



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 31 December 2014. These audited financial statements are also available for viewing on the Company’s website at 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 €0.07 net of taxation per share. The payment of this Net Dividend amounts to the sum of €7,091,734. The final dividend will be paid on the 8 May 2015 to all shareholders who are on the shareholders’ register as at Thursday 2 April 2015.

The Annual General Meeting will be held on Tuesday 5 May 2015 at the Malta Hilton, St. Julians.

Unquote

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

Francis Galea Salomone LL.D.
Company Secretary

10 March 2015

GO p.l.c. Preliminary Statement of Group Results and State of Affairs For the Year Ended and at 31 December 2014

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 2014 as approved by the Board of Directors on 10 March 2015, which have been audited by PricewaterhouseCoopers.

These financial statements will be laid before the members at the general meeting to be held on 5 May 2015. 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

	Group		Company	
	2014 €000	2013 €000	2014 €000	2013 €000
ASSETS				
Non-current assets				
Property, plant and equipment	133,640	136,170	67,656	70,075
Investment property	2,199	1,571	-	-
Intangible assets	13,526	19,268	5,368	9,580
Investments in subsidiaries	-	-	27,233	27,233
Investment in associate	1,681	-	1,681	-
Loans receivable from subsidiaries	-	-	49,524	49,524
Loans receivable from associate	3,673	-	3,673	-
Deferred tax assets	8,497	8,627	6,261	5,709
Derivative financial instruments	2,383	-	2,383	-
Trade and other receivables	1,387	1,217	668	430
Total non-current assets	166,986	166,853	164,447	162,551
Current assets				
Inventories	7,468	6,915	6,170	5,434
Trade and other receivables	30,311	30,620	31,669	33,322
Current tax assets	-	186	10	186
Cash and cash equivalents	12,509	30,402	9,505	26,315
Total current assets	50,288	68,123	47,354	65,257
Non-current assets classified as held for sale	6,592	-	6,592	-
Total assets	223,866	234,976	218,393	227,808

Statements of financial position - continued

	As at 31 December			
	Group		Company	
	2014 €000	2013 €000	2014 €000	2013 €000
EQUITY AND LIABILITIES				
EQUITY				
Share capital	58,998	58,998	58,998	58,998
Reserves	15,640	16,536	5,188	5,271
Retained earnings	35,379	27,961	59,637	49,983
Total equity	110,017	103,495	123,823	114,252
LIABILITIES				
Non-current liabilities				
Borrowings	44,573	59,246	39,896	54,327
Deferred tax liabilities	7,178	7,109	-	-
Provisions for pensions	3,667	3,370	3,667	3,370
Derivative financial instruments	2,049	512	2,049	512
Trade and other payables	1,388	3,656	1,388	3,656
Total non-current liabilities	58,855	73,893	47,000	61,865
Current liabilities				
Borrowings	9,425	13,014	7,978	11,651
Provisions for pensions	2,834	2,651	2,834	2,651
Derivative financial instruments	91	-	91	-
Trade and other payables	42,522	41,896	35,487	37,164
Current tax liabilities	122	27	1,180	225
Total current liabilities	54,994	57,588	47,570	51,691
Total liabilities	113,849	131,481	94,570	113,556
Total equity and liabilities	223,866	234,976	218,393	227,808

The financial statements were authorised for issue by the Board on 10 March 2015 and were signed on its behalf by:



Mr. Deepak Padmanabhan
Chairman



Mr. Nikhil Patil
Director

Income statements

	Year ended 31 December			
	Group		Company	
	2014 €000	2013 €000	2014 €000	2013 €000
Revenue	122,258	122,141	73,394	74,691
Cost of sales	(71,890)	(75,355)	(47,311)	(50,464)
Gross profit	50,368	46,786	26,083	24,227
Administrative and other related expenses	(29,801)	(29,867)	(25,758)	(25,912)
Other income	1,337	1,165	937	1,251
Other expenses	(140)	(103)	(109)	(73)
Operating profit/(loss)	21,764	17,981	1,153	(507)
Analysed as follows:				
Operating profit before non-recurring items	24,367	20,775	3,756	2,287
Non-recurring items presented within 'Administrative and other related expenses'	(2,603)	(2,794)	(2,603)	(2,794)
Operating profit/(loss) after non-recurring items	21,764	17,981	1,153	(507)
Finance income	390	411	24,343	19,889
Finance costs	(2,315)	(2,755)	(1,957)	(2,470)
Adjustments arising on fair valuation of property	491	-	69	-
Profit before tax	20,330	15,637	23,608	16,912
Tax expense	(5,704)	(3,887)	(6,746)	(4,102)
Profit for the year - attributable to owners of the Company	14,626	11,750	16,862	12,810
Earnings per share (euro cents)	14c4	11c6		

