

GO plc Preliminary Statement of Group Results and State of Affairs

At and for the Year Ended 31 December 2009



This Statement is published pursuant to The Malta Financial Service Authority Listing Rule 9.35 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 plc's Annual Report and Accounts for the year ended 31 December 2009 as approved by the Board of Directors on 15 March 2010, which have been audited by KPMG. These financial statements will be laid before the members at the general meeting to be held on 17 May 2010.

The Group's financial statements have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU.

These financial statements have also been drawn up in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta), to the extent that such provisions do not conflict with the applicable framework.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2009

	The Group		The Company	
	2009	2008	2009	2008
	€000	€000	€000	€000
ASSETS				
Property, plant and equipment	125,852	136,083	94,176	98,398
Intangible assets	22,485	10,489	2,573	1,903
Investment property	1,350	1,350	1,350	1,350
Investment in subsidiaries	-	-	27,210	15,938
Investment in jointly-controlled entity	21,290	5,179	21,290	5,179
Other investments, including derivatives	1,347	-	603	-
Loans receivable from subsidiaries	-	-	989	1,792
Loans receivable from jointly-controlled entity	65,876	89,415	65,876	89,415
Finance lease receivables	287	421	287	421
Deferred expenditure	986	748	649	536
Deferred tax assets	7,110	5,665	8,109	9,068
Total non-current assets	246,583	249,350	223,112	224,000
Inventories	7,011	5,761	5,172	3,214
Trade and other receivables	46,576	51,890	42,503	48,019
Loans receivable from subsidiaries	-	-	1,746	7,239
Tax recoverable	613	-	606	-
Cash at bank and in hand	9,052	8,303	1,866	5,344
Asset classified as held for sale	-	964	-	964
Total current assets	63,252	66,918	51,893	64,780
Total assets	309,835	316,268	275,005	288,780
EQUITY				
Share capital	58,998	58,998	58,998	58,998
Reserves	27,540	23,655	11,548	3,584
Retained earnings	87,190	110,566	99,373	128,844
Total equity attributable to equity-holders of the Company	173,728	193,219	169,919	191,426
Non-controlling interest	4,404	-	-	-
Total equity	178,132	193,219	169,919	191,426
LIABILITIES				
Loans and borrowings	70,000	50,000	70,000	50,000
Derivatives	1,057	-	1,057	-
Provisions	4,158	10,552	4,158	10,552
Deferred tax liabilities	4,227	3,139	-	-
Total non-current liabilities	79,442	63,691	75,215	60,552
Loans and borrowings	5,912	2,912	2,877	897
Trade and other payables	43,613	53,222	26,994	33,976
Tax payable	2,736	3,224	-	1,929
Total current liabilities	52,261	59,358	29,871	36,802
Total liabilities	131,703	123,049	105,086	97,354
Total equity and liabilities	309,835	316,268	275,005	288,780

The financial statements were approved and authorised for issue by the Board of Directors on 15th March 2010 and signed on its behalf by:

Deepak S Padmanabhan
Director

Michael Warrington
Director

INCOME STATEMENTS

For the Year Ended 31 December 2009

	The Group		The Company	
	2009	2008	2009	2008
	€000	€000	€000	€000
CONTINUING OPERATIONS				
Revenue	123,677	129,443	73,995	79,784
Cost of sales	(72,723)	(70,981)	(56,309)	(56,198)
Gross profit	50,954	58,462	17,686	23,586
Other income	982	1,435	1,017	1,497
Administrative and distribution expenses	(32,876)	(30,368)	(16,290)	(18,153)
Other expenses	(480)	(1,240)	(323)	(588)
Voluntary retirement costs	(11,543)	(1,977)	(11,543)	(1,977)
Impairment loss on receivables	(3,103)	(294)	(3,103)	(294)
Release of financial liabilities	3,179	180	3,179	180
Provision for pensions	265	(12,853)	265	(12,853)
Results from operating activities	7,378	13,345	(9,112)	(8,602)
Finance income	936	1,283	19,316	21,380
Finance expenses	(2,443)	(2,059)	(2,414)	(1,685)
Net finance (expense)/income	(1,507)	(776)	16,902	19,695
Impairment loss on investment in jointly-controlled entity	-	(296)	(16,369)	(11,896)
Net reversal of impairment loss on other equity investments	-	595	6	579
Revaluation of property	-	12	-	297
Share of loss of jointly-controlled entity (net of income tax)	(9,074)	(12,594)	-	-
(Loss)/profit before income tax	(3,203)	286	(8,573)	73
Income tax expense	(3,021)	(2,351)	(3,053)	(1,084)
Loss for the year	(6,224)	(2,065)	(11,626)	(1,011)
Attributable to				
Owners of the Company	(6,731)	(2,065)	(11,626)	(1,011)
Non-controlling interest	507	-	-	-
Loss for the year	(6,224)	(2,065)	(11,626)	(1,011)
Loss per share	(6c6)	(2c0)	(11c5)	(1c0)

