



18 March 2014

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 2013. 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 per share. The payment of this net dividend amounts to the sum of €7,091,734. The final dividend will be paid on the 9th May 2014 to all shareholders who are on the shareholders' register as at Friday 4th April 2014.

The Annual General Meeting will be held on Tuesday 6th May 2014 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**

GO p.l.c. Preliminary Statement of Group Results and State of Affairs For the Year Ended and at 31 December 2013

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 2013 as approved by the Board of Directors on 18 March 2014, which have been audited by PricewaterhouseCoopers. These financial statements will be laid before the members at the general meeting to be held on 6 May 2014.

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	
	2013 €000	2012 €000 (restated)	2013 €000	2012 €000 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	136,170	138,557	70,075	69,303
Investment property	1,571	1,571	-	-
Intangible assets	19,268	21,646	9,580	9,047
Investments in subsidiaries	-	-	27,233	27,233
Loans receivable from subsidiaries	-	-	49,524	49,524
Deferred tax assets	8,627	6,805	5,709	4,398
Trade and other receivables	1,217	1,637	430	418
Total non-current assets	166,853	170,216	162,551	159,923
Current assets				
Inventories	6,915	6,002	5,434	4,495
Trade and other receivables	30,620	32,412	33,322	36,865
Current tax assets	186	2,310	186	80
Cash and cash equivalents	30,402	27,243	26,315	23,493
Total current assets	68,123	67,967	65,257	64,933
Total assets	234,976	238,183	227,808	224,856

Statements of financial position - continued

	As at 31 December			
	Group		Company	
	2013 €000	2012 €000 (restated)	2013 €000	2012 €000 (restated)
EQUITY AND LIABILITIES				
EQUITY				
Share capital	58,998	58,998	58,998	58,998
Reserves	16,536	16,144	5,271	4,879
Retained earnings	27,961	26,458	49,983	47,420
Total equity	103,495	101,600	114,252	111,297
LIABILITIES				
Non-current liabilities				
Borrowings	59,246	60,330	54,327	53,500
Derivative financial instruments	512	1,283	512	1,283
Deferred tax liabilities	7,109	7,752	-	-
Trade and other payables	3,656	2,958	3,656	2,958
Provisions for pensions	3,370	3,116	3,370	3,116
Total non-current liabilities	73,893	75,439	61,865	60,857
Current liabilities				
Trade and other payables	41,896	40,958	37,164	33,892
Current tax liabilities	27	358	225	110
Borrowings	13,014	16,977	11,651	15,849
Provisions for pensions	2,651	2,851	2,651	2,851
Total current liabilities	57,588	61,144	51,691	52,702
Total liabilities	131,481	136,583	113,556	113,559
Total equity and liabilities	234,976	238,183	227,808	224,856

The financial statements were authorised for issue by the Board on 18 March 2014 and were signed on its behalf by:



Mr. Deepak Padmanabhan
Chairman



Mr. Nikhil Patil
Director

Income statements

	Year ended 31 December			
	Group		Company	
	2013 €000	2012 €000 (restated)	2013 €000	2012 €000 (restated)
Revenue	122,141	127,158	74,691	77,975
Cost of sales	(75,355)	(79,462)	(50,464)	(51,775)
Gross profit	46,786	47,696	24,227	26,200
Administrative and other related expenses	(29,867)	(26,567)	(25,912)	(21,852)
Other income	1,165	1,419	1,251	1,400
Other expenses	(103)	(178)	(73)	(91)
Operating profit/(loss)	17,981	22,370	(507)	5,657
Analysed as follows:				
Operating profit before non-recurring Items	20,775	22,245	2,287	5,532
Non-recurring items presented within 'Administrative and other related expenses'	(2,794)	125	(2,794)	125
Operating profit/(loss) after non-recurring Items	17,981	22,370	(507)	5,657
Finance income	411	517	19,889	18,396
Finance costs	(2,755)	(2,666)	(2,470)	(2,515)
Adjustments arising on fair valuation of property	-	(771)	-	(367)
Gain on disposal of property	-	11,356	-	11,356
Impairment charge on available-for-sale financial assets and related charges	-	(329)	-	(329)
Losses attributable to investment in jointly-controlled entity	-	(3,726)	-	(3,726)
Profit before tax	15,637	26,751	16,912	28,472
Tax expense	(3,887)	(9,248)	(4,102)	(9,144)
Profit for the year - attributable to owners of the Company	11,750	17,503	12,810	19,328
Earnings per share (euro cents)	11c6	17c3		

