



# Historical Cost Separated Accounts

for the year ended 30<sup>th</sup> June 2015.

## Financial Statements

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## Introduction

### eircom Limited Historical Cost Separated Accounts

The European Communities (Electronic Communications Networks and Services) (Framework) Regulations 2011 (S.I. No. 333 of 2011), the European Communities (Electronic Communications Networks and Services) (Access) Regulations 2011 (S.I. No. 334 of 2011) and the European Communities (Electronic Communications Networks and Services) (Universal Service and Users Rights) Regulations 2011 (S.I. No.337 of 2011) (respectively “the Framework Regulations”, “the Access Regulations” and the “Universal Service Regulations”) establish the framework for the regulation of the provision of electronic communications networks and services in Ireland. Under this framework, the Commission for Communications Regulation (“ComReg”) may designate operators as having Significant Market Power (“SMP”) in respect of specific markets, in which case ComReg may impose on such operators a range of obligations including, pursuant to Regulation 11 of the Access Regulations and Regulation 13 of the Universal Service Regulations, a requirement for accounting separation and cost accounting. eircom Limited has been designated with SMP in a number of markets and in each case is subject to obligations of accounting separation and cost accounting.

The Historical Cost Separated Accounts for the year ended 30 June 2015 were prepared in accordance with this requirement and the detailed framework and financial statements requirements set out in the following ComReg Decision Notices (the 'Decision Notices') insofar as they apply to the year ended 30 June 2015:

- Decisions No. 6, 8.1, 8.2, 8.4, 8.6, 8.9 and 8.11 set out in Decision Notice D7/01 'eircom's Reference Interconnection Offer & Accounting Separation and Publication of Financial Information for Telecommunications Operators', dated April 2001
- D3/03 'Review of the Price Cap on certain Telecommunications Services', dated February 2003
- D01/08 'eircoms cost of capital', dated May 2008
- D03/09 'Review of regulatory asset lives of eircom Limited', dated August 2009

- D04/09 'Rental Price for shared access to the Unbundled Local Loop Decision', dated August 2009
- D08/10 'Accounting Separation and Cost Accounting Review of eircom Limited', dated 31 August 2010
- D15/14 'Cost of Capital', dated 18 December 2014

Financial Statements have to be prepared for the following Market Groups and, where applicable, Individual Markets within these Market Groups:

Market Group	Markets
Wholesale Access	Wholesale Fixed Narrowband Access Wholesale Unbundled Access Wholesale Broadband Access Wholesale Leased Lines
Wholesale Other	Wholesale Call Origination Wholesale Call Transit Wholesale Call Termination Wholesale Residual (Regulated) Wholesale Residual (Unregulated)
Retail & Other	PSTN & ISDN Access Retail Other

The full definition of the Market Groups and individual markets are set out in section 2 of the Primary Accounting Document dated 30 November 2015.

## Introduction

The Historical Cost Regulatory Separated Accounts (“Separated Accounts”) are prepared in accordance with the Accounting Documents, where the Accounting Documents means the Primary and Secondary Accounting Documents, as appropriate. The Primary Accounting Documents set out the framework under which the statements have been prepared.

The Primary Accounting Documents are made up of the following:

- Regulatory Accounting Principles - which lay out the general rules by which the Separated Accounts should be prepared, for example that all balances should be attributed with reference to cost causality.
- Attribution Methods - which explain how revenue, costs including transfer charges, assets and liabilities are attributed to the Markets, Network Elements and Activities within those Market Groups, following the Regulatory Accounting Principles, on a fully allocated basis.
- Transfer Charges – which explain how charges are raised between the markets.
- Accounting Policies - which detail the accounting policies adopted in preparing the underlying financial information.

For clarification, the Primary Accounting Documents contain the high level principles of attribution.

The procedures describing how these principles are applied are contained in the Secondary Accounting Documents, which identify these procedures in detail. The Secondary Accounting Documents are provided privately to ComReg, in accordance with the requirements of D08/10.

This introduction does not form part of the Accounting Documents.

## Applicable Rate of Return

The applicable Rate of Return used in these Separated Accounts is 8.18% (2014: 10.21%). The annual Rate of Return was mandated by ComReg in D01/08 and revised in D15/14.

## Basis of preparation of the Separated Accounts

The structure of the Separated Accounts required under the Decision Notices does not correspond to the way in which the group is organised and hence the way the statutory accounting records are structured. The Separated Accounts are therefore produced by overlaying the requirements of the Decision Notices on the statutory accounting record structure of eircom Limited.

These Separated Accounts are prepared by attributing the balances in eircom Limited’s general ledgers and other accounting records (as amended by Directions published by Com Reg) to the Markets and disaggregated Activities. As required by the Decision Notices, wherever possible, revenue, costs, assets and liabilities are directly associated with either a Market or Network element using information recorded within eircom Limited’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 Markets 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.

## Introduction

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

Certain non-financial data used in the preparation of these Separated Accounts has been derived using sampling techniques appropriate to that data. eircom Limited will continue to review and update attribution methods on an ongoing basis and, where deemed appropriate, will make necessary improvements.

The financial data included in these Separated Accounts are presented in thousands, and have been subject to rounding adjustments and, as a result, the totals of the data in this document may vary slightly from the information presented in this document or the actual arithmetic totals of such information.

## Statement of Director's Responsibilities for the Separated Accounts

The European Communities (Electronic Communications Networks and Services) (Framework) Regulations 2011 (S.I. No. 333 of 2011), the European Communities (Electronic Communications Networks and Services) (Access) Regulations 2011 (S.I. No. 334 of 2011) and the European Communities (Electronic Communications Networks and Services) (Universal Service and Users' Rights) Regulations 2011 (S.I. No. 337 of 2011) (respectively "the Framework Regulations", "the Access Regulations" and the "Universal Service Regulations") establish the framework for the regulation of the provision of electronic communications networks and services in Ireland.

Under this framework, the Commission for Communications Regulation ("ComReg") may designate operators as having Significant Market Power ("SMP") in respect of specific markets, in which case ComReg may impose on such operators a range of obligations including, pursuant to Regulation 11 of the Access Regulations and Regulation 13 of the Universal Service Regulations, a requirement for accounting separation and cost accounting. Eircom Limited has been designated with SMP in a number of markets and in each case is subject to obligations of accounting separation and cost accounting. ComReg Decision D08/10 of 31 August 2010 specifies the manner in which eircom Limited must meet its obligations of accounting separation and cost accounting. The directors are responsible for preparing the Historical Cost Separated Accounts which present fairly, in accordance with the Decision D08/10 and all relevant ComReg Directions, the results, mean capital employed and costs incurred by the company and for each of the relevant markets.

The Historical Cost Separated Accounts for the year ended 30 June 2015 were prepared in accordance with Decision Notice D08/10. Each financial statement includes:

- an income statement;
- a statement of mean capital employed;
- a statement of costs (if applicable); and

- a statement of costs of network services (if applicable)

Each Statement is prepared in accordance with the Accounting Documents. 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:

- the regulatory accounting principles;
- the attribution methods;
- the transfer charges; and
- the accounting policies;

The financial statements are reconciled with the Annual Report and that reconciliation is demonstrated and explained.

eircom Limited confirms that the Financial Statements for the year ended 30 June 2015 fairly present in accordance with the Primary Accounting Documents dated 30 November 2015, the results, mean capital employed and costs incurred by the company and comply with the requirements of the Decision Instrument and the governing legislation.

Huib Costermans

Chief Financial Officer  
On Behalf of the Board  
30 November 2015

# Report of the Independent Auditors to eircom Limited and ComReg

## **Report of the Independent Auditors to eircom Limited, (the “Company”) and the Commission for Communications Regulation (“ComReg”) issued in accordance with the Final Direction and Decision “Accounting Separation and Cost Accounting Review of eircom Limited” (“The Decision Instrument”) issued on 31 August 2010.**

1. We have audited the Separated Accounts for the year ended 30 June 2015 which comprise:
  - the Consolidated Income Statement and Consolidated Statement of Mean Capital Employed on pages 9 and 10;
  - the Income Statements and Statements of Mean Capital Employed in respect of markets (the “Market Financial Statements”);
  - the Statement of Average Costs and Revenues for Wholesale Fixed Narrowband Access, Wholesale Unbundled Access, Wholesale Broadband Access, Wholesale Leased Lines, Wholesale Call Origination, and Wholesale Call Termination, on pages 13 to 16 and pages 19 and 20;
  - the Statement of Costs on page 23;
  - the Network Cost Market Summary on page 25; and
  - the Notes to the financial statements on pages 27 to 31.
2. The Market Financial Statements comprise the following statements for the year ended 30 June 2015:
  - The Wholesale Access Income Statement and Statement of Mean Capital Employed on pages 11 and 12, including the Income Statements for the Wholesale Access Markets;
  - The Wholesale Other Income Statement and Statement of Mean Capital Employed on pages 17 and 18 including the Income Statements for the Wholesale Other Markets; and
  - The Retail Income Statement and Statement of Mean Capital Employed on pages 21 and 22 including the Income Statements for PSTN and ISDN Access, Meteor, Retail Other and Other Subsidiaries.

3. The Separated Accounts, which include the Market Financial Statements, are prepared by the Company under the historical cost convention in accordance with:
  - Direction D08/10 (dated 31 August 2010), (“the Decision Instrument”), Decisions No. 6, 8.1, 8.2, 8.4, 8.6, 8.9 and 8.11 set out in D07/01 (dated April 2001), D03/03 (dated February 2003), D01/08 (dated May 2008), D03/09 (dated August 2009), D04/09 (dated August 2009) and D15/14 (dated 18 December 2014) (together “the Regulations”);
  - the Primary Accounting Documents dated 30 November 2015.

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

4. As explained more fully in the Statement of Directors’ Responsibilities set out on page 5, the Directors are responsible for preparing the Separated Accounts which are fairly presented in accordance with the Decision Instrument. Our responsibilities, as independent auditors, are established in Ireland by the Decision Instrument, International Standards on Auditing (UK and Ireland) and our profession’s ethical guidance.
5. Our responsibility is to audit the Separated Accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. International Standards on Auditing (UK and Ireland) require us to comply with the Auditing Practices Board Ethical Standards for Auditors.
6. This report, including the opinion, has been prepared for and only for the Company and ComReg, in accordance with the Decision Instrument, and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



## Report of the Independent Auditors to eircom Limited and ComReg

7. We report to you our opinion as to whether:
- the Separated Accounts as a whole are fairly presented in accordance with the Primary Accounting Documents and comply with the requirements of the Decision Instrument.
  - each of the Market Financial Statements as set out in Paragraph 2 above are fairly presented in accordance with the Primary Accounting Documents and comply with the requirements of the Decision Instrument.
8. In addition, we report if, in our opinion the Company has not kept adequate accounting records, if we have not received all the information and explanations we consider necessary for our audit, or if information specified by the Decision Instrument is not disclosed.

### **Basis of audit opinion**

9. As explained in the “Basis of Preparation” on page 3 and 4, the Company prepared the Separated Accounts by disaggregating balances recorded in the general ledgers and other accounting records of eircom Limited, as amended by Directions published by Com Reg, and its subsidiaries (the “Group”) maintained in accordance with the Companies Act, 2014 and used, in accordance with that Act, for the preparation of the Company’s statutory consolidated financial statements for the year ended 30 June 2015 (“the Statutory Financial Statements”).
10. PricewaterhouseCoopers audited the Statutory Financial Statements for the year ended 30 June 2015 and 30 June 2014 on which they expressed an unqualified audit opinion. In conducting our subsequent examination of the Separated Accounts, and in providing the opinions below, we have not performed any additional tests of the transactions and balances which are recorded in the general ledgers and other accounting records beyond those already performed for the purpose of the audit of the Statutory Financial Statements.
11. Having regard to the above:
- we conducted our audit of the Separated Accounts in accordance with International Standards on Auditing (UK

and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the Separated Accounts sufficient to give reasonable assurance that the Separated Accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- the reasonableness of the significant estimates made by the directors in the preparation of the Separated Accounts;
- whether the accounting policies, as set out in the Primary Accounting Documents, have been consistently applied and adequately disclosed; and
- the overall presentation of the Separated Accounts.

- We primarily focus our work in these areas by assessing the directors’ judgements against available evidence, forming our own judgements, and evaluating the disclosures in the Separated Accounts.
- We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.
- In addition, we read all the financial and non-financial information in the Separated Accounts to identify material inconsistencies with the audited Separated Accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. The other information comprises of the Introduction on pages 2 to 4 and the Explanatory Reports on pages 33 to 48.



# Report of the Independent Auditors to eircom Limited and ComReg

## Opinion

12. In our opinion:

- a) the Separated Accounts as a whole for the year ended 30 June 2015, fairly present in accordance with the Primary Accounting Documents dated 30 November 2015, the results, mean capital employed and costs incurred by the Company and comply with the requirements of the Decision Instrument.
- b) each of the Market Financial Statements for the year ended 30 June 2015, fairly present in accordance with the Primary Accounting Documents dated 30 November 2015, the results, mean capital employed and costs incurred by the Company and comply with the requirements of the Decision Instrument.

