

ERC Ireland Finance Limited

**Third quarter and nine-month results announcement
31 March 2010**

THIRD QUARTER AND NINE-MONTH RESULTS ANNOUNCEMENT TO 31 MARCH 2010

Highlights for the quarter

- Group revenue down 7% on last year
 - Operating costs* down 8%
 - Adjusted EBITDA** down 4%
- Pension proposal approved: pension deficit eliminated and pension risks reduced

Issued Thursday, 27 May 2010: eircom today announced its results for the third quarter and nine months ended 31 March 2010.

Commenting, Paul Donovan, CEO of eircom said: “Building upon the shareholder stability achieved with the arrival of STT as a strategic shareholder in January, we are continuing to actively rebuild eircom for the future. In March, we confirmed the far-reaching pension benefit changes agreed with our Trade Unions. Our continued relentless focus on cost reductions has delivered material improvements in our ability to compete. The Company retains a strong cash balance and positive headroom in servicing its debt.

However, the ongoing economic, competitive and regulatory environment continues to put pressure on the Group’s revenues and EBITDA and, as a result, further cost reductions will be required. We have moved to accelerate the achievement of our March 2011 headcount reduction target.

Financial Results

Group revenue at €455 million for the quarter was down 7% on the corresponding quarter for the prior year. Fixed line revenue was down 7% and Mobile revenue was down 5%. Group Adjusted EBITDA* at €170 million was down 4% on the same quarter last year. The Group’s operating costs** were lower by 8%, reflecting reduced labour costs and non-pay expenses.

Capital expenditure cashflows in the nine month period were €218 million, reflecting strong continued investment in Ireland’s fixed and mobile Next Generation broadband networks. Cash on hand at 31 March was €265 million.”

Pensions

The pension proposal reached with the Trade Union Alliance (TUA) and announced at last quarter’s results has been formally endorsed and is now in place following ballots of the representative unions. The agreement limits the future growth of pensionable pay, while placing a floor under the Company’s contributions to the scheme for the next three years.

The pension deficit of €407 million reported at 31 December 2009 was eliminated, and the fund was showing a small surplus as at 31 March. The liability-side risks in the scheme have also been significantly reduced.

These changes are an essential element of our plan to rebuild eircom for the future.

Product Innovation

During the quarter, the Company took two important steps on its roadmap for the development of improved broadband services in Ireland, expanding our DSL broadband portfolio to offer customers improved speed and performance both at the wholesale and retail levels.

In January, we launched a 24Mb product for the residential market that is now available to more than 500,000 households. This was followed by the launch of our Next Generation Broadband (NGB) product in March, underpinned by the Company’s Next Generation Network. NGB provides improved performance, removing congestion during peak periods and allowing speeds of up to 8Mb. It will be available to one million households by the end of 2010.

* Group adjusted EBITDA is before non-cash pension charges/(credits), exceptional costs and net construction income.

** Operating costs are before amortisation, depreciation, goodwill impairment and exceptional costs, and non-cash pension charge/(credit).

These are significant developments for broadband performance in Ireland, allowing eircom customers to achieve significantly higher speeds through their telephone line.

A wholesale version of Next Generation Broadband has also been introduced with price discounts of up to 60%, enabling other operators to customise their own product offerings in the retail market. In addition, wholesale customers can take advantage of a new suite of very high bandwidth Ethernet services which deliver significantly increased backhaul and access capacity.

In mobile, Meteor exclusively launched the HTC Hero handset in Ireland to drive Smartphone take-up across our customer base. We also launched our Meteor 'Smart Plans' which offer up to 250Mb of free mobile Internet access. Meteor is the first and only provider in Ireland to offer free mobile Internet access to pre-pay customers.

Finally, as a 65% shareholder in the One Vision Consortium, eircom was disappointed it was unable to agree commercial terms for the rollout of commercial Digital Terrestrial Television (DTT) network. With the right circumstances, eircom remains optimistic for the prospects of commercial DTT in Ireland and we await the decisions of the Broadcast Authority of Ireland as it reviews next steps in the process.

27 May 2010

HIGHLIGHTS FOR THE THIRD QUARTER ENDED 31 MARCH 2010

- Group revenue of €455 million, down 7% on the corresponding quarter ended 31 March 2009.
- Group adjusted EBITDA* of €170 million, down 4% on the quarter ended 31 March 2009.
- Group operating costs, before non-cash pension charge/(credit), of €285 million, down 8%, reflecting lower pay and non-pay costs, largely resulting from lower headcount and other cost saving initiatives introduced during the year, and lower direct cost of sales in line with the reduction in revenue.
- Fixed line revenue, before intra-company eliminations, of €356 million, down 7% on the quarter ended 31 March 2009, reflecting mainly lower access channels, voice and data traffic, and reduced interconnect volumes
- Fixed Line adjusted EBITDA* of €139 million, down 3% on the quarter ended 31 March 2009.
- DSL customer net adds of 12,000 for the quarter ended 31 March 2010, down from 19,000 in the quarter ended 31 March 2009.
- Net total PSTN line losses of 15,000 for the quarter ended 31 March 2010, down from 21,000 in the corresponding prior year quarter ended 31 March 2009, and broadly in line with 14,000 in the preceding quarter ended 31 December 2009.
- Mobile revenue, before intra-company eliminations, of €112 million, down 5% on the corresponding prior year quarter, as a result of lower ARPU, partially offset by Mobile Broadband customer growth.
- Mobile EBITDA of €31 million, down €3 million from the corresponding quarter ended 31 March 2009, as a result of lower revenue, partially offset by lower pay costs.
- Mobile customer net losses of 21,000 in the quarter, compared with 7,000 net losses in the quarter ended 31 March 2009, and 40,000 net adds in the quarter to 31 December 2009.

HIGHLIGHTS FOR THE NINE-MONTH PERIOD ENDED 31 MARCH 2010

- Group revenue of €1,388 million, down 9% on the nine months ended 31 March 2009.
- Group adjusted EBITDA* of €497 million, down 3% on prior year period.
- Group operating costs, before non-cash pension charge/(credit), of €891 million, down 11% reflecting reductions in pay and non-pay costs resulting from cost saving initiatives introduced during the year, and lower direct cost of sales in line with the reduction in revenue. Headcount reduced by 403 (6%) since 31 March 2009.
- Fixed line revenue, before intra-company eliminations, of €1,079 million, down 9% on the prior year, reflecting mainly lower access channels, voice and data traffic and higher discounts.
- Fixed line adjusted EBITDA* of €415 million, down 3% on the corresponding prior year period.
- DSL customers increased to 703,000 at 31 March 2010, up 45,000 from 31 March 2009. Retail DSL customers at 31 March 2010 stood at 496,000, up 24,000 from 31 March 2009.
- Total PSTN lines at 31 March 2010 were 1,490,000, down 75,000 year on year.
- Mobile revenue, before intra-company eliminations, of €351 million, down 6% on the corresponding prior year period, due to lower ARPU, partially offset by customer growth in Mobile broadband.
- Mobile EBITDA of €82 million for the nine months to 31 March 2010, down €6 million on the corresponding prior year period.
- Total Mobile customers of 1,065,000 as of 31 March 2010, up 32,000 from 31 March 2009. Post-paid customers stood at 155,000, up 11% from 31 March 2009.

*Adjusted EBITDA is before non-cash pension (credit)/charge, exceptional items and net construction income.

- Average monthly blended Mobile ARPU of €34.85 for the nine-months ended 31 March 2010, down 9% compared with the corresponding prior year period, mainly due to the impact of new call price plans, an increased proportion of mobile broadband customers and changes in traffic mix.
- Capex cash outflow of €218 million in the nine-month period, compared with €270 million in the prior year period, as we continue to focus on increasing fixed and mobile network capacity, rolling out faster broadband, developing our Next Generation and 3G Networks, and rolling out the Tetra Digital Radio Network.
- Net cash inflow (before financing activities) of €9 million in the nine months ended 31 March 2010, compared with €98 million in the nine months ended 31 March 2009, reflecting the receipt in July 2008 of €124 million in respect of a construction contract. Net debt^{**} stood at €3,308 million at 31 March 2010 and cash on hand was €265 million.

^{**} Net debt excludes defeased leases and debt issue costs.

