

# **HISTORICAL COST SEPARATED ACCOUNTS**

**For the Year Ended 30 June 2008**

# **FINANCIAL STATEMENTS**



# *eircom Historical Cost Separated Accounts*

## **Regulatory Statements**

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## **eircom Historical Cost Separated Accounts**

### ***Introduction***

eircom are required, under Condition 15 of its General Telecommunications Licence, granted by the office of the Director of Telecommunications Regulation (“ODTR”), now known as the Commission for Communications Regulation (“ComReg”), on 1 December 1998 to maintain accounting records in a form which enables the activities of any business unit specified in any direction given by the Director of Telecommunications Regulation (“the Director”) to be separately identifiable, and which the Director considers to be sufficient to show and explain the transactions of each of these business units.

The historical cost separated accounts for the year ended 30 June 2008 were prepared in accordance with this requirement and the detailed framework and financial statements requirements set out in the ComReg Decision Notices. The transposition of the new EU Regulatory Framework into Irish Law now means that the governing legislation requiring separated accounts has changed. From 25 July 2003 these requirements on electronic communications network providers are now imposed under Regulation 24 of S.I. No. 307 of 2003 and Regulation 12 of S.I. No. 305 of 2003.

The detailed framework and financial statement disclosure has been set out in the ComReg Decision Notices (the ‘Decision Notices’):

- D5/99, D10/99 ‘Accounting Separation and Publication of Financial Information for Telecommunications Operators’, dated May 1999 and August 1999 respectively
- D8/99 ‘Costing methodologies for use in Accounting Separation’, dated July 1999
- D9/00 and D10/00 ‘Accounting Separation and Publication of Financial Information for Telecommunications Operators’, dated August 2000 and September 2000 respectively
- D2/01 ‘Accounting Separation for Internet Service Provision and Report on Investigation into Indigo and eircom.net’ and D7/01 ‘eircom’s Reference Interconnection Offer & Accounting Separation and Publication of Financial Information for Telecommunications Operators’, dated February 2001 and April 2001 respectively
- D12/01 ‘Revision of timetable for publication of separated accounts and financial information by eircom’, dated August 2001
- D3/03 ‘Review of the Price Cap on certain Telecommunications Services’, dated February 2003
- D1/08 ‘eircom’s cost of capital’, dated May 2008

The Financial Statements have been prepared in accordance with the framework and financial statement disclosure set out in these Decision Notices insofar as they apply to the year ended 30 June 2008.

***Introduction (Cont'd.)***

Financial Statements have to be prepared for the following Businesses and, where applicable, Activities within the Businesses:-

<b>Business</b>	<b>Activities</b>
Local Access Network	not applicable
Core Network	not applicable
Retail	Access Local Calls National Calls International Calls Calls to Mobile Directory Enquiry Leased Lines Public Payphones Calls to Internet Internet Services Supply Supplemental Services Remaining Activities
Other Business	Apparatus Supply Other Remaining Activities Meteor Other Subsidiaries

The definitions of the Businesses and Activities are set out in the Financial Statements on pages 80 to 83.

## ***Introduction (Cont'd.)***

### **Accounting Documents**

The Financial Statements have been prepared by applying the costing methodology detailed in the Accounting Documents dated 30 November 2008 (“the Accounting Documents”) which set out the framework under which the Financial Statements are to be prepared. These statements should be read in conjunction with the Accounting Documents.

The Accounting Documents consist of the following:

1. Regulatory Accounting Principles – which lay out the general rules by which the Financial Statements should be prepared, for example that all balances should be attributed with reference to cost causality.
2. Attribution Methods – which explain how revenue, costs including transfer charges, assets and liabilities are attributed to the Businesses and Network Elements and Activities within those Businesses, following the Regulatory Accounting Principles, on a fully allocated basis.
3. Transfer Charges – which explain how charges are raised from the Core Network and Local Access Network Businesses to the Retail Business for the use of the respective networks.
4. Accounting Policies – which detail the accounting policies adopted in preparing the underlying financial information.

### **Applicable Rate of Return**

The applicable Rate of Return used in these Financial Statements is 11.36% (2007: 14.375% - 15 month period). The annual Rate of Return was mandated by ComReg in Decision 4.3.4 of Decision Notice D9/00, maintained in D7/01 and amended in D1/08. The annual rate of return was 11.5% from 1 July 2007 to 22 May 2008 and 10.21% from 22 May 2008 to 30 June 2008. The rate of return in these financial statements reflect the applicable rates of return for the financial year on a time apportioned basis.

## *Introduction (Cont'd.)*

### **Basis of preparation of the Financial Statements**

The structure of the Businesses required under the Decision Notices (i.e. Local Access Network, Core Network, Retail and Other Business) does not correspond to the way in which the group is organised and hence the way the statutory accounting records are structured. The Financial Statements are therefore prepared by overlaying the requirements of the Decision Notices on the accounting records and management structure of eircom.

These Financial Statements are prepared by attributing the balances in eircom's general ledgers and other accounting records to the Businesses and disaggregated Activities (as amended by Directions published by ComReg). As required by the Decision Notices, wherever possible, revenue, costs, assets and liabilities are directly associated with a Business, Activity or Network Element using information recorded within eircom's accounting records and are directly attributed to that item. Where no such direct attribution is possible the revenue, costs, assets and liabilities are apportioned between two or more Activities, Network Elements or Businesses on a basis that reflects the causality of the revenue, cost, asset or liability. Residual costs for which no direct or indirect method of apportionment can be identified are allocated using an equal proportionate mark-up method. Details of this process are given in the Attribution Methods section within the Accounting Documents.

Typically, in a fully allocated accounting system, a number of attribution methods are available. In selecting financial attribution methods and appropriate non-financial data for use within the attribution models employed in the production of Financial Statements, eircom has had to make certain estimates and exercise its judgement, having regard to the regulatory principles, including cost causality and objectivity, in order to comply with the requirements of the Accounting Documents.

eircom has made improvements to the non-financial information used to prepare these statements since the previous published year. Certain non-financial data used in the preparation of these Financial Statements has been derived using sampling techniques appropriate to that data. eircom will continue to review and update attribution methods on an ongoing basis and, where deemed appropriate, will make necessary improvements.

## *Introduction (Cont'd.)*

### **Contents of the Financial Statements**

Each Financial Statement, which should be read in conjunction with the Accounting Documents, comprises:

1. a profit and loss account, including a statement of the fully allocated costs calculated on a basis not inconsistent with eircom's Annual Report, as amended by ComReg directions; and
2. a statement of mean capital employed.

The Financial Statements also include:

3. for the Network Business, a statement of costs;
4. for the Network Business, a statement of costs of network services;
5. for the Access Business, a statement of costs;
6. for the Access Business, a statement of costs of network services; and
7. a reconciliation between the aggregate turnover, operating profit and mean capital employed of all the Businesses and the turnover, operating profit and capital employed of the eircom updated group as disclosed in its Annual Report.

## Statement of Responsibility for preparing the Financial Statements

eircom is required under Condition 15 of its General Telecommunications Licence, to maintain accounting records in a form which enables the activities of any business unit specified in any direction given by the Director of Telecommunications Regulation (“the Director”) to be separately identifiable, and which the Director considers to be sufficient to show and explain the transactions of each of these business units. The historical cost separated accounts for the year ended 30 June 2008 were prepared in accordance with this requirement and the detailed framework and financial statements requirements set out in the Commission for Communications Regulation (“ComReg”) Decision Notices. From the 25<sup>th</sup> July 2003, these requirements on electronic communications network providers are now imposed under Regulation 24 of S.I. No. 307 2003 and Regulation 12 of S.I. No. 305 of 2003.

Each financial statement;

1. includes
  - 1.1 a profit and loss account;
  - 1.2 a statement of mean capital employed;
  - 1.3 a statement of costs (if applicable); and
  - 1.4 a statement of costs of network services (if applicable)
2. is prepared in accordance with the Accounting Documents published with these financial statements. Insofar as there is any inconsistency between any or all of the Accounting Documents, the company ensures that each financial statement is prepared in accordance with the Accounting Documents in the following order of priority:
  - 2.1 the regulatory accounting principles;
  - 2.2 the attribution methods;
  - 2.3 the transfer charges;
  - 2.4 the accounting policies; and
3. is reconciled with the Annual Report and that reconciliation is demonstrated and explained.

eircom confirms that the Financial Statements for the year ended 30 June 2008 have been prepared in accordance with the requirements of the governing legislation. eircom also confirms that, to the best of its knowledge and in good faith, the company has complied with the commitments agreed with the Competition Authority arising as a result of its acquisition of Meteor Mobile Communications Limited and which form part of the Competition Authority's determination dated 18 November 2005 in case M/05/050.

Peter Cross  
Chief Financial Officer  
30 November 2008

## ***Report of the Independent Auditors to eircom Limited***

To eircom Limited issued in accordance with Decision 4.1 of Decision Notice 8/99 and Decision Notice 9/00 issued by the Commission for Communications Regulation (“ComReg”).

1. We have examined the financial statements on pages 12 to 79 which have been prepared under the historical cost convention in accordance with Decision Notices 5/99, 8/99, 10/99, 9/00, 10/00, 2/01, 7/01, 12/01, 3/03 and 01/08 (“the Decision Notices”) issued by ComReg and in accordance with eircom Limited’s (“the company”) costing methodologies (“the cost accounting system”) which are articulated in the Accounting Documents published with the financial statements (“the Accounting Documents”).
2. The financial statements comprise separate historical cost financial statements for the year ended 30 June 2008 for each of the Businesses listed on page 3 (“the Businesses”) and, in so far as each Business has been disaggregated in terms of activities of the business, each of the disaggregated activities listed on page 3, (“the Activities”). The financial statements of the Core Network Business include the Core Network Statement of Costs and the Statement of Costs of Core Network Services. The financial statements of the Local Access Network include the Local Access Statement of Costs and the Statement of Costs of Access Network Services.

### **Respective responsibilities of the company and auditors**

3. The company is responsible for preparing and approving, as described on page 7, the financial statements. Our responsibilities, as independent auditors, are established by the Decision Notices, International Standards on Auditing (UK and Ireland) and our profession’s ethical guidance. This report, including the opinion, has been prepared for, and only for, the Company and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.
4. We report our opinion as to whether the company’s cost accounting system complies with the requirements of the Interconnection Regulations, whether each of the financial statements is fairly presented in accordance with the Accounting Documents dated 30 November 2008, whether the financial statements comply with the Decision Notices noted above and, whether the information specified by the Decision Notices to be published in the financial statements, has been published in the financial statements. We also report if, in our opinion, the “Introduction” by the company, setting out the basis upon which the financial statements have been prepared, is not consistent with the financial statements, if the company has not kept proper accounting records and if we have not received all of the information and explanations we require for our examination.
5. We read the “Definitions of the Businesses” and consider the implications for our report if we became aware of any apparent misstatements or material inconsistencies with the financial statements.

## Basis of audit opinion

6. As explained in the “Basis of Preparation” on page 5, in accordance with the Accounting Documents, the financial statements are prepared by disaggregating balances recorded in the general ledgers and other accounting records of the company and its subsidiaries (“the group”) maintained in accordance with the Companies Acts, 1963 to 2006, and used, in accordance with those Acts, for the preparation of the company’s statutory consolidated financial statements for the year ended 30 June 2008 (“The Statutory Financial Statements”).
7. Decision Notice D7/01 and directions by way of letter dated 18 April 2001, inter alia, require the company to:-
  - use 1997/98 asset lives for core network and access network assets except for local network overhead fibre cable, local network overhead copper cable and local network poles, where specific lives of 10 years, 10 years and 15 years respectively were directed; and
  - exclude exceptional costs from the core network.
8. In order for the company to comply with Decision Notice D7/01 it has had to amend certain balances obtained from the general ledgers and other accounting records of the company. This is a departure from the general principles for preparation of “top down” separated financial statements.
9. Paragraph 4 of Section 21 of Statutory Instrument No 71 of 1999 of the Interconnection Regulations states that “tariffs for facilities additional to the provision of connection to its fixed public telephone network and fixed public telephone services shall be sufficiently unbundled, so that the user is not required to pay for facilities which are not necessary for the service requested”.
10. In the context of the cost accounting system, eircom holds primary responsibility for ensuring that the number and definition of network charging elements is sufficient to meet the requirements of Paragraph 4 of Section 21 of Statutory Instrument No 71 of 1999 of the Interconnection Regulations. ComReg has approved eircom’s proposals in this regard through the determinations contained within Decision 3.8 of D5/99 as amended by Decision 4.3.3 of D9/00.
11. We have audited the Statutory Financial Statements on which we expressed an unqualified audit opinion. In performing our audit of the Statutory Financial Statements, we carried out such tests of the transactions and balances recorded in the general ledgers and other accounting records of the group as we considered necessary to enable us to express that opinion. This included examination and evaluation of the company’s principal accounting and control systems, analytical review of key balances, assessment of accuracy of the coding of transactions and balances, enquiries of directors and managers of the company and substantive tests of balances and transactions recorded in the group’s general ledgers. Our statutory audit work concluded upon signature of our opinion on the Statutory Financial Statements. In conducting our subsequent examination of the financial statements we have not performed any additional tests of the transactions and balances recorded in the general ledgers and other accounting records beyond those already performed for the purpose of our audit of the Statutory Financial Statements.

12. Having regard to the above:-
- (i) We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the financial statements.
  - (ii) We planned and performed our examination so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that each of the financial statements is fairly presented in accordance with the Accounting Documents and that it complies with the Decision Notices and contains the information specified by the Decision Notices to be published in the financial statements. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.
13. Many of the group's revenues, costs, assets and liabilities are not directly identifiable with individual activities and the preparation of the financial statements requires a significant number of apportionments. As explained on page 5 in the "Basis of Preparation", in selecting appropriate attribution methods and appropriate non-financial data for use within the attribution models employed in the production of the financial statements, the company has had to make certain estimates and exercise its judgement, having regard to the regulatory principles specified in the Accounting Documents, including cost causality and objectivity, in order to comply with the requirements of the Accounting Documents. The company has decided that attribution methods and non-financial data sources will continue to be reviewed and, where appropriate, improved.

## **Opinion**

14. In our opinion, each of the financial statements of each of the Businesses and each of the Activities for the year ended 30 June 2008:-
- fairly presents in accordance with the Accounting Documents, dated 30 November 2008, the result and mean capital employed of, and costs incurred by, each of the Businesses and each of the Activities;
  - complies with the Decision Notices;
  - contains information specified by the Decision Notices to be published in the financial statements.

15. In respect of the requirement in paragraph 4 of Section 21 of Statutory Instrument No 71 of 1999 (“the Interconnection Regulations”) and in the context of the Basis of audit opinion above, we are not aware of any matters of non-compliance. In respect of all other requirements of the Interconnection Regulations, in our opinion, the cost accounting system complies with the requirements of the Interconnection Regulations.

