interxion™

Holding N.V. - Annual Report 2007

Schiphol-Rijk, 31 March 2008

InterXion Holding N.V.

"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 1,000 customers from our 22 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 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."

Contents

Director's report

"…Revenues increased by 36% to €101.4 million…"

2007 has been a year of significant growth and development for us. The expansion programme which we began in 2006 was progressed in 2007 and will be continued during 2008. This expansion programme combined with our operating strategy has allowed us to benefit from continued strong demand for our services. This has resulted in significant growth which is reflected in the Company's results for 2007:

- Revenues increased by 36% year on year to €101.4 million in 2007 against € 74.7 million in 2006.
- Adjusted EBITDA increased 112% year on year to € 27.9 million in 2007 against € 13.2 million in 2006.
- Adjusted EBITDA margins increased to 27.5% in 2007 against 17.6% in 2006.
- Operating profits of € 5.5 million in 2007 against an operating loss of € 2.4 million in 2006.
- "Equipped space" increased by approximately 6,800 m^2 in 2007.

The Company has reported its results for the year ended 31 December 2007 under International Financial Reporting Standards (IFRS) as adopted by the European Union, effective at the year-end. To aid with a comparison to previous years, the financial statements for the years 2005 and 2006 have also been presented as comparatives under IFRS.

"…Adjusted EBITDA margin of 27.5%..."

Our business model is to focus on providing high quality colocation services to a range of customers across Europe. By concentrating on our core service offering in key European markets with growth potential, we have been able to build a recurring revenue base which we believe gives us good visibility of revenues as we seek to continue to grow our business. We intend to continue to concentrate on providing colocation and associated services because we believe that they will continue to deliver attractive margins, strong cash flows, and attractive returns on capital.

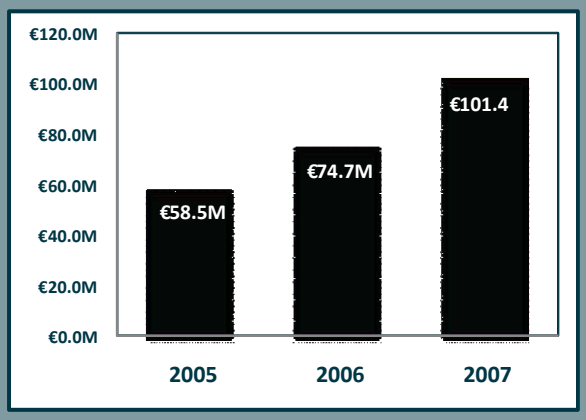
Our customer base has continued to expand in both the number of customers and the number of locations where individual customers do business with us.

The majority of our new sales continue to come from existing customers. We believe that is a reflection of the growth characteristics of our customer base and the consistently high level of customer satisfaction which we are able to provide.

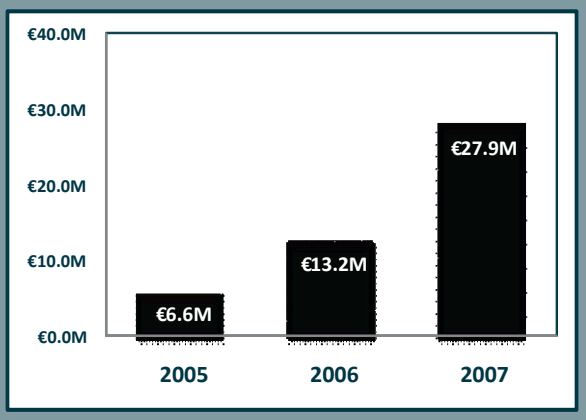
Financial Highlights

	Years ended 31 December		
	2005	2006	2007
Revenues (€ M) Year on year growth %	58.5 22%	74.7 28%	101.4 36%
Recurring revenue %	89%	87%	90%
Adjusted EBITDA (€ M) Year on year growth %	6.6 n/m	13.2 99%	27.9 112%
Adjusted EBITDA Margin	11.3%	17.6%	27.5%
Capital Expenditure	5.2	27.2	44.7

Revenue



Adjusted EBITDA



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.

In 2007, demand for colocation services continued to be driven by factors including the growth in Internet traffic, the implementation of new (high-density) technologies, increased content and bandwidth intense services and evolving corporate needs including online commerce, business continuity and disaster recovery needs and new regulatory requirements. As a result, our sales to both new and existing customers have continued to grow across our entire geographic footprint.

In 2007, and as part of our ongoing expansion strategy, our management, engineering, and operational teams have been able to successfully complete the build-out of approximately 6,800 m^2 of new equipped space. We currently have a broader footprint across Europe than any other carrier neutral internet data centre operator. We believe that this broad geographic coverage puts us in a position that our business is not geographically concentrated and our revenue is not overly-dependent on the performance of the market in any single country. It also means that we are able to provide services to the same customers in multiple locations.

In response to customer demand for additional capacity in supply-constrained markets, we intend to continue to expand our data centre footprint through the expansion of both existing sites and the build-out of new sites. Decisions as to where and when to expand will be driven by factors such as the presence of target customers in each market, the cost and availability of suitable space, and the expectations regarding returns on investment. We envisage our expansion over the next few years to be primarily in our existing markets, since we anticipate continued strong demand in those markets. We will consider expansion into new markets but only when we believe that the returns are likely to exceed those that we are currently experiencing.

As our business model gives us substantial operating leverage, we believe that we can continue to execute on our expansion programme with a limited increase in headcount.

This continued expansion will be funded through the Company's free cash flow and access to € 62.5 million of credit facilities provided by Fortis Bank (Nederland) N.V. and Rabobank Regio Schiphol U.A. Capital expenditure in 2007 amounted to € 44.7 million (2006 € 27.2 million). On 21 March 2008, we refinanced our credit facilities as at the year-end into a € 75 million revolving credit facility with our existing bankers. This revolving facility replaced our existing facilities and provides additional finance to fund expansions in 2008.

"…David Ruberg appointed Chief Executive Officer…"

In August 2007, the Company appointed Josh Joshi as Chief Financial Officer. In November 2007, the shareholders appointed David Ruberg as Chief Executive Officer. David had served as Chairman of the Supervisory Board since 2002 and stepped down upon his appointment as Chief Executive Officer, following which John Baker joined the Supervisory Board and took over as Chairman of the

Supervisory Board. Peter Ekelund, who has worked with Baker Capital since 2006, joined the Supervisory Board in 2007.

"…we are dedicated to continue to retain, develop and attract the best people…"

We will continue to position ourselves as a provider of high quality services characterised by internet data centres built to high technical standards with a strong focus on the requirements of our customers. 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 are dedicated to continue to retain, develop, and attract the best people.

Over the past few years we believe that we have developed our business and strategy to be able to take advantage of the current demand for colocation services across the markets in which we operate. This has been reflected in significant advances during 2007 and we believe that we are well placed to continue this growth in 2008.

David C. Ruberg

Managing Director and Chief Executive Officer

Schiphol-Rijk, 31 March 2008

Financial statements

Consolidated income statement

For the years ended 31 December

	Note	2007 €'000	2006 €'000	2005 €'000
Revenue	*5,7*	**101,438**	74,691	58,539
Cost of sales	*5,6*	**(53,037)**	(43,719)	(35,965)
Gross profit		**48,401**	30,972	22,574
Sales and marketing costs	*5,6*	**(7,297)**	(6,715)	(4,610)
General and administrative costs:				
• Depreciation and amortisation	*10*	**(9,746)**	(13,727)	(10,181)
• Exceptional (expense)/income	*7*	**(12,233)**	(2,212)	8,834
• Share-based payments	*21*	**(1,399)**	(181)	(792)
• Other general and administrative costs		**(12,188)**	(10,544)	(10,779)
Total general and administrative costs	*5,6*	**(35,566)**	(26,664)	(12,918)
Operating profit/(loss)	*5*	**5,538**	(2,407)	5,046
Net finance expense	*8*	**(4,049)**	(697)	(254)
Profit/(loss) before taxation		**1,489**	(3,104)	4,792
Income tax benefit	*9*	**10,940**	3,736	14,319
Profit for the year attributable to shareholders		**12,429**	632	19,111
Basic earnings per share: (€)	*15*	**0.31**	0.02	0.48
Diluted earnings per share: (€)	*15*	**0.06**	0.00	0.11

