

BCM Ireland Preferred Equity Limited (“BCMIPE”)

**Quarterly and nine-months results announcement
31 March 2008**

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 | Quarter ended | Nine months ended | Nine months ended |
| | March 2007 | March 2008 | March 2007 | March 2008 |
| | €'m | €'m | €'m | €'m |
| Operating profit | 69 | 95 | 168 | 369 |
| Profit on disposal of property and investments | (1) | - | (1) | (78) |
| Net construction income | (9) | (12) | (9) | (34) |
| Transaction costs | - | - | 28 | - |
| Restructuring programme costs | 1 | - | 13 | - |
| Non-cash pension credit | (4) | (13) | (9) | (39) |
| Operating profit before restructuring programme costs, transaction costs, non-cash pension credit, net construction income and profit on disposal of property and investments | 56 | 70 | 190 | 218 |
| Depreciation | 83 | 84 | 242 | 242 |
| Amortisation | 18 | 21 | 47 | 61 |
| EBITDA before restructuring programme costs, transaction costs, non-cash pension credit, net construction income and profit on disposal of property and investments | 157 | 175 | 479 | 521 |

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 | 145 | 438 | 437 |
| Mobile | 16 | 30 | 41 | 84 |
| | 157 | 175 | 479 | 521 |

BCM Ireland Preferred Equity Limited

*Pro-forma combined and consolidated Income Statement - unaudited
For the Quarter ended 31 March 2008*

| | Pro-forma 31 March 2007 | | | 31 March 2008 | |
|---|-------------------------|---------------|-------------------|------------------------|------------------------|
| | eircom Group €'m | BCMIPE €'m | Consol adj €'m | BCMIPE Group €'m | BCMIPE Group €'m |
| Revenue | 494 | - | (4) | 490 | 515 |
| Operating costs excluding amortisation, depreciation and restructuring programme costs | (331) | - | 2 | (329) | (327) |
| Amortisation | (11) | - | (7) | (18) | (21) |
| Depreciation | (81) | - | (2) | (83) | (84) |
| Restructuring programme costs | (1) | - | - | (1) | - |
| Net construction income | 9 | - | - | 9 | 12 |
| Profit on disposal of property and investments | 1 | - | - | 1 | - |
| Operating profit | 80 | - | (11) | 69 | 95 |
| Finance costs | (32) | (76) | 31 | (77) | (85) |
| Finance income | 4 | 31 | (31) | 4 | 5 |
| Finance costs – net | (28) | (45) | - | (73) | (80) |
| Profit/(loss) before tax | 52 | (45) | (11) | (4) | 15 |
| Income tax (charge)/credit | (8) | 3 | 1 | (4) | (3) |
| Profit/(loss) for the period | 44 | (42) | (10) | (8) | 12 |

The consolidation adjustments in the quarter ended 31 March 2007 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 March 2007 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 nine-month period ended 31 March 2008*

| | Notes | Pro-forma 31 March 2007 | | | 31 March 2008 | |
|--|-------|-------------------------|---------------|-------------------|------------------------|------------------------|
| | | eircom Group €'m | BCMIPE €'m | Consol adj €'m | BCMIPE Group €'m | BCMIPE Group €'m |
| Revenue | 3 | 1,481 | - | (7) | 1,474 | 1,549 |
| Operating costs excluding amortisation, depreciation, restructuring programme costs and transaction costs | | (990) | - | 4 | (986) | (989) |
| Amortisation | | (27) | - | (20) | (47) | (61) |
| Depreciation | | (237) | - | (5) | (242) | (242) |
| Restructuring programme costs | | (13) | - | - | (13) | - |
| Transaction costs | | (28) | - | - | (28) | - |
| Net construction income | | 9 | - | - | 9 | 34 |
| Profit on disposal of property and investments | | 18 | - | (17) | 1 | 78 |
| Operating profit | 3 | 213 | - | (45) | 168 | 369 |
| Finance costs | | (93) | (178) | 75 | (196) | (250) |
| Finance income | | 19 | 75 | (75) | 19 | 9 |
| Finance costs – net | 4 | (74) | (103) | - | (177) | (241) |
| Profit/(loss) before tax | | 139 | (103) | (45) | (9) | 128 |
| Income tax (charge)/credit | 5 | (24) | 7 | 5 | (12) | (18) |
| Profit/(loss) for the period | | 115 | (96) | (40) | (21) | 110 |