Statements of comprehensive income

	Year ended 31 December			
	Group		Company	
	2013 €000	2012 €000 (restated)	2013 €000	2012 €000 (restated)
Comprehensive income				
Profit for the year	11,750	17,503	12,810	19,328
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Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Surplus arising on revaluation of land and buildings	-	2,546	-	2,142
Remeasurements of defined benefit obligations	(346)	(272)	(346)	(272)
Income tax relating to components of other comprehensive income	121	(1,667)	121	(2,022)
<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	771	200	771	200
Available-for-sale financial assets:				
- Losses from changes in fair value	-	(100)	-	(100)
- Reclassification adjustments - net amounts reclassified to profit or loss upon impairment	-	100	-	100
Income tax relating to components of other comprehensive income	(270)	(70)	(270)	(70)
Total other comprehensive income for the year, net of tax	276	737	276	(22)
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Total comprehensive income for the year	12,026	18,240	13,086	19,306

Statements of changes in equity

Group

	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2012				
- As previously reported	58,998	15,499	8,863	83,360
- Effect of change in accounting policy upon adoption of IAS 19 (revised), net of deferred tax	-	(208)	208	-
- As restated	58,998	15,291	9,071	83,360
Comprehensive income				
Profit for the year (restated)	-	-	17,503	17,503
Other comprehensive income (restated):				
Surplus arising on revaluation of land and buildings	-	2,546	-	2,546
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	-	(1,762)	-	(1,762)
Available-for-sale financial assets:				
- Losses from changes in fair value	-	(100)	-	(100)
- Reclassification adjustments - net amounts reclassified to profit or loss upon impairment	-	100	-	100
Cash flow hedge, net of deferred tax	-	130	-	130
Remeasurements of defined benefit obligations, net of deferred tax	-	(177)	-	(177)
Transfer from retained earnings in relation to insurance contingency reserve	-	116	(116)	-
Total other comprehensive income (restated)	-	853	(116)	737
Total comprehensive income	-	853	17,387	18,240
Balance at 31 December 2012 (restated)	58,998	16,144	26,458	101,600

Statements of changes in equity - continued

Group - continued

	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2013 (restated)	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
Re-measurements 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

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 changes in equity - continued

Company

	Share capital €000	Reserves €000	Retained earnings €000	Total equity €000
Balance at 1 January 2012				
- As previously reported	58,998	4,849	28,144	91,991
- Effect of change in accounting policy upon adoption of IAS 19 (revised), net of deferred tax	-	(208)	208	-
- As restated	58,998	4,641	28,352	91,991
Comprehensive income				
Profit for the year (restated)	-	-	19,328	19,328
Other comprehensive income (restated):				
Surplus arising on revaluation of land and buildings	-	2,142	-	2,142
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	-	(2,117)	-	(2,117)
Transfer of surplus upon realisation through disposal of revalued land and buildings	-	(2,325)	2,325	-
Deferred tax on realisation of surplus through disposal of revalued land and buildings	-	2,469	(2,469)	-
Available-for-sale financial assets:				
- Losses from changes in fair value	-	(100)	-	(100)
- Reclassification adjustments - net amounts reclassified to profit or loss upon impairment	-	100	-	100
Cash flow hedge, net of deferred tax	-	130	-	130
Remeasurements of defined benefit obligations, net of deferred tax	-	(177)	-	(177)
Transfer from retained earnings in relation to insurance contingency reserve	-	116	(116)	-
Total other comprehensive income (restated)	-	238	(260)	(22)
Total comprehensive income (restated)	-	238	19,068	19,306
Balance at 31 December 2012 (restated)	58,998	4,879	47,420	111,297