**PricewaterhouseCoopers**  
**Chartered Accountants and Registered Auditors**  
**Dublin**  
**30 November 2015**

**Consolidated**

INCOME STATEMENT For the year ended 30 June 2015	30-Jun-15			30-Jun-14				
	Total	Wholesale Access	Wholesale Other	Retail	Total	Wholesale Access	Wholesale Other	Retail
	€000	€000	€000	€000	€000	€000	€000	€000
<b>Revenue</b>	<b>1,696,494</b>	<b>482,585</b>	<b>213,379</b>	<b>1,000,529</b>	<b>1,724,601</b>	<b>467,249</b>	<b>215,542</b>	<b>1,041,810</b>
<b>Operating costs</b>	<b>1,480,852</b>	<b>313,172</b>	<b>196,240</b>	<b>971,440</b>	<b>1,513,298</b>	<b>341,069</b>	<b>189,164</b>	<b>983,065</b>
<b>Return</b>	<b>215,641</b>	<b>169,413</b>	<b>17,139</b>	<b>29,089</b>	<b>211,304</b>	<b>126,180</b>	<b>26,378</b>	<b>58,746</b>
<b>Mean capital employed</b>	<b>1,754,114</b>	<b>1,213,042</b>	<b>119,639</b>	<b>421,433</b>	<b>1,779,493</b>	<b>1,218,898</b>	<b>133,668</b>	<b>426,927</b>
<b>Return on capital employed</b>	<b>12%</b>	<b>14%</b>	<b>14%</b>	<b>7%</b>	<b>12%</b>	<b>10%</b>	<b>20%</b>	<b>14%</b>

**Consolidated**

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2015	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14
Total	Wholesale Access	Wholesale Other	Retail	Total	Wholesale Access	Wholesale Other	Retail	Retail
€000	€000	€000	€000	€000	€000	€000	€000	€000
<b>Non Current Assets</b>								
Property, Plant and Equipment	1,610,850	1,256,250	140,884	213,717	1,560,430	1,229,921	148,648	181,861
Intangible Assets	277,237	17,631	1,799	257,807	274,457	15,962	1,398	257,097
Other	9,693	3,195	1,391	5,108	2,931	1,254	318	1,359
<b>Total Non Current Assets</b>	<b>1,897,781</b>	<b>1,277,075</b>	<b>144,074</b>	<b>476,632</b>	<b>1,837,818</b>	<b>1,247,137</b>	<b>150,364</b>	<b>440,317</b>
<b>Current Assets</b>								
Inventories	10,431	3,112	606	6,713	11,891	3,501	789	7,601
Trade and other receivables	236,952	32,811	33,376	170,765	234,922	35,337	29,562	170,023
Cash and cash equivalents	200,765	70,292	27,937	102,536	273,959	103,000	35,196	135,763
<b>Total Current Assets</b>	<b>448,148</b>	<b>106,214</b>	<b>61,919</b>	<b>280,014</b>	<b>520,772</b>	<b>141,838</b>	<b>65,547</b>	<b>313,387</b>
<b>Total Assets</b>	<b>2,345,929</b>	<b>1,383,289</b>	<b>205,993</b>	<b>756,646</b>	<b>2,358,590</b>	<b>1,388,975</b>	<b>215,911</b>	<b>753,704</b>
<b>Liabilities</b>								
Trade and other payables	(501,863)	(115,924)	(74,059)	(311,879)	(495,637)	(122,319)	(70,666)	(302,652)
Provisions for liabilities and charges	(89,952)	(54,323)	(12,294)	(23,334)	(83,458)	(47,758)	(11,577)	(24,123)
<b>Total Liabilities</b>	<b>(591,814)</b>	<b>(170,247)</b>	<b>(86,354)</b>	<b>(335,214)</b>	<b>(579,095)</b>	<b>(170,077)</b>	<b>(82,243)</b>	<b>(326,775)</b>
<b>Mean Capital Employed for the year</b>	<b>1,754,114</b>	<b>1,213,042</b>	<b>119,639</b>	<b>421,432</b>	<b>1,779,493</b>	<b>1,218,898</b>	<b>133,668</b>	<b>426,927</b>

## Wholesale Access

INCOME STATEMENT For the year ended 30 June 2015		30-Jun-15					30-Jun-14				
	Total	Wholesale Fixed Narrowband Access	Wholesale Unbundled Access	Wholesale Broadband Access	Wholesale Leased Lines	Total	Wholesale Fixed Narrowband Access	Wholesale Unbundled Access	Wholesale Broadband Access	Wholesale Leased Lines	
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	
<b>Revenue</b>											
External revenue	155,759	81,078	3,954	44,471	26,255	136,835	72,487	3,544	34,732	26,072	
Internal revenue - Inter	12,018	-	50	-	11,969	12,362	-	-	-	12,362	
Internal revenue - Intra	314,809	221,402	-	68,071	25,335	318,051	231,660	-	60,969	25,422	
<b>Total revenue</b>	<b>482,585</b>	<b>302,480</b>	<b>4,004</b>	<b>112,542</b>	<b>63,559</b>	<b>467,249</b>	<b>304,147</b>	<b>3,544</b>	<b>95,701</b>	<b>63,856</b>	
<b>Costs</b>											
Cost of Sales	5,801	1,132	33	3,590	1,046	5,660	1,078	248	3,424	911	
Product development and management	2,570	392	359	1,066	754	2,396	447	363	895	692	
Marketing and sales	3,808	2,272	76	763	698	2,695	1,506	107	537	545	
Repair and maintenance	61,450	48,934	467	8,611	3,438	74,018	61,493	559	7,144	4,822	
Finance	4,901	2,865	75	1,376	585	4,053	2,432	61	1,049	511	
Installation/Provisioning	11,646	7,335	1,249	2,350	712	19,675	14,452	1,300	2,863	1,060	
Network support	31,868	16,953	216	10,567	4,132	35,949	20,453	417	10,296	4,783	
General management	9,249	5,591	220	2,402	1,036	10,991	6,849	208	2,512	1,422	
Accommodation	24,323	11,248	277	9,320	3,478	25,806	12,284	258	9,251	4,014	
Information Technology	8,488	5,131	131	2,183	1,044	8,703	5,764	161	1,894	883	
Transport	7,384	5,567	86	1,238	493	9,270	7,136	141	1,428	565	
Personnel and administration	2,534	1,623	39	575	296	3,310	2,174	60	727	348	
Other operating expenses	546	45	380	133	(12)	123	(107)	265	(23)	(12)	
Credit management and billing	298	9	4	60	225	359	88	5	77	189	
Depreciation	135,444	68,050	741	46,928	19,725	138,060	71,082	961	42,353	23,664	
<b>Total HCA wholesale operating costs</b>	<b>310,310</b>	<b>177,147</b>	<b>4,353</b>	<b>91,161</b>	<b>37,648</b>	<b>341,069</b>	<b>207,133</b>	<b>5,115</b>	<b>84,425</b>	<b>44,396</b>	
Transfer charges from Wholesale	-	-	-	-	-	-	-	-	-	-	
<b>Exceptional (Gain) / Loss</b>	<b>2,863</b>	<b>1,472</b>	<b>8</b>	<b>536</b>	<b>846</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total Operating costs</b>	<b>313,172</b>	<b>178,619</b>	<b>4,362</b>	<b>91,697</b>	<b>38,494</b>	<b>341,069</b>	<b>207,133</b>	<b>5,115</b>	<b>84,425</b>	<b>44,396</b>	
<b>Return</b>	<b>169,413</b>	<b>123,861</b>	<b>(358)</b>	<b>20,844</b>	<b>25,065</b>	<b>126,180</b>	<b>97,015</b>	<b>(1,570)</b>	<b>11,276</b>	<b>19,459</b>	
<b>Mean capital employed</b>	<b>1,213,042</b>	<b>730,018</b>	<b>8,268</b>	<b>339,064</b>	<b>135,692</b>	<b>1,218,898</b>	<b>771,546</b>	<b>6,993</b>	<b>282,522</b>	<b>157,837</b>	
<b>Return on capital employed</b>	<b>14%</b>	<b>17%</b>	<b>-4%</b>	<b>6%</b>	<b>18%</b>	<b>10%</b>	<b>13%</b>	<b>-22%</b>	<b>4%</b>	<b>12%</b>	

## Wholesale Access

STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2015	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14
Total	Wholesale Fixed Narrowband Access	Wholesale Unbundled Access	Wholesale Broadband Access	Wholesale Leased Lines	Total	Wholesale Fixed Narrowband Access	Wholesale Unbundled Access	Wholesale Broadband Access	Wholesale Leased Lines	
€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	
<b>Non Current Assets</b>										
Property, Plant and Equipment	1,256,250	761,528	8,749	345,757	140,216	1,229,921	785,354	9,416	281,008	154,141
Intangible Assets	17,631	10,198	225	5,364	1,844	15,962	10,318	446	3,811	1,387
Other	3,195	1,653	41	1,099	401	1,254	473	4	577	200
<b>Total Non Current Assets</b>	<b>1,277,075</b>	<b>773,379</b>	<b>9,014</b>	<b>352,220</b>	<b>142,461</b>	<b>1,247,137</b>	<b>796,145</b>	<b>9,866</b>	<b>285,395</b>	<b>155,729</b>
<b>Current Assets</b>										
Inventories	3,112	1,204	12	1,602	294	3,501	1,451	16	1,582	452
Trade and other receivables	32,811	16,069	1,903	6,775	8,063	35,337	16,233	567	6,307	12,230
Cash and cash equivalents	70,292	38,179	880	23,352	7,881	103,000	57,666	1,286	31,534	12,515
<b>Total Current Assets</b>	<b>106,214</b>	<b>55,452</b>	<b>2,795</b>	<b>31,730</b>	<b>16,238</b>	<b>141,838</b>	<b>75,350</b>	<b>1,870</b>	<b>39,423</b>	<b>25,196</b>
<b>Total Assets</b>	<b>1,383,289</b>	<b>828,831</b>	<b>11,810</b>	<b>383,950</b>	<b>158,699</b>	<b>1,388,975</b>	<b>871,495</b>	<b>11,736</b>	<b>324,819</b>	<b>180,925</b>
<b>Liabilities</b>										
Trade and other payables	(115,924)	(57,487)	(2,860)	(35,858)	(19,720)	(122,319)	(62,588)	(4,133)	(35,600)	(19,998)
Provisions for liabilities and charges	(54,323)	(41,326)	(682)	(9,028)	(3,287)	(47,758)	(37,362)	(609)	(6,697)	(3,090)
<b>Total Liabilities</b>	<b>(170,247)</b>	<b>(98,812)</b>	<b>(3,542)</b>	<b>(44,886)</b>	<b>(23,007)</b>	<b>(170,077)</b>	<b>(99,950)</b>	<b>(4,743)</b>	<b>(42,296)</b>	<b>(23,088)</b>
<b>Mean Capital Employed for the year</b>	<b>1,213,042</b>	<b>730,018</b>	<b>8,268</b>	<b>339,064</b>	<b>135,692</b>	<b>1,218,898</b>	<b>771,546</b>	<b>6,993</b>	<b>282,522</b>	<b>157,837</b>

## Wholesale Access

Wholesale Fixed Narrowband Access

### Statement of average cost and revenue by service

For the year ended 30 June 2015

#### Market summary

	External revenue	Internal revenue	Total revenue	Total operating costs	Return	Return on Turnover	Mean capital employed	ROCE
Jun-15	€000 81,078	€000 221,402	€000 <b>302,480</b>	€000 178,619	€000 <b>123,861</b>	40.95%	€000 <b>730,018</b>	16.97%

Service	External revenue	Internal revenue	Total revenue	Volume	Unit	Average revenue	FAC average cost	Average revenue / cost
	€000	€000	€000	000's		€	€	
SB WLR PSTN & ISDN Connections	654	1,701	<b>2,356</b>	161	Connections	<b>14.61</b>	<b>80.59</b>	18%
SB WLR PSTN Rental	73,678	181,346	<b>255,024</b>	1,213	Lines	<b>17.52</b>	<b>13.90</b>	126%
SB WLR ISDN BRA Rental	4,162	18,302	<b>22,464</b>	64	Lines	<b>29.21</b>	<b>15.71</b>	186%
SB WLR ISDN FRA/PRA Rental	2,584	20,053	<b>22,636</b>	7	Lines	<b>259.92</b>	<b>125.18</b>	208%

	External revenue	Internal revenue	Total revenue	Total operating costs	Return	Return on Turnover	Mean capital employed	ROCE
Jun-14	€000 72,487	€000 231,660	€000 <b>304,147</b>	€000 207,133	€000 <b>97,015</b>	31.90%	€000 <b>771,546</b>	12.57%

Service	External revenue	Internal revenue	Total revenue	Volume	Unit	Average revenue	FAC average cost	Average revenue / cost
	€000	€000	€000	000's		€	€	
SB WLR PSTN & ISDN Connections	790	1,841	<b>2,631</b>	137	Connections	<b>19.16</b>	<b>173.04</b>	11%
SB WLR PSTN Rental	63,949	190,483	<b>254,431</b>	1,249	Lines	<b>16.97</b>	<b>15.76</b>	108%
SB WLR ISDN BRA Rental	4,713	18,958	<b>23,671</b>	68	Lines	<b>29.18</b>	<b>17.13</b>	170%
SB WLR ISDN FRA/PRA Rental	3,036	20,378	<b>23,414</b>	8	Lines	<b>257.08</b>	<b>132.86</b>	194%

Average Rental revenue and costs are monthly averages

Rental volumes are average volumes

## Wholesale Access

Wholesale Unbundled Access

### Statement of average cost and revenue by service

For the year ended 30 June 2015

#### Market summary

	External revenue	Internal revenue	Total revenue	Total operating costs	Return	Return on Turnover	Mean capital employed	ROCE
	€000	€000	€000	€000	€000		€000	
Jun-15	3,954	50	<b>4,004</b>	4,362	<b>(358)</b>	(8.94%)	<b>8,268</b>	(4.33%)

Service	External revenue	Internal revenue	Total revenue	Volume	Unit	Average revenue	FAC average cost	Average revenue / cost
	€000	€000	€000	000's		€	€	
LLU & Line Share Connections	154	-	<b>154</b>	24	Connections	<b>6.43</b>	<b>69.68</b>	9%
LLU Rental	1,635	-	<b>1,635</b>	13	Lines	<b>10.32</b>	<b>14.18</b>	73%
Line Share Rental	876	-	<b>876</b>	68	Lines	<b>1.07</b>	<b>0.17</b>	638%
Physical Co-location	1,290	50	<b>1,340</b>		n.m			

