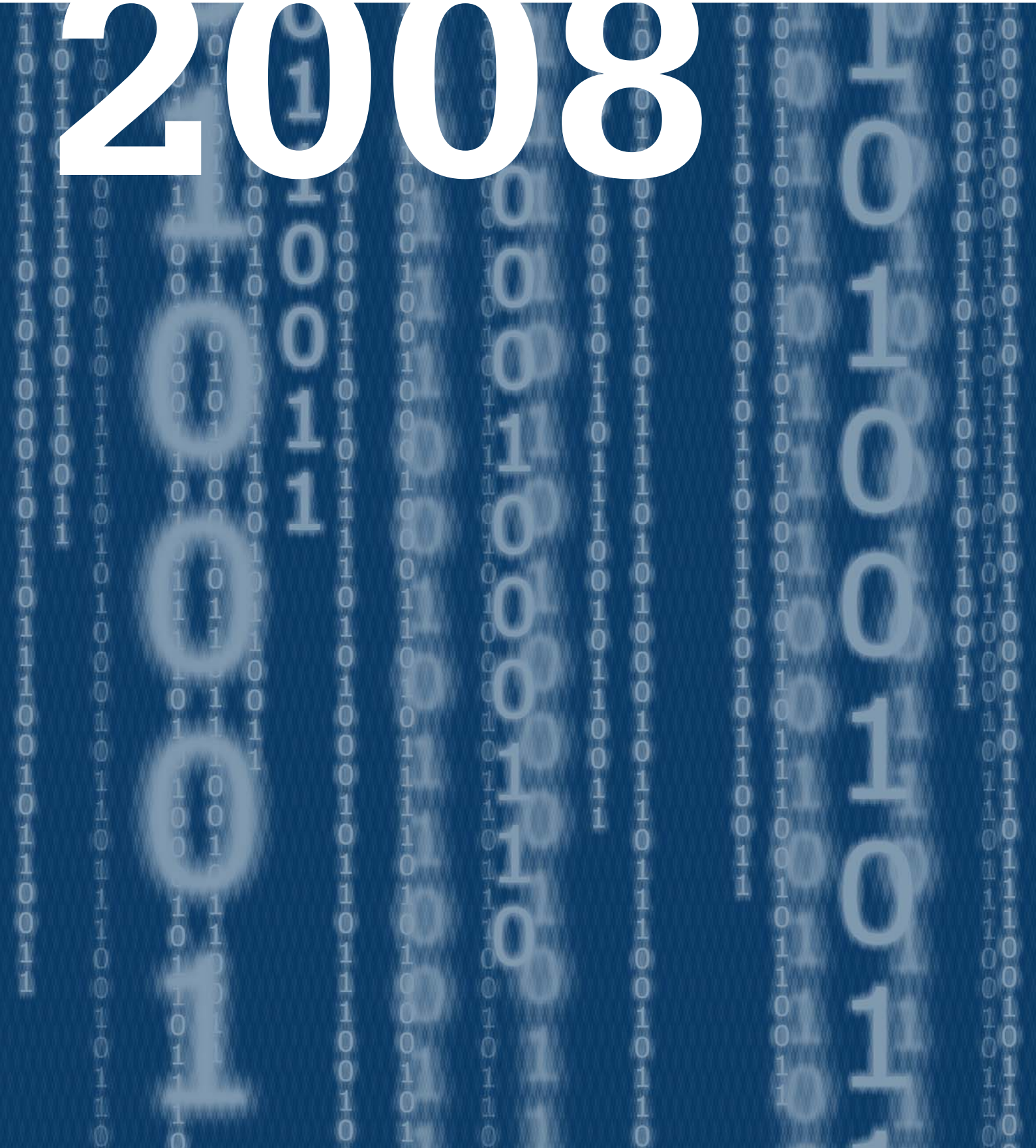
interxion™

Interxion Holding NV
Annual Report 2008



"We are a leading pan-European operator of carrier neutral internet data centres. We serve a large array of clients who require professionally managed, highly reliable, well connected, and strictly controlled physical environments within which to operate mission-critical applications and computer systems. Our carrier neutral internet data centres offer cost effective and fast access to multiple local and global communication networks. We meet our customers' requirements by providing strategically located, high quality, carrier neutral data centre services across a wide European footprint combined with an integrated focus on our customers.

Headquartered in Amsterdam, we serve over 1,100 customers from our 24 carrier neutral internet data centres located in 13 cities across 11 European countries. We have teams based in each of these countries managing our customer relationships. Our internet data centres are operated by skilled engineers supported by our local teams, our 24 hour multi-lingual European Customer Service Centre located in London and a team of engineers based in Amsterdam. Each of our data centres supports a diverse customer community, meaning that our customers are able to peer easily and economically with each other and gain access to local and global networks."

Cofounder EMEA Chapter, Uptime Institute

Uptime Institute

Contributor Member, The Green Grid

the green grid member

ISO 27001-accredited
Information Security Management Systems

Contributor, EC Joint
Research Centre on Sustainability

Patron of the European
Internet Exchange Association

Euro-IX

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Director's report

Overview

Building on the successes of 2006 and 2007, Interxion had another year of significant growth and operational improvement in 2008. The strong growth in our business was led by increasing levels of customer demand in all of our markets as well as historically low levels of churn.

"Revenues increased by 38% to €138.2 million…"

We seek to provide high quality services to our customers and to achieve excellent returns for our shareholders. Our business model and tight focus on cost control ensure that top line growth is amplified in our bottom line performance. This operating leverage was apparent again over the past year, where we saw a 38% growth in revenues lead to a 67% increase in adjusted EBITDA and a 175% increase in net profit.

The Company's financial highlights for 2008 were as follows[1]:

- Revenues increased by 38% to €138.2 million against €100.5 million in 2007 (on a "constant currency" basis, revenues increased by 40%).
- Adjusted EBITDA increased by 67% to €48.3 million in 2008 against €29.0 million in 2007.

"Adjusted EBITDA margins increased to 34.9%..."

- Adjusted EBITDA margins increased to 34.9% in 2008 against 28.8% in 2007.
- Net profit (profit for the year attributable to shareholders) increased by 175% to €37.4 million in 2008 against €13.6 million in 2007.
- Net profit margins increased to 27.1% in 2008 against 13.5% in 2007.

Overview of the market

"Net profit... increased by 175% to €37.4 million..."

In 2008, demand for our colocation services continued to be driven by users increasing their requirements for bandwidth-intensive content, the migration to web-enabled applications, e-commerce and regulation. Equally, this market-led demand has been reinforced by our customers' desire to improve their returns on capital by reducing capital outlays and taking advantage of the operational efficiencies and service improvements offered by our internet data centre solutions.

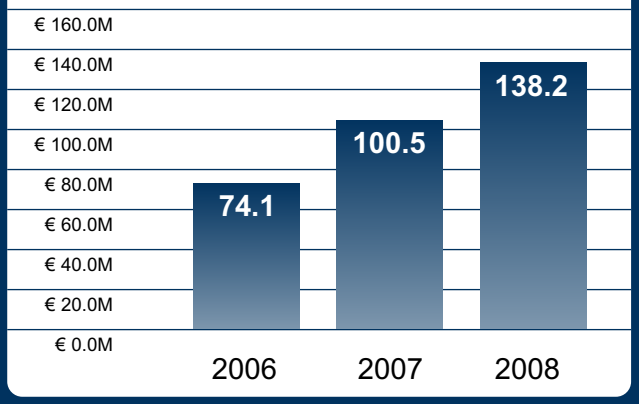
We aim to harness this growth in demand by providing high quality colocation services from our internet data centres to a broad range of customers in key European markets. Our broad geographic footprint, across 11 countries in Europe, is particularly attractive to companies who are active in multiple European

[1] 2007 Figures have been amended for a change in accounting policy. See Note 3 of the financial statements.

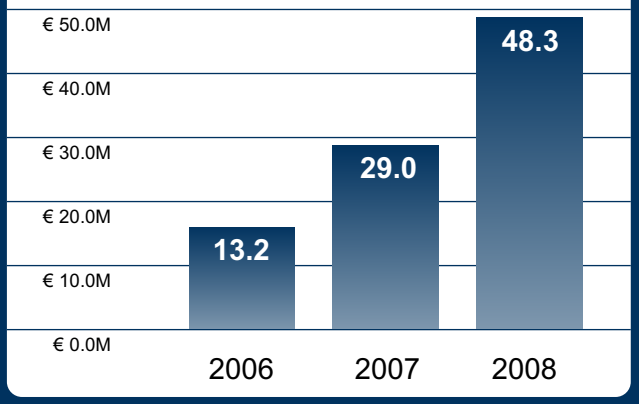
Financial Highlights

Years ended 31 December	2006	2007[1]	2008
Revenues (€M)	**74.1**	**100.5**	**138.2**
Year on year growth (%)	28 %	36 %	38 %
Recurring Revenue (%)	**87** %	**90** %	**92** %
Adjusted EBITDA (€M)	**13.2**	**29.0**	**48.3**
Year on year growth (%)	100 %	120 %	67 %
Adjusted EBITDA Margin (%)	**17.8** %	**28.8** %	**34.9** %
Net Profit (€M)	**0.6**	**13.6**	**37.4**
Net Profit Margin (%)	**0.8** %	**13.5** %	**27.1** %

Revenue (€M)



Adjusted EBITDA (€M)



EBITDA and Adjusted EBITDA, as well as recurring revenues, are additional indicators of our operating performance and are not required by, or presented in accordance with, IFRS. They are not intended as a replacement or alternative for measures such as cash flows from operating activities and operating profit as defined and required under IFRS. This information is disclosed to permit a more complete analysis of our operating performance. EBITDA and Adjusted EBITDA, as calculated here, may not be comparable to similarly titled measures reported by other companies.

