ANNUAL REPORT AND ACCOUNTS 2016

CONNECTING PEOPLE, BUSINESSES AND IDEAS

GO is Malta's leading telecommunications services organisation, with over 500,000 customer connections and services. The first quadruple play operator in the market, GO is a converged and integrated telecommunications group, offering an unparalleled range of services. These 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'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 p.l.c. is a publicly listed entity with shares traded on the Malta Stock Exchange; the majority shareholder is TT Malta Limited, a wholly owned subsidiary of Tunisie Telecom.

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2016 AT A GLANCE

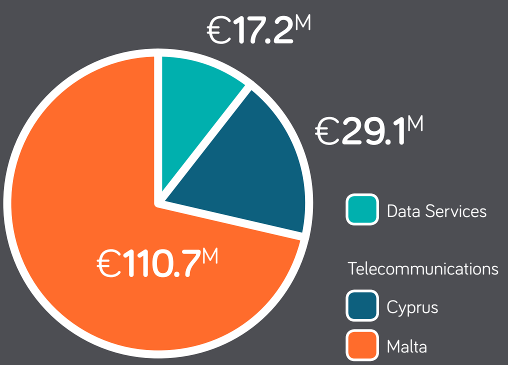
GO Group is Malta's leading integrated telecommunications services provider. Its high speed networks form the backbone of the country's modern communications infrastructure. The services provided by the Group include fixed-line and mobile telephony, data and TV services for consumers and business clients.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

GO continues to connect more clients, growing its customer base in 2016 and now servicing well in excess of 500,000 customer connections. This remains, by far, the largest customer base of any operator in Malta.

€157.0M IN REVENUE

In 2016, the Group generated revenues of €157.0 million, an increase of €33.3 million over the previous year. This reflects the consolidation of Cablenet, GO's subsidiary in Cyprus, as well as growth in GO's domestic market following the acquisition of a controlling interest in its Kinetix subsidiary, and some growth in retail and wholesale activities.

REVENUE
€157.0 MILLION



DIVERSIFIED REVENUE STREAMS

The Group's diversification into data services such as data centres and co-location services, as well as its internationalisation to include Cyprus, means that it now has increasingly diversified revenue streams.

In 2016, the provision of data services and GO's Cyprus subsidiary contributed no less than 29.6% of total revenues from external customers, validating GO's long-term growth strategy.

MANAGING COSTS WITHOUT COMPROMISING THE CUSTOMER EXPERIENCE

GO maintains a focus on managing costs, without diluting or compromising the customer experience unduly because the drive for efficiency in a planned and sustainable manner is as important as the effort to grow revenues. Cost of sales, administrative and related costs amounted to €131.9 million (2015: €97.5 million). The main increase of €29.7 million is the result of the consolidation of the results of Cablenet and amortisation charges on intangible assets arising from the acquisition of subsidiaries.

€28.1M
PRE TAX PROFIT

Healthy profitability and cash flow levels are the result of a proven strategy that is delivering growth. Group EBITDA grew by 19.4% to €61.6 million over the previous year.

Operating profit amounted to €26.3 million (2015: €27.8 million), representing underlying growth in the Group's operating performance when one takes into consideration the impact of amortisation of intangible assets created upon the acquisition of Cablenet and Kinetix. Profit before tax amounted to €28.1 million.

A COMMUNICATIONS INFRASTRUCTURE THAT IS SECOND TO NONE

GO's success has been built by focusing on infrastructure, in line with its long-term masterplan. The roll-out of Fibre-To-The-Home continued throughout 2016 and we now have more than 40,000 homes passed. Superfast Internet fibre connections 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. GO's parallel investment in fibre connected 4G means a superior and more resilient mobile Internet service. These projects entail capital investment well in excess of €60 million as GO develops a communications infrastructure that is, literally, second to none.

INTEGRATED SOLUTIONS FOR BUSINESSES AND ORGANISATIONS

GO has become a one stop shop for all the communications and ICT needs of business users, corporations and other entities for which robust communications are critical.

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 subsidiaries BMIT and Kinetix.

GO holds a majority shareholding in Cablenet Communications Systems Limited, a 'triple play' telecommunications company operating in Cyprus. This subsidiary continues to perform strongly, growing customer numbers and profitability across its broadband Internet, fixed telephony and digital HD TV portfolio. Cablenet's contribution is clear, as it contributed €29.1 million of the growth in total Group revenues.

Moreover, Cablenet offers clear potential for the future, as it operates in a market which is double the size of GO's domestic market in Malta. The fact that GO itself, following the acquisition of its majority shareholding by Tunisie Telecom, now forms part of a larger group with a broad Mediterranean vision serves to enhance such potential.

CHAIRMAN'S MESSAGE

A NEW ERA

It is both an honour and a responsibility to take the helm of GO at such an important time in this Group's history. This is, in many ways, the dawn of a new era for one of Malta's most important listed entities, indeed, one with a key role in this country's ongoing prosperity.

Continuing to drive GO forward along its successful trajectory is a challenge which, together with the Group's leadership team, we have every intention of rising up to. I am heartened by the warm welcome and the strong support from the customers and shareholders who we have had the pleasure of meeting. The broad-based support from all sectors of society and the wide shareholder base give this business a unique dynamic.

We are also grateful to all Group employees for their sustained dedication and professionalism during the process through which the majority shareholding in GO p.l.c. was acquired by Tunisie Telecom. The great team of people at GO, coupled with the successful business strategy which this Group has been pursuing, played no small part in Tunisie Telecom's decision to acquire this strategic investment.

GO had of course already embarked on the path of internationalisation. We have no doubt that this is the only way forward and, in fact, there is near unanimity in our industry that operators focused solely on their domestic markets will face increasingly challenging growth prospects.

The fact that GO is now aligned to a much larger business such as Tunisie Telecom, which is active in the telecommunications sector in nearby markets, means GO is better placed to build on what it has achieved and to maximise its potential for the future.

ANOTHER STRONG SET OF RESULTS

The validity of our Group's strategy is clear from the excellent financial performance which GO delivered in 2016, results which enable us to continue to look ahead with optimism.

As a result of its strategy to pursue foreign markets through strategic acquisitions, the Group generated revenues of €157.0 million (2015: €123.7 million) and EBITDA of €61.6 million (2015: €51.6 million) resulting in an operating profit of €26.3 million (2015: €27.8 million). The operating profit for the year represents underlying growth in the operating performance of the Group if one takes into consideration the impact of amortisation charges from the intangible assets created from the acquisition of Cablenet and Kinetix.

These results were delivered within 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. The Group's ability to do well in spite of these challenges is encouraging.

On the back of this positive performance, your Board is in a position to recommend a dividend of €0.11 net of tax per share.

CONTINUITY AND CHANGE

Investments in Infrastructure – GO's success has been built by focusing on infrastructure, content, and customer service. In 2016 we continued to make steady progress on all three fronts, in line with GO's long-term masterplan. The roll-out of Fibre-To-The-Home continued and we now have more than 40,000 homes passed, bringing the next generation of Internet and data services to Malta. We shall continue to push ahead with this roll-out, so as to be able to reach an even greater number of customers.

Having completed the nationwide roll-out of our unique fibre connected 4G network, GO is now in the process of further strengthening 4G access in the home, giving our customers truly cutting edge world class connectivity, regardless of location or device.

Combined, such investments not only provide GO with a sustainable competitive advantage in the market, but also deliver game-changing technology that will continue to enhance customers' lives for many years into the future. We remain committed therefore, to seeing the masterplan through to successful completion.

Our subsidiary in Cyprus, Cablenet has embarked on a multi-year investment programme to extend its reach, upgrade its systems and improve processes in order to maintain the leading edge in the provision of quality broadband and TV services in this market. The overall share of the market enjoyed by Cablenet continues to grow and is now estimated at 22%.

Unique and Engaging Content – Our investment in TV content has also continued and GO remains the home of great movies, great drama and exclusive provider of great sports.

Integrated Solutions for Businesses – There is little doubt that GO has the capability and know-how to provide 360 degree support to business users, corporations and other entities. GO's infrastructure coupled with the data, cloud and ICT services delivered by subsidiaries BMIT and Kinetix have continued to deliver significant results in the business sector where we are now firmly established as a one stop shop for all communications, data and IT needs for the business community.

OUR HUMAN RESOURCES

Adaptable and resilient human resources are a defining characteristic of our Group.

GO HAS A GREATER ROLE TO PLAY AS AN INTEGRAL COMPONENT OF AN AMBITIOUS AND FAR-SIGHTED TRANS-MEDITERRANEAN VISION WHICH CONNECTS PEOPLE, BUSINESSES AND IDEAS

NIZAR BOUGUILA
Chairman

Throughout the past year GO has also continued to implement its employee transformation programme leading to further improvements in our operations and customer service. We have every intention of continuing to invest further in our people. We operate in a technology-led, and rapidly evolving sector, and our skilled and committed teams are fundamental as we adapt to change and continue to innovate and drive this business forward together.

OUR CORPORATE SOCIAL RESPONSIBILITY

GO is determined not only to provide Malta with the infrastructure it requires, but to also do what it can to help the Maltese acquire the skills they will need to succeed in a global marketplace which will continue to be dominated by rapid technology driven change.

With this in mind, and in addition to supporting various charities and cultural events, such as l-Istrina and the Malta Philharmonic Orchestra, in 2016 GO launched the 'GO for the future' campaign. Through this campaign we have already committed an initial €80,000 to support various educational initiatives including programmes to encourage reading and a passion for science.

BROADENING OUR HORIZONS

2016 has certainly been a year of change for GO but the fundamentals of our past success are still firmly in place. Our Group has continued to deliver excellent results and, coupled with the new synergies and strengths, our outlook is certainly optimistic.

With over 500,000 customer connections, and as service provider of choice for many leading businesses, we are very conscious of GO's vital role in this country. Looking ahead, we shall persevere and make every effort to further develop GO's central role in Malta's development, delivering world class communications, ICT services and entertainment for customers.

Additionally in the years ahead GO will begin to enjoy the benefits of various synergies with Tunisie Telecom and leverage greater connectivity as part of a wider network. The fact that our majority shareholder is an operator which is substantially larger than GO will deliver various advantages, including a strengthening of its international negotiation position in procurement from suppliers and third party carriers. With such economies of scale, this should result in greater efficiency and a better service, as we share best practice throughout the various operating companies.

Furthermore, GO can of course make use of these advantages to also further strengthen Cablenet in Cyprus. With double digit growth, this subsidiary is already contributing positively to our Group and we firmly believe in its future potential as we pursue our growth strategy. The fact that the population in Cyprus is double the size that of Malta's means that GO is effectively tripling the size of its addressable market. We believe that this will be a game-changer in the development of GO's business.

Capitalising therefore, on this Group's strengths, Malta's central location in the region, and the commitment of all stakeholders, we are firmly convinced that GO has a greater role to play as an integral component of an ambitious and far-sighted trans-Mediterranean vision which connects people, businesses and ideas.

CHIEF EXECUTIVE OFFICER'S REVIEW

GROUP REVENUES GREW BY €33.3 MILLION TO €157.0 MILLION, AND OUR EBITDA GREW BY €10 MILLION TO €61.6 MILLION. PROFIT BEFORE TAX AMOUNTED TO €28.1 MILLION AND CASH GENERATION INCREASED TO €63.8 MILLION.

ANOTHER ENCOURAGING YEAR

On many fronts, 2016 was an encouraging year for GO. As our Group reaps the benefits of our long-term strategies, we increasingly leverage competitive advantage from one area of the business to another. GO is now a larger, more diversified, more profitable and more international business. Moreover, the fact that such a strong year comes on the back of several positive years is also encouraging. Above all, we are now in a position where we can look forward to even greater growth potential.

During 2016, despite a highly competitive environment, and ongoing regulatory pressures, we increased the number of connections, our revenues, and our profitability in our domestic market here in Malta. With a strong brand and well-priced and competitive bundles, we have maintained our momentum and built further on last year's growth. This is no mean feat in a mature and crowded market. Such a sustained positive performance, which is in stark contrast to the generally flat performance of many of our peers across Europe, is testament to the human and technical capability GO has developed and to our sound, and well managed, business model.

Moreover, through our investment in IT solutions provider Kinetix and greater integration with our data and cloud services subsidiary BMIT, we have not only strengthened our position in our traditional core business, but have also made important strides forward to becoming a 360 degree ICT powerhouse, able to meet all the communications and ICT requirements of the Maltese business community. The strong combination of an effective diversification strategy and appropriate organisational structure are clearly delivering and, also, give us a strong sustainable advantage over competitors.

During 2016 we also continued to invest in infrastructure, particularly Fibre-To-The-Home (FTTH) and in our unique nationwide fibre connected 4G network, delivering far superior connectivity and enabling the launch of new and innovative products. FTTH is now available to more than 40,000 homes. Looking ahead, we shall endeavour to remain innovative and are already successfully testing 4G+ technology.

BROADENING OUR POTENTIAL, WIDENING OUR HORIZONS

Perhaps the most remarkable aspect of 2016, however, was the game-changing effect our internationalisation strategy is having, through the acquisition of a majority shareholding in Cypriot operator Cablenet. This promising business continues to grow and is contributing significantly to our Group's profitability, as we can see now that a full year's figures have been consolidated. The crucial point however, is that, given the much larger population in Cyprus, GO now has an addressable market that is triple the size of Malta and this bodes well in terms of potential for further growth.

POSITIVE RESULTS

Our robust performance was underpinned by significant year-on-year increases in revenues, which grew by €33.3 million to €157.0 million, and in Group Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) which grew by €10.0 million to €61.6 million, an increase of 19.4 per cent. These were largely due to the fact that 2016 is the first full year in which GO is consolidating revenue generated by Cablenet, which represents €29.1 million of the growth in our revenues. Revenue generated in Malta also increased, growing by 3.4 per cent to €127.9 million. This was the result of the Group consolidating new revenue streams, following the acquisition of a controlling interest in its new ICT services subsidiary Kinetix, and 1.9% growth in GO's retail and wholesale activities.

Cost of sales, administrative and related costs amounted to €131.9 million (2015: €97.5 million). The main increase of €29.7 million is the result of the consolidation of the operations of Cablenet, Kinetix and amortisation charges on intangible assets arising from the acquisition of these subsidiaries.

Operating profit amounted to €26.3 million (2015: €27.8 million) representing underlying growth in the Group's operating performance when one takes into consideration the impact of amortisation of intangible assets created upon the acquisition of Cablenet and Kinetix. Profit before tax amounted to €28.1 million (2015: €34.2 million) whilst cash generated from operations amounted to €63.8 million, an increase of €27.0 million over 2015.

ON MANY FRONTS, 2016 WAS AN ENCOURAGING YEAR FOR THE GO GROUP AS WE REAP THE BENEFITS OF OUR LONG-TERM STRATEGIES.

YIANNOS MICHAELIDES
Chief Executive Officer

Our strategic accomplishments were underpinned by a number of other initiatives which we believe will continue to have a substantial positive impact on GO's operations. Our sustained positive performance, in fact, allows us to pursue these initiatives with greater intensity, further strengthening our position.

During 2016 in addition to our investments in fibre, we have further strengthened our IP backbone to cater for the rapid increase in demand for broadband services. We have also continued to invest in our own IT systems. This has resulted in significant improvements in how we manage our internal processes and, consequently, our service to customers.

Our efforts to improve interactions with customers and their ability to access information were also enhanced by the launch of a new telephone directory app which is available for download to anyone in Malta. Additionally we opened a new state of the art retail shop in Paola as part of an ongoing major effort to revamp the GO brand, building on our investment in the PAMA Shopping Village outlet in late 2015. Our Call Centre was also relocated to a new and refurbished site creating a more pleasant and productive environment.

The roll-out of fibre has in fact also had a positive effect on service delivery to all customers. The new and resilient infrastructure has led to a decline in the number of customers experiencing issues with their Internet service and this in turn has freed up time and resources both in our call centre and among our technicians to be able to respond to and resolve customer enquiries more quickly.

Throughout 2016 we also continued to invest in our human resources, a critical component in our success. This has included new schemes to identify and nurture high potential and high performing employees and the creation of a new management development programme which has given managers a monthly forum at which to discuss and develop core management skills. In addition we have continued to invest in and improve our pre-existing employee wellbeing and reward and recognition programmes.

Investments in infrastructure, in systems and in people create the conditions for GO to be able to offer more value to our customers. Just two examples in 2016 were the launch of 4G mobile price plans and data bundles as well as the launch of the very first real fibre packages in Malta.

THE JOURNEY CONTINUES

GO's journey of growth and transformation in recent years has been impressive and the Group is now very well placed to look ahead with confidence. It is, I have no doubt, an exciting future. As the journey continues and GO transforms itself even further to become an agile and innovative 'e-company' it will use new technology and innovative product offerings to enable customers to lead even better and more interesting lives.

Ending on a personal note, may I add that it has been a real privilege for me to lead GO over the past five years, and I shall certainly look back at my years here with pride and a sense of accomplishment.

I thank all my colleagues and Group employees for all their hard work and support. Finally, I would also like to thank you the shareholders for believing in and supporting our vision and strategy for GO. I assure you that GO is in great hands and you can look forward to more success in the future.

INVESTMENT IN INFRASTRUCTURE

CONNECTING MALTA TO THE FUTURE

GO continues to invest in providing Malta with the communications infrastructure it needs to meet increasing demand and to ensure the country continues to compete successfully in the global economy.

The nationwide roll-out of our fibre connected 4G network, capable of delivering an unparalleled mobile Internet user experience, is now complete. GO also continued with the roll-out of Fibre-To-The-Home (FTTH) and more than 40,000 homes in various locations across Malta have been passed with fibre so far. Combined, these two projects will give our customers access to super-fast highly reliable Internet both at home and on the move. Our investments in these two significant projects amount to well over €60 million.

These far-sighted investments will also enable the much heralded Internet of Things to become a reality, changing our lives for the better. The fact that only GO offers fibre connected 4G and fibre Internet directly into customers' premises gives customers a unique user experience.

GO has also doubled the data capacity of its international submarine cables following a major upgrade, another important aspect of GO's ongoing major investments in Malta's telecommunications infrastructure. On various fronts therefore, we are developing an un-matched, and future-proof, communications infrastructure that gives GO a significant, and sustainable, competitive advantage and takes Malta forward.

€60M+ INVESTED IN MALTA'S COMMUNICATIONS INFRASTRUCTURE

GO continues to invest in providing Malta with the communications infrastructure it needs to meet increasing demand and to ensure the country continues to compete successfully in the global economy.

