

BABCOCK & BROWN CAPITAL LIMITED

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ASX Release

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BCM DELIVERS STRONG FULL YEAR RESULT OF A\$101.2M NPAT AND 31% INCREASE IN EBITDA

Group Financial Highlights

- EBITDA of A\$1,277 million up 31% on prior year
- Consolidated profit of A\$101.2 million up from a prior year loss of A\$131.7 million
- Group EPS of 52.3 cents compared to previous year loss of 65.8 cents per share
- NAV of \$5.58¹ per share a 20% increase on \$4.66 at 30 June 2007

Operational Highlights

eircom

- Fixed line EBITDA maintained at ~€150 million per quarter in line with guidance
- 30% increase in fixed line broadband subscribers year on year
- 57% increase in Meteor EBITDA over prior year

Golden Pages

- Consolidated EBITDA for 6 months to 30 June 2008 of NIS 38.8m, a 12.5% increase on the pcp
- Growth in online EBITDA from a loss in pcp to NIS 4.4m for 6 months to 30 June 2008
- 68% growth in Local Search & Information Business EBITDA from NIS 5.6m to NIS 9.4m

Financial Results

Babcock & Brown Capital Limited (“BCM”) today released its full year 07/08 financial results achieving earnings before interest, tax, depreciation and amortisation (“EBITDA”) for the year of A\$1,227 million, an increase of 31% on the prior year largely attributed to the strong operating

¹ A\$5.32 excludes impact of the buy-back

performance of eircom. Profit for the year of A\$101.2 million represents an increase of over 100% on the prior year which was negatively effected by a one off charge for the voluntary leaving program at eircom.

Kerry Roxburgh, Independent Chairman of BCM commented: "We continue to be extremely pleased with the very strong operating performance of our investments particularly in light of the continued turbulent market conditions.

"We are particularly encouraged by the strong performance of eircom's Meteor business and the resilience of eircom's Fixed Line business. The Golden Pages business continues to perform in line with expectations with growth in the online and directories businesses offsetting the decline in print.

"The Group's strong result represents earnings per share of 52.3 cents, an increase of 13% on the prior six months," Mr Roxburgh said.

eircom

eircom's solid operational performance delivered an EBITDA for the full year of €712.0 million, a 7% increase on the pcp. This achievement comprised a 57% increase in Meteor's EBITDA over the prior year to €118 million and a Fixed Line EBITDA of €594 in line with the prior year and BCM's stated KPI objectives.

Higher access charges for line rental continue to offset the decline in fixed line traffic volumes.

To address the effects of an easing in broadband revenue growth due to a general slow down in the fixed line broadband market and increased penetration by mobile broadband, eircom have successfully utilised bundled broadband packages as an effective acquisition and retention tool. Fixed line broadband subscribers increased by 30% from 455,000 to 593,000 over the course of the year.

Meteor's EBITDA contribution to eircom's result is largely due to a 12% increase in subscriber numbers to 983,000 over pcp and economies of scale. eircom's mobile market penetration is expected to slow down going forward, largely due to increased competition.

Cash spend of €331 million during the 12 months to 30 June 2008 equates to 16% of revenue being invested in eircom's telecommunications infrastructure. This remains in line with eircom's second year of increased capital expenditure (c. €1 billion over three years).

eircom's cash balance of €352 million at 30 June 2008 demonstrates the ongoing strength of eircom's cash position. Despite the volatile credit markets eircom's long dated debt profile remains secure with a weighted average term of eight years.

The Voluntary Leaving program continues to remain on track to achieve 900 leavers by 2009/10 with over 600 voluntary leavers or 67% reached by the end of June 2008.

eircom has made progress on the appointment of a new Chairman and expect to be in a position to announce the new appointment in the coming months. Pierre Danon will remain Chairman of eircom until the end of 2008 or such time as his successor has been appointed.

Golden Pages

Golden Pages achieved a NIS\$38.8 million consolidated EBITDA for the six months to June 2008, an increase of 12.5% over the pcp. The increase in EBITDA from the Online and Local Search & Information Businesses offset the decline in Print EBITDA.

Golden Pages is implementing a number of strategies to mitigate the decline in print revenues including utilising its print customer base to gain critical mass across all distribution platforms and further developing bundled advertising alternatives across multiple distribution platforms.

Further to the 29 July 2008 announcement, an impairment charge of A\$4.3 million has been reflected in BCM's consolidated financial statements for the year ended 30 June 2008 to adjust the carrying value of Golden Pages to reflect exchange rate and other movements since acquisition. The revised carrying value at 30 June 2008 of A\$108.4 million is in line with the independent valuation commissioned by BCM.

Outlook

"We are particularly pleased with the strong performance of both eircom and Golden Pages despite the current market environment. While the BCM Board has commenced formal discussions with Babcock & Brown regarding the future management of BCM, these discussions will have no impact on BCM's ownership of either eircom or Golden Pages," Mr Roxburgh concluded.

Attachments

- An investor presentation which includes information intended to provide investors with the metrics for evaluating the performance and underlying value of eircom and Golden Pages.
- Financial accounts for BCM Ireland Finance Limited ("BCMIF") and BCM Ireland Preferred Equity Limited ("BCMIPE). BCMIF and BCMIPE are single purpose financing entities in the Babcock & Brown Capital / eircom Group corporate structure.

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About Babcock & Brown Capital Limited

Babcock & Brown Capital is an Australian-based investment company that focuses on a concentrated portfolio with a flexible investment horizon. Babcock & Brown Capital concentrates on growing the value of its investments over time. Investments are held while they continue to meet the Company's investment objectives. Babcock & Brown Capital listed on the Australian Securities Exchange in February 2005.

eircom

BCM holds a 57.1% interest in eircom representing an investment of approximately \$448 million. Associates of Babcock & Brown hold an additional 7.9% and existing and former employees hold the remaining 35% through their share ownership trust, the ESOT.

eircom owns Ireland's copper and fibre backbone telecommunications network. It is the largest provider of fixed line wholesale and retail telecommunication services in Ireland and has 69% of the fast growing retail DSL broadband market. eircom's mobile business has a growing 18.9% share of the mobile market.

Golden Pages

BCM acquired Golden Pages in July 2007. Golden Pages is the leading Israeli directories business with portfolio of complementary directory and search businesses operating across four distribution platforms.

For further information please see our website: www.babcockbrowncapital.com