**PricewaterhouseCoopers**

Chartered Accountants and Registered Auditors

Dublin

30 November 2008

## **Local Access Network Business**

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008		12 months to 30-Jun-08	15 months to 30-Jun-07
	Notes	€'000	€'000
<b>Turnover</b>			
From other operators		106,430	115,045
Regulated rate of return adjustment		182	15,007
Transfer charges to Retail & Other		441,925	644,723
<b>Total turnover</b>	11	<b>548,537</b>	<b>774,775</b>
<b>Operating costs</b>			
Operating costs		441,874	642,399
Exceptional operating costs		350	96
<b>Total operating costs</b>	11	<b>442,224</b>	<b>642,495</b>
<b>Return</b>	11	<b>106,313</b>	<b>132,280</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>			
		12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Return</b>		106,313	132,280
<b>Mean capital employed</b>		935,858	920,206
<b>Return on mean capital employed</b>		<b>11.36%</b>	<b>14.375%</b>
<b>Return on turnover</b>		<b>19%</b>	<b>17%</b>

## **Local Access Network Business**

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008		30-Jun-08	30-Jun-07
Notes		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		1,084,984	1,083,259
Intangible fixed assets		12,817	11,747
<b>Total fixed assets</b>		<b>1,097,801</b>	<b>1,095,006</b>
<b>Current assets</b>			
Stocks		5,968	6,536
Debtors		36,365	46,563
Cash at bank and in hand		61,403	42,780
<b>Total current assets</b>		<b>103,736</b>	<b>95,879</b>
<b>Creditors</b>		<b>(109,850)</b>	<b>(117,873)</b>
<b>Provisions for liabilities and charges</b>		<b>(155,829)</b>	<b>(152,806)</b>
<b>Mean capital employed</b>	12	<b>935,858</b>	<b>920,206</b>

## Local Access Network Business

STATEMENT OF COSTS for the year ended 30 June 2008										
	Operating costs €'000	Exceptional Operating costs €'000	Capital employed €'000	Rate of return %	Capital costs €'000	Total operating and capital costs €'000	Volume (Line Equivalents)	Cost per Line Equivalents €		
Subscriber Unit	25,821	120	79,239	11.36%	9,002	34,943	1,759,058	19.86		
<b>Narrowband Access Network (&lt;2MB)</b>										
<i>Length Dependent Costs</i>										
Distribution Side Network (D-Side)	183,217	-57	423,080	11.36%	48,062	231,222	1,806,979	188.07		
Exchange Side Network (E-Side)	41,315	-10	148,601	11.36%	16,881	58,186				
<i>Non-Length Dependent Costs</i>										
Distribution Side Network (D-Side)	17,636	12	68,801	11.36%	7,816	25,464				
Exchange Side Network (E-Side)	16,397	94	74,668	11.36%	8,482	24,973				
<b>Broadband Access Network (&gt;2MB)</b>										
Length Dependent Costs	4,015	-1	18,895	11.36%	2,146	6,160	9,016	2,156.28		
Non-Length Dependent Costs	9,999	88	28,113	11.36%	3,194	13,281				
Carrier Administration & Billing	8,811	-3	109	11.36%	12	8,820	(a)	(a)		
DSLAM	20,030	62	63,049	11.36%	7,162	27,254	(a) (b)	(a)		
Other DSL	12,742	84	32,627	11.36%	3,706	16,532	(a) (b)	(a)		
Provisioning	70,672	-30	782	11.36%	89	70,731	(a)	(a)		
Repair	31,219	-9	-2,106	11.36%	-239	30,971	(a)	(a)		
<b>Total</b>	<b>441,874</b>	<b>350</b>	<b>935,858</b>		<b>106,313</b>	<b>548,537</b>				

(a) These components include a number of different elements which are used in different proportions for the delivery of services within this heading

(b) The DSLAM network element has been analysed into DSLAM and Other DSL in order to distinguish between DSL port costs and usage of core network infrastructure by DSL services.

## Local Access Network Business

STATEMENT OF COSTS for the 15 month period ended 30 June 2007										
	Operating costs €'000	Exceptional Operating costs €'000	Capital employed €'000	Rate of return %	Capital costs €'000	Total operating and capital costs €'000	Volume (Line Equivalents)	Cost per Line Equivalents €		
Subscriber Unit	42,947	32	94,856	14.375%	13,636	56,615	1,732,895	32.67		
<u>Narrowband Access Network (&lt;2MB)</u>										
<i>Length Dependent Costs</i>										
Distribution Side Network (D-Side)	235,000	0	414,459	14.375%	59,578	294,578	1,824,139	245.35		
Exchange Side Network (E-Side)	55,460	0	127,961	14.375%	18,394	73,854				
<i>Non-Length Dependent Costs</i>										
Distribution Side Network (D-Side)	31,648	1	75,608	14.375%	10,869	42,518				
Exchange Side Network (E-Side)	24,916	31	81,055	14.375%	11,652	36,599				
<u>Broadband Access Network (&gt;2MB)</u>										
Length Dependent Costs	3,438	0	11,769	14.375%	1,692	5,130	8,248	2,536.61		
Non-Length Dependent Costs	11,836	8	27,465	14.375%	3,948	15,792				
Carrier Administration & Billing	14,043	10	2,873	14.375%	413	14,466	(a)	(a)		
DSLAM	21,363	11	50,257	14.375%	7,224	28,598	(a) (b)	(a)		
Other DSL	13,512	7	28,905	14.375%	4,155	17,674	(a) (b)	(a)		
Provisioning	131,020	-5	-760	14.375%	-109	130,906	(a)	(a)		
Repair	57,216	1	5,758	14.375%	828	58,045	(a)	(a)		
<b>Total</b>	<b>642,399</b>	<b>96</b>	<b>920,206</b>		<b>132,280</b>	<b>774,775</b>				

(a) These components include a number of different elements which are used in different proportions for the delivery of services within this heading

(b) The DSLAM network element has been analysed into DSLAM and Other DSL in order to distinguish between DSL port costs and usage of core network infrastructure by DSL services.

## Core Network Business

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008		12 months to 30-Jun-08	15 months to 30-Jun-07
	Notes	€'000	€'000
<b>Turnover</b>			
From other operators *		181,511	238,710
Regulated rate of return adjustment		(19,200)	(25,867)
Transfer charges to Retail and Other		333,783	443,618
<b>Total turnover</b>	11	<b>496,094</b>	<b>656,461</b>
Operating costs		470,991	622,585
Transfer charges from Core Network		-	-
Exceptional operating costs		-	-
Transfer charges from Local Access Network		-	-
Exceptional transfer charges from Core Network		-	-
Exceptional transfer charges from Local Access Network		-	-
<b>Total operating costs</b>	11	<b>470,991</b>	<b>622,585</b>
<b>Return</b>	11	<b>25,103</b>	<b>33,876</b>
* includes provisions and adjustments for payments on finalisation of RIO rates			
RETURN ON MEAN CAPITAL EMPLOYED		12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Return</b>		25,103	33,876
<b>Mean capital employed</b>		221,013	235,659
<b>Return on mean capital employed</b>		<b>11.36%</b>	<b>14.375%</b>
<b>Return on turnover</b>		<b>5%</b>	<b>5%</b>

## Core Network Business

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008		30-Jun-08	30-Jun-07
	Notes	€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		326,604	365,642
Intangible fixed assets		3,240	3,443
<b>Total fixed assets</b>		<b>329,844</b>	<b>369,085</b>
<b>Current assets</b>			
Stocks		2,094	1,450
Debtors		38,856	30,444
Cash at bank and in hand		69,446	50,374
<b>Total current assets</b>		<b>110,396</b>	<b>82,268</b>
<b>Creditors</b>		<b>(204,547)</b>	<b>(199,912)</b>
<b>Provisions for liabilities and charges</b>		<b>(14,680)</b>	<b>(15,782)</b>
<b>Mean capital employed</b>	12	<b>221,013</b>	<b>235,659</b>

## Core Network Business

### STATEMENT OF COSTS

for the year ended 30 June 2008

	Operating costs €'000	Exceptional Operating costs €'000	Capital employed €'000	Rate of return %	Capital costs €'000	Total operating and capital costs €'000	Total Units (Note (b))	Average cost cent per unit
<i>Call Sensitive</i>								
Subscriber unit	4,277	0	13,462	11.36%	1,529	5,806	5,549,889	0.105
Primary switch	3,171	0	5,250	11.36%	596	3,767	3,497,223	0.108
Secondary switch	1,855	0	3,032	11.36%	344	2,199	2,885,349	0.076
Tertiary switch	1,646	0	5,397	11.36%	613	2,259	2,291,759	0.099
<i>Traffic sensitive</i>								
Subscriber unit	4,984	0	14,922	11.36%	1,695	6,679	18,920,703	0.035
Primary switch	2,448	0	5,156	11.36%	586	3,034	11,313,637	0.027
Secondary switch	1,920	0	4,362	11.36%	496	2,416	8,405,908	0.029
Tertiary switch	2,340	0	8,710	11.36%	989	3,329	6,788,583	0.049
<i>Transmission: Non-length dependent</i>								
RSU to primary/secondary link	17,248	0	41,376	11.36%	4,700	21,948	13,397,672	0.164
Primary to primary link	358	0	913	11.36%	104	462	378,917	0.122
Primary to secondary link	1,506	0	3,686	11.36%	419	1,925	3,904,654	0.049
Primary to tertiary link	851	0	2,094	11.36%	238	1,089	2,102,005	0.052
Secondary to secondary link	709	0	1,726	11.36%	196	905	710,815	0.127
Secondary to tertiary link	1,072	0	2,635	11.36%	299	1,371	2,646,756	0.052
Tertiary to tertiary link	134	0	354	11.36%	40	174	260,318	0.067
<i>Transmission: Length dependent</i>								
RSU to primary/secondary length	5,803	0	27,717	11.36%	3,149	8,952	3,199,859	0.280
Primary to primary length	119	0	545	11.36%	62	181	97,483	0.186
Primary to secondary length	844	0	3,903	11.36%	443	1,287	1,657,451	0.078
Primary to tertiary length	851	0	3,890	11.36%	442	1,293	1,731,408	0.075
Secondary to secondary length	627	0	2,874	11.36%	326	953	956,271	0.100
Secondary to tertiary length	1,490	0	6,788	11.36%	771	2,261	3,851,309	0.059
Tertiary to tertiary length	35	0	155	11.36%	18	53	19,285	0.275
Inland directory enquiries	20,608	0	5,388	11.36%	612	21,220	(a)	(a)
International directory enquiries	1,039	0	275	11.36%	31	1,070	(a)	(a)
National Operator Assistance	6,657	0	2,115	11.36%	240	6,897	(a)	(a)
International Operator Assistance	108	0	37	11.36%	4	112	(a)	(a)
Carrier administration	5,859	0	-1,726	11.36%	-196	5,663	(a)	(a)
Carrier billing	2,204	0	-2,738	11.36%	-311	1,893	(a)	(a)
Intelligent network	1,913	0	1,745	11.36%	198	2,111	(a)	(a)
Outpayments	324,332	0	-51,801	11.36%	-5,885	318,447	(a)	(a)
International transmission	6,964	0	-20,841	11.36%	-2,368	4,596	(a)	(a)
Private circuits network	30,782	0	79,088	11.36%	8,984	39,766	(a)	(a)
Interconnect connections and rentals	5,695	0	19,085	11.36%	2,168	7,863	(a)	(a)
Other costs	10,542	0	31,439	11.36%	3,571	14,113	(a)	(a)
<b>Total</b>	<b>470,991</b>	<b>0</b>	<b>221,013</b>		<b>25,103</b>	<b>496,094</b>		

(a) These components include a number of different elements which are used in different proportions for the delivery of services within this heading

(b) Unit of length is 100 km.

## Core Network Business

### STATEMENT OF COSTS

for the 15 month period ended 30 June 2007

	Operating costs €'000	Exceptional Operating costs €'000	Capital employed €'000	Rate of return %	Capital costs €'000	Total operating and capital costs €'000	Total Units (Note (b))	Average cost cent per unit
<i>Call Sensitive</i>								
Subscriber unit	6,117	0	14,751	14.375%	2,120	8,237	7,700,579	0.107
Primary switch	5,834	0	5,884	14.375%	846	6,680	4,808,689	0.139
Secondary switch	3,584	0	4,566	14.375%	656	4,240	3,967,865	0.107
Tertiary switch	3,358	0	5,751	14.375%	827	4,185	2,936,734	0.143
<i>Traffic sensitive</i>								
Subscriber unit	6,622	0	15,121	14.375%	2,174	8,796	28,409,129	0.031
Primary switch	4,527	0	5,765	14.375%	829	5,356	16,539,603	0.032
Secondary switch	3,458	0	5,690	14.375%	818	4,276	12,185,130	0.035
Tertiary switch	4,231	0	8,980	14.375%	1,291	5,522	8,465,098	0.065
<i>Transmission: Non-length dependent</i>								
RSU to primary/secondary link	20,309	0	45,676	14.375%	6,566	26,875	19,336,242	0.139
Primary to primary link	450	0	1,040	14.375%	150	600	549,712	0.109
Primary to secondary link	1,882	0	4,269	14.375%	614	2,496	5,441,745	0.046
Primary to tertiary link	1,091	0	2,483	14.375%	357	1,448	2,873,386	0.050
Secondary to secondary link	886	0	2,006	14.375%	288	1,174	991,432	0.118
Secondary to tertiary link	1,361	0	3,094	14.375%	445	1,806	3,433,186	0.053
Tertiary to tertiary link	181	0	427	14.375%	61	242	315,955	0.077
<i>Transmission: Length dependent</i>								
RSU to primary/secondary length	7,399	0	26,345	14.375%	3,787	11,186	4,510,857	0.248
Primary to primary length	168	0	586	14.375%	84	252	130,995	0.192
Primary to secondary length	1,270	0	4,512	14.375%	649	1,919	2,272,582	0.084
Primary to tertiary length	1,252	0	4,381	14.375%	630	1,882	2,459,803	0.077
Secondary to secondary length	955	0	3,390	14.375%	487	1,442	1,237,427	0.117
Secondary to tertiary length	2,137	0	7,479	14.375%	1,075	3,212	5,270,856	0.061
Tertiary to tertiary length	48	0	159	14.375%	23	71	5,030	1.412
Inland directory enquiries	24,247	0	7,214	14.375%	1,037	25,284	(a)	(a)
International directory enquiries	1,131	0	356	14.375%	51	1,182	(a)	(a)
National Operator Assistance	8,089	0	297	14.375%	43	8,132	(a)	(a)
International Operator Assistance	186	0	61	14.375%	9	195	(a)	(a)
Carrier administration	7,841	0	168	14.375%	24	7,865	(a)	(a)
Carrier billing	5,259	0	1,715	14.375%	247	5,506	(a)	(a)
Intelligent network	2,957	0	2,149	14.375%	309	3,266	(a)	(a)
Outpayments	426,328	0	-64,789	14.375%	-9,313	417,015	(a)	(a)
International transmission	6,654	0	-23,459	14.375%	-3,372	3,282	(a)	(a)
Private circuits network	42,610	0	87,750	14.375%	12,613	55,223	(a)	(a)
Interconnect connections and rentals	8,032	0	21,985	14.375%	3,160	11,192	(a)	(a)
Other costs	12,131	0	29,857	14.375%	4,291	16,422	(a)	(a)
<b>Total</b>	<b>622,585</b>	<b>0</b>	<b>235,659</b>		<b>33,876</b>	<b>656,461</b>		

(a) These components include a number of different elements which are used in different proportions for the delivery of services within this heading

(b) Unit of length is 100 km.