Supplementary consolidated income statement information

Adjusted EBITDA	*5*	**27,928**	13,164	6,617
Exceptional income*	*7*	**988**	549	568
Exceptional general and administrative costs	*7*	**(12,233)**	(2,212)	8,834
Share-based payments	*21*	**(1,399)**	(181)	(792)
EBITDA **	*5*	**15,284**	11,320	15,227
Depreciation and amortisation	*10*	**(9,746)**	(13,727)	(10,181)
Operating profit/(loss)	*5*	**5,538**	(2,407)	5,046

* Exceptional income is reported within Revenue.
** Profit 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

	2007 €'000	2006 €'000	2005 €'000
Profit for the year	**12,429**	632	19,111
Foreign currency translation differences	**1,666**	135	(363)
Total recognised income and expense in the year	**14,095**	767	18,748

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

Consolidated balance sheet

As at 31 December

	Note	2007 €'000	2006 €'000	2005 €'000
Non-current assets				
Property, plant and equipment	*10*	**111,483**	79,227	65,754
Intangible assets	*11*	**1,879**	1,324	–
Deferred tax assets	*9*	**29,500**	18,254	14,333
Trade and other receivables	*12*	**998**	836	1,104
		143,860	99,641	81,191
Current assets				
Trade and other receivables	*12*	**29,313**	20,758	13,727
Cash and cash equivalents	*13*	**35,848**	15,042	10,374
		65,161	35,800	24,101
Total assets		**209,021**	135,441	105,292
Shareholders' equity				
Share capital	*14*	**4,274**	2,817	2,817
Share premium	*14*	**315,180**	300,672	300,491
Foreign currency translation reserve	*14*	**3,388**	1,722	1,587
Accumulated deficit	*14*	**(254,840)**	(267,269)	(267,901)
		68,002	37,942	36,994
Non-current liabilities				
Trade and other payables	*16*	**6,614**	4,878	2,349
Provision for onerous lease contracts	*17*	**20,716**	16,857	20,457
Borrowings	*18*	**39,418**	17,301	7,402
		66,748	39,036	30,208
Current liabilities				
Trade and other payables	*16*	**59,488**	51,271	33,855
Provision for onerous lease contracts	*17*	**4,115**	4,096	4,166
Borrowings	*18*	**10,668**	3,096	69
		74,271	58,463	38,090
Total liabilities		**141,019**	97,499	68,298
Total liabilities and shareholders' equity		**209,021**	135,441	105,292

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

Consolidated statement of cash flows
For the years ended 31 December

	Note	2007 €'000	2006 €'000	2005 €'000
Net cash flows from operating activities	*20*	**23,039**	14,797	7,787
Cash flow from investing activities				
Purchase of property, plant and equipment		**(47,121)**	(18,377)	(4,868)
Purchase of intangible assets		**(710)**	(1,349)	–
Net cash flows from investing activities		**(47,831)**	(19,726)	(4,868)
Cash flow from financing activities				
Issuance of new series A preference Shares		**–**	–	101
Issuance costs		**–**	–	(1)
Borrowings		**45,419**	9,485	50
Net cash flows from financing activities		**45,419**	9,485	150
Effect of exchange rate changes on cash		**179**	112	(230)
Net movement in cash and cash equivalents		**20,806**	4,668	2,839
Cash and cash equivalents, beginning of year		**15,042**	10,374	7,535
Cash and cash equivalents at end of year	*13*	**35,848**	15,042	10,374

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

Notes to the 2007 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 Cessnalaan 1-33, 1119 NJ Schiphol-Rijk, the Netherlands. The consolidated financial statements of the Company for the year ended 31 December 2007 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 issue by the Management Board on 31 March 2008.

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 2007 and its interpretations as adopted by the European Union. These financial statements are covered by IFRS 1, First-time adoption of International Financial Reporting Standards, as they are the Company's first IFRS financial statements. The date of transition and adoption to IFRS for InterXion Holding N.V. is 1 January 2005.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Group is provided in note 27.

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 Group entities and to all periods presented in these consolidated financial statements and in preparing an opening IFRS balance sheet at 1 January 2005 for the purposes of the transition to IFRS.

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. In assessing control, potential voting rights that currently are exercisable are taken into account.

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);
- InterXion Telecom SL, Madrid, Spain (liquidated in 2006);
- InterXion Norge AS, Oslo, Norway (dissolved in 2005).

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The assets and liabilities of foreign operations are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euro at exchange rates at the dates of the transactions.

Foreign currency differences 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 plus, for instruments not at fair value through profit or loss, 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 remeasured 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 of the asset and comprises purchase cost, together with the incidental costs of installation and commissioning. These costs include external consultancy fees and internal employment costs which are directly and exclusively related to the underlying asset. The cost of self-constructed assets includes the 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 lives 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. In 2007, this has resulted in an extension to the useful lives of certain components of plant and equipments within data centres. The useful economic lives have been adjusted to reflect this change which has been applied prospectively from 1 January 2007.

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 (mainly 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 no longer than the length of the lease contract. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The estimated useful lives are:

Lease premiums	12 years
Other	3 – 10 years

Other intangible assets comprise computer software and power grid usage rights.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, 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 uncollectible, 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 its value in use and 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 had to be 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 the expected cost of terminating the contract and 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 its fair value and 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 comprise interest payable on borrowings calculated using the effective interest rate method and foreign exchange gains and losses.

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.

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, 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), tax 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. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes, conversion of the company's convertible, participating, preferred shares series A ("2002 Series A preference shares") and 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 2007, and have not been applied in preparing these consolidated financial statements:

- IFRS 8 - Operating segments.
- IAS 23 - Borrowing Costs.

- IFRIC 11, IFRS 2 - Group and treasury share transactions.
- IFRIC 12 - Service concession arrangements.
- IFRIC 13 - Customer Loyalty Programmes.
- IFRIC 14, IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

These new standards and interpretations will become mandatory for the Group's 2008 or 2009 financial statements. The Group has not opted for earlier application.

Following an internal review it is not anticipated that the adoption of these 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 2008.

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
- 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 is further developing and evaluating the Group's risk management policies with a view to identify and analyse 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 or 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 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 2007, 2006 and 2005.

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 access to customers to their equipment being denied or service to the customer being suspended.

In 2007 more than 83% of the Group's revenue were derived from contracts under which customers pay an agreed contracted amount 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 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 comprised of a specific loss component relating to individually significant exposures.

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.

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 € 62.5 million of secured credit facilities of which € 16.4 million was undrawn and available for capital expenditure projects as at 31 December 2007. Interest is payable at the rate of EURIBOR plus 175 to 180 basis points.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Historically the funding and cash flows of the Group has not required the use of derivatives in order to manage market risks.

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, 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.

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

	2007				2006				2005			
	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	FR, DE, NL and UK[1] €'000	Rest of Europe €'000	Corporate and other €'000	Total €'000
Revenue	60,284	40,166	988	101,438	42,511	31,613	567	74,691	34,398	23,562	579	58,539
Cost of sales	(29,907)	(19,955)	(3,175)	(53,037)	(24,165)	(16,763)	(2,791)	(43,719)	(20,297)	(15,334)	(334)	(35,965)
Gross profit/(loss)	30,377	20,211	(2,187)	48,401	18,346	14,850	(2,224)	30,972	14,101	8,228	245	22,574
Sales and marketing	(2,973)	(2,077)	(2,247)	(7,297)	(3,077)	(2,033)	(1,605)	(6,715)	(1,936)	(1,202)	(1,472)	(4,610)
General and administrative costs:												
• Depreciation and amortisation	(5,036)	(4,447)	(263)	(9,746)	(7,555)	(5,990)	(182)	(13,727)	(6,570)	(3,174)	(437)	(10,181)
• Exceptional items – impairment (reversals)	–	(1,885)	–	(1,885)	–	–	–	–	4,262	12,919	–	17,181
• Other exceptional items	–	–	(10,348)	(10,348)	–	–	(2,212)	(2,212)	–	–	(8,347)	(8,347)
• Share-based payments	–	–	(1,399)	(1,399)	–	–	(181)	(181)	–	–	(792)	(792)
• Other	(4,021)	(3,072)	(5,095)	(12,188)	(3,293)	(3,137)	(4,114)	(10,544)	(3,200)	(2,801)	(4,778)	(10,779)
Total general and administrative costs:	(9,057)	(9,404)	(17,105)	(35,566)	(10,848)	(9,127)	(6,689)	(26,664)	(5,508)	6,944	(14,354)	(12,918)
Operating profit/(loss)	18,347	8,730	(21,539)	5,538	4,421	3,690	(10,518)	(2,407)	6,657	13,970	(15,581)	5,046
Total Assets	100,064	55,266	53,691	209,021	65,626	42,578	27,237	135,441	47,156	38,952	19,184	105,292
Total Liabilities	38,644	22,506	79,869	141,019	35,332	17,637	44,530	97,499	18,290	13,789	36,222	68,298
Capital expenditures	27,839	16,478	358	44,675	20,491	6,183	515	27,189	2,994	1,768	434	5,196
EBITDA	23,383	13,177	(21,276)	15,284	11,976	9,680	(10,336)	11,320	13,227	17,144	(15,144)	15,227
Adjusted EBITDA	23,383	15,062	(10,517)	27,928	11,976	9,680	(8,492)	13,164	8,965	4,225	(6,573)	6,617