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Financial Highlights

	Quarter ended March 2009 €'m	Quarter ended March 2010 €'m	% Change ¹	9 months ended March 2009 €'m	9 months ended March 2010 €'m	% Change ¹
Revenue	488	455	(7)	1,518	1,388	(9)
EBITDA before non-cash pension (credit)/charge, exceptional items and net construction income	177	170	(4)	514	497	(3)
Operating profit/(loss) before non-cash pension (credit)/charge, exceptional items and net construction income	70	64	(9)	(511)	181	N/r
Group operating profit/(loss)	69	231	235	(506)	306	N/r

Operational Highlights

	Quarter ended March 2009	Quarter ended March 2010	% Change ¹	9 months ended March 2009	9 months ended March 2010	% Change ¹
Fixed line services:						
Period-end total access channels (including DSL) (thousands)				2,633	2,578	(2)
Period end DSL lines (thousands)				658	703	7
Retail voice traffic minutes (millions)	1,296	1,145	(12)	3,962	3,473	(12)
Retail data traffic minutes (millions)	246	117	(52)	869	435	(50)
Wholesale interconnect minutes (millions)	2,181	1,989	(9)	6,829	6,030	(12)
Period-end headcount (excluding agency)				6,367	5,997	(6)
Mobile services:						
Period-end total mobile subscribers (thousands)				1,033	1,065	3
Period-end headcount for mobile services (excluding agency)				789	756	(4)

Key Ratios

	Quarter ended March 2009 % ¹	Quarter ended March 2010 % ¹	9 months ended March 2009 % ¹	9 months ended March 2010 % ¹
EBITDA margin before non-cash pension (credit)/charge, exceptional items and net construction income	36	37	34	36
Operating profit/(loss) margin before non-cash pension (credit)/charge, exceptional items and net construction income	14	14	(34)	13
Group operating profit/(loss) margin	14	51	(33)	22

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Reconciliation of earnings before interest, taxation, amortisation, depreciation, impairment, non-cash pension (credit)/charge, exceptional items and net construction income to operating profit

	Quarter ended March 2009 €'m	Quarter ended March 2010 €'m	Nine months ended March 2009 €'m	Nine months ended March 2010 €'m
Operating profit/(loss)	69	231	(506)	306
Net construction income	-	-	(6)	-
Exceptional items	4	(173)	8	(142)
Non-cash pension (credit)/charge	(3)	6	(7)	17
Operating profit/(loss) before non-cash pension (credit)/charge, exceptional items and net construction income	70	64	(511)	181
Depreciation	85	80	243	239
Amortisation	22	26	62	77
Goodwill impairment	-	-	720	-
EBITDA before non-cash pension (credit)/charge, exceptional items and net construction income	177	170	514	497
EBITDA before non-cash pension (credit)/charge, exceptional items and net construction income is split as follows:				
Fixed line	143	139	426	415
Mobile	34	31	88	82
	177	170	514	497

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*Consolidated Income Statement - unaudited
For the Quarter ended 31 March 2010*

	31 March 2009	31 March 2010
	€'m	€'m
Revenue	488	455
Operating costs excluding amortisation, depreciation and exceptional items	(308)	(291)
Amortisation	(22)	(26)
Depreciation	(85)	(80)
Exceptional items	(4)	173
Operating profit	69	231
Finance costs	(78)	(66)
Finance income	1	-
Finance costs – net	(77)	(66)
(Loss)/profit before tax	(8)	165
Income tax charge	(9)	(10)
(Loss)/profit for the period	(17)	155

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

ERC Ireland Finance Limited

Consolidated Income Statement - unaudited
For the nine-month period ended 31 March 2010

	Notes	<u>31 March 2009</u>	<u>31 March 2010</u>
		€'m	€'m
Revenue	3	1,518	1,388
Operating costs excluding amortisation, depreciation, goodwill impairment and exceptional items		(997)	(908)
Amortisation		(62)	(77)
Depreciation		(243)	(239)
Goodwill impairment	7	(720)	-
Exceptional items	4	(8)	142
Net construction income		6	-
Operating (loss)/profit	3	(506)	306
Finance costs		(304)	(156)
Finance income		9	2
Finance costs – net	5	(295)	(154)
Share of profit of associates		2	-
(Loss)/profit before tax		(799)	152
Income tax charge	6	(17)	(11)
(Loss)/profit for the period		(816)	141

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

ERC Ireland Finance Limited

Consolidated Balance Sheet - unaudited As at 31 March 2010

	Notes	30 June 2009 €'m	31 March 2010 €'m
Assets			
Non-current assets			
Goodwill	7	1,622	1,622
Other intangible assets		729	689
Property, plant and equipment		2,077	1,950
Retirement benefit asset	10	-	56
Deferred tax assets		13	-
Other assets		3	2
		4,444	4,319
Current assets			
Inventories		10	13
Trade and other receivables	8	342	293
Receivables due from group undertakings and related parties		13	9
Financial assets at fair value through income statement		8	-
Other assets		24	22
Restricted cash		7	7
Cash and cash equivalents		335	267
		739	611
Total assets		5,183	4,930
Liabilities			
Non-current liabilities			
Borrowings	9	3,499	3,484
Derivative financial instruments		70	67
Trade and other payables		53	55
Deferred tax liabilities		205	196
Retirement benefit liability	10	109	-
Provisions for other liabilities and charges	11	198	180
		4,134	3,982
Current liabilities			
Borrowings	9	110	56
Derivative financial instruments		71	82
Trade and other payables		702	500
Inter-company payables to group undertakings		3	8
Current tax liabilities		24	33
Provisions for other liabilities and charges	11	76	87
		986	766
Total liabilities		5,120	4,748
Equity			
Equity share capital		2	2
Share premium account		861	861
Revaluation reserve		3	3
Cash flow hedging reserve		(51)	(73)
Retained loss		(752)	(611)
Total equity		63	182
Total liabilities and equity		5,183	4,930

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

ERC Ireland Finance Limited

*Consolidated cash flow statement - unaudited
For the Quarter ended 31 March 2010*

	31 March 2009	31 March 2010
	€'m	€'m
Cash flows from operating activities		
Cash generated from operations	128	113
Interest received	1	-
Interest paid	(84)	(78)
Income tax refund	-	18
Income tax paid	(2)	-
Dividends paid to preference shareholders	(1)	-
Net cash generated from operating activities	42	53
Cash flows from investing activities		
Purchase of property, plant and equipment (PPE)	(63)	(45)
Proceeds from sale of PPE and investments	1	-
Purchase of intangible assets	(10)	(7)
Net cash used in investing activities	(72)	(52)
Cash flows from financing activities		
Repayment of borrowings	(19)	(19)
Proceeds from loan borrowings	9	3
Debt issue costs paid	(1)	-
Net cash used in financing activities	(11)	(16)
Net decrease in cash, cash equivalents and bank overdrafts	(41)	(15)
Cash, cash equivalents and bank overdrafts at beginning of period	284	280
Cash, cash equivalents and bank overdrafts at end of period	243	265

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

ERC Ireland Finance Limited

*Consolidated cash flow statement - unaudited
For the nine-month period ended 31 March 2010*

	Notes	31 March 2009	31 March 2010
		€'m	€'m
Cash flows from operating activities			
Cash generated from operations	12	587	404
Interest received		10	1
Interest paid		(230)	(185)
Income tax refund		-	20
Income tax paid		(2)	(14)
Dividends paid to preference shareholders		(3)	-
Net cash generated from operating activities		362	226
Cash flows from investing activities			
Dividend received from associate undertaking		2	-
Purchase of property, plant and equipment (PPE)		(242)	(182)
Proceeds from sale of PPE and investments		4	-
Purchase of intangible assets		(28)	(36)
Loan repayment received from group undertaking		-	1
Net cash used in investing activities		(264)	(217)
Cash flows from financing activities			
Repayment of borrowings		(221)	(92)
Lease payments		(2)	(1)
Proceeds from loan borrowings		17	16
Debt issue costs paid		(1)	-
Net cash used in financing activities		(207)	(77)
Net decrease in cash, cash equivalents and bank overdrafts		(109)	(68)
Cash, cash equivalents and bank overdrafts at beginning of period		352	333
Cash, cash equivalents and bank overdrafts at end of period		243	265

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

ERC Ireland Finance Limited

Consolidated statement of changes in shareholders' equity – unaudited For the nine-month period ended 31 March 2010

	Equity share capital €'m	Share premium account €'m	Revaluation €'m	Cash flow hedging reserve €'m	Retained profit/(loss) €'m	Total equity €'m
Balance at 30 June 2008	2	861	3	63	42	971
Cash flow hedge:						
- Fair value loss in period	-	-	-	(119)	-	(119)
- Transfer to income statement	-	-	-	(26)	-	(26)
- Tax on reserve movements	-	-	-	26	-	26
Net expense recognised directly in equity	-	-	-	(119)	-	(119)
Loss for the period	-	-	-	-	(816)	(816)
Total recognised expense for the period	-	-	-	(119)	(816)	(935)
Balance at 31 March 2009	2	861	3	(56)	(774)	36
Balance at 30 June 2009	2	861	3	(51)	(752)	63
Cash flow hedge:						
- Fair value loss in period	-	-	-	(49)	-	(49)
- Transfer to income statement	-	-	-	24	-	24
- Tax on reserve movements	-	-	-	3	-	3
Net expense recognised directly in equity	-	-	-	(22)	-	(22)
Profit for the period	-	-	-	-	141	141
Total recognised (expense)/income for the period	-	-	-	(22)	141	119
Balance at 31 March 2010	2	861	3	(73)	(611)	182

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

ERC Ireland Finance Limited

Selected notes to the condensed interim financial information – unaudited

1. General information

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

This condensed consolidated interim financial information was approved for issue on 27 May 2010.

