



eircom

HISTORICAL COST SEPARATED ACCOUNTS

FOR YEAR ENDED 31 MARCH 2000

FINANCIAL STATEMENTS

**Please note: All figures within
this document are in euros.**

***eircom* Historical Cost Separated Accounts**

Introduction

eircom is required, under Condition 15 of its General Telecommunications Licence, granted by the Office of Telecommunications Regulation (“ODTR”) on 1st 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.

Directive 97/33/EC of the European Parliament and Council, as enacted into Irish law by Statutory Instrument No. 15 of 1998, establishes the legal and regulatory framework for the interconnection of telecommunication networks within the EU, including a requirement for accounting separation.

The detailed framework and financial statement disclosure has been set out in the ODTR Decision Notices D5/99, D10/99 ‘Accounting Separation and Publication of Financial Information for Telecommunications Operators’, dated May 1999, August 1999, August 2000 and September 2000 respectively, D8/99 ‘Costing methodologies for use in Accounting Separation’, dated July 1999 and D9/00 and D10/00 ‘Accounting Separation and Publication of Financial Information for Telecommunication Operators’, dated August 2000 and September 2000 respectively (the ‘Decision Notices’). The Accounts have been prepared in line with the framework and financial statement disclosure in these Decision Notices insofar as they apply to the 1999/2000 accounts.

Further information will be supplied in the Supplemental Information to be published on 15th December 2000.

Introduction (Cont'd.)

Restatement of Accounts

These financial statements replace the original financial statements for the period ended 31 March 2000, as published on 30 September 2000 and are now the Historical Cost Separated financial statements for that period.

Reasons for restatement

eircom has been directed by the ODTR, in a letter dated 3 November 2000, to restate the financial statements for the year ended 31 March 2000, as published on 30 September 2000, in respect of the following:

- (i) requirement to attribute all line card costs to the Local Access Network.
- (ii) requirement to charge the call set-up component of conveyance charges on a per-minute basis

eircom disagrees with the treatment directed by the ODTR as *eircom* believes that the treatment adopted in the original financial statements published on 30 September 2000 (as detailed in Note 1 to the Financial Statements) represented, in the company's opinion, the most appropriate apportionment basis. Notwithstanding this, *eircom* have complied with the ODTR's direction and the required adjustments are reflected in these revised financial Statements.

eircom believes that the original allocations represent the most appropriate bases of allocation given the regulatory principles established by the ODTR in its relevant Decision Notices and published in the Accounting Documents dated 30 September 2000.

Introduction (Cont'd.)

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

Business	Activities
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 Eircell Indigo Other Subsidiaries

The definitions of the Businesses and Activities are set out in the Financial Statements on pages 72 to 75.

Introduction (Cont'd.)

Accounting Documents

The Financial Statements have been prepared by applying the costing methodology detailed in the Accounting Documents dated 30th September 2000 (“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 are made up 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 12%. The Rate of Return has been mandated by the Director in Decision 4.3.4 of Decision Notice D9/00.

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 Activities) does not correspond to the way in which 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 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 range of attribution methods is available.

In selecting appropriate attribution methods and appropriate non-financial data for use within the attribution models employed in the production of these statements, *eircom* has had to make certain estimates and exercises 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 last year. Certain non-financial data used in 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, 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. 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* 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 License, granted by the Office of the Director of Telecommunications (“ODTR”) on 1st 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.

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 statements 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 31st March 2000 have been prepared in accordance with the requirements of Condition 15 of it’s General Telecommunications Licence.

Malcolm Fallen
Chief Financial Officer.
22nd November 2000

Report of the Auditors

To *eircom* plc issued in accordance with Decision 4.1 of Decision Notice 8/99 issued by the Office of the Director of Telecommunications Regulation.

1. We have examined the revised financial statements on pages 12 to 71 (see paragraph 10 below) which have been prepared under the historical cost convention in accordance with Decision notices 5/99, 8/99, 10/99, 9/00 and 10/00 (“the Decision Notices”) issued by the Office of the Director of Telecommunications Regulation (“the ODTR”) and the letter from the ODTR to the company of 3 November 2000 and in accordance with *eircom* plc’s (“the company”) costing methodologies which are articulated in the accounting documents published with the revised financial statements (“the Accounting Documents dated 22 November 2000”). The revised financial statements replace the original financial statements approved by the directors on 30 September 2000. We have not taken account of events which have taken place after the date on which the original financial statements were approved.
2. The revised financial statements comprise separate historical cost revised financial statements for the year ended 31 March 2000 for each of the Businesses listed on page 4 (“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 4, (“the activities”). The revised financial statements of the Core Network Business include the Network Statement of Costs and the Statement of Costs of Network Services.

Respective responsibilities of the company and auditors

3. The company is responsible for preparing and approving, as described on page 8, the revised financial statements. Our responsibilities, as independent auditors, are established by the Decision Notices, the Auditing Practices Board and our profession’s ethical guidance.
4. We report our opinion as to whether each of the revised financial statements has been prepared in accordance with the Accounting Documents dated 22 November 2000. We also report if, in our opinion, the “Introduction” by the company, setting out the basis upon which the revised financial statements have been prepared, is not consistent with the revised financial statements, if the company has not kept proper accounting records, if we have not received all of the information and explanations we require for our examination, or if the information specified by the Decision Notices is not disclosed.
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 revised financial statements.

Basis of audit opinion

6. As explained in the “Basis of Preparation” on pages 5 to 6, in accordance with the Accounting Documents dated 22 November 2000, the revised 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 1999, and used, in accordance with those Acts, for the preparation of the company’s statutory consolidated financial statements for the year ended 31 March 2000 (“The Statutory Financial Statements”).
7. 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 revised 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.
8. Having regard to the above:-
 - (i) We conducted our audit in accordance with relevant Auditing Standards issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the revised financial statements. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the revised 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 revised financial statements is prepared in accordance with the Accounting Documents dated 22 November 2000. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the revised financial statements.
9. Many of the group’s revenues, costs, assets and liabilities are not directly identifiable with individual activities and the preparation of the revised financial statements requires a significant number of apportionments. As explained on pages 5 to 6 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 revised 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 dated 22 November 2000, including cost causality and objectivity, in order to comply with the requirements of the Accounting Documents dated 22 November 2000. The company has decided that attribution methods and non-financial data sources will continue to be reviewed and, where appropriate, improved.

Restatement

10. We draw your attention to Note 1 on page 58 of the revised financial statements which sets out the basis of the restatement of these revised financial statements. The company has been directed by the ODTR to restate the original financial statements for the year ended 31 March 2000, as published on 30 September 2000, in respect of the following

- All line card costs are required to be attributed to the local access network; and
- The call set-up component of conveyance charges are required to be recalculated on a per minute basis.

The company disagrees with the treatment directed by the ODTR, as the company believes that the treatment adopted in the original financial statements published on 30 September 2000 represented, in the company's opinion, the most appropriate treatment of line card costs and the calculation of the call set-up component of conveyance charges.

Notwithstanding this, the company has complied with this direction and the required adjustments are reflected in these revised financial statements. Our opinion is not qualified in this respect.

Opinion

11. In our opinion:-

- Each of the revised financial statements of each of the businesses and each of the Activities for the year ended 31 March 2000 has been prepared in accordance with the Accounting Documents dated 22 November 2000.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Dublin 22 November 2000

Local Access Network Business

PROFIT AND LOSS ACCOUNT			
for the year ended 31 March 2000			
	Notes	2000	1999
		€000	€000
Turnover			
From other operators		-	-
Transfer charges to Retail		824,441	568,257
Total turnover	7	824,441	568,257
Operating costs			
Operating costs		426,223	380,125
Exceptional operating costs		301,293	63,545
Total operating costs	7	727,516	443,670
Return		96,925	124,587
RETURN ON MEAN CAPITAL EMPLOYED			
		2000	1999
		€000	€000
Return		96,925	124,587
Mean capital employed		806,714	761,075
Return on mean capital employed		12%	16.37%
Return on turnover		12%	22%

Local Access Network Business

STATEMENT OF MEAN CAPITAL EMPLOYED			
as at 31 March 2000			
	Notes	2000	1999
		€000	€000
Fixed assets			
Tangible fixed assets		913,999	762,560
Intangible fixed assets		-	-
Total fixed assets		913,999	762,560
Current assets			
Stocks		10,871	9,471
Debtors		163,091	108,207
Cash at bank and in hand		15,860	3,206
Total current assets		189,822	120,884
Creditors		(98,849)	(87,790)
Provisions for liabilities and charges		(198,258)	(34,579)
Mean capital employed	8	806,714	761,075

Core Network Business

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2000		
Notes	2000 €000	1999 €000
Turnover		
Other operators	94,808	49,969
From Retail and Other	519,064	544,230
Total turnover	613,872	594,199
	7	
Operating costs	504,425	489,846
Exceptional operating costs	64,526	37,100
Total operating costs	568,951	526,946
	7	
Return	44,921	67,253
RETURN ON MEAN CAPITAL EMPLOYED		
	2000 €000	1999 €000
Return	44,921	67,253
Mean capital employed	372,610	410,839
Return on mean capital employed	12.06%	16.37%
Return on turnover	7%	11%

