press release
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25 September 2014

Manx Telecom Plc

Results for the six months ended 30 June 2014

Manx Telecom Plc (AIM:MANX), the leading communication solutions provider on the Isle of Man, announces its results for the six months ended 30 June 2014.

Financial Highlights

- Results in line with board expectations
- Revenues up 4.4% to £39.5m
  - Fixed Line, Broadband and Data revenues grew 1.9% driven by good take-up of high speed broadband
  - Global Solutions (formerly Off Island) revenues grew 30% as a result of increased wholesale SMS volumes, Machine-to-Machine services (M2M), and Strongest Signal Mobile (branded Chameleon) services revenue
- EBITDA of £13.7m, up 3.6%, and operating profit of £9.7m, up 14.1%
- Cash generated from operations of £11.2m, up 5.2% compared with H1 2013
- Dividend policy reiterated:
  - Maiden interim dividend of 3.3p declared, to be paid on 10 November 2014
  - Intention to announce a final dividend of 6.6p with the full year results
  - Full year dividend equivalent to a 7% yield on the IPO price of 142p per share
  - Progressive dividend policy moving forward

Operational Highlights

- Phase I of the new £10m Tier 3 data centre completed and opened in March 2014
- New data centre anchor tenant agreed and encouraging pipeline in place
- 4G launched in July, covering 95% of the population on the Isle of Man
- Defined benefit pension scheme closed to future accruals (August 2014)

Financial summary

	Unaudited 6 months to 30 June 14 £m	Unaudited 6 months to 30 June 13 £m		Increase
Underlying results:				
Revenue	**39.5**	37.9		4.4%
EBITDA	**13.7**	13.3		3.6%
Margin	***34.7%***	*35.0%*		
Operating Profit	**9.7**	8.5		14.1%
Margin	***24.5%***	*22.4%*		
Cash generated from operations	**11.2**	10.6		5.2%
Capital Expenditure (excl intangibles)	**4.5**	1.4		
Free cashflow	**5.2**	8.0		
Profit before and after tax*	**7.0**	3.6	**	94.6%
Diluted earnings per share*	**7.07p**	7.27p	**	
Interim dividend per share	**3.3p**	n/a		

** before IPO costs and previously capitalised loan transaction costs*
*** against the pre IPO capital structure*

Reported results:		
Profit before and after Tax	**(5.1)**	0.3
Diluted earnings per share	**(5.13)p**	0.63p

Manx Telecom plc

Mike Dee, Chief Executive Officer, said,

"This is our second set of results since becoming a listed company and I am pleased to report on another solid performance, as we continue to make good progress towards achieving our strategic goals. The past six months have seen the launch of 4G on the Isle of Man, the completion of Phase 1 at our new £10m data centre and the declaring of our maiden interim dividend. These developments have contributed to a six month performance that helps to underpin our confidence for the Company's longer term prospects."

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About Manx Telecom Plc ("Manx Telecom")

- Manx Telecom is the leading communication solutions provider on the Isle of Man, offering a wide range of fixed line, broadband, mobile, and data centre services to businesses, consumers and the public sector on the Isle of Man as well as a growing portfolio of innovative solutions to offshore customers.
- Manx Telecom has a record of innovation, being the first European operator to launch a 3G mobile service and the first in the world to launch a 3.5G mobile service. 4G services were launched in the summer of 2014, while the Company's high speed FTTC broadband service (Ultima) is available to over 80 per cent. of homes on the Island*.*
- The Company has two Tier 3 data centres and international connectivity and its operations are business-critical to the economic strategy of the Isle of Man.
- One of the largest employers on the Island, Manx Telecom employs over 280 people. The Company plays a major role in the wider community through a range of activities, including charitable donations, sponsorships, and corporate social responsibility initiatives.
- The Isle of Man has a resilient and growing economy which has experienced 29 years of unbroken GDP growth. Unemployment is low at approximately 2.4 per cent. and there is a zero per cent. corporate tax rate which applies to the vast majority of Manx Telecom's business and means that the Group currently pays no corporation tax on its annual profits.
- Manx Telecom trades on the Alternative Investment Market of the London Stock Exchange with the ticker MANX.

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Chairman's Statement

I am pleased to present our results for the first six months of 2014, which are in line with board expectations.

These are the first interim results since our successful IPO in February and show an increase in revenues of 4.4% to £39.5m, an increase in EBITDA of 3.6% to £13.7m and an increase in operating profit of 14.1% to £9.7m compared to the first six months of 2013. Cash generation from operating activities remained strong, up 5.2% on the same period last year.

Profit before tax, on an underlying basis, was £7.0m (2013: £3.6m). As an Isle of Man company no tax is payable on these profits and the underlying diluted earnings per share was 7.07p. The reported result was a loss before tax of £5.1m (2013: £0.3m profit) after charging IPO costs of £7.6m (2013: £nil) and writing off loan costs of £4.5m (2013: £3.3m), incurred during the ownership by private equity, which had previously been capitalised.

Feedback from customers since our IPO has confirmed the view that the move to public ownership has been beneficial to the business. Government and key customers value the certainty of our being a listed company, the greater transparency it brings and the greater opportunities we have to grow the business.

We have had a busy six months with the completion of the planned investment in a new data centre and a new mobile network. Our data centre capacity has been increased by an additional 100 racks of storage space, while our mobile network has been upgraded to 4G with initial coverage of 95% of the Island. In addition we continue to invest in our FTTC broadband deployment and are on track for 87% coverage by the year end. These initiatives have demonstrated to the Island's government and community our continuing commitment to invest in the Island's infrastructure. This has been very positively received.