2. Basis of preparation

The financial information, as at and for the period ended 31 March 2010, in respect of the group has been prepared using the same accounting policies as applied for the year ended 30 June 2009. 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 ERCIF for the year ended 30 June 2009.

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 31 March 2010.

After making appropriate enquiries and on the basis of current financial projections and debt facilities available, the Directors believe that the group has adequate resources to meet the group's financial needs and obligations for the foreseeable future. Therefore the Directors consider it appropriate to adopt the going concern basis in preparing the financial information.

3. Segment information

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

The segment results for the nine months ended 31 March 2010 are as follows:

	Fixed line €'m	Mobile €'m	Inter-segment €'m	Group €'m
Revenue	1,079	351	(42)	1,388
Exceptional items – net gain	142	-	-	142
Operating profit	306	-	-	306

The segment results (restated) for the nine months ended 31 March 2009 are as follows:

	Fixed line €'m	Mobile €'m	Inter-segment €'m	Group €'m
Revenue	1,186	375	(43)	1,518
Goodwill impairment	(405)	(315)	-	(720)
Exceptional items – net loss	(8)	-	-	(8)
Operating loss	(207)	(299)	-	(506)

Revenue and operating costs for certain activities have been reclassified from the fixed line to mobile and the prior period comparatives have been restated to reflect this change.

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Selected notes to the condensed interim financial information – unaudited (continued)

4. Exceptional items

	Restated 31 March 2009 €'m	31 March 2010 €'m
Curtailment and past service gains in respect of pensions	-	184
Impairment of surplus properties	-	(18)
Other exceptional items	(8)	(24)
	(8)	142

The group has adopted an income statement format which seeks to highlight significant items within group results for the year. The group believe that this presentation provides additional analysis as it highlights one-off items. Judgement is used by the group in assessing the particular items, which by virtue of their scale and nature, are disclosed in the group income statement and related notes as exceptional items.

Curtailment and past service gains in respect of pensions

During the quarter ended 31 March 2010, the group and the Trade Union Alliance agreed a number of significant measures designed to eliminate the deficit on eircom's Defined Benefit Pension scheme. The measures included a freeze on pensionable pay up to 31 December 2013 and imposed limits on increases in salary qualifying for pension purposes thereafter. These changes have been treated as a curtailment and past service gains under IAS 19.

The resulting exceptional reduction in the defined benefit obligation recognised of €184 million has been included in the income statement for the period.

Further information on the pension scheme is included in Note 10.

Impairment of surplus properties

The group incurred impairment charges of €18 million in the nine months ended 31 March 2010 (31 March 2009: €Nil) in respect of a small number of surplus properties, which have been identified for future disposal. The charge reflects a further decline in the fair value of properties and additional properties no longer in use in the fixed line business at 31 December 2009. No impairment reviews have been performed subsequent to 31 December 2009.

Other exceptional items

The group has a significant property portfolio comprising of freehold and leasehold properties to accommodate the group's network and office accommodation required for its staff. As part of the group's overall portfolio, the group also leases a number of properties from third parties under long-term lease arrangements. Where the group no longer requires these properties, the group sub-leases the properties to third parties or disposes of properties no longer required. As a result of the rationalisation of the group's accommodation requirements there are a number of leased properties which are vacant or where rental contracts with sub-lease tenants are not sufficient to meet all of the lease obligations. Provision has been made in respect of the estimated cash outflow required to settle the group's obligation under these leases.

The group has included an exceptional charge of €11 million for onerous contracts, €9 million in respect of the settlement of certain legal matters and €4 million for lease restoration and other costs in the nine months ended 31 March 2010 (31 March 2009: €8 million onerous contracts).

5. Finance costs – net

	31 March 2009 €'m	31 March 2010 €'m
Finance costs	(304)	(156)
Finance income	9	2
Finance costs – net	(295)	(154)

In the nine months ended 31 March 2010, finance costs includes a €17 million credit (31 March 2009: €102 million charge) to reflect movements in the fair value of derivatives, which did not qualify for hedge accounting during the period.

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Selected notes to the condensed interim financial information – unaudited (continued)

6. Income tax charge

Reconciliation of effective tax rate

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

	31 March 2009 €'m	31 March 2010 €'m
(Loss)/Profit before tax	(799)	152
Tax calculated at Irish standard tax rate of 12.5%	(100)	19
<i>Effects of:-</i>		
Goodwill impairment – non deductible	90	-
Other non deductible expenses	21	8
Effect of changes in tax rates	8	-
Adjustment in respect of prior periods	(2)	(16)
Tax charge for the period	17	11

The tax charge for the period includes a deferred tax charge of €23 million in respect of the pension curtailment and past service gains recognised in the period.

7. Goodwill

	30 June 2009 €'m	31 March 2010 €'m
Opening balance	2,342	2,342
Disposals	-	-
At end of financial period	2,342	2,342
Accumulated impairments	(720)	(720)
At end of financial period	(720)	(720)
Net book value at end of financial period	1,622	1,622

Goodwill is not subject to amortisation. Goodwill is carried at cost less accumulated impairment losses.

Impairment testing results

At 31 December 2008, the group tested its indefinite life assets, including goodwill, for impairment. The goodwill in relation to the group's fixed line and mobile operations was impaired by €405 million and €315 million respectively. The impairment charge in the fixed line business reflected the cash outflows required to fund the group's unrecognised actuarial losses in respect of the group's pension deficit at 31 December 2008 and the deterioration in the Irish economic environment and the outlook for the business. The impairment charge in the mobile business reflects the deterioration in the Irish economic environment and the outlook for the business.

A subsequent test was carried out at 30 June 2009. No further impairment was identified. No impairment test has been performed since 30 June 2009.

8. Trade and other receivables

During the nine months ended 31 March 2010, the group recognised a provision for impaired receivables of €18 million (31 March 2009: €10 million), reversed provisions for impaired receivables of €1 million (31 March 2009: €Nil) and utilised provisions for impaired receivables of €11 million (31 March 2009: €4 million). The creation and reversal of provisions for impaired receivables have been included in "operating costs" in the income statement.

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Selected notes to the condensed interim financial information – unaudited (continued)

9. 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 31 March 2010					
Floating rate notes due 2016	-	-	-	350	350
Other borrowings	43	93	1,492	1,595	3,223
Debt issue costs	(11)	(12)	(29)	(5)	(57)
Finance leases – defeased	22	-	-	-	22
Bank overdraft	2	-	-	-	2
	56	81	1,463	1,940	3,540
As at 30 June 2009					
Floating rate notes due 2016	-	-	-	350	350
Other borrowings	95	47	342	2,814	3,298
Debt issue costs	(12)	(12)	(33)	(10)	(67)
Finance leases – defeased	24	1	-	-	25
Finance leases	1	-	-	-	1
Bank overdraft	2	-	-	-	2
	110	36	309	3,154	3,609

Other borrowings, at 31 March 2010, include borrowings under a Senior Credit Facility of €3,180 million (30 June 2009: €3,272 million) and our share of borrowings in respect of our joint venture, Tetra Ireland Communications Limited (“Tetra”), of €43 million (30 June 2009: €26 million).

Interest accrued on borrowings at 31 March 2010 is €3 million (30 June 2009: €31 million). This is included in trade and other payables.

10. Pensions

The group's pension commitments are funded through separately administered Superannuation Schemes and are principally of a defined benefit nature. The group has applied the corridor approach, which leaves some actuarial gains and losses unrecognised as permitted by IAS 19. The corridor approach has been applied from the acquisition date of eircom Group, 18 August 2006.

Pension scheme obligation

The status of the principal scheme at 31 March 2010 is as follows:

	30 June 2009 €'m	31 March 2010 €'m
Present value of funded obligations	(2,636)	(2,566)
Fair value of scheme assets	2,201	2,615
(Benefit obligation in excess of scheme assets)/ Scheme assets in excess of benefit obligation	(435)	49
Unrecognised actuarial losses	326	7
(Liability)/asset recognised in the balance sheet	(109)	56

As the group has adopted the corridor approach unrecognised actuarial gains and losses outside the corridor are recognised over the expected average remaining working lives of the employees based on the unrecognised actuarial gains and losses at the start of the financial year (i.e. 1 July 2009). Consequently, the pension asset included in the group's balance sheet includes unrecognised actuarial losses of €7 million and the asset recognised in the balance sheet is €56 million compared to the actual scheme assets in excess of benefit obligation of €49 million.