	External revenue	Internal revenue	Total revenue	Total operating costs	Return	Return on Turnover	Mean capital employed	ROCE
	€000	€000	€000	€000	€000		€000	
Jun-14	3,544	-	<b>3,544</b>	5,115	<b>(1,570)</b>	(44.30%)	<b>6,993</b>	(22.45%)

Service	External revenue	Internal revenue	Total revenue	Volume	Unit	Average revenue	FAC average cost	Average revenue / cost
LLU & Line Share Connections	61	-	<b>61</b>	50	Connections	<b>1.23</b>	<b>44.00</b>	3%
LLU Rental	1,756	-	<b>1,756</b>	15	Lines	<b>9.59</b>	<b>14.62</b>	66%
Line Share Rental	626	-	<b>626</b>	65	Lines	<b>0.80</b>	<b>0.44</b>	181%
Physical Co-location	1,102	-	<b>1,102</b>		n.m			

Average Rental revenue and costs are monthly averages

Rental volumes are average volumes

n.m = not measurable



## Wholesale Access

Wholesale Broadband Access

### Statement of average cost and revenue by service

For the year ended 30 June 2015

#### Market summary

	External revenue	Internal revenue	Total revenue	Total operating costs	Return	Return on Turnover	Mean capital employed	ROCE
	€000	€000	€000	€000	€000		€000	
Jun-15	44,471	68,071	112,542	91,697	20,844	18.52%	339,064	6.15%

Service	External revenue	Internal revenue	Total revenue	Volume	Unit	Average revenue	FAC average cost	Average revenue / cost
	€000	€000	€000	000's		€	€	
WBA Connections	1,011	4,827	5,838		n.m			
Bitstream Rental	13,056	18,484	31,540	204	Lines	12.88	5.99	215%
Bitstream MB Rental	10,616	14,374	24,990	342	Lines	6.08	3.96	154%
Bitstream Plus Rental	8,102	11,911	20,013	205	Lines	8.12	16.77	48%
Bitstream MB Usage	8,409	9,814	18,223	342	Lines	4.43	4.00	111%
Bitstream Plus Usage	3,277	8,662	11,938	202	Lines	4.93	9.37	53%

	External revenue	Internal revenue	Total revenue	Total operating costs	Return	Return on Turnover	Mean capital employed	ROCE
	€000	€000	€000	€000	€000		€000	
Jun-14	34,732	60,969	95,701	84,425	11,276	11.78%	282,522	3.99%

Service	External revenue	Internal revenue	Total revenue	Volume	Unit	Average revenue	FAC average cost	Average revenue / cost
	€000	€000	€000	000's		€	€	
WBA Connections	2,575	4,649	7,224		n.m			
Bitstream Rental	14,905	21,146	36,052	225	Lines	13.33	6.69	199%
Bitstream MB Rental	7,815	16,471	24,286	388	Lines	5.21	3.39	154%
Bitstream Plus Rental	1,973	4,533	6,505	79	Lines	6.85	35.74	19%
Bitstream MB Usage	6,412	10,656	17,068	388	Lines	3.66	4.22	87%
Bitstream Plus Usage	1,053	3,514	4,567	79	Lines	4.81	16.96	28%

Average Rental revenue and costs are monthly averages

Rental volumes are average volumes

n.m = not meaningful as this revenue includes upgrades, downgrades, connections and port transfers

## Wholesale Access

Wholesale Leased Lines

### Statement of average cost and revenue by service

For the year ended 30 June 2015

#### Market summary

	External revenue	Internal revenue	Total revenue	Total operating costs	Return	Return on Turnover	Mean capital employed	ROCE
	€000	€000	€000	€000	€000		€000	
Jun-15	26,255	37,304	<b>63,559</b>	38,494	<b>25,065</b>	39.44%	<b>135,692</b>	18.47%

Service	External revenue	Internal revenue	Total revenue	Volume	Unit	Average revenue	FAC average cost	Average revenue / cost
	€000	€000	€000	000's		€	€	
Wholesale LL and Ethernet connections	871	332	<b>1,202</b>	1.080	Connections	<b>1,113</b>	<b>1,085</b>	103%
Wholesale Ethernet Rental	11,951	21,490	<b>33,442</b>	-	n.m	-	-	-
Wholesale LL Rental <155Mb	2,600	6,124	<b>8,724</b>	3.120	Circuits	<b>233</b>	<b>171</b>	137%
Wholesale LL Rental >=155 Mb	2,012	2,293	<b>4,305</b>	0.027	Circuits	<b>13,453</b>	<b>12,311</b>	109%
PPC EULs Rental < 155MB	8,341	4,843	<b>13,184</b>	4.004	Circuits	<b>274</b>	<b>175</b>	157%
PPC EULs Rental >= 155MB	481	2,221	<b>2,702</b>	0.061	Circuits	<b>3,691</b>	<b>1,249</b>	296%

	External revenue	Internal revenue	Total revenue	Total operating costs	Return	Return on Turnover	Mean capital employed	ROCE
	€000	€000	€000	€000	€000		€000	
Jun-14	26,072	37,784	<b>63,856</b>	44,396	<b>19,459</b>	30.47%	<b>157,837</b>	12.33%

Service	External revenue	Internal revenue	Total revenue	Volume	Unit	Average revenue	FAC average cost	Average revenue / cost
	€000	€000	€000	000's		€	€	
Wholesale LL and Ethernet connections	1,106	514	<b>1,620</b>	0.947	Connections	<b>1,711</b>	<b>1,796</b>	95%
Wholesale Ethernet Rental	8,908	17,840	<b>26,747</b>	-	n.m	-	-	-
Wholesale LL Rental <155Mb	4,188	6,670	<b>10,858</b>	3.483	Circuits	<b>260</b>	<b>198</b>	131%
Wholesale LL Rental >=155 Mb	1,390	3,539	<b>4,929</b>	0.028	Circuits	<b>14,670</b>	<b>11,669</b>	126%
PPC Rental < 155MB	10,409	5,741	<b>16,150</b>	4.680	Circuits	<b>288</b>	<b>184</b>	156%
PPC Rental >= 155MB	71	3,480	<b>3,551</b>	0.112	Circuits	<b>2,650</b>	<b>1,843</b>	144%

Average Circuit revenue and costs are monthly averages

Circuit volumes are average volumes

n.m = not measurable

## Wholesale Other

INCOME STATEMENT for the year ended 30 June 2015												
	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14
	Total	Wholesale Call Origination	Wholesale Call Transit	Wholesale Call Termination	Wholesale Residual (Regulated)	Wholesale Residual (Unregulated)	Total	Wholesale Call Origination	Wholesale Call Transit	Wholesale Call Termination	Wholesale Residual (Regulated)	Wholesale Residual (Unregulated)
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
<b>Revenue</b>												
External revenue	122,781	3,198	32,956	1,788	19,504	65,335	123,457	3,748	33,630	2,149	22,632	61,299
Internal revenue - Inter	23,007	-	7,957	207	2,376	12,467	21,948	-	6,716	222	2,497	12,513
Internal revenue - Intra	67,591	9,260	37,916	1,110	3,262	16,043	70,137	10,454	37,571	1,606	3,950	16,556
<b>Total revenue</b>	<b>213,379</b>	<b>12,458</b>	<b>78,829</b>	<b>3,105</b>	<b>25,141</b>	<b>93,845</b>	<b>215,542</b>	<b>14,202</b>	<b>77,917</b>	<b>3,976</b>	<b>29,080</b>	<b>90,368</b>
<b>Costs</b>												
Cost of Sales	86,615	-	70,598	-	392	15,625	77,824	-	68,997	-	(468)	9,296
Product Development and management	728	40	28	80	287	294	1,105	72	30	83	334	587
Marketing and Sales	2,670	54	-	86	245	2,285	1,951	43	17	66	249	1,576
Repair and maintenance	3,119	1,386	524	1,579	613	(983)	6,816	1,752	856	1,943	750	1,514
Finance	852	150	83	177	85	356	750	144	83	160	79	283
Installation/Provisioning	763	-	1	-	50	711	1,002	2	12	2	285	702
Network support	5,432	1,033	609	1,190	464	2,136	6,794	1,365	838	1,514	533	2,544
General management	1,679	260	123	316	177	803	2,179	361	195	404	292	927
Accommodation	7,992	1,948	908	2,262	731	2,143	8,499	2,197	1,008	2,443	879	1,973
Information Technology	1,552	150	90	179	189	943	1,310	150	88	168	284	620
Transport	568	54	32	64	80	339	474	78	34	87	108	166
Personnel and administration	404	46	27	54	45	233	494	62	37	69	61	265
Other operating expenses	4,234	(4)	(2)	(4)	(2)	4,245	2,744	(4)	(2)	(4)	(2)	2,756
Credit management and billing	555	123	89	242	60	41	685	59	41	67	240	278
Depreciation	20,984	4,109	2,582	4,737	1,805	7,751	21,253	4,896	3,203	5,425	1,982	5,749
<b>Total HCA wholesale operating costs</b>	<b>138,147</b>	<b>9,349</b>	<b>75,693</b>	<b>10,962</b>	<b>5,221</b>	<b>36,922</b>	<b>133,881</b>	<b>11,176</b>	<b>75,436</b>	<b>12,426</b>	<b>5,607</b>	<b>29,236</b>
<b>Transfer charges from Wholesale / Revenue tran</b>	<b>55,774</b>	<b>-</b>	<b>616</b>	<b>-</b>	<b>12,906</b>	<b>42,251</b>	<b>55,283</b>	<b>-</b>	<b>597</b>	<b>-</b>	<b>15,344</b>	<b>39,342</b>
<b>Exceptional (Gain) / Loss</b>	<b>2,319</b>	<b>278</b>	<b>339</b>	<b>323</b>	<b>276</b>	<b>1,102</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Operating costs</b>	<b>196,240</b>	<b>9,627</b>	<b>76,649</b>	<b>11,285</b>	<b>18,404</b>	<b>80,275</b>	<b>189,164</b>	<b>11,176</b>	<b>76,032</b>	<b>12,426</b>	<b>20,950</b>	<b>68,578</b>
<b>Return</b>	<b>17,139</b>	<b>2,831</b>	<b>2,180</b>	<b>(8,179)</b>	<b>6,737</b>	<b>13,570</b>	<b>26,378</b>	<b>3,026</b>	<b>1,884</b>	<b>(8,450)</b>	<b>8,129</b>	<b>21,790</b>
<b>Mean capital employed</b>	<b>119,639</b>	<b>26,153</b>	<b>22,908</b>	<b>29,983</b>	<b>19,932</b>	<b>20,663</b>	<b>133,668</b>	<b>29,491</b>	<b>31,385</b>	<b>32,102</b>	<b>20,700</b>	<b>19,989</b>
<b>Return on capital employed</b>	<b>14%</b>	<b>11%</b>	<b>10%</b>	<b>-27%</b>	<b>34%</b>	<b>66%</b>	<b>20%</b>	<b>10%</b>	<b>6%</b>	<b>-26%</b>	<b>39%</b>	<b>109%</b>

**Wholesale Other**

**STATEMENT OF MEAN CAPITAL EMPLOYED**  
as at 30 June 2015

	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14
	Total	Wholesale Call Origination	Wholesale Call Transit	Wholesale Call Termination	Wholesale Residual (Regulated)	Wholesale Residual (Unregulated)	Total	Wholesale Call Origination	Wholesale Call Transit	Wholesale Call Termination	Wholesale Residual (Regulated)	Wholesale Residual (Unregulated)
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
<b>Non Current Assets</b>												
Property, Plant and Equipment	140,884	26,837	15,445	31,386	17,792	49,424	148,648	29,999	20,763	33,324	18,610	45,952
Intangible Assets	1,799	154	89	182	446	927	1,398	166	98	185	324	625
Other	1,391	74	765	87	62	402	318	95	47	105	31	39
<b>Total Non Current Assets</b>	<b>144,074</b>	<b>27,065</b>	<b>16,300</b>	<b>31,656</b>	<b>18,300</b>	<b>50,753</b>	<b>150,364</b>	<b>30,261</b>	<b>20,908</b>	<b>33,615</b>	<b>18,965</b>	<b>46,615</b>
<b>Current Assets</b>												
Inventories	606	163	131	193	62	57	789	210	164	238	84	93
Trade and other receivables	33,376	1,198	10,295	805	3,284	17,792	29,562	1,100	8,855	581	3,711	15,315
Cash and cash equivalents	27,937	1,333	16,312	1,577	1,069	7,646	35,196	2,026	20,077	2,258	1,447	9,388
<b>Total Current Assets</b>	<b>61,919</b>	<b>2,694</b>	<b>26,738</b>	<b>2,575</b>	<b>4,415</b>	<b>25,495</b>	<b>65,547</b>	<b>3,336</b>	<b>29,096</b>	<b>3,077</b>	<b>5,241</b>	<b>24,797</b>
<b>Total Assets</b>	<b>205,993</b>	<b>29,759</b>	<b>43,038</b>	<b>34,231</b>	<b>22,716</b>	<b>76,249</b>	<b>215,911</b>	<b>33,597</b>	<b>50,004</b>	<b>36,692</b>	<b>24,206</b>	<b>71,412</b>
<b>Liabilities</b>												
Trade and other payables	(74,059)	(2,339)	(19,520)	(2,798)	(2,315)	(47,086)	(70,666)	(2,997)	(18,068)	(3,361)	(3,090)	(43,149)
Provisions for liabilities and charges	(12,294)	(1,267)	(609)	(1,450)	(468)	(8,500)	(11,577)	(1,109)	(551)	(1,228)	(415)	(8,273)
<b>Total Liabilities</b>	<b>(86,354)</b>	<b>(3,607)</b>	<b>(20,129)</b>	<b>(4,248)</b>	<b>(2,784)</b>	<b>(55,586)</b>	<b>(82,243)</b>	<b>(4,106)</b>	<b>(18,619)</b>	<b>(4,590)</b>	<b>(3,505)</b>	<b>(51,423)</b>
<b>Mean Capital Employed for the year</b>	<b>119,639</b>	<b>26,153</b>	<b>22,908</b>	<b>29,983</b>	<b>19,932</b>	<b>20,663</b>	<b>133,668</b>	<b>29,491</b>	<b>31,385</b>	<b>32,102</b>	<b>20,700</b>	<b>19,989</b>