The consolidation adjustments in the nine-month period ended 31 March 2007 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 nine-month period ended 31 March 2007 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 March 2008*

| | Notes | 30 June 2007 | 31 March 2008 |
|---|-------|---------------------------------|---------------------------------|
| | | BCMIPE Group €'m | BCMIPE Group €'m |
| Assets | | | |
| Non-current assets | | | |
| Goodwill | | 2,403 | 2,342 |
| Other intangible assets | | 759 | 733 |
| Property, plant and equipment | | 2,193 | 2,122 |
| Derivative financial instruments | | 53 | 6 |
| Deferred tax assets | | 24 | 24 |
| Other assets | | 57 | 22 |
| | | 5,489 | 5,249 |
| Current assets | | | |
| Inventories | | 15 | 16 |
| Trade and other receivables | 6 | 408 | 535 |
| Inter-company debtor with group undertakings | | 1 | 3 |
| Financial assets at fair value through income statement | | 58 | 35 |
| Other assets | | 37 | 31 |
| Restricted cash | | 7 | 7 |
| Cash and cash equivalents | | 161 | 282 |
| | | 687 | 909 |
| Total assets | | 6,176 | 6,158 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Borrowings | 7 | 4,206 | 4,153 |
| Trade and other payables | | 47 | 49 |
| Deferred tax liabilities | | 239 | 239 |
| Retirement benefit liability | | 155 | 116 |
| Provisions for other liabilities and charges | 8 | 216 | 175 |
| | | 4,863 | 4,732 |
| Current liabilities | | | |
| Borrowings | 7 | 91 | 131 |
| Trade and other payables | | 712 | 709 |
| Inter-company debt with group undertakings | | 9 | 15 |
| Current tax liabilities | | 25 | 63 |
| Provisions for other liabilities and charges | 8 | 146 | 103 |
| | | 983 | 1,021 |
| Total liabilities | | 5,846 | 5,753 |
| Equity | | | |
| Equity share capital | | 2 | 2 |
| Share premium account | | 447 | 447 |
| Revaluation reserve | | 3 | 3 |
| Cash flow hedging reserve | | 37 | 4 |
| Retained loss | | (159) | (51) |
| Total equity | | 330 | 405 |
| Total liabilities and equity | | 6,176 | 6,158 |

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 March 2008*

| | Pro-forma 31 March 2007 | | | 31 March 2008 | |
|---|-------------------------|---------------|-------------------|------------------------|------------------------|
| | eircom Group €'m | BCMIPE €'m | Consol adj €'m | BCMIPE Group €'m | BCMIPE Group €'m |
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 153 | - | - | 153 | 132 |
| Interest received | 4 | 69 | (69) | 4 | 5 |
| Interest paid | (69) | (112) | 69 | (112) | (115) |
| Income tax refund | 2 | - | - | 2 | 2 |
| Income tax paid | (37) | - | - | (37) | - |
| Dividends paid to preference shareholders | - | (2) | - | (2) | (2) |
| Net cash generated from/(used in) operating activities | 53 | (45) | - | 8 | 22 |
| Cash flows from investing activities | | | | | |
| Purchase of property, plant and equipment (PPE) | (75) | - | - | (75) | (57) |
| Proceeds from sale of PPE and investments (net of expenses) | 2 | - | - | 2 | (2) |
| Purchase of intangible assets | (54) | - | - | (54) | (15) |
| Restricted cash | (7) | - | - | (7) | - |
| Net cash used in investing activities | (134) | - | - | (134) | (74) |
| Cash flows from financing activities | | | | | |
| Repayment of borrowings | - | (20) | - | (20) | (19) |
| Lease payments | (1) | - | - | (1) | (1) |
| Inter-company debt with group undertakings | (72) | 73 | - | 1 | - |
| Proceeds from loan borrowings | - | - | - | - | 12 |
| Debt issue costs paid | - | (1) | - | (1) | - |
| Net cash (used in)/generated from financing activities | (73) | 52 | - | (21) | (8) |
| Net (decrease)/increase in cash and cash equivalents | (154) | 7 | - | (147) | (60) |
| Cash and cash equivalents at beginning of period | 255 | 7 | - | 262 | 342 |
| Cash and cash equivalents at end of period | 101 | 14 | - | 115 | 282 |