(1) France, Germany, the Netherlands and the United Kingdom

6 Employee benefit expenses

The group employed on average 205 employees (full-time equivalents) during 2007 (2006: 180 and 2005: 168). Costs incurred in respect of these employees were:

	2007 €'000	2006 €'000	2005 €'000
Salaries and bonuses	**14,575**	12,389	11,499
Social security charges	**2,078**	1,870	1,668
Pension costs	**684**	577	592
Share-based payments	**1,399**	181	792
	18,736	15,017	14,551

	2007 €'000	2006 €'000	2005 €'000
Cost of sales	**8,630**	8,151	7,486
Sales and marketing costs	**3,671**	3,473	2,768
General and administrative costs	**6,435**	3,393	4,297
	18,736	15,017	14,551

7 Exceptional items

	2007 €'000	2006 €'000	2005 €'000
Income from subleases on unused data centre sites	**501**	549	568
Income on release of loan repayment obligations	**487**	–	–
Exceptional income	**988**	549	568
Impairment (loss)/reversals	**(1,885)**	–	17,181
Increase in provision for onerous lease contracts and accrued interest (1)	**(8,894)**	(1,312)	(8,347)
Personnel costs	**(1,454)**	(900)	–
Exceptional general and administrative (cost)/benefit	**(12,233)**	(2,212)	8,834
Exceptional (loss)/profit	**(11,245)**	(1,663)	9,402

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

Exceptional income is recorded as revenues. Exceptional income relating to the release of loan repayment obligations pertains to the Senter loan (see note 18). The impairment losses in 2007 relate to the impairment of data centre assets in Sweden and the reversals in 2005 result from a reassessment of impairments following higher demand in the market since 2005 (see note 10). The provision for onerous lease contracts relates to unused data centre sites in Germany and Switzerland (see note 17). Personnel costs relate to one-off costs incurred, including severance payments and sign on bonuses.

8 Finance income and expense

	2007 €'000	2006 €'000	2005 €'000
Bank and other interest	**387**	372	111
Foreign currency exchange gains	**–**	158	250
Finance income	**387**	530	361
Interest payable on bank and other loans	**(1,776)**	(354)	(129)
Interest payable on finance leases	**(25)**	(21)	(10)
Interest payable on convertible loans	**(425)**	(852)	(466)
Interest expense on financial liabilities measured at amortised cost	**–**	–	(10)
Foreign currency exchanges losses	**(2,210)**	–	–
Finance expense	**(4,436)**	(1,227)	(615)
Net finance expense	**(4,049)**	(697)	(254)

9 Income taxes

Income tax benefit/ (expense)

	2007 €'000	2006 €'000	2005 €'000
Current taxes	**(306)**	(185)	(14)
Deferred taxes	**11,246**	3,921	14,333
Total income tax benefit	**10,940**	3,736	14,319

Reconciliation of effective tax rate

A reconciliation between income taxes calculated at the Dutch statutory tax rate of 25.5% in 2007 (29.6% in 2006 and 31.5% in 2005) and the actual tax benefit/expense is as follows:

	2007 €'000	2006 €'000	2005 €'000
Profit for the year	**12,429**	632	19,111
Income tax benefit	**(10,940)**	(3,736)	(14,319)
Profit/(loss) before taxation	**1,489**	(3,104)	4,792
Income tax using Company's domestic tax rate	**380**	(919)	1,509
Effect of tax rates in foreign jurisdictions	**(336)**	(66)	(1,074)
Change in tax rate	**218**	645	-
Exempt income and non-deductible expenses	**80**	(23)	76
Recognition of previously unrecognised tax losses	**(13,748)**	(6,434)	(9,148)
Current year losses for which no deferred tax asset was recognised	**4,376**	1,672	262
Expired offsetable losses	**–**	2,364	–
Change in unrecognised temporary differences	**(1,910)**	(975)	(5,944)
Income tax benefit	**(10,940)**	(3,736)	(14,319)

Recognised deferred tax assets

The movement in recognised deferred tax assets/ (liabilities) 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 2005	–	–	–	–	–
Recognised in profit/(loss) for 2005	2,076	3,820	48	8,389	14,333
31 December 2005	2,076	3,820	48	8,389	14,333
Recognised in profit/(loss) for 2006	2,916	(1,882)	162	2,725	3,921
31 December 2006	4,992	1,938	210	11,114	18,254
Recognised in profit/(loss) for 2007	(81)	(1,938)	(289)	13,554	11,246
31 December 2007	**4,911**	**–**	**(79)**	**24,668**	**29,500**

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:

	2007 €'000	2006 €'000	2005 €'000
Deductible temporary differences	**7,567**	4,677	5,740
Tax losses	**34,124**	48,602	59,610
	41,691	53,279	65,350

The accumulated tax losses expire as follows:

	2007 €'000	2006 €'000	2005 €'000
Within one year	**5,385**	5,818	3,378
Between 1 and 5 years	**76,143**	85,859	18,649
After 5 years	**20,275**	22,929	85,538
Unlimited	**118,003**	110,407	118,097
	219,806	225,013	225,662

10 Property, plant and equipment

2007	Data centres €'000	Office Buildings €'000	Office equipment €'000	Assets under construction €'000	Total €'000
Cost:					
As at 1 January 2007	136,291	5,617	11,662	12,987	**166,557**
Additions	38,814	97	1,199	4,565	**44,675**
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	**187,601**	**4,601**	**9,648**	**6,288**	**208,138**
Accumulated depreciation:					
As at 1 January 2007	72,527	3,761	11,042	–	**87,330**
Depreciation	8,865	222	504	–	**9,591**
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	**85,303**	**2,704**	**8,648**	**–**	**96,655**
Carrying amount as at 31 December 2007	**102,298**	**1,897**	**1,000**	**6,288**	**111,483**

The useful economic lives of certain data centre assets were increased from 10 to 15 years from 1 January 2007. The effect of this change was to reduce the depreciation charge for 2007 by € 3,636,000 for data centre assets.

2006	Data centres €'000	Office buildings €'000	Office equipment €'000	Assets under construction €'000	Total €'000
Costs:					
As at 1 January 2006	122,156	6,096	11,103	81	139,436
Additions	13,219	199	585	13,186	27,189
Exchange differences	53	(6)	38	–	85
Disposals	(144)	(1)	(8)	–	(153)
Transfers	1,007	(671)	(56)	(280)	–
As at 31 December 2006	136,291	5,617	11,662	12,987	166,557
Accumulated depreciation:					
As at 1 January 2006	59,504	3,543	10,635	–	73,682
Depreciation	12,693	579	430	–	13,702
Exchange differences	59	7	33	–	99
Disposals	(144)	(1)	(8)	–	(153)
Transfers	415	(367)	(48)	–	–
As at 31 December 2006	72,527	3,761	11,042	–	87,330
Carrying amount as at 31 December 2006	63,764	1,856	620	12,987	79,227

2005	Data centres €'000	Office Buildings €'000	Office Equipment €'000	Assets under construction €'000	Total €'000
Cost:					
As at 1 January 2005	117,874	6,210	12,821	19	136,924
Additions	4,408	–	523	265	5,196
Exchange differences	(150)	2	(19)	–	(167)
Disposals	(193)	(156)	(2,168)	–	(2,517)
Transfers	217	40	(54)	(203)	–
As at 31 December 2005	122,156	6,096	11,103	81	139,436
Accumulated depreciation:					
As at 1 January 2005	67,657	3,149	12,262	–	83,068
Depreciation	8,930	692	559	–	10,181
Exchange differences	(40)	5	10	–	(25)
Disposals	(193)	–	(2,168)	–	(2,361)
Impairment reversals	(16,859)	(322)	–	–	(17,181)
Transfers	9	19	(28)	–	–
As at 31 December 2005	59,504	3,543	10,635	–	73,682
Carrying amount as at 31 December 2005	62,652	2,553	468	81	65,754

The Group leases certain data centre equipment under a number of finance lease agreements (see note 1). At 31 December 2007, the carrying amount of leased equipment was € 1,842,000 (2006: € 2,286,000 and 2005: € 353,000).