[1] 2007 Figures have been amended for a change in accounting policy. See Note 3 of the financial statements.

markets. Our focus on service and quality has helped us to build a high level of satisfaction among our customers and develop a premium brand.

As a result of this growth in customer demand and our reputation for service quality, sales to both new and existing customers have continued to grow in all of our territories. Our customer base continues to expand and the majority of our new sales continue to come from existing customers, reflecting both the consistently high level of customer satisfaction and the growth characteristics of our customer base.

Expansion program

"…equipped space increased by approximately 7,900m^2 …"

During the past year, we continued to build on our position as the broadest pan-European supplier in the market and have added significantly to our Amsterdam, Brussels, Copenhagen, Frankfurt, London, Madrid, Paris and Vienna operations. In total, our equipped space increased by approximately 7,900m^2 in 2008. We have deliberately focused on building our service offering in those European markets that offer the strongest growth potential. This broad geographic coverage means that our business is not geographically concentrated and our revenue is not overly-dependent on the performance of the market in any single country.

Looking ahead, customer demand for additional internet data centre capacity is stronger than ever, in what remains a very supply-constrained market. This means that the rationale for further expansion is clear. That being the case, we will continue to expand our data centre footprint through the build-out of both existing and suitable new sites. Our investment decision criteria continue to be driven by factors such as the presence of target customers in each market and expectations regarding returns on investment. We continue to see strongest market demand in those markets where we already have a presence, so our current expansion program will continue to focus on these territories.

"…€ 135 million revolving credit facility…"

To that end, we have been successful in working with our banking partners to ensure that we have the requisite financing in place to enable us to continue our rapid expansion plans. In September, we secured a €135 million revolving credit facility to maintain our expansion strategy.

Operations

"The majority of our operations were certified to the ISO27001 standard…"

During the year, we moved our highly regarded and unique European Customer Support Centre ("ECSC") to new premises in London. The ECSC is a 24x7 multi-lingual operation dedicated to providing standardised and consistently high levels of customer support and service in the language, both operationally and regionally, of our customers.

The majority of our operations were certified to the ISO27001 (Information Security and Business Continuity) standard during 2008, and by the middle of 2009 we expect that all of our territories will have been granted this certification.

"…continue to invest in our people, our services, our operational procedures, and our IT systems …"

During 2009, we will continue to invest in our people, our services, our operational procedures, and our IT systems. These investments are a reflection of our commitment to maintain and improve customer service as well as to secure sustainable growth.

A key strength of our business is our experienced and highly skilled workforce. Our hard working and dedicated employees understand the requirements of our customers and we believe that these requirements are best met by a combination of strong local teams together with central support. In order to ensure that we can continue to serve our customers to the highest standards, we remain dedicated to attracting, retaining and developing the best people.

Outlook

In our opinion, the data centre and colocation market is not immune to being impacted by the current economic turmoil; it has affected both our customer segments and suppliers. The impact on our customer segments has been inconsistent. Some customers are choosing to accelerate their plans to move to outsourced data centres and others are slowing down their plans. None, however, are abandoning their plans. On the other hand, many data centre suppliers are abandoning or delaying their plans to build out new data centres, thus restricting available supply.

"...Interxion continues to see strong demand for its services...helped by a paucity of supply …"

Interxion continues to see strong demand for its services in all geographies, helped by a paucity of supply. We have a robust, broadly spread business, showing excellent levels of recurring revenue visibility and cash generation. We are well positioned to continue to build on our expansion plans and secure profitable growth in 2009 and beyond.

David C. Ruberg

Managing Director and Chief Executive Officer

Schiphol-Rijk, 26 March 2009

Financial statements

Consolidated income statement

For the years ended 31 December

	Note	2008 €'000	2007* €'000
Revenue	*5,7*	**138,180**	100,450
Cost of sales	*5,6*	**(63,069)**	(51,998)
Gross profit		**75,111**	48,452
Other income	*7*	**2,291**	988
Sales and marketing costs	*5,6*	**(9,862)**	(7,297)
General and administrative costs:			
• Depreciation and amortisation	*10*	**(15,083)**	(9,772)
• Exceptional (expense)/income	*7*	**(1,611)**	(11,478)
• Share-based payments	*21*	**(1,660)**	(1,399)
• Other general and administrative costs		**(16,998)**	(12,188)
Total general and administrative costs	*5,6*	**(35,352)**	(34,837)
Operating profit	*5*	**32,188**	7,306
Net finance expense	*8*	**(3,713)**	(4,126)
Profit before taxation		**28,475**	3,180
Income tax benefit	*9*	**8,899**	10,405
Profit for the year attributable to shareholders		**37,374**	13,585
Basic earnings per share: (€)	*15*	**0.17**	0.06
Diluted earnings per share: (€)	*15*	**0.16**	0.06
Adjusted EBITDA	*5*	**48,251**	28,967
Exceptional income**	*7*	**2,291**	988
Exceptional general and administrative costs	*7*	**(1,611)**	(11,478)
Share-based payments	*21*	**(1,660)**	(1,399)
EBITDA ***	*5*	**47,271**	17,078
Depreciation and amortisation	*10*	**(15,083)**	(9,772)
Operating profit	*5*	**32,188**	7,306

* 2007 Figures have been amended for a change in accounting policy (see Note 3 of the financial statements), a reclassification of exceptional income to "Other income" and a reclassification of interest expense on the provision for onerous lease contracts, previously presented in "Exceptional general and administrative costs", to "Net finance expense".

** Exceptional income is reported within "Other income".

*** Earnings before net finance expense, taxation, depreciation and amortisation.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of recognised income and expense

For the years ended 31 December

	2008 €'000	2007* €'000
Profit for the year attributable to shareholders	**37,374**	13,585
Foreign currency translation differences	**(4,322)**	1,666
Total recognised income and expense in the year	**33,052**	15,251

*2007 Figures have been amended for a change in accounting policy. See Note 3 of the financial statements. The accompanying notes form an integral part of these consolidated financial statements.

Consolidated balance sheet

As at 31 December

	Note	2008 €'000	2007* €'000
Non-current assets			
Property, plant and equipment	*10*	**208,206**	113,174
Intangible assets	*11*	**2,801**	1,879
Deferred tax assets	*9*	**38,204**	28,965
Other receivables	*12*	**1,096**	998
		250,307	145,016
Current assets			
Trade and other receivables	*12*	**49,874**	29,313
Cash and cash equivalents	*13*	**61,775**	35,848
		111,649	65,161
Total assets		**361,956**	210,177
Shareholders' equity			
Share capital	*14*	**4,364**	4,274
Share premium	*14*	**317,806**	315,180
Foreign currency translation reserve	*14*	**(934)**	3,388
Accumulated deficit	*14*	**(216,310)**	(253,684)
		104,926	69,158
Non-current liabilities			
Trade and other payables	*16*	**8,957**	6,614
Provision for onerous lease contracts	*17*	**18,367**	20,716
Borrowings	*18*	**107,384**	39,418
		134,708	66,748
Current liabilities			
Trade and other payables	*16*	**94,074**	59,488
Provision for onerous lease contracts	*17*	**4,545**	4,115
Borrowings	*18*	**23,703**	10,668
		122,322	74,271
Total liabilities		**257,030**	141,019
Total liabilities and shareholders' equity		**361,956**	210,177

*2007 Figures have been amended for a change in accounting policy. See Note 3 of the financial statements.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the years ended 31 December

	Note	2008 €'000	2007* €'000
Net cash flows from operating activities	*20*	**38,116**	24,756
Cash flow from investing activities			
Purchase of property, plant and equipment		**(91,123)**	(48,838)
Purchase of intangible assets		**(1,129)**	(710)
Net cash flows from investing activities		**(92,252)**	(49,548)
Cash flow from financing activities			
Proceeds from exercised options		**1,056**	
Borrowings		**81,001**	45,419
Net cash flows from financing activities		**82,057**	45,419
Effect of exchange rate changes on cash		**(1,994)**	179
Net movement in cash and cash equivalents		**25,927**	20,806
Cash and cash equivalents, beginning of year		**35,848**	15,042
Cash and cash equivalents at end of year	*13*	**61,775**	35,848

*2007 Figures have been amended for a change in accounting policy. See Note 3 of the financial statements.

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the 2008 consolidated financial statements

1 The Company

Interxion Holding N.V. (the "Company") is domiciled in the Netherlands. The address of the Company's registered office is Tupolevlaan 24, 1119 NX Schiphol-Rijk, the Netherlands. The consolidated financial statements of the Company for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is a leading pan-European operator of carrier-neutral internet data centres.

The financial statements were authorised for issuance by the Management Board and approved by the Supervisory Board on 26 March 2009. The financial statements are subject to approval by the General Meeting of Shareholders.

2 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) effective as at 31 December 2008 as adopted by the European Union, and also comply with the financial reporting requirements included in section 9 of Book 2 of the Netherlands Civil Code, as far as applicable.

Basis of measurement

The Group presents its consolidated financial statements in thousands of Euros. They are prepared under the historical cost convention and on the going-concern basis. The Company's functional currency is the Euro.

The accounting policies set out below have been applied consistently by the Group entities and to all periods presented in these consolidated financial statements.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognised in the financial statements are discussed below:

Property, plant and equipment depreciation – Estimated remaining useful lives and residual values are reviewed annually. The carrying values of property, plant and equipment are also reviewed for impairment where there has been a triggering event by assessing the present value of estimated future cash flows and

net realisable value compared with net book value. The calculation of estimated future cash flows and residual values is based on the Company's best estimates of future prices, output and costs and is therefore subjective.

Costs of site restoration – Liabilities in respect of obligations to restore premises to their original condition are estimated at the commencement of the lease. The actual cost of these may be different depending upon whether the Group renews the lease.

