Exceed Together

2008 interim report and results for the quarter ended 30 June 2008

COLT Telecom Group S.A.

Data | Voice | Managed Services

HIGHLIGHTS

COLT Telecom Group S.A.
announces results for the three and six months ended 30 June 2008

Contents

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Q2 FINANCIAL RESULTS

Compared to Q2 2007

- Revenue increased by 1.5% to €416.3m and increased by 4.3% on a constant currency basis
- Data revenue grew by 9.0% to €225.6m and grew by 12.7% on a constant currency basis
- Exceptional credit to cost of sales of €17.0m on resolution of a complex billing issue
- Gross margin before depreciation and exceptional items increased by 0.7 percentage points to 39.2%
- EBITDA(1) increased by €8.6m or 12.7% to €76.5m
- Profit before tax increased by €24.6m from €8.9m to €33.5m
- Profit before tax and exceptional items increased by €7.6m from €8.9m to €16.5m
- Free cash inflow(2) increased from €11.3m to €19.9m
- Capital expenditure increased from €56.5m to €85.7m

The Group's financial position continues to be strong, with cash and cash equivalents of €233.2m and net debt of €29.0m at the end of the quarter.

(1) EBITDA is earnings before net finance costs, tax, depreciation, amortisation, foreign exchange and exceptional items.
(2) Free cash flow is net cash generated from operating activities less net cash used in investing activities and net finance costs paid.

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OPERATING AND FINANCIAL REVIEW

Commenting on the results, Rakesh Bhasin, Chief Executive Officer, said:

"I am pleased to report further progress in our business despite the increasing challenges of the broader economy. At constant currency, Data revenue grew by 12.7%, driven mainly by the strength of our Ethernet and Data Centre offerings. We have continued to invest in order to build on this positive trend, nevertheless margins and EBITDA both improved.

"After a strong first half, we expect to report improved results for 2008. Our outlook is however tempered with some caution given the current economic uncertainty."

This interim report and accounts is also available via the COLT website at www.colt.net

This financial review includes details of important Group events that occurred during the half year ended 30 June 2008.

Unless indicated otherwise, all commentary below on the Group's results and cash flows is based on nominal variances including exchange rate movements. The impact on the results of recent movements in the Sterling to Euro exchange rate is however now significant enough to be separately identified. A constant currency analysis of revenue is included in Appendix 1 and key constant currency variances have been noted in the following text.

All comparatives are against the equivalent period of the prior year.

Total revenue

Revenue for the quarter increased by €6.3m, or 1.5%, to €416.3m. Higher margin Data revenue grew by €18.7m or 9.0%. Lower margin Voice revenue fell by €12.4m or 6.1%. After excluding the impact of reductions in fixed to mobile prices, Voice revenue declined by 3.6% and total revenue increased by 2.8%. On a constant currency basis, revenue for the quarter increased by 4.3%, Data revenue grew by 12.7% and Voice revenue fell by 4.2%. Data revenue as a percentage of total revenue increased to 54.2% (2007: 50.5%).

Revenue for the six months decreased by €8.4m, or 1.0%, to €827.2m. Higher margin Data revenue grew by €39.2m or 9.6%. Lower margin Voice revenue fell by €47.6m or 11.1%. After excluding the impact of reductions in fixed to mobile prices, Voice revenue declined by 8.8% and total revenue increased by 0.2%. On a constant currency basis, revenue for the six months increased by 1.4%, Data revenue grew by 13.1% and Voice revenue fell by 9.6%. Data revenue as a percentage of total revenue increased to 54.0% (2007: 48.7%).

At 30 June 2008 deferred revenue (which mainly relates to Data revenue) was €189.7m (30 June 2007: €174.8m), a year on year increase of €14.9m. The increase during Q2 2008 was €4.5m (31 March 2008: €185.2m) and during the six months was €6.4m (31 December 2007: €183.3m).

Major Enterprise revenue

Total revenue for the Major Enterprise division for the quarter increased by €8.2m to €173.7m (2007: €165.5m) and for the six months increased by €16.6m to €346.8m (2007: €330.2m).

Data revenue from Major Enterprise customers for the quarter increased by 9.0% to €130.0m (2007: €119.3m) and for the six months increased by 9.7% to €258.3m (2007: €235.5m), driven by increased COLT Ethernet and Managed Services revenues.

