BCM Ireland Finance Limited

First quarter 2008/09 results announcement
Three months to 30 September 2008

QUARTERLY RESULTS ANNOUNCEMENT
TO 30 SEPTEMBER 2008

Issued Wednesday, 26 November 2008: eircom today announced its results for the first quarter ended 30 September 2008.

Commenting, Rex Comb, CEO eircom, said, The deteriorating economic environment has impacted the performance of the group during the first quarter, reflected in increased pressures on our revenues. Group revenue for the quarter is €513 million, in line with the prior year. Group EBITDA was €169 million for the quarter, down 2% on the corresponding quarter last year. Fixed line EBITDA, after management fees and fair value adjustments of €3 million, was €140 million, down €5 million from the corresponding quarter last year. eircom added 21,000 DSL customers during the first three months of the financial year, bringing the total number of retail and wholesale DSL subscribers to 614,000, a 25% increase over the prior year.

Meteor Mobile revenues, before intra-company eliminations, were €126 million, up 9% on the corresponding quarter and EBITDA was up 2% to €29 million. Mobile subscribers topped 1 million during the quarter, a significant milestone that underlines the competitive impact Meteor has made in the Irish mobile market to date. Progress continues at pace with the rollout and testing of Meteor's 3G network. The network coverage continues to expand in line with the milestones outlined in the licence agreement and the Group plans to launch commercial mobile broadband services early in the new year.

In line with the changing economic climate and consistent with an increased focus on cost reduction across the group, we remain committed to continued headcount reductions.

26 November 2008

HIGHLIGHTS FOR THE QUARTER ENDED 30 SEPTEMBER 2008

- Group revenue of €513 million, in line with the corresponding quarter ended 30 September 2007.
- Group EBITDA before non-cash pension credit, net construction income and profit on disposal of property and investments, of €169 million, 2% lower than in the corresponding quarter of the prior year.
- Fixed line revenue, before intra-company eliminations, of €402 million, down 4% from €417 million in the prior year.
- Fixed Line EBITDA of €140 million in the quarter, after fair value adjustments and management charges of €3 million, €5 million lower than the corresponding quarter of the prior year.
- DSL customer net adds of 21,000 for the quarter ended 30 September 2008, broadly consistent with the quarter ended 30 June 2008. Total DSL subscribers at 30 September 2008 were 614,000, up 124,000 on prior year.
- Meteor revenue before intra-company eliminations, of €126 million, up 9% on the corresponding quarter in the prior year.
- Meteor EBITDA of €29 million, up 2% from €28 million in the corresponding quarter of the prior year.
- Meteor subscriber net adds of 19,000 in the quarter ended 30 September 2008, up from 8,000 in the quarter ended June 2008.
- Total Meteor mobile subscribers of 1,002,000 as at 30 September 2008, up 94,000 on the prior year.
- Strong cash flow in the quarter, reflecting the receipt of the proceeds relating to the group's construction contract. Net cash flow, before debt service, was €161 million in the quarter, and €609 million in the period since June 2007.

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Financial Highlights

	Quarter ended Sept 2007 €'m	Quarter ended Sept 2008 €'m	% Change[1]
Revenue	514	513	-
EBITDA before non-cash pension credit, net construction income and profit on disposal of property and investments	173	169	(2)
Operating profit before non-cash pension credit, net construction income and profit on disposal of property and investments	76	73	(4)
Group operating profit	176	77	(56)

Operational Highlights

	Quarter ended Sept 2007	Quarter ended Sept 2008	% Change[1]
Fixed line services:			
Period-end total access channels (including DSL) (thousands)	2,519	2,627	4
Period end DSL lines (thousands)	490	614	25
Retail voice traffic minutes (millions)	1,422	1,350	(5)
Retail data traffic minutes (millions)	615	347	(44)
Wholesale interconnect minutes (millions)	2,401	2,365	(1)
Period-end headcount (excluding agency)	6,839	6,410	(6)
Mobile services:			
Period-end headcount for mobile services (excluding agency)	808	816	1
Period-end total mobile subscribers (thousands)	908	1,002	10

