

Company Number 3796971

WEDNESDAY



\*L6T29PZJ\*  
LD2 30/05/2007 106  
COMPANIES HOUSE

# Taking the lead in European datacentres

Annual Report 2006

# ***Europe's specialist datacentre services company***

## ***IXEurope provides datacentre, business continuity, connectivity and support services.***

IXEurope has fourteen IXDatacentres™ in seven cities in four countries across Europe. Every IXDatacentre™ has been built to rigorous standards and provides optimum operating conditions, bringing together strictly controlled environments, unrivalled multi-carrier bandwidth and first rate technical support.

IXDatacentres™ house IT systems on behalf of customers in the enterprise, internet and telecoms markets. Customers outsource the datacentre element of their IT systems to IXEurope to increase resilience, optimise performance, achieve availability objectives and reduce corporate risk - more cost effectively than doing it in-house.

Established in 1998, IXEurope is one of the fastest growing European providers of datacentre services and was the first colocation operation in Europe to secure ISO9001:2000 accreditation across all of its locations.

## **CONTENTS**

1	Performance Highlights
2	Chairman's Statement
4	Chief Executive's Review
6	Operating Review
8	Financial Review
10	Business Overview
12	Services
14	CSR Statement
15	Board of Directors
16	Corporate Governance Statement
20	Remuneration Report
24	Directors' Report
28	Statement of Directors' Responsibilities
29	Independent Auditors' Report
30	Consolidated Income Statement
31	Consolidated Statement of Recognised Income and Expense
32	Consolidated Balance Sheet
33	Consolidated Cash Flow Statement
34	Notes to the Consolidated Financial Statements
71	Company Balance Sheet
72	Notes to the Company Financial Statements
83	Company Information

# Performance highlights

---

## Financial:

- Revenue up 66% to £37.3m (2005: £22.5m)
- Adjusted EBITDA\* up 191% to £4.9m (2005: £1.7m)
- Net cash from operating activities (pre IPO-fees): £4.8m
- Pre-tax reported loss decreased 9% to £4.2m (2005: Loss £4.7m)
- Contracted MRR increased by £1.8m to £3.8m as at 31 December 2006
- 65% of the total 35,400m2 planned space was contracted as at 31 December 2006
- Minimum contracted revenue for 12 months to 31 December 2007: £28.0m (to 31 December 2006: £18.8m)

\* Reported EBITDA adjusted for IPO costs and option charges in 2006 and exceptional restructuring costs and provision release in 2005

## Operational:

- Increased footprint from 10 to 14 IXDatacentres™
- Available net space increased by 57% or 9,600m2 to 26,400m2
- First contract for London4 signed six months before delivery
- Customer churn remained low at 3%

*“IXEurope has a high proportion of recurring revenues and a scalable business model. Our excellent performance in 2006 is a result of the solid customer base and has laid the foundations for continued high growth.”*

Sir Anthony Cleaver, Chairman

*“IXEurope has continued to go from strength to strength in 2006.”*

# Chairman's statement

---

2006 was a good year for IxEurope, a year in which our consistent strategy enabled us to perform well both operationally and financially. Founded in 1998, revenues have increased by over 30% year-on-year, every year, and today the company has over 450 customers, including three multinational pharmaceutical companies, two of the Big Four consultancies, numerous financial institutions and a number of the world's largest Internet companies.

Our business model has remained consistent: build high-quality datacentre facilities and leverage a fixed cost base by selling datacentre space and services on long-term recurring revenue contracts. Our continued strong performance in 2006 reflects the successful progression from start-up to a maturing business.

## An Overview of the Year

In 2006, IxEurope listed on AIM. I am proud that in our first year as a public company we have delivered what we promised at IPO and more, outperforming market expectations in terms of both EBITDA and our ability to benefit from economies of scale.

IxEurope's financial performance in 2006 reflects the continued scaling of the business, building on the sound foundations laid over the last eight years. Revenue grew 66% year-on-year (from £22.5m to £37.3m) and adjusted EBITDA\* grew 191% year-on-year (from £1.7m to £4.9m). All four operational countries contributed to this growth, reflecting the local strength of each country as well as the Group's growing brand.

The Group's reported pre-tax net loss decreased 9% to £4.2m, with increased depreciation and interest charges in 2006 resulting from new capital investment of £13.0m in the year and the related financing used to fund this build-out. Adjusted pre-tax losses fell 20% to £2.3m from £2.8m.

Space available increased 57% in 2006 to 26,400m<sup>2</sup> and additional space will come on line in 2007/2008 including the delivery of phase 1 of the London4 IxDatacentre™.

During the year, IxEurope signed some important customer contracts and increased significantly its presence in the financial sector. Pricing has improved as market demand for datacentre space has accelerated, capacity in the market has decreased and customers have a growing need for higher specifications.

Looking ahead, with all 14 IxDatacentres™ due to be operational in 2007, increased revenues from further long-term contracts will continue to improve EBITDA and increase further the cash generated by the business.

## Corporate Social Responsibility

IxEurope adopted a Corporate Social Responsibility Policy in 2006, reflecting the Management's focus on supporting employees, the environment and the community. The policy consolidates efforts made across the Group since its foundation and paves the way for further initiatives.

## A Look at the Future

IxEurope's strategy remains consistent, focusing on core datacentre services and leveraging the experienced team and infrastructure in place.

Particular areas of focus in the coming year include delivery of phase 1 of London4 (5,000m<sup>2</sup> net space) and other space expansion projects across Europe, while continuing to deliver quality services as the business grows.

In conclusion, I would like to congratulate the management and employees on another successful year and look forward to continued growth and success in the future.



Sir Anthony Cleaver  
Chairman

\* As defined in the Financial Review page 9

*“In 2006, IXEurope strengthened its presence in all four operating countries by increasing capacity and laying the foundation for further growth.”*

# Chief Executive's review

---

Since foundation, IxEurope has grown revenues over 30% every year and has gained the reputation as a leading service provider to blue-chip enterprises and Internet customers. In 2006, IxEurope consolidated this position by increasing its footprint to 14 IXDatacentres™ across its four operating countries, leveraging the team and infrastructure already in place.

## Expansion

In 2006, one IXDatacentre™ was added in each country (Munich, Zurich3, Paris2, London4) and in total 9,600m2 of space was made available with a further 9,000m2 under construction or planned.

London4 is the biggest build-out under way and is a greenfield IXDatacentre™ due to be operational in summer 2007. The first phase will provide 5,000m2 net space. The site benefits from a very high power supply with a potential of 24 megawatts. The first customer contract (£20m over 10 years) was signed six months before delivery, reflecting the high levels of demand and the trust placed in IxEurope. Within the same building, a second phase of 5,000m2 net space could be built out in the future to meet customer demand.

## Financial Performance

Revenue grew by 66% to £37.3m in 2006 and adjusted EBITDA\* by 191% to £4.9m. The higher growth in EBITDA compared to revenue demonstrates the increasing leverage of the company's fixed cost base. In 2006, IxEurope generated £4.8m cash (pre IPO-costs) and invested £13.0m in new fixed assets. The capital expenditure relates primarily to building new space for future revenue growth.

## Customer Contracts

In 2006, IxEurope increased contracted monthly recurring revenues (MRR) from £2.0m to £3.8m. As at December 2006, IxEurope's base of over 450 customers included many blue-chip enterprises and financial institutions. Amongst other IT platforms, IxEurope is home to over 150,000 servers including a number of high-power blade server installations. Customers expanding their presence with IxEurope in 2006 included Citigroup, Deutsche Boerse and SurfControl and new customers included 18 transfers to IxEurope's business continuity facilities in Frankfurt and Munich under an agreement with Sungard Germany. Churn remained low at 3% for the full year 2006.

## Services

IxEurope has added some innovative services in 2006. These services do not reflect a change of strategy but provide extra desirable services to customers and help make IxEurope the attractive corporate option. New services include IXLAN™ (allowing customers to connect between IXDatacentres™ on a fast, resilient network), IXFX™ (including proximity trading launched with Deutsche Boerse Systems) and a new TIX™ (Internet exchange) in Munich. By December 2006, 14 customers including Nico Trading had joined IXFX™. The new services are in addition to the IXConnect™ suite of cabling and interconnect services, remote hands and the TIX™ in Zurich and Geneva.

## Market

Customer pipelines remain strong and pricing has risen as a result of higher demand, lower supply of high-specification space and higher customer specification requirements (for example, greater resilience of core infrastructure and higher power/cooling densities). Drivers behind customer demand include the increasing difficulty of securing power on self-operated datacentres, wide adoption of broadband and high-bandwidth services (such as IPTV), regulatory requirements (such as Basel II and Sarbanes Oxley) and the advent of high-power blade servers.

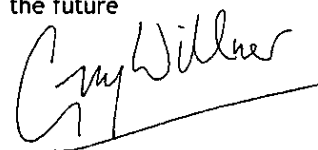
## Power

Power has become increasingly important to IxEurope, as secured, high-density supply is a driver of customer demand. The increase in power prices has also meant that both power revenues and power costs have increased as a proportion of the business, and IxEurope believes this trend is likely to continue in the near future.

## Strategy

IxEurope's strategy remains consistent with prior years: continue to grow the business by selling existing datacentre space and associated services, and by adding or acquiring further datacentre space of high-specification while we drive continuous process improvements and deliver quality services on a larger scale.

In conclusion, IxEurope performed well yet again in 2006 and I look forward to seizing the opportunities we have for the future.



Guy Willner  
Chief Executive Officer

\* As defined in the Financial Review page 9

*“In 2006, IXEurope significantly expanded capacity across four countries to support increasing demand from customers.”*



# Operating review

---

In 2006, IxEurope increased its footprint of IXDatacentres™ from 10 to 14 and, in addition, expanded capacity within the existing IXDatacentres™

## Scalability

IxEurope's build-out policy remains to build high-specification IXDatacentres™ in phases and in line with customer demand and requirements. As the majority of IxEurope's cost base is fixed, the scaling up of space brings significant economies of scale. In 2006, the Group increased available net space by 9,600m<sup>2</sup> to 26,400m<sup>2</sup>, of which 77% was contracted to customers as of 31 December 2006. A further 9,000m<sup>2</sup> is planned or under construction, of which 2,700m<sup>2</sup> was pre-contracted to customers as at 31 December 2006. Furthermore, the group has potential to build and power up more than 30,000m<sup>2</sup> of additional datacentre space in London4 and at the Frankfurt2 13-acre campus

## Energy Management

During 2006, net space contracted by customers increased by 74% whereas the Group's total IT load\* doubled. This substantial increase in IT load is due to customers progressively deploying more equipment and higher-power installations. Larger IXDatacentres™ (for example, Frankfurt2 and Munich) achieve improved energy efficiency\*\* as the IT load of the datacentre increases and cooling is optimised. This means that customers can benefit from both IxEurope's purchasing strength as well as optimised datacentre energy efficiency. The increase in power requirements, together with increased unit costs, has resulted in power being a larger proportion of IxEurope's revenues and costs. IxEurope's financial management of power consists of fixing power purchasing costs where possible and agreeing pass-through contracts for power usage with customers.

## Quality

IxEurope maintained its continuous seven-year unbroken compliance to the ISO9001:2000 Quality Management Standard. The strategic decision to seek compliance to this rigorous regime has been a key factor in maintaining IxEurope's reputation for "high-end" service.

\* The IT load, or "critical load", is the electrical load required to provide power "out" to run customer owned computing equipment and is contractually limited.

\*\* Energy efficiency ratio is power "in" to the datacentre as measured at the utility electric meter divided by the conditioned power "out" to support the IT load.

## Geographical Review

All four countries continued to perform strongly in 2006.

### United Kingdom

Revenue in the UK in 2006 increased by 56%. London3 (acquired Q4 2005) was completely redesigned and its capacity expanded from approximately 300m<sup>2</sup> to 2,700m<sup>2</sup> with a high-power specification and was fully sold by Q3 2006 reflecting strong customer demand. Secured in Q2 2006, London4 will provide 5,000m<sup>2</sup> net space in phase 1 by the summer of 2007 and potentially a further 5,000m<sup>2</sup> in the future. As London4 is a greenfield build, IxEurope has been able to make early design and specification improvements which have been well received by customers.

### Germany

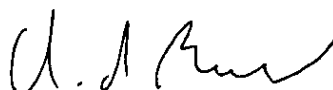
Revenue in Germany in 2006 increased by 105%. This increase was principally from selling the space acquired at Frankfurt2 (acquired Q4 2005) and Munich (acquired Q2 2006). In 2006, Germany introduced new services such as IAFX™ (including proximity trading services) and a new TIX™ (Internet exchange) in Munich.

### France

Revenue in France in 2006 increased by 74%. In 2006, the expansion of Paris1 together with the acquisition and build-out of Paris2 significantly increased the presence and visibility of the company in France and allows customers dual-site offerings with IxEurope.

### Switzerland

Revenue in Switzerland in 2006 increased by 12%. In 2006, IxEurope acquired a 300m<sup>2</sup> IXDatacentre™ in Zurich to complement the TIX™ already well established in the existing Zurich 1 and 2 IXDatacentres™.



Christophe de Buchet  
Chief Operating Officer

*“IXEurope grew adjusted EBITDA by 191% in 2006 and continues to leverage the fixed cost base for future growth.”*

# Financial review

---

## Trading Results

Revenue continued to grow strongly in 2006 increasing by 66% to £37.3m (FY05 £22.5m). The growth of 66% marks the seventh consecutive year of growth over 30% reflecting the continued successful commercial and operational strategy of the Group.

Of total revenue, over 85% was recurring on contracts typically one to five years long. Customer churn in 2006 remained low at 3%.