The good performance in revenue growth and operating profits is a testament to the excellent customer service, experience and professionalism of everyone involved at Manx Telecom. We believe that wider share ownership will bring positive benefits for all our stakeholders. To this end, we have announced a share scheme available for all our people. To facilitate this, 1m of new ordinary shares will be issued and transferred into an employee benefit trust from which shares will be granted in 2014 and future years.

Dividend

With these results, the board has declared an interim dividend of 3.3p per share payable on 10 November 2014 to shareholders on the register on 17 October 2014.

The Board intends to pay full year dividends for 2014 equivalent to a 7% yield on the IPO price of 142p per share and therefore expects, with the full year results, to announce a proposed final dividend of 6.6p per share. The payment of a final dividend is dependent on a number of factors and no assurance can be given now that it will be declared.

Outlook

Trading for the first six months of the year has been in line with the Board's expectations. The completion of the two key capital projects – Phase I of the Greenhill Data Centre and 4G give us a good platform for the rest of 2014 and into 2015. For the second half of 2014, we expect the current trading momentum to be maintained and we expect to deliver growth in line with market expectations for 2014. By continuing to execute our dual strategy of enhancing our significant on Island presence through high quality customer service and value for money, whilst seeking off Island opportunities to exploit our data centre capability and to leverage our mobile technology and platform, we believe we will continue to be in a position to maintain a progressive dividend policy.

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CEO's Review

Overview

Manx Telecom provides a high quality of service to its customers covering all sectors of the Isle of Man. We have strong positions in the local market for fixed line, mobile and data services and continue to look for growth opportunities outside of these traditional markets. We have invested further in our on Island data centres, whilst also growing our Global Solutions business in the UK and overseas, leveraging our flexible approach, telecoms expertise and our international roaming agreements.

Following the successful IPO in February, we believe our position has strengthened in the local market reflecting greater independence and our ongoing investment. This has been well received by the government and the local business community.

The local economy continues to grow with unemployment expected to fall below 1,000. Economic growth is expected to continue into 2015, with growth at the upper end of 3-4% range, driven mainly by the export sectors. There are no indications that there are likely to be any changes to the zero per cent corporate tax rate.

We continue to seek growth opportunities both on and off the Island based around our core skills and technologies.

With regards to the pension scheme, we have agreed with the trustees, unions and employees to close the defined benefit pension scheme to future accruals with effect from 31 August. The associated transition payments are in line with previously announced expectations.

Results review

The Company's performance for the period is in line with board expectations. Revenue growth has overall been good for the period with expansion in Global Solutions, and ongoing investment in fibre to the cabinet ("FTTC") resulting in the Company continuing to see growth, mainly through upsell from ADSL to FTTC. FTTC is expected to be available to 87% of homes and businesses by the end of 2014.

Completion of Phase 1 of the new £10m Tier 3 Greenhill Data Centre ('GDC') in March gives further opportunity for growth and after securing an anchor tenant, discussions continue with a number of interested parties.

The launch of the new single Radio Access Network (RAN) mobile network at the end of July, introduced 4G services and replaced our existing 2G and 3G networks, using the available spectrum to offer enhanced services across all of the mobile network. Our main competitor is due to launch 4G in November although it has been granted an extension to March 2015.

Global Solutions (formerly Off Island) revenues continue to grow strongly and have been the key contributor to the 4.4% year on year growth in revenue.

We continue to focus on improvements to our customer interaction in order to ensure we are able to sustain our high levels of customer service which we believe is a key differentiator. We are also looking at new technology improvements to increase efficiencies and reduce overall costs.

Revenue

	Six months 2014 £m	% Total Rev	Six months 2013 £m	% Total Rev	Y on Y %
Fixed, Broadband and Data	15.6	39.4	15.3	40.4	1.9
Mobile	9.0	22.7	9.4	24.8	-4.2
Global Solutions	8.3	20.9	6.4	16.8	29.8
Data Centre	3.1	7.9	3.1	8.2	0.9
Other	3.5	9.1	3.7	9.8	-4.0
Total revenue	**39.5**		**37.9**		**4.4**

Fixed, Broadband and Data Services

Fixed and broadband provides fixed line voice, broadband and connectivity services for customers, connecting approximately 35k homes and 4k businesses on the Island. We continue to re-balance our fixed line charges by increasing access rentals, which account for over 50% of fixed line revenues, and despite falling usage revenues, overall fixed line revenues are up 1% on last year.

The continued roll out of high speed broadband and the associated increase in revenues have enabled us to grow broadband revenue by 5% in the period despite aggressive price competition from our main competitor. We provide broadband services at a wholesale or retail level to the majority of the Island's subscribers and the upsell from ADSL to high speed FTTC broadband is resulting in growth in both wholesale and retail broadband revenues.

Data service revenues remained flat in the period but we expect take up of new hosting capacity to result in associated increases in data service revenues.

Mobile

Mobile offers a combination of pre-paid and post-paid tariffs addressing all market segments and also includes revenues from the sale of handsets and associated accessories. As at 30 June we had 36.8k pre-paid subscribers and 28.4k post paid. These subscribers access 2G/3G services with 4G services available from the end of July 2014.

Mobile revenues fell in the period due to the forecast reduction in mobile termination rates agreed with the regulator in 2013 and increased roaming discounts, which generally are on a reciprocal basis resulting in associated reductions in roaming costs. With the exception of these revenue reductions, overall other mobile revenues remained at the same level as 2013 despite this being the area with most competition.

The launch of our 4G services at the end of July is expected to give us a first mover advantage over our main competitor which is due to launch 4G in November although it has been granted an extension to March 2015.

Data Centre

Data Centre offers co-location, managed hosting, cloud and disaster recovery via three data centres at Douglas North, Douglas Central and the Greenhill Data Centre (GDC). The Douglas North and GDC facilities are ranked as Tier III Data Centres (according to the Telecommunications Industry Association standards).

