BABCOCK & BROWN
CAPITAL LIMITED

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ASX Release

28 August 2008

BCMIF & BCMIPE FINANCIAL ACCOUNTS

Please see attached financial accounts for BCM Ireland Finance Limited ("BCMIF") and BCM Ireland Preferred Equity Limited ("BCMIPE"). BCMIF and BCMIPE are single purpose financing entities in the Babcock & Brown Capital / eircom Group corporate structure.

ENDS

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About Babcock & Brown Capital Limited
Babcock & Brown Capital is an Australian-based investment company that focuses on a concentrated portfolio with a flexible investment horizon. Babcock & Brown Capital concentrates on growing the value of its investments over time. Investments are held while they continue to meet the Company's investment objectives. Babcock & Brown Capital listed on the Australian Securities Exchange in February 2005.

eircom
BCM holds a 57.1% interest in eircom representing an investment of approximately $448 million. Associates of Babcock & Brown hold an additional 7.9% and existing and former employees hold the remaining 35% through their share ownership trust, the ESOT.

eircom owns Ireland's copper and fibre backbone telecommunications network. It is the largest provider of fixed line wholesale and retail telecommunication services in Ireland and has 69% of the fast growing retail DSL broadband market. eircom's mobile business has a growing 18.9% share of the mobile market.

BABCOCK & BROWN
CAPITAL LIMITED

Golden Pages
BCM acquired Golden Pages in July 2007. Golden Pages is the leading Israeli directories business with portfolio of complementary directory and search businesses operating across four distribution platforms.

For further information please see our website: www.babcockbrowncapital.com

BCM Ireland Finance Limited

Quarterly and twelve-months results announcement
30 June 2008

QUARTERLY AND TWELVE MONTHS RESULTS ANNOUNCEMENT TO 30 JUNE 2008

Issued Thursday, 28 August 2008: eircom today announced its results for the fourth quarter and twelve-month financial period ended 30 June 2008.

Commenting, Rex Comb, CEO eircom, said, “The performance of the group over the past financial year has been very strong. Revenue is up 4% at €2.06bn and adjusted EBITDA was €698 million, an increase of 8% on last year, reflecting consistent profitability in fixed line and continued growth in Mobile. This comes against a backdrop of strong competition in all of our markets.

In the Fixed Line segment, broadband take-up in Ireland continued to grow. eircom added 138,000 subscribers during the past twelve months, bringing our total retail DSL and bitstream subscribers to 593,000 as of 30 June 2008, a 30% increase over the prior year. By 15 August 2008 this number had increased to 608,000, of which retail subscribers accounted for 434,000. eircom estimates that broadband penetration in Ireland now stands at c. 26% of the population, up from 13% in January 2007.

eircom continues successfully to maintain market share, with adjusted EBITDA and revenue in fixed line broadly in line with last year’s figures.

Meteor’s Mobile subscribers have increased by 12% in the year to 983,000 as at 30 June 2008. Meteor revenues of €481m increased by 24% over last year and EBITDA increased by 78%. During the year, we selected Ericsson to build for us the most advanced 3G network in Ireland. 3G network coverage continues to expand in line with the milestones outlined in the licence and an internal trial of 3G services is ongoing. The Group's share of the Irish mobile market stands at c. 19% of total subscribers.

We continue to make good progress on our target to reduce headcount in the Fixed Line business by 900 by 2010 through voluntary leaver programmes. Headcount has fallen by 621 since June 2007.

In the last few weeks we have begun to re-locate staff to our new flagship office building at Number 1, Heuston South Quarter in Dublin. More than 1,500 staff will reside at the new building when the relocation is complete.

In the year to June 2008, eircom’s cash outflow on capital investment was €331 million, almost half of the total estimated expenditure by the industry in Ireland. In line with our commitment to invest €1 billion in total between 2006/07 and 2008/09 we have continued to extend our broadband rollout, the construction of our next generation core network for Ireland and the rollout of the country’s most advanced 3G network.

28 August 2008

HIGHLIGHTS FOR THE QUARTER ENDED 30 JUNE 2008

- Group revenue of €512 million, up c. 2% on the corresponding quarter ended 30 June 2007.
- Group EBITDA before restructuring programme costs, non-cash pension charge/(credit), net construction income and profit on disposal of property and investments, of €177 million, up 5% on the corresponding quarter of the prior year.
- Fixed line revenue before intra-company eliminations of €406 million down 1% on the corresponding quarter ended 30 June 2007.
- Fixed Line EBITDA of €145 million, unchanged on the corresponding quarter ended 30 June 2007.
- DSL customer net adds of 22,000 for the quarter ended 30 June 2008.
- Meteor revenue, before intra-company eliminations, of €123 million, up 14% on the corresponding quarter in the prior year, on foot of subscriber growth and higher ARPUs.
- Meteor EBITDA of €32 million for the quarter ended 30 June 2008, up 33% from €24 million in the corresponding quarter ended 30 June 2007, as subscribers and activity continue to grow.
- Meteor subscriber net adds of 8,000 in the quarter ended 30 June 2008.

HIGHLIGHTS FOR THE TWELVE MONTHS PERIOD ENDED 30 JUNE 2008

- Group revenue of €2,061 million, up c. 4% on the corresponding twelve months in the prior year.
- Group EBITDA before restructuring programme costs, transaction costs, non-cash pension credit, net construction income and profit on disposal of property and investments, of €698 million for the group, up 8% on the corresponding twelve months in the prior year.
- Fixed line revenue, before intra-company eliminations, of €1,652 million, broadly in line with revenue for the twelve months to 30 June 2007, as gains in access revenues compensate for a decline in traffic revenues.
- Fixed line EBITDA of €582 million to 30 June 2008, in line with the corresponding twelve months ended 30 June 2007.
- DSL customers increased 30% to 593,000 at 30 June 2008 up from 455,000 at 30 June 2007. Retail DSL subscribers at 30 June 2008 amounted to 423,000. DSL customers had increased to 608,000 by 15 August 2008, including 5,000 pendings.
- Meteor revenue, before intra-company eliminations, of €481 million, up 24% on the corresponding twelve months to 30 June 2007, due to growth in subscribers and higher ARPU.
- Meteor EBITDA of €116 million for the twelve months to 30 June 2008, up 78% from €65 million for the corresponding prior period, due to growth in subscribers and activity.
- Total Meteor mobile subscribers of 983,000 as of 30 June 2008, up 12% from 875,000 as of 30 June 2007. Post paid subscribers stood at 123,000, up 23% on 30 June 2007.
- Monthly blended mobile ARPU up 4% to €40.2 for the twelve-month period to 30 June 2008 compared to prior year, due to increased subscriber activity and higher proportion of post-pay subscribers.
- Capex cash outflow of €331 million in the twelve-month period, as we continue to focus on increasing fixed and mobile network capacity, rolling out broadband and developing our Next Generation and 3G Networks, in line with our ongoing commitment to investing in advanced telecommunications services throughout the country.
- Current restructuring programme on track – fixed line headcount reduced by 621 since 1 July 2007.
- Generated net cash flow of €484 million before financing costs and excluding construction contract costs, resulting in net debt of €3,456 million at 30 June 2008. Net debt has been further reduced by receipt of €140 million in July 2008 in respect of the construction contract relating to our new office building.

Financial Highlights (based on pro-forma financial information)

	Quarter ended June 2007 €'m	Quarter ended June 2008 €'m	% Change[1]	12 months ended June 2007 €'m	12 months ended June 2008 €'m	% Change[1]
Revenue	500	512	2	1,974	2,061	4
EBITDA before restructuring programme costs, transaction costs, non-cash pension charge/(credit), net construction income and profit on disposal of property and investments	168	177	5	647	698	8
Operating profit before restructuring programme costs, transaction costs, non-cash pension charge/(credit), net construction income and profit on disposal of property and investments	64	81	27	254	299	18
Group operating profit/(loss)	(88)	95	n/a	80	464	480

Operational Highlights

	Quarter ended June 2007	Quarter ended June 2008	% Change[1]	12 months ended June 2007	12 months ended June 2008	% Change[1]
Fixed line services:						
Period-end total access channels (including DSL) (thousands)				2,483	2,615	5
Period end DSL lines (thousands)				455	593	30
Retail voice traffic minutes (millions)	1,437	1,381	(4)	5,885	5,675	(4)
Retail data traffic minutes (millions)	698	383	(45)	3,327	1,978	(41)
Wholesale interconnect minutes (millions)	2,356	2,368	1	9,598	9,465	(1)
Period-end headcount (excluding agency)				7,028	6,407	(9)
Mobile services:						
Period-end headcount for mobile services (excluding agency)				784	816	4
Period-end total mobile subscribers (thousands)				875	983	12

Key Ratios (based on pro-forma financial information)

	Quarter ended June 2007 %[1]	Quarter ended June 2008 %[1]	12 months ended June 2007 %[1]	12 months ended June 2008 %[1]
EBITDA margin before restructuring programme costs, transactions costs, non-cash pension charge/(credit), net construction income and profit on disposal of property and investments	34	35	33	34
Operating profit margin before restructuring programme costs, transaction costs, non-cash pension charge/(credit), net construction income and profit on disposal of property and investments	13	16	13	15
Operating profit margin	(18)	19	4	23

BCM Ireland Finance Limited

Reconciliation of pro-forma earnings before interest, taxation, depreciation, amortisation, restructuring programme costs, transaction costs, non-cash pension charge/(credit), net construction income and loss/(profit) on disposal of property and investments to operating profit

	BCMIF Group (Pro-forma) Quarter ended June 2007 €'m	BCMIF Group Quarter ended June 2008 €'m	BCMIF Group (Pro-forma) Twelve months ended June 2007 €'m	BCMIF Group Twelve months ended June 2008 €'m
Operating profit/(loss)	**(88)**	**95**	**80**	**464**
Loss/(profit) on disposal of property and investments	1	-	-	(78)
Net construction income	(10)	(3)	(19)	(37)
Transaction costs	-	-	28	-
Restructuring programme costs	157	-	170	-
Non-cash pension charge/(credit)	4	(11)	(5)	(50)
Operating profit before restructuring programme costs, transaction costs, non-cash pension charge/(credit), net construction income and loss/(profit) on disposal of property and investments	**64**	**81**	**254**	**299**
Depreciation	79	76	321	318
Amortisation	25	20	72	81
EBITDA before restructuring programme costs, transaction costs, non-cash pension charge/(credit), net construction income and loss/(profit) on disposal of property and investments	**168**	**177**	**647**	**698**

EBITDA before restructuring programme costs, transaction costs, non-cash pension charge/(credit), net construction income and loss/(profit) on disposal of property and investments is split as follows:

Fixed line	144	145	582	582
Mobile	24	32	65	116
	168	**177**	**647**	**698**

BCM Ireland Finance Limited

Pro Forma combined and consolidated Income Statement - unaudited
For the Quarter ended 30 June 2008

	Pro-forma 30 June 2007				30 June 2008
	eircom Group €'m	BCMIF €'m	Consol adj €'m	**BCMIF Group €'m**	**BCMIF Group €'m**
Revenue	501	-	(1)	**500**	**512**
Operating costs excluding amortisation, depreciation and restructuring programme costs	(329)	-	(7)	**(336)**	**(324)**
Amortisation	(10)	-	(15)	**(25)**	**(20)**
Depreciation	(78)	-	(1)	**(79)**	**(76)**
Restructuring programme costs	(157)	-	-	**(157)**	**-**
Net construction income	10	-	-	**10**	**3**
Profit/(loss) on disposal of property and investments	3	-	(4)	**(1)**	**-**
Operating (loss)/profit	(60)	-	(28)	**(88)**	**95**
Finance costs	(43)	(72)	35	**(80)**	**(68)**
Finance income	-	36	(35)	**1**	**5**
Finance costs – net	(43)	(36)	-	**(79)**	**(63)**
(Loss)/profit before tax	(103)	(36)	(28)	**(167)**	**32**
Income tax credit/(charge)	17	3	6	**26**	**(10)**
(Loss)/profit for the period	(86)	(33)	(22)	**(141)**	**22**

The consolidation adjustments in the quarter ended 30 June 2007 above largely reflect the impact of the purchase price allocation – where eircom group's assets and liabilities were recorded at fair value at the acquisition date - see note 2.

The comparative information for the quarter ended 30 June 2007 is not consistent with the consolidated financial information of BCM Ireland Finance Limited prepared in accordance with IFRS – see note 2.

The accompanying notes form an integral part of the condensed interim financial information.

BCM Ireland Finance Limited

Pro-forma combined and consolidated Income Statement - unaudited
For the twelve-month period ended 30 June 2008

	Notes	Pro-forma 30 June 2007				30 June 2008
		eircom Group €'m	BCMIF €'m	Consol adj €'m	**BCMIF Group €'m**	**BCMIF Group €'m**
Revenue	3	1,982	-	(8)	**1,974**	**2,061**
Operating costs excluding amortisation, depreciation, restructuring programme costs and transaction costs		(1,319)	-	(3)	**(1,322)**	**(1,313)**
Amortisation		(37)	-	(35)	**(72)**	**(81)**
Depreciation		(315)	-	(6)	**(321)**	**(318)**
Restructuring programme costs		(170)	-	-	**(170)**	**-**
Transaction costs		(28)	-	-	**(28)**	**-**
Net construction income		19	-	-	**19**	**37**
Profit on disposal of property and investments		21	-	(21)	**-**	**78**
Operating profit	3	153	-	(73)	**80**	**464**
Finance costs		(135)	(234)	110	**(259)**	**(277)**
Finance income		18	111	(110)	**19**	**14**
Finance costs – net	4	(117)	(123)	-	**(240)**	**(263)**
Profit/(loss) before tax		36	(123)	(73)	**(160)**	**201**
Income tax (charge)/credit	5	(7)	10	9	**12**	**(28)**
Profit/(loss) for the period		29	(113)	(64)	**(148)**	**173**

The consolidation adjustments in the twelve-month period ended 30 June 2007 above largely reflect the impact of the purchase price allocation – where eircom group's assets and liabilities were recorded at fair value at the acquisition date - see note 2.

The comparative information for the twelve-month period ended 30 June 2007 is not consistent with the consolidated financial information of BCM Ireland Finance Limited prepared in accordance with IFRS – see note 2.

The accompanying notes form an integral part of the condensed interim financial information.