Voice revenue from Major Enterprise customers for the quarter decreased by 5.4% to €43.7m (2007: €46.2m) and for the six months decreased by 6.5% to €88.5m (2007: €94.7m). For each period the decline was mainly attributable to the UK (4.6% and 4.3% respectively) and Germany (2.1% and 2.8% respectively). In the UK this was mainly due to the impact of currency and in Germany, to continuing competitive pressures across the Voice market and reductions in mobile termination rates.

SME revenue

Total revenue for the SME division for the quarter decreased by €6.3m to €115.9m (2007: €122.2m) and for the six months decreased by €19.2m to €231.9m (2007: €251.1m).

Data revenue from SME customers for the quarter increased by 7.5% to €45.9m (2007: €42.7m) and for the six months increased by 10.2% to €90.9m (2007: €82.5m), driven by growth in COLT Total, our combined Voice/Access product for this market, and Ethernet.

Voice revenue from SME customers for the quarter decreased by 11.9% to €70.0m (2007: €79.5m) and for the six months decreased by 16.4% to €141.0m (2007: €168.6m), of which 10.7% and 12.8% respectively was attributable to Germany. The decline in Germany was driven by our exposure to the consumer base through our reseller business and the continued decline in revenue from our legacy Carrier Pre-Select (CPS) product. The situation is exacerbated by mobile termination rate reductions and the disruption from the mobile operators' court challenge which has still not been wholly resolved.

OPERATING AND FINANCIAL REVIEW
CONTINUED

Wholesale revenue
Total revenue for the Wholesale division for the quarter increased by €4.4m to €126.7m (2007: €122.3m) and for the six months decreased by €5.8m to €248.5m (2007: €254.3m).

Data revenue from Wholesale customers for the quarter increased by 10.7% to €49.7m (2007: €44.9m), and for the six months increased by 9.0% to €97.1m (2007: €89.1m), driven by demand from our larger customers for Ethernet products.

Voice revenue from Wholesale customers for the quarter decreased by 0.5% to €77.0m (2007: €77.4m), and for the six months decreased by 8.4% to €151.4m (2007: €165.2m), mainly driven by the Carrier Voice decline arising from the mobile termination rate cuts and market disruption in Germany.

Exceptional item
The exceptional credit of €17.0m within cost of sales relates to the resolution of a complex billing issue relating to the period 2004-2007.

Gross profit
Gross profit percentage before depreciation and exceptional items for the quarter improved by 0.7 percentage points to 39.2% and for the six months improved by 1.3 percentage points to 39.1%, reflecting the improved revenue mix driven by the growth in Data revenue and decline in Voice revenue.

Cost of sales before exceptional items for the quarter increased by 0.2% to €302.3m (2007: €301.6m) driven primarily by the increase in interconnect and network costs before exceptional items for the quarter, which increased by 0.4% to €253.0m (2007: €252.0m). For the six months cost of sales before exceptional items decreased by 2.3% to €603.6m (2007: €617.7m) and interconnect and network costs before exceptional items decreased by 3.0% to €504.1m (2007: €519.5m).

Network depreciation for the quarter decreased by 0.6% to €49.3m (2007: €49.6m) and for the six months increased by 1.3% to €99.5m (2007: €98.2m).

Operating expenses
Operating expenses for the quarter decreased by 1.8% to €93.7m (2007: €95.4m) and for the six months decreased by 2.0% to €189.2m (2007: €193.0m).

Selling, general and administrative ("SG&A") expenses for the quarter decreased by 3.7% to €86.8m (2007: €90.1m) and for the six months decreased by 3.3% to €174.5m (2007: €180.4m). On a constant currency basis expenses for the quarter increased by 3.8% to €93.5m and for the six months by 3.3% to €186.3m reflecting increased power costs and additional resource in Operations and customer-facing divisions to support revenue growth.

Other depreciation for the quarter increased by €1.6m to €6.9m (2007: €5.3m) and for the six months increased by €2.1m to €14.7m (2007: €12.6m) as we continue to invest in new IT systems to drive efficiency.

EBITDA
EBITDA for the quarter increased by €8.6m or 12.7% to €76.5m, (2007: €67.9m) and increased by €5.3m or 7.8% on a constant currency basis, reflecting the improved mix of revenue and decrease in nominal operating expenses.

EBITDA for the six months increased by €12.9m or 9.5% to €148.6m, (2007: €135.7m) and increased by €8.0m or 5.9% on a constant currency basis, again reflecting the improved mix of revenue and decrease in nominal operating expenses.

