Annual Report and Accounts 2015

HELPING BUSINESSES, FAMILIES AND FRIENDS TO STAY CONNECTED

GO is Malta's leading telecommunications services organisation, with over 500,000 customer connections. The first quadruple play operator in the market, GO is a converged and integrated telecommunications group, offering an unparalleled range of services: fixed line telephony; mobile telephony; broadband Internet services and digital television. GO also provides business-related services, such as data networking solutions, business IP services, managed and co-location facilities.

GO's growth is the result of a focused strategy of delivering international standard products and services, and a first rate customer experience. The Group invests heavily in technology and infrastructure, with an ambitious investment programme comprising a number of far-sighted projects, such as 4G and providing fibre to the home, thereby creating a resilient and unmatched network that is revolutionising Malta's connectivity.

GO is listed on the Malta Stock Exchange.

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2015 AT A GLANCE

The Group is Malta's leading integrated telecommunications services provider and its high speed networks form the backbone of the island's modern communications infrastructure. The services provided by the Group include fixed-line and mobile telephony, data and TV services for consumers and business clients. The Group also provides business clients with data centre facilities and ICT solutions. GO continues to connect more clients to its mobile, broadband and TV networks, growing its customer base in 2015 and now servicing well in excess of 500,000 customer connections, which is, by far, the largest customer base of any operator in Malta.

///cablenet

Άλλο επίπεδο επικοινωνίας

Following on from its positive performance during 2015, in January 2016 GO increased its minority stake and acquired a majority shareholding in Cablenet Communications Systems Limited, the Cypriot 'triple play' telecommunications company. Cablenet continues to perform strongly, growing customer numbers and profitability across its broadband Internet, fixed telephony and digital HD TV portfolio.

This game-changing development is one with far-reaching implications for GO, which now also operates in a market which is double the size of its domestic market in Malta. GO's increased stake in Cablenet also enables the Group to leverage clear synergies between GO and Cablenet, and to share winning strategies in a number of areas in a market that has many similarities to Malta.

€123.7M

IN REVENUE

The Group's strong performance clearly demonstrates GO's ongoing ability to out-perform the sector and is also in stark contrast to the challenges being faced in many other EU markets. In 2015, the Group reported stable revenue streams of €123.7 million, an increase of 1.2% over the comparative year, as it continues to achieve growth in retail activities within the context of a fiercely competitive market and constantly evolving customer expectations.

This growth more than compensated for the decline in wholesale activity experienced as a result of continued, and disproportionate, regulation at both local and EU level.

COSTS

2.8%

The drive to increase efficiencies, and manage costs, in a planned and sustainable manner, is as important as the effort to grow revenues. During 2015, excluding items of unusual nature, size or incidence (such as those relating to voluntary retirement schemes and provisions for pension obligations), the Group's cost of sales and administrative costs declined by 2.8% to €96.3 million (2014: €99.1 million), as GO maintains its focus on managing costs – without diluting or compromising the customer experience.

PRE TAX PROFIT OF €34.2M

2015 has been an excellent year for GO and its shareholders, with increased profitability and healthy cash flows as a result of a proven programme that is delivering growth and control over costs. During the year, the GO Group reported pre-tax profit of €34.2 million, as it continued to register a strong performance in its core operations.

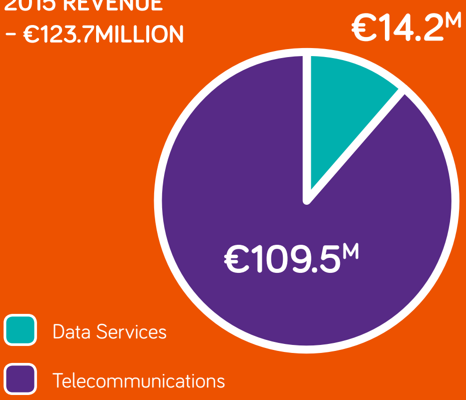
Group operating profit reached €27.8 million in 2015 (up from €21.8 million in 2014), an increase of 27.9%. Normalised operating profit improved from €24.4 million in 2014 to €29.0 million in 2015, representing growth of 19%. On a normalised basis, group EBITDA amounted to €52.8 million (2014: €49.2 million) an increase of 7.3% over the prior year.

€60 MILLION INVESTED IN FIBRE & 4G

The large-scale, multi-year, investment programmes in GO's core telecommunications infrastructure in Malta is proceeding smoothly, and the Group is well on track, both with the ongoing roll out of Fibre-To-The-Home and fibre connected 4G. These require significant capital investment, in excess of €60 million over the next few years, and will further future-proof a communications infrastructure that is, literally, second to none.

Superfast Internet fibre connections will mean customers will be able to use the Internet in ways that until now one can only have imagined, both from a business perspective and for those looking for the ultimate home TV and gaming experience, whilst the investment in 4G will offer a superior mobile Internet service.

2015 REVENUE – €123.7MILLION



Not only is GO truly a diversified quad play telecommunications player, increasingly, it is also diversifying to become a one stop shop for all the communications and ICT needs of business located in, and operating from, Malta. This is achieved by combining traditional core competencies in fixed, mobile telephony and Internet, with hosting, data and cloud services which are provided by the Group's subsidiary BMIT.

In 2015, data services accounted for no less than 11.5% of total Group revenue from external customers, representing a steady year-on-year increase. It is worth noting that during 2015, GO entered into a preliminary agreement to acquire a majority stake in ICT specialists Kinetix, which acquisition was concluded early in 2016. This further strengthens GO's ability to service business customers.

UNLOCKING VALUE FROM PROPERTY PORTFOLIO

During the year GO completed the spin-off of its property arm, Malta Properties Company p.l.c. (formerly known as Malta Properties Company Limited), which is now quoted separately on the Malta Stock Exchange.

This is a major milestone, following the development and implementation over a number of years of a strategy aimed at delivering value to shareholders from the Group's extensive property portfolio. As a result of the spin-off, shareholders enjoyed a net dividend of €0.3313, the highest in the Company's history.

CHAIRMAN'S MESSAGE

HIGHLIGHTS FOR 2015

TODAY, THE GROUP HAS A MORE INTERNATIONAL DIMENSION, A HEALTHY AND **PROFITABLE** BUSINESS MODEL, DIVERSIFIED INCOME STREAMS, A NUMBER OF STRONG BRANDS AND A **FOCUSED** SENIOR MANAGEMENT TEAM DRIVING A ROBUST AND SUCCESSFUL STRATEGY THAT WILL CONTINUE TO DELIVER.

WELL PREPARED FOR GO'S NEXT CHAPTER

As Chairman of our Company, it is my duty, together with the Board of Directors, to safeguard the interests of all shareholders, to deliver an attractive return to them, and to enhance and grow the underlying value of their investment. It is a responsibility not taken lightly, and not without its own burdens, so it is satisfying to note, as GO now prepares to write the next chapter in its successful history, just how well placed the Group is to forge ahead.

In many ways, these are momentous times for our Group, a time during which several major strategic initiatives are coming to fruition, in line with our long term plans, and a time where the rewards for our efforts, and of our perseverance, are becoming amply clear. Today the Group has a more international dimension, a healthy and profitable business model, diversified income streams, a number of strong brands and a focused senior management team driving a robust and successful strategy that will continue to deliver.

THE SALE PROCESS

In July, Emirates International Telecommunications, our majority shareholder, announced its intention to dispose of its 60 per cent shareholding in GO p.l.c.. Following this announcement the Board of Directors decided that it would be in the best interests of all shareholders to seek bids to purchase the entire shareholding. This would provide your Board with greater flexibility in its negotiations with potential buyers and, at the same time, give all our investors the opportunity to benefit from the value generated through the sale. This view was endorsed by an Extraordinary General Meeting which took place in October and which also authorised the Board to disclose all relevant information to potential bidders.

The process of selling a company as large, and as multifaceted, as GO is complex and not without its own challenges. Throughout, however, the focus of the Board has remained on securing the best possible bid, one which reflects the genuine value, and future potential, of the Company.

GROWING VALUE

As those who follow our performance will doubtless have noted, the value of GO has been steadily growing over recent years. The potential sale of GO's entire shareholding now follows a year in which several initiatives added further value and made GO even more attractive.

The spin-off of Malta Properties Company, approved by another Extraordinary General Meeting, which took place in July, did not only deliver the immediate value of a special dividend of €33.6 million which benefited all GO shareholders. Additionally, as a separate entity but with contractual obligations with GO, MPC is now able to focus on creating physical environments which are tailor made to GO's requirements and on new initiatives aimed at enhancing its portfolio of premium properties and pursuing a wider client base of well-established tenants.

This will help GO continue consolidating and optimising its technical and operational functions across the entire product and service offering. It is encouraging to see the achievement of a major milestone following the development and implementation over a number of years of a strategy aimed at delivering value to shareholders from the Group's extensive property portfolio.

Mr Deepak Padmanabhan
Chairman

CHAIRMAN'S MESSAGE
CONTINUED

GROWING VALUE CONTINUED
In line with our plans to internationalise GO's outlook and pursue growth, important decisions were also taken with regards to the Group's investment in Cablenet Communications Systems Limited in Cyprus. Following the initial purchase of 25% of the issued share capital in 2014, GO has now taken up the option of converting a €12 million loan provided at the time of the initial investment into equity together with the option to acquire majority control.

This will have very significant implications, as GO effectively becomes an operator in two European markets. Not only is the potential market in Cyprus twice the size of that in Malta, but the future incorporation of Cablenet's results into GO's coupled with the increasing value of the initial investment as both Cablenet and the Cypriot economy strengthen, will have a very noticeable, positive impact on GO's results.

A further investment with the potential to deliver long term positive growth and contribute further to strengthening the value of GO was the decision to acquire a majority stake in the Maltese ICT company Kinetix. This will definitely strengthen GO's ability to service the communications and ICT requirements of GO's business customers.

Meanwhile, the large-scale, multi-year, investment programmes in GO's core telecommunications infrastructure in Malta is proceeding, and are well on track both with the ongoing roll out of fibre connected 4G and Fibre-To-The-Home. Though these naturally both require significant capital investment, they will further future-proof a communications infrastructure that is second to none.

EXCELLENT RESULTS
On top of all this, GO also delivered an excellent financial performance in 2015, generating a profit before tax of €34.2 million, while the Group's operating profit grew 27.9% to €27.8 million. This result was achieved from a combination of increased revenue and reduction in costs. Normalised EBITDA increased by 7.3% to €52.8 million from €49.2 million in 2014.

On the back of such a positive performance, your Board is in a position to recommend a significant increase in dividend from €0.07 paid in 2014 to €0.10 net of tax for 2015.

These results were delivered on the basis of revenue which amounted to €123.7 million, an increase of 1.2% over the comparative year. It is important to also bear in mind the context of a fiercely competitive market and constantly evolving customer expectations, which is also impacted by continued, and disproportionate, regulation at both local and EU level. In this scenario, the results highlight not only the fact that GO's Board of Directors and executive team have been pursuing a sound strategy but also the hard work of all Group employees.

Amidst all the good news, 2015 proved once again to be a difficult year in Greece, both economically and politically. As a result, Forgendo could not complete the sale of its shareholding in Forthnet. Consequently, the carrying amount of GO's equity investment in this joint venture could no longer be classified as 'held for sale' in the consolidated financial statements and has been restated to nil, in accordance with the requirements of equity accounting.

AN ACTIVE CORPORATE CITIZEN
As one of Malta's largest and highest profile commercial entities, and a central player in the national economy, GO also has a responsibility towards the community. As technology continues to advance, the risks associated with the digital divide are clear and it remains important to do whatever we can to ensure that no one is left behind. GO continues to pursue an active Corporate Social Responsibility programme which includes particularly significant support throughout the year for the Malta Community Chest Fund.

DELIVERING AN EVEN BETTER FUTURE
2015 has certainly been a busy and undoubtedly very successful year. It is encouraging to note also that the year has followed several other successful ones, which demonstrates that – despite all the challenges which GO has faced – the sound strategy adopted by the management team and the dedication of our employees deliver strong results.

I am therefore extremely pleased to be in a position to reaffirm that GO has delivered for its customers, its shareholders, its employees and for the society it operates in, to the benefit of the Maltese economy.

And, I have no doubt, all this augurs well for the future.

CHIEF EXECUTIVE OFFICER'S REVIEW

HIGHLIGHTS FOR 2015

WE DELIVERED A **STRONG** PERFORMANCE WITH PROFIT BEFORE TAX REACHING **€34.2M.** OUR OPERATING PROFIT AMOUNTED TO €27.8 MILLION, AN **INCREASE** OF **27.9%** ON THE €21.8 MILLION RECORDED IN 2014.

A STRONG, ENCOURAGING, PERFORMANCE

Once again, the GO Group has delivered what, on many fronts, is a very positive and encouraging year. We delivered a strong performance with profit before tax reaching €34.2 million. Our operating profit amounted to €27.8 million, an increase of 27.9% on the €21.8 million recorded in 2014. On a normalised basis, Group EBITDA amounted to €52.8 million (2014: €49.2 million) an increase of 7.3% over the prior year. Normalised operating profit improved from €24.4 million in 2014 to €29.0 million in 2015, representing growth of 19%.

GO continued to grow its customer base in 2015, and services well in excess of 500,000 customer connections, which is, by far, the largest customer base of any operator in Malta. GO continues to connect more clients to its mobile, broadband and TV networks, and this growth more than compensates for the marginal reduction in fixed-voice connections.

Equally encouraging is the sustained growth in bundled service as the Company's Limitless, Homepack and Duopack product lines retain their customer appeal, supported by our ongoing investments in content, particularly premium TV drama, movies and sport. We are, without doubt, also reaping the benefits of sustained effort and investment in both infrastructure, and in GO's considerable human resources.

The Group also continues to do well in its data centre business and registered encouraging growth in a number of cloud-based services aimed primarily at businesses based in Malta. As a result of all this, GO delivered robust levels of revenues, profitability and cash generation from its core operations.

On-going efforts to drive efficiency are also worth noting, as GO reduced operating costs by €2.8 million over 2014, a reduction of 2.8%, without diluting the strength of its offering or the level of its customer response.

BUILDING FOR THE FUTURE

Of course, the strength of any company should be judged by the results it delivers over a number of years. It is therefore very encouraging to note that, not only have we maintained a positive momentum in recent years, but also that, throughout 2015, GO continued to take the necessary decisions to ensure that such a positive performance can be sustained in the foreseeable future.

First and foremost, we have continued to invest in providing Malta with the communications infrastructure it needs to meet the increasing demands of customers and to ensure the country continues to compete successfully in the global economy. Our very significant investments in Malta's only fibre connected 4G network and in Fibre-To-The-Home (FTTH), which in total will amount to well over €60 million, have continued.

CHIEF EXECUTIVE OFFICER'S REVIEW
CONTINUED

BUILDING FOR THE FUTURE CONTINUED

Nationwide 4G coverage is close at hand while more than 27,000 homes in various locations across Malta have been passed with fibre. Combined, these two projects will give our customers access to super-fast highly reliable Internet both at home and on the move.

This will also enable the much heralded Internet of Things to become a reality, making all of our lives better. The fact that only GO offers fibre connected 4G and fibre Internet directly into customers' premises gives us a significant point of difference over competing operators. Truly, we are developing an un-matched, and future-proof, communications infrastructure that gives GO a significant, and sustainable, competitive advantage.

Additionally, in what was a very busy and productive year, 2015 also witnessed a number of other key developments which are designed to continue to deliver value in the coming years. The spin-off of Malta Properties Company p.l.c. not only generated considerable value for shareholders, but will also have an ongoing positive effect on GO's own operations as GO will be able to focus exclusively on its core business.

As recently announced, GO has also taken the decision to acquire a majority shareholding in Cablenet Communications Systems Limited, the Cypriot 'triple play' telecommunications company. GO first invested in Cablenet in 2014, and over recent months this company has continued to perform strongly, growing customer numbers and profitability across its broadband internet, fixed telephony and digital HD TV portfolio. This game-changing development is one with far-reaching implications for GO, which now also operates in a market which is double the size of its domestic market in Malta.

Malta itself continues to offer interesting areas of opportunity. GO has invested in acquiring a controlling stake in the ICT firm Kinetix, which specialises in the design, implementation, support and optimisation of ICT solutions for the corporate sector. Its incorporation into the GO Group allows us to further expand the range of services we offer to our business customers.

This also marks another step in GO's ongoing progress to becoming a one stop shop for all the communications and ICT needs of the business community, combining traditional core competencies in fixed and mobile telephony, and Internet, with hosting, data and cloud services provided by the continually growing BMIT. This is now further enhanced with the ICT skills of Kinetix. The ICT sector in Malta is, of course, a significant one, and one where there could be growth potential. But it is also fragmented and we believe that consolidating this service into the Group's product portfolio therefore represents a good development opportunity.

Another area of significant change, which GO embarked upon in 2015, and which will continue to deliver results in the years ahead, was the launch of our new 5 year Transformation Programme.

GO is now well on the way to becoming an agile e-company, making us more efficient and flexible and better able to adapt our products and services to our customers' fast changing requirements.

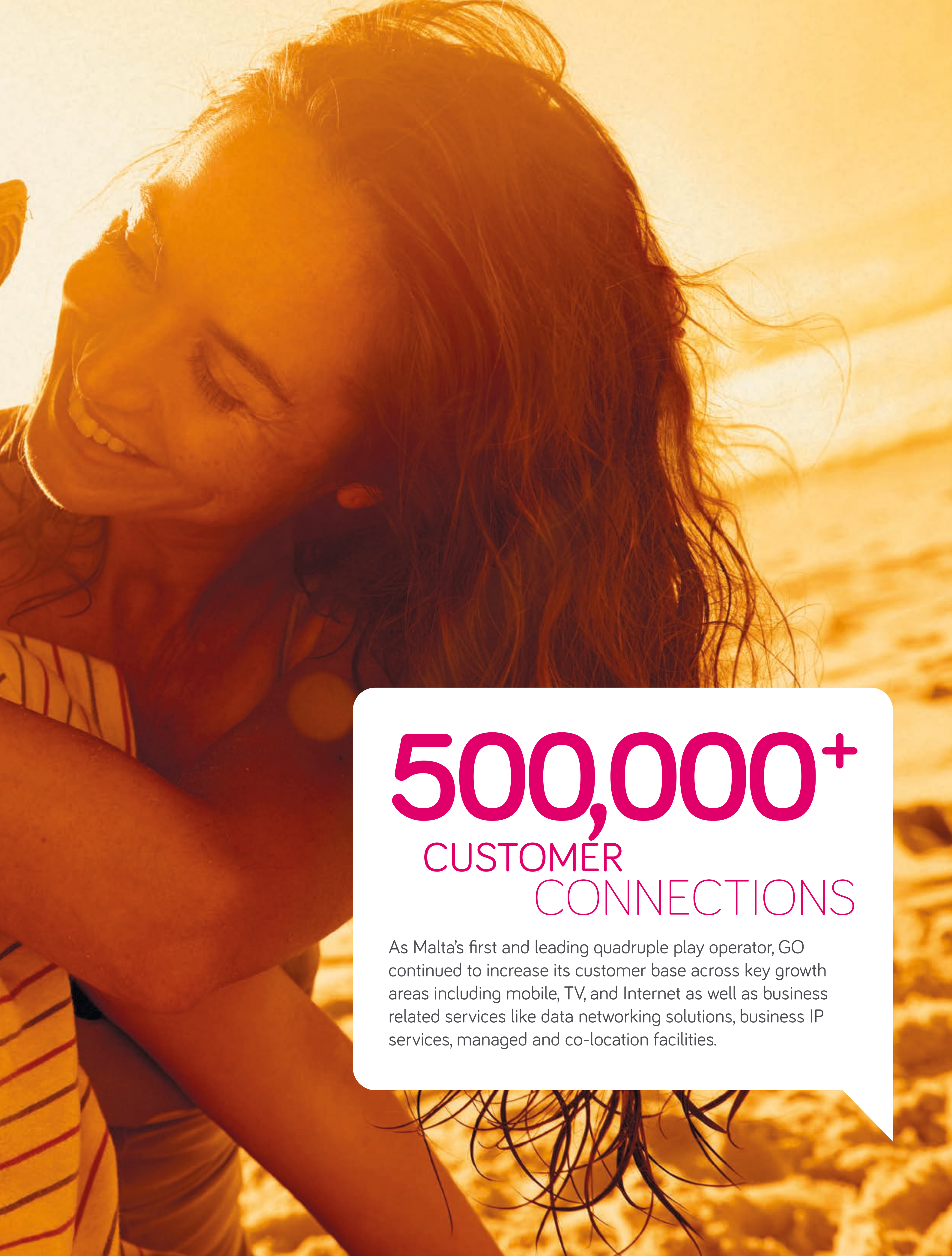
LOOKING FORWARD WITH OPTIMISM

As outlined, a great many things have been accomplished, across all areas of the business, in 2015.

The strong financial results are testament to the hard work not only of the leadership team but of all GO staff. As a leading provider of communications, IT and entertainment services, GO continues to operate successfully in a fiercely competitive market which is highly regulated both in Malta and at EU level.

Though achieving such success can never be taken for granted, GO has put in place the foundations and taken the necessary decisions, to be able to look forward with considerable optimism.

Mr Yiannos Michaelides
Chief Executive Officer



500,000+ CUSTOMER CONNECTIONS

As Malta's first and leading quadruple play operator, GO continued to increase its customer base across key growth areas including mobile, TV, and Internet as well as business related services like data networking solutions, business IP services, managed and co-location facilities.

COMMERCIAL REVIEW

2015 WAS THE YEAR IN WHICH THE FUTURE ARRIVED

In April, GO launched a €50 million investment in Fibre-To-The-Home. A real fibre network with fibre connected directly into our customers' premises, which will revolutionise how people use the Internet. The resulting dramatic increase in speed and data capacity will, not only build on GO's high-quality Internet service, but will also vastly improve our customers' TV and gaming experience. It will also herald the 'Internet of Things', a new era in which many more devices both at home and at work will be connected to the Internet. In terms of entertainment, communication, home security, safety and energy efficiency, among other areas, we will all be able to enrich our lives.

Following the April announcement, we have continued to register significant progress in the rollout of Fibre-To-The-Home. A number of localities, including Sliema, St Julian's, Gżira, Ta' Xbiex, Pietà, Msida as well as parts of Lija, Attard and Mellieħa have already seen some 27,000 households passed. Our Internet customers in Fibre-To-The-Home areas have seized the opportunity to upgrade to Fibre. While clearly a very significant investment, it is equally clear that the demand for Internet speed and capacity is set to grow exponentially. In this new era, GO is the only national provider which is investing in a future proof network to deliver an unmatched Internet service in Fibre areas.

1. Set up at St Elmo for Valletta Summit.
2. Fibre cables connecting to server at Fort St Angelo for CHOGM.

Fibre was not the only major investment which GO committed to in 2015. During the past year we also launched our 4G mobile Internet network. Our network is, in fact, the only local 4G network which is fully connected by a fully resilient fibre network. This has a significant effect not only on the quality of service experienced by customers but, most importantly, on its resilience. While no system is 100% immune to faults, GO's fibre-connected 4G network delivers an unmatched service, especially in inclement weather.

Aside from these major investments, and resulting new services, which will further cement GO's position as the leading provider of communications services in Malta, 2015 has been particularly busy on a number of other fronts. TV remains a key area of value for GO, particularly our Premium Sports channels and GO Stars HD, which provides the very latest and best TV drama and movies. GO has continued to invest in more enriched content as well as in providing customers with more flexible ways to access TV programmes wherever they are.

A clear example of this strategy came with GO's investment to secure the rights for the UEFA Champions League until 2018. This was accompanied by the launch of our Champions League mobile App, available, for free, to GO Sports Premium Interactive TV residential subscribers. This App gives customers access to live text updates, in-match video clips and highlights, in-depth statistics and live scores on their smart phones and tablets, further complementing the live TV available on mobile devices through TV Anywhere and the functionality provided to customers in their homes through Interactive TV. Throughout 2015, GO Stars also continued to broadcast the world's best sport including Premier League, Serie A, Formula One, Rugby, and Tennis and the very latest TV drama. Mad Men, Downton Abbey and House of Cards were just some of the global hits, aired in Malta by GO, normally within hours of their original broadcast in the United States or United Kingdom.

COMMERCIAL REVIEW
CONTINUED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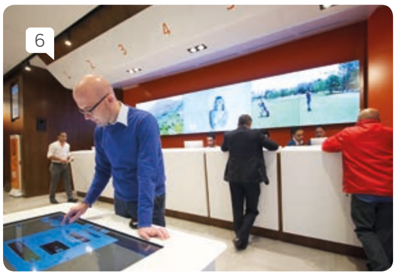
GO's determination to provide the best TV experience in Malta was rewarded with a Best Buy Award for offering the best value for money digital television service for both local and international TV channels in Malta. The award was based on an independent survey on a representative sample of the Maltese population carried out by Swiss organisation Icertias.

The ongoing focus on providing the best possible customer experience was also evidenced by our updates to the Limitless mobile plans. These were simplified into three plans; Limitless One, Limitless Two and Limitless Three. Starting from just €24 a month, and introducing the SIM only concept to Malta, all these plans include as a minimum, limitless calls to all GO mobile and fixed lines, 1GB of data, and free calls and SMS to other networks.

Over the past year there has also been considerable investment in cross training our Call Centre staff on both Customer Care and Tech Support. This means that customers who contact us with any queries and more likely to have their concerns dealt with by the first person they speak to. In addition to improving the customer experience, this exercise has also made our Call Centre more efficient, enabling us to answer more calls, quickly.

Our investments in product improvement were, of course, supported by a number of successful marketing campaigns and promotions. These ranged from doubling of data bundles to new Pay As You GO customers, giving free access to GO Sports and GO Stars HD to all TV customers for limited periods, and offering customers who subscribe to GO's Limitless Home Pack Interactive packages all the benefits which the service offers for free for the first two months. Customer promotions have also enabled us to thank and reward some of our Premium Sports customers with the thrilling experience of watching live Premier League and Serie A matches and enjoying a fantastic holiday in The Seychelles. All of this, together with many other initiatives, have all contributed to another successful year in which GO continued to grow customer numbers and market share, with more than 500,000 customer connections across our product portfolio.

1 – 6. Our new outlet at the PAMA shopping village delivers an innovative retailing concept, including an intelligent queuing system, and provides customers with the opportunity to try out the latest smart phones and tablets.



The end of 2015 also saw the opening of GO's new concept store at the PAMA shopping village. Apart from a new modern design, the outlet delivers a brand new retail concept, including an innovative intelligent queuing system, allowing customers to comfortably wait to be served whilst trying out the latest smart phones and tablets.

GO's success in the consumer segment has been matched by a positive year in the business segment, where we also continue to innovate and provide value across all our products which are tailored to meet the needs of small, medium and large businesses operating in, and from, Malta. A notable success in 2015 was our selection as the telecoms provider for the Valletta Summit and Commonwealth Heads of Government Meeting, both of which were held towards the end of the year. These two global events required a world-class communications infrastructure to support the needs of both the political delegations attending and the international media, across multiple venues.

Another high profile success was the agreement signed with Bank of Valletta to provide the bank with a nationwide dedicated Gigabit fibre network, which will future proof its communications infrastructure, enabling it to deliver more interactive services to its customers. GO's reputation and relationship with the business community, which it also serves through the data, IP, managed and co-locations services provided successfully by BMIT, was further strengthened through its support for a number of high profile events including the Malta iGaming Seminar and EY's 'Malta – Open For Business' Conference.

2015 has, once again, proved to be an exciting year for GO. We continue to evolve and successfully promote our existing product portfolio while at the same time innovating to meet the ever growing expectations of customers. Simultaneously, we are making the necessary investments to secure a viable and successful future.

INVESTING €50M IN FIBRE-TO-THE-HOME

In April 2015, GO launched Fibre-To-The-Home (FTTH) bringing the next generation of Internet services to Malta. The five year €50 million roll out of fibre will deliver vastly improved speeds and data capacity, enabling a number of new exciting possibilities in areas such as Ultra High Definition TV, cloud services and high-end gaming. By December 2015, over 27,000 homes have already been passed across various localities including Sliema, St Julian's, Ta' Xbiex, Pietà, Msida, Attard, and Mtarfa.

GO IN THE COMMUNITY

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1, 3, and 7. **The GO Cares Employee Fund, to which GO staff contribute both from their salaries and time, organises various events throughout the year. Among these, in 2015, the Fund organised a visit to the National Aquarium for children from St Teresa Home in Żurrieq, St Joseph Home in Żabbar and St Joseph Home in Santa Venera** (7), **and a day of activities for the elderly residents at Roseville home in Attard** (1 and 3).