The comparative information for the quarter ended 31 March 2007 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 nine-month period ended 31 March 2008*

| | Note | Pro-forma 31 March 2007 | | | 31 March 2008 | |
|---|------|-------------------------|---------------|-------------------|------------------------|------------------------|
| | | eircon Group €'m | BCMIPE €'m | Consol adj €'m | BCMIPE Group €'m | BCMIPE Group €'m |
| Cash flows from operating activities | | | | | | |
| Cash generated from operations | 9 | 462 | - | - | 462 | 422 |
| Interest received | | 8 | 76 | (75) | 9 | 9 |
| Interest paid | | (137) | (143) | 75 | (205) | (239) |
| Income tax refund | | 2 | - | - | 2 | 35 |
| Income tax paid | | (37) | - | - | (37) | - |
| Dividends paid to preference shareholders | | (4) | (3) | - | (7) | (5) |
| Net cash generated from/(used in) operating activities | | 294 | (70) | - | 224 | 222 |
| Cash flows from investing activities | | | | | | |
| Acquisition of subsidiary undertakings | | - | (1,935) | 156 | (1,779) | - |
| Purchase of property, plant and equipment (PPE) | | (220) | - | - | (220) | (194) |
| Proceeds from sale of PPE and investments | | 53 | - | - | 53 | 154 |
| Purchase of intangible assets | | (69) | - | - | (69) | (35) |
| Restricted cash | | (7) | - | - | (7) | - |
| Net cash used in investing activities | | (243) | (1,935) | 156 | (2,022) | (75) |
| 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) | (20) | - | (1,200) | (58) |
| 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 | | (4) | - | - | (4) | (4) |
| Capital contribution from parent undertaking | | 156 | - | (156) | - | - |
| Inter-company debt with group undertakings | | 1,846 | (1,845) | - | 1 | - |
| Proceeds from loan borrowings | | - | 3,275 | - | 3,275 | 36 |
| 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 | | - | (104) | - | (104) | - |
| Net cash (used in)/generated from financing activities | | (356) | 2,019 | (156) | 1,507 | (26) |
| Net (decrease)/increase in cash and cash equivalents | | (305) | 14 | - | (291) | 121 |
| Cash and cash equivalents at beginning of period | | 406 | - | - | 406 | 161 |
| Cash and cash equivalents at end of period | | 101 | 14 | - | 115 | 282 |

The comparative information for the nine-month period ended 31 March 2007 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 | - | - | - | - | - | - | - | - | 115 | 115 |
| Total recognised income for the period – eircom Group | - | - | - | - | - | - | - | - | 115 | 115 |
| Issue of share capital | 73 | - | 81 | - | - | - | - | - | - | 154 |
| Capital contribution | - | 156 | - | - | - | - | - | - | - | 156 |
| eircom Group balance at 31 March 2007 | 193 | 156 | 289 | 35 | 100 | 380 | - | - | (281) | 872 |
| Cash flow hedge – BCMIPE | - | - | - | - | - | - | - | 7 | - | 7 |
| Net expense recognised directly in equity | - | - | - | - | - | - | - | 7 | - | 7 |
| Loss for period – BCMIPE | - | - | - | - | - | - | - | - | (96) | (96) |
| Total recognised income for the period in BCMIPE | - | - | - | - | - | - | - | 7 | (96) | (89) |
| Issue of share capital | 2 | - | 447 | - | - | - | - | - | - | 449 |
| Dividend received from eircom Group | - | - | - | - | - | - | 15 | - | - | 15 |
| BCMIPE “the Company” balance at 31 March 2007 | 2 | - | 447 | - | - | - | 15 | 7 | (96) | 375 |
| Consolidated adjs (elimination of eircom Group equity) | (193) | (156) | (289) | (35) | (100) | (380) | (12) | - | 377 | (788) |
| BCMIPE “the Group” pro-forma balance at 31 March 2007 | 2 | - | 447 | - | - | - | 3 | 7 | - | 459 |
| BCMIPE Group balance at 30 June 2007 | 2 | - | 447 | - | - | - | 3 | 37 | (159) | 330 |
| Currency translation differences | - | - | - | - | - | - | - | - | (2) | (2) |
| Cash flow hedge | - | - | - | - | - | - | - | (33) | - | (33) |
| Net expense recognised directly in equity | - | - | - | - | - | - | - | (33) | (2) | (35) |
| Profit for period | - | - | - | - | - | - | - | - | 110 | 110 |
| Total recognised income for the period | - | - | - | - | - | - | - | (33) | 108 | 75 |
| BCMIPE Group balance at 31 March 2008 | 2 | - | 447 | - | - | - | 3 | 4 | (51) | 405 |