The recently opened Phase 1 of the third data centre GDC at a total cost of £3.5m gives an additional 100 racks of storage space. Phases 2 and 3 are planned for completion in 2015 and 2017. Discussions continue with a number of interested parties requiring increased capacity in Phase 1 and potentially Phase 2.

Data Centre revenues have remained flat year-on-year mainly due to customers withholding orders until capacity was available and the Company was able to respond. However, we have now secured an anchor tenant and have an encouraging pipeline of other potential customers.

On 13 June it was announced that Pokerstars, an important data centre customer, had been acquired by Canadian gambling equipment maker Amaya Gaming Group Inc. The Board believes that the sale of Pokerstars to an overseas company will not be a significant threat to the Isle of Man operations and may present further opportunities.

Global Solutions (previously Off-Island)

The Global Solutions division (previously Off-Island) consists of four key business lines: Wholesale SMS (approx. 53% of Global Solutions revenues), Mobile Virtual Network Enabler (“MVNE “), International Traveller (19%), Machine to Machine/Strongest Signal Roaming (16%) and Wholesale Voice (12%).

Wholesale SMS is a two way SMS messaging service which allows wholesale customers to send and receive SMS via Manx Telecom’s extensive roaming and interconnect agreements. This is a revenue share model which enables us to support value added services such as personal tracking, competition entry and dating.

Our MVNE International Traveller offering gives MVNEs access to our global roaming and interconnect agreements to international mobile service providers. This allows our partners to control their mobile service at a more granular level and adapt services for specific end user markets.

Wholesale Voice is an offering through our carrier interconnect partners, whereby customers can make voice calls to any international fixed or mobile destination, taking advantage of our favourable termination rates. Revenue share agreements are also in place with partners for inbound voice termination to Manx Telecom number ranges in relation to the MVNE offering or for call forwarding services like conferencing of unified communications.

The M2M / Strongest Signal Roaming products involve smart SIM solutions that intelligently seek out the best signal and most commercially attractive network so that users can roam or connect to all UK networks. Manx Telecom provides a flexible Service Management Platform to enable distributors real time control of tariffs, provisioning, and usage control. This offering is attractive to customers where mobile connectivity is critical for the delivery of the end service (eg. lone working, alarm monitoring, telehealth etc.).

Overall, Global Solutions revenues grew by just under 30% in the period following additional resource and focus being put into this area. Within the mix, we are seeing good growth starting to come through in the Machine to Machine (M2M) markets, Strongest Signal Mobile (SSM) market and in the MVNE traveler market with further growth expected, more than offsetting declines in Wholesale Voice.

Other revenues

Other revenues, which comprises the Manx Telecom directory, inbound roaming, hardware equipment, managed services and interconnection fees, fell -4.0% in the period mainly due to a reduction in advertising revenues from the 2014 directory (down 5.5%). Managed services revenues increased by 7.0% and hardware sales remained constant.

Financial Performance

Revenue grew by 4.4% to £39.5m compared to the prior period (2013: £37.9m) with a 1.9% increase in the Fixed, Broadband and Data services supplemented by strong growth of 29.8% in Global Solutions (formerly Off-Island) revenue.

Fixed Line, Broadband and Data revenue was relatively steady up 1.9% at £15.6m (2013: £15.3m). Global Solutions performed well with growth of 29.8% to £8.3m (2013: £6.4m) whilst Data Centre revenue was flat at £3.1m. Mobile revenues declined, in line with expectations, by 4.2% to £9.0m (2013: 9.4m) and Other revenues were 4.0% lower at £3.5m (2013: £3.7m), reflecting a lower level of low margin equipment sales.

As a result of good cost control, EBITDA grew by 3.6% to £13.7m (2013: £13.3m) but with margin decreasing slightly to 34.7% (2013: 35.0%) primarily due to the additional costs of operating as a listed company.

Depreciation was £4.1m (2013: £4.8m) which includes charges for network infrastructure (fixed network, broadband network and 2G/3G mobile networks) as well as IT equipment and office equipment.

Our operating profit increased by 14.1% to £9.7m compared to £8.5m in 2013, with the margin improving to 24.5% from 22.4% in 2013.

Underlying profit before tax at £7.0m has increased by 95% compared with £3.6m in 2013 primarily due to lower interest charges following the reduced level of debt post IPO.

The Company reported a loss after tax of £5.1m (2013: £0.3m) due to costs associated with the Company's IPO and admission to AIM in February 2014.

Costs

Overall costs (excluding costs associated with the IPO and finance costs) increased by 1.6% for the half-year (2013: £0.5m). Pay costs, which represent almost 30% of total costs, increased by 4.6% and include provision for bonus payments on achievement of budgeted results.

Roaming costs increased by 21% in the half-year, mainly due to the continued success of our Global Solutions business. Energy costs were 4% lower than last half-year due to efficiency initiatives in 2014. Mobile handset costs were 3.4% lower reflecting lower handset subsidies for the year. Maintenance charges increased 12.2% following the exit of the warranty period for the Next Generation Network (NGN).

Net Finance Costs

Net finance costs were £14.7m (2013: £8.8m) reflecting interest paid on underlying debt and activities relating to the Company's IPO and admission to AIM. Costs included interest payments on bank facilities of £1.8m (2013: £3.1m) and loan note interest of £0.3m (2013: 2.4m). All loan notes were repaid at the time of the IPO.

Also included within the finance costs was a £4.5m non-cash charge for writing off previously capitalised transaction charges (2013: £3.3m). Amortisation of loan transaction costs on the change in banking facilities during the half-year were £0.1m (2013: £0.2m).

A loss of £0.3m was realised following the cancellation of a swap relating to the pre-listed debt (2013: £nil) and other interest income reduced to nil (2013: £0.2m).