2. **Her Excellency Marie Louise Coleiro Preca, President of Malta, paid an official visit to GO p.l.c. in May 2015. GO is a principal supporter of the Malta Community Chest Fund providing communications services and financial support to many of the organisation's fund raising activities, including the annual Citrus Festival and l-Istrina.**

4, 5 and 6. **Throughout 2015, GO continued to provide significant technical and financial support to the Malta Community Chest Fund (MCCF) which remains Malta's primary charitable organisation. This included supplying the entire communications infrastructure for l-Istrina.**

8. **A group of employees, led by Senior HR Manager Josephine Grima, representing the GO Cares Employee Fund presented a donation of €5,000 to Dar tal-Providenza, during the home's annual New Year's Day fund raising marathon.**

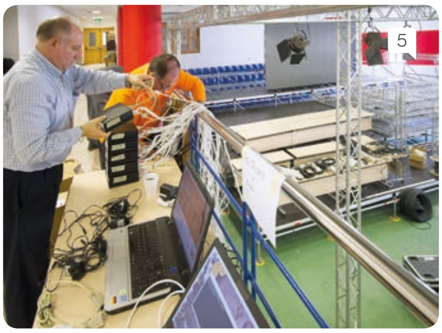
As Malta's leading provider of communications services, GO plays a key strategic role in the country's economy. Our more than 500,000 customer connections mean that we have a relationship with practically every household and business in Malta. This fact places on GO, not only a responsibility to deliver the best possible products and services, but also to support the Community more broadly.

Throughout 2015, GO continued to support the work of the Malta Community Chest Fund (MCCF) which remains Malta's primary charitable organisation, helping thousands of people in need every year. GO's ongoing support for MCCF has been both technical, providing services and infrastructure, and financial. From January's Citrus Festival at San Anton Palace through to December's record breaking l-Istrina at the Cottonera Sports Complex, GO has been an enabler and supporter of the Fund's work, playing its part in helping those in need.

GO's corporate support for the Community is backed up by the passionate commitment of many of our employees. Through the GO Cares Fund employees donate part of their salaries, donations which are matched by the Company towards good causes. In the past year, this initiative has supported animal charities, children's homes, and homes for the elderly. The focus has not only been on Malta but also further afield with funds raised helping Caritas to build new playgrounds for children whose homes and lives were shattered by the Nepal earthquake.

This joint effort between GO and its employees is not just about raising money. It's also about giving time. Throughout the year, employees give thousands of hours to support the causes they are passionate about, with GO's full support. This includes more than 400 hours of work which are required every Christmas to set up the communications infrastructure for l-Istrina.

HELPING THOSE IN NEED WILL CONTINUE TO BE ONE OF GO'S PRIORITIES IN 2016.



Helping those in need will continue to be one of GO's priorities in 2016, during which time we will also be increasing our focus on children, particularly literacy. This, however, is by no means the full extent of GO's contribution to the Community. Our support for sports and cultural activity will also continue. A highlight of 2015 was GO's sponsorship of the Joseph Calleja Concert which also featured Anastacia and provided a unique opportunity for a number of up and coming Maltese performers to showcase their talents to a much wider audience. On the sporting front, GO also focused on helping Maltese talent to compete and shine alongside their international peers, such as in the RC44 Valletta Cup sailing competition.

In 2015, GO also made significant contributions to numerous events which provided the business community with both valuable insights and networking opportunities. As the drivers of progress, entrepreneurs and business leaders need access to the right information and contacts to help their business grow. Events such as the EY Conference, which also includes the publication of the results of EY's annual Malta Attractiveness Survey, and the Malta iGaming Seminar, are among those which deliver on this front and which GO has supported.

Looking forward, GO will remain an active participant in Malta's economic, social, and cultural life, committed as it is to delivering a better future for all.

MALTA'S ONLY FULLY FIBRE CONNECTED 4G NETWORK

In December 2015, GO launched Malta's only fully fibre connected 4G network, which delivers unrivalled superfast and reliable mobile Internet. This means that GO is now able to offer customers a unique experience both in terms of speed and reliability. The fact that the network is fully fibre connected means it is much more resilient and can scale up seamlessly as demand increases.

BOARD OF DIRECTORS

DEEPAK PADMANABHAN
CHAIRMAN

An Honours Engineering graduate in Electronics, with a Post Graduate Diploma in Computer Communications and Networks, has over twenty two years of industry experience in telecommunications, including work on mergers and acquisitions, strategy and investments and value creation.

SAVIOUR BALDACCHINO

An engineer by profession, and currently serving on a number of public boards, he has occupied various managerial posts. Was involved in a number of key projects such as the first satellite earth station, information technology implementation and formed part of the business development advisory team at Maltacom.

PAUL FENECH

Owner and founder of Classic Group Limited, where he is Executive Chairman. He is also the president of the Republic Street Business Community and active member of the Valletta Business Community Committee as well as Vice President, and founder, of the Valletta Alive Foundation.

JAMES KINSELLA

Graduated in arts from Haverford College, Philadelphia, USA. Started his career in the field of international journalism and moved rapidly to occupy senior management positions within several media companies. Authored an award winning book on media and contributed to several other publications.

NIKHIL PATIL

Director of Strategy and Investments at Emirates International Telecommunications and member of the Executive Committee at GO and Board Member at BMIT. Completed his bachelor's in Mechanical Engineering from the University of Mumbai, holds a Masters in Industrial Engineering from Georgia Institute of Technology and an MBA from IMD, Switzerland.

NORBERT PRIHODA

Occupies a senior position with responsibility for EITL's Portfolio Group, focusing on creating shareholder value, from transformation, restructuring and managing risk, as well as facilitating execution of improved operational strategies focused on topline growth. Graduated in International Business Management and concluded his PhD studies in 2005.

THE NOBLE PAUL TESTAFERRATA MORONI VIANI

A Director of Aquasun Services Limited, with responsibility for market research, contracting with tour operators, administration and property. Also a Director of Moroni Investments, Circles Limited, Euro Appliances Company Limited, MACAPPS Limited, Spinola Hotels Limited and St George's Park Company Limited.

BRIGITTE ZAMMIT

General Counsel and Head of Legal and Regulatory Affairs for Emirates International Telecommunications (EIT). An alumni of IMD, Switzerland and the Said Business School, Oxford, UK. Holds a Doctor of Laws from the University of Malta and a Master of Laws in Computer and Telecommunications Law from the University of London. In 2010 she co-authored a book on cross-border gambling law and policy.

FRANCIS GALEA SALOMONE
COMPANY SECRETARY

Holds a bachelors degree in International Business and a Masters degree in European Studies from the University of Kent (Canterbury), also read law at the University of Malta. Acts for a number of local and international clients in the banking, insurance and financial services sectors and lectures at the Institute of Financial Services Providers. Board member of various companies.

DIRECTORS' REPORT

The Directors are pleased to present their report together with the financial statements of the Company for the year ended on 31 December 2015.

PRINCIPAL ACTIVITIES

The Group is Malta's leading integrated telecommunications services provider and its high speed networks form the backbone of the island's modern communications infrastructure. The services provided by the Group include fixed-line and mobile telephony, data and TV services for consumers and business clients. The Group also provides business clients with data centre facilities and ICT solutions.

Insofar as their electronic communications operations are concerned, the Company and certain of its subsidiary and associated companies are regulated by and are subject to the provisions of the Electronic Communications (Regulation) Act, 2004 and regulations issued thereunder.

BUSINESS REVIEW

A review of the business of the Group during the year under review, events which took place since the end of the accounting period and an indication of likely future developments are given in the Chief Executive Officer's Review on page 7 of the Annual Report.

REVIEW OF FINANCIAL PERFORMANCE

2015 has been a positive year for GO as the Group is reaping the benefits of the strategy it embarked upon a few years back.

During the year GO completed the spin-off of its property arm, Malta Properties Company p.l.c. (formerly known as Malta Properties Company Limited), which as of last November is quoted separately on the Malta Stock Exchange. It is encouraging to see the achievement of a major milestone following the development and implementation over a number of years of a strategy aimed at delivering value to shareholders from the Group's extensive property portfolio. As a result of the spin-off shareholders enjoyed a net dividend of €0.3313, the highest in the Company's history.

Back to the Group's core business, competition in the telecommunications sector remains intense, whilst consumer behaviour remains in a state of transition, driven by the growing convergence of telecommunications, information technology, media and entertainment as people access the Internet from anywhere and at any time using a multitude of devices. Domestic operators not only compete against each other but have to contend with competing services which are available free of charge through applications over the Internet provided by organisations with a global reach. Innovation and a positive customer experience are crucial to succeed in such an environment.

At the core of GO's business model is a determination to strive to satisfy the needs of customers and a commitment to deliver a customer experience that is second to none. For this reason GO continues to invest heavily in both innovation and customer experience. In order to better pursue a holistic approach to consumers' telecommunication needs, during the year under review the Group merged its mobile business into GO p.l.c., strengthening GO's operations and providing better focus on giving customers access to secure and always-available networks that will enable them to enjoy service offerings seamlessly over wired and wireless networks. This strategy is delivering good results as can be confirmed from an analysis of the financial performance for the financial year ended 31 December 2015.

The Group is reporting an operating profit of €27.8 million, an increase of 27.9% over the prior year result of €21.8 million. This result was achieved from a combination of increased revenue and reduction in costs. Both years include items considered to be of unusual nature, size or incidence relating to voluntary retirement costs and provision for pensions. Normalised EBITDA increased by 7.3% to €52.8 million from €49.2 million in 2014.

The Group achieved positive results in revenue generation. At €123.7 million revenue is 1.2% ahead of the comparative year as the Group managed to grow revenue from retail activities, which growth made up for the decline in income from wholesale activities, a direct consequence of regulatory intervention. Whilst retail revenue from legacy fixed voice service continued to decline, GO experienced growth in all other retail sectors, particularly mobile and cloud-based services. Attractive bundling propositions continue to drive the strong performance at the retail level whilst business is positively reacting to innovative cloud based services.

Cost of sales, administrative and related costs, excluding items of unusual nature, size or incidence, amounted to €96.3 million (2014: €99.1 million). The overall reduction of €2.8 million (2.8%) is the result of continued group-wide effort to drive down costs without compromising on customer experience.

During the year the company was compelled to reclassify its investment in Forthnet from 'non-current asset classified as held for sale' to 'investment in associate'. This change in classification is mandatory because accounting standards clearly stipulate that any process to sell an asset classified as held for sale must be completed within twelve months. As the political and macroeconomic situation in Greece remains challenging it was not possible to pursue the sale option and the investment is therefore being reclassified. Reclassification triggers equity accounting which implied that the remaining investment in Forthnet, amounting to €6.6 million, had to be completely written down to a value of nil as a prior year adjustment.

DIRECTORS' REPORT
CONTINUED

REVIEW OF FINANCIAL PERFORMANCE CONTINUED

On a positive note, the investment in Cablenet is progressing in line with expectations, whilst the Cypriot economy is also showing positive signs of recovery. This implied an upside of €7 million in the value of GO's options to convert its loan to Cablenet into equity and to further acquire majority control of the company. GO exercised these options in January 2016.

As a result of the reclassification of the investment in Forthnet, the prior year profit before tax has been restated to €13.7 million, whilst the increase in value of GO's options to invest further in Cablenet helped achieve a profit before tax for the year ended 31 December 2015 of €34.2 million. The earnings per share amounted to €0.261 as against €0.079 as restated for 2014.

Cash generated from operations amounted to €36.8 million, a decrease of €3.6 million over 2014, mainly as a direct consequence of the spin-off process and the balances between GO and Malta Properties Company p.l.c.. In 2015 the Group's investments amounted to a cash outflow of €33.4 million, of which €7.5 million represent additional investment in Cablenet. Investments in property, plant, equipment and intangible assets amounted to €25.9 million, €5.8 million more than the value invested in 2014, as the Group maintains an intensive investment programme through which it is upgrading its various networks and launching new technologies which enable the provision of improved services and innovative products. This year GO launched its 4G network whilst it also maintained momentum in the continued rollout of its Fibre-to-the-Home (FTTH) network. The rollout of the 4G network will be complete during the first half of 2016, whilst the investments in FTTH will be maintained in the coming years. Through these investments GO will ensure that its customers continue to enjoy the best possible fixed-line and mobile broadband experience.

During 2015 GO reduced its borrowings by €9.6 million as it did not contract any new facilities and paid dividends amounting to €7.1 million. Whilst the Group's cash and cash equivalents were reduced from a positive €11.6 million as at December 2014 to a negative €3.6 million as at December 2015, GO has a loan of €16 million receivable from Malta Properties Company p.l.c., which loan will be repaid latest in 2017, whilst GO also enjoys adequate facilities in place to maintain its investment programme.

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

FINANCIAL POSITION

Following another year of robust operating performance, shareholders' funds as at year end amounted to €92.1 million in spite of a dividend distribution of €7.1 million in May and a further distribution of €33.6 million as part of the spin-off process. The Group's net asset value per share stands at €0.91, whilst the Group's equity position stands at 1.95x the Group's net debt position.

The Group's total asset base stands at €207.6 million, a reduction of €9.7 million over the prior year. The main differences over last year are directly related to the spin-off process which saw a reduction in land and buildings (and investment property) of €51 million and the creation of a loan receivable from Malta Properties Company p.l.c. of €16 million. The Group's total asset base is 44.4% funded through equity (2014: 47.6%).

In September 2014 GO concluded the acquisition of 25% shareholding in Cablenet Communication Systems Limited, a cable company incorporated and operating in Cyprus, in return for a loan of €12 million which GO extended to Cablenet by December 2015. This loan is interest free up to 31 December 2017 and during this period GO enjoys the option to convert this loan into equity, part of a path that can see GO owning 51% of the share capital of Cablenet. As Cablenet continues to perform well and the Cypriot economy continues to show signs of recovery, the net value of these options increased from €0.3 million as at December 2014 to €7.3 million as at December 2015. GO exercised these options in January 2016.

The Group's current assets amounted to €44.8 million (2014: €50.3 million) and are mainly represented by receivables of €31.4 million (2014: €30.3 million), inventories of €9.7 million (2014: €7.5 million) and cash of €2.7 million (2014: €12.5 million). The increase in inventory is temporary and directly related to ongoing investments, whilst the reduction in liquidity is directly related to GO's investment programme, which was funded entirely from internally generated resources as a result of a healthy liquidity position at the beginning of the year and robust operational performance.

DIRECTORS' REPORT CONTINUED

FINANCIAL POSITION CONTINUED

Total liabilities increased from €113.8 million (restated) as at December 2014 to €115.5 million as at December 2015. There is also a shift from non-current liabilities to current liabilities as non-current liabilities decreased from €58.9 million to €50.5 million, whilst current liabilities increased from €55 million to €64 million. However, both the shift to current liabilities as well as the increase in total liabilities is deemed to be temporary and directly related to the current investment programme which peaked during the year under review, mainly as a result of the investment in 4G.

Continued strong operational performance, funding arrangements in place and the scheduled repayment of the loan of €16 million by Malta Properties Company p.l.c. will continue to allow the Group to fund its investments in technology, honour its obligations with its bankers and pursue new investment initiatives aimed at increasing shareholder value.

The Directors recommend that at the forthcoming Annual General Meeting, the shareholders approve the payment of a net dividend of €0.10 per share (after taxation) – such dividend to be payable on 13 May 2016. Total distributions relating to this year's operations amount to €0.10 per share.

The amount of €10,131,049 has been transferred to the dividend payment reserve.

Retained profits carried forward at the balance sheet date amounted to €33.6 million (2014: €28.8 million as restated) for the Group and €38.7 million (2014: €59.2 million as restated) for the Company.

BOARD OF DIRECTORS

The Directors who served on the Board during the year under review or up to the date of this report are listed hereunder. None of the Directors in office during the year or at the balance sheet date held an executive appointment with the Company or its subsidiaries.

Mr Deepak Padmanabhan (Chairman)
Mr James Kinsella
Mr Nikhil Patil
Mr Norbert Prihoda
Mr Paul Fenech
The Noble Paul Testaferrata Moroni Viani
Mr Saviour Baldacchino
Ms Brigitte Zammit (appointed 30 September 2015)
Mr Yasser Zeineldin (resigned 30 September 2015)

In terms of Article 58.2 of the Articles of Association, the term of appointment of the Directors still in office expires at the forthcoming Annual General Meeting.

The Noble P. Testaferrata Moroni Viani, Mr S. Baldacchino and Mr P. Fenech offered themselves for election at the Seventeenth Annual General Meeting for the three seats on the Board of Directors, and were elected to represent the Company's shareholders.

Of the Directors of the Company, Mr D. Padmanabhan and the Noble P. Testaferrata Moroni Viani (together with Mr Y. Michaelides – Chief Executive Officer) were acting as Directors of *Innovate Software Limited*.

Mr D. Padmanabhan (together with Mr Y. Michaelides – Chief Executive Officer) were acting as Directors of *GO Data Centre Services Limited*.

Mr D. Padmanabhan (together with Mr Y. Michaelides – Chief Executive Officer) were also acting as Directors of *Forthnet S.A.* at 31 December 2015.

Mr N. Patil and Mr N. Prihoda (together with Mr Y. Michaelides – Chief Executive Officer and Mr J. Attard – Chief Technical Officer) were acting as Directors of the following subsidiary companies at 31 December 2015: *BMIT Limited, Bellnet Limited* and *BM Support Services Limited*.

Mr N. Patil (together with Mr Y. Michaelides – Chief Executive Officer and Mr E. Brincat – Chief Finance Officer) were acting as Directors of *Cablenet Communications Systems Limited* at 31 December 2015.

None of the Directors have service contracts with either the Company or its subsidiaries.

REMUNERATION COMMITTEE AND CORPORATE GOVERNANCE

The activities of the remuneration committee and the Group's arrangements for corporate governance are reported on pages 28 to 35.

DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act (Cap 386 of the Laws of Malta) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the Company as at the end of each reporting period and of the profit and loss for that period.

DIRECTORS' REPORT
CONTINUED

DIRECTORS' RESPONSIBILITIES CONTINUED

In preparing the financial statements, the Directors are responsible for:

- Selecting and applying consistently suitable accounting policies;
- Making accounting judgments and estimates that are reasonable; and
- Ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining such internal control as they deem necessary for the preparation of financial statements that are free from financial misstatements, whether due to fraud or error.

INFORMATION PROVIDED IN ACCORDANCE WITH *LISTING RULE 5.70.1*

There were no material contracts to which the Company, or any of its subsidiaries was a party, and in which anyone of the Company's Directors was directly or indirectly interested.

GOING CONCERN

The Directors, as required by the Listing Rule 5.62, have considered the Company's operating performance, the balance sheet at year end, as well as the business plan for the coming year, and they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, in preparing the financial statements, they continue to adopt the going concern basis in preparing the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

A resolution to re-appoint the auditors and to authorise the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

INFORMATION PROVIDED IN ACCORDANCE WITH *LISTING RULE 5.64*

The authorised share capital of the Company is three hundred forty nine million four hundred and five thousand eight hundred euro (€349,405,800) divided into six hundred million (600,000,000) shares of fifty eight point two three four three euro cents (€0.582343) each share.

The issued share capital of the Company is fifty eight million nine hundred and ninety seven thousand, four hundred and fifty three euro and fifty one euro cents (€58,997,453.51) divided into one hundred and one million three hundred and ten thousand four hundred and eighty eight (101,310,488) ordinary shares of fifty eight point two three four three euro cents (€0.582343) each share, which have been subscribed for and allotted fully paid up.

The issued shares of the Company consist of one class of ordinary shares with equal voting rights attached.

The Company did not modify in any way the structure of its share capital during the year. No further issues were made and neither did the Company acquire ownership of or any rights over any portion of its issued share capital.

The Directors confirm that as at 31 December 2015, only Emirates International Telecommunications (Malta) Limited held a shareholding in excess of 5% of the total issued share capital.

Any shareholder holding in excess of 40% of the issued share capital of the Company having voting rights may appoint the Chairman. In the event that there is no one single shareholder having such a shareholding, the Chairman shall be elected by shareholders at the Annual General Meeting of the Company.

The rules governing the appointment of Board members are contained in Clause 55.3 of the Company's Articles of Association as follows:

The Directors shall be appointed as set out hereunder:

(a) A Shareholder holding not less than 12% (twelve per cent) of the issued share capital of the Company having voting rights shall be entitled to appoint one Director for every such 12% holding by letter addressed to the Company. Provided that anyone Shareholder who, pursuant to the provisions of sub article 55.1 (a) is entitled to appoint the Chairman, shall for the purposes of the appointment of Directors in terms of this sub-article have 12% of his holdings deducted and may accordingly only appoint Directors with the residual balance of shares having voting rights after such deduction.

(b) Any Shareholder who does not qualify to appoint Directors, in terms of the provisions of paragraph (a) of this sub-article 55.3, and who has not aggregated his holdings with those of other Shareholders for the purposes of appointing a Director(s) pursuant thereto, shall be entitled to participate and vote in an election of Directors to take place once in every year at the Annual General Meeting of the Company.

DIRECTORS' REPORT CONTINUED
INFORMATION PROVIDED IN ACCORDANCE WITH *LISTING RULE 5.64* CONTINUED

(c) Shareholders entitled to appoint Directors pursuant to the provisions of paragraph (a) sub-article 55.3 shall not be entitled to participate in the election of Directors in terms of paragraph (b) of this sub-article.

(d) Members shall be entitled in lieu of voting at an election of Directors, to aggregate their shareholdings, and to appoint one Director for every twelve per cent (12%) shareholding having voting rights held between them, by letter addressed to the Company in accordance with the provisions of sub-article 55.3 (a); and for the purposes of this paragraph and voting rights of persons entitled to vote pursuant to the provisions of sub-article 55.3 (b) remaining after the exercise of such vote may aggregate such rights as aforesaid.

Any amendment to the Company's Memorandum and Articles of Association has to be made in accordance with the Companies Act.

Without prejudice to any special rights previously conferred on the holders of any of the existing shares or class thereof, any share in the Company may be issued with such preferred, deferred, or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Board of Directors may from time to time determine, as provided for in Clauses 3.2 and 3.3 of the Articles of Association, as long as any such issue of Equity Securities falls within the authorised share capital of the Company.

The Company may, subject to the applicable restrictions, limitations and conditions contained in the Companies Act, acquire its own shares and/or Equity Securities.

The Company confirms that only one chief officer has an indefinite contract that includes a severance payment clause.

Pursuant to Listing Rules 5.64.2, 5.64.4, 5.64.5, 5.64.6, 5.64.7 and 5.64.10 it is hereby declared that, as at 31 December 2015, none of the requirements apply to the Company.

We, the undersigned, declare that to the best of our knowledge, the financial statements prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its subsidiaries included in the consolidation taken as a whole, and that this report includes a fair review of the performance of the business and the position of the Company and its subsidiaries included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the Board of Directors on the 11 February 2016 and signed on its behalf by:

Mr Deepak Padmanabhan
Chairman

Mr Nikhil Patil
Director

Registered office
GO
Fra Diegu Street
Marsa
Malta

11 February 2016

CORPORATE GOVERNANCE – STATEMENT OF COMPLIANCE

A. INTRODUCTION

Pursuant to the Malta Financial Services Authority Listing Rules, GO p.l.c. ('the Company') whose equity securities are listed on a regulated market should endeavour to adopt the Code of Principles of Good Corporate Governance ('the Code') as contained in Appendix 5.1 to Chapter 5 of the Listing Rules. In terms of the Listing Rules the Company is hereby reporting on the extent of its adoption of the Code.

The Company acknowledges that the Code does not prescribe mandatory rules but recommends principles so as to provide proper incentives for the Board of Directors ('the Board') and the Company's management to pursue objectives that are in the interests of the Company and its shareholders. Good corporate governance is the responsibility of the Board, and in this regard the Board has carried out a review of the Company's compliance with the Code during the period under review, and hereby provides its report thereon.

As demonstrated by the information set out in this statement, together with the information contained in the Report of the Remuneration Committee to the Shareholders, the Company believes that it has, save as indicated herein the section entitled Non-Compliance with the Code, throughout the period under review, applied the principles and complied with the provisions of the Code.

B. COMPLIANCE

Principle 1: The Board

The Board, the members of which are appointed by the shareholders, is primarily tasked with the administration of the Company's resources in such a way as to enhance the prosperity of the business over time, and therefore the value of the shareholders' investment. The Board is composed of eight Directors (one of whom is the Chairman) all of whom are non-executive Directors.

The Board is in regular contact with the Chief Executive Officer and is continuously informed of any decisions taken by the Executive Committee in order to ensure an effective contribution to the decision making process, whilst at the same time exercising prudent and effective controls. Directors, individually and collectively, are of appropriate calibre, with the necessary skill and experience to assist them in providing leadership, integrity and judgement in directing the Company towards the maximisation of shareholder value.

The Board delegates specific responsibilities to a number of committees, notably the Remuneration Committee, the Audit Committee and the Executive Committee, each of which operates under formal terms of reference approved by the Board.

Further detail in relation to the Committees and the responsibilities of the Board is found in paragraph 'Principles 4 and 5' of this statement.

Principle 2: Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer are filled by separate individuals, and the Chief Executive Officer is appointed by the Board for a definite period of time. During the period under review Mr Y. Michaelides continued in his office as Chief Executive Officer.

The responsibilities and roles of the Chairman and the Chief Executive Officer are clearly established and agreed to by the Board of Directors.

The Chairman is responsible to lead the Board and set its agenda. The Chairman ensures that the Board is in receipt of precise, timely and objective information and also encourages active engagement by all members of the Board for discussion of complex and contentious issues.

The Chairman also leads the Executive Committee, the composition of which is set out below, and whose main role and responsibilities are to execute agreed strategy and manage the business. His role in this respect does not render his directorship an executive role.

Principle 3: Composition of the Board

In accordance with the provisions of the Company's Articles of Association, the appointment of Directors to the Board is exclusively reserved to the Company's shareholders, except in so far as appointment is made to fill a casual vacancy on the Board, and which appointment would expire at the Company's Annual General Meeting following appointment. Any vacancy among the Directors may be filled by the co-option of another person to fill such vacancy. Such co-option shall be made by the Board of Directors.

The Board has the overall responsibility for the activities carried out within the Company and the Group and thus decides on the nature, direction, strategy and framework of the activities and sets the objectives for the activities.

CORPORATE GOVERNANCE
– STATEMENT OF COMPLIANCE CONTINUED

B. COMPLIANCE CONTINUED

Principle 3: Composition of the Board CONTINUED

The Board of Directors is currently chaired by Mr D. Padmanabhan and comprises eight (8) non-executive Directors. The following Directors served on the Board during the period under review:

Mr Deepak Padmanabhan (Chairman)
Mr James Kinsella
Mr Norbert Prihoda
Mr Nikhil Patil
Mr Paul Fenech
The Noble Paul Testaferrata Moroni Viani
Mr Saviour Baldacchino
Ms Brigitte Zammit (appointed 30 September 2015)
Mr Yasser Zeineldin (resigned 30 September 2015)

For the purposes of the Code, the non-executive Directors are independent. The Company deems that, although Mr D. Padmanabhan has an employee and director relationship with the controlling shareholder, in terms of Supporting Principle 3(vii) of the Code of Principles of Good Corporate Governance such relationship is not considered to create a conflict of interest such as to jeopardise exercise of his free judgment.

Principles 4 and 5: The Responsibilities of the Board and Board Meetings

The Board has a formal schedule of matters reserved to it for decisions, but also delegates specific responsibilities to various board committees and sub-committees, the most prominent being the Audit Committee, the Remuneration Committee and the Executive Committee. Directors receive board and committee papers in advance of meetings and have access to the advice and services of the Company Secretary. Directors may, in the course of their duties, take independent professional advice on any matter at the Company's expense. The Directors are fully aware of their responsibility always to act in the best interests of the Company and its shareholders as a whole, irrespective of whoever appointed or elected them to serve on the Board. As delegated and monitored by the Board, the Company Secretary keeps detailed records of all dealings by Directors and senior executives of the Company and its subsidiaries in the Company's shares and all minutes of meetings of the Board and its sub-committees.

During the year under review the Board met nine (9) times.

On joining the Board, a Director is provided with a presentation by the departmental heads on the activities of their respective business unit in the Company and its subsidiaries. The Directors receive monthly management accounts on the Group financial performance and position.

The Board has the responsibility to ensure that the activities are organised in such a way that the accounts, management of funds and financial conditions in all other respects are controlled in a satisfactory manner and that the risks inherent in the activities are identified, defined, measured, monitored and controlled in accordance with external and internal rules, including the Articles of Association of the Company. The Board of Directors, through the work carried out by the Executive Committee, continuously assesses and monitors the Company's operational and financial performance, assesses and controls risk, and monitors competitive forces in all areas of operation. It also ensures that both the Company and its employees maintain the highest standards of corporate conduct.

Board Committees

Audit Committee

The Audit Committee supports the work of the Board in terms of quality control of the Group's financial reports and internal controls. The Audit Committee is currently chaired by Mr N. Patil, with the other members being Ms B. Zammit and the Noble P. Testaferrata Moroni Viani. The Audit Committee is independent and is constituted in accordance with the requirements of the Listing Rules, with the Noble P. Testaferrata Moroni Viani being chosen as the member competent in accounting and/or auditing in view of his experience in the field. The Internal Auditor is present at Audit Committee meetings. The Chief Finance Officer and the external auditors of the Company attend the meetings of the Committee by invitation. Other executives are requested to attend when required. The Company Secretary also acts as Secretary to the Audit Committee.