Key Ratios

	Quarter ended Sept 2007 %[1]	Quarter ended Sept 2008 %[1]
EBITDA margin before non-cash pension credit, net construction income and profit on disposal of property and investments	34	33
Operating profit margin before non-cash pension credit, net construction income and profit on disposal of property and investments	15	14
Operating profit margin	34	15

BCM Ireland Finance Limited

Reconciliation of earnings before interest, taxation, depreciation, amortisation, non-cash pension credit, net construction income and profit on disposal of property and investments to operating profit

	Quarter ended Sept 2007 €'m	Quarter ended Sept 2008 €'m
Operating profit	176	**77**
Profit on disposal of property and investments	(78)	**-**
Net construction income	(9)	**(3)**
Non-cash pension credit	(13)	**(1)**
Operating profit before non-cash pension credit, net construction income and profit on disposal of property and investments	76	**73**
Depreciation	76	**78**
Amortisation	21	**18**
EBITDA before non-cash pension credit, net construction income and profit on disposal of property and investments	173	**169**

EBITDA before non-cash pension credit, net construction income and profit on disposal of property and investments is split as follows:

	Quarter ended Sept 2007 €'m	Quarter ended Sept 2008 €'m
Fixed line	145	**140**
Mobile	28	**29**
	173	**169**

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Consolidated Income Statement - unaudited
For the Quarter ended 30 September 2008

	Notes	30 Sept 2007	30 Sept 2008
		€'m	€'m
Revenue	3	514	**513**
Operating costs excluding amortisation and depreciation		(328)	**(343)**
Amortisation		(21)	**(18)**
Depreciation		(76)	**(78)**
Net construction income		9	**3**
Profit on disposal of property and investments		78	**-**
Operating profit	3	176	**77**
Finance costs		(68)	**(74)**
Finance income		2	**7**
Finance costs – net	4	(66)	**(67)**
Share of profit of associates		-	**1**
Profit before tax		110	**11**
Income tax charge	5	(11)	**(5)**
Profit for the period		99	**6**

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

BCM Ireland Finance Limited

Consolidated Balance Sheet - unaudited
As at 30 September 2008

	Notes	30 June 2008	30 Sept 2008
		€'m	€'m
Assets			
Non-current assets			
Goodwill		2,342	**2,342**
Other intangible assets		740	**730**
Property, plant and equipment		2,161	**2,144**
Derivative financial instruments		89	**48**
Deferred tax assets		20	**18**
Other assets		25	**27**
		5,377	**5,309**
Current assets			
Inventories		13	**18**
Trade and other receivables	6	504	**387**
Inter-company debtor with group undertakings		6	**7**
Financial assets at fair value through income statement		30	**23**
Other assets		26	**15**
Restricted cash		10	**10**
Cash and cash equivalents		358	**307**
		947	**767**
Total assets		6,324	**6,076**
Liabilities			
Non-current liabilities			
Borrowings	7	3,570	**3,566**
Trade and other payables		50	**51**
Deferred tax liabilities		254	**245**
Retirement benefit liability		113	**112**
Provisions for other liabilities and charges	8	183	**176**
		4,170	**4,150**
Current liabilities			
Borrowings	7	254	**155**
Derivative financial instruments		-	**1**
Trade and other payables		790	**677**
Inter-company debt with group undertakings		18	**20**
Current tax liabilities		43	**44**
Provisions for other liabilities and charges	8	78	**79**
		1,183	**976**
Total liabilities		5,353	**5,126**
Equity			
Equity share capital		2	**2**
Share premium account		861	**861**
Revaluation reserve		3	**3**
Cash flow hedging reserve		63	**36**
Retained profit		42	**48**
Total equity		971	**950**
Total liabilities and equity		6,324	**6,076**

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

BCM Ireland Finance Limited

Consolidated cash flow statement - unaudited
For the Quarter ended 30 September 2008