Impairment losses and reversals

In 2003, the Group reviewed the recoverable amount of its data centre assets using a market demand analysis. The recoverable amounts of each cash-generating unit (the countries of location of the relevant data centre) were determined by discounting the estimated future cash flows generated from the continuing use of the cash generating unit. Based on this review, the carrying amounts of data centre assets were determined to be € 48,100,000 higher than their recoverable amounts and consequently an impairment loss was recognised (see below).

In 2005, following higher demand in the market, the Group reassessed these estimates using a discount rate of 17.9% and € 17,181,000 of the initially recognised impairments were reversed.

The impairment loss and its subsequent reversal were allocated *pro rata* to the individual assets constituting the data centres within property, plant and equipment as follows:

	Carrying amount 2007 €'000	Original carrying amount €'000	Impairment loss in 2001 - 2003 €'000	Reversal in 2005 €'000
Denmark	**6,107**	8,900	(8,203)	4,735
United Kingdom	**11,884**	8,300	(7,804)	4,262
Ireland	**2,677**	6,400	(6,390)	3,384
Switzerland	**3,918**	7,900	(5,758)	3,199
Sweden	**–**	5,000	(3,957)	1,601
Other	**86,897**	57,900	(15,988)	–
	111,483	94,400	(48,100)	17,181

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 and was based on the following principal assumptions:

- Cash flows were projected based on actual operating results and the 5 year financial plan extrapolated for a further 2 years.
- Revenue growth was assumed to match European price index growth (CPI) for existing customers and net new sales of data centre services based on historical levels of sales.
- Utilisation rates of data centres within individual units were capped at 95%.
- Costs were projected to increase in line with CPI and additional personnel were assumed to support growth in the customer base.

11 Intangible assets

The components of intangible assets are as follows:

	Lease premiums €'000	Other €'000	Total €'000
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**
Cost:			
As at 1 January 2006	–	–	–
Additions	1,100	249	1,349
As at 31 December 2006	1,100	249	1,349
Amortisation:			
As at 1 January 2006	–	–	–
Amortisation	–	(25)	(25)
As at 31 December 2006	–	(25)	(25)
Carrying amount as at 31 December 2006	1,100	224	1,324

12 Trade and other receivables

	2007 €'000	2006 €'000	2005 €'000
Non-current			
Rental deposits	**998**	836	1,104
Current			
Trade receivables - net	**20,353**	15,559	10,432
Prepaid expenses and other current assets	**8,960**	5,199	3,295
	29,313	20,758	13,727

13 Cash and cash equivalents

Cash and cash equivalents include € 3,558,000 (2006: € 3,351,000 and 2005: € 3,153,000) 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 €'000	Share premium €'000	Foreign currency trans-lation reserve €'000	Accumu-lated deficit €'000	Total equity €'000
Balance at 1 January 2007		2,817	300,672	1,722	(267,269)	37,942
Total recognised income and expense		–	–	1,666	12,429	14,095
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**	**(254,840)**	**68,002**

	Note	Share capital	Share premium	Foreign currency translation reserve	Accumu-lated deficit	Total equity
		€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2006		2,817	300,491	1,587	(267,901)	36,994
Total recognised income and expense		–	–	135	632	767
Share-based payments	*21*	–	181	–	–	181
Balance at 31 December 2006		2,817	300,672	1,722	(267,269)	37,942
Balance at 1 January 2005		2,807	299,609	1,950	(287,012)	17,354
Total recognised income and expense		–	–	(363)	19,111	18,748
Issue of preference shares		10	90	–	–	100
Share-based payments	*21*	–	792	–	–	792
Balance at 31 December 2005		2,817	300,491	1,587	(267,901)	36,994

Share capital and share premium

	Ordinary shares			2002 series A non-redeemable preference shares		
In thousands of shares	**2007**	**2006**	**2005**	**2007**	**2006**	**2005**
On issue at 1 January	**39,665**	39,665	39,665	**101,210**	101,210	100,710
Issue of preference shares	**–**	**–**	**–**	**72,830**	**–**	500
On issue at 31 December	**39,665**	39,665	39,665	**174,040**	101,210	101,210

At 31 December 2007, the authorised share capital comprised 575,000,000 ordinary shares (2006: 575,000,000 and 2005: 575,000,000) and 175,000,000 2002 Series A preference shares (2006: 125,000,000 and 2005: 125,000,000). 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 2007 was based on the profit attributable to ordinary shareholders of € 12,429,000 (2006: € 632,000 and 2005: € 19,111,000) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2007 of 39,665,000 (2006 and 2005: 39,665,000).

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2006 was based on the profit attributable to ordinary shareholders adjusted for interest expense on the convertible loan of € 12,746,000 (2006: € 858,000 and 2007: € 19,190,000) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2007 of 227,001,000 (2006: 217,169,000 and 2005: 171,225,000), calculated as follows:

Profit attributable to ordinary shareholders

	2007 €'000	2006 €'000	2005 €'000
Profit attributable to ordinary shareholders (basic)	**12,429**	632	19,111
Interest expense on convertible loan, net of tax	**317**	226	79
Profit attributable to ordinary shareholders	**12,746**	858	19,190

Weighted average number of ordinary shares (diluted)

In thousands of shares	2007	2006	2005
Weighted average number of ordinary shares (basic)	**39,665**	39,665	39,665
Effect of preference shares	**141,316**	101,210	100,710
Effect of conversion of convertible loan	**32,723**	64,200	30,280
Effect of share options on issue	**13,297**	12,094	570
Weighted average number of ordinary shares (diluted) at 31 December	**227,001**	217,169	171,225

16 Trade and other payables

	2007 €'000	2006 €'000	2005 €'000
Non-current			
Deferred revenue	**5,624**	3,995	1,696
Other non-current liabilities	**990**	883	653
	6,614	4,878	2,349
Current			
Trade payables	**14,195**	18,602	8,973
Tax and social security	**2,386**	2,123	2,169
Accrued expenses	**23,564**	16,287	12,136
Deferred revenue	**19,343**	14,259	10,577
	59,488	51,271	33,855

Accrued expenses are analysed as follows:

	2007 €'000	2006 €'000	2005 €'000
Data centre related costs	**4,976**	3,026	2,347
Restructuring and settlements	**–**	219	78
Customer deposits	**8,999**	6,774	5,162
Personnel and related costs	**4,611**	2,949	2,773
Professional services	**791**	769	680
Customer implementation and related costs	**367**	219	194
Other	**3,820**	2,331	902
	23,564	16,287	12,136

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. The estimates for future sublease revenues were reduced, in 2005 for Switzerland and in 2007 for Germany, to only include contracted subleases with existing tenants. The result of this was an increase in the level of provision carried.

	2007 €'000	2006 €'000	2005 €'000
Beginning of the year	**20,953**	24,623	21,096
Increase in provision and accrued interest	**8,393**	763	7,779
Utilisation of provision	**(4,296)**	(4,395)	(4,243)
Exchange differences	**(219)**	(38)	(9)
End of the year	**24,831**	20,953	24,623
Non-current	**20,716**	16,857	20,457
Current	**4,115**	4,096	4,166
	24,831	20,953	24,623

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

	2007 €'000	2006 €'000	2005 €'000
Non-current			
Bank borrowings	**35,911**	42	–
Convertible loan	**–**	14,141	6,289
Finance lease liabilities	**1,728**	1,441	226
Other loans	**1,779**	1,677	887
	39,418	17,301	7,402
Current			
Bank borrowings	**9,718**	2,272	–
Finance lease liabilities	**530**	443	69
Other loans	**420**	381	–
	10,668	3,096	69
Total borrowings	**50,086**	20,397	7,471

The carrying amounts of the Group's borrowings are entirely 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 borrowing rate of 6.5% (2006: 6% and 2005: 6%). The carrying amounts of short-term borrowings approximate their fair value.

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 2012 and bear average interest of three months' EURIBOR plus on average 1.8% annually (2006: three months' EURIBOR plus 1.75% annually).

