

**GO p.l.c.**

**Condensed Consolidated  
Interim Financial Statements**

**For the Period 1 January 2009 to  
30 June 2009**

# GO p.l.c.

## Condensed Consolidated Interim Financial Statements

**For the Period 1 January 2009 to 30 June 2009**

### **Contents**

	<b>Page</b>
Directors' report pursuant to Listing Rule 9.44k.2	1
Condensed Consolidated Interim Financial Statements:	
Condensed Consolidated Interim Statement of Financial Position	4
Condensed Consolidated Interim Income Statement	6
Condensed Consolidated Interim Statement of Comprehensive Income	7
Condensed Consolidated Interim Statement of Changes in Equity	8
Condensed Consolidated Interim Statement of Cash Flows	10
Notes to the Condensed Consolidated Interim Financial Statements	12
Statement pursuant to Listing Rule 9.44k.3	27
Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information	

# GO p.l.c.

## Directors' Report pursuant to Listing Rule 9.44k.2

For the Period 1 January 2009 to 30 June 2009

*This Half-Yearly Report is being published in terms of Chapters 8 and 9 of the Listing Rules of the Listing Authority – Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act 2005. The condensed consolidated interim financial statements included in this report have been extracted from GO p.l.c.'s reviewed (not audited) consolidated financial statements for the six months ended 30 June 2009 prepared in accordance with accounting standards adopted for use in the EU for interim financial statements (EU adopted IAS 34, Interim Financial Reporting). The comparative balance sheet has been extracted from the audited financial statements for the year ended 31 December 2008.*

### 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 including Voice over Internet Protocol services (VoIP), digital TV, radio paging and call centre operations. As from February 2008, the Group has an interest in a jointly-controlled entity (Forgendo Limited), a company registered in Cyprus. Forgendo Limited currently holds an investment in an associate registered in Greece, which provides fixed-line telephony, broadband and TV services in Greece.

The Company and certain subsidiaries and their activities, are regulated by and are subject to the provisions of the Electronic Communications (Regulation) Act, 2004.

### Review of financial performance

During the first six months of the current financial year, the Group generated revenue amounting to €61.12 million, reflecting a decrease of 4.8% over the comparative period. The decrease in revenue has occurred in spite of an overall increase in the Group's customers' connections and services. In line with forecast, revenue from fixed line voice services declined by €3.20 million representing a decline of 12%. Local regulations, which became effective half way through in 2008, have adversely affected data services revenue, which declined by 6%, while mobile services declined by 3% driven by lower consumer spending, increased competition and aggressive retention offers.

The operating results for the period show a loss of €1.14 million compared to a profit of €1.04 million achieved in the comparative period, after accounting for various significant one-off items namely, voluntary retirement costs amounting to €7.26 million (6 months 2008: €0.32 million), an impairment loss on non-trade receivables amounting to €2.09 million (6 months 2008: €Nil) and a decrease in the provision for pensions amounting to €1.32 million (6 months 2008: increase of €11.80 million). After eliminating the effects of these significant one-off items, the operating activities for the current period have returned a profit of €6.89 million (6 months 2008: €13.15 million).

# GO p.l.c.

## Directors' Report pursuant to Listing Rule 9.44k.2

For the Period 1 January 2009 to 30 June 2009

The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) and significant one-off items amounted to €14.88 million, a decrease of 36.3% over the comparative period. Adjusting this result further by eliminating the share of loss made by the jointly-controlled entity, the Group's EBITDA would amount to €18.61 million, a decrease of 28.5% over the comparative period.

After providing for net finance expense amounting to €0.71 million and the Group's share of the results of investment in Forghendo Limited amounting to €3.73 million, the Group's loss before taxation amounted to €5.37 million, compared to a loss of €1.42 in the comparative period to 30 June 2008. The net loss after tax amounted to €5.43 million compared to a net loss of €4.40 million for the six month period to 30 June 2008. The Group's share of net loss, excluding results attributable to the non-controlling interest, amounted to €5.56 million during the current six-month period.

The Group continued to generate free cash flows from its operations, which funds were utilised to acquire new subsidiaries, namely the Bell Med Group, acquire additional tangible fixed assets and further investment in the jointly-controlled entity, Forghendo Limited.

### Commentary on performance

During the period, the Group acquired further shares in Forthnet S.A. through its investment in the jointly-controlled entity, Forghendo Limited. During the current period and as publicly announced, Forghendo Limited increased its percentage equity holding in Forthnet S.A. from 34.6% to 36.5%. An amount of €5.34 million was advanced to the jointly-controlled entity during the current period compared to an investment of €42.63 million in the comparative period. During the current period, the jointly-controlled entity repaid back an amount of €2.56 million. Forthnet S.A. is a leading telecommunications operator in Greece providing triple play services consisting of broadband and fixed voice services as well as TV services.

On 29 April 2009, the Group acquired a 60% shareholding in the Bell Med Group consisting of BM IT Limited, BM Support Services Limited and Bell Net Limited for a total cost of €9.44 million. The Bell Med Group specialises in providing co-location, hosting, IP connectivity and bandwidth services out of Malta. As a result of this business combination, the Group acquired tangible and intangible assets amounting to €5.85 million and goodwill amounting to €3.59 million.