	Note	30 Sept 2007	30 Sept 2008
		€'m	€'m
Cash flows from operating activities			
Cash generated from operations	9	131	**258**
Interest received		2	**6**
Interest paid		(115)	**(118)**
Dividends paid to preference shareholders		(2)	**(2)**
Net cash generated from operating activities		16	**144**
Cash flows from investing activities			
Dividend received from associate undertaking		-	**2**
Purchase of property, plant and equipment (PPE)		(69)	**(91)**
Proceeds from sale of PPE and investments		156	**-**
Purchase of intangible assets		(10)	**(8)**
Net cash generated from/(used in) investing activities		77	**(97)**
Cash flows from financing activities			
Repayment of borrowings		(20)	**(91)**
Lease payments		(1)	**(1)**
Proceeds from loan borrowings		5	**-**
Net cash used in financing activities		(16)	**(92)**
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		77	**(45)**
Cash, cash equivalents and bank overdrafts at beginning of period		160	**352**
Cash, cash equivalents and bank overdrafts at end of period		237	**307**

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

BCM Ireland Finance Limited

Consolidated statement of changes in shareholders' equity - unaudited

	Equity share capital €'m	Share premium account €'m	Revaluation €'m	Cash flow hedging reserve €'m	Retained (loss)/ profit €'m	Total equity €'m
Balance at 30 June 2007	**2**	**861**	**3**	**37**	**(130)**	**773**
Currency translation differences	-	-	-	-	(1)	(1)
Cash flow hedge						
- Fair value loss in period	-	-	-	(23)	-	(23)
- Tax on fair value loss	-	-	-	8	-	8
- Transfer to income statement	-	-	-	(2)	-	(2)
Net expense recognised directly in equity	-	-	-	(17)	(1)	(18)
Profit for the period	-	-	-	-	99	99
Total recognised (expense)/income for the period	-	-	-	(17)	98	81
Balance at 30 Sept 2007	**2**	**861**	**3**	**20**	**(32)**	**854**
Balance at 30 June 2008	**2**	**861**	**3**	**63**	**42**	**971**
Cash flow hedge:						
- Fair value loss in period	-	-	-	(32)	-	(32)
- Tax on fair value loss	-	-	-	11	-	11
- Transfer to income statement	-	-	-	(6)	-	(6)
Net expense recognised directly in equity	-	-	-	(27)	-	(27)
Profit for the period	-	-	-	-	6	6
Total recognised (expense)/income for the period	-	-	-	(27)	6	(21)
Balance at 30 Sept 2008	**2**	**861**	**3**	**36**	**48**	**950**

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

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 26 November 2008.

2. Basis of preparation and critical accounting judgements and estimates

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

This financial information has been prepared to meet the group's commitment to make available certain unaudited condensed consolidated financial information to the holders of the group's Floating Rate Notes. Accordingly, the group has not prepared this financial information in accordance with IAS 34 – "Interim Financial Information" and has not carried out an impairment review of the carrying value of goodwill and other non-current assets as at 30 September 2008.

3. Segment information

The group provides communications services, principally in Ireland. The group is organised into two main business segments fixed line and mobile.

The segment results for the three months ended 30 September 2008 are as follows:

	Fixed line €'m	**Mobile €'m**	**Inter-segment €'m**	**Group €'m**
Revenue	**402**	**126**	**(15)**	**513**
Operating profit/Segment result	**70**	**7**	**-**	**77**

The segment results for the three months ended 30 September 2007 are as follows:

	Fixed line €'m	**Mobile €'m**	**Inter-segment €'m**	**Group €'m**
Revenue	417	116	(19)	514
Operating profit/Segment result	169	7	-	176

4. Finance costs – net

	30 Sept 2007 €'m	**30 Sept 2008 €'m**
Finance costs	**(68)**	**(74)**
Finance income	**2**	**7**
Finance costs - net	**(66)**	**(67)**

5. Income tax charge

Reconciliation of effective tax rate

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

	30 Sept 2007 €'m	30 Sept 2008 €'m
Profit before tax	110	**11**
Tax calculated at Irish standard tax rate of 12.5%	14	**1**
Effects of:-		
Non deductible expenses	3	**4**
Income not subject to taxation	(8)	**-**
Tax losses utilised	(1)	**-**
Income taxable at higher rate	1	**-**
Adjustment in respect of prior periods	2	**-**
Tax charge for the period	11	**5**

6. Trade and other receivables

During the three months ended 30 September 2008, the group recognised a provision for impaired receivables of €3 million (30 September 2007: €3 million), reversed provisions for impaired receivables of €Nil (30 September 2007: €Nil) and utilised provisions for impaired receivables of €Nil (30 September 2007: €4 million). The creation and reversal of provisions for impaired receivables have been included in "operating costs" in the income statement.