BCM Ireland Finance Limited

Pro-forma combined and consolidated Balance Sheet - unaudited
As at 30 June 2008

	Notes	30 June 2007	30 June 2008
		BCMIF Group €'m	BCMIF Group €'m
Assets			
Non-current assets			
Goodwill		2,403	**2,342**
Other intangible assets		759	**740**
Property, plant and equipment		2,193	**2,161**
Derivative financial instruments		53	**89**
Deferred tax assets		24	**20**
Other assets		57	**25**
		5,489	**5,377**
Current assets			
Inventories		15	**13**
Trade and other receivables	6	408	**504**
Inter-company debtor with group undertakings		2	**6**
Financial assets at fair value through income statement		58	**30**
Other assets		37	**26**
Restricted cash		7	**10**
Cash and cash equivalents		160	**358**
		687	**947**
Total assets		6,176	**6,324**
Liabilities			
Non-current liabilities			
Borrowings	7	3,769	**3,570**
Trade and other payables		47	**50**
Deferred tax liabilities		239	**254**
Retirement benefit liability		155	**113**
Provisions for other liabilities and charges	8	216	**183**
		4,426	**4,170**
Current liabilities			
Borrowings	7	91	**254**
Trade and other payables		706	**790**
Inter-company debt with group undertakings		9	**18**
Current tax liabilities		25	**43**
Provisions for other liabilities and charges	8	146	**78**
		977	**1,183**
Total liabilities		5,403	**5,353**
Equity			
Equity share capital		2	**2**
Share premium account		861	**861**
Revaluation reserve		3	**3**
Cash flow hedging reserve		37	**63**
Retained (loss)/profit		(130)	**42**
Total equity		773	**971**
Total liabilities and equity		6,176	**6,324**

The accompanying notes form an integral part of the condensed interim financial information.

BCM Ireland Finance Limited

Pro-forma combined and consolidated cash flow statement - unaudited
For the Quarter ended 30 June 2008

	Pro-forma 30 June 2007				30 June 2008
	eircom Group €'m	BCMIF €'m	Consol adj €'m	**BCMIF Group €'m**	**BCMIF Group €'m**
Cash flows from operating activities					
Cash generated from operations	165	-	-	**165**	**205**
Interest received	1	-	-	**1**	**4**
Interest paid	(1)	(13)	-	**(14)**	**(11)**
Income tax paid	(16)	-	-	**(16)**	**(35)**
Dividends paid to preference shareholders	-	(2)	-	**(2)**	**(1)**
Net cash generated from/(used in) operating activities	149	(15)	-	**134**	**162**
Cash flows from investing activities					
Acquisition of subsidiary undertakings	-	(20)	-	**(20)**	**-**
Purchase of property, plant and equipment (PPE)	(71)	-	-	**(71)**	**(80)**
Proceeds from sale of PPE and investments	1	-	-	**1**	**1**
Purchase of intangible assets	(9)	-	-	**(9)**	**(22)**
Restricted cash	-	-	-	**-**	**(3)**
Loans (advanced)/received from group undertaking	(12)	12	-	**-**	**-**
Net cash used in investing activities	(91)	(8)	-	**(99)**	**(104)**
Cash flows from financing activities					
Redemption of preference shares	-	(82)	-	**(82)**	**(71)**
Lease payments	(1)	-	-	**(1)**	**(1)**
Inter-company debt with group undertakings	(24)	24	-	**-**	**-**
Proceeds from loan borrowings	22	82	-	**104**	**85**
Debt issue costs paid	-	(10)	-	**(10)**	**-**
Net cash (used in)/generated from financing activities	(3)	14	-	**11**	**13**
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	55	(9)	-	**46**	**71**
Cash and cash equivalents at beginning of period	101	13	-	**114**	**281**
Cash, cash equivalents and bank overdrafts at end of period	156	4	-	**160**	**352**

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Pro-forma 30 June 2007				30 June 2008
	eircom Group €'m	BCMIF €'m	Consol adj €'m	**BCMIF Group €'m**	**BCMIF Group €'m**
Cash and cash equivalents	156	4	-	**160**	**358**
Bank overdrafts	-	-	-	**-**	**(6)**
	156	4	-	**160**	**352**

The comparative information for the quarter ended 30 June 2007 is not consistent with consolidated financial information of BCM Ireland Finance Limited prepared in accordance with IFRS – see note 2.

The accompanying notes form an integral part of the condensed interim financial information.

BCM Ireland Finance Limited

Pro-forma combined and consolidated cash flow statement - unaudited
For the twelve-month period ended 30 June 2008

	Note	Pro-forma 30 June 2007				30 June 2008
		eircom Group €'m	BCMIF €'m	Consol adj €'m	**BCMIF Group €'m**	**BCMIF Group €'m**
Cash flows from operating activities						
Cash generated from operations	9	629	-	-	**629**	**627**
Interest received		9	76	(75)	**10**	**13**
Interest paid		(138)	(156)	75	**(219)**	**(250)**
Income tax refund		2	-	-	**2**	**35**
Income tax paid		(53)	-	-	**(53)**	**(35)**
Dividends paid to preference shareholders		(4)	(5)	-	**(9)**	**(6)**
Net cash generated from/(used in) operating activities		445	(85)	-	**360**	**384**
Cash flows from investing activities						
Acquisition of subsidiary undertakings		-	(1,955)	156	**(1,799)**	**-**
Purchase of property, plant and equipment (PPE)		(291)	-	-	**(291)**	**(274)**
Proceeds from sale of PPE and investments		54	-	-	**54**	**155**
Purchase of intangible assets		(78)	-	-	**(78)**	**(57)**
Restricted cash		(7)	-	-	**(7)**	**(3)**
Loans (advanced)/received from group undertaking		(94)	92	-	**(2)**	**-**
Net cash used in investing activities		(416)	(1,863)	156	**(2,123)**	**(179)**
Cash flows from financing activities						
Redemption of preference shares		-	(164)	-	**(164)**	**(71)**
Proceeds from issuance of ordinary shares		11	437	-	**448**	**-**
Dividends paid to equity shareholders		(7)	-	-	**(7)**	**-**
Repayment of borrowings		(1,180)	(20)	-	**(1,200)**	**(58)**
Repayment of 7.25% Senior notes		(550)	-	-	**(550)**	**-**
Repayment of 8.25% Senior subordinated notes		(480)	-	-	**(480)**	**-**
Premium paid on early repayment of senior notes and senior subordinated notes		(99)	(3)	-	**(102)**	**-**
Currency swaps exit costs		(49)	-	-	**(49)**	**-**
Lease payments		(5)	-	-	**(5)**	**(5)**
Capital contribution from parent undertaking		156	-	(156)	**-**	**-**
Inter-company debt with group undertakings		1,902	(1,902)	-	**-**	**-**
Proceeds from loan borrowings		22	3,357	-	**3,379**	**121**
Proceeds from issuance of floating rate notes due 2016		-	350	-	**350**	**-**
Debt issue costs paid		-	(103)	-	**(103)**	**-**
Net cash (used in)/generated from financing activities		(279)	1,952	(156)	**1,517**	**(13)**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(250)	4	-	**(246)**	**192**
Cash and cash equivalents at beginning of period		406	-	-	**406**	**160**
Cash, cash equivalents net of bank overdrafts at end of period		156	4	-	**160**	**352**

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Note	Pro-forma 30 June 2007				30 June 2008
		eircom Group €'m	BCMIF €'m	Consol adj €'m	**BCMIF Group €'m**	**BCMIF Group €'m**
Cash and cash equivalents		156	4	-	**160**	**358**
Bank overdrafts		-	-	-	**-**	**(6)**
		156	4	-	**160**	**352**

The comparative information for the twelve-month period ended 30 June 2007 is not consistent with consolidated financial information of BCM Ireland Finance Limited prepared in accordance with IFRS – see note 2.

The accompanying notes form an integral part of the condensed interim financial information.

BCM Ireland Finance Limited

Pro-forma combined and consolidated statement of changes in shareholders' equity - unaudited

	Equity share capital	Capital Contri-bution	Share premium account	Capital redemp-tion reserve	Group merger reserve	Other reserves	Revalua-tion	Cash flow hedging reserve	Retained (loss)/ profit	Total equity
	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m
eircom Group balance at 30 June 2006	**120**	**-**	**208**	**35**	**100**	**380**	**-**	**-**	**(396)**	**447**
Profit for period – eircom Group	-	-	-	-	-	-	-	-	29	29
Total recognised income for the period – eircom Group	-	-	-	-	-	-	-	-	29	29
Issue of share capital	73	-	81	-	-	-	-	-	-	154
Capital contribution	-	156	-	-	-	-	-	-	-	156
Redemption of non-voting deferred shares	(13)	-	-	13	-	-	-	-	-	-
eircom Group balance at 30 June 2007	**180**	**156**	**289**	**48**	**100**	**380**	**-**	**-**	**(367)**	**786**
Cash flow hedge - BCMIF	-	-	-	-	-	-	-	37	-	37
Net income recognised directly in equity	-	-	-	-	-	-	-	37	-	37
Loss for period – BCMIF	-	-	-	-	-	-	-	-	(113)	(113)
Total recognised income/(expense) for the period in BCMIF	-	-	-	-	-	-	-	37	(113)	(76)
Issue of share capital	2	-	861	-	-	-	-	-	-	863
BCMIF balance at 30 June 2007	**2**	**-**	**861**	**-**	**-**	**-**	**-**	**37**	**(113)**	**787**
Consolidated adjs (elimination of eircom Group equity)	**(180)**	**(156)**	**(289)**	**(48)**	**(100)**	**(380)**	**3**	**-**	**350**	**(800)**
BCMIF Group balance at 30 June 2007	**2**	**-**	**861**	**-**	**-**	**-**	**3**	**37**	**(130)**	**773**
BCMIF Group balance at 30 June 2007	**2**	**-**	**861**	**-**	**-**	**-**	**3**	**37**	**(130)**	**773**
Currency translation differences	-	-	-	-	-	-	-	-	(1)	(1)
Cash flow hedge	-	-	-	-	-	-	-	26	-	26
Net income/(expense) recognised directly in equity	-	-	-	-	-	-	-	26	(1)	25
Profit for the year	-	-	-	-	-	-	-	-	173	173
Total recognised income for the year	-	-	-	-	-	-	-	26	172	198
BCMIF Group balance at 30 June 2008	**2**	**-**	**861**	**-**	**-**	**-**	**3**	**63**	**42**	**971**

The comparative information for the twelve-month period ended 30 June 2007 is not consistent with consolidated financial information of BCM Ireland Finance Limited prepared in accordance with IFRS – see note 2.

The accompanying notes form an integral part of the condensed interim financial information.

Selected notes to the condensed pro-forma interim financial information – unaudited

1. General information

BCM Ireland Finance Limited ('the Company') and its subsidiaries together, ('the Group') provide fixed line and mobile telecommunications services in Ireland. BCM Ireland Finance Limited ("BCMIF") is registered in the Cayman Islands and is tax resident in Ireland. The address of its registered office is Maples & Calder Corporate Services Limited, Ugland House, South Church Street, Grand Cayman, Cayman Islands.

This condensed consolidated interim financial information was approved, for issue on 28 August 2008.

2. Basis of preparation

30 June 2008

The financial information as at and for the period ended 30 June 2008 in respect of the group has been prepared using the same accounting policies as applied for the period ended 30 June 2007. For a more complete discussion of our significant accounting policies and other information, this report should be read in conjunction with the financial statements of BCMIF Group for the period ended 30 June 2007.

30 June 2007

The prior year comparatives for the combined and consolidated income statement, cash flow statement and statement of changes in shareholders' equity in the condensed interim financial information have been prepared on a pro-forma basis. The Company, through its subsidiary BCM Ireland Holdings Limited ("BCMIH"), acquired eircom Group on 18 August 2006 and under IFRS and on a statutory accounting basis would therefore only consolidate eircom Group from that date.

The pro-forma prior year comparatives for the combined and consolidated income statement, cash flow statement and statement of changes in shareholders' equity effectively comprise the consolidated results of eircom Group for the twelve months trading to 30 June 2007, overlaid, with effect from 18 August 2006, with the BCMIF group's capital and debt structure and the impact of the fair value adjustments arising on the acquisition of eircom Group. This is not consistent with the treatment required to be adopted under IFRS.

The 30 June 2007 comparatives included in the consolidated balance sheet are from the audited financial statements of the company for the period ended 30 June 2007.

3. Segment information

The group provides communications services, principally in Ireland. The group is organised into two main business segments:

(a) Fixed line; and
(b) Mobile

The segment results for the twelve months ended 30 June 2008 are as follows:

	Fixed line €'m	Mobile €'m	Inter-segment €'m	Group €'m
Revenue	1,652	481	(72)	**2,061**
Operating profit/ Segment result	432	32	-	**464**

The pro-forma segment results for the twelve months ended 30 June 2007 are as follows:

	Fixed line €'m	Mobile €'m	Inter-segment €'m	Group €'m
Revenue	1,647	388	(61)	**1,974**
Operating profit/(loss)/ Segment result	84	(4)	-	**80**

4. Finance costs – net

	Pro-forma 30 June 2007				30 June 2008
	eircom Group €'m	BCMIF €'m	Consol adj €'m	**BCMIF Group €'m**	**BCMIF Group €'m**
Finance costs	(135)	(234)	110	**(259)**	**(277)**
Finance income	18	111	(110)	**19**	**14**
Finance costs - net	(117)	(123)	-	**(240)**	**(263)**

The loans, senior notes, senior subordinated notes and preference shares of eircom Group were repaid in the period ended 30 September 2006. The majority of borrowings were replaced by borrowings under the group's new facilities.

5. Income tax charge

Reconciliation of effective tax rate

The tax on the group's profit/(loss) before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group as follows: -

	Pro-forma 30 June 2007				30 June 2008
	eircom Group €'m	BCMIF €'m	Consol adj €'m	**BCMIF Group €'m**	**BCMIF Group €'m**
Profit/(Loss) before tax	36	(123)	(73)	**(160)**	**201**
Tax calculated at Irish standard tax rate of 12.5%	4	(15)	(9)	**(20)**	**25**
Effects of:-					
Non deductible expenses	3	5	-	**8**	**13**
Income not subject to taxation	-	-	-	**-**	**(10)**
Tax losses utilised	-	-	-	**-**	**(2)**
Income taxable at higher rate	2	-	-	**2**	**3**
Adjustment in respect of prior periods	(2)	-	-	**(2)**	**(1)**
Tax charge/(credit) for the period	7	(10)	(9)	**(12)**	**28**

6. Trade and other receivables

During the twelve months ended 30 June 2008, the group recognised a provision for impaired receivables of €18 million (30 June 2007: €10 million), reversed provisions for impaired receivables of €1 million (30 June 2007: €1 million) and utilised provisions for impaired receivables of €20 million (30 June 2007: €9 million). The creation and reversal of provisions for impaired receivables have been included in "operating costs" in the income statement.

Trade receivables at 30 June 2008 include construction revenue receivable of €128 million (30 June 2007: €44 million).

7. Borrowings

The maturity profile of the carrying amount of the group's borrowings is set out below.