The changes in unrecognised actuarial losses of €319 million since 30 June 2009 includes:

- actuarial gains of €296 million arising from changes in actuarial assumptions in respect of rate of increase in salaries/pensions in payment;
- actuarial losses of €309 million arising from changes in the discount rates used to determine the present value of funded obligations;
- other experience gains on liabilities of €12 million;
- actuarial gains of €315 million in relation to differences between the actual and expected gain on plan assets;
- amortisation of actuarial losses of €5 million.

ERC Ireland Finance Limited

Selected notes to the condensed interim financial information – unaudited (continued)

10. Pensions - continued

During the period, changes to prospective pension benefits under the group's main defined benefit scheme agreed with the Trade Union Alliance also resulted in a reduction in the present value of funded obligations. The measures included a freeze on pensionable pay up to 31 December 2013 and imposed limits on increases in salary qualifying for pension purposes thereafter. An exceptional non-cash credit of €184 million was recognised immediately through the income statement, comprising of a curtailment gain of €66 million and negative past service cost of €118 million.

Assumptions of actuarial calculations

The main financial assumptions used in the valuations were:

	At 30 June 2008	At 30 June 2009	At 31 March 2010
Rate of increase in salaries	3.50%	2.80% ⁽¹⁾	2.00% - 2.20% ⁽²⁾
Rate of increase in pensions in payment	3.50%	2.80% ⁽¹⁾	2.00% - 2.20% ⁽²⁾
Discount rate	6.25%	5.75%	5.15%
Inflation assumption	2.50%	2.00%	2.20%

(1) The assumptions at 30 June 2009 reflected the agreed pay freeze up to 30 June 2011 with the stated rate applying thereafter.

(2) The assumptions at 31 March 2010 reflect the agreed pay freeze up to 30 June 2011, the agreed freeze on pensionable pay up to 31 December 2013 and the imposition of a cap on the increases in pensionable pay thereafter to the lower of CPI, salary inflation or agreed fixed annual rates.

Mortality assumptions used at 30 June 2009 were still applicable at 31 March 2010. Details of mortality assumptions are set out in the annual report and financial statements of ERCIF for the year ended 30 June 2009.

11. Provisions for other liabilities and charges

	TIS Annuity Scheme €'m	Onerous Contracts €'m	Restruc- turing €'m	Other €'m	Total €'m
At 30 June 2009	95	40	50	89	274
Charged to consolidated income statement:					
- Additional provisions	-	11	-	14	25
- Unwinding of discount	2	1	-	1	4
- Change in discount rate	3	-	-	-	3
Transfer to retirement benefit liability	-	-	(2)	-	(2)
Increase in provision capitalised as asset retirement obligation	-	-	-	3	3
Utilised in the financial period	(16)	(4)	(12)	(8)	(40)
At 31 March 2010	84	48	36	99	267

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

	30 June 2009 €'m	31 March 2010 €'m
Non-current	198	180
Current	76	87
	274	267

ERC Ireland Finance Limited

Selected notes to the condensed interim financial information – unaudited

12. Cash generated from operations

	31 March 2009 €'m	31 March 2010 €'m
(Loss)/profit after tax	(816)	141
Add back:		
Income tax charge	17	11
Share of profit of associates	(2)	-
Finance costs – net	295	154
Operating (loss)/profit	(506)	306
Adjustments for:		
- Net construction income	(6)	-
- Goodwill impairment	720	-
- Depreciation, amortisation and other impairments	305	334
- Non cash retirement benefit curtailment and past service gains	-	(184)
- Other non cash retirement benefit (credit)/charge	(7)	17
- Other non cash movements in provisions	13	25
Cash flows relating to restructuring, onerous contracts and other provisions	(24)	(51)
Cash flows relating to construction contract	124	(1)
Changes in working capital		
Inventories	(2)	(3)
Trade and other receivables	17	48
Trade and other payables	(54)	(95)
Inter-company payables to group undertakings (net)	7	8
Cash generated from operations	587	404

13. Contingent liabilities

The proceedings taken by Towercom Holdings Limited were settled during the period and the proceedings were struck out in the quarter ended 31 March 2010.

Dali Properties Limited issued High Court proceedings against Meteor Mobile Communications Limited on 7 May 2010. The High Court Plenary Summons seeks a declaration that Meteor Mobile Communications Limited has not validly exercised a Break Option pursuant to a lease agreement between Dali Properties Limited and Meteor Mobile Communications Limited, with an annual lease charge of €0.4 million for a period of 25 years from 8 March 2006, and seeks a declaration that Meteor Mobile Communications Limited remains a tenant to Dali Properties Limited under the said lease. It also seeks arrears of rent and service charge in the sum of €0.4 million under the said lease, as well as damages for breach of contract and costs. The claim is being investigated.

There have been no other material changes in our contingent liabilities since the filing of the annual report and financial statements of ERCIF for the year ended 30 June 2009.

ERC Ireland Finance Limited

Selected notes to the condensed interim financial information – unaudited

14. 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 €3.7 billion in respect of the Senior Credit Facility, the Floating Rate Notes and the revolving credit facility.

Senior Credit Facility

The Senior Credit Facility of the group consists of a €3.3 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 ERC Ireland Holdings Limited ("ERCIH") and, a pledge over all of the assets of ERC 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 ERC 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 ERCIF, are guaranteed on a senior subordinated basis by ERCIH and the subsidiaries guaranteeing the Senior Credit Facility. The Floating Rate Notes are general senior obligations of ERCIF and rank equally in right of payment with all existing and future senior indebtedness of ERCIF. The Floating Rate Notes are also secured by a first-priority pledge over all the shares of ERCIH.

15. 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

The group's mobile business tends to experience an increase in sales volumes in the weeks approaching Christmas due to the seasonal nature of its retail business. The group's mobile business experiences significant prepaid subscriber growth and related costs of handset subsidies and commissions in November and December. Visiting-roaming revenues are also seasonally significant because Ireland is a popular tourist destination during the summer months.

16. Commitments

Operating lease commitments

The group's operating lease contractual obligations and commitment payments were €451 million at 31 March 2010 (30 June 2009: €473 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 €36 million at 31 March 2010 (30 June 2009: €82 million).

ERC Ireland Finance Limited

Selected notes to the condensed interim financial information – unaudited

17. Related party transactions

The following transactions occurred with related parties:

During the period ended 31 March 2010, the group provided transmission and infrastructure services and recharged operating costs incurred on behalf of Tetra of €4.5 million (31 March 2009: €3.4 million). The gross amount outstanding in respect of these costs is €3 million at 31 March 2010 (30 June 2009: €2.5 million).

During the period ended 31 March 2010, the group paid €0.4 million (31 March 2009: €0.3 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 ERC ESOT Services Limited. The amount outstanding in respect of these costs is €0.2 million at 31 March 2010 (30 June 2009: €1.3 million).

During the period ended 31 March 2010, the group recharged costs paid on behalf of ERCIE of €Nil (31 March 2009: €Nil). The amount outstanding in respect of costs recharged in prior periods is €7 million at 31 March 2010 (30 June 2009: €9 million).

During the period ended 30 June 2007, ERC Ireland Preferred Equity Limited was lent €1 million by the ERCIF Group. This loan was repaid during the period ended 31 March 2010 (30 June 2009: €1 million).

The income statement includes management charges from ERCIE of €7.6 million (31 March 2009: €7.2 million). The amount outstanding in respect of these costs is €7.6 million at 31 March 2010 (30 June 2009: €3.2 million).

The income statement includes salary-related charges from BCM Enterprises Limited of €Nil (31 March 2009: €0.3 million). There are no amounts outstanding in respect of these costs at 31 March 2010 (30 June 2009: €Nil).

18. 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 31 March 2010

Overview

Group EBITDA from continuing operations, before non-cash pension (credit)/charge and exceptional items, of €170 million decreased by 4% from €177 million in the corresponding quarter ended 31 March 2009. The decrease was driven by lower contribution from both our Fixed line and Mobile businesses.

The results, revenue, operating costs and subscriber numbers for eircom Mobile have been reclassified from the Fixed Line to Mobile and the prior period comparatives have been restated to reflect this change.

Revenue

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

	In the quarter ended		% Change ²
	31 Mar 2009	31 Mar 2010	2009/2010
	€ 'm	€ 'm	%
Fixed line services and other revenue	383	356	(7)
Mobile services revenue	118	112	(5)
Total segmental revenue	501	468	(7)
Intracompany eliminations	(13)	(13)	(1)
Total revenue	488	455	(7)

Fixed line services and other revenue

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

	In the quarter ended		% Change ²
	31 Mar 2009	31 Mar 2010	2009/2010
	€ 'm	€ 'm	%
Access (rental and connections)	168	165	(2)
Voice traffic	93	81	(13)
Advanced voice services traffic	17	15	(10)
Total voice traffic	110	96	(13)
Data traffic	6	3	(44)
Total voice and data traffic	116	99	(14)
Data communications	44	43	(1)
Interconnect services	49	41	(17)
Other products and services	40	43	6
Revenue before discounts	417	391	(6)
Discounts*	(34)	(35)	2
Total fixed line services and other revenue	383	356	(7)
Intracompany eliminations	(7)	(8)	11
Total fixed line services and other revenue	376	348	(7)

*Discounts are primarily related to revenue derived from access, voice, and ADSL and bitstream, which are presented on a gross basis in the table above.