COMMERCIAL REVIEW

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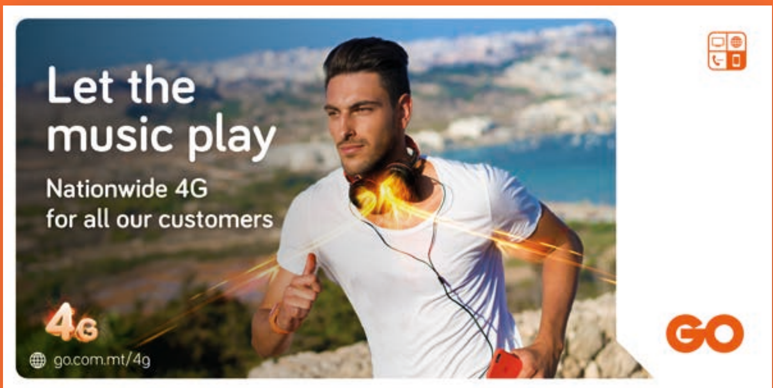

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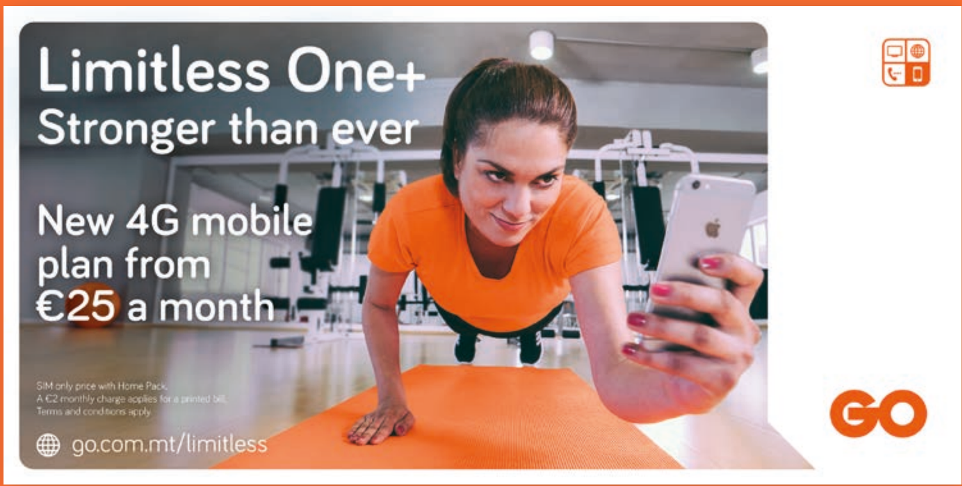


1 – 3.
GO has the only 4G network in Malta which is fully connected via a resilient fibre network, enhancing both quality of service and resilience.

BUILDING A BRAND FOR TODAY, AND FOR THE FUTURE

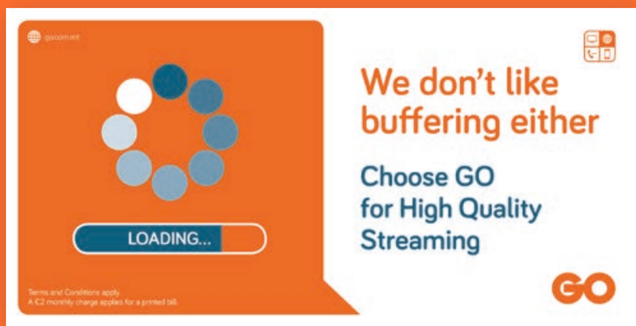
Throughout 2016 GO continued to evolve, pushing forward on a number of important fronts in our continuing efforts to deliver the best quality service at the best prices to our customers.

INVESTMENT IN INFRASTRUCTURE

2016 saw the completion of the roll-out of GO's fibre connected 4G mobile network. Our network is, in fact, the only local 4G network which is fully connected by a truly resilient fibre network. This has a significant effect not only on the quality of service experienced by our customers but, most importantly, on its resilience, especially in inclement weather. Whilst 4G Internet is now an integral part of many of our mobile data plans, GO is already looking to the next step as in late 2016 the first successful 4G+ tests were carried out.

5

4



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4 – 6.
Ongoing investment in our Fibre-To-The-Home network, as well as in the very best TV content.

Significant progress has also been registered in the roll-out of Fibre-To-The-Home. More than 40,000 households across many areas of Malta can now enjoy a fibre Internet connection direct to their home. This progress has enabled us to launch a number of new offerings giving customers the opportunity to start enjoying the benefits of consistently superfast and reliable Internet. As demand for Internet speed and capacity grows, GO remains the only national provider which is investing in a future-proof network to deliver an unmatched Internet service.

DELIVERING A BETTER CUSTOMER EXPERIENCE

Ongoing investments to our infrastructure are leading to enhanced mobile and fixed Internet services, which are also supported by a number of other initiatives. These helped deliver a better customer experience across our range of services and to our different customer segments. Throughout 2016, GO continued to invest in the very best TV content, from sports to drama and movies, consolidating its place as the home of great TV and live sport.

COMMERCIAL REVIEW
CONTINUED

1

1.
GO tailors bundles to suit the needs of different customer segments.

DELIVERING A BETTER CUSTOMER EXPERIENCE CONTINUED

A number of changes were also introduced to our portfolio of plans as GO continued to work towards tailoring bundles across telephony, Internet, and TV services to suit the needs of different customer segments. New Pay-As-You-GO mobile plans, tailored for those who like to talk, who like to chat and who like to browse, are just one example of this continuing evolution.

In 2016, GO also continued to invest in its customer care. We have moved our call centre to a new, better location. The improved conditions have also resulted in higher staff retention rates and better productivity. GO has also continued to invest in its retail network. The opening of our new state of the art retail outlet in Paola, following similar investment in the outlet located at the PAMA Shopping Village in 2015 allows us to continue meeting the needs of our customers in the best possible environment.

2 – 4.
We also invest in our retail network with new outlets such as the one at PAMA, and in our own customer care staff, who now operate from a new location.

...AND FOR BUSINESSES

Improvements in product architecture and customer service were not restricted to our individual customers. A number of important developments also occurred in the business sector. Foremost among these was the continuing integration between GO's business team and our colleagues at the data services provider, BMIT and the ICT solutions provider, Kinetix. Combining the various strengths and resources of these three entities within the GO Group has the potential to transform GO into a 360 degree ICT powerhouse. In fact, significant progress has been made to bring the structure, leadership and product offerings of all three together in order for GO to become a one stop shop for all the communications, data, and ICT services required by the Maltese business community.

MORE TO COME

As Malta's national communications provider, GO continues to evolve its strategy in line with the constantly changing needs of individual consumers and businesses alike. Our long-term commitment to Malta will remain at the very core of our decision making process as GO continues to invest and develop products and services for the future.

CONNECTING BUSINESSES TO OPPORTUNITIES

SUBSIDIARIES SERVICING BUSINESSES INCLUDE:

BMIT LIMITED, AND RELATED ENTITIES BELLNET LIMITED AND BM SUPPORT SERVICES LIMITED
100% Shareholding
BMIT was launched in 2003 and has since grown to become one of the leading companies of its kind in Europe. Collectively, these three subsidiary companies provide a variety of services for business organisations, including co-location, managed services, as well as the provision of IP connectivity.

BMIT has recently inaugurated a datacentre at Smart City and is currently developing another new datacentre at Zejtun, which will be Malta's largest and most sophisticated facility.

KINETIX IT SOLUTIONS LIMITED
51% Shareholding
Kinetix specialises in the design, implementation, support and optimisation of ICT solutions for the corporate sector.

Services include the management of customers' entire IT infrastructures and Kinetix also supports its customers throughout the IT investment lifecycle from strategy development and technology assessment, through to design, procurement and implementation.

360° COMMUNICATIONS & ICT SERVICES TO CORPORATE CLIENTS

GO also continues to lead in the business segment, with a strong offering and a unique ability to provide a comprehensive range of critical communications and data services to businesses and organisations operating in and from Malta. A number of strategic investments in recent years have enhanced the Group's ability to deliver a 360 degree communications and ICT service to corporate clients, delivering greater value both to corporate clients and to shareholders.

CONNECTING WITH THE COMMUNITY

1.
Group employees also gave up their time to refurbish the Richmond Foundation's Kids in Development residential unit.

2 – 4.
GO continued to support the work of the Malta Community Chest Fund and was once again the main sponsor of the annual Citrus Festival, held at San Anton Palace. Staff members were welcomed by the President of the Republic of Malta (second from right, Photo 3).

While Malta's economy continues to perform well, it is unfortunate that there are always those in the community who need more solidarity. GO has always been there to lend a helping hand and 2016 was no exception.

Throughout the past year GO continued to offer significant support to the Malta Community Chest Fund. In addition to the provision of services and technical support to the Fund on an ongoing basis, GO made significant financial contributions. For a second consecutive year GO was the primary sponsor of the Citrus Festival, held at San Anton Palace in January. At the end of 2016, GO once again provided the entire communications infrastructure and technical support required for the annual l-Istrina fundraising event. In addition a significant financial donation was also made.

Beyond support for the Malta Community Chest Fund, GO's culture of helping those in the community who are in need extends throughout the organisation. Throughout 2016, the GO Cares Employee Fund into which employees voluntarily donate a small amount from their salaries, matched by donations by GO, continued to be very active. More funds were raised owing to a number of initiatives and events organised by staff and these were distributed to various organisations including Dar tal-Providenza, the Malta Hospice Movement, the Richmond Foundation, the Daughters of the Sacred Heart and the Paediatrics Department at Mater Dei Hospital. The fund also donated €5,000 to l-Istrina.

In addition to fund raising, GO employees were also directly involved in helping organisations which GO Cares supports. A great example of this was the work carried out in July at the Richmond Foundation's Kids in Development residential unit.

GO has always been there to lend a helping hand and 2016 was no exception.

5 – 7.
During 2016, GO sponsored a number of high profile music events, including a concert by Eros Ramazzotti.

This unit which cares for children affected by early trauma was renovated entirely by employee volunteers, highlighting the fact that a commitment to fellow human beings is something that both GO and its people hold dear.

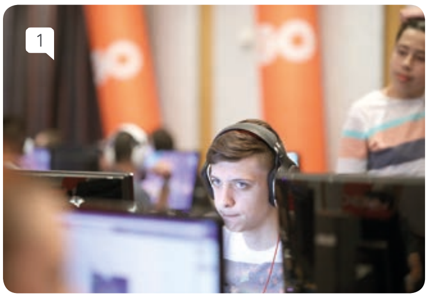
As Malta's leading communications and technology company, GO's strategic role in Malta's economy makes it crucial for its responsibility towards the community to be carried out. Besides its core duties, GO is also supportive of entertainment and spearheads sponsorships of high-profile events.

In 2016, GO helped bring more international talent to Malta. The annual Joseph Calleja concert, which also featured Antonello Venditti and Suzanne Vega, was a highlight of Malta's summer as were the Eros Ramazzotti and Gianna Nannini concerts which GO also sponsored. GO also supported home grown talent and entertainment by becoming an important backer of the emerging eSports phenomenon, helping to organise tournaments for the hundreds of active Maltese players on a more professional basis.

COMMITMENT RENEWED

GO's commitment to Malta has been unwavering and remains so with its plans for 2017. GO will continue to support the causes that it believes in, maintaining its obligations and undertaking new commitments. GO will also continue to provide quality entertainment experiences for the community at large. GO has always been at the heart of Malta's economic and cultural developments and will continue to be so in the years to come.

GO FOR THE FUTURE



1.
Supporting home grown talent and entertainment, GO has become an important backer of the emerging eSports phenomenon.

2.
With the launch of 'GO for the future', €55,000 was committed to Aqra Kemm Tifla**ħ**, a project to install libraries in every classroom in state primary schools.

In 2016, GO continued to deliver on its responsibilities as a corporate citizen. As Malta's leading communications and technology company GO's products and services reach almost every household and business in the country and GO has always believed in the importance of making an effective contribution to the community.

One of the most important developments of the past year was the launch of the 'GO for the future' fund. With an initial commitment of €80,000, the aim of the fund is to support education and the popularisation of science. This significant investment is based on GO's commitment to deliver the best possible communications infrastructure for Malta by ensuring the best possible human resources, particularly in science and technology that will be required to secure Malta's economic success going forward.

The strategy for 'GO for the future' is simple. GO wants to encourage children and young people to develop a love of learning and a love of science. In this regard, GO has already committed €55,000 over five years to Aqra Kemm Tifla**ħ**, a project through which every primary state school classroom is being provided with high-appeal books to encourage children to

GO for the future

One of the most important developments of the past year was the launch of the 'GO for the future' fund.

3 – 6.
GO has partnered with the Malta Robotics Olympiad as part of its commitment to help young people become passionate about science.

read for pleasure. Aqra Kemm Tiflaħ is one of the Government's principal programmes in its literacy strategy and 'GO for the future' will continue to support it over the coming years.

GO's interest in popularising science and technology of course preceded the formal launch of 'GO for the future' and in 2016 we supported a number of events including the Malta Robotics Olympiad. This event which gives thousands of school children and the public the opportunity to enjoy a hands-on robotics experience is exactly the kind of activity that can spark young people's imagination and encourage them to pursue science in their education and careers.

GO has already committed to extend its support for the Olympiad in 2017 through 'GO for the future' and will continue to seek similar opportunities to advance the fund's aims.

BOARD OF DIRECTORS

NIZAR BOUGUILA
CHAIRMAN

Chairman and CEO of Tunisie Telecom Group and Chairman of the subsidiaries Topnet, Sotetel and Diva Sicar. Previously Vice President, Business Development at Orange Group in Paris and also served as Head of Product Development at Orange Business Services, managing multi-cultural teams over three continents. A graduate in Economics & Finance from the Ecole Polytechnique in France, also attended the Ecole Supérieure des Télécommunications in Paris.

SOFIANE ANTAR

A Certified Public Accountant and Chartered Accountant, has seven years experience as an auditor with international firms and nine years of industry experience in telecommunications. Executive Director Business Control and Planning at Tunisie Telecom where he is involved at senior level with several strategic projects. Holds a Bachelor Degree in Accountancy from the University of Carthage (HEC), and a Telecom Mini-MBA.

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.

FAKER HNID

Joined Tunisie Telecom in 2002, where he held several key managerial positions, the latest of which as Head of the Internal Audit Department. Also a board member of Agence Tunisienne d'Internet. Graduated in Finance from Ecole Supérieure de Commerce de Tunis and holds an MBA from Ecole Nationale Supérieure des PTT de Paris.

MOHSIN MAJID

Deputy CEO of Tunisie Telecom, and Board Member of Tunisie Telecom, Malta Properties Company and Forthnet. Previously led strategy development and investment projects at Emirates International Telecommunications, LLC. Also spent several years as a strategy consultant at Analysys, advising telecom and media companies, investment banks and regulators on various issues. Studied Manufacturing Engineering at Cambridge University.

JAMEL SAKKA

An experienced Engineer, also Board Member and Executive Committee Member of Internet service provider TOPNET in Tunisia. Senior managerial experience at Tunisie Telecom, most recently as Head of Network Development. A key team member involved in several strategic initiatives. Holds a Diploma in Telecommunications from SUP'COM (Tunis) and a Research Diploma in Telecommunication from ENIT (Ecole Nationale des Ingénieurs de Tunis) as well as an eMBA.

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.

FRANCIS GALEA SALOMONE
COMPANY SECRETARY

Holds a Doctorate of Law from the University of Malta, a Master's Degree in European Studies from the University of Kent (Canterbury) and a Bachelor's Degree in International Business. Currently a partner at Galea Salomone & Associates, with particular focus on Corporate and Commercial law. He has extensive experience in advising public listed companies on the regulatory and corporate governance aspects of their business including assisting international clients who need to establish new operations in Malta.

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 2016.

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.

During the year the Company acquired a controlling interest in Cablenet Communication Systems Limited (Cablenet), a leading provider of high speed broadband, TV and fixed-line telephony services to personal and business clients in Cyprus.

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 6.

REVIEW OF FINANCIAL PERFORMANCE

2016 marked a major milestone for the Group, following the acquisition of a controlling interest in Cablenet, based in Cyprus. Whilst GO remains the leading telecommunications service provider in Malta, the Group now also has a significant presence in another larger market. During the year the Group also acquired a controlling interest in Kinetix IT Solutions Limited (Kinetix) to augment the range of ICT services it offers to its corporate clients. The results for the year under review include full year operations of both Cablenet and Kinetix and are also the first full year following the spin-off of Malta Properties Company p.l.c., previously the Group's property arm, now separately listed on the Malta Stock Exchange.

The financial year has been positive for the Group as it delivered growth in its operations, both in Malta as well as in Cyprus in spite of an intense competitive environment. Customer behaviour remains in a state of transition, driven by the growing convergence of telecommunications, information technology, media and entertainment. Furthermore, domestic operators not only compete against each other, but also against competing services available free of charge, through applications over the Internet which are provided by organisations with a global reach. Within such a scenario, data services are fast becoming the primary telecommunication service sought by customers, as people seek to access the Internet from anywhere and at any time of the day, using a multitude of devices. Innovation and a positive customer experience are crucial to succeed in such an environment and it is therefore encouraging that the Group retains healthy levels of revenue from a number of services besides revenue from Internet access.

GO is pleased to report continued growth in its broadband client base and in the use of mobile data which are the main contributors to growth in retail revenues. This performance is being achieved as a result of the continued investment in the roll-out of Fibre-To-The-Home (FTTH) and 4G. Both investment programmes demonstrate the Group's strategic resolve to anticipate market needs and concurrently GO is also undertaking changes to various systems and processes. The ultimate objective of this strategy is to deliver an unparalleled and seamless telecommunications experience across fixed and mobile networks. The nationwide deployment of 4G was completed during 2016 and more investments are planned on an ongoing basis to ensure that GO continues to lead in the provision of mobile data. GO's fibre network now covers 40,000 households with thousands more envisaged, as part of an extensive investment programme that will eventually cover the Maltese Islands. In Cyprus, Cablenet's network currently covers approximately 45% of households. Coverage is being extended as part of a multi-year programme which also includes ongoing improvements in systems and processes to retain the leading edge in the provision of quality broadband and TV in this market. During the year under review Cablenet's broadband client base has increased by more than 4,000 subscribers to circa 22% of the market.

The strategies being adopted in both Malta and Cyprus are delivering growth as more customers opt for the services being offered by the Group especially through bundled products. This performance is also delivering strong financial results.

