

BCM Ireland Preferred Equity Limited (“BCMIPE”)

**Quarterly and six-months results announcement
31 December 2007**

BCM Ireland Preferred Equity Limited

Reconciliation of pro-forma earnings before interest, taxation, depreciation, amortisation, restructuring programme costs, transaction costs, non-cash pension credit and profit on disposal of property and investments to operating profit

	BCMIPE Group (Pro-forma)	BCMIPE Group	BCMIPE Group (Pro-forma)	BCMIPE Group
	Quarter ended Dec 2006 €m	Quarter ended Dec 2007 €m	Six months ended Dec 2006 €m	Six months ended Dec 2007 €m
Operating profit	46	98	99	274
Profit on disposal of property and investments	-	-	-	(78)
Net construction income	-	(13)	-	(22)
Transaction costs	4	-	28	-
Restructuring programme costs	7	-	12	-
Non-cash pension credit	(2)	(13)	(5)	(26)
Operating profit before restructuring programme costs, transaction costs, non-cash pension credit, net construction income and profit on disposal of property and investments	55	72	134	148
Depreciation	83	82	159	158
Amortisation	17	19	29	40
EBITDA before restructuring programme costs, transaction costs, non-cash pension credit, net construction income and profit on disposal of property and investments	155	173	322	346

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

Fixed line	141	147	297	292
Mobile	14	26	25	54
	155	173	322	346

BCM Ireland Preferred Equity Limited

*Pro-forma combined and consolidated Income Statement - unaudited
For the Quarter ended 31 December 2007*

	Pro-forma 31 Dec 2006			31 Dec 2007	
	eircom Group €m	BCMIPE €m	Consol adj €m	BCMIPE Group €m	BCMIPE Group €m
Revenue	493	-	(2)	491	520
Operating costs excluding amortisation, depreciation, restructuring programme costs and transaction costs	(335)	-	1	(334)	(334)
Amortisation	(8)	-	(9)	(17)	(19)
Depreciation	(81)	-	(2)	(83)	(82)
Restructuring programme costs	(7)	-	-	(7)	-
Transaction costs	(4)	-	-	(4)	-
Net construction income	-	-	-	-	13
Profit on disposal of property and investments	17	-	(17)	-	-
Operating profit	75	-	(29)	46	98
Finance costs	(33)	(76)	31	(78)	(84)
Finance income	10	31	(31)	10	2
Finance costs – net	(23)	(45)	-	(68)	(82)
Profit/(loss) before tax	52	(45)	(29)	(22)	16
Income tax (charge)/credit	(8)	3	3	(2)	(4)
Profit/(loss) for the period	44	(42)	(26)	(24)	12

The consolidation adjustments in the quarter ended 31 December 2006 above largely reflect the impact of the purchase price allocation – where eircom group's assets and liabilities were recorded at fair value at the acquisition date - see note 2.

The comparative information for the quarter ended 31 December 2006 is not consistent with the consolidated financial information of BCM Ireland Preferred Equity Limited prepared in accordance with IFRS – see note 2.

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

BCM Ireland Preferred Equity Limited

*Pro-forma combined and consolidated Income Statement - unaudited
For the six-month period ended 31 December 2007*

	Notes	Pro-forma 31 Dec 2006			31 Dec 2007	
		eircom Group €m	BCMIPE €m	Consol adj €m	BCMIPE Group €m	BCMIPE Group €m
Revenue	3	987	-	(3)	984	1,034
Operating costs excluding amortisation, depreciation, restructuring programme costs and transaction costs		(659)	-	2	(657)	(662)
Amortisation		(16)	-	(13)	(29)	(40)
Depreciation		(156)	-	(3)	(159)	(158)
Restructuring programme costs		(12)	-	-	(12)	-
Transaction costs		(28)	-	-	(28)	-
Net construction income		-	-	-	-	22
Profit on disposal of property and investments		17	-	(17)	-	78
Operating profit	3	133	-	(34)	99	274
Finance costs		(61)	(102)	44	(119)	(165)
Finance income		15	44	(44)	15	4
Finance costs – net	4	(46)	(58)	-	(104)	(161)
Profit/(loss) before tax		87	(58)	(34)	(5)	113
Income tax (charge)/credit	5	(16)	4	4	(8)	(15)
Profit/(loss) for the period		71	(54)	(30)	(13)	98

The consolidation adjustments in the six-month period ended 31 December 2006 above largely reflect the impact of the purchase price allocation – where eircom group's assets and liabilities were recorded at fair value at the acquisition date - see note 2.