Core Network Business

STATEMENT OF MEAN CAPITAL EMPLOYED as at 31 March 2000				
	Notes	2000 €000	1999 €000	
Fixed assets				
Tangible fixed assets		506,748	544,017	
Intangible fixed assets		-	-	
Total fixed assets		506,748	544,017	
Current assets				
Stocks		213	88	
Debtors		107,626	77,002	
Cash at bank and in hand		19,094	5,139	
Total current assets		126,933	82,229	
Creditors		(214,491)	(188,120)	
Provisions for liabilities and charges		(46,580)	(27,287)	
Mean capital employed	8	372,610	410,839	

Core Network Business

STATEMENT OF COSTS

for the year ended 31 March 2000

	Operating costs €000	Exceptional Operating costs €000	Capital employed €000	Rate of return %	Capital costs €000	Total operating and capital costs €000	Total Units 000's	Average cost cents per minute
<i>Traffic sensitive</i>								
Subscriber unit	15,954	6,319	42,617	12.00%	5,114	27,387	23,367,029	0.1172
Primary switch	17,227	8,201	33,919	12.00%	4,070	29,498	13,276,008	0.2222
Secondary switch	12,325	5,677	23,449	12.00%	2,814	20,816	9,688,066	0.2149
Tertiary switch	13,332	3,595	15,935	12.00%	1,912	18,839	4,430,307	0.4252
<i>Transmission: Non-length dependent</i>								
RSU to primary/secondary link	10,402	4,211	29,214	12.00%	3,506	18,119	14,056,573	0.1289
Primary to primary link	1,088	411	3,448	12.00%	414	1,913	1,110,892	0.1722
Primary to secondary link	1,503	583	4,553	12.00%	546	2,632	4,945,099	0.0532
Primary to tertiary link	716	283	2,147	12.00%	258	1,257	3,245,035	0.0387
Secondary to secondary link	1,290	491	4,173	12.00%	501	2,282	1,299,700	0.1756
Secondary to tertiary link	2,651	1,009	8,961	12.00%	1,075	4,735	2,366,916	0.2000
Tertiary to tertiary link	0	0	0	12.00%	0	0	115,188	0.0000
<i>Transmission: Length dependent</i>								
RSU to primary/secondary length	12,555	3,504	47,265	12.00%	5,672	21,731	14,056,573	0.1546
Primary to primary length	319	115	1,017	12.00%	122	556	1,110,892	0.0500
Primary to secondary length	1,090	358	3,753	12.00%	450	1,898	4,945,099	0.0384
Primary to tertiary length	429	145	1,410	12.00%	169	743	3,245,035	0.0229
Secondary to secondary length	641	165	1,557	12.00%	187	993	1,299,700	0.0764
Secondary to tertiary length	869	234	2,873	12.00%	345	1,448	2,366,916	0.0612
Tertiary to tertiary length (Note (b))	0	0	0	12.00%	0	0	115,188	0.0000
Inland directory enquiries	17,762	2,697	8,669	12.00%	1,040	21,499	(a)	(a)
International directory enquiries	2,183	320	1,078	12.00%	129	2,632	(a)	(a)
Outpayments	283,756	0	(77,793)	12.00%	(9,335)	274,421	(a)	(a)
International transmission	26,320	4,432	51,237	12.00%	6,148	36,900	(a)	(a)
Private circuits network / leased lines	58,040	13,942	139,009	12.00%	16,681	88,663	(a)	(a)
Interconnect connections and rentals	11,688	6,601	12,481	12.00%	1,498	19,787	(a)	(a)
Other costs	12,285	1,233	11,638	12.00%	1,397	14,915	(a)	(a)
Total conveyance	504,425	64,526	372,610		44,713	613,664		

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

(b) Tertiary to tertiary length costs appear as zero because balances are less than €1,000.

Core Network Business

STATEMENT OF COSTS for the year ended 1 April 1999

	Operating costs €000	Capital employed €000	Rate of return %	Capital costs €000	Total operating and capital costs €000	Total volume minutes 000's	Average cost cents per minute
<i>Traffic sensitive</i>							
Subscriber unit	45,675	93,778	16.37%	15,351	61,026	19,334,340	0.3156
Primary switch	44,638	36,405	16.37%	5,959	50,597	11,287,750	0.4482
Secondary switch	18,740	21,823	16.37%	3,572	22,312	7,605,561	0.2934
Tertiary switch	7,432	17,417	16.37%	2,851	10,283	3,378,849	0.3043
<i>Transmission: Non-length dependent</i>							
RSU to primary/secondary link	22,251	59,598	16.37%	9,756	32,007	13,893,666	0.2304
Primary to primary link	1,004	2,688	16.37%	440	1,444	1,121,913	0.1287
Primary to secondary link	2,868	7,676	16.37%	1,257	4,125	4,251,500	0.0970
Secondary to secondary link	1,206	3,216	16.37%	526	1,732	1,033,227	0.1676
Secondary to tertiary link	4,014	10,718	16.37%	1,755	5,769	4,364,322	0.1322
Tertiary to tertiary link	37	98	16.37%	16	53	3,378,849	0.0016
<i>Transmission: Length dependent</i>							
RSU to primary/secondary length	27,396	62,474	16.37%	10,227	37,623	13,893,666	0.2708
Primary to primary length	452	1,145	16.37%	187	639	1,121,913	0.0570
Primary to secondary length	2,237	5,658	16.37%	926	3,163	4,251,500	0.0744
Secondary to secondary length	828	2,179	16.37%	357	1,185	1,033,227	0.1147
Secondary to tertiary length	1,314	3,468	16.37%	568	1,882	4,364,322	0.0431
Tertiary to tertiary length (Note (b))	0	0	16.37%	0	0	3,378,849	-
Inland directory enquiries	32,115	2,828	16.37%	463	32,578	(a)	(a)
International directory enquiries	8,538	752	16.37%	123	8,661	(a)	(a)
Outpayments	191,658	(102,210)	16.37%	(16,732)	174,926	(a)	(a)
International transmission	21,177	39,315	16.37%	6,436	27,613	(a)	(a)
Private circuits network	66,594	125,509	16.37%	20,546	87,140	(a)	(a)
Interconnect connections and rentals	3,667	4,137	16.37%	677	4,344	(a)	(a)
Other costs	23,105	12,167	16.37%	1,992	25,097	(a)	(a)
Total conveyance	526,946	410,839		67,253	594,199		

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

(b) Tertiary to tertiary length costs appear as zero because balances are less than €1,000.

Retail Business

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2000

	Notes	2000 €000	1999 €000
Turnover			
Connections		52,255	29,206
Rental		420,316	375,340
Call charges		882,755	919,676
Other		9,138	9,395
Total turnover	7	1,364,464	1,333,617
Operating costs			
Operating costs specific to Retail		214,406	230,504
Transfer charges from Core Network		477,107	508,317
Transfer charges from Local Access Network		523,100	504,712
Exceptional operating costs		53,221	37,695
Exceptional transfer charges from Core Network		41,957	35,912
Exceptional transfer charges from Local Access Network		301,341	63,544
Total operating costs	7	1,611,132	1,380,684
Return		(246,668)	(47,067)
RETURN ON MEAN CAPITAL EMPLOYED			
		2000 €000	1999 €000
Return		(246,668)	(47,067)
Mean capital employed		81,148	131,694
Return on mean capital employed		-304%	-36%
Return on turnover		-18%	-4%

Retail Business

STATEMENT OF MEAN CAPITAL EMPLOYED		
as at 31 March 2000		
Notes	2000 €000	1999 €000
Fixed assets		
Tangible fixed assets	131,212	115,273
Intangible fixed assets	-	-
Total fixed assets	131,212	115,273
Current assets		
Stocks	10	-
Debtors	304,631	275,157
Cash at bank and in hand	7,932	4,680
Total current assets	312,573	279,837
Creditors	(334,193)	(243,925)
Provisions for liabilities and charges	(28,444)	(19,491)
Mean capital employed	81,148	131,694
8		

Retail Business - Access

PROFIT AND LOSS ACCOUNT		
for the year ended 31 March 2000		
Notes	2000	1999
	€000	€000
Turnover		
Connections	29,428	16,037
Rental	263,344	238,369
Call charges	-	-
Other	-	-
Total turnover	292,772	254,406
Operating costs		
Operating costs specific to Retail	35,529	31,899
Transfer charges from Core Network	-	-
Transfer charges from Local Access Network	501,851	481,902
Exceptional operating costs	12,769	5,155
Exceptional transfer charges from Core Network	-	-
Exceptional transfer charges from Local Access Network	289,388	61,335
Total operating costs	839,537	580,291
Return	(546,765)	(325,885)
RETURN ON MEAN CAPITAL EMPLOYED		
	2000	1999
	€000	€000
Return	(546,765)	(325,885)
Mean capital employed	(80,447)	(43,230)
Return on mean capital employed	n/a	n/a
Return on turnover	-187%	-128%