The Group generated revenue of €157.0 million, an increase of €33.3 million over the comparative year. This is the first year that the Group is consolidating revenue generated by Cablenet which represents €29.1 million of the growth in Group's revenue. On a standalone basis, Cablenet results show revenue growth of 11.9%. Revenue generated in Malta remained robust, growing by 3.4% to €127.9 million. This was the result of the Group consolidating new revenue streams, following the acquisition of a controlling interest in Kinetix, and marginal growth in GO's retail and wholesale activities. 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 customers continue to respond positively to the Group's innovative data services and cloud-based solutions.

DIRECTORS' REPORT
CONTINUED

REVIEW OF FINANCIAL PERFORMANCE CONTINUED
Cost of sales, administrative and related costs amounted to €131.9 million (2015: €97.5 million). The main increase of €29.7 million is the result of the consolidation of the results of Cablenet and amortisation charges that result from the intangible assets created as a result of the acquisition of both Cablenet and Kinetix.

The acquisitions concluded during the year had a positive effect on Group Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) which grew by 19.4% to €61.6 million, an increase of €10.0 million over the comparative year. Operating profit amounted to €26.3 million (2015: €27.8 million) representing underlying growth in operating performance of the Group if one takes into consideration the impact of amortisation of intangible assets created upon the acquisition of Cablenet and Kinetix.

The investment in Cablenet continues to perform well, whilst the Cypriot economy continues to show positive signs of recovery. As a result, in January 2016 GO exercised the options to convert its loan of €12.0 million to Cablenet into equity and to further acquire majority control of the company. In exercising these options GO recognised income of €6.1 million in 2016, in addition to €7.0 million recognised in 2015, as a result of the re-measurement of the fair value of this asset.

As part of the process through which Emirates International Telecommunications (Malta) Limited sold its 60% shareholding in GO during 2016, GO acquired direct control over its investment in Forthnet S.A. (Forthnet) through a process which will also lead to the liquidation of Forgendo Limited and Giradena Limited, the Cyprus based entities through which this investment was held. As part of this process a further €1.5 million were incurred and written off. No further investments in Forthnet are envisaged as the value of this investment is completely impaired.

Profit before tax amounted to €28.1 million (2015: €34.2 million) resulting in an earnings per share of €0.182 (2015: €0.261).

Cash generated from operations amounted to €63.8 million, an increase of €27.0 million over 2015, as a result of improved cash generation from Malta operations as well as the consolidation of Cablenet. In 2016 the Group's investments in property, plant, equipment and intangible assets amounted to a cash outflow of €45.6 million, an increase of €19.7 million over 2015 of which €9.0 million relate to capital expenditure made by Cablenet. The main investments by GO were in 4G and FTTH. Investments by GO in the acquisition of subsidiaries amounted to €7.5 million in 2015 and €4.4 million in 2016. During 2016 GO also received in full a loan of €16.0 million which it had extended to Malta Properties Company p.l.c..

During the year, GO reduced its borrowings by €9.3 million and paid dividends amounting to €10.0 million. The Group's cash and cash equivalents as at year end improved from a negative €3.6 million as at end 2015 to a positive €3.5 million as at end of 2016. GO has adequate facilities in place, enabling it to maintain its investment programme and honour loan repayment obligations.

GO's business model is delivering results, as GO continues to maintain a robust operating performance in Malta and now also pursues growth opportunities available to Cablenet as a quality challenger operator in the Cypriot market. With more than 500,000 customer connections, GO's customer base remains the largest of any operator in Malta. In Cyprus, Cablenet serves more than 145,000 customer connections. The Group also continues to enjoy year-on-year growth in customer connections in both markets across broadband and TV and is also growing the mobile base in the Maltese market. It is encouraging to note that this sustained growth is being driven by an ever increasing number of customers adopting bundles of services. Thanks to the loyalty shown by customers to GO's and Cablenet's product portfolios, the Group continues to deliver robust levels of revenues, profitability and cash generation from its core operations.

Within a highly competitive environment, these results continue to augur well, as the Group seeks to retain a strong presence in its domestic market as well as grow its presence in Cyprus across all product lines, striving to remain the leading telecommunications services provider and operator of choice.

Throughout the past year GO has also continued to implement its employee transformation programme leading to further improvements in its operations and customer service; we have every intention of continuing to invest further in our people. We operate in a technology-led, and rapidly evolving sector, and our skilled and committed teams are fundamental as we adapt to change and continue to innovate and drive this business forward together. Total employee benefit expense for the year amounted to €29.4 million (2015: €25.4 million). The average number of persons employed by the Group, including part-timers and students, during the year amounted to 1,140 (2015: 950). The increased cost and head count are due to the acquisition of Cablenet and Kinetix.

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

DIRECTORS' REPORT CONTINUED

FINANCIAL POSITION

Following another year of robust operating performance, shareholders' funds as at year end amounted to €101.1 million, an increase of €9.0 million over the prior year in spite of a dividend distribution of €10.1 million during the year. The Group's net asset value per share stands at €1.08 (2015: €0.91), whilst the Group's equity position stands at 1.70x (2015: 1.95x) the Group's net debt position.

The Group's total asset base stands at €249.8 million, an increase of €42.2 million over the prior year as a result of the acquisition of Cablenet. The Group's total asset base is 43.7% (2015: 44.4%) funded through equity.

In September 2014 GO concluded the acquisition of 25% shareholding in Cablenet in return for a loan of €12.0 million which, upon conversion into equity, would increase GO's shareholding in Cablenet to 45%. In addition, GO also had the option of acquiring a further 6% shareholding, bringing its total stake in Cablenet up to 51%. GO exercised both these options in January 2016, resulting in gains of €7.0 million and €6.1 million which were recognised respectively in 2015 and 2016.

The Group's current assets amounted to €49.9 million (2015: €44.8 million) and are mainly represented by trade and other receivables of €31.9 million (2015: €31.4 million), inventories of €8.0 million (2015: €9.7 million) and cash of €9.7 million (2015: €2.7 million). Total liabilities increased from €115.5 million as at December 2015 to €140.6 million as at December 2016. The increase is due to borrowings amounting to €30.7 million recognised following the consolidation of Cablenet.

A strong and sustained operational performance, and appropriate funding arrangements will allow the Group to continue 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 €0.11 per share (after taxation) – such dividend to be payable on 5 May 2017. Total distributions relating to this year's operations amount to €0.11 per share.

The amount of €11.1 million has been transferred to the dividend payment reserve.

Retained profits carried forward at the balance sheet date amounted to €41.8 million (2015: €33.6 million) for the Group and €40.6 million (2015: €38.7 million) for the Company.

OUR PRINCIPAL RISKS AND UNCERTAINTIES

Security and resilience

The Group's commercial success is dependent upon the resilience of the various networks, IT systems, exchanges and data centres. Our networks, systems and infrastructure face a variety of hazards that could cause significant interruptions to the delivery of our services. If the Group experiences any significant failure of its systems the impact could be various and include significant financial loss besides reputational damage that could jeopardise future revenue. The Group manages this risk by having significantly invested in the resiliency of its key networks and infrastructure wherever this is possible and feasible. Furthermore, the Group adopts a robust control framework that focuses on prevention supported by tried-and-tested recovery capabilities.

Customer data processing

On a daily basis the Group processes personal data of its significant client base. The Group recognises the importance of adhering to data privacy laws and wants its customers to feel confident that the Group acts properly and protects the data they share with it. Failure to abide by all relevant data protection and privacy laws could result in reputational damage for the Group as well as regulatory action and fines. The Group manages this risk by having in place a robust governance and monitoring framework. This framework defines roles and responsibilities of employees who have access to personal data, provides training and awareness to these employees and includes monitoring, reporting and audit to ensure compliance with various policies and procedures aimed to protect customer data and privacy.

Ability to grow

The Group operates in two highly developed and well penetrated markets characterised by extensive competition, pressure on pricing, technology substitution and product convergence. The Group strives to maintain its ability to grow revenues in spite of this adverse environment as failure to do so will impact profitability and the Group's ability to maintain its investment programme. The Group mitigates this risk by identifying opportunity to diversify its product portfolio and invest in new markets. The Group also pursues innovative product bundling and extends to its customer new technologies soon after these become available whilst working hard to become a leaner organisation.

DIRECTORS' REPORT
CONTINUED

OUR PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

i-gaming industry

The i-gaming industry has grown to become one of Malta's main economic pillars. GO is a major supplier of technology and services to operators working out of Malta and any negative impact on the ability of the industry to retain its significant presence in Malta will impact the Group's profitability. Aware of this risk the Group is augmenting its range of co-location services to include a holistic ICT experience targeted at the Group's large business client base, thereby reducing the Group's reliance on the i-gaming industry.

Communications industry regulation

The Malta Communications Authority can request GO to provide specific wholesale services on specified terms following market reviews. These terms and regulations can include control over prices, both at the wholesale as well as the retail level besides other conditions. Furthermore, GO is also bound by regulation that from time-to-time does come into force across the European Union. Regulatory requirements and constraints can impact revenues and GO's ability to compete effectively with the resultant impact on profitability and cash generation. GO manages this risk by maintaining ongoing dialogue with regulators through a team of regulatory specialists who, with the help of various advisers, continuously monitor and review regulatory changes and how these may impact our Group.

Pensions

GO is faced with a number of cases from past employees for the payment of a pension. Whilst GO has acknowledged the entitlement to a pension in various cases, most of which have been settled through the payment of a lump sum, a number of other claims remain pending and will be decided by the Maltese Courts. In the case of adverse decision GO may have to recognise the obligation to pay a pension to various claimants which obligations could, in their totality, be material. To mitigate this risk GO has appointed a strong team of legal advisors to argue GO's position.

FINANCIAL RISK MANAGEMENT

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. A detailed review of the risk management policies employed by the Group is included in Note 2 to the financial statements.

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.

Nizar Bouguila (appointed on 9 September 2016)
Sofiane Antar (appointed on 9 September 2016)
Saviour Baldacchino
Paul Fenech
Faker Hnid (appointed on 9 September 2016)
Mohsin Majid (appointed on 28 November 2016)
Jamel Sakka (appointed on 9 September 2016)
Paul Testaferrata Moroni Viani
Philippe Jean Montourcier (appointed on 9 September 2016, resigned on 28 November 2016)
Deepak Padmanabhan (resigned 9 September 2016)
James Kinsella (resigned 9 September 2016)
Nikhil Patil (resigned 9 September 2016)
Norbert Prihoda (resigned 9 September 2016)
Brigitte Zammit (resigned 9 September 2016)

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.

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

DIRECTORS' REPORT CONTINUED

BOARD OF DIRECTORS CONTINUED

Of the Directors of the Company, Nizar Bouguila and Paul Testaferrata Moroni Viani, together with Yiannos Michaelides (GO's Chief Executive Officer) were acting as Directors of *Innovate Software Limited.*

Nizar Bouguila and Yiannos Michaelides (GO's Chief Executive Officer) were acting as Directors of GO *Data Centre Services Limited.*

Yiannos Michaelides (GO's Chief Executive Officer) was also acting as Directors of *Forthnet S.A.* at 31 December 2016.

Mohsin Majid and Jamel Sakka, together with Yiannos Michaelides (GO's Chief Executive Officer) and Joseph Attard (GO's Chief Technical Officer) are the Directors of the following subsidiary companies (Philippe Jean Montourcier up to 25 January 2017): *BM IT Limited, Bellnet Limited and BM Support Services Limited.*

Adrian Dalli, Curt Gauci, Mohsin Majid, together with Yiannos Michaelides (GO's Chief Executive Officer) and Christian Sammut (GO's Chief Officer GO Business) are the Directors of *Kinetix IT Solutions Limited.*

Nizar Bouguila, Faker Hnid, Yiannos Michaelides (GO's Chief Executive Officer) and Edmond Brincat (GO's Chief Finance Officer) were acting as Directors of Cablenet Communications Systems Limited at 31 December 2016.

None of the Directors has 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.

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.

DIRECTORS' REPORT
CONTINUED

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 2016, only TT ML 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.

(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.

DIRECTORS' REPORT CONTINUED

INFORMATION PROVIDED IN ACCORDANCE WITH LISTING *RULE 5.64* CONTINUED

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 2016, 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 21 February 2017 and signed on its behalf by:

Nizar Bouguila
Chairman

Paul Testaferrata Moroni Viani
Director

Registered office
GO
Fra Diegu Street
Marsa
Malta

21 February 2017

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 Yiannos 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.

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

Nizar Bouguila (appointed on 9 September 2016)
Sofiane Antar (appointed on 9 September 2016)
Saviour Baldacchino
Paul Fenech
Faker Hnid (appointed on 9 September 2016)
Mohsin Majid (appointed on 28 November 2016)
Jamel Sakka (appointed on 9 September 2016)

CORPORATE GOVERNANCE
– STATEMENT OF COMPLIANCE CONTINUED
B. COMPLIANCE CONTINUED
Principle 3: Composition of the Board CONTINUED

Paul Testaferrata Moroni Viani
Philippe Jean Montourcier (appointed on 9 September 2016, resigned on 28 November 2016)
Deepak Padmanabhan (resigned 9 September 2016)
James Kinsella (resigned 9 September 2016)
Nikhil Patil (resigned 9 September 2016)
Norbert Prihoda (resigned 9 September 2016)
Brigitte Zammit (resigned 9 September 2016)

For the purposes of the Code, the non-executive Directors are independent. The Company deems that, although Nizar Bouguila 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 ten (10) 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 on a regular basis, information 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 Faker Hnid, with the other members being Saviour Baldacchino and Paul Fenech. The Audit Committee is independent and is constituted in accordance with the requirements of the Listing Rules, with Faker Hnid 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 five (5) 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. 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.

CORPORATE GOVERNANCE – STATEMENT OF COMPLIANCE CONTINUED

B. COMPLIANCE CONTINUED

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

Board Committees CONTINUED

Remuneration Committee CONTINUED

The Remuneration Committee is currently chaired by Nizar Bouguila, the other members being Paul Testaferrata Moroni Viani and Paul Fenech. The Company Secretary, Dr Francis Galea Salomone, acts as Secretary to the Remuneration Committee. The Remuneration Committee met one (1) time in 2016. The Report of the Committee to the shareholders is set out on pages 34 to 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. The Executive Committee is equipped with the necessary decision-making tools and strict Board oversight to facilitate the successful execution of its duties. The Executive Committee 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 Executive Committee is currently chaired by Nizar Bouguila with the other members being Yiannos Michaelides, Edmond Brincat, Jamel Sakka and Sofiane Antar. The Company Secretary acts as secretary to the Executive Committee. The Executive Committee held six (6) 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. On a regular basis the Directors receive periodic information 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 major 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 2016
Nizar Bouguila	nil
Sofiane Antar	nil
Saviour Baldacchino	10,600
Paul Fenech	130,995
Faker Hnid	nil
Mohsin Majid	nil
Jamel Sakka	nil
Paul Testaferrata Moroni Viani	94,444

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

Savior Baldacchino has a beneficial interest in the Company of 10,600 shares.

Paul Testaferrata Moroni Viani has a beneficial interest in the Company of 16,050, 75,494 and 2,900 shares through the shareholding of other related parties including 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.

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 2017.

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 2016 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. During the year, GO also launched the 'GO for the future' campaign to support various educational initiatives including programmes to encourage reading and a passion for science.

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 BM IT Limited, BM Support Services Limited, Bellnet Limited and Kinetix IT Solutions Limited.

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.

CORPORATE GOVERNANCE – STATEMENT OF COMPLIANCE CONTINUED

D. INTERNAL CONTROLS CONTINUED

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 Nizar Bouguila (Chairman), Paul Testaferrata Moroni Viani and Paul 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 Francis Galea Salomone acts as Secretary to the Remuneration Committee.

B. MEETINGS

During the period under review the Committee held two 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 2016; 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 €23,760 per annum. Since their appointment as Directors, Nizar Bouguila, Sofiane Antar, Faker Hnid, Mohsin Majid and Jamel Sakka decided to waive 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.

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.

REMUNERATION COMMITTEE REPORT CONTINUED

D. REMUNERATION POLICY – SENIOR MANAGEMENT CONTINUED

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.

During the current financial year, the Company has recognised a charge of €600,847 payable to the Company's Chief Executive Officer upon the termination of his contract of employment. This amount together with €826,773 out of the Senior Management's variable remuneration, has been recognised by the Company but reimbursed by the outgoing shareholders.

E. CODE PROVISIONS 8.A.5

Emoluments of Directors

Fixed Remuneration	Variable Remuneration	Share Options	Others
€73,937	None	None	€3,164

Emoluments of Senior Management

Fixed Remuneration	Variable Remuneration	Share Options	Others
€983,295	€1,353,610	None	€5,154

Nizar Bouguila
Chairman, Group Remuneration Committee

21 February 2017

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of GO p.l.c.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion:

- GO p.l.c.'s Group financial statements and Parent Company financial statements (the financial statements) give a true and fair view of the Group and the Parent Company's financial position as at 31 December 2016, and of the Group's and the Parent Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of Maltese Companies Act (Cap. 386).

What we have audited

GO p.l.c.'s financial statements, set out on pages 45 to 126 comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2016;
- the Consolidated and Parent Company income statements and statements of comprehensive income for the year then ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

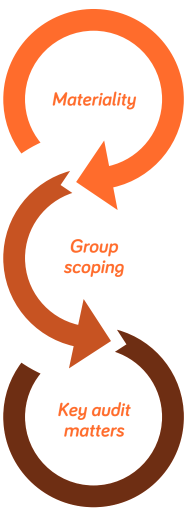
Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



Our audit approach

Overview

Overall group materiality: €1.08 million, which represents 5% of profit before tax.

- The parent company and 5 subsidiaries are based in Malta, and the financial statements of these entities have been audited by our audit team.
- Our audit scope addresses 82% of Group revenues and 90% of Group profit before tax.
- The financial statements of Cablenet Communications Systems Limited, a subsidiary audited by other auditors to whom we issued instructions. We have reviewed the subsidiary's accounting policies. We have reviewed the audit memorandum document prepared by other auditors and submitted to us, and the group reporting package and the audited financial statements, including all relevant financial disclosures. We have reviewed their audit working papers utilising a risk-based approach.