STATEMENTS OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2009

	The Group		The Company	
	2009	2008	2009	2008
	€000	€000	€000	€000
Loss for the year	(6,224)	(2,065)	(11,626)	(1,011)
Other comprehensive income				
Change in fair value of derivative liability	(1,057)	-	(1,057)	-
Gain on merger of subsidiaries	-	-	3,055	-
Changes in fair value of available-for-sale investments	-	99	-	99
Revaluation of property, plant and equipment	-	5,493	-	306
Net decrease in fair value of other investment	(92)	-	(92)	-
Share of equity movement in jointly controlled entity	147	326	-	-
Income tax on other comprehensive income	399	(1,180)	370	(84)
Other comprehensive income for the year, net of income tax	(603)	4,738	2,276	321
Total comprehensive income for the year	(6,827)	2,673	(9,350)	(690)
Attributable to				
Owners of the Company	(7,334)	2,673	(9,350)	(690)
Non-controlling interest	507	-	-	-
Total comprehensive income for the year	(6,827)	2,673	(9,350)	(690)

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STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31 December 2009

The Group	Share Capital	Fair value reserve	Other reserve	Insurance contingency reserve	Revaluation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total equity
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Balance at 1 January 2008 as originally stated	58,998	(56)	4,150	582	14,879	-	122,868	201,421	-	201,421
Effect of prior period adjustments	-	-	-	-	-	-	927	927	-	927
Balance at 1 January 2008 as restated	58,998	(56)	4,150	582	14,879	-	123,795	202,348	-	202,348
Loss for the year as restated	-	-	-	-	-	-	(2,065)	(2,065)	-	(2,065)
Other comprehensive income										
Change in fair value of available-for-sale investments, net of tax	-	99	-	-	-	-	-	99	-	99
Deferred taxation	-	(43)	-	-	(1,137)	-	-	(1,180)	-	(1,180)
Revaluation of property, plant and equipment, net of tax	-	-	-	-	5,493	-	-	5,493	-	5,493
Share of equity movement in jointly controlled entity	-	-	326	-	-	-	-	326	-	326
Total other comprehensive income	-	56	326	-	4,356	-	-	4,738	-	4,738
Total comprehensive income for the year	-	56	326	-	4,356	-	(2,065)	2,673	-	2,673
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Dividends paid to equity holders	-	-	-	-	-	-	(11,802)	(11,802)	-	(11,802)
Transfer to/(from) retained earnings:										
Insurance contingency reserve	-	-	-	116	-	-	(116)	-	-	-
Unrealised gains	-	-	(754)	-	-	-	754	-	-	-
Total contributions by and distributions to owners	-	-	(754)	116	-	-	(11,164)	(11,802)	-	(11,802)
Balance at 31 December 2008	58,998	-	3,722	698	19,235	-	110,566	193,219	-	193,219
Balance at 1 January 2009 as restated	58,998	-	3,722	698	19,235	-	110,566	193,219	-	193,219
Loss for the year	-	-	-	-	-	-	(6,731)	(6,731)	507	(6,224)
Other comprehensive income										
Change in fair value of derivative liability, net of tax	-	-	-	-	-	(687)	-	(687)	-	(687)
Net decrease in fair value of other investments	-	(92)	-	-	-	-	-	(92)	-	(92)
Reclassification of fair value movement of other investments	-	595	-	-	-	-	(595)	-	-	-
Revaluation reserve	-	-	-	-	(84)	-	84	-	-	-
Reversal of deferred tax on revaluation surplus	-	-	-	-	29	-	-	29	-	29
Share of equity movement in jointly-controlled entity	-	-	147	-	-	-	-	147	-	147
Total other comprehensive income	-	503	147	-	(55)	(687)	(511)	(603)	-	(603)
Total comprehensive income for the year	-	503	147	-	(55)	(687)	(7,242)	(7,334)	507	(6,827)
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Equity attributable to non-controlling interest upon business combination	-	-	-	-	-	-	-	-	3,897	3,897
Dividends paid to equity holders	-	-	-	-	-	-	(12,157)	(12,157)	-	(12,157)
Transfer from retained earnings:										
Insurance contingency reserve	-	-	-	116	-	-	(116)	-	-	-
Unrealised gains	-	-	3,861	-	-	-	(3,861)	-	-	-
Total contributions by and distributions to owners	-	-	3,861	116	-	-	(16,134)	(12,157)	3,897	(8,260)
Balance at 31 December 2009	58,998	503	7,730	814	19,180	(687)	87,190	173,728	4,404	178,132