The Committee scrutinises and monitors related party transactions. It considers the materiality and the nature of the related party transactions carried out by the Company to ensure that the arm's length principle is adhered to at all times.

As part of its duties, the Committee receives and considers reports on the system of internal financial controls and the audited statutory financial statements of all companies comprising the Group. The Committee held three (3) meetings during the year. The external auditors attended all of these meetings.

Remuneration Committee

The Committee is responsible for determining and agreeing with the Board the framework or broad policy for the Remuneration of the Company's chief officers, the Chairman of the Company, the Directors of the Board, and such other members as it is designated to consider. In determining such policy, the Committee takes into account all factors which it deems necessary, including the position of the Group companies relative to other companies in the marketplace.

CORPORATE GOVERNANCE – STATEMENT OF COMPLIANCE CONTINUED

B. COMPLIANCE CONTINUED

Principles 4 and 5: The Responsibilities of the Board and Board Meetings CONTINUED

Remuneration Committee CONTINUED

The objective of such policy shall be to ensure that Directors and chief officers are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group companies. The Group Remuneration Committee is currently chaired by Mr D. Padmanabhan, the other members being the Noble P. Testaferrata Moroni Viani and Mr P. Fenech. The Company Secretary, Dr F. Galea Salomone, acts as Secretary to the Remuneration Committee. The Group Remuneration Committee met three (3) times in 2015. The Report of the Committee to the shareholders is set out on pages 34 and 35.

Executive Committee

The day-to-day management of the Company is led by the Chief Executive Officer and supported by the Board of Directors directly and through the Executive Committee ('EC'). The EC is equipped with the necessary decision-making tools and strict Board oversight to facilitate the successful execution of its duties. The EC provides oversight, guidance and leadership for the management of the business within the guidelines and approval limits set from time to time by the Board of Directors. It recommends and forwards to the Board of Directors those decisions that are outside its approval limits.

The EC is currently chaired by Mr D. Padmanabhan with the other members being Mr Y. Michaelides, Mr N. Prihoda, Mr E. Brincat and Mr N. Patil. The Company Secretary acts as secretary to the EC. The Committee held nine (9) meetings during the year under review.

Principle 6: Information and Professional Development

The Board is responsible for the appointment of the Chief Executive Officer. The Chief Executive Officer, although responsible for the recruitment and selection of senior management, consults with the Remuneration Committee and with the Board on the appointment of senior management.

On joining the Board, Board members are informed in writing by the Company Secretary of the Directors' duties and obligations, relevant legislation as well as rules and bye-laws. In addition, Directors have access to the advice and services of the Company Secretary and the Board is also advised directly, as appropriate, by its legal advisors. Directors are also provided with a presentation by the departmental heads on the activities of their respective business unit in the Company and subsidiaries. The Directors receive monthly management accounts on the Group's financial performance and position. The Company Secretary ensures effective information flows within the Board, committees and between senior management and Directors, as well as facilitating professional development. The Company Secretary advises the Board through the Chairman on all governance matters.

Directors may, in the course of their duties, take independent professional advice on any matter at the Company's expense. The Company will provide for additional individual Directors' training on a requirements basis.

Principle 7: Evaluation of the Board's Performance

The Chairman of the Board informally evaluates the performance of the Board members, which assessment is followed by discussions within the Board. Through this process the activities and working methods of the Board and each committee member are evaluated. Amongst the things examined by the Chairman through his assessment are the following: how to improve the work of the Board further, whether or not each individual member takes an active part in the discussions of the Board and the committees; whether they contribute independent opinions and whether the meeting atmosphere facilitates open discussions. Under the present circumstances the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role as the Board's performance is furthermore also under the scrutiny of the shareholders.

On the other hand, the performance of the Chairman is evaluated by the Board of Directors of the ultimate controlling party, taking into account the manner in which the Chairman is appointed. The self-evaluation of the Board has not led to any material changes in the Company's governance structures and organisations.

Principle 8: Committees

The Remuneration Committee is dealt with under the Remuneration Report, which also includes the Remuneration Statement in terms of Code Provisions 8.A.3 and 8.A.4.

The Company has opted not to set up a Nomination Committee. Further explanation is provided under the section entitled Non-Compliance with the Code of this Statement.

Principles 9 and 10: Relations with Shareholders and with the Market, and Institutional Shareholders

The Company recognises the importance of maintaining a dialogue with its shareholders and of keeping the market informed to ensure that its strategies and performance are well understood. During the period under review the Company has maintained an effective communication with the market through a number of Company announcements and press releases.

The Company also communicates with its shareholders through the Company's Annual General Meeting ('AGM'). The Chairman of the Board ensures that all Directors attend the AGM and that both the Chairman of the Board and the Chairman of the Audit Committee are available to answer questions.

CORPORATE GOVERNANCE
– STATEMENT OF COMPLIANCE CONTINUED
B. COMPLIANCE CONTINUED

Principles 9 and 10: Relations with Shareholders and with the Market, and Institutional Shareholders CONTINUED

Both the Chairman and Chief Executive Officer also ensure that sufficient contact is maintained with major shareholders to understand issues and concerns. Apart from the AGM, the Company communicates with its shareholders by way of the Annual Report and Financial Statements and also through the Company's website (www.go.com.mt) which also contains information about the Company and its business, including an Investor Relations section.

In addition, the Company holds meetings with stockbrokers and financial intermediaries at least twice a year, which meetings usually coincide with the publication of financial statements.

The office of the Company Secretary maintains regular communication between the Company and its investors. Individual shareholders can raise matters relating to their shareholdings and the business of the Group at any time throughout the year, and are given the opportunity to ask questions at the AGM or to submit written questions in advance.

As provided by the Companies Act, 1995 minority shareholders may convene Extraordinary General Meetings.

Principle 11: Conflicts of Interest

The Directors are fully aware of their responsibility always to act in the best interests of the Company and its shareholders as a whole irrespective of whoever appointed or elected them to serve on the Board.

On joining the Board and regularly thereafter, the Directors are informed of their obligations on dealing in securities of the Company within the parameters of law, including the Listing Rules, and Directors follow the required notification procedures.

Directors' interest in the shareholding of the Company:

	Number of shares as at 31 December 2015
Mr Deepak Padmanabhan	nil
Mr James Kinsella	nil
Mr Nikhil Patil	nil
Mr Norbert Prihoda	nil
Ms Brigitte Zammit	nil
Mr Paul Fenech	130,995
The Noble Paul Testaferrata Moroni Viani	78,394
Mr Saviour Baldacchino	10,600

Mr P. Fenech has a beneficial interest in the Company of 130,995 shares through the shareholding of Classic Group Ltd. in GO p.l.c..

As at year-end, Mr S. Baldacchino had a beneficial interest in the Company of 10,600 shares.

As at 31 December 2015, The Noble P. Testaferrata Moroni Viani had a beneficial interest in the Company of 75,494 and 2,900 shares through the shareholding of Testaferrata Moroni Viani (Holdings) Ltd. and Testaferrata Moroni Viani Ltd. respectively in GO p.l.c.. He also had a beneficial interest in Forthnet S.A. of 14,750 shares.

As at 31 December 2015, Mr D. Padmanabhan had a beneficial interest in Forthnet S.A. of 71,536 shares.

None of the other Directors of the Company have any interest in the shares of the Company or the Company's subsidiaries or investees or any disclosable interest in any contracts or arrangements either subsisting at the end of the last financial year or entered into during this financial year.

There were no other changes in the Directors' interest in the shareholding of the Company between year-end and 9 February 2016.

Principle 12: Corporate Social Responsibility

As a major presence in the community, GO has always taken its corporate social responsibility very seriously and, as in previous years, in 2015 the Group has maintained a steady programme of activities aimed at improving the quality of life of its work force and their families, as well as of the local community and society at large. L-Istrina was once again an event which was heavily supported by GO, not only in terms of a substantial donation but also in terms of equipment, communications infrastructure and hundreds of man-hours, freely given to ensure the success of this annual fundraiser. GO also continued to support various NGOs, particularly animal welfare organisations.

The Company retained a careful eye on environmental considerations in all its activities, as well as ethical behaviour with regards to its interactions with all its stakeholders.

It is always particularly encouraging to note that while employee support for company-driven events is growing from year to year, so are the number of personal initiatives taken, as this is very much in line with the Company's belief in a holistic approach to their work-life balance as well as strengthening community team spirit.

CORPORATE GOVERNANCE – STATEMENT OF COMPLIANCE CONTINUED

C. NON-COMPLIANCE WITH THE CODE

Principle 3: Executive and Non-Executive Directors on the Board

As explained in Principle 3 in Section B, the Board is composed entirely of non-executive Directors. Notwithstanding this, it is considered that the Board, as composed, provides for sufficiently balanced skills and experience to enable it to discharge its duties and responsibilities effectively. In addition, no cases of conflict of interest are foreseen.

Principle 4: Succession Policy for the Board (code provision 4.2.7)

This Code Provision recommends "the development of a succession policy for the future composition of the Board of Directors and particularly the executive component thereof, for which the Chairman should hold key responsibility".

In the context of the appointment of Directors being a matter reserved exclusively to the Company's shareholders (except where the need arises to fill a casual vacancy) as explained under Principle 3 in Section B, considering that every Director retires from office at the AGM and on the basis of the Directors' non-executive role, the Company does not consider it feasible to have in place such a succession policy.

Principle 6: Succession Plan for Senior Management

Although the Chief Executive Officer is responsible for the recruitment and appointment of senior management, the Company has not established a formal succession plan. This is basically due to the fact that the appointment of senior management is always discussed at the Remuneration Committee and approved by the Board of Directors.

Principle 8 B: Nomination Committee

Pursuant to the Company's Articles of Association, the appointment of Directors to the Board is reserved exclusively to the Company's shareholders. Shareholders holding not less than 12% (twelve per cent) of the issued share capital of the Company having voting rights shall be entitled to appoint one Director for every such 12% holding by letter addressed to the Company. The other shareholders are entitled to appoint the remaining Board members at the AGM in accordance with the provisions of the Articles of Association. The nomination of a candidate by a shareholder is to be seconded by a shareholder or shareholders holding at least 15,000 shares.

Within this context, the Board believes that the setting up of a Nomination Committee is currently not suited to the Company since it will not be able to undertake satisfactorily its full functions and responsibilities as envisaged by the spirit of the Code. The Company also considers that some of the functions of the Nomination Committee (particularly those relating to succession planning and the appointment of senior management) are already dealt with by the Remuneration Committee.

Principle 9: Conflicts between Shareholders (code provision 9.3)

Currently there is no established mechanism disclosed in the Company's Memorandum and Articles of Association to trigger arbitration in the case of conflict between the minority shareholders and the controlling shareholders. In any such cases should a conflict arise, the matter is dealt with in the appropriate fora in the Board meetings, wherein the minority shareholders are represented. There is also an open channel of communication between the Company and the minority shareholders via the office of the Company Secretary.

D. INTERNAL CONTROLS

The key features of the Group's system of internal controls are as follows:

Organisation

The Group operates through boards of Directors of subsidiaries with clear reporting lines and delegation of powers. The Company's Chairman is also the chairman of the board of Directors of the Company's subsidiaries, except for BMIT Limited, BM Support Services Limited and Bellnet Limited.

CORPORATE GOVERNANCE
– STATEMENT OF COMPLIANCE CONTINUED

D. INTERNAL CONTROLS CONTINUED

Control environment

The Group is committed to the highest standards of business conduct and seeks to maintain these standards across all of its operations. Group policies and employee procedures are in place for the reporting and resolution of fraudulent activities.

The Group has an appropriate organisational structure for planning, executing, controlling and monitoring business operations in order to achieve Group objectives. Lines of responsibility and delegation of authority are documented.

The Group and the individual companies comprising it have implemented control procedures designed to ensure complete and accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include physical controls, segregation of duties and reviews by management, internal audit and the external auditors.

Risk identification

Group management is responsible together with each of the subsidiary companies' management, for the identification and evaluation of key risks applicable to their areas of business. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements.

Information and communication

Group companies participate in periodic strategic reviews which include consideration of long-term financial projections and the evaluation of business alternatives.

Monitoring and corrective action

There are clear and consistent procedures in place for monitoring the system of internal financial controls. The Audit Committee meets regularly during the year and, within its terms of reference as approved by the Listing Authority, reviews the effectiveness of the Group's systems of internal financial controls. The committee receives reports from management, internal audit and the external auditors.

E. GENERAL MEETINGS

Shareholders' influence is exercised at the Annual General Meeting (AGM), which is the highest decision-making body of the Company. All shareholders, registered in the Shareholders' Register, have the right to participate in the Meeting and to vote for the full number of their respective shares. A shareholder who cannot participate in the Meeting can be represented by proxy.

Business at the Company's AGM will cover the Annual Report and Financial Statements, the declaration of dividends, election of Directors and the approval of their remuneration, the appointment of the auditors and the authorisation of the Directors to set the auditors' fees. Shareholders' meetings are called with sufficient notice to enable the use of proxies to attend, vote or abstain. The Company clearly recognises the importance of maintaining a regular dialogue with its shareholders in order to ensure that its strategies and performance are understood. It communicates with the shareholders through the AGM by way of the Annual Report and Financial Statements and by publishing its results on a regular basis during the year. This is done through the Investor Relations Section on the Company's Internet site, the office of the Company Secretary, and Company announcements to the market in general. A free-phone service is reserved for communication by shareholders with the Company. Regular meetings are held with financial intermediaries and stockbrokers.

REMUNERATION COMMITTEE REPORT

A. TERMS OF REFERENCE AND MEMBERSHIP

The Committee is responsible for determining and agreeing with the Board the framework or broad policy for the Remuneration of the Company's Chief Officers, the Chairman of the Company, the Directors of the board, and such other members as it is designated to consider. In determining such policy, the Committee takes into account all factors which it deems necessary, including the position of the Group companies relative to other companies in the marketplace. The objective of such policy shall be to ensure that Directors and Chief Officers are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group Companies.

The Group Remuneration Committee is composed of Mr D. Padmanabhan (Chairman), The Noble P. Testaferrata Moroni Viani and Mr P. Fenech, all of whom are non-executive Directors of the Company. The Chief Executive Officer (CEO) of the Company is invited to attend the meetings of the Committee. The Company Secretary, Dr F. Galea Salomone acts as Secretary to the Remuneration Committee.

B. MEETINGS

During the period under review the Committee held two (2) meetings. All Committee members attended both meetings held.

The Committee discussed the following matters:

- Remuneration report;
- Remuneration of Senior Management;
- Approval of bonus to Senior Management and other staff;
- Resignation and appointment of new Chief Officers;
- Approval of CEO's performance bonus for 2015; and
- Bonus scheme for 2016.

C. REMUNERATION POLICY – DIRECTORS

The Board is composed exclusively of non-executive Directors. The determination of remuneration arrangements for Board members is a matter reserved for the Board as a whole. The maximum annual aggregate emoluments that may be paid to Directors is approved by the shareholders in General Meeting in terms of the Articles of Association of the Company. The aggregate amount approved for this purpose during the last Annual General Meeting was €200,000.

The current Directors' fees as approved by the Board are set at €11,647 per annum for Directors and €17,470 per annum for the Chairman. Since his appointment as Chairman of the Board of Directors, Mr D. Padmanabhan opted to waive fees due to him as Chairman. As of 1 January 2013, Board Directors Mr D. Padmanabhan, Mr N. Patil and Mr N. Prihoda opted to waive off fees due to them as Directors. No variable remuneration is paid to Directors.

No Board Committee fees were payable to any of the Directors during the year under review.

None of the Directors have service contracts with either the Company or its subsidiaries.

None of the Directors, in their capacity as a Director of the Company or any of its subsidiaries, is entitled to profit sharing, share options or pension benefits. In terms of non-cash benefits, Directors are entitled to a number of services offered by the Company and to health insurance.

Total emoluments received by Directors during the year under review are reported below under section E in terms of the Code Provisions.

D. REMUNERATION POLICY – SENIOR MANAGEMENT

For the purposes of this Remuneration Statement, references to Senior Management shall mean the Chief Executive Officer and the Chief Officers.

The base salaries of all Senior Management are established in accordance with the Company's salary structure. The Group's Remuneration Committee is satisfied that in all cases the base remuneration established is in line with the criteria described in the introduction to this report. In particular, in reaching this conclusion, the Committee has paid due regard to market conditions and remuneration rates offered by comparable organisations for comparable roles and to the Group's established performance-related remuneration and evaluation system.

Members of the Senior Management are each entitled to a cash performance bonus. In addition, the Board of Directors may approve additional bonuses for outstanding performances and achievements. Performance is measured on the basis of appraisals drawn up or endorsed by the CEO. These bonuses constitute the variable remuneration disclosed in the table below.

The rate at which the bonus is paid depends on the Committee's evaluation of the CEO's assessment of the individual officer's performance. Bonuses are calculated on the basis of personal performance, departmental and Company objectives. Total amounts are subject to the discretion of the Remuneration Committee and the Board of Directors.

REMUNERATION COMMITTEE REPORT CONTINUED

D. REMUNERATION POLICY – SENIOR MANAGEMENT CONTINUED

The Company does not have a policy in place which regulates the terms and conditions of contracts of Senior Management with respect to contract duration, notice periods, termination payments and related matters. The Company confirms that only one chief officer has an indefinite contract that includes a severance payment clause.

As is the case with Directors, Senior Management are entitled to non-cash benefits in terms of a number of services offered by the Company and to health insurance. None of the Senior Management are entitled to profit sharing, share options or pension benefits.

Total emoluments received by Senior Management during the year under review are reported below under section E in terms of the Code Provisions.

E. CODE PROVISIONS 8.A.5

Emoluments of Directors

Fixed Remuneration	Variable Remuneration	Share Options	Others
€55,323	None	None	€2,438

Emoluments of Senior Management

Fixed Remuneration	Variable Remuneration	Share Options	Others
€1,510,107	€562,001	None	€18,590

Mr Deepak Padmanabhan
Chairman, Group Remuneration Committee

11 February 2016

INDEPENDENT AUDITOR'S REPORT

To the shareholders of GO p.l.c.

REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

We have audited the consolidated and stand-alone financial statements of GO p.l.c. (together the 'financial statements') on pages 39 to 126, which comprise the consolidated and stand-alone statements of financial position as at 31 December 2015, and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

As explained more comprehensively in the Statement of Directors' responsibilities for the financial statements on pages 25 to 26, the Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, 1995, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements

- give a true and fair view of the financial position of the Group and the parent Company as at 31 December 2015, and of their financial performance and their cash flows for the year then ended in accordance with IFRSs as adopted by the EU; and
- have been properly prepared in accordance with the requirements of the Maltese Companies Act, 1995.

INDEPENDENT AUDITOR'S REPORT CONTINUED
To the shareholders of GO p.l.c.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Report on the statement of compliance with the Principles of Good Corporate Governance
The Listing Rules issued by the Malta Listing Authority require the Directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting period with those Principles.

The Listing Rules also require the auditor to include a report on the Statement of Compliance prepared by the Directors.

We read the Statement of Compliance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

In our opinion, the Statement of Compliance set out on pages 28 to 33 has been properly prepared in accordance with the requirements of the Listing Rules issued by the Malta Listing Authority.

Matters on which we are required to report by exception
We also have responsibilities under:

- the Maltese Companies Act, 1995 to report to you if, in our opinion:
  - The information given in the Directors' report is not consistent with the financial statements.
  - Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
  - The financial statements are not in agreement with the accounting records and returns.
  - We have not received all the information and explanations we require for our audit.
  - Certain disclosures of Directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.
- the Listing Rules to review the statement made by the Directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

We have nothing to report to you in respect of these responsibilities.

PricewaterhouseCoopers
78 Mill Street
Qormi
Malta

Mr Simon Flynn
Partner

11 February 2016

FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

		Group		Company		
						As at
		2015	2014	**2015**	2014	1 January 2014
		€000	€000	**€000**	€000	€000
As at 31 December	Notes		Restated		Restated	Restated
ASSETS						
Non-current assets						
Property, plant and equipment	5	**97,826**	133,640	**89,933**	83,389	85,038
Investment property	6	**–**	2,199	**–**	–	–
Intangible assets	7	**13,199**	13,526	**7,462**	7,565	12,165
Investments in subsidiaries	8	**–**	–	**10,566**	10,616	10,616
Investment in associate	9	**1,917**	1,681	**1,917**	1,681	–
Loans receivable from subsidiaries	11	**–**	–	**–**	49,524	49,524
Loans receivable from related party	11	**16,000**	–	**16,000**	–	–
Loans receivable from associate	11	**10,494**	3,673	**10,494**	3,673	–
Deferred tax assets	13	**5,769**	8,497	**4,132**	6,580	6,859
Derivative financial instruments	20	**15,955**	2,383	**15,955**	2,383	–
Trade and other receivables	15	**1,656**	1,387	**1,656**	1,386	1,217
Total non-current assets		**162,816**	166,986	**158,115**	166,797	165,419
Current assets						
Inventories	14	**9,718**	7,468	**9,489**	7,402	6,861
Trade and other receivables	15	**31,353**	30,311	**42,429**	38,466	44,208
Current tax assets		**995**	–	**995**	172	1,013
Cash and cash equivalents	16	**2,696**	12,509	**1,767**	11,293	28,860
Total current assets		**44,762**	50,288	**54,680**	57,333	80,942
Non-current assets classified as held for sale	10	**–**	–	**–**	6,592	–
Total assets		**207,578**	217,274	**212,795**	230,722	246,361

STATEMENTS OF FINANCIAL POSITION
CONTINUED

		Group		Company		
						As at
		2015	2014	**2015**	2014	1 January 2014
		€000	€000	**€000**	€000	€000
As at 31 December	Notes		Restated		Restated	Restated
EQUITY AND LIABILITIES						
EQUITY						
Share capital	17	**58,998**	58,998	**58,998**	58,998	58,998
Reserves	18	**(543)**	15,640	**5,626**	5,766	5,271
Retained earnings		**33,642**	28,787	**38,739**	59,181	50,007
Total equity		**92,097**	103,425	**103,363**	123,945	114,276
LIABILITIES						
Non-current liabilities						
Borrowings	19	**35,150**	44,573	**35,150**	44,573	59,246
Deferred tax liabilities	13	**611**	7,178	**334**	442	239
Provisions for pensions	21	**4,219**	3,667	**4,219**	3,667	3,370
Derivative financial instruments	20	**8,669**	2,049	**8,669**	2,049	512
Trade and other payables	22	**1,838**	1,388	**1,838**	1,388	3,656
Total non-current liabilities		**50,487**	58,855	**50,210**	52,119	67,023
Current liabilities						
Borrowings	19	**14,678**	9,425	**14,678**	9,425	13,014
Provisions for pensions	21	**2,465**	2,834	**2,465**	2,834	2,651
Derivative financial instruments	20	**–**	91	**–**	91	–
Trade and other payables	22	**47,633**	42,522	**42,079**	42,308	49,172
Current tax liabilities		**218**	122	**–**	–	225
Total current liabilities		**64,994**	54,994	**59,222**	54,658	65,062
Total liabilities		**115,481**	113,849	**109,432**	106,777	132,085
Total equity and liabilities		**207,578**	217,274	**212,795**	230,722	246,361

The notes on pages 48 to 126 are an integral part of these consolidated financial statements.
The financial statements on pages 39 to 126 were authorised for issue by the Board on 11 February 2016 and were signed on its behalf by:

Mr Deepak Padmanabhan
Chairman

Mr Nikhil Patil
Director

INCOME STATEMENTS

		Group		Company	
		2015	2014	**2015**	2014
		€000	€000	**€000**	€000
Year ended 31 December	Notes		Restated		Restated
Revenue	23	**123,700**	122,258	**110,650**	110,658
Cost of sales	24	**(70,369)**	(71,890)	**(65,048)**	(66,120)
Gross profit		**53,331**	50,368	**45,602**	44,538
Administrative and other related expenses	24	**(27,091)**	(29,801)	**(29,709)**	(32,954)
Other income	27	**1,646**	1,337	**1,522**	1,145
Other expenses	28	**(51)**	(140)	**(47)**	(188)
Operating profit		**27,835**	21,764	**17,368**	12,541
Analysed as follows:					
Operating profit before non-recurring items		**29,006**	24,367	**18,539**	15,144
Non-recurring items presented within 'Administrative and other related expenses'	24	**(1,171)**	(2,603)	**(1,171)**	(2,603)
Operating profit after non-recurring items		**27,835**	21,764	**17,368**	12,541
Finance income	29	**1,059**	390	**10,444**	12,717
Finance costs	30	**(1,880)**	(2,315)	**(1,880)**	(2,315)
Gain on spin-off effected by way of distribution	33	**–**	–	**1,144**	–
Adjustments arising on fair valuation of property	5, 6	**–**	491	**–**	69
Adjustments arising on fair valuation of derivative financial instruments	20	**6,952**	–	**6,952**	–
Losses attributable to investment in joint venture	11	**–**	(6,592)	**(6,592)**	–
Share of results of associate	9	**236**	–	**236**	–
Profit before tax		**34,202**	13,738	**27,672**	23,012
Tax expense	31	**(7,791)**	(5,704)	**(7,606)**	(6,630)
Profit for the year – attributable to owners of the Company		**26,411**	8,034	**20,066**	16,382
Earnings per share (euro cents)	32	**26c1**	7c9		

The notes on pages 48 to 126 are an integral part of these consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

		Group		Company	
		2015	2014	**2015**	2014
		€000	€000	**€000**	€000
Year ended 31 December	Notes		Restated		Restated
Comprehensive income					
Profit for the year		**26,411**	8,034	**20,066**	16,382
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Surplus arising on revaluation of land and buildings	5	**–**	38	**–**	676
Remeasurements of defined benefit obligations	21	**(245)**	(566)	**(245)**	(566)
Income tax relating to components of other comprehensive income:					
– Net impact of the application of the changed tax regime on deferred tax attributable to the fair valuation of property	13	**1,285**	–	**108**	–
– Surplus on revaluation of land and buildings	13	**–**	(956)	**–**	(203)
– Remeasurements of defined benefit obligations	13	**86**	198	**86**	198
Items that may be subsequently reclassified to profit or loss					
Change in fair value of derivative designated as hedging instrument in cash flow hedge	20	**91**	421	**91**	421
Income tax relating to components of other comprehensive income	13	**(32)**	(147)	**(32)**	(147)
Total other comprehensive income for the year, net of tax		**1,185**	(1,012)	**8**	379
Total comprehensive income for the year		**27,596**	7,022	**20,074**	16,761

The notes on pages 48 to 126 are an integral part of these consolidated financial statements.

STATEMENTS OF CHANGES IN EQUITY

Group	Notes	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2014		58,998	16,536	27,961	103,495
Comprehensive income					
Profit for the year (restated)		–	–	8,034	8,034
Other comprehensive income:					
Surplus arising on revaluation of land and buildings	5	–	38	–	38
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	18	–	(956)	–	(956)
Cash flow hedge, net of deferred tax	20	–	274	–	274
Remeasurements of defined benefit obligations, net of deferred tax	21	–	(368)	–	(368)
Transfer from retained earnings in relation to insurance contingency reserve	18	–	116	(116)	–
Total other comprehensive income		–	(896)	(116)	(1,012)
Total comprehensive income (restated)		–	(896)	7,918	7,022
Transactions with owners in their capacity as owners					
Distribution to owners:					
Dividends to equity holders	33	–	–	(7,092)	(7,092)
Balance at 31 December 2014 (restated)		58,998	15,640	28,787	103,425

STATEMENTS OF CHANGES IN EQUITY
CONTINUED

Group continued	Notes	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2015 (restated)		58,998	15,640	28,787	103,425
Comprehensive income					
Profit for the year		–	–	26,411	26,411
Other comprehensive income:					
Surplus arising on revaluation of land and buildings	5	–	1,732	–	1,732
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	13	–	1,285	–	1,285
Cash flow hedge, net of deferred tax	20	–	59	–	59
Remeasurements of defined benefit obligations, net of deferred tax	21	–	(159)	–	(159)
Transfer upon realisation of revaluation reserve, through property disposal effected through spin-off	18	–	(19,216)	19,216	–
Transfer from retained earnings in relation to insurance contingency reserve	18	–	116	(116)	–
Total other comprehensive income			(16,183)	19,100	2,917
Total comprehensive income			(16,183)	45,511	29,328
Transactions with owners in their capacity as owners					
Distribution to owners:					
Dividends paid to equity holders	33	–	–	(7,092)	(7,092)
Spin-off effected by way of distribution	33	–	–	(33,564)	(33,564)
Total transactions with owners		–	–	(40,656)	(40,656)
Balance at 31 December 2015		**58,998**	**(543)**	**33,642**	**92,097**

STATEMENTS OF CHANGES IN EQUITY CONTINUED

Company (restated)	Notes	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2014					
– as previously reported		58,998	5,271	49,983	114,252
– impact of mergers of subsidiary undertakings with GO	39	–	–	24	24
– as restated		58,998	5,271	50,007	114,276
Comprehensive income					
Profit for the year (restated)		–	–	16,382	16,382
Other comprehensive income: (restated)					
Surplus arising on revaluation of land and buildings (restated)	5	–	676	–	676
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals (restated)	13	–	(203)	–	(203)
Cash flow hedge, net of deferred tax	20	–	274	–	274
Remeasurements of defined benefit obligations, net of deferred tax	21	–	(368)	–	(368)
Transfer from retained earnings in relation to insurance contingency reserve	18	–	116	(116)	–
Total other comprehensive income (restated)		–	495	(116)	379
Total comprehensive income (restated)		–	495	16,266	16,761
Transactions with owners in their capacity as owners					
Distribution to owners:					
Dividends paid to equity holders	33	–	–	(7,092)	(7,092)
Balance at 31 December 2014 (restated)		58,998	5,766	59,181	123,945

STATEMENTS OF CHANGES IN EQUITY
CONTINUED

Company continued	Notes	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2015 (restated)		58,998	5,766	59,181	123,945
Comprehensive income					
Profit for the year		–	–	20,066	20,066
Other comprehensive income:					
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	13	–	108	–	108
Cash flow hedge, net of deferred tax	20	–	59	–	59
Remeasurements of defined benefit obligations, net of deferred tax	21	–	(159)	–	(159)
Transfer upon realisation of revaluation reserve, through property disposal effected through spin-off	18	–	(264)	264	–
Transfer from retained earnings in relation to insurance contingency reserve	18	–	116	(116)	–
Total other comprehensive income		–	(140)	148	8
Total comprehensive income		–	(140)	20,214	20,074
Transactions with owners in their capacity as owners					
Distribution to owners:					
Dividends paid to equity holders	33	–	–	(7,092)	(7,092)
Spin-off effected by way of distribution	33	–	–	(33,564)	(33,564)
Total transactions with owners in their capacity as owners		–	–	(40,656)	(40,656)
Balance at 31 December 2015		**58,998**	**5,626**	**38,739**	**103,363**

The notes on pages 48 to 126 are an integral part of these consolidated financial statements.