The Group's core revenues of space and related revenue increased by 50% to £29.9m (FY05 £19.9m). Power revenue increased by 181% to £7.4m (FY05 £2.6m) and increased to 20% of total revenues (FY05 12%).

On a reported basis, EBITDA improved significantly in 2006, rising to £3.2m from £0.9m in 2005. The underlying performance of the Group in 2006 is better reflected however by adjusting for IPO costs and non-cash option charges in 2006 and exceptional restructuring charges and provision release in 2005. The adjusted EBITDA increased 191% to £4.9m (FY05 £1.7m).

Reported pre-tax losses decreased 9% to £4.2m (FY05 £4.7m). Adjusted losses (after adjusting for the items noted above) decreased by 20% to £2.3m (FY05 £2.8m).

## Cash

The operational activity generated £4.8m cash (pre IPO-costs) in 2006 versus consuming £0.8m in 2005 and cash in hand as at December 2006 was £6.5m (December 2005 £6.5m).

The cash generated by the Group in 2006, together with net funding received (£11.4m), was invested principally in building new capacity and/or upgrading current infrastructure (£13m), paying deferred consideration on London3 (£1m), repaying bridge debt facilities (£7.3m) and in servicing interest and finance leases (£2.2m).

## Investment

Capital expenditure on new assets in 2006 totalled £13.0m versus £15.4m in 2005. The capital expenditure in 2006 was principally to expand footprint for future growth and can be broken down into:

- IXDatacentres™ acquired 2006. £3.7m
- IXDatacentres™ acquired 2005. £6.2m
- IXDatacentres™ existing as at December 2004. £2.9m

## Acquisitions

IXEurope added four IXDatacentres™ in 2006, three of them as distressed asset purchases and one new-build (London4).

London4 is the company's first greenfield build since 2001 and requires significant capital investment to bring phase 1 of this new purpose-built facility on-line by the summer of 2007.

## Funding

In April 2006, IXEurope listed on AIM (ticker IXE) and raised £10m (gross of fees) at 22p per share. The flotation proceeds were used principally to repay bridge loans in place at IPO.

In July 2006 and February 2007, further funding was agreed with CIT to a maximum value of £40m. As at December 2006, debt drawn from the facility totalled £18.1m.

In February 2007, a secondary placing of 8.6 million shares successfully raised £5.1m (gross of fees) at 59p per share.

The funding raised complements the cash generated by the underlying business and supports the build-out of space to deliver future growth.



Karen Bach  
Chief Financial Officer

# Business overview

## Our customers

IXEurope has over 450 customers, including. 1blu AG • 4D Internet • Adapt • Akamai Technologies • Avis Europe • B&S Card Service GmbH • Blue Sky Hosting • Burda Interactive Communities GmbH • Cablecom • Centrom • Citigroup • Cognito • Datanet • Deutsche Boerse Systems • Eckoh • Exponential-e • Fresca • Global Equities • Globeecom • Green.Ch • Helaba Invest • Intergenia AG • Interoute France • M&C Saatchi • Masergy • Merrill Lynch International Bank Limited • Neolution GmbH • Netstream AG • NCT • Penta Consulting SA • Rackspace Managed Hosting • Tiscali International Network • Thales Suisse • TNZ • T-Systems • Verizon Business • Vtesse Networks • VTX

*In 2006 and 2005, IXEurope's customer surveys found that over 95% of customers were satisfied with IXEurope and its services and would refer IXEurope to other companies.*

## Our markets

Percentage of revenue  
(December 2006 CMRR\*)

- 1 Enterprise - 47%
- 2 Networking - 27%
- 3 Internet - 26%

IXEurope has focused business growth around three key markets, presenting long-term opportunity and the ability to deliver a profitable customer base. Having initially built a significant proportion of its revenue in the Internet and networking market, IXEurope has strategically focused on developing additional key markets over the last three years to create a balanced portfolio of customers across its core target markets.

\* CMRR - Contracted Monthly Recurring Revenue

## Our countries

Percentage of revenue 2006

- 1 Germany - 42%
- 2 United Kingdom - 39%
- 3 Switzerland - 12%
- 4 France - 7%

IXEurope operates in the leading technology markets throughout Europe, with 14 IXDatacentres™ in seven cities in four countries. During 2006 revenues have continued to grow in all four countries with strong performance across the group. The United Kingdom and Germany contribute the highest revenues due to the number and size of IXDatacentres™ in those countries.

# Services

---

## Customer Solutions

Companies choose to outsource their datacentre requirements to IXEurope for many reasons, including

- **Finance** - Outsourcing versus building and managing in-house datacentres offers short- and long-term financial benefits
- **Expertise** - IXEurope's team has years of experience in deploying and managing datacentres
- **Quality** - IXEurope is ISO9001 2000 certified across all IXDatacentres™ and is compliant with most other relevant protocols and management systems
- **Connectivity** - Network resilience, performance and costs can be improved by accessing the multiple networks and service providers connected to IXDatacentres™
- **Availability** - In most cases, IXEurope can deploy solutions within 6 to 12 weeks
- **Infrastructure** - IXDatacentres™ provide a high specification of infrastructure and resilience not easily developed in an office environment
- **Customisation** - IXEurope tailors contracts and services to the technology solution being implemented

IXEurope offers companies three groups of services to meet their requirements

## Datacentre

The datacentre has become the foundation of today's server based IT infrastructure and its effective application is vital to business success. Many companies do not want to commit to the significant and continued financial investment, or have the resources and expertise, to build and maintain an in-house datacentre environment to meet today's requirements

IXEurope's purpose built IXDatacentres™, backed by its comprehensive portfolio of services and partners, provide the perfect solution for customers in the enterprise, Internet and telecom markets. Outsourcing the datacentre element of their infrastructure to IXEurope gives customers the opportunity to enjoy considerable cost benefits, house systems in purpose built facilities, access higher levels of quality, broader infrastructure services, market leading skill-sets and complete carrier neutrality

---

## Connectivity

Businesses are experiencing an increasing trend in the number and type of services that are transmitted over IP networks. As businesses demand instantaneous access to applications, content, streaming media and disaster recovery assets, superior connectivity and bandwidth can determine success or failure

IXEurope provides a highly network-rich environment within each IXDatacentre™, with access to most of the major networks available in Europe such as France Telecom, Deutsche Telekom, BT, Swisscom, Verizon, AT&T, Level3 and COLT. Backed by an award winning SLA, IXEurope's own connectivity services are grouped into logical, network-layer sub-families of Cabling (IXConnect™), Datatransport (IXLAN™) and IP Connectivity (IXIP™) services

---

## Support and Monitoring

The effective monitoring and support of core business IT systems is fundamental to minimising hardware failures and unexpected system outages. It is essential to the operation of the customers' businesses that disruptions to systems are identified and resolved effectively. Many IXDatacentre™ customers find it more time- and cost-effective to rely on IXEurope technicians rather than allocate dedicated in-house technical resource to support their systems within the IXDatacentre™

IXEurope provides a range of technical support and monitoring services to assist customers in keeping their business systems operational. IXEurope technicians provide valuable on-site 24-hour, 365-day support from scheduled routine procedures to rapid response. Incorporating innovative control, monitoring and reporting tools, customers can also access skilled and experienced technical teams to proactively monitor, operate and troubleshoot their systems

## Customer case studies

---

### Rackspace - Primary Datacentre Solution

Even though Rackspace has customers in more than 70 countries, when it first made its advances into the UK, the national operation was not extensive enough to justify a separate wholly owned facility

Rackspace required a fast, flexible and cost-effective route to market whilst maintaining unparalleled customer service. Rackspace needed to partner with a colocation provider that could not only supply the high-quality facilities and support to match its own corporate values but which also demonstrated the capacity to complement its aggressive plans for further expansion and growth

The IXEurope service for Rackspace is built on datacentre space, multi-homed bandwidth and 'Remote Hands' support. Rackspace now has fast on-demand access to the fully-trained technical expertise of the 24/7 IXEurope technical operations team, with a response time of just 5 minutes, far exceeding the industry average of 4 hours. The deal also includes office space and the Rackspace UK Headquarters is situated at an IXDatacentre™. This location allows them closest possible proximity to client systems and equipment.

---

### SurfControl - Internet Infrastructure Solution

SurfControl is a world leading Internet security company that protects organisations from known and emerging Internet threats before they jeopardise the organisation

The company needed to partner with a colocation provider that could not only supply optimum security and high-quality facilities to match its own corporate values, but which also demonstrated the capacity to meet business continuity requirements that ensure their clients are supported around the clock

SurfControl chose IXEurope to be its partner for a mirrored Frankfurt-London datacentre service based on its excellent reputation and commitment to security. The customer has since established a mirrored solution in Dusseldorf, Paris and Geneva. IXEurope's multi-homed bandwidth solution and technical support service, coupled with the optimum environment facilities in the highly secure IXDatacentres™, means that SurfControl is guaranteed a high availability solution with redundancy across datacentres, ensuring customer confidence in an 'always-on' operation

---

### Deutsche Boerse Group - Financial Exchange Solution

Deutsche Boerse Systems (DBS) - a 100% subsidiary of Deutsche Boerse Group - develops, builds and operates trading, clearing and settlement systems

During 2006, DBS planned to launch Proximity Services to the trading community, particularly those using algorithmic and alternative trading strategies which are highly dependent on execution speed. In order to launch the service DBS decided to offer colocation services in close proximity to a gateway of its infrastructure, as well as connectivity to the exchange back-end

DBS uses IXFX™, IXEurope's Financial Exchange solution, to enable financial trading organisations to colocate their servers in close proximity to a gateway of DBS exchange network located within the IXDatacentre™ in Frankfurt-am-Main. By colocating in the same datacentre the latency is significantly lowered, resulting in trades being executed significantly faster than previously. Due to these results, in the four months following the launch of the service, over a dozen trading companies contracted IXFX™ Services

# Corporate social responsibility statement

---

IXEurope, as a member of the international business community, recognises its corporate social responsibility (CSR) commitments which are reflected in its policy. The objective of the CSR policy is to provide a reference point to guide stakeholders in the elements that drive the conduct of IXEurope's business in its various roles, which include employer, supplier, buyer and consumer.

The CSR policy recognises and declares IXEurope's management commitment to the social, economic and environmental responsibilities that are integral to IXEurope stakeholder interests. It is subject to IXEurope's Business Policy and as such is required to be supported by evidence of compliance which is subject to independent audit.

IXEurope will continue to redefine its policy and embark upon future activities in support of its commitment to CSR. These will be documented in future versions of the policy. Its commitment is currently reflected in the following policies:

## Sustainable Capabilities, Air Conditioning

IXEurope seeks to ensure that it has realistic plans to maintain its cooling capabilities in the face of apparent global warming and the recent increase in ambient temperatures, thereby fulfilling its environmental control obligations to customers. Through its corporate risk assessment and associated controls the company seeks to maximise its durability in the face of potentially detrimental internal or external factors.

## Sustainable Capabilities, Power

The long term impact for the IT industry arising from the immense power required to run IT equipment in modern Tier 3 datacentres is significant. IXEurope seeks to ensure that power is efficiently provided by the management of Power Factor correction and that the required cooling in all IXDatacenters™ is delivered in the most power efficient way.

## The Environment

IXEurope actively seeks opportunities to reduce or remove any negative impact upon the environment.

## Health and Safety

IXEurope seeks to maintain its zero incident record in respect to Health and Safety.

## The Care of Employees and Ethics

Through its Employee Handbook and the policies contained therein, IXEurope seeks to ensure the well-being of its employees. With a professional approach to business and non-discriminatory approach to recruitment, IXEurope values cultural diversity and appreciates the positive impact that this may have both internally and upon service delivery.

## Satisfying Customers and Managing Customer Relations

Through Account Management activities and other events IXEurope seeks to deliver and monitor the delivery of the quality service for which IXEurope is renowned.

## Dealing with Suppliers and Partners

IXEurope recognises the contribution that its key suppliers make to the business and strives to work with them in partnership to mutual benefit.

## Sense of Community and Charity

Through its regular support of various charitable events IXEurope recognises and discharges its responsibilities to the wider community.

## Continuous Improvement

In compliance with its aims and as stated in its Business Policy, IXEurope endeavours to continuously improve in every area of operation including its compliance and enhancement of this policy.

# Board of Directors

---

## **Sir Anthony Cleaver - Chairman**

Sir Anthony Cleaver has served as IXEurope's Chairman since its foundation. He spent the majority of his career with IBM, where he served as European Vice-President of Marketing and as General Manager, Chief Executive and Chairman and Chief Executive in the United Kingdom. Sir Anthony has also served as Chairman of the United Kingdom Atomic Energy Authority, AEA Technology plc, General Cable plc and the Medical Research Council. He currently serves as Chairman of the Nuclear Decommissioning Authority, STthree plc, Working Links (Employment) Ltd and the Royal College of Music, and as a Director of the Links Foundation. Sir Anthony's vast professional and public experience is drawn on to guide executive decision-making. He is Chairman of the Nomination Committee and a member of the Audit and Remuneration Committees.

## **Richard Mead - Non-executive Director**

Richard Mead joined us as a Non-Executive Director in July 1999 and is Chairman of IXEurope's Audit and Remuneration Committees. He is an independent consultant and has held a number of appointments as non-executive Chairman or Director. Quoted companies on whose boards he served have included Tom Cobleigh, HW Group and BCH, and he is currently Chairman of Stonemartin plc, the AIM listed serviced office company. After graduating, Richard Mead qualified as a Chartered Accountant with a predecessor firm of Ernst & Young. He spent twelve years as an investment banker, latterly with CSFB, and then returned to Ernst & Young for nine years as National Director of UK Corporate Finance, four of them also as Chairman of European Corporate Finance. Richard's invaluable understanding of the corporate financial markets means IXEurope is always focused on maximising shareholder value. He is Chairman of the Audit and Remuneration Committees and a member of the Nomination Committee.