**Wholesale Other**

Wholesale Call Origination

**Statement of average cost and revenue by service**

For the year ended 30 June 2015

**Market summary**

	External revenue	Internal revenue	Total revenue	Total operating costs	Return	Return on Turnover	Mean capital employed	ROCE
	€000	€000	€000	€000	€000		€000	
Jun-15	3,198	9,260	<b>12,458</b>	9,627	<b>2,831</b>	22.73%	<b>26,153</b>	10.83%

  

Service	External revenue	Internal revenue	Total revenue	Volume	Unit	Average revenue	FAC average cost	Average revenue / cost
	€000	€000	€000	Millions		€ cent	€ cent	
Fixed Origination - Minutes	1,681	4,564	<b>6,245</b>	3,253	Minutes	<b>0.192</b>	<b>0.282</b>	68%
Fixed Origination - Calls	1,517	4,696	<b>6,214</b>	1,081	Calls	<b>0.575</b>	<b>0.239</b>	241%

  

	External revenue	Internal revenue	Total revenue	Total operating costs	Return	Return on Turnover	Mean capital employed	ROCE
	€000	€000	€000	€000	€000		€000	
Jun-14	3,748	10,454	<b>14,202</b>	11,176	<b>3,026</b>	21.31%	<b>29,491</b>	10.26%

  

Service	External revenue	Internal revenue	Total revenue	Volume	Unit	Average revenue	FAC average cost	Average revenue / cost
	€000	€000	€000	Millions		€ cent	€ cent	
Fixed Origination - Minutes	1,926	5,324	<b>7,250</b>	3,796	Minutes	<b>0.191</b>	<b>0.282</b>	68%
Fixed Origination - Calls	1,822	5,130	<b>6,952</b>	1,209	Calls	<b>0.575</b>	<b>0.288</b>	199%

**Wholesale Other**

Wholesale Call Termination

**Statement of average cost and revenue by service**

For the year ended 30 June 2015

**Market summary**

	External revenue	Internal revenue	Total revenue	Total operating costs	Return	Return on Turnover	Mean capital employed	ROCE
	€000	€000	€000	€000	€000		€000	
Jun-15	1,788	1,317	<b>3,105</b>	11,285	<b>(8,179)</b>	-263.41%	<b>29,983</b>	-27.29%

Service	External revenue	Internal revenue	Total revenue	Volume	Unit	Average revenue	FAC average cost	Average revenue / cost
	€000	€000	€000	Millions		€ cent	€ cent	
Fixed termination - Minutes	1,291	1,010	<b>2,301</b>	3,822	Minutes	<b>0.060</b>	<b>0.286</b>	21%
Fixed termination - Calls	497	307	<b>805</b>	1,180	Calls	<b>0.068</b>	<b>0.238</b>	29%

	External revenue	Internal revenue	Total revenue	Total operating costs	Return	Return on Turnover	Mean capital employed	ROCE
	€000	€000	€000	€000	€000		€000	
Jun-14	2,149	1,828	<b>3,976</b>	12,426	<b>(8,450)</b>	-212.53%	<b>32,102</b>	-26.32%

Service	External revenue	Internal revenue	Total revenue	Volume	Unit	Average revenue	FAC average cost	Average revenue / cost
	€000	€000	€000	Millions		€ cent	€ cent	
Fixed termination - Minutes	1,572	1,429	<b>3,001</b>	4,268	Minutes	<b>0.070</b>	<b>0.281</b>	25%
Fixed termination - Calls	577	398	<b>975</b>	1,294	Calls	<b>0.075</b>	<b>0.287</b>	26%

## Retail

INCOME STATEMENT												
For the year ended 30 June 2015												
	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14	
	Total	Retail Adjustments	PSTN & ISDN Access	Meteor	Retail Other	Other Subsidiaries	Total	Retail Adjustments	PSTN & ISDN Access	Meteor	Retail Other	Other Subsidiaries
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
<b>Revenue</b>												
External revenue	967,275	-	229,231	338,943	359,882	39,219	1,006,489	-	248,841	333,881	382,895	40,872
Internal revenue - Inter	21,188	(13,514)	231	13,447	12,681	8,342	20,743	(10,655)	247	13,028	9,627	8,495
Internal revenue - Intra	12,066	-	-	-	12,066	-	14,577	-	-	-	14,577	-
<b>Total revenue</b>	<b>1,000,529</b>	<b>(13,514)</b>	<b>229,462</b>	<b>352,390</b>	<b>384,628</b>	<b>47,562</b>	<b>1,041,810</b>	<b>(10,655)</b>	<b>249,089</b>	<b>346,909</b>	<b>407,100</b>	<b>49,367</b>
<b>Retail Costs</b>												
Cost of Sales	61,588	-	412	-	61,176	-	47,190	-	224	-	46,967	-
Product Development and management	14,484	-	1,460	-	13,023	-	12,007	-	1,229	-	10,778	-
Marketing and Sales	69,707	-	17,231	-	52,476	-	68,340	-	19,018	-	49,321	-
Repair and maintenance	5,662	-	986	-	4,676	-	9,913	-	1,057	-	8,856	-
Finance	4,368	-	837	-	3,531	-	3,394	-	772	-	2,622	-
Installation/Provisioning	2,037	-	-	-	2,037	-	2,717	-	-	-	2,717	-
Network support	3,502	-	129	-	3,373	-	1,970	-	-	-	1,970	-
General management	8,682	-	1,349	-	7,332	-	7,777	-	1,490	-	6,287	-
Accommodation	22,345	-	1,548	-	20,796	-	23,555	6	1,495	-	22,055	-
Information Technology	11,657	-	1,004	-	10,653	-	9,618	-	1,028	-	8,590	-
Transport	2,183	-	296	-	1,887	-	2,239	-	378	-	1,861	-
Personnel and administration	2,535	-	227	-	2,309	-	3,006	-	306	-	2,700	-
Other operating expenses	2,246	(602)	(11)	-	2,859	-	5,638	(786)	(10)	-	6,434	-
Credit management and billing	19,042	-	10,064	-	8,979	-	17,276	-	10,750	-	6,525	-
Depreciation	34,315	-	3,106	-	31,209	-	31,194	-	3,374	-	27,819	-
Group/Meteor Operating costs	368,300	(12,912)	-	341,178	-	40,034	389,781	(9,874)	-	358,630	-	41,025
<b>Total HCA retail operating costs</b>	<b>632,653</b>	<b>(13,514)</b>	<b>38,638</b>	<b>341,178</b>	<b>226,317</b>	<b>40,034</b>	<b>635,617</b>	<b>(10,654)</b>	<b>41,113</b>	<b>358,630</b>	<b>205,503</b>	<b>41,025</b>
<b>Transfer charges from Wholesale</b>	<b>338,691</b>	-	<b>193,673</b>	-	<b>145,018</b>	-	<b>347,482</b>	-	<b>205,146</b>	-	<b>142,336</b>	-
<b>Exceptional (Gain) / Loss</b>	<b>96</b>	-	<b>6</b>	<b>(13)</b>	<b>102</b>	-	<b>(34)</b>	-	-	<b>(34)</b>	-	-
<b>Total Operating costs</b>	<b>971,440</b>	<b>(13,514)</b>	<b>232,317</b>	<b>341,165</b>	<b>371,437</b>	<b>40,034</b>	<b>983,065</b>	<b>(10,654)</b>	<b>246,259</b>	<b>358,596</b>	<b>347,839</b>	<b>41,025</b>
<b>Return</b>	<b>29,089</b>	-	<b>(2,855)</b>	<b>11,225</b>	<b>13,191</b>	<b>7,527</b>	<b>58,746</b>	-	<b>2,830</b>	<b>(11,687)</b>	<b>59,261</b>	<b>8,342</b>
<b>Mean capital employed</b>	<b>421,432</b>	-	<b>30,017</b>	<b>(27,919)</b>	<b>361,426</b>	<b>57,909</b>	<b>426,927</b>	-	<b>20,488</b>	<b>(24,292)</b>	<b>332,126</b>	<b>98,606</b>
<b>Return on capital employed</b>	<b>7%</b>	<b>0%</b>	<b>-10%</b>	<b>N/a</b>	<b>4%</b>	<b>13%</b>	<b>14%</b>	<b>0%</b>	<b>14%</b>	<b>N/a</b>	<b>18%</b>	<b>8%</b>



## Retail

### STATEMENT OF MEAN CAPITAL EMPLOYED as at 30 June 2015

	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14	30-Jun-14
	Total	Retail Adjustments	PSTN & ISDN Access	Meteor	Retail Other	Other Subsidiaries	Total	Retail Adjustments	PSTN & ISDN Access	Meteor	Retail Other	Other Subsidiaries
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
<b>Non Current Assets</b>												
Property, Plant and Equipment	213,717	-	9,018	95,536	100,399	8,764	181,861	-	8,367	73,322	91,967	8,205
Intangible Assets	257,807	-	7,417	193,008	57,382	-	257,097	-	5,774	207,742	43,581	-
Other	5,108	-	382	740	2,306	1,679	1,359	-	33	846	126	354
<b>Total Non Current Assets</b>	<b>476,632</b>	<b>-</b>	<b>16,818</b>	<b>289,284</b>	<b>160,087</b>	<b>10,443</b>	<b>440,316</b>	<b>-</b>	<b>14,174</b>	<b>281,910</b>	<b>135,673</b>	<b>8,559</b>
<b>Current Assets</b>												
Inventories	6,713	-	-	1,362	5,176	175	7,601	-	-	1,534	5,800	267
Trade and other receivables	170,765	(497,343)	41,052	80,984	315,182	230,890	170,023	(562,118)	31,170	76,259	341,342	283,370
Cash and cash equivalents	102,536	-	8,306	11,800	55,807	26,623	135,763	-	10,998	16,990	65,458	42,317
<b>Total Current Assets</b>	<b>280,014</b>	<b>(497,343)</b>	<b>49,358</b>	<b>94,146</b>	<b>376,165</b>	<b>257,688</b>	<b>313,387</b>	<b>(562,118)</b>	<b>42,168</b>	<b>94,783</b>	<b>412,600</b>	<b>325,954</b>
<b>Total Assets</b>	<b>756,646</b>	<b>(497,343)</b>	<b>66,176</b>	<b>383,430</b>	<b>536,253</b>	<b>268,130</b>	<b>753,704</b>	<b>(562,118)</b>	<b>56,342</b>	<b>376,693</b>	<b>548,274</b>	<b>334,513</b>
<b>Liabilities</b>												
Trade and other payables	(311,879)	497,343	(35,196)	(397,095)	(166,710)	(210,221)	(302,652)	562,118	(34,727)	(387,106)	(207,030)	(235,907)
Provisions for liabilities and charges	(23,334)	-	(963)	(14,254)	(8,117)	-	(24,123)	-	(1,127)	(13,878)	(9,118)	-
<b>Total Liabilities</b>	<b>(335,214)</b>	<b>497,343</b>	<b>(36,159)</b>	<b>(411,349)</b>	<b>(174,827)</b>	<b>(210,221)</b>	<b>(326,775)</b>	<b>562,118</b>	<b>(35,854)</b>	<b>(400,984)</b>	<b>(216,148)</b>	<b>(235,907)</b>
<b>Mean Capital Employed for the year</b>	<b>421,432</b>	<b>-</b>	<b>30,017</b>	<b>(27,919)</b>	<b>361,426</b>	<b>57,909</b>	<b>426,927</b>	<b>-</b>	<b>20,488</b>	<b>(24,292)</b>	<b>332,126</b>	<b>98,606</b>