Operating profit
Operating profit before exceptional items for the quarter increased by €7.3m or 56.2% to €20.3m (2007: €13.0m) and for the six months increased by €9.5m or 38.2% to €34.4m (2007: €24.9m). On a constant currency basis operating profit for the quarter increased by €1.5m or 11.5% and for the six months stayed constant, reflecting the increased EBITDA but increased depreciation during the six month period.

Operating profit for the Major Enterprise division for the quarter decreased by €1.1m to €9.1m and for the six months decreased by €2.1m to €15.6m, as gains from increased Data revenue were more than offset by lower Voice revenue and investment in new personnel to drive growth.

The gains from Data revenue growth and lower fixed costs in the SME division resulted in a decrease in the quarterly operating loss of €3.8m to €1.3m and a decrease in the six month operating loss of €2.9m to €4.7m.

Similarly the Wholesale division operating profit for the quarter increased by €4.6m to €12.5m and for the six months increased by €8.7m to €23.5m, driven by high margin Data revenue growth and lower fixed costs.

OPERATING AND FINANCIAL REVIEW
CONTINUED

Finance income and finance costs and similar charges
Finance income for the quarter increased by €0.7m to €2.4m (2007: €1.7m) and for the six months decreased by €0.1m to €3.4m (2007: €3.5m).

Finance costs and similar charges for the quarter decreased by €0.2m to €5.7m (2007: €5.9m) and for the six months decreased by €0.5m to €11.4m (2007: €11.9m).

Taxation
COLT had no taxation charge during the quarter or six months (2007: €nil).

Profit after taxation
Profit after taxation before exceptional items for the quarter increased by €7.6m to €16.5m (2007: €8.9m) and for the six months increased by €8.1m to €25.1m (2007: €17.0m).

Cash flow and net debt
Free cash inflow for the quarter increased by €8.6m to €19.9m (2007: €11.3m), but decreased by €8.4m to an inflow of €2.9m before exceptional items reflecting increases in EBITDA and trade payables, offset by increased capital expenditure. Quarterly capital expenditure increased by €29.2m to €85.7m, and for the six months increased by €34.3m to €153.4m, reflecting investment in new data centres in the UK and Europe. For the full year we now expect capital expenditure to be around €300m, with the increase over last year being mainly attributable to revenue related transactions.

The same factors caused free cash inflow for the six months to increase by €0.3m to €3.4m (2007: €3.1m), and to decrease to an outflow of €13.6m before exceptional items.

The net movement in cash and cash equivalents for the quarter was an inflow of €20.1m (2007: inflow of €11.3m) and for the six months was an inflow of €4.0m (2007: inflow of €3.2m). At 30 June 2008 cash and cash equivalents increased to €233.2m (2007: €199.1m). Net debt at 30 June 2008 was €29.0m (2007: €63.1m).

Principal risks and uncertainties
COLT has processes for identifying, evaluating and managing the principal risks and uncertainties faced by the Group. The risk assessment process is updated at least annually and the Group has a detailed risk management process which identifies the key risks and uncertainties it faces. For the six months ended 31 December 2008 these risks and uncertainties are: competition; regulation and changes in technology within the telecommunications industry; the wider economic downturn; COLT's ability to recruit skilled personnel, provide a high level of customer service, maintain and develop internal IT systems and other infrastructure, and to raise capital. Further details of these key risks and uncertainties can be found in the 2007 Annual Report, available from the COLT website (http://colt.net/UK-en/Investors/AnnualResults/index.htm). Some or all of these risks have the potential to impact our results or financial position during the remaining six months of the financial year. Increased economic uncertainty is the only significant change to those principal risks and uncertainties during the six months ended 30 June 2008. We have not yet seen any material impact from the change in the economic outlook.

Change to Audit Committee
There will be a change to the composition of the Audit Committee with effect from 1 October 2008. Andreas Barth will be appointed and Robert Hawley will step down as a member of the Committee. There are no changes to the Board of COLT Telecom Group S.A.