Provision for onerous lease contracts – Provision is made for the discounted amount of future losses expected to be incurred in respect of unused data centre sites over the term of the leases. Where unused sites have been sublet or partly sublet, management have taken account of the contracted rental income to be received over the minimum sub lease term in arriving at the amount of future losses.

Deferred taxation – Provision is made for deferred taxation at the rates of tax prevailing at the period end dates unless future rates have been substantively enacted. Deferred tax assets are recognised where it is probable that they will be recovered based on estimates of future taxable profits for each tax jurisdiction. The actual profitability may be different depending upon local financial performance in each tax jurisdiction.

3 Significant accounting policies

Basis of consolidation

Subsidiaries are entities that are directly or indirectly controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Intercompany balances and transactions, and any unrealised income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

The subsidiary undertakings of the Group, all of which are wholly owned, are set out below. Unless otherwise stated, ownership is of ordinary shares and the subsidiaries are trading companies:

- Interxion HeadQuarters B.V., Amsterdam, the Netherlands;
- Interxion Nederland B.V., Amsterdam, the Netherlands;
- Interxion Trademarks B.V., Amsterdam, the Netherlands;
- Interxion Österreich GmbH, Vienna, Austria;
- Interxion Belgium N.V., Brussels, Belgium;
- Interxion Denmark ApS, Copenhagen, Denmark;
- Interxion France SARL, Paris, France;
- Interxion Deutschland GmbH, Frankfurt, Germany;
- Interxion Ireland Ltd, Dublin, Ireland;
- Interxion Telecom SRL, Milan, Italy;
- Interxion España SL, Madrid, Spain;
- Interxion Sverige AB, Stockholm, Sweden;
- Interxion (Schweiz) AG, Zurich, Switzerland;
- Interxion Carrier Hotel Ltd., London, United Kingdom;

- Stichting Administratiekantoor Management Interxion, Amsterdam, the Netherlands;
- Centennium Detachering B.V., The Hague, the Netherlands (dormant);
- Interxion Consultancy Services B.V., Amsterdam, the Netherlands (dormant);
- Interxion Telecom B.V., Amsterdam, the Netherlands (dormant);
- Interxion Trading B.V., Amsterdam, the Netherlands (dormant);
- Interxion B.V., Amsterdam, the Netherlands (dormant);
- Interxion Europe Ltd., London, United Kingdom (dormant);
- Interxion Telecom Ltd., London, United Kingdom (dormant);

Change in accounting policies

IAS 23R, Borrowing Costs, has been endorsed by the European Union on 23 October 2008. This revised standard requires capitalisation of borrowing costs during construction work of new build assets. The Group has chosen to early adopt as at 1 January 2007. Applying this revised standard led to an increase in the profit attributable to shareholders for the year ended 31 December 2008 of €1,263,000. The impact on the current year consists of capitalised borrowing costs € 1,892,000 less additional depreciation amounting to € 62,000 and income tax of € 567,000. The Group retrospectively amended the results for the year ended 31 December 2007, which increased the profit attributable to shareholders by €450,000. The impact on prior year consists of capitalised borrowing costs of € 678,000 less additional depreciation amounting to € 16,000 and income tax of € 212,000.

The accounting policy in respect of construction costs has been reviewed. Historically, rent and associated costs for the period of development and construction work were charged to the income statement. This differed from the majority of costs incurred during the construction of a new data centre, which are capitalised. It is the Group's opinion, that the capitalisation of rent and associated costs results in a more consistent approach to the accounting for all costs directly attributable to the construction of a data centre and therefore more relevant financial information. The decision to capitalise rent and associated costs represents a change in accounting policy, governed by IAS 8. The profit attributable to shareholders for the year ended 31 December 2008 was improved by €1,019,000. This impact on the current year consists of € 1,464,000 capitalised rent and associated costs less additional depreciation amounting to € 32,000 and income tax of € 413,000.

The Group retrospectively amended the results for the year ended 31 December 2007, which improved the profit attributable to shareholders by €706,000. This impact on prior year consists of € 1,039,000 capitalised rent and associated costs minus additional depreciation amounting to € 10,000 and income tax of € 323,000. There is no impact on any years prior to 2007.

The basic and diluted earnings per share for the current year have increased both by €0.01 (2007: € 0.00 and € 0.01 respectively).

Foreign currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and the financial position of each entity are expressed in Euros, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in foreign currencies other than the entity's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies

are retranslated at the rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. The income and expenses of foreign operations are translated to Euro at average exchange rates.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Euros using exchange rates prevailing at the balance sheet date. Income and expense items are translated at average exchange rates for the period. Exchange differences arising, if any, on net investments including receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, are recognised directly in the foreign currency translation reserve (FCTR) within equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value, net of any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest relating to the financial liability is recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition or construction of the asset and comprises purchase cost, together with the incidental costs of installation and commissioning. These costs include external consultancy fees, borrowing costs, rent and associated costs and internal employment costs which are directly and exclusively related to the underlying asset. Where it is probable that the underlying property lease will not be renewed, the cost of self-constructed assets includes the estimated costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within income.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is calculated from the date an asset becomes available for use and is written off on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated on the same basis as owned assets over the shorter of the lease term and their useful lives. The principal periods used for this purpose are:

Data centres	10 – 15 years
Office buildings	10 – 15 years
Office equipment	3 – 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Data centres consist of leasehold improvements and equipment or infrastructure for advanced environmental controls such as ventilation and air conditioning, specialised heating, fire detection and suppression equipment and monitoring equipment. Office buildings consist of office leasehold improvements and office equipment consists of furniture, computer equipment and software.

Intangible assets

Intangible assets represent lease premiums (paid in addition to obtain rental contracts), computer software and other intangible assets (principally power grid usage rights which are initially recognised at cost less accumulated amortisation and accumulated impairment losses).

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets, but, if applicable, no longer than the length of the lease contract. Amortisation methods, useful lives and residual values are reviewed at each reporting date.

The estimated useful lives are:

Lease premiums	12 years
Computer software	3 – 5 years
Other	3 – 10 years

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement.

When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of either its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Group's shareholders.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised costs; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effect interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The discount rate arising on the provision is amortised in future years through interest.

A provision for site restoration is recognised when costs for restoring leasehold premises to their original condition at the end of the lease need to be made. Based on the Group's current estimate of the timing and extent of the future activities, no liability has been recorded.

A provision for onerous lease contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The provision is measured at the present value of the lower of either the expected cost of terminating the contract or the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Leases

Leases, where the Group assumes substantially all the risks and rewards of ownership, are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of either its fair value or the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's balance sheet. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group's geographical segments only. There are no separate business segments. The Group's primary format for segment reporting is based on geographical segments and is determined based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items presented as 'corporate and other' comprise mainly provision for onerous lease contracts and related revenue and expenses, loans and borrowings and related expenses, corporate assets and expenses (primarily the Company's headquarters), and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Revenue recognition

Revenues are recognised when it is probable that future economic benefits will flow to the Group and that these benefits, together with their related costs, can be measured reliably. Revenues are measured at the fair value of the consideration received or receivable.

The Group earns colocation revenue as a result of providing data centre services to customers at its data centres. Colocation revenues are recognised in profit or loss on a straight-line basis over the term of the customer contract. Incentives granted are recognised as an integral part of the total income, over the term of the customer contract. Customers are usually invoiced quarterly in advance and income is recognised on a straight-line basis over the quarter. Initial set-up fees payable at the beginning of customer contracts are deferred at inception and recognised in profit or loss on a straight-line basis over the initial term of the customer contract.

Other services revenue relates mainly to managed services and connectivity. Revenue from other services is recognised when the services are rendered.

Deferred revenues relating to invoicing in advance and initial set-up fees are carried on the balance sheet. Deferred revenues due to be recognised after more than one year are held in non-current liabilities.

Cost of sales

The cost of sales consist mainly of rental costs for the data centres and offices, power costs, maintenance costs relating to the data centre equipment, operation and support personnel costs and costs related to installations and other customer requirements. In general, maintenance and repairs are expensed as incurred. In cases where maintenance contracts are in place, the costs are recorded on a straight-line basis over the contractual period.

Marketing & Sales

The operating expenses related to marketing and sales consist of costs for personnel (including sales commissions), marketing and other costs directly related to the sales process. Costs of advertising and promotion are expensed as incurred.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size, nature or incidence to enable a full understanding of the Group's financial performance.

Share-based payments

The share option programme allows Group employees to acquire shares of the Group. The fair value at the date of grant to employees of share options is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Finance income and expense

Finance expense comprises interest payable on borrowings calculated using the effective interest rate method and foreign exchange gains and losses. Borrowing costs directly attributable to the acquisition or construction of data centre assets, which are assets that necessarily take substantial period of time to get ready for their intended use, are added to the costs of those assets, until such time as the assets are ready for their intended use.

Interest income is recognised in the income statement as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date that are expected to be applied to temporary differences when they reverse or loss carry forwards when they are utilised.

A deferred tax asset is also recognised for unused tax losses and tax credits. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Supplementary consolidated income statement information

The Group focuses primarily on recurring revenues, EBITDA, Adjusted EBITDA, operating profit, profit for the year attributable to the shareholders, equipped space, utilisation rates, and churn as key measures to evaluate the Group's performance. EBITDA and Adjusted EBITDA have been provided as supplementary consolidated income statement information.

EBITDA is defined as operating profit excluding net finance expense (or income), taxation and depreciation and amortisation. Adjusted EBITDA is defined as EBITDA before share-based payments and adjusted for exceptional items to enable a full understanding of the Group's financial performance.