## **Erick Rinner - Non-executive Director**

Erick Rinner joined us as a Non-Executive Director in July 1999. Erick is a Managing Partner at Milestone Capital, an independent mid-market European private equity firm. He received an MBA (Award for Excellence) from Columbia University and is also a graduate of Nantes Graduate School of Management (France). Erick has significant experience in build-up transactions and pan European acquisitions.

## **Guy Willner - Chief Executive Officer**

Guy Willner is one of our co-founders and our Chief Executive Officer. He founded the company in 1998 and has since forged high-level strategic relationships with key accounts as the company's revenue grew over 600% in the first three years. This achievement earned IXEurope recognition as the UK's fastest growing technology company in the Sunday Times Tech Track 2002. Prior to founding IXEurope, Guy Willner worked for Compagnie Generale des Eaux (now Vivendi Group) between 1992 and 1998 both in the UK and in Hungary to establish a telecommunications operator culminating in a \$210 million EBRD funding. Prior to 1992 he began his career with Philips NV in Paris working in CDROM, Smart Card and Telematics technologies. Guy holds a BSc Hons Engineering at Oxford Brookes University. Guy's vision and relationship skills drive top line revenue growth and strategy.

## **Christophe de Buchet - Chief Operating Officer**

Christophe de Buchet is our other co-founder and our Chief Operating Officer. Christophe de Buchet has 15 years general management experience in international IT markets. In 1990 he founded VoiceQuest a specialist distributor of speech recognition, networking, memory and storage devices in the UK. In 1992 VoiceQuest was acquired by Austin Ventures funded TechWorks Inc, headquartered in Texas. As European Vice-President of TechWorks he established pan-European sales and procurement channels, and a manufacturing and logistics centre in Ireland. In 1998, TechWorks Inc was acquired by Melco Inc, a manufacturer of computer peripherals listed on the first sections of the Tokyo and Nagoya stock exchanges. Christophe de Buchet stayed as European Vice President until he left to establish IXEurope with Guy Willner in 1998. From the company's inception, Christophe placed emphasis on IXEurope achieving ISO certification while fostering a devolved management culture.

## **Karen Bach - Chief Financial Officer**

Karen Bach joined us as Chief Financial Officer in June 2004. Karen has a strong industry background, having been Finance Director of EDS France in Paris for two years, and prior to that, having held a number of managerial and financial roles at MCI (Worldcom) with responsibilities covering Europe and Asia. She has also worked for General Motors and General Accident after qualifying as a Chartered Accountant at Ernst & Young. Karen's financial experience in global organisations provides insight as the company continues to grow in scale.



# Corporate governance statement

As IX Europe plc is listed on AIM, it is not required to comply fully with the principles and provisions of the Combined Code. However, the intention is to comply so far as is appropriate for a company of its size and nature. This statement describes how principles of corporate governance are applied to the Group in respect of the year ending 31 December 2006.

## The Board

The Board comprises three Executive Directors and three Non-Executive Directors whose Board and Committee responsibilities are set out in the table below.

		The Board	Audit Committee	Remuneration Committee	Nomination Committee
Sir Anthony Cleaver	Non-Executive Chairman	Chairman	Member	Member	Chairman
Richard Mead	Non-Executive Director and Senior Independent Director	Member	Chairman	Chairman	Member
Erick Rinner	Non-Executive EAC Director *	Member	Member	Member	Member
Guy Willner	Chief Executive Officer	Member	-	-	-
Christophe De Buchet	Chief Operating Officer	Member	-	-	-
Karen Bach	Chief Financial Officer	Member	-	-	-

\* While Milestone Capital Partners Limited (formerly European Acquisition Capital Limited) own at least 10% of the issued share capital of the Company, they have the right under the Articles of Association adopted on 7 April 2006 to appoint one person to the Board, known as the EAC Director.

The biography of each Director is set out on page 15.

The Non-Executive Chairman, Sir Anthony Cleaver, is responsible for the running of the Board. Executive responsibility for the running of the Group's business rests with the three Executive Directors (Guy Willner, Christophe De Buchet and Karen Bach), who are supported in this by the Group's Vice Presidents and the General Managers.

The management of the Group is the collective responsibility of the Board. At each meeting, the Board considers and reviews the trading performance of the Group and each of the IXDatacentres™. The Board has a formal written schedule of matters reserved for its review and approval. These include the approval of the annual budget, major capital expenditure, investment proposals, the interim and annual results, and monitoring of the overall risk and risk management policies.

The Board normally meets on a monthly basis. During the year, the Board met on 19 occasions and further meetings and conference calls were held as and when necessary. The agenda for each regular Board meeting includes substantial reports on all aspects of the Group's business and ad hoc reports are circulated if decisions are required between meetings. The attendance of individual directors at Board meetings is shown in the table below.

	Attendance
Sir Anthony Cleaver	17 / 19
Richard Mead	17 / 19
Erick Rinner	15 / 19
Robert Mason	4 / 5
Lloyd Perry	2 / 5
Guy Willner	13 / 19
Christophe De Buchet	14 / 19
Karen Bach	18 / 19

# Corporate governance statement

---

There were 12 scheduled Board meetings during the year. There were 6 additional meetings held relating to the admission of IX Europe plc shares for trading on AIM and 1 additional meeting held relating to the renegotiation and increase of the Group's banking facilities with CIT.

After careful review, the Board has again concluded that Sir Anthony Cleaver and Richard Mead were independent throughout the year. In coming to this assessment the Board considered the character of the individuals concerned and the fact that neither of them

- has ever been an executive of the Group,
- has ever had a material business relationship with the Group,
- receives any remuneration other than their fees,
- has close family ties with advisors, other directors or senior management of the Group that could reasonably be expected to cause a conflict,
- has significant links with other directors through involvement with other companies,
- represents a significant shareholder (neither director holds more than 0.22% of the issued share capital), or
- has served on the IXEurope Board for more than nine years.

Erick Rinner is the representative of Milestone Capital Partners Limited, a substantial shareholder in the Company. Accordingly, under the principles of the Combined Code, Erick Rinner is not considered to be independent. Richard Mead is the Senior Independent Non-Executive Director and served throughout the year in this position.

The Board is supported by three standing Board Committees: Audit, Nomination and Remuneration. Each of these Committees acts within defined terms of reference. Additional information is set out later in this report and also in the Directors' Remuneration Report in respect of the Remuneration Committee.

The Articles of Association require a third of Directors (excluding the EAC Director) to stand for re-election each year at the Annual General Meeting.

All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are observed. The Board has a procedure whereby any Director may seek, through the office of the Company Secretary, independent professional advice, at the Company's expense, in furtherance of his duties.

## Board Performance

The IXEurope Board introduced a Board evaluation process in 2006 based on assessment questionnaires completed by all Directors.

## Audit Committee

The Audit Committee, which is chaired by Richard Mead (who has recent, relevant experience in Non Executive Director roles), comprises the Non-Executive Directors and operates within defined Terms of Reference. The Chief Financial Officer and the external auditors attend these meetings as and when required by the Committee.

The objective of the Committee is to provide assurance to the Board and to IXEurope shareholders on the reliability and accuracy of Group financial reporting and internal controls and processes. This is to be achieved by overseeing Management activities in these areas rather than the Committee taking day-to-day responsibility.

The responsibilities of the Committee include

- Integrity of the financial statements and publicly-available information of the Group
- Independence, qualification and compensation of the Group Appointed Auditor
- Performance of internal audits
- Integrity, sufficiency and reliability of internal controls and processes
- Integrity and sufficiency of Risk Management
- Reporting to the Board noting audit, control, regulatory and independence issues

# Corporate governance statement

The attendance of the individual Committee members at Audit Committee meetings is shown in the table below

Attendance	
Richard Mead	3 / 3
Sir Anthony Cleaver	2 / 3
Erick Rinner	3 / 3

Karen Bach attended all Audit Committee meetings at the request of the Audit Committee Chairman

During the year, the Audit Committee considered the following points

- Approval of Annual and Interim accounts,
- Approval of Annual and Interim announcement,
- Approval of the Short Form Report and Working Capital Report for the IPO,
- Review of Terms of Reference for the Committee,
- Scope, fees and timing of the external auditors,
- Valuation of assets acquired in Munich,

The Audit Committee considers auditor objectivity and independence in the event of the provision of non-audit services

## Nomination Committee

The Nomination Committee, which is chaired by Sir Anthony Cleaver, comprises the Non Executive Directors and operates within defined Terms of Reference. There has been no requirement for the Committee to meet in the year.

The objective of the Nomination Committee is to oversee the appointment of new Directors (Executive and Non-Executive) and to ensure appropriate objectivity in the selection and appointment processes.

While the Nomination Committee has not met formally in the year it has discussed the appointment of a new Non-Executive Director and devised a job description and defined the capabilities that person will require.

## Remuneration Committee

The Remuneration Committee, which is chaired by Richard Mead, comprises the Non-Executive Directors and operates within defined Terms of Reference.

The objective of the Remuneration Committee is to oversee the setting and the review of all compensation related elements for the Members of the Board and Senior Management of IxEurope. The Committee must ensure compensation is fair and reasonable and that compensation incentivises Executive Directors and Senior Management in an appropriate way.

The attendance of the individual Committee members at Remuneration Committee meetings is shown in the table below

Attendance	
Richard Mead	4 / 4
Sir Anthony Cleaver	2 / 4
Erick Rinner	4 / 4

The Directors' Remuneration Report is set out on pages 20 to 23

# Corporate governance statement

---

## Internal Control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The implementation and maintenance of the risk management and internal control systems are the responsibility of the Executive Directors and Senior Management. The internal control system is designed to manage risk rather than eliminate it and can therefore only provide reasonable and not absolute assurance against material mis-statement or loss.

The Turnbull Report provides further guidance as to how the Code principles on internal control and risk management should be applied in practice. The Board has in place risk assessment processes within all the Group's divisions and procedures have been established to implement the guidance. There is an ongoing process for identifying, managing and reviewing any changes in the risks faced by the business. The Board carries out an annual risk assessment and controls review.

Key features of the Group's internal controls include:

- regular and comprehensive information provided to management, covering financial performance and key performance indicators, including non financial measures,
- annual budgets covering three years are prepared for each IXDatacentre™ and compared with monthly management reporting, which focuses on actual performance against these budgets (annual budget is approved by the Board),
- procedures for the approval of capital expenditure and investments and acquisitions,
- regular internal audits of key processes and procedures under the Group's ISO 9001 accredited quality assurance process,
- ongoing procedures to identify, evaluate and manage significant risks faced by the business in accordance with the guidance of the Turnbull Committee on Internal Controls and procedures to monitor the control systems in place to reduce these risks to an acceptable level, and
- the Group accounting and procedures manual which sets out the Group's accounting practices, revenue recognition rules and accounting under IFRS.

IXEurope does not have a dedicated internal audit function, although regular internal audits are conducted under the Group's ISO 9001 accredited quality assurance process. The Board has considered the need for an internal audit function and concluded that current arrangements are adequate given the structure of the Group's accounting function and the size of the Group.

## Relations with Shareholders

The Company values the views of shareholders and recognises their interests in the Group's strategy and performance. The Group holds briefings with institutional investors primarily after the publication of interim and annual results. The Company also organises tours of its datacentres for investors and analysts in order to assist them in better understanding the business. The Company actively seeks feedback from shareholders, and communication is also provided through the investor relations section of the Company's website, [www.ixeurope.com](http://www.ixeurope.com).

The Annual General Meeting is a forum for shareholders with the opportunity to meet and question Board members including the Non-Executive Chairman and Chairmen of the Committees.

## Going Concern

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future, a period of at least 12 months from the date of this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

By Order of the Board



Sir Anthony Cleaver  
Chairman

# Remuneration report

---

As an AIM listed company, IxEurope is not required to comply with the provisions of the Directors' Remuneration Report Regulations 2002. However, as part of the Group's commitment to the early adoption of best practice in corporate governance, strenuous effort has been made to adhere to these provisions.

## Remuneration Committee

The Remuneration Committee advises the Board and makes recommendations to it about all elements of the remuneration packages of the Executive Directors. The members of the Remuneration Committee during the year were Richard Mead as Committee Chairman, Sir Anthony Cleaver and Erick Rinner. The Chief Executive may attend the Remuneration Committee by invitation and assist the Committee with its considerations. No Director is involved in setting their own remuneration plan.

In monitoring competitiveness of the remuneration policy, the Committee has reviewed market information to compare all elements of remuneration for Executive Directors against a comparable group of UK companies with operations outside the UK.

## Remuneration Policy

The objective of the Remuneration Committee is to oversee the setting and the review of all compensation-related elements for the Members of the Board of IxEurope. The Committee must ensure compensation is fair and reasonable and that compensation incentivises Executive Directors and Senior Management in an appropriate long-term and short term way. The Committee and the Board believe that in order to attract and maintain a team of the right calibre it is necessary to provide competitive market based packages which reward Group and individual performance and motivate senior executives to achieve stated business objectives and deliver outstanding shareholder returns. Remuneration packages comprise:

- basic salary
- annual performance related bonus
- other benefits
- participation in the share incentive plans

The Group introduced two share incentive schemes in 2006 of which the Executive Directors are potential beneficiaries. The elements of remuneration that are performance related must be highlighted.