## ***Retail Business***

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008		12 months to 30-Jun-08	15 months to 30-Jun-07 Restated
	Notes	€'000	€'000
<b>Turnover</b>			
Connections		26,218	41,692
Rental		659,391	779,979
Call charges		505,562	692,176
Other		18,594	15,295
<b>Total turnover</b>	11	<b>1,209,765</b>	<b>1,529,142</b>
<b>Operating costs</b>			
Operating costs specific to Retail		263,128	354,994
Transfer charges from Core Network		333,191	442,173
Transfer charges from Local Access Network		441,656	644,656
Exceptional operating costs		9	138
Exceptional transfer charges from Core Network		-	-
Exceptional transfer charges from Local Access Network		269	67
<b>Total operating costs</b>	11	<b>1,038,253</b>	<b>1,442,028</b>
<b>Return</b>	11	<b>171,512</b>	<b>87,114</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>			
		12 months to 30-Jun-08	15 months to 30-Jun-07 Restated
		€'000	€'000
<b>Return</b>		171,512	87,114
<b>Mean capital employed</b>		121,267	129,716
<b>Return on mean capital employed</b>		<b>141%</b>	<b>67%</b>
<b>Return on turnover</b>		<b>14%</b>	<b>6%</b>

## ***Retail Business***

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008			
	Notes	30-Jun-08	30-Jun-07 Restated
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		121,824	116,716
Intangible fixed assets		16,868	11,276
<b>Total fixed assets</b>		<b>138,692</b>	<b>127,992</b>
<b>Current assets</b>			
Stocks		325	408
Debtors		211,049	234,894
Cash at bank and in hand		38,305	26,052
<b>Total current assets</b>		<b>249,679</b>	<b>261,354</b>
<b>Creditors</b>		<b>(194,597)</b>	<b>(193,978)</b>
<b>Provisions for liabilities and charges</b>		<b>(72,507)</b>	<b>(65,652)</b>
<b>Mean capital employed</b>	12	<b>121,267</b>	<b>129,716</b>

## ***Retail Business - Access***

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008	Notes	12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Turnover</b>			
Connections		17,991	28,525
Rental		512,332	585,454
Call charges		-	-
Other		-	-
<b>Total turnover</b>		<b>530,323</b>	<b>613,979</b>
<b>Operating costs</b>			
Operating costs specific to Retail		120,189	153,088
Payphone transfer charge		(1,377)	(1,829)
Transfer charges from Core Network		-	-
Transfer charges from Local Access Network		422,112	618,660
Exceptional operating costs		-	63
Exceptional transfer charges from Core Network		-	-
Exceptional transfer charges from Local Access Network		265	65
<b>Total operating costs</b>		<b>541,189</b>	<b>770,047</b>
<b>Return</b>		<b>(10,866)</b>	<b>(156,068)</b>
<hr/>			
RETURN ON MEAN CAPITAL EMPLOYED		12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	Restated €'000
<b>Return</b>		<b>(10,866)</b>	<b>(156,068)</b>
<b>Mean capital employed</b>		<b>13,120</b>	<b>16,806</b>
<b>Return on mean capital employed</b>		<b>-83%</b>	<b>-929%</b>
<b>Return on turnover</b>		<b>-2%</b>	<b>-25%</b>

## ***Retail Business - Access***

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008	Notes	30-Jun-08	30-Jun-07 Restated
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		38,581	36,232
Intangible fixed assets		5,150	3,327
<b>Total fixed assets</b>		<b>43,731</b>	<b>39,559</b>
<b>Current assets</b>			
Stocks		-	-
Debtors		56,745	56,959
Cash at bank and in hand		17,275	11,166
<b>Total current assets</b>		<b>74,020</b>	<b>68,125</b>
<b>Creditors</b>		<b>(77,847)</b>	<b>(67,850)</b>
<b>Provisions for liabilities and charges</b>		<b>(26,784)</b>	<b>(23,028)</b>
<b>Mean capital employed</b>		<b>13,120</b>	<b>16,806</b>

## Retail Business - Local Calls

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008	Notes	12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Turnover</b>			
Connections		-	-
Rental		-	-
Call charges		63,769	90,794
Other		-	-
<b>Total turnover</b>		<b>63,769</b>	<b>90,794</b>
<b>Operating costs</b>			
Operating costs specific to Retail		13,150	23,794
Payphone transfer charge		(54)	(114)
Transfer charges from Core Network		23,020	30,375
Transfer charges from Local Access Network		-	-
Exceptional operating costs		(2)	10
Exceptional transfer charges from Core Network		-	-
Exceptional transfer charges from Local Access Network		-	-
<b>Total operating costs</b>		<b>36,114</b>	<b>54,065</b>
<b>Return</b>		<b>27,655</b>	<b>36,729</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>			
		12 months to 30-Jun-08	15 months to 30-Jun-07 Restated
		€'000	€'000
<b>Return</b>		27,655	36,729
<b>Mean capital employed</b>		12,077	13,075
<b>Return on mean capital employed</b>		<b>229%</b>	<b>281%</b>
<b>Return on turnover</b>		<b>43%</b>	<b>40%</b>

## ***Retail Business - Local Calls***

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008			
	Notes	30-Jun-08	30-Jun-07 Restated
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		4,621	4,854
Intangible fixed assets		2,769	2,081
<b>Total fixed assets</b>		<b>7,390</b>	<b>6,935</b>
<b>Current assets</b>			
Stocks		-	-
Debtors		11,774	13,610
Cash at bank and in hand		1,948	1,623
<b>Total current assets</b>		<b>13,722</b>	<b>15,233</b>
<b>Creditors</b>		<b>(4,728)</b>	<b>(4,729)</b>
<b>Provisions for liabilities and charges</b>		<b>(4,307)</b>	<b>(4,364)</b>
<b>Mean capital employed</b>		<b>12,077</b>	<b>13,075</b>

## ***Retail Business - National Calls***

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008	Notes	12 months to 30-Jun-08	15 months to 30-Jun-07 Restated
		€'000	€'000
<b>Turnover</b>			
Connections		-	-
Rental		-	-
Call charges		34,578	46,132
Other		-	-
<b>Total turnover</b>		<b>34,578</b>	<b>46,132</b>
<b>Operating costs</b>			
Operating costs specific to Retail		6,405	10,293
Payphone transfer charge		(164)	(165)
Transfer charges from Core Network		13,718	16,335
Transfer charges from Local Access Network		-	-
Exceptional operating (income)/costs		(1)	4
Exceptional transfer charges from Core Network		-	-
Exceptional transfer charges from Local Access Network		-	-
<b>Total operating costs</b>		<b>19,958</b>	<b>26,467</b>
<b>Return</b>		<b>14,620</b>	<b>19,665</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>			
		12 months to 30-Jun-08	15 months to 30-Jun-07 Restated
		€'000	€'000
<b>Return</b>		14,620	19,665
<b>Mean capital employed</b>		6,029	6,303
<b>Return on mean capital employed</b>		<b>242%</b>	<b>312%</b>
<b>Return on turnover</b>		<b>42%</b>	<b>43%</b>

## ***Retail Business - National Calls***

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008	Notes	30-Jun-08	30-Jun-07 Restated
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		1,988	1,961
Intangible fixed assets		974	694
<b>Total fixed assets</b>		<b>2,962</b>	<b>2,655</b>
<b>Current assets</b>			
Stocks		-	-
Debtors		6,413	7,021
Cash at bank and in hand		929	694
<b>Total current assets</b>		<b>7,342</b>	<b>7,715</b>
<b>Creditors</b>		<b>(2,350)</b>	<b>(2,143)</b>
<b>Provisions for liabilities and charges</b>		<b>(1,925)</b>	<b>(1,924)</b>
<b>Mean capital employed</b>		<b>6,029</b>	<b>6,303</b>

## ***Retail Business - International Calls***

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008	Notes	12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Turnover</b>			
Connections		-	-
Rental		-	-
Call charges		153,265	188,142
Other		-	-
<b>Total turnover</b>		<b>153,265</b>	<b>188,142</b>
<b>Operating costs</b>			
Operating costs specific to Retail		12,028	21,060
Payphone transfer charge		(394)	(888)
Transfer charges from Core Network		81,725	102,287
Transfer charges from Local Access Network		-	-
Exceptional operating costs		(2)	10
Exceptional transfer charges from Core Network		-	-
Exceptional transfer charges from Local Access Network		-	-
<b>Total operating costs</b>		<b>93,357</b>	<b>122,469</b>
<b>Return</b>		<b>59,908</b>	<b>65,673</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>			
		12 months to 30-Jun-08	15 months to 30-Jun-07 Restated
		€'000	€'000
<b>Return</b>		59,908	65,673
<b>Mean capital employed</b>		42,282	40,445
<b>Return on mean capital employed</b>		<b>142%</b>	<b>162%</b>
<b>Return on turnover</b>		<b>39%</b>	<b>35%</b>

## ***Retail Business - International Calls***

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008	Notes	30-Jun-08	30-Jun-07 Restated
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		3,279	3,410
Intangible fixed assets		961	741
<b>Total fixed assets</b>		<b>4,240</b>	<b>4,151</b>
<b>Current assets</b>			
Stocks		-	-
Debtors		45,598	43,558
Cash at bank and in hand		1,693	1,380
<b>Total current assets</b>		<b>47,291</b>	<b>44,938</b>
<b>Creditors</b>		<b>(5,506)</b>	<b>(4,952)</b>
<b>Provisions for liabilities and charges</b>		<b>(3,743)</b>	<b>(3,692)</b>
<b>Mean capital employed</b>		<b>42,282</b>	<b>40,445</b>

## ***Retail Business - Calls to Mobile***

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008	Notes	12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Turnover</b>			
Connections		-	-
Rental		-	-
Call charges		152,738	209,605
Other		-	-
<b>Total turnover</b>		<b>152,738</b>	<b>209,605</b>
<b>Operating costs</b>			
Operating costs specific to Retail		14,273	19,884
Payphone transfer charge		(446)	(795)
Transfer charges from Core Network		110,816	150,824
Transfer charges from Local Access Network		-	-
Exceptional operating costs		(2)	8
Exceptional transfer charges from Core Network		-	-
Exceptional transfer charges from Local Access Network		-	-
<b>Total operating costs</b>		<b>124,641</b>	<b>169,921</b>
<b>Return</b>		<b>28,097</b>	<b>39,684</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>			
		12 months to 30-Jun-08	15 months to 30-Jun-07 Restated
		€'000	€'000
<b>Return</b>		<b>28,097</b>	<b>39,684</b>
<b>Mean capital employed</b>		<b>19,509</b>	<b>22,242</b>
<b>Return on mean capital employed</b>		<b>144%</b>	<b>178%</b>
<b>Return on turnover</b>		<b>18%</b>	<b>19%</b>

## ***Retail Business - Calls to Mobile***

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008	Notes	30-Jun-08	30-Jun-07 Restated
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		3,957	3,661
Intangible fixed assets		2,030	1,461
<b>Total fixed assets</b>		<b>5,987</b>	<b>5,122</b>
<b>Current assets</b>			
Stocks		-	-
Debtors		23,560	26,919
Cash at bank and in hand		2,073	1,360
<b>Total current assets</b>		<b>25,633</b>	<b>28,279</b>
<b>Creditors</b>		<b>(8,316)</b>	<b>(7,660)</b>
<b>Provisions for liabilities and charges</b>		<b>(3,795)</b>	<b>(3,499)</b>
<b>Mean capital employed</b>		<b>19,509</b>	<b>22,242</b>

## ***Retail Business - Directory Enquiry***

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008	Notes	12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Turnover</b>			
Connections		-	-
Rental		-	-
Call charges		17,939	22,057
Other		-	-
<b>Total turnover</b>		<b>17,939</b>	<b>22,057</b>
<b>Operating costs</b>			
Operating costs specific to Retail		444	668
Payphone transfer charge		(27)	(46)
Transfer charges from Core Network		13,433	16,028
Transfer charges from Local Access Network		-	-
Exceptional operating costs		-	-
Exceptional transfer charges from Core Network		-	-
Exceptional transfer charges from Local Access Network		-	-
<b>Total operating costs</b>		<b>13,850</b>	<b>16,650</b>
<b>Return</b>		<b>4,089</b>	<b>5,407</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>			
		12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	Restated €'000
<b>Return</b>		<b>4,089</b>	<b>5,407</b>
<b>Mean capital employed</b>		<b>2,123</b>	<b>2,479</b>
<b>Return on mean capital employed</b>		<b>193%</b>	<b>218%</b>
<b>Return on turnover</b>		<b>23%</b>	<b>25%</b>

## ***Retail Business - Directory Enquiry***

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008	Notes	30-Jun-08	30-Jun-07 Restated
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		81	57
Intangible fixed assets		60	39
<b>Total fixed assets</b>		141	96
<b>Current assets</b>			
Stocks		-	-
Debtors		2,681	2,865
Cash at bank and in hand		63	54
<b>Total current assets</b>		2,744	2,919
<b>Creditors</b>		(652)	(495)
<b>Provisions for liabilities and charges</b>		(110)	(41)
<b>Mean capital employed</b>		2,123	2,479

## ***Retail Business - Leased Lines***

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008	Notes	12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Turnover</b>			
Connections		5,778	7,470
Rental		80,948	113,826
Call charges		-	-
Other		-	-
<b>Total turnover</b>		<b>86,726</b>	<b>121,296</b>
<b>Operating costs</b>			
Operating costs specific to Retail		10,744	11,357
Transfer charges from Core Network		42,229	58,244
Transfer charges from Local Access Network		15,016	20,099
Exceptional operating (income)		(2)	-
Exceptional transfer charges from Core Network		-	-
Exceptional transfer charges from Local Access Network		4	2
<b>Total operating costs</b>		<b>67,991</b>	<b>89,702</b>
<b>Return</b>		<b>18,735</b>	<b>31,594</b>
<hr/>			
RETURN ON MEAN CAPITAL EMPLOYED		12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	Restated €'000
<b>Return</b>		18,735	31,594
<b>Mean capital employed</b>		(13,095)	(25,852)
<b>Return on mean capital employed</b>		n/a	n/a
<b>Return on turnover</b>		22%	26%