Retail Business - Access

STATEMENT OF MEAN CAPITAL EMPLOYED as at 31 March 2000	Notes	2000 €000	1999 €000
Fixed assets			
Tangible fixed assets		39,000	8,349
Intangible fixed assets		-	-
Total fixed assets		39,000	8,349
Current assets			
Stocks		10	-
Debtors		42,890	29,849
Cash at bank and in hand		2,128	703
Total current assets		45,028	30,552
Creditors		(159,290)	(79,414)
Provisions for liabilities and charges		(5,185)	(2,717)
Mean capital employed		(80,447)	(43,230)

Retail Business - Local Calls

PROFIT AND LOSS ACCOUNT		
for the year ended 31 March 2000		
Notes	2000	1999
	€000	€000
Turnover		
Connections	-	-
Rental	-	-
Call charges	272,492	307,457
Other	-	2,244
Total turnover	272,492	309,701
Operating costs		
Operating costs specific to Retail	26,428	41,216
Payphone transfer charge	(2,425)	(5,258)
Transfer charges from Core Network	74,183	123,603
Exceptional operating costs	5,730	6,840
Exceptional transfer charges from Core Network	9,331	9,456
Total operating costs	113,247	175,857
Return	159,245	133,844
RETURN ON MEAN CAPITAL EMPLOYED		
	2000	1999
	€000	€000
Return	159,245	133,844
Mean capital employed	22,892	14,514
Return on mean capital employed	696%	922%
Return on turnover	58%	43%

Retail Business - Local Calls

STATEMENT OF MEAN CAPITAL EMPLOYED as at 31 March 2000	Notes	2000 €000	1999 €000
Fixed assets			
Tangible fixed assets		10,017	13,378
Intangible fixed assets		-	-
Total fixed assets		10,017	13,378
Current assets			
Stocks		-	-
Debtors		42,407	40,236
Cash at bank and in hand		652	738
Total current assets		43,059	40,974
Creditors		(26,936)	(36,270)
Provisions for liabilities and charges		(3,248)	(3,568)
Mean capital employed		22,892	14,514

Retail Business - National Calls

PROFIT AND LOSS ACCOUNT		
for the year ended 31 March 2000		
Notes	2000	1999
	€000	€000
Turnover		
Connections	-	-
Rental	-	-
Call charges	113,125	144,766
Other	-	1,804
Total turnover	113,125	146,570
Operating costs		
Operating costs specific to Retail	11,584	16,391
Payphone transfer charge	(1,129)	(3,329)
Transfer charges from Core Network	28,147	40,299
Exceptional operating costs	1,970	3,009
Exceptional transfer charges from Core Network	5,682	2,872
Total operating costs	46,254	59,242
Return	66,871	87,328
RETURN ON MEAN CAPITAL EMPLOYED		
	2000	1999
	€000	€000
Return	66,871	87,328
Mean capital employed	7,650	9,846
Return on mean capital employed	874%	887%
Return on turnover	59%	60%

Retail Business - National Calls

STATEMENT OF MEAN CAPITAL EMPLOYED as at 31 March 2000	Notes	2000 €000	1999 €000
Fixed assets			
Tangible fixed assets		3,108	6,105
Intangible fixed assets		-	-
Total fixed assets		3,108	6,105
Current assets			
Stocks		-	-
Debtors		16,148	19,050
Cash at bank and in hand		294	337
Total current assets		16,442	19,387
Creditors		(10,777)	(14,072)
Provisions for liabilities and charges		(1,123)	(1,574)
Mean capital employed		7,650	9,846

Retail Business - International Calls

PROFIT AND LOSS ACCOUNT		
for the year ended 31 March 2000		
Notes	2000	1999
	€000	€000
Turnover		
Connections	-	-
Rental	-	-
Call charges	218,281	236,108
Other	2,705	1,043
Total turnover	220,986	237,151
Operating costs		
Operating costs specific to Retail	13,381	19,991
Payphone transfer charge	(1,198)	(3,530)
Transfer charges from Core Network	96,444	111,906
Exceptional operating costs	1,721	2,301
Exceptional transfer charges from Core Network	4,896	2,066
Total operating costs	115,244	132,734
Return	105,742	104,417
RETURN ON MEAN CAPITAL EMPLOYED		
	2000	1999
	€000	€000
Return	105,742	104,417
Mean capital employed	68,394	95,516
Return on mean capital employed	155%	109%
Return on turnover	48%	44%

Retail Business - International Calls

STATEMENT OF MEAN CAPITAL EMPLOYED		
as at 31 March 2000		
Notes	2000 €000	1999 €000
Fixed assets		
Tangible fixed assets	2,008	5,127
Intangible fixed assets	-	-
Total fixed assets	2,008	5,127
Current assets		
Stocks	-	-
Debtors	95,749	120,538
Cash at bank and in hand	222	342
Total current assets	95,971	120,880
Creditors	(28,624)	(29,217)
Provisions for liabilities and charges	(961)	(1,274)
Mean capital employed	68,394	95,516

Retail Business - Calls to Mobile

PROFIT AND LOSS ACCOUNT		
for the year ended 31 March 2000		
Notes	2000	1999
	€000	€000
Turnover		
Connections	-	-
Rental	-	-
Call charges	167,707	122,304
Other	-	1,009
Total turnover	167,707	123,313
Operating costs		
Operating costs specific to Retail	14,099	12,402
Payphone transfer charge	(4,558)	(2,706)
Transfer charges from Core Network	120,354	80,425
Exceptional operating costs	801	1,411
Exceptional transfer charges from Core Network	2,550	471
Total operating costs	133,246	92,003
Return	34,461	31,310
RETURN ON MEAN CAPITAL EMPLOYED		
	2000	1999
	€000	€000
Return	34,461	31,310
Mean capital employed	(7,247)	1,891
Return on mean capital employed	n/a	1656%
Return on turnover	21%	25%

Retail Business - Calls to Mobile

STATEMENT OF MEAN CAPITAL EMPLOYED		
as at 31 March 2000		
Notes	2000	1999
	€000	€000
Fixed assets		
Tangible fixed assets	1,348	3,018
Intangible fixed assets	-	-
Total fixed assets	1,348	3,018
Current assets		
Stocks	-	-
Debtors	24,519	15,677
Cash at bank and in hand	82	182
Total current assets	24,601	15,859
Creditors	(32,724)	(16,153)
Provisions for liabilities and charges	(472)	(833)
Mean capital employed	(7,247)	1,891

Retail Business - Directory Enquiry

PROFIT AND LOSS ACCOUNT		
for the year ended 31 March 2000		
Notes	2000	1999
	€000	€000
Turnover		
Connections	-	-
Rental	-	-
Call charges	6,145	5,627
Other	235	64
Total turnover	6,380	5,691
Operating costs		
Operating costs specific to Retail	368	2,633
Payphone Transfer Charge	(161)	(244)
Transfer charges from Core Network	21,691	29,695
Exceptional operating costs	165	755
Exceptional transfer charges from Core Network	2,630	11,882
Total operating costs	24,693	44,721
Return	(18,313)	(39,030)
RETURN ON MEAN CAPITAL EMPLOYED		
	2000	1999
	€000	€000
Return	(18,313)	(39,030)
Mean capital employed	(3,948)	(3,325)
Return on mean capital employed	n/a	n/a
Return on turnover	-287%	-686%

Retail Business - Directory Enquiry

STATEMENT OF MEAN CAPITAL EMPLOYED		
as at 31 March 2000		
Notes	2000 €000	1999 €000
Fixed assets		
Tangible fixed assets	147	383
Intangible fixed assets	-	-
Total fixed assets	147	383
Current assets		
Stocks	-	-
Debtors	953	2,572
Cash at bank and in hand	12	119
Total current assets	965	2,691
Creditors	(4,961)	(6,282)
Provisions for liabilities and charges	(99)	(117)
Mean capital employed	(3,948)	(3,325)

Retail Business - Leased Lines

PROFIT AND LOSS ACCOUNT		
for the year ended 31 March 2000		
Notes	2000	1999
	€000	€000
Turnover		
Connections	22,567	12,375
Rental	132,118	123,602
Call charges	-	-
Other	201	367
Total turnover	154,886	136,344
Operating costs		
Operating costs specific to Retail	7,497	10,562
Transfer charges from Core Network	87,911	86,044
Transfer charges from Local Access Network	21,249	22,810
Exceptional operating costs	1,990	2,355
Exceptional transfer charges from Core Network	12,511	7,154
Exceptional transfer charges from Local Access Network	11,953	2,209
Total operating costs	143,111	131,134
Return	11,775	5,210
RETURN ON MEAN CAPITAL EMPLOYED		
	2000	1999
	€000	€000
Return	11,775	5,210
Mean capital employed	32,674	1,761
Return on mean capital employed	36%	296%
Return on turnover	8%	4%