- Accounting for business combinations
- Assessment of carrying amount of goodwill and intangible assets
- Accuracy of revenue due to complex billing systems and revenue recognition

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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	€1,080,000 (2015: €1,470,000)
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €55,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Accounting for business combinations	
During the current financial year, the Group acquired control over Cablenet Communication Systems Limited and Kinetix IT Solutions Limited. Accounting for business combinations is complex and requires the recognition of both consideration paid and acquired assets and liabilities at the acquisition date at fair values, which can involve significant judgement and estimates.	We assessed the appropriateness of the process utilised to identify assets acquired and the liabilities assumed at the acquisition date by reviewing the clauses laid out in the respective acquisition agreements. We have reviewed management's procedure for determining the fair value of the net identifiable assets acquired.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Key audit matter	How our audit addressed the Key audit matter

In particular, the accounting treatment for these acquisitions gives rise to significant judgement around the fair value adjustments, attributable to the valuation of intangible assets recognised, which judgement comprises determining appropriate inputs and assumptions used in the underlying valuations. The valuation methodology, as well as the inputs and assumptions in the model, affect the fair value of the intangible assets.
 	
The valuation of the intangible assets acquired through the business combinations was performed as part of the Purchase Price Allocation and the values of the intangible assets have been determined upon completion of the valuation exercise. The fair value of the intangible assets acquired through the business combinations effected during the current financial year has been determined by using income based approaches whereby the fair value is established on the basis of the present value of future economic benefits to be derived from the ownership of the asset over its remaining economic life. The methods utilised involve projecting future economic benefits accruing from ownership of the assets over an explicit period, discounted to their present value at a discount rate that represents a market-based rate of return. The present value of the expected future economic benefits beyond the explicit period is captured by estimating and discounting a terminal value.
 	
Brands acquired have been valued utilising the relief from the royalty method which assumes that the intangible asset has a fair value based on royalty income attributable to it. Customer relationships acquired have been valued using the multi-period excess earnings method, which assumes that the fair value of an intangible asset can be determined by estimating the cash flows that are expected to be generated by several assets in combination and deducting the cash flows attributable to all of the other assets that contribute to the cash flows. The excess cash flows are attributed to the intangible asset.
 	
The goodwill arising from the acquisitions is highly dependent on the fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date.
	In respect of the valuation of acquired intangible assets, our procedures included the following, which were carried out with the assistance of our own valuation specialists:
	• assessment of the process that management had undertaken to determine the fair value of the acquired intangible assets including understanding the scope of work, qualifications and independence of the valuation specialists engaged by GO;
	• evaluation of the suitability and appropriateness of the valuation approach and methodology applied, and of the discounted cash flow model utilised;
	• re-performance of the calculations used in the model addressing accuracy;
	• assessment of forecasting accuracy through comparison of actual historical results with forecasts;
	• challenging the valuations prepared by management and their experts including:
	  • assessing the key valuation assumptions;
	  • validating and challenging key inputs and data used in the cash flow model such as customer numbers, Average Revenue Per User (ARPU), revenue growth and churn assumptions by reference to historic data, economic outlook, industry forecasts and other market information;
	  • critically assessing the discount rate and terminal growth rates used in the discounted cash flow models.
	
	Our challenge specifically included the consideration of the forecast cash flows expected to be generated by the acquired intangible assets, based on forecast revenue and cost metrics. Our discussions with the Audit Committee in respect of this key audit matter focused on the reasonableness of the forecast cash flows and the key assumptions utilised within the cash flow models. During these discussions, management confirmed their view that the forecasts and key assumptions remained appropriate and were subject to oversight.
	
	We concluded that the parameters utilised by GO in the model were reasonable, given relevant economic and industry indicators.
	
	We also challenged the appropriateness of the useful economic life attributed to the acquired intangible assets.

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Key audit matter	How our audit addressed the Key audit matter
Relevant references in the Annual Report and Financial Statements: • Accounting policy: Note 1.2(f) • Note on Investment in subsidiaries: Note 8 • Critical accounting estimates and judgements: Note 3.2	We tested the calculation of the goodwill arising from the acquisitions, being the difference between the total purchase consideration and the fair value of the net identifiable assets and noted that management's process was in accordance with the requirements of IFRS 3. The appropriateness of disclosures made in relation to goodwill arising on acquisitions and intangible assets acquired was also reviewed.
Assessment of carrying amount of goodwill and intangible assets	
Goodwill with a carrying amount of €23.6 million and intangible assets having a carrying amount of €30.4 million as at 31 December 2016, have arisen from a number of acquisitions effected during the current and preceding financial years. An assessment is required annually to establish whether goodwill and intangible assets that have an indefinite useful life should continue to be recognised, or if any impairment is required. The assessment was performed at the lowest level at which GO could allocate and assess goodwill, which is referred to as a cash generating unit (CGU). Goodwill and intangible assets arising from acquisitions have been allocated to the Telecommunications Malta CGU, Telecommunications Cyprus CGU and Date Centre CGU. The impairment assessment relied on the calculation of a value in use for each of the CGUs. This calculation was based on estimated future cash flows for each CGU, including assumptions around revenue growth, margins and EBITDA levels, discounted at an appropriate weighted average cost of capital. GO used its business plan as the basis for the first 5 years of cash flows and then extrapolated returns into perpetuity using a terminal growth factor. The assumptions supporting the underlying forecast cash flows reflect significant judgements as these are affected by unexpected future market or economic conditions. The estimation of future cash flows and the level to which they are discounted is inherently uncertain and requires judgement. The extent of judgement and the size of the goodwill and intangible assets, resulted in this matter being identified as an area of audit focus.	We evaluated the suitability and appropriateness of the impairment methodology applied and the discounted cash flow model as prepared by management or independent experts appointed by management. We assessed the methodology and assumptions used by utilising our independent valuation experts. The calculations used in the model were re-performed to check accuracy and the key inputs in the model were agreed to approved sources. Management's cash flow forecasts used in the model were assessed by: • testing that the forecasts agreed to the most recent business plan which had been approved by the Board of Directors; • considering current year performance against plan and the reasons for any deviation also through discussion with management for each CGU; and • assessing historical forecasting accuracy through back-testing by reviewing the historical achievement of the business plan given the uncertainties in forecasting, comparing the actual historical cash flow results with previous forecasts, including forecast profit margins to historical margins. We also focused on understanding and challenging management's future plans for the CGUs and understanding the manner in which the related cash flow forecasts were drawn up. We benchmarked key assumptions in management's forecasts in respect of revenue growth, gross margins and EBITDA margins, to the extent practicable, to relevant economic and industry indicators, where possible.

INDEPENDENT AUDITOR'S REPORT CONTINUED

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Key audit matter	How our audit addressed the Key audit matter
Relevant references in the Annual Report and Financial Statements: • Accounting policy: Note 1.6, Note 2.3 • Note on Intangible assets: Note 7 • Critical accounting estimates and judgements: Note 3.1	Our independent valuation experts critically assessed the discount rate and terminal growth rates used in the discounted cash flow models. The challenge of our valuation experts was focused on the methodology used to determine the discount rates used by each CGU by reference to the overall calculated cost of capital for GO, and on which benchmarks were the most appropriate in determining the terminal growth rate of cash flows for each CGU. We independently calculated a weighted average cost of capital by making reference to market data and benchmarked the long-term growth rates to market data. We concluded that the parameters utilised by GO were reasonable, given historic results, economic outlook, industry forecasts and other market data. Our discussions with the Audit Committee in respect of this key audit matter focused on the key assumptions, both individually and when combined together. During these discussions, management confirmed their view that the forecast for each CGU remained appropriate and that the key assumptions were subject to oversight. We assessed the sufficiency of the sensitivity analysis performed by management or independent experts appointed by GO. Independent sensitivity analysis was performed, making adjustments to a number of modelled assumptions simultaneously to identify any CGUs which were most sensitive to a change in value in use. We critically assessed whether or not a reasonably possible change to the assumptions could result in an impairment considering the sensitivity of the valuations to these assumptions. The deterioration in performance or long-term growth rates which would need to occur, or the increase in discount rate which would need to be applied to the model, that may lead to impairment in one or more CGUs is significant in view of the significant levels of headroom with respect to CGU carrying values. We determined that a movement in those key assumptions of this extent is unlikely. The value in use of the three CGUs remains in excess of the carrying amounts by a comfortable headroom. The appropriateness of disclosures made in relation to goodwill and intangible assets was also reviewed.

Key audit matter	How our audit addressed the Key audit matter
Accuracy of revenue due to complex billing systems and revenue recognition The accuracy of revenue amounts recorded is an inherent industry risk. This is because telecoms billing systems are complex and process large volumes of data with a combination of different products sold and tariff changes during the year, through a number of different systems. GO retails subscription packages to customers include multiple elements and may include discounts and offers, such as services sold for a single package price. The allocation of revenue to each element of a bundled transaction is complex and requires judgement, as described in the Group's accounting policy on page 67. There is a risk that inappropriate allocations could lead to non-compliance with accounting standards and inaccurate acceleration or deferral of revenue. Relevant references in the Annual Report and Financial Statements: • Accounting policy: Note 1.23	We evaluated the relevant systems and the design of controls, and tested the operating effectiveness of automated and non-automated controls over the: • capture and recording of revenue transactions comprising services supplied to customers; • authorisation of tariff changes and the input of this information to the billing systems; and • calculation of amounts billed to customers. We also tested the accuracy of a sample of customer bills. We evaluated the Group's revenue recognition policy and management's current year assessment in respect of accounting for bundled transactions against relevant accounting standards and guidance. We tested the policy's implementation by: • performing tests to confirm our understanding of the process by which revenue is calculated by the relevant billing systems as reflected above; • performing an assessment of the different product bundles and offers made available to customers during the year and confirming the fair value of the different elements of these packages to appropriate evidence of fair value; • assessing whether revenue should be accelerated or deferred based on the relative fair value of elements delivered at different points during the contract, when compared to the revenue calculated by the relevant billing system; and • where differences arose between the revenue calculated by the billing system and the revenue recognition profile calculated in accordance with the Group's revenue recognition policy, we assessed the accuracy of those adjustments recognised to align revenue recognised with the Group's accounting policy. In respect of these key audit matters, we found no significant exceptions in our controls testing and no material misstatements were identified in our substantive testing.

INDEPENDENT AUDITOR'S REPORT CONTINUED

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How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's accounting process is structured around a group finance function at its head office. Within the head office, supporting finance functions exist for each of the key business operating areas (Telecommunications and Data Centre), and these report to the Group finance team as appropriate. Other than group reporting from other auditors auditing the complete financial information of the Cypriot subsidiary, which operated under our instructions, all work was conducted by the same audit team in Malta.

Where the work was performed by other auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. As part of our year-end audit procedures, we interacted with the Cypriot auditor. The Group audit team performed all of this work by applying the overall Group materiality, together with additional procedures performed on the consolidation. This gave us sufficient appropriate audit evidence for our opinion in the Group financial statements as a whole.

Other information

The Directors are responsible for the other information. The other information comprises the *Directors' Report*, the *Remuneration Report*, the *Chairman's Message*, the *Chief Executive Officer's Review* and the *Five Year Record* (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information, including the Directors' Report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' Report, we also considered whether the Directors' Report includes the disclosures required by Article 177 of the Companies Act (Cap. 386).

Based on the work we have performed, in our opinion:
- The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with the Companies Act (Cap. 386).

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' Report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of the Directors and those charged with governance for the financial statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), 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.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT CONTINUED

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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.

Other matters on which we are required to report by exception

We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:

- 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.

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

PricewaterhouseCoopers
78, Mill Street
Qormi
Malta

Simon Flynn
Partner

21 February 2017

FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

		Group		Company	
		As at 31 December		As at 31 December	
		2016	2015	**2016**	2015
	Notes	**€000**	€000	**€000**	€000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**126,450**	97,826	**91,119**	89,933
Intangible assets	7	**67,684**	13,199	**8,770**	7,462
Investments in subsidiaries	8	**–**	–	**33,311**	10,566
Investments in associate	9	**18**	1,917	**–**	1,917
Loans receivable from related party	11	**–**	16,000	**–**	16,000
Loans receivable from associate	11	**–**	10,494	**–**	10,494
Deferred tax assets	13	**4,262**	5,769	**3,159**	4,132
Derivative financial instruments	20	**–**	15,955	**–**	15,955
Trade and other receivables	15	**1,465**	1,656	**1,465**	1,656
Total non-current assets		**199,879**	162,816	**137,824**	158,115
Current assets					
Inventories	14	**8,025**	9,718	**7,789**	9,489
Trade and other receivables	15	**31,865**	31,353	**42,377**	42,429
Current tax assets		**255**	995	**521**	995
Cash and cash equivalents	16	**9,728**	2,696	**8,105**	1,767
Total current assets		**49,873**	44,762	**58,792**	54,680
Total assets		**249,752**	207,578	**196,616**	212,795

STATEMENTS OF FINANCIAL POSITION CONTINUED

		Group		Company	
		As at 31 December		As at 31 December	
		2016	2015	2016	2015
	Notes	€000	€000	€000	€000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	**58,998**	58,998	**58,998**	58,998
Reserves	18	**266**	(543)	**5,745**	5,626
Retained earnings		**41,839**	33,642	**40,541**	38,739
Total capital and reserves attributable to owners of the Company		**101,103**	92,097	**105,284**	103,363
Non-controlling interests		**8,099**	–	**–**	–
Total equity		**109,202**	92,097	**105,284**	103,363
LIABILITIES					
Non-current liabilities					
Borrowings	19	**53,892**	35,150	**27,208**	35,150
Deferred tax liabilities	13	**2,943**	611	**324**	334
Provisions for pensions	21	**3,138**	4,219	**3,138**	4,219
Derivative financial instruments	20	**–**	8,669	**–**	8,669
Trade and other payables	22	**2,496**	1,838	**2,496**	1,838
Total non-current liabilities		**62,469**	50,487	**33,166**	50,210
Current liabilities					
Borrowings	19	**19,940**	14,678	**14,003**	14,678
Provisions for pensions	21	**3,205**	2,465	**3,205**	2,465
Trade and other payables	22	**54,936**	47,633	**40,958**	42,079
Current tax liabilities		**–**	218	**–**	–
Total current liabilities		**78,081**	64,994	**58,166**	59,222
Total liabilities		**140,550**	115,481	**91,332**	109,432
Total equity and liabilities		**249,752**	207,578	**196,616**	212,795

The notes on pages 55 to 126 are an integral part of these consolidated financial statements.
The financial statements on pages 45 to 126 were authorised for issue by the Board on 21 February 2017 and were signed on its behalf by:

Nizar Bouguila
Chairman

Paul Testaferrata Moroni Viani
Director

INCOME STATEMENTS

Year ended 31 December	Notes	Group 2016 €000	Group 2015 €000	Company 2016 €000	Company 2015 €000
Revenue	23	**156,972**	123,700	**112,166**	110,650
Cost of sales	24	**(94,498)**	(70,369)	**(69,186)**	(65,048)
Gross profit		**62,474**	53,331	**42,980**	45,602
Administrative and other related expenses	24	**(37,437)**	(27,091)	**(28,939)**	(29,709)
Other income	27	**1,339**	1,646	**987**	1,522
Other expenses	28	**(101)**	(51)	**(99)**	(47)
Operating profit		**26,275**	27,835	**14,929**	17,368
Analysed as follows:					
EBITDA		**61,633**	51,633	**38,248**	39,363
Depreciation and amortisation	24	**(35,358)**	(23,798)	**(23,319)**	(21,995)
Operating profit		**26,275**	27,835	**14,929**	17,368
Finance income	29	**821**	1,059	**8,009**	10,444
Finance costs	30	**(3,355)**	(1,880)	**(1,882)**	(1,880)
Adjustments arising on fair valuation of property	5	**(228)**	–	**–**	–
Losses attributable to investment in joint venture	10	**(1,495)**	–	**(1,495)**	(6,592)
Gain arising on remeasurement to fair value of the previously held equity interest upon acquisition of subsidiary	8	**6,078**	–	**–**	–
Adjustments arising on fair valuation of derivative financial instruments	20	**–**	6,952	**–**	6,952
Gain on spin-off effected by way of distribution	33	**–**	–	**–**	1,144
Share of results of associate	9	**–**	236	**–**	236
Profit before tax		**28,096**	34,202	**19,561**	27,672
Tax expense	31	**(7,804)**	(7,791)	**(7,512)**	(7,606)
Profit for the year		**20,292**	26,411	**12,049**	20,066
Attributable to:					
Owners of the Company		**18,444**	26,411	**12,049**	20,066
Non-controlling interests		**1,848**	–	**–**	–
Profit for the year		**20,292**	26,411	**12,049**	20,066
Earnings per share (euro cents)	32	**18c2**	26c1		

The notes on pages 55 to 126 are an integral part of these consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

		Group		Company	
		2016	2015	**2016**	2015
Year ended 31 December	Notes	**€000**	€000	**€000**	€000
Comprehensive income					
Profit for the year		**20,292**	26,411	**12,049**	20,066
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit obligations	21	**4**	(245)	**4**	(245)
Income tax relating to components of other comprehensive income:					
– Net impact of application of the changed tax regime on deferred tax attributable to the fair valuation of property	13	**–**	1,285	**–**	108
– Remeasurements of defined benefit obligations	13, 21	**(1)**	86	**(1)**	86
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	**–**	91
Income tax relating to components of other comprehensive income	13	**–**	(32)	**–**	(32)
Total other comprehensive income for the year, net of tax		**3**	1,185	**3**	8
Total comprehensive income for the year		**20,295**	27,596	**12,052**	20,074

The notes on pages 55 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 2015		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 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	(543)	33,642	92,097

STATEMENTS OF CHANGES IN EQUITY CONTINUED

		Attributable to owners of the Company					
Group continued	Notes	Share capital €000	Reserves €000	Retained earnings €000	Total €000	**Non-controlling interests €000**	**Total equity €000**
Balance at 1 January 2016		58,998	(543)	33,642	92,097	–	92,097
Comprehensive income							
Profit for the year		–	–	18,444	18,444	1,848	20,292
Other comprehensive income:							
Remeasurements of defined benefit obligations, net of deferred tax	21	–	3	–	3	–	3
Transfer from retained earnings in relation to insurance contingency reserve	18	–	116	(116)	–	–	–
Total other comprehensive income		–	119	(116)	3	–	3
Total comprehensive income		–	119	18,328	18,447	1,848	20,295
Transactions with owners in their capacity as owners							
Distribution to owners:							
Dividends paid to equity holders	33	–	–	(10,131)	(10,131)	–	(10,131)
Changes in ownership interest that do not result in loss of control:							
Non-controlling interest arising on acquisition of subsidiary	8	–	–	–	–	6,251	6,251
Reserve arising upon reorganisation of subsidiary companies	8	–	690	–	690	–	690
Total transactions with owners in their capacity as owners		–	690	(10,131)	(9,441)	6,251	(3,190)
Balance at 31 December 2016		**58,998**	**266**	**41,839**	**101,103**	**8,099**	**109,202**

STATEMENTS OF CHANGES IN EQUITY
CONTINUED

Company	Notes	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2015		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

STATEMENTS OF CHANGES IN EQUITY CONTINUED

Company continued	Notes	Share capital €000	Reserves €000	Retained earnings €000	Total €000
Balance at 1 January 2016		58,998	5,626	38,739	103,363
Comprehensive income					
Profit for the year		–	–	12,049	12,049
Other comprehensive income:					
Remeasurements of defined benefit obligations, net of deferred tax	21	–	3	–	3
Transfer from retained earnings in relation to insurance contingency reserve	18	–	116	(116)	–
Total other comprehensive income		–	119	(116)	3
Total comprehensive income		–	119	11,933	12,052
Transactions with owners in their capacity as owners					
Distribution to owners:					
Dividends paid to equity holders	33	–	–	(10,131)	(10,131)
Total transactions with owners in their capacity as owners		–	–	(10,131)	(10,131)
Balance at 31 December 2016		58,998	5,745	40,541	105,284

The notes on pages 55 to 126 are an integral part of these consolidated financial statements.