Trade receivables at 30 September 2008 include construction revenue receivable of €Nil (30 June 2008: €128 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 September 2008					
Floating rate notes due 2016	**-**	**-**	**-**	**350**	**350**
Other borrowings	**150**	**39**	**402**	**2,812**	**3,403**
Debt issue costs	**(12)**	**(12)**	**(33)**	**(18)**	**(75)**
Finance leases – defeased	**15**	**24**	**1**	**-**	**40**
Finance leases	**2**	**1**	**-**	**-**	**3**
	155	**52**	**370**	**3,144**	**3,721**
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 September 2008, include Senior Preference Shares of €72 million (30 June 2008: €72 million), borrowings under a Senior Credit Facility of €3,331 million (30 June 2008: €3,350 million) and borrowings by our property development company of €Nil (30 June 2008: €72 million).

Interest accrued on borrowings at 30 September 2008 is €6 million (30 June 2008: €58 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 2008	**103**	**14**	**61**	**83**	**261**
Charged to consolidated income statement:					
- Additional provisions	-	-	-	1	1
- Increase in provision – discount unwinding	2	-	-	-	2
Utilised in the period	(7)	-	-	(2)	(9)
At 30 Sept 2008	**98**	**14**	**61**	**82**	**255**

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

	30 June 2008 €'m	30 Sept 2008 €'m
Non-current	183	**176**
Current	78	**79**
	261	**255**

9. Cash generated from operations

	30 Sept 2007 €'m	30 Sept 2008 €'m
Profit after tax	99	**6**
Add back:		
Income tax charge	11	**5**
Share of profit of associates	-	**(1)**
Finance costs – net	66	**67**
Operating profit	176	**77**
Adjustments for:		
- Profit on disposal of property and investments	(78)	**-**
- Net construction income	(9)	**(3)**
- Depreciation and amortisation	97	**96**
- Non cash retirement benefit credit	(13)	**(1)**
Cash flows relating to restructuring, onerous contracts and other provisions	(11)	**(13)**
Cash flows relating to construction contract	(8)	**129**
Changes in working capital		
Inventories	-	**(5)**
Trade and other receivables	(45)	**(7)**
Trade, other payables and other provisions	21	**(17)**
Inter-company payables to group undertakings (net)	1	**2**
Cash generated from operations	131	**258**

10. Contingent liabilities

There has been no material change in our contingent liabilities since the filing of the annual report and financial statements of BCMIF for the year ended 30 June 2008.

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 BCM Ireland Holdings Limited ("BCMIH"), a wholly owned subsidiary of BCMIF, 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 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 December and March or April as a result of a decline in business traffic over the Christmas and Easter 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 does 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 in the weeks approaching Christmas 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 €503 million at 30 September 2008 (30 June 2008: €515 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 €118 million at 30 September 2008 (30 June 2008: €96 million).

14. Related party transactions

The following transactions occurred with related parties:

a) Purchase of goods and services

During the three months ended 30 September 2008, the group paid €0.1 million (30 September 2007: €0.2 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 €1 million at 30 September 2008 (30 June 2008: €0.9 million).

b) Other transactions

During the period the group recharged operating costs and other costs incurred on behalf of Tetra Ireland Communications Limited ("Tetra") of €1.3 million (30 September 2007: €Nil). The amount outstanding in respect of these costs is €2.5 million at 30 September 2008 (30 June 2008: €1.2 million).

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 September 2008 (30 June 2008: €3 million).

During the 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 September 2008.

The income statement includes management charges from BCMIE of €2.4 million (30 September 2007: €2.4 million). The amount outstanding in respect of these costs and net of amounts receivable from BCMIE is €19.6 million at 30 September 2008 (30 June 2008: €17.2 million).

The income statement includes salary related charges from BCM Enterprises Limited of €0.2 million (30 September 2007: €0.3 million). The amount outstanding in respect of these costs is €0.1 million at 30 September 2008 (30 June 2008: €0.2 million).