Total fixed line services and other revenues, before intracompany eliminations, decreased by 7% in the quarter ended 31 March 2010, compared with the corresponding quarter ended 31 March 2009. Revenues were down across all categories, with the exception of Other products and services revenue. Discounts increased by 2% in the quarter ended 31 March 2010 as a result of increased take-up of bundles and promotions during the period.

Access (rental and connections)

The following table shows rental, connection and other charges (before discounts) 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 2009/2010 %
	31 Mar 2009 € 'm	31 Mar 2010 € 'm	
Total access revenue			
Line and equipment rental	101	95	(7)
Connection and other charges	2	3	24
ADSL and bitstream rental and connection	45	47	5
PSTN and ISDN WLR rental and connection	20	20	3
Total access revenue	168	165	(2)
Access channels (in thousands at period end, except percentages)			
PSTN	1,242	1,164	(6)
PSTN WLR	323	326	1
Total PSTN	1,565	1,490	(5)
ISDN	348	315	(10)
ISDN WLR	62	70	12
Total ISDN	410	385	(6)
ADSL and bitstream	658	703	7
Total access channels	2,633	2,578	(2)

Revenue from access (before discounts) fell by 2% in the quarter ended 31 March 2010, compared with the corresponding quarter of the prior year. Lower revenues from line and equipment rental were partially offset by higher ADSL and bitstream revenue arising from increased take-up of our broadband products. Bundle discounts represent a significant proportion of total discounts and have increased in the quarter ended 31 March 2010, reflecting the higher number of bundled packages with broadband offerings, and increased level of promotions including free line rental promotion during the period. Wholesale Line Rental ("WLR") rental and connection revenue remained broadly in line with the corresponding quarter of the prior year.

Line and equipment rental revenue decreased by 7% in the quarter ended 31 March 2010, compared with the corresponding prior year quarter, mainly due to a decline in PSTN and ISDN channels, which have been impacted by the slowdown in economic activity and the continuing migration of customers to other operators and to mobile. Retail PSTN lines now stand at 1.164 million (including promotional lines³), a reduction of 6% over the prior year.

ADSL and bitstream revenue (before discounts) increased by 5% in the quarter ended 31 March 2010 as a result of customer growth. By 31 March 2010, the number of ADSL and bitstream lines had increased to approximately 703,000, up 7% from approximately 658,000 at 31 March 2009.

As at 31 March 2010, approximately 326,000 PSTN lines and 70,000 ISDN channels had transferred to other authorised operators on WLR, an increase of 1% and 12% respectively, over volumes as at 31 March 2009, as a result of continuing competition in the market. WLR rental and connection yielded revenues of approximately €20 million in the quarter ended 31 March 2010, broadly in line with the corresponding quarter ended 31 March 2009.

Traffic

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

	In the quarter ended		% Change ² 2009/2010 %
	31 Mar 2009 € 'm	31 Mar 2010 € 'm	
Revenue			
Basic voice traffic revenue			
Local	23	21	(8)
National	13	11	(17)
Fixed to mobile	37	32	(14)
International	20	17	(16)
Total basic voice traffic revenue	93	81	(13)
Advanced voice services traffic revenue	17	15	(10)
Total voice traffic revenue	110	96	(13)
Data traffic revenue	6	3	(44)
Total traffic revenue	116	99	(14)
Traffic (in millions of minutes, except percentages)			
Local	592	546	(8)
National	222	198	(11)
Fixed to mobile	205	175	(14)
International	92	79	(14)
Total basic voice traffic minutes	1,111	998	(10)
Advanced voice services minutes	185	147	(21)
Total voice minutes	1,296	1,145	(12)
Data traffic minutes	246	117	(52)
Total traffic minutes	1,542	1,262	(18)

Overall revenue (before discounts) from voice and data traffic decreased by 14% in the quarter ended 31 March 2010.

Voice traffic

Basic voice traffic revenue (before discounts) was down by 13% for the quarter ended 31 March 2010, compared with the corresponding quarter ended 31 March 2009. This was primarily due to an overall decline in traffic volumes arising from reduced access lines, continuing weakness in the traditional voice market due to current economic conditions and mobile substitution, as well as loss of market share. Voice traffic discounts represent a significant proportion of total discounts in the quarter ended 31 March 2010.

Revenue relating to advanced voice services (before discounts) decreased by 10% in the quarter ended 31 March 2010. This is primarily due to a continuing decline in volumes, particularly VPN and Freefone volumes, partially offset by improved Premium Rate Services ("PRS") and Freefone traffic mix.

Data traffic

Revenue from internet and other dial-up traffic (before discounts) decreased by 44% in the quarter ended 31 March 2010, compared with the corresponding quarter ended 31 March 2009, in line with the ongoing decline in volumes due to the migration of internet users to ADSL and other higher speed services.

Data communications

The following table shows information relating to revenue (before discounts) 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 2009/2010
	31 Mar 2009	31 Mar 2010	
	€ 'm	€ 'm	
Data communications revenue			
Leased lines (including Partial Private Circuits)	24	24	4
Switched data and IP network services	16	16	(3)
ISP & VAS revenue	4	3	(29)
Total data communications revenue	44	43	(1)
Number of leased lines (at period end, except percentages)			
National leased lines	8,868	7,022	(21)
Partial private circuits	5,996	6,153	3
International leased lines	277	252	(9)
Interconnect paths	1,094	943	(14)
Total leased lines	16,235	14,370	(11)

Revenue from data communications (before discounts) for the quarter ended 31 March 2010 was broadly in line with the corresponding prior year quarter as lower ISP and Value Added Services ("VAS") revenue was offset by an increase in leased line revenue due to the release in the current period of c€3 million provision no longer required. Revenue from Switched Data and IP network services decreased marginally compared with the quarter ended 31 March 2009, as lower Switched Data revenue was largely offset by increased IP activity. Leased lines (including Partial Private Circuits) revenue and volumes include circuits leased by Meteor and Tetra for their business and operations.

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 2009/2010
	31 Mar 2009	31 Mar 2010	
	€ 'm	€ 'm	%
Interconnect services revenue			
Interconnect	26	20	(24)
Foreign terminating traffic	23	21	(9)
Total interconnect services revenue	49	41	(17)
Interconnect services traffic (in millions of minutes, except percentages)			
Call origination	555	446	(20)
Call termination	695	607	(13)
Transit to mobile/fixed	162	175	8
Ancillary	46	35	(23)
International	124	85	(32)
Total interconnect	1,582	1,348	(15)
Foreign terminating traffic	599	641	7
Total interconnect services traffic	2,181	1,989	(9)

Interconnect services revenue fell by 17% in the quarter ended 31 March 2010.

Revenue from interconnect fell by 24% in the quarter ended 31 March 2010, compared with the quarter ended 31 March 2009, mainly due to a reduction in traffic from OAOs and mobile operators. Call origination and call termination volumes decreased by 20% and 13% respectively, due to a reduction in traffic from OAOs as a result of increased transfers to WLR, and lower overall traffic market volumes. Domestic transit volumes increased by 8% in the quarter ended 31 March 2010, compared with the corresponding prior year quarter, due to improved fixed line transit volumes but the revenue impact of this was partially offset by falling mobile transit rates. Ancillary traffic continued to be impacted by the decline in demand for these services, while International interconnect volumes fell by 32%, also due to a decline in demand.

Revenue from foreign terminating traffic fell by 9% in the quarter ended 31 March 2010 despite higher volumes due to continued pressures on prices.

Other products and services

Other products and services revenues (before discounts) include our share of revenue from Tetra, Operator Services, Customer Premises Equipment (“CPE”), Phonewatch, and other revenues, primarily income from other subsidiaries, Repayable Works Orders, and LLU.

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 2009/2010 %
	31 Mar 2009 € ‘m	31 Mar 2010 € ‘m	
Operator Services	8	7	(8)
CPE	9	10	18
Phonewatch	6	7	1
Other revenue	17	19	9
Other products and services revenue	40	43	6

Revenue from other products and services (before discounts) in the quarter ended 31 March 2010 increased by 6% compared with the corresponding quarter of the prior year. Higher revenues from CPE resulted from the completion of certain high value contracts in the quarter. Phonewatch revenues were broadly in line with the corresponding prior year quarter. Other revenues were 9% higher, particularly due to higher revenues from the group’s share of Tetra, operations in Northern Ireland and our data centre business in Clonshaugh.