Retail Business - Leased Lines

STATEMENT OF MEAN CAPITAL EMPLOYED as at 31 March 2000	Notes	2000 €000	1999 €000
Fixed assets			
Tangible fixed assets		4,999	4,763
Intangible fixed assets		-	-
Total fixed assets		4,999	4,763
Current assets			
Stocks		-	-
Debtors		61,256	20,512
Cash at bank and in hand		434	344
Total current assets		61,690	20,856
Creditors		(32,873)	(22,596)
Provisions for liabilities and charges		(1,142)	(1,262)
Mean capital employed		32,674	1,761

Retail Business - Public Payphones

PROFIT AND LOSS ACCOUNT		
for the year ended 31 March 2000		
Notes	2000	1999
	€000	€000
Turnover		
Connections	-	-
Rental	-	-
Call charges	33,127	36,989
Other	225	348
Total turnover	33,352	37,337
Operating Costs		
Operating costs specific to Retail	24,137	23,206
Transfer charge from retail	9,471	15,067
Transfer charges from Core Network	-	-
Exceptional operating costs	4,782	3,014
Exceptional transfer charges from Core Network	-	-
Total Operating Costs	38,390	41,287
Return	(5,038)	(3,950)
RETURN ON MEAN CAPITAL EMPLOYED		
	2000	1999
	€000	€000
Return	(5,038)	(3,950)
Mean capital employed	6,488	4,750
Return on mean capital employed	-78%	-83%
Return on turnover	-15%	-11%

Retail Business - Public Payphones

STATEMENT OF MEAN CAPITAL EMPLOYED as at 31 March 2000	Notes	2000 €000	1999 €000
Fixed assets			
Tangible fixed assets		15,414	11,064
Intangible fixed assets		-	-
Total fixed assets		15,414	11,064
Current assets			
Stocks		-	-
Debtors		697	1,871
Cash at bank and in hand		900	478
Total current assets		1,597	2,349
Creditors		(8,519)	(7,328)
Provisions for liabilities and charges		(2,004)	(1,335)
Mean capital employed		6,488	4,750

Retail Business - Calls to Internet

PROFIT AND LOSS ACCOUNT		
for the year ended 31 March 2000		
Notes	2000 €000	1999 €000
Turnover		
Connections	-	-
Rental	-	-
Call charges	14,733	7,208
Other	-	-
Total turnover	14,733	7,208
Operating costs		
Operating costs specific to Retail	5,893	1,081
Transfer charges from Core Network	11,337	6,471
Exceptional operating costs	782	165
Exceptional transfer charges from Core Network	1,776	504
Total operating costs	19,788	8,221
Return	(5,055)	(1,013)
RETURN ON MEAN CAPITAL EMPLOYED		
	2000 €000	1999 €000
Return	(5,055)	(1,013)
Mean capital employed	(579)	(292)
Return on mean capital employed	n/a	n/a
Return on turnover	-34%	-14%

Retail Business - Calls to Internet

STATEMENT OF MEAN CAPITAL EMPLOYED as at 31 March 2000	Notes	2000 €000	1999 €000
Fixed assets			
Tangible fixed assets		379	267
Intangible fixed assets		-	-
Total fixed assets		379	267
Current assets			
Stocks		-	-
Debtors		2,312	956
Cash at bank and in hand		38	22
Total current assets		2,350	978
Creditors		(2,908)	(1,432)
Provisions for liabilities and charges		(400)	(105)
Mean capital employed		(579)	(292)

Retail Business - Internet Services Supply

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2000	Notes	2000 €000	1999 €000
Turnover			
Connections		-	-
Rental		11,788	6,635
Call charges		-	-
Other		-	7
Total turnover		11,788	6,642
Operating costs			
Operating costs specific to Retail		12,817	12,699
Transfer charges from Core Network		-	1,571
Exceptional operating costs		2,803	1,056
Exceptional transfer charges from Core Network		-	-
Total operating costs		15,620	15,326
Return		(3,832)	(8,684)
<hr/>			
RETURN ON MEAN CAPITAL EMPLOYED			
		2000 €000	1999 €000
Return		(3,832)	(8,684)
Mean capital employed		7,590	(2,035)
Return on mean capital employed		-51%	n/a
Return on turnover		-33%	-131%

Retail Business - Internet Services Supply

STATEMENT OF MEAN CAPITAL EMPLOYED as at 31 March 2000	Notes	2000 €000	1999 €000
Fixed assets			
Tangible fixed assets		10,299	1,818
Intangible fixed assets		-	-
Total fixed assets		10,299	1,818
Current assets			
Stocks		-	-
Debtors		2,347	3,831
Cash at bank and in hand		864	245
Total current assets		3,211	4,076
Creditors		(4,234)	(7,350)
Provisions for liabilities and charges		(1,686)	(579)
Mean capital employed		7,590	(2,035)

Retail Business - Supplemental Services

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2000		
Notes	2000 €000	1999 €000
Turnover		
Connections	-	492
Rental	10,527	4,757
Call charges	13,983	8,597
Other	5,228	1,753
Total turnover	29,738	15,599
Operating costs		
Operating costs specific to Retail	25,882	18,579
Transfer charges from Core Network	10,308	8,675
Exceptional operating costs	4,947	2,529
Exceptional transfer charges from Core Network	913	494
Total operating costs	42,050	30,277
Return	(12,312)	(14,678)
RETURN ON MEAN CAPITAL EMPLOYED		
	2000 €000	1999 €000
Return	(12,312)	(14,678)
Mean capital employed	33,999	38,049
Return on mean capital employed	-36%	-39%
Return on turnover	-41%	-94%

Retail Business - Supplemental Services

STATEMENT OF MEAN CAPITAL EMPLOYED as at 31 March 2000	Notes	2000 €000	1999 €000
Fixed assets			
Tangible fixed assets		37,235	42,652
Intangible fixed assets		-	-
Total fixed assets		37,235	42,652
Current assets			
Stocks		-	-
Debtors		9,720	4,771
Cash at bank and in hand		1,313	176
Total current assets		11,033	4,947
Creditors		(11,266)	(8,175)
Provisions for liabilities and charges		(3,003)	(1,375)
Mean capital employed		33,999	38,049

Retail Business - Remaining Activities

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2000		
Notes	2000 €000	1999 €000
Turnover		
Connections	260	302
Rental	2,539	1,977
Call charges	43,162	50,620
Other	544	756
	46,505	53,655
Operating costs		
Operating costs specific to Retail	36,793	39,845
Transfer charges from Core Network	26,732	19,628
Exceptional operating costs	14,761	9,105
Exceptional transfer charges from Core Network	1,668	1,013
Total operating costs	79,954	69,591
Return	(33,449)	(15,936)
RETURN ON MEAN CAPITAL EMPLOYED		
	2000 €000	1999 €000
Return	(33,449)	(15,936)
Mean capital employed	(6,318)	14,249
Return on mean capital employed	n/a	-112%
Return on turnover	-72%	-30%

Retail Business - Remaining Activities

STATEMENT OF MEAN CAPITAL EMPLOYED as at 31 March 2000	Notes	2000 €000	1999 €000
Fixed assets			
Tangible fixed assets		7,258	18,349
Intangible fixed assets		-	-
Total fixed assets		7,258	18,349
Current assets			
Stocks		-	-
Debtors		5,633	15,294
Cash at bank and in hand		993	994
Total current assets		6,626	16,288
Creditors		(11,081)	(15,636)
Provisions for liabilities and charges		(9,121)	(4,752)
Mean capital employed		(6,318)	14,249

Retail Business reconciliation

RETURN		
for the year ended 31 March 2000		
	2000	1999
	€000	€000
Access	(546,765)	(325,885)
Local Calls	159,245	133,844
National Calls	66,871	87,328
International Calls	105,742	104,417
Calls to Mobile	34,461	31,310
Directory Enquiry	(18,311)	(39,030)
Leased Lines	11,775	5,210
Public Payphones	(5,038)	(3,950)
Calls to Internet	(5,055)	(1,013)
Internet Services Supply	(3,832)	(8,684)
Supplemental Services	(12,312)	(14,678)
Remaining Activities	(33,449)	(15,936)
TOTAL RETAIL BUSINESS	(246,668)	(47,067)
MEAN CAPITAL EMPLOYED		
as at 31 March 2000		
	2000	1999
	€000	€000
Access	(80,447)	(43,230)
Local Calls	22,892	14,514
National Calls	7,650	9,846
International Calls	68,394	95,516
Calls to Mobile	(7,247)	1,891
Directory Enquiry	(3,948)	(3,325)
Leased Lines	32,674	1,761
Public Payphones	6,488	4,750
Calls to Internet	(579)	(292)
Internet Services Supply	7,590	(2,035)
Supplemental Services	33,999	38,049
Remaining Activities	(6,318)	14,249
TOTAL RETAIL BUSINESS	81,148	131,694

Other Business

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2000			
	Notes	2000 €000	1999 €000
Turnover			
Turnover from operations	7	729,789	594,053
Operating costs			
Operating costs specific to business		691,848	566,115
Transfer charges from Core Network		-	-
Exceptional operating costs		54,193	35,487
Exceptional transfer charges from Core Network		-	-
Exceptional (gain) on disposal of subsidiary		(406,968)	-
Total operating costs	7	339,073	601,602
Return		390,716	(7,549)
RETURN ON MEAN CAPITAL EMPLOYED			
		2000 €000	1999 €000
Return		390,716	(7,549)
Mean capital employed		456,352	409,850
Return on mean capital employed		86%	-2%
Return on turnover		54%	-1%