EBITDA and Adjusted EBITDA serve as additional indicators of operating performance and are not required by, or presented in accordance with, IFRS. They are not intended as a replacement or alternative for measures such as cash flows from operating activities and operating profit as defined and required under IFRS. This information has been disclosed to permit a more complete analysis of the Group's operating performance. EBITDA and Adjusted EBITDA, as calculated, may not be comparable to similarly titled measures reported by other companies.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Ordinary shares share on an equal basis in profits with preference shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary and preference shareholders of the Company by the weighted average number of ordinary and preference shares outstanding during the period. Diluted EPS is determined by

adjusting the profit or loss attributable to ordinary and preference shareholders and the weighted average number of ordinary and preference shares outstanding for the effects of all dilutive potential ordinary shares, which comprise the share options granted to employees.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards, and interpretations are not yet effective for the year ended 31 December 2008. Except for IAS23R they have not been applied in preparing these consolidated financial statements:

- IAS 1R – Presentation of Financial Statements
- IFRS 2 – Share-based Payment
- IFRS 3R – Business Combinations
- IFRS 8 – Operating Segments
- IAS23R – Borrowing Costs
- IAS 32 – Financial Instruments: Presentation
- IAS 39 – Financial Instruments: Recognition and Measurement
- IFRIC 11, IFRS 2 – Group and treasury share transactions
- IFRS 13 – Customer Loyalty Programmes
- IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net-Investment in a Foreign Operation
- IFRIC 17 – Distributions of Non-cash Assets to owners
- IFRS 18 – Transfers of Assets from Customers

These new standards and interpretations will become mandatory for the Group's 2009 financial statements. The Group has not opted for earlier application, except for the amended IAS 23 Borrowing Costs. The Group started capitalising interest on data centres under construction as required in the amended IAS 23 as from January 1, 2007.

Following an internal review it is not anticipated that the adoption of these other standards and interpretations will have a material financial impact on the financial statements in the period of initial application and the subsequent reporting period being 2009 and 2010 respectively.

4 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk
- Interest rate risk
- Other risks

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Management Board has overall responsibility for the oversight of the Group's risk management framework.

The Company continues developing and evaluating the Group's risk management policies with a view to identifying and analysing the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Supervisory Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer, bank or other counterparty to a financial instrument fails to meet its contractual obligations. This risk principally arises from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and the country in which customers operate, has less of an influence on credit risk.

The Group's most significant customer accounts for less than 5% of the carrying amount of trade receivables as at 31 December 2008 and 2007.

The Group has an established credit policy under which each new customer is analysed individually for creditworthiness before they commence trading with the Group. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the credit quality of the customer is analysed taking into account its financial position, past experience and other factors.

The Group's standard terms require contracted services to be paid in advance of these services being delivered. In the event that a customer fails to pay amounts that are due, the Group has a clearly defined escalation policy which can result in a customer's access to their equipment being denied or service to the customer being suspended.

In 2008, more than 92% (2007: 90%) of the Group's revenue were derived from contracts under which customers pay an agreed contracted amount including power on a regular basis (usually monthly or quarterly) or from deferred initial set-up fees paid at the outset of the customer contract.

As a result of the Group's credit policy and the contracted nature of the revenues, losses have occurred infrequently (see note 19). The Group establishes an allowance that represents its estimate of potential incurred losses in respect of trade and other receivables. This allowance is entirely composed of a specific loss component relating to individually significant exposures.

Bank Counterparties

During the latter half of 2008, the Group's exposure to bank counterparty risk increased as cash balances held by the Group increased beyond normal working capital levels, to support commitments under construction projects.

The Group has obligations under the terms of its revolving loan agreement to deposit surplus cash balances at bank accounts held by the lending banks. The Group seeks to minimise the risk that this constraint imposes by holding cash as widely as possible across all three lending bank institutions. Term risk is limited

to deposits of no more than two weeks. The Group monitors its cash position, including counterparty and term risk, daily.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation or jeopardizing its future.

The majority of the Group's revenues and operating costs are contracted, which assists it in monitoring cash flow requirements, which are monitored on a daily and weekly basis. Typically the Group ensures that it has sufficient cash on demand to meet expected normal operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

All significant capital expansion projects are subject to formal approval by the Board and material expenditure or customer commitments are only made once the management is satisfied that the Group has adequate committed funding to cover the anticipated expenditure.

The Group has € 135 million of secured credit facilities of which an amount of € 3.9 million was undrawn and available for capital expenditure projects as at 31 December 2008. Interest is payable at the rate of EURIBOR plus 210 to 240 basis points.

Market risk

Market risk is the risk that changes in market circumstances, such as strong unanticipated increases in operational costs, construction costs of new data centres or that customer contracts will churn, will negatively affect the Group's income. Customers have medium term contracts which require notice prior to termination. The Group's most significant customer accounts for less than 5% of the revenues for 2008 and 2007. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Euro, but also pound sterling (GBP), Swiss francs (CHF), Danish kroner (DKK) and Swedish kronor (SEK). The currencies in which these transactions primarily are denominated are Euro, GBP, CHF, DKK and SEK.

Historically, the revenues and operating costs of each of the Group's entities have provided an economic hedge against foreign currency exposure and have not required foreign currency hedging.

It is anticipated that a number of capital expansion projects will be funded in a currency that is not the functional currency of the entity in which the associated expenditure will be incurred. In the event that this occurs and is material to the Group, the Group will seek to implement an appropriate hedging strategy.

The majority of the Group's borrowings are Euro denominated and the Company believes that the Interest on these borrowings will serviced from the cash flows generated by the underlying operations of the Group whose functional currency is the Euro. The Group's investments in subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

Interest rate risk

Historically the Group has received funding from its shareholders which has resulted in limited exposure to changes in interest rates. Following the arrangement of the credit facility to fund investments in expansion

projects, the Group's exposure to interest rate risk has increased. Currently the Group has not entered into interest rate swaps to fix interest rates on variable rate borrowings.

Other risks

Price risk

The Group is a significant user of electricity and has exposure to increases in electricity prices. In recent years the Group has seen significant increases in electricity prices. The Group uses independent consultants to monitor price changes in electricity and negotiate fixed-price term agreements with the power supply companies where possible.

Capital management

The Company's policy is to maintain a capital base and access to capital in order to sustain the future development of the business and maintain shareholder, creditors and customer confidence. Major capital expansion projects are evaluated against target internal rates of return before approval and the projects are continually monitored until completion. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

5 Information by segment

Information has been provided in two segments: the first being France, Germany, the Netherlands and the United Kingdom and the second being the Rest of Europe, which comprises Austria, Belgium, Denmark, Ireland, Spain, Sweden and Switzerland. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items are presented as "corporate and other" and comprise mainly: general and administrative expenses, assets and liabilities associated with our headquarter operations, provisions for onerous lease contracts (relating to the discounted amount of future losses expected to be incurred in respect of unused data centre sites over the term of the leases) and related revenue and expenses, loans and borrowings and related expenses and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets.

Information by segment

	2008				2007[2]			
	FR, DE, NL and UK[1] €'000	Rest of Europe €'000	Corporate and other €'000	Total €'000	FR, DE, NL and UK[1] €'000	Rest of Europe €'000	Corporate and other €'000	Total €'000
Revenue	80,950	57,230	–	138,180	60,284	40,166	–	100,450
Cost of sales	(36,207)	(25,018)	(1,844)	(63,069)	(28,868)	(19,955)	(3,175)	(51,998)
Gross profit/(loss)	44,743	32,212	(1,844)	75,111	31,416	20,211	(3,175)	48,452
Other income	518	1,773	–	2,291	501	–	487	988
Sales and marketing	(3,437)	(2,498)	(3,927)	(9,862)	(2,973)	(2,077)	(2,247)	(7,297)
General and administrative costs:								
• Depreciation and amortisation	(8,875)	(5,768)	(440)	(15,083)	(5,060)	(4,449)	(263)	(9,772)
• Exceptional items – impairment	–	–	–	–	–	(1,885)	–	(1,885)
• Other exceptional items	(1,807)	196	–	(1,611)	–	–	(9,593)	(9,593)
• Share-based payments	–	–	(1,660)	(1,660)	–	–	(1,399)	(1,399)
• Other	(5,434)	(4,078)	(7,486)	(16,998)	(4,021)	(3,072)	(5,095)	(12,188)
Total general and administrative costs:	(16,116)	(9,650)	(9,586)	(35,352)	(9,081)	(9,406)	(16,350)	(34,837)
Operating profit/(loss)	25,708	21,837	(15,357)	32,188	19,863	8,728	(21,285)	7,306
Total Assets	177,501	102,551	81,904	361,956	101,102	55,384	53,691	210,177
Total Liabilities	77,265	45,023	134,742	257,030	38,644	22,506	79,869	141,019
Capital expenditures	73,001	38,573	1,051	112,625	29,433	16,598	358	46,389
EBITDA	34,583	27,605	(14,917)	47,271	24,923	13,177	(21,022)	17,078
Adjusted EBITDA	35,872	25,636	(13,257)	48,251	24,422	15,062	(10,517)	28,967

(1) France, Germany, The Netherlands and the United Kingdom.
(2) 2007 Figures have been amended for a change in accounting policy (see Note 3 of the financial statements) as well as a reclassification of exceptional income to "Other income".

6 Employee benefit expenses

The Group employed on average 225 employees (full-time equivalents) during 2008 (2007: 205). Costs incurred in respect of these employees were:

	2008 €'000	2007 €'000
Salaries and bonuses	**17,844**	14,575
Social security charges	**2,453**	2,078
Pension costs	**881**	684
Other personnel related costs	**2,932**	2,773
Share-based payments	**1,660**	1,399
	25,770	21,509

The following income statement line items include employee benefit expenses of:

	2008 €'000	2007 €'000
Costs of sales	**10,354**	8,630
Sales and marketing costs	**4,418**	3,671
General and administrative costs	**10,998**	9,208
	25,770	21,509

The Group operates a defined contribution scheme for its employees. The contributions are made in accordance with the scheme and are expensed in the income statement as incurred.