Responsibility statement
The directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

By order of the Board

Rakesh Bhasin
Chief Executive Officer
23 July 2008

Tony Bates
Chief Operating Officer and
Acting Chief Financial Officer
23 July 2008

CONSOLIDATED INCOME STATEMENTS

Three months ended 30 June	2008 Before exceptional items €m	2008 Exceptional items €m	2008 After exceptional items €m	2007 €m
Revenue	**416.3**	–	416.3	410.0
Cost of sales				
Interconnect and network	**(253.0)**	17.0	(236.0)	(252.0)
Network depreciation	**(49.3)**	–	(49.3)	(49.6)
	(302.3)	17.0	(285.3)	(301.6)
Gross profit	**114.0**	17.0	131.0	108.4
Operating expenses				
Selling, general and administrative	**(86.8)**	–	(86.8)	(90.1)
Other depreciation and amortisation	**(6.9)**	–	(6.9)	(5.3)
	(93.7)	–	(93.7)	(95.4)
Operating profit	**20.3**	17.0	37.3	13.0
Other income (expense)				
Finance income	**2.4**	–	2.4	1.7
Finance costs and similar charges	**(5.7)**	–	(5.7)	(5.9)
Exchange gain (loss)	**(0.5)**	–	(0.5)	0.1
	(3.8)	–	(3.8)	(4.1)
Profit on ordinary activities before taxation	**16.5**	17.0	33.5	8.9
Taxation	**–**	–	–	–
Profit for the period	**16.5**	17.0	33.5	8.9
Basic earnings per share	**€0.02**		€0.05	€0.01
Diluted earnings per share	**€0.02**		€0.05	€0.01

The basis on which this information has been prepared is described in Note 1 to this financial information.

Six months ended 30 June	2008 Before exceptional items €m	2008 Exceptional items €m	2008 After exceptional items €m	2007 €m
Revenue	**827.2**	–	827.2	835.6
Cost of sales				
Interconnect and network	**(504.1)**	17.0	(487.1)	(519.5)
Network depreciation	**(99.5)**	–	(99.5)	(98.2)
	(603.6)	17.0	(586.6)	(617.7)
Gross profit	**223.6**	17.0	240.6	217.9
Operating expenses				
Selling, general and administrative	**(174.5)**	–	(174.5)	(180.4)
Other depreciation and amortisation	**(14.7)**	–	(14.7)	(12.6)
	(189.2)	–	(189.2)	(193.0)
Operating profit	**34.4**	17.0	51.4	24.9
Other income (expense)				
Finance income	**3.4**	–	3.4	3.5
Finance costs and similar charges	**(11.4)**	–	(11.4)	(11.9)
Exchange gain (loss)	**(1.3)**	–	(1.3)	0.5
	(9.3)	–	(9.3)	(7.9)
Profit on ordinary activities before taxation	**25.1**	17.0	42.1	17.0
Taxation	**–**	–	–	–
Profit for the period	**25.1**	17.0	42.1	17.0
Basic earnings per share	**€0.04**		€0.06	€0.02
Diluted earnings per share	**€0.04**		€0.06	€0.02

The basis on which this information has been prepared is described in Note 1 to this financial information.

CONSOLIDATED BALANCE SHEET

	At 30 June 2008 €m	At 31 December 2007 €m	At 30 June 2007 €m
ASSETS			
Non-current assets			
Intangible assets	**74.1**	77.9	70.5
Property, plant and equipment	**1,217.2**	1,198.2	1,198.8
Total non-current assets	**1,291.3**	1,276.1	1,269.3
Current assets			
Trade receivables	**247.6**	253.3	271.6
Prepaid expenses and other debtors	**78.3**	68.3	88.2
Cash and cash equivalents	**233.2**	231.1	199.1
Total current assets	**559.1**	552.7	558.9
Total assets	**1,850.4**	1,828.8	1,828.2
EQUITY			
Capital and reserves			
Share capital	**1,723.9**	1,723.3	1,723.1
Other reserves	**(718.9)**	(702.1)	(678.5)
Retained losses	**(42.4)**	(84.5)	(105.0)
Total equity	**962.6**	936.7	939.6
LIABILITIES			
Non-current liabilities			
Non-convertible long term debt	**262.2**	262.2	262.2
Provisions for liabilities and charges	**42.2**	44.3	43.4
Total non-current liabilities	**304.4**	306.5	305.6
Current liabilities			
Trade and other payables	**583.4**	585.6	583.0
Total current liabilities	**583.4**	585.6	583.0
Total liabilities	**887.8**	892.1	888.6
Total equity and liabilities	**1,850.4**	1,828.8	1,828.2