The comparative information for the period ended 31 March 2007 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 May 2008.

2. Basis of preparation

31 March 2008

The financial information as at and for the period ended 31 March 2008 in respect of the group has been prepared using the same accounting policies as applied for the period 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 period ended 30 June 2007.

31 March 2007

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 nine months trading to 31 March 2007, overlaid, with effect from 18 August 2006, 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 nine months ended 31 March 2008 are as follows:

| | Fixed line €'m | Mobile €'m | Inter-segment €'m | Group €'m |
|---------------------------------|-------------------|---------------|----------------------|--------------|
| Revenue | 1,246 | 358 | (55) | 1,549 |
| Operating profit/Segment result | 353 | 16 | - | 369 |

The pro-forma segment results for the nine months ended 31 March 2007 are as follows:

| | Fixed line €'m | Mobile €'m | Inter-segment €'m | Group €'m |
|--|-------------------|---------------|----------------------|--------------|
| Revenue | 1,237 | 280 | (43) | 1,474 |
| Operating profit/(loss)/Segment result | 172 | (4) | - | 168 |

BCM Ireland Preferred Equity Limited

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

4. Finance costs – net

| | Pro-forma 31 March 2007 | | | | 31 March 2008 |
|----------------------------|-------------------------|--------------|------------|--------------|---------------|
| | eircom Group | BCMIPE | Consol adj | BCMIPE Group | BCMIPE Group |
| | €'m | €'m | €'m | €'m | €'m |
| Finance costs | (93) | (178) | 75 | (196) | (250) |
| Finance income | 19 | 75 | (75) | 19 | 9 |
| Finance costs - net | (74) | (103) | - | (177) | (241) |

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 March 2007 | | | | 31 March 2008 |
|--|-------------------------|--------------|-------------|--------------|---------------|
| | eircom Group | BCMIPE | Consol adj | BCMIPE Group | BCMIPE Group |
| | €'m | €'m | €'m | €'m | €'m |
| Profit/(Loss) before tax | 139 | (103) | (45) | (9) | 128 |
| Tax calculated at Irish standard tax rate of 12.5% | 17 | (13) | (5) | (1) | 16 |
| <i>Effects of:-</i> | | | | | |
| Non deductible expenses | 5 | 6 | - | 11 | 14 |
| Income not subject to taxation | - | - | - | - | (10) |
| Tax losses utilised | - | - | - | - | (1) |
| Income taxable at higher rate | 1 | - | - | 1 | 1 |
| Adjustment in respect of prior periods | 1 | - | - | 1 | (2) |
| Tax charge/(credit) for the period | 24 | (7) | (5) | 12 | 18 |

6. Trade and other receivables

During the nine months ended 31 March 2008, the group recognised a provision for impaired receivables of €11 million (31 March 2007: €6 million), reversed provisions for impaired receivables of €1 million (31 March 2007: €1 million) and used provisions for impaired receivables of €6 million (31 March 2007: €2 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 March 2008 | | | | | |
| Floating rate notes due 2016 | - | - | - | 350 | 350 |
| Floating rate senior PIK notes due 2017 | - | - | - | 487 | 487 |
| Other borrowings | 110 | 72 | 358 | 2,941 | 3,481 |
| Debt issue costs | (13) | (13) | (37) | (29) | (92) |
| Finance leases – defeased | 31 | 3 | 19 | - | 53 |
| Finance leases | 3 | 2 | - | - | 5 |
| | 131 | 64 | 340 | 3,749 | 4,284 |

Other borrowings, at 31 March 2008, include Senior Preference Shares of €143 million, borrowings under a Senior Credit Facility of €3,280 million and borrowings by our property development company of €58 million.