7 Exceptional income/(expense)

	2008 €'000	2007 €'000
Income from subleases on unused data centre sites	**534**	501
Income on release of loan repayment obligations	**–**	487
Net insurance compensation benefit	**1,757**	–
Exceptional income	**2,291**	988
Impairment loss	**–**	(1,885)
Increase in provision onerous lease contracts [1]	**(1,611)**	(8,139)
Personnel costs	**–**	(1,454)
Exceptional general and administrative expense	**(1,611)**	(11,478)
Net exceptional expense	**680**	(10,490)

(1) Before deduction of income from subleases on unused data centre sites.

Exceptional income is recorded as "Other income". The net insurance compensation benefit received from our insurance company, as a result of fire damage, represents the difference between the net book value and the replacement value of the equipment damaged.

Exceptional income relating to the 2007 release of loan repayment obligations pertains to a Senter loan. The impairment losses in 2007 relate to the impairment of data centre assets in Sweden. The provision for onerous lease contracts relates to unused data centre sites in Germany and Switzerland (see note 17). The increase is mainly due to certain increased costs.

Personnel costs relate to one-off costs incurred during 2007, including severance payments and sign on bonuses.

8 Finance income and expense

	2008 €'000	2007 €'000
Bank and other interest	**1,138**	387
Foreign currency exchange gains	**28**	–
Finance income	**1,166**	387
Interest expense on bank and other loans	**(3,819)**	(1,098)
Interest expense on finance leases	**(26)**	(25)
Interest expense on convertible loans	**–**	(425)
Interest expense on provision for onerous lease contracts	**(1,034)**	(755)
Foreign currency exchanges losses	**–**	(2,210)
Finance expense	**(4,879)**	(4,513)
Net finance expense	**(3,713)**	(4,126)

Exchange differences arising on intra-group balances, of which since 2008 settlement is neither planned nor likely to occur in the foreseeable future, are recognized directly in the foreign currency translation reserve within equity. In 2007, exchange differences arising on intra-group balances have been charged to the income statement.

The "Interest expense on provision for onerous lease contracts" relates to the unwinding of the discount rate used to calculate the "Provision for onerous lease contracts".

9 Income taxes

Income tax benefit/ (expense)

	2008 €'000	2007 €'000
Current taxes	**(340)**	(306)
Deferred taxes	**9,239**	10,711
Total income tax benefit	**8,899**	10,405

Reconciliation of effective tax rate

A reconciliation between income taxes calculated at the Dutch statutory tax rate of 25.5% in 2008 (25.5% in 2007) and the actual tax benefit/expense is as follows:

	2008 €'000	2007 €'000
Profit for the year	**37,374**	13,585
Income tax benefit	**8,899**	10,405
Profit before taxation	**28,475**	3,180
Income tax using Company's domestic tax rate	**7,261**	811
Effect of tax rates in foreign jurisdictions	**(14)**	(232)
Change in tax rate	**–**	218
Exempt income and non-deductible expenses	**573**	80
Recognition of previously unrecognised tax losses	**(14,065)**	(13,748)
Current year (profit)/losses for which no deferred tax asset was recognised	**–**	4,376
Change in unrecognised temporary differences	**(2,654)**	(1,910)
Income tax benefit	**(8,899)**	(10,405)

Recognised deferred tax assets/(liabilities)

The movement in recognised deferred tax assets during the year is as follows:

	Property, plant and equipment €'000	Provision onerous contracts €'000	Other €'000	Tax loss carry-forward €'000	Total €'000
1 January 2007	4,992	1,938	210	11,114	18,254
Recognised in profit/(loss) for 2007	(81)	(1,938)	15	13,554	11,550
31 December 2007	4,911	–	225	24,668	29,804
Recognised in profit/(loss) for 2008	(4,366)	3,922	786	13,952	14,294
31 December 2008	**545**	**3,922**	**1,011**	**38,620**	**44,098**

The movement in recognised deferred tax liabilities during the year is as follows:

1 January 2007	–	–	–	–	–
Recognised in profit/(loss) for 2007	(535)	–	(304)	–	(839)
31 December 2007	(535)	–	(304)	–	(839)
Recognised in profit/(loss) for 2008	(3,361)	–	(1,694)	–	(5,055)
31 December 2008	**(3,896)**	**–**	**(1,998)**	**–**	**(5,894)**
Net deferred tax assets/(liabilities)	**(3,351)**	**3,922**	**(987)**	**38,620**	**38,204**

The estimated utilisation of carried forward tax losses in future years is based on management's forecasts of future profitability by tax jurisdiction.

The following deferred tax assets have not been recognised:

	2008 €'000	2007 €'000
Deductible temporary differences	**4,452**	7,567
Tax losses	**16,383**	34,124
	20,835	41,691

The accumulated tax losses expire as follows:

	2008 €'000	2007 €'000
Within one year	**3,792**	5,385
Between 1 and 5 years	**73,593**	76,143
After 5 years	**–**	20,275
Unlimited	**127,401**	118,003
	204,786	219,806

10 Property, plant and equipment

Cost:	Data centres €'000	Office Buildings €'000	Office equipment €'000	Assets under construction €'000	Total €'000
As at 1 January 2008	189,318	4,601	9,648	6,288	**209,855**
Additions	29,381	665	692	81,887	**112,625**
Exchange differences	(3,464)	(69)	(305)	(183)	**(4,021)**
Disposals	(1,383)	–	(10)	–	**(1,393)**
Transfers	12,691	–	212	(12,903)	–
As at 31 December 2008	**226,543**	**5,197**	**10,237**	**75,089**	**317,066**
Accumulated depreciation:					
As at 1 January 2008	85,329	2,704	8,648	–	**96,681**
Depreciation	14,044	247	584	–	**14,875**
Exchange differences	(1,467)	(37)	(298)	–	**(1,802)**
Disposals	(1,374)	–	(9)	–	**(1,383)**
Impairment loss	489	–	–	–	**489**
As at 31 December 2008	**97,021**	**2,914**	**8,925**	**–**	**108,860**
Carrying amount as at 31 December 2008	**129,522**	**2,283**	**1,312**	**75,089**	**208,206**
Cost:					
As at 1 January 2007	136,291	5,617	11,662	12,987	**166,557**
Additions	40,531	97	1,199	4,565	**46,392**
Exchange differences	(1,543)	(51)	(102)	–	**(1,696)**
Disposals	(777)	–	(621)	–	**(1,398)**
Transfers	14,816	(1,062)	(2,490)	(11,264)	**–**
As at 31 December 2007	**189,318**	**4,601**	**9,648**	**6,288**	**209,855**
Accumulated depreciation:					
As at 1 January 2007	72,527	3,761	11,042	–	**87,330**
Depreciation	8,891	222	504	–	**9,617**
Exchange differences	(630)	(27)	(96)	–	**(753)**
Disposals	(777)	–	(621)	–	**(1,398)**
Impairment loss	1,885	–	–	–	**1,885**
Transfers	3,433	(1,252)	(2,181)	–	**–**
As at 31 December 2007	**85,329**	**2,704**	**8,648**	**–**	**96,681**
Carrying amount as at 31 December 2007	**103,989**	**1,897**	**1,000**	**6,288**	**113,174**

The Group leases certain data centre equipment under a number of finance lease agreements (see note 1). At 31 December 2008, the carrying amount of leased equipment classified in data centres was € 2,429,000 (2007: € 2,746,000).

In 2008 the Group capitalised interest expenses for €1,892,000 (applicable rate amounts to 6.5%) (2007: € 678,000).

As at December 31, 2008 the Group has € 75,089,000 assets under construction. It is anticipated that approximately € 32 million of this will be completely ready for service in the first quarter of 2009.

Impairment losses and reversals

In 2007, the Group reassessed the recoverable amount of its data centre in Sweden. As a result, the carrying amount of the data centre asset was determined to be € 1,885,000 higher than their recoverable amounts and consequently an impairment loss was recognised.

Value in use was determined by discounting estimated future cash flows generated from the continuing use of the cash generating unit.

11 Intangible assets

The components of intangible assets are as follows:

	Lease premiums €'000	Other €'000	Total €'000
Cost:			
As at 1 January 2008	1,569	490	2,059
Additions	28	1,102	1,130
As at 31 December 2008	**1,597**	**1,592**	**3,189**
Amortisation:			
As at 1 January 2008	(133)	(47)	(180)
Amortisation	(182)	(26)	(208)
As at 31 December 2008	**(315)**	**(73)**	**(388)**
Carrying amount as at 31 December 2008	**1,282**	**1,519**	**2,801**
Cost:			
As at 1 January 2007	1,100	249	1,349
Additions	469	241	710
As at 31 December 2007	**1,569**	**490**	**2,059**
Amortisation:			
As at 1 January 2007	–	(25)	(25)
Amortisation	(133)	(22)	(155)
As at 31 December 2007	**(133)**	**(47)**	**(180)**
Carrying amount as at 31 December 2007	**1,436**	**443**	**1,879**

12 Trade and other receivables

	2008 €'000	2007 €'000
Non-current		
Rental deposits	**1,096**	998
Current		
Trade receivables - net	**28,743**	20,353
Taxes	**4,155**	638
Prepaid expenses and other current assets	**16,976**	8,322
	49,874	29,313

Prepaid expenses and other current assets principally comprise prepaid insurances, rental and other related data centre prepayments. In 2008, prepaid expenses and other current assets additionally comprise prepaid project expenses related to an ongoing strategic review and evaluation and a current asset in respect of an insurance claim (see Note 7).

13 Cash and cash equivalents

Cash and cash equivalents include € 3,872,000 (2007: € 3,558,000) which is restricted and held as collateral to support the issuance of bank guarantees on behalf of a number of subsidiary companies.