Discounts

Discounts in the quarter ended 31 March 2010 were 2% higher compared with the corresponding quarter of the prior year, reflecting an increased percentage of subscriptions to bundled packages and other promotions. This affects the pre-discount discussion and analysis in the revenue categories above.

Mobile services revenue

Services revenue comprises prepaid and post paid revenues including interconnect, mobile broadband and eircom Mobile. Other revenue is derived mainly from device sales and foreign roaming revenue.

The following table shows our revenue from Mobile services, analysed by major products and services:

	In the quarter ended		% Change ² 2009/2010 %
	31 Mar 2009 € ‘m	31 Mar 2010 € ‘m	
Mobile services:			
Prepaid	79	76	(3)
Postpaid	34	30	(11)
Services revenue	113	106	(6)
Other revenue	5	6	4
Total mobile services revenue	118	112	(5)
Intracompany eliminations	(6)	(5)	(7)
Total mobile services revenue	112	107	(5)
	As at		% Change ²
	31 Mar 2009	31 Mar 2010	2009/2010
Total subscribers (thousands)*:			
Pre-paid subscribers (thousands)	893	910	2
Post-paid subscribers (thousands)	140	155	11
Total subscribers (thousands)⁴	1,033	1,065	3

* eircom staff represents 4,545 of these subscriber numbers⁵ (31 March 2009: 4,954)

Total revenue, before intra-company eliminations, was €112 million for the quarter ended 31 March 2010, down 5% on the corresponding quarter of the prior year, primarily due to an increase in the proportion of traffic generated as part of the bundled minutes within our own network, and the impact of the new post-paid plans, higher take-up of free minutes and texts add-ons in pre-paid plans as well as lower termination and customer roaming rates. This was partially offset by a higher customer base and increased data services revenues from mobile internet.

At 31 March 2010 there were 1,065,000 subscribers, an increase of 3% compared with 31 March 2009. Subscriber numbers at 31 March 2010 include c.34,000 Meteor Mobile Broadband customers (following the introduction of our service in March 2009), and c.14,000 eircom Mobile customers.

Operating costs before amortisation, depreciation and exceptional items

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

	In the quarter ended		% Change ² 2009/2010 %
	31 Mar 2009 € 'm	31 Mar 2010 € 'm	
Staff costs			
Fixed line			
Wages and salaries and other staff costs	85	77	(10)
Social welfare costs	3	3	10
Pension paid and payable	6	6	2
Pay costs before non-cash pension (credit)/charge and capitalisation	94	86	(8)
Non-cash pension (credit)/charge	(3)	6	n/a
Pay costs before capitalisation	91	92	1
Capitalised labour	(17)	(11)	(37)
Total fixed line services staff costs	74	81	10
Mobile services staff costs (net of capitalised labour)	14	12	(15)
Total staff costs	88	93	6
Other operating costs			
Fixed line costs			
Payments to telecommunications operators	68	57	(16)
Purchase of goods for resale, commission and related costs	18	16	(10)
Materials and services	15	9	(36)
Other network costs	6	6	(1)
Accommodation	16	19	18
Sales and marketing	11	9	(18)
Transport and travel	3	4	25
IT costs	3	3	(3)
Other costs	23	19	(17)
Total other fixed line operating costs	163	142	(13)
Mobile services costs	70	69	(2)
Total other operating costs	233	211	(9)
Intracompany eliminations	(13)	(13)	-
Total other operating costs	220	198	(10)
Total operating costs before amortisation, depreciation, impairment and exceptional items	308	291	(5)

Total operating costs before amortisation, depreciation, impairment and exceptional items decreased by 5%, compared with the corresponding quarter of the prior year.

Staff costs

Total staff costs increased by 6% in the quarter ended 31 March 2010, primarily due higher Fixed line staff costs partially offset by a 15% decrease in Mobile services staff costs.

The group adopts the corridor approach to accounting for pension obligations under IAS 19. Accordingly the pension charges included in operating costs before depreciation, amortisation, impairment and exceptional items are determined based on the pension assets, liabilities and unamortised actuarial deficit as at 30 June 2009.

Fixed line staff costs in the quarter ended 31 March 2010 were 10% higher compared with the quarter ended 31 March 2009. This is primarily due to a €9 million movement in non-cash pension which is now a €6 million charge, compared with a €3 million credit in the corresponding prior year quarter, and a 37% reduction in fixed line capitalised labour due to reduced activity. These were partially offset by a 10% reduction in Fixed line wages and salaries and other staff costs in the current period, resulting from lower fixed line headcount and reductions in overtime and subsistence costs. The prior year quarter includes a bonus provision reversal of €3 million.

Mobile services staff costs decreased by 15% due to lower wages and salaries, bonus and commission costs resulting from lower headcount and Agency staff numbers, partially offset by lower capitalised labour.

Headcount in Fixed Line services at 31 March 2010 was 5,997, down 6% from 6,367 at 31 March 2009. In addition, there were 45 agency staff at 31 March 2010, compared with 58 at 31 March 2009. Mobile Services headcount at 31 March 2010 was 756, down 4% from 789 at 31 March 2009. There were 40 Agency staff in Meteor at 31 March 2010, compared with 93 at 31 March 2009. The costs of agency staff are included within staff costs.

Total other operating costs

Total other operating costs decreased by 10% in the quarter ended 31 March 2010, with reductions across most categories of costs, with the exception of Accommodation and Transport and travel costs.

Fixed line operating costs

Overall fixed line operating costs in the quarter ended 31 March 2010 decreased by 15% compared with the quarter to 31 March 2009. Payments to other telecommunications operators decreased by 16%, mainly due to lower interconnect traffic volumes, and reductions in certain interconnect rates. The cost of goods for resale, commissions and related costs decreased by 10% mainly as a result of reduced sales. Materials and services decreased by 36% due to lower provisioning and network maintenance costs and price savings achieved. Other network costs remained broadly flat. Accommodation costs were up 18%, due mainly to once-off charges in the period offset by lower rent, electricity and service costs on premises in use by the group. Sales and Marketing costs were 18% lower as a result of lower activity as well as some price savings compared with the corresponding prior year quarter. Transport and travel costs were up 25% due to a higher fuel costs and lower capitalised transport costs. IT costs were broadly in line with the corresponding prior year quarter, while other costs were down by 17% primarily due to lower customer service costs and professional fees, partially offset by higher bad debt charges.

Mobile operating costs

Total operating costs for the mobile segment were €69 million for the quarter, a reduction of 2% compared with the corresponding quarter ended 31 March 2009, primarily due to savings achieved in sales and marketing, customer service costs and commissions as well as lower interconnect and roaming costs, partially offset by higher bad debt charges, increased network costs related to the ongoing rollout of our 3G network, as well as higher cost of equipment sold, particularly mobile broadband devices.

Amortisation

Amortisation for the quarter ended 31 March 2010 increased by 18%, compared with the quarter ended 31 March 2009, mainly due to increased charges in Meteor relating to its new billing system.

Depreciation

Depreciation for the quarter ended 31 March 2010 was €80 million, compared with €85 in the quarter ended 31 March 2009 due to certain Mobile assets coming to the end of their depreciable life and accelerated depreciation of Fixed lines payphones in the prior period.

Exceptional items

There were net exceptional gains in the quarter ended 31 March 2010 of €173 million, compared with a €4 million charge in the quarter ended 31 March 2009. The exceptional items include a net gain arising from the recognition of the past service and curtailment gains of €184 million in respect of the group's defined benefit pension scheme in the current quarter (see Note 4), offset by a charge of €9 million in respect of the settlement of certain legal matters and a €2 million charge for other costs.

Finance costs (net)

The Group's net finance costs for the quarter to 31 March 2010 were €66 million, down €11 million on the corresponding quarter ended 31 March 2009. This is mainly due to a reduction in the charge in the current quarter relating to the movement in the fair value of derivatives not qualifying for hedge accounting, as well as the impact of lower interest rates, and reduced debt balances.

Taxation

The tax charge for the quarter to 31 March 2010 was €10 million, compared with €9 million in the corresponding prior year quarter. This is mainly due to a tax charge of €23 million in respect of the pension curtailment and past service gains, partially offset by a €17 million once-off tax refund in the current quarter, as well as a reduction in taxable profit.

Commentary on results of operations for the nine-month period ended 31 March 2010

Overview

Group EBITDA from continuing operations, before non-cash pension (credit)/charge, exceptional items and net construction income, of €497 million for the nine-month period ended 31 March 2010, decreased by 3% from €514 million in the corresponding prior year period. The decrease was driven by lower contribution from both our Fixed line and Mobile businesses.

The results, revenue, operating costs and subscriber numbers for eircom Mobile have been reclassified from the Fixed Line to Mobile and the prior year comparatives have been restated to reflect this change.