## Basic Salary

Salaries are normally reviewed annually. Pay reviews take into account Group and personal performance and externally benchmarked market data for comparable companies.

## Performance Related Bonuses

Performance related bonuses for the Executive Directors and Senior Management are based on a combination of EBITDA and job related performance.

## Pensions

The Executive Directors are entitled to a company pension contribution, providing they themselves make a contribution, which is paid into the UK Group Personal Pension Plan that is also open to UK permanent employees.

## Benefits

Benefits in kind include the provision of a car or car allowance, private medical insurance, life assurance and permanent health insurance.

## Share Incentives

The Company runs two share options schemes for Executive Directors, The IxEurope Founders Share Option Scheme and The IxEurope Unapproved Share Option Scheme.

# Remuneration report

## Non-Executive Directors

The Board determines the remuneration of the Non-Executive Directors. Their remuneration is not pensionable and they are not eligible for performance-related remuneration by way of a cash bonus or participation in any share option scheme.

## Service Contracts

The service contracts and letters of appointment of the directors include the following terms:

	Date of Appointment *	Notice Period	Period of Appointment
<b>Executive Directors</b>			
Guy Willner	3 April 2006	12 months	-
Christophe De Buchet	3 April 2006	12 months	-
Karen Bach	3 April 2006	12 months	-
<b>Non-Executive Directors</b>			
Sir Anthony Cleaver	15 March 2006	3 months	3 years
Richard Mead	14 March 2006	3 months	3 years
Erick Rinner	28 March 2006	3 months	**

\* Date of appointment is the date of the latest signed contract.

\*\* While Milestone Capital Partners Limited (formerly European Acquisition Capital Limited) own at least 10% of the issued share capital of the Company, they have the right to appoint one person to the Board, known as the EAC Director.

The Executive Directors are on rolling contracts and offer themselves for re-election by rotation in accordance with the Company's Articles of Association.

Upon termination of their service agreement, Executive Directors are entitled to salary equivalent to their notice period.

## Performance Graph

The following graph shows the total shareholder return from 7 April 2006, the date of the Company's flotation on the London Stock Exchange's Alternative Investment Market (AIM), against the corresponding change in a hypothetical holding in shares in AIM Technology Index and the AIM All Share Index.

The AIM Technology Index represents a broad equity index in which the Company is a constituent member. The share price of the Company at 7 April 2006 (being the date of the Company's flotation) opened at 22p and closed at 30p and at 31 December 2006 was 49p.

# Remuneration report

## External Directorships

Executive Directors require Board approval prior to an external Director appointment. Only one Non-Executive appointment is permitted for each Executive Director.

## Directors' Remuneration

The remuneration of the Directors for the year is given below

	2006				2005		
	Salary	Bonus	Benefits	Total	Pension	Total	Pension
	£	£	£	£	£	£	£
<b>Executive Directors</b>							
Guy Willner	168,750	86,200	10,658	265,608	15,188	286,100	13,500
Christophe De Buchet	165,000	86,200	18,322	269,522	14,850	286,448	13,500
Karen Bach	130,000	151,200	17,213	298,413	11,700	215,992	9,675
<b>Non-Executive Directors</b>							
Sir Anthony Cleaver	43,750	-	-	43,750	-	40,000	-
Richard Mead	28,750	-	-	28,750	-	25,000	-
Erick Rinner	-	-	-	-	-	-	-
Robert Mason	-	-	-	-	-	-	-
Lloyd Perry	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>536,250</b>	<b>323,600</b>	<b>46,193</b>	<b>906,043</b>	<b>41,738</b>	<b>853,540</b>	<b>36,675</b>

Milestone Capital Partners Limited were due £22,500 during the year (2005 ENit) for making available the services of Erick Rinner as a Non-Executive Director.

## Directors' Share Options

The Group has two share option schemes whereby Directors and staff are able to subscribe for ordinary shares in the Company. As at 31 December 2006, the Directors held options over ordinary shares as follows:

	Date of Grant	Options held at 1 January 2006	Options held at 31 December 2006	Market Price at date of grant	Exercise Price	Perf Cond	Earliest Exercise Date	Expiry Date
Guy Willner	30/06/06	-	1,250,000	29.75p	1p	1	07/10/07	29/06/16
Guy Willner	30/06/06	-	1,250,000	29.75p	1p	2	07/10/08	29/06/16
Guy Willner	07/04/06	-	1,258,427	30.00p	22p	3	05/03/06	06/04/16
Christophe de Buchet	30/06/06	-	1,250,000	29.75p	1p	1	07/10/07	29/06/16
Christophe de Buchet	30/06/06	-	1,250,000	29.75p	1p	2	07/10/08	29/06/16
Christophe de Buchet	07/04/06	-	1,258,427	30.00p	22p	3	05/03/06	06/04/16
Karen Bach	07/04/06	-	1,258,427	30.00p	22p	3	05/03/06	06/04/16

There have been no changes between the end of the financial year and the date of this report.

# Remuneration report

---

## Performance Conditions and Notes

- 1 The awards will vest in full if the share price of the Company reaches 40p at any time after 7<sup>th</sup> October 2007. It is expected that the Directors will be paid a net bonus equivalent to the exercise price of the options when exercised.
- 2 The awards will vest in full if the share price of the Company reaches 50p at any time after 7<sup>th</sup> October 2008. It is expected that the Directors will be paid a net bonus equivalent to the exercise price of the options when exercised.
- 3 The awards will vest in 3 equal portions upon the signing of the 2006, 2007 and 2008 statutory accounts based on performance criteria of EBITDA and Space targets.

EBITDA targets will govern vesting of 75% of the options available following each financial year. If the target is not reached in one year, the awards will still vest if the combined targets for that year plus the following year are met. If the target is not reached in 2007 the awards will still vest if the combined EBITDA targets are met for 2007 & 2008.

Space targets will govern the vesting of 25% of the options available following each financial year. If the target is not reached in one year, the awards will still vest if the combined targets for that year plus the following year are met. If the target is not reached in 2007 the awards will still vest if the target is met for 2008.

Approved by the board and signed on its behalf



Richard Mead  
Chairman, Remuneration Committee



# Directors' report

---

## Financial Statements

The Directors have pleasure in submitting their annual report together with the audited consolidated financial statements of the Company and its subsidiary undertakings for the year ended 31 December 2006

## Principal Activities

The Group designs and operates carrier-neutral data centres throughout Europe. Through carrier-neutral data centres, the Group provides a secure environment and the services necessary to meet the infrastructure and connectivity needs of its customers.

## Business Performance

IXEurope has performed excellently in 2006. Revenue has increased by 66% and Adjusted EBITDA\* has increased by 191%. The overall result has improved in 2006 with loss of £4.3m (2005: £4.7m). This has been driven by the increase in customers at existing IXDatacentres™ and the new IXDatacentres™ added to the IXEurope footprint in 2006.

During 2006, IXEurope increased contracted monthly recurring revenues to £3.8m from £2.0m in 2005 with over 450 customers as at December 2006.

New services launched during 2006 include IXLAN™ (allowing customers to connect between IXDatacentres™ on fast, resilient network), IXFX™ (including proximity trading launched with Deutsche Boerse Systems) and a new TIX™ (Internet exchange) in Munich.

## Employees

The Group places considerable value on the contributions of employees and in 2006 continued to support the development and motivation of all Group employees. To maintain this support, Management

- Agrees and reviews six monthly objectives,
- Conducts an annual staff survey of employees,
- Includes care of employees as part of Corporate Social Responsibility,
- Communicates Group performance and events, and
- Seeks to promote an environment free of discrimination, harassment and victimisation as an equal opportunity employer.

## Research and Development

IXEurope continues to invest time and resources into the development of potential new services. In the domain of security and monitoring, the Group began a multi-year research project with Reading University's Cybernetic Intelligence Research Group (CIRG). The project aims to develop a surveillance robot to be deployed within IXDatacentres™ to enhance security and environmental monitoring capabilities.

## Future Developments

The Group intends to concentrate on the IXDatacentres™ that are currently operational or under construction across the United Kingdom, France, Switzerland and Germany. The Group will consider further opportunities to leverage its commercial and operational capabilities where appropriate.

## Dividends

The Directors do not recommend the payment of a dividend (2005: £nil) in respect of the ordinary share capital of the Company.

## Directors

The directors who held office during the year were as follows:

Sir Anthony Cleaver (Chairman) \*  
Richard Mead \*  
Robert Mason \* (resigned 7 March 2006)  
Erick Rinner \*  
Lloyd Perry \* (resigned 1 March 2006)  
Guy Willner  
Christophe de Buchet  
Karen Bach

## \* Non-Executive Directors

Robert Mason and Lloyd Perry represented venture capital investors and resigned as part of the IPO process in order to ensure the Company had an appropriate proportion of Non-Executive Directors.

\* As defined in the Financial Review on page 9

# Directors' report

## Directors' Interests

The beneficial interests of the Directors in the share capital of the Company at the beginning and the end of the year, together with particulars of their holdings were

	Class of share	Interests at 31 December 2006	Interests at 1 January 2006
Sir Anthony Cleaver	Ordinary	382,671	3,616
	Deferred	-	3,987
Richard Mead	Ordinary	141,032	1,006
	Deferred	-	3,987
Erick Rinner	Ordinary	-	-
Guy Willner	Ordinary	120,000	-
Southshire Ltd (Guy Willner)	Ordinary	3,169,096	3,169,096
	Deferred	-	46,500
Christophe De Buchet	Ordinary	100,000	-
Nightshade Ltd (Christophe De Buchet)	Ordinary	3,169,095	3,169,095
	Deferred	-	25,244
Karen Bach	Ordinary	440,824	-

Guy Willner and Christophe de Buchet are potential beneficiaries in discretionary trusts. These trusts own the investment companies, Southshire Ltd and Nightshade Ltd, which are ordinary shareholders of the Company.

Erick Rinner is a Director of Milestone Capital Partners Limited, a shareholder of the Company.

In the year, Directors' interests in options in the Company were as follows:

	Class of share	Options held as at 31 December 2006	Options held as at 1 January 2006
Guy Willner	Ordinary	3,758,427	-
Christophe De Buchet	Ordinary	3,758,427	-
Karen Bach	Ordinary	1,258,427	-

## Directors' Indemnity

The Group has indemnified the Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision was in force during the year and continues to be in force as at the date of this report. The Group has purchased Directors and Officers' liability insurance with an indemnity limit of £500,000 in order to minimise the potential impact of such proceedings.

## Substantial Shareholdings

Other than the Directors' interests shown previously, as at 8 February 2007 the Company had been notified of the following interests of 3% or more in its issued ordinary share capital:

	Number of Ordinary Shares	Percentage
Argan Capital Limited	58,414,996	32.2%
Milestone Capital Partners Limited	56,757,030	31.3%
Cazenove Capital Management	13,822,371	7.6%
Morgan Stanley Securities Limited	5,502,589	3.0%

## Risks and Risk Management

Operating and financial risks facing the Group are monitored through a process of regular assessment by the executive team, including reporting and discussion with the Audit Committee. Key risks identified by the Group's assessment procedures arise from service dependence and interruption, security and energy pricing.

# Directors' report

---

The Group relies on third parties to provide certain elements of its datacentre operations. These third parties include utility electricity suppliers and telecommunications network operators. The failure by such third parties to perform their services (whether satisfactorily or at all) could result in the Group's failure to provide its services in accordance with its contracts.

One of the Group's key service offerings is its high level of security. Many of the Group's customers entrust their key strategic IT services and applications to IXEurope because, in part, of the level of security on offer. While security remains one of the Group's highest priorities, there can be no guarantee that the security of any of IXDatacentres™ will not be breached and a customer's infrastructure put at risk. A major security breach could affect the Company's reputation.

One of the Group's largest input costs is electricity which is used to power its datacentres. Electricity prices can fluctuate significantly and the ability of the Group to pass these costs on to the customer will determine the impact of any change in the price of electricity on profitability. Although the Group fixes forward power costs per unit where appropriate and is moving towards a position where it is able to pass through an increase in the price of electricity to its customers, it is not currently able to do so in all cases.

Financial risk management objectives and policies including financial instruments and the policy for hedging, exposure to price risk, credit risk, liquidity risk and cash flow risk are disclosed in note 22 to the financial statements. The Group seeks to manage the risk of changing interest rates through hedging some of its variable rate borrowing with a fixed rate interest rate swap.

## Key Performance Indicators

The company uses seven Key Performance Indicators (KPIs) to assess performance of key financial and operating areas. These have been designed to give the best overall view of the Group's performance. The Group's KPIs are broken down into three areas key to the business: revenues, changes in revenue and space.

Revenue KPIs include contracted monthly recurring revenue at any given date and minimum contracted revenue over a rolling 12 months. These give visibility on revenue both now and potential effects of contracts that expire over the next 12 months.

During 2006, IXEurope increased contracted monthly recurring revenues to £3.8m from £2.0m in 2005 with over 450 customers as at December 2006. Minimum contracted revenue for the following 12 months increased to £28.0m at 31 December 2006 from £18.8m at 31 December 2005.

Space is a key driver for the business and is monitored through three KPIs. The first is the net space available for customers. Secondly, contracted occupancy shows the percentage of available space that has been contracted to customers and thirdly the total potential space planned allows investors to assess future expansion potential.

Net available space increased to 26,400 m<sup>2</sup> at 31 December 2006 from 16,800 m<sup>2</sup> at 31 December 2005. Furthermore, potential net space across the Group increased to 35,400 m<sup>2</sup> from 24,300 m<sup>2</sup>.

Changes in revenue are analysed by analysing the percentage of new business that arises from existing customers and by looking at the difference between the number of new customers each period and the number of customers lost.