Statements of changes in equity - continued

Company - continued

	Share capital €000	Reserves €000	Retained earnings €000	Total equity €000
Balance at 1 January 2013 (restated)	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				
Dividends paid to equity holders	-	-	(10,131)	(10,131)
Balance at 31 December 2013	58,998	5,271	49,983	114,252

Statements of cash flows

	Year ended 31 December			
	Group		Company	
	2013 €000	2012 €000	2013 €000	2012 €000
Cash flows from operating activities				
Cash generated from operations	47,097	47,457	19,243	57,557
Interest received	124	120	113	96
Interest paid on bank overdrafts	(18)	(136)	(18)	(18)
Tax paid	(6,210)	(7,992)	(96)	(1,680)
Tax refund received	1,664	2,034	-	2,034
Payments under voluntary retirement scheme	(2,820)	(1,461)	(2,820)	(1,461)
Payments in relation to pension obligations	(266)	(23)	(266)	(23)
Net cash from operating activities	39,571	39,999	16,156	56,505
Cash flows from investing activities				
Payments to acquire property, plant and equipment and intangible assets	(19,341)	(27,598)	(15,695)	(16,459)
Dividends received	-	-	17,679	11,600
Repayments received from jointly-controlled entity	-	-	-	3
Advances to subsidiaries	-	-	-	(27,728)
Repayments received in relation to advances to subsidiaries	-	-	-	720
Net cash (used in)/from investing activities	(19,341)	(27,598)	1,984	(31,864)
Cash flows from financing activities				
Repayments of bank loans	(20,120)	(2,000)	(19,000)	(2,000)
Proceeds from bank loans	15,500	7,852	15,500	-
Dividends paid	(9,930)	-	(9,930)	-
Loan interest paid	(2,815)	(2,579)	(2,280)	(2,579)
Net cash (used in)/from financing activities	(17,365)	3,273	(15,710)	(4,579)
Net movements in cash and cash equivalents	2,865	15,674	2,430	20,062
Cash and cash equivalents at beginning of year	21,886	7,320	18,954	14
Exchange differences on cash and cash equivalents	11	(47)	5	(59)
Movement in cash pledged as guarantees	-	(1,061)	-	(1,063)
Cash and cash equivalents at end of year	24,762	21,886	21,389	18,954

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 9 May 2014 to all shareholders who are on the shareholders' register as at Friday 4 April 2014.

Performance

The Maltese telecoms market is highly developed by international standards. It is characterised by innovation, a wide range of voice and data services, and television broadcasting. The market is 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. Competition is no longer coming exclusively from operators in the domestic market, as competing services are available free of charge through applications over the internet provided by organisations with a global reach. In addition, disproportionate regulation at both the local and EU level has made access to technology more affordable for consumers but at significant cost to operators.

To counteract this trend, GO has further developed its business model. It relies on having a secure and always-available network for the benefit of its customers. The needs of its customers and a commitment to delivering a customer experience that is second to none are at the core of its business model.

Within this highly competitive environment GO retains a strong presence in the local market across all product lines and remains the leading telecommunications service provider, offering the most extensive product range. Its customer base increased by 1% during 2013 and stands in excess of 500,000 customer connections, making it the largest base of any operator on the Islands. The number of customers adopting bundles of services across fixed, broadband, TV and mobile continued to increase in 2013 and helped to deliver robust levels of revenues, profitability and cash generation from core operations.