The Company	Share Capital	Fair value reserve	Other reserve	Merger reserve	Insurance contingency reserve	Revaluation reserve	Hedging reserve	Retained earnings	Total equity
	€000	€000	€000	€000	€000	€000	€000	€000	€000
Balance at 1 January 2008 as originally stated	58,998	(56)	2,519	-	582	810	-	140,493	203,346
Effect of prior period adjustments	-	-	-	-	-	-	-	572	572
Balance at 1 January 2008 as restated	58,998	(56)	2,519	-	582	810	-	141,065	203,918
Loss for the year as restated	-	-	-	-	-	-	-	(1,011)	(1,011)
Other comprehensive income									
Change in fair value of available-for-sale investments, net of tax	-	56	-	-	-	-	-	-	56
Revaluation of property, plant and equipment, net of tax	-	-	-	-	-	265	-	-	265
Total other comprehensive income	-	56	-	-	-	265	-	-	321
Total comprehensive income for the year	-	56	-	-	-	265	-	(1,011)	(690)
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends to equity holders	-	-	-	-	-	-	-	(11,802)	(11,802)
Transfer to/(from) retained earnings:									
Insurance contingency reserve	-	-	-	-	116	-	-	(116)	-
Unrealised gains	-	-	(708)	-	-	-	-	708	-
Total contributions by and distributions to owners	-	-	(708)	-	116	-	-	(11,210)	(11,802)
Balance at 31 December 2008	58,998	-	1,811	-	698	1,075	-	128,844	191,426
Balance at 1 January 2009 as restated	58,998	-	1,811	-	698	1,075	-	128,844	191,426
Loss for the year	-	-	-	-	-	-	-	(11,626)	(11,626)
Other comprehensive income									
Change in fair value of available-for-sale investments, net of tax	-	-	-	-	-	-	(687)	-	(687)
Reserves taken over upon merger	-	-	-	3,843	-	-	-	(788)	3,055
Net decrease in fair value of other investments	-	(92)	-	-	-	-	-	-	(92)
Reclassification of fair value movement of other investments	-	595	-	-	-	-	-	(595)	-
Total other comprehensive income	-	503	-	3,843	-	-	(687)	(1,383)	2,276
Total comprehensive income for the year	-	503	-	3,843	-	-	(687)	(13,009)	(9,350)
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Dividends to equity holders	-	-	-	-	-	-	-	(12,157)	(12,157)
Transfer from retained earnings:									
Insurance contingency reserve	-	-	-	-	116	-	-	(116)	-
Unrealised gains	-	-	4,189	-	-	-	-	(4,189)	-
Total contributions by and distributions to owners	-	-	4,189	-	116	-	-	(16,462)	(12,157)
Balance at 31 December 2009	58,998	503	6,000	3,843	814	1,075	(687)	99,373	169,919