The maturity profile of bank borrowings is set out below:

	2007 €'000	2006 €'000	2005 €'000
Within one year	**9,718**	2,272	–
Between 1 and 5 years	**35,911**	42	–-
	45,629	2,314	–

The Group has the following undrawn bank borrowing facilities:

	2007 €'000	2006 €'000	2005 €'000
Expiring within one year	**16,451**	4,286	–

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

Convertible loan

The convertible loan carried on the balance sheet is calculated as follows:

	2007 €'000	2006 €'000	2005 €'000
Face value	–	12,529	5,529
Accumulated interest expense	–	1,612	760
Carrying amount at end of year	–	14,141	6,289

In December 2003, the Company entered into a convertible loan arrangement with some of its shareholders amounting to € 4,506,000 of which € 2,807,000 was received as per 31 December 2003 and € 1,699,000 was received in 2004. In April 2004 and February 2006, the Company received another € 1,023,000 and € 7,000,000 respectively from some of its shareholders under the same convertible loan arrangement.

Each shareholder has been invited to participate pro rata in relation to his shareholdings in the Company. The interest on the note for the pro rata participation is 6% per annum. In order to motivate shareholders to participate to a larger extent than their pro rata share, the interest on the note for such excess participation is 8%. The notes will mature one year after issuance or in case of an event of default.

Every note holder can elect to convert his note and the interest accrued on such note into authorised but unissued 2002 Series A preference shares at a price of € 0.20 per share. Conversion is allowed at any time prior to the repayment of the principal amount of the note and the accrued interest. In addition, the holders of a majority of the total loan amount can elect to convert all notes and the interest accrued on such notes at any time prior to the repayment of the principal amount of all notes and the accrued interest.

The loan is secured by a first priority interest on (i) the shares of the Company's subsidiaries located in the Netherlands, Germany, Spain, France and the United Kingdom and (ii) the generators owned by the Company's subsidiaries in the aforementioned countries.

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 aggregate of the 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 the Company converted the aggregate principal convertible loan of € 12,529,000 and all accrued interest of € 2,037,000 in 2002 Series A preference shares on 13 June 2007.

Finance lease liabilities

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

	2007 €'000	2006 €'000	2005 €'000
Gross lease liabilities:			
Within one year	**530**	443	69
Between 1 and 5 years	**1,800**	1,786	284
After 5 years	**217**	–	–
	2,547	2,229	353
Future interest payments	**(289)**	(345)	(58)
	2,258	1,884	295

Other loans

Senter loan

The Company received a Senter loan from the Dutch government during 1999 and 2000. Senter loans are made available to qualifying start-up companies in the Netherlands. The Senter loan bears interest at 6.05% per annum. On 1 January 2007, the Company was released from the requirement to repay the loan. As at 1 January 2007, the loan balance was € 487,000, including accrued interest of € 159,000. These amounts have been released to profit or loss as exceptional income in the period. As at 31 December 2006 and 2005 the Senter loan balances were € 487,000 and € 459,000, respectively.

Loan from landlord

The Company agreed with one of the landlords of its unused data centre sites to enter into a loan agreement, to allow the Company to invest in improvements to the building to meet the requirements of sub-lessees. The loan bears interest at 6% per annum and is repayable at the end of the lease term. As at 31 December 2007, the balance of the landlord loan was € 1,180,000 (2006: € 571,000 and 2005: € 428,000).

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:

	2007 €'000	2006 €'000	2005 €'000
Trade receivables	**20,353**	15,559	10,432
Cash and cash equivalents	**35,848**	15,042	10,374
	56,201	30,601	20,806

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

	2007 €'000	2006 €'000	2005 €'000
UK, France, Germany and the Netherlands	**13,675**	10,506	6,532
Rest of Europe	**6,678**	5,053	3,900
	20,353	15,559	10,432

The Group's most significant customer accounts for less than 5% of the trade receivables carrying amount at 31 December 2007, as at December 2006 and 2005.

Impairment losses

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

	Gross 2007 €'000	Impairment 2007 €'000	Gross 2006 €'000	Impairment 2006 €'000	Gross 2005 €'000	Impairment 2005 €'000
Not past due	**15,618**	**–**	10,548	–	6,920	–
Past due 0-30 days	**3,690**	**–**	3,904	–	2,375	–
Past due 31-120 days	**1,043**	**–**	1,076	–	803	–
Past due 120 days – 1 year	**87**	**85**	129	98	531	197
More than 1 year	**9**	**9**	2	2	392	392
	20,447	**94**	15,659	100	11,021	589

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

	2007 €'000	2006 €'000	2005 €'000
Balance at 1 January	**100**	589	2,208
Impairment loss recognised	**14**	10	135
Write-offs	**(20)**	(499)	(1,754)
Balance at 31 December	**94**	100	589

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 90 days; 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. Comparatives have been provided as at 31 December 2006.

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	–
Convertible loan	–	–	–	–	–
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

31 December 2006

	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	2,314	2,829	737	2,092	–
Convertible loan	14,141	–	–	–	–
Finance lease liabilities	1,884	2,122	501	1,461	160
Other loans	2,058	2,450	404	2,046	–
Trade and other payables [1]	37,895	37,895	37,012	883	–
	56,592	45,296	38,654	6,482	160

[1] Excludes deferred revenues

On 13 June 2007 the entire aggregate amount of the principal and accrued interest on the convertible loan were converted into 2002 Series A preference shares (see note 18). There was no cash flow impact on the Group as a result of this conversion.

Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts. Comparatives have been provided as at 31 December 2006:

31 December 2007

	GBP '000	CHF '000	DKK '000	SEK '000
Trade and other receivables	1,591	3,138	12,648	4,245
Finance lease obligations	(39)	–	(5,930)	–
Other loans	–	–	(782)	–
Trade and other payables	(5,435)	(6,513)	(33,106)	(11,649)
Gross balance sheet exposure	**(3,883)**	**(3,375)**	**(27,170)**	**(7,404)**

31 December 2006

	GBP '000	CHF '000	DKK '000	SEK '000
Trade and other receivables	1,098	2,732	9,991	4,548
Finance lease obligations	(102)	–	–	–
Other loans	–	–	(1,286)	–
Trade and other payables	(3,637)	(4,231)	(22,430)	(8,357)
Gross balance sheet exposure	(2,657)	(1,499)	(13,725)	(3,809)

The following significant exchange rates applied during the year:

	Average rate		Report date mid-spot rate	
Euro	**2007**	**2006**	**2007**	**2006**
GBP 1	**1.460**	1.467	**1.357**	1.489
CHF 1	**0.609**	0.636	**0.603**	0.622
DKK 1	**0.134**	0.134	**0.134**	0.134
SEK 1	**0.108**	0.108	**0.106**	0.111

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 2006.

	Equity €'000	Profit or loss €'000
31 December 2007		
GBP	**237**	**(58)**
CHF	**(538)**	**62**
DKK	**(650)**	**(39)**
SEK	**(42)**	**239**
31 December 2006		
GBP	676	(48)
CHF	(369)	139
DKK	(345)	(322)
SEK	25	56

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	
	2007 €'000	2006 €'000
Fixed rate instrument		
Finance lease liabilities	**2,258**	1,884
Other loans	**2,199**	2,058
Convertible loan	**–**	14,141
	4,457	18,083
Variable rate instruments		
Bank borrowings	**45,629**	2,314
	50,086	20,397

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates 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 2006.

	Profit or loss		Equity	
	100 bp increase €'000	100 bp decrease €'000	100 bp increase €'000	100 bp decrease €'000
31 December 2007				
Variable rate instruments	**(219)**	**219**	**(219)**	**219**
31 December 2006				
Variable rate instruments	–	–	–	–

Fair values

Fair values versus carrying amounts

The Company considers that 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:

	2007 €'000	2006 €'000	2005 €'000
Profit for the year	**12,429**	632	19,111
Depreciation and amortisation	**9,746**	13,727	10,181
Impairments/Impairment reversals	**1,885**	–	(17,181)
Provision for onerous lease contracts	**4,097**	(3,632)	3,536
Share-based payments	**1,399**	181	792
Accrued interest	**425**	881	493
Foreign currency exchange losses	**2,210**	-	-
Deferred tax assets	**(11,246)**	(3,921)	(14,333)
Net cash flows from operating activities before changes in working capital	**20,945**	7,868	2,599
Trade and other receivables	**(8,717)**	(6,763)	(39)
Trade and other payables	**10,811**	13,692	5,227
Net cash flows from changes in working capital	**2,094**	6,929	5,188
Net cash flows from operating activities	**23,039**	14,797	7,787

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 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:

Grant date	Employees entitled	Exercise price	Granted	In thousands Outstanding	Exercisable
2001	Senior management	0.02	77	77	–
2003	Senior management	0.20	7,497	7,497	7,497
	Senior management	0.40	7,497	1,297	1,297
	Senior employees	0.20	453	426	426
	Senior employees	0.40	452	318	318
2005	Senior management	0.20	6,999	6,999	6,999
	Senior employees	0.20	972	972	959
	Senior employees	0.40	150	150	138
2006	Senior management	0.20	1,500	375	375
2007	Senior management	0.70	8,300	8,300	2,500
	Senior management	0.89	500	500	–
	Total share options		**34,397**	**26,911**	**20,509**

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.