STATEMENTS OF CASH FLOWS

		Group		Company	
		2016	2015	**2016**	2015
Year ended 31 December	Notes	**€000**	€000	**€000**	€000
Cash flows from operating activities					
Cash generated from operations	34	**72,232**	43,678	**52,178**	36,522
Interest received		**235**	15	**227**	15
Interest paid on bank overdrafts		**(676)**	(139)	**(133)**	(139)
Tax paid		**(6,379)**	(5,914)	**(4,150)**	(3,715)
Tax refund received		**160**	53	**–**	–
Payments under voluntary retirement scheme		**(1,408)**	(686)	**(1,408)**	(686)
Payments in relation to pension obligations		**(349)**	(230)	**(349)**	(230)
Net cash from operating activities		**63,815**	36,777	**46,365**	31,767
Cash flows from investing activities					
Payments to acquire property, plant and equipment and intangible assets		**(45,574)**	(25,901)	**(30,322)**	(20,597)
Payment for acquisition of subsidiaries, net of cash acquired		**(4,375)**	–	**(3,050)**	–
Repayment of loans by related parties		**16,000**	–	**16,000**	–
Acquisition of investment in associate		**(18)**	–	**–**	–
Payments to acquire investment in joint venture		**(1,495)**	–	**(1,495)**	–
Loans advanced to subsidiary		**–**	–	**(1,000)**	–
Loans advanced to associate		**–**	(7,500)	**–**	(7,500)
Net cash used in investing activities		**(35,462)**	(33,401)	**(19,867)**	(28,097)
Cash flows from financing activities					
Proceeds from bank loans		**10,000**	–	**10,000**	–
Repayment of bank loans		**(19,061)**	(9,586)	**(17,564)**	(9,586)
Repayment of other loans		**(184)**	–	**–**	–
Dividends paid		**(10,016)**	(7,092)	**(10,016)**	(7,092)
Loan interest paid		**(2,857)**	(1,637)	**(1,460)**	(1,637)
Net cash used in financing activities		**(22,118)**	(18,315)	**(19,040)**	(18,315)
Net movements in cash and cash equivalents		**6,235**	(14,939)	**7,458**	(14,645)
Cash and cash equivalents at beginning of year		**(3,593)**	11,604	**(4,522)**	10,388
Exchange differences on cash and cash equivalents		**(8)**	(71)	**(8)**	(78)
Movement in cash pledged as guarantees		**828**	(187)	**828**	(187)
Cash and cash equivalents at end of year	16	**3,462**	(3,593)	**3,756**	(4,522)

The notes on pages 55 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 (Cap. 386). 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.

Financial position of the Group

As at 31 December 2016, the Group's current liabilities exceeded its current assets by €28.2 million (2015: €20.2 million). The Group envisages that a significant level of earnings will be generated throughout the forthcoming financial year, through its cash generating units, which will enable the Group to manage effectively its forecasted cash flows and liquidity needs. The Group has unutilised banking facilities which are considered in the context of the Group's liquidity management programme. These factors are embedded within the Group's cash flow forecasts.

Standards, interpretations and amendments to published standards effective in 2016

In 2016, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2016. 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 2016, 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. 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.2 Consolidation CONTINUED

(a) Subsidiaries CONTINUED

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.

(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 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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.2 Consolidation CONTINUED

(d) Joint ventures CONTINUED

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.

(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.

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 CONTINUED

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.5 Property, plant and equipment CONTINUED

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 – 3
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;
- 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.6 Intangible assets CONTINUED

(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 also 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.

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	3 – 10
Licences	2 – 15
Leasehold rights on building	1.33
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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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. 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.8 Impairment of non-financial assets CONTINUED

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.11 Financial assets CONTINUED

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.19 Borrowings CONTINUED

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. 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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.23 Revenue recognition CONTINUED

(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

(a) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

1.25 Employee benefits CONTINUED

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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

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 2016			31 December 2015		
	USD	**GBP**	**SDR**	USD	GBP	SDR
	€000	**€000**	**€000**	€000	€000	€000
Group						
Trade receivables	**643**	**170**	**–**	819	123	–
Trade payables	**(466)**	**(103)**	**(15)**	(528)	(49)	(15)
Net recognised receivables/(payables) denominated in foreign currency	**177**	**67**	**(15)**	291	74	(15)
Available funds in foreign currency	**139**	**192**	**–**	6	69	–
Net exposure	**316**	**259**	**(15)**	297	143	(15)
Company						
Trade receivables	**643**	**136**	**–**	819	123	–
Trade payables	**(292)**	**(103)**	**(15)**	(528)	(49)	(15)
Net recognised receivables/(payables) denominated in foreign currency	**351**	**33**	**(15)**	291	74	(15)
Available funds in foreign currency	**139**	**192**	**–**	6	69	–
Net exposure	**490**	**225**	**(15)**	297	143	(15)

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	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Financial assets				
Subject to floating rates				
Bank balances	**9,728**	2,696	**8,105**	1,767
Loan receivable from related party	**–**	16,000	**–**	16,000
	9,728	18,696	**8,105**	17,767
Subject to fixed rates				
Loans receivable from subsidiaries	**–**	–	**1,000**	–
Loans receivable from associate	**–**	10,494	**–**	10,494
Other receivables*	**229**	229	**229**	229
	229	10,723	**1,229**	10,723
Total	**10,952**	29,419	**9,334**	28,490
Financial liabilities				
Subject to floating rates				
Bank overdrafts	**(6,049)**	(5,244)	**(4,132)**	(5,244)
Bank loans	**(60,795)**	(44,584)	**(37,079)**	(44,584)
Other loans	**(6,988)**	–	**–**	–
Total	**(73,832)**	(49,828)	**(41,211)**	(49,828)

*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.

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 (2015: 100 basis points) would have increased/(decreased) the profit for the Group and Company by €726,000 and €405,000 respectively [2015: increase/(decrease) in profit by €610,000 for both Group and Company], which principally takes into account the impact of this shift on the interest amounts arising on variable interest borrowings as at 31 December 2016. 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 (2015: 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	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Carrying amount				
Loans and receivables category:				
Loans receivable from subsidiaries	**–**	–	**1,000**	–
Loans receivable from related party	**–**	16,000	**–**	16,000
Loans receivable from associate	**–**	10,494	**–**	10,494
Trade and other receivables	**17,916**	22,923	**30,617**	39,999
Cash and cash equivalents	**9,728**	2,696	**8,105**	1,767
	27,644	52,113	**39,722**	68,260

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 figures disclosed in the table above in respect of trade and other receivables exclude prepayments and deferred income.

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	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Trade receivables				
Balance at 1 January	**10,530**	11,421	**10,084**	11,191
Acquired on acquisition of subsidiaries	**829**	–	**–**	–
Decrease in provisions	**(743)**	(891)	**(747)**	(1,107)
Balance at 31 December	**10,616**	10,530	**9,337**	10,084
Other receivables				
Balance as at 1 January	**444**	329	**444**	329
(Decrease)/increase in provisions	**(215)**	115	**(215)**	115
Balance as at 31 December	**229**	444	**229**	444

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 2016 €000	Impaired 2016 €000	Gross 2015 €000	Impaired 2015 €000
Group				
Current	**2,876**	**–**	2,403	–
Up to 30 days	**2,296**	**–**	3,501	–
31 to 60 days	**2,240**	**22**	3,309	–
61 to 90 days	**2,144**	**8**	2,870	–
Over 90 days	**17,928**	**10,586**	16,588	10,530
	27,484	**10,616**	28,671	10,530
Company				
Current	**912**	**–**	2,170	–
Up to 30 days	**2,046**	**–**	3,056	–
31 to 60 days	**2,036**	**–**	3,214	–
61 to 90 days	**1,963**	**–**	2,838	–
Over 90 days	**16,062**	**9,337**	16,082	10,084
	23,019	**9,337**	27,360	10,084

As at 31 December 2016, trade receivables of €1,404,000 (2015: €1,698,000) and €1,194,000 (2015: €1,656,000) 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 2016 and 2015, 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 of the Company's investment in MPC (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	60,795	66,058	6,213	7,159	46,957	5,729
Other loans	6,988	7,891	1,217	657	6,017	–
Bank overdrafts	6,049	6,049	6,049	–	–	–
Trade and other payables	44,605	44,605	40,489	1,620	2,496	–
31 December 2016	**118,437**	**124,603**	**53,968**	**9,436**	**55,470**	**5,729**
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	–
Company						
Bank loans	37,079	39,122	5,239	5,981	25,067	2,835
Bank overdrafts	4,132	4,132	4,132	–	–	–
Trade and other payables	39,457	39,457	35,341	1,620	2,496	–
31 December 2016	**80,668**	**82,711**	**44,712**	**7,601**	**27,563**	**2,835**
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	–

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 and the Company's equity and borrowings are reflected below:

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Borrowings (Note 19)	**73,832**	49,828	**41,211**	49,828
Less: Cash and cash equivalents (Note 16)	**(9,728)**	(2,696)	**(8,105)**	(1,767)
Net debt	**64,104**	47,132	**33,106**	48,061
Total equity	**109,202**	92,097	**105,284**	103,363
Total capital	**173,306**	139,229	**138,390**	151,424
Net debt ratio	**37.0%**	33.9%	**23.9%**	31.7%

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.

During the preceding year, as a result of the share purchase agreement with Cablenet Communication Systems Limited ('Cablenet') and Mr N. Shiacolas (Notes 8, 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 was 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, was the discount rate estimated at 7%. This was 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 reflected 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 was also derived from the estimated enterprise value of the acquiree as at 31 December 2017, which was based on the enterprise value at 31 December 2015 and the simulated 2015 – 2017 average rate of returns.

As at 31 December 2015, the fair values of the embedded options comprised financial assets amounting to €15.5 million and financial liabilities amounting €8.7 million. The key assumptions used in respect of these recurring fair value measurements comprised the WACC, at 11.4%, and the asset volatility measure, at 19%. Both were deemed to be significant unobservable inputs. A change in asset volatility measure of 5% would have resulted in a change in the net fair value of the derivatives of 4.9%. A change of 0.5% in the WACC level would have given rise to a change in the net fair value of 15.8%. No interrelationships between unobservable inputs used in the fair valuation have been identified.

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 valuation techniques referred to above made use of significant unobservable inputs and accordingly the respective fair values were classified as level 3. The fair values were recognised in whole or in part, using valuation techniques based on assumptions that were 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 2016 and 2015, 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, associate and related parties 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.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

3.2 Business combinations CONTINUED

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.

4. SEGMENT INFORMATION

4.1 Operating segments

Prior to the acquisition of a subsidiary, incorporated in Cyprus, operating within the telecommunications sector in Cyprus during the current financial period (Note 8), the Group had two reportable segments, which were 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 following summary describes the operations in each of these two reportable segments:

Telecommunication Services (Telecommunications Malta 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 provided within Malta.

Data Centre Services (Data Centre CGU) comprise the Group's data centre facilities and ICT solutions in Malta. The operations and activities of Kinetix IT Solutions Limited, a subsidiary acquired during the current year (Note 8), has been allocated to the Data Centre CGU.

The operations of the acquired Cypriot subsidiary constitute a third reportable segment *(Telecommunications Cyprus CGU)* in view of the specific nature and characteristics of the Cypriot telecommunications sector, giving rise to a varied degree of business risks and returns. The company provides broadband, cable television and telephony services.

The Group's internal reporting to the Board of Directors and Senior Management is analysed according to these three segments. For each of the strategic business units, the Board of Directors reviews internal management reports at least on a monthly basis.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

4. SEGMENT INFORMATION CONTINUED
4.1 Operating segments CONTINUED
Information about reportable segments

	Telecommunications				Data Centre		Total	
	Malta		Cyprus					
	2016 €000	2015 €000	**2016 €000**	2015 €000	**2016 €000**	2015 €000	**2016 €000**	2015 €000
Total revenue	**112,166**	110,650	**29,109**	–	**17,992**	14,532	**159,267**	125,182
Inter-segment revenue	**(1,499)**	(1,155)	**–**	–	**(796)**	(327)	**(2,295)**	(1,482)
Revenue from external customers	**110,667**	109,495	**29,109**	–	**17,196**	14,205	**156,972**	123,700
Reportable segment profit before tax	**13,996**	22,802	**1,825**	–	**6,265**	5,675	**22,086**	28,477
Tax	**(6,238)**	(5,630)	**(1)**	–	**(2,081)**	(2,083)	**(8,320)**	(7,713)
Results for reportable segments	**7,758**	17,172	**1,824**	–	**4,184**	3,592	**13,766**	20,764
Information about profit or loss:								
Finance income	**821**	1,059	**–**	–	**–**	–	**821**	1,059
Finance costs	**(1,882)**	(1,880)	**(1,473)**	–	**–**	–	**(3,355)**	(1,880)
Depreciation and amortisation	**(23,883)**	(22,424)	**(9,397)**	–	**(2,078)**	(1,260)	**(35,358)**	(23,684)
Other non-cash items								
Adjustment on fair valuation of derivative financial instruments	**–**	6,952	**–**	–	**–**	–	**–**	6,952
Losses attributable to investments	**1,495**	–	**–**	–	**–**	–	**1,495**	–
Provisions for impairment of trade receivables	**(747)**	(1,108)	**–**	–	**4**	217	**(743)**	(891)
Adjustment on fair valuation of land and buildings	**–**	–	**(228)**	–	**–**	–	**(228)**	–
Reportable segment assets	**167,370**	211,944	**82,900**	–	**12,204**	11,564	**262,474**	223,508
Capital expenditure	**25,219**	21,936	**8,952**	–	**3,115**	3,469	**37,286**	25,405
Reportable segment liabilities	**95,822**	110,884	**43,937**	–	**13,487**	10,452	**153,246**	121,336

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:

	2016 €000	2015 €000
Profit		
Total profit for reportable segments	**13,766**	20,764
Consolidation adjustments	**6,526**	5,647
Consolidated profit after tax	**20,292**	26,411
Assets		
Total assets for reportable segments	**262,474**	223,508
Inter-segment eliminations	**(10,728)**	(3,549)
Consolidation adjustments	**(1,994)**	(12,381)
Consolidated total assets	**249,752**	207,578
Liabilities		
Total liabilities for reportable segments	**153,246**	121,336
Inter-segment eliminations	**(10,728)**	(6,323)
Consolidation adjustments	**(1,968)**	468
Consolidated total liabilities	**140,550**	115,481

4.2 Information about geographical segments

The Group's revenues are primarily derived from operations mainly carried out in Malta and in Cyprus, subsequent to the acquisition referred to previously. However, the Telecommunications Malta CGU 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 and Cyprus.

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 2015					
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)	–
Revaluations 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
Year ended 31 December 2016					
Opening net book amount	4,004	91,840	87	1,895	97,826
Acquisition of subsidiaries (Note 8)	1,558	22,819	157	–	24,534
Additions	352	29,153	–	371	29,876
Reclassifications	–	1,895	–	(1,895)	–
Revaluation of land and buildings					
– effect on cost or valuation	(228)	–	–	–	(228)
Disposals and write-offs	(150)	(6,128)	(111)	–	(6,389)
Depreciation charge	(275)	(25,005)	(66)	–	(25,346)
Depreciation released on disposals and write-offs	16	6,050	111	–	6,177
Closing net book amount	**5,277**	**120,624**	**178**	**371**	**126,450**
At 31 December 2016					
Cost or valuation	6,477	329,713	871	371	337,432
Accumulated depreciation	(1,200)	(209,089)	(693)	–	(210,982)
Net book amount	**5,277**	**120,624**	**178**	**371**	**126,450**

During 2015, the Company distributed to its shareholders GO's entire shareholding in Malta Properties Company p.l.c. (MPC) (Note 33.1). This entity held a significant part of the Group's property portfolio.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Company	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 2015					
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 (see above)	(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
Year ended 31 December 2016					
Opening net book amount	4,004	83,947	87	1,895	89,933
Additions	–	18,661	–	362	19,023
Reclassifications	–	1,895	–	(1,895)	–
Disposals and write-offs	(115)	(5,877)	(25)	–	(6,017)
Depreciation charge	(111)	(17,585)	(26)	–	(17,722)
Depreciation released on disposals and write-offs	–	5,877	25	–	5,902
Closing net book amount	**3,778**	**86,918**	**61**	**362**	**91,119**
At 31 December 2016					
Cost or valuation	4,235	266,051	800	362	271,448
Accumulated depreciation	(457)	(179,133)	(739)	–	(180,329)
Net book amount	**3,778**	**86,918**	**61**	**362**	**91,119**

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 Company'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. Management have reviewed the carrying amounts of the properties as at 31 December 2016, on the basis of assessments by the independent property valuers, and no adjustments to the carrying amount were deemed necessary as at that date taking cognisance of developments that occurred during the current financial year.

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.

During the year ended 31 December 2015, the carrying values of the Company's properties have been adjusted to the valuations and a resultant adjustment comprised an increase amounting to €1,732,000, recognised in other comprehensive income as an adjustment to the revaluation reserve in the shareholders' equity.

The subsidiary's leasehold property was revalued on 31 December 2016 by an independent firm of property valuers having appropriate professional qualifications and experience in the category of the property being valued. Management has reviewed the carrying amount of the property as at 31 December 2016 on the basis of the valuation, and a decrease of €228,000 was recognised in profit or loss.

