



15 March 2011

## 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

The Board of Directors of the Company has approved the attached Preliminary Statement of annual results for the financial year ended 31st December 2010. These audited financial statements are also available for viewing on the Company's website at [www.go.com.mt](http://www.go.com.mt).

The Board of Directors further resolved to recommend that the Annual General Meeting approves the payment of a final net dividend of €0.05 net of taxation per share. The payment of this Net Dividend amounts to the sum of €5,065,524. The final dividend will be paid on the 11th June 2011 to all shareholders who are on the shareholders' register as at Monday 9th May 2011.

The Annual General Meeting will be held on Wednesday 8th June 2011 at the Westin Hotels & Resorts, St. Julians.

### Unquote

Francis Galea Salomone LL.D.  
Company Secretary

# GO p.l.c. Preliminary Statement of Group Results and State of Affairs

## For the Year Ended and at 31 December 2010



This Statement is published pursuant to The Malta Financial Services Authority Listing Rules Chapter 5 and Article 4(2)(b) of the Prevention of Financial Markets Abuse (Disclosure and Notification) Regulations, 2005.

The financial information has been extracted from GO p.l.c.'s Annual Report and Consolidated Financial Statements for the year ended 31 December 2010 as approved by the Board of Directors on 15 March 2011, which have been audited by PricewaterhouseCoopers. These financial statements will be laid before the members at the general meeting to be held on 8 June 2011.

The Group's financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Maltese Companies Act, 1995.

### STATEMENTS OF FINANCIAL POSITION

As at 31 December 2010

	The Group		The Company	
	2010	2009	2010	2009
	€000	€000	€000	€000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	120,752	125,852	88,897	94,176
Investment property	1,219	1,350	1,219	1,350
Intangible assets	31,426	22,485	13,806	2,573
Investments in subsidiaries	-	-	27,260	27,210
Investment in jointly-controlled entity	5,275	21,290	5,275	21,290
Loans receivable from subsidiaries	-	-	142	989
Loans receivable from jointly-controlled entity	56,583	65,876	56,583	65,876
Other investments and related instruments	1,347	1,347	603	603
Deferred tax assets	3,330	7,110	5,091	8,109
Trade and other receivables	1,335	1,273	953	936
Total non-current assets	221,267	246,583	199,829	223,112
<b>Current assets</b>				
Inventories	7,856	7,011	6,747	5,172
Trade and other receivables	43,665	46,576	46,743	42,503
Loans receivable from subsidiaries	-	-	2,691	1,746
Current tax assets	1,872	613	1,865	606
Cash and cash equivalents	11,228	9,052	1,312	1,866
Total current assets	64,621	63,252	59,358	51,893
<b>Total assets</b>	<b>285,888</b>	<b>309,835</b>	<b>259,187</b>	<b>275,005</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	58,998	58,998	58,998	58,998
Reserves	20,047	20,283	4,408	5,548
Retained earnings	65,043	94,447	77,326	105,373
<b>Total capital and reserves attributable to owners of the Company</b>	<b>144,088</b>	<b>173,728</b>	<b>140,732</b>	<b>169,919</b>
<b>Non-controlling interests</b>	<b>5,391</b>	<b>4,404</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>149,479</b>	<b>178,132</b>	<b>140,732</b>	<b>169,919</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	68,000	70,000	68,000	70,000
Derivative financial instruments	1,335	1,057	1,335	1,057
Deferred tax liabilities	979	4,227	-	-
Trade and other payables	3,753	-	3,753	-
Provisions for pensions	3,915	4,158	3,915	4,158
Total non-current liabilities	77,982	79,442	77,003	75,215
<b>Current liabilities</b>				
Trade and other payables	50,215	41,871	35,160	25,252
Current tax liabilities	1,294	2,736	-	-
Borrowings	5,025	5,912	4,399	2,877
Provisions for pensions	1,893	1,742	1,893	1,742
Total current liabilities	58,427	52,261	41,452	29,871
<b>Total liabilities</b>	<b>136,409</b>	<b>131,703</b>	<b>118,455</b>	<b>105,086</b>
<b>Total equity and liabilities</b>	<b>285,888</b>	<b>309,835</b>	<b>259,187</b>	<b>275,005</b>