During the prior 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.

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

Overview

Group EBITDA from continuing operations, before non-cash pension credit, net construction income and profit on disposal of property and investments was €169 million in the quarter ended 30 September 2008, a decrease of 2% from €173 million for the corresponding quarter ended 30 September 2007. This decrease was mainly driven by lower fixed line revenues.

Revenue

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

	In the quarter ended 30 Sept 2007 € 'm	In the quarter ended 30 Sept 2008 € 'm	% Change[2] 2007/2008 %
Fixed line services and other revenue	417	402	(4)
Mobile services revenue	116	126	9
Total segmental revenue	**533**	**528**	**(1)**
Intracompany eliminations	(19)	(15)	(19)
Total revenue	**514**	**513**	**-**

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 Sept 2007 € 'm	In the quarter ended 30 Sept 2008 € 'm	% Change[2] 2007/2008 %
Access (rental and connections)	**162**	**171**	**6**
Voice traffic	97	94	(3)
Advanced voice services traffic	16	16	(2)
Total voice traffic	**113**	**110**	**(3)**
Data traffic	13	8	(39)
Total voice and data traffic	**126**	**118**	**(7)**
Data communications	45	45	-
Interconnect services	61	55	(9)
Other products and services	46	40	(14)
Revenue before discounts	**440**	**429**	**(3)**
Discounts	(23)	(27)	16
Total fixed line services and other revenue	**417**	**402**	**(4)**
Intracompany eliminations	(8)	(7)	(7)
Total fixed line services and other revenue	**409**	**395**	**(4)**

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.

Total fixed line services and other revenues in the quarter ended 30 September 2008 decreased by 4% on the corresponding quarter ended 30 September 2007. Lower voice and data traffic revenues, interconnect and other revenues, particularly Lan Communications and Card and Payphones, as well as higher discounts, were partially offset by continued increases in Access revenues, including DSL.

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		% Change[2]
	30 Sept 2007	**30 Sept 2008**	**2007/2008**
	€ 'm	**€ 'm**	**%**
Total access revenue			
Line and equipment rental	105	105	-
Connection and other charges	4	4	11
ADSL and bitstream rental and connection	35	42	20
WLR rental and connection	18	20	10
Total access revenue	**162**	**171**	**6**
Access channels (in thousands at period end, except percentages)			
PSTN	1,331	1,288	(3)
PSTN WLR	290	308	6
Total PSTN	1,621	1,597	(2)
ISDN	360	362	-
ISDN WLR	48	54	14
Total ISDN	408	416	2
ADSL and bitstream	490	614	25
Total access channels	**2,519**	**2,627**	**4**

Revenue from access increased by 6% in the quarter ended 30 September 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.

Revenue from line and equipment rental remained stable at €105 million as the impact of rental rate increases in August 2007 was offset by a reduction in PSTN channels.

ADSL and bitstream revenue increased by 20% in the quarter ended 30 September 2008, as a result of increased customer demand, partially offset by lower ARPU. At 30 September 2008, the number of ADSL and bitstream lines stood at approximately 614,000, up from approximately 490,000 at 30 September 2007.

As at 30 September 2008 approximately 308,000 PSTN lines and approximately 54,000 ISDN channels had transferred to other authorised operators on WLR, an increase of 6% and 14% respectively over 30 September 2007. WLR rental and connection yielded revenues of approximately €20 million in the quarter ended 30 September 2008, an increase of 10% on the prior comparative period, due to the increased line base, particularly higher value ISDN lines. 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 Sept 2007	**30 Sept 2008**	**2007/2008**
	€ 'm	**€ 'm**	**%**
Revenue			
Basic voice traffic revenue			
Local	21	22	2
National	13	13	4
Fixed to mobile	42	38	(7)
International	21	21	(4)
Total basic voice traffic revenue	**97**	**94**	**(3)**
Advanced voice services traffic revenue	16	16	(2)
Total voice traffic revenue	**113**	**110**	**(3)**
Data traffic revenue			
PSTN data	10	5	(46)
ISDN data	3	3	(18)
Total data traffic revenue	**13**	**8**	**(39)**
Total traffic revenue	**126**	**118**	**(7)**
Traffic (in millions of minutes, except percentages)			
Local	637	599	(6)
National	236	229	(3)
Fixed to mobile	254	229	(10)
International	102	98	(4)
Total basic voice traffic minutes	**1,229**	**1,155**	**(6)**
Advanced voice services minutes	193	195	1
Total voice minutes	**1,422**	**1,350**	**(5)**
Data traffic volume			
PSTN data	516	269	(48)
ISDN data	99	78	(22)
Total traffic data minutes	**615**	**347**	**(44)**
Total traffic minutes	**2,037**	**1,697**	**(17)**