**Statement of Costs**  
For the year ended 30 June 2015

	Operating costs	Exceptional Operating Costs	Mean capital employed	Applicable rate of return on capital %	Capital costs	Total of operating costs and capital costs relating to current year	Volume	Average costs per unit relating to current year
<b>Full allocated Cost (€000)</b>								
Copper Access Network	89,176	787	675,448	8.18%	55,252	145,215	1,355,938	107.10
Fibre/High Speed Access Network	5,505	-	47,948	8.18%	3,920	9,427	8,258	1,141.56
NGA	22,879	12	139,428	8.18%	11,406	34,296	(a)	(a)
DSL Equipment	15,356	70	34,329	8.18%	2,808	18,233	(a)	(a)
Other Access Equipment	2,563	-	6,100	8.18%	499	3,062	(a)	(a)
Provisioning	17,653	(1)	9,539	8.18%	780	18,432	(a)	(a)
Repair	64,074	(17)	17,447	8.18%	1,427	65,484	(a)	(a)
<i>Line Sensitive</i>								
Subscriber Unit	12,632	355	36,420	8.18%	2,979	15,967	1,284,415	12.43
<i>Call Sensitive</i>								
Subscriber unit	2,069	61	5,992	8.18%	490	2,620	2,340,942	0.112
Parent switch	2,885	2	5,184	8.18%	424	3,311	2,892,587	0.114
Gateway switch	379	18	881	8.18%	72	469	1,064,243	0.044
<i>Traffic sensitive</i>								
Subscriber unit	2,409	22	6,467	8.18%	529	2,960	7,154,555	0.041
Parent switch	2,339	5	4,928	8.18%	403	2,747	8,480,741	0.032
Gateway switch	301	16	935	8.18%	76	393	3,307,470	0.012
Interconnect Equipment	252	1	(578)	8.18%	(47)	206	(a)	(a)
Intelligent Network	1,160	-	279	8.18%	23	1,183	2,440,843	0.485
Other Switching Elements	(5)	4	17	8.18%	1	0		
<u>Transmission network</u>								
<i>Transmission: Non-length dependent</i>								
PSTN: RSU to parent link	8,126	460	20,309	8.18%	1,661	10,247	5,345,395	0.192
PSTN: Parent to parent link	1,247	142	3,397	8.18%	278	1,667	2,071,537	0.080
PSTN: Parent to gateway link	758	104	2,134	8.18%	175	1,036	2,212,801	0.047
Interconnect link	1,061	180	3,122	8.18%	255	1,496	(a)	(a)
Data incl leased Lines link	5,090	465	13,414	8.18%	1,097	6,652	(a)	(a)
DSL transmission link	6,733	193	16,090	8.18%	1,316	8,242	(a)	(a)
Other data link	1,843	204	4,997	8.18%	409	2,456	(a)	(a)
NGN link	28,058	14	87,984	8.18%	7,197	35,269	(a)	(a)
Other transmission link	2,818	382	7,997	8.18%	654	3,854	(a)	(a)
<i>Transmission: Length dependent</i>								
PSTN: RSU to parent length	1,402	6	10,952	8.18%	896	2,304	1,739,799	0.132
PSTN: Parent to parent length	333	3	2,067	8.18%	169	506	1,108,906	0.046
PSTN: Parent to gateway length	256	4	1,479	8.18%	121	381	2,570,934	0.015
Interconnect Length	153	3	759	8.18%	62	218	(a)	(a)
Data incl leased Lines length	1,865	23	11,569	8.18%	946	2,834	(a)	(a)
DSL transmission length	1,700	5	13,542	8.18%	1,108	2,812	(a)	(a)
Other data length	3,348	45	18,912	8.18%	1,547	4,941	(a)	(a)
Transmission: Optical	1,243	19	8,948	8.18%	732	1,994	(a)	(a)
NGN length	8,520	90	54,025	8.18%	4,419	13,030	(a)	(a)
Other transmission length	407	9	2,239	8.18%	183	600	(a)	(a)
<u>Data platforms</u>								
Legacy Leased Lines	5,417	282	12,699	8.18%	1,039	6,738	(a)	(a)
Other Data	4,265	110	8,773	8.18%	718	5,093	(a)	(a)
IMS Platform	4,099	1	21,388	8.18%	1,750	5,850	(a)	(a)
Outpayments	92,384	-	4,954	8.18%	405	92,789	(a)	(a)
Carrier Administration	16,178	992	13,654	8.18%	1,117	18,287	(a)	(a)
Carrier billing	1,771	39	25,085	8.18%	2,052	3,862	(a)	(a)
Other SMP elements	1,853	72	4,330	8.18%	354	2,279	(a)	(a)
Non-SMP elements	5,915	-	(32,902)	8.18%	(2,691)	3,224	(a)	(a)
<b>Total</b>	<b>448,472</b>	<b>5,182</b>	<b>1,332,680</b>	<b>8.18%</b>	<b>109,012</b>	<b>562,666</b>		

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

## Statement of Costs

For the year ended 30 June 2014

Full allocated Cost (€000)	Operating costs	Exceptional Operating Costs	Mean capital employed	Applicable rate of return on capital %	Capital costs	Total of operating costs and capital costs relating to current year	Volume	Average costs per unit relating to current year
Copper Access Network*	91,427	-	680,895	10.21%	69,519	160,946	1,361,936	118.17
Fibre/High Speed Access Network	5,695	-	43,366	10.21%	4,426	10,123	7,711	1,312.82
NGA	20,783	-	100,647	10.21%	10,277	31,059	(a)	(a)
DSL Equipment	16,238	-	39,976	10.21%	4,082	20,320	(a)	(a)
Other Access Equipment	3,360	-	8,052	10.21%	822	4,182	(a)	(a)
Provisioning	30,603	-	15,592	10.21%	1,592	32,195	(a)	(a)
Repair	77,146	-	23,051	10.21%	2,353	79,499	(a)	(a)
<i>Line Sensitive</i>								
Subscriber Unit	15,035	-	44,573	10.21%	4,551	19,586	1,324,267	14.79
<i>Call Sensitive</i>								
Subscriber unit	2,463	-	7,338	10.21%	749	3,212	2,624,708	0.122
Parent switch	4,134	-	6,115	10.21%	624	4,757	3,105,373	0.153
Gateway switch	675	-	2,737	10.21%	279	953	1,059,576	0.090
<i>Traffic sensitive</i>								
Subscriber unit	2,859	-	7,842	10.21%	801	3,660	8,178,028	0.045
Parent switch	3,863	-	5,766	10.21%	589	4,452	9,319,992	0.048
Gateway switch	713	-	3,490	10.21%	356	1,069	3,273,450	0.033
Interconnect Equipment	308	-	(445)	10.21%	(45)	264	(a)	(a)
Intelligent Network	104	-	(23)	10.21%	(2)	102	2,582,528	0.039
Other Switching Elements	361	-	(58)	10.21%	(6)	355		
<i>Transmission network</i>								
<i>Transmission: Non-length dependent</i>								
PSTN: RSU to parent link	9,058	-	22,524	10.21%	2,300	11,359	6,110,064	0.186
PSTN: Parent to parent link	1,360	-	3,626	10.21%	370	1,730	2,250,956	0.077
PSTN: Parent to gateway link	835	-	2,280	10.21%	233	1,068	2,375,759	0.045
Interconnect link	1,236	-	3,491	10.21%	356	1,592	(a)	(a)
Data incl leased Lines link	6,715	-	17,489	10.21%	1,786	8,501	(a)	(a)
DSL transmission link	7,873	-	18,943	10.21%	1,934	9,807	(a)	(a)
Other data link	2,202	-	5,830	10.21%	595	2,797	(a)	(a)
NGN link	26,842	-	82,619	10.21%	8,435	35,277	(a)	(a)
Other transmission link	3,317	-	9,134	10.21%	933	4,249	(a)	(a)
<i>Transmission: Length dependent</i>								
PSTN: RSU to parent length	1,507	-	11,455	10.21%	1,170	2,676	1,988,681	0.135
PSTN: Parent to parent length	373	-	2,351	10.21%	240	613	1,209,330	0.051
PSTN: Parent to gateway length	296	-	1,780	10.21%	182	478	2,759,155	0.017
Interconnect Length	145	-	776	10.21%	79	224	(a)	(a)
Data incl leased Lines length	1,986	-	12,400	10.21%	1,266	3,252	(a)	(a)
DSL transmission length	1,986	-	15,656	10.21%	1,598	3,585	(a)	(a)
Other data length	3,585	-	20,837	10.21%	2,127	5,712	(a)	(a)
Transmission: Optical	1,142	-	8,764	10.21%	895	2,037	(a)	(a)
NGN length	6,297	-	41,513	10.21%	4,238	10,536	(a)	(a)
Other transmission length	334	-	1,655	10.21%	169	503	(a)	(a)
<i>Data platforms</i>								
Legacy Leased Lines	6,497	-	18,469	10.21%	1,886	8,383	(a)	(a)
Other Data	7,839	-	10,821	10.21%	1,105	8,944	(a)	(a)
IMS Platform	634	-	17,574	10.21%	1,794	2,428	(a)	(a)
Outpayments	82,990	-	7,828	10.21%	799	83,788	(a)	(a)
Carrier Administration	14,698	-	19,821	10.21%	2,024	16,722	(a)	(a)
Carrier billing	2,481	-	30,445	10.21%	3,108	5,590	(a)	(a)
Other SMP elements	1,042	-	2,856	10.21%	292	1,334	(a)	(a)
Non-SMP elements	5,913	-	(27,283)	10.21%	(2,786)	3,127	(a)	(a)
<b>Total</b>	<b>474,950</b>	<b>-</b>	<b>1,352,566</b>	<b>10.21%</b>	<b>138,096</b>	<b>613,047</b>		

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

**Network Cost Market Summary**

For the year ended 30 June 2015

<b>Full allocated Cost (€000)</b>	Total Operating and Capital Costs	Wholesale Fixed Narrowband Access	Wholesale Unbundled Access	Wholesale Leased Lines	Wholesale Broadband Access	Wholesale Call Termination	Wholesale Call Origination	Wholesale Call Transit	Wholesale Residual (Regulated)	Wholesale Residual (Unregulated)	Retail Residual
Copper access network	145,215	138,770	1,358	1,194	3,892	-	-	-	-	1	-
Fibre/High Speed Access Network	9,427	848	-	6,271	147	-	-	-	1,810	351	-
NGA	34,296	-	-	-	34,296	-	-	-	-	-	-
DSL equipment	18,233	-	-	-	18,233	-	-	-	-	-	-
Other access equipment	3,062	1,432	-	1,626	-	-	-	-	-	4	-
Provisioning wholesale networks	18,432	11,984	1,663	970	3,441	-	-	-	204	162	8
Repair wholesale networks	65,484	57,666	581	1,363	5,409	39	33	23	224	141	8
<i>Line Sensitive</i>											
Subscriber unit - line sensitive	15,967	15,967	-	-	-	-	-	-	-	-	-
<i>Call Sensitive</i>											
Subscriber unit - call sensitive	2,620	-	-	-	-	1,365	1,254	-	-	-	-
Parent switch - call sensitive	3,311	-	-	-	-	1,335	1,222	755	-	-	-
Gateway switch - call sensitive	469	-	-	-	-	-	-	469	-	-	-
<i>Traffic sensitive</i>											
Subscriber unit - traffic sensitive	2,960	-	-	-	-	1,598	1,362	-	-	-	-
Parent switch - traffic sensitive	2,747	-	-	-	-	1,187	1,002	558	-	-	-
Gateway switch - traffic sensitive	393	-	-	-	-	-	-	393	-	-	-
Interconnect equipment	206	-	-	-	-	-	-	(36)	241	-	-
Intelligent Network	1,183	-	-	-	-	438	401	344	-	-	-
Other switching elements	-	-	-	-	-	-	-	(148)	148	-	-
<u>Transmission network</u>											
<i>Transmission: Non-length dependent</i>											
PSTN: RSU to parent link	10,247	-	-	-	-	5,531	4,716	-	-	-	-
PSTN: Parent to parent link	1,667	-	-	-	-	-	-	1,667	-	-	-
PSTN: Parent to gateway link	1,036	-	-	-	-	-	-	1,036	-	-	-
Interconnect link	1,496	-	-	-	-	-	-	-	1,496	-	-
Data incl leased lines link	6,652	310	-	5,899	6	71	71	-	1	292	-
DSL transmission link	8,242	-	-	-	8,242	-	-	-	-	-	-
Other data link	2,456	-	-	1,460	824	-	-	-	10	162	-
NGN Link	35,269	-	-	11,746	22,519	-	-	-	-	1,004	-
Other transmission link	3,854	2,975	-	110	2	-	-	244	164	359	-
<i>Transmission: Length dependent</i>											
PSTN: RSU to parent length	2,304	-	-	-	-	1,244	1,061	-	-	-	-
PSTN: Parent to parent length	506	-	-	-	-	-	-	506	-	-	-
PSTN: Parent to gateway length	381	-	-	-	-	-	-	381	-	-	-
Interconnect length	218	-	-	-	-	-	-	23	195	-	-
Data incl leased lines length	2,834	64	-	2,511	1	15	15	-	-	228	-
DSL transmission length	2,812	-	-	-	2,812	-	-	-	-	-	-
Other data length	4,941	-	-	3,400	1,158	-	-	-	28	355	-
Transmission: Optical	1,994	-	-	1,811	-	-	-	-	-	183	-
NGN length	13,030	-	-	2,421	10,608	-	-	-	-	-	-
Other transmission length	600	58	-	87	13	-	-	38	12	391	-
<u>Data platforms</u>											
Legacy leased lines	6,738	2,334	-	4,151	11	107	107	-	26	1	1
Other data platforms	5,093	-	-	796	757	-	-	-	5	3,532	2
IMS Platform	5,850	-	-	-	-	-	-	-	-	5,850	-
Outpayments	92,789	1,153	34	1,064	3,627	-	-	70,646	400	15,866	-
Carrier administration	18,287	4,123	796	2,264	2,865	230	125	39	845	6,999	-
Carrier billing	3,862	214	8	296	297	576	398	956	651	467	(1)
Other SMP elements	2,279	436	491	199	200	-	-	-	666	288	-
Non-SMP elements	3,224	-	107	(48)	74	-	-	12	-	3,080	-
<b>Total Wholesale Costs</b>	<b>562,666</b>	<b>238,334</b>	<b>5,038</b>	<b>49,591</b>	<b>119,434</b>	<b>13,736</b>	<b>11,767</b>	<b>77,906</b>	<b>7,126</b>	<b>39,716</b>	<b>18</b>