STATEMENTS OF CASH FLOWS

		Group		Company	
		2015	2014	**2015**	2014
		€000	€000	**€000**	€000
Year ended 31 December	Notes				Restated
Cash flows from operating activities					
Cash generated from operations	34	**43,678**	48,778	**36,522**	45,827
Interest received		**15**	390	**15**	65
Interest paid on bank overdrafts		**(139)**	(194)	**(139)**	(382)
Tax paid		**(5,914)**	(6,669)	**(3,715)**	(4,215)
Tax refund received		**53**	724	**-**	695
Payments under voluntary retirement scheme		**(686)**	(2,595)	**(686)**	(2,595)
Payments in relation to pension obligations		**(230)**	(90)	**(230)**	(90)
Net cash from operating activities		**36,777**	40,344	**31,767**	39,305
Cash flows from investing activities					
Payments to acquire property, plant and equipment and intangible assets		**(25,901)**	(20,105)	**(20,597)**	(18,857)
Loans advanced to joint venture		**-**	(6,014)	**-**	(6,014)
Loans advanced to associate		**(7,500)**	(4,500)	**(7,500)**	(4,500)
Net cash used in investing activities		**(33,401)**	(30,619)	**(28,097)**	(29,371)
Cash flows from financing activities					
Repayments of bank loans		**(9,586)**	(14,771)	**(9,586)**	(14,656)
Dividends paid		**(7,092)**	(7,011)	**(7,092)**	(7,011)
Loan interest paid		**(1,637)**	(2,121)	**(1,637)**	(2,121)
Net cash used in financing activities		**(18,315)**	(23,903)	**(18,315)**	(23,788)
Net movements in cash and cash equivalents		**(14,939)**	(14,178)	**(14,645)**	(13,854)
Cash and cash equivalents at beginning of year		**11,604**	24,762	**10,388**	23,220
Exchange differences on cash and cash equivalents		**(71)**	(23)	**(78)**	(21)
Movement in cash pledged as guarantees		**(187)**	1,043	**(187)**	1,043
Cash and cash equivalents at end of year	16	**(3,593)**	11,604	**(4,522)**	10,388

The notes on pages 48 to 126 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The consolidated financial statements include the financial statements of GO p.l.c. and its subsidiaries and are prepared in accordance with the requirements of International Financial Reporting Standards (IFRSs) as adopted by the EU and with the requirements of the Maltese Companies Act, 1995. They have been prepared under the historical cost convention, except as modified by the fair valuation of derivative financial instruments, available-for-sale financial assets, the land and buildings class within property, plant and equipment, and investment property. Unless otherwise stated, all financial information presented has been rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Restatement of comparative financial information

The comparative financial information in GO's consolidated financial statements have been restated in view of the fact that the IFRS 5 classification criteria in respect of GO's investment in joint venture were no longer met during the financial year ended 31 December 2015. The investment in joint venture cannot be classified as an non-current asset classified as held for sale in accordance with the requirements of IFRS 5 (Note 10), and accordingly the application of equity accounting had to be resumed retrospectively with effect from the date of classification as held for sale, which classification occurred during the year ended 31 December 2014.

The comparative financial information in GO's stand-alone financial statements have been restated in view of the mergers of Mobisle Communications Limited and Worldwide Communications Limited, two subsidiaries, with GO p.l.c.. Although the mergers became effective on 19 December 2015, the mergers have been accounted for as if they had already taken place at the beginning of the earliest period presented in these financial statements, i.e. 1 January 2014. Accordingly, GO's stand-alone statements of financial position as at 31 December 2014 and 1 January 2014 have been restated reflecting the assets and liabilities of both the entities which have been merged with GO p.l.c.. GO's stand-alone income statement and statement of cash flows for the year ended 31 December 2014 have been restated, incorporating the financial results and cash flows of both entities which have been merged with the Company (Note 39).

Standards, interpretations and amendments to published standards effective in 2015

In 2015, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2015. The adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in changes to the Group's accounting policies impacting the Group's financial performance and position.

Standards, interpretations and amendments to published standards that are not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Group's accounting periods beginning after 1 January 2015, including IFRS 9, 'Financial instruments', amongst other pronouncements. The Group has not early adopted these revisions to the requirements of IFRSs as adopted by the EU, except as disclosed below, and the Company's Directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's financial statements in the period of initial application.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2015. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The Group is yet to assess the full impact of IFRS 9 and intends to adopt IFRS 9, subject to endorsement by the EU, not later than the accounting period beginning on or after 1 January 2018.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.1 Basis of preparation CONTINUED

The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted, subject to endorsement by the EU. The Group is assessing the impact of IFRS 15.

1.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where, for instance the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If this aggregate is less than the fair value of the identifiable net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of acquiring the investment. Provisions are recorded where, in the opinion of the Directors, there is impairment in value. Where there has been impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified.

The results of subsidiaries are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss. Loans for which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, an extension of the Company's investment in that subsidiary. Loans to subsidiaries for which settlement is planned are classified as loans and receivables in accordance with the requirements of IAS 39 (Note 1.11.1).

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests, where the acquisition or disposal of partial interests in a subsidiary has no impact on the Group's ability to control the subsidiary's financial and operating policies, as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the identifiable net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.2 Consolidation CONTINUED

(d) Joint ventures

The Group has applied IFRS 11 to joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. GO p.l.c. has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method in the consolidated financial statements. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in joint ventures are accounted for by the cost method of accounting, i.e. at cost less impairment. Provisions are recorded where, in the opinion of the Directors, there is impairment in value. Where there has been impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of the joint venture are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

(e) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting in the consolidated financial statements. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

In the Company's separate financial statements, investments in associates are accounted for by the cost method of accounting, i.e. at cost less impairment. Provisions are recorded where, in the opinion of the Directors, there is impairment in value. Where there has been impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of the associate are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.2 Consolidation CONTINUED

(f) Business combinations involving entities under common control

Business combinations involving entities under common control are transactions in which all of the combining entities are controlled by the same party or parties before and after the transaction and that control is not transitory. The key feature of a transaction among entities under common control is that there is no change in the ultimate control of the combining entities as a result of the transaction. Control could be exercised by a group of individuals that are all part of the same close family group when they have the collective power to govern the financial and operating policies of the entity.

The Company has chosen to apply the pooling of interests method or predecessor accounting to account for transactions involving entities under common control. The Company accounts for business combinations involving entities under common control by recording:

(a) the transaction as if it had already taken place at the beginning of the earliest period presented;
(b) the assets and liabilities of the acquired entity using predecessor book values from the consolidated financial statements of the controlling party; and
(c) the difference between the consideration given and the aggregate book value of the assets and liabilities of the acquired entity as an adjustment to equity.

When the controlling party does not prepare financial statements, the book values from the financial statements of the acquired entity are used.

1.3 Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the Board of Directors, which is the Group's chief operating decision-maker in accordance with the requirements of IFRS 8 'Operating Segments'.

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, and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance executing the function of the chief operating decision-maker.

1.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. All foreign exchange gains and losses are presented in the income statement within 'other income' or 'other expenses'.

1.5 Property, plant and equipment

All property, plant and equipment is initially recorded at historical cost. Land and buildings comprise various exchanges, offices and outlets around the Maltese islands. Land and buildings are shown at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are carried out on a regular basis such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete, and is suspended if the development of the asset is suspended.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.5 Property, plant and equipment CONTINUED

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same individual asset are charged in other comprehensive income and debited against the revaluation reserve directly in equity; all other decreases are charged to profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged to profit or loss, and then reflected in other comprehensive income and shown as a revaluation reserve.

An external, independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's property portfolio at periodical intervals. The fair values are based on market values, being the estimated amount or price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risk inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The rates of depreciation used for the current and comparative periods are as follows:	%
Land and buildings	
Buildings	1 – 2
Improvements to leasehold premises	7.14 – 10
Plant and equipment	
Cable, wireless and mobile networks	4 – 33.33
Subscribers' equipment and line	8 – 20
Exchange and junction equipment	8.33 – 20
Radio plant and equipment	10 – 20
Other plant, machinery and equipment	7 – 30
Office furniture and equipment	10 – 25
Air conditioning equipment	10 – 20
Earth station	6.7 – 7
Computer equipment	20 – 33.33
DTTV platform	10 – 50
Motor vehicles	20 – 35

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.8).

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognised in profit or loss.

When revalued assets are sold, the amounts included in the revaluation reserve relating to the asset are transferred to retained earnings.

1.6 Intangible assets

(a) Indefeasible rights of use

Indefeasible rights of use (IRUs) and Droit de Passage (DDPs) correspond to the right to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognised as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibres, or dedicated wavelength bandwidth, and the duration of the right is for the major part of the underlying asset's economic life. They are depreciated over the shorter of the expected period of use and the life of the contract.

(b) Computer software

The Group's computer software comprises software developed by Group entities and software acquired by Group entities. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.6 Intangible assets CONTINUED

(b) Computer software CONTINUED

- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

(c) Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'.

Goodwill that is recognised separately within 'intangible assets' is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. The recoverable amount is the higher of fair value less costs to sell and value in use. Impairment losses on goodwill are not reversed.

(d) Licences

Separately acquired licences are shown at historical cost. Licences acquired in a business combination are recognised at fair value at the acquisition date. Licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

(e) Brand names

Brand names acquired in a business combination are recognised at fair value at the acquisition date. These assets have a finite useful life and are carried at cost less accumulated amortisation, which amortisation is calculated using the straight-line method over the expected life of the brand. The fair value of the brand names acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the trademark being owned.

(f) Customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

(g) Broadcasting rights

Broadcasting rights represent the payments made in relation to acquiring rights to broadcast various television networks or events. Amortisation is calculated using the straight-line method to allocate the cost of these rights over their contractual life. Premium TV content such as film or sports broadcasting rights, are recognised in the statement of financial position when they are contracted and expensed when broadcast. The cost of premium TV content is recognised in profit or loss on the first broadcast, or where the rights are for a period, seasons or competitions, such rights are principally recognised on a straight-line basis across the period, seasons or competitions.

(h) Technical knowledge

Technical knowledge acquired or developed to a plan or design for the production of new or substantially improved products and processes is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Capitalised expenditure on technical knowledge is stated at cost less accumulated amortisation and accumulated impairment losses.

(i) Other intangible assets

Other intangibles include the customer bases acquired by the Group. They have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.6 Intangible assets CONTINUED

Amortisation

Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets to their residual value over their estimated useful lives as follows:

	Years
Indefeasible rights of use (IRUs)	4.75 – 24.75
Computer software	4 – 10
Licences	2 – 15
Brand names	6 – 10
Customer relationships	5
Technical knowledge	2 – 15
Broadcasting rights	over the period of rights

The assets' residual values and useful lives are reviewed and adjusted as appropriate, at the end of each reporting period.

1.7 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies within the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property, when such identification is made.

Investment property is measured initially at its historical cost, including related transaction costs and borrowing costs. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Borrowing costs which are incurred for the purpose of acquiring or constructing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value, representing open market value determined annually. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location, or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the end of the reporting period by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of the reclassification becomes its cost for subsequent accounting purposes. When the Group decides to dispose of an investment property without development, the Group continues to treat the property as an investment property. Similarly, if the Group begins to redevelop an existing investment property for continued future use as investment property, it remains an investment property during the redevelopment. If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under IAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income directly to revaluation surplus within equity.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.7 Investment property CONTINUED

Any resulting decrease in the carrying amount of the property is initially charged to other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

1.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or certain intangible assets, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Goodwill that forms part of the carrying amount of an investment in a joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in a joint venture is tested for impairment as a single asset when there is objective evidence that the investment in a joint venture may be impaired.

1.9 Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Certain derivatives embedded in other financial instruments, such as the conversion option in an acquired convertible loan, are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are separately accounted for at fair value, with changes in fair value recognised in the consolidated income statement unless the Group chooses to designate the hybrid contracts at fair value through profit or loss.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

(a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
(b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedges); or
(c) hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80 to 125 per cent.

The fair values of derivative instruments used for hedging purposes are disclosed in Note 20. Movements in the hedging reserve in other comprehensive income are shown in Note 18. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than twelve months, and as a current asset or liability when the remaining maturity of the hedged item is less than twelve months.

Cash flow hedge

The Group designates certain derivative financial instruments as hedging instruments in cash flow hedging relationships to hedge its interest rate risk exposures. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.9 Derivative financial instruments and hedge accounting CONTINUED

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the consolidated income statement under 'Net gains/(losses) on financial instruments classified as held for trading'. However, the gains and losses arising from changes in the fair value of derivatives that are managed in conjunction with financial assets or financial liabilities designated at fair value are included in 'Net gains on financial instruments designated at fair value'.

1.10 Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

1.11 Financial assets

1.11.1 Classification

The Group classifies its financial assets (other than investment in subsidiaries in the Company's case) in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, i.e. financial assets acquired principally for the purpose of selling in the short-term. A financial asset is also classified in this category if, on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within twelve months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the asset. They are included in current assets except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables principally comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (Notes 1.13 and 1.15).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale financial assets. They are included in non-current assets unless the asset matures or management intends to dispose of it within twelve months of the end of the reporting period.

1.11.2 Recognition and measurement

The Group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on the settlement date, which is the date on which an asset is delivered to or by the Group.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership or has not retained control of the asset.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss when the Group's right to receive payments is established.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.11 Financial assets CONTINUED

1.11.2 Recognition and measurement CONTINUED

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in other comprehensive income. The other changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income directly in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss.

Interest on available-for-sale securities calculated using the effective interest method is recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

1.11.3 Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The Group first assesses whether objective evidence of impairment exists. The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

(a) Assets carried at amortised cost

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. Impairment testing of trade receivables is described in Note 1.13.

(b) Assets classified as available-for-sale

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

1.12 Inventories

Goods held for resale and other inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average cost method, and comprises the invoiced value of goods, including transport and handling costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Property held for resale

When the main object of a property is for resale purposes, the asset is classified in the financial statements as inventories. Such property is carried at the lower of cost and net realisable value. Cost comprises the purchase cost of acquiring the land together with other costs incurred during its subsequent development, including costs incurred on demolition, site clearance, excavation, construction and other related activities. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.13 Trade and other receivables

Trade receivables comprise amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provisions for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within 'administrative expenses'. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in profit or loss.

1.14 Deferred expenditure

(a) Accounting for free customer premises equipment and free TV installation services

Expenses relating to customer premises equipment (e.g. set-top boxes and modems) and TV installations provided for free to subscribers are considered as benefits in kind as incentives to motivate subscribers to enter into a fixed-term contract for the provision of DTTV, IPTV and broadband services. In consideration of the conclusion of a binding sale arrangement, the Group is recognising an asset in respect of those benefits prior to recognition in profit or loss. The cost of benefits in kind provided directly to the subscriber is recognised as an asset, if it is probable that economic benefits will be derived from the transaction. These costs are then recognised in profit or loss over the shorter of the customer retention period or the term of the specific binding sale arrangement entered into with subscribers. The Group monitors customer retention regularly and the amortisation policy is re-assessed accordingly if deemed appropriate. The related amortisation charge is deemed as a discount in kind and recognised as reduction in revenue.

(b) Accounting for free credits and subsidised mobile handsets

Expenses relating to equipment (e.g. a mobile handset) or discount (e.g. free credit) given by the Group as part of a multi-year subscriber agreement, are recognised as an asset. These costs in the light of the binding sale arrangements being concluded with subscribers comprise multiple components and cover a term longer than one year, hence extending over more than one accounting period. Multiple components generally include the provision of a mobile phone service, other ancillary services and the delivery of related equipment, namely mobile handsets. The components other than the phone service included in the sale arrangements may be separable or not separable from the phone service.

The substance of sale agreements with subscribers is evaluated for the identification of different components and the determination of whether these components are separable from one another. Delivered components are separable if they have value to the subscriber on a stand-alone basis, objective and reliable fair value exists for the undelivered components, the arrangement includes a general right of return for the delivered components, and delivery or performance of the undelivered components is considered probable and substantially in control of the Group. Revenue from separable delivered components is recognised upon satisfaction of the above-mentioned criteria and is measured at fair value using the relative fair value method. This method allocates revenue to each separable component on a pro-rata basis using the fair value attributed to each component when sold separately. The fair value attributed to an undelivered phone service considers an estimated period that is the shorter of the customer retention period and the contract period.

In the case of components that cannot be separated from the phone service (e.g. free credits), the fair value of these components is recognised over the estimated period of the undelivered phone service (generally two years) and netted from the related phone service revenue.

1.15 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

1.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.17 Financial liabilities

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group's financial liabilities, other than derivative contracts, are classified as financial liabilities which are not at fair value through profit or loss (classified as 'Other liabilities') under IAS 39. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities, except for derivative financial instruments, are subsequently measured at amortised cost. The Group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.18 Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.19 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

1.20 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.21 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.22 Provisions

Provisions for legal and other claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is recognised upon delivery of products or performance of services. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.23 Revenue recognition CONTINUED

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Products and services may be sold separately or in bundled packages (multiple element arrangements). In revenue arrangements including more than one deliverable, the arrangements are divided into separate units of accounting. Deliverables are considered separate units of accounting if the following two conditions are met:

(i) the deliverable has value to the customer on a stand-alone basis; and
(ii) there is evidence of the fair value of the item.

The arrangement consideration is allocated to each separate unit of accounting based on its relative fair value.

(a) Sale of goods

Sale of goods is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(b) Sale of services

Revenue from telecommunications and other services rendered is recognised in profit or loss when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue and the associated costs can be measured reliably. Revenue from contract customers is recognised as services are performed, with unbilled revenue resulting from services already provided that is accrued at the end of each period and unearned revenue from services to be provided in future periods that is deferred. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the credit or credit expires. Revenue from calls and messaging is recognised at the time the call or message is effected over the Group's network. Fees, consisting primarily of monthly charges for access to broadband, other Internet access and connected services, TV and voice services, are recognised as revenue as the service is provided. Revenue arising from the interconnection of voice and data traffic between other telecommunications operators is recognised at the time of transit across the Group's network.

(c) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

1.24 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or a series of payments, the right to use an asset for an agreed period of time.

1.24.1 Operating leases

(a) The Group is the lessee

Leases of assets in which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(b) The Group is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position and are accounted for in accordance with Note 1.5. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

1.24.2 Finance leases

The Group is the lessor

When assets are leased out under finance leases, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

The method for allocating gross earnings to the accounting period is referred to as the 'actuarial method'. The actuarial method allocates rentals between finance income and repayment of capital in each accounting period in such a way that finance income will emerge as a constant rate of return on the lessor's net investment in the lease.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.25 Employee benefits

(a) Provisions for pensions

As explained in Note 21, following a judgement by the Court of Appeal on 7 July 2008, the Group was required to set up a pension scheme in favour of its eligible employees and former employees within three months of the judgement on a basis similar to that prescribed by the Pensions Ordinance, 1937. Such a scheme is in the form of a defined benefit plan.

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement. In the Group's case, this amount is dependent on an employee's final compensation upon retirement, as well as completed months of service. Eligibility to the scheme is also dependent on a minimum of 10 years' service and vests only if at retirement date the employee is still in the employment of the Group.

The liability recognised in the statement of financial position in respect of a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for unrecognised past-service costs. A defined benefit obligation is calculated annually using the projected unit credit method. The present value of a defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate yields of government or high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

(b) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

1.26 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

The Company measures a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. Upon settlement of the dividend payable the Company recognises the difference between the carrying amount of the assets to be distributed and the carrying amount of the dividend payable in profit or loss.

1.27 Borrowing costs

Borrowing costs which are incurred for the purpose of acquiring or constructing qualifying property, plant and equipment or investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway, during the period of time that is required to complete and prepare the asset for its intended use. Capitalisation of borrowing costs is ceased once the asset is substantially complete and is suspended if the development of the asset is suspended. All other borrowing costs are expensed. Borrowing costs are recognised for all interest-bearing instruments on an accrual basis using the effective interest method. Interest costs include the effect of amortising any difference between initial net proceeds and redemption value in respect of the Group's interest-bearing borrowings.

2. FINANCIAL RISK MANAGEMENT

2.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk, and liquidity risk. The Group's overall risk management, covering risk exposures for all subsidiaries, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the respective company's financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Accordingly, the Company's Board of Directors provides principles for overall Group risk management, as well as risk management policies covering risks referred to above and specific areas such as investment of excess liquidity. The Group uses derivative financial instruments to hedge certain risk exposures.

The Group's risk policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2. FINANCIAL RISK MANAGEMENT CONTINUED
2.1 Financial risk factors CONTINUED
(a) Market risk
(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective entity's functional currency, which would be considered a foreign currency. The Group's and the Company's revenues, purchases and operating expenditure, financial assets and liabilities, including financing, are mainly denominated in euro. However, a portion of the Group's revenues and purchases, including interconnect traffic, and certain capital expenditure are denominated in foreign currencies and accordingly the Group is potentially exposed to foreign exchange risk arising from such transactions.

The Group's main risk exposures reflecting the carrying amount of receivables and payables denominated in foreign currencies at the end of the reporting periods were as follows:

	31 December 2015			31 December 2014		
	USD	GBP	SDR	USD	GBP	SDR
	€000	€000	€000	€000	€000	€000
Group						
Trade receivables	819	123	–	1,146	83	14
Trade payables	(528)	(49)	(15)	(384)	(40)	(47)
Net recognised receivables/ (payables) denominated in foreign currency	291	74	(15)	762	43	(33)
Available funds in foreign currency	6	69	–	802	375	–
Net exposure	297	143	(15)	1,564	418	(33)
Company (restated)						
Trade receivables	819	123	–	1,146	83	14
Trade payables	(528)	(49)	(15)	(384)	(40)	(47)
Net recognised receivables/ (payables) denominated in foreign currency	291	74	(15)	762	43	(33)
Available funds in foreign currency	6	69	–	802	375	–
Net exposure	297	143	(15)	1,564	418	(33)

Management does not consider foreign exchange risk attributable to recognised assets and liabilities arising from transactions denominated in foreign currencies, presented within the tables above, to be significant. Accordingly, a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the end of the reporting period is not deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. FINANCIAL RISK MANAGEMENT CONTINUED

2.1 Financial risk factors CONTINUED

(a) Market risk CONTINUED

(ii) Cash flow and fair value interest rate risk

The interest rate profile of the Group's and the Company's interest-bearing financial instruments at the end of the reporting periods is analysed below:

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
				Restated
Financial assets				
Subject to floating rates				
Bank balances	**2,696**	12,509	**1,767**	11,293
Loan receivable from related party	**16,000**	–	**16,000**	–
	18,696	12,509	**17,767**	11,293
Subject to fixed rates				
Loans receivable from subsidiaries	**–**	–	**–**	49,524
Loans receivable from associate	**10,494**	3,673	**10,494**	3,673
Other receivables*	**229**	229	**229**	229
	10,723	3,902	**10,723**	53,426
Total	**29,419**	16,411	**28,490**	64,719
Financial liabilities				
Subject to floating rates				
Bank overdrafts	**(5,244)**	(47)	**(5,244)**	(47)
Bank loans	**(44,584)**	(53,951)	**(44,584)**	(53,951)
Total	**(49,828)**	(53,998)	**(49,828)**	(53,998)

*The amounts attributable to other receivables disclosed above, are stated gross of provisions for impairment.

The Group's significant instruments which are subject to fixed interest rates consist principally of loans to related parties. In this respect, the Group and the Company are potentially exposed to fair value interest rate risk in view of the fixed interest nature of these instruments, which are however measured at amortised cost.

The Group's interest rate risk principally arises from bank borrowings issued at variable rates that are partially offset by balances held with banks and other financial assets subject to floating interest rates, which expose the Group to cash flow interest rate risk. Floating interest rates on these financial instruments are linked to reference rates such as Euribor or the respective banker's base rate. Management monitors the impact of changes in market interest rates on amounts reported in profit or loss in respect of these instruments taking into consideration refinancing, renewal of existing positions, alternative financing and hedging techniques. The Company was a party to a receive-variable, pay-fixed interest rate swap agreement to hedge its exposures to floating interest amounts on bank borrowings amounting to €6,000,000 as at 31 December 2014 (Notes 19, 20).

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2. FINANCIAL RISK MANAGEMENT CONTINUED

2.1 Financial risk factors CONTINUED

(a) Market risk CONTINUED

(ii) Cash flow and fair value interest rate risk CONTINUED

Based on the analysis referred to above, management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably possible at the end of the reporting period as a measure of cash flow interest rate risk. An increase/(decrease) of 100 basis points (2014: 100 basis points) would have increased/(decreased) the profit for the Group and Company by €610,000 (2014: increase/(decrease) in profit by €290,000), which principally takes into account the impact of this shift on the interest amounts arising on variable interest borrowings as at 31 December 2015. Accordingly, the Group's financial results are substantially independent of changes in market interest rates and the level of interest risk to the Group is deemed to be quite contained.

(iii) Price risk

The Group is not exposed to equity securities price risk attributable to investments held by the Group which are classified as available-for-sale, in view of impairment charges reflected in relation to the cost of the investment, bringing its carrying amount down to nil (2014: nil) (Note 12).

(b) Credit risk

Credit risk principally arises from cash and cash equivalents comprising deposits with financial institutions and loans to related parties, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. The Group's and the Company's principal exposures to credit risk as at the end of the reporting period are analysed as follows:

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
				Restated
Carrying amount				
Loans and receivables category:				
Loans receivable from subsidiaries	**–**	–	**–**	49,524
Loans receivable from related party	**16,000**	–	**16,000**	–
Loans receivable from associate	**10,494**	3,673	**10,494**	3,673
Trade and other receivables	**22,923**	22,924	**39,999**	32,080
Cash and cash equivalents	**2,696**	12,509	**1,767**	11,279
	52,113	39,106	**68,260**	96,556

The maximum exposure to credit risk at the end of the reporting period in respect of the financial assets mentioned above is equivalent to their carrying amount as disclosed in the respective notes to the financial statements. The Group does not hold any significant collateral as security in this respect.

The Group principally banks with local and European financial institutions with high quality standing or rating.

Trade and other receivables

The Group assesses the credit quality of its trade customers, the majority of which are unrated, taking into account financial position, past experience and other factors. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. It has policies in place to ensure that sales of services are effected to customers with an appropriate credit history. Standard credit terms are in place for individual clients, however, wherever possible, new corporate customers are analysed individually for creditworthiness before the Group's standard payment and service delivery terms and conditions are offered. The creditworthiness analysis for new customers includes a review through external creditworthiness databases when available. The Group monitors the performance of its trade and other receivables on a regular basis to identify incurred collection losses, which are inherent in the Group's debtors, taking into account historical experience in collection of accounts receivable.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. FINANCIAL RISK MANAGEMENT CONTINUED

2.1 Financial risk factors CONTINUED

(b) Credit risk CONTINUED

In view of the nature of the Group's activities and the market in which it operates, a limited number of customers account for a certain percentage of the Group's trade and other receivables. Whilst no individual customer or group of dependent customers is considered by management as a significant concentration of credit risk with respect to contractual debts, these material exposures are monitored and reported more frequently and rigorously. These customers trade frequently with the respective Group undertaking and are deemed by management to have positive credit standing, usually taking cognisance of the performance history without defaults.