In line with the Group's policy to right-size and right-skill its operations through retraining, voluntary retirement schemes and controlled recruitment, the Group has accepted to compensate a number of employees to benefit from the early retirement scheme. Based on accepted offers, the Group has provided for an amount of €7.26 million of which €4.80 million were actually paid as at 30 June 2009. The Group approved such offers towards the end of the current period thus no material cost savings were achieved, as the relative costs of wages and salaries are included in these condensed financial statements. However, the Group will benefit from cost reductions during the latter part of this financial year and thereafter. The Group's headcount amounted to 1,262 as at 30 June 2009 compared to 1,413 as at 31 December 2008. Further headcount reductions will take place in the second half of this year.

# GO p.l.c.

## Directors' Report pursuant to Listing Rule 9.44k.2

For the Period 1 January 2009 to 30 June 2009

During the period, following the issue on 5 June 2009 of the Special Funds (Regulation) Act (Retirement Schemes Exemption) Regulations, 2009 and the establishment of the scheme with effect from 1 January 1975, the Company offered a number of beneficiaries, in lieu of joining the scheme, a lump sum settlement. The movement in the retirement benefit obligations recognised in the condensed consolidated interim financial statements reflects changes in actuarial assumptions, as well as changes in estimates supporting the provision as a result of various discussions and agreements entered into between the Company and the beneficiaries. The comprehensive income effect amounted to €1.32 million.

Notwithstanding the reduction in revenue, the Group through its marketing and promotional efforts, managed to mitigate the potential losses in revenue and results had such actions not been planned and executed. The overall customer connections across all services of the Group continued to grow and as at 30 June 2009 amounted to almost 465,000 services, an increase of 1.7% over the comparative period. Growth in mobile subscribers continued at a slow rate in line with the market growth and conditions, while growth in TV and broadband continued in line with projections. However, EU and local roaming regulations have contributed to lower wholesale and retail income per subscriber thus depressing further the Group's turnover, hence the Group's strategy to invest in new ventures both locally and overseas.

The Group is moving ahead with its strategy to invest in the upgrade of its networks and launch new technology to enable faster and more reliable connectivity. These investments also allow the Group to launch new services and the Group continues to be the leader in voice and data services through both fixed and mobile networks as well as in the provision of digital terrestrial TV services. The Group's success in retaining and growing its customer base and the anticipated benefits of right-sizing and reorganising the Group auger well for improved results in the coming years particularly as the current economic trends improve.


### Related party transactions

During the period under review, the Group advanced funds and paid other amounts on behalf of the jointly-controlled entity, amounting to €5.34 million and €0.08 million respectively. An amount of €2.56 million was repaid back during the same period. In addition, the Group acquired services amounting to €1.04 million from entities controlled by Dubai Holdings LLC, the ultimate parent company. Dividends paid to the ultimate parent company amounted to €7.29 million.

### Dividends

The Board of Directors has resolved to determine the extent of dividend distribution for 2009 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 2009.

Approved by the Board of Directors on 31 August 2009 and signed on its behalf by:



Sonny Portelli  
Chairman



Michael Warrington  
Director

## GO p.l.c.

## Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2009

		30.06.09	31.12.08
	Note	€000	€000
<b>ASSETS</b>			
Property, plant and equipment	11	132,547	136,083
Intangible assets	12	24,351	10,489
Investment property		1,350	1,350
Investment in jointly-controlled entity	13	-	5,179
Other investments	14	695	-
Loans receivable from jointly-controlled entity	13	94,465	89,415
Finance lease receivables		431	421
Deferred tax assets		2,290	2,526
<b>Total non-current assets</b>		<b>256,129</b>	<b>245,463</b>
Inventories		5,000	5,761
Trade and other receivables		42,487	49,666
Cash at bank and in hand		8,778	8,303
Assets classified as held for sale	14	-	964
<b>Total current assets</b>		<b>56,265</b>	<b>64,694</b>
<b>Total assets</b>		<b>312,394</b>	<b>310,157</b>
<b>EQUITY</b>			
Share capital		58,998	58,998
Reserves		24,465	23,655
Retained earnings		89,731	108,634
<b>Total equity attributable to equity-holders</b>		<b>173,194</b>	<b>191,287</b>
<b>Non-controlling interest</b>	15	<b>4,022</b>	-
<b>Total equity</b>		<b>177,216</b>	<b>191,287</b>

## GO p.l.c.

**Condensed Consolidated Interim Statement of Financial Position (continued)**

As at 30 June 2009

		30.06.09	31.12.08
	Note	€000	€000
<b>LIABILITIES</b>			
Loans and borrowings		<b>50,000</b>	50,000
Derivative	16	<b>644</b>	-
Provisions	9	<b>5,362</b>	10,552
<b>Total non-current liabilities</b>		<b>56,006</b>	60,552
Loans and borrowings	18	<b>19,277</b>	2,912
Trade and other payables		<b>54,227</b>	53,222
Tax payable		<b>5,668</b>	2,184
<b>Total current liabilities</b>		<b>79,172</b>	58,318
<b>Total liabilities</b>		<b>135,178</b>	118,870
<b>Total equity and liabilities</b>		<b>312,394</b>	310,157