The comparative information for the six-month period ended 31 December 2006 is not consistent with the consolidated financial information of BCM Ireland Preferred Equity Limited prepared in accordance with IFRS – see note 2.

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

BCM Ireland Preferred Equity Limited

*Pro-forma combined and consolidated Balance Sheet - unaudited
As at 31 December 2007*

	Notes	<u>30 June 2007</u>	<u>31 Dec 2007</u>
		BCMIPE Group €m	BCMIPE Group €m
Assets			
Non-current assets			
Goodwill		2,403	2,342
Other intangible assets		759	739
Property, plant and equipment		2,193	2,155
Derivative financial instruments		53	34
Deferred tax assets		24	23
Other assets		57	32
		<u>5,489</u>	<u>5,325</u>
Current assets			
Inventories		15	16
Trade and other receivables	6	408	496
Inter-company debtor with group undertakings		1	3
Financial assets at fair value through income statement		58	45
Other assets		37	50
Restricted cash		7	7
Cash and cash equivalents		161	342
		<u>687</u>	<u>959</u>
Total assets		<u>6,176</u>	<u>6,284</u>
Liabilities			
Non-current liabilities			
Borrowings	7	4,206	4,179
Trade and other payables		47	48
Deferred tax liabilities		239	244
Retirement benefit liability		155	129
Provisions for other liabilities and charges	8	216	197
		<u>4,863</u>	<u>4,797</u>
Current liabilities			
Borrowings	7	91	123
Trade and other payables		712	746
Inter-company debt with group undertakings		9	15
Current tax liabilities		25	60
Provisions for other liabilities and charges	8	146	129
		<u>983</u>	<u>1,073</u>
Total liabilities		<u>5,846</u>	<u>5,870</u>
Equity			
Equity share capital		2	2
Share premium account		447	447
Revaluation reserve		3	3
Cash flow hedging reserve		37	24
Retained loss		(159)	(62)
Total equity		<u>330</u>	<u>414</u>
Total liabilities and equity		<u>6,176</u>	<u>6,284</u>

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

BCM Ireland Preferred Equity Limited

*Pro-forma combined and consolidated cash flow statement - unaudited
For the Quarter ended 31 December 2007*

	Pro-forma 31 Dec 2006			31 Dec 2007	
	eircom			BCMIPE	BCMIPE
	Group	BCMIPE	Consol adj	Group	Group
	€m	€m	€m	€m	€m
Cash flows from operating activities					
Cash generated from operations	196	-	-	196	160
Interest received	2	-	-	2	2
Interest paid	-	(7)	-	(7)	(9)
Income tax refund	-	-	-	-	33
Dividends paid to preference shareholders	-	(1)	-	(1)	(1)
Net cash generated from/(used in) operating activities	198	(8)	-	190	185
Cash flows from investing activities					
Purchase of property, plant and equipment (PPE)	(75)	-	-	(75)	(68)
Proceeds from sale of PPE and investments	50	-	-	50	-
Purchase of intangible assets	(7)	-	-	(7)	(10)
Net cash used in investing activities	(32)	-	-	(32)	(78)
Cash flows from financing activities					
Redemption of preference shares	-	(82)	-	(82)	-
Proceeds from issuance of ordinary shares	11	-	-	11	-
Redemption paid to equity shareholders	-	(414)	-	(414)	-
Repayment of borrowings	-	-	-	-	(19)
Lease payments	(2)	-	-	(2)	(2)
Inter-company debt with group undertakings	(1)	1	-	-	-
Proceeds from loan borrowings	-	82	-	82	19
Proceeds from issuance of floating rate senior payment-in-kind notes due 2017 (PIK)	-	425	-	425	-
Debt issue costs paid	-	(10)	-	(10)	-
Net cash generated from/(used in) financing activities	8	2	-	10	(2)
Net increase/(decrease) in cash and cash equivalents	174	(6)	-	168	105
Cash and cash equivalents at beginning of period	81	13	-	94	237
Cash and cash equivalents at end of period	255	7	-	262	342

The comparative information for the quarter ended 31 December 2006 is not consistent with consolidated financial information of BCM Ireland Preferred Equity Limited prepared in accordance with IFRS – see note 2.