Costs associated with the IPO and charged to income were £7.6m with other costs associated with the listing of £4.8m charged to equity and £1.5m borrowing costs capitalised, bringing the total cost of listing on AIM to £13.9m.

Taxation

There is no corporate taxation payable on our profits for both 2014 and the comparative year. We have the benefit of an Isle of Man zero per cent corporate tax rate.

Cash flow

Operating cash flow was £11.2m (2013: £10.6m). This cash flow performance represents an adjusted EBITDA cash conversion of 80.6% (2013: 80.2%); historically, the second half-year tends to be stronger than the first half. The Company reported a working capital outflow of £3.3m for the half-year which was flat year-on-year.

Our free cash flow after investing activities was £5.2m, a decrease of 35% year-on-year (2013: £8.0m), due to higher capital expenditure which was in line with expectations and detailed further below.

Capital Expenditure

Capital expenditure was significantly higher in the first half at £4.5m compared to £1.4m in 2013. The increase year-on-year is due to spend on two key projects; 4G and Phase 1 of our new Greenhill Data Centre.

The 4G project has a total cost of £10m, spilt over 2013-2015 and the total cost for Phase 1 of the data centre conversion was £3.6m, with £2.1m spent in 2013 and £1.5m in 2014. Completion of Phase 1 of the data centre was announced on 28 March 2014 and 4G was launched Island wide in July 2014.

The remaining capital expenditure was spread across a number of business areas including network enhancements, IT and customer projects.

Balance Sheet

Property, plant and equipment increased during the first half by £0.5m to £63.2m as capital expenditure of £4.5m exceeded depreciation of £4.0m.

We retain goodwill of £84.3m on the balance sheet arising from the purchase of Manx Telecom from Telefonica in 2010, which is supported robustly by current valuations.

Current assets reduced by £2.0m primarily due to a reduction in cash held at the end of the period, and lower trade receivables arising from improvements in collections during the period. An interest rate swap covering 67% of pre-listing third party debt of £122m was cancelled during the period following the repayment of the pre IPO third party debt.

Current liabilities reduced by 7.3% to £21.7m (2013: £28.4m) primarily due to a reduction in trade payables.

Non-current liabilities reduced significantly following the IPO in February 2014 from £148.8m down to £75.0m. Borrowings and interest payable were £68.4m (2013: £116.0m) following the repayment of pre-IPO debt and entry into a new facility. Shareholder loans of £29.5m were fully repaid on admission.

The group operates two pension schemes, a defined benefit scheme, which is closed to new joiners, and a defined contribution plan. The retirement benefits liability increased to £6.6m (2013 £3.3m asset). Following discussions with the trustees, our employees and unions the company closed the defined benefit scheme to future accruals in August 2014.

Net debt ended the period at £58.3m down from the £134.1m at the end of 2013, following the capital raise at IPO, subsequent repayment of bank and shareholder debt and entry into a new banking arrangement as a listed company, establishing a more conservative capital structure for the company than under previous ownership.

In September, the company entered into an interest rate swap covering £50m of its banking debt through to its maturity in June 2018 at an all-in rate of 3.7% which was in line with expectations.

Subsequent Events

Defined Benefit Pension Scheme

On the 31 August 2014 the company closed its Defined Benefit scheme to future accruals. As part of the closure the company paid a transition payment to all defined benefit members which was in line with previously announced expectations.

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Condensed Interim Consolidated Statement of Comprehensive Income

	Note	**Unaudited 6 months to 30 June 2014 £'000**	Unaudited 6 months to 30 June 2013 £'000	Audited Year ended 31 December 2013 £'000
Revenue	*6*	**39,534**	37,867	76,029
Cost of sales		**(16,821)**	(15,507)	(30,836)
Gross profit		**22,713**	22,360	45,193
Administrative expenses		**(13,044)**	(13,885)	(29,742)
Operating Profit		**9,669**	8,475	15,451
Underlying EBITDA		**13,734**	13,263	27,450
Depreciation and amortisation		**(4,065)**	(4,788)	(9,326)
Underlying Operating Profit		**9,669**	8,475	18,124
Impairment of equipment		**-**	-	(2,673)
Operating Profit		**9,669**	8,475	15,451
Other income		**-**	-	47
Financial income		**34**	155	219
Financial expenses	*8*	**(7,209)**	(9,033)	(15,938)
Listing expenses	*7*	**(7,566)**	-	-
Unrealised profit on interest rate swaps		**-**	718	585
(Loss)/profit before tax		**(5,072)**	315	364
Taxation		-	-	-
(Loss)/profit for the period attributable to the owners of the Group		**(5,072)**	315	364
Other comprehensive income - Items that will never be reclassified to profit or loss				
Actuarial losses on defined benefit pension scheme	*14*	**(600)**	(5,400)	(9,100)
Total comprehensive loss for the period attributable to the owners of the Group		**(5,672)**	(5,085)	(8,736)

Underlying Profit before Tax		**7,040**	3,617	7,308
Impairment of equipment		**-**	-	(2,673)
Exceptional / Refinancing costs	*8*	**-**	-	(970)
IPO costs	*7*	**(7,566)**	-	-
Release of capitalised loan transaction costs	*8*	**(4,546)**	(3,302)	(3,301)
Profit before tax		**(5,072)**	315	364

Earnings per share from continuing operations attributable to the owners of the Group during the period (expressed in pence per share)

Basic (loss)/earnings per share	*13*	**(5.13)p**	0.63p	0.73p
Diluted (loss)/earnings per share	*13*	**(5.10)p**	0.63p	0.73p
Underlying basic earnings per share	*13*	**7.12p**	7.27p	14.69p
Underlying diluted earnings per share	*13*	**7.07p**	7.27p	14.69p

The notes on pages 15 to 23 form an integral part of these condensed interim financial statements.