	Within 1 Year €'m	Between 1 & 2 Years €'m	Between 2 & 5 Years €'m	After 5 Years €'m	Total €'m
As at 30 June 2007					
Floating rate notes due 2016	-	-	-	350	350
Other borrowings	64	62	279	3,097	3,502
Debt issue costs	(14)	(13)	(35)	(30)	(92)
Finance leases – defeased	37	31	26	-	94
Finance leases	4	2	-	-	6
	91	**82**	**270**	**3,417**	**3,860**
As at 30 June 2008					
Floating rate notes due 2016	-	-	-	350	350
Other borrowings	233	69	344	2,848	3,494
Debt issue costs	(13)	(12)	(33)	(20)	(78)
Finance leases – defeased	26	22	1	-	49
Finance leases	2	1	-	-	3
Bank overdraft	6	-	-	-	6
	254	**80**	**312**	**3,178**	**3,824**

Other borrowings, at 30 June 2008, include Senior Preference Shares of €72 million (30 June 2007: €143 million), borrowings under a Senior Credit Facility of €3,351 million (30 June 2007: €3,337 million) and borrowings by our property development company of €71 million (30 June 2007: €22 million).

Interest accrued on borrowings at 30 June 2008 is €58 million (30 June 2007: €60 million). This is included in trade and other payables.

8. Provisions for other liabilities and charges

	TIS Annuity Scheme €'m	Onerous Contracts €'m	Restruc-turing €'m	Other €'m	Total €'m
At 30 June 2007	105	17	157	83	362
Charged to consolidated income statement:					
- Additional provisions	1	1	-	7	9
- Unused amounts reversed	-	(2)	-	-	(2)
- Increase in provision – discount unwinding	4	-	-	1	5
- Decrease in provision – change in discount rate	(3)	-	-	-	(3)
Transfer from accruals	14	-	-	-	14
Transfer to retirement benefit liability	-	-	(8)	-	(8)
Utilised in the period	(18)	(2)	(88)	(8)	(116)
At 30 June 2008	**103**	**14**	**61**	**83**	**261**

Provisions have been analysed between non-current and current as follows:

	30 June 2007 €'m	30 June 2008 €'m
Non-current	216	183
Current	146	78
	362	**261**

9. Cash generated from operations

	Pro-forma 30 June 2007				30 June 2008
	eircom Group €'m	BCMIF €'m	Consol adj €'m	**Group €'m**	**Group €'m**
Profit/(loss) after tax	29	(113)	(64)	**(148)**	**173**
Add back:					
Income tax charge/(credit)	7	(10)	(9)	**(12)**	**28**
Finance costs – net	117	123	-	**240**	**263**
Operating profit/(loss)	153	-	(73)	**80**	**464**
Adjustments for:					
- Profit on disposal of property and investments	(21)	-	21	**-**	**(78)**
- Net construction income	(19)	-	-	**(19)**	**(37)**
- Depreciation and amortisation	352	-	41	**393**	**399**
- Non cash retirement benefit credit	(8)	-	3	**(5)**	**(50)**
- Non cash restructuring programme costs	157	-	-	**157**	**-**
Cash flows relating to restructuring, onerous contracts and other provisions	(16)	-	-	**(16)**	**(88)**
Cash flows relating to construction contract	(22)	-	-	**(22)**	**(36)**
Changes in working capital					
Inventories	(1)	-	-	**(1)**	**2**
Trade and other receivables	11	-	-	**11**	**(13)**
Trade, other payables and other provisions	34	-	8	**42**	**59**
Inter-company payables to group undertakings (net)	9	-	-	**9**	**5**
Cash generated from operations	629	-	-	**629**	**627**

10. Contingent liabilities

Contingent Liabilities

Allegations of anti-competitive practices

On 17 October 2002, ComReg determined that eircom were not in compliance with their obligations under the voice telephony regulations by providing telephone services to specific customers at prices which were not in accordance with the specific terms and conditions of eircom's discount schemes and published prices. No penalties were levied on eircom as a result of this determination. Ocean Communications Limited and ESAT Telecommunications Limited issued proceedings in the Irish High Court in December 2002 against eircom seeking damages including punitive damages resulting from the matters that were the subject of the ComReg determination. eircom submitted their defence on 26 January 2004. eircom intend to defend the proceedings vigorously. The plaintiffs submitted general particulars of their damages claim on 3 February 2004 under the headings loss of existing customers, loss of prospective customers, economic loss and loss of future profits. In those particulars, the plaintiffs have identified claims for loss of revenue on existing customers (€7.4 million), failure to meet the plaintiffs' alleged budgeted growth (€25 million) and loss of revenue on the plaintiffs' pricing (€5 million). The particulars also include further unquantified damages. The plenary summons and statement of claim of Ocean Communications Limited and ESAT Telecommunications Limited were amended, inter alia, in April 2005 to include a claim for alleged breach of certain constitutional rights. Even if the plaintiffs could establish a liability on eircom's part under each of these headings, eircom do not believe that these figures represent damages which would be properly recoverable from eircom.

Claims by Smart Telecom

On 8 June 2005, Smart Telecom instituted proceedings against eircom in the Irish High Court, challenging the validity of a notice of termination issued by eircom to Smart Telecom terminating the interconnection agreement between the parties, and alleging that the notice of termination was an abuse by eircom of its dominant position in the telecommunications market. Smart Telecom further alleges that eircom was abusing its dominant position by refusing to provide network access in the form of Local Loop Unbundling ("LLU") to Smart Telecom in the manner required by Smart Telecom. Smart Telecom is seeking relief in the form of declarations that the notice of termination was invalid and an abuse of dominance, that eircom was abusing its dominance by failing to meet Smart Telecom's LLU requirements and unspecified damages, including exemplary damages, for breach of contract and violation of the Competition Act 2002 and the EC Treaty. eircom delivered its defence in the proceedings on 23 December 2005.

eircom's directors believe that the notice of termination was validly issued in accordance with the interconnection agreement, and that eircom provides access to its network fully in accordance with its obligations, and intends to defend the proceedings vigorously. Smart Telecom submitted general particulars of their damages claim under the headings wasted expenditure (€1.6 million), delayed sales/lost customers (€3.8 million per annum), and capitalisation of losses (€41.7 million per annum). Even if Smart Telecom could establish liability on eircom's part under each of these headings, eircom's directors do not believe that these figures represent damages that would be properly recoverable from eircom.

In October 2006, eircom terminated the interconnection agreement with Smart Telecom on grounds unconnected with the proceedings. In 2006 and 2007, eircom introduced the LLU functionality that is the subject of Smart's claim in the proceedings.

Demerger of our previous mobile communications business and other business exits
In connection with the demerger of eircom's masts business, and its subsequent acquisition by Towercom Holdings Limited on 18 September 2007, eircom gave warranties to Towercom Holdings Limited in respect of various matters. Notice of any breach of these warranties is required to be given by 31 May 2009, except for taxation warranties, which in most cases must be given within a period of five years. eircom's liability for a breach of the warranties is limited to €45 million (with certain exceptions, e.g., with respect to fraudulent actions).

eircom gave customary corporate and tax warranties to Promedia GCV in connection with its exit from Golden Pages. The liability period for non-tax warranties has expired. eircom's liability under the tax indemnity and undertaking is generally capped at €10 million, and notice of any breach must be given by 23 May 2009.

In connection with the demerger of Eircell in May 2001 and its subsequent acquisition by Vodafone Group, eircom indemnified Eircell and Vodafone Group against various matters, including breaches of warranties given by eircom pursuant to agreements with them. Notice of any breach of these warranties was required to be given by May 2003, except for taxation warranties, which, in most cases, must be given by the sixth anniversary of completion of the demerger. eircom's liability for a breach of the warranties is limited to €500 million (with certain exceptions, e.g., with respect to stamp and capital duty taxes or fraudulent actions), subject to deductibles and other limitations set forth in our agreement with them. eircom also agreed to indemnify Eircell and Vodafone Group for various costs and liabilities.

Performance bonds
Performance bonds have been issued in respect of the group's obligation to make payments to third parties in the event that the group does not perform its contracted commitments under the terms of certain contracts. Group performance bonds at 30 June 2008 include €47 million (30 June 2007: €100 million) in respect of undertakings to roll out a 3G network in Ireland, including achieving certain agreed milestones. No material losses are expected in respect of these obligations.

Other
The group has received letters before action in relation to potential hearing claims by one hundred and twelve current and former employees. All of the claims have gone through the compulsory Personal Injury Assessment Board ("PIAB") process, and twenty have progressed to the stage where Court proceedings have issued. In six of these cases, Court proceedings have been served on the company and are progressing through the Court process. The group has denied liability and awaits further details of the alleged injuries from experts' reports commissioned on the company's behalf. The group intends to defend these claims vigorously. However, the outcome of the claims cannot be predicted with certainty. It is also uncertain when the claims will be heard and determined. The defence of the claims will involve significant legal and other costs being incurred by the group. However, in the event that the group is successful, it will have a prima facie entitlement to recover its costs, in whole or in part, from the unsuccessful claimants.

Other than disclosed above, a number of other lawsuits, claims and disputes with third parties including regulatory authorities have arisen in the normal course of business. While any litigation has an element of uncertainty, the directors believe that there were no contingent liabilities which would have a material adverse effect on the group's financial position.

11. Guarantees

Credit guarantees
The credit guarantees comprise guarantees and indemnities of bank or other facilities, including those in respect of the group's subsidiary undertakings. The group has guaranteed financial indebtedness for €4 billion in respect of the Senior Credit Facility and Floating Rate Notes of the BCMIF Group.

Senior Credit Facility
The Senior Credit Facility of the group consists of a €3.6 billion term and revolving credit facility which has the benefit of guarantees and security for all amounts borrowed under the terms of the Senior Credit Facility. The Senior Credit Facility is secured by a first-priority pledge over the assets of BCMIH and, a pledge over all of the assets of BCM Luxembourg Limited Sarl, eircom Group Limited, Valentia Telecommunications, eircom Limited, Irish Telecommunications Investments Limited and Meteor Mobile Communications Limited. The subsidiaries guaranteeing the Senior Credit Facility are BCM Luxembourg Limited Sarl, eircom Group Limited, Valentia Telecommunications, eircom Limited, Irish Telecommunications Investments Limited and Meteor Mobile Communications Limited.

Floating Rate Notes
The Floating Rate Notes of €350 million issued by BCMIF, are guaranteed on a senior subordinated basis by BCMIH, a wholly owned subsidiary of BCMIF, and the subsidiaries guaranteeing the Senior Credit Facility. The Floating Rate Notes are general senior obligations of BCMIF and rank equally in right of payment with all existing and future senior indebtedness of BCMIF. The Floating Rate Notes are also secured by a first-priority pledge over all the shares of BCMIH.

12. Seasonality

Fixed line
eircom's traffic volumes tend to decline during March or April and December as a result of a decline in business traffic over the Easter and Christmas holiday periods. eircom also tend to experience relatively higher fixed line traffic volumes in the Spring and Winter months, other than Christmas and Easter of each year. The group do not believe this seasonality has a material impact on our fixed line business.

Mobile
Meteor's business tends to experience an increase in sales volumes during November and December due to the seasonal nature of its retail business. Meteor experiences significant prepaid subscriber growth and related costs of handset subsidy and commissions in November and December. Meteor's visiting-roaming revenues are also seasonally significant because Ireland is a popular tourist destination during the summer months.

13. Commitments

Operating lease commitments
The group's operating lease contractual obligations and commitment payments were €515 million at 30 June 2008 (30 June 2007: €444 million). The payments due on operating leases are in respect of lease agreements in respect of properties, vehicles, plant and equipment for which the payments extend over a number of years.

Capital commitments
The group's capital contractual obligations and commitment payments were €96 million at 30 June 2008 (30 June 2007: €53 million).

14. Related party transactions

The following transactions occurred with related parties:

a) Purchase of goods and services

During the twelve months ended 30 June 2008 the group paid €0.4 million (30 June 2007: €0.5 million) on behalf of the Employee Share Ownership Trust (ESOT) for the administrative expenses incurred in its capacity as trustee of the ESOT and the Approved Profit Share Scheme (APSS). These were recharged to BCM ESOT Services Limited and the amount outstanding in respect of these costs is €0.9 million at 30 June 2008 (30 June 2007: €0.5 million).

b) Other transactions

During the prior year ended 30 June 2007, BCM Ireland Preferred Equity Limited was lent €1 million by the BCMIF Group. This loan is still outstanding at 30 June 2008.

During the year ended 30 June 2008, costs amounting to €3 million were paid, on behalf of BCM Ireland Equity SPC ("BCMIE"). The amount outstanding in respect of these costs is €3 million at 30 June 2008.

During the year the group recharged capital and operating costs incurred on behalf of Tetra Ireland Communications Limited ("Tetra") of €4.3 million. The amount outstanding in respect of these costs is €1.2 million at 30 June 2008.

The income statement includes management charges from BCMIE of €9.7 million (30 June 2007: €8.4 million). The amount outstanding in respect of these costs and net of amounts receivable from BCMIE is €17.2 million at 30 June 2008 (30 June 2007: €7.5 million).

The income statement profit on disposal of property and investments is after charging an advisory fee from Babcock & Brown Limited of €2.4 million in relation to the sale of the shares in the masts business. There are no amounts outstanding in respect of these costs at 30 June 2008.

The income statement includes salary related charges from BCM Enterprises Limited of €0.6 million. The amount outstanding in respect of these costs is €0.02 million at 30 June 2008.

During the year the company's parent company, BCMIE committed to introducing an incentive scheme for certain executives and key management of the BCMIF Group. The costs of this scheme will be borne by BCMIE and BCMIF and its subsidiaries will not be recharged for the costs incurred by BCMIE in meeting its obligations under this incentive scheme. Consequently, no charge or liability in respect of this incentive scheme is reflected in the BCMIF Group.

15. Comparative information

Certain comparative information have been regrouped and restated in accordance with the presentation adopted in the current financial period.

Commentary on results of operations for the quarter ended 30 June 2008

Overview

EBITDA from continuing operations, before restructuring programme costs, non-cash pension charge/(credit), net construction income and profit on disposal of property and investments of €177 million increased by 5% for the quarter ended 30 June 2008 from €168 million for the corresponding quarter ended 30 June 2007. This increase was mainly driven by higher contribution from Meteor.

Revenue

The following table shows certain segmental information relating to our business for the periods indicated:

	In the quarter ended 30 Jun 2007 € 'm	In the quarter ended 30 Jun 2008 € 'm	% Change[2] 2007/2008 %
Fixed line services and other revenue	410	406	(1)
Mobile services revenue	108	123	14
Total segmental revenue	**518**	**529**	**2**
Intracompany eliminations	(18)	(17)	(6)
Total revenue	**500**	**512**	**2**

Fixed line services and other revenue

The following table shows our revenue from the fixed line services segment, analysed by major products and services, and the percentage change for each category, for the periods indicated:

	In the quarter ended 30 Jun 2007 € 'm	In the quarter ended 30 Jun 2008 € 'm	% Change[2] 2007/2008 %
Access (rental and connections)	**157**	**168**	**7**
Voice traffic	95	92	(3)
Advanced voice services traffic	16	16	-
Total voice traffic	**111**	**108**	**(3)**
Data traffic	14	9	(38)
Total voice and data traffic	**125**	**117**	**(7)**
Data communications	45	43	(4)
Interconnect services	60	57	(6)
Other products and services	44	46	5
Revenue before discounts	**431**	**431**	**-**
Discounts[3]	(21)	(25)	21
Total fixed line services and other revenue	**410**	**406**	**(1)**
Intracompany eliminations	(7)	(7)	(3)
Total fixed line services and other revenue	**403**	**399**	**(1)**

Total fixed line services and other revenues in the quarter ended 30 June 2008 decreased by 1% on the corresponding quarter ended 30 June 2007. Increased Access revenues, including DSL, were offset by lower voice and data traffic, reduced interconnect and data communications revenues, and higher discounts.