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, warehouses, offices and retail outlets. All the recurring property fair value measurements at 31 December 2016 and 2015 use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The Group'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 2016 and 2015.

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 during 2016 is attributable to the impact of acquisition effected by the Group, whereas the spin-off of the Company's investment in MPC is the key change during 2015. 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 respective 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Valuation techniques

The external valuations of the Company's 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. 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)

Company	At 31 December 2016 and 2015		
Description by class based on highest and best use	**Valuation technique**	**Significant unobservable input**	**Range of unobservable inputs (weighted average) €**
Current use as office premises	Adjusted sales comparison approach	Sales price per square metre	1,000 – 2,650 (1,500)

The subsidiary's property was revalued on the basis of its current use as office premises. The valuation amounting to €750,000 is based on the valuer's assessment of the open market value of the subsidiary's property after taking into account the limitations on its potential uses. The external valuation of the Level 3 property has been performed using the capitalised rentals approach. In view of the limited market information available, the valuation has been performed using unobservable inputs. The significant unobservable inputs include a capitalisation rate applied at 7.5%, which is effectively the discount rate adjusted for anticipated growth, and the expected annual rental value taking into account the rental rate per square metre of €30, determined by reference to comparable properties located in proximity to the subsidiary's property with adjustments for differences in the size, age, exact location and condition of the property.

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

The higher the sales price per square metre or the sales price factor per airspace/square metre, the higher the resultant fair valuation. The higher the rental rate per square metre, the higher the resultant fair valuation. Conversely the lower the capitalisation rate, the higher the fair value. The highest and best use of the properties referred to above is equivalent to their current use.

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

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
At 31 December	**4,677**	2,360	**2,870**	2,360

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

5. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Depreciation charge

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

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Cost of sales	**24,423**	17,165	**17,318**	16,133
Administrative and other related expenses	**923**	338	**404**	291
	25,346	17,503	**17,722**	16,424

Recoverability of the telecommunications infrastructure

At 31 December 2016, the Group's telecommunications infrastructure and licences together with other related tangible and intangible assets, attributable to the Malta and Cyprus Telecommunications CGUs, were carried at a total of €88,641,000 and €39,425,000 respectively. No impairment indicators were identified by management in respect of these CGUs as at the end of the reporting period (Note 7).

6. INVESTMENT PROPERTY

	Group	
	2016	2015
	€000	€000
Year ended 31 December		
Balance at 1 January	**–**	2,199
Impact of spin-off (Note 33.1)	**–**	(2,199)
Balance at 31 December	**–**	–

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.

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 2015							
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
Write-off	–	–	(8,656)	–	–	–	(8,656)
Expiration of rights	–	–	–	–	–	(7,733)	(7,733)
Amortisation charge	(48)	(662)	(118)	(388)	–	(5,079)	(6,295)
Amortisation released on write-off	–	–	8,656	–	–	–	8,656
Amortisation released on expiration of rights	–	–	–	–	–	7,733	7,733
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
Year ended 31 December 2016							
Opening net book amount	259	1,108	610	1,811	4,019	5,392	13,199
Acquisition of subsidiaries (Note 8)	11,018	457	19,022	–	23,898	–	54,395
Additions	2,325	320	–	–	–	6,905	9,550
Development	–	552	–	–	–	–	552
Expiration of rights	–	–	–	–	–	(8,273)	(8,273)
Amortisation charge	(1,313)	(934)	(2,208)	(388)	–	(5,169)	(10,012)
Amortisation released on expiration of rights	–	–	–	–	–	8,273	8,273
Closing net book amount	**12,289**	**1,503**	**17,424**	**1,423**	**27,917**	**7,128**	**67,684**
At 31 December 2016							
Cost	14,462	15,490	21,725	5,945	28,266	10,948	96,836
Accumulated amortisation/impairment	(2,173)	(13,987)	(4,301)	(4,522)	(349)	(3,820)	(29,152)
Net book amount	**12,289**	**1,503**	**17,424**	**1,423**	**27,917**	**7,128**	**67,684**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

7. INTANGIBLE ASSETS CONTINUED

Company	IRUs and DDPs €000	Computer software €000	Brand names and related assets €000	Broadcasting rights €000	Licences €000	Total €000
At 1 January 2015						
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
Year ended 31 December 2016						
Opening net book amount	259	–	–	5,392	1,811	7,462
Additions	–	–	–	6,905	–	6,905
Expiration of rights	–	–	–	(8,273)	–	(8,273)
Amortisation charge	(40)	–	–	(5,169)	(388)	(5,597)
Amortisation released on expiration of rights	–	–	–	8,273	–	8,273
Closing net book amount	**219**	**–**	**–**	**7,128**	**1,423**	**8,770**
At 31 December 2016						
Cost	1,119	1,912	1,462	10,948	5,945	21,386
Accumulated amortisation	(900)	(1,912)	(1,462)	(3,820)	(4,522)	(12,616)
Net book amount	**219**	**–**	**–**	**7,128**	**1,423**	**8,770**

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 arising on business combinations is allocated to the different CGUs as follows:

	2016 €000	2015 €000
Telecommunications CGU		
Malta	**1,151**	1,151
Cyprus	**23,563**	–
Data Centre CGU	**3,203**	2,868

Goodwill arising on the acquisition of Cablenet (Note 8.1) has been allocated to the Telecommunications Cyprus CGU, whereas goodwill arising on the acquisition of Kinetix 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 Malta 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 Telecommunications Cyprus CGU are mainly based on past experience modified for market developments and industry trends, taking cognisance of the following key factors throughout the forecast explicit period:

- forecast overall growth in revenue primarily driven by a significant increase in the number of retail cable subscribers in view of the entity's standing and competitive advantage in the market; and
- projected higher gross profit margins as a result of lower negotiated prices giving rise to lower termination costs throughout the projection period, together with lower maintenance costs of international capacity as a result of lower acquisition costs for international capacity

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 estimated terminal value growth rates and post-tax discount rates for the different CGUs, applied as at 31 December 2016, are disclosed in the table below:

	Terminal value growth rate %	Post-tax discount rate %
Telecommunications CGU		
Malta	1.5	7.8
Cyprus	2.0	11.0
Data Centre CGU	2.0	13.4

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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

7. INTANGIBLE ASSETS CONTINUED

Brand names and customer relationships acquired in business combinations, and related assets

Brand names and customer relationships acquired in business combinations are allocated to CGUs as follows:

	Brand names		Customer relationships	
	Acquisition date fair value €000	Year-end carrying amount €000	Acquisition date fair value €000	Year-end carrying amount €000
Telecommunications Cyprus CGU	4,295	4,295	12,480	10,630
Data Centre CGU				
Current year business combination	507	507	1,122	898
Past business combination	8,756	–	1,141	266

The intangibles acquired throughout the Cablenet acquisition have been allocated to the Telecommunications Cyprus CGU, whereas those attributable to the acquisition of Kinetix have been allocated to the Data Centre CGU. Brands acquired through business combinations incorporate trade names, trademarks, service marks, trade dress, branding and Internet domain names. These have been generally valued using the Relief From Royalty method (RFR). Customer bases compromise customer contracts (renewable), customer relationships and customer list. These have been generally valued using the Multi-Period Excess Earnings method (MEEM).

The RFR method was used to value Cablenet's brand. The RFR method assumes that the intangible asset has a fair value based on royalty income attributable to it. The royalty rate represents hypothetical savings enjoyed by the entity that owns the intangible asset, because that entity is relieved from having to license that intangible asset from another owner and pay royalties to use the intangible asset. In the valuation of the Cablenet brand, the cash flows were derived from the projected total revenues in conjunction with a royalty rate of 1.5%. A discount rate of 13.9% was used for the valuation of the brand and as at the end of 2020, the residual value was based on a terminal growth rate of 1.5%. An indefinite useful life was deemed appropriate for the Cablenet brand.

The MEEM method was used to value Cablenet's customer relationships. In valuing the customer relationships, the total cash flows for the acquired customers were based on an estimate of historical customer retention rates and the projected revenues and operating margins going forward. The MEEM is used as a basis for the fair value of an intangible asset based on a residual notion. The principle behind the MEEM is that the fair value of an intangible asset can be determined by estimating the cash flows that are expected to be generated by several assets in combination and deducting the cash flows attributable to all of the other assets that contribute to the cash flows (contributory charges). The 'excess' cash flows are ascribed to the intangible assets and the fair values based on the present value of those cash flows attributable only to the intangible asset. It is presumed that the contributory assets are leased from a third party. All considerations refer to the attributable fair value of the relevant asset. The applied contributory asset charges (CACs – sometimes referred to as 'economic rents') consider the return of the asset and the return on the asset with the latter compromising a reasonable interest on the capital invested.

In respect of the valuation of customer relationships, total projected revenue attributable to existing customer relationships was estimated on the basis of:

- Existing number of subscribers by service line;
- Projected revenue growth (before churn) for existing customer relationships;
- Projected ARPU by service line;
- Projected churn rate by service line for existing customer relationships.

EBIT margins were assumed to be equal to the EBIT margin of the overall business operations of Cablenet, adjusted for the royalty of Cablenet's brand amounting to the 1.5% of the revenue attributable to existing relationships. CACs as a percentage of revenue have been applied including principally a 'return-of' and a 'return-on' contributory asset charge for depreciable assets. The 'return-on' contributory asset charge reflects the require rate of return on depreciable assets.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7. INTANGIBLE ASSETS CONTINUED

Brand names and customer relationships acquired in business combinations, and related assets CONTINUED

A discounted rate for the valuation of the customer relationships intangible asset of 12.9% was utilised after considering the relatively higher level of risk for the customer relationships as compared to the overall business operations of Cablenet. The residual reflects excess earnings attributable beyond the explicit period, extrapolated assuming an ARPU growth rate and churn rate which are held constant at end of explicit period levels. The useful life of the retail customer relationships intangible asset was estimated at ten years, whilst the useful life of the business customer relationships intangible asset was established at five years.

Disclosures in respect of intangible assets attributable to the acquisition of Kinetix were not deemed necessary in view of the immateriality of the carrying amount of the intangible assets. Other related intangible assets primarily comprise customer bases and IP addresses acquired by the Group.

8. INVESTMENTS IN SUBSIDIARIES

		Company
	2016	2015
	€000	€000
Cost and carrying amount at 1 January	**10,566**	10,616
Capitalisation of loans receivable from MPC (Note 11)	**–**	32,370
Impact of spin-off effected by way of distribution (Note 33.1)	**–**	(32,420)
Reclassification upon conversion of loan into equity	**10,494**	–
Reclassification from Investment in associate upon acquisition and reclassification of derivative financial instruments	**9,201**	–
Acquisition of further interest	**3,050**	–
Cost and carrying amount at 31 December	**33,311**	10,566

The carrying amount of the investments at 31 December 2016 and 2015 is equivalent to the cost of the investments. The subsidiaries at 31 December 2016 and 2015 are shown below:

Subsidiaries	Registered office	Percentage of shares held		Nature of business
		2016	2015	
		%	%	
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
Cablenet Communications Systems Limited	41 – 49 Agiou Nicolaou Street Block A, Nimeli Court 3rd Floor, 2408, Egkomi Nicosia Cyprus	**51.0**	25.0	Provision of broadband, cable television, and telephony services

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

8. INVESTMENTS IN SUBSIDIARIES CONTINUED

GO Data Centre Services Limited holds 99.9% (2015: 99.9%) in Bellnet Limited, BMIT Limited and BM Support Services Limited and 51% (2015: nil) of Kinetix. The latter investment has been acquired during the current financial year. The companies provide co-location and Internet services, technical assistance and leasing of plant and equipment and IT solutions. The registered office of all the companies is Building SCM 02, Level 2 SmartCity Malta, Ricasoli, Kalkara, Malta

During the year ended 31 December 2015 the spin-off of the Company's shareholding in MPC, a subsidiary with its main activity being that of acquiring, developing, selling, holding and leasing of property 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). On 5 October 2015, prior to the spin-off, 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.

8.1 Acquisition of subsidiaries

Acquisition of Cablenet Communication Systems Limited

On 28 March 2014, GO entered into a share purchase agreement with (i) Cablenet Communication Systems Limited (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 granted in instalments on pre-established dates to Cablenet. The loan was not subject to interest until 31 December 2017.

The Company had 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 (Note 20).

The agreement also granted 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 (Note 20).

In January 2016 GO p.l.c. announced that at a Board meeting, it was agreed to proceed with the option of converting into equity the loan provided to Cablenet. Through the conversion of the €12 million loan, GO's shareholding in Cablenet increased from 25% to 45% of the issued share capital of Cablenet.

GO also announced that it would 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 provided GO with access and exposure to the telecommunications sector in Cyprus. Cablenet's principal activity is the provision of cable television, Internet connectivity and telephony, using a network of coaxial and optical fibre.

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.

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	3,397
Purchase price of further 6% equity holding	3,000
Total fair value of purchase consideration	28,733

The equity holding in Cablenet prior to acquiring control, equivalent to 25% (Note 9) was fair valued at acquisition date on the basis of the amounts reflected in the table above. A gain arising on this remeasurement is recognised in profit or loss amounted to €6,078,000.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. INVESTMENTS IN SUBSIDIARIES CONTINUED

8.1 Acquisition of subsidiaries CONTINUED

Acquisition of Cablenet Communication Systems Limited CONTINUED

The fair values of identifiable assets and liabilities of Cablenet as at date of acquisition were as follows:

	€000
Property, plant and equipment	24,514
Intangible assets:	
International capacity	10,793
Brand	4,293
Customer relationships	12,480
Others	1,300
Current assets (principally trade and other receivables)	4,408
Non-current borrowings	(24,904)
Trade and other payables	(11,089)
Current borrowings	(8,696)
Deferred tax liabilities	(2,263)
Net identifiable assets acquired	10,838
Net identifiable assets attributable to non-controlling interests	(5,668)
	5,170
Goodwill	23,563
	28,733

Goodwill is mainly attributable to growth potential and envisaged future profitability attributable to Cablenet. Non-controlling interests have been measured at the related proportion of the net identifiable assets at acquisition.

The goodwill which arose due to the above acquisition was based on the fair values of the consolidated assets and liabilities of the acquired companies as at 1 January 2016. In the twelve month period to 31 December 2016, Cablenet contributed revenue of €29,100,000 and profit of €3,460,000.

Acquisition of Kinetix IT Solutions Limited

In 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 for a consideration of €1,200,000. Kinetix 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.

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. The fair value of these options was deemed to be insignificant at acquisition date and as at 31 December 2016.

Details of the purchase consideration are as follows:

	€000
Fair value of initial 51% equity holding in Kinetix as at acquisition date	1,200

The fair values of identifiable assets and liabilities of Kinetix as at date of acquisition were as follows:

	€000
Property, plant and equipment	20
Intangible assets:	
Brand	507
Customer relationships	1,122
Current assets (principally trade and other receivables)	1,536
Trade and other payables	(918)
Deferred tax liabilities	(570)
Net identifiable assets acquired	1,697
Net identifiable assets attributable to non-controlling interests	(832)
	865
Goodwill	335
	1,200

Non-controlling interests have been measured at the related proportion of the net identifiable assets at acquisition.

The goodwill which arose due to the above acquisition was based on the fair values of the consolidated assets and liabilities of the acquired companies as at 1 January 2016. In the twelve month period to 31 December 2016, Kinetix contributed revenue of €2,812,000 and profit of €351,000.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

8. INVESTMENTS IN SUBSIDIARIES CONTINUED

8.1 Acquisition of subsidiaries CONTINUED

Payments for acquisition of subsidiaries, net of cash acquired

The amounts presented in the statement of cash flows comprise the payments referred to above of €3,000,000 for Cablenet and €1,200,000 for Kinetix, net of cash and cash equivalents attributable to both operations taken over at acquisition date.

9. INVESTMENTS IN ASSOCIATE

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Carrying amount at 1 January	**1,917**	1,681	**1,917**	1,681
Reclassification to *Investment in subsidiaries*	**(1,917)**	–	**(1,917)**	–
Share of results	**–**	236	**–**	236
Addition	**18**	–	**–**	–
Carrying amount at 31 December	**18**	1,917	**–**	1,917

As disclosed in Note 8, during 2014 GO purchased 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, which was not subject to interest until 31 December 2017 (Note 11).

The instalments of the loan advanced to Cablenet till 31 December 2015, with a nominal value of €12 million, were carried at €10.5 million in these financial statements, at fair value, reflecting the discount attributable to the fact that the advances were not subject to interest until 31 December 2017 (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. The fair values of all instruments emanating from this arrangement were determined on the basis described in Note 2.3.

During the current financial year, GO exercised the options to convert the loan into equity, increasing its holding in Cablenet to 45%, and to acquire a further 6% holding for the purposes of securing control over Cablenet. Hence the carrying amount of the investment has been reclassified.

The investment in associate was measured using the equity method of accounting. The cost of the investment and the impacts of equity accounting since acquisition are reflected in the table above.

During the current year, a subsidiary acquired an investment in an associate, MIGS Limited, a company registered in Malta, with its registered address at Level 1, Suite No 5, Tower Business Centre, Tower Street, Swatar, Birkirkara BKR 4013, Malta. In view of the immateriality of this investment to GO as a reporting entity in terms of the requirements of IFRS 12 'Disclosure of interest in other entities', the disclosure of the summarised financial information and other matters in accordance with the requirements of IFRS 12 is not deemed necessary. The 40% stake in this entity was acquired for an amount of €18,000. Its capital and reserves as at 31 December 2016 and its profit for the year after tax amounted to €39,967and €39,525 respectively.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9. INVESTMENTS IN ASSOCIATE CONTINUED

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
Non-current assets	35,874
Current assets	4,796
Non-current liabilities	(24,503)
Current liabilities	(29,950)
Net liabilities	(13,783)
Opening net liabilities at 1 January	(14,594)
Profit for the year	811
Closing net liabilities as at 31 December	(13,783)

Summarised statement of comprehensive income	2015 €000
Revenue	25,709
Profit from continuing operations – total comprehensive income	811

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

10. INVESTMENT IN FORGENDO LIMITED, GIRADENA LIMITED AND FORTHNET SA

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. The other 50% interest is held by Emirates International Telecommunications (Malta) Limited (EITML), GO's parent company prior to the sale of GO's share referred to in Note 39. Furthermore Forgendo and Massar Investments LLC (Massar) each controlled 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 an undertaking, Hellenic Company for Telecommunications and Telematic Applications S.A. (Forthnet), a Greek company listed on the Athens Stock Exchange which was treated as an associated undertaking of Forgendo. Forthnet provides fixed line telephony services, broadband services and satellite pay TV services in Greece. The ownership interest of Forgendo in Forthnet was 41.27%, whereas Giradena's ownership interest in Forthnet was 3.94%. At 31 December 2016 and 31 December 2015, GO's equity investment in Forgendo had a carrying amount of nil.