## Network Cost Market Summary

For the year ended 30 June 2014

	Total Operating and Capital Costs	Wholesale Fixed Narrowband Access	Wholesale Unbundled Access	Wholesale Leased Lines	Wholesale Broadband Access	Wholesale Call Termination	Wholesale Call Origination	Wholesale Call Transit	Wholesale Residual (Regulated)	Wholesale Residual (Unregulated)	Retail Residual
<b>Full allocated Cost (€000)</b>											
Copper access network	160,947	156,315	1,711	1,651	1,269	-	-	-	-	1	-
Fibre/High Speed Access Network	10,123	880	-	7,116	179	-	-	-	1,852	96	-
NGA	31,059	-	-	-	31,059	-	-	-	-	-	-
DSL equipment	20,320	-	-	-	20,319	-	-	-	-	-	1
Other access equipment	4,182	1,866	-	2,311	-	-	-	-	-	6	1
Provisioning wholesale networks	32,195	23,016	2,100	1,228	4,857	-	-	-	529	436	29
Repair wholesale networks	79,499	72,652	768	1,755	3,826	37	33	21	272	130	5
<i>Line Sensitive</i>											
Subscriber unit - line sensitive	19,586	19,586	-	-	-	-	-	-	-	-	-
<i>Call Sensitive</i>											
Subscriber unit - call sensitive	3,212	-	-	-	-	1,657	1,554	-	-	-	1
Parent switch - call sensitive	4,757	-	-	-	-	1,952	1,822	985	-	-	2
Gateway switch - call sensitive	953	-	-	-	-	-	-	954	-	-	1
<i>Traffic sensitive</i>											
Subscriber unit - traffic sensitive	3,660	-	-	-	-	1,936	1,724	-	-	-	-
Parent switch - traffic sensitive	4,452	-	-	-	-	1,931	1,704	817	-	-	-
Gateway switch - traffic sensitive	1,069	-	-	-	-	-	-	1,069	-	-	-
Interconnect equipment	264	-	-	-	-	-	-	(39)	303	-	-
Intelligent Network	102	-	-	-	-	39	36	27	-	-	-
Other switching elements	355	-	-	-	-	-	-	72	282	-	1
<u>Transmission network</u>											
<i>Transmission: Non-length dependent</i>											
PSTN: RSU to parent link	11,359	-	-	-	-	6,006	5,351	-	-	-	2
PSTN: Parent to parent link	1,730	-	-	-	-	-	-	1,730	-	-	-
PSTN: Parent to gateway link	1,068	-	-	-	-	-	-	1,068	-	-	-
Interconnect link	1,592	-	-	-	-	-	-	-	1,592	-	-
Data incl leased lines link	8,501	289	-	7,738	7	75	75	-	-	315	2
DSL transmission link	9,807	-	-	-	9,807	-	-	-	-	-	-
Other data link	2,797	-	-	1,719	904	-	-	-	10	165	1
NGN Link	35,277	-	-	14,527	20,367	-	-	-	-	383	-
Other transmission link	4,249	3,284	-	118	2	-	-	244	175	427	1
<i>Transmission: Length dependent</i>											
PSTN: RSU to parent length	2,676	-	-	-	-	1,416	1,260	-	-	-	-
PSTN: Parent to parent length	613	-	-	-	-	-	-	613	-	-	-
PSTN: Parent to gateway length	478	-	-	-	-	-	-	478	-	-	-
Interconnect length	224	-	-	-	-	-	-	26	198	-	-
Data incl leased lines length	3,252	31	-	2,957	1	8	8	-	-	247	-
DSL transmission length	3,585	-	-	-	3,585	-	-	-	-	-	-
Other data length	5,712	-	-	3,982	1,342	-	-	-	27	362	1
Transmission: Optical	2,037	-	-	1,291	-	-	-	-	-	746	-
NGN length	10,536	-	-	2,576	7,959	-	-	-	-	-	1
Other transmission length	503	51	-	103	14	-	-	45	47	241	2
<u>Data platforms</u>											
Legacy leased lines	8,383	2,343	-	5,780	13	111	111	-	19	4	2
Other data platforms	8,944	-	-	1,603	922	-	-	-	12	6,404	3
IMS Platform	2,428	-	-	-	-	-	-	-	-	2,425	3
Outpayments	83,788	1,111	213	1,163	3,046	-	-	69,762	(485)	8,975	3
Carrier administration	16,722	3,931	854	2,099	2,903	230	186	50	943	5,524	3
Carrier billing	5,590	553	(232)	807	284	289	306	1,448	919	1,214	3
Other SMP elements	1,334	-	323	-	-	-	-	-	942	66	3
Non-SMP elements	3,127	-	70	(56)	64	-	-	(2)	-	3,048	3
<b>Total Wholesale Costs</b>	<b>613,047</b>	<b>285,906</b>	<b>5,806</b>	<b>60,468</b>	<b>112,729</b>	<b>15,687</b>	<b>14,170</b>	<b>79,369</b>	<b>7,637</b>	<b>31,215</b>	<b>60</b>

## Notes to the Financial Statements

### Note 1: Comparative Figures and Methodology Changes

ComReg requires that where data for the previous financial year is not comparable, as a result of a material change in accounting policy, cost attribution or material error, the figures for the preceding year must be adjusted to the extent that it is reasonable to do so.

The preparation of these financial statements requires estimation of the appropriate utilisation of network equipment by pre-defined product and service offerings. The principles under which the financial statements are prepared require that the network cost components are aligned as closely as possible with the external and IBU revenues arising in respect of these specific products. The determination of the appropriate usage of network components requires a level of estimation and certain assessments have been revised in this respect in the current year to more closely align the revenues and costs at the product level.

Following extensive discussions with ComReg, eir has agreed to move certain local network service assurance costs, within the Network Statement of Costs in the year ended June 2015, from the Copper Access network element to the Repair network element. The change was largely driven by the need to report all local access network assurance and reactive repair in the same network element. For comparative purposes the prior year figures for both Copper Access Network and Repair have been accordingly restated by €64.4m. An additional impact of this change is the movement of certain related activity costs within the Wholesale Access Income Statement cost categories, from Network Support to Repair and Maintenance. Similarly, for comparative purposes the prior year figures for both Network Support to Repair and Maintenance have been accordingly restated by €5m, in the Separated Accounts. These changes in

classification do not have an impact on the level of operating costs, the return or return on capital employed as reported in the financial statements in the year ended 30 June 2014.

eircom Limited adopted IFRS 10, 'Consolidated Financial Statements', IFRS 11, 'Joint Arrangements' and IFRS 12, 'Disclosure of Interests in Other Entities' and amendments to IAS 28, 'Investments in Associates and Joint Ventures' on 1 July 2014. The revised standards are to be applied retrospectively and accordingly eircom Limited has restated the comparative periods.

IFRS 11, 'Joint Arrangements' requires interests in jointly controlled entities to be recorded using the equity method. Under IFRS 11, the group's investment in Tetra has been classified as a joint venture and therefore the equity method of accounting has been used in the Separated Accounts. Prior to the adoption of IFRS 11, the group's interest in Tetra was proportionately consolidated.

The impact of this change in the Separated Accounts is that the revenue and costs of the Tetra entity are no longer shown separately in the Other Subsidiaries Income Statement, rather the net return is included in the Other Subsidiaries return. Accordingly, revenue and group operating costs reduced by €15.6m. Similarly the assets and liabilities of the Tetra entity are no longer shown separately in the Other Subsidiaries Statement of Mean Capital Employed, rather the net assets of the Tetra entity are shown within other non current assets. Accordingly, total assets and total liabilities reduced by €37m. These changes in classification do not have an impact on the return or return on capital employed as reported in the financial statements in the year ended 30 June 2014.

## Notes to the Financial Statements

To align with the 30 June 2015 Statement of Mean Capital Employed Reconciliation (Note 4), certain reconciling items for the prior year have been restated to reflect the correct classification. These relate to excluded items and therefore this has no impact on the Statement of Mean Capital Employed for the relevant markets for 30 June 2014.

There have been no other material changes in accounting policy, cost attribution or material errors noted which require restatement.



## Note 2: Intra/Inter Business Turnover Reconciliation

<b>FROM / TO</b>								<b>TOTAL</b>	
		<b>Wholesale Access 30-Jun-15 Intra €000</b>	<b>Wholesale Access 30-Jun-15 Inter €000</b>	<b>Wholesale Other 30-Jun-15 Intra €000</b>	<b>Wholesale Other 30-Jun-15 Inter €'000</b>	<b>Retail 30-Jun-15 Intra €'000</b>	<b>Retail 30-Jun-15 Inter €'000</b>	<b>30-Jun-15 Intra €'000</b>	<b>30-Jun-15 Inter €000</b>
Turnover originating in:									
<b>eircom Limited:</b>									
<b>Wholesale Access:</b>	Wholesale Fixed Narrowband Access	-	-	27,984	-	193,419	-	221,402	-
	Wholesale unbundled access	-	-	-	-	-	50	-	50
	Wholesale Broadband Access	-	-	2,513	-	65,558	-	68,071	-
	Wholesale Leased Lines	-	-	616	-	24,719	11,969	25,335	11,969
	<b>Total</b>	-	-	<b>31,113</b>	-	<b>283,695</b>	<b>12,018</b>	<b>314,808</b>	<b>12,019</b>
<b>Wholesale Other:</b>	Wholesale Call termination	-	-	223	-	887	207	1,110	207
	Wholesale Call Origination	-	-	2,048	-	7,212	-	9,260	-
	Wholesale Call transit	-	-	9,594	-	28,322	7,957	37,916	7,957
	Wholesale Residual (Regulated)	-	-	730	-	2,532	2,376	3,262	2,376
	Wholesale Residual (Unregulated)	-	-	-	-	16,043	12,467	16,042	12,467
	<b>Total</b>	-	-	<b>12,595</b>	-	<b>54,996</b>	<b>23,007</b>	<b>67,590</b>	<b>23,007</b>
<b>Retail</b>	PSTN & ISDN Access	-	-	-	-	-	231	-	231
	Meteor	-	256	-	12,589	-	602	-	13,447
	Other Subsidiaries	-	-	-	8,342	-	-	-	8,342
	Retail Other	-	-	12,066	-	-	12,681	12,066	12,681
	<b>Total</b>	-	<b>256</b>	<b>12,066</b>	<b>20,932</b>	-	<b>13,514</b>	<b>12,066</b>	<b>34,701</b>
<b>TOTAL</b>		-	<b>256</b>	<b>55,774</b>	<b>20,932</b>	<b>338,691</b>	<b>48,539</b>	<b>394,464</b>	<b>69,727</b>

### Note 3: Income Statement Reconciliation

<b>Consolidated market groups</b>						
Income Statement Reconciliation For the year ended 30 June 2015						
	Revenue	Operating costs	Return	Revenue	Operating costs	Return
	Jun-15 €000	Jun-15 €000	Jun-15 €000	Jun-14 €000	Jun-14 €000	Jun-14 €000
				Restated	Restated	Restated
Wholesale Access	482,585	313,172	169,413	467,249	341,069	126,180
Wholesale Other	213,379	196,240	17,139	215,542	189,164	26,378
Retail	1,000,529	971,440	29,089	1,041,810	983,065	58,746
<b>Total</b>	<b>1,696,494</b>	<b>1,480,852</b>	<b>215,641</b>	<b>1,724,601</b>	<b>1,513,298</b>	<b>211,304</b>
<b>Adjustments</b>						
Elimination of Inter Business turnover and costs between wholesale and retail	(53,052)	(53,052)	-	(55,054)	(55,054)	-
Transfer charges between Retail and Wholesale	(394,466)	(394,466)	-	(402,766)	(402,766)	-
Interest payable and similar charges disallowed	-	-	(217,406)	-	-	(193,989)
Other Subsidiary project finance costs included in operating costs (allowable)	-	-	-	-	(510)	-
Share of profit of associates	-	-	1,344	-	-	-
Tax on profits on ordinary activities	-	-	3,273	-	-	14,467
Impact of change to asset lives	-	29,474	(29,474)	-	29,214	(29,214)
IFRS Pension Adjustment	-	-	(11,185)	-	-	(29,320)
Gain on Disposal of Subsidiaries	-	-	-	-	(508)	508
Dividends	-	-	-	-	-	-
Non relevant eircom operating costs	-	30,692	(30,692)	-	232,082	(232,082)
<b>As in the Annual Report</b>	<b>1,248,976</b>	<b>1,093,500</b>	<b>(68,499)</b>	<b>1,266,781</b>	<b>1,315,756</b>	<b>(258,326)</b>

**Note 4: Statement of Mean Capital Employed Reconciliation**

<b>Consolidated market groups</b>	Capital employed Jun-15 €000	Capital employed Jun-14 €000 Restated
Statement of Mean Capital Employed Reconciliation As at 30 June 2015		
<b>Shareholders' funds as in the Annual Report</b>	(1,191,353)	(1,139,624)
<b>Reconciling items</b>		
Investments in Associated Undertakings	(139)	(180)
Finance Income Payable Net	9,205	10,056
Taxation	12,027	15,856
Deferred Taxation provision (net)	(6,228)	(4,869)
Restructuring Provision	495	15,879
Pension Benefit Liability	425,747	390,785
Capitalised Interest	(3,416)	(2,664)
Liabilities for non relevant eircom operating costs	46,435	96,321
Elimination of financing balances	340,705	339,383
Elimination of intercompany financing balances	1,770,229	1,692,792
<b>Closing capital employed</b>	1,403,708	1,413,736
<b>Opening capital employed</b>	1,413,736	1,508,155
<b>Total adjusted mean capital employed before determined adjustments</b>	<b>1,408,722</b>	<b>1,460,945</b>
Impact of changes to asset lives	345,392	318,549
<b>Total mean capital employed</b>	<b>1,754,114</b>	<b>1,779,494</b>
Wholesale Access	1,213,042	1,218,898
Wholesale Other	119,639	133,668
Retail	421,433	426,928
<b>Total mean capital employed</b>	<b>1,754,114</b>	<b>1,779,494</b>

## Annex 1: Explanatory Report

## Explanatory Report – HCA Separated Accounts

eircom rebranded as eir on 16 September 2015, with a sub-brand “open eir” used for the eircom wholesale division. This report uses the new brand and in general refers to eircom as eir, and to the wholesale division as open eir. Note the costs of the rebranding were incurred in 2015/16 and are not reflected in the 2014/15 statements.