The percentage of new business from existing customers increased to over 65% at the end of 2006 from over 50% at the end of 2005.

## Capital Reduction

During the year 816,372,408 Deferred Shares nominal value 1p were cancelled as part of the capital reorganisation. This represented 100% of the issued Deferred Shares at the time.

Shareholder authority was obtained at an Extraordinary General Meeting on 22 March 2006.

## Post Balance Sheet Events

On 5th February 2007, IX Europe plc placed 8,600,000 new shares with institutional investors at a price of 59p per share.

On 28th February 2007, IX Europe plc renegotiated and increased its banking facilities to £40m.

## Political and Charitable Contributions

The Group made charitable donations of £1,700 through the Group's Christmas card scheme (2005: £Nil). No political contributions were made during the year (2005: £Nil).

## Share Capital

Details of the authorised and called-up share capital of the Company, including movements during the year, are set out in note 13 to the Group financial statements.

# Directors' report

---

## Supplier Payment Policy

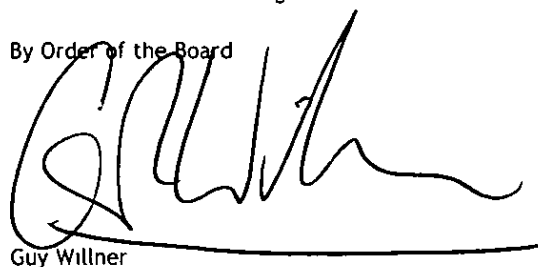
The Company recognises the importance of good relationships with its suppliers and subcontractors. Although the Company does not follow any particular code or standard on payment practice, its established payment policy is to agree payment terms in advance of any commitment being entered into and to ensure that payments are made in accordance with the agreed terms. Trade creditor days for the Company for the year ended 31 December 2006 were 20 (2005 Nil)

## Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'Guy Willner', is written over a horizontal line. The signature is stylized and cursive.

Guy Willner

# Statement of Directors' responsibilities

---

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' report which complies with the requirements of the Companies Act 1985

The Directors are responsible for preparing the annual report and the financial statements. The Directors have elected to prepare the financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs) and to prepare financial statements for the Company in accordance with UK Generally Accepted Accounting Practice

## Group financial statements

Company law requires the Directors to prepare such financial statements in accordance with the Companies Act 1985

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. A fair presentation also requires the Directors to

- consistently select and apply appropriate accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance

## Parent company financial statements

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business,
- make judgements and estimates that are reasonable and prudent, and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

# Independent auditors' report to the shareholders of IX Europe plc

We have audited the Group and Parent Company financial statements (the 'financial statements') of IX Europe plc for the year ended 31 December 2006 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Recognised Income and Expenditure and the related notes. These financial statements have been prepared under the accounting policies set out therein.

## Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the Parent Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Chairman's Statement, the Chief Executive's Review, the Operating Review, the Financial Review, the Remuneration Report and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

## Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

### In our opinion

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2006 and of its loss for the year then ended,
- the Parent Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Parent Company's affairs as at 31 December 2006,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



BDO Stoy Hayward LLP  
Chartered Accountants and Registered Auditors  
Northside House  
69 Tweedy Road  
Bromley  
BR1 3WA

5 March 2007

# Consolidated income statement

for the year ended 31st December 2006

	<i>Note</i>	2006	2005
		£ '000	£ '000
Revenue	2	37,335	22,538
Cost of sales		(22,537)	(12,537)
<b>Gross profit</b>		<b>14,798</b>	<b>10,001</b>
Administrative expenses			
General administrative expenses		(9,869)	(8,309)
IPO related expenses	3 (a)	(1,179)	-
Share option charges	3 (b)	(510)	-
Depreciation and amortisation		(5,764)	(3,887)
Negative goodwill	3 (c)	-	1,315
Provision release		-	146
Restructuring costs		-	(889)
<b>Total administrative expenses</b>		<b>(17,322)</b>	<b>(11,624)</b>
<b>Loss from operations</b>	3	<b>(2,524)</b>	<b>(1,623)</b>
Financial income	4	138	103
Financial expense	4	(1,863)	(3,135)
<b>Loss before taxation</b>		<b>(4,249)</b>	<b>(4,655)</b>
Income tax	7	809	(42)
<b>Loss for the year attributed to equity holders of the parent</b>	2, 14	<b>(3,440)</b>	<b>(4,697)</b>
<b>Loss per share</b>			
<i>Basic</i>	8	<i>(2 4p)</i>	<i>(10 1p)</i>
<i>Diluted</i>	8	<i>(2 4p)</i>	<i>(10 1p)</i>

The notes on pages 34 to 70 form part of these financial statements

# Consolidated statement of recognised income & expense

for the year ended 31st December 2006

	2006	2005
	£ '000	£ '000
Foreign exchange losses on retranslation of overseas operations	(252)	(623)
Movement in fair value of designated cash flow hedges taken to the cash flow hedging reserve in the year (net of tax)	57	-
Tax effect of gains and losses recognised directly in equity during the year	390	-
Net expenses recognised directly in equity	195	(623)
Loss for the year	(3,440)	(4,697)
Total recognised income and expenses for the year	(3,245)	(5,320)
Effect of adoption of IAS 32 and IAS 39, net of tax, on 1 January 2005 on		
Share capital	-	(135)
Share premium	-	(12,789)
Retained earnings	-	(14,479)
	(3,245)	(32,723)

The notes on pages 34 to 70 form part of these financial statements



# Consolidated balance sheet

at 31st December 2006

	Note	2006	2005
		£ '000	£ '000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	35,406	27,556
Intangible assets	9	3,860	3,596
Deferred tax asset	7	1,186	-
Other receivables	11	3,226	2,456
<b>Total non-current assets</b>		<b>43,678</b>	<b>33,608</b>
<b>Current assets</b>			
Trade and other receivables	11	6,677	3,895
Cash and cash equivalents	12	6,456	6,501
<b>Total current assets</b>		<b>13,133</b>	<b>10,396</b>
<b>Total assets</b>		<b>56,811</b>	<b>44,004</b>
<b>Capital and reserves attributable to equity holders of the parent</b>			
Issued capital	13	1,726	8,677
Share premium	14	37,216	69,149
Foreign exchange translation reserve	14	(1,017)	(765)
Compound instrument reserve	14	-	2,545
Capital redemption reserve	14	8,164	-
Hedging reserve	14	57	-
Share option reserve	14	879	-
Retained earnings	14	(25,508)	(71,066)
<b>Total equity</b>		<b>21,517</b>	<b>8,540</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	16	13,979	9,129
Other financial liabilities	17	1,219	793
Provisions	18	37	183
<b>Total non-current liabilities</b>		<b>15,235</b>	<b>10,105</b>
<b>Current liabilities</b>			
Interest bearing loans and borrowings	19	4,878	14,355
Trade and other payables	20	15,124	10,866
Provisions	21	57	138
<b>Total current liabilities</b>		<b>20,059</b>	<b>25,359</b>
<b>Total equity and liabilities</b>		<b>56,811</b>	<b>44,004</b>

The notes on pages 34 to 70 form part of these financial statements

These financial statements were approved by the board of Directors and authorised for issue on 5 March 2007 and were signed on its behalf by

  
Karen Bach  
Director

# Consolidated cash flow statement

for the year ended 31st December 2006

	Note	2006	2005
		£ '000	£ '000
<b>Cash flows from operating activities</b>			
Loss for the period		(3,440)	(4,697)
<i>Adjustments for</i>			
Depreciation		5,700	3,887
Recognition of negative goodwill		-	(1,315)
Amortisation of intangible assets		64	-
Share option charges		510	-
Foreign exchange losses/(gains)		12	30
Loss on disposal of fixed assets		1	19
Interest expense (net)		1,725	3,032
Income tax (credit)/expense		(809)	42
<b>Operating profit before changes in working capital and provisions</b>		<b>3,763</b>	<b>998</b>
Increase in trade and other receivables		(3,645)	(1,949)
Increase in trade and other payables		3,684	427
Decrease in provisions		(220)	(168)
<b>Cash generated/(used) in the operations</b>		<b>3,582</b>	<b>(692)</b>
Income taxes paid		(8)	-
<b>Net cash from operating activities</b>		<b>3,574</b>	<b>(692)</b>
<b>Cash flows from investing activities</b>			
Interest received		138	103
Acquisition of property, plant and equipment		(13,037)	(8,258)
Acquisition of subsidiary, net of cash received		-	(115)
Acquisition of businesses, net of cash received		(1,000)	(1,677)
<b>Net cash from investing activities</b>		<b>(13,899)</b>	<b>(9,947)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(1,369)	(715)
Proceeds from shareholders' loans		-	1,750
Proceeds from issue of shares		10,000	-
Share issue costs taken to reserves		(403)	-
Repayment of deep discount bonds		(1,907)	-
Proceeds from bank loan		10,294	13,152
Repayment of bank loan		(5,373)	-
Capital elements of finance leases		(839)	(807)
<b>Net cash from financing activities</b>		<b>10,403</b>	<b>13,380</b>
Net increase in cash and cash equivalents		78	2,741
Cash and cash equivalents at 1 January		6,491	3,772
Effect of exchange rate fluctuations on cash held		(113)	(22)
<b>Cash and cash equivalents at 31 December</b>	<b>12</b>	<b>6,456</b>	<b>6,491</b>

# Notes to the consolidated financial statements

## 1 Accounting policies

IX Europe plc (the "Company") is a company domiciled in England. The consolidated financial statements of the Company for the year ended 31 December 2006 comprise the Company and its subsidiaries (together referred to as the "Group")

### Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), its interpretations adopted by the International Accounting Standards Board (IASB), as adopted by the EU and with those parts of the Companies Act 1985 applicable to companies preparing accounts under IFRS

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The Company has elected to prepare its parent company financial statements in accordance with UK GAAP, these are presented on pages 71 to 82.

### *Standards, Amendments And Interpretations Effective 2006 But Not Relevant*

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2006 but they are not relevant to the Group's operations for the year ended 31 December 2006.

- IAS 19 (Amendment) - Employee Benefits
- IAS 21 (Amendment) - Net investment in a foreign operation
- IAS 39 (Amendment) - Cash flow hedge accounting of forecast intragroup transactions
- IAS 39 (Amendment) - The fair value option
- IAS 39 and IFRS 4 (Amendment) - Financial guarantee contracts
- IFRS 1 (Amendment) - First time adoption of international financial reporting standards
- IFRS 6 - Exploration for and evaluation of mineral resources
- IFRIC 4 - Determining whether an arrangement contains a lease
- IFRIC 5 - Rights to Interests Arising from Decommissioning, Restoration and Environmental Funds
- IFRIC 6 - Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment

### *Standards and Interpretations to Existing Standards That Are Not Yet Effective And Have Not Been Adopted Early By The Group*

The following standards and interpretations to published standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2007 or later periods but which the Group has not adopted early.

**IFRS 7 - Financial Instruments: Disclosures** and the complementary amendment to IAS 1, Presentation of financial statements - capital disclosures (effective for annual periods beginning on or after 1 January 2007). IFRS 7 introduces new disclosures relating to financial instruments. The Group will apply IFRS 7 from 1 January 2007, but it is not expected to have an impact on the classification or valuation of the Group's financial instruments.

**IFRIC 8 - Scope of IFRS 2** (effective for annual periods beginning on or after 1 May 2006). IFRIC 8 clarifies that IFRS 2 Share-based Payment applies to arrangements where an entity makes share-based payments for apparently nil or inadequate consideration. The Group will apply IFRIC 8 from 1 January 2007, but it is not expected to have an impact on the Group's accounts.

**IFRIC 10 - Interim Financial Reporting and Impairment** (effective for annual periods beginning on or after 1 November 2006). IFRIC 10 concludes that an entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. The Group will apply IFRIC 10 from 1 January 2007 but it is not expected to have any impact on the Group's accounts.

**IFRS 8 - Operating Segments** (effective for annual periods beginning on or after 1 January 2009). IFRS 8 replaces IAS 14 - Segmental Reporting and introduces new requirements relating to how segments are identified and disclosures required. The Company will apply IFRS 8 from 1 January 2009. The Group has yet to assess the impact this standard will have on the disclosure of segment results.

**IFRIC 11 - IFRS 2 Group and Treasury Share Transactions** (effective for annual periods beginning on or after 1 March 2007). IFRIC 11 contains guidance on how an entity should account for share-based payment involving an entity's own equity instruments in which the entity chooses or is required to buy its own equity instruments (treasury shares) to settle the share-based payment obligation, and guidance on the treatment when a parent grants rights to its equity instruments to employees of its subsidiary or a subsidiary grants rights to equity instruments of its parent to its employees in the individual entities' financial statements. IFRIC 11 is not expected to have an impact on the Group because it does not intend nor is it required to purchase its own equity instruments to settle the share-based payment obligation and the individual entities do not produce accounts under International Financial Reporting Standards.

# Notes to the consolidated financial statements

## 1 Accounting policies (continued)

### *Interpretations To Existing Standards That Are Not Yet Effective And Not Relevant To The Operations Of The Group*

IFRIC 7 - Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 1 March 2006) IFRIC 7 contains guidance on how an entity would restate its financial statements in the first year it identifies the existence of hyperinflation in the economy of its functional currency. As none of the Group entities has a currency of a hyperinflationary economy as its functional currency, IFRIC 7 is not relevant to the Group's operations.

IFRIC 9 - Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006) IFRIC 9 concludes that an entity must assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. IFRIC 9 is not relevant to the Group's operations because none of the terms of the Group's contracts have been changed.