Other Business

STATEMENT OF MEAN CAPITAL EMPLOYED as at 31 March 2000		
Notes	2000 €000	1999 €000
Fixed assets		
Tangible fixed assets	387,416	340,676
Intangible fixed assets	13,446	3,027
Total fixed assets	400,862	343,703
Current assets		
Stocks	29,465	25,631
Debtors	264,708	188,901
Cash at bank and in hand	35,577	23,767
Total current assets	329,750	238,299
Creditors	(249,233)	(151,378)
Provisions for liabilities and charges	(25,027)	(20,774)
Mean capital employed	456,352	409,850

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Other Business - Apparatus Supply

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2000		
Notes	2000 €000	1999 €000
Turnover		
Turnover from operations	73,399	87,861
Operating costs		
Operating costs specific to business	123,801	115,165
Transfer charges from Core Network	-	-
Exceptional operating costs	34,141	19,967
Exceptional transfer charges from Core Network	-	-
Total operating costs	157,942	135,132
Return	(84,543)	(47,271)
RETURN ON MEAN CAPITAL EMPLOYED		
	2000 €000	1999 €000
Return	(84,543)	(47,271)
Mean capital employed	17,735	28,316
Return on mean capital employed	-477%	-167%
Return on turnover	-115%	-54%

Other Business - Apparatus Supply

STATEMENT OF MEAN CAPITAL EMPLOYED		
as at 31 March 2000		
Notes	2000 €000	1999 €000
Fixed assets		
Tangible fixed assets	38,027	44,614
Intangible fixed assets	-	-
Total fixed assets	38,027	44,614
Current assets		
Stocks	14,950	16,946
Debtors	11,773	20,483
Cash at bank and in hand	4,261	2,014
Total current assets	30,984	39,443
Creditors	(34,691)	(46,508)
Provisions for liabilities and charges	(16,585)	(9,233)
Mean capital employed	17,735	28,316

Other Business - Other Remaining Activities

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2000		
Notes	2000 €000	1999 €000
Turnover		
Turnover from operations	27,322	52,604
Operating costs		
Operating costs specific to business	(8,290)	49,268
Transfer charges from Core Network	-	-
Exceptional operating costs	7,122	15,520
Exceptional transfer charges from Core Network	-	-
Total operating costs	(1,168)	64,788
Return	28,490	(12,184)
RETURN ON MEAN CAPITAL EMPLOYED		
	2000 €000	1999 €000
Return	28,490	(12,184)
Mean capital employed	29,775	25,712
Return on mean capital employed	96%	-47%
Return on turnover	104%	-23%

Other Business - Other Remaining Activities

STATEMENT OF MEAN CAPITAL EMPLOYED as at 31 March 2000	Notes	2000 €000	1999 €000
Fixed assets			
Tangible fixed assets		19,271	12,984
Intangible fixed assets		-	-
Total fixed assets		19,271	12,984
Current assets			
Stocks		536	-
Debtors		28,517	37,657
Cash at bank and in hand		718	1,313
Total current assets		29,771	38,970
Creditors		(13,803)	(15,780)
Provisions for liabilities and charges		(5,464)	(10,462)
Mean capital employed		29,775	25,712

Other Business - Eircell

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2000		
Notes	2000 €000	1999 €000
Turnover		
Turnover from operations	478,540	337,308
	-	
Operating costs		
Operating costs specific to business	402,575	298,876
Transfer charges from Core Network	-	-
Exceptional operating costs	10,913	-
Exceptional transfer charges from Core Network	-	-
Total operating costs	413,488	298,876
Return	65,052	38,432
RETURN ON MEAN CAPITAL EMPLOYED		
	2000 €000	1999 €000
Return	65,052	38,432
Mean capital employed	291,606	290,450
Return on mean capital employed	22%	13%
Return on turnover	14%	11%

Other Business - Eircell

STATEMENT OF MEAN CAPITAL EMPLOYED as at 31 March 2000	Notes	2000 €000	1999 €000
Fixed assets			
Tangible fixed assets		275,494	227,394
Intangible fixed assets		9,237	3,235
Total fixed assets		284,731	230,629
Current assets			
Stocks		1,886	303
Debtors		89,801	96,629
Cash at bank and in hand		17,027	5,658
Total current assets		108,714	102,590
Creditors		(100,573)	(41,706)
Provisions for liabilities and charges		(1,266)	(1,063)
Mean capital employed		291,606	290,450

Other Business - Indigo

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2000		
Notes	2000 €000	1999 €000
Turnover		
Turnover from operations	3,724	4,021
Operating costs		
Operating costs specific to business	16,060	8,924
Transfer charges from Core Network	-	-
Exceptional operating costs	-	-
Exceptional transfer charges from Core Network	-	-
Total operating costs	16,060	8,924
Return	(12,336)	(4,903)
RETURN ON MEAN CAPITAL EMPLOYED		
	2000 €000	1999 €000
Return	(12,336)	(4,903)
Mean capital employed	(727)	274
Return on mean capital employed	n/a	-1789%
Return on turnover	-331%	-122%

Other Business - Indigo

STATEMENT OF MEAN CAPITAL EMPLOYED as at 31 March 2000	Notes	2000 €000	1999 €000
Fixed assets			
Tangible fixed assets		2,390	673
Intangible fixed assets		-	-
Total fixed assets		2,390	673
Current assets			
Stocks		134	44
Debtors		593	342
Cash at bank and in hand		1,283	480
Total current assets		2,010	866
Creditors		(5,127)	(1,265)
Provisions for liabilities and charges		-	-
Mean capital employed		(727)	274

Other Business - Other Subsidiaries

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2000		
Notes	2000 €000	1999 €000
Turnover		
Turnover from operations	146,804	112,259
Operating costs		
Operating costs specific to business	157,702	93,882
Transfer charges from Core Network	-	-
Exceptional operating costs	2,017	-
Exceptional transfer charges from Core Network	-	-
Exceptional (gain) on disposal of subsidiary	(406,968)	-
Total operating costs	(247,249)	93,882
Return	394,053	18,377
RETURN ON MEAN CAPITAL EMPLOYED		
	2000 €000	1999 €000
Return	394,053	18,377
Mean capital employed	117,963	65,098
Return on mean capital employed	334%	28%
Return on turnover	268%	16%

Other Business - Other Subsidiaries

STATEMENT OF MEAN CAPITAL EMPLOYED as at 31 March 2000	Notes	2000 €000	1999 €000
Fixed assets			
Tangible fixed assets		52,234	55,011
Intangible fixed assets		4,209	(208)
Total fixed assets		56,443	54,803
Current assets			
Stocks		11,959	8,338
Debtors		134,024	33,790
Cash at bank and in hand		12,288	14,302
Total current assets		158,271	56,430
Creditors		(95,039)	(46,119)
Provisions for liabilities and charges		(1,712)	(16)
Mean capital employed		117,963	65,098

Other Business reconciliation

RETURN for the year ended 31 March 2000	2000 €000	1999 €000
Apparatus Supply	(84,543)	(47,271)
Other Remaining	28,490	(12,184)
Eircell	65,052	38,432
Indigo	(12,336)	(4,903)
Other Subsidiaries	394,053	18,377
TOTAL OTHER BUSINESS	390,716	(7,549)
MEAN CAPITAL EMPLOYED as at 31 March 2000	2000 £'000	1999 £'000
Apparatus Supply	17,735	28,316
Other Remaining	29,775	25,712
Eircell	291,606	290,450
Indigo	(727)	274
Other Subsidiaries	117,963	65,098
TOTAL OTHER BUSINESS	456,352	409,850

Notes to the Financial Statements

1. Revision of the Financial Statements

a) Status of Revised Financial Statements

These Financial Statements replace the original Financial Statements for the period ended 31 March 2000, as published on 30 September 2000 and are now the Historical Cost Separated Financial Statements for that period.

b) Reason for Revision

eircom has been directed by the ODTR, in a letter dated 3 November 2000, to restate the financial statements for the year ended 31 March 2000, as published on 30 September 2000, in respect of the following:

- (i) requirement to attribute all line card costs to the Local Access Network
- (ii) requirement to charge the call set-up component of conveyance charges on a per-minute basis

For the reasons set out below, *eircom* disagrees with the treatment directed by the ODTR as *eircom* believes that the treatment adopted in the original financial statements published on 30 September 2000 represented, in the company's opinion, the most appropriate apportionment basis. Notwithstanding this, *eircom* have complied with this direction and the required adjustments are reflected in these revised financial statements.