## ***Retail Business - Leased Lines***

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008	Notes	30-Jun-08	30-Jun-07 Restated
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		13,143	11,219
Intangible fixed assets		379	217
<b>Total fixed assets</b>		<b>13,522</b>	<b>11,436</b>
<b>Current assets</b>			
Stocks		-	-
Debtors		23,994	29,316
Cash at bank and in hand		1,719	972
<b>Total current assets</b>		<b>25,713</b>	<b>30,288</b>
<b>Creditors</b>		<b>(43,401)</b>	<b>(58,478)</b>
<b>Provisions for liabilities and charges</b>		<b>(8,929)</b>	<b>(9,098)</b>
<b>Mean capital employed</b>		<b>(13,095)</b>	<b>(25,852)</b>

## ***Retail Business - Public Payphones***

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008	Notes	12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Turnover</b>			
Connections		-	-
Rental		-	-
Call charges		6,353	8,912
Other		783	1,213
<b>Total turnover</b>		<b>7,136</b>	<b>10,125</b>
<b>Operating Costs</b>			
Operating costs specific to Retail		9,669	16,821
Transfer charge from Retail		2,532	3,914
Transfer charges from Core Network		-	-
Exceptional operating costs		(2)	9
Exceptional transfer charges from Core Network		-	-
<b>Total Operating Costs</b>		<b>12,199</b>	<b>20,744</b>
<b>Return</b>		<b>(5,063)</b>	<b>(10,619)</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>			
		12 months to 30-Jun-08	15 months to 30-Jun-07 Restated
		€'000	€'000
<b>Return</b>		<b>(5,063)</b>	<b>(10,619)</b>
<b>Mean capital employed</b>		<b>(931)</b>	<b>2,380</b>
<b>Return on mean capital employed</b>		<b>n/a</b>	<b>(446%)</b>
<b>Return on turnover</b>		<b>(71%)</b>	<b>(105%)</b>

## ***Retail Business - Public Payphones***

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008	Notes	30-Jun-08	30-Jun-07 Restated
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		2,752	5,239
Intangible fixed assets		63	93
<b>Total fixed assets</b>		<b>2,815</b>	<b>5,332</b>
<b>Current assets</b>			
Stocks		243	366
Debtors		586	621
Cash at bank and in hand		1,096	894
<b>Total current assets</b>		<b>1,925</b>	<b>1,881</b>
<b>Creditors</b>		<b>(2,478)</b>	<b>(2,664)</b>
<b>Provisions for liabilities and charges</b>		<b>(3,193)</b>	<b>(2,169)</b>
<b>Mean capital employed</b>		<b>(931)</b>	<b>2,380</b>

## ***Retail Business - Calls to Internet***

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008	Notes	12 months to 30-Jun-08	15 months to 30-Jun-07 Restated
		€'000	€'000
<b>Turnover</b>			
Connections		-	-
Rental		-	-
Call charges		27,676	60,566
Other		-	-
<b>Total turnover</b>		<b>27,676</b>	<b>60,566</b>
<b>Operating costs</b>			
Operating costs specific to Retail		7,111	9,891
Transfer charges from Core Network		5,308	11,021
Transfer charges from Local Access Network		-	-
Exceptional operating costs		6	8
Exceptional transfer charges from Core Network		-	-
Exceptional transfer charges from Local Access Network		-	-
<b>Total operating costs</b>		<b>12,425</b>	<b>20,920</b>
<b>Return</b>		<b>15,251</b>	<b>39,646</b>
<hr/>			
RETURN ON MEAN CAPITAL EMPLOYED		12 months to 30-Jun-08	15 months to 30-Jun-07 Restated
		€'000	€'000
<b>Return</b>		<b>15,251</b>	<b>39,646</b>
<b>Mean capital employed</b>		<b>8,064</b>	<b>10,814</b>
<b>Return on mean capital employed</b>		<b>189%</b>	<b>367%</b>
<b>Return on turnover</b>		<b>55%</b>	<b>65%</b>

## ***Retail Business - Calls to Internet***

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008	Notes	30-Jun-08	30-Jun-07 Restated
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		7,703	7,578
Intangible fixed assets		521	336
<b>Total fixed assets</b>		<b>8,224</b>	<b>7,914</b>
<b>Current assets</b>			
Stocks		-	-
Debtors		4,414	7,550
Cash at bank and in hand		903	565
<b>Total current assets</b>		<b>5,317</b>	<b>8,115</b>
<b>Creditors</b>		<b>(3,809)</b>	<b>(3,732)</b>
<b>Provisions for liabilities and charges</b>		<b>(1,668)</b>	<b>(1,483)</b>
<b>Mean capital employed</b>		<b>8,064</b>	<b>10,814</b>

## ***Retail Business - Internet Services Supply***

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008	Notes	12 months to 30-Jun-08	15 months to 30-Jun-07 Restated
		€'000	€'000
<b>Turnover</b>			
Connections		-	-
Rental		9,283	20,111
Call charges		-	-
Other		15,830	7,762
<b>Total turnover</b>		<b>25,113</b>	<b>27,873</b>
<b>Operating costs</b>			
Operating costs specific to Retail		19,118	19,984
Transfer charges from Core Network		1,510	2,418
Transfer charges from Local Access Network		-	-
Exceptional operating costs		(2)	21
Exceptional transfer charges from Core Network		-	-
Exceptional transfer charges from Local Access Network		-	-
<b>Total operating costs</b>		<b>20,626</b>	<b>22,423</b>
<b>Return</b>		<b>4,487</b>	<b>5,450</b>
* Indigo & Eirtrade ceased to operate on 31 December 2006 and all of the trading activities are now included in the Internet Services Supply Profit and Loss Account			
RETURN ON MEAN CAPITAL EMPLOYED		12 months to 30-Jun-08	15 months to 30-Jun-07 Restated
		€'000	€'000
<b>Return</b>		4,487	5,450
<b>Mean capital employed</b>		5,455	14,577
<b>Return on mean capital employed</b>		<b>82%</b>	<b>37%</b>
<b>Return on turnover</b>		<b>18%</b>	<b>20%</b>

## ***Retail Business - Internet Services Supply***

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008	Notes	30-Jun-08	30-Jun-07 Restated
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		6,438	7,402
Intangible fixed assets		1,277	467
<b>Total fixed assets</b>		<b>7,715</b>	<b>7,869</b>
<b>Current assets</b>			
Stocks		82	42
Debtors		6,615	14,044
Cash at bank and in hand		3,485	2,011
<b>Total current assets</b>		<b>10,182</b>	<b>16,097</b>
<b>Creditors</b>		<b>(8,227)</b>	<b>(5,836)</b>
<b>Provisions for liabilities and charges</b>		<b>(4,215)</b>	<b>(3,553)</b>
<b>Mean capital employed</b>		<b>5,455</b>	<b>14,577</b>

## ***Retail Business - Supplemental Services***

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008	Notes	12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Turnover</b>			
Connections		1,431	3,938
Rental		45,234	48,783
Call charges		168	457
Other		416	200
<b>Total turnover</b>		<b>47,249</b>	<b>53,378</b>
<b>Operating costs</b>			
Operating costs specific to Retail		27,825	33,441
Transfer charges from Core Network		8,793	11,520
Transfer charges from Local Access Network		4,528	5,898
Exceptional operating costs		17	3
Exceptional transfer charges from Core Network		-	-
Exceptional transfer charges from Local Access Network		-	-
<b>Total operating costs</b>		<b>41,163</b>	<b>50,862</b>
<b>Return</b>		<b>6,086</b>	<b>2,516</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>			
		12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Return</b>		6,086	2,516
<b>Mean capital employed</b>		25,700	25,527
<b>Return on mean capital employed</b>		<b>24%</b>	<b>10%</b>
<b>Return on turnover</b>		<b>13%</b>	<b>5%</b>

## ***Retail Business - Supplemental Services***

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008	Notes	30-Jun-08	30-Jun-07
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		29,347	25,965
Intangible fixed assets		1,153	677
<b>Total fixed assets</b>		<b>30,500</b>	<b>26,642</b>
<b>Current assets</b>			
Stocks		-	-
Debtors		19,681	20,726
Cash at bank and in hand		4,289	2,630
<b>Total current assets</b>		<b>23,970</b>	<b>23,356</b>
<b>Creditors</b>		<b>(20,096)</b>	<b>(17,457)</b>
<b>Provisions for liabilities and charges</b>		<b>(8,674)</b>	<b>(7,014)</b>
<b>Mean capital employed</b>		<b>25,700</b>	<b>25,527</b>

## ***Retail Business - Remaining Activities***

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008	Notes	12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Turnover</b>			
Connections		1,018	1,759
Rental		11,594	11,805
Call charges		49,076	65,511
Other		1,565	6,120
<b>Total turnover</b>		<b>63,253</b>	<b>85,195</b>
<b>Operating costs</b>			
Operating costs specific to Retail		22,172	34,713
Payphone transfer charge		(70)	(77)
Transfer charges from Core Network		32,639	43,121
Transfer charges from Local Access Network		-	(1)
Exceptional operating costs		(1)	2
Exceptional transfer charges from Core Network		-	-
Exceptional transfer charges from Local Access Network		-	-
<b>Total operating costs</b>		<b>54,740</b>	<b>77,758</b>
<b>Return</b>		<b>8,513</b>	<b>7,437</b>
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>			
		12 months to 30-Jun-08	15 months to 30-Jun-07 Restated
		€'000	€'000
<b>Return</b>		8,513	7,437
<b>Mean capital employed</b>		934	920
<b>Return on mean capital employed</b>		<b>911%</b>	<b>808%</b>
<b>Return on turnover</b>		<b>13%</b>	<b>9%</b>

## ***Retail Business - Remaining Activities***

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008	Notes	30-Jun-08	30-Jun-07 Restated
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		9,934	9,138
Intangible fixed assets		1,531	1,143
<b>Total fixed assets</b>		<b>11,465</b>	<b>10,281</b>
<b>Current assets</b>			
Stocks		-	-
Debtors		8,988	11,705
Cash at bank and in hand		2,832	2,703
<b>Total current assets</b>		<b>11,820</b>	<b>14,408</b>
<b>Creditors</b>		<b>(17,187)</b>	<b>(17,982)</b>
<b>Provisions for liabilities and charges</b>		<b>(5,164)</b>	<b>(5,787)</b>
<b>Mean capital employed</b>		<b>934</b>	<b>920</b>

## ***Retail Business reconciliation***

<b>RETURN</b>	<b>12 months to</b>	<b>15 months to</b>
<b>for the year ended 30 June 2008</b>	<b>30-Jun-08</b>	<b>30-Jun-07</b>
	<b>€'000</b>	<b>Restated</b>
		<b>€'000</b>
Access	(10,866)	(156,068)
Local Calls	27,655	36,729
National Calls	14,620	19,665
International Calls	59,908	65,673
Calls to Mobile	28,097	39,684
Directory Enquiry	4,089	5,407
Leased Lines	18,735	31,594
Public Payphones	(5,063)	(10,619)
Calls to Internet	15,251	39,646
Internet Services Supply	4,487	5,450
Supplemental Services	6,086	2,516
Remaining Activities	8,513	7,437
<b>TOTAL RETAIL BUSINESS</b>	<b>171,512</b>	<b>87,114</b>
<b>MEAN CAPITAL EMPLOYED</b>	<b>30-Jun-08</b>	<b>30-Jun-07</b>
<b>as at 30 June 2008</b>	<b>€'000</b>	<b>Restated</b>
		<b>€'000</b>
Access	13,120	16,806
Local Calls	12,077	13,075
National Calls	6,029	6,303
International Calls	42,282	40,445
Calls to Mobile	19,509	22,242
Directory Enquiry	2,123	2,479
Leased Lines	(13,095)	(25,852)
Public Payphones	(931)	2,380
Calls to Internet	8,064	10,814
Internet Services Supply	5,455	14,577
Supplemental Services	25,700	25,527
Remaining Activities	934	920
<b>TOTAL RETAIL BUSINESS</b>	<b>121,267</b>	<b>129,716</b>

## Other Business

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008	Notes	12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Turnover</b>			
Turnover from operations		677,503	712,864
Intra business turnover adjustment		(3,708)	(1,264)
Regulated rate of return adjustment		19,021	10,860
<b>Total turnover</b>	11	<b>692,816</b>	<b>722,460</b>
<b>Operating costs</b>			
Operating costs specific to business		578,201	660,987
Intra business operating costs adjustment		(3,708)	(1,264)
Transfer charges from Core Network		589	1,445
Transfer charges from Local Access Network		-	-
Exceptional operating costs		(140,345)	(20,944)
Exceptional transfer charges from Core Network		-	-
Exceptional transfer charges from Local Access Network		-	-
Exceptional loss on disposal of subsidiaries		-	-
<b>Total operating costs</b>	11	<b>434,737</b>	<b>640,224</b>
<b>Return</b>	11	<b>258,079</b>	<b>82,236</b>
<hr/>			
RETURN ON MEAN CAPITAL EMPLOYED		12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	Restated €'000
<b>Return</b>		258,079	82,236
<b>Mean capital employed</b>		717,377	337,208
<b>Return on mean capital employed</b>		<b>36%</b>	<b>24%</b>
<b>Return on turnover</b>		<b>37%</b>	<b>11%</b>

## Other Business

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008			
	Notes	30-Jun-08	30-Jun-07 Restated
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		252,225	210,856
Intangible fixed assets		166,731	107,262
<b>Total fixed assets</b>		<b>418,956</b>	<b>318,118</b>
<b>Current assets</b>			
Stocks		5,419	5,891
Debtors		740,957	426,682
Cash at bank and in hand		85,639	68,205
<b>Total current assets</b>		<b>832,015</b>	<b>500,778</b>
<b>Creditors</b>		<b>(509,954)</b>	<b>(457,091)</b>
<b>Provisions for liabilities and charges</b>		<b>(23,640)</b>	<b>(24,597)</b>
<b>Mean capital employed</b>	12	<b>717,377</b>	<b>337,208</b>

## ***Other Business - Apparatus Supply***

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008	Notes	12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Turnover</b>			
Turnover from operations		29,949	39,094
<b>Operating costs</b>			
Operating costs specific to business		27,023	43,936
Transfer charges from Core Network		-	-
Transfer charges from Local Access Network		-	-
Exceptional operating costs		(6)	(4)
Exceptional transfer charges from Local Access Network		-	-
<b>Total operating costs</b>		27,017	43,932
<b>Return</b>		2,932	(4,838)
<b>RETURN ON MEAN CAPITAL EMPLOYED</b>			
		12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	Restated €'000
<b>Return</b>		2,932	(4,838)
<b>Mean capital employed</b>		(694)	302
<b>Return on mean capital employed</b>		n/a	(1602%)
<b>Return on turnover</b>		10%	(12%)