Revenue

Overall revenue for the period decreased by 9% compared with the prior year period. The following table shows certain segmental information relating to our business for the periods indicated:

	In the nine months ended		% Change ² 2009/2010 %
	31 Mar 2009 € 'm	31 Mar 2010 € 'm	
Fixed line services and other revenue	1,186	1,079	(9)
Mobile services revenue	375	351	(6)
Total segmental revenue	1,561	1,430	(8)
Intracompany eliminations	(43)	(42)	(2)
Total revenue	1,518	1,388	(9)

Fixed line services and other revenue

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

	In the nine months ended		% Change ² 2009/2010 %
	31 Mar 2009 € 'm	31 Mar 2010 € 'm	
Access (rental and connections)	510	498	(2)
Voice traffic	283	252	(11)
Advanced voice services traffic	50	48	(4)
Total voice traffic	333	300	(10)
Data traffic	21	12	(43)
Total voice and data traffic	354	312	(12)
Data communications	127	123	(3)
Interconnect services	154	124	(19)
Other products and services	134	127	(5)
Revenue before discounts	1,279	1,184	(7)
Discounts*	(93)	(105)	13
Total fixed line services and other revenue	1,186	1,079	(9)
Intracompany eliminations	(23)	(24)	7
Total fixed line services and other revenue	1,163	1,055	(9)

*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 revenue, before intracompany eliminations, for the nine-month period ended 31 March 2010 was 9% lower than for the corresponding prior year period. Revenues decreased across all categories, particularly Voice and Data Traffic and Interconnect. Discounts increased in the nine months ended 31 March 2010, reflecting increased take-up of bundled products and other promotions.

Access (rental and connections)

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

	In the nine months ended		% Change ²
	31 Mar 2009	31 Mar 2010	2009/2010
	€ 'm	€ 'm	%
Total access revenue			
Line and equipment rental	310	289	(7)
Connection and other charges	10	9	(11)
ADSL and bitstream rental and connection	131	139	6
WLR rental and connection	59	61	3
Total access revenue	510	498	(2)
Access channels (in thousands at period end, except percentages)			
PSTN	1,242	1,164	(6)
PSTN WLR	323	326	1
Total PSTN	1,565	1,490	(5)
ISDN	348	315	(10)
ISDN WLR	62	70	12
Total ISDN	410	385	(6)
ADSL and bitstream	658	703	7
Total access channels	2,633	2,578	(2)

Revenue (before discounts) from access was 2% lower in the nine-month period ended 31 March 2010, compared with the corresponding prior year period. Lower revenues from Line and equipment rental were partially offset by an increase in ADSL and bitstream revenue, as a result of ongoing customer demand for our broadband products. Bundle discounts represent a significant proportion of total discounts and have also increased significantly in the nine months ended 31 March 2010, reflecting the higher number of bundled packages with broadband offerings, and increased level of promotions including free line rental promotion. Wholesale Line Rental ("WLR") rental and connection revenue remained broadly in line with the corresponding prior year period.

Line and equipment rental revenue decreased by 7% in the nine-month period ended 31 March 2010, compared with the corresponding prior year period, mainly due to a decline in PSTN and ISDN channels, which have been impacted by the slowdown in economic activity, including house completions and the continuing migration of customers to other operators and to mobile. Retail PSTN lines now stand at 1.164 million (including promotional lines), a reduction of 6% over the prior year.

Revenue from connection and other charges decreased by 11%, compared with the corresponding prior year period ended 31 March 2009, as a result of the reduction in the numbers of PSTN and ISDN connections.

ADSL and bitstream revenue (before discounts) increased by 6% in the nine-month period ended 31 March 2010, as a result of continued customer demand for our broadband products. By 31 March 2010, the number of ADSL and bitstream lines had increased to approximately 703,000 lines, up 7% from approximately 658,000 at 31 March 2009.

As at 31 March 2010 approximately 326,000 PSTN lines and 70,000 ISDN channels had transferred to other authorised operators on WLR, an increase of 1% and 12% respectively over volumes at 31 March 2009, as a result of continuing competition in the market. WLR rental and connection yielded revenues of approximately €61 million in the nine-month period ended 31 March 2010, an increase of 3% compared with the prior year period, as higher rental income was partially offset by lower connections revenue.

Traffic

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

	In the nine months ended		% Change ²
	31 Mar 2009	31 Mar 2010	2009/2010
	€ 'm	€ 'm	%
Revenue			
Basic voice traffic revenue			
Local	68	64	(7)
National	40	35	(11)
Fixed to mobile	114	101	(11)
International	61	52	(15)
Total basic voice traffic revenue	283	252	(11)
Advanced voice services traffic revenue	50	48	(4)
Total voice traffic revenue	333	300	(10)
Data traffic revenue	21	12	(43)
Total traffic revenue	354	312	(12)
Traffic (in millions of minutes, except percentages)			
Local	1,791	1,624	(9)
National	674	605	(10)
Fixed to mobile	646	554	(14)
International	286	244	(15)
Total basic voice traffic minutes	3,397	3,027	(11)
Advanced voice services minutes	565	446	(21)
Total voice minutes	3,962	3,473	(12)
Data traffic minutes	869	435	(50)
Total traffic minutes	4,831	3,908	(19)

Overall revenue from voice and data traffic (before discounts) decreased by 12% in the nine-month period ended 31 March 2010.

Voice traffic

Basic voice traffic revenue (before discounts) decreased by 11% in the nine-month period ended 31 March 2010. This was primarily due to an overall decline in traffic volumes arising from loss of market share and weakness in the traditional voice market, and lower access volumes, partially offset by the introduction of a call set-up charge in September 2008. Voice traffic discounts represent a significant proportion of total discounts and have increased significantly in the year ended 31 March 2010, reflecting the higher number of bundled packages and promotional activity in the current year.

Revenue relating to advanced voice services (before discounts) fell by 4% in the nine-month period ended 31 March 2010, as a continuing decline in VPN, Freefone and other advanced voice services traffic volumes was largely offset by an improved PRS traffic mix.

Data traffic

Revenue from internet and other dial-up traffic (before discounts) decreased by 43% in the nine-month period ended 31 March 2010, compared with the corresponding period ended 31 March 2009, and is in line with the ongoing decline in volumes resulting from the migration of internet users to ADSL and other higher speed services.

Data communications

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

	In the nine months ended		% Change ² 2009/2010
	31 Mar 2009	31 Mar 2010	
	€ 'm	€ 'm	
Data communications revenue			
Leased lines (including Partial Private Circuits)	69	68	(2)
Switched data and IP network services	46	46	-
ISP & VAS revenue	12	9	(24)
Total data communications revenue	127	123	(3)
Number of leased lines (at period end, except percentages)			
National leased lines	8,868	7,022	(21)
Partial private circuits	5,996	6,153	3
International leased lines	277	252	(9)
Interconnect paths	1,094	943	(14)
Total leased lines	16,235	14,370	(11)

Revenue from data communications (before discounts) decreased by 3% in the nine-month period ended 31 March 2010 compared with the prior year period, due to lower ISP and VAS revenue. Leased line revenues were 2% lower than in prior year due to a drop in volumes, reflecting a reduction in the overall leased line market, and customers migrating to higher speed alternatives, largely offset by c€3 million once-off provision release in the period. Switched data and IP network services revenue remained in line with the prior year period. Leased Lines (including Partial Private Circuits) volumes include circuits leased by Meteor and Tetra for use in their business and operations.

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 nine months ended		% Change ² 2009/2010
	31 Mar 2009	31 Mar 2010	
	€ 'm	€ 'm	%
Interconnect services revenue			
Interconnect	86	63	(27)
Foreign terminating traffic	68	61	(10)
Total interconnect services revenue	154	124	(19)
Interconnect services traffic (in millions of minutes, except percentages)			
Call origination	1,706	1,398	(18)
Call termination	2,122	1,901	(10)
Transit to mobile/fixed	514	492	(4)
Ancillary	142	111	(22)
International	404	273	(33)
Total interconnect	4,888	4,175	(15)
Foreign terminating traffic	1,941	1,855	(4)
Total interconnect services traffic	6,829	6,030	(12)

Interconnect services revenue fell by 19% in the nine-month period ended 31 March 2010, compared with the corresponding prior year period primarily due to lower interconnect traffic.

Revenue from interconnect fell by 27% in the period ended 31 March 2010, due to a reduction in traffic volumes and a change in the mix of calls. Call origination and call termination volumes decreased by 18% and 10% respectively, due to a reduction in traffic from OAOs as a result of lower overall market volumes and increased transfers to WLR. Ancillary traffic volumes fell by 22% reflecting declining demand for these services. Domestic transit volumes were 4% lower as other operators interconnect directly with one another. International interconnect traffic volumes also fell by 33% due to lower demand.