The Group manages credit limits and exposures actively in a practicable manner such that past due amounts receivable from customers are within controlled parameters. The Group's trade and other receivables, which are not impaired financial assets, are principally debts in respect of transactions with customers for whom there is no recent history of default. Management does not expect any losses from non-performance by these customers.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance represents specific provisions against individual exposures with the amount of the provisions being equivalent to the balances attributable to impaired receivables. The movements in the allowance for impairment during the year were as follows:

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
				Restated
Trade receivables				
Balance at 1 January	**11,421**	12,004	**11,191**	11,786
Decrease in provisions	**(891)**	(583)	**(1,107)**	(595)
Balance at 31 December	**10,530**	11,421	**10,084**	11,191
Other receivables				
Balance as at 1 January	**329**	329	**329**	329
Increase in provisions	**115**	–	**115**	–
Balance as at 31 December	**444**	329	**444**	329

The individually impaired trade receivables mainly relate to a number of independent customers which are in unexpectedly difficult economic situations and which are accordingly not meeting repayment obligations. Provisions for impairment in respect of balances with corporate trade customers relate to entities, which are in adverse trading and operational circumstances. Reversals of provisions for impairment arise in those situations where customers recover from unfavourable circumstances and accordingly start meeting repayment obligations. The Group and the Company do not hold any significant collateral as security in respect of the impaired assets.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2. FINANCIAL RISK MANAGEMENT CONTINUED
2.1 Financial risk factors CONTINUED
(b) Credit risk CONTINUED

The ageing of trade receivables and impaired balances at the end of the reporting period was as follows:

	Gross 2015 €000	**Impaired 2015 €000**	Gross 2014 €000	Impaired 2014 €000
Group				
Current	**2,403**	**–**	1,749	–
Up to 30 days	**3,501**	**–**	2,765	–
31 to 60 days	**3,309**	**–**	2,968	–
61 to 90 days	**2,870**	**–**	2,242	–
Over 90 days	**16,588**	**10,530**	20,908	11,421
	28,671	**10,530**	30,632	11,421
Company (restated)				
Current	**2,170**	**–**	1,589	–
Up to 30 days	**3,056**	**–**	2,341	–
31 to 60 days	**3,214**	**–**	2,816	–
61 to 90 days	**2,838**	**–**	2,158	–
Over 90 days	**16,082**	**10,084**	20,611	11,191
	27,360	**10,084**	29,515	11,191

As at 31 December 2015, trade receivables of €1,698,000 (2014: €1,868,000) and €1,656,000 (2014: €1,868,000) for the Group and the Company respectively, were past due but not impaired. Such past due debtors comprise debts allocated to the over 180 days category and the balances would in certain cases be recovered through offsetting of balances due to the Group with contractual liabilities owed to the same customer. These past due debtors mainly relate to a number of independent customers for whom there is no recent history of default. Whilst a limited number of customers account for a certain percentage of the Group's past due debts, management has not identified any major concerns with respect to concentration of credit risk as outlined above. Categorisation of receivables as past due is determined by the Group on the basis of the nature of the credit terms in place and credit arrangements actually utilised in managing exposures with customers.

At 31 December 2015 and 2014, the carrying amount of trade receivables that would otherwise be past due or impaired whose terms have been renegotiated is not deemed material in the context of the Group's trade receivables figures.

Loans receivable from subsidiaries, related party and associate; and amounts due from subsidiaries

The Group's and Company's receivables include loans receivable from associate and related parties, whereas in the case of the Company, they also include loans receivable and amounts due from subsidiaries and related parties (Notes 11 and 15). The Group's exposure to the associate is attributable to the convertible loans outstanding at 31 December 2015, which are highlighted in Note 9, and which have been converted into an equity stake after the end of reporting period. The Group's and the Company's receivables include loans receivable from a former subsidiary undertaking which is still a related party subsequent to the spin-off referred to in Note 33.1, in view of the fact that this entity is ultimately controlled by GO's ultimate parent subsequent to the spin-off. The Company monitors intra-group credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of overall Group liquidity management. The Company assesses the credit quality of these related parties taking into account financial position, performance and other factors. The Company takes cognisance of the related party relationship with these entities and management does not expect any losses from non-performance or default.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. FINANCIAL RISK MANAGEMENT CONTINUED

2.1 Financial risk factors CONTINUED

(c) Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise borrowings (Note 19) and trade and other payables (Note 22). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Group's obligations.

Management monitors liquidity risk by reviewing expected cash flows through cash flow forecasts, and ensures that no additional financing facilities are expected to be required over the coming year. This is performed at a central treasury function, which controls the overall liquidity requirements of the Group within certain parameters. The Group ensures that it has sufficient cash on demand, within pre-established benchmarks, to meet expected operational expenses and servicing of financial obligations over specific short-term periods, excluding the potential impact of extreme circumstances that cannot reasonably be predicted. The Group's liquidity risk is actively managed taking cognisance of the matching of cash inflows and outflows arising from expected maturities of financial instruments, together with the Group's committed bank borrowing facilities and other financing that it can access to meet liquidity needs. In this respect, management does not consider liquidity risk to the Group as significant taking into account the liquidity management process referred to above.

The tables below analyse the Group's and the Company's financial liabilities, which expose the reporting entity to liquidity risk, into relevant maturity groupings based on the remaining term at the end of the reporting period to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	Carrying amount €000	Contractual cash flows €000	6 months or less €000	6 – 12 months €000	1 – 5 years €000	After 5 years €000
Group						
Bank loans	44,584	47,833	5,398	5,345	37,090	–
Bank overdrafts	5,244	5,244	5,244	–	–	–
Trade and other payables	46,646	46,646	44,060	748	1,838	–
31 December 2015	**96,474**	**99,723**	**54,702**	**6,093**	**38,928**	**–**
Bank loans	53,951	59,136	5,557	5,501	47,057	1,021
Bank overdrafts	47	47	47	–	–	–
Trade and other payables	39,955	39,955	37,772	985	1,198	–
31 December 2014	93,953	99,138	43,376	6,486	48,255	1,021
Company (restated)						
Bank loans	44,584	47,833	5,398	5,345	37,090	–
Bank overdrafts	5,244	5,244	5,244	–	–	–
Trade and other payables	41,708	41,708	39,122	748	1,838	–
31 December 2015	**91,536**	**94,785**	**49,764**	**6,093**	**38,928**	**–**
Bank loans	53,951	59,136	5,557	5,501	47,057	1,021
Bank overdrafts	47	47	47	–	–	–
Trade and other payables	39,124	39,124	36,941	985	1,198	–
31 December 2014	93,122	98,307	42,545	6,486	48,255	1,021

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2. FINANCIAL RISK MANAGEMENT CONTINUED

2.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or adjust the amount of dividends paid to shareholders.

The Group monitors the level of capital on the basis of the ratio of aggregated net debt to total capital. Net debt is calculated as total borrowings (as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the respective statement of financial position, plus net debt.

The figures in respect of the Group's equity and borrowings are reflected below:

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
		Restated		Restated
Borrowings (Note 19)	**49,828**	53,998	**49,828**	53,998
Less: Cash and cash equivalents (Note 16)	**(2,696)**	(12,509)	**(1,767)**	(11,293)
Net debt	**47,132**	41,489	**48,061**	42,705
Total equity	**92,097**	103,425	**103,363**	123,945
Total capital	**139,229**	144,914	**151,424**	166,650
Net debt ratio	**33.9%**	28.6%	**31.7%**	25.6%

The Group manages the relationship between equity injections and borrowings, being the constituent elements of capital as reflected above, with a view to managing the cost of capital. The level of capital, as reflected in the consolidated statement of financial position, is maintained by reference to the Group's respective financial obligations and commitments arising from operational requirements. In view of the nature of the Group's activities and the extent of borrowings or debt, the capital level at the end of the reporting period determined by reference to the consolidated financial statements is deemed adequate by the Directors.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. FINANCIAL RISK MANAGEMENT CONTINUED

2.3 Fair values of financial instruments and non-recurring fair value measurements

Fair value estimation in relation to financial instruments measured at fair value and non-recurring fair value measurements

The Group's financial instruments, which are carried at fair value, include derivative financial instruments designated as hedging instruments and other derivative instruments (Note 20), together with the Group's available-for-sale financial assets (Note 12).

The Group is required to disclose fair value measurements by level of a fair value measurement hierarchy for financial instruments that are measured in the statement of financial position at fair value (Level 1, 2 or 3). The different levels of the fair value hierarchy are defined as fair value measurements using:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly i.e. as prices, or indirectly i.e. derived from prices (Level 2).
- Inputs for the asset or liability that are not based on observable market data i.e. unobservable inputs (Level 3).

The fair value of available-for-sale financial assets traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer or broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. The fair value of available-for-sale financial assets and other financial instruments (e.g. over-the-counter derivatives) that are not traded in an active market, is determined by using valuation techniques, principally discounted cash flow models. When the Group uses valuation techniques, it makes assumptions that are based on market conditions existing at the end of each reporting period. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of the interest rate swap with the carrying amount of €91,000 as at 31 December 2014, designated as a hedging instrument, was determined by use of a valuation obtained from a financial institution and verified with observable market data. The fair value of interest rate swap was calculated as the present value of the estimated future cash flows based on observable yield curves. Accordingly, it was categorised since inception as a level 2 instrument.

As a result of the share purchase agreement with Cablenet Communication Systems Limited ('Cablenet') and Mr N. Shiacolas (refer to Notes 9 and 20), GO acquired an interest in an associate. Upon acquisition, the fair values of the Group's investment in the associate, loans receivable from the associate and derivative instruments, comprising options, embedded in the share purchase agreement have been determined on the basis of a professional valuation report by an independent firm of professional valuers. This valuation report was reviewed and assessed by the Group's management and Board of Directors in line with the valuation process described within Note 5 in respect of the fair valuation of property. The valuation report has been updated as at 31 December 2015 particularly in respect of the fair valuation of the embedded options, which report was assessed internally as outlined above.

The fair value of the investment in associate and the loans receivable has been determined utilising a discounted cash flow model as a valuation technique. The key assumption used, in respect of these non-recurring fair value measurements as a result of the acquisition, is the discount rate estimated at 7%. This is deemed to be a significant unobservable input. The loans advanced to the associate till 31 December 2015, with a nominal value of €12 million, are measured at €10.5 million reflecting the discount attributable to the fact that the advances were not subject to interest until 31 December 2017. The initial 25% equity stake in the company, was measured at €1.7 million, representing the estimated fair value of this stake upon acquisition. This amount essentially reflects the discount on the €12 million advances effected by year-end referred to previously.

The fair value of the embedded options, which have been described extensively in Note 20, has been determined through the use of an option valuation model. In view of the terms and conditions of the embedded derivatives, considered as European-styled options for valuation purposes, Monte Carlo simulations were utilised by the independent experts to determine the probability distribution of the derivatives' value as at 31 December 2017 (expiry date of key embedded derivative). For each trial, the Black Scholes model was used to value the options; with the estimated value of the derivatives constituting the average of all the trials, discounted to present value as at 31 December 2015. The value of the derivatives is also derived from the estimated enterprise value of the acquiree as at 31 December 2017, which is based on the enterprise value at 31 December 2015 and the simulated 2015 – 2017 average rate of returns.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2. FINANCIAL RISK MANAGEMENT CONTINUED

2.3 Fair values of financial instruments and non-recurring fair value measurements CONTINUED

Fair value estimation in relation to financial instruments measured at fair value and non-recurring fair value measurements CONTINUED

The fair values of the embedded options comprise financial assets amounting to €15.5 million (2014: €2.4 million) and financial liabilities amounting to €8.7 million (2014: €2 million). The key assumptions used in respect of these recurring fair value measurements comprise the WACC, at 11.4% (2014: 13.3%), and the asset volatility measure, at 19% (2014: 22%). Both are deemed to be significant unobservable inputs. A change in asset volatility measure of 5% would result in a change in the net fair value of the derivatives of 4.9%. A change of 0.5% in the WACC level would give rise to a change in the net fair value of 15.8%. No interrelationships between unobservable inputs used in the fair valuation has been identified.

The valuation techniques referred to above make use of significant unobservable inputs and accordingly the respective fair values are classified as level 3. The fair values are recognised in whole or in part, using valuation techniques based on assumptions that are not supported by prices or other inputs from observable current market transactions in the same instrument.

Fair values of financial instruments not carried at fair value

At 31 December 2015 and 2014, the carrying amounts of certain financial instruments not carried at fair value comprising cash at bank, receivables, payables, accrued expenses and short-term borrowings reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation. The fair value of advances to related parties and other balances with related parties, which are short-term or repayable on demand, is equivalent to their carrying amount. The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amount of the Company's non-current loans receivable from subsidiaries, related party and associate fairly approximates the estimated fair value of these assets based on discounted cash flows. The fair value of the Group's non-current floating interest rate bank borrowings at the end of the reporting period is not significantly different from the carrying amounts. The current market interest rates utilised for discounting purposes, which were almost equivalent to the respective instruments' contractual interest rates, are deemed observable and accordingly these fair value estimates have been categorised as Level 2.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. These estimates and assumptions present a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Group's management also makes judgements, apart from those involving estimations, in the process of applying the entity's accounting policies that may have a significant effect on the amounts recognised in the financial statements.

3.1 Impairment testing

IFRSs require management to undertake an annual test for impairment of goodwill and non-financial assets having an indefinite useful life, and require management to test for impairment if events or changes in circumstances indicate that the carrying amount of a non-financial asset having a finite useful life may not be recoverable. For the purposes of assessing impairment, non-financial assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The Group also assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets or cash-generating units can be supported by the net present value of future cash flows derived from such assets or cash-generating units using cash flow projections, which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, in particular those derived from the Group's cash-generating units, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of growth in earnings before interest, taxation, depreciation and amortisation (EBITDA); developments in number of subscribers and average revenue per user (ARPU); long-term growth rates; and the selection of discount rates to reflect the risks involved. Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence results.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

3.2 Business combinations

The definition of control encompasses three distinct principles, which, if present, identify the existence of control by the Group over an investee, hence forming a parent-subsidiary relationship: power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. When the Group assesses whether it has power over an investee, it needs to assess whether any rights it has are protective (rather than substantive), whether rights held by other investors are protective, or whether other parties have substantive rights that can prevent the Group from directing the relevant investee's activities (for example, veto rights). Protective rights are different to substantive rights. Protective rights are considered as rights designed to protect the interest of the party holding those rights without giving that party power over the entity to which those rights relate. Given that power is required to control an investee, if the Group only has protective rights it will not control the investee.

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The Group makes judgements and estimates in relation to the fair value allocation of the purchase price. The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement. Allocation of the purchase price affects the results of the Group as intangible assets with a finite life are amortised, whereas intangible assets with an indefinite life and goodwill are not amortised. Identifiable intangible assets may include licences, customer bases and brands. The fair value of these assets is determined by discounting estimated future net cash flows generated by the asset where no active market for the assets exist. The use of different assumptions for the expectations of future cash flows and the discount rate would change the valuation of the intangible assets.

3.3 Provisions for pension obligations

The Group exercises judgement in measuring and recognising provisions for its pension obligations. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision. The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the cost for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. In the Company's case, the specific judgements involved are more subjective, taking cognisance of the nature of the Company's obligations and the ongoing developments in this respect.

3.4 Fair valuation of property

The Group's land and buildings category of property, plant and equipment and investment property are fair valued on the basis of professional advice, which considers current market prices for the properties. Fair valuation of property requires the extensive use of judgement and estimates.

3.5 Estimation of useful life

The useful life used to amortise intangible assets relates to the future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. The useful lives and residual values of the Group's property, plant and equipment are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

Assessment of matters referred to above

In the opinion of the Directors, the accounting estimates and judgements made in the course of preparing these consolidated financial statements, which have been highlighted above, are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

The Directors also draw attention to the fact that there are no assumptions and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

4. SEGMENT INFORMATION

4.1 Operating segments

The Group has two reportable segments, as described below, which are effectively the Group's strategic business units and cash-generating units. The strategic business units offer different services, and are managed separately because they require different technology and marketing strategies. The Group's internal reporting to the Board of Directors and Senior Management is analysed according to these segments. For each of the strategic business units, the Board of Directors reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Telecommunication Services (Telecommunications CGU) comprise the Group's fixed-line telephony services, mobile telephony services, digital television services, sale of broadband, Internet services and other business communication solutions.
- Data Centre Services (Data Centre CGU) comprise the Group's data centre activities including co-location services.

Fixed Communication Services and Mobile Communication Services are treated as one business segment taking cognisance of continued technology, market and product developments, which further demonstrate the inextricable linkage of these services. Cash flows generated and returns secured from these services are significantly interdependent, also in the context of the commonality of risks to which the Group is exposed as a result of the provision of these services.

Information about reportable segments

	Telecommunications		Data centre		Total	
	2015	2014	**2015**	2014	**2015**	2014
	€000	€000	**€000**	€000	**€000**	€000
		Restated				Restated
Total revenue	**110,650**	110,658	**14,532**	12,973	**125,182**	123,631
Inter-segment revenue	**(1,155)**	(1,034)	**(327)**	(339)	**(1,482)**	(1,373)
Revenue from external customers	**109,495**	109,624	**14,205**	12,634	**123,700**	122,258
Reportable segment profit before tax	**22,802**	9,445	**5,675**	4,855	**28,477**	14,300
Tax	**(5,630)**	(3,561)	**(2,083)**	(2,143)	**(7,713)**	(5,704)
Results for reportable segments	**17,172**	5,884	**3,592**	2,712	**20,764**	8,596
Information about profit or loss						
Finance income	**1,059**	390	**–**	–	**1,059**	390
Finance costs	**(1,880)**	(2,315)	**–**	–	**(1,880)**	(2,315)
Depreciation and amortisation	**(22,424)**	(22,481)	**(1,260)**	(1,112)	**(23,684)**	(23,593)
Other non-cash items						
Adjustment on fair valuation of derivative financial Instruments	**6,952**	–	**–**	–	**6,952**	–
Losses attributable to investment in joint venture	**–**	(6,592)	**–**	–	**–**	(6,592)
Provisions for impairment of trade receivables	**(1,108)**	594	**216**	(11)	**(892)**	583
Adjustment on fair valuation of land and buildings	**–**	491	**–**	–	**–**	491
Reportable segment assets	**211,944**	242,429	**11,564**	6,560	**223,508**	248,989
Capital expenditure	**21,936**	13,529	**3,469**	1,790	**25,405**	15,319
Reportable segment liabilities	**110,884**	109,907	**10,452**	12,780	**121,336**	122,687

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4. SEGMENT INFORMATION CONTINUED

4.1 Operating segments CONTINUED

A reconciliation of reportable segment results, assets and liabilities and other material items, to the amounts presented in the consolidated financial statements, is as follows:

	2015 €000	2014 €000 Restated
Profit		
Total profit for reportable segments	**20,764**	8,596
Consolidation adjustments	**5,647**	(562)
Consolidated profit after tax	**26,411**	8,034
Assets		
Total assets for reportable segments	**223,508**	248,989
Inter-segment eliminations	**(3,549)**	(7,580)
Consolidation adjustments	**(12,381)**	(24,135)
Consolidated total assets	**207,578**	217,274
Liabilities		
Total liabilities for reportable segments	**121,336**	122,687
Inter-segment eliminations	**(6,323)**	(9,595)
Consolidation adjustments	**468**	757
Consolidated total liabilities	**115,481**	113,849

	Reportable segment totals €000	Consolidation adjustments €000	Consolidated totals €000
Other material items 2015			
Depreciation and amortisation	**23,684**	**114**	**23,798**
Other material items 2014			
Depreciation and amortisation	23,593	1,235	24,828

4.2 Information about geographical segments

The Group's revenues are primarily derived from operations mainly carried out in Malta. However, the Telecommunications segment also derives revenue from incoming interconnect traffic and inbound roaming from foreign operators worldwide. Considering the nature of the Group's activities, its non-current assets are predominantly located in Malta.

4.3 Information about major customers

The Group does not have any particular major customer, as it largely derives revenue from a significant number of customers availing of its services. Accordingly, the Group does not deem necessary any relevant disclosures in respect of reliance on major customers.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

5. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings €000	Plant and equipment €000	Motor vehicles €000	Payments on account and assets in course of construction €000	Total €000
At 1 January 2014					
Cost or valuation	55,320	274,038	760	371	330,489
Accumulated depreciation	(1,804)	(191,784)	(731)	–	(194,319)
Net book amount	53,516	82,254	29	371	136,170
Year ended 31 December 2014					
Opening net book amount	53,516	82,254	29	371	136,170
Additions	306	11,489	70	3,602	15,467
Impairment charges on revalued land and buildings					
– effect on cost or valuation	(295)	–	–	–	(295)
– effect on accumulated depreciation	196	–	–	–	196
Reclassifications	28	(28)	–	–	–
Disposals and write-offs	–	(13,990)	–	(359)	(14,349)
Depreciation charge	(943)	(16,545)	(11)	–	(17,499)
Depreciation released on disposals and write-offs	–	13,950	–	–	13,950
Closing net book amount	52,808	77,130	88	3,614	133,640
At 31 December 2014					
Cost or valuation	55,359	271,509	830	3,614	331,312
Accumulated depreciation	(2,551)	(194,379)	(742)	–	(197,672)
Net book amount	52,808	77,130	88	3,614	133,640
Year ended 31 December 2015					
Opening net book amount	52,808	77,130	88	3,614	133,640
Additions	1,267	30,349	22	–	31,638
Reclassifications	–	1,719	–	(1,719)	–
Revaluation of land and buildings					
– effect on cost or valuation	1,732	–	–	–	1,732
Disposals and write-offs	–	(21,603)	(27)	–	(21,630)
Impact of spin-off of MPC (see below)					
– cost or valuation	(53,413)	–	–	–	(53,413)
– accumulated depreciation	1,732	–	–	–	1,732
Depreciation charge	(122)	(17,358)	(23)	–	(17,503)
Depreciation released on disposals and write-offs	–	21,603	27	–	21,630
Closing net book amount	**4,004**	**91,840**	**87**	**1,895**	**97,826**
At 31 December 2015					
Cost or valuation	4,945	281,974	825	1,895	289,639
Accumulated depreciation	(941)	(190,134)	(738)	–	(191,813)
Net book amount	**4,004**	**91,840**	**87**	**1,895**	**97,826**

During the current financial year the Company distributed to its shareholders GO's entire shareholding in Malta Properties Company p.l.c. ('MPC') (see Note 33.1). This entity held a significant part of the Group's property portfolio (also refer to Note 6).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Company (restated)	Land and buildings €000	Plant and equipment €000	Motor vehicles €000	Payments on account and assets in course of construction €000	Total €000
At 1 January 2014					
Cost or valuation	5,897	249,926	760	371	256,954
Accumulated depreciation	(240)	(170,945)	(731)	–	(171,916)
Net book amount	5,657	78,981	29	371	85,038
Year ended 31 December 2014					
Opening net book amount	5,657	78,981	29	371	85,038
Additions	76	10,060	70	3,602	13,808
Revaluation of land and buildings					
– effect on cost or valuation	549	–	–	–	549
– effect on accumulated depreciation	196	–	–	–	196
Reclassifications	28	(28)	–	–	–
Disposals and write-offs	–	(13,933)	–	(359)	(14,292)
Depreciation charge	(249)	(15,583)	(11)	–	(15,843)
Depreciation released on disposals and write-offs	–	13,933	–	–	13,933
Closing net book amount	6,257	73,430	88	3,614	83,389
At 31 December 2014					
Cost or valuation	6,550	246,025	830	3,614	257,019
Accumulated depreciation	(293)	(172,595)	(742)	–	(173,630)
Net book amount	6,257	73,430	88	3,614	83,389
Year ended 31 December 2015					
Opening net book amount	6,257	73,430	88	3,614	83,389
Additions	–	25,146	22	–	25,168
Reclassifications	–	1,719	–	(1,719)	–
Disposals and write-offs	–	(21,518)	(27)	–	(21,545)
Impact of spin-off of MPC	(2,200)	–	–	–	(2,200)
Depreciation charge	(53)	(16,348)	(23)	–	(16,424)
Depreciation released on disposals and write-offs	–	21,518	27	–	21,545
Closing net book amount	**4,004**	**83,947**	**87**	**1,895**	**89,933**
At 31 December 2015					
Cost or valuation	4,350	251,372	825	1,895	258,442
Accumulated depreciation	(346)	(167,425)	(738)	–	(168,509)
Net book amount	**4,004**	**83,947**	**87**	**1,895**	**89,933**

The Group's land and buildings are secured as collateral for the Group's banking facilities.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

5. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Fair valuation of property

The Group's land and buildings within property, plant and equipment, were revalued on 31 December 2015 by an independent firm of property valuers having appropriate recognised professional qualifications and experience in the location and category of the property being valued. The Directors have reviewed the carrying amounts of the properties as at 31 December 2015, on the basis of the valuations carried out by the independent property valuers.

Valuations were made on the basis of open market value taking cognisance of the specific location of the properties, the size of the sites together with their development potential, the availability of similar properties in the area, and whenever possible, having regard to recent market transactions for similar properties in the same location.

Adjustments to the carrying amounts of the Group's land and buildings as at 31 December 2015 were deemed necessary as reflected in the table above with an increase of €1,732,000 recognised as an adjustment to the revaluation reserve. During the year ended 31 December 2014, the carrying values of the properties, classified within property, plant and equipment, have been adjusted to the valuations and the net resultant adjustment comprised a decrease of €99,000 and an increase of €745,000 in the carrying values for the Group and Company respectively. These adjustments were deemed necessary to reflect the properties' estimated open market value on an individual asset level. During 2014, increases amounting to €491,000 for the Group and increases amounting to €69,000 for the Company were recognised in profit or loss, whereas the other net movements have been recognised in other comprehensive income as an adjustment to the revaluation reserve within shareholders' equity.

The Company is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

- quoted prices (unadjusted) in active markets for identical assets (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- inputs for the asset that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Group's land and buildings, within property, plant and equipment, comprised various exchanges, offices and retail outlets. During 2014 the Group's investment property comprised a commercial property leased out to third parties (Note 6). All the recurring property fair value measurements at 31 December 2015 and 2014 use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the years ended 31 December 2015 and 2014.

A reconciliation from the opening balance to the closing balance of land and buildings for recurring fair value measurements categorised within Level 3 of the value hierarchy, is reflected in the table above. The major change is attributable to the spin-off of the Company's investment in MPC as noted above. Other movements reflect changes in fair value, additions and depreciation charge.

Valuation processes

The valuations of the properties are performed regularly on the basis of valuation reports prepared by independent and qualified valuers. These reports are based on both:

- information provided by the Company which is derived from the Company's financial systems and is subject to the Company's overall control environment; and
- assumptions and valuation models used by the valuers – the assumptions are typically market-related. These are based on professional judgement and market observation.

The information provided to the valuers, together with the assumptions and the valuation models used by the valuers, are reviewed by the Chief Finance Officer (CFO). This includes a review of fair value movements over the period. When the CFO considers that the valuation report is appropriate, the valuation report is recommended to the Audit Committee. The Audit Committee considers the valuation report as part of its overall responsibilities.

At the end of every reporting period, the CFO assesses whether any significant changes or developments have been experienced since the last external valuation. This is supported by an assessment performed by the independent firm of property valuers. The CFO reports to the Audit Committee on the outcome of this assessment.

Valuation techniques

The external valuations of the Level 3 property have been performed using predominantly an adjusted sales comparison approach. In view of a limited number of similar sales in the local market, the valuations have been performed using unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Valuation techniques CONTINUED

The significant input to this approach is generally a sales price per square metre related to transactions in comparable properties located in proximity to the Group's property, with significant adjustments for differences in the size, age, exact location and condition of the property. The term airspace is a conceptual unit representing a packet of three-dimensional accessible, usable and developable space. The concept of sales price factor per airspace or square metre is the value expected to be fetched on the open market and represents the present value of the property after deduction of all development, refurbishment and related costs.

Information about fair value measurements using significant unobservable inputs (Level 3)

				At 31 December 2015
Description by class based on highest and best use	**Fair value €000**	**Valuation technique**	**Significant unobservable input**	**Range of unobservable inputs (weighted average) €**
Current use as office premises	**4,004**	Adjusted sales comparison approach	Sales price per square metre	1,000 – 2650 (1,500)

				At 31 December 2014
Description by class based on highest and best use	**Fair value €000**	**Valuation technique**	**Significant unobservable input**	**Range of unobservable inputs (weighted average) €**
Current use as office premises	**19,300**	Adjusted sales comparison approach	Sales price per square metre	1,000 – 2,650 (1,500)
Redevelopment into residential units	**7,000**	Adjusted sales comparison approach	Sales price factor per residential airspace	80,000 – 105,000 (85,000)
Developable land for residential/commercial use	**11,100**	Adjusted sales comparison approach	Sales price factor per square metre	600 – 3,000 (1,000)
Marketed as extended-commercial premises	**6,100**	Adjusted sales comparison approach	Sales price per square metre	1,150
Marketed as residential-commercial developments	**10,360**	Adjusted sales comparison approach	Commercial: sales price per square metre	2,000
			Residential: sales price factor per airspace	600 – 1,150 (700)
			Residential: sales price factor per square metre	1,150

The Group's improvements to premises not owned, have not been included in the analysis above.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

5. PROPERTY, PLANT AND EQUIPMENT CONTINUED

The higher the sales price per square metre or the sales price factor per airspace/square metre, the higher the resultant fair valuation.