The financial statements were approved and authorised for issue by the Board of Directors on 15 March 2011 and signed on its behalf by:

  
Deepak S Padmanabhan  
Chairman

  
Michael Warrington  
Director

### INCOME STATEMENTS

For the Year Ended 31 December 2010

	The Group		The Company	
	2010	2009	2010	2009
	€000	€000	€000	€000
Revenue	132,324	123,677	78,320	73,995
Cost of sales	(78,879)	(72,723)	(60,799)	(56,309)
<b>Gross profit</b>	<b>53,445</b>	<b>50,954</b>	<b>17,521</b>	<b>17,686</b>
Administrative and other related expenses	(31,146)	(32,876)	(16,368)	(16,290)
Voluntary retirement costs	(264)	(11,543)	(264)	(11,543)
Movement in provisions for pensions	(58)	265	(58)	265
Impairment loss on non-operational receivables	-	(3,103)	-	(3,103)
Financial liabilities written back	-	3,179	-	3,179
Other income	1,163	982	1,122	1,017
Other expenses	(331)	(480)	(243)	(323)
<b>Operating profit/(loss)</b>	<b>22,809</b>	<b>7,378</b>	<b>1,710</b>	<b>(9,112)</b>
Finance income	342	936	24,437	19,316
Finance costs	(2,719)	(2,443)	(2,680)	(2,408)
Adjustment arising on fair valuation of property	(1,191)	-	(1,191)	-
Impairment loss on investment in jointly-controlled entity	-	-	(29,286)	(16,369)
Share of results of equity-accounted jointly-controlled entity	(24,720)	(9,074)	-	-
Adjustment to carrying amount of investment in jointly-controlled entity following capitalisation of interest free loan	(3,595)	-	(3,595)	-
Loss before income tax	(9,074)	(3,203)	(10,605)	(8,573)
Income tax expense	(9,096)	(3,021)	(7,195)	(3,053)
<b>Loss for the year</b>	<b>(18,170)</b>	<b>(6,224)</b>	<b>(17,800)</b>	<b>(11,626)</b>
<b>Attributable to:</b>				
Owners of the Company	(19,157)	(6,731)	(17,800)	(11,626)
Non-controlling interests	987	507	-	-
<b>Loss for the year</b>	<b>(18,170)</b>	<b>(6,224)</b>	<b>(17,800)</b>	<b>(11,626)</b>
<b>Earnings per share (cents)</b>				
	(18c9)	(6c6)	(17c6)	(11c5)

### STATEMENTS OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2010

	The Group		The Company	
	2010	2009	2010	2009
	€000	€000	€000	€000
<b>Loss for the year</b>	<b>(18,170)</b>	<b>(6,224)</b>	<b>(17,800)</b>	<b>(11,626)</b>
<b>Other comprehensive income:</b>				
Change in fair value of derivative designated as hedging instrument in cash flow hedges	(278)	(1,057)	(278)	(1,057)
Impairment charges in respect of revalued land and buildings	(938)	-	(207)	-
Net components of equity arising on merger of subsidiaries	-	-	-	3,055
Change in fair value of available-for-sale financial assets	-	(92)	-	(92)
Share of other comprehensive income of jointly-controlled entity	170	147	-	-
Income tax relating to components of other comprehensive income	694	399	(771)	370
Total other comprehensive income for the year, net of tax	(352)	(603)	(1,256)	2,276
<b>Total comprehensive income for the year</b>	<b>(18,522)</b>	<b>(6,827)</b>	<b>(19,056)</b>	<b>(9,350)</b>
<b>Attributable to:</b>				
Owners of the Company	(19,509)	(7,334)	(19,056)	(9,350)
Non-controlling interests	987	507	-	-
<b>Total comprehensive income for the year</b>	<b>(18,522)</b>	<b>(6,827)</b>	<b>(19,056)</b>	<b>(9,350)</b>