Access (rental and connections)

The following table shows rental, connection and other charges and the number of access channels in service, including public payphones, and the percentage changes for the periods indicated:

	In the quarter ended 30 Jun 2007 € 'm	30 Jun 2008 € 'm	% Change[2] 2007/2008 %
Total access revenue			
Line and equipment rental	102	106	3
Connection and other charges	5	3	(26)
ADSL and bitstream rental and connection	33	40	22
WLR rental and connection	17	19	11
Total access revenue	**157**	**168**	**7**
Access channels (in thousands at period end, except percentages)			
PSTN	1,335	1,305	(2)
PSTN WLR	289	304	5
Total PSTN	1,624	1,609	(1)
ISDN	358	361	1
ISDN WLR	46	52	13
Total ISDN	404	413	2
ADSL and bitstream	455	593	30
Total access channels	**2,483**	**2,615**	**5**

Revenue from access increased by 7% in the quarter ended 30 June 2008, due primarily to an increase in ADSL and bitstream revenue, as a result of continuing customer demand for our ADSL service, and increases in WLR rental and connection revenue and line and equipment rental revenue. This was partially offset by lower revenue from connection and other charges in the quarter compared with the corresponding quarter ended 30 June 2007 as well as a decline in volumes.

Revenue from line and equipment rental was 3% higher in the period, due to the impact of rental rate increases in 2007, partially offset by a 2% decrease in retail line volumes.

ADSL and bitstream revenue increased by 22% in the quarter ended 30 June 2008, as a result of increased customer demand, partially offset by lower ARPU. By 30 June 2008, the number of ADSL and bitstream lines had increased to approximately 593,000 lines, up from approximately 455,000 at 30 June 2007.

As at 30 June 2008 approximately 304,000 PSTN lines and approximately 52,000 ISDN channels had transferred to other authorised operators on WLR, an increase of 5% and 13% respectively over WLR volumes as at 30 June 2007. WLR rental and connection yielded revenues of approximately €19 million in the quarter ended 30 June 2008, an increase of 11% on the prior period, due to the increased line base, particularly higher value ISDN lines, and rate increase from 1 August 2008. These were partially offset by the increase in the WLR discount rate to 14% from 10%, with effect from 1 May 2008.

Traffic

The following table shows information relating to our total traffic revenue and volumes and the percentage change for the periods indicated:

	In the quarter ended		% Change[2]
	30 Jun 2007	30 Jun 2008	2007/2008
	€ 'm	€ 'm	%
Revenue			
Basic voice traffic revenue			
Local	21	21	(1)
National	11	12	4
Fixed to mobile	42	38	(8)
International	21	21	2
Total basic voice traffic revenue	**95**	**92**	**(3)**
Advanced voice services traffic revenue	16	16	-
Total voice traffic revenue	**111**	**108**	**(3)**
Data traffic revenue			-
PSTN data	10	6	(46)
ISDN data	4	3	(16)
Total data traffic revenue	**14**	**9**	**(38)**
Total traffic revenue	**125**	**117**	**(7)**
Traffic (in millions of minutes, except percentages)			
Local	653	618	(5)
National	233	229	(2)
Fixed to mobile	260	237	(9)
International	100	101	1
Total basic voice traffic minutes	**1,246**	**1,185**	**(5)**
Advanced voice services minutes	191	196	3
Total voice minutes	**1,437**	**1,381**	**(4)**
Data traffic volume			
PSTN data	589	306	(48)
ISDN data	109	77	(30)
Total traffic data minutes	**698**	**383**	**(45)**
Total traffic minutes	**2,135**	**1,764**	**(17)**

Overall revenue from voice and data traffic decreased by 7% in the quarter ended 30 June 2008.

Voice traffic

Basic voice traffic revenue decreased by 3% in the quarter ended 30 June 2008. This is due primarily to an overall decline in traffic volumes arising from loss of market share and weakness in the traditional voice market, partially offset by the impact of rate increases in August 2007. In addition, there was a reduction in fixed to mobile rates as savings arising from the reduction in mobile termination rates in January 2008 were passed onto our customers, partially offset by a change in the mix of traffic in the current quarter compared to the corresponding quarter ended 30 June 2007.

Revenue in the quarter ended 30 June 2008 relating to advanced voice services remained in line with the corresponding quarter ended 30 June 2007. Volumes increased by 3%, but were offset by a change in mix in the current quarter towards lower value VPN traffic as well as a continuing decline in high value premium rate services traffic volumes.

Data traffic

Revenue from data traffic decreased by 38% in the quarter ended 30 June 2008 due to the ongoing decline in data minute volumes, partially offset by rate increases in August 2007 and a change in mix in ISDN traffic. This decrease in data minutes volumes is primarily due to the continued migration of internet users to ADSL and bitstream.

Data communications

The following table shows information relating to revenue from data communications products and services, the number of leased lines and the percentage change for the periods indicated:

	In the quarter ended		% Change[2]
	30 Jun 2007	30 Jun 2008	2007/2008
	€ 'm	€ 'm	
Data communications revenue			
Leased lines (including Partial Private Circuits)	27	25	(11)
Switched data and IP network services	14	14	4
ISP	4	4	8
Total data communications revenue	**45**	**43**	**(4)**
Number of leased lines (at period end, except percentages)			
National leased lines	14,166	10,553	(26)
Partial private circuits	4,757	5,497	16
International leased lines	279	291	4
Interconnect paths	1,752	1,515	(14)
Total leased lines	**20,954**	**17,856**	**(15)**

Revenue from data communications decreased by 4% in the quarter ended 30 June 2008, primarily due to lower leased line revenue arising from a reduction in the number of domestic leased lines as customers migrate to alternative higher speed products, and a change in the mix of leased lines as wholesale customers move to Partial Private Circuits, partially offset by increased volume of higher value international leased lines. Revenue from Switched Data and IP network services increased by 4% due to increased take up of services, partially offset by an increase in deferred connection income. Revenue from our ISP increased in the quarter due to increased sales of Value Added Services compared with the corresponding quarter to 30 June 2007.

Interconnect services

The following table shows information relating to revenue and traffic from interconnect services and the percentage change for the periods indicated:

	In the quarter ended		% Change[2]
	30 Jun 2007	30 Jun 2008	2007/2008
	€ 'm	€ 'm	%
Interconnect services revenue			
Interconnect	39	34	(14)
Foreign terminating traffic	21	23	7
Total interconnect services revenue	**60**	**57**	**(6)**
Interconnect services traffic (in millions of minutes, except percentages)			
Call origination	676	604	(11)
Call termination	761	707	(7)
Transit to mobile/fixed	224	213	(5)
Ancillary	67	54	(19)
International	129	132	3
Total interconnect	**1,857**	**1,710**	**(8)**
Foreign terminating traffic	499	658	32
Total interconnect services traffic	**2,356**	**2,368**	**1**

Interconnect services revenue fell by 6% to €57m in the quarter ended 30 June 2008, due to lower interconnect revenue, partially offset by higher foreign terminating traffic.

Revenue from interconnect decreased by 14% in the quarter ended 30 June 2008. Call origination and termination traffic was impacted by a reduction in traffic from Other Authorised Operators as well as by reductions in RIO rates with effect from 1 July 2007. Transit to mobile fell by 5% due to mobile operators directly interconnecting with each other.

Revenue from foreign terminating traffic increased by 7% in the quarter ended 30 June 2008, as a result of increased incoming traffic volumes to fixed lines and mobiles and international transit carriers, partially offset by lower rates, and a change in mix towards lower value Fixed Line traffic.

Other products and services

Other products and services include our sales of Customer premises equipment to corporate and business customers in eircom Business Systems, directory enquiry and Operator Services, calling cards, public payphones, Phonewatch, LAN Communications and other revenue.

The following table shows information relating to revenue for other products and services and the percentage change for the periods indicated:

	In the quarter ended		% Change[2]
	30 Jun 2007	30 Jun 2008	2007/2008
	€ 'm	€ 'm	%
Customer premises equipment	3	3	(7)
Operator Services	8	8	4
Card and payphones	2	2	(27)
Phonewatch	6	8	30
LAN Communications	8	8	-
Other revenue	17	17	5
Other products and services revenue	**44**	**46**	**5**

Revenue from other products and services in the quarter ended 30 June 2008 increased by 5% compared with the corresponding quarter ended 30 June 2007. Higher Phonewatch revenues were partially offset by lower sales from Card and payphones, as a result of continuing mobile substitution.

Discounts

Discounts in the quarter ended 30 June 2008 were 21% higher compared to the corresponding quarter ended 30 June 2007, mainly as a result of increased take-up of packages and the introduction of a bundled Talktime and broadband package in October 2007.

Mobile services revenue

The following table shows our revenue from the Meteor mobile services segment, analysed by major products and services:

	In the quarter ended		% Change[2]
	30 Jun 2007	30 Jun 2008	2007/2008
	€ 'm	€ 'm	%
Mobile services:			
Services revenue	101	115	15
Other revenue	7	8	1
Total mobile services revenue	**108**	**123**	**14**
Intracompany eliminations	(11)	(10)	(8)
Total mobile services revenue	**97**	**113**	**16**

	As at		% Change[2]
	30 Jun 2007	30 Jun 2008	2007/2008
Total subscribers (thousands)*:			
Pre-paid subscribers (thousands)	775	860	11
Post-paid subscribers (thousands)	100	123	23
Total subscribers (thousands)	**875**	**983**	**12**

** eircom represents approximately 4,680 of these subscriber numbers at 30 June 2008 (30 June 2007: 4,790).*

Total revenue was €123 million for the quarter ended 30 June 2008, up 14% on the corresponding quarter ended 30 June 2007, due to the increased subscriber base, greater proportion of higher value post-paid subscribers, as well as increased activity, partially offset by the impact of the reduction in the Mobile Termination Rate in January 2008, as well as the introduction during the year of new bundled minute plans. Services revenue comprises prepaid, post paid and interconnect revenue, while other revenue is derived mainly from handset sales and roaming revenue. The total number of subscribers at 30 June 2008 was approximately 983,000.

	In the quarter ended		% Change[2]
	30 Jun 2007	30 Jun 2008	2007/2008
	€ 'm	€ 'm	%
Mobile services:			
Prepaid	75	83	11
Postpaid	26	32	24
Other	7	8	1
Total mobile services revenue (before Intracompany eliminations)	**108**	**123**	**14**

Operating costs before depreciation, amortisation and restructuring programme costs

The following table shows information relating to our operating costs before depreciation, amortisation and restructuring programme costs and the percentage change for the periods indicated:

	In the quarter ended		% Change[2]
	30 Jun 2007	30 Jun 2008	2007/2008
	€ 'm	€ 'm	%
Staff costs			
Fixed line			
Wages and salaries and other staff costs	93	91	(2)
Social welfare costs	4	4	(2)
Pension paid and payable	8	5	(34)
Pay costs before non-cash pension credit and capitalisation	**105**	**100**	**(5)**
Non-cash pension charge / (credit)	4	(11)	(326)
Pay costs before capitalisation	**109**	**89**	**(18)**
Capitalised labour	(16)	(21)	27
Total fixed line services staff costs	**93**	**68**	**(27)**
Mobile services staff costs (net of capitalised labour)	**14**	**17**	**17**
Total staff costs	**107**	**85**	**(21)**
Other operating costs			
Fixed line costs			
Payments to telecommunications operators	84	80	(5)
Purchase of goods for resale, commission and related costs	20	23	17
Materials and services	11	10	(10)
Other network costs	6	6	1
Accommodation	12	12	(3)
Sales and marketing	10	12	16
Transport and travel	5	5	15
IT costs	3	4	4
Other costs	26	30	15
Total other fixed line operating costs	**177**	**182**	**2**
Mobile services costs	70	74	6
Total other operating costs	**247**	**256**	**3**
Intracompany eliminations	(18)	(17)	(6)
Total other operating costs	**229**	**239**	**4**
Total operating costs before depreciation, amortisation and restructuring programme costs	**336**	**324**	**(4)**

Total operating costs before depreciation, amortisation and restructuring programme costs were 4% lower than in the corresponding quarter ended 30 June 2007 due to a decrease in staff costs, partially offset by an increase in other operating costs.

Staff costs

Staff costs decreased by 21% in the quarter ended 30 June 2008, primarily due to a non-cash pension credit of €11 million, compared to a €4 million charge in the corresponding quarter ended 30 June 2007, as well as lower fixed line wages and salaries, partially offset by increased Meteor staff costs. The group has adopted the corridor approach for pensions under IAS 19. Accordingly the non cash pension credit includes the amortisation of an unamortised actuarial surplus, determined based on the actuarial assessment of the pension scheme liabilities and the market value of the assets of the scheme at 30 June 2007.

Fixed line staff costs decreased by 27% in the quarter ended 30 June 2008. This was primarily due to the €15 million movement in the non-cash pension. Fixed line pay costs, before non-cash pension credit and capitalisation, decreased by 5% compared to the prior period due to a reduction in headcount and a reduction in pension paid and payable, partially offset by wage increases, and increased Agency costs. Fixed line capitalised labour increased by 27% due to increased staff costs associated with capital projects arising from higher rates due to pay inflation, an increased number of working days compared to the corresponding quarter and the annual impact of a change in the basis of charging certain costs to capital projects of c. €2 million being reflected in the quarter. Meteor staff costs increased by 17% due to increased headcount, partially offset by a reduction in management incentive scheme charges.

Headcount in fixed line services at 30 June 2008 was 6,407, down 9% from 7,028 at 30 June 2007. At the end of June 2008 there were also 53 agency staff compared to 35 at 30 June 2007. Meteor headcount at 30 June 2008 was 816 with an additional 271 agency staff, compared to 784 with an additional 225 agency staff at 30 June 2007. The costs of agency staff are included within staff costs.

Other operating costs

Other operating costs increased by 4% in the quarter ended 30 June 2008. The increase was due to higher Meteor costs, increased purchase of goods for resale and commission and related costs and Sales and Marketing costs, as well as higher bad debt charges, partially offset by lower payments to other telecommunications operators and Materials and Services costs.