The highest and best use of the latter four classes of properties within the table above differs from their current use. These non-financial assets were being used as exchanges, offices or retail outlets, which was not deemed to constitute the highest and best use taking cognisance of the size and location of such properties.

If the land and buildings were stated on the historical cost basis, the carrying amounts would be as follows:

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
				Restated
At 31 December	**2,360**	32,402	**2,360**	2,446

Depreciation charge

The depreciation charge for the year is recognised in profit or loss as follows:

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
				Restated
Cost of sales	**17,165**	17,134	**16,133**	15,843
Administrative and other related expenses	**338**	365	**291**	–
	17,503	17,499	**16,424**	15,843

Recoverability of the telecommunications infrastructure

At 31 December 2015, the Group's telecommunications infrastructure and licences together with other related tangible and intangible assets, attributable to the Telecommunications cash-generating unit, were carried at a total of €87,899,000 (2014: €79,611,000). No impairment indicators were identified by management in respect of this cash-generating unit as at the end of the reporting period (Note 7).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6. INVESTMENT PROPERTY

		Group
	2015	2014
	€000	€000
Year ended 31 December		
Balance at 1 January	**2,199**	1,571
Impact of spin-off (Note 33.1)	**(2,199)**	–
Gains from changes in fair value	**–**	628
Balance at 31 December	**–**	2,199
At 31 December		
Cost	**–**	279
Fair value gains	**–**	1,920
Carrying amount	**–**	2,199

Investment property comprised a commercial property leased out to third parties. The Group's investment property was secured as collateral for the Group's banking facilities.

The Group's investment property was fair valued annually by an independent firm of property valuers having appropriate recognised professional qualifications and experience in the location and category of the property being valued. Fair values were determined on the basis of open market value taking cognisance of the specific location of the property, the size of the site together with its development potential, the availability of similar properties in the area and, whenever possible, having regard to recent market transactions for similar properties in the same location.

Disclosures required in terms of IFRS 13 in relation to fair value measurements attributable to investment property are presented in Note 5. The Group's investment property was an integral part of property categorised within the class termed as *Marketed as residential-commercial developments.*

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

7. INTANGIBLE ASSETS

Group	IRUs and DDPs €000	Computer software €000	Brand names, customer relationships and related assets €000	Licences €000	Goodwill €000	Broadcasting rights €000	Total €000
At 1 January 2014							
Cost	1,119	13,014	11,359	5,945	4,368	13,877	49,682
Accumulated amortisation/impairment	(764)	(11,185)	(9,898)	(3,358)	(349)	(4,860)	(30,414)
Net book amount	355	1,829	1,461	2,587	4,019	9,017	19,268
Year ended 31 December 2014							
Opening net book amount	355	1,829	1,461	2,587	4,019	9,017	19,268
Additions	–	434	–	–	–	940	1,374
Development	–	213	–	–	–	–	213
Expiration of rights	–	–	–	–	–	(236)	(236)
Amortisation charge	(48)	(1,206)	(733)	(388)	–	(4,954)	(7,329)
Amortisation released on expiration of rights	–	–	–	–	–	236	236
Closing net book amount	307	1,270	728	2,199	4,019	5,003	13,526
At 31 December 2014							
Cost	1,119	13,661	11,359	5,945	4,368	14,581	51,033
Accumulated amortisation/impairment	(812)	(12,391)	(10,631)	(3,746)	(349)	(9,578)	(37,507)
Net book amount	307	1,270	728	2,199	4,019	5,003	13,526
Year ended 31 December 2015							
Opening net book amount	307	1,270	728	2,199	4,019	5,003	13,526
Additions	–	–	–	–	–	5,468	5,468
Development	–	500	–	–	–	–	500
Expiration of rights	–	–	–	–	–	(7,733)	(7,733)
Write off	–	–	(8,656)	–	–	–	(8,656)
Amortisation charge	(48)	(662)	(118)	(388)	–	(5,079)	(6,295)
Amortisation released on expiration of rights	–	–	–	–	–	7,733	7,733
Amortisation released on write off	–	–	8,656	–	–	–	8,656
Closing net book amount	**259**	**1,108**	**610**	**1,811**	**4,019**	**5,392**	**13,199**
At 31 December 2015							
Cost	1,119	14,161	2,703	5,945	4,368	12,316	40,612
Accumulated amortisation/impairment	(860)	(13,053)	(2,093)	(4,134)	(349)	(6,924)	(27,413)
Net book amount	**259**	**1,108**	**610**	**1,811**	**4,019**	**5,392**	**13,199**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. INTANGIBLE ASSETS CONTINUED

Company (restated)	IRUs and DDPs €000	Computer software €000	Brand names and related assets €000	Broadcasting rights €000	Licences €000	Total €000
At 1 January 2014						
Cost	1,119	1,912	1,462	13,877	5,945	24,315
Accumulated amortisation	(764)	(1,751)	(1,417)	(4,860)	(3,358)	(12,150)
Net book amount	355	161	45	9,017	2,587	12,165
Year ended 31 December 2014						
Opening net book amount	355	161	45	9,017	2,587	12,165
Additions	–	–	–	940	–	940
Expiration of rights	–	–	–	(236)	–	(236)
Amortisation charge	(48)	(108)	(42)	(4,954)	(388)	(5,540)
Amortisation released on expiration of rights	–	–	–	236	–	236
Closing net book amount	307	53	3	5,003	2,199	7,565
At 31 December 2014						
Cost	1,119	1,912	1,462	14,581	5,945	25,019
Accumulated amortisation	(812)	(1,859)	(1,459)	(9,578)	(3,746)	(17,454)
Net book amount	307	53	3	5,003	2,199	7,565
Year ended 31 December 2015						
Opening net book amount	307	53	3	5,003	2,199	7,565
Additions	–	–	–	5,468	–	5,468
Expiration of rights	–	–	–	(7,733)	–	(7,733)
Amortisation charge	(48)	(53)	(3)	(5,079)	(388)	(5,571)
Amortisation released on expiration of rights	–	–	–	7,733	–	7,733
Closing net book amount	**259**	**–**	**–**	**5,392**	**1,811**	**7,462**
At 31 December 2015						
Cost	1,119	1,912	1,462	12,316	5,945	22,754
Accumulated amortisation	(860)	(1,912)	(1,462)	(6,924)	(4,134)	(15,292)
Net book amount	**259**	**–**	**–**	**5,392**	**1,811**	**7,462**

Amortisation charge

The amortisation charge for the year is recognised in profit or loss within 'cost of sales'.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

7. INTANGIBLE ASSETS CONTINUED

Goodwill

Goodwill amounting to €1,151,000 (2014: €1,151,000) has been allocated to the Telecommunications CGU (refer to Note 4), whereas the amount of €2,868,000 (2014: €2,868,000), arising from a past business combination, has been allocated to the Data Centre CGU. The recoverable amount of these cash-generating units has been estimated by management on the basis of value in use (VIU) reflecting the net present value of future cash flows derived from such cash-generating units. The net present value of the future cash flows is based on the five year cash flow forecast within the operational plan approved by the Board of Directors and the extrapolation of the cash flow forecast beyond the five year period through the estimation of terminal values.

The key assumptions in the determination of the recoverable amount of the CGUs are the levels of forecast EBITDA, the terminal value growth rates applied to the estimated cash flows beyond the explicit forecast period and the discount rate.

Budgeted EBITDA levels for the Telecommunications CGU have been principally based on past experience adjusted for market developments and trends, in particular the following factors over the five year period:

- expected continued downward trend in revenue from fixed voice services, but forecast growth in revenue streams from data services, TV and mobile driven by growth in subscribers and ARPU; and
- higher margins expected due to lower cost base primarily in view of reduced interconnection charges, forecast containment of TV content costs and management of payroll costs.

Forecast EBITDA levels for the Data Centre CGU are based on past experience and industry trends, but have been specifically adjusted for:

- forecast overall growth in turnover over the five year period, considering a projected decline in initial years of the explicit period, taking advantage of the Group's competitive position in this respect and the introduction of new revenue streams; and
- expected increase in EBITDA margins mainly due to fixed nature of certain key elements in the cost base of the CGU.

The terminal value growth rate was estimated at 2% for the Data Centre CGU, whilst a growth rate of 1.5% has been estimated for the Telecommunications CGU. A post-tax discount rate of 7.8% has been applied to the cash flows of the Telecommunications CGU and the level of 13.4% after tax has been utilised as the discount rate for the Data Centre CGU. These parameters have been principally based on market observable data.

Management's estimation of the VIU indicates that there is significant headroom between the estimated recoverable amount and the carrying amount of the CGUs. Accordingly, management's views are that there appear to be no reasonable possible changes in key assumptions on which it has based its determination of the CGUs' recoverable amount that would cause the carrying amount to exceed VIU.

Brand names and customer relationships acquired in a business combination, and related assets

The fair value of customer relationships acquired in a past business combination was determined using the multi-period excess earnings method, whereby the subject asset was valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of the brand name acquired in the same business combination was based on the discounted estimated royalty payments that have been avoided as a result of the trademark being owned.

Other related intangible assets primarily comprise the customer bases acquired by the Group.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015	2014
	€000	€000
		Restated
Cost and carrying amount at 1 January	**10,616**	10,616
Capitalisation of loans receivable from MPC	**32,370**	–
Impact of spin-off effected by way of distribution (Note 33.1)	**(32,420)**	–
Cost and carrying amount at 31 December	**10,566**	10,616

The carrying amount of the investments at 31 December 2015 and 2014 is equivalent to the cost of the investments. The subsidiaries at 31 December 2015 and 2014 are shown below:

Subsidiaries	Registered office	Percentage of shares held		Nature of business
		2015	2014	
		%	%	
Innovate Software Limited	GO, Fra Diegu Street, Marsa, Malta	**99.9**	99.9	Development of software, including implementation, support and maintenance
GO Data Centre Services Limited	GO, Fra Diegu Street, Marsa, Malta	**99.9**	99.9	Investment holding
Malta Properties Company p.l.c. (formerly known as Malta Properties Company Limited)	GO, Fra Diegu Street, Marsa, Malta	**–**	99.9	Investment holding
Mobisle Communications Limited	GO, Fra Diegu Street, Marsa, Malta	**–**	99.9	Operation of mobile and wireless telecommunication systems and networks
Worldwide Communications Limited	GO, Fra Diegu Street, Marsa, Malta	**–**	99.9	Dormant

GO Data Centre Services Limited holds 99.9% (2014: 99.9%) in Bellnet Limited, BMIT Limited and BM Support Services Limited, which provide co-location and Internet services, technical assistance and leasing of plant and equipment. The registered office of all these companies is 10, Triq iċ-Ċawsli, Qormi, Malta.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

8. INVESTMENTS IN SUBSIDIARIES CONTINUED

Malta Properties Company p.l.c. (formerly known as Malta Properties Company Limited) ('MPC') holds 99.9% (2014: 99.9%) in MSH Property Company Limited, SGE Property Company Limited, MCB Property Company Limited, ZTN Property Company Limited, SLM Property Company Limited, BKE Property Company Limited and SPB Property Company Limited. The main activity of Malta Properties Company p.l.c. and its subsidiary companies is that of acquiring, developing, selling, holding and leasing of property. The registered office of all these companies is GO, Fra Diegu Street, Marsa, Malta.

On 5 October 2015, MPC issued as fully paid up, 101,154,238 ordinary shares with a nominal value of €0.32 each and allotted same to GO p.l.c. in consideration for the capitalisation of a debt amount to €32,370,000 due by MPC (Note 11).

During the current financial year, the spin-off of the Company's shareholding in MPC was effected through the payment, by the Company to its shareholders, of an interim dividend in kind by way of a distribution of the Company's shareholding in MPC (Note 33.1).

Mobisle Communications Limited and Worldwide Communications Limited, two subsidiaries, were merged with GO p.l.c. (refer to Note 39), with the mergers becoming effective on 19 December 2015. These mergers have been accounted for as if they had already taken place at the beginning of the earliest period presented in these financial statements i.e. 1 January 2014 using predecessor accounting and therefore the comparative amounts in the above table have been restated.

9. INVESTMENT IN ASSOCIATE

	Group and Company	
	2015	2014
	€000	€000
Carrying amount at 1 January	**1,681**	–
Additions during the year	**–**	1,681
Share of results	**236**	–
Carrying amount at 31 December	**1,917**	1,681

The cost of the investment and the impacts of equity accounting since acquisition are reflected in the table above.

During the preceding financial year, GO entered into a share purchase agreement with (i) Cablenet, a limited liability company incorporated under the Laws of Cyprus, and (ii) Mr Nicolas Shiacolas (being the legal, registered and beneficial owner of the entire issued share capital in Cablenet), for the purchase by GO from Mr Shiacolas of an initial stake of 25% of the issued share capital (with an equivalent amount of voting rights) of Cablenet in exchange for a convertible loan of €12 million intended to be granted in instalments on pre-established dates to Cablenet. The loan bears no interest until 31 December 2017. The agreement was executed and implemented subsequent to the attainment of regulatory approval from the Competition Authority in Cyprus. Cablenet's principal activity is the provision of cable television, Internet connectivity and telephony, using a network of coaxial and optical fibres.

The instalments of the loan advanced to Cablenet till 31 December 2015, with a nominal value of €12 million (2014: €4.5 million), are carried at €10.5 million (2014: €3.7 million) in these financial statements, at fair value, reflecting the discount attributable to the fact that the advances are not subject to interest until 31 December 2017 (refer to Note 11).

The initial 25% equity stake in the company, was measured at €1.7 million as at 31 December 2014, representing the estimated fair value of this stake. This amount reflected a portion of the discount on the €4.5 million advances effected by 31 December 2014, amounting to €0.5 million (with the remaining portion of the discount being attributable to the initial measurement of the derivatives embedded within the share purchase agreement as at 31 December 2014 as reflected in Note 20); together with the discount of €1.2 million in relation to the remaining committed loan drawdowns of €7.5 million. This €1.2 million was also reflected as a financial liability as at 31 December 2014, which was settled through the discount element on the loan drawdowns effected during the year ended 31 December 2015 (Note 22). The fair values of all instruments emanating from this arrangement were determined on the basis described in Note 2.3.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9. INVESTMENT IN ASSOCIATE CONTINUED

The investment in associate is measured using the equity method of accounting. Taking cognisance of the date of acquisition of the associate, the effects of applying the equity accounting as at 31 December 2014, were insignificant.

Summarised financial information

The tables below provide summarised financial information for the associate. The information disclosed reflects the amounts presented in the financial statements of the associate and not GO p.l.c.'s share of those amounts. They have been amended to reflect adjustments made by the Company when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarised statement of financial position	**2015 €000**	2014 €000
Non-current assets	**35,874**	32,946
Current assets	**4,796**	4,935
Non-current liabilities	**(24,503)**	(30,879)
Current liabilities	**(29,950)**	(21,596)
Net liabilities	**(13,783)**	(14,594)
Opening net liabilities at 1 January	**(14,594)**	(17,165)
Capital contributions by owners	**–**	2,035
Profit for the year	**811**	536
Closing net liabilities as at 31 December	**(13,783)**	(14,594)

Summarised statement of comprehensive income	**2015 €000**	2014 €000
Revenue	**25,709**	23,091
Profit from continuing operations – total comprehensive income	**811**	536

The initial carrying amount of the investment in associate has been determined as reflected above.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

10. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE – INVESTMENT IN JOINT VENTURE

GO p.l.c. controls 50% of the share capital and voting rights of a joint venture, Forgendo Limited ('Forgendo'), a company registered in Cyprus. Furthermore Forgendo and Massar Investments LLC each control 50% of Giradena Limited ('Giradena'), a company also registered in Cyprus. The sole activity of both Forgendo and Giradena is that of holding investments in Hellenic Company for Telecommunications and Telematic Applications S.A. ('Forthnet S.A.' or 'Forthnet'), a Greek company listed on the Athens Stock Exchange which is treated as an associated undertaking of Forgendo. As at 31 December 2015, the ownership interest of Forgendo in Forthnet S.A. was 41.27% (31 December 2014: 41.27%), whereas Giradena's ownership interest in Forthnet was 3.94% (31 December 2014: 3.94%).

Details of the cost of the equity investment and the accounting for the share of losses of the joint venture are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
		Restated		
Cost				
Funds contributed	**10,000**	10,000	**10,000**	10,000
Other costs	**296**	296	**296**	296
Loans receivable capitalised	**114,397**	114,397	**114,397**	114,397
Investment effected during 2014	**6,592**	6,592	**6,592**	6,592
	131,285	131,285	**131,285**	131,285
Share of losses				
At 1 January	**(69,122)**	(62,530)	**–**	–
Share of losses reflected during the year	**–**	(6,592)	**–**	–
At 31 December	**(69,122)**	(69,122)	**–**	–
Impairment losses				
At 1 January	**(296)**	(296)	**(62,826)**	(62,826)
Reclassification of impairment losses upon capitalisation of loans receivable	**(61,867)**	(61,867)	**(61,867)**	(61,867)
Losses reflected during the year	**–**	–	**(6,592)**	–
At 31 December	**(62,163)**	(62,163)	**(131,285)**	(124,693)
Carrying value at 31 December	**–**	–	**–**	6,592

The asset had been classified as held for sale as at 31 December 2014, but in view of events that occurred during the current financial year, this classification was not deemed appropriate as at 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE – INVESTMENT IN JOINT VENTURE CONTINUED

Loans granted and conversion of such loans receivable into equity investment during the preceding year

During the preceding financial year, the Company effected advances amounting to €6.6 million to the joint venture Forgendo, effectively providing Forgendo with 50% of the funding required to participate in Forthnet's capital increase, directly through Forgendo and indirectly through its 50% shareholding in Giradena. Subsequent to the capital increase of Forthnet, Forgendo and Giradena hold an aggregate amount of 49,501,193 shares in Forthnet equivalent to a total of 44.96% of the share capital of Forthnet. The other 50% of the funding required was provided by Emirates International Telecommunications (Malta) Limited ('EITML'). The funding provided by the Company and by EITML was effected through an interest-free loan granted by each of the Company (the 'GO Loan') and EITML (the 'EITML Loan') to Forgendo. The GO Loan was, at the option of the Company, convertible into equity and on 9 July 2014 GO elected to convert the GO Loan into equity. This conversion has given rise to an equity investment with a carrying amount of €6.6 million.

Classification of investment as asset held for sale as at 31 December 2014

During the preceding year announcements were made by Forthnet in respect of (i) an agreement between Vodafone Greece and Wind Hellas Telecommunications S.A. ('Wind Hellas') whereby Vodafone Greece had been granted an option to acquire a further stake in Forthnet; (ii) a non-binding offer received by GO from OTE S.A. for the acquisition of the activity of NOVA; and (iii) a joint non-binding indicative proposal submitted to Forthnet's board of directors by Vodafone Group Services Ltd (on behalf of its affiliate) and Wind Hellas Telecommunications S.A. for the possible acquisition of all shares of Forthnet which are not owned by these parties. In view of these announcements, during the preceding financial year GO's Board of Directors resolved to convert the loans to Forgendo into equity as previously stated and simultaneously resolved that the equity investment in Forgendo actually reflected an investment which was held for sale as at that date. Accordingly, the investment had been classified as an asset held for sale in accordance with the requirements of IFRS 5, 'Non-current Assets Held for sale and Discontinued Operations'.

In accordance with the requirements of IFRS 5, 'Non-current Assets Held for sale and Discontinued Operations', the decision to classify the investment as an asset held for sale was based on the following criteria:

- the investment was available for immediate sale in its present condition at date of classification; and
- its sale was deemed to be highly probable, i.e. there was evidence of Board commitment; there was an active programme to locate a buyer and complete the plan; the asset was actively marketed for sale at a reasonable price compared to its fair value; the sale was expected to be completed within 12 months of the date of classification; and actions required to complete the plan indicate that it was unlikely that there would be significant changes to the plan or that it would be withdrawn.

Whilst Forthnet had put in place a formal process intended to lead to formal binding offers by each of OTE and Wind/Vodafone, the disposal process had experienced certain delays due to the political, economic and market conditions in Greece. However a scenario where delays are attributable to reasons not within the seller's control is contemplated by the IFRS 5 classification criteria.

Developments during the current financial year and classification as at 31 December 2015

The economic and political situation prevailing in Greece during the financial year ended 31 December 2015 has resulted in further delays in Forthnet's process intended to lead to formal binding offers. Accordingly, GO's Board of Directors resolved that the IFRS 5 classification criteria for classification of the investment in the joint venture as an asset held for sale were no longer met as at 31 December 2015. The fact that the investment in Forgendo previously classified as held for sale no longer met the criteria to be so classified, triggered the reinstatement of equity accounting in the consolidated financial statements of GO in relation to accounting for the joint venture.

The Company has resumed the application of the equity method retrospectively as from the date of classification as held for sale. The comparative financial information within the consolidated financial statements has therefore been restated reflecting the amount of €6.6 million written off to profit or loss in view of GO's share of losses registered by Forgendo which have not been recognised by GO within its consolidated financial statements in prior financial years.

The carrying amount of GO's equity investment in the joint venture as at 31 December 2014 in the consolidated financial statements was restated to nil as a result of the partial recognition of GO's share of the financial results of Forgendo in accordance with the requirements of equity accounting. In determining the impact of equity accounting for the investment in the joint venture, reference was made to the financial statements of this entity, which reflected the impact of accounting for the investment in Forthnet S.A. using the equity method.

The Company has not restated the comparative financial information within its stand-alone or separate financial statements in respect of the investment in joint venture as the Company's accounting policy in the separate financial statements is measured at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

10. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE – INVESTMENT IN JOINT VENTURE CONTINUED

Developments during the current financial year and classification as at 31 December 2015 *CONTINUED*

The change in circumstances during the financial year ended 31 December 2015, referred to above, and the unrecognised share of losses registered by Forgendo, has in substance necessitated the write-down of the carrying amount of the investment in joint venture from €6.6 million as at 31 December 2014 to nil as at the end of the current reporting period. This write-down was reflected within the current year financial results in the stand-alone financial statements of GO.

Summarised financial information

In view of the matters and developments highlighted above and the fact that the investment in the joint venture has a nil carrying amount, the Group's joint venture is not deemed material to GO as a reporting entity in terms of the requirements of IFRS 12 'Disclosure of interest in other entities'. Therefore, the disclosure of the summarised financial information of the joint venture and of the unrecognised share of losses of the joint venture is not deemed necessary.

11. LOANS RECEIVABLE FROM SUBSIDIARIES, RELATED PARTY AND ASSOCIATE

		Company
	2015	2014
Loans receivable from subsidiaries	**€000**	€000
Non-current		
Carrying amount at 1 January	**49,524**	49,524
Capitalisation (refer to Note below)	**(32,370)**	–
Repayment	**(1,154)**	–
Reclassification upon spin-off of Company's investment in MPC	**(16,000)**	–
Carrying amount at 31 December	**–**	49,524

The non-current advances at 31 December 2015, mature in 2017. Loans receivable from related party are unsecured and are subject to interest rate which is computed using a margin of 3 month Euribor over a fixed base rate of 3.75% (2014: 3.75%).

On 5 October 2015, MPC issued as fully paid up, 101,154,238 ordinary shares with a nominal value of €0.32 each and allotted same to GO p.l.c. in consideration for the capitalisation of loans receivable amounting to €32,370,000 due by MPC.

		Group and Company
	2015	2014
Loans receivable from related party	**€000**	€000
Non-current		
Reclassification upon spin-off of Company's investment in MPC	**16,000**	–
Carrying amount at 31 December	**16,000**	–

The residual loans to MPC, subsequent to the spin-off referred to above amounting to €16,000,000 have been reclassified to loans receivable from related party upon spin-off. MPC is ultimately controlled by GO's ultimate controlling party and accordingly is classified as a related party.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. LOANS RECEIVABLE FROM SUBSIDIARIES, RELATED PARTY AND ASSOCIATE CONTINUED

	Group and Company	
	2015	2014
Loans receivable from associate	**€000**	€000
Non-current		
Carrying amount at 1 January	**3,673**	–
Advances effected during the year – at fair value	**6,312**	3,673
Impact of unwinding of discount – adjustments to fair value	**509**	–
Carrying amount at 31 December	**10,494**	3,673

The loans receivable from associate are not subject to interest until 31 December 2017 and the Company has the option to convert the loans into an equity stake in the associate by that date (Note 9). Subsequent to the end of the reporting period, the Company announced its intentions to convert the loan into equity (Note 40).

12. OTHER INVESTMENTS

	Group and Company	
	2015	2014
Available-for-sale financial assets	**€000**	€000
At 31 December		
Cost	**1,770**	1,770
Accumulated fair value losses	**(1,770)**	(1,770)
Carrying amount	**–**	–

At 31 December 2015 and 2014, the available-for-sale financial assets consisted of the Group's equity investment in Loqus Holdings p.l.c.. This equity investment was deemed to be impaired in prior years and accordingly its carrying amount was written down to nil.

The carrying amount of loans receivable from the investee, included in other receivables, amounting to €229,000 (2014: €229,000), had also been written down to nil in view of the impairment indicators highlighted above (Note 15).

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

13. DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes are calculated on all temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been substantively enacted by the end of the reporting period. The principal tax rate used is 35% (2014: 35%), with the exception of deferred taxation on the fair valuation of non-depreciable property, which is computed on the basis applicable to disposals of immovable property i.e. principally tax effect of 10% (2014: 12%) of the transfer value.

The balance at 31 December represents temporary differences attributable to:

	Assets		Liabilities		Net	
	2015	2014	**2015**	2014	**2015**	2014
Group	**€000**	€000	**€000**	€000	**€000**	€000
Depreciation of property, plant and equipment	**–**	–	**(1,811)**	(1,596)	**(1,811)**	(1,596)
Fair valuation of land and buildings	**–**	–	**(334)**	(6,517)	**(334)**	(6,517)
Fair valuation of investment property	**–**	–	**–**	(264)	**–**	(264)
Intangible assets	**–**	–	**(636)**	(921)	**(636)**	(921)
Provisions for pensions and other liabilities	**2,339**	2,275	**–**	–	**2,339**	2,275
Provisions on trade receivables and other assets	**3,685**	3,997	**–**	–	**3,685**	3,997
Cash flow hedge	**–**	32	**–**	–	**–**	32
Unabsorbed tax and capital losses	**683**	683	**–**	–	**683**	683
Unabsorbed capital allowances	**–**	2,398	**–**	–	**–**	2,398
Investment tax credits	**1,232**	1,232	**–**	–	**1,232**	1,232
Tax assets/(liabilities)	**7,939**	10,617	**(2,781)**	(9,298)	**5,158**	1,319
Offsetting	**(2,170)**	(2,120)	**2,170**	2,120	**–**	–
Net tax assets/(liabilities)	**5,769**	8,497	**(611)**	(7,178)	**5,158**	1,319

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13. DEFERRED TAX ASSETS AND LIABILITIES CONTINUED

	Assets		Liabilities		Net	
	2015	2014	**2015**	2014	**2015**	2014
Company	**€000**	€000	**€000**	€000	**€000**	€000
Depreciation of property, plant and equipment	**–**	–	**(1,916)**	(1,979)	**(1,916)**	(1,979)
Fair valuation of land and buildings	**–**	–	**(334)**	(442)	**(334)**	(442)
Intangible assets	**–**	–	**(503)**	(748)	**(503)**	(748)
Provisions for pensions and other liabilities	**2,339**	2,275	**–**	–	**2,339**	2,275
Provisions on trade receivables and other assets	**3,529**	3,917	**–**	–	**3,529**	3,917
Cash flow hedge	**–**	32	**–**	–	**–**	32
Unabsorbed tax and capital losses	**683**	683	**–**	–	**683**	683
Unabsorbed capital allowances	**–**	2,400	**–**	–	**–**	2,400
Tax assets/(liabilities)	**6,551**	9,307	**(2,753)**	(3,169)	**3,798**	6,138
Offsetting	**(2,419)**	(2,727)	**2,419**	2,727	**–**	–
Net tax assets/(liabilities)	**4,132**	6,580	**(334)**	(442)	**3,798**	6,138

The recognised deferred tax assets and liabilities are expected to be recovered or settled principally after more than twelve months from the end of the reporting period. The deferred tax assets and liabilities reflected in other comprehensive income relate to fair valuation of property, plant and equipment, cash flow hedge, and to movements in provisions for pensions attributable to actuarial assumptions.