Revenue from foreign terminating traffic in the nine-month period ended 31 March 2010 fell by 10%, compared with the prior year period, due to a 4% decline in traffic volumes resulting from reduced demand, as well as a change in mix to lower value traffic.

Operating costs before depreciation, amortisation, goodwill impairment, and exceptional items

The following table shows information relating to our operating costs before depreciation, amortisation, goodwill impairment, and exceptional items, and the percentage changes for the periods indicated:

	In the nine months ended		% Change²
	31 Mar 2009	31 Mar 2010	2009/2010
	€ 'm	€ 'm	%
Staff costs			
Fixed line			
Wages and salaries and other staff costs	273	237	(13)
Social welfare costs	11	10	(8)
Pension paid and payable	16	17	10
Pay costs before non-cash pension credit and capitalisation	300	264	(12)
Non-cash pension (credit)/charge	(7)	17	N/r
Pay costs before capitalisation	293	281	(4)
Capitalised labour	(53)	(40)	(24)
Total fixed line services staff costs	240	241	-
Mobile services staff costs (net of capitalised labour)	43	34	(21)
Total staff costs	283	275	(3)
Other operating costs			
Fixed line costs			
Payments to telecommunications operators	220	180	(19)
Purchase of goods for resale, commission and related costs	64	52	(19)
Materials and services	39	28	(27)
Other network costs	18	18	2
Accommodation	48	49	1
Sales and marketing	34	28	(19)
Transport and travel	13	12	(7)
IT costs	9	7	(20)
Other costs	68	66	(2)
Total other fixed line operating costs	513	440	(14)
Mobile services costs	244	235	(4)
Total other operating costs	757	675	(11)
Intracompany eliminations	(43)	(42)	(2)
Total other operating costs	714	633	(11)
Total operating costs before depreciation, amortisation, goodwill impairment and exceptional items	997	908	(9)

Total operating costs before amortisation, depreciation, goodwill impairment and exceptional items decreased by 9% in the nine-month period ended 31 March 2010, compared with the prior year period.

Staff costs

Total staff costs decreased by 3% in the nine-month period ended 31 March 2010, due to lower Fixed line wages and salaries and Mobile services staff costs, partially offset by the non-cash pension charge of €17 million in the period, compared with a credit of €7 million in the prior year period, and a reduction in fixed line and mobile capitalised labour.

The group adopts the corridor approach to accounting for pension obligations under IAS 19. Accordingly the pension charges included in operating costs before depreciation, amortisation, goodwill impairment and exceptional items are determined based on the pension assets, liabilities and unamortised actuarial deficit as at 30 June 2009.

Fixed line staff costs in the nine-month period ended 31 March 2010 were broadly in line with the corresponding prior year period. Fixed line pay costs, before non-cash pension (credit)/charge and capitalisation, decreased by 12% from the corresponding prior year period, due to lower fixed line headcount, lower wages and salaries including bonuses, and lower overtime costs. This was offset by a reduction in the Fixed line capitalised labour compared with the corresponding prior year period, mainly due to reduced activity. Pension paid and payable increased compared with the prior year period mainly due to a once-off credit for an overpayment included in the period ended 31 March 2009.

Mobile services staff costs decreased by 21% due to lower salaries, wages, bonus and commission costs, lower headcount and reduced agency staff costs, partially offset by lower capitalised labour.

Headcount in Fixed Line services at 31 March 2010 was 5,997, down 6% from 6,367 at 31 March 2009. In addition, there were 45 agency staff at 31 March 2010, compared with 58 at 31 March 2009. Mobile services headcount at 31 March 2010 was 756, down 4% from 789 at 31 March 2009. There were 40 Agency staff in Meteor at 31 March 2010, compared with 93 at 31 March 2009. The costs of agency staff are included within staff costs.

Total other operating costs

Total other operating costs decreased by 11% in the nine months ended 31 March 2010, with reductions across most categories of costs.

Fixed line operating costs

Overall fixed line operating costs in the nine-month period ended 31 March 2010 decreased by 14% compared with the corresponding prior year period. Payments to other telecommunications operators decreased by 19%, due to lower interconnect traffic volumes and lower rates. The cost of goods for resale, commissions and related costs decreased by 19% mainly as a result of reduced sales. Materials and services decreased by 27% due to lower provisioning and network maintenance costs as well as price savings achieved. Other network costs were broadly in line with the corresponding prior year period as an increase in costs incurred by Tetra was largely offset by lower other network costs. Accommodation costs were broadly in line with the corresponding prior year period, as lower electricity and service costs on premises in use by the group were largely offset by once-off costs in the period. Sales and Marketing costs were 19% lower as a result of reduced activity as well as price savings. Transport and travel costs were down 7%, due to cost savings as well as a decline in travel partially offset by lower capitalised transport costs in the period. IT costs were 20% lower resulting from lower IT maintenance costs. Other costs decreased by 2% arising from savings achieved in customer services, staff related costs, and professional and regulatory fees, partially offset by higher bad debt charges.

Mobile operating costs

Total operating costs for the mobile segment were €235 million, a decrease of 4% on the corresponding prior year period, primarily due to savings achieved in sales and marketing, customer service costs and commissions paid as well as lower interconnect, roaming and cost of equipment sold including mobile devices, partially offset by higher bad debt charges and higher network costs related to the continuing rollout of our 3G network.

Amortisation

Amortisation in the nine months ended 31 March 2010 increased by 24%, compared with the corresponding prior year period, mainly as a result of the amortisation of Mobile 3G licence costs and increased charges relating to Meteor's new billing system.

Depreciation

Depreciation charge for the nine months ended 31 March 2010 was €239 million, 2% lower compared with the corresponding nine-month period ended 31 March 2009, due to certain Mobile assets coming to the end of their depreciable life, and an accelerated depreciation of Fixed lines payphones in the prior period.

Exceptional items

There was a net exceptional credit of €142 million for the nine months ended 31 March 2010, compared with a charge of €8 million for corresponding prior year period. The exceptional items include a net gain arising from the recognition of the past service and curtailment gains of €184 million in respect of the group's defined benefit pension scheme (see Note 4), offset by an impairment charge of €18 million in the period ended 31 March 2010 in respect of surplus properties. An exceptional charge of €11 million (31 March 2009: €8 million) for onerous contracts, €9 million in respect of the settlement of certain legal matters and €4 million for property lease restoration and other costs, were also incurred in the period ended 31 March 2010.

Finance costs (net)

The group's net finance costs for the nine months ended 31 March 2010 were €154 million, compared with €295 million in the corresponding prior year period. The reduction is due mainly to a credit of €17 million in the period compared with a charge of €102 million in the corresponding period of the prior year, arising from the movement in the fair value of derivatives not qualifying for hedge accounting, as well as the impact of lower interest rates and reduced debt balances.

Taxation

The tax charge for the nine months period to 31 March 2010 was €11 million, compared with €17 million in the corresponding period of the prior year. This was mainly due to a charge of €8 million included in the prior period reflecting increased capital gains tax rates. A tax charge of €23 million, in respect of the pension curtailment and past service gains, was offset by a once-off tax refund of €17m in the current period, as well as a reduction in taxable profit.

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, impairment and non-cash pension charges. Cash flows from operating activities are also impacted by working capital movements and restructuring payments. During the nine-month period ended 31 March 2010, net cash generated from operating activities decreased to €226 million from €362 million in the corresponding prior year period. The reduction reflects a once-off receipt in the prior period of €124 million in respect of a construction contract, as well as higher restructuring payments and working capital outflows in the current period, partially offset by a once-off tax receipt of €17 million.

Cash flows from investing activities

In the nine months ended 31 March 2010, we made payments in respect of capital expenditure of €218 million, down from €270 million in the corresponding prior year period due in part to timing of payments. Capital expenditure is used primarily to grow and renew our networks, including the 3G network, payments in respect of our share of Tetra's investment in its network and expenditure on a new Meteor billing system.

Cash flows from financing activities

In the period ended 31 March 2010, the group made repayments of €92 million in respect of its borrowings, compared with €221 million in the corresponding prior year period, which included €72 million in respect of borrowings for a construction contract completed in July 2008. These repayments were partially offset by the group's share of Tetra borrowings taken out in the period.

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 ERCIF 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 and percentages 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. Promotional lines refer to a “Free line rental” promotion introduced during the year.
 4. Mobile Broadband Customer subscriptions are being accounted for and billed separately to other mobile subscriptions.
 5. Based on data at the end of November 2009.
 6. Mobile 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 sum of the subscriber base at the beginning and at the end of the period, divided by two. A pre-paid subscriber base consists of active subscribers, including Mobile Broadband where the SIMs have been used within 90 days prior to the period end. Post paid subscribers are considered active until such time as they are terminated from the network.
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A conference call will be held on 27 May 2010 at 15:00 local time in Ireland.

The dial-in number is +353 1 664 7603, Pin number 75424#