Fixed line operating costs
Overall fixed line operating costs increased by 2% in the quarter ended 30 June 2008 compared to the corresponding quarter to 30 June 2007. Purchases of goods for sale, commissions and related costs increased by 17% in the quarter, mainly due to increased Phonewatch activity.

Other costs were 15% higher, due mainly to increased customer services charges and an additional charge of c. €2 million for bad debts in the quarter, compared to the corresponding quarter ended 30 June 2007

Cost increases were partially offset by lower payments to other telecommunications operators due to lower mobile termination charges in the quarter, compared to the comparative quarter of the prior year, and lower Materials and Services charges, due to costs incurred in respect of Tetra in the comparative quarter. Tetra is the Group's Joint Venture with Motorola, Sigma Wireless, which has been awarded a contract to build and operate a National Digital Radio Service for the State's Emergency Services.

Mobile operating costs
Total operating costs for the mobile segment were €74 million for the quarter, a 6% increase over the corresponding quarter ended 30 June 2007, primarily due to the larger subscriber base and increased activity. The majority of these costs relate to those for equipment sold including mobile phones, dealer commissions, top-up commissions, interconnect charges and sales and marketing costs for the promotion of Meteor products and services.

Amortisation
Amortisation decreased by 20% in the quarter ended 30 June 2008, due to certain intangible assets, arising from the acquisition of eircom, being fully amortised by February 2008.

Depreciation
Depreciation charge for the quarter ended 30 June 2008 decreased by €3 million compared with the charge for the corresponding quarter ended 30 June 2007.

Net construction income
The group's property development subsidiary, Osprey, has recognised €3 million on its construction contract in respect of work carried out in the quarter, compared to €10 million in the corresponding quarter of the prior year. The reduction in revenue is due to lower activity in the current quarter compared with the corresponding quarter ended 30 June 2007.

Restructuring programme costs
A provision of €157 million was created in the quarter ended 30 June 2007 for committed future voluntary leaving costs. Restructuring programme costs of €36 million paid in the quarter to 30 June 2008 have been offset against this provision.

Finance costs (net)
The Group's net finance costs for the quarter to 30 June 2008 were €63 million, compared to €79 million in the corresponding quarter ended 30 June 2007. The reduction is due in part to certain one-off finance costs included in the prior quarter and in part to higher interest earned on our increased cash balances.

Commentary on results of operations for the twelve-month period ended 30 June 2008

Overview
EBITDA from continuing operations, before restructuring programme costs, transaction costs, non-cash pension credit, net construction income and profit on disposal of property and investments of €698 million increased by 8% for the twelve-month period ended 30 June 2008 compared to €647 million for the twelve-month period ended 30 June 2007. This increase was driven by a higher contribution from Meteor. Fixed line EBITDA remained in line with the previous year .

Revenue
The following table shows certain segmental information relating to our business for the periods indicated:

	In the twelve months ended		% Change[2]
	30 Jun 2007	30 Jun 2008	2007/2008
	€ 'm	€ 'm	%
Fixed line services and other revenue	1,647	1,652	-
Mobile services revenue	388	481	24
Total segmental revenue	**2,035**	**2,133**	**5**
Intracompany eliminations	(61)	(72)	18
Total revenue	**1,974**	**2,061**	**4**

Fixed line services and other revenue
The following table shows our revenue from the fixed line services segment, analysed by major products and services, and the percentage change for each category, for the periods indicated:

	In the twelve months ended		% Change[2]
	30 Jun 2007	30 Jun 2008	2007/2008
	€ 'm	€ 'm	%
Access (rental and connections)	**619**	**665**	**7**
Voice traffic	388	379	(2)
Advanced voice services traffic	70	65	(8)
Total voice traffic	**458**	**444**	**(3)**
Data traffic	66	43	(35)
Total voice and data traffic	**524**	**487**	**(7)**
Data communications	177	182	3
Interconnect services	237	231	(3)
Other products and services	174	185	6
Revenue before discounts	**1,731**	**1,750**	**1**
Discounts[3]	(84)	(98)	17
Total fixed line services and other revenue	**1,647**	**1,652**	**-**
Intracompany eliminations	(20)	(29)	47
Total fixed line services and other revenue	**1,627**	**1,623**	**-**

Total fixed line services and other revenue for the twelve-month period ended 30 June 2008 was broadly in line with the twelve-month period to 30 June 2007. Increases in Access, Data communications and other products and services were offset by lower voice and data traffic and interconnect services revenues, and higher discounts.

Access (rental and connections)

The following table shows rental, connection and other charges and the number of access channels in service, including public payphones, and the percentage changes for the periods indicated:

	In the twelve months ended 30 Jun 2007 € 'm	30 Jun 2008 € 'm	% Change[2] 2007/2008 %
Total access revenue			
Line and equipment rental	415	426	3
Connection and other charges	17	12	(30)
ADSL and bitstream rental and connection	122	153	26
WLR rental and connection	65	74	14
Total access revenue	**619**	**665**	**7**
Access channels (in thousands at period end, except percentages)			
PSTN	1,335	1,305	(2)
PSTN WLR	289	304	5
Total PSTN	1,624	1,609	(1)
ISDN	358	361	1
ISDN WLR	46	52	13
Total ISDN	404	413	2
ADSL and bitstream	455	593	30
Total access channels	**2,483**	**2,615**	**5**

Revenue from access increased by 7% in the twelve-month period ended 30 June 2008, due primarily to an increase in ADSL and bitstream revenue, as a result of increased customer demand for our ADSL service, WLR rental and connection revenue and line and equipment rental revenue. This is partially offset by a reduction in connection and other charges due to a decline in volumes and a once-off credit included in the prior comparative period and the impact of movements in deferred revenue by c. €2m.

Line and equipment revenue increased by 3% in the twelve months to 30 June 2008 compared to the corresponding period to 30 June 2007 due to an increase in rental rates in August 2007, partially offset by a decrease in retail line volumes.

ADSL and bitstream revenue increased by 26% in the twelve-month period ended 30 June 2008 as a result of increased customer demand, partially offset by lower ARPU. By 30 June 2008, the number of ADSL and bitstream lines had increased to approximately 593,000 lines, up from approximately 455,000 at 30 June 2007.

As at 30 June 2008 approximately 304,000 PSTN lines and approximately 52,000 ISDN channels had transferred to other authorised operators on WLR, an increase of 5% and 13% respectively over WLR volumes as at 30 June 2007. WLR rental and connection yielded revenues of approximately €74 million in the twelve-month period ended 30 June 2008, an increase of 14% compared to the corresponding period to 30 June 2007, due to the increased line base and rate increases effectively from 1 August 2008, partially offset by the increase in the WLR discount rate to 14% from 10%, with effect from 1 May 2008.

Traffic

The following table shows information relating to our total traffic revenue and volumes and the percentage change for the periods indicated:

	In the twelve months ended		% Change[2]
	30 Jun 2007	**30 Jun 2008**	**2007/2008**
	€ 'm	**€ 'm**	**%**
Revenue			
Basic voice traffic revenue			
Local	86	85	(1)
National	48	50	4
Fixed to mobile	170	159	(6)
International	84	85	1
Total basic voice traffic revenue	**388**	**379**	**(2)**
Advanced voice services traffic revenue	70	65	(8)
Total voice traffic revenue	**458**	**444**	**(3)**
Data traffic revenue			
PSTN data	51	31	(39)
ISDN data	15	12	(21)
Total data traffic revenue	**66**	**43**	**(35)**
Total traffic revenue	**524**	**487**	**(7)**
Traffic (in millions of minutes, except percentages)			
Local	2,705	2,562	(5)
National	947	938	(1)
Fixed to mobile	1,035	982	(5)
International	411	410	-
Total basic voice traffic minutes	**5,098**	**4,892**	**(4)**
Advanced voice services minutes	787	783	(1)
Total voice minutes	**5,885**	**5,675**	**(4)**
Data traffic volume			
PSTN data	2,796	1,643	(41)
ISDN data	531	335	(37)
Total traffic data minutes	**3,327**	**1,978**	**(41)**
Total traffic minutes	**9,212**	**7,653**	**(17)**

Overall revenue from voice and data traffic decreased by 7% in the twelve-month period ended 30 June 2008.

Voice traffic

Basic voice traffic revenue decreased by 2% in the twelve-month period ended 30 June 2008. This is due primarily to an overall decline in traffic volumes arising from loss of market share and weakness in the traditional voice market, and lower fixed to mobile rates, partially offset by the impact of other rate increases in August 2007. The lower fixed to mobile rates arose as savings arising from the reduction in mobile termination rates in January 2008 were passed onto our customers. Revenue relating to advanced voice services decreased by 8% in the twelve-month period ended 30 June 2008, due to a decrease in Freephone and high value Premium Rate Services volumes and a change in mix towards lower value traffic.

Data traffic

Revenue from data traffic decreased by 35% due to the ongoing decline in data traffic volumes in the twelve-month period ended 30 June 2008, partially offset by rate increases in August 2007 and a change in mix in ISDN traffic. This decrease in data traffic volumes is primarily due to the continued migration of internet users to ADSL and bitstream.

Data communications

The following table shows information relating to revenue from data communications products and services, the number of leased lines and the percentage change for the periods indicated:

	In the twelve months ended		% Change[2]
	30 Jun 2007	**30 Jun 2008**	**2007/2008**
	€ 'm	**€ 'm**	
Data communications revenue			
Leased lines (including Partial Private Circuits)	112	106	(6)
Switched data and IP network services	47	58	26
ISP	18	18	(2)
Total data communications revenue	**177**	**182**	**3**
Number of leased lines (at period end, except percentages)			
National leased lines	14,166	10,553	(26)
Partial private circuits	4,757	5,497	16
International leased lines	279	291	4
Interconnect paths	1,752	1,515	(14)
Total leased lines	**20,954**	**17,856**	**(15)**

Revenue from data communications increased by 3% in the twelve-month period ended 30 June 2008, primarily due to growth in switched data and IP network services arising from increased take-up of these services. This was partially offset by lower leased line revenue due to reduction in the number of leased lines and a change in the mix of leased lines as wholesale customers move to Partial Private Circuits. ISP revenue remained flat compared with the prior year as the reduction in volumes was offset by growth in Value Added Services in the year as well as some one-off sales in the final quarter of the current year.

Interconnect services

The following table shows information relating to revenue and traffic from interconnect services and the percentage change for the periods indicated:

	In the twelve months ended		% Change[2]
	30 Jun 2007	**30 Jun 2008**	**2007/2008**
	€ 'm	**€ 'm**	%
Interconnect services revenue			
Interconnect	156	143	(9)
Foreign terminating traffic	81	88	9
Total interconnect services revenue	**237**	**231**	**(3)**
Interconnect services traffic (in millions of minutes, except percentages)			
Call origination	2,844	2,540	(11)
Call termination	3,235	2,957	(9)
Transit to mobile/fixed	944	888	(6)
Ancillary	293	232	(21)
International	438	530	21
Total interconnect	**7,754**	**7,147**	**(8)**
Foreign terminating traffic	1,844	2,318	26
Total interconnect services traffic	**9,598**	**9,465**	**(1)**

Interconnect services revenue fell by 3% in the twelve-month period ended 30 June 2008 compared to prior period, mainly due to reduced interconnect traffic, partially offset by growth in foreign terminating traffic revenue.

Revenue from interconnect fell by 9% in the twelve-month period ended 30 June 2008, due to lower call origination and termination traffic arising from a reduction in the traffic from Other Authorised Operators and the impact of lower RIO rates, as well as a fall in transit volumes due to mobile operators directly interconnecting with each other. These were partially offset by higher international interconnect traffic in the current year as a result of other operators using eircom to deliver traffic abroad.

Revenue from foreign terminating traffic increased by 9% in the twelve-month period ended 30 June 2008, primarily as a result of increased incoming traffic to fixed lines and mobiles and international transit carriers, partially offset by a change in mix towards lower value fixed line traffic and a reduction in rates.

Other products and services

Other products and services include our sales of Customer premises equipment to corporate and business customers in eircom Business Systems, directory enquiry and Operator Services, calling cards, public payphones, Phonewatch, LAN Communications and other revenue.

The following table shows information relating to revenue for other products and services and the percentage change for the periods indicated:

	In the twelve months ended		% Change[2]
	30 Jun 2007	30 Jun 2008	2007/2008
	€ 'm	€ 'm	%
Customer premises equipment	13	12	(5)
Operator Services	33	36	10
Card and payphones	9	8	(15)
Phonewatch	24	28	16
LAN Communications	38	39	3
Other revenue	57	62	8
Other products and services revenue	**174**	**185**	**6**

Revenue from other products and services in the twelve-month period ended 30 June 2008 increased by 6% as a result of higher revenues in Operator Services, Phonewatch, LAN Communications and other revenue, partially offset by lower CPE and lower Card and payphones revenue, as a result of continuing mobile substitution.

Discounts

Discounts increased by 17% in the twelve-month period ended 30 June 2008 primarily due to increased take up of Talktime and other bundled packages in the current period, and the introduction of our new bundled Talktime and broadband package in November 2007.

Mobile services revenue

The following table shows our revenue, from the Meteor mobile services segment, analysed by major products and services:

	In the twelve months ended		% Change[2]
	30 Jun 2007	30 Jun 2008	2007/2008
	€ 'm	€ 'm	%
Mobile services:			
Services revenue	361	449	24
Other revenue	27	32	19
Total mobile services revenue	**388**	**481**	**24**
Intracompany eliminations	(41)	(43)	4
Total mobile services revenue	**347**	**438**	**26**

	As at		% Change[2]
	30 Jun 2007	30 Jun 2008	2007/2008
Total subscribers (thousands)* :			
Pre-paid subscribers (thousands)	775	860	11
Post-paid subscribers (thousands)	100	123	23
Total	**875**	**983**	**12**
ARPU[4] (€)	**38.62**	**40.22**	**4**

** eircom represents approximately 4,680 of these subscriber numbers at 30 June 2008 (30 June 2007: 4,790).*

Total revenue was €481 million for the twelve-month period ended 30 June 2008, an increase of 24% over that for the twelve-month period to 30 June 2007. This is primarily due to a 12% increase in subscribers in the twelve months to 30 June 2008, increased proportion of higher value post-paid subscribers, and higher subscriber activity in the current period, partially offset by the impact of a reduction in the Mobile Termination Rate in January 2008, as well as the introduction of increased bundled minute plans during the year.

Services revenue comprises prepaid, postpaid and interconnect revenue. Other revenue is derived mainly from handset sales and roaming revenue. ARPU for the twelve-month period was €40.22, an increase of 4% over prior the prior year due to increased usage and a higher proportion of post-paid subscribers, partially offset by lower mobile terminating rates and the impact of new bundled minutes and other promotions.