Following changes to the taxation rules on capital gains arising on transfer of immovable property as announced by the Minister for Finance during the Budget Speech for the financial year 2015, and in respect of which a Bill entitled 'An Act to implement Budget measures for the financial year 2015 and other administrative measures' came into effect on 30 April 2015, the final tax on transfers of immovable property acquired after 1 January 2004 was reduced to 8% of the transfer value while the rate in respect of transfers of property acquired before 1 January 2004 was reduced to 10%. The net impact of the application of the changed tax regime on the deferred tax liability attributable to fair valuation of GO's property was a decrease amounting to €1,285,000, which was recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

13. DEFERRED TAX ASSETS AND LIABILITIES CONTINUED

The movement in the Group's deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances, is as follows:

Group	Balance 01.01.14 €000	Recognised in profit or loss €000	Recognised in other comprehensive income €000	Balance 31.12.14 €000	Recognised in profit or loss €000	Transfer upon spin-off €000	Recognised in other comprehensive income €000	**Balance 31.12.15 €000**
Property, plant and equipment	(1,972)	376	–	(1,596)	(215)	–	–	**(1,811)**
Investment property	(188)	(76)	–	(264)	44	220	–	**–**
Intangible assets	(1,493)	572	–	(921)	285	–	–	**(636)**
Provisions for pensions and other liabilities	2,099	(22)	198	2,275	(22)	–	86	**2,339**
Provisions on trade receivables and other assets	4,187	(190)	–	3,997	(312)	–	–	**3,685**
Cash flow hedge	179	–	(147)	32	–	–	(32)	**–**
Unabsorbed tax and capital losses	683	–	–	683	–	–	–	**683**
Unabsorbed capital allowances	3,097	(699)	–	2,398	(2,398)	–	–	**–**
Investment tax credits	1,232	–	–	1,232	–	–	–	**1,232**
	7,824	(39)	51	7,836	(2,618)	220	54	**5,492**
Revaluation of land and buildings	(6,306)	745	(956)	(6,517)	–	4,898	1,285	**(334)**
	1,518	706	(905)	1,319	(2,618)	5,118	1,339	**5,158**

Recognition of deferred tax assets by a subsidiary with respect to investment tax credits

During the year under review, a Company's subsidiary, Innovate Software Limited (Note 8) continued to generate taxable profit. As a result, a deferred tax asset representing the tax effect of investment tax credits has been partly recognised in the Group's financial statements. The Directors have based this estimate on evidence supporting their views that the subsidiary will have sufficient taxable profits in future against which this deferred tax asset can be utilised. The unrecognised portion of deferred tax assets in relation to investment tax credits is disclosed below.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13. DEFERRED TAX ASSETS AND LIABILITIES CONTINUED

Unrecognised deferred tax assets

The movement in the Group's unrecognised deferred tax assets during the year are analysed below:

	Balance 1 January 2014 €000	Movement €000	Balance 31 December 2014 €000	Movement €000	**Balance 31 December 2015 €000**
Investment tax credits	1,586	(820)	766	141	**907**
Impairment and other losses on investments in joint venture	44,268	1,717	45,985	40	**46,025**
	45,854	897	46,751	181	**46,932**

The movement in the Company's deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances, is as follows:

Company	Balance 01.01.14 €000 Restated	Recognised in profit or loss €000 Restated	Recognised in other comprehensive income €000 Restated	Balance 31.12.14 €000 Restated	Recognised in profit or loss €000	Transfer upon spin-off €000	Recognised in other comprehensive income €000	**Balance 31.12.15 €000**
Property, plant and equipment	(2,265)	286	–	(1,979)	(157)	220	–	**(1,916)**
Intangible assets	(1,085)	337	–	(748)	245	–	–	**(503)**
Provisions for pensions and other liabilities	2,103	(26)	198	2,275	(22)	–	86	**2,339**
Provisions on trade receivables and other assets	4,146	(229)	–	3,917	(388)	–	–	**3,529**
Cash flow hedge	179	–	(147)	32	–	–	(32)	**–**
Unabsorbed tax and capital losses	683	–	–	683	–	–	–	**683**
Unabsorbed capital allowances	3,098	(698)	–	2,400	(2,400)	–	–	**–**
	6,859	(330)	51	6,580	(2,722)	220	54	**4,132**
Revaluation of land and buildings	(239)	–	(203)	(442)	–	–	108	**(334)**
	6,620	(330)	(152)	6,138	(2,722)	220	162	**3,798**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. INVENTORIES

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
				Restated
Operating spares	**7,294**	5,543	**7,065**	5,478
Goods held for resale	**2,424**	1,925	**2,424**	1,924
	9,718	7,468	**9,489**	7,402

The cost of inventories recognised as expense is disclosed in Note 24. During the current financial year, an increase in provisions for obsolescence of inventories amounting to €234,000 (2014: increase of €21,000) and increase of €229,000 (2014: increase of €17,000) for the Group and Company respectively, has been reflected in these financial statements. Inventory write-downs during the year amounted to €131,000 (2014: €23,000) and €131,000 (2014: €23,000) for the Group and Company respectively. These amounts have been included within 'cost of sales' in profit or loss.

Provisions for obsolescence of inventories are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
				Restated
At 31 December	**339**	105	**315**	86

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
				Restated
Non-current				
Amounts receivable under finance leases	**43**	38	**43**	38
Deferred expenditure	**1,613**	1,349	**1,613**	1,348
	1,656	1,387	**1,656**	1,386
Current				
Trade receivables – net of provisions	**18,141**	19,211	**17,276**	18,325
Amounts owed by subsidiaries	**–**	–	**12,447**	10,049
Amounts owed by associate	**62**	–	**62**	–
Amounts owed by related parties	**140**	–	**140**	–
Other receivables – net of provisions	**95**	1,154	**88**	144
Prepayments and accrued income	**8,017**	5,874	**7,518**	5,876
Amounts receivable under finance leases	**27**	41	**27**	41
Deferred expenditure	**4,871**	4,031	**4,871**	4,031
	31,353	30,311	**42,429**	38,466

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15. TRADE AND OTHER RECEIVABLES CONTINUED

Amounts owed by subsidiaries, associate and related parties are unsecured, interest free and repayable on demand.

Deferred expenditure consists of installation and equipment costs, and redeemable credits provided as incentives to subscribers, by the Group. These costs are amortised over the shorter of the customer contract term and customer churn rate.

Receivables, disclosed in the table above, are stated net of provisions for impairment as follows:

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
				Restated
Trade receivables	**10,530**	11,421	**10,084**	11,191
Other receivables	**444**	329	**444**	329
Total provisions for impairment	**10,974**	11,750	**10,528**	11,520

Finance lease receivables are analysed as follows:

	Group and Company	
	2015	2014
	€000	€000
Non-current		
Gross receivables	**47**	42
Unearned finance income	**(4)**	(4)
	43	38
Current		
Gross receivables	**31**	45
Unearned finance income	**(4)**	(4)
	27	41
Gross finance lease receivables:		
Later than 1 year and not later than 5 years	**47**	45
Not later than 1 year	**31**	42
	78	87
Unearned finance income on finance leases	**(8)**	(8)
Net investment in finance leases	**70**	79

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

16. CASH AND CASH EQUIVALENTS

For the purposes of the statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
				Restated
Cash at bank and in hand	**2,696**	12,509	**1,767**	11,293
Bank overdrafts (Note 19)	**(5,244)**	(47)	**(5,244)**	(47)
Cash pledged as guarantees	**(1,045)**	(858)	**(1,045)**	(858)
	(3,593)	11,604	**(4,522)**	10,388

17. SHARE CAPITAL

	Company	
	2015	2014
	€000	€000
Authorised		
600,000,000 ordinary shares of €0.582343 each	**349,406**	349,406
Issued and fully paid		
101,310,488 ordinary shares of €0.582343 each	**58,998**	58,998

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

18. RESERVES

Group	Insurance contingency reserve €000	Adjustments relating to non-controlling interests €000	Property revaluation reserve €000	Hedging reserve €000	Other reserve €000	Total €000
Balance at 1 January 2014	1,278	(2,964)	18,522	(333)	33	16,536
Surplus arising on revaluation of land and buildings	–	–	38	–	–	38
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	–	–	(956)	–	–	(956)
Cash flow hedge:						
– Gains from changes in fair value	–	–	–	851	–	851
– Deferred taxes thereon	–	–	–	(297)	–	(297)
– Reclassification adjustments						
– net amounts reclassified to profit or loss	–	–	–	(430)	–	(430)
– Deferred taxes thereon	–	–	–	150	–	150
Remeasurements of defined benefit obligations:						
– Actuarial losses	–	–	–	–	(566)	(566)
– Deferred taxes thereon	–	–	–	–	198	198
Transfer from retained earnings	116	–	–	–	–	116
Balance at 31 December 2014	1,394	(2,964)	17,604	(59)	(335)	15,640
Balance at 1 January 2015	1,394	(2,964)	17,604	(59)	(335)	15,640
Surplus arising on revaluation of land and buildings	–	–	1,732	–	–	1,732
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	–	–	1,285	–	–	1,285
Transfer upon realisation of revaluation reserve through property disposal effected through spin-off	–	–	(19,216)	–	–	(19,216)
Cash flow hedge:						
– Gains from changes in fair value	–	–	–	91	–	91
– Deferred taxes thereon	–	–	–	(32)	–	(32)
Remeasurements of defined benefit obligations:						
– Actuarial losses	–	–	–	–	(245)	(245)
– Deferred taxes thereon	–	–	–	–	86	86
Transfer from retained earnings	116	–	–	–	–	116
Balance at 31 December 2015	**1,510**	**(2,964)**	**1,405**	**–**	**(494)**	**(543)**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

18. RESERVES CONTINUED

Company (restated)	Merger reserve €000	Insurance contingency reserve €000	Property revaluation reserve €000	Hedging reserve €000	Other reserve €000	Total €000
Balance at 1 January 2014	3,843	1,278	1,093	(333)	(610)	5,271
Surplus arising on revaluation of land and buildings (restated)	–	–	676	–	–	676
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals (restated)	–		(203)	–	–	(203)
Cash flow hedge:						
– Gains from changes in fair value	–	–	–	851	–	851
– Deferred taxes thereon	–	–	–	(297)	–	(297)
– Reclassification adjustments						
– net amounts reclassified to profit or loss	–	–	–	(430)	–	(430)
– Deferred taxes thereon	–	–	–	150	–	150
Remeasurements of defined benefit obligations:						
– Actuarial losses	–	–	–	–	(566)	(566)
– Deferred taxes thereon	–	–	–	–	198	198
Transfer from retained earnings	–	116	–	–	–	116
Balance at 31 December 2014 (restated)	3,843	1,394	1,566	(59)	(978)	5,766
Balance at 1 January 2015 (restated)	3,843	1,394	1,566	(59)	(978)	5,766
Movement in deferred tax liability on revalued land and buildings determined on the basis applicable to property disposals	–	–	108	–	–	108
Transfer upon realisation of revaluation reserve through property disposal effected through spin-off	–	–	(264)	–	–	(264)
Cash flow hedge:						
– Gains from changes in fair value	–	–	–	91	–	91
– Deferred taxes thereon	–	–	–	(32)	–	(32)
Remeasurements of defined benefit obligations:						
– Actuarial losses	–	–	–	–	(245)	(245)
– Deferred taxes thereon	–	–	–	–	86	86
Transfer from retained earnings	–	116	–	–	–	116
Balance at 31 December 2015	**3,843**	**1,510**	**1,410**	**–**	**(1,137)**	**5,626**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

18. RESERVES CONTINUED

These reserves are non-distributable.

Adjustments relating to non-controlling interests

The adjustments relating to non-controlling interests reflect the excess of the purchase consideration paid to acquire non-controlling interests in Group entities over the net carrying amount of such non-controlling interests in the consolidated financial statements.

Insurance contingency reserve

The insurance contingency reserve represents amounts that are intended to be utilised in the event that adequate coverage for an incident would not be provided by the current Company's insurance policies.

Property revaluation reserve

The revaluation reserve relates to fair valuation of the land and buildings component of property, plant and equipment, and the balance represents the cumulative net increase in fair value of such property, net of related deferred tax.

Hedging reserve

The hedging reserve reflects changes in fair value of the derivative financial instruments designated as effective hedging instruments in cash flow hedges.

The net fair value losses as at 31 December 2014 on the Group's interest rate swap, which hedged variable interest payments on borrowings, was reclassified from the hedging reserve to profit or loss when the hedged transactions affected profit or loss as variable interest amounts accrued, up to expiry of the derivative contract in 2015.

Other reserve

The other reserve also reflects the impact of actuarial gains and losses recognised in other comprehensive income in respect of provisions for pensions (Note 21) in accordance with the Group's accounting policy.

19. BORROWINGS

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
				Restated
Non-current liabilities				
Secured bank loans (i)	**35,150**	44,573	**35,150**	44,573
Current liabilities				
Secured bank loans (i)	**9,434**	9,378	**9,434**	9,378
Bank overdrafts (ii)	**5,244**	47	**5,244**	47
	14,678	9,425	**14,678**	9,425

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

19. BORROWINGS CONTINUED
(i) Secured bank loans

			2015		2014	
		Year of	**Face value**	**Carrying amount**	Face value	Carrying amount
Group	**Currency**	**maturity**	**€000**	**€000**	€000	€000
Loan 1	euro	2019	**19,500**	**19,409**	25,500	25,346
Loan 2	euro	2019	**12,000**	**12,000**	12,000	12,000
Loan 3	euro	2019	**3,500**	**3,500**	4,500	4,500
Loan 4	euro	2019	**5,000**	**4,987**	6,000	5,981
Loan 5	euro	2020	**4,874**	**4,688**	6,459	6,124
			44,874	**44,584**	54,459	53,951

			2015		2014	
			Face value	**Carrying amount**	Face value	Carrying amount
		Year of	**€000**	**€000**	€000	€000
Company	**Currency**	**maturity**				Restated
Loan 1	euro	2019	**19,500**	**19,409**	25,500	25,346
Loan 2	euro	2019	**12,000**	**12,000**	12,000	12,000
Loan 3	euro	2019	**3,500**	**3,500**	4,500	4,500
Loan 4	euro	2019	**5,000**	**4,987**	6,000	5,981
Loan 5	euro	2020	**4,874**	**4,688**	6,459	6,124
			44,874	**44,584**	54,459	53,951

The bank loans are subject to financial covenants and are secured by guarantees for a maximum amount of €97,018,000 (2014: €97,018,000) provided by the Company and a number of subsidiaries. Loans 1, 3, 4 and 5 are term loans with scheduled repayments, while Loan 2 is a revolving term loan. Loan 2 is repayable through a bullet repayment in March 2019.

Loan 5 is also secured by guarantees and by special hypothecs over the present and future assets of the Company.

The floating interest rate applicable on Loans 1 and 2 is computed using a margin over the 3 month Euribor; whereas on Loans 3 and 4 it is computed using a margin over the bank's base rate; and on Loan 5 it is computed using a margin over the 6 month Euribor .

The Company had entered into an interest rate swap (Note 20) with a notional amount matching a proportion of the principal amount of Loan 1, with the intentions of hedging the Company's exposure to floating interest rates with respect to this borrowing. This derivative contract expired in June 2015. The terms and conditions of this interest rate swap are disclosed in Note 20.

As at 31 December 2015, the Company had an unutilised loan facility amounting to €6,775,000 (2014: €6,775,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19. BORROWINGS CONTINUED

(i) Secured bank loans CONTINUED

The weighted average effective interest rates as at the end of the reporting period are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	%	%	**%**	%
				Restated
Bank loans	**2.79**	2.61	**2.79**	2.61

(ii) Bank overdrafts

The Company's banking facilities at 31 December 2015 amounted to €11,000,000 (2014: €11,000,000) with local financial institutions, and were secured by guarantees provided by the Company and by special hypothecs over the present and future assets of the Group. As at 31 December 2015 and 2014, Group facilities were subject to a floating interest rate linked to the bank's base rate.

The weighted average effective interest rates as at the end of the reporting period are as follows:

	Group		Company	
	2015	2014	**2015**	2014
	%	%	**%**	%
				Restated
Bank overdrafts	**3.93**	4.05	**3.93**	4.05

20. DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company	
	2015	2014
	€000	€000
Non-current assets		
Call and put options embedded in host contract	**15,955**	2,383
Non-current liabilities		
Call options embedded in host contract	**8,669**	2,049
Current liabilities		
Interest rate swap designated as hedging instrument in cash flow hedge	**–**	91
Total liabilities	**8,669**	2,140

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

20. DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

The embedded options expire on the dates mentioned below and accordingly are classified as non-current financial assets and liabilities within the statement of financial position as at 31 December 2015 in view of the contracted terms and conditions. However after the end of the reporting period the Group has intimated its intentions to exercise embedded options (refer to Note 40).

Interest rate swap designated as hedging instrument

The Company was a party to a receive-variable, pay-fixed interest rate swap arrangement with a notional amount matching a proportion of the principal amount of Loan 1 (Note 19). The Company had designated this derivative contract as a hedging instrument in a cash flow hedge with the hedged risk being the Group's exposure to cash flow interest rate risk arising on the variable interest amounts payable with respect to Loan 1. Under the interest rate swap arrangement, the Group, at six monthly intervals, exchanged fixed interest amounts payable determined at the fixed interest rate of 3.19% with variable interest amounts receivable based on the 3 or 6 month floating Euribor. The derivative expired in June 2015. Fair value changes arising on this instrument were recognised in other comprehensive income directly in the cash flow hedging reserve.

Call and put options embedded in host contract

As disclosed in Note 9, during the preceding year, GO entered into a share purchase agreement with (i) Cablenet Communication Systems Limited and (ii) Mr Nicolas Shiacolas, for the purchase by GO from Mr Shiacolas of an initial stake of 25% of the issued share capital of Cablenet in exchange for a convertible loan of €12 million to Cablenet.

i) Derivative assets

The Company has the option to convert the loan into equity by 31 December 2017, such that upon conversion the total number of shares held by the Company will be equal to 45% of the issued share capital of Cablenet.

If GO exercises the option to convert the loan, the agreement also grants the Company an option to acquire a controlling stake in Cablenet until 30 June 2018, by acquiring an additional number of shares at a pre-established price such that upon acquisition the total number of shares held by the Company will be equal to 51% of the issued share capital of Cablenet.

If GO does not convert the loan into shares, the Company shall have the right by 31 March 2018 to demand Mr Shiacolas to buy back the initial 25% stake by 30 June 2018 at a pre-determined price. As a credit risk mitigant in respect of this option, upon failed settlement GO will have the option to convert the loan into a number of shares such that upon conversion the total number of shares held by the Company will be equal to 55% of the issued share capital of Cablenet. The aggregate fair values and carrying amounts of these derivatives as at 31 December 2015 is an asset of €15.9 million (2014: €2.4 million).

Subsequent to the end of the reporting period, the Company announced its intentions to exercise both options referred to above relating to the conversion of the loan into equity and the further acquisition of a controlling stake.

ii) Derivative liabilities

If GO does not convert the loan into shares and does not exercise the option to sell back the initial 25% stake, Mr Shiacolas will have the option to buy back this stake until 31 December 2018 at a pre-determined price. The fair value and carrying amount of this derivative as at 31 December 2015 is a liability of €8.7 million (2014: €2 million).

21. PROVISIONS FOR PENSIONS

The provision of telephone, telex, radio and cable services in Malta was nationalised in 1975 through the enactment of the Telemalta Corporation Act. The Company (in the form of Telemalta Corporation, its predecessor in title) committed itself to take over the employees of Cable and Wireless as part of this nationalisation process. As a result, the Company also committed itself to set up a pension scheme in favour of these employees. Additionally, this commitment was extended to some employees where a pension obligation was expressly agreed as part of their terms of employment.

Following a judgement by the Court of Appeal on 7 July 2008, the Company was required to set up the pension scheme in favour of ex-Cable and Wireless employees, with an effective date of 1 January 1975 and set up in a manner similar to that prescribed by the Pensions Ordinance, 1937. A pension scheme set up in accordance with this Ordinance falls under the category of a defined benefit plan within the scope of IAS 19, 'Employee Benefits'.

GO p.l.c. submitted an application to the Malta Financial Services Authority (MFSA) as the pensions' regulator detailing the measures planned by the Company 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, the Company established the scheme on 1 July 2009 with effect from 1 January 1975.

Subsequent to the setting up of the scheme, the Company offered a number of beneficiaries a one-time lump sum settlement in lieu of joining the scheme. Until 31 December 2015, a significant number of beneficiaries have taken up this offer. As at 31 December 2015, the Company estimated that its obligations towards the remaining potential beneficiaries amounted to €6,684,000 (2014: €6,501,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21. PROVISIONS FOR PENSIONS CONTINUED

In view of the extent of the remaining potential beneficiaries, the Company has not considered it necessary to engage actuaries. The Company has measured its retirement benefit obligations using the accounting rules applicable to defined benefit plans.

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement. In GO p.l.c.'s case, as originally provided for in the terms of employment, this amount is dependent upon an employee's final compensation upon retirement, as well as completed months of service. Furthermore, qualifying employees must have worked for the Company for a minimum of 10 years, and must have remained in service with the Company until retirement (the vesting period), in order to be unconditionally eligible to receive a pension under the scheme.

As at 31 December, the Company estimates the present value of the benefit obligation as follows:

	Group and Company	
	2015	2014
	€000	€000
Carrying amount of pension obligations	**6,684**	6,501

The Company's scheme is unfunded and the amounts in the statement of financial position reflect essentially the present value of the unfunded obligations. The movement in the defined benefit obligation throughout the year is analysed as follows:

	Group and Company	
	2015	2014
	€000	€000
At 1 January	**6,502**	6,021
Actuarial losses – attributable to financial assumptions	**245**	566
Effect of settlements recognised in profit or loss	**151**	–
Settlements paid	**(224)**	(94)
Current service costs	**10**	8
At 31 December	**6,684**	6,501

The provision is analysed in the statement of financial position as follows:

	Group and Company	
	2015	2014
	€000	€000
Non-current	**4,219**	3,667
Current	**2,465**	2,834
	6,684	6,501

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

21. PROVISIONS FOR PENSIONS CONTINUED

The amounts recognised in profit or loss are as follows:

	Group and Company	
	2015	2014
	€000	€000
Effect of settlements	**(151)**	–
Current service costs	**(10)**	(8)
Total recognised in profit or loss	**(161)**	(8)

The amounts recognised in other comprehensive income are as follows:

	Group and Company	
	2015	2014
	€000	€000
Actuarial losses	**(245)**	(566)

The key assumptions used were as follows:

Discount rates
The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate yields of Malta Government Stocks that have terms to maturity approximating to the terms of the related pension liability. As at 31 December 2015, the weighted average discount rate used was 1.65% (2014: 2.26%).

Mortality assumptions
Assumptions regarding future mortality experience are based on published mortality tables in the UK and in Malta, which translate into an average life expectancy ranging between 80 and 95 years depending on age and gender of the beneficiaries.

Other assumptions comprise:

Future salary increases
GO p.l.c.'s employees are remunerated on the basis of salary scales in accordance with collective agreements. Future salary increases have been estimated on a basis consistent with the natural progression of an employee's salary in line with the Company's salary scales, past experience and market conditions.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21. PROVISIONS FOR PENSIONS CONTINUED

The sensitivity of the pension obligation to changes in the key assumptions is disclosed below:

		Impact on defined benefit obligation	
2015	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.0%	decrease by 3.9%	increase by 4.7%

	Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy	3.1%	3.3%

2014	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.0%	decrease by 4.2%	increase by 4.6%

	Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy	2.9%	3.1%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the pension obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognised within the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	€000	€000	€000	€000
				Restated
Non-current				
Trade payables	**1,838**	1,198	**1,838**	1,198
Amounts owed to associate	**–**	190	**–**	190
	1,838	1,388	**1,838**	1,388
Current				
Trade payables	**15,902**	14,470	**13,221**	12,348
Amounts owed to subsidiaries	**–**	–	**–**	3,399
Amounts owed to associate	**–**	998	**–**	998
Amounts owed to related party	**26**	–	**26**	–
Indirect tax payable	**4,262**	4,004	**3,764**	3,359
Accruals and deferred income	**27,443**	23,050	**25,068**	22,204
	47,633	42,522	**42,079**	42,308

Amounts owed to associate as at 31 December 2014 amounting to €1.2 million reflected the discount arising on the remaining committed loan instalments attributable to the fact these advances to the associate are not subject to interest until 31 December 2017 (Note 9). These loan instalments have been effected during the current financial year and accordingly this financial liability was settled accordingly.

Amounts owed to subsidiaries are unsecured, interest free and repayable on demand.

23. REVENUE

The Group's turnover, which is substantially generated within Malta, is analysed as follows:

	Group		Company	
	2015	2014	2015	2014
	€000	€000	€000	€000
				Restated
Category of activity				
Voice, data and TV services	**114,860**	114,308	**105,455**	104,965
Sale of goods	**5,080**	4,772	**3,981**	4,070
Other services	**2,484**	1,703	**282**	111
Sundry income	**1,276**	1,475	**932**	1,512
	123,700	122,258	**110,650**	110,658

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. EXPENSES BY NATURE

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
				Restated
Cost of goods sold	**5,734**	6,010	**4,768**	5,217
Third party network charges, content costs and other direct costs	**31,206**	33,230	**30,570**	32,287
Employee benefit expense (Note 25)	**25,388**	25,493	**24,089**	24,367
Depreciation of property, plant and equipment (Note 5)	**17,503**	17,499	**16,424**	15,843
Amortisation of intangible assets (Note 7)	**6,295**	7,329	**5,571**	5,540
Movement in provisions and write-offs relating to inventories (Note 14)	**365**	44	**360**	40
Movement in provisions for impairment of trade and other receivables (Note 15)	**(776)**	(583)	**(992)**	(595)
Bad debts written off	**849**	1,229	**860**	1,168
Operating lease rentals payable	**2,596**	1,672	**4,247**	4,247
Other	**8,300**	9,768	**8,860**	10,960
Total cost of sales, administrative and other related expenses	**97,460**	101,691	**94,757**	99,074

The following items of an unusual nature, size or incidence have been charged to operating profit within 'administrative and other related expenses' during the year:

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
Non-recurring items				
Voluntary retirement costs (Note 25)	**1,010**	2,595	**1,010**	2,595
Movement in provisions for pensions (Note 21)	**161**	8	**161**	8
	1,171	2,603	**1,171**	2,603

The Company continued with its right-sizing programme by offering voluntary retirement schemes to its employees.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

24. EXPENSES BY NATURE CONTINUED

Auditor's fees

Fees charged by the auditor for services rendered during the financial years ended 31 December 2015 and 2014 relate to the following:

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
				Restated
Annual statutory audit	**190**	200	**159**	169
Other assurance services	**98**	128	**98**	128
Other non-audit services	**42**	10	**42**	10
	330	338	**299**	307

25. EMPLOYEE BENEFIT EXPENSE

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
				Restated
Wages and salaries	**25,316**	23,532	**24,204**	22,629
Social security costs	**1,501**	1,433	**1,501**	1,433
Capitalised labour costs	**(2,600)**	(2,075)	**(2,093)**	(1,627)
Recharged to subsidiaries	**–**	–	**(694)**	(671)
	24,217	22,890	**22,918**	21,764
Voluntary retirement costs	**1,010**	2,595	**1,010**	2,595
Movement in provisions for pensions	**161**	8	**161**	8
	1,171	2,603	**1,171**	2,603
Total employee benefit expense	**25,388**	25,493	**24,089**	24,367

Wages, salaries and social security costs, other than those relating to capital projects, are allocated between operational expenses (included within 'cost of sales') and 'administrative expenses' as follows:

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
				Restated
Operational expenses	**6,315**	6,938	**6,231**	6,816
Administrative and other related expenses	**19,073**	18,555	**17,858**	17,551
	25,388	25,493	**24,089**	24,367

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

25. EMPLOYEE BENEFIT EXPENSE CONTINUED

The average number of persons employed by the Group and the Company, including part-timers, students and secondees, during the year amounted to 950 (2014: 860) and 875 (2014: 821) respectively. The number of persons employed by the Group and the Company, including part-timers, students and secondees, at the end of the year was as follows:

	Group		Company	
	2015	2014	**2015**	2014 Restated
Operational	**308**	293	**292**	281
Management and administration	**642**	558	**618**	535
	950	851	**910**	816
Seconded to subsidiaries	**–**	–	**–**	(3)
	950	851	**910**	813

26. DIRECTORS' EMOLUMENTS

	Group		Company	
	2015 €000	2014 €000	**2015 €000**	2014 €000
Directors' emoluments:				
Fees	**55**	49	**55**	49
Benefits in kind	**2**	2	**2**	2
Total Directors' emoluments	**57**	51	**57**	51

Directors' emoluments are included within 'administrative and other related expenses'.