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

BCM Ireland Preferred Equity Limited

*Pro-forma combined and consolidated cash flow statement - unaudited
For the six-month period ended 31 December 2007*

	Note	Pro-forma 31 Dec 2006			31 Dec 2007	
		eircom Group €m	BCMIPE €m	Consol adj €m	BCMIPE Group €m	
Cash flows from operating activities						
Cash generated from operations	9	309	-	-	309	290
Interest received		4	7	(6)	5	4
Interest paid		(68)	(31)	6	(93)	(124)
Income tax refund		-	-	-	-	33
Dividends paid to preference shareholders		(4)	(1)	-	(5)	(3)
Net cash generated from/(used in) operating activities		241	(25)	-	216	200
Cash flows from investing activities						
Acquisition of subsidiary undertakings		-	(1,936)	156	(1,780)	-
Purchase of property, plant and equipment (PPE)		(145)	-	-	(145)	(137)
Proceeds from sale of PPE and investments		51	-	-	51	156
Purchase of intangible assets		(15)	-	-	(15)	(20)
Net cash used in investing activities		(109)	(1,936)	156	(1,889)	(1)
Cash flows from financing activities						
Redemption of preference shares		-	(82)	-	(82)	-
Proceeds from issuance of ordinary shares		11	23	-	34	-
Dividends paid to equity shareholders		(7)	-	-	(7)	-
Repayment of borrowings		(1,180)	-	-	(1,180)	(39)
Repayment of 7.25% Senior notes		(550)	-	-	(550)	-
Repayment of 8.25% Senior subordinated notes		(480)	-	-	(480)	-
Premium paid on early repayment of senior notes and senior subordinated notes		(99)	(3)	-	(102)	-
Currency swaps exit costs		(49)	-	-	(49)	-
Lease payments		(3)	-	-	(3)	(3)
Capital contribution from parent undertaking		156	-	(156)	-	-
Inter-company debt with group undertakings		1,918	(1,918)	-	-	-
Proceeds from loan borrowings		-	3,275	-	3,275	24
Proceeds from issuance of floating rate notes due 2016		-	350	-	350	-
Proceeds from issuance of floating rate senior payment-in-kind notes due 2017 (PIK)		-	425	-	425	-
Debt issue costs paid		-	(102)	-	(102)	-
Net cash generated from/(used in) financing activities		(283)	1,968	(156)	1,529	(18)
Net (decrease)/increase in cash and cash equivalents		(151)	7	-	(144)	181
Cash and cash equivalents at beginning of period		406	-	-	406	161
Cash and cash equivalents at end of period		255	7	-	262	342

The comparative information for the six-month period ended 31 December 2006 is not consistent with consolidated financial information of BCM Ireland Preferred Equity Limited prepared in accordance with IFRS – see note 2.

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

BCM Ireland Preferred Equity Limited

Pro-forma combined and consolidated statement of changes in shareholders' equity - unaudited

	Equity share capital	Capital Contri- bution	Share premium account	Capital redemp- tion reserve	Group merger reserve	Other reserves	Revalua- tion	Cash flow hedging reserve	Retained (loss)/ profit	Total equity
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
eircom Group balance at 30 June 2006	120	-	208	35	100	380	-	-	(396)	447
Profit for period – eircom Group	-	-	-	-	-	-	-	-	71	71
Total recognised income for the period – eircom Group	-	-	-	-	-	-	-	-	71	71
Issue of share capital	73	-	81	-	-	-	-	-	-	154
Capital contribution	-	156	-	-	-	-	-	-	-	156
eircom Group balance at 31 December 2006	193	156	289	35	100	380	-	-	(325)	828
Cash flow hedge – BCMIPE	-	-	-	-	-	-	-	7	-	7
Net expense recognised directly in equity	-	-	-	-	-	-	-	7	-	7
Loss for period – BCMIPE	-	-	-	-	-	-	-	-	(54)	(54)
Total recognised income for the period in BCMIPE	-	-	-	-	-	-	-	7	(54)	(47)
Issue of share capital (net)	2	-	447	-	-	-	-	-	-	449
Dividend received from eircom Group	-	-	-	-	-	-	13	-	-	13
BCMIPE “the Company” balance at 31 December 2006	2	-	447	-	-	-	13	7	(54)	415
Consolidated adjs (elimination of eircom Group equity)	(193)	(156)	(289)	(35)	(100)	(380)	(12)	-	386	(779)
BCMIPE “the Group” pro-forma balance at 31 December 2006	2	-	447	-	-	-	1	7	7	464
BCMIPE Group balance at 30 June 2007	2	-	447	-	-	-	3	37	(159)	330
Currency translation differences	-	-	-	-	-	-	-	-	(1)	(1)
Cash flow hedge	-	-	-	-	-	-	-	(13)	-	(13)
Net expense recognised directly in equity	-	-	-	-	-	-	-	(13)	(1)	(14)
Profit for period	-	-	-	-	-	-	-	-	98	98
Total recognised income for the period	-	-	-	-	-	-	-	(13)	97	84
BCMIPE Group balance at 31 December 2007	2	-	447	-	-	-	3	24	(62)	414

