



14 May 2009

COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by GO p.l.c. pursuant to Malta Financial Services Authority Listing Rules 9.51 and 9.53. This statement is based on the unaudited management accounts of GO p.l.c. up to 31st March 2009 and other financial information.

Quote

INTERIM DIRECTORS' STATEMENT

The period under review is characterized by the continued extraordinary economic events which are negatively impacting GO's performance. Results achieved so far confirm that the Group continued to grow its overall client base in spite of significantly increased competition across all its services. However, revenues have declined mainly as a result of reduction of usage of services, which has led to a drop in profitability when compared to the strong performance achieved during the same period the previous year.

During the period, the Group completed its programme to streamline its activities across the entire group so as to better serve its clients and offer a more efficient and cost-effective service. This programme is facilitating control over cost structures, particularly the ability to simplify processes and right-size operations. Although departures under the group's voluntary retirement scheme have been low during the period, the rate of applications has significantly increased over the past few weeks as the scheme draws to a close later this month. The group's aim is to reduce headcount to circa 1,000 in the short term.

The reduction in revenues and the delay in rightsizing operations are the main contributors to the Group's reduction in operating performance when compared to last year. However, the Group remains confident that the operating costs will be reduced in the second half of the year as a result of the expected departure of a significant number of employees through the voluntary retirement scheme.

The group's investment in Forthnet continues to perform well and during this first quarter registered growth in both revenue and EBITDA when compared to the prior year. Forthnet's broadband subscriber base continued to grow whilst Pay TV subscribers decreased in the analog platform but increased in the digital platform, thus resulting in an overall small decrease.

The Group retains a positive outlook about the future and continues investing in the upgrade of its network. Of significance, during this period it has finalized the commissioning of its second submarine cable link to mainland Europe and continued upgrading its access network to ensure further improvements to its broadband client base. The upgrade of the access network will remain an important investment initiative for the next years.

Earlier this year, the Group announced its acquisition of the broadband client base of Nextweb. Through this acquisition the group has strengthened its position in the retail broadband market. Furthermore, during April the group also completed the acquisition of a 60% of the share capital of BM IT Ltd, BM Support Services Limited and Bell Net Limited. These three related entities enjoy a strong presence in the data centre and coupled with its own existing business, today GO is the leading organization in this fast growing business. All these acquisitions provide scope for synergies and revenue growth.

Unquote

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