27. OTHER INCOME

	Group		Company	
	2015 €000	2014 €000	**2015 €000**	2014 €000 Restated
Rent receivable on immovable property				
– from investment property	**–**	151	**–**	–
– from other immovable property	**118**	153	**118**	358
Other rent receivable	**336**	211	**211**	211
Realised operating exchange gains	**127**	83	**127**	83
Unrealised operating exchange gains	**16**	27	**17**	27
Late payment charges	**187**	235	**187**	235
Others	**862**	477	**862**	231
	1,646	1,337	**1,522**	1,145

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

28. OTHER EXPENSES

	Group		Company	
	2015	2014	2015	2014
	€000	€000	€000	€000
				Restated
Realised operating exchange losses	**50**	93	**46**	169
Others	**1**	47	**1**	19
	51	140	**47**	188

29. FINANCE INCOME

	Group		Company	
	2015	2014	2015	2014
	€000	€000	€000	€000
				Restated
Dividend income from subsidiaries	**–**	–	**7,992**	10,470
Bank interest receivable	**15**	63	**15**	63
Interest receivable from subsidiaries	**–**	–	**1,413**	1,857
Interest receivable from associate	**509**	–	**509**	–
Interest receivable from related parties	**145**	–	**145**	–
Income from finance leases	**8**	7	**8**	7
Late payment interest receivable	**340**	301	**340**	301
Other interest receivable	**42**	19	**22**	19
	1,059	390	**10,444**	12,717

30. FINANCE COSTS

	Group		Company	
	2015	2014	2015	2014
	€000	€000	€000	€000
				Restated
Bank loan interest	**1,590**	1,959	**1,590**	2,177
Other bank interest and charges	**290**	356	**290**	138
	1,880	2,315	**1,880**	2,315

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31. TAX EXPENSE

The Group's and the Company's tax expense recognised in profit or loss is analysed below:

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
				Restated
Current tax				
Current tax expense	**5,173**	6,410	**4,884**	6,300
Deferred tax				
Deferred tax expense/(credit) (Note 13)	**2,618**	(706)	**2,722**	330
Tax expense	**7,791**	5,704	**7,606**	6,630

The tax impacts, which are entirely attributable to deferred taxation, relating to components of other comprehensive income and accordingly presented directly in equity are as follows:

	2015			2014		
	Before tax	**Tax (charge)/ credit**	**Net of tax**	Before tax	Tax (charge)/ credit	Net of tax
	€000	**€000**	**€000**	€000	€000	€000
Group						
Fair valuation of land and buildings	–	1,285	1,285	38	(956)	(918)
Cash flow hedge	91	(32)	59	421	(147)	274
Remeasurement of defined benefit obligations	(245)	86	(159)	(566)	198	(368)
	(154)	**1,339**	**1,185**	(107)	(905)	(1,012)
Company (restated)						
Fair valuation of land and buildings	–	108	108	676	(203)	473
Cash flow hedge	91	(32)	59	421	(147)	274
Remeasurement of defined benefit obligations	(245)	86	(159)	(566)	198	(368)
	(154)	**162**	**8**	531	(152)	379

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

31. TAX EXPENSE CONTINUED

The tax recognised in profit or loss on the Group's and the Company's profit before tax differs from the theoretical amount that would arise by applying the basic tax rate to the results of the consolidated entities as follows:

	Group		Company	
	2015 €000	2014 €000 Restated	**2015 €000**	2014 €000 Restated
Profit before tax	**34,202**	13,738	**27,672**	23,012
Tax on profit at 35%	**11,971**	4,808	**9,686**	8,054
Tax effect of:				
Expenses and losses disallowed for tax purposes	**26**	2,345	**2,318**	18
Temporary differences arising on depreciation of property, plant and equipment	**(481)**	357	**(502)**	156
Further allowances on rental income	**(20)**	(241)	**(20)**	(25)
Benefits available under the Business Promotion Act, comprising investment tax credits and allowances	**(798)**	(826)	**–**	–
Deferred taxation on fair value gains arising on property determined on the basis applicable to property disposals	**–**	83	**–**	(15)
Different tax rates applied to finance income	**(3)**	(5)	**(3)**	(5)
Dividend income not subject to tax	**–**	–	**(805)**	(1,545)
Income on gains not subject to tax	**(2,973)**	–	**(3,095)**	–
Under/(over) provision of tax in prior year	**69**	–	**27**	–
Other differences	**–**	(817)	**–**	(8)
Tax expense	**7,791**	5,704	**7,606**	6,630

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

32. EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

		Group
	2015	2014 Restated
Profit attributable to equity holders of the Company (€000)	**26,411**	8,034
Weighted average number of shares in issue (thousands) (Note 17)	**101,310**	101,310
Earnings per share (euro cents)	**26c1**	7c9

The Company has no instruments or arrangements which give rise to potential ordinary shares and accordingly diluted earnings per share is equivalent to basic earnings per share.

33. DIVIDENDS

		Company
	2015 **€000**	2014 €000
Net dividends paid on ordinary shares	**7,092**	7,092
Dividends per share (euro cents)	**7c0**	7c0

A dividend in respect of the year ended 31 December 2015 of €0.10 (2014: €0.07) per share, amounting to €10,131,049 (2014: €7,091,734), was proposed by the Board of Directors subsequent to the end of the reporting period. The financial statements do not reflect this proposed dividend.

33.1 Spin-off effected by way of distribution of Malta Properties Company p.l.c.

By virtue of an ordinary resolution approved at the Company's Extraordinary General Meeting on 22 July 2015, the spin-off of the Company's shareholding in Malta Properties Company p.l.c. ('MPC') was authorised to be effected through the payment, by the Company to its shareholders, of an interim dividend in kind by way of a distribution of the Company's shareholding in MPC (to be distributed pro-rata to shares held by the shareholders in the Company).

In this respect, during a Board of Directors' meeting of GO held on 19 October 2015, it was resolved to declare a net interim dividend of €0.3313 per share (gross €0.5097 per share) equivalent to a total net amount of €33,564,165 (gross amount of €51,637,177). The interim dividend was settled 'in kind', by the distribution of GO's entire shareholding in MPC to GO's shareholders pro rata to the number of shares held by them in GO. GO shareholders received a share in MPC for every share which they held in GO.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

33. DIVIDENDS CONTINUED

33.1 Spin-off effected by way of distribution of Malta Properties Company p.l.c. *CONTINUED*

The impact of this distribution on GO's consolidated financial position is reflected in the table below, which highlights the assets and liabilities derecognised upon distribution.

	€000
Property – property, plant and equipment and investment property	53,880
Trade and other receivables	253
Cash and cash equivalents	909
Deferred tax liability	(5,118)
Borrowings	(16,000)
Trade and other payables and other liabilities	(360)
Net asset value of MPC group – reflected as a distribution within retained earnings	33,564

The impact of the distribution on GO's stand-alone financial position and financial results is reflected below:

	€000
Cost of investment in MPC derecognised (subsequent to capitalisation of loan amounting to €32,370,000)	(32,420)
Amount reflected as distribution	33,564
Net effect of distribution recognised in profit or loss – gain on distribution	1,144

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

34. CASH GENERATED FROM OPERATIONS

Reconciliation of operating profit to cash generated from operations:

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000 Restated
Operating profit	**27,835**	21,764	**17,368**	12,541
Adjustments for:				
Depreciation and amortisation	**23,798**	24,828	**21,995**	21,383
Net increase in provisions and write-downs in relation to receivables and inventories	**438**	690	**228**	2,199
Voluntary retirement costs	**1,010**	2,595	**1,010**	2,595
Provisions for pensions	**161**	8	**161**	8
Changes in working capital:				
Inventories	**(2,586)**	(597)	**(2,853)**	(582)
Trade and other receivables	**3,723**	(1,003)	**1,060**	495
Trade and other payables	**(10,701)**	493	**(1,250)**	2,715
Group undertakings' balances	**–**	–	**(1,197)**	4,473
Cash generated from operations	**43,678**	48,778	**36,522**	45,827

Non-cash transactions

The Group's non-cash transactions effected during the current financial year principally comprise the spin-off effected by way of distribution of the shareholding in its subsidiary undertaking, MPC (refer to Note 33.1). The Company's non-cash transactions included the conversion of loans receivable from MPC into a further equity investment (see Note 8) prior to the spin-off referred to.

35. OPERATING LEASE COMMITMENTS

(a) Operating leases – where the Group/the Company is the lessee

Operating lease rentals under non-cancellable leases at 31 December are payable as follows:

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
Less than one year	**896**	572	**353**	241
Between one and five years	**2,816**	1,088	**1,122**	915
More than five years	**712**	1,001	**402**	1,001
	4,424	2,661	**1,877**	2,157

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

35. OPERATING LEASE COMMITMENTS CONTINUED

(a) Operating leases – where the Group/the Company is the lessee CONTINUED

The Group and the Company lease various premises under operating leases. The leases run for an initial period of up to twenty years. Specific lease arrangements include an option to renew the lease after the original term but the amounts presented in the tables above do not reflect lease charges applicable to the renewal period.

During the current year, operating lease payments in respect of cancellable and non-cancellable leases amounting to €2,596,000 (2014: €1,672,000) for the Group and €4,247,000 (2014: €4,247,000) for the Company, were recognised as an operating expense in profit or loss.

(b) Operating leases – where the Group/the Company is the lessor

The Group and the Company lease out certain premises and plant and equipment under operating leases. The future minimum lease payments under non-cancellable leases at 31 December are as follows.

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000 Restated
Less than one year	**48**	31	**48**	50
Between one and five years	**–**	31	**–**	101
	48	62	**48**	151

During the current year, amounts of €454,000 (2014: €515,000) for the Group and €329,000 (2014: €569,000) for the Company, were recognised as rental income in profit or loss within other operating income. As at 31 December 2015 and 2014, the Group and the Company are also party to a non-cancellable operating lease agreement for an indefinite period with an annual lease amount receivable of €225,000.

36. CAPITAL COMMITMENTS

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000 Restated
Contracted for:				
Property, plant and equipment	**2,177**	4,725	**2,177**	2,361
Authorised but not contracted for:				
Property, plant and equipment	**2,737**	10,391	**2,737**	10,391
	4,914	15,116	**4,914**	12,752

In view of the matters highlighted in Note 10, disclosure of the Group's share of the capital commitments of the joint venture as at 31 December 2015 was not deemed necessary and relevant for the purposes of understanding the Group's financial results and position. Disclosure of the Group's share of the associate's capital commitments as at 31 December 2015 was also not deemed necessary, taking cognisance of the insignificance of the related amounts in the context of the Group's financial results and position.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

37. CONTINGENCIES

The contingencies of the Group and the Company are listed below:

(a) Contingent liabilities arising in the ordinary course of business

As a result of its operations and activities in the ordinary course of the Group's business, the Group has, as at 31 December 2015, contingent liabilities arising from:

- guarantees in favour of third parties and performance bonds given amounting to €1,045,000 (2014: €858,000) for the Group and the Company;
- actual or potential claims and litigation arising from disruption of services, alleged breach of contract, warranties given, acquisition of goods and services by the Group and other claims in relation to legal issues; and
- claims by a restricted number of employees for damages arising from alleged irregularities or unjust measures;

in respect of which no losses which are deemed material, individually or in aggregate, in the context of understanding the Group's financial results and financial position, are expected.

At the end of the reporting period, the Group had a contingent liability arising from an overseas court judgement requiring that a Group company implements measures to prevent a specific client from providing certain services. The company was ordered to pay for the costs of the court proceedings and to pay a fine of €100,000 per day subsequent to service of the said judgement, unless and until the company complies with it. On the basis of legal advice obtained by the Group, the company has not yet been correctly served with the judgement and, additionally, the judgement can be enforced in Malta only in the event that it is declared enforceable by the Courts in Malta. This legal advice obtained by the Group highlights serious doubts on the enforceability of the overseas court judgement in Malta and accordingly no provision has been recognised as the Directors are of the opinion that a cash outflow is not probable.

During the year ended 31 December 2014, another overseas court proceeding has been instituted against the same Group company with respect to similar claims in relation to services provided to another client. Until the date of authorisation for issue of these financial statements, no judgement has been delivered by the court. No provision for expected losses was deemed necessary by the Directors as at the end of the reporting period taking cognisance of legal advice received.

(b) Contingencies relating to pension liabilities

As disclosed in Note 21 following a judgement by the Court of Appeal, GO p.l.c. was required to set up a pension scheme in favour of its eligible employees and former employees. Further claims for the payment of a pension have been made by a number of ex-employees and employees of the Company. However, the Directors have considered legal advice obtained and are of the opinion that an outflow of resources is not probable in respect of these further claims.

In this respect the Group has not disclosed additional information related to this contingent liability in accordance with IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets' on the grounds that disclosure may be seriously prejudicial to the Group's interests.

(c) Other contingencies

At the end of the reporting period, the Company was subject to a case requesting the Commission of Fair Trading to investigate alleged abusive prices for the provision of IP Transit and ADSL Services. No provision has been made for any possible losses the Company may incur if an adverse decision results.

(d) Contingencies attributable to the joint venture and associate

In view of the matters highlighted in Note 10, disclosure of the Group's share of the contingent liabilities of the joint venture as at 31 December 2015 was not deemed necessary and relevant for the purposes of understanding the Group's financial results and position. Disclosure of the Group's share of the associate's contingent liabilities as at 31 December 2015 was also not deemed necessary, taking cognisance of the insignificance of the related amounts in the context of the Group's financial results and position.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

38. RELATED PARTY TRANSACTIONS

The Company and its subsidiaries have related party relationships with Dubai Holding LLC, the Company's ultimate controlling party (Note 42), related entities ultimately controlled by Dubai Holding LLC, the Group's associate (Note 9) and the Group's joint venture (Note 10), together with the Company's Directors ('key management personnel').

The following principal operating transactions, which were carried out with related parties, have a material effect on the operating results and financial position of the Group and Company:

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
Ultimate controlling party and related entities				
Services provided to	**64**	324	**64**	292
Services provided by	**1,046**	1,443	**1,046**	1,431
Interest received from	**145**	–	**145**	–
Dividends paid to	**4,255**	4,255	**4,255**	4,255

The Company has also distributed to its shareholders its holding in MPC by way of dividends in kind (refer to Note 33.1).

	Group		Company	
	2015	2014	**2015**	2014
	€000	€000	**€000**	€000
Associate				
Loans advanced to (at face value)	**7,500**	4,500	**7,500**	4,500
Interest received from	**509**	–	**509**	–

The arrangements with the Group's associate and joint venture are reflected within Notes 9 and 10 to the financial statements and the impacts on these financial statements are disclosed in the said notes.

	Company	
	2015	2014
	€000	€000
		Restated
Subsidiaries		
Services provided to	**1,130**	1,055
Expenses recharged to	**770**	4,867
Interest received from	**1,413**	1,857
Dividends received from	**7,992**	12,327
Rental charges payable to	**2,314**	2,971

The Company's related party transactions include the conversion of loans received from MPC, into further equity investment prior to the spin-off (Note 8).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

38. RELATED PARTY TRANSACTIONS CONTINUED

In the opinion of the Directors, disclosure of related party transactions, which are generally carried out on commercial terms and conditions, is only necessary when the transactions effected have a material impact on the operating results and financial position of the Group. The aggregate invoiced amounts in respect of a number of transaction types carried out with related parties are not considered material and accordingly they do not have a significant effect on these financial statements.

Except for remuneration payable (Note 26), the Group has not entered into material transactions with key management personnel which would warrant disclosure thereof for the purpose of understanding the Group's financial results or its financial position. Also, the Group has not entered into material transactions with entities in which the Group's key management personnel directly or indirectly have an interest or over which they have direct or indirect influence. Any such transactions would constitute normal operating transactions under normal market and commercial terms relating to provision of operational services by the Group, and would not comprise financing transactions.

Year end balances with related parties, arising principally from the above transactions, are disclosed in Notes 11, 15 and 22 to these financial statements.

39. MERGER OF SUBSIDIARY UNDERTAKINGS WITH THE COMPANY

On 28 August 2015, GO p.l.c. announced that the Company would be amalgamated with each of Mobisle Commuications Limited and Worldwide Communications Limited, two subsidiary undertakings, by virtue of two separate and contemporaneous merger procedures carried out under Title II, Chapter III of Part VIII of the Companies Act (Chapter 386 of the Laws of Malta).

The telecommunications business of GO and its subsidiaries, (together the 'GO Group'), was subdivided into two segments with the Company providing fixed-line telephony services and Mobisle Communications Limited providing mobile telephony services. Over the years the telecommunications market has been converging, thereby necessitating an increased need to streamline fixed-line and mobile operations, technology and consumer offerings. The merger resulting in the acquisition of Mobisle Communications Limited by GO is the final step in the convergence process which effectively ensures that the resultant corporate structure reflects current operational reality. Worldwide Communications Limited has been inactive for the last few years and its balance sheet consists mainly of balances with the Company.

In anticipation of the mergers, the Company acquired one fully paid up ordinary share of a nominal value of €2.329373 in Mobisle Communications Limited from Innovate Software Limited, another subsidiary undertaking, and one fully paid up ordinary share of a nominal value of €2.329373 in Worldwide Communications Limited from Mobisle Communications Limited. As a result, the Company became the 100% shareholder of each of Mobisle Communications Limited and Worldwide Communications Limited.

The Board of Directors of the Company and each of Mobisle Communications Limited and Worldwide Communications Limited have approved the draft terms of merger by acquisition drawn up in respect of each of the mergers, which have been registered with the Registrar of Companies. As a result of the mergers, GO shall succeed to the rights, obligations, assets and liabilities of Mobisle Communications Limited and Worldwide Communications Limited respectively. The mergers became effective on 19 December 2015. Upon the mergers becoming effective, each of Mobisle Communications Limited and Worldwide Communications Limited were dissolved without having to be wound up. The draft terms of mergers provide that for accounting purposes, the transactions of each of Mobisle Communications Limited and Worldwide Communications Limited shall be treated as those of the Company as from 1 January 2015.

These mergers have been accounted for as if they had already taken place at the beginning of the earliest period presented i.e. 1 January 2014 using predecessor accounting. The comparative amounts reflected within the stand-alone financial statements of GO p.l.c. in relation to the stand-alone financial position, financial results and cash flows have been restated. The assets and liabilities of Mobisle Communications Limited and Worldwide Communications Limited have been reflected as at 1 January 2014 using predecessor book values from the consolidated financial statements of GO p.l.c..

The restated statement of financial position as at 1 January 2014 has been presented within these financial statements. The financial results and cash flows of Mobisle Communications Limited and Worldwide Communications Limited for the year ended 31 December 2014 have been incorporated as if both entities had always been combined with GO p.l.c.. The comparative amounts in the statements of income and cash flows reflect the combined financial results and cash flows of both merged entities. The restated stand-alone financial statements of GO p.l.c. reflect both merged entities' full year's financial results and cash flows for the year ended 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

39. MERGER OF SUBSIDIARY UNDERTAKINGS WITH THE COMPANY CONTINUED

The impacts of these mergers on the stand-alone financial position of GO p.l.c. as at 31 December 2014 and 1 January 2014 are reflected below:

	31 December 2014 €000	1 January 2014 €000
Non-current assets		
Property, plant and equipment	13,451	13,338
Investment property	2,282	1,625
Intangible assets	2,196	2,585
Trade and other receivables	718	786
Current assets		
Inventories	1,232	1,427
Trade and other receivables	6,797	10,874
Current tax assets	162	827
Cash and cash equivalents	1,788	2,545
	28,626	34,007
Retained earnings	122	24
Non-current liabilities		
Borrowings	4,677	4,919
Deferred tax liabilities	125	(912)
Current liabilities		
Trade and other payables	16,762	17,155
Borrowings	1,447	1,363
	23,133	22,549
Elimination of investments in subsidiaries	(16,616)	(16,616)
Elimination of intragroup balances	11,123	5,158
Net impact of merger on stand-alone financial position	–	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

39. MERGER OF SUBSIDIARY UNDERTAKINGS WITH THE COMPANY CONTINUED

The impacts of these mergers on GO p.l.c.'s stand-alone financial results for the year ended 31 December 2014 are disclosed in the table below:

	2014 €000
Revenue	39,961
Cost of sales	(19,481)
Gross profit	20,480
Administrative and other related expenses	(7,196)
Other income	488
Other expenses	(79)
Operating profit	13,693
Finance income	40
Finance costs	(358)
Profit before tax	13,375
Tax expense	(3,851)
Profit for the year	9,524
Elimination of intragroup transactions	
– Impact on revenue	(2,708)
– Impact on costs of sales	402
– Impact on finance income	(11,666)
– Impact on tax	3,968
Net impact of merger on stand-alone profit for the year	(480)
Adjustments arising on fair valuation of property allocated to other comprehensive income upon mergers	657
Tax expense on these adjustments	(79)
	578
Net impact of merger on stand-alone financial results	98

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

39. MERGER OF SUBSIDIARY UNDERTAKINGS WITH THE COMPANY CONTINUED

The impacts of these mergers on GO p.l.c.'s stand-alone cash flows for the year ended 31 December 2014 are reflected below:

	2014 €000
Cash generated from operations	8,117
Net cash from operating activities	4,389
Net cash used in investing activities	(4,947)
Net cash used in financing activities	(156)
Net movements in cash and cash equivalents	(714)
Cash and cash equivalents at beginning of year	1,831
Cash and cash equivalents at end of year	1,117

40. EVENTS AFTER THE END OF THE REPORTING DATE

Acquisition of control over Cablenet

On 20 January 2016 GO p.l.c. announced that at a Board meeting held on the same date, it was agreed to proceed with the option of converting into equity the loan provided to Cablenet (Note 11). Through the conversion of the €12 million loan, GO's shareholding in Cablenet will increase from 25% to 45% of the issued share capital of Cablenet.

GO also announced that it will exercise the option included in the Share Purchase Agreement to acquire a further 6% of the issued share capital of Cablenet at the pre-established consideration of €3 million, thus increasing GO's shareholding to 51% in order to acquire control over Cablenet. The acquisition is intended to provide GO with access and exposure to the telecommunications sector in Cyprus.

Considering the terms within the Share Purchase Agreement, the Group assessed whether any rights it has are protective (rather than substantive), whether rights held by the other investor are protective and whether the other shareholder has substantive rights that can prevent the Group from directing Cablenet's activities. GO's Board of Directors have concluded that the other shareholder's rights are protective rights which are designed to protect the interests of the party without giving that party power over the entity. Accordingly, the Group has the power to exercise control over Cablenet according to this analysis.

Purchase consideration

Details of the purchase consideration are as follows:

	€000
Fair value of initial 25% equity holding in Cablenet as at acquisition date	11,335
Fair value of €12 million receivable as at acquisition date	11,001
Intrinsic value of embedded derivatives as at acquisition date (Note 20)	3,397
Purchase price of further 6% equity holding	3,000
Total fair value of purchase consideration	28,733

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

40. EVENTS AFTER THE END OF THE REPORTING DATE CONTINUED

Acquisition of control over Cablenet *CONTINUED*

Purchase consideration CONTINUED

The provisionally determined fair values of the assets and liabilities of Cablenet as at date of acquisition are as follows:

	€000
Property, plant and equipment	25,196
Intangible assets:	
International capacity	10,794
Brand	4,295
Customer relationships	13,685
Others	618
Current assets (principally trade and other receivables)	4,695
Non-current borrowings	(24,904)
Trade and other payables	(11,038)
Current borrowings	(8,739)
Deferred tax liabilities	(2,364)
Net identifiable assets acquired	12,238
Less non-controlling interests	(5,996)
Add goodwill	22,491
	28,733

Goodwill is mainly attributable to synergies and economies of scale expected from combining the operations of GO and Cablenet. Non-controlling interests have been measured at the related proportion of the net identifiable assets at acquisition.

At the time the financial statements were authorised for issue, GO had not yet completed the accounting for the acquisition of Cablenet. In particular the fair values of the assets and liabilities disclosed above have only been determined provisionally as independent valuations have not been finalised.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

40. EVENTS AFTER THE END OF THE REPORTING DATE CONTINUED

Acquisition of Kinetix IT Solutions Limited

On 13 November 2015, GO p.l.c. announced that its fully owned subsidiary GO Data Centre Services Limited entered into a preliminary agreement to acquire 51% of the issued ordinary share capital of Kinetix IT Solutions Limited, a limited liability company registered in Malta having registered office situated at 55, Birbal Street, Balzan, BZN 9017. As at 31 December 2015, the acquisition was subject to regulatory approval by the competent authorities being obtained which was deemed to be a substantive condition for the purposes of transaction completion. GO p.l.c. secured regulatory approval to complete the acquisition on 6 January 2016.

Kinetix IT Solutions Limited is principally engaged in providing managed IT services, a service offering that subsidiaries of GO Data Centre Services Limited have been developing in the past years and that is also ancillary to services currently provided by these subsidiaries. This acquisition is expected to give rise to synergies within the Group, especially with operations of the subsidiaries of GO Data Centre Services Limited.

Following fulfilment of all substantive conditions within the preliminary agreement, on 28 January 2016, GO p.l.c. announced that GO Data Centre Services Limited finalised the acquisition of 51% of the issued share capital of Kinetix IT Solutions Limited for a consideration of €1,200,000. GO Data Centre Services Limited has been granted the option to purchase the remaining 49% of the share capital at a pre-established price until 30 June 2018. Subject to a number of conditions stipulated in the share purchase agreement, including achievement of EBITDA targets, the vendors have been granted the option to sell the remaining 49% of the share capital at a pre-established price during the period from 1 January 2018 to 30 June 2018.

GO p.l.c. has identified and measured as at the acquisition date the identifiable assets acquired and the liabilities assumed through the acquisition, in a provisional manner. In view of the provisional nature of the information and taking cognisance of the amounts of assets acquired and liabilities assumed in the context of the financial position of GO p.l.c., disclosure of the provisional amounts was not deemed necessary.

41. DEVELOPMENTS IN CONNECTION WITH THE COMPANY'S SHAREHOLDING

On 23 July 2015, GO p.l.c. announced that its majority shareholder, Emirates International Telecommunications Malta Limited ('EITML'), expressed to GO, its intention to seek to dispose of its shareholding in GO in the short term. By virtue of an Extraordinary General Meeting held on 29 October 2015, resolutions were approved to authorise the Board of Directors of GO to seek bids for the Company's entire issued share capital and to take all steps as may be necessary, to seek such bids, and to make such disclosures, including disclosure of unpublished price sensitive information, as the Directors may consider appropriate to enable prospective offerors and their adviser to make, confirm, withdraw or modify any offer for the shareholding in GO. Subsequent to the end of the reporting period, the process of locating an acquirer for the shareholding in GO has been stepped up with the objective of securing binding bids and is expected to be concluded during the first half of the financial year ending 31 December 2016.

42. STATUTORY INFORMATION

GO p.l.c. is a public limited liability company domiciled and incorporated in Malta. The Company's ultimate controlling parent is Dubai Holding LLC, the registered office of which is situated at Emirates Towers, Level 43, Office Block, Sheikh Zayed Road, Dubai, UAE. Emirates International Telecommunications (Malta) Limited, which owns 60% of the Company's shares, is ultimately controlled by Dubai Holding LLC as it forms part of the group of companies of which Dubai Holding LLC is the ultimate parent. Dubai Holding LLC is owned by H.H. Sheikh Mohammed Bin Rashid Al Makhtoum, Vice President and Prime Minister of the UAE and Ruler of Dubai.

FIVE YEAR RECORD

GO p.l.c.	2015 €M	2014 Restated €M	2013 €M	2012 €M	2011 €M
Revenue	123.7	122.2	122.1	127.2	131.6
Results from operating activities	27.8	21.8	18.0	22.4	18.4
Profit/(loss) before income tax	34.2	13.7	15.6	26.8	(45.2)
Profit/(loss) for the year	26.4	8.0	11.8	17.5	(50.5)
Total assets	207.6	217.3	235.0	238.2	215.0
Total liabilities	115.5	113.8	131.5	136.6	131.7
Total equity	92.1	103.4	103.5	101.6	83.4
Operating cash flow	36.8	40.3	39.6	40.0	35.1
Investing cash flow	(33.4)	(30.6)	(19.3)	(27.6)	(25.6)
Financing cash flow	(18.3)	(23.9)	(17.4)	3.3	(9.7)
	€	€	€	€	€
Earnings/(loss) per share	0.261	0.079	0.116	0.171	(0.503)
Dividends per share	0.10	0.07	0.07	0.10	0.00

COMPANY INFORMATION

COMPANY SECRETARY
Dr Francis Galea Salomone L.L.D.

AUDITORS
PricewaterhouseCoopers
Certified Public Accountants
Malta

REGISTRAR
Malta Stock Exchange
Malta

LEGAL COUNSEL
Mamo TCV
Malta

Gatt Tufigno Gauci (Advocates)
Malta

REGISTERED OFFICE
GO
Fra Diegu Street
Marsa MRS 1501

COMPANY REGISTRATION NUMBER
C 22334

Financial Calendar	
Preliminary announcement of results	11 February 2016
Record date: Final dividend	11 April 2016
Ex-dividend date	12 April 2016
Annual General Meeting	11 May 2016
Final dividend payment date	13 May 2016
Announcement of half yearly results (provisional)	August 2016

Shareholder Information	
Telephone number	(+356) 8007 5702
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