The comparative information for the period ended 31 December 2006 is not consistent with consolidated financial information of BCM Ireland Preferred Equity Limited prepared in accordance with IFRS – see note 2.

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

BCM Ireland Preferred Equity Limited

Selected notes to the condensed pro-forma interim financial information – unaudited

1. General information

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

This condensed consolidated interim financial information was approved, for issue on 28 February 2008.

2. Basis of preparation

31 December 2007

The financial information as at and for the period ended 31 December 2007 in respect of the group has been prepared using the same accounting policies as applied for the year ended 30 June 2007. For a more complete discussion of our significant accounting policies and other information, this report should be read in conjunction with the financial statements of BCMIPE Group for the year ended 30 June 2007.

31 December 2006

The prior year comparatives for the combined and consolidated income statement, cash flow statement and statement of changes in shareholders' equity in the condensed interim financial information have been prepared on a pro-forma basis. BCMIPE acquired its interest in BCM Ireland Finance Limited ("BCMIF") and ultimately the eircom Group on 14 November 2006. BCMIF, through its subsidiary BCM Ireland Holdings Limited ("BCMIH"), acquired its interest in the eircom Group on 18 August 2006 and under IFRS and on a statutory accounting basis the group would only consolidate eircom Group from that date.

The pro-forma prior year comparatives for the combined and consolidated income statement, cash flow statement and statement of changes in shareholders' equity effectively comprise the consolidated results of eircom Group for the six months trading to 31 December 2006, overlaid with the BCMIPE group's capital and debt structure and the impact of the fair value adjustments arising on the acquisition of eircom Group. This is not consistent with the treatment required to be adopted under IFRS.

The 30 June 2007 comparatives included in the consolidated balance sheet are from the audited financial statements of the company for the period ended 30 June 2007.

3. Segment information

The group provides communications services, principally in Ireland. The group is organised into two main business segments:

- (a) Fixed line; and
- (b) Mobile

The segment results for the six months ended 31 December 2007 are as follows:

	Fixed line €m	Mobile €m	Inter-segment €m	Group €m
Revenue	833	238	(37)	1,034
Operating profit/Segment result	264	10	-	274

The pro-forma segment results for the six months ended 31 December 2006 are as follows:

	Fixed line €m	Mobile €m	Inter-segment €m	Group €m
Revenue	827	183	(26)	984
Operating profit/(loss)/Segment result	104	(5)	-	99

BCM Ireland Preferred Equity Limited

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

4. Finance costs – net

	Pro-forma 31 Dec 2006				31 Dec 2007
	eircom Group	BCMIPE	Consol adj	BCMIPE Group	BCMIPE Group
	€m	€m	€m	€m	€m
Finance costs	(61)	(102)	44	(119)	(165)
Finance income	15	44	(44)	15	4
Finance costs - net	(46)	(58)	-	(104)	(161)

The loans, senior notes, senior subordinated notes and preference shares of eircom Group were repaid in the period ended 30 September 2006. The majority of borrowings have been replaced by borrowings under the group's new facilities.