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

Voice traffic

Basic voice traffic revenue fell by 3% in the quarter ended 30 September 2008. This is due in part 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 and the introduction of a call set-up charge in early September 2008. 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, the impact of which was partially offset by a change in the mix of traffic to mobiles compared with the corresponding quarter to September 2007.

Revenue in the quarter ended 30 September 2008 relating to advanced voice services fell slightly on the corresponding quarter ended 30 September 2007. Marginal increases in volumes were offset by a change towards lower value traffic, as well as a continuing decline in high value premium rate services volumes.

Data traffic

Revenue from data traffic decreased by 39% in the quarter ended 30 September 2008 due to the ongoing decline in data traffic volumes, partially offset by rate increases in August 2007 and a slight 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 quarter ended		% Change[2]
	30 Sept 2007 € 'm	30 Sept 2008 € 'm	2007/2008
Data communications revenue			
Leased lines (including Partial Private Circuits)	28	24	(13)
Switched data and IP network services	13	17	25
ISP & VAS revenue	4	4	5
Total data communications revenue	**45**	**45**	**-**
Number of leased lines (at period end, except percentages)			
National leased lines	12,882	9,852	(24)
Partial private circuits	4,970	5,609	13
International leased lines	288	303	5
Interconnect paths	1,775	1,423	(20)
Total leased lines	**19,915**	**17,187**	**(14)**

Revenue from data communications was in line with in the quarter ended 30 September 2007. Leased line revenue decreased by 13% due to 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 rose by 25% due to increased take up of services. ISP and Value Added Services ("VAS") revenue rose by 5% due to increased take-up of VAS products.

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 Sept 2007 € 'm	30 Sept 2008 € 'm	2007/2008 %
Interconnect services revenue			
Interconnect	38	32	(15)
Foreign terminating traffic	23	23	1
Total interconnect services revenue	**61**	**55**	**(9)**
Interconnect services traffic (in millions of minutes, except percentages)			
Call origination	655	584	(11)
Call termination	752	721	(4)
Transit to mobile/fixed	225	183	(19)
Ancillary	65	51	(22)
International	143	146	2
Total interconnect	**1,840**	**1,685**	**(8)**
Foreign terminating traffic	561	680	21
Total interconnect services traffic	**2,401**	**2,365**	**(1)**

Interconnect services revenue fell by 9% to €55 million in the quarter ended 30 September 2008, due to lower interconnect volumes.

Revenue from interconnect decreased by 15% in the quarter ended 30 September 2008 due to falling volumes. Call origination and termination traffic was impacted by a reduction in traffic from Other Authorised Operators, while transit to mobile fell by 19% due to mobile operators directly interconnecting with each other. A 22% decrease in ancillary volumes is broadly in line with reductions seen in prior quarters.

Revenue from foreign terminating traffic was €23 million in the quarter ended 30 September 2008 in line with the prior year, as higher volumes were 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 from other products and services, and the percentage change for the periods indicated:

	In the quarter ended		% Change[2]
	30 Sept 2007	30 Sept 2008	2007/2008
	€ 'm	€ 'm	%
Customer premises equipment	3	3	(22)
Operator Services	9	9	(8)
Card and payphones	3	1	(45)
Phonewatch	6	7	8
LAN Communications	10	6	(34)
Other revenue	15	14	(8)
Other products and services revenue	**46**	**40**	**(14)**

Revenue from other products and services in the quarter ended 30 September 2008 decreased by 14% compared with the corresponding quarter ended 30 September 2007, mainly due to lower CPE sales and Lan Communications revenue which have been impacted by the slowing economy. Card and payphones turnover continued to be adversely impacted by mobile substitution. The overall decrease was partially offset by higher Phonewatch revenues.