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

	Weighted average exercise price			Number of options in thousands		
	2007	2006	2005	2007	2006	2005
Outstanding at 1 January	**0.21**	0.21	0.32	**19,743**	18,253	10,230
Granted	**0.71**	0.20	0.20	**8,800**	1,500	8,121
Expired	**0.47**	–	10.99	**(506)**	–	(72)
Forfeited	**0.21**	0.30	0.30	**(1,126)**	(10)	(26)
Outstanding - 31 December	**0.38**	0.21	0.21	**26,911**	19,743	18,253
Exercisable - 31 December				**20,509**	17,788	17,215

The options outstanding at 31 December 2007 have a weighted average contractual life of 2.2 years (2006: 2.0 years and 2005: 2.8 years).

Employee expenses

In 2007, the Company recorded employee expenses of € 1,399,000 related to share-based payments (2006: € 181,000 and 2005: € 792,000).

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:

	2007	2006	2005
Share price	**0.69 to 0.89**	0.67	0.23
Exercise price	**0.70 to 0.89**	0.20	0.20
Dividend yield	**0%**	0%	0%
Expected volatility	**40%**	38%	38%
Risk free interest rate	**4.4%**	4%	2.75%
Expected life weighted average	**3.5 years**	5 years	5 years

The significant inputs into the model were:

- Weighted average share price calculated by applying discounted cash flows analysis to the Group's financial forecasts.
- 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 commitments for non-cancellable operating leases with terms in excess of one year are as follows:

	2007 €'000	2006 €'000	2005 €'000
Within one year	**21,795**	20,184	18,700
Between 1 to 5 years	**71,266**	73,684	76,912
After 5 years	**46,222**	48,489	51,984
	139,283	142,357	147,596

Gross operating lease expense for 2007 was € 21,680,000 (2006: € 19,430,000 and 2005: € 19,062,000).

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 2007, the Company had contracted with customers for future committed revenues receivable as follows:

	2007 €'000	2006 €'000	2005 €'000
Within one year	**67,439**	46,887	33,298
Between 1 to 5 years	**81,142**	55,542	38,354
After 5 years	**9,590**	2,595	4,758
	158,171	105,024	76,410

23 Capital commitments

At 31 December 2007, the Group had outstanding capital commitments totalling € 7,992,000 (2006: € 12,838,000 and 2005: € 1,263,000). 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 € 3,558,000 (2006: € 3,351,000; 2005: € 3,153,000).

Costs of sites restoration

As at 31 December 2007, the estimated discounted cost relating to the restoration of data centre leasehold premises was € 9,979,000 of which € 144,000 was recognised. Leases expire over a range of 2 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 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 arms 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.

Investment Agreements and Convertible Loan Notes

In December 2003, April 2004 and February 2006, the Company entered into investment agreements (the "Investment Agreements") pursuant to which certain of its shareholders agreed to lend the Company an aggregate amount of € 4,506,000, € 1,023,000 and € 7,000,000, respectively, against the issue of convertible loan notes ("Convertible Loan Notes"). Under the Investment Agreements, Convertible Loan Notes were issued in December 2003 (€ 2,807,000), January 2004 (€ 1,699,000), April 2004 (€ 1,023,000) and February 2006 (€ 7,000,000).

Each shareholder was invited to participate in the Convertible Loan Notes pro rata to their shareholdings, at an interest rate of 6%. Any shareholders willing to invest in excess of the pro rata shareholding received Convertible Loan Notes carrying an interest rate of 8% for such excess. The Convertible Loan Notes had an initial term of one year, which could be extended by mutual agreement. Holders of Convertible Loan Notes could elect to convert their notes and the interest accrued thereon into Preference Shares at a price of € 0.20 per Preference Share. Conversion was allowed at any time prior to the repayment of the principal amount of the Convertible Loan Note. In addition, the holders of a majority of principal amount of all outstanding Convertible Loan Notes could elect to convert all Convertible Loan Notes and the interest accrued thereon. The Convertible Loan Notes were secured by first priority pledges over (i) the shares of our Dutch, German, Spanish, French and UK subsidiaries and (ii) the generators owned by these subsidiaries.

The Convertible Loan Notes were converted into Preference Shares in June and August 2007 and, as at 31 December 2007, are no longer outstanding. On conversion, the Company issued an aggregate of 72,829,632 preference shares to Messrs. Loeber, Collerton, Camman, Foy and Boussard, who are employees or former employees of the Company, and to Stichting Administratiekantoor Management InterXion, Beauchamp Beheer B.V., Baker Communications Fund II L.P., Lamont Finance N.V., Aman Ventures L.L.C., Parc-IT B.V. and Copeba (Nederland) N.V.

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 has no voting rights over any of these interests.

26 Events subsequent to the balance sheet date

On 21 March 2008, the Company entered into a € 75 million revolving credit facility with Fortis Bank (Nederland) N.V. and Coöperatieve Rabobank Regio Schiphol U.A. This facility repays and replaces the existing facilities as at the end of December 2007.

27 Explanation of transition to IFRS

As stated in note 2, these are the Group's first consolidated financial statements prepared in accordance with IFRS.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2007, the comparative information presented in these financial statements for the years ended 31 December 2006 and 31 December 2005, and in the preparation of an opening IFRS balance sheet at 1 January 2005 (the Group's date of transition).

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported in previous financial statements prepared in accordance with US GAAP.

An explanation of how the transition from US GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

		US GAAP	Effect of transition to IFRS	IFRS	US GAAP	Effect of transition to IFRS	IFRS	US GAAP	Effect of transition to IFRS	IFRS
		1 January 2005			31 December 2005			31 December 2006		
Non-current assets										
Property, plant and equipment	*a,b*	51,942	1,914	53,856	46,218	19,536	65,754	62,394	16,833	79,227
Intangible assets	*c*	–	–	–	–	–	–	–	1,324	1,324
Deferred tax assets	*h*	–	–	–	13,660	673	14,333	19,536	(1,282)	18,254
Trade and other receivables	*c*	–	660	660	–	1,104	1,104	–	836	836
Other non-current assets	*c*	660	(660)	–	1,104	(1,104)	–	2,160	(2,160)	–
		52,602	1,914	54,516	60,982	20,209	81,191	84,090	15,551	99,641
Current assets										
Trade receivables		10,387	–	10,387	10,432	–	10,432	15,559	–	15,559
Prepaid expenses and other current assets		3,745	–	3,745	3,295	–	3,295	5,199	–	5,199
Cash and cash equivalents		7,535	–	7,535	10,374	–	10,374	15,042	–	15,042
		21,667	–	21,667	24,101	–	24,101	35,800	–	35,800
		74,269	1,914	76,183	85,083	20,209	105,292	119,890	15,551	135,441
Shareholders' equity										
Share capital		2,807	–	2,807	2,817	–	2,817	2,817	–	2,817
Share premium	*d, g*	296,257	3,352	299,609	297,139	3,352	300,491	297,320	3,352	300,672
Foreign currency translation reserve	*a*	1,950	–	1,950	1,649	(62)	1,587	1,678	44	1,722
Accumulated deficit	*i*	(280,548)	(6,464)	(287,012)	(279,507)	11,606	(267,901)	(275,907)	8,638	(267,269)
		20,466	(3,112)	17,354	22,098	14,896	36,994	25,908	12,034	37,942
Non-current liabilities										
Convertible loan	*d*	5,832	(10)	5,822	6,289	–	6,289	14,141	–	14,141
Provision for onerous lease contracts, less current portion	*e*	12,066	5,080	17,146	15,067	5,390	20,457	13,210	3,647	16,857
Finance lease obligations, less current portion		92	–	92	226	–	226	1,441	–	1,441