5. Income tax charge

Reconciliation of effective tax rate

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

	Pro-forma 31 Dec 2006				31 Dec 2007
	eircom Group	BCMIPE	Consol adj	BCMIPE Group	BCMIPE Group
	€m	€m	€m	€m	€m
Profit/(Loss) before tax	87	(58)	(34)	(5)	113
Tax calculated at Irish standard tax rate of 12.5%	10	(7)	(4)	(1)	14
<i>Effects of:-</i>					
Non deductible expenses	5	3	-	8	9
Income not subject to taxation	-	-	-	-	(10)
Tax losses utilised	-	-	-	-	(1)
Income taxable at higher rate	-	-	-	-	1
Adjustment in respect of prior periods	1	-	-	1	2
Tax charge/(credit) for the period	16	(4)	(4)	8	15

6. Trade and other receivables

During the six months ended 31 December 2007, the group recognised a provision for impaired receivables of €6 million (31 Dec 2006: €3 million), reversed provisions for impaired receivables of €1 million (31 Dec 2006: €Nil) and used provisions for impaired receivables of €5 million (31 Dec 2006: €1 million). The creation and reversal of provisions for impaired receivables have been included in "operating costs" in the income statement.

BCM Ireland Preferred Equity Limited

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

7. Borrowings

The maturity profile of the carrying amount of the group's borrowings is set out below.

	Within 1 Year €m	Between 1 & 2 Years €m	Between 2 & 5 Years €m	After 5 Years €m	Total €m
As at 30 June 2007					
Floating rate notes due 2016	-	-	-	350	350
Floating rate senior PIK notes due 2017	-	-	-	447	447
Other borrowings	64	62	279	3,097	3,502
Debt issue costs	(14)	(14)	(37)	(37)	(102)
Finance leases – defeased	37	31	26	-	94
Finance leases	4	2	-	-	6
	91	81	268	3,857	4,297
As at 31 Dec 2007					
Floating rate notes due 2016	-	-	-	350	350
Floating rate senior PIK notes due 2017	-	-	-	473	473
Other borrowings	84	66	305	3,032	3,487
Debt issue costs	(14)	(13)	(37)	(31)	(95)
Finance leases – defeased	50	8	24	-	82
Finance leases	3	2	-	-	5
	123	63	292	3,824	4,302

Other borrowings, at 31 December 2007, include Senior Preference Shares of €143 million, borrowings under a Senior Credit Facility of €3,299 million and borrowings by our property development company of €45 million.

Interest accrued on borrowings at 31 December 2007 is €68 million (30 June 2007: €66 million). This is included in trade and other payables.

8. Provisions for other liabilities and charges

	TIS Annuity Scheme €m	Onerous Contracts €m	Restruc- turing €m	Other €m	Total €m
At 30 June 2007	105	17	157	83	362
Charged to consolidated income statement:					
- Additional provisions	1	4	-	3	8
- Unused amounts reversed	-	(4)	-	-	(4)
Decrease in provision capitalised as asset retirement obligation					
	-	-	-	(2)	(2)
Utilised in the period	(9)	-	(26)	(3)	(38)
At 31 Dec 2007	97	17	131	81	326

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

	30 June 2007 €m	31 Dec 2007 €m
Non-current	216	197
Current	146	129
	362	326

BCM Ireland Preferred Equity Limited

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

9. Cash generated from operations

	Pro-forma 31 Dec 2006			31 Dec 2007	
	eircom Group €m	BCMIPE €m	Consol adj €m	Group €m	Group €m
Profit/(loss) after tax	71	(54)	(30)	(13)	98
Add back:					
Income tax charge/(credit)	16	(4)	(4)	8	15
Finance costs – net	46	58	-	104	161
Operating profit/(loss)	133	-	(34)	99	274
Adjustments for:					
- Profit on disposal of property and investments	(17)	-	17	-	(78)
- Net construction income	-	-	-	-	(22)
- Depreciation and amortisation	172	-	16	188	198
- Non cash retirement benefit credit	(3)	-	(2)	(5)	(26)
- Non cash restructuring programme costs	9	-	-	9	-
Cash flows relating to prior period restructuring and other provisions	(12)	-	-	(12)	(29)
Cash flows relating to construction contract	-	-	-	-	(25)
Changes in working capital					
Inventories	1	-	-	1	(1)
Trade and other receivables	(17)	-	-	(17)	(38)
Trade, other payables and other provisions	40	-	3	43	35
Inter-company payables to group undertakings	3	-	-	3	2
Cash generated from operations	309	-	-	309	290

10. Contingent liabilities

The group received letters before action in relation to potential hearing claims by one hundred and seven current and former employees, three of which are currently the subject of court proceedings. Forty of the cases are at the Personal Injury Assessment Board (“PIAB”), an Irish statutory body that deals with personal injury claims. The group has denied liability and awaits further details of the alleged injuries from experts' reports commissioned on the company's behalf. The group intends to defend these claims vigorously. However, the outcome of the claims cannot be predicted with certainty. It is also uncertain when the claims will be heard and determined. The defence of the claims will involve significant legal and other costs being incurred by the group. However, in the event that the group is successful, it will have a prima facie entitlement to recover its costs, in whole or in part, from the unsuccessful claimants.