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Condensed Interim Consolidated Statement of Financial Position

	Note	**Unaudited 30 June 2014 £'000**	Unaudited 30 June 2013 £'000	Audited 31 December 2013 £'000
Non-current assets				
Property, plant and equipment	*9*	**63,153**	61,576	62,622
Goodwill	*10*	**84,277**	84,277	84,277
Intangible assets		**480**	398	362
		147,910	146,251	147,261
Current assets				
Inventories		**758**	792	543
Trade and other receivables		**16,732**	17,002	17,194
Due from related parties		**-**	98	100
Interest rate swaps		**-**	305	585
Cash and cash equivalents		**10,387**	11,649	13,506
		27,877	29,846	31,928
Current liabilities				
Interest-bearing loans and borrowings	*12*	**(338)**	(957)	(957)
Trade and other payables		**(21,321)**	(22,401)	(24,849)
		(21,659)	(23,358)	(25,806)
Net current assets		**6,218**	6,488	6,122
Non-current liabilities				
Interest-bearing loans and borrowings	*12*	**(68,353)**	(116,036)	(115,690)
Due to Shareholders		**-**	(29,486)	(30,968)
Retirement benefit liability	*14*	**(6,600)**	(3,300)	(6,400)
		(74,953)	(148,822)	(153,058)
Net assets		**79,175**	3,917	325
Equity attributable to the owners of the Group				
Share capital	*11*	**226**	98	100
Share premium	*11*	**84,343**	-	-
Retained (deficit)/earnings		**(5,394)**	3,819	225
Total equity		**79,175**	3,917	325

The notes on pages 15 to 23 form an integral part of these condensed interim financial statements.

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Condensed Interim Consolidated Statement of Changes in Equity

	Share Capital £'000	**Share Premium £'000**	**Retained earnings £'000**	**Total equity £'000**
Balance at 1 January 2013	98	-	10,889	10,987
Total comprehensive income for the period				
Profit for the period	-	-	315	315
Other comprehensive income	-	-	(5,400)	(5,400)
Total comprehensive loss for the period	-	-	(5,085)	(5,085)
Transactions with owners of the Group, recorded directly in equity				
Share-based payment transactions	-	-	15	15
Dividend paid	-	-	(2,000)	(2,000)
Total contributions by and distributions to the owners of the Group	-	-	(1,985)	(1,985)
Balance at 30 June 2013	98	-	3,819	3,917
Balance at 1 July 2013	98	-	3,819	3,917
Total comprehensive income for the period				
Profit for the period	-	-	49	49
Other comprehensive income	-	-	(3,700)	(3,700)
Total comprehensive loss for the period	-	-	(3,651)	(3,651)
Transactions with owners of the Group, recorded directly in equity				
Share-based payment transactions	-	-	57	57
Issue of shares	2	-	-	2
Dividend paid	-	-	-	-
Total contributions by and distributions to the owners of the Group	2	-	57	59
Balance at 31 December 2013	100	-	225	325
Balance at 1 January 2014	**100**	-	**225**	**325**
Total comprehensive loss for the period				
Loss for the period	**-**	**-**	**(5,072)**	**(5,072)**
Other comprehensive income	**-**	**-**	**(600)**	**(600)**
Total comprehensive loss for the period	**-**	**-**	**(5,672)**	**(5,672)**
Transactions with owners of the Group, recorded directly in equity				
Issue of shares (note 11)	**126**	**89,226**	**-**	**89,352**
Share based payment (note 11)	**-**	**-**	**53**	**53**
Listing costs recognised in equity (notes 7, 11)	**-**	**(4,883)**	**-**	**(4,883)**
Total contributions by and distributions to the owners of the Group	**126**	**84,343**	**53**	**84,522**
Balance at 30 June 2014	**226**	**84,343**	**(5,394)**	**79,175**

The notes on pages 15 to 23 form an integral part of these condensed interim financial statements.

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Condensed Interim Consolidated Statement of Cash Flows

	Note		**Unaudited 6 months to 30 June 2014 £'000**		Unaudited 6 months to 30 June 2013 £'000		Audited Year Ended 31 December 2013 £'000
Cash flows from operating activities							
(Loss)/profit for the period			**(5,072)**		315		364
Adjustments for:							
Depreciation of property, plant and equipment	*9*	**3,968**		4,720		9,188	
Amortisation of intangibles		**97**		67		137	
Impairment of property, plant and equipment		**-**		-		2,673	
Gain on disposal of property, plant and equipment		**(3)**		-		-	
Pension Charge		**700**		700		1,400	
Finance income		**(34)**		(155)		(219)	
Finance expense		**14,775**		9,033		15,938	
Unrealised profit on fair value through profit or loss liability		**-**		(718)		(585)	
Equity-settled share-based payments transactions		**53**		15		72	
Changes in:							
Inventories		**(215)**		(135)		114	
Trade and other receivables		**462**		1,069		877	
Trade and other payables		**(3,528)**		(4,264)		(1,816)	
			16,275		10,332		27,779
Net cash generated from operating activities			**11,203**		10,647		28,143
Cash flows from investing activities							
Proceeds from sale of property, plant and equipment		**15**		-		346	
Purchase of property, plant and equipment	*9*	**(4,511)**		(1,414)		(9,947)	
Purchase of intangible assets		**(215)**		-		(34)	
Pension contributions		**(1,300)**		(1,300)		(2,600)	
Interest received		**34**		55		119	
Net cash used in investing activities			**(5,977)**		(2,659)		(12,116)
Cash flows from financing activities							
Proceeds from issue of ordinary shares	*11*	**89,352**		-		-	
Costs incurred on issue of ordinary shares		**(12,418)**		-		-	
Proceeds from settlement of interest rate swaps		**291**		-		-	
Proceeds from new borrowings	*12*	**70,064**		122,000		122,129	
Transaction costs related to loans and borrowings	*7, 12*	**(1,485)**		(5,239)		(6,209)	
Repayment of borrowings	*12*	**(121,122)**		(61,346)		(62,261)	
Repayment of Shareholder loans	*12*	**(22,128)**		(43,844)		(43,844)	
Interest paid		**(10,899)**		(16,260)		(20,686)	
Dividends paid		**-**		(2,000)		(2,000)	
Net cash used in financing activities			**(8,345)**		(6,689)		12,871
Net increase / (decrease) in cash and cash Equivalents			**(3,119)**		1,299		3,156
Cash and cash equivalents at 1 January			**13,506**		10,350		10,350
Cash and cash equivalents at 30 June			**10,387**		11,649		13,506

The notes on pages 15 to 23 form an integral part of these financial statements.