		US GAAP	Effect of transition to IFRS	IFRS	US GAAP	Effect of transition to IFRS	IFRS	US GAAP	Effect of transition to IFRS	IFRS
		1 January 2005			31 December 2005			31 December 2006		
Deferred revenue, less current portion	*f*	–	1,303	1,303	–	1,696	1,696	–	3,995	3,995
Other non-current liabilities		1,467	–	1,467	653	–	653	883	–	883
Borrowings, less current portion		–	–	–	887	–	887	1,719	–	1,719
		19,457	6,373	25,830	23,122	7,086	30,208	31,394	7,642	39,036
Current liabilities										
Trade payables		7,846	–	7,846	8,973	–	8,973	18,602	–	18,602
Finance lease obligations, current portion		31	–	31	69	–	69	443	–	443
Deferred revenue, current portion	*f*	10,390	(1,303)	9,087	12,273	(1,696)	10,577	18,254	(3,995)	14,259
Tax and social security		1,344	–	1,344	2,169	–	2,169	2,123	–	2,123
Provision for onerous lease contracts, current portion	*e*	3,994	(44)	3,950	4,243	(77)	4,166	4,226	(130)	4,096
Accrued expenses		10,741	–	10,741	12,136	–	12,136	16,287	–	16,287
Borrowings, current portion		–	–	–	–	–	–	2,653	–	2,653
		34,346	(1,347)	32,999	39,863	(1,773)	38,090	62,588	(4,125)	58,463
Total liabilities		53,803	5,026	58,829	62,985	5,313	68,298	93,982	3,517	97,499
Total liabilities and shareholders' equity		74,269	1,914	76,183	85,083	20,209	105,292	119,890	15,575	135,441

Notes to the reconciliation of equity

The impact on deferred tax of the adjustments described below is set out in note h.

a. Under IFRS, component accounting is required, while only permitted under US GAAP. When an item of property, plant and equipment comprises individual components for which different depreciation methods or rates are appropriate, each component is depreciated separately.

The effect is to increase property, plant and equipment by € 1,914,000 at 1 January 2005, by € 441,000 at 31 December 2005 and to decrease depreciation by € 512,000 for the year ended 31 December 2005. The difference of € 71,000 in 2005 was booked via the foreign currency translation reserve.

The effect is to increase property, plant and equipment by € 622,000 at 31 December 2006 and to decrease depreciation by € 622,000 for the year ended 31 December 2006.

b. Under IFRS a reversal of impairments should take place in case the estimates used in the impairment calculations have changed. Reversal of impairments from previous periods is not allowed under US GAAP.

The effect is to increase property, plant and equipment by € 17,181,000 at 31 December 2005 and to increase impairment reversals under exceptional items by € 17,181,000 in 2005.

The effect is to decrease property, plant and equipment by € 3,325,000 at 31 December 2006 and to increase depreciation by € 3,257,000 for the year ended 31 December 2006. The difference of € 68,000 in 2006 was booked via the foreign currency translation reserve.

c. The Company has further refined its criteria for classification of intangible assets trade and other receivables within non-current assets. There is no net effect at 1 January 2005, at 31 December 2005 and at 31 December 2006.

d. Under IFRS the convertible loan is measured at amortised cost, while measured at nominal value under US GAAP. Amortised costs are calculated using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the convertible loan to the net carrying amount.

The effect is to decrease the convertible loan by € 10,000 at 1 January 2005, by nil at 31 December 2005, to increase share premium by € 169,000 at 1 January 2005, by nil at 31 December 2005, and to increase finance costs by € 10,000 for the year ended 31 December 2005.

e. Under IFRS the future net rental obligations of the provision for onerous lease contracts are discounted at the risk-free rate at balance sheet date, while under US GAAP at the credit adjusted risk-free rate at inception.

The effect is to increase the provision for onerous lease contracts by € 5,036,000 at 1 January 2005; by € 277,000 at 31 December 2005 and to increase the provision for onerous lease contracts under exceptional items by € 286,000 and to increase the foreign currency translation reserve by € 9,000 for the year ended 31 December 2005.

The effect is to decrease the provision for onerous lease contracts by € 1,796,000 at 31 December 2006 and to decrease the provision for onerous lease contracts under exceptional items by € 1,758,000 and to increase the foreign currency translation reserve by € 38,000 for the year ended 31 December 2006.

f. The Company has further refined its criteria for classification of current and non-current deferred revenue. There is no net effect at 1 January 2005, at 31 December 2005 and at 31 December 2006.

g. The employee share option arrangement is in place as from 2002. Under US GAAP, the costs in 2002, 2003 and 2004 were recognised based on the intrinsic value. From 2005 the fair values were recognised. Under IFRS, the cost of options granted need to be recognised based on fair value. InterXion decided to apply IFRS 2 retrospectively from the start of the current arrangements.

The effect is to increase share premium by € 3,183,000 at 1 January 2005 and to decrease accumulated deficit by € 3,183,000 at 1 January 2005.

h. The effect of the above adjustments on the deferred tax asset are as follows:

		1 January 2005 €'000	31 December 2005 €'000	31 December 2006 €'000
Property, plant and equipment	*a, b*	–	(2,176)	(1,558)
Provision for onerous lease contracts	*e*	–	942	567
Other		–	144	8
Tax losses carry-forward		–	1,763	(299)
Set-off to tax		–	–	–
Increase/(decrease) in deferred tax asset		–	673	(1,282)

The effect on the income statement was to increase the previously reported tax benefit by € 673,000 for the year ended 31 December 2005 and to decrease it by € 1,282,000 for the year ended 31 December 2006.

i. The effect of the above adjustments on accumulated deficit is as follows:

		1 January 2005 €'000	31 December 2005 €'000	31 December 2006 €'000
Property, plant and equipment	*a, b*	1,914	19,607	16,836
Convertible loan	*d*	(159)	(169)	(169)
Provision for onerous lease contracts	*e*	(5,036)	(5,322)	(3,564)
Deferred tax	*h*	–	673	(1,282)
Share-based payments	*g*	(3,183)	(3,183)	(3,183)
Total adjustment to accumulated deficit		(6,464)	11,606	8,638

Reconciliation of profit for 2005 and 2006

		2005			2006		
		US GAAP €'000	Effect of transition to IFRS €'000	IFRS €'000	US GAAP €'000	Effect of transition to IFRS €'000	IFRS €'000
Revenue		58,539	–	58,539	74,691	–	74,691
Cost of sales		(35,965)	–	(35,965)	(43,719)	–	(43,719)
Gross profit		22,574	–	22,574	30,972	–	30,972
Sales and marketing costs		(4,610)	–	(4,610)	(6,715)	–	(6,715)
General and administrative costs:							
• Depreciation and amortisation	*a*	(10,693)	512	(10,181)	(10,956)	(2,771)	(13,727)
• Exceptional items	*b, e*	(8,061)	16,895	8,834	(3,970)	1,758	(2,212)
• Share-based payments		(792)	–	(792)	(181)	–	(181)
• Other general and administrative costs		(10,779)	–	(10,779)	(10,544)	–	(10,544)
		(30,325)	17,407	(12,918)	(25,651)	(1,013)	(26,664)
Operating profit/(loss)		(12,361)	17,407	5,046	(1,394)	(1,013)	(2,407)
Net finance expense	*d*	(244)	(10)	(254)	(697)	–	(697)
Profit/(loss) before taxation		(12,605)	17,397	4,792	(2,091)	(1,013)	(3,104)
Income tax benefit/(expense)	*h*	13,646	673	14,319	5,691	(1,955)	3,736
Profit/(loss) for the year		1,041	18,070	19,111	3,600	(2,968)	632
Basic earnings per share (€):		0.03	0.45	0.48	0.09	(0.07)	0.02
Diluted earnings per share (€):		0.01	0.10	0.11	0.02	(0.02)	0.00

Explanation of material adjustments to the cash flow statement for 2005 and 2006

There are no material differences between the cash flow statements presented under IFRS and the cash flow statement presented under US GAAP.

InterXion Holding N.V.

Company financial statements

(Dutch GAAP)

Company balance sheet

(before appropriation of results)

As at 31 December	Note	2007 €'000	2006 €'000	2005 €'000
Non-current assets				
Financial assets	*30*	**101,439**	49,207	40,826
Deferred tax assets	*31*	**15,782**	6,816	5,216
		117,221	56,023	46,042
Current assets				
Trade and other receivables	*32*	**419**	17	21
Cash and cash equivalents	*33*	**1,755**	3,956	1,615
		2,174	3,973	1,636
		119,395	59,996	47,678
Shareholders' equity				
Share capital		**4,274**	2,817	2,817
Share premium		**315,180**	300,672	300,491
Foreign currency translation reserve		**3,388**	1,722	1,587
Accumulated deficit		**(267,269)**	(267,901)	(287,012)
Profit for the year		**12,429**	632	19,111
	34	**68,002**	37,942	36,994
Non-current liabilities				
Payables to subsidiaries		**4,841**	4,528	3,760
Borrowings	*18*	**35,911**	14,670	6,748
		40,752	19,198	10,508
Current liabilities				
Trade and other payables		**923**	584	176
Borrowings	*18*	**9,718**	2,272	–
		10,641	2,856	176
Total liabilities		**51,393**	22,054	10,684
Total liabilities and shareholders' equity		**119,395**	59,996	47,678

Company income statement

For the years ended 31 December

	Note	2007 €'000	2006 €'000	2005 €'000
Profit relating to the Company		**18,060**	9,524	11,416
Profit/(loss) relating to investments in subsidiaries after tax	*30*	**(5,631)**	(8,892)	7,695
Profit for the year		**12,429**	632	19,111

Notes to the 2007 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. 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.