The condensed consolidated interim financial statements set out on pages 4 to 27 were approved by the Board of Directors on 31 August 2009 and were signed on its behalf by:



Sonny Portelli  
Chairman



Michael Warrington  
Director

## GO p.l.c.

**Condensed Consolidated Interim Income Statement**

For the Period 1 January 2009 to 30 June 2009

		<b>6 months ended 30.06.09</b>	6 months ended 30.06.08
	<b>Note</b>	<b>€000</b>	€000
<b>CONTINUING OPERATIONS</b>			
Revenue		<b>61,122</b>	64,215
Cost of sales		<b>(38,311)</b>	(37,770)
		-----	-----
<b>Gross profit</b>		<b>22,811</b>	26,445
Other income		<b>471</b>	655
Administrative and distribution expenses		<b>(16,037)</b>	(13,708)
Voluntary retirement costs	7	<b>(7,257)</b>	(316)
Other expenses		<b>(358)</b>	(241)
Impairment loss on other receivables	8	<b>(2,087)</b>	-
Provision for pensions	9	<b>1,321</b>	(11,798)
		-----	-----
<b>Results from operating activities</b>		<b>(1,136)</b>	1,037
		-----	-----
Finance income		<b>706</b>	627
Finance expenses		<b>(1,217)</b>	(354)
		-----	-----
<b>Net finance (expense)/income</b>		<b>(511)</b>	273
		-----	-----
Share of results of equity-accounted investee	13	<b>(3,725)</b>	(2,658)
Impairment loss on asset classified as held for sale		-	(76)
		-----	-----
<b>Loss before income tax</b>		<b>(5,372)</b>	(1,424)
Income tax expense	10	<b>(60)</b>	(2,975)
		-----	-----
<b>Loss for the period</b>		<b>(5,432)</b>	(4,399)
		=====	=====
Attributable to:			
Owners of the Company		<b>(5,557)</b>	(4,399)
Non-controlling interest		<b>125</b>	-
		-----	-----
<b>Loss for the period</b>		<b>(5,432)</b>	(4,399)
		=====	=====
<b>Loss per share</b>		<b>(5c5)</b>	(4c3)
		=====	=====

## GO p.l.c.

**Condensed Consolidated Interim Statement of Comprehensive Income**

For the Period 1 January 2009 to 30 June 2009

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		<b>6 months ended 30.06.09</b>	6 months ended 30.06.08
	<b>Note</b>	<b>€000</b>	€000
Loss for the period		<b>(5,432)</b>	(4,399)
<b>Other comprehensive income</b>			
Change in fair value of cash flow hedge	16	<b>(644)</b>	-
Changes in fair value of available-for-sale investments		-	99
Income tax on other comprehensive income		<b>240</b>	(43)
<b>Other comprehensive income for the period, net of tax</b>		<b>(404)</b>	56
<b>Total comprehensive income for the period</b>		<b>(5,836)</b>	(4,343)
		=====	=====
Attributable to:			
Owners of the Company		<b>(5,961)</b>	(4,343)
Non-controlling interest		<b>125</b>	-
<b>Total comprehensive income for the period</b>		<b>(5,836)</b>	(4,343)
		=====	=====



## GO p.l.c.

**Consolidated Statement of Changes in Equity (continued)**

For the Period 1 January 2009 to 30 June 2009

	Attributable to equity holders of the Company							Total	Non-controlling interest	Total equity
	Share capital	Fair value reserve	Other reserve	Insurance contingency reserve	Revaluation reserve	Hedging reserve	Retained earnings			
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Balance at 1 January 2009	58,998	-	3,722	698	19,235	-	108,634	191,287	-	191,287
<b>Total comprehensive income for the period</b>										
Profit/(loss) for the period	-	-	-	-	-	-	(5,557)	(5,557)	125	(5,432)
<b>Other comprehensive income</b>										
Change in fair value of cash flow hedge, net of tax	-	-	-	-	-	(419)	-	(419)	-	(419)
Reversal of deferred tax on revaluation surplus	-	-	-	-	15	-	-	15	-	15
Transfer (from)/to retained earnings:										
Reclassification of fair value movement of available-for-sale investment	-	595	-	-	-	-	(595)	-	-	-
Revaluation reserve	-	-	-	-	(42)	-	42	-	-	-
Total other comprehensive income	-	595	-	-	(27)	(419)	(553)	(404)	-	(404)
Total comprehensive income for the period	-	595	-	-	(27)	(419)	(6,110)	(5,961)	125	(5,836)
<b>Transaction with owners, recorded directly in equity</b>										
Equity attributable to non-controlling interest upon business combination	-	-	-	-	-	-	-	-	3,897	3,897
Share of equity movement in jointly-controlled entity	-	-	25	-	-	-	-	25	-	25
Dividends to equity holders	-	-	-	-	-	-	(12,157)	(12,157)	-	(12,157)
Transfer from retained earnings:										
Unrealised gains	-	-	636	-	-	-	(636)	-	-	-
Total contributions by and distributions to owners	-	-	661	-	-	-	(12,793)	(12,132)	3,897	(8,235)
Balance at 30 June 2009	58,998	595	4,383	698	19,208	(419)	89,731	173,194	4,022	177,216