## ***Other Business - Apparatus Supply***

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008	Notes	30-Jun-08	30-Jun-07 Restated
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		9,854	13,651
Intangible fixed assets		714	624
<b>Total fixed assets</b>		<b>10,568</b>	<b>14,275</b>
<b>Current assets</b>			
Stocks		1,284	1,213
Debtors		4,594	6,887
Cash at bank and in hand		3,927	3,086
<b>Total current assets</b>		<b>9,805</b>	<b>11,186</b>
<b>Creditors</b>		<b>(15,422)</b>	<b>(18,103)</b>
<b>Provisions for liabilities and charges</b>		<b>(5,645)</b>	<b>(7,056)</b>
<b>Mean capital employed</b>		<b>(694)</b>	<b>302</b>

## Other Business - Other Remaining Activities

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008	Notes	12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Turnover</b>			
Turnover from operations		49,658	58,673
Regulated rate of return adjustment		19,021	10,860
<b>Total turnover</b>		<b>68,679</b>	<b>69,533</b>
<b>Operating costs</b>			
Operating costs specific to business		46,021	49,827
Transfer charges from Core Network		589	1,445
Transfer charges from Local Access Network		-	-
Exceptional operating costs		(140,325)	(18,615)
Exceptional transfer charges from Local Access Network		-	-
<b>Total operating costs</b>		<b>(93,715)</b>	<b>32,657</b>
<b>Return</b>		<b>162,394</b>	<b>36,876</b>
<hr/>			
RETURN ON MEAN CAPITAL EMPLOYED		12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Return</b>		162,394	36,876
<b>Mean capital employed</b>		412,706	98,573
<b>Return on mean capital employed</b>		39%	37%
<b>Return on turnover</b>		236%	53%

## ***Other Business - Other Remaining Activities***

STATEMENT OF MEAN CAPITAL EMPLOYED			
as at 30 June 2008			
	Notes	30-Jun-08	30-Jun-07
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		40,032	43,062
Intangible fixed assets		45,154	45,459
<b>Total fixed assets</b>		<b>85,186</b>	<b>88,521</b>
<b>Current assets</b>			
Stocks		-	-
Debtors		543,878	295,856
Cash at bank and in hand		9,373	8,216
<b>Total current assets</b>		<b>553,251</b>	<b>304,072</b>
<b>Creditors</b>		<b>(211,831)</b>	<b>(279,990)</b>
<b>Provisions for liabilities and charges</b>		<b>(13,900)</b>	<b>(14,030)</b>
<b>Mean capital employed</b>		<b>412,706</b>	<b>98,573</b>

## Other Business - Indigo

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008	Notes	12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Turnover</b>			
Turnover from operations		-	651
<b>Operating costs</b>			
Operating costs specific to business		-	2,380
Transfer charges from Core Network		-	-
Transfer charges from Local Access Network		-	-
Exceptional operating costs		-	-
Exceptional transfer charges from Local Access Network		-	-
<b>Total operating costs</b>		-	2,380
<b>Return</b>		-	(1,729)
* Indigo ceased to operate on 31 December 2006 and all of the trading activities are now included in the Internet Services Supply Profit and Loss Account			
RETURN ON MEAN CAPITAL EMPLOYED		12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Return</b>		-	(1,729)
<b>Mean capital employed</b>		-	255
<b>Return on mean capital employed</b>		0%	(678%)
<b>Return on turnover</b>		0%	(266%)

## ***Other Business - Indigo***

STATEMENT OF MEAN CAPITAL EMPLOYED			
as at 30 June 2008			
	Notes	30-Jun-08	30-Jun-07
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		-	231
Intangible fixed assets		-	-
<b>Total fixed assets</b>		-	231
<b>Current assets</b>			
Stocks		-	8
Debtors		-	916
Cash at bank and in hand		-	198
<b>Total current assets</b>		-	1,122
<b>Creditors</b>		-	(1,024)
<b>Provisions for liabilities and charges</b>		-	(74)
<b>Mean capital employed</b>		-	255

## **Other Business - Meteor**

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008	Notes	12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Turnover</b>			
Turnover from operations		480,982	467,994
<b>Operating costs</b>			
Operating costs specific to business		429,993	443,158
Transfer charges from Core Network		-	-
Transfer charges from Local Access Network		-	-
Exceptional operating costs		-	(151)
Exceptional transfer charges from Local Access Network		-	-
<b>Total operating costs</b>		429,993	443,007
<b>Return</b>		50,989	24,987
RETURN ON MEAN CAPITAL EMPLOYED			
		12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	Restated €'000
<b>Return</b>		50,989	24,987
<b>Mean capital employed</b>		201,735	159,126
<b>Return on mean capital employed</b>		25%	16%
<b>Return on turnover</b>		11%	5%

## ***Other Business - Meteor***

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008	Notes	30-Jun-08	30-Jun-07 Restated
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		179,732	138,832
Intangible fixed assets		116,952	57,953
<b>Total fixed assets</b>		<b>296,684</b>	<b>196,785</b>
<b>Current assets</b>			
Stocks		586	872
Debtors		81,083	64,451
Cash at bank and in hand		10,853	2,434
<b>Total current assets</b>		<b>92,522</b>	<b>67,757</b>
<b>Creditors</b>		<b>(183,376)</b>	<b>(102,131)</b>
<b>Provisions for liabilities and charges</b>		<b>(4,095)</b>	<b>(3,285)</b>
<b>Mean capital employed</b>		<b>201,735</b>	<b>159,126</b>

## Other Business - Other Subsidiaries

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2008	Notes	12 months to 30-Jun-08	15 months to 30-Jun-07
		€'000	€'000
<b>Turnover</b>			
Turnover from operations		116,914	146,452
<b>Operating costs</b>			
Operating costs specific to business		75,164	121,686
Transfer charges from Core Network		-	-
Transfer charges from Local Access Network		-	-
Exceptional operating costs		(14)	(2,174)
Exceptional transfer charges from Local Access Network		-	-
Exceptional loss on disposal of subsidiaries		-	-
<b>Total operating costs</b>		75,150	119,512
<b>Return</b>		41,764	26,940
* Eirtrade ceased to operate on 31 December 2006 and all of the trading activities are now included in the Internet Services Supply Profit and Loss Account			
RETURN ON MEAN CAPITAL EMPLOYED		12 months to 30-Jun-08	15 months to 30-Jun-07 Restated
		€'000	€'000
<b>Return</b>		41,764	26,940
<b>Mean capital employed</b>		103,630	78,952
<b>Return on mean capital employed</b>		40%	34%
<b>Return on turnover</b>		36%	18%

## ***Other Business - Other Subsidiaries***

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2008	Notes	30-Jun-08	30-Jun-07 Restated
		€'000	€'000
<b>Fixed assets</b>			
Tangible fixed assets		22,607	15,080
Intangible fixed assets		3,911	3,226
<b>Total fixed assets</b>		<b>26,518</b>	<b>18,306</b>
<b>Current assets</b>			
Stocks		3,549	3,798
Debtors		111,402	58,572
Cash at bank and in hand		61,486	54,271
<b>Total current assets</b>		<b>176,437</b>	<b>116,641</b>
<b>Creditors</b>		<b>(99,325)</b>	<b>(55,843)</b>
<b>Provisions for liabilities and charges</b>		<b>-</b>	<b>(152)</b>
<b>Mean capital employed</b>		<b>103,630</b>	<b>78,952</b>

## ***Other Business reconciliation***

<b>RETURN</b> for the year ended 30 June 2008	<b>12 months to</b> <b>30-Jun-08</b>	<b>15 months to</b> <b>30-Jun-07</b>
	<b>€'000</b>	<b>€'000</b>
Apparatus Supply	2,932	(4,838)
Other Remaining	162,394	36,876
Indigo	-	(1,729)
Meteor	50,989	24,987
Other Subsidiaries	41,764	26,940
<b>TOTAL OTHER BUSINESS</b>	<b>258,079</b>	<b>82,236</b>
<b>MEAN CAPITAL EMPLOYED</b> as at 30 June 2008	<b>30-Jun-08</b>	<b>30-Jun-07</b>
	<b>€'000</b>	<b>Restated</b> <b>€'000</b>
Apparatus Supply	(694)	302
Other Remaining	412,706	98,573
Indigo	-	255
Meteor	201,735	159,126
Other Subsidiaries	103,630	78,952
<b>TOTAL OTHER BUSINESS</b>	<b>717,377</b>	<b>337,208</b>

# ***Notes to the Financial Statements***

## **1. Comparative Figures**

ComReg has directed eircom, in D9/00, that where methods of attribution are amended, comparative information presented should be appropriately re-stated. Where necessary comparative information has been restated to reflect changes in methods of attribution in the current year.

Certain comparative figures have been re-grouped and re-stated where necessary on the same basis as those for the current year.

### **Revision of certain network studies and allocation methodologies**

The comparative figures in respect of the 2007 Historical Costs Financial Statements have been restated to reflect the following revisions to allocation methodologies:

- Revision of the allocation basis for certain Mean Statement of Capital Employed Balances.
- Revision of the allocation basis for certain general ledger cost of sales accounts.

Where any other basis of allocation was amended in the year ended 30 June 2008 and the impact on the prior year was deemed to be material to the individual Business or Network element the prior year figures were also restated.

The restated comparatives arising from these methodology revisions and the changes in methods of attribution in the current year are set out below.

<b>Business</b>	<b>Restated Return</b>	<b>Original Return</b>	<b>Restated Mean Capital Employed ("MCE")</b>	<b>Original Mean Capital Employed ("MCE")</b>
	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Local Access Network	132,280	132,280	920,206	920,206
Core Network	33,876	33,876	235,659	235,659
<b>Retail</b>				
Retail Access	(156,068)	(156,068)	16,806	4,989
Retail Local Calls	36,729	36,729	13,075	14,714
Retail National Calls	19,665	22,665	6,303	7,138
Retail International Calls	65,673	65,673	40,445	42,195
Retail Calls to Mobile	39,684	39,684	22,242	26,080
Retail Directory Enquiries	5,407	5,407	2,479	2,882
Retail Leased Lines	31,594	31,594	(25,852)	(25,838)
Retail Public Payphones	(10,619)	(10,619)	2,380	2,380
Retail Calls to Internet	39,646	36,646	10,814	12,173
Retail Internet Services Supply	5,450	5,450	14,577	14,642
Retail Supplemental Services	2,516	2,516	25,527	25,527
Retail Remaining Activities	7,437	7,437	920	2,354
<b>Other business</b>				
Apparatus Supply	(4,838)	(4,838)	302	782
Other Remaining Activities	36,876	36,876	98,573	98,573
Indigo	(1,729)	(1,729)	255	255
Meteor	24,987	24,987	159,126	195,606
Other Subsidiaries	26,940	26,940	78,952	42,472
<b>Total</b>	<b>335,506</b>	<b>335,506</b>	<b>1,622,789</b>	<b>1,622,789</b>

## 2 Return on Capital Employed of the Core Network

The turnover of the Core Network Business includes revenue received from eircom Retail Business and other authorised operators. The Return on Capital Employed for this business is 11.36% (2007: 14.375% for fifteen months). As per Decision 4.3.4 of Decision Notice D9/00 and D7/01 and amended in D1/08, the directed rate of return is 10.21% as of 22 May 2008. Eircom have used a weighted average rate of 11.36% for the year ended 30 June 2008.

Turnover attributable to the Core and Access networks has been adjusted in order to maintain the return in these businesses at the determined rate of 11.36% (2007: 14.375%). These adjustments have been made within the Other Remaining Business.

## 3 Core Network Turnover from Other Operators

Turnover from other operators consists of the following (€'000):

	2008	2007
Call Origination	12,570	21,316
Call Termination	17,399	27,318
Carrier Pre Select	184	429
Number Portability	196	113
Interconnect Links	16,374	17,825
International Access	33,919	38,076
Transit	71,559	97,708
FRIACO	823	1,967
Access to PRS	5,025	7,396
Access to DQ	15,290	17,834
Ancillary	8,172	8,728
<b>Total Core</b>	<b>181,511</b>	<b>238,710</b>

#### 4 Voluntary Leaver Charge – Impact by business

eircom incurred restructuring costs of €173m in the 15 month period to 30 June 2007. The following table shows the distribution of these costs across the various business areas. As mandated by ComReg, the restructuring charge allocated to the Core Network business has been excluded.

	<b>Business Specific</b>	<b>Transfer from Access</b>	<b>Excluded from Core</b>	<b>Restructuring Costs 2006/2007</b>
<b>Business</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Local Access Network	83,938	(71,286)	0	12,652
Core Network	41,596	0	(41,596)	0
<b>Retail</b>				
Retail Access	14,825	69,417	0	84,242
Retail Local Calls	3,566	0	0	3,566
Retail National Calls	1,539	0	0	1,539
Retail International Calls	3,319	0	0	3,319
Retail Calls to Mobile	2,830	0	0	2,830
Retail Directory Enquiry	22	0	0	22
Retail Leased Lines	788	1,494	0	2,282
Retail Public Payphones	2,801	0	0	2,801
Retail Calls to Internet	1,511	35	0	1,546
Retail Internet Services Supply	1,399	0	0	1,399
Retail Supplemental Services	2,843	340	0	3,183
Retail Remaining Activities	2,968	0	0	2,968
<b>Other Business</b>				
Apparatus Supply	3,871	0	0	3,871
Other Remaining Activities	5,634	0	0	5,634
Meteor	0	0	0	0
Indigo	0	0	0	0
Other Subsidiaries	0	0	0	0
Other Business - Other	0	0	0	0
<b>Total</b>	<b>173,450</b>	<b>0</b>	<b>(41,596)</b>	<b>131,854</b>

## **5 Public Payphone Transfer Charge**

The Access transfer charge is for local loop use, connecting Public Payphones to the local exchange of the Access Business. The transfer price is determined to be a retail price.

The Local, National, International, Directory Enquiry, Calls to Mobile and Access transfer charges are a transfer of revenue from the Public Payphone Business to the respective business to which the call relates. These transfer charges are determined to be the retail price less a volume discount. The discounts applied are based on the multi-line discount schemes, which are available to all businesses.

The eircom payphone business is just one of a number of payphone operators using the eircom network. Charging the eircom Payphone Business a retail related charge for network usage ensures that eircom does not discriminate in terms of prices between competitors and its own service providing entity.