Manx Telecom plc

Notes to the condensed interim financial statements

1 General information

Manx Telecom plc (the "Company") and its subsidiaries (together "the Group") supply of a broad range of telecommunications services to the Isle of Man.

The Company is a public limited company, which is listed on the Alternative Investment Market of the London Stock Exchange ("AIM") and is incorporated and domiciled in the Isle of Man. The address of its registered office is 33–37 Athol Street, Douglas, Isle of Man, IM1 1LB.

On 10 February 2014, Manx Telecom plc was admitted to trade its shares on the Alternative Investment Market of the London Stock Exchange ("the Admission"). On the same date the Group's borrowing facilities were also restructured (see note 12). The Company changed its name from Trafford Equityco Limited to Manx Telecom plc on 3 February 2014 as the Admission required adoption of public liability status.

These condensed interim consolidated financial statements were approved for issue on 24 September 2014. The interim report will be available from 25 September 2014 on the group's website www.manxtelecom.com and from the registered office.

These condensed interim financial statements have been reviewed, not audited.

2 Basis of preparation

These condensed interim consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with IFRSs.

3 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as described below.

The Group has adopted IAS 33 'Earnings per Share' in the period (see note 13) as a result of the Admission.

As disclosed in the annual financial statements the Group has adopted the amendments to IAS 19, the Finance income and Finance expense comparatives in these condensed interim financial statements have been reclassified to match the presentation for the six month period ending 30 June 2014. This reclassification has no impact on the reported profit for the six month period ending 30 June 2013.

Other amendments to IFRSs effective for the financial year ending 31 December 2014 are not expected to have a material impact on the Group.

4 Estimates

The preparation of these condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2013.

Notes to the condensed interim financial statements

5 Financial risk management and financial instruments

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

These condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

5.2 Liquidity risk

The Group's liquidity profile has changed during the period as a result of the refinancing detailed in note 12. Long-term borrowings and financial gearing have been reduced as equity finance has been generated by the Admission.

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value. Financial assets and liabilities are valued based on discounted cash flows. This method is not considered to be materially different from fair value as set out in IFRS 13. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: inputs for the asset or liability that are not based on observable market data

The following table presents the group's financial assets and liabilities that are measured at fair value at 30 June 2014.

30 June 2014	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets	**-**	**26,110**	**-**	**26,110**
Financial liabilities	**-**	**(90,065)**	**-**	**(90,065)**

The following table presents the group's assets and liabilities that are measured at fair value at 30 June 2013.

30 June 2013	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets	-	81,333	-	81,333
Financial liabilities	-	(146,479)	-	(146,479)

The following table presents the group's assets and liabilities that are measured at fair value at 31 December 2013.

31 December 2013	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets	-	29,746	-	29,746
Financial liabilities	-	(172,464)	-	(172,464)

Notes to the condensed interim financial statements (continued)

Operating segment information

The Group has five reportable revenue segments on which management report and base their strategic decisions:

	30 June 2014	30 June 2013	31 December 2013
	£'000	£'000	£,000
Fixed line, broadband and data	**15,595**	15,300	30,985
Mobile	**8,979**	9,377	19,195
Off-Island	**8,250**	6,357	13,576
Data Centre	**3,128**	3,100	6,461
Other	**3,582**	3,733	5,812
Total	**39,534**	37,867	76,029

There is no inter-segmental trading.

The segmental analysis shows revenue classified according to market source. However the group is not structured on a divisional basis and has functional departments, processes, assets and obligations which serve each of these revenue streams. These are not allocated in the financial reports received by the board and its decisions are not routinely based on any such identification. Consequently the analysis shown above does not extend to any segmentation of profits and net assets.

6 Costs related to the Admission

Listing costs incurred as a result of the Admission and refinancing costs relating to the Admission have been charged to equity, profit or loss or capitalised as set out below.

	30 June 2014
	£'000
Listing costs charged to profit or loss (see note 8)	7,566
Listing costs presented in equity (see note 11)	4,883
Transaction costs capitalised (see note 12)	1,485
Total	**13,934**

Listing costs have been recognised as a reduction to share premium within equity to the extent that they relate to the newly issued shares. All other costs that do not qualify for recognition in equity are recognised in financial expenses in the profit or loss. The borrowing costs capitalised are detailed in note 12.

7 Financial Expenses

Costs included within finance expenses are detailed below.

	30 June 2014	30 June 2013	31 December 2013
	£'000	£'000	£'000
Interest payable on borrowings	**1,808**	3,053	7,067
Interest on shareholder loan notes	**331**	2,447	3,928
Net interest on pension liabilities	**100**	-	-
Amortisation of loan transaction costs	**130**	231	672

Notes to the condensed interim financial statements (continued)

Realised loss on interest rate swaps	**294**	-	-
Release of capitalised loan transaction costs	**4,546**	3,302	3,301
Refinancing costs	**-**	-	970
Costs relating to the listing on AIM (see note 7)	**7,566**	-	-
Total	**14,775**	9,033	15,938

8 Financial Expenses (continued)

Unamortised loan transaction costs of £4.5m, relating to the refinancing in March 2013, were charged to the profit or loss in February 2014. The new debt arrangement (see note 12) has directly related expenses of £1.5m which have been capitalised in accordance with IAS 23.