Discounts

Discounts in the quarter ended 30 September 2008 were 16% higher compared to the corresponding quarter ended 30 September 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 Sept 2007	30 Sept 2008	2007/2008
	€ 'm	€ 'm	%
Mobile services:			
Prepaid	79	82	4
Postpaid	28	34	21
Services revenue	107	116	9
Other revenue	9	10	7
Total mobile services revenue	**116**	**126**	**9**
Intracompany eliminations	(11)	(8)	(27)
Total mobile services revenue	**105**	**118**	**13**

	As at		% Change[2]
	30 Sept 2007	30 Sept 2008	2007/2008
Total subscribers (thousands)*:			
Pre-paid subscribers (thousands)	799	874	9
Post-paid subscribers (thousands)	109	128	18
Total subscribers (thousands)	**908**	**1,002**	**10**
ARPU[3] (€)	**40.00**	**39.05**	**(2)**

** eircom represents approximately 4,530 of these subscriber numbers at 30 September 2008 (30 September 2007: 4,780).*

Total revenue was €126 million for the quarter ended 30 September 2008, up 9% on the corresponding quarter ended 30 September 2007 due to the increased subscriber base, greater proportion of higher value post-paid subscribers and increased activity, partially offset by the impact of the reduction in the Mobile Termination Rate in January 2008 and 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 2% decline in ARPU for the quarter to 30 September 2008 compared to corresponding prior year quarter was due primarily to increased take-up of bundled packages by pre-paid subscribers partially offset by higher proportion of post-paid customers. The total number of subscribers at 30 September 2008 was approximately 1 million, up 10% from the corresponding quarter ended 30 September 2007.

Operating costs before depreciation and amortisation

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

	In the quarter ended		% Change[2]
	30 Sept 2007	30 Sept 2008	2007/2008
	€ 'm	€ 'm	%
Staff costs			
Fixed line			
Wages and salaries and other staff costs	96	94	(3)
Social welfare costs	4	4	(3)
Pension paid and payable	8	4	(50)
Pay costs before non-cash pension credit and capitalisation	**108**	**102**	**(6)**
Non-cash pension credit	(13)	(1)	(94)
Pay costs before capitalisation	**95**	**101**	**6**
Capitalised labour	(16)	(17)	5
Total fixed line services staff costs	**79**	**84**	**6**
Mobile services staff costs (net of capitalised labour)	**13**	**15**	**11**
Total staff costs	**92**	**99**	**7**
Other operating costs			
Fixed line costs			
Payments to telecommunications operators	87	80	(8)
Purchase of goods for resale, commission and related costs	21	18	(12)
Materials and services	11	11	2
Other network costs	6	6	(2)
Accommodation	13	15	20
Sales and marketing	12	14	14
Transport and travel	4	5	14
IT costs	3	3	(13)
Other costs	23	25	11
Total other fixed line operating costs	**180**	**177**	**(1)**
Mobile services costs	75	82	11
Total other operating costs	**255**	**259**	**2**
Intracompany eliminations	(19)	(15)	(19)
Total other operating costs	**236**	**244**	**3**
Total operating costs before amortisation and depreciation	**328**	**343**	**4**

Total operating costs before amortisation and depreciation increased by 4% compared with the corresponding quarter ended 30 September 2007 due to higher staff costs and mobile services costs, partially offset by a decrease in other fixed line operating costs.

Staff costs

Staff costs increased by 7% in the quarter ended 30 September 2008, primarily due to a decrease in the non-cash pension credit from €13 million in the quarter ended 30 September 2007, to €1 million in the quarter ended 30 September 2008. This was partially offset by lower fixed line wages and salaries, and pension paid and payable as a result of a reduction in the agreed rate of contributions to the pension scheme.

The group has adopted the corridor approach in accounting for pension obligations under IAS 19. Accordingly the pension charges and the amounts included in the balance sheet reflect the pension assets, liabilities and unamortised actuarial surplus as at 30 June 2008 and not the actual assets and liabilities of the pension scheme. No adjustments have been made to the financial information to reflect movements in the pension scheme position since 30 June 2008.