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2008 €m	2007 €m	**2008 €m**	2007 €m
Profit for the period	**33.5**	8.9	**42.1**	17.0
Net exchange adjustments offset in reserves	**(0.5)**	1.8	**(16.9)**	(2.3)
Total recognised gain for the period	**33.0**	10.7	**25.2**	14.7

CONSOLIDATED RECONCILIATION OF CHANGES IN EQUITY

	Three months ended 30 June		Six months ended 30 June	
	2008 €m	2007 €m	**2008 €m**	2007 €m
Profit for the period	**33.5**	8.9	**42.1**	17.0
Issue of ordinary shares	**0.2**	–	**0.6**	0.1
Shares to be issued under share option plans	**0.1**	0.2	**0.1**	0.4
Net exchange adjustments offset in reserves	**(0.5)**	1.8	**(16.9)**	(2.3)
Net change in equity	**33.3**	10.9	**25.9**	15.2
Opening equity	**929.3**	928.7	**936.7**	924.4
Closing equity	**962.6**	939.6	**962.6**	939.6

CONSOLIDATED CASH FLOW STATEMENT

	Three months ended 30 June		Six months ended 30 June	
	2008 €m	2007 €m	**2008 €m**	2007 €m
Net cash generated from operating activities	**113.7**	76.7	**164.0**	129.7
Cash flows from investing activities:				
Purchase of non-current assets	**(85.8)**	(56.5)	**(153.5)**	(119.5)
Disposal of non-current assets	**0.1**	–	**0.1**	0.4
Net cash used in investing activities	**(85.7)**	(56.5)	**(153.4)**	(119.1)
Cash flows from financing activities:				
Finance costs and similar charges paid	**(10.3)**	(10.4)	**(10.4)**	(10.8)
Finance income received	**2.2**	1.5	**3.2**	3.3
Issue of ordinary shares	**0.2**	–	**0.6**	0.1
Net cash used in financing activities	**(7.9)**	(8.9)	**(6.6)**	(7.4)
Net movement in cash and cash equivalents	**20.1**	11.3	**4.0**	3.2
Cash and cash equivalents at beginning of period	**213.0**	187.6	**231.1**	196.3
Effect of exchange rate changes on cash and cash equivalents	**0.1**	0.2	**(1.9)**	(0.4)
Cash and cash equivalents at end of period	**233.2**	199.1	**233.2**	199.1

FREE CASH FLOW RECONCILIATION

	Three months ended 30 June		Six months ended 30 June	
	2008 €m	2007 €m	**2008 €m**	2007 €m
EBITDA	**76.5**	67.9	**148.6**	135.7
Exceptional items	**17.0**	–	**17.0**	–
Movement in receivables	**(4.2)**	1.5	**(8.7)**	(2.5)
Movement in payables	**25.7**	8.2	**10.6**	(0.8)
Movement in provisions	**(1.0)**	(1.2)	**(2.4)**	(3.6)
Other non-cash items	**(0.3)**	0.3	**(1.1)**	0.9
Finance costs paid	**(10.3)**	(10.4)	**(10.4)**	(10.8)
Finance income received	**2.2**	1.5	**3.2**	3.3
Net cash used in investing activities (capital expenditure)	**(85.7)**	(56.5)	**(153.4)**	(119.1)
Free cash inflow	**19.9**	11.3	**3.4**	3.1

Free cash inflow is net cash generated from operations less net cash used in investing activities and net interest paid.

NOTES TO THE FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

COLT Telecom Group S.A. (the "Company"), together with its subsidiaries, is referred to as the "Group". Consolidated financial information has been presented for the Group for the three and six months ended 30 June 2008 and 30 June 2007.

The financial information for the three and six months ended 30 June 2008 and 30 June 2007 is unaudited and does not constitute consolidated financial statements within the meaning of Luxembourg company law of 19 December 2002.

The financial information has been prepared in accordance with International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". The financial information should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2007. The accounting policies applied and the presentation of the financial information are consistent with the Group's annual consolidated financial statements.

The Company has voluntarily adopted the Transparency Directive, which has not yet been adopted in Luxembourg.

The Group's operations are not generally subject to significant seasonal or cyclical variations.

2 SEGMENTAL INFORMATION

The Group is managed around its three customer facing Business Divisions: Major Enterprise, Small and Medium Enterprises (SME) and Wholesale (including Carrier Voice operations), supported by four Service Divisions and the Country Division. COLT's three Business Divisions correspond to its reportable segments in line with the information reported to its chief operating decision maker, the Executive Board.