9 Property, plant and equipment

Fixed asset additions during the period relate principally to the development of the Group's 4g network, the Greenhill Data Centre and the installation of FTTC cabinets.

Property, plant and equipment	**Land and buildings**	**Plant and equipment**	**Under construction**	**Total**
Cost	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 January 2013	32,983	113,196	6,307	152,486
Additions	-	-	1,414	1,414
Transfer	75	3,678	(3,753)	-
Balance at 30 June 2013	33,058	116,874	3,968	153,900
Balance at 1 January 2013	32,983	113,196	6,307	152,486
Additions	-	-	9,947	9,947
Transfer	1,035	4,853	(5,888)	-
Disposals	-	(2,347)	-	(2,347)
Impairment	-	(26,928)	-	(26,928)
Balance at 31 December 2013	34,018	88,774	10,366	133,158
Balance at 1 January 2014	**34,018**	**88,774**	**10,366**	**133,158**
Additions	**-**	**-**	**4,511**	**4,511**
Transfer	**64**	**1,682**	**(1,746)**	**-**
Disposals	**(996)**	**(445)**	**-**	**(1,441)**
Balance at 30 June 2014	**33,086**	**90,011**	**13,131**	**136,228**
Depreciation				
Balance at 1 January 2013	7,774	79,830	-	87,604
Depreciation charge for the period	643	4,077	-	4,720
Balance at 30 June 2013	8,417	83,907	-	92,324
Balance at 1 January 2013	7,774	79,830	-	87,604
Depreciation charge for the period	1,294	7,894	-	9,188
Disposals	-	(2,338)	-	(2,338)
Impairment	-	(23,918)	-	(23,918)
Balance at 30 December 2013	9,068	61,468	-	70,536

Notes to the condensed interim financial statements (continued)

Balance at 1 January 2014	**9,068**	**61,468**	**-**	**70,536**
Depreciation charge for the period	**652**	**3,316**	**-**	**3,968**
Disposals	**(996)**	**(433)**	**-**	**(1,429)**
Balance at 30 June 2014	**8,724**	**64,351**	**-**	**73,075**
Net book value 30 June 2014	**24,362**	**25,660**	**13,131**	**63,153**
Net book value 31 December 2013	24,950	27,306	10,366	62,622
Net book value 30 June 2013	24,641	32,967	3,968	61,576

The carrying value of land and buildings held under the revaluation model is the same as if it were held under the historical cost model. There were no changes in valuation techniques during the period.

10 Goodwill

Cost	**£'000**
Balance at 1 January 2013	84,277
Additions during the period	-
Balance at 30 June 2013	84,277
Additions during the period	**-**
Balance at 30 June 2014	**84,277**
Carrying amount	
As at 30 June 2014	**84,277**
As at 30 June 2013	84,277
As at 31 December 2013	84,277

On 29 June 2010, the Group acquired all of the ordinary shares in Manx Telecom Trading Limited (previously Manx Telecom Limited) for £133.8m satisfied in cash. Goodwill arose on the acquisition because the fair value of consideration exceeded the fair value of identifiable assets and liabilities of Manx Telecom Trading Limited (previously Manx Telecom Limited).

Goodwill is deemed to have an indefinite life and so is not subject to amortisation.

The cash generating unit of the Group is considered to be the operations of Manx Telecom Trading Limited in its entirety due to the structure of the Company which operates as one telecommunications business. Goodwill is considered to be impaired if the carrying amount exceeds the recoverable amount.

11 Share capital

As detailed in note 1, the Company's shares were admitted for trading on 10 February 2014. The table below sets out the amounts recorded in equity in respect of the existing and newly issued shares net of listing costs as detailed in note 7.

Notes to the condensed interim financial statements (continued)

	Number of shares in issue (thousands)	Ordinary share capital £'000	Share premium £'000	Total £'000
Opening balance as at 1 January 2014	9,980	100	-	100
Share split	39,918	-	-	-
Proceeds from issue of new shares	62,924	126	89,226	89,352
Share based payment	-	-	-	-
Listing costs (note 7)	-	-	(4,883)	(4,883)
At 30 June 2014	**112,822**	**226**	**84,343**	**84,569**
Opening balance as at 1 January 2013	9,790	98	-	98
At 30 June 2013	**9,790**	**98**	**-**	**98**
Opening balance as at 1 January 2013	9,790	98	-	98
Issued shares during the year	190	2	-	2
At 31 December 2013	**9,980**	**100**	**-**	**100**

A share split was executed prior to the listing in the ratio of 5 shares for each existing share. The share split resulted in an additional 39.9m shares. Although the share split resulted in an increase in the number of shares in issue, there was no impact on the total value of issued share capital or reserves. 62.8m new shares were issued as part of the Admission and a further 0.070m shares were issued to both Kevin Walsh and Jeffrey Hume. The total new shares issued amounted to 62.9m generating total proceeds of £89.3m.

The new and existing shares rank pari passu in all respects including voting rights and dividend entitlement.

Under a Co-Investment Plan established in connection with the listing, the executive directors of the company received a total of 0.538m conditionally awarded shares and other directors of Manx Telecom Trading Ltd (classified under IAS24 as 'Key Management') received a total of 0.377m conditionally awarded shares, in both cases on the basis of a matching award of one share for every two invested shares then held by them. Such matching shares will only vest to the extent that invested shares remain held by the participant on 10 February 2017 and are also subject to satisfaction of a three year relative Total Shareholder Return performance condition.