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STATEMENTS OF CHANGES IN EQUITY  
For the Year Ended 31 December 2010

The Group	Attributable to owners of the Company				Non-controlling interests €000	Total equity €000
	Share capital €000	Reserves €000	Retained earnings €000	Total €000		
Balance at 1 January 2009	58,998	20,259	113,962	193,219	-	193,219
Comprehensive income						
Loss for the year	-	-	(6,731)	(6,731)	507	(6,224)
Other comprehensive income:						
Cash flow hedges, net of deferred tax	-	(687)	-	(687)	-	(687)
Change in fair value of available-for-sale financial assets	-	(92)	-	(92)	-	(92)
Reinstatement of cumulative fair value changes upon reclassification of available-for-sale financial assets	-	595	(595)	-	-	-
Movements in deferred tax liability on revalued land and buildings determined on the basis applicable to capital gains	-	29	-	29	-	29
Share of other comprehensive income of jointly-controlled entity	-	147	-	147	-	147
Transfers from retained earnings in relation to insurance contingency reserve	-	116	(116)	-	-	-
Other transfers	-	(84)	84	-	-	-
Total other comprehensive income	-	24	(627)	(603)	-	(603)
Total comprehensive income	-	24	(7,358)	(7,334)	507	(6,827)
Transactions with owners in their capacity as owners						
Contributions by and distributions to owners:						
Dividends to equity holders	-	-	(12,157)	(12,157)	-	(12,157)
Changes in ownership interests that do not result in loss of control:						
Non-controlling interests arising on business combination	-	-	-	-	3,897	3,897
Total transactions with owners	-	-	(12,157)	(12,157)	3,897	(8,260)
Balance at 31 December 2009	58,998	20,283	94,447	173,728	4,404	178,132
Balance at 1 January 2010	58,998	20,283	94,447	173,728	4,404	178,132
Comprehensive income						
Loss for the year	-	-	(19,157)	(19,157)	987	(18,170)
Other comprehensive income:						
Cash flow hedges, net of deferred tax	-	(181)	-	(181)	-	(181)
Impairment charges in respect of revalued land and buildings	-	(938)	-	(938)	-	(938)
Movements in deferred tax liability on revalued land and buildings determined on the basis applicable to capital gains	-	597	-	597	-	597
Share of other comprehensive income of jointly-controlled entity	-	170	-	170	-	170
Transfer from retained earnings in relation to insurance contingency reserve	-	116	(116)	-	-	-
Total other comprehensive income	-	(236)	(116)	(352)	-	(352)
Total comprehensive income	-	(236)	(19,273)	(19,509)	987	(18,522)
Transactions with owners in their capacity as owners						
Contributions by and distributions to owners:						
Dividends to equity holders	-	-	(10,131)	(10,131)	-	(10,131)
Total transactions with owners	-	-	(10,131)	(10,131)	-	(10,131)
Balance at 31 December 2010	58,998	20,047	65,043	144,088	5,391	149,479

The Company	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2009	58,998	1,773	130,655	191,426
Comprehensive income				
Loss for the year	-	-	(11,626)	(11,626)
Other comprehensive income:				
Cash flow hedges, net of deferred tax	-	(687)	-	(687)
Components of equity taken over upon merger of subsidiaries	-	3,843	(788)	3,055
Change in fair value of available-for-sale financial assets	-	(92)	-	(92)
Reinstatement of cumulative fair value changes upon reclassification of available-for-sale financial assets	-	595	(595)	-
Transfer from retained earnings in relation to insurance contingency reserve	-	116	(116)	-
Total other comprehensive income	-	3,775	(1,499)	2,276
Total comprehensive income	-	3,775	(13,125)	(9,350)
Transactions with owners in their capacity as owners				
Contributions by and distributions to owners:				
Dividends to equity holders	-	-	(12,157)	(12,157)
Total transactions with owners	-	-	(12,157)	(12,157)
Balance at 31 December 2009	58,998	5,548	105,373	169,919
Balance at 1 January 2010	58,998	5,548	105,373	169,919
Comprehensive income				
Loss for the year	-	-	(17,800)	(17,800)
Other comprehensive income:				
Cash flow hedges, net of deferred tax	-	(181)	-	(181)
Impairment charges in respect of revalued land and buildings	-	(207)	-	(207)
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to capital gains	-	(868)	-	(868)
Transfer from retained earnings in relation to insurance contingency reserve	-	116	(116)	-
Total other comprehensive income	-	(1,140)	(116)	(1,256)
Total comprehensive income	-	(1,140)	(17,916)	(19,056)
Transactions with owners in their capacity as owners				
Contributions by and distributions to owners:				
Dividends to equity holders	-	-	(10,131)	(10,131)
Total transactions with owners	-	-	(10,131)	(10,131)
Balance at 31 December 2010	58,998	4,408	77,326	140,732