## GO p.l.c.

**Condensed Consolidated Interim Statement of Cash Flows**

For the Period 1 January 2009 to 30 June 2009

	6 months ended 30.06.09	6 months ended 30.06.08
Note	€000	€000
<b>Cash flows from operating activities</b>		
Loss for the period	(5,432)	(4,399)
Adjustments for:		
Income tax	60	2,975
Depreciation, amortisation and write-downs	11,724	12,896
Net finance expense/(income)	511	(273)
Share of loss of equity-accounted investee	3,725	2,658
Net loss arising on disposal of plant and equipment	178	103
Net increase in provisions and write-offs	2,485	188
Voluntary retirement costs	7,257	316
Provision for pensions payable	(1,321)	11,798
Impairment loss on asset classified as held for sale	-	76
Liabilities written back	-	(20)
	-----	-----
	19,187	26,318
Change in inventories	534	(550)
Change in trade and other receivables	1,830	(4,121)
Change in trade and other payables	(4,677)	1,763
	-----	-----
Cash generated from operations	16,874	23,410
Interest received (net of withholding tax)	2	184
Interest paid on bank overdrafts	(8)	(33)
Net taxation (paid) / refunded	(131)	576
Refund of VAT	3,435	3,435
Payments under voluntary retirement scheme	(4,796)	(564)
	-----	-----
<b>Net cash from operating activities</b>	<b>15,376</b>	<b>27,008</b>
	-----	-----
<b>Cash flows from investing activities</b>		
Payments to acquire property, plant and equipment and intangible assets	(8,239)	(8,240)
Payments to acquire investment in subsidiary	(9,439)	-
Receipts from disposal of property, plant and equipment	1	1
Receipts from disposal and realisation of investments	-	34,677
Investment income received	-	268
Payments to acquire investment in jointly-controlled entity	-	(10,000)
Advances to jointly-controlled entity	(5,344)	(42,625)
Repayment of advances by jointly-controlled entity	2,563	-
Payments of expenses on behalf of jointly-controlled entity	-	(43)
	-----	-----
<b>Net cash used in investing activities</b>	<b>(20,458)</b>	<b>(25,962)</b>
	-----	-----
carried forward	(5,082)	1,046

## GO p.l.c.

**Condensed Consolidated Interim Statement of Cash Flows (continued)**

For the Period 1 January 2009 to 30 June 2009

		<b>6 months ended 30.06.09</b>	6 months ended 30.06.08
	<b>Note</b>	<b>€000</b>	€000
brought forward		<b>(5,082)</b>	1,046
<b>Cash flows from financing activities</b>			
Repayments of long term borrowings		-	(5,750)
Dividends paid		<b>(12,171)</b>	(11,797)
Loan interest paid		<b>(274)</b>	(389)
Proceeds from long term bank borrowings		-	2,428
<b>Net cash used in financing activities</b>		<b>(12,445)</b>	(15,508)
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period		<b>5,390</b>	33,936
Cash and cash equivalents acquired on acquisition of subsidiary		<b>1,611</b>	-
Effect of exchange rate fluctuations on cash held		<b>(30)</b>	(30)
Movement in cash pledged as guarantees		<b>(54)</b>	169
<b>Cash and cash equivalents at end of period</b>	17	<b>(10,610)</b>	19,613

# GO p.l.c.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Period 1 January 2009 to 30 June 2009

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### 1 Reporting entity

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 2009 and for the six-months then ended comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in Forghendo Limited (the "jointly-controlled entity"), a company registered in Cyprus. Forghendo Limited currently holds an investment in an associate (see note 13) registered in Greece which provides fixed-line telephony and broadband services in Greece. The Group is primarily involved in the provision of telecommunications services (both fixed and mobile), internet related services and digital terrestrial television in Malta.

On 28 April 2009 GO p.l.c. acquired 60% of the shares in BM IT Limited, BM Support Services Limited and Bell Net Limited, which specialise in providing co-location, hosting, IP connectivity and bandwidth services out of Malta (see note 15).

The consolidated financial statements of the Group as at and for the year ended 31 December 2008 are available upon request from the Company's registered office at Spencer Hill, Marsa. They are also available for viewing on its website at [www.go.com.mt](http://www.go.com.mt).

### 2 Basis of preparation

#### Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with accounting standards adopted for use in the EU for interim financial statements (EU adopted IAS 34, *Interim Financial Reporting*).

These interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2008.

The condensed consolidated interim financial statements were approved by the Board of Directors on 31 August 2009.

#### Going concern

After considering management's assessment on the Company's ability to continue as a going concern, the directors considered appropriate the use of the going concern assumption in the preparation of these financial statements. In assessing whether the going concern assumption was appropriate, management took into account all available information about the foreseeable future. Management considered the Group's results for the current period, as well as those expected in the foreseeable future, and its commitments over the same foreseeable period.

# GO p.l.c.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Period 1 January 2009 to 30 June 2009

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### 3 Significant accounting policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2008.

#### Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Derivatives are recognised initially at fair value, attributable transactions costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

##### *Cash flow hedges*

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in the statement of comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in the statement of comprehensive income remains there until the forecast transaction occurs. In other cases, the amount recognised in the statement of comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

#### Determination and presentation of operating segments

As of 1 January 2009 the Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 *Operating Segments*. Previously, operating segments were determined and presented in accordance with IAS 14 *Segment Reporting*. The new accounting policy in respect of segment operating disclosures is presented as follows:

Comparative segment information has been re-presented in conformity with the transitional requirements of IFRS 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on loss per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

# GO p.l.c.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Period 1 January 2009 to 30 June 2009

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### 3 Significant accounting policies (continued)

#### Determination and presentation of operating segments (continued)

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

#### Accounting for borrowing costs

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Previously the Group immediately recognised all borrowing costs as an expense. This change in accounting policy was due to the prospective adoption of IAS 23 *Borrowing Costs* (2007) in accordance with the transitional provision of such standard; comparative figures have not been restated. The change in accounting policy had no material impact on assets, results or loss per share in the interim period ended 30 June 2009.

#### Presentation of financial statements

The Group applies revised IAS 1 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. As a result, the Group presents in the condensed consolidated interim statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the condensed consolidated interim statement of comprehensive income. This presentation has been applied in these condensed consolidated interim financial statements as of and for the six months period ended on 30 June 2009.

Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on loss per share.

### 4 Estimates

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

# GO p.l.c.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Period 1 January 2009 to 30 June 2009

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### 4 Estimates (continued)

Except as described below, in preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements for the year ended 31 December 2008. During the six months ended 30 June 2009, management reassessed its estimates in respect of retirement benefit obligations (see note 9).

### 5 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2008.

### 6 Operating segments

The Group has two reportable 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 CEO reviews internal management reports on at least 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.

The Group's call centre operations and the newly acquired business of data services are grouped under 'other'. In the comparative period this category comprise solely the Group's call centre operation.

The Group's internal reporting to the Board of Directors and senior executives is analysed according to the above segments.

## GO p.l.c.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Period 1 January 2009 to 30 June 2009

## 6 Operating segments (continued)

Information about reportable segments  
For the six months ended 30 June

	Fixed line		Mobile		Other		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	€000	€000	€000	€000	€000	€000	€000	€000
External revenues	<b>36,214</b>	39,731	<b>23,164</b>	23,860	<b>1,744</b>	624	<b>61,122</b>	64,215
Inter-segment revenues	<b>1,414</b>	1,023	<b>1,929</b>	1,696	<b>1,810</b>	1,894	<b>5,153</b>	4,613
Reportable segment results results from operating activities	<b>(397)</b>	5,364	<b>6,101</b>	7,330	<b>1,441</b>	748	<b>7,145</b>	13,442
Reportable segment assets	<b>283,111</b>	238,620	<b>46,707</b>	49,444	<b>16,363</b>	7,631	<b>346,181</b>	295,695

## Reconciliation of reportable segment loss or profit

	6 months ended 30.06.09	6 months ended 30.06.08
	€000	€000
Total profit for reportable segments	<b>5,704</b>	12,694
Other profit	<b>1,441</b>	748
	<b>7,145</b>	13,442
Elimination of inter-segment profits	<b>(258)</b>	(291)
Unallocated amounts:		
Voluntary retirement costs	<b>(7,257)</b>	(316)
Provision for other receivables	<b>(2,087)</b>	-
Provision for pensions	<b>1,321</b>	(11,798)
Net finance income	<b>1,947</b>	273
Impairment on asset held for sale	-	(76)
Share of loss of equity accounted investee	<b>(6,183)</b>	(2,658)
Consolidated loss before income tax	<b>(5,372)</b>	(1,424)

## GO p.l.c.

**Notes to the Condensed Consolidated Interim Financial Statements**

For the Period 1 January 2009 to 30 June 2009

**7 Voluntary retirement costs**

The voluntary retirement costs represent the costs payable to employees who have retired or agreed to retire voluntarily during the period.

**8 Impairment loss on other receivables**

The Group had certain long outstanding receivables of a non-operational nature as at 30 June 2009. As a result of the specific issues surrounding these debts, it was considered prudent to provide against these receivables.

**9 Retirement benefit obligations**

GO plc has submitted an application to the MFSA, as the pensions regulator, detailing the measures planned by the Group to implement the scheme. Following the issue of the Special Funds (Regulation) Act (Retirement Schemes Exemption) Regulations, 2009 by the MFSA on 5 June 2009, GO plc has established the scheme on 1 July 2009 with effect from 1 January 1975. On 3 July 2009, GO plc offered a number of beneficiaries, in lieu of joining the scheme, a one time lump sum settlement.

The Group estimates the present value of the benefit obligations as follows:

	<b>30.06.09</b>	31.12.08
	<b>€000</b>	€000
Balance sheet obligations for pension benefits	<b>12,860</b> =====	14,181 =====
	<b>6 months ended 30.06.09</b>	6 months ended 30.06.08
	<b>€000</b>	€000
Income statement effect for pension benefits	<b>1,321</b> =====	(11,798) =====

The movement in the retirement benefit obligations recognised in the income statement reflects changes in actuarial assumptions, as well as changes in estimates supporting the provision as a result of the various discussions and agreements entered into between the Company and the beneficiaries.