As part of the ongoing process to improve the methodologies underpinning the financial statements as published on 30 September 2000, *eircom* undertook a two-stage process to determine appropriate apportionment bases:

Independent Consultants were engaged to develop appropriate definitions of cost causality, resulting in the segmentation in principle of exchange costs into three categories; a) line sensitive b) call sensitive c) traffic sensitive

eircom's exchange manufacturers were engaged to apply these definitions to the specific equipment components of *eircom's* exchanges. These bases were applied to the exchange asset base to derive the appropriate basis of attribution for exchange costs.

As a result of the above analysis, both suppliers identified elements of the line card and other exchange component equipment, which are related to call set-up.

eircom incorporated these allocation proportions into its original financial statements as published on 30 September 2000 and consequently attributed a share of the line card costs to the Core Network Business. The costs associated with call set-up were charged to services on the basis of the number of successful call attempts.

eircom believes that the above allocations represent the most appropriate basis of allocation given the regulatory principles established by the ODTR in its relevant Decision Notices and published in the Accounting Documents dated 30 September 2000.

c) Effects of Revisions

Accordingly, the revised financial statements incorporate adjustments for the effects of:-

- (i) attribution of all line card costs to the Local Access Network
- (ii) charging call set-up component of conveyance charges on a per-minute basis

These adjustments are set out in the following schedule:

C) Impact of Line Card & Call Set Up Adjustments on Profit and Loss Accounts and Mean Capital Employed

	Local Access €000	Core Network €000	Retail												Total €000
			Access €000	Local Calls €000	National Call €000	Int'l Calls €000	Calls to Mobile €000	Directory Enquiries €000	Leased Lines €000	Public Payphones €000	Calls to Internet €000	Internet Services €000	Supple- mental Services €000	Remaining Activities €000	
Turnover	14,432	(7,822)	-	-	-	-	-	-	-	-	-	-	-	-	6,610
Operating Costs	9,638	(9,638)	-	-	-	-	-	-	-	-	-	-	-	-	-
Exceptional Operating Costs	1,744	(1,744)	-	-	-	-	-	-	-	-	-	-	-	-	-
Core Network Transfer Charge	-	-	-	(8,120)	(587)	728	(3,232)	(83)	1,351	-	2,577	-	(415)	(41)	(7,822)
Local Access Transfer Charge	-	-	14,432	-	-	-	-	-	-	-	-	-	-	-	14,432
Return	3,050	3,561	(14,432)	8,120	587	(728)	3,232	83	(1,351)	-	(2,577)	-	415	41	-
Mean Capital Employed	25,950	(26,007)	(2,724)	649	708	374	716	64	(118)	-	202	81	(64)	170	-
Return on Mean Capital Employed	-	2%	N/A	18%	-81%	-2%	N/A	N/A	-4%	-	N/A	1%	1%	17%	

2 Comparative Figures

For 1999/2000 *eircom* has implemented a new cost accounting model, which uses a more detailed cost allocation structure than the previous system. The costing methodology used is similar to that used in the previous system, but the underlying costing studies provide more detailed information ensuring that the cost allocation is more detailed and precise. In accordance with Decision 4.2 of Decision Notice D9/00 the comparative figures have not been restated for 1999/2000 except for the separate disclosure of exceptional items and the analysis of turnover.

3 Return on Capital Employed of the Core Network

The turnover of the Core Network Business includes revenue received from *eircom* Retail Business and other licensed operators. The Return on Capital Employed for this business should be 12% as per Decision 4.3.4 of Decision Notice D9/00. This has been used in the Network Statement of Costs, however, the actual return for the Core Network Business is 12.06%.

4. Transfer Charge Debtors and Creditors

The Separated Accounts include inter business notional debtors and creditors which impact on the Local Access, Core Network and Retail business areas. This is to accurately reflect the trading relationship between the Local Access Network and Core Network Businesses and the Retail Business, the disaggregated Retail Businesses are accorded the average settlement terms enjoyed by *eircom's* interconnect customers.

This is included in the Mean Capital Employed Statements of each of the Businesses.

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-site 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 Cont'd**Public Payphone Transfer Charge**

	Retail Access €000	Local Calls €000	National Calls €000	Int'l Calls €000	Calls to Mobile €000	Directory Enquiry €000
Operating Costs Specific to Retail	95	277	187	79	276	9
Transfer Charge from Core Network	1,354	571	342	86	116	149
Exceptional Operating Costs	-	61	32	10	15	4
Exceptional Transfer Charges from Core Network	815	98	91	29	50	52
Retail Area Markup	(169)	3,979	1,537	1,410	4,707	(30)
Total Retail Charges	<u>2,095</u>	<u>4,986</u>	<u>2,189</u>	<u>1,614</u>	<u>5,164</u>	<u>184</u>
Wholesale Discount	-	(2,561)	(1,060)	(416)	(606)	(23)
Transfer Charge to Public Payphone	<u>2,095</u>	<u>2,425</u>	<u>1,129</u>	<u>1,198</u>	<u>4,558</u>	<u>161</u>

Notes to the Financial Statements

6 Inter Business Turnover

<i>FROM / TO</i>	Local Access Network Business 2000 €000	Core Network Business 2000 €000	Retail Business 2000 €000	Other Business 2000 €000	TOTAL 2000 €000
Turnover originating in:					
LOCAL ACCESS NETWORK BUSINESS	-	-	824,441	-	824,441
CORE NETWORK BUSINESS	-	-	519,064	43,544	562,608
RETAIL BUSINESS					
Access	-	-	-	-	-
Local Calls	-	-	-	500	500
National Calls	-	-	-	-	-
International Calls	-	-	-	-	-
Calls to Mobile	-	-	-	-	-
Directory Enquiries	-	-	-	1,835	1,835
Leased Lines	-	-	-	62,404	62,404
Public Payphones	-	-	-	-	-
Calls to Internet	-	-	-	-	-
Internet Services Supply	-	-	-	2,551	2,551
Supplemental Services	-	-	-	1,204	1,204
Remaining Activities	-	-	-	1,327	1,327
OTHER BUSINESS					
Apparatus Supply	-	-	-	-	-
Other Remaining Activities	-	-	-	-	-
Eircell	-	101,284	-	-	101,284
Indigo	-	-	-	-	-
Other Subsidiaries	-	1,516	4,279	-	5,795
TOTAL	-	102,800	1,347,784	113,365	1,563,949

Notes to the Financial Statements

7 Reconciliation statement

Consolidated profit and loss account for the year ended 31 March 2000	Notes	Operating			Operating		
		Turnover	Costs	Return	Turnover	Costs	Return
		2000 €000	2000 €000	2000 €000	1999 €000	1999 €000	1999 €000
Business							
Local Access Network Business		824,441	727,516	96,925	568,257	443,670	124,587
Core Network Business		613,872	568,951	44,921	594,199	526,946	67,253
Retail Business		1,364,464	1,611,132	(246,668)	1,333,617	1,380,684	(47,067)
Other Business		729,789	339,073	390,716	594,053	601,602	(7,549)
Total		3,532,566	3,246,672	285,894	3,090,126	2,952,902	137,224
Adjustments							
Elimination of Inter Business turnover and costs		(1,563,949)	(1,563,949)	-	(1,267,533)	(1,267,533)	-
Interest payable and similar charges		-	-	(6,101)	-	-	(16,446)
Share of profit from related companies		-	-	(9,039)	-	-	(1,748)
Minority interests		-	-	(5,448)	-	-	(5,246)
Tax on profits on ordinary activities		-	-	(85,153)	-	-	(35,515)
Dividend paid and proposed		-	-	(101,560)	-	-	(53,738)
As in the Annual Report		1,968,617	1,682,723	78,593	1,822,593	1,685,369	24,531

Notes to the Financial Statements

8 Reconciliation statement

Consolidated mean capital employed as at 31 March 2000	2000 €000	1999 €000
Shareholders' funds as in the Annual Report	1,477,273	1,358,193
Reconciling items		
Financial assets	(107,928)	(298,389)
Investments in associated undertakings	(21,266)	(5,205)
Interest receivable	(30,549)	(30,752)
Interest payable on long term bonds	311	9,942
Proposed dividend	66,234	53,738
Taxation	166,386	101,170
Long term liabilities	199,888	228,986
Current portion of long term liabilities	7,674	175,563
Provisions	5,132	77,246
Closing capital employed at 31 March 2000 & 1 April 1999	1,763,155	1,670,492
Opening capital employed at 1 April 1999 & 31 March 1998	1,670,492	1,756,424
Total mean capital employed	1,716,824	1,713,458
Mean capital employed of the Businesses		
Local Access Network Business	806,714	761,075
Core Network Business	372,610	410,839
Retail Business	81,148	131,694
Other Business	456,352	409,850
Total mean capital employed	1,716,824	1,713,458