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STATEMENTS OF CASH FLOWS  
For the Year Ended 31 December 2010

	The Group		The Company	
	2010	2009	2010	2009
	€000	€000	€000	€000
<b>Cash flows from operating activities</b>				
Cash generated from operations	51,547	42,390	15,915	16,160
Interest received	104	10	82	10
Interest paid on bank overdrafts	(143)	(287)	(106)	(132)
Net taxation paid	(10,616)	(8,099)	(1,328)	(1,902)
Payments under voluntary retirement scheme	(973)	(11,002)	(973)	(11,002)
Payments in relation to pension obligations	(150)	(8,016)	(150)	(8,016)
VAT refund	3,414	3,435	3,371	3,435
Net cash from/(used in) operating activities	43,183	18,431	16,811	(1,447)
<b>Cash flows from investing activities</b>				
Payments to acquire property, plant and equipment and intangible assets	(22,228)	(15,728)	(13,237)	(11,225)
Payment to acquire investment in subsidiary	-	(9,449)	(50)	(9,449)
Proceeds from disposal of property, plant and equipment	-	13	-	13
Dividends received	-	-	12,250	7,250
Investment income received	-	14	-	-
Advances to jointly-controlled entity	(3,254)	(3,272)	(3,254)	(3,272)
Repayments received in relation to advances to subsidiaries	-	-	-	6,437
Net cash used in investing activities	(25,482)	(28,422)	(4,291)	(10,246)
<b>Cash flows from financing activities</b>				
Proceeds from bank loans	-	22,000	-	22,000
Repayments of bank loans	(2,000)	-	(2,000)	-
Dividends paid	(10,110)	(12,178)	(10,110)	(12,178)
Loan interest paid	(2,517)	(1,687)	(2,517)	(1,687)
Net cash (used in)/from financing activities	(14,627)	8,135	(14,627)	8,135
<b>Net movements in cash and cash equivalents</b>	3,074	(1,856)	(2,107)	(3,558)
<b>Cash and cash equivalents at beginning of year</b>	4,992	5,305	937	4,389
Cash and cash equivalents acquired through merger	-	-	-	102
Cash and cash equivalents acquired upon acquisition of subsidiary	-	1,610	-	-
Exchange gains/(losses) on cash and cash equivalents	97	(25)	43	-
Movement in cash pledged as guarantees	(54)	(42)	(6)	4
<b>Cash and cash equivalents at end of year</b>	8,109	4,992	(1,133)	937

REVIEW OF GROUP OPERATIONS

The Board of Directors is recommending the payment of a final dividend of €0.05 net of tax per share for the approval of the shareholders at the next Annual General Meeting to be held on 8 June 2011 which dividend will be payable on 11 June 2011. This net dividend will be payable to shareholders who will be on the register of shareholders as at 9 May 2011.

Performance

In 2010 the Group registered an operating profit of €22.8 million as against €7.4 million in 2009. However, whilst 2010 includes immaterial one-time adjustments, the performance of 2009 was negatively impacted by various one-time material transactions for voluntary retirement schemes, impairment loss on non-operational receivables, provision for pensions and financial liabilities written back. Normalised operating profit for 2010 amounted to €23.1 million as against €18.6 million in 2009. Normalised EBITDA amounted to €49.1 million, an increase of €6.6 million (15.4%) over the previous year.