14 Shareholders' equity

Reconciliation of movements in Shareholders' equity

	Note	Share capital	Share premium	Foreign currency trans-lation reserve	Accumu-lated deficit	Total equity
		€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2008		4,274	315,180	3,388	(253,684)	69,158
Total recognised income and expense		–	–	(4,322)	37,374	33,052
Exercise of options		90	966	–	–	1,056
Share-based payments	*21*	–	1,660	–	–	1,660
Balance at 31 December 2008		**4,364**	**317,806**	**(934)**	**(216,310)**	**104,926**

	Note	Share capital	Share premium	Foreign currency translation reserve	Accumu-lated deficit	Total equity
		€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2007		2,817	300,672	1,722	(267,269)	37,942
Total recognised income and expense		–	–	1,666	13,585	15,251
Issue of preference shares		1,457	13,109	–	–	14,566
Share-based payments	*21*	_	1,399	_	_	1,399
Balance at 31 December 2007		**4,274**	**315,180**	**3,388**	**(253,684)**	**69,158**

Foreign currency translation reserve comprises of all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of intergroup balances.

Share capital and share premium

	Ordinary shares		2002 series A non-redeemable preference shares	
In thousands of shares	**2008**	**2007**	**2008**	**2007**
On issue at 1 January	**39,665**	39,665	**174,040**	101,210
Issue of shares (note 21)	**4,527**	–	–	72,830
On issue at 31 December	**44,192**	39,665	**174,040**	174,040

At 31 December 2008, the authorised share capital comprised 575,000,000 ordinary shares (2007: 575,000,000) and 175,000,000 2002 Series A preference shares (2007: 175,000,000). All shares have a par value of € 0.02. All issued shares are fully paid.

Voting

Holders of the 2002 Series A preference shares are entitled to vote together with holders of the Company's ordinary shares, on all matters submitted to shareholders for vote. Each share equals one vote. In addition to voting privileges, holders of the 2002 Series A preference shares are entitled to certain prior consent rights against certain actions proposed by the Management Board.

Dividends

Dividends that are paid from the profits of the Company and, if permitted under Dutch law, as a result of a sale by the Company of shares or assets of the Company or a subsidiary other than pursuant to an IPO, sale or liquidation event shall be distributed in the following priority: first to holders of the 2002 Series A preference shares in an amount equal to the purchase price of the 2002 Series A preference shares (reduced by any dividend previously received on the 2002 Series A preference shares) and second to the extent any residual amount exits thereafter, pro rata amongst all holders of ordinary shares and 2002 Series A preference shares. Upon the completion of an IPO or a sale, the holders of the 2002 Series A preference shares are entitled to receive the 2002 Series A Share Purchase Price of €0.20 per share less any dividends exclusively paid to the holders of the 2002 series A preference shares in cash or in ordinary shares.

Conversion of convertible loan into preference shares on 13 June 2007

On 21 May 2007, the majority note holder confirmed its intention to convert the convertible loan into 2002 Series A preference shares. As entitled in article 8a of the convertible loan agreement ("mandatory conversion notice"), the majority holder elected that the entire principal amount of the convertible loan should be converted to 2002 Series A preference shares, as of the close of business on 13 June 2007. In accordance with this and pursuant to the fact that all participants elected to convert the accrued interest into Series A preference shares, the Company issued 72,829,632 shares of the 2002 Series A preference shares with a nominal value of € 0.02 per share for an amount of € 0.20 per share to the convertible loan holders.

15 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2008 was based on the profit attributable to ordinary and preference shareholders of € 37,374,000 (2007: € 13,584,000) and a weighted average number of ordinary and preference shares outstanding during the year ended 31 December 2008 of 215,968,000 (2007: 213,704,000). Profit is attributable to ordinary and preference shares on an equal basis.

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2008 was based on the profit attributable to ordinary shareholders and preference shares of € 37,374,000 (2007: € 13,901,000 adjusted for interest expense on the convertible loan) and a weighted average number of ordinary and preference shares outstanding during the year ended 31 December 2008 of 231,504,000 (2007: 227,001,000), calculated as follows:

Profit attributable to ordinary and preference shareholders

	2008 €'000	2007 €'000
Profit attributable to ordinary and preference shareholders (basic)	**37,374**	13,584
Interest expense on convertible loan, net of tax	**–**	317
Profit attributable to ordinary and preference shareholders	**37,374**	13,901

Weighted average number of ordinary shares and preference shares

In thousands of shares	2008	2007
Weighted average number of ordinary shares (basic)	**41,928**	39,665
Weighted average number of preference shares	**174,040**	141,316
Weighted average number of conversion of convertible loan	**–**	32,723
Weighted average number of ordinary and preference shares at 31 December	**215,968**	213,704
Dilution effect of share options on issue	**15,536**	13,297
Weighted average number of ordinary and preference shares (diluted) at 31 December	**231,504**	227,001

16 Trade and other payables

	2008 €'000	2007 €'000
Non-current		
Deferred revenue	**7,731**	5,624
Other non-current liabilities	**1,226**	990
	8,957	6,614
Current		
Trade payables	**35,542**	14,195
Tax and social security	**1,205**	2,386
Customer deposits	**11,626**	8,999
Deferred revenue	**24,043**	19,343
Accrued expenses	**21,658**	14,565
	94,074	59,488

Accrued expenses are analysed as follows:

	2008 €'000	2007 €'000
Data centre related costs	**8,350**	4,976
Personnel and related costs	**6,573**	4,611
Professional services	**1,405**	791
Customer implementation and related costs	**573**	367
Other	**4,757**	3,820
	21,658	14,565

17 Provisions for onerous lease contracts

The provisions for onerous lease contracts relate to unused data centre sites in Switzerland and Germany. The provision is calculated based on the discounted future contracted payments net of any sublease revenues.

	2008 €'000	2007 €'000
As at 1 January 2008	**24,831**	20,953
Increase in provision	**1,077**	7,638
Unwinding of discount	**1,034**	755
Utilisation of provision	**(4,635)**	(4,296)
Exchange differences	**605**	(219)
As at 31 December 2008	**22,912**	24,831
Non-current	**18,367**	20,716
Current	**4,545**	4,115
	22,912	24,831

Discounted estimated future losses are calculated using a discount rate based on the 10-year euro area Government Benchmark bond yield prevailing at the balance sheet date.

18 Borrowings

	2008 €'000	2007 €'000
Non-current		
Bank borrowings	**104,291**	35,911
Finance lease liabilities	**1,244**	1,728
Other loans	**1,849**	1,779
	107,384	39,418
Current		
Bank borrowings	**22,867**	9,718
Finance lease liabilities	**482**	530
Other loans	**354**	420
	23,703	10,668
Total borrowings	**131,087**	50,086

The carrying amounts of the Group's borrowings are principally denominated in Euro. The fair value of non-current and current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the market rate.

Bank borrowings

Bank borrowings are used to finance investments in expansion projects in order to increase equipped data centre space. These borrowings are secured by the related project assets.

Bank borrowings mature on various dates until 31 July 2013 and bear average interest of three months' EURIBOR plus on average 2.4% annually (2007: three months' EURIBOR plus 1.8% annually).

The maturity profile of the gross amounts of bank borrowings is set out below:

	2008 €'000	2007 €'000
Within one year	**23,064**	9,718
Between 1 and 5 years	**105,769**	36,510
	128,833	46,228

The Group has the following undrawn bank borrowing facilities:

	2008 €'000	2007 €'000
Expiring within one year	**3,867**	16,451

As at the year-end, the Group was in compliance with all covenants associated with its bank borrowings.

Finance lease liabilities

Finance lease liabilities relate to the acquisition of property, plant and equipment with the following repayment schedule:

	2008 €'000	2007 €'000
Gross lease liabilities:		
Within one year	**583**	530
Between 1 and 5 years	**1,272**	1,800
After 5 years	**51**	217
	1,906	2,547
Future interest payments	**(180)**	(289)
	1,726	2,258

Other loans

Loan from landlord

The Company has a loan facility with the landlord of one of its unused data centre sites, to allow the Company to invest in improvements to the building to meet the requirements of sub-lessees. The non-current loan bears interest at 6% per annum and is repayable at the end of the lease term. As at 31 December 2008, the balance of the landlord loan was € 1,605,000 (2007: € 1,180,000).

19 Financial instruments

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2008 €'000	2007 €'000
Trade receivables	**28,743**	20,353
Cash and cash equivalents	**61,775**	35,848
	90,518	56,201

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2008 €'000	2007 €'000
UK, France, Germany and the Netherlands	**18,692**	13,675
Rest of Europe	**10,051**	6,678
	28,743	20,353

The Group's most significant customer accounts for less than 5% of the trade receivables carrying amount at 31 December 2008 as at 31 December 2007.

Impairment losses

The ageing of trade receivables as at the reporting date was:

	Gross 2008 €'000	Impairment 2008 €'000	Gross 2007 €'000	Impairment 2007 €'000
Not past due	**22,797**	–	15,618	–
Past due 0-30 days	**3,402**	–	3,690	–
Past due 31-120 days	**2,090**	–	1,043	–
Past due 120 days – 1 year	**590**	**136**	87	85
More than 1 year	**8**	**8**	9	9
	28,887	**144**	20,447	94

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2008 €'000	2007 €'000
Balance at 1 January	**94**	100
Impairment loss recognised	**63**	14
Write-offs	**(13)**	(20)
Balance at 31 December	**144**	94

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables other than those that have been specifically provided for; close to 100 percent of the balance relates to customers that have a good track record with the Group.

