and Wind Hellas Telecommunications S.A. (which entities jointly hold 39.5% of the share capital of Forthnet) submitted a joint non-binding indicative proposal to Forthnet's Board of Directors for the possible acquisition of all shares of Forthnet which are not owned by them, at an indicative and conditional price in the range of €1.70-1.90 per share. The abovementioned also includes the terms and conditions (performance of financial and legal due diligence, conduct of exclusive negotiations) the satisfaction of which could potentially lead to the submission of a tender offer to Forthnet's shareholders.

### 7 Provisions for pensions

As disclosed in the annual financial statements, GO p.l.c. was required to set up a pension scheme in favour of ex-Cable and Wireless employees following a judgement by the Court of Appeal on 7 July 2008. Subsequently the Company also received other claims for pension rights from a number of employees and former employees. The Company established the scheme on 1 July 2009 with effect from 1 January 1975. Subsequent to the setting up of the scheme, the Company offered a number of beneficiaries a one-time lump sum settlement in lieu of joining the scheme.

As at 30 June 2014, the Company estimated that its obligations towards the remaining potential beneficiaries amounted to €6.3 million (31 December 2013: €6.0 million).

### 8 Operating profit

During the interim period the following items of unusual nature, size or incidence have been charged to operating profit:

|   | <b>Six months<br/>ended<br/>30.06.14<br/>€000</b> | Six months<br>ended<br>30.06.13<br>€000 |
|---|---|---|
| <b>Administrative and other related expenses:</b> |   |   |
| Voluntary retirement costs (see note below)       | <b>2,079</b>                                      | 814                                     |
| Movement in provisions for pensions               | <b>4</b>  | 203                                     |

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The Company continued with its right-sizing programme by offering voluntary retirement schemes to its employees.

# GO p.l.c.

## Notes to the Condensed Consolidated Interim Financial Statements For the period 1 January 2014 to 30 June 2014

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### 9 Dividends paid

A dividend in respect of the year ended 31 December 2013 of €0.07 per share, amounting to €7,092,000, was proposed by the Board of Directors and paid during the interim period ended 30 June 2014.

### 10 Contingencies

There were no major changes in the contingencies of the Company and its subsidiaries from those disclosed in the consolidated financial statements of the Group for the year ended 31 December 2013, with the exception of overseas court proceedings instituted during the interim period ended 30 June 2014 against a subsidiary demanding that it takes certain actions with respect to services provided to a specific client, in respect of which no losses which are deemed material are expected.

### 11 Related parties

#### *(a) Parent and ultimate controlling party*

The Company's ultimate controlling party and ultimate parent is Dubai Holding LLC, the registered office of which is situated at Emirates Towers, Level 43, Office Block, Sheikh Zayed Road, Dubai, UAE. The immediate parent of the Company, with a 60% holding, is Emirates International Telecommunications (Malta) Limited, a company which is ultimately controlled by Dubai Holding LLC as it forms part of the same group of companies of which Dubai Holding LLC is the ultimate parent. Dubai Holding LLC is owned by H.H. Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai.

#### *(b) Related party transactions*

Consistent with the disclosures in the audited financial statements for the year ended 31 December 2013, the Group has a related party relationship with its ultimate controlling party and entities ultimately controlled by it (see above); key management personnel (group companies' directors) together with close members of their family and entities controlled by them; and the Group's jointly-controlled entity.

The principal related party transactions during the six month period under review comprise:

|  | <b>Six months<br/>ended<br/>30.06.14<br/>€000</b> | Six months<br>ended<br>30.06.13<br>€000 |
|--|---|---|
| <b>Ultimate controlling party and related entities</b> |   |   |
| Services provided to                                   | <b>151</b>  | 114                                     |
| Services provided by                                   | <b>604</b>  | 443                                     |
| Expenses paid on behalf of                             | <b>65</b>   | -                                       |
| Expenses paid on behalf of the Company by              | <b>16</b>   | 280                                     |
| Dividends paid to                                      | <b>4,255</b>                                      | 6,079                                   |

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# GO p.l.c.