Statements of comprehensive income

	Year ended 31 December			
	Group		Company	
	2014 €000	2013 €000	2014 €000	2013 €000
Comprehensive income				
Profit for the year	14,626	11,750	16,862	12,810
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Surplus arising on revaluation of land and buildings	38	-	19	-
Remeasurements of defined benefit obligations	(566)	(346)	(566)	(346)
Income tax relating to components of other comprehensive income:				
Surplus arising on revaluation of land and buildings	(956)	-	(124)	-
Remeasurements of defined benefit obligations	198	121	198	121
<i>Items that may be subsequently reclassified to profit or loss</i>				
Change in fair value of derivative designated as hedging instrument in cash flow hedge	421	771	421	771
Income tax relating to components of other comprehensive income	(147)	(270)	(147)	(270)
Total other comprehensive income for the year, net of tax	(1,012)	276	(199)	276
Total comprehensive income for the year	13,614	12,026	16,663	13,086

Statements of changes in equity

Group

	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2013	58,998	16,144	26,458	101,600
Comprehensive income				
Profit for the year	-	-	11,750	11,750
Other comprehensive income:				
Cash flow hedge, net of deferred tax	-	501	-	501
Remeasurements of defined benefit obligations, net of deferred tax	-	(225)	-	(225)
Transfer from retained earnings in relation to insurance contingency reserve	-	116	(116)	-
Total other comprehensive income	-	392	(116)	276
Total comprehensive income	-	392	11,634	12,026
Transactions with owners in their capacity as owners				
Distribution to owners: Dividends to equity holders	-	-	(10,131)	(10,131)
Balance at 31 December 2013	58,998	16,536	27,961	103,495

Statements of changes in equity - continued

Group – continued

	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2014	58,998	16,536	27,961	103,495
Comprehensive income				
Profit for the year	-	-	14,626	14,626
Other comprehensive income:				
Surplus arising on revaluation of land and buildings	-	38	-	38
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	-	(956)	-	(956)
Cash flow hedge, net of deferred tax	-	274	-	274
Remeasurements of defined benefit obligations, net of deferred tax	-	(368)	-	(368)
Transfer from retained earnings in relation to insurance contingency reserve	-	116	(116)	-
Total other comprehensive income	-	(896)	(116)	(1,012)
Total comprehensive income	-	(896)	14,510	13,614
Transactions with owners in their capacity as owners				
Distribution to owners: Dividends to equity holders	-	-	(7,092)	(7,092)
Balance at 31 December 2014	58,998	15,640	35,379	110,017

Statements of changes in equity - continued

Company

	Share capital €000	Reserves €000	Retained earnings €000	Total equity €000
Balance at 1 January 2013	58,998	4,879	47,420	111,297
Comprehensive income				
Profit for the year	-	-	12,810	12,810
Other comprehensive income:				
Cash flow hedge, net of deferred tax	-	501	-	501
Remeasurements of defined benefit obligations, net of deferred tax	-	(225)	-	(225)
Transfer from retained earnings in relation to insurance contingency reserve	-	116	(116)	-
Total other comprehensive income	-	392	(116)	276
Total comprehensive income	-	392	12,694	13,086
Transactions with owners in their capacity as owners				
Distribution to owners:				
Dividends paid to equity holders	-	-	(10,131)	(10,131)
Balance at 31 December 2013	58,998	5,271	49,983	114,252

Statements of changes in equity - continued

Company – continued

	Share capital €000	Reserves €000	Retained earnings €000	Total Equity €000
Balance at 1 January 2014	58,998	5,271	49,983	114,252
Comprehensive income				
Profit for the year	-	-	16,862	16,862
Other comprehensive income:				
Surplus arising on revaluation of land and buildings	-	19	-	19
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	-	(124)	-	(124)
Cash flow hedge, net of deferred tax	-	274	-	274
Remeasurements of defined benefit obligations, net of deferred tax	-	(368)	-	(368)
Transfer from retained earnings in relation to insurance contingency reserve	-	116	(116)	-
Total other comprehensive income	-	(83)	(116)	(199)
Total comprehensive income	-	(83)	16,746	16,663
Transactions with owners in their capacity as owners				
Distribution to owners:				
Dividends paid to equity holders	-	-	(7,092)	(7,092)
Balance at 31 December 2014	58,998	5,188	59,637	123,823

The Group and the Company's retained earnings include non-distributable profits amounting to €11,356,000, arising on disposal of property during the year ended 31 December 2012.