12 Interest-bearing loans and borrowings

	30 June 2014 £'000	30 June 2013 £'000	31 December 2013 £'000
Non-current	68,353	116,036	115,690
Current	338	957	957
Total	**68,691**	**116,993**	**116,647**

New Facility Agreement

Following the Admission Manx Telecom Holdings Limited and Manx Telecom Trading Limited (previously Manx Telecom Limited) on 10 February 2014 entered into an £80m revolving credit facility agreement with Barclays Bank plc, Lloyds Bank plc and The Royal Bank of Scotland plc as arrangers and Lloyds Bank plc as agent and security agent (the ''Facility Agreement'').

The proceeds of the first drawdown under the Facility Agreement of £70m were used to (among other things) refinance the indebtedness existing at 31 December 2013 and to pay fees, costs and expenses in relation to the Admission process and the debt refinancing. Additional amounts may be drawn under the Facility Agreement for general corporate purposes and/or working capital purposes and the payment of fees, costs and expenses.

The initial interest rate was the applicable interbank offer rate plus a margin of 2.5% pa and, from 30 June 2014, is subject to an adjustment to the margin ranging from 2.0% pa to 3.5% pa based on the ratio of total net debt to EBITDA.

Amounts drawn under the Facility Agreement are to be repaid on the last day of each applicable interest period unless the relevant borrower elects otherwise and amounts repaid will (subject to certain drawdown conditions) remain available for re-drawing unless cancelled. The Facility Agreement will terminate and all amounts outstanding must be repaid on 30 June 2018.

The Facility Agreement also provides for the payment of a commitment fee, agency fee and arrangement fee and contains certain undertakings, guarantees and covenants (including financial covenants based on the ratio of total net debt to EBITDA and the ratio of net finance charges to EBITDA) and provides for certain events of default.

Transaction costs incurred as part of the debt financing are amortised over the period of the loan. Transaction costs of £1.5m were capitalised in the period and will be amortised over the loan period. Unamortised transaction costs of £4.5m (2013: £3.3m) were released to the statement of comprehensive income within finance expenses.

As part of the refinancing, all remaining outstanding Shareholder loans and PIK notes were repaid during the period.

Repayment of shareholder loans and PIK notes

All remaining shareholder loans and PIK notes were repaid in the period. The capital component of the shareholder loans and PIK notes repaid was £22m and interest payable of £9m was settled.

13 Earnings per share

Weighted average number of shares

		30 June 2014 000's	30 June 2013 000's	31 December 2013 000's
Issued ordinary shares at 1 January		9,980	9,790	9,790
Effect of share options exercised and cancelled		-	13	41
Effect of share split	*(see note 11)*	39,918	39,918	39,918
Effect of share issue in relation to AIM admission		48,941	-	-
Weighted average number of ordinary shares at 30 June (Basic)		**98,839**	**49,721**	**49,749**
Effect of Co-Investment plan		692	-	-
Weighted average number of ordinary shares at 30 June (Diluted)		**99,531**	**49,721**	**49,749**

Under the co-investment plan, participants can receive a matching award of one share for up to every two invested shares held by them at the end of a three year vesting period and subject to satisfaction of a performance condition (see note 11).

13.1 Reported Earnings per Share

The calculation of the Reported Earnings per Share has been based on the weighted average number of shares outstanding during the period (as above) and the Profit/(loss) for the perid after tax attributable to the owners of the Group ("Earnings").

	Earnings £'000	Number of shares (Basic)	Basic Earnings per Share	Number of shares (Diluted)	Diluted earnings per share
30 June 2014	**(5,072)**	**98,839**	**(5.13)p**	**99,531**	**(5.10)p**
30 June 2013	315	49,721	0.63p	49,721	0.63p
31 December 2013	364	49,749	0.73p	49,749	0.73p

13.2 Underlying Earnings per Share

The calculation of Underlying Earnings per Share has also been to enable shareholders to assess the results of the Group before charging listing costs, the charging of loan transaction costs previously capitalised and, in the 12 months to 31 December 2013, the impairment of old equipment prior to the introduction of a 4G service.

	Earnings £'000	Number of shares (Basic)	Basic Earnings per Share	Number of shares (Diluted)	Diluted earnings per share
30 June 2014	**7,040**	**98,839**	**7.12p**	**99,531**	**7.07p**
30 June 2013	3,617	49,721	7.27p	49,721	7.27p
31 December 2013	7,308	49,749	14.69p	49,749	14.69p

14 Retirement Benefit Obligations

At 30 June 2014, the net defined benefit liability increased to £6.6m from £6.4m at 31 December 2013. The fair value of the assets at 30 June 2014 were £69.3m (31 December 2013: £66.8m). The defined benefit obligation at 30 June 2014 was £75.9m (31 December £73.2m).

The service cost for the six month period was £0.8m (31 December 2013: £1.4m), the net interest cost on the defined benefit liability was £0.1m (31 December 2013: £0.1m asset) and employee contributions were £1.3m (31 December 2013: £2.6m). The actuarial loss recognised in other comprehensive income for the six month period was £0.6m (31 December 2013: £9.1m). The actuarial loss is a combination of the loss based on financial assumptions less the benefits paid from scheme assets. The loss as a result of financial assumptions was £1.6m for the six month period to 30 June 2014 (31 December 2013: £7.6m).

The financial assumptions used were:

	30 June 2014	**31 December 2013**
Discount rate	4.50%	4.65%
Retail price inflation	3.50%	3.55%
Consumer price inflation	2.50%	2.55%
Salary increases	4.50%	4.55%

Cautionary Statement

This announcement contains certain forward looking statements with respect to the financial condition, results, operations and business of Manx Telecom plc. These statements and forecasts may involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. Nothing in this announcement should be construed as a profit forecast.