## ***Note 5 - Public Payphone Transfer Charge (continued)***

	<b>Retail Access €'000</b>	<b>Local Calls €'000</b>	<b>National Calls €'000</b>	<b>Int'l Calls €'000</b>	<b>Calls to Mobile €'000</b>	<b>Directory Enquiry €'000</b>	<b>Retail Remaining €'000</b>
Operating costs specific to Retail	155	16	52	105	36	1	6
Transfer charge from Access/Core Network	1,392	27	73	152	281	34	10
Exceptional operating costs	-	-	-	-	-	-	-
Exceptional transfer charges from Access/Core Network	-	-	-	-	-	-	-
Retail Area markup	(170)	11	39	137	129	(8)	54
<b>Transfer charge to Public Payphone</b>	<b>1,377</b>	<b>54</b>	<b>164</b>	<b>394</b>	<b>446</b>	<b>27</b>	<b>70</b>

## **Note 6 - Payphone Memorandum Notes**

<b>2007/2008 Regulatory Accounts</b>	<b>€'000</b>
Return per Payphone P&L	(5,063)
Return earned by Retail Business	191
Return earned by Core Network	(10)
Return earned by Access Network	409
	<hr/>
<b>Total return to eircom from Payphone Business</b>	<b>(4,473)</b>

## **Note 7 - Payphone Access Charge**

	€
Other operating costs	1,148,342
Network costs	2,867,042
Depreciation	<u>1,262,392</u>
Total allowable costs for Payphone Access Charge	5,277,776
No. of traffic minutes	16,716,160
	<hr/>
Average cost per traffic minute in cents	<u>31.57</u>

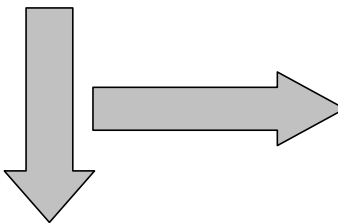
**Note 8 - Capital Attribution for the purposes of calculating ROCE**

	Total Retail	Access	Local Calls	National Calls	International Calls	Calls to Mobile	Directory Enquiry	Leased Lines	Public Payphones	Calls to Internet	Internet Services Supply	Supplemental Services	Remaining Activities
	30-Jun-08 €'000	30-Jun-08 €'000	30-Jun-08 €'000	30-Jun-08 €'000	30-Jun-08 €'000	30-Jun-08 €'000	30-Jun-08 €'000	30-Jun-08 €'000	30-Jun-08 €'000	30-Jun-08 €'000	30-Jun-08 €'000	30-Jun-08 €'000	30-Jun-08 €'000
Turnover	1,209,765	530,323	63,769	34,578	153,265	152,738	17,939	86,726	7,136	27,676	25,113	47,249	63,253
Total operating costs	1,038,253	541,189	36,114	19,958	93,357	124,641	13,850	67,991	12,199	12,425	20,626	41,163	54,740
Original return	171,512	-10,866	27,655	14,620	59,908	28,097	4,089	18,735	-5,063	15,251	4,487	6,086	8,513
<b>Plus:</b>													
Exceptional operating costs	9	0	-2	-1	-2	-2	0	-2	-2	6	-2	17	-1
Exceptional transfer charge from Core Network	0	0	0	0	0	0	0	0	0	0	0	0	0
Exceptional transfer charge from Access Network	269	265	0	0	0	0	0	4	0	0	0	0	0
Recalculated return including capital charge	171,790	(10,601)	27,653	14,619	59,906	28,095	4,089	18,737	-5,065	15,257	4,485	6,103	8,512
Access capital charges	85,504	80,353	0	0	0	0	0	4,039	0	0	0	1,112	0
Core capital charges	19,824	0	3,810	2,111	490	1,029	334	6,571	0	1,368	417	2,359	1,335
Recalculated return excluding capital charge	277,118	69,752	31,463	16,730	60,396	29,124	4,423	29,347	-5,065	16,625	4,902	9,574	9,847
Mean capital employed	121,267	13,120	12,077	6,029	42,282	19,509	2,123	-13,095	-931	8,064	5,455	25,700	934
<b>Plus:</b>													
Exceptional provision	52,256	33,577	873	406	734	838	34	8,473	358	386	1,207	3,922	1,448
Attributed Access capital	173,523	46,697	12,950	6,435	43,016	20,347	2,157	-4,622	-573	8,450	6,662	29,622	2,382
Attributed Core Network capital	752,680	707,337	0	0	0	0	0	35,552	0	0	0	9,791	0
Recalculated mean capital employed	1,100,714	754,034	46,493	25,020	47,327	29,401	5,101	88,777	-575	20,496	10,332	60,178	14,130
ROCE before capital attribution	99%	-23%	214%	227%	139%	138%	190%	n/a	884%	180%	67%	21%	357%
ROCE after capital attribution	25%	9%	68%	67%	128%	99%	87%	33%	881%	81%	47%	16%	70%

## ***Note 9 - Retail Costs applicable to Number Translation Codes and Internet Access***

<b>Allocated to Number Translation Code Services</b>	<b>Number of calls '000</b>	<b>Call related costs €'000</b>	<b>Revenue related costs €'000</b>	<b>Total costs €'000</b>
Access to Premium Rate Services	9,494,106	41,158	328,011	369,169
Access to Freephone Services	68,447,696	425,310	60,405	485,715
Access to Shared Cost Timed Services	38,194,924	192,591	37,254	229,845
Access to Shared Cost Fixed Services	29,555,983	130,463	50,124	180,587
Chargecard	56,293	394	0	394
<b>Allocated to Internet Access</b>	71,459,024	454,228	272,014	726,242
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>217,208,026</u>	<u>1,244,144</u>	<u>747,808</u>	<u>1,991,952</u>

## Note 10 - Inter Business Turnover

<i>FROM / TO</i>							
			<b>Local Access Network Business</b>	<b>Core Network Business</b>	<b>Retail Business</b>	<b>Other Business</b>	<b>TOTAL</b>
			30-Jun-08 €'000	30-Jun-08 €'000	30-Jun-08 €'000	30-Jun-08 €'000	30-Jun-08 €'000
Turnover originating in:							
<b>LOCAL ACCESS NETWORK BUSINESS</b>	Transfer charge turnover		-	-	441,925	-	441,925
	Other inter business turnover		-	-	-	-	-
<b>CORE NETWORK BUSINESS</b>	Transfer charge turnover		-	-	333,191	589	333,780
	Other inter business turnover		-	-	-	35,474	35,474
<b>RETAIL BUSINESS</b>	Other inter business turnover:						
	Access		-	-	-	287	287
	Local Calls		-	-	-	-	-
	National Calls		-	-	-	-	-
	International Calls		-	-	-	-	-
	Calls to Mobile		-	-	-	-	-
	Directory Enquiries		-	-	-	-	-
	Leased Lines		-	-	-	6,440	6,440
	Public Payphones		-	-	-	-	-
	Calls to Internet		-	-	-	-	-
	Internet Services Supply		-	-	-	-	-
	Supplemental Services		-	-	-	-	-
	Remaining Activities		-	-	-	-	-
<b>OTHER BUSINESS</b>	Other inter business turnover:						
	Apparatus Supply		-	-	-	-	-
	Other Remaining Activities		-	-	-	-	-
	Indigo		-	-	-	-	-
	Meteor		-	39,708	-	-	39,708
	Other Subsidiaries		-	15,549	5,650	-	21,199
<b>TOTAL</b>			-	55,257	780,766	42,790	878,813



## Note 11 - Profit and Loss Reconciliation

Consolidated profit and loss account for the year ended 30 June 2008	Operating			Operating		
	Turnover	Costs	Return	Turnover	Costs	Return
	30-Jun-08	30-Jun-08	30-Jun-08	30-Jun-07	30-Jun-07	30-Jun-07
	€'000	€'000	€'000	€'000	€'000	€'000
<b>Business</b>						
Local Access Network Business	548,537	442,224	106,313	774,775	642,495	132,280
Core Network Business	496,094	470,991	25,103	656,461	622,585	33,876
Retail Business	1,209,765	1,038,253	171,512	1,529,142	1,442,028	87,114
Other Business	692,816	434,737	258,079	722,460	640,224	82,236
<b>Total</b>	<b>2,947,212</b>	<b>2,386,205</b>	<b>561,007</b>	<b>3,682,838</b>	<b>3,347,332</b>	<b>335,506</b>
<b>Adjustments</b>						
Elimination of Inter Business turnover and costs	(878,813)	(878,813)	-	(1,218,075)	(1,218,075)	-
Interest receivable and similar charges			(8,490)			6,096
Share of profit of associates		(201)	201		(1,149)	1,149
Tax on profits on ordinary activities			(65,383)			(42,266)
Non relevant Core Network operating costs		(3)	3		41,596	(41,596)
Non relevant Core Network exceptional operating costs		436	(436)		199	(199)
Impact of change to asset lives		(15,340)	15,340		(14,574)	14,574
IFRS Pension Adjustment		(61,236)	61,236		(54,272)	54,272
Amortisation of Intangible Assets		5,922	(5,922)		20,768	(20,768)
Non relevant eircom operating costs		6,321	(6,321)		5,118	(5,118)
<b>As in the Annual Report</b>	<b>2,068,399</b>	<b>1,443,291</b>	<b>551,235</b>	<b>2,464,763</b>	<b>2,126,943</b>	<b>301,650</b>

## **Note 12 - Mean Capital Employed Reconciliation**

<b>Consolidated mean capital employed as at 30 June 2008</b>	<b>30-Jun-08</b>	<b>30-Jun-07</b>
	<b>€'000</b>	<b>€'000</b>
<b>Shareholders' funds as in the Annual Report</b>	<b>2,264,777</b>	<b>1,714,014</b>
<b>Reconciling items</b>		
Investments in Associated Undertakings	(286)	(85)
Finance Income Receivable / (Payable) Net	8,400	6,430
Proposed dividend	0	100,808
Taxation	90,286	45,381
Deferred Taxation provision (net)	91,243	72,027
Pension Benefit Asset	(164,212)	(143,619)
Goodwill	(219,926)	(219,926)
Intangible Assets	(28,509)	(34,431)
Non relevant eircom operating costs	10,823	4,540
Closing capital employed at 30 June 2008 & 30 June 2007	2,052,596	1,545,139
Opening capital employed at 30 June 2007 & 31 March 2006	1,545,139	1,299,039
Total mean capital employed before determined adjustments	1,798,868	1,422,089
Impact of change to asset lives	159,027	175,694
Non relevant Core Network provisions	37,620	25,006
<b>Total mean capital employed</b>	<b>1,995,515</b>	<b>1,622,789</b>
<b>Mean capital employed of the Businesses</b>		
	<b>30-Jun-08</b>	<b>30-Jun-07</b>
	<b>€'000</b>	<b>€'000</b>
Local Access Network Business	935,858	920,206
Core Network Business	221,013	235,659
Retail Business	121,267	129,716
Other Business	717,377	337,208
<b>Total mean capital employed</b>	<b>1,995,515</b>	<b>1,622,789</b>

## Statement of Costs of Access Network Services

	Subscriber Unit	Narrow Band Access	Broad Band Access	Provisioning	Repair	DSLAM	Other DSL	Carrier Administration & Billing
<b>Average Cost per Line Equivalent (€)</b>	19.86	188.07	2,156.28	n/a	n/a	n/a	n/a	n/a
<b>Total Cost (€'000's)</b>	34,943	339,845	19,441	70,731	30,971	27,254	16,532	8,820
<b>Usage Factors</b>								
PSTN	0.87	1.00		70.1%	52.9%			
ISDN BRA	2.38	1.00		7.9%	6.3%			
ISDN PRA	13.49	2.00	1.00	0.4%	2.3%	1.4%		
Single Billing - Wholesale Line Rental	0.79	1.00		4.3%	12.9%	0.1%		33.0%
Private Circuits		2.00	1.00			2.8%		
Other Services				17.3%	25.6%	95.7%	100.0%	67.0%
<b>Access Line Costs per Service (€)</b>								
<b>Rental</b>								
PSTN	17.37	188.07	-	n/a	n/a	n/a	n/a	n/a
ISDN BRA	47.24	188.07	-	n/a	n/a	n/a	n/a	n/a
ISDN PRA	268.06	376.14	2156.28	n/a	n/a	n/a	n/a	n/a
Single Billing - Wholesale Line Rental	15.60	188.07	n/a	n/a	n/a	n/a	n/a	n/a
Private Circuits	-	376.14	2156.28	n/a	n/a	n/a	n/a	n/a
Other Services	-	-	n/a	n/a	n/a	n/a	n/a	n/a