Group revenue amounted to €122.1 million and represents a reduction of 4.0% over the prior year in spite of continued growth in usage of most services provided by the Group. The reduction is the result of a combination of price erosion at the retail level due to the competitive nature of the market and lower revenues from wholesale, including roaming, as regulators continue to mandate significant reductions in inter-operator tariffs particularly for terminating calls on mobile networks.

Cost of sales, administrative and related costs, excluding items of unusual nature, size or incidence, amounted to €102.4 million (2012: €106.1 million). The overall reduction of 3.5% is the result of focus on managing costs which enabled GO to benefit from lower costs in most areas, including employee related costs and certain costs directly linked to sales activity.

In 2013 GO is reporting an operating profit of €18.0 million, as against €22.4 million in the comparative year, however both years include items considered to be of unusual nature, size or incidence. Normalised operating profit of GO for the year ended 31 December 2013 is €20.8 million (2012: €22.2 million) whilst normalised EBITDA amounted to €48.4 million (2012: €51.3 million). Furthermore, 2012 results were positively impacted by a one-off gain of €11.4 million following the disposal of a plot of land at Qawra which contributed to GO reporting a profit before tax for the year ended 31 December 2012 amounting to €26.8 million. In the year under review GO is reporting a profit before tax of €15.6 million. The earnings per share amounted to €0.116 as against €0.173 in 2012.

Review of Group operations – continued

Performance - continued

Net cash generated from operations amounted to €39.6 million (2012: €40.0 million). Both years include items considered to be of unusual nature, size or incidence relating to pensions and voluntary retirement costs. Normalised cash flow from operations for 2013 amounted to €42.7 million, an increase of €1.2 million over the €41.5 million generated in 2012. In 2013 the Group's investments implied a cash outflow of €19.3 million as the Group maintained an intensive investment programme through which it is upgrading its various networks and launches new technologies which allows for the provision of improved services and innovative products.

During 2013 GO reduced its loans by €4.6 million and paid dividends amounting to almost €10.0 million but still closed the year with a positive net movement in cash and cash equivalents of almost €2.9 million.

Financial position

Following another year of robust operating performance, shareholders' funds as at year end increased from €101.6 million as at December 2012 to €103.5 million as at end 2013 as the Group's performance during 2013 exceeded the distribution of retained earnings as a result of a dividend of €0.10 per share net of taxation paid during the year. The Group's net asset value per share stands at €1.02, an increase of 2% over 2012 which stood at €1.00.

The Group's total asset base stands at €235.0 million of which almost €55 million are represented by property. The Group's total asset base is 44.0% funded through equity (2012: 42.7%).

GO's investment in Forthnet S.A. through Forgendo Limited has been retained at the written down value of nil. Whilst Forthnet's performance reflects the extremely challenging economic environment prevailing in Greece, the company's most recently available financial information covering the nine months period up to 30 September 2013 shows growth in subscriber base and connections but due to the adverse economic conditions this growth did not translate into improved financial performance. However, as disclosed in Note 38 to the financial statements, subsequent to the financial year-end Forthnet successfully completed a capital increase through which it raised €29.1 million. Forgendo has participated in the capital increase through two loans provided by its two shareholders in equal share. GO has the option, exercisable up to 15 July 2014, to convert the loan into equity. If GO elects not to convert the loan into equity, Emirates International Telecommunications Malta Ltd (EITML), as the other 50% shareholder in Forgendo is obliged to repay the GO loan on behalf of Forgendo in exchange for additional shares to be issued by Forgendo to EITML.

The Group's current assets amounted to €68.1 million (2012: €68.0 million) and are mainly represented by receivables of €30.6 million (2012: €32.4 million) and cash of €30.4 million (2012: €27.2 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 €75.4 million in December 2012 to €73.9 million as at December 2013. Similarly, current liabilities amounted to €57.6 million (2012: €61.1 million). The total reduction in liabilities of €5.1 million is substantially due to a reduction in borrowings.