## GO p.l.c.

**Notes to the Condensed Consolidated Interim Financial Statements**

For the Period 1 January 2009 to 30 June 2009

**9 Retirement benefit obligations (continued)**

The provision is analysed in the balance sheet as follows:

	<b>30.06.09</b>	31.12.08
	<b>€000</b>	€000
Non-current	<b>5,362</b>	10,552
Current	<b>7,498</b>	3,629
	<b>-----</b>	<b>-----</b>
	<b>12,860</b>	14,181
	<b>=====</b>	<b>=====</b>

**10 Income tax expense**

The Group's consolidated effective tax rate for the six months ended 30 June 2009 was a negative 1.1% (for the six months ended 30 June 2008: negative 208.9%).

After eliminating the effect of the share of loss of the jointly-controlled entity, the discount unwind on loan receivable from the jointly-controlled entity and depreciation charges not deductible by way of capital allowances in determining taxable income, the Group's consolidated effective tax rate for the current period would amount to 32.4%.

During the comparative period, the Group recognised reversal of tax expense recognised in prior periods amounting to €2,043,678. After eliminating the effect of this reversal, the share of loss of the jointly-controlled entity and the provision for pensions, the Group's consolidated effective tax rate for the comparative period amounted to 38.5%.

On 20 April 2009, the Group received a tax refund amounting to €1,118,531 (six months ended 30 June 2008: €1,583,037) from the Inland Revenue Department in respect of the previous year.

**11 Property, plant and equipment****Acquisitions and disposals**

During the six months ended 30 June 2009, the Group acquired assets with a cost of €3,419,080 (six months ended 30 June 2008: €5,157,917). During the same period, the Group wrote off assets with a carrying amount of €180,824 (six months ended 30 June 2008: €104,395).

# GO p.l.c.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Period 1 January 2009 to 30 June 2009

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### 11 Property, plant and equipment (continued)

#### Capital commitments

The following are capital commitments of the Company and its subsidiaries:

	<b>30.06.09</b>	30.06.08
	<b>€000</b>	€000
Contracted for	<b>1,774</b>	11,765
Authorised but not yet contracted for	<b>470</b>	-
	-----	-----
	<b>2,244</b>	11,765
	=====	=====

Capital commitments contracted for as at 30 June 2008 included an amount of €1,606,862 relating to the digital television infrastructure and an amount of €6,693,278 relating to the submarine cable project that were acquired by 31 December 2008.

The following are the Group's share of the capital commitments of the jointly-controlled entity:

Forthnet S.A., the associate of the jointly-controlled entity (see note 13), has signed agreements for development of broadband access services which are expected to be completed by 31 October 2009. The Group's share of this entity's commitment amounts to €10.31 million.

The business plan of Forthnet S.A. projects the investment in an integrated, high speed broadband network for the provision of data, voice and content services. Forthnet S.A. is entitled to a 30% subsidy from the Greek Government against this investment. The Group's share of this investment and the Government subsidy equals to €0.62 million and €0.19 million, respectively.

### 12 Intangible assets

The increase in intangible assets during the period is mainly attributable to the goodwill, brands and customer relationships acquired as part of the share acquisition of Bell Med Group (see note 15). In addition during the period, the Group has acquired the customer base of an internet service provider.

## GO p.l.c.

**Notes to the Condensed Consolidated Interim Financial Statements**

For the Period 1 January 2009 to 30 June 2009

**13 Investment in jointly-controlled entity**

As at 30 June 2009, the ownership interest of Forgado Limited in Forthnet S.A. increased to 36.46% (31 December 2008: 34.60%).

**Equity investment**

During the period, the carrying value (31.12.08: €5,179,649) of the equity investment in the jointly-controlled entity was reduced to €Nil. In addition, the balance on the share of loss recognised during the period, amounting to €978,567, was accounted for against interest receivable that accrued over the period in respect of loan receivable from the same jointly-controlled entity (see below).

**Loans receivable**

The Company advanced loans to the jointly-controlled entity subject to the following terms:

	Interest %	Repayable by	Balance €000
Loan 1	free	February 2013	29,104
Loan 2	4.75 - 6.5	June 2013	8,593
Loan 3	4.75 - 6.5	August 2013	54,882
Loan 4	7.156	July 2013	566
Loan 5	4.75	January 2014	1,716
			-----
			94,861
Amortisation of stepped interest on loans advanced to jointly-controlled entity			(396)
			-----
			<b>94,465</b>
			=====

The above loans, although they are not classified as equity investment, are considered to be in substance part of the net investment in the jointly-controlled entity, as a result these loans are considered when recognising the Group's share of losses of the jointly controlled entity under the equity method.

The difference between fair value and face value of Loan 1 on initial recognition amounting to €10,429,426 was recognised as an additional investment in the jointly-controlled entity. The balances detailed above are stated at fair value.

During the period, Loan 2 increased to €8,592,516 following further advances of €2,788,033 to the jointly-controlled entity. In addition, interests accrued during 2008 on Loan 2, Loan 3 and Loan 4 were capitalised to form Loan 5.