IFRIC 12 - Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008) IFRIC 12 clarifies how certain aspects of existing IASB literature are to be applied to service concession arrangements. IFRIC 12 is not relevant to the Group's operations.

### **Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2006. The acquisition method of accounting has been adopted. Under this method the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated income statement from the date the parent gained control until such time control ceases. Control exists where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

### **Critical Accounting Estimates And Judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed reasonable under the circumstances.

### *Estimated Impairment Of Goodwill*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy on goodwill. The recoverable amounts of cash-generating units are determined by value in-use calculations. These calculations require the use of estimates (See Note 9).

### *Fair Value Of Share Option Grants*

The fair value of share options granted in the year is estimated at the date of grant using a valuation technique. The Group has carefully considered the inputs into the valuation model based on future expectations and comparative companies.

Details of valuation technique used, and inputs for the models are disclosed in Note 13.

### **Foreign Currencies**

Transactions entered into by the Group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the "foreign exchange translation reserve").

### **Pension Costs**

A number of Group companies operate defined contribution pension schemes. The assets of these schemes are held separately to those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group in the year.

# Notes to the consolidated financial statements

## 1 Accounting policies (continued)

### Property, Plant And Equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment provisions

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Plant and machinery	- 10 years straight line
Fixtures, fittings, tools and equipment	- 3 years straight line
Short leasehold improvements	- Over the remaining period of the lease
Freehold buildings	- 20 years

Freehold land and assets in the course of construction are not depreciated

### Operating And Finance Leases

Operating lease rentals relating to colocation facilities are charged to cost of sales in the income statement on a straight line basis over the period of the lease

Benefits received as an incentive to sign operating leases for colocation facilities are charged to the income statement on a straight line basis over the full length of the lease

Assets acquired under finance leases are capitalised and the capital element of the lease rentals is included in creditors. Lease payments are analysed between capital and interest. The interest element is charged to the income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liabilities. The capital element reduces the balance owed to the lessor.

Assets under finance leases are depreciated over the shorter of the lease terms and the useful life of equivalent owned asset

Where the Group has entered into a sale and leaseback arrangement resulting in a finance lease, any excess of sales proceeds over the carrying amount is deferred and amortised over the lease term

### Income Tax

Income tax on the 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 substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided 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: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither the accounting nor the taxable profit, and differences relating to investments in subsidiaries to the extent 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.

### Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents amounts arising on acquisition of subsidiaries and businesses. In respect of business combinations that have occurred since 1 January 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under UK GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 January 2004 were not reconsidered in preparing the Group's opening IFRS balance sheet at 1 January 2004.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment.

Negative goodwill (representing the excess of the fair value of the separable net assets acquired over the fair value of the consideration given) is recognised directly in the income statement.

# Notes to the consolidated financial statements

## 1 Accounting policies (continued)

### Revenue

Revenue represents the amounts (excluding value added tax) derived from the provision of colocation and related services to third party customers during the period. Where invoices are raised in advance for colocation services, the revenue is deferred and spread over the period to which it relates. All other revenue, including installation revenue, is recognised in the profit and loss account as agreed milestones are achieved.

### Cash And Cash Equivalents

Cash and cash equivalents, for the purpose of the cash flow statement, comprise cash in hand and deposits repayable on demand, less overdrafts payable on demand. Restricted cash is disclosed under debtors.

### Impairment

The carrying amounts of the Group's assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication of impairment exists, the asset's recoverable amount is estimated.

For goodwill, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount of the Group's assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, 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 had been recognised.

In testing for impairment management has to make judgements and estimations about future events which are uncertain. Adverse results compared to these judgements could alter the decision of whether an impairment is required. See Note 9 for the key assumptions and results of the impairment review carried out in 2006.

### Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred except for borrowing costs relating to the acquisition of a qualifying asset which are capitalised with the cost of the asset. During the year borrowing costs of £Nil (2005: £103k) were capitalised.

### Other Financial Liabilities

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are recognised at amortised cost.
- Bank borrowings and certain Preference shares are initially recognised at the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liabilities carried in the balance sheet. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

### Convertible Debt

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include the right to convert. Subsequently the debt component is accounted for as a financial liability measured at amortised cost.

The difference between the debt proceeds of the convertible debt and the amount allocated to the debt component is credited directly to equity and is not subsequently re-measured. On conversion, the debt element is credited to share capital and share premium as appropriate.

# Notes to the consolidated financial statements

---

## 1 Accounting policies (continued)

### Share Option Schemes

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Equity settled share options are recognised with a corresponding credit to equity and cash settled share options are recognised with a corresponding credit to accruals.

Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period. Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

### Intangible Assets

Externally acquired customer contract intangibles are initially recognised at cost on the balance sheet and amortised on a straight line basis over the life of the contract. The life of the intangible assets ranges from 4 months to 3 years.

### IPO Costs

Costs relating directly to the issue of new shares are set against share premium. Costs that relate to both new and existing shares are set against share premium in the proportion of new shares issued to total shares listed.

### Hedge Accounting

Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:

- At the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge.
- For cash flow hedges, the hedged item in a forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit and loss.

- The cumulative change in the fair value of the hedging instrument is expected to be within 80-125% of the cumulative change in the fair value or cash flows of the hedged item attributable to the risk hedged (i.e. it is expected to be highly effective).
- The effectiveness of the hedge can be reliably measured.
- The hedge is assessed on a quarterly basis and remains highly effective.

The Group does not hold or issue derivative instruments for speculative purposes, although derivatives not meeting the above criteria are designated for accounting purposes at fair value through profit or loss as appropriate.

The Group enters into floating to fixed interest rate swaps. The effective part of these derivatives are measured at fair value with changes in fair value recognised directly to equity. If the Group closes out its position early, the cumulative gains and losses recognised directly in equity are frozen and recycled through the income statement using the effective interest rate method.

### Dilapidation Provisions

Dilapidations are provided on leasehold properties where the terms of the lease require the Group to make good any changes made to the property during the period of the lease. Where a dilapidation provision is required the Group recognises an asset and provision equal to the discounted cost of restoring the property to its original state. The asset is depreciated over the remaining term of the lease.

# Notes to the consolidated financial statements

## 2 Segment information

Segment information is presented in respect of the Group's geographical and business segments. The primary format, geographical segments, is 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 comprise mainly income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

### Geographical Segments

As at 31 December 2006, the Group operated datacentres in four European countries (United Kingdom, France, Germany and Switzerland). It is considered that France, Germany and Switzerland represent regions which are substantially similar and have therefore been combined. Thus, there are two reportable segments, United Kingdom and the Rest of Europe. There is no difference between location of the segment assets and the segment customers.

### Business Segments

IX Europe plc has one class of business which is to provide carrier neutral datacentre and related services to its customers.

UNITED KINGDOM	2006	2005
	£ '000	£ '000
External revenue	14,543	9,345
Inter-segment revenue	-	3,010
Total revenue	14,543	12,355
Segment result	822	1,947

REST OF EUROPE	2006	2005
	£ '000	£ '000
External revenue	22,792	13,193
Inter-segment revenue	452	236
Total revenue	23,244	13,429
Segment result	(2,216)	(2,424)



# Notes to the consolidated financial statements

## 2 Segment information (continued)

CONSOLIDATED	2006	2005
	£ '000	£ '000
Total revenue	37,787	25,784
Less Inter-segment revenue	(452)	(3,246)
Revenue	37,335	22,538
Segment result	(1,394)	(477)
Unallocated expenses	(2,855)	(4,178)
Income tax expense	809	(42)
Result	(3,440)	(4,697)
<b>Assets</b>		
Segment assets - United Kingdom	18,103	12,940
Segment assets - Rest of Europe	36,348	29,128
Unallocated	2,360	1,936
Total assets	56,811	44,004
<b>Liabilities</b>		
Segment liabilities - United Kingdom	5,306	4,230
Segment liabilities - Rest of Europe	9,985	7,024
Unallocated	20,003	24,210
Total liabilities	35,294	35,464
<b>Capital Expenditure</b>		
Capital expenditure - United Kingdom	6,839	4,708
Capital expenditure - Rest of Europe	6,997	9,758
Capital expenditure - Unallocated	69	18
Total capital expenditure	13,905	14,484
<b>Depreciation</b>		
Segment depreciation - United Kingdom	2,121	960
Segment depreciation - Rest of Europe	3,546	2,892
Segment depreciation - Unallocated	33	35
Total depreciation	5,700	3,887

Amounts within capital expenditure and depreciation include those acquired with subsidiaries and businesses during 2005

# Notes to the consolidated financial statements

## 2 Segment information (continued)

	2006	2005
	£ '000	£ '000
<b>Revenue</b>		
Segment revenue - Colocation	37,335	22,538
<b>Assets</b>		
Segment assets - Colocation	54,451	42,068
Unallocated	2,360	1,936
Total assets	56,811	44,004
<b>Capital Expenditure</b>		
Capital expenditure - Colocation	13,836	14,466
Capital expenditure - Unallocated	69	18
Total capital expenditure	13,905	14,484

## 3 Loss from operations

	2006	2005
	£ '000	£ '000
Loss from operations is stated after charging/(crediting)		
Loss on disposal of fixed assets	1	19
Auditors' remuneration		
- audit services	86	54
- services relating to corporate finance transactions entered into by the Company	159	-
Depreciation of tangible fixed assets		
- owned assets	4,925	3,174
- leased assets	775	713
Amortisation of intangible assets	64	-
Recognition of negative goodwill	-	(1,315)
Operating lease - lease payments		
- Hire of plant and machinery	39	63
Other	4,563	3,647
Net foreign currency translation loss/(gain)	12	32
Share based payment expense		
- Equity settled	489	-
- Cash settled	21	-

Auditors' remuneration for services relating to corporate finance transactions entered into in by the Company of £159k above was charged to the income statement in the year as part of IPO costs £57k was charged to equity, being the portion that related to new shares issued on flotation

# Notes to the consolidated financial statements

## 3 Loss from operations (continued)

Comparative presentation on the face of the income statement has been changed in order to present a fairer reflection of the results

### (a) - IPO Related Expenses

IPO related expenses totaled £1,582k of which £1,179k was recognised in the income statement

### (b) - Share Option Charges

During the year, the Company granted options to employees under three schemes. The details of the share options granted are set out in Note 13. Share option charges have been separately disclosed to aid understanding as they do not impact the underlying business.

### (c) - Negative Goodwill

Negative goodwill was recognised in 2005 on acquisitions where the fair value of assets acquired exceeded the fair value of consideration paid.

## 4 Financing costs

	2006	2005
	£ '000	£ '000
Bank interest receivable	55	85
Other interest receivable	83	18
Financial income	138	103
Bank interest payable	1	6
Interest payable on third party loans	1,359	490
Fair value gains on financial instruments		
interest rate swaps cash flow hedges, transfer from equity	8	-
Interest payable on finance leases	162	183
Interest charge on financial liabilities (Note 16)	259	2,447
Finance charge on deferred consideration	9	-
Other interest payable	65	9
Financial expenses	1,863	3,135

# Notes to the consolidated financial statements

## 5 Acquisitions

### Gesellschaft für Informationstechnologie mbH

On 5 April 2005, a business continuity provider in Germany was acquired by a Group subsidiary in Germany. All of the voting shares in GIC mbH (Gesellschaft für Informationstechnologie mbH) were acquired for £119k (including costs).

In the 9 months to 31 December 2005 the subsidiary contributed a net loss of £199k to the 2005 consolidated loss of £4,697k. If the acquisition had occurred on 1 January 2005, Group revenue in 2005 would have been £22,696k and 2005 Group loss would have been £4,763k.

#### Acquirees's net assets at acquisition date

	Recognised	Fair Value Adjustment	Book Value
	£ '000	£ '000	£ '000
Property, plant and equipment	155	-	155
Trade and other receivables	7	-	7
Cash and cash equivalents	4	-	4
Trade and other payables	(21)	-	(21)
Other creditors	(80)	-	(80)
Net identifiable assets and liabilities	65	-	65
Goodwill on acquisition	54		
Consideration paid, satisfied in cash	119		
Cash (acquired)	(4)		
Net cash outflow	115		

The main factors leading to the recognition of goodwill are

- synergistic cost savings which result in the Group being prepared to pay a premium, and
- the fact that a lower cost of capital is ascribed to the expected future cash flows of the entire operation acquired than might be to individual assets.

# Notes to the consolidated financial statements

## 5 Acquisitions (continued)

### London 3

On 17th November 2005, the assets and business were acquired in West London for £2,450k

Net assets of business acquired at acquisition date at fair value

	Recognised
	£ '000
Property, plant and equipment	2,787
Negative goodwill on acquisition	(337)
Purchase price	2,450
Consideration paid, satisfied in cash	1,000
Deferred consideration	1,450
Purchase price	2,450
Net cash outflow in the year	1,000

Negative goodwill arose due to assets having a fair value higher than was paid

In the one month to 31 December 2005, the business contributed a net loss of £67k to the 2005 consolidated loss of £4,697k. If the acquisition had occurred on 1 January 2005, Group revenue in 2005 would have been £22,962k and 2005 Group loss would have been £5,438k.

### Frankfurt 2

On 29th September 2005, the assets and business were acquired in Frankfurt for £1,284k

Net assets of business acquired at acquisition date at fair value

	Recognised
	£ '000
Property, plant and equipment	2,546
Creditors	(327)
Debtors	43
Net identifiable assets and liabilities	2,262
Negative goodwill on acquisition	(978)
Purchase price	1,284
Consideration paid, satisfied in cash	677
Vendor liabilities settled	505
Deferred consideration	102
Purchase price	1,284
Net cash outflow	677

Negative goodwill arose due to assets having a fair value higher than was paid

In the 3 months to 31 December 2005, the business contributed a net profit of £125k to the 2005 consolidated loss of £4,697k. If the acquisition had occurred on 1 January 2005, Group revenue in 2005 would have been £24,078k and 2005 Group loss would have been £4,322k.