	Traffic SENSITIVE				NON LENGTH DEPENDANT							LENGTH DEPENDANT						
	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
Average Cost cents/min	0.1172	0.2222	0.2149	0.4252	0.1289	0.1722	0.0532	0.0387	0.1756	0.2000	0.0000	0.1546	0.0500	0.0384	0.0229	0.0764	0.0612	0.0000
Total Costs (€000)	27,387	29,498	20,816	18,839	18,119	1,913	2,632	1,257	2,282	4,735	0	21,731	556	1,898	743	993	1,448	0
Routing Factors:-																		
Retail Services																		
Local Calls	2.000	0.998	0.584	0.013	1.232	0.140	0.348	0.025	0.081	0.001	0.000	1.232	0.140	0.348	0.025	0.081	0.001	0.000
Trunk Calls	2.000	1.330	1.029	0.562	1.389	0.009	0.549	0.738	0.238	0.386	0.015	1.389	0.009	0.549	0.738	0.238	0.386	0.015
International Calls	1.000	0.691	0.451	1.000	0.656	0.000	0.142	0.549	0.000	0.451	0.026	0.656	0.000	0.142	0.549	0.000	0.451	0.026
Calls To Mobile	1.000	0.692	0.541	0.832	0.681	0.000	0.104	0.588	0.043	0.331	0.022	0.681	0.000	0.104	0.588	0.043	0.331	0.022
Calls to Internet	2.000	0.989	0.583	0.000	0.644	0.190	0.280	0.000	0.102	0.000	0.000	0.644	0.190	0.280	0.000	0.102	0.000	0.000
Inland Directory Enquiries	1.000	0.682	0.478	1.000	0.665	0.000	0.161	0.522	0.000	0.478	0.026	0.665	0.000	0.161	0.522	0.000	0.478	0.026
International Directory Enquiries	1.000	0.682	0.478	1.000	0.665	0.000	0.161	0.522	0.000	0.478	0.026	0.665	0.000	0.161	0.522	0.000	0.478	0.026
Supplemental Services	1.968	1.171	1.354	0.197	0.990	0.000	1.015	0.156	0.344	0.207	0.005	0.990	0.000	1.015	0.156	0.344	0.207	0.005
Remaining Activities	1.763	1.153	1.171	0.624	0.912	0.000	0.781	0.362	0.106	0.648	0.016	0.912	0.000	0.781	0.362	0.106	0.648	0.016
Internet Service Supply																		
Leased Lines																		
RIO Services																		
Call Termination	1.000	0.692	0.908	0.275	0.640	0.006	0.389	0.181	0.124	0.176	0.007	0.640	0.006	0.389	0.181	0.124	0.176	0.007
Call Origination	1.000	0.666	0.662	0.290	0.670	0.001	0.316	0.151	0.010	0.140	0.008	0.670	0.001	0.316	0.151	0.010	0.140	0.008
Transit	0.000	0.500	1.000	0.500	0.000	0.000	0.500	0.000	0.000	0.500	0.013	0.000	0.000	0.500	0.000	0.000	0.500	0.013
Interconnect Ancillary	0.000	0.000	0.132	0.992	0.000	0.000	0.000	0.000	0.000	0.124	0.026	0.000	0.000	0.000	0.000	0.000	0.124	0.026
Interconnect Connections and Rental																		
Subset of Call Origination																		
Primary	1.000	0.540	0.529	0.000	0.592	0.002	0.066	0.000	0.000	0.000	0.000	0.592	0.002	0.066	0.000	0.000	0.000	0.000
Tandem	1.000	0.784	0.782	0.338	0.723	0.000	0.549	0.235	0.017	0.104	0.009	0.723	0.000	0.549	0.235	0.017	0.104	0.009
Double Tandem < 50km	1.000	0.798	0.626	0.457	0.627	0.000	0.354	0.444	0.070	0.013	0.012	0.627	0.000	0.354	0.444	0.070	0.013	0.012
Double Tandem > 50km	1.000	0.681	0.725	0.918	0.752	0.000	0.394	0.287	0.011	0.631	0.024	0.752	0.000	0.394	0.287	0.011	0.631	0.024
Subset of Call Termination																		
Primary	1.000	0.514	0.644	0.000	0.568	0.018	0.136	0.001	0.004	0.000	0.000	0.568	0.018	0.136	0.001	0.004	0.000	0.000
Tandem	1.000	0.820	0.927	0.251	0.675	0.000	0.655	0.164	0.091	0.087	0.007	0.675	0.000	0.655	0.164	0.091	0.087	0.007
Double Tandem < 50km	1.000	0.808	0.768	0.531	0.469	0.000	0.278	0.531	0.230	0.068	0.014	0.469	0.000	0.278	0.531	0.230	0.068	0.014
Double Tandem > 50km	1.000	0.695	1.310	0.648	0.738	0.000	0.327	0.368	0.329	0.628	0.017	0.738	0.000	0.327	0.368	0.329	0.628	0.017
Subset of Transit																		
Primary																		
Tandem																		
Double Tandem < 50km																		
Double Tandem > 50km																		

	Traffic SENSITIVE				NON LENGTH DEPENDANT							LENGTH DEPENDANT						
	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
Average Cost per Minute:-																		
Retail Services																		
Local Calls	0.234	0.222	0.126	0.006	0.159	0.024	0.019	0.001	0.014	0.000	0.000	0.190	0.007	0.013	0.001	0.006	0.000	0.000
Trunk Calls	0.234	0.296	0.221	0.239	0.179	0.002	0.029	0.029	0.042	0.077	0.000	0.215	0.000	0.021	0.017	0.018	0.024	0.000
International Calls	0.117	0.153	0.097	0.425	0.084	0.000	0.008	0.021	0.000	0.090	0.000	0.101	0.000	0.005	0.013	0.000	0.028	0.000
Calls To Mobile	0.117	0.154	0.116	0.354	0.088	0.000	0.006	0.023	0.007	0.066	0.000	0.105	0.000	0.004	0.013	0.003	0.020	0.000
Calls to Internet	0.234	0.220	0.125	0.000	0.083	0.033	0.015	0.000	0.018	0.000	0.000	0.100	0.010	0.011	0.000	0.008	0.000	0.000
Inland Directory Enquiries	0.117	0.152	0.103	0.425	0.086	0.000	0.009	0.020	0.000	0.096	0.000	0.103	0.000	0.006	0.012	0.000	0.029	0.000
International Directory Enquiries	0.117	0.152	0.103	0.425	0.086	0.000	0.009	0.020	0.000	0.096	0.000	0.103	0.000	0.006	0.012	0.000	0.029	0.000
Supplemental Services	0.231	0.260	0.291	0.084	0.128	0.000	0.054	0.006	0.060	0.041	0.000	0.153	0.000	0.039	0.004	0.026	0.013	0.000
Remaining Activities	0.207	0.256	0.252	0.265	0.118	0.000	0.042	0.014	0.019	0.130	0.000	0.141	0.000	0.030	0.008	0.008	0.040	0.000
Internet Service Supply																		
Leased Lines																		
RIO Services																		
Call Termination	0.117	0.154	0.195	0.117	0.082	0.001	0.021	0.007	0.022	0.035	0.000	0.099	0.000	0.015	0.004	0.009	0.011	0.000
Call Origination	0.117	0.148	0.142	0.123	0.086	0.000	0.017	0.006	0.002	0.028	0.000	0.104	0.000	0.012	0.003	0.001	0.009	0.000
Transit	0.000	0.111	0.215	0.213	0.000	0.000	0.027	0.000	0.000	0.100	0.000	0.000	0.000	0.019	0.000	0.000	0.031	0.000
Interconnect Ancilliary	0.000	0.000	0.028	0.422	0.000	0.000	0.000	0.000	0.000	0.025	0.000	0.000	0.000	0.000	0.000	0.000	0.008	0.000
Subset of Call Origination																		
Primary	0.117	0.120	0.114	0.000	0.076	0.000	0.004	0.000	0.000	0.000	0.000	0.092	0.000	0.003	0.000	0.000	0.000	0.000
Tandem	0.117	0.174	0.168	0.144	0.093	0.000	0.029	0.009	0.003	0.021	0.000	0.112	0.000	0.021	0.005	0.001	0.006	0.000
Double Tandem < 50km	0.117	0.177	0.134	0.194	0.081	0.000	0.019	0.017	0.012	0.003	0.000	0.097	0.000	0.014	0.010	0.005	0.001	0.000
Double Tandem > 50km	0.117	0.151	0.156	0.390	0.097	0.000	0.021	0.011	0.002	0.126	0.000	0.116	0.000	0.015	0.007	0.001	0.039	0.000
Subset of Call Termination																		
Primary	0.117	0.114	0.138	0.000	0.073	0.003	0.007	0.000	0.001	0.000	0.000	0.088	0.001	0.005	0.000	0.000	0.000	0.000
Tandem	0.117	0.182	0.199	0.107	0.087	0.000	0.035	0.006	0.016	0.017	0.000	0.104	0.000	0.025	0.004	0.007	0.005	0.000
Double Tandem < 50km	0.117	0.180	0.165	0.226	0.060	0.000	0.015	0.021	0.040	0.014	0.000	0.072	0.000	0.011	0.012	0.018	0.004	0.000
Double Tandem > 50km	0.117	0.155	0.281	0.275	0.095	0.000	0.017	0.014	0.058	0.126	0.000	0.114	0.000	0.013	0.008	0.025	0.038	0.000