As at 31 December 2016, the listed price of Forthnet's equity quoted on the Athens Stock Exchange, within the Companies under Surveillance segment, was €0.26 per ordinary share taking cognisance of the thin trading activity levels on the Stock Exchange. Accordingly, the value of GO's interest in Forthnet, based on the quoted price of the equity at the end of the reporting period was €5.9 million.

On 29 July 2016, GO announced that, within the framework of GO's sales process for the shares in GO (Note 39), Forgendo has transferred its entire shareholding of 45,440,473 shares in Forthnet to its shareholders for nil consideration. As a result of this, GO became the direct owner of 22,720,237 shares in Forthnet.

Furthermore on 16 August 2016, GO announced that Forgendo transferred its entire shareholding in Giradena (equivalent to a 50% shareholding in Giradena) to its shareholders on a 50:50 basis, and that Forgendo's shareholders also acquired, on a 50:50 basis, from Massar, its entire shareholding in Giradena (equivalent to a 50% shareholding in Giradena).

As a result of the above, GO became the direct owner of a 50% (equivalent to voting power) shareholding in Giradena, which is considered a joint venture of GO. The cost of these transfers amounted to €1,495,000, which amount has been reflected in profit or loss in view of the restructuring process referred to within this note.

Giradena has further transferred its entire shareholding of 4,335,000 shares in Forthnet to its shareholders for nil consideration. As a result of this transaction GO acquired an additional direct shareholding in Forthnet of 2,167,500 shares. This signifies that GO is now the direct owner of a total of 24,887,737 shares in Forthnet (equivalent to a total direct shareholding in Forthnet of 22.605% and equivalent voting power), and hence Forthnet is categorised as an associate of GO.

These share transfers have been carried out as part of a restructuring process, which will include the voluntary liquidation of Forgendo and Giradena, to ensure that GO will be able to manage and take all decisions with regard to its investment in Forthnet entirely independently.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

10. INVESTMENT IN FORGENDO LIMITED, GIRADENA LIMITED AND FORTHNET SA CONTINUED

Summarised financial information and other disclosures

In view of the matters highlighted above and the fact that the investments in the joint ventures have a nil carrying amount, the Group's joint ventures and associate are 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 and other matters in accordance with the requirements of IFRS 12 is not deemed necessary.

11. LOANS RECEIVABLE FROM SUBSIDIARIES, RELATED PARTY AND ASSOCIATE

	Company	
	2016	2015
Loans receivable from subsidiaries	**€000**	€000
Non-current		
Carrying amount at 1 January	**–**	49,524
Capitalisation (see below)	**–**	(32,370)
Repayment	**–**	(1,154)
Reclassification upon spin-off of Company's investment in MPC	**–**	(16,000)
Carrying amount at 31 December	**–**	–

The non-current advances as at 31 December 2015 to MPC, had a term maturing within 2017. Loans receivable were unsecured and subject to an interest rate, computed using a margin of 3 month Euribor over a fixed base rate of 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	
	2016	2015
Loans receivable from related party	**€000**	€000
Non-current		
Carrying amount at 1 January	**16,000**	–
Reclassification upon spin-off of Company's investment in MPC	**–**	16,000
Repayment	**(16,000)**	–
Carrying amount at 31 December	**–**	16,000

The residual loans to MPC, upon the spin-off referred to in Note 33.1 amounting to €16,000,000 were reclassified to loans receivable from related party. MPC was ultimately controlled by GO's ultimate controlling party as at 31 December 2015 and accordingly was classified as a related party.

These loans were fully repaid during the financial year ending 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

Loans receivable from associate	Group and Company 2016 €000	2015 €000
Non-current		
Carrying amount at 1 January	**10,494**	3,673
Reclassification to *Investments in subsidiaries* upon conversion into equity	**(10,494)**	–
Advances effected during the year – at fair value	**–**	6,312
Impact of unwinding of discount – adjustments to fair value	**–**	509
Carrying amount as at 31 December	**–**	10,494

The loans receivable from Cablenet, the associate, were not subject to interest until 31 December 2017 and the Company had the option to convert the loans into an equity stake in the associate by that date (Note 8). During the current financial year, the Company converted the loan into equity (Note 8).

12. OTHER INVESTMENTS

Available-for-sale financial assets	Group and Company 2016 €000	2015 €000
At 31 December		
Cost	**1,770**	1,770
Accumulated fair value losses	**(1,770)**	(1,770)
Carrying amount	**–**	–

At 31 December 2016 and 2015, 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 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 (2015: €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 in respect of local Group companies is 35% (2015: 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% (2015: 10%) of the transfer value. The tax rate applied in Cyprus in respect of the taxable profits attributable to Cablenet is 12.5%.

The balance at 31 December represents temporary differences attributable to:

	Assets		Liabilities		Net	
	2016	2015	**2016**	2015	**2016**	2015
Group	**€000**	€000	**€000**	€000	**€000**	€000
Depreciation of property, plant and equipment	**–**	–	**(2,439)**	(1,811)	**(2,439)**	(1,811)
Fair valuation of land and buildings	**–**	–	**(324)**	(334)	**(324)**	(334)
Intangible assets	**–**	–	**(2,772)**	(636)	**(2,772)**	(636)
Provisions for pensions and other liabilities	**2,220**	2,339	**–**	–	**2,220**	2,339
Provisions on trade receivables and other assets	**3,423**	3,685	**–**	–	**3,423**	3,685
Unabsorbed tax and capital losses	**683**	683	**–**	–	**683**	683
Investment tax credits	**528**	1,232	**–**	–	**528**	1,232
Tax assets/(liabilities)	**6,854**	7,939	**(5,535)**	(2,781)	**1,319**	5,158
Offsetting	**(2,592)**	(2,170)	**2,592**	2,170	**–**	–
Net tax assets/(liabilities)	**4,262**	5,769	**(2,943)**	(611)	**1,319**	5,158

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13. DEFERRED TAX ASSETS AND LIABILITIES CONTINUED

	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
Company	€000	€000	€000	€000	€000	€000
Depreciation of property, plant and equipment	–	–	(2,763)	(1,916)	(2,763)	(1,916)
Fair valuation of land and buildings	–	–	(324)	(334)	(324)	(334)
Intangible assets	–	–	(248)	(503)	(248)	(503)
Provisions for pensions and other liabilities	2,220	2,339	–	–	2,220	2,339
Provisions on trade receivables and other assets	3,267	3,529	–	–	3,267	3,529
Unabsorbed tax and capital losses	683	683	–	–	683	683
Tax assets/(liabilities)	6,170	6,551	(3,335)	(2,753)	2,835	3,798
Offsetting	(3,011)	(2,419)	3,011	2,419	–	–
Net tax assets	3,159	4,132	(324)	(334)	2,835	3,798

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%.

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 01.01.15 €000	Recognised in profit or loss €000	Transfer upon spin-off €000	Recognised in other comprehensive income €000	Balance 31.12.15 €000	Recognised in profit or loss €000	Recognised in other comprehensive income €000	**Balance 31.12.16 €000**
Property, plant and equipment	(1,596)	(215)	–	–	(1,811)	(628)	–	**(2,439)**
Investment property	(264)	44	220	–	–	–	–	**–**
Intangible assets	(921)	285	–	–	(636)	(2,136)	–	**(2,772)**
Provisions for pensions and other liabilities	2,275	(22)	–	86	2,339	(118)	(1)	**2,220**
Provisions on trade receivables and other assets	3,997	(312)	–	–	3,685	(262)	–	**3,423**
Cash flow hedge	32	–	–	(32)	–	–	–	**–**
Unabsorbed tax and capital losses	683	–	–	–	683	–	–	**683**
Unabsorbed capital allowances	2,398	(2,398)	–	–	–	–	–	**–**
Investment tax credits	1,232	–	–	–	1,232	(704)	–	**528**
	7,836	(2,618)	220	54	5,492	(3,848)	(1)	**1,643**
Revaluation of land and buildings	(6,517)	–	4,898	1,285	(334)	10	–	**(324)**
	1,319	(2,618)	5,118	1,339	5,158	(3,838)	(1)	**1,319**

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 2015 €000	Movement €000	Balance 31 December 2015 €000	Movement €000	**Balance 31 December 2016 €000**
Investment tax credits	766	141	907	(907)	**–**
Impairment and other losses on investments in joint venture	45,985	40	46,025	523	**46,548**
Tax losses	–	–	–	127	**127**
	46,751	181	46,932	(257)	**46,675**

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 01.01.15 €000	Recognised in profit or loss €000	Transfer upon spin-off €000	Recognised in other comprehensive income €000	Balance 31.12.15 €000	Recognised in profit or loss €000	Recognised in other comprehensive income €000	**Balance 31.12.16 €000**
Property, plant and equipment	(1,979)	(157)	220	–	(1,916)	(847)	–	**(2,763)**
Intangible assets	(748)	245	–	–	(503)	255	–	**(248)**
Provisions for pensions and other liabilities	2,275	(22)	–	86	2,339	(118)	(1)	**2,220**
Provisions on trade receivables and other assets	3,917	(388)	–	–	3,529	(262)	–	**3,267**
Cash flow hedge	32	–	–	(32)	–	–	–	**–**
Unabsorbed tax and capital losses	683	–	–	–	683	–	–	**683**
Unabsorbed capital allowances	2,400	(2,400)	–	–	–	–	–	**–**
	6,580	(2,722)	220	54	4,132	(972)	(1)	**3,159**
Revaluation of land and buildings	(442)	–	–	108	(334)	10	–	**(324)**
	6,138	(2,722)	220	162	3,798	(962)	(1)	**2,835**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

14. INVENTORIES

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Operating spares	**5,711**	7,294	**5,605**	7,065
Goods held for resale	**2,314**	2,424	**2,184**	2,424
	8,025	9,718	**7,789**	9,489

The cost of inventories recognised as expense is disclosed in Note 24. During the current financial year, a decrease in provisions for obsolescence of inventories amounting to €197,000 (2015: increase of €234,000) and a decrease of €195,000 (2015: increase of €229,000) for the Group and Company respectively, has been reflected in these financial statements. Inventory write-downs during the year amounted to €174,000 (2015: €131,000) and €172,000 (2015: €131,000) 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	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
At 31 December	**142**	339	**120**	315

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Non-current				
Amounts receivable under finance leases	**63**	43	**63**	43
Deferred expenditure	**1,402**	1,613	**1,402**	1,613
	1,465	1,656	**1,465**	1,656
Current				
Trade receivables – net of provisions	**16,868**	18,141	**13,682**	17,276
Amounts owed by subsidiaries	**–**	–	**15,458**	12,447
Amounts owed by associate	**–**	62	**–**	62
Amounts owed by related parties	**17**	140	**–**	140
Other receivables – net of provisions	**383**	95	**89**	88
Prepayments and accrued income	**9,877**	8,017	**8,428**	7,518
Amounts receivable under finance leases	**45**	27	**45**	27
Deferred expenditure	**4,675**	4,871	**4,675**	4,871
	31,865	31,353	**42,377**	42,429

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, except for an amount of €1,000,000 which is due to be repaid in March 2017 and bears interest at a fixed rate of 3.75%.

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	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Trade receivables	**10,616**	10,530	**9,337**	10,084
Other receivables	**229**	444	**229**	444
Total provisions for impairment	**10,845**	10,974	**9,566**	10,528

Finance lease receivables are analysed as follows:

	Group and Company	
	2016	2015
	€000	€000
Non-current		
Gross receivables	**66**	47
Unearned finance income	**(3)**	(4)
	63	43
Current		
Gross receivables	**54**	31
Unearned finance income	**(9)**	(4)
	45	27
Gross finance lease receivables:		
Later than 1 year and not later than 5 years	**66**	47
Not later than 1 year	**54**	31
	120	78
Unearned finance income on finance leases	**(12)**	(8)
Net investment in finance leases	**108**	70

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	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Cash at bank and in hand	**9,728**	2,696	**8,105**	1,767
Bank overdrafts (Note 19)	**(6,049)**	(5,244)	**(4,132)**	(5,244)
Cash pledged as guarantees	**(217)**	(1,045)	**(217)**	(1,045)
	3,462	(3,593)	**3,756**	(4,522)

17. SHARE CAPITAL

	Company	
	2016	2015
	€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 reserves €000	Total €000
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)
Balance at 1 January 2016	1,510	(2,964)	1,405	–	(494)	(543)
Remeasurements of defined benefit obligations:						
– Actuarial gains	–	–	–	–	4	4
– Deferred taxes thereon	–	–	–	–	(1)	(1)
Transfer from retained earnings	116	–	–	–	–	116
Reserve arising upon reorganisation of subsidiary companies (see below)	–	–	–	–	690	690
Balance at 31 December 2016	**1,626**	**(2,964)**	**1,405**	**–**	**199**	**266**

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

18. RESERVES CONTINUED

Company	Merger reserve €000	Insurance contingency reserve €000	Property revaluation reserve €000	Hedging reserve €000	Other reserves €000	Total €000
Balance at 1 January 2015	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
Balance at 1 January 2016	3,843	1,510	1,410	–	(1,137)	5,626
Remeasurements of defined benefit obligations:						
– Actuarial gains	–	–	–	–	4	4
– Deferred taxes thereon	–	–	–	–	(1)	(1)
Transfer from retained earnings	–	116	–	–	–	116
Balance at 31 December 2016	**3,843**	**1,626**	**1,410**	**–**	**(1,134)**	**5,745**

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

Other reserves

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.

During the current financial year, a reserve amounting to €690,000 arose on the reorganisation of the subsidiaries of Cablenet (Note 8), which have been merged with Cablenet during the period.

19. BORROWINGS

		Group		Company
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Non-current liabilities				
Secured bank loans (i)	**48,766**	35,150	**27,208**	35,150
Other loans (ii)	**5,126**	–	**–**	–
	53,892	35,150	**27,208**	35,150
Current liabilities				
Secured bank loans (i)	**12,029**	9,434	**9,871**	9,434
Other loans (ii)	**1,862**	–	**–**	–
Bank overdrafts (iii)	**6,049**	5,244	**4,132**	5,244
	19,940	14,678	**14,003**	14,678

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

19. BORROWINGS CONTINUED

			2016		2015	
			Face	Carrying	Face	Carrying
		Year of	value	amount	value	amount
Group	Currency	maturity	€000	€000	€000	€000
Bank loans						
Loan 1	euro	2019	**13,500**	**13,455**	19,500	19,409
Loan 2	euro	2019	**4,000**	**4,000**	12,000	12,000
Loan 3	euro	2019	**4,000**	**4,000**	3,500	3,500
Loan 4	euro	2019	**2,500**	**2,492**	5,000	4,987
Loan 5	euro	2020	**3,288**	**3,203**	4,874	4,688
Loan 6	euro	2023	**10,000**	**9,929**	–	–
Loan 7	euro	2023	**15,603**	**15,603**	–	–
Loan 8	euro	2020	**2,394**	**2,394**	–	–
Loan 9	euro	2024	**4,683**	**4,683**	–	–
Loan 10	euro	2018	**609**	**609**	–	–
Loan 11	euro	2024	**427**	**427**	–	–
			61,004	**60,795**	44,874	44,584
Other loans						
Loan 12	euro	2017	**548**	**548**	–	–
Loan 13	euro	2021	**1,189**	**1,189**	–	–
Loan 14	euro	2022	**5,251**	**5,251**	–	–
			6,988	**6,988**	–	–
			67,992	**67,783**	44,874	44,584

			2016		2015	
			Face	Carrying	Face	Carrying
		Year of	value	amount	value	amount
Company	Currency	maturity	€000	€000	€000	€000
Loan 1	euro	2019	**13,500**	**13,455**	19,500	19,409
Loan 2	euro	2019	**4,000**	**4,000**	12,000	12,000
Loan 3	euro	2019	**4,000**	**4,000**	3,500	3,500
Loan 4	euro	2019	**2,500**	**2,492**	5,000	4,987
Loan 5	euro	2020	**3,288**	**3,203**	4,874	4,688
Loan 6	euro	2023	**10,000**	**9,929**	–	–
			37,288	**37,079**	44,874	44,584

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19. BORROWINGS CONTINUED

(i) Secured bank loans

The bank loans are subject to financial covenants and are secured by guarantees and by special hypothecs over the present and future assets of the Company provided by the Company and a number of subsidiaries. Loans 1, 3, 4, 5 and 6 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.

The floating interest rate applicable on Loan 1, 2 and 6 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.

Loans 7 to 11 attributable to a subsidiary are secured by mortgages on the immovable property of the subsidiary and a company related to the minority shareholder of the subsidiary, by floating charges over the assets of the subsidiary and by guarantees by parties which are related to the minority shareholder.

The floating interest rate applicable on Loans 7 to 11 is mainly computed using a margin over the bank's base rate.

As at 31 December 2016, the Company had unutilised bank loan facilities amounting to €30,000,000 (2015: €6,775,000).

(ii) Other loans

Other loans to a subsidiary have been mainly granted by the minority shareholder of the subsidiary and entities related to the minority shareholder. Other loans are secured by mortgages on the immovable property of parties which are related to the minority shareholder. The floating rate applicable to these loans is computed using a margin over the 6 month Euribor.

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

	Group		Company	
	2016	2015	**2016**	2015
	%	%	**%**	%
Bank loans	**2.99**	2.79	**2.55**	2.79
Other loans	**4.56**	–	**–**	–

(iii) Bank overdrafts

The Group's and Company's banking facilities at 31 December 2016 amounted to €13,300,000 (2015: €11,000,000) and €11,000,000 (2015: €11,000,000) respectively. The Company's facilities are secured by guarantees provided by the Company and by special hypothecs over the present and future assets of the Company. The subsidiary's facilities are secured by guarantees by, and mortgages on the immovable property of, entities which are related to the minority shareholder of the subsidiary.

As at 31 December 2016 and 2015, Group and the Company's facilities were mainly 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	
	2016	2015	**2016**	2015
	%	%	**%**	%
Bank overdrafts	**3.64**	3.93	**3.90**	3.93

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

20. DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company	
	2016	2015
	€000	€000
Non-current assets		
Call and put options embedded in host contract	–	15,955
Non-current liabilities		
Call options embedded in host contract	–	8,669

As at 31 December 2015, the Company's embedded options had an expiry date as mentioned below and accordingly were 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.