# Notes to the consolidated financial statements

## 6 Employee expenses

	2006	2005
	£ '000	£ '000
Wages, salaries and fees	6,497	5,928
Share based payments	510	-
Social security costs	1,009	858
Pension costs	256	174
	8,272	6,960

### Number of Employees

	2006	2005
The average monthly number of employees of the Group (including Directors) during the year was		
Administration	42	48
Sales and marketing	22	24
Operations	73	45
	137	117

### Remuneration Of The Directors

	2006	2005
	£ '000	£ '000
Aggregate emoluments	906	853
Contributions to defined contribution pension schemes	42	37
	948	890
Highest paid Director		
Aggregate emoluments	298	286
Contributions to defined contribution pension schemes	12	14
	310	300

At 31 December 2006, 3 Directors (2005: 3) had retirement benefits accruing under defined contribution pension schemes

# Notes to the consolidated financial statements

## 7 Taxation

	2006	2005
	£ '000	£ '000
Current tax		
Foreign tax - Corporation tax	12	42
Total current tax	12	42
Deferred tax		
Asset not previously recognised on available losses	(674)	-
Asset on share options	(147)	-
Total deferred tax	(821)	42
Total tax (credit)/charge	(809)	42

The tax charge for the year is higher than the standard rate of corporation tax in the UK which is 30% (2005 30%)

The differences are explained below

	2006	2005
	£ '000	£ '000
<b>Tax reconciliation</b>		
Loss before tax	(4,249)	(4,697)
UK corporation tax at 30% (2005 30%)	(1,275)	(1,409)
<b>Effects of</b>		
Items not deductible for tax purposes	457	1,435
Depreciation in excess of capital allowances	23	188
Differences between overseas and UK tax rate	(256)	(105)
Utilisation of tax losses brought forward	(1,056)	(979)
Current year losses not utilised	1,285	868
Other	13	44
Total tax (credit)/charge for the year	(809)	42

# Notes to the consolidated financial statements

## 7 Taxation (continued)

### Deferred Tax

	2006		2005	
	Recognised £ '000	Un-recognised £ '000	Recognised £ '000	Un recognised £ '000
Deferred tax assets				
Accelerated capital allowances	-	1,116	-	787
Losses carried forward	674	10,315	-	10,270
Share option recognised through				
Income statement	147	-	-	-
Equity	390	-	-	-
	1,211	11,431	-	11,057
Deferred tax liability				
Hedge asset	(25)		-	
Net deferred tax asset	1,186	-	-	

Subject to agreement with the Inland Revenue, the Group has United Kingdom tax losses of approximately £6,770k at 31 December 2006 (2005 £9,709k) available to relieve future trading profits in the United Kingdom. Additionally, the Group has overseas losses of £25,096k at 31 December 2006 (2005 £17,866k) available to relieve future overseas trading profits.

No deferred tax asset is recognised in relation to these losses nor in relation to accelerated capital allowances due to inherent uncertainty regarding their recoverability except for losses brought forward in Switzerland, where a deferred tax asset has been recognised on the basis of current profits and the probability of future profits in that entity.

A deferred tax asset also arises on share options granted in the year.

A deferred tax liability has been recognised on the fair value gains in the year on cash flow hedges.



# Notes to the consolidated financial statements

## 8 Loss per share

### Basic Loss Per Share

The basic loss per share has been calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of shares in issue during the year

	2006	2005
Net loss attributable to ordinary shareholders (£ '000)	(3,440)	(4,697)
Weighted average number of ordinary shares in issue	141,107,050	46,675,232
Basic and diluted loss per share	(2 4p)	(10 1p)

### Diluted Loss Per Share

The diluted loss per share has been calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of shares in issue during the year, adjusted for potentially dilutive shares that are not antidilutive. All potentially dilutive shares are antidilutive.

	2006	2005
Weighted average number of ordinary shares in issue	141,107,050	46,675,232
Adjustment for share options	4,897,004	293,750
Adjustment for Priority Preference shares	1,212,500	4,850,000
Adjustment for convertible shareholder loan	2,000,000	8,000,000
Adjustment for convertible deep discount bonds	458,799	1,835,198
Weighted average number of potential ordinary shares in issue	149,675,353	61,654,180

# Notes to the consolidated financial statements

## 9 Intangible assets

	Positive Goodwill	Customer Contracts	Total
	£ '000	£ '000	£ '000
<b>Cost</b>			
Balance at 1 January 2005	3,648	-	3,648
Additions in the year	54	-	54
Effect of movements in foreign exchange	(106)	-	(106)
Balance at 31 December 2005	3,596	-	3,596
Additions in the year	-	397	397
Effect of movements in foreign exchange	(70)	-	(70)
Balance at 31 December 2006	3,526	397	3,923
<b>Amortisation</b>			
Balance at 1 January 2005 and 31 December 2005	-	-	-
Charge for the year	-	64	64
Effect of movements in foreign exchange	-	(1)	(1)
Balance at 31 December 2006	-	63	63
<b>Net book value</b>			
Balance at 1 January 2005	3,648	-	3,648
Balance at 31 December 2005	3,596	-	3,596
Balance at 31 December 2006	3,526	334	3,860

### Customer contracts

The customer contracts intangible asset arose on acquisition of contracts during the year and is amortised on a straight line basis over the finite life of the contract to which it relates. In the year amortisation of £64k (2005: Nil) was included in administrative expenses.

# Notes to the consolidated financial statements

## 9 Intangible assets

### Impairment Tests For Cash-Generating Units Containing Goodwill

The following Group of units have significant goodwill

	2006	2005
	£ '000	£ '000
Group made of IXDatacentre Frankfurt1 & IXDatacentre Zurich1	3,473	3,542
Units without significant goodwill	53	54
	3,526	3,596

The recoverable amount of the Group of cash generating units Frankfurt1 & Zurich1 is based on value in use calculations. Those calculations use cash flow projections based on the three year budget ending 31 December 2009 as approved by the Group Board. Cash flows beyond this period have been extrapolated with no assumed growth. The discount factor has been determined as 13.6% based on the Company's weighted average cost of capital.

The key assumptions used and the approach to determining their value are

Assumption	How Determined
Operating margin	This is based on detailed plans of IXDatacentre™ space available and past experience of management after the period of the official budget.

Management approved budgets are estimated based on past performance and expectations of future developments.

# Notes to the consolidated financial statements

## 10 Property, plant and equipment

Year ended 31 December 2006

	Freehold land and buildings	Short leasehold improvements	Assets in the course of construction	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
<b>Cost</b>						
At beginning of year	4,780	2,939	2,367	33,983	6,405	50,474
Additions	-	141	6,401	5,737	1,626	13,905
Disposals	-	-	-	-	(2)	(2)
Transfers	-	15	(6,239)	6,224	-	
Currency translation differences	(93)	(10)	(56)	(478)	(124)	(761)
At end of year	4,687	3,085	2,473	45,466	7,905	63,616
<b>Depreciation</b>						
At beginning of year	57	1,795	532	16,215	4,319	22,918
Charge for year	169	62	-	4,462	1,007	5,700
Disposals	-	-	-	-	(1)	(1)
Currency translation differences	(4)	(9)	(29)	(269)	(96)	(407)
At end of year	222	1,848	503	20,408	5,229	28,210
<b>Net book value</b>						
At 31 December 2006	4,465	1,237	1,970	25,058	2,676	35,406
<b>Net book value of assets held under finance lease</b>						
At 31 December 2006	-	-	-	1,499	608	2,107
At 31 December 2005	-	-	-	1,725	1,124	2,849

All material assets are held as security against the bank loans of the Group

# Notes to the consolidated financial statements

## 10 Property, plant and equipment (continued)

Year ended 31 December 2005

	Freehold land and buildings	Short leasehold improvements	Assets in the course of construction	Plant and machinery	Fixtures, fittings, tools and equipment	Total
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
<b>Cost</b>						
At beginning of year	-	2,165	679	28,096	4,964	35,904
Acquisition	-	832	-	5,038	505	6,375
Additions	4,780	-	1,712	1,426	1,062	8,980
Disposals	-	-	-	-	(22)	(22)
Currency translation differences	-	(58)	(24)	(577)	(104)	(763)
At end of year	4,780	2,939	2,367	33,983	6,405	50,474
<b>Depreciation</b>						
At beginning of year	-	1,836	551	13,084	3,066	18,537
Acquisition	-	-	-	424	446	870
Charge for year	56	8	-	2,956	867	3,887
Disposals	-	-	-	-	(3)	(3)
Currency translation differences	1	(49)	(19)	(249)	(57)	(373)
At end of year	57	1,795	532	16,215	4,319	22,918
<b>Net book value</b>						
At 31 December 2005	4,723	1,144	1,835	17,768	2,086	27,556

# Notes to the consolidated financial statements

## 11 Trade and other receivables

Current	2006	2005
	£ '000	£ '000
Trade debtors	4,836	2,074
Other debtors	449	783
Prepayments and accrued income	1,392	1,038
	6,677	3,895

Non current	2006	2005
	£ '000	£ '000
Other debtors	-	85
Hedging asset	82	-
Prepayments and accrued income	111	-
Security deposit	3,033	2,371
	3,226	2,456

Security deposits include long-term rent deposits for facilities held under operating leases and security held under a sale and leaseback facility

## 12 Cash and cash equivalents

	2006	2005
	£ '000	£ '000
Bank balances	4,516	4,456
Cash and cash equivalents	6,456	6,501
Bank overdrafts	-	(10)
Cash and cash equivalents in statement of cash flows	6,456	6,491
Restricted cash included within cash and cash equivalents	2,078	2,045

Restricted cash has been disclosed within cash and cash equivalents in accordance with IAS 7

## Notes to the consolidated financial statements

### 13 Called up share capital

	2006	2005	2006	2005
<i>Authorised for issue</i>	No	No	£ '000	£ '000
Ordinary shares of £0.01 each				
Ordinary shares	250,000,000	11,559,881	2,500	116
B Ordinary shares	-	38,024,379	-	380
Deferred shares	-	819,872,408	-	8,199
	250,000,000	869,456,668	2,500	8,695
Shares of £0.01 each				
Priority Preference shares	-	15,390,779	-	154
	250,000,000	884,847,447	2,500	8,849

# Notes to the consolidated financial statements

## 13 Called up share capital (continued)

	2006	Bonus Issue	Placing	Cancellation	Conversion	Conversion of Shareholder Loan	2005
Allotted, called up and fully paid	No	No	No	No	No	No	No
Ordinary shares of £0.01 each							
Ordinary shares	172,584,323	71,604,545	45,454,546	-	46,378,288	-	9,146,944
B Ordinary shares	-	-	-	-	(37,528,288)	-	37,528,288
Deferred shares	-	-	-	(816,372,408)	-	-	816,372,408
	172,584,323	71,604,545	45,454,546	(816,372,408)	8,850,000	-	863,047,640
Shares of £0.01 each							
Priority Preference shares	-	-	-	-	(8,850,000)	4,000,000	4,850,000
	172,584,323	71,604,545	45,454,546	(816,372,408)	-	4,000,000	867,897,640

	2005	Redesignation (total)	Deferral	2004
Allotted, called up and fully paid	No	No	No	No
Ordinary shares of £0.01 each				
Ordinary shares	9,146,944	9,146,944	-	-
B Ordinary shares	37,528,288	37,528,288	-	-
Ordinary shares Class A	-	(200)	-	200
Ordinary shares Class B	-	(87,457)	-	87,457
Ordinary shares Class F	-	(45,760,051)	-	45,760,051
Ordinary shares Class G	-	(100)	-	100
Preferred Ordinary shares	-	(827,424)	-	827,424
Deferred shares	816,372,408	-	8,609,221	807,763,187
	863,047,640	-	8,609,221	854,438,419
Shares of £0.01 each				
Priority Preference shares	4,850,000	-	(8,609,221)	13,459,221
	867,897,640	-	-	867,897,640



# Notes to the consolidated financial statements

## 13 Called up share capital (continued)

	Ordinary shares	B Ordinary shares	Deferred shares	Priority Preference Shares	TOTAL
Allotted, called up and fully paid	£ '000	£ '000	£ '000	£ '000	£ '000
Balance at 1 January 2006	91	375	8,164	47	8,677
Conversion to Ordinary Shares	375	(375)	-	-	-
Conversion of Shareholder Loan to Priority Preference Shares	-	-	-	40	40
Conversion of Priority Preference Shares to Ordinary Shares	87	-	-	(87)	-
Transfer of Liability Portion of Priority Preference Shares on Conversion to Ordinary Shares	2	-	-	-	2
Cancellation of Deferred Shares	-	-	(8,164)	-	(8,164)
Placing of New Ordinary Shares	455	-	-	-	455
Bonus Issue of Ordinary Shares	716	-	-	-	716
<b>Balance at 31 December 2006</b>	<b>1,726</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,726</b>

### Share issues

On 7th April 2006 the Company issued 45,454,546 Ordinary Shares with nominal value 1p for 22p per share which resulted in a premium of 21p per share or £9,545k

	Ordinary shares	B Ordinary shares	Ordinary shares Classes A, B, F and G	Preferred Ordinary shares	Deferred shares	Priority Preference shares	TOTAL
Allotted, called up and fully paid	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Balance at 1 January 2005	-	-	458	8	8,078	135	8,679
Opening balance adjustment - IFRS	-	-	-	-	-	(135)	(135)
Adjusted balance at 1 January 2005	-	-	458	8	8,078	-	8,544
Preference share liability transferred to deferred shares	91	375	(458)	(8)	86	-	86
Change in conditions of some Preference shares	-	-	-	-	-	47	47
<b>Balance at 31 December 2005</b>	<b>91</b>	<b>375</b>	<b>-</b>	<b>-</b>	<b>8,164</b>	<b>47</b>	<b>8,677</b>

# Notes to the consolidated financial statements

## 13 Called up share capital (continued)

During the year, the Company restructured its equity. These changes are reflected in the tables above and described below.