There has been no other change in our contingent liabilities since the filing of the annual report and financial statements of BCMIPE for the period ended 30 June 2007.

11. Guarantees

Credit guarantees

The credit guarantees comprise guarantees and indemnities of bank or other facilities, including those in respect of the group's subsidiary undertakings. Members of the group have guaranteed financial indebtedness for €4 billion in respect of the Senior Credit Facility and Floating Rate Notes.

Senior Credit Facility

The Senior Credit Facility of the group consists of a €3.6 billion term and revolving credit facility which has the benefit of guarantees and security for all amounts borrowed under the terms of the Senior Credit Facility. The Senior Credit Facility is secured by a first-priority pledge over the assets of BCMIH and, a pledge over all of the assets of BCM Luxembourg Limited, eircom Group Limited, Valentia Telecommunications, eircom Limited, Irish Telecommunications Investments Limited and Meteor Mobile Communications Limited.

BCM Ireland Preferred Equity Limited

Selected notes to the condensed interim financial information – unaudited

11. Guarantees - continued

Floating Rate Notes

The Floating Rate Notes of €350 million issued by BCMIF, are guaranteed on a senior subordinated basis by BCMIH, a wholly owned subsidiary of BCMIF, and the subsidiaries guaranteeing the Senior Credit Facility which are BCM Luxembourg Limited, eircom Group Limited, Valentia Telecommunications, eircom Limited, Irish Telecommunications Investments Limited and Meteor Mobile Communications Limited. The Floating Rate Notes are general senior obligations of BCMIF and rank equally in right of payment with all existing and future senior indebtedness of BCMIF. The Floating Rate Notes are also secured by a first-priority pledge over all the shares of BCMIH.

PIK notes

The Payment-In-Kind (“PIK”) notes of €473 million are senior obligations of BCMIPE and rank equally in right of payment with all existing and future senior indebtedness of BCMIPE. These Notes are effectively subordinated to any existing and future indebtedness of BCMIPE's subsidiaries.

12. Seasonality

Fixed line

eircom's traffic volumes tend to decline during March or April and December as a result of a decline in business traffic over the Easter and Christmas holiday periods. eircom also tend to experience relatively higher fixed line traffic volumes in the Spring and Winter months, other than Christmas and Easter of each year. The group do not believe this seasonality has a material impact on our fixed line business.

Mobile

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

13. Commitments

Operating lease commitments

The group's operating lease contractual obligations and commitment payments were €563 million at 31 December 2007 (30 June 2007: €444 million). The payments due on operating leases are in respect of lease agreements in respect of properties, vehicles, plant and equipment for which the payments extend over a number of years.

Capital commitments

The group's capital contractual obligations and commitment payments were €31 million at 31 December 2007 (30 June 2007: €33 million).

14. Related party transactions

The following transactions occurred with related parties:

a) Purchase of goods and services

During the six months ended 31 December 2007 the group paid €0.3 million (31 December 2006: €0.4 million) on behalf of the Employee Share Ownership Trust (ESOT) for the administrative expenses incurred in its capacity as trustee of the ESOT and the Approved Profit Share Scheme (APSS). These were recharged to BCM ESOT Services Limited and the amount outstanding in respect of these costs is €0.7 million at 31 December 2007.

b) Other transactions

During the period, costs amounting to €2 million were recharged to BCM Ireland Equity SPC (“BCMIE”). The amount outstanding in respect of these costs is €2 million at 31 December 2007.

The income statement includes management charges from BCMIE of €4.9 million. The amount outstanding in respect of these costs and other amounts payable and net of amounts receivable from BCMIE is €10.7 million at 31 December 2007.

The income statement profit on disposal of property and investments is after charging an advisory fee from Babcock & Brown Limited of €2.5 million in relation to the sale of the shares in the masts business. The amount outstanding in respect of these costs is €2.5 million at 31 December 2007.

The income statement includes salary related charges from BCM Enterprises Limited of €0.5 million. The amount outstanding in respect of these costs is €0.1 million at 31 December 2007.