	In the twelve months ended		% Change[2]
	30 Jun 2007	30 Jun 2008	2007/2008
	€ 'm	€ 'm	%
Mobile services:			
Prepaid	271	327	20
Postpaid	90	122	36
Other	27	32	19
Total mobile services revenue (before Intracompany eliminations)	**388**	**481**	**24**

Operating costs before depreciation, amortisation, restructuring programme costs and transaction costs

The following table shows information relating to our operating costs before depreciation, amortisation, restructuring programme costs and transaction costs, and the percentage change for the periods indicated:

	In the twelve months ended		**% Change[2]**
	30 Jun 2007	**30 Jun 2008**	**2007/2008**
	€ 'm	**€ 'm**	**%**
Staff costs			
Fixed line			
Wages and salaries and other staff costs	372	378	2
Social welfare costs	16	16	2
Pension paid and payable	31	28	(7)
Pay costs before non-cash pension credit and capitalisation	**419**	**422**	**1**
Non-cash pension credit	(5)	(50)	903
Pay costs before capitalisation	**414**	**372**	**(10)**
Capitalised labour	(66)	(70)	7
Total fixed line services staff costs	**348**	**302**	**(13)**
Mobile services staff costs (net of capitalised labour)	**59**	**60**	**1**
Total staff costs	**407**	**362**	**(11)**
Other operating costs			
Fixed line costs			
Payments to telecommunications operators	337	329	(2)
Purchase of goods for resale, commission and related costs	90	89	(1)
Materials and services	44	44	1
Other network costs	23	24	3
Accommodation	52	53	2
Sales and marketing	46	46	1
Transport and travel	19	19	3
IT costs	14	14	(3)
Other costs	87	100	15
Total other fixed line operating costs	**712**	**718**	**1**
Mobile services costs	264	305	16
Total other operating costs	**976**	**1,023**	**5**
Intracompany eliminations	(61)	(72)	18
Total other operating costs	**915**	**951**	**4**
Total operating costs before depreciation, amortisation, restructuring programme costs and transaction costs	**1,322**	**1,313**	**(1)**

Total operating costs before depreciation, amortisation, restructuring programme costs and transaction costs for the twelve-month period ended 30 June 2008 decreased by 1% compared with the prior year due to lower staff, partially offset by increases in other operating costs, particularly in Meteor.

Staff costs

Staff costs decreased by 11% in the twelve-month period ended 30 June 2008. This was primarily due to an increase in the non-cash pension credit. The group has adopted the corridor approach for pensions under IAS 19. Accordingly the pension credit includes the amortisation of an unamortised actuarial surplus, determined based on the actuarial assessment of the pension scheme liabilities and the market value of the assets of the scheme at 30 June 2007.

Fixed line staff costs decreased by 13% in the twelve-month period ended 30 June 2008. This was primarily due to an increase in the non-cash pension credit in the twelve-month period ended 30 June 2008. Fixed line pay costs before non-cash pension credit and capitalisation increased by 1% mainly due to pay inflation, partially offset by reduced headcount and a reduction in overtime charges in the current year. Fixed line capitalised labour increased by 7%. This is due to an increase in staff costs associated with capital projects relating to network improvements, increased rates due to pay inflation and a change in the basis of charging certain costs to capital projects of c. €2m. Mobile services staff costs increased by 1% in the period as increased headcount was largely offset by a reduction in Management incentive scheme charges.

Headcount in fixed line services at 30 June 2008 was 6,407, down 9% from 7,028 at 30 June 2007. At the end of June 2008 there were also 53 agency staff compared to 35 agency staff at 30 June 2007. Meteor headcount at 30 June 2008 was 816 with an additional 271 agency staff, compared to 784 with an additional 225 agency staff at 30 June 2007. The costs of agency staff are included within staff costs.

Other operating costs

Other operating costs increased by 4% in the twelve-month period ended 30 June 2008. This was primarily due to higher costs in Meteor arising from increased activity and increases in accommodation costs, fixed line other costs, particularly bad debts charges and customer service costs. These increases were offset by lower fixed line payments to other telecommunications operators and a reduction in the cost of goods for resale.

Fixed line operating costs
Overall fixed line operating costs in the twelve-month period ended 30 June 2008 increased by 1% to €718m compared with €712m for the twelve-month period to 30 June 2007. Accommodation costs increased by 2% due to increased rental charges as a result of the sale of our masts business in September 2007, partially offset by a once-off credit of c. €3m, due to the receipt of a premium on the assignment of a lease. The increase of 15% in other costs is associated with higher bad debts write-offs, increased customer service costs and the inclusion of the management charge for the whole of the current period. The increase in bad debts in the twelve months to 30 June 2008 is c. €10 million.

These increases were offset by lower payments to other telecommunications operators and reduced purchase of goods for resale, commission and related costs. The decrease in payments to other operators is mainly due to a reduction in mobile termination charges in the period and lower voice traffic to other fixed line operators.

Mobile operating costs
Total operating costs for the mobile segment were €305 million, an increase of 16% over the prior year, due mainly to increased levels of activity in Meteor. The most significant costs relate to costs of equipment sold, dealer commissions, Top-up commissions, interconnect charges and sales and marketing costs relating to the promotion of Meteor products and services.

Amortisation
Amortisation increased by 13% in the twelve-month period ended 30 June 2008, due to the inclusion for the complete period of the charge for amortisation of new intangibles arising from the Purchase Price Allocation on the acquisition of eircom.

Depreciation
Depreciation of €318 million charged for the twelve-month period to 30 June 2008 decreased by €3 million compared with the charge for the twelve-month period to 30 June 2007.

Restructuring programme costs
Costs of €13 million, in relation to voluntary leaving programmes were incurred in the period ended 30 June 2007. In addition, a provision of €157 million was created at 30 June 2007 for committed future voluntary leaving costs. Restructuring programme costs of €79m paid in the twelve-month period to 30 June 2008 have been offset against this provision.

Transaction costs
Transaction costs of €28 million relating to financial advisory services were incurred in the twelve-month period to 30 June 2007 in connection with the recommended Cash offer under which BCMIH acquired eircom.

Net construction income
The group's property development subsidiary, Osprey, has recognised €37 million on its construction contract in respect of work carried out during the year.

Profit on the disposal of property and investments
There was a profit of €78 million before tax in the twelve-month period ended 30 June 2008 arising from the disposal of our Masts Access business in September 2007.

Finance costs (net)
The Group's net finance costs for the twelve months to 30 June 2008 were €263 million. This represents an increase of €23 million over the twelve month period to 30 June 2007 and is mainly due to an increased charge of €12 million in respect of the group's Temporary Income Stream arrangement, which was a credit in the prior year, as well as the impact of the new financing structure and increased level of debt which was not in existence for the whole of the prior year period.

Taxation
The tax charge for the period to 30 June 2008 was €28 million, compared with a credit of €12 million in the prior year. This is mainly due to higher taxable profits in the current period.

Liquidity
Net cash generated from operating activities
Our primary source of liquidity is cash generated from operations, which represents operating profit adjusted for non-cash items which are principally depreciation, amortisation and non-cash pension credit. Cash flows from operating activities are also impacted by working capital movements. During the twelve-month period ended 30 June 2008, cash generated from operating activities increased to €384 million from €360 million in the twelve-month period ended 30 June 2007. A decrease in working capital, and a tax refund of €35 million received in the period, were partially offset by higher voluntary leaving programme payments and increased payments under the group's construction contract compared to the prior period, as well as higher net interest payments due to timing of payments and increased debt following the acquisition of eircom by BCMIH.

Cash flows from investing activities

During the twelve-month period ended 30 June 2008, we made payments in respect of capital expenditure of €331 million, compared to €369 million in the twelve-month period ended 30 June 2007. This reduction was due to the timing of cash outflows, as well as a payment of €44 million for a 3G licence in the year to 30 June 2007. Capital expenditure is used primarily to grow and renew our networks in order to improve our services and customer satisfaction. We received €155 million in respect of sales of property, plant and equipment, primarily relating to our mast access business.

During the period to 30 June 2007, the BCMIF group had cash outflows of €1,799 million in respect of the acquisition of the entire share capital of eircom.

Cash flows from financing activities

During the twelve-month period ended 30 June 2008 the group made repayments of €58 million in respect of its Senior Credit Facilities, including a mandatory prepayment of €19 million, and €5m in respect of leases. In addition, new loans of €50 million were drawn down by our property subsidiary to finance its construction contract, and €71 million was drawn down to redeem a tranche of our Special Preference Shares as provided for in the Purchase Agreement for eircom Group Limited.

Forward looking statements

This document includes statements that are, or may be deemed to be, “forward looking statements”. These forward looking statements include all matters that are not historical facts and include statements regarding the intentions, beliefs or current expectations of BCMIF concerning, amongst other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of the group and the industries in which it operates. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward looking statements are not guarantees of future performance. The group’s actual results of operations, financial condition, liquidity, and the development of the industries in which it operates may differ materially from the impression created by the forward looking statements contained in this document.

Notes:

1. Percentage changes have been calculated based on the data presented.
2. Percentage changes have been calculated based on unrounded data rather than on the rounded data presented in this table.
3. Discounts are primarily related to revenue derived from access, voice and data traffic and ADSL and bitstream, which are presented on a gross basis in the table above.
4. ARPU (Average Revenue per User) is calculated by dividing year-to-date total mobile service revenues by the average number of subscribers during the same period, divided by the number of months in the calculation period. The average number of subscribers in the period is the average of the monthly average subscriber base (calculated as the sum of the opening and closing subscriber bases for the period divided by two). A subscriber base consists of active subscribers i.e. the SIMs have been used within the 90 days prior to period end.

A conference call will be held on 28 August 2008 at 12.00pm local time in Ireland.
The dial-in number is + 353 1 664 7603, Pin number 59410#.

BCM Ireland Preferred Equity Limited ("BCMIPE")

Quarterly and twelve-months results announcement
30 June 2008

BCM Ireland Preferred Equity Limited

Reconciliation of pro-forma earnings before interest, taxation, depreciation, amortisation, restructuring programme costs, transaction costs, non-cash pension charge/(credit), net construction income and loss/(profit) on disposal of property and investments to operating profit

	BCMIPE Group (Pro-forma)	BCMIPE Group	BCMIPE Group (Pro-forma)	BCMIPE Group
	Quarter ended June 2007 €'m	Quarter ended June 2008 €'m	Twelve months ended June 2007 €'m	Twelve months ended June 2008 €'m
Operating profit/(loss)	**(88)**	**95**	**80**	**464**
Loss/(profit) on disposal of property and investments	1	-	-	(78)
Net construction income	(10)	(3)	(19)	(37)
Transaction costs	-	-	28	-
Restructuring programme costs	157	-	170	-
Non-cash pension charge/(credit)	4	(11)	(5)	(50)
Operating profit before restructuring programme costs, transaction costs, non-cash pension charge/(credit), net construction income and loss/(profit) on disposal of property and investments	**64**	**81**	**254**	**299**
Depreciation	79	76	321	318
Amortisation	25	20	72	81
EBITDA before restructuring programme costs, transaction costs, non-cash pension charge/(credit), net construction income and loss/(profit) on disposal of property and investments	**168**	**177**	**647**	**698**

EBITDA before restructuring programme costs, transaction costs, non-cash pension charge/(credit), net construction income and loss/(profit) on disposal of property and investments is split as follows:				
Fixed line	144	145	582	582
Mobile	24	32	65	116
	168	**177**	**647**	**698**

BCM Ireland Preferred Equity Limited

Pro Forma combined and consolidated Income Statement - unaudited
For the Quarter ended 30 June 2008

	Pro-forma 30 June 2007				30 June 2008
	eircom Group €'m	BCMIPE €'m	Consol adj €'m	**BCMIPE Group €'m**	**BCMIPE Group €'m**
Revenue	501	-	(1)	**500**	**512**
Operating costs excluding amortisation, depreciation and restructuring programme costs	(329)	-	(7)	**(336)**	**(324)**
Amortisation	(10)	-	(15)	**(25)**	**(20)**
Depreciation	(78)	-	(1)	**(79)**	**(76)**
Restructuring programme costs	(157)	-	-	**(157)**	**-**
Net construction income	10	-	-	**10**	**3**
Loss on disposal of property and investments	3	**-**	(4)	**(1)**	**-**
Operating (loss)/profit	(60)	-	(28)	**(88)**	**95**
Finance costs	(43)	(85)	35	**(93)**	**(83)**
Finance income	-	36	(35)	**1**	**5**
Finance costs – net	(43)	(49)	-	**(92)**	**(78)**
(Loss)/profit before tax	(103)	(49)	(28)	**(180)**	**17**
Income tax credit/(charge)	17	3	6	**26**	**(10)**
(Loss)/profit for the period	(86)	(46)	(22)	**(154)**	**7**

The consolidation adjustments in the quarter ended 30 June 2007 above largely reflect the impact of the purchase price allocation – where eircom group's assets and liabilities were recorded at fair value at the acquisition date - see note 2.

The comparative information for the quarter ended 30 June 2007 is not consistent with the consolidated financial information of BCM Ireland Preferred Equity Limited prepared in accordance with IFRS – see note 2.

The accompanying notes form an integral part of the condensed interim financial information.

BCM Ireland Preferred Equity Limited

Pro-forma combined and consolidated Income Statement - unaudited
For the twelve-month period ended 30 June 2008

	Notes	Pro-forma 30 June 2007				30 June 2008
		eircom Group €'m	BCMIPE €'m	Consol adj €'m	**BCMIPE Group €'m**	**BCMIPE Group €'m**
Revenue	3	1,982	-	(8)	**1,974**	**2,061**
Operating costs excluding amortisation, depreciation, restructuring programme costs and transaction costs		(1,319)	-	(3)	**(1,322)**	**(1,313)**
Amortisation		(37)	-	(35)	**(72)**	**(81)**
Depreciation		(315)	-	(6)	**(321)**	**(318)**
Restructuring programme costs		(170)	-	-	**(170)**	**-**
Transaction costs		(28)	-	-	**(28)**	**-**
Net construction income		19	-	-	**19**	**37**
Profit on disposal of property and investments		21	-	(21)	**-**	**78**
Operating profit	3	153	-	(73)	**80**	**464**
Finance costs		(135)	(263)	110	**(288)**	**(333)**
Finance income		18	111	(110)	**19**	**14**
Finance costs – net	4	(117)	(152)	-	**(269)**	**(319)**
Profit/(loss) before tax		36	(152)	(73)	**(189)**	**145**
Income tax (charge)/credit	5	(7)	10	9	**12**	**(28)**
Profit/(loss) for the period		29	(142)	(64)	**(177)**	**117**

The consolidation adjustments in the twelve-month period ended 30 June 2007 above largely reflect the impact of the purchase price allocation – where eircom group's assets and liabilities were recorded at fair value at the acquisition date - see note 2.

The comparative information for the twelve-month period ended 30 June 2007 is not consistent with the consolidated financial information of BCM Ireland Preferred Equity Limited prepared in accordance with IFRS – see note 2.