In spite of a challenging economic environment and increased competition, the Group managed to increase its turnover from €123.7 million in 2009 to €132.3 million in the year under review, representing growth of 7.0%. Revenue from mobile voice and data services remained stable whilst growth achieved in broadband and digital TV services more than offset the reduction the Group continues to experience in traditional fixed-line voice services. The Group also experienced growth in data hosting and related activities, in part due to the fact that the comparative figures are for a period of eight months.

The Group continues to strengthen its presence in the local market and during 2010 it grew its subscriber base across all main product lines, surpassing the 500,000 customer connections milestone. In 2010 the Group increased its customer connections by almost 38,000, an increase of 8.0% over 2009.

Control over expenditure remains one of the Group's main focus areas and during 2010 most discretionary cost items either experienced a reduction or remained stable. Of significance are savings in employee benefit expenses amounting to €3.6 million, representing a reduction of 11.9% over 2009 cost. During the year the Group had a headcount level of 1,053 FTE, a reduction of 21.7% in the headcount level a year before. The increased costs are invariably directly related to increased activity, primarily driven by TV operations or as a direct consequence of more intense competition which is leading to increased subscriber acquisition and retention costs. During 2010 the Group was also impacted by the significant increase in electricity rates which lead to an increased cost of utilities of more than €1.2 million.

Net cash generated from operations amounted to €43.2 million. Although this represents a significant increase over the €18.4 million net cash generated in 2009, the comparative results include payments amounting to €19.0 million in respect of staff reduction schemes and pension obligations. In 2010 such payments amounted to €1.1 million. Cash generation was sufficient to fund the Group's investments, to pay declared dividends and result in an improved cash position at year end when compared to the previous year.

The positive operating performance of the Group has been negatively impacted by the Group's share of the results of Forgendo Limited. Forgendo is the entity that GO jointly owns with its parent through which both companies invested in Greek telecommunications service provider Forthnet S.A. As at 31 December 2010 Forgendo held 40.99% of Forthnet's share capital. During the year under review the investment in Forgendo negatively impacted Group results by €28.3 million. During 2010 Forthnet's performance suffered as a result of the economic environment currently prevailing in Greece. Whilst the Company continued to grow its telecommunications business, this growth did not make up for the reduced profitability of the TV business. Furthermore, both Forthnet and Forgendo recognised impairment losses on the value of their investment as this has been revalued to reflect the current Greek economic environment and its impact on the company's outlook.

The Group has recorded a loss before taxation amounting to €9.1 million (2009: €3.2 million). Loss per share amounted to €0.19 (2009: €0.07).

Financial position

The Group continues to enjoy a healthy statement of financial position. Shareholders' funds amounted to €144.1 million (2009: €173.7 million). The decline is mainly the result of the loss sustained in the year under review and the payment of a dividend during 2010 out of past distributable reserves. Shareholders' funds finance 50.4% (2009: 56.1%) of the Group's total assets. The Group's net asset value per share stands at €1.42 (2009: €1.71).

During the year Forgendo Limited increased its shareholding in Forthnet S.A. from 37.1% in 2009 to 40.99%. Forgendo is the single largest shareholder in Forthnet. The Company holds 50.0% of the share capital of Forgendo, whilst the Company's immediate parent holds the other 50.0%. Due to losses sustained, the value of this investment, inclusive of loans receivable, decreased from €87.2 million in 2009 to €61.9 million in 2010.

Receivables, net of impairment loss, amounted to €43.7 million (2009: €46.6 million). Of these, 50.5% (2009: 47.7%) represent invoiced amounts receivable in respect of services rendered and goods sold by the Group indicating that in spite of the challenging economic environment, the Group did not experience any significant deterioration in its collection process. The Group's current trade and other payables at the end of the year amounted to €50.2 million (2009: €41.9 million). The increase is substantially due to capital projects concluded towards the end of the year and commitments arising from TV content.