Changes in accounting policies 2007

As a result of the changes in the accounting policies adopted for the consolidated financial statements, the Company has changed its accounting policies accordingly in compliance with the regulations as set out in section 362.8 of the Netherlands Civil Code, Book 2. By applying these regulations reconciliation remains between shareholders' equity as reported in the consolidated financial statements and in the company financial statements of the Company.

The financial statements of the Company were prepared in accordance with Dutch Generally Accepted Accounting Principles (Dutch GAAP) up to and including 2006. As the Company provides comparative information for two years the transition date for IFRS is 1 January 2005, and consequently the Company has restated its 2005 and 2006 financial statements. The change in accounting policies has had effect on equity and profits as follows:

The effect on equity as at 1 January 2005 is € 3,298,000 and as at 31 December 2005 € 2,285,000. The effect on profit in 2005 is € 889,000.

The effect on equity as at 1 January 2006 is € 2,285,000 and as at 31 December 2006 € 732,000. The effect on profit in 2006 is € 1,447,000.

	Note	Dutch GAAP	Effect of change in accounting policy	Dutch GAAP aligned to IFRS	Dutch GAAP	Effect of change in accounting policy	Dutch GAAP aligned to IFRS	Dutch GAAP	Effect of change in accounting policy	Dutch GAAP aligned to IFRS
		31 December 2006			31 December 2005			1 January 2005		
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Profit relating to the Company	27 d, h	9,945	(421)	9,524	10,435	981	11,416			
Profit/(loss) relating to investments in subsidiaries after tax		(10,760)	1,868	(8,892)	7,787	(92)	7,695			
Profit for the year	27 i	(815)	1,447	632	18,222	889	19,111			
Non-current assets										
Financial assets	27 i	50,509	(1,302)	49,207	44,102	(3,276)	40,826	26,142	(3,308)	22,834
Deferred tax assets	27 h	6,246	570	6,816	4,225	991	5,216	–	–	–
		56,755	(732)	56,023	48,327	(2,285)	46,042	26,142	(3,308)	22,834
Current assets										
Trade and other receivables		17	–	17	21	–	21	60	–	60
Cash and cash equivalents		3,956	–	3,956	1,615	–	1,615	1,601	–	1,601
		3,973	–	3,973	1,636	–	1,636	1,661	–	1,661
Total assets		60,728	(732)	59,996	49,963	(2,285)	47,678	27,803	(3,308)	24,495

	Note	Dutch GAAP	Effect of change in accounting policy	Dutch GAAP aligned to IFRS	Dutch GAAP	Effect of change in accounting policy	Dutch GAAP aligned to IFRS	Dutch GAAP	Effect of change in accounting policy	Dutch GAAP aligned to IFRS
		31 December 2006			31 December 2005			1 January 2005		
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Shareholders' equity										
Share capital		2,817	–	2,817	2,817	–	2,817	2,807	–	2,807
Share premium	27 d, g	297,320	3,352	300,672	297,139	3,352	300,491	296,257	3,352	299,609
Foreign currency translation reserve	27 a	1,678	44	1,722	1,649	(62)	1,587	1,950	–	1,950
Accumulated deficit	27 g, i	(263,141)	(4,128)	(267,269)	(262,326)	(5,575)	(267,901)	(280,362)	(6,650)	(287,012)
		38,674	(732)	37,942	39,279	(2,285)	36,994	20,652	(3,298)	17,354
Non-current liabilities										
Payables to subsidiaries		4,528	–	4,528	3,760	–	3,760	–	–	–
Borrowings	27 d	14,670	–	14,670	6,748	–	6,748	6,265	(10)	6,255
		19,198	–	19,198	10,508	–	10,508	6,265	(10)	6,255
Current liabilities										
Trade and other payables		584	–	584	176	–	176	886	–	886
Borrowings		2,272	–	2,272	–	–	–	–	–	–
		2,856	–	2,856	176	–	176	886	–	886
Total liabilities		22,054	–	22,054	10,684	–	10,684	7,151	(10)	7,141
Total liabilities and shareholders' equity		60,728	(732)	59,996	49,963	(2,285)	47,678	27,803	(3,308)	24,495

For details of these adjustments see note 27 to the consolidated financial statements

30 Financial assets

	Investments in subsidiaries €'000	Receivables from subsidiaries €'000	2007 €'000	2006 €'000	2005 €'000
As at 1 January 2007	**(107,901)**	**157,108**	**49,207**	40,826	22,834
Movement in receivables	**–**	**47,979**	**47,979**	11,204	(1,380)
Profit/(loss) after tax	**(5,631)**	**–**	**(5,631)**	(8,892)	7,695
Recapitalisation	**8,218**	**–**	**8,218**	5,934	12,040
Foreign currency translation differences	**1,666**	**–**	**1,666**	135	(363)
As at 31 December 2007	**(103,648)**	**205,087**	**101,439**	49,207	40,826

31 Deferred tax assets

See also note 8. The difference between the Groups consolidated deferred tax assets (€ 29,500,000) and those of the Company (€ 15,782,000) relates to the inclusion of non-Dutch entities in the consolidated balance.

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 2007, € 278,000 was related to the VAT receivable (2006: € 13,000 and 2005: € 10,000).

33 Cash and cash equivalents

Out of the cash and cash equivalents, € 1,596,000 (2006: € 1,596,000 and 2005: € 1,615,000) 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 2007		2,817	300,672	1,722	(267,269)	37,942
Profit for the year					12,429	
Foreign currency translation differences		–	–	1,666		14,095
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**	**(254,840)**	**68,002**
Balance at 1 January 2006		2,817	300,491	1,587	(267,901)	36,994
Profit for the year					632	
Foreign currency translation differences		–	–	135		767
Share-based payments	*21*	–	181	–	–	181
Balance at 31 December 2006		2,817	300,672	1,722	(267,269)	37,942
Balance at 1 January 2005		2,807	299,609	1,950	(287,012)	17,354
Profit for the year					19,111	
Foreign currency translation differences		–	–	(363)		18,748
Issue of preference shares		10	90	–	–	100
Share-based payments	*21*	–	792	–	–	792
Balance at 31 December 2005		2,817	300,491	1,587	(267,901)	36,994

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. The total remuneration of the Supervisory Board amounted to € 85,000 (2006: € 40,000 and 2005: € 40,000). 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:

	2007	2006	2005
	€'000	€'000	€'000
Within one year	**8,565**	6,555	6,364
Between 1 and 5 years	**21,586**	22,533	26,913
After 5 years	**5,214**	7,441	9,616
	35,365	36,529	42,893

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 € 11,593,000 at 31 December 2007 (2006: € 8,713,000 and 2005: € 7,089,000).

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.

Management Board:

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

Schiphol-Rijk, 31 March 2008

Supervisory Board:

J. C. Baker
(Chairman)

C.G. van Luijk

R.M. Manning

T.J. Paffen

P. Ekelund

Schiphol-Rijk, 31 March 2008

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 2007

The Management Board proposes to add the profit for the year, amounting to € 12,429,000, to the other reserves ("accumulated deficit"). This proposed appropriation of result is subject to approval by the General Meeting of Shareholders.

Schiphol-Rijk, 31 March 2008

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 2007 financial statements of InterXion Holding N.V., Amsterdam as set out on pages 9 to 71. 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 2007, 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 and the comparative figures over 2005 and 2006. The company financial statements comprise the company balance sheet as at 31 December 2007, the company income statement for the year then ended, the notes and the comparative figures over 2005 and 2006.

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 2007, and of its result and its cash flows for the year then ended, as well as for the 2005 and 2006 comparative figures, 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 2007, and of its result for the year then ended, as well as for the 2005 and 2006 comparative figures, 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 e of the Netherlands Civil Code, we report, to the extent of our competence, that the Director's Report, as set out on pages 4 to 7, is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 31 March 2008

KPMG ACCOUNTANTS N.V.

H.A.P.M. van Meel RA

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