The accompanying notes form an integral part of the condensed interim financial information.

BCM Ireland Preferred Equity Limited

Pro-forma combined and consolidated Balance Sheet - unaudited
As at 30 June 2008

	Notes	30 June 2007 BCMIPE Group €'m	30 June 2008 BCMIPE Group €'m
Assets			
Non-current assets			
Goodwill		2,403	**2,342**
Other intangible assets		759	**740**
Property, plant and equipment		2,193	**2,161**
Derivative financial instruments		53	**89**
Deferred tax assets		24	**20**
Other assets		57	**25**
		5,489	**5,377**
Current assets			
Inventories		15	**13**
Trade and other receivables	6	408	**504**
Inter-company debtor with group undertakings		1	**5**
Financial assets at fair value through income statement		58	**30**
Other assets		37	**26**
Restricted cash		7	**10**
Cash and cash equivalents		161	**359**
		687	**947**
Total assets		6,176	**6,324**
Liabilities			
Non-current liabilities			
Borrowings	7	4,206	**4,061**
Trade and other payables		47	**50**
Deferred tax liabilities		239	**254**
Retirement benefit liability		155	**113**
Provisions for other liabilities and charges	8	216	**183**
		4,863	**4,661**
Current liabilities			
Borrowings	7	91	**254**
Trade and other payables		712	**798**
Inter-company debt with group undertakings		9	**18**
Current tax liabilities		25	**43**
Provisions for other liabilities and charges	8	146	**78**
		983	**1,191**
Total liabilities		5,846	**5,852**
Equity			
Equity share capital		2	**2**
Share premium account		447	**447**
Revaluation reserve		3	**3**
Cash flow hedging reserve		37	**63**
Retained (loss)		(159)	**(43)**
Total equity		330	**472**
Total liabilities and equity		6,176	**6,324**

The accompanying notes form an integral part of the condensed interim financial information.

BCM Ireland Preferred Equity Limited

Pro-forma combined and consolidated cash flow statement - unaudited
For the Quarter ended 30 June 2008

	Pro-forma 30 June 2007				30 June 2008
	eircom Group €'m	BCMIPE €'m	Consol adj €'m	**BCMIPE Group €'m**	**BCMIPE Group €'m**
Cash flows from operating activities					
Cash generated from operations	165	-	-	**165**	**205**
Interest received	1	-	-	**1**	**4**
Interest paid	(1)	(13)	-	**(14)**	**(11)**
Income tax paid	(16)	-	-	**(16)**	**(35)**
Dividends paid to preference shareholders	-	(2)	-	**(2)**	**(1)**
Net cash generated from/(used in) operating activities	149	(15)	-	**134**	**162**
Cash flows from investing activities					
Acquisition of subsidiary undertakings	-	(20)	-	**(20)**	**-**
Purchase of property, plant and equipment (PPE)	(71)	-	-	**(71)**	**(80)**
Proceeds from sale of PPE and investments	1	-	-	**1**	**1**
Purchase of intangible assets	(9)	-	-	**(9)**	**(22)**
Restricted cash	-	-	-	**-**	**(3)**
Loans (advanced)/received from group undertaking	(12)	12	-	**-**	**-**
Net cash used in investing activities	(91)	(8)	-	**(99)**	**(104)**
Cash flows from financing activities					
Redemption of preference shares	-	(82)	-	**(82)**	**(71)**
Lease payments	(1)	-	-	**(1)**	**(1)**
Inter-company debt with group undertakings	(24)	24	-	**-**	**-**
Proceeds from loan borrowings	22	82	-	**104**	**85**
Debt issue costs paid	-	(10)	-	**(10)**	**-**
Net cash (used in)/generated from financing activities	(3)	14	-	**11**	**13**
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	55	(9)	-	**46**	**71**
Cash and cash equivalents at beginning of period	101	14	-	**115**	**282**
Cash, cash equivalents and bank overdrafts at end of period	156	5	-	**161**	**353**

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Pro-forma 30 June 2007				30 June 2008
	eircom Group €'m	BCMIPE €'m	Consol adj €'m	**BCMIPE Group €'m**	**BCMIPE Group €'m**
Cash and cash equivalents	156	5	-	**161**	**359**
Bank overdraft	-	-	-	**-**	**(6)**
	156	5	-	**161**	**353**

The comparative information for the quarter ended 30 June 2007 is not consistent with consolidated financial information of BCM Ireland Preferred Equity Limited prepared in accordance with IFRS – see note 2.

The accompanying notes form an integral part of the condensed interim financial information.

BCM Ireland Preferred Equity Limited

Pro-forma combined and consolidated cash flow statement - unaudited
For the twelve-month period ended 30 June 2008

	Note	Pro-forma 30 June 2007				30 June 2008
		eircom Group €'m	BCMIPE €'m	Consol adj €'m	**BCMIPE Group €'m**	**BCMIPE Group €'m**
Cash flows from operating activities						
Cash generated from operations	9	629	-	-	**629**	**627**
Interest received		9	76	(75)	**10**	**13**
Interest paid		(138)	(156)	75	**(219)**	**(250)**
Income tax refund		2	-	-	**2**	**35**
Income tax paid		(53)	-	-	**(53)**	**(35)**
Dividends paid to preference shareholders		(4)	(5)	-	**(9)**	**(6)**
Net cash generated from/(used in) operating activities		445	(85)	-	**360**	**384**
Cash flows from investing activities						
Acquisition of subsidiary undertakings		-	(1,955)	156	**(1,799)**	**-**
Purchase of property, plant and equipment (PPE)		(291)	-	-	**(291)**	**(274)**
Proceeds from sale of PPE and investments		54	-	-	**54**	**155**
Purchase of intangible assets		(78)	-	-	**(78)**	**(57)**
Restricted cash		(7)	-	-	**(7)**	**(3)**
Loans (advanced)/received from group undertaking		(94)	93	-	**(1)**	**-**
Net cash used in investing activities		(416)	(1,862)	156	**(2,122)**	**(179)**
Cash flows from financing activities						
Redemption of preference shares		-	(164)	-	**(164)**	**(71)**
Proceeds from issuance of ordinary shares		11	23	-	**34**	**-**
Dividends paid to equity shareholders		(7)	-	-	**(7)**	**-**
Repayment of borrowings		(1,180)	(20)	-	**(1,200)**	**(58)**
Repayment of 7.25% Senior notes		(550)	-	-	**(550)**	**-**
Repayment of 8.25% Senior subordinated notes		(480)	-	-	**(480)**	**-**
Premium paid on early repayment of senior notes and senior subordinated notes		(99)	(3)	-	**(102)**	**-**
Currency swaps exit costs		(49)	-	-	**(49)**	**-**
Lease payments		(5)	-	-	**(5)**	**(5)**
Capital contribution from parent undertaking		156	-	(156)	**-**	**-**
Inter-company debt with group undertakings		1,902	(1,902)	-	**-**	**-**
Proceeds from loan borrowings		22	3,357	-	**3,379**	**121**
Proceeds from issuance of floating rate notes due 2016		-	350	-	**350**	**-**
Proceeds from issuance of floating rate senior payment-in-kind notes due 2017 (PIK)		-	425	-	**425**	**-**
Debt issue costs paid		-	(114)	-	**(114)**	**-**
Net cash (used in)/generated from financing activities		(279)	1,952	(156)	**1,517**	**(13)**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		(250)	5	-	**(245)**	**192**
Cash and cash equivalents at beginning of period		406	-	-	**406**	**161**
Cash, cash equivalents and bank overdrafts at end of period		156	5	-	**161**	**353**

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Note	Pro-forma 30 June 2007				30 June 2008
		eircom Group €'m	BCMIPE €'m	Consol adj €'m	**BCMIPE Group €'m**	**BCMIPE Group €'m**
Cash and cash equivalents		156	5	-	**161**	**359**
Bank overdrafts		-	-	-	**-**	**(6)**
		156	5	-	**161**	**353**

The comparative information for the twelve-month period ended 30 June 2007 is not consistent with consolidated financial information of BCM Ireland Preferred Equity Limited prepared in accordance with IFRS – see note 2.

The accompanying notes form an integral part of the condensed interim financial information.

BCM Ireland Preferred Equity Limited

Pro-forma combined and consolidated statement of changes in shareholders' equity - unaudited

	Equity share capital	Capital Contri-bution	Share premium account	Capital redemp-tion reserve	Group merger reserve	Other reserves	Revalua-tion	Cash flow hedging reserve	Retained (loss)/ profit	Total equity
	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m
eircom Group balance at 30 June 2006	**120**	**-**	**208**	**35**	**100**	**380**	**-**	**-**	**(396)**	**447**
Profit for period – eircom Group	-	-	-	-	-	-	-	-	29	29
Total recognised income for the period – eircom Group	-	-	-	-	-	-	-	-	29	29
Issue of share capital	73	-	81	-	-	-	-	-	-	154
Capital contribution	-	156	-	-	-	-	-	-	-	156
Redemption of non-voting deferred shares	(13)	-	-	13	-	-	-	-	-	-
eircom Group balance at 30 June 2007	**180**	**156**	**289**	**48**	**100**	**380**	**-**	**-**	**(367)**	**786**
Cash flow hedge – BCMIPE	-	-	-	-	-	-	-	37	-	37
Net income recognised directly in equity	-	-	-	-	-	-	-	37	-	37
Loss for period – BCMIPE	-	-	-	-	-	-	-	-	(142)	(142)
Total recognised income/(expense) for the period in BCMIPE	-	-	-	-	-	-	-	37	(142)	(105)
Issue of share capital	2	-	447	-	-	-	-	-	-	449
BCMIPE balance at 30 June 2007	**2**	**-**	**447**	**-**	**-**	**-**	**-**	**37**	**(142)**	**344**
Consolidated adjs (elimination of eircom Group equity)	**(180)**	**(156)**	**(289)**	**(48)**	**(100)**	**(380)**	**3**	**-**	**350**	**(800)**
BCMIPE Group balance at 30 June 2007	**2**	**-**	**447**	**-**	**-**	**-**	**3**	**37**	**(159)**	**330**
BCMIPE Group balance at 30 June 2007	**2**	**-**	**447**	**-**	**-**	**-**	**3**	**37**	**(159)**	**330**
Currency translation differences	-	-	-	-	-	-	-	-	(1)	(1)
Cash flow hedge	-	-	-	-	-	-	-	26	-	26
Net income/(expense) recognised directly in equity	-	-	-	-	-	-	-	26	(1)	25
Profit for the year	-	-	-	-	-	-	-	-	117	117
Total recognised income for the year	-	-	-	-	-	-	-	26	116	142
BCMIPE Group balance at 30 June 2008	**2**	**-**	**447**	**-**	**-**	**-**	**3**	**63**	**(43)**	**472**

The comparative information for the twelve-month period ended 30 June 2007 is not consistent with consolidated financial information of BCM Ireland Preferred Equity Limited prepared in accordance with IFRS – see note 2.

The accompanying notes form an integral part of the condensed interim financial information.

1. General information

BCM Ireland Preferred Equity Limited ('the Company') and its subsidiaries together, ('the Group') provide fixed line and mobile telecommunications services in Ireland. BCM Ireland Preferred Equity Limited ("BCMIPE") is registered in the Cayman Islands and is tax resident in Ireland. The address of its registered office is Maples & Calder Corporate Services Limited, Ugland House, South Church Street, Grand Cayman, Cayman Islands.

This condensed consolidated interim financial information was approved, for issue on 28 August 2008.

2. Basis of preparation

30 June 2008

The financial information as at and for the period ended 30 June 2008 in respect of the group has been prepared using the same accounting policies as applied for the period ended 30 June 2007. For a more complete discussion of our significant accounting policies and other information, this report should be read in conjunction with the financial statements of BCMIPE Group for the period ended 30 June 2007.

30 June 2007

The prior year comparatives for the combined and consolidated income statement, cash flow statement and statement of changes in shareholders' equity in the condensed interim financial information have been prepared on a pro-forma basis. BCMIPE acquired its interest in BCM Ireland Finance Limited ("BCMIF") and ultimately the eircom Group on 14 November 2006. BCMIF, through its subsidiary BCM Ireland Holdings Limited ("BCMIH"), acquired its interest in the eircom Group on 18 August 2006 and under IFRS and on a statutory accounting basis the group would only consolidate eircom Group from that date.

The pro-forma prior year comparatives for the combined and consolidated income statement, cash flow statement and statement of changes in shareholders' equity effectively comprise the consolidated results of eircom Group for the twelve months trading to 30 June 2007, overlaid, with effect from 18 August 2006, with the BCMIPE group's capital and debt structure and the impact of the fair value adjustments arising on the acquisition of eircom Group. This is not consistent with the treatment required to be adopted under IFRS.

The 30 June 2007 comparatives included in the consolidated balance sheet are from the audited financial statements of the company for the period ended 30 June 2007.

3. Segment information

The group provides communications services, principally in Ireland. The group is organised into two main business segments:

(a) Fixed line; and
(b) Mobile

The segment results for the twelve months ended 30 June 2008 are as follows:

	Fixed line €'m	Mobile €'m	Inter-segment €'m	Group €'m
Revenue	1,652	481	(72)	**2,061**
Operating profit/ Segment result	432	32	-	**464**

The pro-forma segment results for the twelve months ended 30 June 2007 are as follows:

	Fixed line €'m	Mobile €'m	Inter-segment €'m	Group €'m
Revenue	1,647	388	(61)	**1,974**
Operating profit/(loss)/ Segment result	84	(4)	-	**80**

4. Finance costs – net

	Pro-forma 30 June 2007				30 June 2008
	eircom Group €'m	BCMIPE €'m	Consol adj €'m	**BCMIPE Group €'m**	**BCMIPE Group €'m**
Finance costs	(135)	(263)	110	**(288)**	**(333)**
Finance income	18	111	(110)	**19**	**14**
Finance costs - net	(117)	(152)	-	**(269)**	**(319)**

The loans, senior notes, senior subordinated notes and preference shares of eircom Group were repaid in the period ended 30 September 2006. The majority of borrowings were replaced by borrowings under the group's new facilities.

5. Income tax charge

Reconciliation of effective tax rate

The tax on the group's profit/(loss) before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group as follows: -

	Pro-forma 30 June 2007				30 June 2008
	eircom Group €'m	BCMIPE €'m	Consol adj €'m	**BCMIPE Group €'m**	**BCMIPE Group €'m**
Profit/(Loss) before tax	36	(152)	(73)	**(189)**	**145**
Tax calculated at Irish standard tax rate of 12.5%	4	(19)	(9)	**(24)**	**18**
Effects of:-					
Non deductible expenses	3	9	-	**12**	**20**
Income not subject to taxation	-	-	-	**-**	**(10)**
Tax losses utilised	-	-	-	**-**	**(2)**
Income taxable at higher rate	2	-	-	**2**	**3**
Adjustment in respect of prior periods	(2)	-	-	**(2)**	**(1)**
Tax charge/(credit) for the period	7	(10)	(9)	**(12)**	**28**

6. Trade and other receivables

During the twelve months ended 30 June 2008, the group recognised a provision for impaired receivables of €18 million (30 June 2007: €10 million), reversed provisions for impaired receivables of €1 million (30 June 2007: €1 million) and utilised provisions for impaired receivables of €20 million (30 June 2007: €9 million). The creation and reversal of provisions for impaired receivables have been included in "operating costs" in the income statement.