Fixed line staff costs increased by 6% in the quarter ended 30 September 2008. This was primarily due to the €12 million negative movement in the non-cash pension credit. Fixed line pay costs, before non-cash pension credit and capitalisation, decreased by 6% compared to the prior period, due to a reduction in headcount and a reduction in pension paid and payable, partially offset by pay increases. Fixed line capitalised labour increased by 5% due to the impact of a change in the basis of charging certain costs to capital projects. Meteor staff costs increased by 11% mainly due to increased agency staff costs, reflecting the mix of agency staff, and pay inflation.

Headcount in fixed line services at 30 September 2008 was 6,410, down 6% from 6,839 at 30 September 2007. At the end of September 2008 there were also 65 agency staff compared to 27 at 30 September 2007. Meteor headcount at 30 September 2008 was 816 with an additional 140 agency staff, compared to 808 with an additional 148 agency staff at 30 September 2007. The costs of agency staff are included within staff costs.

Other operating costs

Other operating costs increased by 3% in the quarter ended 30 September 2008, due to higher Meteor costs, Accommodation and Sales and Marketing costs, partially offset by lower payments to other telecommunications operators and purchase of goods for resale, commission and related costs.

Fixed line operating costs
Overall fixed line operating costs decreased by 1% in the quarter ended 30 September 2008 compared to the corresponding quarter to 30 September 2007. Payments to other telecommunications operators decreased by €7 million, due to reduced traffic including transit traffic, as well as the impact of lower mobile termination charges in the quarter, compared to the comparative quarter of the prior year.

Accommodation costs increased by €2 million due to higher mast rental charges as a result of the sale of our Mast Access business in September 2007, and increased electricity costs. A 14% rise in Sales and Marketing costs is due to higher promotional activity in the quarter ended 30 September 2008 compared to prior year quarter. Other costs were 11% higher, due mainly to increased customer services costs and professional fees.

Mobile operating costs
Total operating costs for the mobile segment were €82 million for the quarter, an 11% increase over the corresponding quarter ended 30 September 2007, primarily due to the growth in the subscriber base. The majority of these costs related to Sales and Marketing for the promotion of Meteor products and services, equipment sold including mobile phones, interconnect charges and commissions.

Amortisation
Amortisation decreased by 14% in the quarter ended 30 September 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 September 2008 was €2 million higher than the charge for the corresponding quarter ended 30 September 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 €9 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 September 2007.

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

Restructuring programme costs
No restructuring programme costs were incurred in quarter ended 30 September 2007 or 2008. A provision of €157 million was created at 30 June 2007 for committed future voluntary leaving costs. A total of €61 million of this provision remains unutilised at 30 September 2008.

Finance costs (net)
The Group's net finance costs for the quarter to 30 September 2008 were €67 million, marginally up on the corresponding quarter ended 30 September 2007, arising from the impact of the revaluation of our interest rate swaps in the current quarter.

Taxation
The tax charge for the quarter to 30 September 2008 was €5 million, compared with of €11 million in the prior year quarter. This is due to the lower level of taxable profits in the quarter ended 30 September 2008.

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 quarter ended 30 September 2008, cash generated from operating activities increased to €144 million from €16 million in the corresponding prior quarter ended 30 September 2007. This was mainly due to the receipt of proceeds relating to the Group's subsidiary Osprey's construction contract in the quarter ended 30 September 2008.

Cash flows from investing activities
In the quarter ended 30 September 2008, we made payments in respect of capital expenditure of €99 million, compared to €79 million in the quarter ended 30 September 2007. Capital expenditure is used primarily to grow and renew our networks in order to improve our services and customer satisfaction.

Cash flows from financing activities
In the quarter ended 30 September 2008, the group made repayments of €91 million in respect of its borrowings, including €72 million in respect of our subsidiary Osprey's loan relating to its construction contract.

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 the tables.
3. 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 26 November 2008 at 12.00 pm local time in Ireland.
The dial-in number is + 353 1 664 7603, Pin number 53789#.