Divisional revenue has been classified as Voice and Data to provide an analysis of products and services that they provide. Voice revenue comprises services including the transmission of Voice, Data or video through a switching centre. Data revenue includes managed and non-managed network services, bandwidth services and Voice traffic which is delivered in a digital form (IP Voice). Voice revenue has been further split between Carrier Voice and Corporate and Reseller Voice. Carrier Voice revenue includes Voice services provided wholesale to other licensed operators, and Corporate and Reseller Voice revenue is all other Voice revenue.

The divisional operating results include all costs directly attributable to the divisions and the recharge of all shared network and other Service Division operating costs, including depreciation. The bases used to recharge these costs may be further refined in the future.

The Divisions use a shared network which is not divisible and is therefore classified as an unallocated corporate asset. As such, all capital expenditure and depreciation are also classified as corporate. Other unallocated corporate assets include cash and debt.

NOTES TO THE FINANCIAL INFORMATION
CONTINUED

For the three months ended 30 June 2008 and 30 June 2007 revenue and result by reportable segment were as follows:

	Three months ended 30 June 2008			
	Major Enterprise €m	SME €m	Wholesale €m	Total €m
Carrier Voice	–	–	58.8	58.8
Corporate and Reseller Voice	43.7	70.0	18.2	131.9
Total Voice revenue	43.7	70.0	77.0	190.7
Data revenue	130.0	45.9	49.7	225.6
Total revenue	173.7	115.9	126.7	416.3
Operating result by segment before exceptional items	9.1	(1.3)	12.5	20.3
Exceptional items				17.0
Operating result by segment after exceptional items				37.3

The exceptional item has not been allocated to segments because it relates to pre-2008 trading.

	Three months ended 30 June 2007			
	Major Enterprise €m	SME €m	Wholesale €m	Total €m
Carrier Voice	–	–	55.5	55.5
Corporate and Reseller Voice	46.2	79.5	21.9	147.6
Total Voice revenue	46.2	79.5	77.4	203.1
Data revenue	119.3	42.7	44.9	206.9
Total revenue	165.5	122.2	122.3	410.0
Operating result by segment	10.2	(5.1)	7.9	13.0

For the six months ended 30 June 2007 and 30 June 2006, revenue and result by reportable segment were as follows:

	Six months ended 30 June 2008			
	Major Enterprise €m	SME €m	Wholesale €m	Total €m
Carrier Voice	–	–	113.5	113.5
Corporate and Reseller Voice	88.5	141.0	37.9	267.4
Total Voice revenue	88.5	141.0	151.4	380.9
Data revenue	258.3	90.9	97.1	446.3
Total revenue	346.8	231.9	248.5	827.2
Operating result by segment before exceptional items	15.6	(4.7)	23.5	34.4
Exceptional items				17.0
Operating result by segment after exceptional items				51.4

	Six months ended 30 June 2007			
	Major Enterprise €m	SME €m	Wholesale €m	Total €m
Carrier Voice	–	–	122.9	122.9
Corporate and Reseller Voice	94.7	168.6	42.3	305.6
Total Voice revenue	94.7	168.6	165.2	428.5
Data revenue	235.5	82.5	89.1	407.1
Total revenue	330.2	251.1	254.3	835.6
Operating result by segment	17.7	(7.6)	14.8	24.9

Total assets by reportable segment were as follows:

Segment assets

	Major Enterprise €m	SME €m	Wholesale €m	Corporate and eliminations €m	Total €m
30 June 2008	128.7	62.1	115.8	1,543.8	1,850.4
31 December 2007	124.4	56.6	120.9	1,526.9	1,828.8
30 June 2007	140.3	67.1	132.7	1,488.3	1,828.2

NOTES TO THE FINANCIAL INFORMATION
CONTINUED

3 EARNINGS PER SHARE

	Three months ended 30 June 2008	2007	Six months ended 30 June 2008	2007
Basic weighted average number of ordinary shares (m)	**680.5**	680.1	**680.4**	680.1
Dilutive ordinary shares from share options (m)	**0.3**	0.4	**0.3**	0.5
Diluted weighted average number of ordinary shares (m)	**680.8**	680.5	**680.7**	680.6
Profit for the period (€m)	**33.5**	8.9	**42.1**	17.0
Basic earnings per share	**€0.05**	€0.01	**€0.06**	€0.02
Diluted earnings per share	**€0.05**	€0.01	**€0.06**	€0.02

4 EXCEPTIONAL ITEM

The exceptional credit of €17.0m within cost of sales relates to the resolution of a complex billing issue relating to the period 2004-2007.