Call and put options embedded in host contract
As disclosed in Note 8, during prior years, GO had entered into a share purchase agreement for the purchase by GO 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 had 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 would be equal to 45% of the issued share capital of Cablenet.

If GO exercised the option to convert the loan, the agreement also granted 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 would be equal to 51% of the issued share capital of Cablenet.

If GO did not convert the loan into shares, the Company had 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 had the option to convert the loan into a number of shares such that upon conversion the total number of shares held by the Company would 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 was an asset of €15.9 million. The fair values of all instruments emanating from this arrangement were determined on the basis described in Note 2.3

During the current financial year, the Company exercised 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 did not convert the loan into shares and did not exercise the option to sell back the initial 25% stake, Mr Shiacolas had 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 was a liability of €8.7 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'.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

21. PROVISIONS FOR PENSIONS CONTINUED

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 2016, a significant number of beneficiaries have taken up this offer. As at 31 December 2016, the Company estimated that its obligations towards the remaining potential beneficiaries amounted to €6,343,000 (2015: €6,684,000).

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	
	2016	2015
	€000	€000
Carrying amount of pension obligations	**6,343**	6,684

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	
	2016	2015
	€000	€000
At 1 January	**6,684**	6,502
Actuarial (gains)/losses – attributable to financial assumptions	**(4)**	245
Effect of settlements recognised in profit or loss	**–**	151
Settlements paid	**(349)**	(224)
Current service costs	**12**	10
At 31 December	**6,343**	6,684

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

	Group and Company	
	2016	2015
	€000	€000
Non-current	**3,138**	4,219
Current	**3,205**	2,465
	6,343	6,684

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

21. PROVISIONS FOR PENSIONS CONTINUED

The amounts recognised in profit or loss are as follows:

	Group and Company	
	2016	2015
	€000	€000
Effect of settlements	**–**	(151)
Current service costs	**(12)**	(10)
Total recognised in profit or loss	**(12)**	(161)

The amounts recognised in other comprehensive income are as follows:

	Group and Company	
	2016	2015
	€000	€000
Actuarial gains/(losses)	**4**	(245)

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 2016, the weighted average discount rate used was 1.21% (2015: 1.65%).

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	
2016	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.0 %	decrease by 3.8%	increase by 4.2%

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

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%

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.

22. TRADE AND OTHER PAYABLES

		Group		Company
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Non-current				
Trade payables	**2,496**	1,838	**2,496**	1,838
	2,496	1,838	**2,496**	1,838
Current				
Trade payables	**16,726**	15,902	**11,674**	13,221
Amounts owed to related party	**–**	26	**–**	26
Other payables	**3,283**	–	**–**	–
Indirect tax payable	**6,168**	4,262	**4,094**	3,764
Accruals and deferred income	**28,759**	27,443	**25,190**	25,068
	54,936	47,633	**40,958**	42,079

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

23. REVENUE

The Group's turnover, which is generated within Malta and Cyprus, is analysed as follows. The revenue generated within Cyprus is attributable to the acquisition of Cablenet (Note 8). Further information on the activities within the different markets is reflected within Note 4 'Segment information'.

	Group		Company	
	2016	2015	**2016**	2015
Category of activity	**€000**	€000	**€000**	€000
Telecommunication and data centre services	**145,611**	114,860	**107,434**	105,455
Sale of goods	**5,488**	5,080	**4,027**	3,981
Other services and sundry revenues	**5,873**	3,760	**705**	1,214
	156,972	123,700	**112,166**	110,650

24. EXPENSES BY NATURE

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Cost of goods sold	**7,585**	5,734	**4,067**	4,768
Third party network charges, content costs and other direct costs	**45,743**	31,206	**34,446**	30,570
Employee benefit expense (Note 25)	**29,411**	25,388	**23,707**	24,089
Depreciation of property, plant and equipment (Note 5)	**25,346**	17,503	**17,722**	16,424
Amortisation of intangible assets (Note 7)	**10,012**	6,295	**5,597**	5,571
Movement in provisions and write-offs relating to inventories (Note 14)	**(23)**	365	**(23)**	360
Movement in provisions for impairment of trade and other receivables (Note 15)	**86**	(776)	**(747)**	(992)
Bad debts written off	**885**	849	**855**	860
Operating lease rentals payable	**5,308**	2,596	**4,445**	4,247
Other	**7,582**	8,300	**8,056**	8,860
Total cost of sales, administrative and other related expenses	**131,935**	97,460	**98,125**	94,757

Auditor's fees

Fees charged by the parent company auditor for services rendered during the financial years ended 31 December 2016 and 2015 relate to the following:

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Annual statutory audit	**190**	190	**166**	159
Other assurance services	**98**	98	**98**	98
Other non-audit services	**300**	42	**300**	42
	588	330	**564**	299

Audit fees attributable to a subsidiary charged by other auditors amount to €25,000.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

25. EMPLOYEE BENEFIT EXPENSE

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Wages and salaries	**30,471**	25,316	**23,425**	24,204
Social security costs	**2,010**	1,501	**1,542**	1,501
Capitalised labour costs	**(4,252)**	(2,600)	**(1,909)**	(2,093)
Recharged to subsidiaries	**-**	-	**(533)**	(694)
	28,229	24,217	**22,525**	22,918
Voluntary retirement costs	**1,170**	1,010	**1,170**	1,010
Movement in provisions for pensions	**12**	161	**12**	161
Total employee benefit expense	**29,411**	25,388	**23,707**	24,089

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	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Operational expenses	**6,815**	6,315	**6,611**	6,231
Administrative and other related expenses	**22,596**	19,073	**17,096**	17,858
	29,411	25,388	**23,707**	24,089

The average number of persons employed by the Group and the Company, including part-timers, and students, during the year amounted to 1,140 (2015: 950) and 842 (2015: 875) respectively. The number of persons employed by the Group and the Company, including part-timers and students, at the end of the year was as follows:

	Group		Company	
	2016	2015	**2016**	2015
Operational	**408**	308	**286**	292
Management and administration	**795**	642	**618**	618
	1,203	950	**904**	910

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

26. DIRECTORS' EMOLUMENTS

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Directors' emoluments:				
Fees	**74**	55	**74**	55
Benefits in kind	**3**	2	**3**	2
Total Directors' emoluments	**77**	57	**77**	57

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

27. OTHER INCOME

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Rent receivable	**321**	454	**321**	329
Realised operating exchange gains	**29**	127	**–**	127
Unrealised operating exchange gains	**–**	16	**–**	17
Late payment charges	**200**	187	**200**	187
Others	**789**	862	**466**	862
	1,339	1,646	**987**	1,522

28. OTHER EXPENSES

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Realised operating exchange losses	**98**	50	**95**	46
Others	**3**	1	**4**	1
	101	51	**99**	47

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

29. FINANCE INCOME

	Group		Company	
	2016	2015	2016	2015
	€000	€000	€000	€000
Dividend income from subsidiaries	–	–	7,188	7,992
Bank interest receivable	4	15	4	15
Interest receivable from subsidiaries	–	–	–	1,413
Interest receivable from associate	–	509	–	509
Interest receivable from related parties	585	145	585	145
Late payment interest receivable	208	340	208	340
Other interest receivable	24	50	24	30
	821	1,059	8,009	10,444

30. FINANCE COSTS

	Group		Company	
	2016	2015	2016	2015
	€000	€000	€000	€000
Bank loan interest	2,354	1,590	1,525	1,590
Other loan interest	401	–	–	–
Other bank interest and charges	600	290	357	290
	3,355	1,880	1,882	1,880

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	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Current tax				
Current tax expense	**3,966**	5,173	**6,550**	4,884
Deferred tax				
Deferred tax expense (Note 13)	**3,838**	2,618	**962**	2,722
Tax expense	**7,804**	7,791	**7,512**	7,606

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:

	2016			2015		
	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
Cash flow hedge	**–**	**–**	**–**	91	(32)	59
Remeasurement of defined benefit obligations	**4**	**(1)**	**3**	(245)	86	(159)
	4	**(1)**	**3**	(154)	1,339	1,185
Company						
Fair valuation of land and buildings	**–**	**–**	**–**	–	108	108
Cash flow hedge	**–**	**–**	**–**	91	(32)	59
Remeasurement of defined benefit obligations	**4**	**(1)**	**3**	(245)	86	(159)
	4	**(1)**	**3**	(154)	162	8

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 in Malta to the results of the consolidated entities as follows:

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Profit before tax	**28,096**	34,202	**19,561**	27,672
Tax on profit at 35% applicable to taxable profits in Malta	**9,833**	11,971	**6,846**	9,686
Tax effect of:				
Expenses and losses disallowed for tax purposes	**788**	26	**624**	2,318
Temporary differences arising on depreciation of property, plant and equipment	**500**	(481)	**477**	(502)
Further allowances on rental income	**(8)**	(20)	**(8)**	(20)
Benefits available under the Business Promotion Act, comprising investment tax credits and allowances	**–**	(798)	**–**	–
Different tax rate applied to taxable income attributable to subsidiary (see below)	**(1,211)**	–	**–**	–
Different tax rates applied to finance income	**(9)**	(3)	**(9)**	(3)
Dividend income not subject to tax	**–**	–	**(543)**	(805)
Income on gains not subject to tax	**(2,127)**	(2,973)	**–**	(3,095)
Under provision of tax in prior year	**38**	69	**125**	27
Tax expense	**7,804**	7,791	**7,512**	7,606

The tax rate applied to taxable profits attributable to a subsidiary registered in Cyprus, Cablenet, is 12.5%.

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	
	2016	2015
Profit attributable to equity holders of the Company (€000)	**20,292**	26,411
Weighted average number of shares in issue (thousands) (Note 17)	**101,310**	101,310
Earnings per share (euro cents)	**18c2**	26c1

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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

33. DIVIDENDS

	Group 2016 €000	Group 2015 €000
Net dividends paid on ordinary shares	**10,131**	7,092
Dividends per share (euro cents)	**10c0**	7c0

A dividend in respect of the year ended 31 December 2016 of €0.11 (2015: €0.10) per share, amounting to €11,144,154 (2015: €10,131,049), 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 (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.

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	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	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Operating profit	**26,275**	27,835	**14,929**	17,368
Adjustments for:				
Depreciation and amortisation	**35,358**	23,798	**23,319**	21,995
Net increase in provisions and write-downs in relation to receivables and inventories	**948**	438	**85**	228
Voluntary retirement costs	**1,171**	1,010	**1,171**	1,010
Provisions for pensions	**12**	161	**12**	161
Changes in working capital:				
Inventories	**1,840**	(2,586)	**1,707**	(2,853)
Trade and other receivables	**(1,468)**	3,723	**6,118**	1,060
Trade and other payables	**8,096**	(10,701)	**4,277**	(1,250)
Group undertakings' balances	**-**	-	**560**	(1,197)
Cash generated from operations	**72,232**	43,678	**52,178**	36,522

Non-cash transactions

The Group's non-cash transactions during the current year comprise the conversion of loans receivable from Cablenet (Note 8) into equity in connection with GO's decision to acquire a controlling interest in Cablenet.

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

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	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Less than one year	**2,786**	896	**2,182**	353
Between one and five years	**9,873**	2,816	**8,065**	1,122
More than five years	**34,966**	712	**34,550**	402
	47,625	4,424	**44,797**	1,877

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 €4,345,000 (2015: €2,596,000) for the Group and €2,109,000 (2015: €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	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Less than one year	**31**	48	**31**	48

As at 31 December 2016 and 2015, 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. During the current year, amounts of €321,000 (2015: €454,000) for the Group and €321,000 (2015: €329,000) for the Company, were recognised as rental income in profit or loss within other operating income.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

36. CAPITAL COMMITMENTS

		Group		Company
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Contracted for:				
Property, plant and equipment	**1,892**	2,177	**1,892**	2,177
Authorised but not contracted for:				
Property, plant and equipment	**2,526**	2,737	**2,526**	2,737
	4,418	4,914	**4,418**	4,914

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 2016, contingent liabilities arising from:

- Guarantees in favour of third parties and performance bonds given amounting to €217,000 (2015: €1,045,000) for the Group and the Company;
- Actual or potential claims and litigation arising from provision of services, acquisition of goods and services by the Group and other legal issues; and
- Claims by a restricted number of employees;

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.

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 beyond provisions already accounted for by the Company.

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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

38. RELATED PARTY TRANSACTIONS

The Company and its subsidiaries have a related party relationship with Société Nationale des Télécommunications, the Company's ultimate parent (Note 40), related entities ultimately controlled by Société Nationale des Télécommunications, together with the Company's Directors (key management personnel). Subsequent to the change in the Company's shareholders (Note 39), Dubai Holding LLC (GO's former ultimate parent) and all entities ultimately controlled by it are still considered to be related parties, in view of Dubai Holding LLC's interest in and significant influence on GO's current ultimate parent.

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	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Current ultimate parent and related entities				
Services provided to	**56**	–	**56**	–
Services provided by	**268**	–	**16**	–
Expenses recharged to	**5,100**	–	**5,100**	–
Former ultimate parent and related entities				
Services provided to	**–**	64	**–**	64
Services provided by	**7**	1,046	**7**	1,046
Dividends paid to	**6,078**	4,255	**6,078**	4,255
Amounts paid by	**266**	–	**266**	–
Rent paid to	**3,055**	927	**3,055**	927
Interest received from	**585**	145	**585**	145

MPC was considered a related party during the years ended 31 December 2016 and 2015, since its ultimate parent is Dubai Holding LLC, which exerts significant influence on GO's ultimate parent subsequent to the change in GO's shareholding. During the preceding year, the Company has distributed to its shareholders its holding in MPC by way of dividends in kind (Note 33.1).

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Associate				
Loans advanced to (at face value)	**–**	7,500	**–**	7,500
Interest received from	**–**	509	**–**	509

During the current year the loans receivable from associate were converted into equity in the context of GO's decision to acquire a controlling stake in Cablenet (Note 8). The arrangements with the Group's associate and joint ventures are reflected within Notes 8, 9 and 10 to the financial statements and the impacts on these financial statements are disclosed in the said notes.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

38. RELATED PARTY TRANSACTIONS CONTINUED

	Company	
	2016	2015
	€000	€000
Subsidiaries		
Loans advanced to (at face value)	**1,000**	–
Services provided to	**1,499**	1,130
Expenses recharged to	**615**	770
Services provided by	**3,869**	3,614
Rent paid to	**–**	2,314
Interest received from	**70**	1,413
Dividends received from	**7,188**	7,992

Further to the loans granted as disclosed above, the Company has indicated its intention to continue providing financial support to Cablenet, a subsidiary, to enable it to continue to grow its operations. At the end of the year, no losses are deemed probable or possible under this arrangement. During the preceding year, the Company's related party transactions included the conversion of loans received from MPC, into further equity investment prior to the spin-off (Note 8).

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.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

39. DEVELOPMENTS IN CONNECTION WITH THE COMPANY'S SHAREHOLDING

During the financial year ended 31 December 2015, GO p.l.c. has 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.

On 23 May 2016 it announced that, after detailed consideration of the bids received, it selected La Société Nationale des Télécommunications (Tunisie Telecom) as the final preferred bidder.

On 14 June 2016, GO announced that Tunisie Telecom had, through a wholly owned subsidiary in Malta (TT ML Limited), published an offer document setting out the terms and conditions of its voluntary offer in line with its obligations under the Listing Rules.

On 28 July 2016, GO p.l.c. announced that it has been informed by TT ML Limited that acceptances in respect of 66,281,050 shares in the Company amounting to approximately 65.4% of the entire issued share capital of the Company had been received in respect of the voluntary bid.

On 17 August 2016, all the conditions to the Offer had been satisfied, and completion of the necessary share transfers as well as settlement of the Cash Consideration have been duly effected and as a result of the completion of the Offer, the Company announced on 23 August 2016 that 66,281,050 ordinary shares in the Company, representing 65.4% of the entire issued share capital of the Company, had been transferred to TT ML Limited, a wholly owned subsidiary of Tunisie Telecom, registered in Malta with effect from that date.

40. STATUTORY INFORMATION

GO p.l.c. is a public limited liability company domiciled and incorporated in Malta. The Company's ultimate parent, subsequent to the change in the Company's shareholders (Note 39), is Société Nationale des Télécommunications (Tunisie Telecom), the registered office of which is situated at Tunisie Telecom Building, 1053 Jardins du Lac II, Tunis, Tunisia which owns 65.4% of the Company's shares.
The Company's immediate parent is TT ML Limited, a fully owned subsidiary of Tunisie Telecom, established as a special purpose vehicle for the purpose of holding GO's shares. The Tunisian Government holds a 65% shareholding in Tunisie Telecom, and Emirates International Telecommunications (EIT), a subsidiary of Dubai Holding LLC which is GO's former ultimate parent, owns the other 35%.

FIVE YEAR RECORD

GO p.l.c.	2016 €M	2015 €M	2014 Restated €M	2013 €M	2012 €M
Revenue	157.0	123.7	122.2	122.1	127.2
Results from operating activities	26.3	27.8	21.8	18.0	22.4
Profit before income tax	28.1	34.2	13.7	15.6	26.8
Profit for the year	20.3	26.4	8.0	11.8	17.5
Total assets	249.8	207.6	217.3	235.0	238.2
Total liabilities	140.6	115.5	113.8	131.5	136.6
Total equity	109.2	92.1	103.4	103.5	101.6
Operating cash flow	63.8	36.8	40.3	39.6	40.0
Investing cash flow	(35.5)	(33.4)	(30.6)	(19.3)	(27.6)
Financing cash flow	(22.1)	(18.3)	(23.9)	(17.4)	3.3
	€	€	€	€	€
Earnings per share	0.182	0.261	0.079	0.116	0.171
Dividends per share	0.11	0.10	0.07	0.07	0.10

COMPANY INFORMATION

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

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PricewaterhouseCoopers
Certified Public Accountants
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REGISTRAR
Malta Stock Exchange
Malta

LEGAL COUNSEL
Mamo TCV
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COMPANY REGISTRATION NUMBER
C 22334

Financial Calendar

Preliminary announcement of results	21 February 2017
Record date: Final dividend	03 April 2017
Ex-dividend date	04 April 2017
Annual General Meeting	03 May 2017
Final dividend payment date	05 May 2017
Announcement of half yearly results (provisional)	August 2017

Shareholder Information

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