## Notes to the Condensed Consolidated Interim Financial Statements For the period 1 January 2014 to 30 June 2014

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### 11 Related parties (continued)

#### *(c) Related party balances*

The principal balances with related parties are analysed as follows:

|  | <b>30.06.14</b> | 31.12.13 |
|--|-----------------|----------|
|  | <b>€000</b>     | €000     |
| <b>Ultimate controlling party and related entities</b> |                 |          |
| Amounts receivable from                                | <b>85</b>       | 82       |
| Amounts payable to                                     | <b>(15)</b>     | (842)    |

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Loans receivable from the jointly-controlled entity are disclosed in Note 6 to these interim financial statements.

### 12 Fair values of financial instruments

The Group's financial instruments, which are carried at fair value, consist of derivative financial instruments designated as hedging instruments. The fair value of the interest rate swap, designated as a hedging instrument, is determined by use of a valuation obtained from a financial institution and verified with observable market data. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. Accordingly, it has been categorised since inception as a Level 2 instrument.

At 30 June 2014 and 31 December 2013 and 2012, the carrying amounts of certain financial instruments not carried at fair value comprising cash at bank, receivables, payables, accrued expenses and short-term borrowings reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The fair value of advances to related parties and other balances with related parties, which are short-term or repayable on demand, is equivalent to their carrying amount.

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of the Group's non-current floating interest rate bank borrowings at the end of the reporting period is not significantly different from the carrying amounts. The current market interest rates utilised for discounting purposes, which were almost equivalent to the respective instruments' contractual interest rates, are deemed observable and accordingly these fair value estimates have been categorised as Level 2.

### **13 Acquisition of interest in Cablenet**

On 28 March 2014, the Company entered into a share purchase agreement with (i) Cablenet Communications Systems Limited ("Cablenet"), a limited liability company incorporated under the Laws of Cyprus, and (ii) Mr Nicolas Shiacolas (being the legal, registered and beneficial owner of the entire issued share capital in Cablenet), for the purchase by the Company from Mr. Shiacolas of 25% of the issued share capital of Cablenet in exchange for a convertible loan of €12 million to be granted to Cablenet. The loan will bear no interest until 31 December 2017. The Company has the option to convert the loan into equity such that upon conversion the total number of shares held by the Company will be equal to 45% of the issued share capital of Cablenet. The agreement also grants the Company an option to acquire a controlling stake in Cablenet in the future. As at 30 June 2014, the agreement had not yet been executed as this is subject to the satisfaction of various regulatory and other conditions.

# GO p.l.c.

## Statement pursuant to Listing Rule 5.75.3

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I hereby confirm that to the best of my knowledge:

- the condensed consolidated interim financial statements give a true and fair view of the financial position of the Group as at 30 June 2014, and of its financial performance and cash flows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34, 'Interim Financial Reporting');
- the Interim Directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.



Deepak S Padmanabhan  
Chairman

13 August 2014



## Independent auditor's report

### To the Board of Directors of GO p.l.c. Report on Review of Condensed Consolidated Interim Financial Information

#### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of GO p.l.c. as at 30 June 2014, the related condensed consolidated income statement and statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and the explanatory notes ('the interim financial information'). The directors are responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 'Interim Financial Reporting'). Our responsibility is to express a conclusion on this interim financial information 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 its conclusion, has been prepared 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 consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

#### **PricewaterhouseCoopers**

78 Mill Street  
Qormi  
Malta

A handwritten signature in blue ink, appearing to read 'Simon Flynn'.

Simon Flynn  
Partner

13 August 2014

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a) The maintenance and integrity of the GO p.l.c. website is the responsibility of the Directors of the Company; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the condensed consolidated interim financial information since this was initially presented on the website.  
b) Legislation in Malta governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.