This explanatory report sets out and clarifies trends relating to relevant markets, including any significant future impact on eir’s business of Regulatory Decisions which have been published by ComReg. The report includes commentary in respect of:

- Trends relating to revenue, by Relevant Market;
- Trends relating to volumes, by Relevant Market;
- Significant period on period movements in the reported performance and balances;
- One-off or exceptional events in the period; and
- The impact of material changes in Accounting Policies, methodologies and estimation techniques (if any) and the extent to which they impact on eir’s Separated Accounts.

Overall the consolidated group position shows declining revenue with declines in each of Wholesale Other and Retail, while there was some growth in Wholesale Access.

Overall operating costs reduced 2%, with a larger decline of 8% in Wholesale Access and 1% decline in retail. Wholesale Other costs increased by 4%.

The overall return increased by 2%, with a 34% improvement in Wholesale Access. There was a decline in the return on Wholesale Other and Retail.

Investment in access network infrastructure almost offset depreciation such that Wholesale Access Mean Capital Employed (MCE) and overall MCE both declined only slightly, by 0%-1%

Each of the relevant markets is considered in more detail in the following sections.

Note that references to volumes in this report refer to average volumes in 2014/15 and growth trends refer to year on year movements in such average volumes compared to the prior year. Such movement may differ considerably from changes between opening and closing volumes in the financial year, and in particular from growth measures in ComReg report 15/102, which contains Key Data for the market for the period to 30 June 2015.

# Explanatory Report - Wholesale Access Business - Wholesale Fixed Narrowband Access

## Market Definition

The market consists of links between end users and concentrators, including analogue and ISDN technologies.

## Key Market Products

The Wholesale Fixed Narrowband Access market largely consists of products providing wholesale access to PSTN and ISDN lines, known as Single Billing Wholesale Line Rental ('SB-WLR'). Open eir's Reference Interconnect Offer (RIO) includes a number of principal SB-WLR products within this market:

- PSTN and ISDN Connections
- PSTN Rentals
- ISDN Basic Rate Access (BRA) Rentals
- ISDN Primary Rate Access (PRA) Rentals
- ISDN Fractional Rate Access (FRA) Rentals

Open eir provides these wholesale services both externally to Other Authorised Operators ('OAOs') and internally to eir Retail.

## Regulatory Pricing Framework

Prices for SB-WLR products are set on a "Retail minus" basis, where products are offered at a minimum fixed discount to their retail equivalents. The current minimum price differential, established in May 2008 and in force throughout the year ended 30 June 2015, is 14%. The resultant maximum prices for the principal SB-WLR products are as follows:

Product	Price €
PSTN Connection	92.39
ISDN Connection	Varies
PSTN Rental	18.02
ISDN BRA Rental	27.95
ISDN PRA Rental	238.25
ISDN FRA Rental	143.18

eir Retail offers promotional discounts on PSTN and ISDN Connections and Rental. Open eir also offer additional wholesale promotional prices.

Open eir introduced a WLR LEA Discount of €3.00 from 20 May 2013 to 31 December 2014 such that the discount was in force for the first half of 2014/15. The discount applied to PSTN lines linked to Broadband in the Larger Exchange Area (LEA). The LEA is an area defined by ComReg in Decision Notice D04/13 'Price Regulation of Bundled Offers' as those areas where ComReg considers the telephony and broadband markets to be more competitive. As the LEA expanded with the NGA footprint, the effective national average price for WLR reduced over time, until the discount ended.

## Regulatory Decisions in the Year

No relevant Regulatory Decisions were published in the year that had an immediate direct impact on WLR narrowband prices. In December 2014, ComReg published D15/14 which set the cost of capital for an efficient fixed telecommunications operator in Ireland at 8.18%. This will be the allowed rate of return in future pricing determinations but

## Explanatory Report - Wholesale Access Business - Wholesale Fixed Narrowband Access

existing price controls are not impacted until reviewed. Where costs including allowed ROCE are shown in these statements, the 8.18% rate has been used for all of 2014/15 to allow useful comparison in future years. Prior year figures were prepared in November 2014 with allowed return of 10.21% and these have not been changed.

After year end, ComReg consultation 15/67 issued on 3 July 2015 referred to proposed changes in access prices. The Decision Notice D05/15 which issued on 24 July 2015 in respect of the wholesale Fixed Access and Call Origination market maintains WLR at retail minus 14% pending the outcome of the access price review consultation process.

### Trends in Reported Balances

#### Revenues/Volumes

Overall eir's volume in this market declined by almost 3% during the year due to the impact of competition, and alternative technologies. eir's year on year reduction in market volumes is in line with the national trend. According to data published by ComReg, fixed voice subscriptions in Ireland declined by 3.6% in the year to June 2015. The volume trend, coupled with the effect of the WLR discount on lines with Broadband in the LEA applying for only the first half of the year, is reflected in almost stable wholesale narrowband market revenues in the year. External revenues grew almost 12% while internal revenues fell 4%.

eir's share of revenue (at both retail level and combined retail and wholesale) remained relatively stable as percentage of the overall market.

#### Operating Costs/Profit

Overall operating costs have declined by 14% (before exceptional items). This can be attributed to several factors:

- The one-off impact of a series of severe storms in December 2013 and January 2014 did not recur in 2014/15.
- Staff reductions in December 2013 and revised work practices thereafter contributed a full year impact in 2014/15
- These factors contributed to some significant reductions:
  - Installation/Provisioning costs fell by 49%
  - Repair and maintenance costs fell by 20%,
  - Network support costs declined by 17%
- Depreciation declined by 4%
- Cost containment also resulted in several other costs reducing, although this was partially offset by some increases, (such as Marketing and Sales costs, which increased by 51%)

As the reduction in operating costs was far larger than the marginal decline in market revenues, the return increased to €124m, up by 28%.

#### Return on Capital Employed (ROCE)

The ROCE for the Wholesale Narrowband Access market rose to 17% because return increased while MCE fell (by 5%). This reflects a shift

## Explanatory Report - Wholesale Access Business - Wholesale Fixed Narrowband Access

of investment from Narrowband to Broadband Access, and in particular Next Generation Access (NGA).

### Exceptional Events/Methodology Changes

Revenue and returns in respect of Wholesale Fixed Narrowband Access in 2013/14 were significantly affected by the storms in December 2013 and January 2014, and the significant change in staff numbers and work practices from December 2013. The 2014/15 figures do not have storm costs, and reflect a full year of efficiency savings.

The exceptional loss is a net loss arising from disposal of assets which are no longer required.

At ComReg's request, certain reactive maintenance costs have been re-categorised as repair. The prior year figures have been adjusted accordingly. Full details are included in the Primary Accounting Document.



# Explanatory Report - Wholesale Access Business - Wholesale Unbundled Access

## Market Definition

The market for Wholesale Unbundled Access (also known as Wholesale Physical Network Infrastructure Access (WPNIA)) consists of the provision of direct access to open air copper connections between customer premises and Main Distribution Frames (MDFs). This market provides services wholly to other OAOs, as air Retail acquires copper connections through more consolidated products (Wholesale Line Rental & Wholesale Bitstream Access).

## Key Market Products

Open air's Access Reference Offer (ARO) includes two principal products:

Unbundled Local Metallic Path (ULMP) - LLU

Line Share (LS)

In addition a number of ancillary services exist in support of these principal services, including:

- Connection charges
- Co-Location fees
- Disconnection charges
- Site preparation charges

## Regulatory Pricing Framework

Prices for ARO services are subject to direct approval by ComReg. Under Decision D01/10 air was directed to charge no more than the

following prices for Local Loop Unbundling (LLU) and Sub-Loop Unbundling (SLU) monthly rental to OAOs:

- LLU – €12.41 per line per month. This price applied up to 31 January 2013, and was reduced to €9.91 per month (following provision of cost justification to ComReg) from 1 February 2013 onwards; and
- SLU – €10.53 per line per month. This price applied up to 31 January 2013, and was reduced to €9.03 per month (following provision of cost justification to ComReg) from 1 February 2013 onwards.

Under Decision D04/09 air was directed to apply no more than a maximum of €0.77 per month as a Line Share recurring charge and this price has applied since 2009.

Therefore the key prices were the same in 2014/15 as in 2013/14.

There were some minor price reductions in prices for certain ancillary services associated with unbundled access during the year ended 30 June 2014, and these applied for the full year in 2014/15.

## Regulatory Decisions in the Year

The WACC decision D15/14 and the Access Network price review 15/67 mentioned above will apply to the various forms of unbundled access.

# Explanatory Report - Wholesale Access Business - Wholesale Unbundled Access

## Trends in Reported Balances

### Revenues/Volumes

Following the launch of Next Generation Access services on 20 May 2013, some wholesale customers commenced migration of LS or LLU end-users to active NGA products such as VUA, which are included in the Wholesale Broadband Access (WBA) Market rather than the Wholesale Unbundled Access market. This was initially offset by large volumes of connections by new entrants to the market utilising LS, such that overall volumes grew throughout 2013/14. Although volumes then declined from July 2014, the average number of LS lines was higher in 2014/15 than the prior year.

This market has experienced a reduced level of activity year on year. In particular, connection activity fell by half.

The increase (13%) in revenues in this market arises due to a combination of:

- the proportion of new provides (rather than in situ or migration) was higher, leading to higher revenue (and cost) per connection, although this was offset by the fact that connection volumes were much lower than in the prior year
- Colocation revenue increased by 22% and line share rental increased by 40%, offsetting a decline of 7% in LLU Rental

## Overall Operating Costs/Profit

Overall operating costs for unbundled access have reduced (by 15%) while revenues increased (by 13%). The return has therefore improved slightly but remains negative.

## Return on Capital Employed (ROCE)

LS accounts for the bulk of the unbundled access activity, but it does not involve any significant capital employed as it is priced on an incremental cost basis.

While MCE has increased by 18%, the ROCE of -4% is not very meaningful.

## Exceptional Events/Methodology Changes

The exceptional loss is a net loss arising from disposal of assets which are no longer required.

No other exceptional event or methodology change occurred in the year that materially impacted on the revenue or returns in respect of Wholesale Unbundled Access.

# Explanatory Report - Wholesale Access Business - Wholesale Broadband Access

## Market Definition

The market is defined by ComReg as consisting of:  
WBA provided over xDSL/copper network infrastructure; and  
WBA provided over fibre network infrastructure.

## Key Market Products

Open eir's Wholesale Bitstream Access Reference Offer (WBARO) currently includes the following principal types of products

- ADSL Legacy Bitstream access, which is regarded as Current Generation Access (CGA)
- ADSL Bitstream Managed Backhaul (BMB) access, including port rental and traffic (regarded as CGA)
- Bitstream Plus Next Generation Access (NGA) products, provided by a combination of
  - fibre to the premises or home (FttP/FttH)
  - VDSL, launched from exchange buildings or cabinet (FTTC)
- Multicast Bitstream service, which supports delivery of linear TV services (regarded as NGA)

These products are segmented by service characteristic, primary line speed and contention ratio. The products are offered both externally to OAOs and internally to eir Retail operations.

## Regulatory Pricing Framework

On 9<sup>th</sup> July 2014 ComReg published D11/14 'Wholesale Broadband Access: Price Control for Current Generation Broadband'. This decision imposed an obligation for cost orientation, along with obligations that open eir recover no more than its actual incurred cost adjusted for efficiency (plus a reasonable rate of return) for CGA nationally, for CGA outside the LEA, and for Stand Alone Broadband (SABB) outside the LEA. The decision requires that eir provide a written statement reconciling the actual costs with the relevant pricing models in accordance with the procedure for Additional Financial Information. The Decision also requires eir not to cause a retail margin squeeze.

Next Generation WBA is governed by the provisions of D03/13 and is not directly affected by D11/14.

The main price change impacting on the WBA market revenues was the introduction of a new schedule for BMB usage charges from January 2015.

# Explanatory Report - Wholesale Access Business - Wholesale Broadband Access

## Regulatory Decisions in the Year

ComReg published Decision D11/14 in July 2014, which introduced the current pricing framework described above.

The WACC decision D15/14 mentioned above will apply to any future pricing or margin squeeze determination regarding WBA. The outcome of the Access Network price review (consultation document ComReg 15/67) will apply to certain forms of WBA directly (e.g. CGA SABB outside LEA) and indirectly (e.g. where SLU is an input to margin squeeze tests for NGA SABB).

## Trends in Reported Balances

### Revenues/Volumes

According to ComReg, growth in the overall market for fixed broadband in Ireland was 4.9% in the year to 30 June 2015 with significant growth in cable (5.5%) and VDSL (+111.7%) offsetting declines in ADSL, Fixed Wireless Access and other broadband.

Regarding the movement in average volumes on eir's network, there was a decline in BMB services (12% reduction in average number of ports) and a similar decline of 9% in Legacy bitstream ports, driven by the extension of the BMB footprint (BMB replacing legacy service in rural areas) and the expansion of Bitstream Plus (+159%).

Revenues in the WBA market increased 18% year on year. Although there was a price change on usage for BMB and Bitstream Plus there

was an increase of 39% in combined usage revenue, which is broadly consistent with growth in average peak traffic per user. Continued migration to higher priced 24Mb ports explains why BMB port revenue increased marginally, despite a decline in volume.

### Operating Costs/Profit

Overall operating costs increased by 8% (before exceptional items) due primarily to the continued expansion of NGA. However, as the scale of revenue increase exceeded the increase in cost, the overall return almost doubled.

### Return on Capital Employed (ROCE)

MCE increased by 20% in the year, due mostly to direct investment in NGA. As the rate of increase in operating profit was larger, the ROCE improved to 6% compared to 4% in the previous year.

### Exceptional Events/Methodology Changes

The exceptional loss is a net loss arising from disposal of assets which are no longer required.