5 ANALYSIS OF NET DEBT

	Three months ended 30 June 2008 €m	2007 €m	Six months ended 30 June 2008 €m	2007 €m
Net movement in cash and cash equivalents	**20.1**	11.3	**4.0**	3.2
Other non-cash movements	**0.1**	0.2	**(1.9)**	(0.4)
Net movement in net debt	**20.2**	11.5	**2.1**	2.8
Opening net debt	**(49.2)**	(74.6)	**(31.1)**	(65.9)
Closing net debt	**(29.0)**	(63.1)	**(29.0)**	(63.1)
Represented on the balance sheet by:				
Cash and cash equivalents	**233.2**	199.1	**233.2**	199.1
Non-current financial liabilities	**(262.2)**	(262.2)	**(262.2)**	(262.2)
Closing net debt	**(29.0)**	(63.1)	**(29.0)**	(63.1)

6 RECONCILIATION OF PROFIT FOR THE PERIOD TO CASH GENERATED FROM OPERATIONS

	Three months ended 30 June 2008	2007	Six months ended 30 June 2008	2007
Profit for the period	**33.5**	8.9	**42.1**	17.0
Finance costs and similar charges	**5.7**	5.9	**11.4**	11.9
Finance income	**(2.4)**	(1.7)	**(3.4)**	(3.5)
Exchange (gain)/loss	**0.5**	(0.1)	**1.3**	(0.5)
Depreciation	**56.2**	54.9	**114.2**	110.8
Other non-cash items	**(0.3)**	0.3	**(1.1)**	0.9
Movement in receivables	**(4.2)**	1.5	**(8.7)**	(2.5)
Movement in payables	**25.7**	8.2	**10.6**	(0.8)
Movement in provisions	**(1.0)**	(1.2)	**(2.4)**	(3.6)
Net cash generated from operations	**113.7**	76.7	**164.0**	129.7

7 EBITDA RECONCILIATION

	Three months ended 30 June 2008 €m	2007 €m	Six months ended 30 June 2008 €m	2007 €m
Net cash generated from operations	**113.7**	76.7	**164.0**	129.7
Exceptional items	**(17.0)**	–	**(17.0)**	–
Movement in receivables	**4.2**	(1.5)	**8.7**	2.5
Movement in payables	**(25.7)**	(8.2)	**(10.6)**	0.8
Movement in provisions	**1.0**	1.2	**2.4**	3.6
Other non-cash items	**0.3**	(0.3)	**1.1**	(0.9)
EBITDA	**76.5**	67.9	**148.6**	135.7

8 TRANSACTIONS WITH RELATED PARTIES

An amount of €5.8m was billed during the six months ended 30 June 2008 to FIL Limited for voice, data and managed services (2007: €13.2m).

During the six months ended 30 June 2008, the Group entered into a number of currency transactions with FMR LLC in response to currency needs which arose in the normal course of business. The total amount of currency purchased in this way was €16.4m (2007: €50.9m).

APPENDIX 1 – CONSTANT CURRENCY ANALYSIS

An analysis of turnover for the three and six months ended 30 June 2008, compared to the three and six months ended 30 June 2007 after excluding the impact of foreign exchange, is shown below:

	Three months ended 30 June				
	2008	2007	% Movement		
	€m	€m	Actual	Business	Foreign exchange impact
REVENUE					
Major Enterprise					
Corporate and Reseller Voice	**43.7**	46.2	(5.4%)	(1.9%)	(3.5%)
Data revenue	**130.0**	119.3	9.0%	13.2%	(4.2%)
Total revenue	**173.7**	165.5	5.0%	9.0%	(4.0%)
SME					
Corporate and Reseller Voice	**70.0**	79.5	(11.9%)	(10.6%)	(1.3%)
Data revenue	**45.9**	42.7	7.5%	10.1%	(2.6%)
Total revenue	**115.9**	122.2	(5.2%)	(3.4%)	(1.8%)
Wholesale					
Carrier Voice	**58.8**	55.5	5.9%	7.7%	(1.8%)
Corporate and Reseller Voice	**18.2**	21.9	(16.9%)	(16.4%)	(0.5%)
Total Voice revenue	**77.0**	77.4	(0.5%)	0.9%	(1.4%)
Data revenue	**49.7**	44.9	10.7%	13.8%	(3.1%)
Total revenue	**126.7**	122.3	3.6%	5.6%	(2.0%)
Total					
Carrier Voice	**58.8**	55.5	5.9%	7.7%	(1.8%)
Corporate and Reseller Voice	**131.9**	147.6	(10.6%)	(8.7%)	(1.9%)
Total Voice revenue	**190.7**	203.1	(6.1%)	(4.2%)	(1.9%)
Data revenue	**225.6**	206.9	9.0%	12.7%	(3.7%)
Total revenue	**416.3**	410.0	1.5%	4.3%	(2.8%)

The foreign exchange impact has been calculated by retranslating non Euro revenue in the current period at the prior period average exchange rate. The most significant exchange impact on the reported results comes from the 17% strengthening of the Euro against Sterling.

	Six months ended 30 June				
	2008	2007	% Movement		
	€m	€m	Actual	Business	Foreign exchange impact
REVENUE					
Major Enterprise					
Corporate and Reseller Voice	**88.5**	94.7	(6.5%)	(3.5%)	(3.0%)
Data revenue	**258.3**	235.5	9.7%	13.5%	(3.8%)
Total revenue	**346.8**	330.2	5.0%	8.7%	(3.7%)
SME					
Corporate and Reseller Voice	**141.0**	168.6	(16.4%)	(15.2%)	(1.2%)
Data revenue	**90.9**	82.5	10.2%	12.7%	(2.5%)
Total revenue	**231.9**	251.1	(7.6%)	(6.1%)	(1.5%)
Wholesale					
Carrier Voice	**113.5**	122.9	(7.6%)	(6.4%)	(1.2%)
Corporate and Reseller Voice	**37.9**	42.3	(10.4%)	(9.9%)	(0.5%)
Total Voice revenue	**151.4**	165.2	(8.4%)	(7.3%)	(1.1%)
Data revenue	**97.1**	89.1	9.0%	12.1%	(3.1%)
Total revenue	**248.5**	254.3	(2.3%)	(0.5%)	(1.8%)
Total					
Carrier Voice	**113.5**	122.9	(7.6%)	(6.4%)	(1.2%)
Corporate and Reseller Voice	**267.4**	305.6	(12.5%)	(10.9%)	(1.6%)
Total Voice revenue	**380.9**	428.5	(11.1%)	(9.6%)	(1.5%)
Data revenue	**446.3**	407.1	9.6%	13.1%	(3.5%)
Total revenue	**827.2**	835.6	(1.0%)	1.4%	(2.4%)

The foreign exchange impact has been calculated by retranslating non Euro revenue in the current period at the prior period average exchange rate. The most significant exchange impact on the reported results comes from the 15% strengthening of the Euro against Sterling.

FORWARD LOOKING STATEMENTS

This report contains "forward looking statements" including statements concerning plans, future events or performance and underlying assumptions and other statements which are other than statements of historical fact. COLT Telecom Group S.A. wishes to caution readers that any such forward looking statements are not guarantees of future performance and certain important factors could in the future affect the Group's actual results and could cause the Group's actual results for future periods to differ materially from those expressed in any forward looking statement made by or on behalf of the Group. These include, among others, the following: (i) any adverse change in regulations and technology within the telecommunications industry, (ii) the Group's ability to manage its growth, (iii) the nature of the competition that the Group will encounter and wider economic conditions including economic downturns, (iv) unforeseen operational or technical problems and (v) the Group's ability to raise capital. The Group undertakes no obligation to release publicly the results of any revision to these forward looking statements that may be made to reflect errors or circumstances that occur after the date hereof.

ENQUIRIES

Gill Maclean
Senior Manager, Investor Relations
Email: gill.maclean@colt.net
Tel: +44 (0) 20 7863 5314

Mark Savage
Director of Group Communications
Email: mark.savage@colt.net
Tel: +44 (0) 20 7390 3098

Group Communications
COLT Telecom Group
Beaufort House
15 St Botolph Street
LONDON
EC3A 7QN

www.colt.net

Designed by www.randallwilkinson.co.uk