Trade receivables at 30 June 2008 include construction revenue receivable of €128 million (30 June 2007: €44 million).

7. Borrowings

The maturity profile of the carrying amount of the group's borrowings is set out below.

	Within 1 Year €'m	Between 1 & 2 Years €'m	Between 2 & 5 Years €'m	After 5 Years €'m	Total €'m
As at 30 June 2007					
Floating rate notes due 2016	-	-	-	350	350
Floating rate senior PIK notes due 2017	-	-	-	447	447
Other borrowings	64	62	279	3,097	3,502
Debt issue costs	(14)	(14)	(37)	(37)	(102)
Finance leases – defeased	37	31	26	-	94
Finance leases	4	2	-	-	6
	91	**81**	**268**	**3,857**	**4,297**
As at 30 June 2008					
Floating rate notes due 2016	-	-	-	350	350
Floating rate senior PIK notes due 2017	-	-	-	501	501
Other borrowings	233	69	344	2,848	3,494
Debt issue costs	(13)	(13)	(36)	(26)	(88)
Finance leases – defeased	26	22	1	-	49
Finance leases	2	1	-	-	3
Bank overdraft	6	-	-	-	6
	254	**79**	**309**	**3,673**	**4,315**

Other borrowings, at 30 June 2008, include Senior Preference Shares of €72 million (30 June 2007: €143 million), borrowings under a Senior Credit Facility of €3,351 million (30 June 2007: €3,337 million) and borrowings by our property development company of €71 million (30 June 2007: €22 million).

Interest accrued on borrowings at 30 June 2008 is €66 million (30 June 2007: €66 million). This is included in trade and other payables.

8. Provisions for other liabilities and charges

	TIS Annuity Scheme €'m	Onerous Contracts €'m	Restruc-turing €'m	Other €'m	Total €'m
At 30 June 2007	105	17	157	83	362
Charged to consolidated income statement:					
- Additional provisions	1	1	-	7	9
- Unused amounts reversed	-	(2)	-	-	(2)
- Increase in provision – discount unwinding	4	-	-	1	5
- Decrease in provision – change in discount rate	(3)	-	-	-	(3)
Transfer from accruals	14	-	-	-	14
Transfer to retirement benefit liability	-	-	(8)	-	(8)
Utilised in the period	(18)	(2)	(88)	(8)	(116)
At 30 June 2008	**103**	**14**	**61**	**83**	**261**

Provisions have been analysed between non-current and current as follows:

	30 June 2007 €'m	30 June 2008 €'m
Non-current	216	183
Current	146	78
	362	**261**

9. Cash generated from operations

	Pro-forma 30 June 2007				30 June 2008
	eircom Group €'m	BCMIPE €'m	Consol adj €'m	**Group €'m**	**Group €'m**
Profit/(loss) after tax	29	(142)	(64)	**(177)**	**117**
Add back:					
Income tax charge/(credit)	7	(10)	(9)	**(12)**	**28**
Finance costs – net	117	152	-	**269**	**319**
Operating profit	153	-	(73)	**80**	**464**
Adjustments for:					
- Profit on disposal of property and investments	(21)	-	21	**-**	**(78)**
- Net construction income	(19)	-	-	**(19)**	**(37)**
- Depreciation and amortisation	352	-	41	**393**	**399**
- Non cash retirement benefit credit	(8)	-	3	**(5)**	**(50)**
- Non cash restructuring programme costs	157	-	-	**157**	**-**
Cash flows relating to restructuring, onerous contracts and other provisions	(16)	-	-	**(16)**	**(88)**
Cash flows relating to construction contract	(22)	-	-	**(22)**	**(36)**
Changes in working capital					
Inventories	(1)	-	-	**(1)**	**2**
Trade and other receivables	11	-	-	**11**	**(13)**
Trade, other payables and other provisions	34	-	8	**42**	**59**
Inter-company payables to group undertakings (net)	9	-	-	**9**	**5**
Cash generated from operations	629	-	-	**629**	**627**

10. Contingent liabilities

Contingent Liabilities

Allegations of anti-competitive practices
On 17 October 2002, ComReg determined that eircom were not in compliance with their obligations under the voice telephony regulations by providing telephone services to specific customers at prices which were not in accordance with the specific terms and conditions of eircom's discount schemes and published prices. No penalties were levied on eircom as a result of this determination. Ocean Communications Limited and ESAT Telecommunications Limited issued proceedings in the Irish High Court in December 2002 against eircom seeking damages including punitive damages resulting from the matters that were the subject of the ComReg determination. eircom submitted their defence on 26 January 2004. eircom intend to defend the proceedings vigorously. The plaintiffs submitted general particulars of their damages claim on 3 February 2004 under the headings loss of existing customers, loss of prospective customers, economic loss and loss of future profits. In those particulars, the plaintiffs have identified claims for loss of revenue on existing customers (€7.4 million), failure to meet the plaintiffs' alleged budgeted growth (€25 million) and loss of revenue on the plaintiffs' pricing (€5 million). The particulars also include further unquantified damages. The plenary summons and statement of claim of Ocean Communications Limited and ESAT Telecommunications Limited were amended, inter alia, in April 2005 to include a claim for alleged breach of certain constitutional rights. Even if the plaintiffs could establish a liability on eircom's part under each of these headings, eircom do not believe that these figures represent damages which would be properly recoverable from eircom.

Claims by Smart Telecom
On 8 June 2005, Smart Telecom instituted proceedings against eircom in the Irish High Court, challenging the validity of a notice of termination issued by eircom to Smart Telecom terminating the interconnection agreement between the parties, and alleging that the notice of termination was an abuse by eircom of its dominant position in the telecommunications market. Smart Telecom further alleges that eircom was abusing its dominant position by refusing to provide network access in the form of Local Loop Unbundling ("LLU") to Smart Telecom in the manner required by Smart Telecom. Smart Telecom is seeking relief in the form of declarations that the notice of termination was invalid and an abuse of dominance, that eircom was abusing its dominance by failing to meet Smart Telecom's LLU requirements and unspecified damages, including exemplary damages, for breach of contract and violation of the Competition Act 2002 and the EC Treaty. eircom delivered its defence in the proceedings on 23 December 2005.

eircom's directors believe that the notice of termination was validly issued in accordance with the interconnection agreement, and that eircom provides access to its network fully in accordance with its obligations, and intends to defend the proceedings vigorously. Smart Telecom submitted general particulars of their damages claim under the headings wasted expenditure (€1.6 million), delayed sales/lost customers (€3.8 million per annum), and capitalisation of losses (€41.7 million per annum). Even if Smart Telecom could establish liability on eircom's part under each of these headings, eircom's directors do not believe that these figures represent damages that would be properly recoverable from eircom.

In October 2006, eircom terminated the interconnection agreement with Smart Telecom on grounds unconnected with the proceedings. In 2006 and 2007, eircom introduced the LLU functionality that is the subject of Smart's claim in the proceedings.

Demerger of our previous mobile communications business and other business exits
In connection with the demerger of eircom's masts business, and its subsequent acquisition by Towercom Holdings Limited on 18 September 2007, eircom gave warranties to Towercom Holdings Limited in respect of various matters. Notice of any breach of these warranties is required to be given by 31 May 2009, except for taxation warranties, which in most cases must be given within a period of five years. eircom's liability for a breach of the warranties is limited to €45 million (with certain exceptions, e.g., with respect to fraudulent actions).

eircom gave customary corporate and tax warranties to Promedia GCV in connection with its exit from Golden Pages. The liability period for non-tax warranties has expired. eircom's liability under the tax indemnity and undertaking is generally capped at €10 million, and notice of any breach must be given by 23 May 2009.

In connection with the demerger of Eircell in May 2001 and its subsequent acquisition by Vodafone Group, eircom indemnified Eircell and Vodafone Group against various matters, including breaches of warranties given by eircom pursuant to agreements with them. Notice of any breach of these warranties was required to be given by May 2003, except for taxation warranties, which, in most cases, must be given by the sixth anniversary of completion of the demerger. eircom's liability for a breach of the warranties is limited to €500 million (with certain exceptions, e.g., with respect to stamp and capital duty taxes or fraudulent actions), subject to deductibles and other limitations set forth in our agreement with them. eircom also agreed to indemnify Eircell and Vodafone Group for various costs and liabilities.

Performance bonds
Performance bonds have been issued in respect of the group's obligation to make payments to third parties in the event that the group does not perform its contracted commitments under the terms of certain contracts. Group performance bonds at 30 June 2008 include €47 million (30 June 2007: €100 million) in respect of undertakings to roll out a 3G network in Ireland, including achieving certain agreed milestones. No material losses are expected in respect of these obligations.

Other
The group has received letters before action in relation to potential hearing claims by one hundred and twelve current and former employees. All of the claims have gone through the compulsory Personal Injury Assessment Board ("PIAB") process, and twenty have progressed to the stage where Court proceedings have issued. In six of these cases, Court proceedings have been served on the company and are progressing through the Court process. The group has denied liability and awaits further details of the alleged injuries from experts' reports commissioned on the company's behalf. The group intends to defend these claims vigorously. However, the outcome of the claims cannot be predicted with certainty. It is also uncertain when the claims will be heard and determined. The defence of the claims will involve significant legal and other costs being incurred by the group. However, in the event that the group is successful, it will have a prima facie entitlement to recover its costs, in whole or in part, from the unsuccessful claimants.

Other than disclosed above, a number of other lawsuits, claims and disputes with third parties including regulatory authorities have arisen in the normal course of business. While any litigation has an element of uncertainty, the directors believe that there were no contingent liabilities which would have a material adverse effect on the group's financial position.

11. Guarantees

Credit guarantees
The credit guarantees comprise guarantees and indemnities of bank or other facilities, including those in respect of the group's subsidiary undertakings. The group has guaranteed financial indebtedness for €4 billion in respect of the Senior Credit Facility and Floating Rate Notes.

Senior Credit Facility
The Senior Credit Facility of the group consists of a €3.6 billion term and revolving credit facility which has the benefit of guarantees and security for all amounts borrowed under the terms of the Senior Credit Facility. The Senior Credit Facility is secured by a first-priority pledge over the assets of BCMIH and, a pledge over all of the assets of BCM Luxembourg Limited Sarl, eircom Group Limited, Valentia Telecommunications, eircom Limited, Irish Telecommunications Investments Limited and Meteor Mobile Communications Limited. The subsidiaries guaranteeing the Senior Credit Facility are BCM Luxembourg Limited Sarl, eircom Group Limited, Valentia Telecommunications, eircom Limited, Irish Telecommunications Investments Limited and Meteor Mobile Communications Limited.

Floating Rate Notes
The Floating Rate Notes of €350 million issued by BCMIF, are guaranteed on a senior subordinated basis by BCMIH, a wholly owned subsidiary of BCMIF, and the subsidiaries guaranteeing the Senior Credit Facility. The Floating Rate Notes are general senior obligations of BCMIF and rank equally in right of payment with all existing and future senior indebtedness of BCMIF. The Floating Rate Notes are also secured by a first-priority pledge over all the shares of BCMIH.

11. Guarantees - continued

PIK notes
The Payment-In-Kind ("PIK") notes of €501 million are senior obligations of BCMIPE and rank equally in right of payment with all existing and future senior indebtedness of BCMIPE. These Notes are effectively subordinated to any existing and future indebtedness of BCMIPE's subsidiaries.

12. Seasonality

Fixed line
eircom's traffic volumes tend to decline during March or April and December as a result of a decline in business traffic over the Easter and Christmas holiday periods. eircom also tend to experience relatively higher fixed line traffic volumes in the Spring and Winter months, other than Christmas and Easter of each year. The group do not believe this seasonally has a material impact on our fixed line business.

Mobile
Meteor's business tends to experience an increase in sales volumes during November and December due to the seasonal nature of its retail business. Meteor experiences significant prepaid subscriber growth and related costs of handset subsidy and commissions in November and December. Meteor's visiting-roaming revenues are also seasonally significant because Ireland is a popular tourist destination during the summer months.

13. Commitments

Operating lease commitments
The group's operating lease contractual obligations and commitment payments were €515 million at 30 June 2008 (30 June 2007: €444 million). The payments due on operating leases are in respect of lease agreements in respect of properties, vehicles, plant and equipment for which the payments extend over a number of years.

Capital commitments
The group's capital contractual obligations and commitment payments were €96 million at 30 June 2008 (30 June 2007: €53 million).

14. Related party transactions

The following transactions occurred with related parties:

a) Purchase of goods and services

During the twelve months ended 30 June 2008 the group paid €0.4 million (30 June 2007: €0.5 million) on behalf of the Employee Share Ownership Trust (ESOT) for the administrative expenses incurred in its capacity as trustee of the ESOT and the Approved Profit Share Scheme (APSS). These were recharged to BCM ESOT Services Limited and the amount outstanding in respect of these costs is €0.9 million at 30 June 2008 (30 June 2007: €0.5 million).

b) Other transactions

During the year, costs amounting to €3 million were paid, on behalf of BCM Ireland Equity SPC ("BCMIE"). The amount outstanding in respect of these costs is €3 million at 30 June 2008.

During the year the group recharged capital and operating costs incurred on behalf of Tetra Ireland Communications Limited of €4.3 million. The amount outstanding in respect of these costs is €1.2 million at 30 June 2008.

The income statement includes management charges from BCMIE of €9.7 million (30 June 2007: €8.4 million). The amount outstanding in respect of these costs and net of amounts receivable from BCMIE is €17.2 million at 30 June 2008 (30 June 2007: €7.5 million).

The income statement profit on disposal of property and investments is after charging an advisory fee from Babcock & Brown Limited of €2.4 million in relation to the sale of the shares in the masts business. There are no amounts outstanding in respect of these costs at 30 June 2008.

The income statement includes salary related charges from BCM Enterprises Limited of €0.6 million. The amount outstanding in respect of these costs is €0.02 million at 30 June 2008.

14. Related party transactions - other transactions - continued

During the year the company's parent company, BCMIE committed to introducing an incentive scheme for certain executives and key management of the BCMIPE Group. The costs of this scheme will be borne by BCMIE and BCMIPE and its subsidiaries will not be recharged for the costs incurred by BCMIE in meeting its obligations under this incentive scheme. Consequently, no charge or liability in respect of this incentive scheme is reflected in the BCMIPE Group.

15. Comparative information

Certain comparative data have been regrouped and restated in accordance with the presentation adopted in the current financial period.