Statements of cash flows

	Year ended 31 December			
	Group		Company	
	2014 €000	2013 €000	2014 €000	2013 €000
Cash flows from operating activities				
Cash generated from operations	48,778	47,097	37,710	19,243
Interest received	390	124	25	113
Interest paid on bank overdrafts	(194)	(18)	(24)	(18)
Tax paid	(6,669)	(6,210)	(110)	(96)
Tax refund received	724	1,664	-	-
Payments under voluntary retirement scheme	(2,595)	(2,820)	(2,595)	(2,820)
Payments in relation to pension obligations	(90)	(266)	(90)	(266)
Net cash from operating activities	40,344	39,571	34,916	16,156
Cash flows from investing activities				
Payments to acquire property, plant and equipment and intangible assets	(20,105)	(19,341)	(13,910)	(15,695)
Dividends received	-	-	-	17,679
Loans advanced to joint venture	(6,014)	-	(6,014)	-
Loans advanced to associate	(4,500)	-	(4,500)	-
Net cash (used in)/from investing activities	(30,619)	(19,341)	(24,424)	1,984
Cash flows from financing activities				
Repayments of bank loans	(14,771)	(20,120)	(14,500)	(19,000)
Proceeds from bank loans	-	15,500	-	15,500
Dividends paid	(7,011)	(9,930)	(7,011)	(9,930)
Loan interest paid	(2,121)	(2,815)	(2,121)	(2,280)
Net cash used in financing activities	(23,903)	(17,365)	(23,632)	(15,710)
Net movements in cash and cash equivalents	(14,178)	2,865	(13,140)	2,430
Cash and cash equivalents at beginning of year	24,762	21,886	21,389	18,954
Exchange differences on cash and cash equivalents	(23)	11	21	5
Movement in cash pledged as guarantees	1,043	-	1,043	-
Cash and cash equivalents at end of year	11,604	24,762	9,313	21,389

Review of Group operations

The Board of Directors is recommending that the Annual General Meeting approves the payment of a final net dividend of €0.07 per share. The payment of this net dividend amounts to the sum of €7,091,734. The final dividend will be paid on the 8 May 2015 to all shareholders who are on the shareholders' register as at Thursday 2 April 2015.

Performance

The Maltese telecoms market follows trends similar to those experienced across Europe, characterised by extensive competition which stimulates innovation and leads to a wide range of services for voice, data or television broadcasting. Consumer behaviour remains in a state of transition, driven by the growing convergence of telecommunications, information technology, media and entertainment as people access the Internet from anywhere and at any time using a multitude of devices. Domestic operators not only compete against each other but have to contend with competing services which are available free of charge through applications over the Internet provided by organisations with a global reach. Consumer expectations and innovative technologies imply increased costs to deliver the quality service that customers have come to expect, however disproportionate regulation at both the local and EU level has made access to technology more affordable for consumers as price pressure increased.

Acknowledging this trend, GO continues to invest in its networks to ensure that its customers have access to secure and always-available networks that will enable them to enjoy service offerings seamlessly over wired and wireless networks. Beyond investment in technology and innovation, at the core of this business model is a determination to strive to satisfy the needs of customers and a commitment to deliver a customer experience that is second to none.

The Group's strategy is also resulting in positive financial results as the Group reports improved operating profit from €18.0 million in 2013 to €21.8 million in 2014, an increase of 21.0%. However both years include items considered to be of unusual nature, size or incidence. Normalised operating Group profit for the year ended 31 December 2014 amounted to €24.3 million (2013: €20.8 million) whilst normalised EBITDA amounted to €49.2 million (2013: €48.4 million). In the year under review GO is reporting a profit before tax of €20.3 million (2013: €15.6 million). The earnings per share amounted to €0.144 as against €0.116 in 2013. This growth in profitability is the result of stable revenues and lower costs.