## GO p.l.c.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Period 1 January 2009 to 30 June 2009

**13 Investment in jointly-controlled entity (continued)****Share of results**

The following represents the Group's share of the assets, liabilities and results of the jointly-controlled entity as at 30 June 2009 and 31 December 2008, respectively:

	<b>30.06.09</b>	31.12.08
	<b>€000</b>	€000
<b>Assets</b>		
Non-current assets	<b>95,300</b>	96,322
<b>Total assets</b>	<b>95,300</b>	96,322
	=====	=====
<b>Liabilities</b>		
Non-current liabilities	<b>93,957</b>	88,728
Current liabilities	<b>2,322</b>	2,413
<b>Total liabilities</b>	<b>96,279</b>	91,141
	=====	=====
	<b>6 months ended</b>	6 months ended
	<b>30.06.09</b>	30.06.08
	<b>€000</b>	€000
<b>Share of loss recognised in profit or loss</b>		
Professional fees	<b>(20)</b>	(69)
Finance income	<b>27</b>	-
Share of loss of associate (Forthnet S.A.) recognised in profit or loss of jointly-controlled entity	<b>(3,732)</b>	(2,589)
	<b>(3,725)</b>	(2,658)
	=====	=====
<b>Share of change in equity</b>		
Share of employee stock option plan	<b>25</b>	764
	=====	=====

# GO p.l.c.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Period 1 January 2009 to 30 June 2009

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### 14 Assets classified as held for sale

At 31 December 2008, the non-current assets held for sale consisted of a number of commercial premises and the investment in Datatrak Holdings p.l.c. amounting to €269,000 and €695,158 respectively. Although the Group remained with the intention to sell the commercial premises and the investment in Datatrak Holdings p.l.c, management does not expect to dispose of these assets in the short term. Subsequently, the commercial premises were reclassified to 'assets not in use' within the property, plant and equipment category, whilst the investment in Datatrak Holdings p.l.c. was classified as an 'available-for-sale financial asset' within the other investments category.

### 15 Acquisition of subsidiary

#### Business combination

On 28 April 2009 the Group acquired 60% of the shares in BM IT Limited, BM Support Services Limited and Bell Net Limited (hereinafter collectively referred to as "Bell Med Group") for a total cost of €9,439,096, including the cost of professional fees incurred in the acquisition of this investment.

Bell Med Group specialises in providing co-location, hosting, IP connectivity and bandwidth services outside Malta. It is the leading provider for such services within the Maltese market. The acquisition of a strategic shareholding in Bell Med Group will enable the Group to consolidate its position in the co-location business.

#### Identifiable assets acquired and liabilities assumed – Company's 60% share:

	€000
Plant and equipment	2,015
Intangible assets	5,877
Inventories	14
Cash at bank and in hand	1,013
Trade and other payables	(1,006)
Deferred tax liability	(2,067)
	-----
	5,846
	=====

#### Goodwill

Goodwill was recognised as a result of the acquisition as follows:

	€000
Total consideration transferred	9,439
Less value of identifiable assets	(5,846)
	-----
Goodwill	3,593
	=====

## GO p.l.c.

**Notes to the Condensed Consolidated Interim Financial Statements**

For the Period 1 January 2009 to 30 June 2009

**15 Acquisition of subsidiary (continued)**

The goodwill which arose due to the above acquisition was based on the carrying amounts of the consolidated balance sheet of the acquired companies as at 28 April 2009 and it is considered provisional. The procedure for determination of the fair value of assets, liabilities and contingent liabilities of the acquired companies, the purchase price allocation on the basis and the provisions of IFRS 3 *Business Combinations* and the resulting final determination of goodwill will be concluded subsequently as the acquirer has made use of the option provided in the above-mentioned standard. Based on such option, the acquirer shall recognise any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date.

In acquiring Bell Med Group, the Company was granted a European style call option for no consideration to purchase the remaining 40% shareholding on the lapse of three years. This call option has contracted the previous main shareholder and his management team to Bell Mell Group, who remain in employment, and is intended as a safeguard of the Company's investment. The Company has not, as a result of the option, acquired the control and benefits of the non-controlling interest. By 30 June 2009 the fair value movement of the derivative instrument arising as a result of the call option was insignificant in view of the proximity of the reporting date to the date of the agreement.

During the twelve month period ended 31 May 2009, Bell Med Group registered a turnover of €7,978,183 and a profit for the period of €1,361,370.

**16 Financial liabilities designated for hedge accounting****Interest rate swap**

As from 27 January 2009, the Company entered into an interest rate swap on €36 million being the entire balance of loan A, whereby the 6 month floating Euribor rate was fixed at 3.19% for the remaining term of the loan. The Company utilised loan A, amounting to €36 million, by 31 December 2008.