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

31 December 2008

	Carrying amount €'000	Contractual cash flows €'000	Less than 1 year €'000	Between 1 - 5 years €'000	More than 5 years €'000
Non-derivative financial liabilities					
Bank borrowings	127,158	149,126	31,501	117,625	–
Finance lease liabilities	1,726	1,906	583	1,272	51
Other loans	2,203	3,024	486	644	1,894
Trade and other payables [1]	71,257	71,257	70,032	1,225	–
	202,344	**225,313**	**102,602**	**120,766**	**1,945**

[1] Excludes deferred revenues

31 December 2007

	Carrying amount €'000	Contractual cash flows €'000	Less than 1 year €'000	Between 1 - 5 years €'000	More than 5 years €'000
Non-derivative financial liabilities					
Bank borrowings	45,629	55,321	6,536	48,785	–
Finance lease liabilities	2,258	2,545	640	1,800	105
Other loans	2,199	2,614	445	2,169	–
Trade and other payables [1]	41,135	41,135	40,145	990	–
	91,221	**101,615**	**47,766**	**53,744**	**105**

[1] Excludes deferred revenues

On 13 June 2007 the entire aggregate amount of the principal and accrued interest on the convertible loan was converted into 2002 Series A preference shares. There was no cash flow impact on the Group as a result of this conversion.

Currency risk

Exposure to currency risk

The following significant exchange rates applied during the year:

	Average rate		Report date mid-spot rate	
Euro	**2008**	**2007**	**2008**	**2007**
GBP 1	1.254	1.460	1.035	1.357
CHF 1	0.630	0.609	0.671	0.603
DKK 1	0.134	0.134	0.134	0.134
SEK 1	0.104	0.108	0.092	0.106

Sensitivity analysis

A 10 percent strengthening of the Euro against the following currencies at 31 December would have increased (decreased) equity and profit or loss by approximately the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and is performed on the same basis for 2007.

	Equity €'000	Profit or loss €'000
31 December 2008		
GBP	**(1,181)**	**525**
CHF	**(1,367)**	**(1,319)**
DKK	**(923)**	**(296)**
SEK	**10**	**12**
31 December 2007		
GBP	237	(58)
CHF	(538)	62
DKK	(650)	(39)
SEK	(42)	239

A 10 percent weakening of the Euro against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2008	2007
	€'000	€'000
Fixed rate instrument		
Finance lease liabilities	**1,726**	2,258
Other loans	**2,203**	2,199
	3,929	4,457
Variable rate instruments		
Bank borrowings	**127,158**	45,629
	131,087	50,086

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates payable at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2007.

	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp Decrease
	€'000	€'000	€'000	€'000
31 December 2008				
Variable rate instruments	**(687)**	**687**	**(687)**	**687**
31 December 2007				
Variable rate instruments	**(219)**	**219**	**(219)**	**219**

Fair values

Fair values versus carrying amounts

The carrying amount of financial assets and liabilities approximate their fair value.

20 Cash flow from operating activities

Reconciliation of profit from ordinary activities to net cash flows from operating activities:

	Note	2008 €'000	2007* €'000
Profit for the year		**37,374**	13,585
Depreciation and amortisation	*10*	**15,083**	9,772
Impairments		**489**	1,885
Provision for onerous lease contracts	*17*	**(1,919)**	4,097
Share-based payments	*21*	**1,660**	1,399
Accrued interest		**548**	425
Foreign currency exchange losses		**(28)**	2,210
Deferred tax assets	*9*	**(9,239)**	(10,711)
Net cash flows from operating activities before changes in working capital		**43,968**	22,662
Trade and other receivables		**(19,604)**	(8,717)
Trade and other payables		**13,752**	10,811
Net cash flows from changes in working capital		**(5,852)**	2,094
Net cash flows from operating activities		**38,116**	24,756

*2007 Figures have been amended for a change in accounting policy. See Note 3 of the financial statements.

21 Share-based payments

Summary of outstanding options

Share options to acquire a fixed number of certificates of shares are granted to employees and others based on a number of factors. The exercise price is fixed at the date of the grant.

The terms and conditions of the grants are as follows:

			In thousands		
Grant date	Employees entitled	Exercise price	Granted	Outstanding	Exercisable
2001	Key management	0.02	77	77	–
2003	Key management	0.20	7,497	3,476	3,476
	Key management	0.40	7,497	498	498
	Senior employees	0.20	453	348	348
	Senior employees	0.40	452	266	266
2005	Key management	0.20	6,999	6,792	6,792
	Senior employees	0.20	1,104	1,031	1,028
	Senior employees	0.40	150	150	147
2006	Key management	0.20	1,500	375	375
2007	Key management	0.70	8,300	8,300	4,406
	Key management	0.89	500	500	125
2008	Key management	0.89	1,300	1,300	–
	Senior employees	0.20	101	101	–
	Senior employees	0.40	3	3	–
	Senior employees	0.89	1,745	1,695	–
	Senior employees	1.00	480	480	–
	Total share options		**38,158**	**25,392**	**17,461**

With the exception of the share options granted in 2001 all share options granted vest over 3 to 4 years and can be exercised up to 5 years after date of grant. The share options granted in 2001 do not become exercisable until the occurrence of certain events following which they can be exercised during the following six-month period. In 2008 the exercise period of some options granted in 2003 and 2005 but not yet exercised have been extended to 31 December 2010. The related additional charge is accounted for in the share based payment expenses.

The number and weighted average exercise prices of outstanding share options are as follows:

	Weighted average exercise price		Number of options in thousands	
	2008	**2007**	**2008**	**2007**
Outstanding at 1 January	**0.38**	0.21	**26,911**	19,743
Granted	**0.90**	0.71	**3,629**	8,800
Exercised	**0.23**	–	**(4,527)**	
Expired	**0.23**	0.47	**(565)**	(506)
Forfeited	**0.82**	0.21	**(56)**	(1,126)
Outstanding - 31 December	**0.49**	0.38	**25,392**	26,911
Exercisable - 31 December	**0.34**	0.28	**17,461**	20,509

The options outstanding at 31 December 2008 have a weighted average contractual life of 2.7 years (2007: 2.2 years).

Employee expenses

In 2008, the Company recorded employee expenses of € 1,660,000 related to share-based payments (2007: € 1,399,000).

The weighted average fair value at grant date of options granted during the period has been determined using the Black-Scholes valuation model. The following inputs have been used:

	2008	**2007**
Share price at grant date	**0.89 to 1.39**	0.69 to 0.89
Exercise price	**0.89 to 1.00**	0.70 to 0.89
Dividend yield	**0%**	0%
Expected volatility	**57%**	40%
Risk free interest rate	**4.2%**	4.4%
Expected life weighted average	**3.5 years**	3.5 years

The significant inputs into the model were:

- Expected volatility based on the performance of companies that are considered to be comparable to the Group.
- A risk free interest rate based on the yield on zero coupon bonds issued by the Netherlands government with a maturity similar to the expected life of the options.
- Expected life is considered to be equal to the average of the share option exercise and vesting periods as there is no public market on which they can be traded.

22 Financial commitments

Non-cancellable operating leases payable

The Group has future minimum off balance sheet commitments for non-cancellable operating leases with terms in excess of one year are as follows:

	2008 €'000	2007 €'000
Within one year	**18,384**	17,371
Between 1 to 5 years	**65,229**	68,765
After 5 years	**37,275**	25,889
	120,888	112,025

Gross operating lease expense for 2008 was € 18,089,000 (2007: € 16,883,000).

Future committed revenues receivable

The Group enters into initial contract with its customers for periods of at least 1 year and generally between 3 and 5 years resulting in future committed revenues from customers. At 31 December 2008, the Company had contracted with customers for future committed revenues receivable as follows:

	2008 €'000	2007 €'000
Within one year	**84,074**	67,439
Between 1 to 5 years	**90,204**	81,142
After 5 years	**7,553**	9,590
	181,831	158,171

23 Capital commitments

At 31 December 2008, the Group had outstanding capital commitments totalling € 46,472,000 (2007: € 7,992,000). These commitments are expected to be settled in the following financial year.

24 Contingencies

Guarantees

Certain of our subsidiaries have granted guarantees to our lending banks in relation to our borrowings. The Company has granted rent guarantees to landlords of certain of the Group's property leases. Financial guarantees granted by the Group's banks in respect of operating leases amount to € 3,872,000 (2007: € 3,558,000).

Costs of sites restoration

As at 31 December 2008, the estimated discounted cost relating to the restoration of data centre leasehold premises was € 13,115,000 (2007: € 9,979,000) of which € 208,000 (2007: € 144,000) was recognised. Leases expire over a range of 1 to 17 years and, in accordance with the Group's accounting policy, amounts have only been provided in the financial statements in respect of premises where it is probable that the lease will not be renewed. The Group expects to exercise its right to renew its leases when they expire and continue to use the sites as data centres. It is therefore not expected that other site restoration liabilities will be incurred.

Other obligations pertaining to the Company, not appearing on the balance sheet have been disclosed in note 37 below.

25 Related-party transactions

There are no material transactions with related parties, other than as disclosed below, and all transactions are conducted at arm's length.

Shareholders Agreement

On 3 August 2000, the Company and our shareholders (as at that date) entered into a shareholders' agreement which was most recently amended and restated on 27 November 2007 (the "Shareholders Agreement"). The Shareholders Agreement sets out certain rights and obligations between the parties specified therein.

Chief Executive Officer

On 31 October 2007, Mr. Ruberg resigned as a partner of Baker Capital LLP and on 5 November 2007 he was appointed as Chief Executive Officer of the Group. As at 5 November 2007 and 31 December 2007, Mr. Ruberg held an indirect interest of 0.01% in the shares of the Company through his interests in Baker Capital funds. Mr. Ruberg had no voting rights over any of these interests. On 23 June 2008 Mr Ruberg sold his interest in Baker Capital funds.