**Statement of Costs of Core Network Services**

	CALL SENSITIVE				TRAFFIC SENSITIVE				NON LENGTH DEPENDENT						LENGTH DEPENDENT							
	Subscriber Unit	Primary Switch	Secondary Switch	Tertiary Switch	Subscriber Unit	Primary Switch	Secondary Switch	Tertiary Switch	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Primary to Tertiary Link	Secondary to Secondary Link	Secondary to Tertiary Link	Tertiary to Tertiary Link	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Primary to Tertiary Link	Secondary to Secondary Link	Secondary to Tertiary Link	Tertiary to Tertiary Link
<b>Average Cost cent/min</b>	0.105	0.108	0.076	0.099	0.035	0.027	0.029	0.049	0.164	0.122	0.049	0.052	0.127	0.052	0.067	0.280	0.186	0.078	0.075	0.100	0.059	0.275
<b>Total Costs (€'000)</b>	5,806	3,767	2,199	2,259	6,679	3,034	2,416	3,329	21,948	462	1,925	1,089	905	1,371	174	8,952	181	1,287	1,293	953	2,261	53
<b>Routing Factors:-</b>																						
<b>Retail Services</b>																						
Local Calls	1.845	0.922	0.535	0.089	1.872	0.937	0.516	0.085	1.411	0.127	0.264	0.047	0.054	0.046	0.003	0.314	0.026	0.058	0.034	0.011	0.051	0.000
Trunk Calls	1.876	1.288	1.376	0.418	1.881	1.308	1.342	0.423	1.404	0.037	0.911	0.319	0.397	0.408	0.016	0.350	0.025	0.404	0.261	0.685	0.501	0.001
International Calls	0.535	0.374	0.258	1.000	0.552	0.376	0.267	1.000	0.409	0.000	0.091	0.285	0.000	0.267	0.037	0.093	0.000	0.046	0.197	0.000	0.443	0.003
Calls To Mobile	1.000	0.688	0.789	0.327	1.000	0.689	0.789	0.329	0.757	0.000	0.478	0.193	0.000	0.136	0.012	0.180	0.000	0.156	0.196	0.000	0.177	0.001
Calls to Internet	1.612	0.728	0.337	0.045	1.590	0.726	0.322	0.032	0.900	0.000	0.047	0.020	0.000	0.013	0.001	0.282	0.000	0.022	0.020	0.000	0.021	0.000
Premium Rate Services	1.095	0.778	0.876	0.896	1.203	0.838	0.963	0.835	0.933	0.003	0.614	0.212	0.095	0.712	0.031	0.216	0.000	0.231	0.155	0.191	0.885	0.002
Inland Directory Enquiries	1.000	0.679	0.809	1.000	1.000	0.685	0.811	1.000	0.743	0.000	0.496	0.189	0.000	0.811	0.037	0.181	0.000	0.183	0.173	0.000	1.067	0.003
International Directory Enquiries	1.000	0.693	0.489	1.000	1.000	0.686	0.496	1.000	0.749	0.000	0.183	0.504	0.000	0.496	0.037	0.177	0.000	0.096	0.365	0.000	0.880	0.003
National Operator Assistance	2.000	1.481	1.268	2.000	2.000	1.487	1.288	2.000	1.541	0.000	0.775	0.712	0.000	1.288	0.074	0.352	0.000	0.269	0.546	0.000	1.643	0.006
International Operator Assistance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Supplemental Services	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Remaining Activities	1.488	0.900	0.909	0.421	1.517	0.840	0.974	0.401	0.908	0.015	0.429	0.390	0.242	0.343	0.020	0.166	0.002	0.155	0.265	0.335	0.392	0.002
Internet Service Supply																						
Leased Lines (excl PPCs)																						
Retail Access																						
Other Retail Services																						
<b>RIO Services</b>																						
Call Termination	1.000	0.697	0.555	0.233	1.000	0.696	0.530	0.216	0.725	0.002	0.215	0.074	0.007	0.143	0.008	0.160	0.001	0.113	0.070	0.003	0.180	0.001
Call Origination	0.999	0.701	0.512	0.303	0.999	0.707	0.500	0.284	0.764	0.001	0.205	0.089	0.001	0.196	0.011	0.180	0.000	0.128	0.094	0.001	0.379	0.001
Transit	0.000	0.001	0.010	1.001	0.000	0.001	0.022	1.001	0.000	0.000	0.001	0.000	0.001	0.021	0.039	0.000	0.000	0.001	0.013	0.021	0.000	0.003
Access to PRS services	0.262	0.227	0.194	1.000	0.311	0.235	0.241	1.000	0.251	0.000	0.165	0.070	0.000	0.241	0.037	0.012	0.000	0.023	0.009	0.000	0.028	0.003
Access to Freefone services	1.000	0.659	0.806	0.676	0.998	0.644	0.815	0.692	0.712	0.001	0.458	0.130	0.000	0.561	0.026	0.163	0.000	0.183	0.123	0.000	0.686	0.002
Access to LoCall services	0.000	0.003	0.001	0.996	0.000	0.003	0.002	0.995	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
Access to Callsave services	0.000	0.002	0.006	0.992	0.000	0.002	0.010	0.988	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
Paging Service Access	0.000	0.000	0.000	1.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
National DQ	0.000	0.000	0.000	1.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
International DQ	0.000	0.000	0.000	1.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
Access to operator assistance	0.000	0.000	0.000	1.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
Access to Intl operator assistance	0.000	0.000	0.000	1.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
International access including NI	0.000	0.000	0.000	1.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
Customer Care Access	1.000	0.996	0.925	0.883	1.000	0.999	0.913	0.903	0.756	0.016	0.861	0.104	0.028	0.806	0.033	0.199	0.008	0.343	0.156	0.026	0.890	0.003
Access to emergency service	1.000	0.677	0.459	1.000	1.000	0.684	0.479	1.000	0.741	0.000	0.163	0.521	0.000	0.479	0.037	0.172	0.000	0.084	0.362	0.000	0.803	0.003
Partial Private Circuits																						
Flat Rate Internet Access Call Origination																						
Interconnect paths																						
Carrier Preselect - non conveyance charge																						
Serving operators - IN Dip																						
Packet services access																						
Non-geographical number portability																						
Universal number access																						
Personal number access																						
Geographic number portability																						
Other Wholesale Services																						
<b>Subset of Call Origination</b>																						
Primary	0.998	0.660	0.350	0.001	0.999	0.667	0.340	0.000	0.738	0.001	0.003	0.000	0.002	0.000	0.000	0.142	0.000	0.001	0.000	0.001	0.000	0.000
Tandem Long	1.000	0.999	0.900	1.000	1.000	0.999	0.888	1.000	0.848	0.000	0.887	0.112	0.000	0.888	0.037	0.309	0.000	0.526	0.273	0.000	1.682	0.003
Tandem Short	1.000	0.645	0.695	0.658	1.000	0.662	0.704	0.632	0.787	0.000	0.367	0.295	0.000	0.338	0.023	0.211	0.000	0.248	0.239	0.000	0.672	0.002
<b>Subset of Call Termination</b>																						
Primary	1.000	0.616	0.385	0.000	1.000	0.629	0.372	0.000	0.706	0.000	0.001	0.000	0.000	0.000	0.000	0.134	0.000	0.000	0.000	0.000	0.000	0.000
Tandem Long	1.000	0.996	0.925	0.883	1.000	0.999	0.913	0.903	0.756	0.016	0.861	0.104	0.028	0.806	0.033	0.199	0.008	0.343	0.156	0.026	0.890	0.003
Tandem Short	1.000	0.750	0.774	0.474	1.000	0.743	0.771	0.484	0.761	0.000	0.497	0.246	0.017	0.238	0.017	0.209	0.000	0.307	0.213	0.002	0.349	0.001

**Statement of Costs of Core Network Services**

	CALL SENSITIVE				TRAFFIC SENSITIVE				NON LENGTH DEPENDENT					LENGTH DEPENDENT								
	Subscriber Unit	Primary Switch	Secondary Switch	Tertiary Switch	Subscriber Unit	Primary Switch	Secondary Switch	Tertiary Switch	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Primary to Tertiary Link	Secondary to Secondary Link	Secondary to Tertiary Link	Tertiary to Tertiary Link	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Primary to Tertiary Link	Secondary to Secondary Link	Secondary to Tertiary Link	Tertiary to Tertiary Link
<b>Average Cost per Minute:-</b>																						
<b>Retail Services</b>																						
Local Calls	0.193	0.099	0.041	0.009	0.066	0.025	0.015	0.004	0.231	0.015	0.013	0.002	0.007	0.002	0.000	0.088	0.005	0.004	0.003	0.001	0.003	0.000
Trunk Calls	0.196	0.139	0.105	0.041	0.066	0.035	0.039	0.021	0.230	0.004	0.045	0.017	0.051	0.021	0.001	0.098	0.005	0.031	0.019	0.068	0.029	0.000
International Calls	0.058	0.040	0.020	0.099	0.019	0.010	0.008	0.049	0.067	0.000	0.004	0.015	0.000	0.014	0.002	0.026	0.000	0.004	0.015	0.000	0.026	0.001
Calls To Mobile	0.105	0.074	0.060	0.032	0.035	0.018	0.023	0.016	0.124	0.000	0.024	0.010	0.000	0.007	0.001	0.050	0.000	0.012	0.015	0.000	0.010	0.000
Calls to Internet	0.169	0.078	0.026	0.004	0.056	0.019	0.009	0.002	0.147	0.000	0.002	0.001	0.000	0.001	0.000	0.079	0.000	0.002	0.002	0.000	0.001	0.000
Premium Rate Services	0.115	0.084	0.067	0.088	0.042	0.022	0.026	0.041	0.153	0.000	0.030	0.011	0.012	0.037	0.002	0.061	0.000	0.018	0.012	0.019	0.052	0.001
Inland Directory Enquiries	0.105	0.073	0.062	0.099	0.035	0.018	0.023	0.049	0.122	0.000	0.024	0.010	0.000	0.042	0.002	0.051	0.000	0.014	0.013	0.000	0.063	0.001
International Directory Enquiries	0.105	0.075	0.037	0.099	0.035	0.018	0.014	0.049	0.123	0.000	0.009	0.026	0.000	0.026	0.002	0.050	0.000	0.007	0.027	0.000	0.052	0.001
National Operator Assistance	0.209	0.159	0.097	0.197	0.071	0.040	0.037	0.098	0.252	0.000	0.038	0.037	0.000	0.067	0.005	0.099	0.000	0.021	0.041	0.000	0.096	0.002
International Operator Assistance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Supplemental Services	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Remaining Activities	0.156	0.097	0.069	0.042	0.054	0.023	0.028	0.020	0.149	0.002	0.021	0.020	0.031	0.018	0.001	0.046	0.000	0.012	0.020	0.033	0.023	0.000
Internet Service Supply																						
Leased Lines																						
Retail Access																						
<b>RIO Services</b>																						
Call Termination	0.105	0.075	0.042	0.023	0.035	0.019	0.015	0.011	0.119	0.000	0.011	0.004	0.001	0.007	0.001	0.045	0.000	0.009	0.005	0.000	0.011	0.000
Call Origination	0.104	0.075	0.039	0.030	0.035	0.019	0.014	0.014	0.125	0.000	0.010	0.005	0.000	0.010	0.001	0.050	0.000	0.010	0.007	0.000	0.022	0.000
Transit	0.000	0.000	0.001	0.099	0.000	0.000	0.001	0.049	0.000	0.000	0.000	0.000	0.000	0.001	0.003	0.000	0.000	0.000	0.001	0.002	0.000	0.001
Access to PRS services	0.027	0.025	0.015	0.099	0.011	0.006	0.007	0.049	0.041	0.000	0.008	0.004	0.000	0.012	0.002	0.003	0.000	0.002	0.001	0.000	0.002	0.001
Access to Freefone services	0.105	0.071	0.061	0.067	0.035	0.017	0.023	0.034	0.117	0.000	0.023	0.007	0.000	0.029	0.002	0.046	0.000	0.014	0.009	0.000	0.040	0.001
Access to LoCall services	0.000	0.000	0.000	0.098	0.000	0.000	0.000	0.049	0.000	0.000	0.000	0.000	0.000	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001
Access to Callsave services	0.000	0.000	0.000	0.098	0.000	0.000	0.000	0.048	0.000	0.000	0.000	0.000	0.000	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001
Paging Service Access	0.000	0.000	0.000	0.099	0.000	0.000	0.000	0.049	0.000	0.000	0.000	0.000	0.000	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001
National DQ	0.000	0.000	0.000	0.099	0.000	0.000	0.000	0.049	0.000	0.000	0.000	0.000	0.000	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001
International DQ	0.000	0.000	0.000	0.099	0.000	0.000	0.000	0.049	0.000	0.000	0.000	0.000	0.000	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001
Access to operator assistance	0.000	0.000	0.000	0.099	0.000	0.000	0.000	0.049	0.000	0.000	0.000	0.000	0.000	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001
Access to Intl operator assistance	0.000	0.000	0.000	0.099	0.000	0.000	0.000	0.049	0.000	0.000	0.000	0.000	0.000	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001
International access including NI	0.000	0.000	0.000	0.099	0.000	0.000	0.000	0.049	0.000	0.000	0.000	0.000	0.000	0.002	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001
Customer Care access	0.105	0.107	0.070	0.087	0.035	0.027	0.026	0.044	0.124	0.002	0.042	0.005	0.004	0.042	0.002	0.056	0.001	0.027	0.012	0.003	0.052	0.001
Access to emergency service	0.105	0.073	0.035	0.099	0.035	0.018	0.014	0.049	0.121	0.000	0.008	0.027	0.000	0.002	0.048	0.000	0.006	0.027	0.000	0.047	0.001	0.001
Partial Private Circuits	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Flat Rate Internet Access Call Origination	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Interconnect paths	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Carrier Preselect - non conveyance charge	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Serving operators - IN Dip	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Packet services access	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Non-geographical number portability	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Universal number access	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Personal number access	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Geographic number portability	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Subset of Call Origination</b>																						
Primary	0.104	0.071	0.027	0.000	0.035	0.018	0.010	0.000	0.121	0.000	0.000	0.000	0.000	0.000	0.040	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Tandem Long	0.105	0.108	0.069	0.099	0.035	0.027	0.026	0.049	0.139	0.000	0.004	0.006	0.000	0.046	0.002	0.087	0.000	0.041	0.020	0.000	0.099	0.001
Tandem Short	0.105	0.070	0.053	0.065	0.035	0.018	0.020	0.031	0.129	0.000	0.018	0.015	0.000	0.017	0.059	0.000	0.019	0.018	0.000	0.039	0.000	0.000
<b>Subset of Call Termination</b>																						
Primary	0.105	0.066	0.029	0.000	0.035	0.017	0.011	0.000	0.116	0.000	0.000	0.000	0.000	0.000	0.038	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Tandem Long	0.105	0.107	0.070	0.087	0.035	0.027	0.026	0.044	0.124	0.002	0.042	0.005	0.004	0.042	0.002	0.056	0.001	0.027	0.012	0.003	0.052	0.001
Tandem Short	0.105	0.081	0.059	0.047	0.035	0.020	0.022	0.024	0.125	0.000	0.025	0.013	0.002	0.012	0.059	0.000	0.024	0.016	0.000	0.021	0.000	0.000