The Group achieved positive results in revenue generation. Although at €122.3 million Group revenues are at the same level of those achieved in the comparative year, the Group managed to grow revenue from retail activities which growth made up for the decline in income from wholesale activities, a direct consequence of regulatory intervention. Whilst retail revenue from legacy fixed voice service continued to decline, GO experienced growth in all other retail sectors, particularly mobile.

Cost of sales, administrative and related costs, excluding items of unusual nature, size or incidence, amounted to €99.1 million (2013: €102.4 million). The overall reduction of €3.3 million (3.2%) is the result of a combination of lower wholesale costs and continued focus on managing costs without compromising on customer experience.

Cash generated from operations amounted to €48.8 million, an increase of €1.7 million over 2013. In 2014 the Group's investments amounted to a cash outflow of €26.1 million. If one excludes the investment in the joint venture of €6.6 million, €20.1 million investment in property, plant, equipment and intangible assets are €0.7 million more than the value invested in 2013 as the Group maintains an intensive investment programme through which it is upgrading its various networks and launching new technologies which enable the provision of improved services and innovative products. One of the main initiatives which gained momentum during the year under review is investments in Fibre-to-the-Home (FTTH). Investments in FTTH will be maintained in the coming years and complimented with investments in 4G to ensure that GO customers continue to enjoy the best possible fixed-line and mobile broadband experience.

During 2014 GO reduced its borrowings by €14.8 million, extended a loan of €4.5 million to Cablenet Systems Limited and paid dividends amounting to €7.0 million but still closed the year with cash and cash equivalents of €11.6 million.

Review of Group operations – continued

Performance – continued

GO's business model is delivering results as GO continues to service in excess of 500,000 customer connections, making it the largest customer base of any operator on the islands. GO also continues to enjoy year-on-year growth in customer connections as growth in broadband, TV and mobile more than compensate for the decline in traditional fixed voice connections. Equally encouraging is the annual growth in the number of customers adopting bundles of services across fixed, broadband, TV and mobile. The trust shown by customers in GO's product portfolio continues to deliver robust levels of revenues, profitability and cash generation from core operations. Within this highly competitive environment these results continue to augur well for GO to retain a strong presence in the local market across all product lines and to remain the leading telecommunications service provider and operator of choice, offering the most extensive product range.

Financial position

Following another year of robust operating performance, shareholders' funds as at year end increased from €103.5 million as at December 2013 to €110.0 million as at end 2014 as the Group's performance during 2014 exceeded the distribution of retained earnings as a result of a dividend of €0.07 per share net of taxation paid during the year. The Group's net asset value per share stands at €1.09, an increase of 6.3% over 2013 which stood at €1.02.

The Group's total asset base stands at €223.9 million of which €55.4 million are represented by property. The Group's total asset base is 49.1% funded through equity (2013: 44.0%).

GO's investment in Forthnet S.A. through Forghendo Limited has been classified as 'Non-current assets held for sale' at a value of €6.6 million, representing GO's share of the investment made by Forghendo to participate in the capital increase process undertaken by Forthnet in January 2014. As explained in Note 10 to the financial statements this classification is the result of offers received by Forthnet in 2014 which may result in GO disposing of its investment in Forghendo.

In September 2014 GO concluded the acquisition of 25% shareholding in Cablenet Systems Limited, a cable company incorporated and operating in Cyprus, in return for a loan of €12.0 million which GO will extend to Cablenet over a maximum period of two years. This loan is interest free up to 31 December 2017 and during this period GO enjoys the option to convert this loan into equity, part of a path that can see GO owning 51% of the share capital of Cablenet.

The Group's current assets amounted to €50.3 million (2013: €68.1 million) and are mainly represented by receivables of €30.3 million (2013: €30.6 million) and cash of €12.5 million (2013: €30.4 million). The healthy liquidity position, the result of robust operational performance, continues to allow the Group to fund its investments in technology, pursue new initiatives aimed at increasing shareholder value and honour its obligations with its bankers substantially from internal resources.

Non-current liabilities are down from €73.9 million as at December 2013 to €58.9 million as at December 2014. Similarly, current liabilities are lower and amounted to €55.0 million as against €57.6 million as at December 2013. The total reduction in liabilities of €17.6 million is substantially due to a reduction in borrowings and are matched by a reduction of €17.9 million in cash and cash equivalents.