Key management compensation

The total compensation of key management is as follows:

	2008 €'000	2007 €'000
Short-term employee benefits (salaries and bonuses)	**3,935**	2,971
Post-employment benefits	**40**	54
Termination benefits	–	160
	3,975	3,185

Key management's share based payment compensation is disclosed in note 21.

26 Events subsequent to the balance sheet date

On 16 March 2009, the Group entered into a CHF 7.8 million loan agreement with a landlord as a result of settling the Swiss onerous lease contract.

Interxion Holding N.V.
Company financial statements
(Dutch GAAP)

Company balance sheet

(before appropriation of results)

As at 31 December	Note	2008 €'000	2007 €'000
Non-current assets			
Financial assets	*30*	**222,871**	102,595
Deferred tax assets	*31*	**17,168**	15,782
		240,039	118,377
Current assets			
Trade and other receivables	*32*	**2,270**	419
Cash and cash equivalents	*33*	**16,884**	1,755
		19,154	2,174
		259,193	120,551
Shareholders' equity			
Share capital		**4,364**	4,274
Share premium		**317,806**	315,180
Foreign currency translation reserve		**(934)**	3,388
Accumulated deficit		**(253,684)**	(267,269)
Profit for the year		**37,374**	13,585
	34	**104,926**	69,158
Non-current liabilities			
Payables to subsidiaries		**25,549**	4,841
Borrowings	*18/19*	**104,291**	35,911
		129,840	40,752
Current liabilities			
Trade and other payables		**1,560**	923
Borrowings	*18/19*	**22,867**	9,718
		24,427	10,641
Total liabilities		**154,267**	51,393
Total liabilities and shareholders' equity		**259,193**	120,551

The accompanying notes form an integral part of the company financial statements.

Company income statement

For the years ended 31 December

	Note	2008 €'000	2007 €'000
Profit/(loss) relating to the Company		**(235)**	18,060
Profit/(loss) relating to investments in subsidiaries after tax	*30*	**37,609**	(4,475)
Profit for the year		**37,374**	13,585

The accompanying notes form an integral part of the company financial statements.

Notes to the 2008 company financial statements

28 Basis of presentation

As provided in section 402 of the Netherlands Civil Code, Book 2, the Company income statement only shows the after-tax results of consolidated subsidiaries, as Interxion Holding N.V.'s results are included in the Consolidated Income Statement.

29 Accounting policies

The financial statements of Interxion Holding N.V. are prepared in accordance with the Netherlands Civil Code, Book 2, Part 9, with the application of the regulations of section 362.8 allowing the use of the same accounting policies as those adopted for the consolidated financial statements as set out in note 3.

Subsidiaries are valued using the equity method, applying the European Union endorsed IFRS accounting policies as set out in note 3 to the consolidated financial statements. Any related-party transactions between subsidiaries and with members of the Supervisory Board and the Management Board and the (ultimate) parent company Interxion Holding N.V. are conducted on an arm's-length basis on terms comparable to transactions with third parties.

30 Financial assets

	Investments in subsidiaries €'000	Receivables from subsidiaries €'000	2008 €'000	2007 €'000
As at 1 January	**(102,492)**	**205,087**	**102,595**	49,207
Movement in receivables	**–**	**79,070**	**79,070**	47,979
Profit/(loss) after tax	**37,609**	**–**	**37,609**	(4,475)
Recapitalisation	**7,919**	**–**	**7,919**	8,218
Foreign currency translation differences	**(4,322)**	**–**	**(4,322)**	1,666
As at 31 December	**(61,286)**	**284,157**	**222,871**	102,595

31 Deferred tax assets

See also note 8. The difference between the Group's consolidated deferred tax assets € 37,166,000 (2007: € 28,965,000) and those of the Company € 17,168,000 (2007: € 15,782,000) relates to the inclusion of non-Dutch entities in the consolidated balance sheet.

32 Trade and other receivables

Prepaid expenses relate to payments to creditors for costs that relate to future periods (e.g. rent, maintenance contracts and insurance premiums) and VAT receivable. At 31 December 2008, € 339,000 was related to the VAT receivable (2007: € 278,000).

33 Cash and cash equivalents

Out of the cash and cash equivalents, € 1,619,000 (2007: € 1,596,000) was used as a collateral to support the issuance of bank guarantees on behalf of a number of subsidiary companies.

34 Shareholders' equity

Reconciliation of movements in Shareholders' equity

	Note	Share capital	Share premium	Foreign currency trans-lation reserve	Accumu-lated deficit	Total equity
		€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2008		4,274	315,180	3,388	(253,684)	69,158
Profit for the year		–	–	–	37,374	37,374
Foreign currency translation differences		–	–	(4,322)	–	(4,322)
Exercise of options		90	966	–	–	1,056
Share-based payments	*21*	–	1,660	–	–	1,660
Balance at 31 December 2008		**4,364**	**317,806**	**(934)**	**(216,310)**	**104,926**
Balance at 1 January 2007		2,817	300,672	1,722	(267,269)	37,942
Profit for the year		–	–	–	13,585	13,585
Foreign currency translation differences		–	–	1,666	–	1,666
Issue of preference shares		1,457	13,109	–	–	14,566
Share-based payments	*21*	_	1,399	_	_	1,399
Balance at 31 December 2007		**4,274**	**315,180**	**3,388**	**(253,684)**	**69,158**

35 Remuneration Management Board and Supervisory Board

In accordance with article 410.1 of the Netherlands Civil Code, Book 2, the remuneration of the Director has not been disclosed separately, but is included in key management compensation as disclosed under note 25. The total remuneration of the Supervisory Board amounted to € 85,000 (2007: € 85,000). In addition, direct travel costs are reimbursed.

36 Financial commitments

Non-cancellable operating leases payable

The Company leases and guarantees a variety of facilities and equipment under operating leases. Future minimum commitments for non-cancellable operating leases with terms in excess of one year are as follows:

	2008 €'000	2007 €'000
Within one year	**8,820**	8,565
Between 1 and 5 years	**17,545**	21,586
After 5 years	**435**	5,214
	26,800	35,365

37 Obligations not appearing in the balance sheet

Declarations of joint and several liability as defined in Book 2, section 403 of the Netherlands Civil Code have been given by Interxion Holding N.V. on behalf of the following Dutch subsidiaries: Interxion Telecom B.V., Interxion Nederland B.V., Interxion Consultancy Services B.V., Interxion Trading B.V., Interxion Headquarters B.V., Interxion B.V., Centennium Detachering B.V. and Interxion Trademarks B.V. The liabilities of these companies to third parties totalled € 19,502,000 at 31 December 2008 (2007: € 11,593,000).

The Company has issued letters of comfort in respect of Interxion Belgium N.V., Interxion Ireland Ltd, Interxion Sverige AB, Interxion (Schweiz) AG, and Interxion Carrier Hotel Ltd.

The Company, together with Interxion B.V., Interxion Consultancy Services B.V., Interxion Headquarters B.V., Interxion Nederland B.V., Interxion Telecom B.V., Interxion Trademarks B.V. and Interxion Trading B.V. forms a fiscal group for tax purposes and they are considered to be jointly responsible for the obligations of the fiscal group.

38 Fees of the auditor

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year 2008 have been charged by KPMG Accountants NV to the Company, its subsidiaries and other consolidated entities:

	KPMG Accountants NV 2008 €'000	Other KPMG Network 2008 €'000	Total KPMG 2008 €'000	KPMG Accountants NV 2007 €'000	Other KPMG Network 2007 €'000	Total KPMG 2007 €'000
Statutory audit of annual accounts	**272**	233	505	281	297	578
Other assurance services	**22**	–	22	224	132	356
Other non-assurance services	–	1,238	1,238	122	–	122
	294	1,471	1,765	627	429	1,056

Director:

D.C. Ruberg
(Managing Director and Chief Executive Officer)

Schiphol-Rijk, 26 March 2009

Supervisory Board:

J.C. Baker
(Chairman)

C.G. van Luijk

R.M. Manning

T.J. Paffen

P. Ekelund

Schiphol-Rijk, 26 March 2009

Other information

Appropriation of result

Statutory regulation governing the distribution of profit (in accordance with article 20 paragraph 4 of the Articles of Association)

Paragraph 4: If the Company determines to make a distribution to its shareholders such distribution shall be paid in the following priority:

a. First to the holders of 2002 Series A Preference Shares up to an amount per share equal to the Purchase Price Preference A less any amount paid on any of such shares pursuant to this Article.

b. To the extent any proceeds remain, to the holders of ordinary shares and the holders of 2002 Series A Preference Shares on an as-converted-basis as described in paragraph 3 pro rata to their holding of shares of the class concerned.

Proposed appropriation of results for the year 2008

The Management Board proposes to add the profit for the year, amounting to € 37,374,000, to the other reserves ("accumulated deficit"). This proposed appropriation of result is subject to approval by the General Meeting of Shareholders.

Independent Auditor's Report

To: the Annual General Meeting of Shareholders of Interxion Holding N.V.

Auditor's report

Report on the financial statements

We have audited the 2008 financial statements of Interxion Holding N.V., Amsterdam as set out on pages 6 to 59. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2008, income statement, statement of recognised income and expense, and statement of cash flows for the year then ended, and a summary of significant accounting policies, and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2008, the company income statement for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Director's Report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Interxion Holding N.V. as at 31 December 2008, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the Company financial statements

In our opinion, the Company financial statements give a true and fair view of the financial position of Interxion Holding N.V. as at 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the Director's Report, as set out on pages 2 to 5, is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 26 March 2009

KPMG ACCOUNTANTS N.V.
H.A.P.M. van Meel RA

interxion
INTERXION HOLDING NV

Cofounder EMEA Chapter, Uptime Institute

Uptime Institute

Contributor Member, The Green Grid

the green grid member

ISO 27001-accredited
Information Security Management Systems

Contributor, EC Joint
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