Statement of Costs of Core Network Services

	Gradient - PEAK	Gradient - OFF PEAK	Gradient - WEEKEND	Call Conveyance Cost Per Minute - Peak	Call Conveyance Cost Per Minute - OFF PEAK	Call Conveyance Cost Per Minute - WEEKEND	NON CONVEYANCE COSTS									Interconnect Connections and Renta	Other Costs		
							Inland Directory Enquiries	International Directory Enquiries	National Operator Assistance	International Operator Assistance	Carrier administration	Carrier Billing	Intelligent Network	Outpayments	International Transmission	Private Circuits Network			
<b>Average Cost cent/min</b>							n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total Costs (€'000)</b>							21,220	1,070	6,897	112	5,663	1,893	2,111	318,447	4,596	39,766	7,863	14,113	
<b>Routing Factors:-</b>							100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Retail Services</b>																			
Local Calls							0.0%	0.0%	0.0%	0.0%	6.9%	20.3%	14.2%	2.0%	0.1%	0.0%	0.2%	0.1%	0.1%
Trunk Calls							0.0%	0.0%	0.0%	2.6%	6.1%	4.3%	1.5%	0.2%	0.0%	0.0%	0.1%	0.1%	
International Calls							0.0%	0.0%	0.0%	6.4%	6.2%	9.4%	22.1%	74.3%	0.0%	0.0%	0.0%	0.0%	
Calls To Mobile							0.0%	0.0%	0.0%	2.6%	13.5%	9.5%	32.9%	0.0%	0.0%	0.0%	0.0%	0.7%	
Calls to Internet							0.0%	0.0%	0.0%	3.8%	1.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.7%	3.6%	
Premium Rate Services							0.0%	0.0%	0.0%	0.0%	0.2%	0.1%	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%	
Inland Directory Enquiries							39.1%	0.0%	0.0%	0.1%	0.5%	0.4%	1.3%	0.0%	0.0%	0.0%	0.0%	0.8%	
International Directory Enquiries							0.0%	56.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
National Operator Assistance							0.0%	0.0%	47.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	
International Operator Assistance							0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Supplemental Services							0.0%	0.0%	0.0%	0.3%	-0.3%	0.0%	-0.2%	-1.0%	0.4%	0.0%	0.0%	66.1%	
Remaining Activities							0.0%	0.0%	0.0%	2.4%	9.0%	4.9%	5.5%	0.1%	0.0%	0.0%	0.7%	0.6%	
Internet Service Supply							0.0%	0.0%	0.0%	1.2%	0.2%	0.3%	0.0%	0.0%	0.0%	0.0%	1.6%	0.8%	
Leased Lines (excl PPCs)							0.0%	0.0%	0.0%	12.5%	-2.6%	0.0%	0.0%	14.8%	82.1%	0.0%	0.0%	0.7%	
Retail Access							0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Other Retail Services							0.0%	0.0%	0.0%	0.0%	1.0%	-1.3%	0.0%	0.0%	9.6%	0.0%	0.0%	0.9%	
<b>RIO Services</b>																			
Call Termination							0.0%	0.0%	0.0%	0.0%	7.7%	30.9%	22.1%	0.0%	0.0%	0.0%	0.0%	0.1%	
Call Origination							0.0%	0.0%	0.0%	6.7%	19.5%	14.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Transit							0.0%	0.0%	0.0%	1.6%	12.1%	6.7%	21.2%	0.0%	0.0%	0.0%	2.3%	0.4%	
Access to PRS services							0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	1.4%	0.0%	0.0%	0.0%	0.0%		
Access to Freefone services							0.0%	0.0%	0.0%	0.4%	5.5%	3.8%	0.0%	0.0%	0.0%	0.0%	0.0%		
Access to LoCall services							0.0%	0.0%	0.0%	0.0%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%		
Access to Callsave services							0.0%	0.0%	0.0%	0.1%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%		
Paging Service Access							0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
National DQ							60.9%	0.0%	0.0%	0.1%	0.6%	0.4%	0.2%	0.0%	0.0%	0.0%	0.0%	1.2%	
International DQ							0.0%	43.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Access to operator assistance							0.0%	0.0%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Access to Intl operator assistance							0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
International access including NI							0.0%	0.0%	0.0%	1.4%	5.8%	3.2%	10.4%	1.9%	0.0%	0.0%	0.0%		
Customer Care Access							0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Access to emergency service							0.0%	0.0%	52.0%	0.0%	0.0%	-30.7%	0.0%	0.0%	0.0%	0.0%	0.2%		
Partial Private Circuits							0.0%	0.0%	0.0%	5.8%	-1.6%	0.0%	0.0%	0.0%	0.0%	16.7%	0.0%		
Flat Rate Internet Access Call Origination							0.0%	0.0%	0.0%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%		
Interconnect paths							0.0%	0.0%	0.0%	12.2%	1.5%	0.0%	0.0%	0.0%	0.8%	89.8%	13.8%		
Carrier Preselect - non conveyance charge							0.0%	0.0%	0.0%	6.4%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Serving operators - IN Dip							0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Packet services access							0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Non-geographical number portability							0.0%	0.0%	0.0%	5.5%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Universal number access							0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%		
Personal number access							0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Geographic number portability							0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Other Wholesale Services							0.0%	0.0%	0.0%	0.0%	11.5%	1.4%	5.0%	0.0%	0.0%	0.0%	0.0%		
<b>Subset of Call Origination</b>																			
Primary																			
Tandem Long																			
Tandem Short																			
<b>Subset of Call Termination</b>																			
Primary																			
Tandem Long																			
Tandem Short																			

Statement of Costs of Core Network Services

	Gradient - PEAK	Gradient - OFF PEAK	Gradient - WEEKEND	Call Conveyance Cost Per Minute - Peak	Call Conveyance Cost Per Minute - OFF PEAK	Call Conveyance Cost Per Minute - WEEKEND	NON CONVEYANCE COSTS											
							Inland Directory Enquiries	International Directory Enquiries	National Operator Assistance	International Operator Assistance	Carrier administration	Carrier Billing	Intelligent Network	Outpayments	International Transmission	Private Circuits Network	Interconnect Connections and Renta	Other Costs
<b>Average Cost per Minute:-</b>																		
<b>Retail Services</b>																		
Local Calls	1.331	0.684	0.614	1.102	0.566	0.508												
Trunk Calls	1.331	0.684	0.614	1.680	0.864	0.775												
International Calls	1.331	0.684	0.614	0.634	0.326	0.292												
Calls To Mobile	1.331	0.684	0.614	0.822	0.422	0.379												
Calls to Internet	1.331	0.684	0.614	0.797	0.409	0.367												
Premium Rate Services	1.331	0.684	0.614	1.190	0.612	0.549												
Inland Directory Enquiries	1.331	0.684	0.614	1.073	0.551	0.495												
International Directory Enquiries	1.331	0.684	0.614	1.005	0.517	0.464												
National Operator Assistance	1.331	0.684	0.614	2.084	1.071	0.961												
International Operator Assistance	1.331	0.684	0.614	0.000	0.000	0.000												
Supplemental Services	1.331	0.684	0.614	0.000	0.000	0.000												
Remaining Activities	1.331	0.684	0.614	1.151	0.591	0.531												
Internet Service Supply	1.331	0.684	0.614	0.000	0.000	0.000												
Leased Lines	1.331	0.684	0.614	0.000	0.000	0.000												
Retail Access	1.331	0.684	0.614	0.000	0.000	0.000												
<b>RIO Services</b>																		
Call Termination	1.331	0.684	0.614	0.715	0.367	0.330												
Call Origination	1.331	0.684	0.614	0.762	0.392	0.351												
Transit	1.331	0.684	0.614	0.209	0.107	0.096												
Access to PRS services	1.331	0.684	0.614	0.419	0.215	0.193												
Access to Freefone services	1.331	0.684	0.614	0.932	0.479	0.430												
Access to LoCall services	1.331	0.684	0.614	0.201	0.103	0.093												
Access to Callsave services	1.331	0.684	0.614	0.200	0.103	0.092												
Paging Service Access	1.331	0.684	0.614	0.201	0.103	0.093												
National DQ	1.331	0.684	0.614	0.201	0.103	0.093												
International DQ	1.331	0.684	0.614	0.201	0.103	0.093												
Access to operator assistance	1.331	0.684	0.614	0.201	0.103	0.093												
Access to Intl operator assistance	1.331	0.684	0.614	0.201	0.103	0.093												
International access including NI	1.331	0.684	0.614	0.201	0.103	0.093												
Customer Care access	1.331	0.684	0.614	1.164	0.598	0.537												
Access to emergency service	1.331	0.684	0.614	0.996	0.507	0.455												
Partial Private Circuits	1.331	0.684	0.614	0.000	0.000	0.000												
Flat Rate Internet Access Call Origination	1.331	0.684	0.614	0.000	0.000	0.000												
Interconnect paths	1.331	0.684	0.614	0.000	0.000	0.000												
Carrier Preselect - non conveyance charge	1.331	0.684	0.614	0.000	0.000	0.000												
Serving operators - IN Dip	1.331	0.684	0.614	0.000	0.000	0.000												
Packet services access	1.331	0.684	0.614	0.000	0.000	0.000												
Non-geographical number portability	1.331	0.684	0.614	0.000	0.000	0.000												
Universal number access	1.331	0.684	0.614	0.000	0.000	0.000												
Personal number access	1.331	0.684	0.614	0.000	0.000	0.000												
Geographic number portability	1.331	0.684	0.614	0.000	0.000	0.000												
<b>Subset of Call Origination</b>																		
Primary	1.331	0.684	0.614	0.568	0.292	0.262												
Tandem Long	1.331	0.684	0.614	1.332	0.684	0.614												
Tandem Short	1.331	0.684	0.614	0.950	0.488	0.438												
<b>Subset of Call Termination</b>																		
Primary	1.331	0.684	0.614	0.555	0.285	0.256												
Tandem Long	1.331	0.684	0.614	1.164	0.598	0.537												
Tandem Short	1.331	0.684	0.614	0.918	0.472	0.423												

## TRANSFER CHARGE STATEMENT

	Retail Services												Other Activities Services				
	Access	Local Calls	National Calls	International Calls	Calls to Mobile	Directory Enquiry	Leased Lines	Public Payphones	Calls to Internet	Internet Services Supply	Supplemental Services	Remaining Activities	Apparatus Supply	Other Remaining Activities	Indigo	Meteor	Other Subsidiaries
<b>COSTS/SERVICES</b>	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Core Network Costs	-	23,020	13,718	81,725	110,816	13,433	42,229	-	5,308	1,510	8,793	32,639	-	589	-	-	-
Local Access Network Costs	422,377	-	-	-	-	-	15,020	-	-	-	4,528	-	-	-	-	-	-
Public Payphone	(1,377)	(54)	(164)	(394)	(446)	(27)	-	2,532	-	-	-	(70)	-	-	-	-	-
<b>Total Transfer Charges</b>	<b>421,000</b>	<b>22,966</b>	<b>13,554</b>	<b>81,331</b>	<b>110,370</b>	<b>13,406</b>	<b>57,249</b>	<b>2,532</b>	<b>5,308</b>	<b>1,510</b>	<b>13,321</b>	<b>32,569</b>	<b>-</b>	<b>589</b>	<b>-</b>	<b>-</b>	<b>-</b>

## ***Definitions of the Businesses***

The full definition of the Businesses and their activities are set out on pages 4 to 7 of the introduction to the Accounting Documents. They are summarised as follows:

### **Local Access Network**

The Local Access Network provides connections to the Core Network both internally and externally. The accounts for the Local Access Network Business includes the costs and capital employed associated with providing and maintaining these connections. For Accounting Separation, the Local Access Network Business includes all the customer-dedicated components of the network including, for example, the line cards and ports located at concentrators and/or exchanges. In respect of DSL, the Local Access Network Business includes all relevant equipment between the MDF and the ISP point of presence. The Core Network Business includes all other network components. Customer line rental is a service provided by the Retail Business. The revenue from line rental and connections provided to eircom's retail customers is therefore recorded in the Retail Business. The cost of providing customer lines is recorded against the Local Access Network Business and a transfer charge of costs to the Retail Business is levied in order to match revenues with their associated costs. Costs charged to the Retail Business are based on the fully allocated costs of Local Access Network Elements including a cost of capital, set at 11.36% (14.375% for 15 month period to 30 June 2007), as directed by ComReg.

The revenue from providing services in a wholesale basis to other authorised operators is included in the Local Access Network.

### **Core Network**

The Core Network Business provides a range of interconnection services internally and externally in order to allow the customer of one operator to communicate with customers of the same or another operator, or to access services provided by another operator. These services include the switching and conveyance of calls. The revenues of the Core Network Business will derive from the sale of interconnection services to the Retail Business of eircom and to other operators.

The Core Network also includes payments to other operators, dedicated transmission and capacity for leased lines and the provision of directory enquiry services. Costs charged to the Retail Business are based on the fully allocated costs of the Core Network including a cost of capital, as directed by ComReg.

## ***Definitions of the Businesses (Cont'd.)***

### **Retail**

The Retail Business includes all those Activities involving the selling of telephony services to end-users, including line rental, leased lines, calls, payphones and the provision of directory information. The accounts for the Retail Business include the costs, revenues and capital employed associated with the provision of these services to end-users. The costs allocated to the Retail Business include the transfer charges related to the use of network resources or services provided by the Local Access Network Business and the Core Network Business, and the marketing, billing and other costs associated with the provision of end-user services.

The disaggregated activities within the Retail Business are as follows:-

#### **1. Access**

The business relating to the supply of customer line connections and rental (PSTN, ISDN, DSL and VPN) and its associated costs.

#### **2. Local Calls**

Local (inland calls charged at local rates, including calls to Northern Ireland, excluding calls to internet using geographic numbers) dialled calls originating from any telephone exchange line, including a public telephone exchange line.

#### **3. National Calls**

National (inland calls charged at national or regional call rates, including calls to Northern Ireland and excluding calls to internet using geographic numbers) dialled calls originating from any telephone exchange line, including a public telephone exchange line.

#### **4. International Calls**

International dialled calls (excluding calls to Northern Ireland) originating from any telephone exchange line, including a public telephone exchange line. (Also includes international inpayments and callnet).

#### **5. Calls to Mobile**

Calls to national mobile telephones originating on any telephone exchange line, including a public telephone exchange line.

## ***Definitions of the Businesses (Cont'd.)***

### **6. Directory Enquiry**

Calls to Directory Enquiry Service originating from any telephone exchange line, including a public telephone exchange line, whereby a telephone caller may be advised of telephone numbers of persons identified by the telephone caller.

### **7. Leased Lines**

Business of connection, rental, maintenance, and change of national and international leased lines, including Partial Private Circuits, which provide for transparent transmission capacity between network termination points and which do not include connection to the PSTN network.

### **8. Public Payphones**

Local, national, international dialled calls and calls to mobile, originating from public payphones, using cash, phone cards or credit cards. Advertising costs earned from public payphones is included as public payphones revenue.

### **9. Calls to Internet**

Calls to non-geographic (1891, 1892, excess 1893 minutes and equivalent numbers as and when brought into service) and geographic numbered internet service providers, originating from any ordinary exchange lines, excluding public telephone exchange lines and excluding periodic subscription charges.

### **10. Internet Services Supply**

The business relating to the subscription for narrowband Internet services, including Internet related Value Added Services (VAS) such as online advertising, security products and web hosting for ISP customers.

### **11. Supplemental Services**

The business relating to the supply of certain advanced data services. Examples of these services are data networks, broadcast and visual services.

## ***Definitions of the Businesses (Cont'd.)***

### **12. Remaining Activities**

All other telecommunications services that are within the Retail Business. This includes operator assistance, freephone (excluding those elements of freephone calls charged at local rates), premium rate services, managed answering services, fixed SMS and VPN/IVPN calls.

### **Other Business**

eircom provides a wide range of other services including the rental, repair and maintenance of customer equipment. For the purposes of Accounting Separation, the costs, revenues and capital employed associated with these Activities will be separately identified.

The disaggregated activities within Other Business are as follows:-

#### **1. Apparatus Supply**

The business relating to the rental, maintenance and sale of customer premises equipment.

#### **2. Other Remaining Activities**

All other remaining activities such as repayment works, Web hosting and eircom Mobile.

#### **3. Indigo**

The business relating to the provision of internet services by Indigo.

#### **4. Meteor**

The business relating to the provision of mobile telephony services by Meteor.

#### **5. Other Subsidiaries**

Activities of eircom's subsidiaries other than Indigo and Meteor.