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STATEMENTS OF CASH FLOWS

For the Year Ended 31 December 2009

	The Group		The Company	
	2009	2008	2009	2008
	€000	€000	€000	€000
Cash flows from operating activities				
Loss for the year	(6,224)	(2,065)	(11,626)	(1,011)
Adjustments for:				
Income tax expense	3,021	2,351	3,053	1,084
Depreciation, amortisation and write-downs	23,981	23,894	13,052	12,200
Net finance expense/(income)	1,507	776	(16,902)	(19,695)
Share of loss of equity accounted investee	9,074	12,594	-	-
Write offs and net loss arising on disposal of intangible assets and property, plant and equipment	218	566	218	532
Net increase in provisions and write offs	4,517	490	3,963	1,032
Release of financial liabilities	(3,179)	(180)	(3,179)	(180)
(Reversal of)/impairment loss on equity investments	-	-	(6)	16
Voluntary retirement costs	11,543	1,977	11,543	1,977
Increase in fair value to investment property	-	(56)	-	(56)
(Reversal of)/impairment loss on non-current assets classified as held for sale	-	(595)	-	(595)
Reversal of VAT refund	53	-	53	-
Provision for pensions	(265)	12,853	(265)	12,853
Revaluation of property	-	(12)	-	(297)
Impairment loss on equity accounted investee	-	296	16,369	11,896
	44,246	52,889	16,273	19,756
Change in inventories	1,179	(1,745)	631	(237)
Change in trade and other receivables	1,271	(9,153)	421	(4,722)
Change in trade and other payables	(4,306)	11,021	(2,729)	8,624
Movement in group undertaking's balances	-	-	1,564	(1,625)
Cash generated from operations	42,390	53,012	16,160	21,796
Interest received (net of withholding tax)	10	327	10	289
Interest paid on bank overdrafts	(287)	(55)	(132)	(13)
Net taxation (paid)/refunded	(8,099)	(5,340)	(1,902)	1,258
Payments for voluntary retirement scheme	(11,002)	(2,312)	(11,002)	(2,312)
Pensions paid	(8,016)	-	(8,016)	-
Refund of VAT	3,435	3,435	3,435	3,435
Net cash from/(used in) operating activities	18,431	49,067	(1,447)	24,453
Cash flows from investing activities				
Payments to acquire property, plant and equipment and intangible assets	(15,728)	(26,115)	(11,225)	(19,326)
Payment to acquire investment in subsidiary	(9,449)	-	(9,449)	-
Receipts from disposal of property, plant and equipment	13	1	13	1
Receipts from disposal and realisation of investments	-	34,677	-	34,677
Amounts advanced to subsidiaries and associate	-	-	-	(1,163)
Dividends received	-	-	7,250	9,783
Investment income received	14	250	-	250
Payments to acquire jointly-controlled entity	-	(10,000)	-	(10,000)
Loans settled on behalf of subsidiaries	-	-	-	(7,420)
Advances to jointly-controlled entity	(3,272)	(99,033)	(3,272)	(99,033)
Repayment of loans by subsidiaries	-	-	-	5,487
Repayment of advances by subsidiaries	-	-	6,437	2,321
Net cash used in investing activities	(28,422)	(100,220)	(10,246)	(84,423)
Cash flows from financing activities				
Loans advanced by bank	22,000	52,428	22,000	50,242
Repayments of long term borrowings	-	(16,698)	-	(4,343)
Dividends paid	(12,178)	(11,802)	(12,178)	(11,802)
Loan interest paid	(1,687)	(2,093)	(1,687)	(1,702)
Net cash from financing activities	8,135	21,835	8,135	32,395
Net decrease in cash and cash equivalents	(1,856)	(29,318)	(3,558)	(27,575)
Cash and cash equivalents at 1 January	5,305	33,851	4,389	31,811
Cash and cash equivalents acquired through merger	-	-	102	-
Cash and cash equivalents acquired upon acquisition of subsidiary	1,610	-	-	-
Effect of exchange rate fluctuations on cash held	(25)	610	-	(9)
Movement in cash pledged as guarantees	(42)	162	4	162
Cash and cash equivalents at 31 December	4,992	5,305	937	4,389

REVIEW OF GROUP OPERATIONS

The Board of Directors is recommending the payment of a final dividend of €0.10 net of tax per share for the approval of the shareholders at the next Annual General Meeting to be held on 17 May 2010 which dividend will be payable on 21 May 2010. This net dividend will be payable to shareholders who will be on the register of shareholders as at 16 April 2010.