Interest accrued on borrowings at 31 March 2008 is €14 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 | 2 | 4 | - | 4 | 10 |
| - Unused amounts reversed | - | (4) | - | - | (4) |
| Decrease in provision capitalised as asset retirement obligation | - | - | - | (2) | (2) |
| Utilised in the period | (14) | - | (70) | (4) | (88) |
| At 31 March 2008 | 93 | 17 | 87 | 81 | 278 |

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

| | 30 June 2007 €'m | 31 March 2008 €'m |
|-------------|---------------------|----------------------|
| Non-current | 216 | 175 |
| Current | 146 | 103 |
| | 362 | 278 |

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 March 2007 | | | 31 March 2008 | |
|--|-------------------------|---------------|-------------------|---------------|--------------|
| | eircom Group €'m | BCMIPE €'m | Consol adj €'m | Group €'m | Group €'m |
| Profit/(loss) after tax | 115 | (96) | (40) | (21) | 110 |
| Add back: | | | | | |
| Income tax charge/(credit) | 24 | (7) | (5) | 12 | 18 |
| Finance costs – net | 74 | 103 | - | 177 | 241 |
| Operating profit/(loss) | 213 | - | (45) | 168 | 369 |
| Adjustments for: | | | | | |
| - Profit on disposal of property and investments | (18) | - | 17 | (1) | (78) |
| - Net construction income | (9) | - | - | (9) | (34) |
| - Depreciation and amortisation | 264 | - | 25 | 289 | 303 |
| - Non cash retirement benefit credit | (5) | - | (4) | (9) | (39) |
| - Non cash restructuring programme costs | 2 | - | - | 2 | - |
| Cash flows relating to prior period restructuring and other provisions | (15) | - | - | (15) | (47) |
| Cash flows relating to construction contract | (5) | - | - | (5) | (40) |
| Changes in working capital | | | | | |
| Inventories | 2 | - | - | 2 | (1) |
| Trade and other receivables | (8) | (3) | - | (11) | (49) |
| Trade, other payables and other provisions | 36 | 3 | 7 | 46 | 34 |
| Inter-company payables to group undertakings (net) | 5 | - | - | 5 | 4 |
| Cash generated from operations | 462 | - | - | 462 | 422 |

10. Contingent liabilities

The group received letters before action in relation to potential hearing claims by one hundred and eleven current and former employees, six of which are currently the subject of court proceedings. Ninety-nine 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.

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.

BCM Ireland Preferred Equity Limited

Selected notes to the condensed interim financial information – unaudited

11. Guarantees - continued

PIK notes

The Payment-In-Kind (“PIK”) notes of €487 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 €549 million at 31 March 2008 (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 €33 million at 31 March 2008 (30 June 2007: €53 million).

14. Related party transactions

The following transactions occurred with related parties:

a) Purchase of goods and services

During the nine months ended 31 March 2008 the group paid €0.3 million (31 March 2007: €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 €0.8 million at 31 March 2008.

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 March 2008.

The income statement includes management charges from BCMIE of €7.3 million. The amount outstanding in respect of these costs and other amounts payable and net of amounts receivable from BCMIE is €14.7 million at 31 March 2008.

The income statement profit on disposal of property and investments is after charging an advisory fee from Babcock & Brown Limited of €2.4 million in relation to the sale of the shares in the masts business. There are no amounts outstanding in respect of these costs at 31 March 2008.

The income statement includes salary related charges from BCM Enterprises Limited of €0.6 million. The amount outstanding in respect of these costs is €0.1 million at 31 March 2008.