	<b>30.06.09</b>	31.12.08
	<b>€000</b>	€000
<b>Non-current liability</b>		
Derivative financial instruments designated as cash flow hedges	<b>644</b>	-
	===	===

The above comprises an interest rate swap stated at fair value with notional amounts analysed by remaining life as follows:

	<b>30.06.09</b>	31.12.08
	<b>€000</b>	€000
More than 1 year	<b>36,000</b>	-
	=====	===

## GO p.l.c.

**Notes to the Condensed Consolidated Interim Financial Statements**

For the Period 1 January 2009 to 30 June 2009

**17 Cash and equivalents**

As at 30 June 2009, the Company had cash held at bank amounting to €3.62 million (2008: €14.79 million) and a bank overdraft of €14.87 million (2008: €0.69 million). Movement over the last twelve months resulted in a decrease in bank balances of €11.17 million, whilst bank overdrafts increased by €14.18 million.

**18 Loans and borrowings**

The Group has general banking facilities amounting to €23,169,100. As at 30 June 2009, the Group has utilised €19,277,449 of these banking facilities.

**19 Related parties****Parent and ultimate controlling party**

The immediate parent of the Group is Emirates International Telecommunications (Malta) Limited, a company which forms part of the same group of companies of Dubai Holding LLC ('the ultimate controlling party').

**Related party transactions**

Consistent with what was reported in the audited financial statements for the year ended 31 December 2008, the Group maintained a related party relationship with its ultimate controlling party and entities controlled by it (see below), key management personnel, close members of their family, entities controlled by them and the jointly-controlled entity.

There were no loans to directors during the current and comparative period.

	<b>Note</b>	<b>6 months ended 30.06.09 €000</b>	<b>6 months ended 30.06.08 €000</b>
<b>Ultimate controlling party and entities controlled by it</b>			
Services provided to		53	26
Services provided by		1,039	130
Payments on behalf of Company by		84	-
Dividends paid		7,294	7,078
		=====	=====
<b>Jointly-controlled entity</b>			
Finance interest receivable from		1,485	-
Loans advanced to	13	5,344	42,625
Amounts paid on behalf of		308	43
Repayments of loans advanced to		2,562	-
Capitalisation of loan interest		1,716	-
		=====	=====

## GO p.l.c.

**Notes to the Condensed Consolidated Interim Financial Statements**

For the Period 1 January 2009 to 30 June 2009

**19 Related parties (continued)****Related party balances**

	<b>30.06.09</b>	31.12.08
	<b>Note</b>	<b>€000</b>
		<b>€000</b>
<b>Ultimate controlling party and entities controlled by it</b>		
Amount receivable from		516
Amount payable to		978
		=====
<b>Jointly-controlled entity</b>		
Amount receivable from		2,171
Loans receivable from	13	89,415
		=====

The amount receivable from jointly-controlled entity is stated net of €978,567 (see note 13).

**20 Contingencies**

Except as described below, there were no major changes in the contingencies of the Company, its subsidiaries and the associate of the jointly-controlled entity from those disclosed in the consolidated financial statements of the Group for the year ended 31 December 2008.

The Company has settled an amount of €69,886 with respect to actual or potential claims and litigation against it by certain persons and organisations arising from disruption of services, warranties given and from acquisitions of goods and services by the Company in the ordinary course of its business.

The Group has provided for the additional exposure of €261,403 in applicable licence costs payable to the Malta Communications Authority, with respect to a difference in interpretation relating to spectrum licence fees.

The Group has settled the claim for €134,000 received by the Company from a Belgian firm for recruitment services without any exposure for the Group.

One of the pending cases requesting the Commission of Fair Trading to investigate alleging abusive prices for the provision of IP Transit and ADSL Services has been withdrawn. No provision has been made for any possible losses the Company may suffer if a decision is taken against the Company with respect to the remaining case.

# GO p.l.c.

## Notes to the Condensed Consolidated Interim Financial Statements

For the Period 1 January 2009 to 30 June 2009

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### **20 Contingencies (continued)**

The Group's share of claims for compensation from third parties in favour of the associate of the jointly-controlled entity amounts has increased to €55.52 million.

The Group's share of claims by third parties against the associate of the jointly-controlled entity and its subsidiaries amounts to €6.93 million.

### **21 Subsequent events**

During the month of July 2009, the jointly-controlled entity (see note 13) acquired further shares in Forthnet S.A. for a total consideration of €1,868,298. As a result, the jointly-controlled entity has increased its shareholding from 36.46% (as at end of June) to 37.10%.

On 1 July 2009, the Group withdrew an amount of €3,000,000 from its existing Loan C, a revolving term loan, increasing it to €17,000,000.

GO p.l.c.

**Statement pursuant to Listing Rule 9.44k.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 2009, as well as of the financial performance and cash flows for the said period, fully in compliance with the accounting standards adopted for use in the EU for interim financial statements (EU adopted IAS 34, *Interim Financial Reporting*);
- the Interim Directors' report includes a fair review of the information required in terms of Listing Rule 9.44k.2.



Sonny Portelli  
Chairman



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## **Independent Auditors' Report**

### **On Review of Condensed Consolidated Interim Financial Information**

### **To the Members of GO p.l.c.**

#### **Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of Go p.l.c. as at 30 June 2009, and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

#### **Scope of Review**

We conducted our review in accordance with the 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.

#### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2009 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Joseph C Schembri (Partner) for and on behalf of

**KPMG**  
Registered Auditors

31 August 2009