Traffic SENSITIVE

- Subscriber Unit
- Primary Switch
- Secondary Switch
- Tertiary Switch

NON LENGTH DEPENDANT

- 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

LENGTH DEPENDANT

- 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

	Gradient - PEAK						NON CONVEYANCE COSTS						
	Gradient - PEAK	Gradient - OFF PAKK	Gradient - WEEKEND	Call Conveyance Cost - Peak	Call Conveyance Cost - OFF PEAK	Call Conveyance Cost - WEEKEND	Inland Directory Enquiries	International Directory Enquiries	Outpayments	International Costs	Private Circuits Network	Interconnect Connections and Rental	Other Costs
Average Cost cents/min							n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Costs (€000)							21,499	2,632	274,421	36,900	88,663	19,787	14,915
Routing Factors:-							100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Retail Services													
Local Calls							0.0%	0.0%	7.4%	0.0%	0.0%	0.1%	0.0%
Trunk Calls							0.0%	0.0%	2.7%	0.1%	0.0%	0.0%	0.0%
International Calls							0.0%	0.0%	24.1%	47.2%	0.0%	0.0%	0.0%
Calls To Mobile							0.0%	0.0%	41.3%	0.0%	0.0%	3.5%	0.0%
Calls to Internet							0.0%	0.0%	1.2%	0.0%	0.0%	0.0%	0.0%
Inland Directory Enquiries							100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%
International Directory Enquiries							0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Supplemental Services							0.0%	0.0%	1.2%	9.8%	0.0%	0.0%	14.9%
Remaining Activities							0.0%	0.0%	5.9%	4.3%	0.0%	0.1%	37.7%
Internet Service Supply							0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	1.7%
Leased Lines							0.0%	0.0%	0.0%	34.6%	99.8%	3.7%	2.1%
RIO Services													
Call Termination							0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	26.1%
Call Origination							0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	12.5%
Transit							0.0%	0.0%	16.2%	4.0%	0.0%	0.0%	3.0%
Interconnect Ancilliary							0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.4%
Interconnect Connections and Rental							0.0%	0.0%	0.0%	0.0%	0.0%	92.6%	0.0%
Subset of Call Origination													
Primary	0.000	0.000	0.000	0.000	0.000	0.000							
Tandem	0.000	0.000	0.000	0.000	0.000	0.000							
Double Tandem < 50km	0.000	0.000	0.000	0.000	0.000	0.000							
Double Tandem > 50km	0.000	0.000	0.000	0.000	0.000	0.000							
Subset of Call Termination													
Primary	0.000	0.000	0.000	0.000	0.000	0.000							
Tandem	0.000	0.000	0.000	0.000	0.000	0.000							
Double Tandem < 50km	0.000	0.000	0.000	0.000	0.000	0.000							
Double Tandem > 50km	0.000	0.000	0.000	0.000	0.000	0.000							
Subset of Transit													
Primary													
Tandem													
Double Tandem < 50km													
Double Tandem > 50km													

	Gradient - PEAK	Gradient - OFF PAEK	Gradient - WEEKEND	Call Conveyance Cost - Peak	Call Conveyance Cost - OFF PEAK	Call Conveyance Cost - WEEKEND
Average Cost per Minute:-						
Retail Services						
Local Calls	1.3187	0.7343	0.7190	1.3478	0.7505	0.7349
Trunk Calls	1.3187	0.7343	0.7190	2.1663	1.2062	1.1812
International Calls	1.3187	0.7343	0.7190	1.5077	0.8395	0.8221
Calls To Mobile	1.3187	0.7343	0.7190	1.4207	0.7910	0.7746
Calls to Internet	1.3187	0.7343	0.7190	1.1282	0.6282	0.6151
Inland Directory Enquiries	1.3187	0.7343	0.7190	1.5260	0.8497	0.8320
International Directory Enquiries	1.3187	0.7343	0.7190	1.5260	0.8497	0.8320
Supplemental Services	1.3187	0.7343	0.7190	1.8324	1.0203	0.9991
Remaining Activities	1.3187	0.7343	0.7190	2.0151	1.1220	1.0987
Internet Service Supply						
Leased Lines						
RIO Services						
Call Termination	1.3187	0.7343	0.7190	1.1734	0.6534	0.6398
Call Origination	1.3187	0.7343	0.7190	1.0524	0.5860	0.5738
Transit	1.3187	0.7343	0.7190	0.9429	0.5250	0.5141
Interconnect Ancillary						
Subset of Call Origination						
Primary	1.3187	0.7343	0.7190	0.6926	0.3856	0.3776
Tandem	1.3187	0.7343	0.7190	1.1927	0.6641	0.6503
Double Tandem < 50km	1.3187	0.7343	0.7190	1.1631	0.6476	0.6342
Double Tandem > 50km	1.3187	0.7343	0.7190	1.6472	0.9172	0.8981
Subset of Call Termination						
Primary	1.3187	0.7343	0.7190	0.7230	0.4026	0.3942
Tandem	1.3187	0.7343	0.7190	1.2037	0.6702	0.6563
Double Tandem < 50km	1.3187	0.7343	0.7190	1.2584	0.7007	0.6861
Double Tandem > 50km	1.3187	0.7343	0.7190	1.7639	0.9821	0.9617

NON CONVEYANCE COSTS						
Inland Directory Enquiries	International Directory Enquiries	Outpayments	International Costs	Private Circuits Network	Interconnect Connections and	Other Costs

Gradient - PEAK
Gradient - OFF PEEK
Gradient - WEEKEND
Call Conveyance Cost - Peak
Call Conveyance Cost - OFF PEAK
Call Conveyance Cost - WEEKEND

NON CONVEYANCE COSTS	
Inland Directory Enquiries	
International Directory Enquiries	
Outpayments	
International Costs	
Private Circuits Network	
Interconnect Connections and	
Other Costs	

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	Eircell	Indigo	Other Subsidiaries
<u>COSTS/SERVICES</u>	€000																
Core Network Costs	-	74,183	28,147	96,444	120,354	21,691	87,911	-	11,337	-	10,308	26,732	-	-	-	-	-
Local Access Network Costs	501,851	-	-	-	-	-	21,249	-	-	-	-	-	-	-	-	-	-
Public Payphone Access (Note 5)	(2,095)	(2,425)	(1,129)	(1,198)	(4,558)	(161)	-	11,566	-	-	-	-	-	-	-	-	-
Total Transfer Charges	499,756	71,758	27,018	95,246	115,796	21,530	109,160	11,566	11,337	-	10,308	26,732	-	-	-	-	-

Definitions of the Businesses

The full definition of the Businesses and their activities are set out on pages (4) to (5) 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. The accounts for the Local Access Network Business include 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. 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 end users 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.

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. Network charges to other operators and *eircom* Retail Business are based on their consumption of bundles of Network Elements into standard network services. The unit costs for components are based on the fully allocated costs of components including a cost of capital.

The Core Network also includes payments to other operators, dedicated transmission and capacity for leased lines and the provision of directory enquiry services.

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 Local Access Network Business and the Core Network Business and the marketing and billing 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 and its associated costs.
- 2. Local Calls**
Local dialled calls originating from PSTN, ISDN and private payphone telephone exchange lines.
- 3. National Calls**
Dialled calls charged at national tariff rate originating from PSTN, ISDN and private payphone telephone exchange lines.
- 4. International Calls**
Continental, Intercontinental and Northern Ireland calls originating from PSTN, ISDN and private payphone telephone exchange lines. This also includes receipts from overseas telecommunication operators and cashless calling.
- 5. Calls to Mobile**
Dialled calls originating on PSTN, ISDN and private payphone lines that terminate on a mobile (i.e. not fixed) network.
- 6. Directory Enquiry**
Inland calls placed with the *eircom* operator to obtain information about Irish and Overseas telephone numbers, whether made from business or residential telephone exchange lines or from public payphones and includes calls made to the Directory Enquiry database.

Definitions of the Businesses (Cont'd.)

7. Leased Lines

Rental, maintenance, connection and change of inland and international leased lines beyond customers' premises and which have access to the PSTN.

8. Public Payphones

Local, national and international dialled calls, originating from public payphones, using cash, phone cards or credit cards.

9. Calls to Internet

Calls to the 1891 internet service originating from ordinary and ISDN telephone exchange lines.

10. Internet Services Supply

The business relating to the supply of internet services.

11. Supplemental Services

The business relating to the supply of certain data and value added services. Examples of these services are data networks, messaging services, mobile messaging communications, fax network services, electronic information services, broadcast and visual services, managed answering services and telemarketing.

12. Remaining Activities

All other telecommunications services that are within the Retail Business. This will include services such as operator assistance, freephone and premium rate services.

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 and sale of customer premises equipment in the Republic of Ireland.

Definitions of the Businesses (Cont'd.)

- 2. Eircell**
The business relating to the provision of mobile telephony services by Eircell.
- 3. Indigo**
The business relating to the provision of internet services by Indigo.
- 4. Other Subsidiaries**
Activities of *eircom*'s subsidiaries other than Eircell and Indigo.
- 5. Other Remaining Activities**
All other remaining activities such as repayment works and consultancy services.