No other exceptional event or methodology change occurred in the year that materially impacted on the revenue or returns in respect of WBA.

# Explanatory Report - Wholesale Access Business - Wholesale Leased Lines

## Market Definition

This market consists of the supply of all leased line connectivity to OAOs and eir Retail. This market consists of three broad leased lines categories:

- Partial Private Circuit (PPC)
- Wholesale Leased Lines
- Wholesale Ethernet Services

## Key Market Products

These products are segmented by service characteristic, primary capacity/bandwidth and distance.

## Regulatory Pricing Framework

Prices for all PPC and Wholesale Leased Line products with a capacity of 2Mb and below are subject to approval by ComReg and are published in eir's Leased Line Reference Offer (LLRO). Prices for all other products in the Wholesale Leased Lines market are subject to regulatory approval but are not required to be published

## Regulatory Decisions in the Year

The WACC decision D15/14 will apply to any future price controls or margin squeeze tests involving wholesale leased lines. No other significant Regulatory Decisions affecting wholesale leased lines were published in the year. ComReg commenced a market review of Wholesale Leased Lines in 2013. It is now 7 years since the market was

last reviewed and according to the EU Framework markets should be reviewed every 3 years. It is possible that the market review may be concluded by ComReg in 2016.

## Trends in Reported Balances

### Revenues/Volumes

For confidentiality reasons ComReg does not publish statistics for the Wholesale Leased Line market and so we do not divulge eir wholesale and retail volumes in detail in these statements. Ethernet revenue grew by €6.2 million (22%) reflecting the continuing market shift to IP based services. However, PPC and Leased Line rental revenue fell by over €6.5 million (19%) despite price increases, as volumes are in decline due to the migration to Ethernet, and the increase in competition from alternative infrastructure, including self-supply by OAOs. The overall revenue is largely stable as the legacy decline is counteracted by the growth of Next Generation Data products.

### Operating Costs/Profit

Overall costs (before exceptional items) reduced by €6.7 million or 15%. This is due primarily to reduced depreciation, coupled with a reduction in repair and maintenance costs. After the exceptional item, operating profits have improved by €5.6 million (29%).

## Explanatory Report - Wholesale Access Business - Wholesale Leased Lines

### Return on Capital Employed (ROCE)

The MCE for Wholesale Leased Line business has reduced by 14%. This combined with the increase in profit increased the ROCE to 18%.

### Exceptional Events/Methodology Changes

The exceptional loss is a net loss arising from disposal of assets which are no longer required.

No other exceptional events or methodology change occurred in the year that materially impacted on the revenue or returns in respect of Wholesale Leased Lines.

# Explanatory Report - Wholesale Other Business - Wholesale Call Origination

## Market Definition

This market consists of the conveyance of calls originating on eir exchange lines from the subscriber units to the relevant parent exchange.

## Key Market Products

Open eir's Reference Interconnect Offer (RIO) includes a number of products that utilise call origination:

- Primary Call Origination
- Single Tandem Call Origination
- Double Tandem Call Origination

The Call Origination market represents two wholesale products:

- External Call Origination – which includes the provision of the above call origination services to OAOs, which interconnect with eir at different levels.
- Internal Call Origination – which includes the provision of call origination for eir Retail and other on-net call types such as white label products. Call completion of on-net calls requires network services beyond those available to OAOs. For this, a charge is derived from the cost inputs in the Wholesale Call Conveyance pricing model for Primary Call Origination.

In the context of external call origination, the Single Tandem and Double Tandem Call Origination services comprise network services

extending beyond the parent exchange. As the Call Origination market is limited to conveyance up to and including the local parent exchange, eir has identified the Primary Call Origination charge as being the appropriate charge to apply to this market. Therefore the Tandem and Double Tandem revenues exclude those charge elements in excess of the Primary rates with the differential being reported in the Transit market.

## Regulatory Pricing Framework

Prices for RIO call origination services are subject to direct approval by ComReg. Under Decision D04/07 'Market Review: Wholesale Call Origination and Transit Services' prices are required to be cost oriented and such costs are required to be calculated using a pricing model. This pricing model should be based on forward looking long run incremental costs ("FL-LRIC") or an alternative pricing model, if ComReg decides, following consultation, to adopt such an alternative pricing model. Prices are published in the "open eir Reference Interconnect Offer price list". There were no price changes since the reduction on 1 July 2012, so the same prices applied throughout 2014/15 and the prior year. The Call Origination prices in force during the financial year ended 30 June 2015 were as follows:

## Explanatory Report - Wholesale Other Business - Wholesale Call Origination

eir National Origination (Eurocent)						
Charging Level	Cent per Minute			Cent per Call		
	Day	Evening	Weekend	Day	Evening	Weekend
Primary	0.2344	0.1301	0.1144	0.666	0.3698	0.3231
Single Tandem	0.3398	0.1877	0.1645	0.7362	0.4073	0.3565
Double Tandem	0.4194	0.232	0.203	0.7694	0.4255	0.3727

### Regulatory Decisions in the Year

Other than the WACC decision D15/14 mentioned earlier, no relevant Regulatory Decisions were published in the year. However, on 24 July 2015 ComReg issued Decision D05/15 on Call Origination and Transit Markets. The decision inter alia requires that the boundary between call origination market and transit market be redefined, such that all call origination revenues, including the full revenue from tandem and double tandem Call Origination, would be regarded as Call Origination revenue for 2015/16 and later years.

### Trends in Reported Balances

#### Revenues/Volumes

Overall this market is in steady decline due to the impact of fixed mobile substitution, alternative technologies, and competition on both the total number of call minutes supplied and the proportion of those minutes originating on fixed lines. This is reflected in a 14%

reduction in the volume of origination minutes and an 11% drop in call volume.

This volume reduction coupled with stable prices led to an overall reduction in origination revenues of 12%.

### Operating Costs/Profit

Overall operating costs before exceptional items and transfer charges have declined by 16%. Taking exceptional items and transfer charges into account the overall cost is 14% lower.

As a result operating profits were 6% lower than the prior year.

### Return on Capital Employed (ROCE)

The total MCE in this market declined by 11%. Taken together with the smaller reduction in operating profit, the result was that ROCE increased to 11%. However, we note that joint and common costs which are no longer recovered in call termination prices, as a result of setting FTRs on a pure LRIC cost basis, may in future be recovered from other products, such as call origination.

### Exceptional Events/Methodology Changes

The exceptional loss is a net loss arising from disposal of assets which are no longer required. No other exceptional events or methodology changes occurred in the year that materially impacted on the revenue or returns in respect of wholesale call origination.



# Explanatory Report - Wholesale Other Business - Wholesale Call Transit

## Market Definition

For 2014/15 this market consists of the conveyance of calls to parent exchanges and gateway exchanges, as defined in Annex B of D04/07. The relevant product market in this Decision Instrument is defined as the market for wholesale national call transit services on the public telephone network at a fixed location, in accordance with the EU Commission's Recommendation of 11 February 2003 on Relevant Product and Service Markets within the electronic communications sector susceptible to ex ante regulation in accordance with Directive 2002/21/EC of the European Parliament and the Council of 7 March 2002 on a common regulatory framework for electronic communications networks and services.

## Key Market Products

Open eir's Reference Interconnect Offer (RIO) includes a number of products that utilise call transit:

- Single Tandem Call Origination
- Double Tandem Call Origination
- Single Tandem Call Termination
- Double Tandem Call Termination

In essence, the above call types include both a transit component and a component from either market 2 (Call Origination) or market 3 (Call Termination).

The remaining relevant call type is National Transit. The high revenues reported reflect the fact that the price for transit calls to mobile or

Number Translation Codes (NTC, e.g. Premium rate calls) must also recover the relevant outpayment.

The Call Transit market represents two wholesale products;

- External Call Transit – The revenues associated with national transit after extraction of the relevant element of origination and termination
- Internal Call Transit – The provision of call transit (including charges for additional internal network links) for on-net calls. The prices for additional links are derived from the associated charge elements in excess of the Primary rates for Call Origination, and from the Wholesale Call Conveyance pricing model.

# Explanatory Report - Wholesale Other Business - Wholesale Call Transit

## Regulatory Pricing Framework

Prices for RIO call services are subject to direct approval by ComReg. Under Decision D04/07 prices are required to be cost oriented and such costs shall be calculated using a pricing model based on forward looking long run incremental costs (“FL-LRIC”) or an alternative pricing model, if ComReg decides, following consultation, to adopt such an alternative pricing model. The external prices in force during the financial year were as follows:

Service description	Cent per Minute			Cent per Call		
	Day	Evening	Weekend	Day	Evening	Weekend
National transit	0.204	0.112	0.098	0.621	0.344	0.301

## Regulatory Decisions in the Year

No relevant Regulatory Decisions were published in the year. On 24 July 2015 ComReg issued D05/15 which redefined the call origination market to include elements of calls which for 2014/15 and prior years were regarded as part of the transit market. For future years, all call origination revenues, including the full revenue from tandem and double tandem call origination, will be regarded as Call Origination revenue and no part would be regarded as transit revenue.

D05/15 also removes all ex-ante regulation from the redefined transit market.

As the Decision was issued after the end of 2014/15 these statements are prepared on the basis of D04/07.

## Trends in Reported Balances

### Revenues/Volumes

This market is in overall decline resulting in a 1% reduction in transit minutes. As a result of a changing mix of calls, revenue grew by 1% year on year.

### Operating Costs/Profit

Overall operating costs for call transit increased marginally, primarily due to a 2% increase in cost of sales. The operating profit, while still very small in relation to turnover, is 16% higher than the prior year.

### Return on Capital Employed (ROCE)

Overall MCE reduced by 27%, causing ROCE to improve to 10%.

### Exceptional Events/Methodology Changes

The exceptional loss is a net loss arising from disposal of assets which are no longer required. No other exceptional events or methodology occurred in the year that materially impacted on the revenue or returns in respect of wholesale call transit.

# Explanatory Report - Wholesale Other Business - Wholesale Call Termination

## Market Definition

This market consists of the conveyance of calls terminating on geographic numbers on eir exchange lines from relevant parent exchanges to the subscriber unit.

## Key Market Products

Open eir's Reference Interconnect Offer (RIO) includes a number of products that utilise call termination;

- Primary Call Termination
- Single Tandem Call Termination
- Double Tandem Call Termination

The Call Termination market represents two wholesale products;

- External Call Termination – which includes the provision of the above call termination services sold to OAOs, which interconnect with eir at different levels.
- Internal Call Termination – which includes the provision of call termination for eir Retail and other on-net call types such as white label products. Call completion of on-net calls require network services beyond those available to OAOs. For this, a charge is derived from the cost inputs in the Wholesale call conveyance pricing model for Primary Call Termination.

In the context of external call termination, the Single Tandem and Double Tandem Call Termination services comprise network services extending beyond the parent exchange. As the call termination market is limited to conveyance up to and including the local parent exchange, eir has identified the Primary Call Termination charge as

being the appropriate charge to apply to this market. Therefore the Tandem and Double Tandem revenues exclude those charge elements in excess of the Primary rates with the differential being reported in the Transit market.

## Regulatory Pricing Framework

Prices for RIO Call Termination services are subject to direct approval by ComReg. Under Decision D06/07, Section 10.1, prices are required to be cost oriented and such costs are required to be calculated using a pricing model based on forward looking long run incremental costs ("FL-LRIC") or an alternative pricing model, if ComReg decides, following consultation, to adopt such an alternative pricing model. Prices are published in the "eir Reference Interconnect Offer price list".

On 21 November 2012 ComReg published Decision D12/12 which governs the prices for voice termination on fixed and mobile networks. The price control applies to all fixed operators with SMP in termination on their own network. Operators are directed to set prices for Call Termination services to recover only pure LRIC costs from 1 July 2013. The revised rates are set out below.

Fixed Termination Rate (FTR) as per D12/12	Maximum charge per min	Maximum charge per call
	Euro cent	Euro cent
1 July 2013 to 30 June 2014	0.070	0.075
1 July 2014 to 30 June 2015	0.060	0.068
1 July 2015 to 30 June 2016	0.049	0.060

# Explanatory Report - Wholesale Other Business - Wholesale Call Termination

The Call Termination prices in force during the financial year were as directed.

As a result of the D12/12 decision, call termination minute related revenue per minute fell by approximately 14% compared to 2013/14, while call related revenue per call fell by 9%. However, although prices and hence revenues reflect pure LRIC pricing, the cost allocation to this market remains on a fully allocated historic cost basis.

In section 7.177 of the Decision ComReg indicated that fixed and common costs no longer recovered from Call Termination revenues might be recovered from other wholesale services so these financial statements must be read in that context.

## Regulatory Decisions in the Year

There were no relevant Regulatory Decisions in the year.

## Trends in Reported Balances

### Revenues/Volumes

Overall this market is in steady decline due to the impact of fixed mobile substitution and alternative technologies, and competition on both the total number of channels supplied and the proportion of minutes originating on fixed lines. This is reflected in a 10% reduction in termination minutes. The combination of the volume reduction and price reductions on 1 July 2014 led to an overall reduction in termination revenues of 22%.

## Operating Costs/Profit

Overall operating costs before exceptional items have declined by 12%. When exceptional items are considered the resulting reduction in operating costs (9%) was a marginally larger money amount than the decline in market revenues, so an operating loss of €8.45m in the previous year has reduced to a loss of €8.18m in the current year.

## Return on Capital Employed (ROCE)

The MCE in this market declined by 7%. This reflects both the shift in shared asset allocation away from legacy network platforms such as PSTN Switching and an underlying decline in the switching asset values. ROCE was therefore negative 27%

## Exceptional Events/Methodology Changes

The exceptional loss is a net loss arising from disposal of assets which are no longer required. No other exceptional events or methodology change occurred in the year that materially impacted on the revenue or returns in this market.