Performance

In 2009, the Group registered an operating profit of €7.4 million as against €13.3 million in 2008. However, both 2009 and 2008 results include various one time charges for voluntary retirement costs of €11.5 million (2008 €2 million), a decrease in provision for pensions of €0.3 million (2008 an increase of €12.9 million), impairment loss on receivables of €3.1 million (2008 €0.3 million) and release of financial liabilities of €3.2 million (2008 €0.2 million). Normalised operating profit for 2009 amounted to €18.6 million as against €28.3 million in 2008. The Group achieved a normalised EBITDA of €42.6 million representing an EBITDA margin of 34.4%. Comparative figures show normalised EBITDA of €52.2 million and margin of 40.3%. This decline in performance is primarily the result of lower revenue.

2009 has been a challenging year as demand for the Group's services has been impacted by the international economic climate, increased competitive environment and the impact of regulation of certain tariffs. Group turnover amounted to €123.7 million, a decline of 4.5% over 2008. Demand for the various core services remains strong and the Group continues to manage the decline of traditional fixed-line voice services by maximizing on the growth opportunities of broadband and TV services. During the year revenue from mobile services experienced a decline due to a combination of increased competition and weaker demand due to the economic environment. On the other hand, Group revenues have also been impacted, positively, by the results of the BM Group in which the Company acquired a 60% strategic shareholding in April 2009.

On a positive note the Group registered a growth in its broadband, TV and mobile client base and a marginal decline only in its fixed-line voice connections. At year end the Group serviced nearly 480,000 customer connections, an increase of almost 22,000 over 2008. This achievement augurs well for the future.

The Group's cost base remains stable with most discretionary expenditure in decline. Cost increases are primarily the result of either these being directly related to the operations of the BM Group or to revenue growth areas such as TV.

In 2009, the Company pursued a right-sizing programme at a cost of €11.5 million that led to almost 300 employees either leaving in the same year or in the process of leaving at year end. This right-sizing programme is part of a larger initiative to restructure the way the Group operates to ensure it can serve its clients better and in a more cost effective manner. This reduction in headcount level will deliver a significantly lower cost base in the coming years.

Results have also been negatively impacted by the Group's share of the results of Forthnet S.A. It is encouraging to note that Forthnet S.A. continues to register growth in its client base, revenue streams and EBITDA levels and the Company is confident that in the medium term this investment will start to make a positive contribution to the results of the Group.

The Group has recorded a loss before taxation amounting to €3.2 million (2008: Profit of €0.3 million). This represents a negative return of 1.8% (2008: positive return of 0.15%) of the average shareholders' funds and a negative return total assets employed of 1.03% (2008: positive return of 0.09%). Loss per share for the year amounted to €0.066 (2008: €0.02).

Balance sheet

The Group continued to enjoy a healthy balance sheet and Shareholders' funds amounted to €173.7 million (2008: €193.2 million). The main reason for this decline is the payment of a dividend during 2009 out of past distributable reserves. Shareholders' funds finance 57% (2008: 61%) of the Group's total assets. The Group's net asset value per share stands at €1.71 (2008: €1.91).

During the year Forgado Limited increased its shareholding in Forthnet S.A. from 34.6% in 2008 to 37.1%. Forgado Limited is the single largest shareholder in Forthnet S.A. The Company holds 50% of the share capital of Forgado Limited, whilst the Company's immediate parent holds the other 50%. During the year the Company also acquired a 60% shareholding in the BM Group which is a major data centre operation in Malta. These investments will provide growth in the coming years.

Receivables, net of impairment loss, amounted to €46.6 million (2008: €51.9 million). Of these, 47.6% (2008: 51%) represent invoiced amounts receivable in respect of services rendered and goods sold by the Group. This indicates that whilst the challenging economic environment impacted its revenues, the group did not experience a corresponding deterioration in its collection process. The Group's trade and other payables at the end of the year amounted to €43.6 million (2008: €53.2 million).

During the year the Group completed the restructuring of its banking facilities ensuring adequate financial support for the coming years. At end of year non-current and current bank loans amounted to €72 million (2008: €50 million). The gearing ratio, that is, the ratio of loan finance to shareholders' equity stood at 41.5% at 31 December 2009 compared with 25.9% at 31 December 2008.