Immediately prior to Admission on AIM, convertible shareholder loans of £4,000,000 were converted into 4,000,000 priority preference shares of £0.01 each in the share capital of the Company. These and the existing 4,850,000 priority preference shares were converted into 8,850,000 ordinary shares of £0.01 each in the share capital of the Company.

By resolutions passed on 22 March 2006, the following changes to the share capital of the Company were approved:

1. Following the cancellation of all the issued and unissued but authorised deferred shares of 1p each in nominal value, the authorised share capital of the Company was increased to £1,500,000 in nominal value comprising 150,000,000 Ordinary Shares of 1p each.
2. All 816,372,408 issued deferred shares of 1p each in nominal value were transferred to the company and were cancelled along with the 3,500,000 authorised but unissued deferred shares of 1p each and the share capital of the Company was reduced accordingly.
3. All 37,528,288 issued B Ordinary Shares of 1p each in the capital of the Company were converted into Ordinary Shares of 1p each in the capital of the Company.

By resolution passed on 3 April 2006 it was resolved that at Admission the authorised share capital of the Company be increased to £2,500,000 in nominal value comprising 250,000,000 Ordinary Shares of 1p each.

During 2005 the Company restructured its equity and adopted new Articles of Association. These changes are reflected in the table above and are described below.

The resulting changes to equity occurred on 28th December 2005:

- Deferral of 63.965% of issued Priority Preference shares to Deferred shares. The authorised Super Priority Preference shares were also converted to Deferred shares.
- Redesignation I - conversion of Ordinary shares Classes A, C, D, E, G and 8,137 Preferred Ordinary shares to Ordinary shares.
- Redesignation II - conversion of Ordinary shares Classes B, F and remaining 819,287 Preferred Ordinary shares to B Ordinary shares.
- Redesignation III - conversion of 9,216,088 B Ordinary shares to Ordinary shares.

Under IFRS all Priority Preference shares were classed as a liability at 1 January 2005. The opening balance was adjusted to transfer the shares to liabilities. On 28th December 2005, Priority Preference shares were modified so they were only redeemable on liquidation of the Company or at the discretion of the Company. These shares were therefore classed as equity and not as a liability at 31 December 2005.

The deferral of Priority Preference shares causes the transfer of the liability attached to the Priority Preference to share capital and share premium.

In accordance with the terms of the Priority Preference shares the holders were entitled to a preferred return equal to 100% of the issue price of the Priority Preference shares.

Under the terms of the IXEurope Founders Share Option Scheme adopted on 30 June 2006, two Directors have been granted options to subscribe for Ordinary Shares of the Company as set out below:

	Maximum no of shares over which the Option is held	Options price per Ordinary share	Date of Grant of Option
Guy Willner	2,500,000	1p	30 June 2006
Christophe de Buchet	2,500,000	1p	30 June 2006
	5,000,000		

# Notes to the consolidated financial statements

## 13 Called up share capital (continued)

The Options may be exercised

- i as to 50% of the Ordinary Shares subject to the Option provided that the market value of an Ordinary Share reaches 40p on or after 18 months have elapsed since the admission of the Ordinary Shares to trading on AIM (irrespective of the share price subsequently), and
- ii as to the remaining 50% of the Ordinary Shares subject to the Option provided that the market value of an Ordinary Share reaches 50p on or after 30 months have elapsed since the admission of the Ordinary Shares to trading on AIM (irrespective of the share price subsequently)

The Options will lapse, if not exercised, on the tenth anniversary of the date of grant

Under the terms of the Company's Unapproved Share Option Scheme adopted on 22 March 2006, Directors and certain senior employees have been awarded Options to subscribe for Ordinary Shares of the Company as set out in the table below

	Date of Grant	Options held at 1 January 2006	Options held at 31 December 2006	Market price at date of grant	Exercise price	Earliest exercise date	Expiry date
Guy Willner	07/04/06	-	1,258,427	30p	22p	07/04/09	06/04/16
Christophe de Buchet	07/04/06	-	1,258,427	30p	22p	07/04/09	06/04/16
Karen Bach	07/04/06	-	1,258,247	30p	22p	07/04/09	06/04/16
Senior Employees	07/04/06	-	3,415,732	30p	22p	07/04/09	06/04/16
		7,191,013					

The Options will vest in three equal portions upon the signing of the 2006, 2007 and 2008 statutory accounts based on performance criteria of EBITDA and space targets

EBITDA targets will govern 75% of the options available following each financial year. If the target is not reached in 2006, the awards will still vest if the combined EBITDA targets are met for 2006 and 2007. If the target is not reached in 2007, the awards will still vest if the combined EBITDA targets are met for 2007 and 2008.

Space targets will govern the vesting of 25% of the options available following each financial year. If the target is not reached in 2006 the awards will still vest if the target is met for 2007. If the target is not reached in 2007 the awards will still vest if the target is met for 2008.

Under the terms of the Company's Unapproved Share Option Scheme, awards were made to employees as detailed below

Date of Grant	Options held at 1 January 2006	Options held at 31 December 2006	Market price at date of grant	Exercise Price	Earliest exercise date	Expiry date
09/10/06	-	749,250	45p	43p	09/10/09	09/10/2016

# Notes to the consolidated financial statements

## 13 Called up share capital (continued)

The following information is relevant in the determination of the fair value of options granted during the year. There were no share options granted in 2005.

	Unapproved Scheme	IX Europe Founders Share Option Scheme	Unapproved Scheme
Date of Grant	07/04/06	30/06/06	09/10/06
Option pricing model used	Binomial	Binomial	Binomial
Adjusted bid price at date of grant	20.75p	29.44p	44.00p
Exercise price	22p	1p	43p
Option life	10 years	10 years	10 years
Expected volatility	44%	44%	44%
Risk-free interest rate	4.39%	4.74%	4.80%

The volatility assumption is based on the annualised volatility of IX Europe plc and a weighted average of comparative companies.

The performance based measures on the Unapproved Scheme granted on 7 April 2006 are modelled using an estimate of the probability of the non-market based performance criteria being met.

The equity settled element of the IXEurope Founders Share Option Scheme is modelled using the absolute values adjusted for the success probability derived for the required performance condition.

The cash settled element of the IXEurope Founders Share Option Scheme is modelled on the fair value of cash receivable based on estimates of the probability of the market conditions being met.

# Notes to the consolidated financial statements

## 14 Share premium and reserves

Year ended 31 December 2006

	Share premium account	Retained earnings	Foreign exchange translation reserve	Other reserves
	£ '000	£ '000	£ '000	£ '000
At beginning of year	69,149	(71,066)	(765)	2,545
Share capital reduction	(45,000)	45,000	-	-
Conversion of shareholder loan	4,322	3,897	-	(2,444)
Conversion of priority preference shares	319	29	-	(29)
Repayment of deep discount bonds	-	72	-	(72)
Bonus issue	(716)	-	-	-
Cancellation of deferred shares	-	-	-	8,164
Share capital issued in the year (net of cost chargeable to share premium)	9,142	-	-	-
Share option charge	-	-	-	489
Deferred tax on share option charge	-	-	-	390
Cash flow hedge	-	-	-	-
Fair value gains in year	-	-	-	90
Tax on fair value gains in year	-	-	-	(27)
Transfers to income statement in year	-	-	-	(8)
Tax on transfers to income statement in year	-	-	-	2
Loss for the year	-	(3,440)	-	-
Currency translation differences on foreign currency net investments	-	-	(252)	-
At end of year	37,216	(25,508)	(1,017)	9,100

Year ended 31 December 2005

	Share premium account	Retained earnings	Foreign exchange translation reserve	Other reserve
	£ '000	£ '000	£ '000	£ '000
At beginning of year	56,573	(51,890)	(142)	-
Opening balance adjustment - IFRS	(12,789)	(14,479)	-	-
Adjusted opening balance	43,784	(66,369)	(142)	-
Preference share liability transferred to deferred shares	16,447	-	-	-
Change in conditions of some Preference shares	8,918	-	-	-
Equity element of compound financial instruments	-	-	-	2,545
Loss for the year	-	(4,697)	-	-
Currency translation differences on foreign currency net investments	-	-	(623)	-
At end of year	69,149	(71,066)	(765)	2,545

# Notes to the consolidated financial statements

## 14 Share premium and reserves (continued)

### Share Premium Reserve

Amount subscribed for share capital in excess of the nominal value

At an Extraordinary General Meeting on 6 February 2006, shareholders approved a resolution to reduce the share capital. The resolution was confirmed by the High Court on 1 March 2006 and became effective on registration at Companies House on 6 March 2006. The effect of the resolution was to reduce share premium by £45m.

### Retained Earnings

Cumulative net gains and losses recognised in the consolidated income statement

### Foreign Exchange Translation Reserve

The translation reserve comprises all foreign exchange differences arising from translation of the financial statements of foreign operations that are not integral to the operation of the company.

### Other Reserves

Other reserves comprises

the compound instrument reserve which represents the equity element of compound financial instruments, the cost of equity settled share based payments that have not been exercised, the movement in fair value of designated cash flow hedges taken to reserves in the year, and the capital redemption reserve for deferred shares cancelled in the year.

## 15 Changes in shareholders' equity

	2006	2005
	£ '000	£ '000
Total recognised income and expense	(3,245)	(5,320)
Reclassification of financial instruments at 1 January 2005 at fair value under IFRS 1 transitional rule	-	(27,403)
Preference share liability transferred to deferred shares	-	16,533
Change in conditions of some Preference shares	-	8,965
Equity element of compound financial instruments	-	2,545
Conversion of shareholder loan	5,817	-
Conversion of priority preference shares	319	-
Share capital issued (net of costs taken to share premium)	9,597	-
Share option charged to reserves	489	-
	12,977	(4,680)
Capital and reserves attributable to equity holders of the parent at the beginning of the period (as restated)	8,540	13,220
Capital and reserves attributable to equity holders of the parent at the end of the period	21,517	8,540

# Notes to the consolidated financial statements

## 16 Interest bearing loans and borrowings: non current

	2006	2005
	£ '000	£ '000
Obligation under finance leases	1,205	1,807
Bank loans	12,774	
Shareholders' loan	-	5,556
Deep Discount Bonds	-	1,766
	13,979	9,129

The bank loan is repayable in stages until 2011, however it becomes repayable in 45 days in the event of a sale, de-listing, change of management or change of control of the entity. Security is held over the shares, assets and bank accounts of certain Group entities.

### Finance Leases

The minimum future lease payments to which the Group is committed under finance leases are as follows

	Minimum lease payments 2006	Principal 2006	Interest 2006	Minimum lease payments 2005	Principal 2005	Interest 2005
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Less than one year	760	624	136	991	830	161
Between one and five years	1,563	1,087	476	1,947	1,447	500
More than five years	177	118	59	541	361	180
	2,500	1,829	671	3,479	2,638	841

### Maturity Of Borrowings Excluding Finance Leases

	2006	2005
	£ '000	£ '000
Debt can be analysed as falling due		
Between one and two years	12,503	7,322
More than five years	271	-
	12,774	7,322

# Notes to the consolidated financial statements

## 17 Other financial liabilities: non current

	2006	2005
	£ '000	£ '000
Other creditors	1,098	559
Accruals and deferred income	121	234
	1,219	793

## 18 Provisions: non current

	Provision for pension scheme
	£ '000
At 31 December 2005	183
Released in the year	(141)
Exchange rate movements	(5)
At 31 December 2006	37

The provisions relate to the pension scheme in Switzerland

## 19 Interest bearing loans and borrowing: current

	2006	2005
	£ '000	£ '000
Obligation under finance leases	624	830
Bank loan Bridge	-	4,811
Bank loan	4,254	8,384
Preference share liabilities	-	320
Bank overdrafts	-	10
	4,878	14,355

The bank loan is repayable in stages until 2011, however it becomes repayable in 45 days in the event of a sale, de-listing, change of management or change of control of the entity. Security is held over the shares, assets and bank accounts of certain Group entities.



# Notes to the consolidated financial statements

## 20 Trade and other payables: current

	2006	2005
	£ '000	£ '000
Trade creditors	4,788	3,064
Taxation and social security	632	196
Other creditors	2,702	2,704
Accruals and deferred income	6,696	4,902
Deferred consideration for customer contracts	306	-
	15,124	10,866

## 21 Provisions: current

	Provision for claims
	£ '000
At 31 December 2005	138
Utilised in the year	(79)
Exchange rate movements	(2)
At 31 December 2006	57

The provisions relate to claims against the Group and the associated costs of defending those claims. The provisions are expected to be utilised within the next year.

# Notes to the consolidated financial statements

## 22 Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business

### Credit Risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. It is Group policy to obtain credit evaluations or a deposit covering several months' revenue for all companies.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

### Interest Rate Risk

The Group is exposed to interest rate fluctuations on its variable rate long term borrowing. The Group aims to obtain funding to meet its business needs at competitive rates of interest.

The fair value of interest rate swaps designated as hedging instruments in cash flow interest rate hedges of variable rate debt is £82k.

The interest rate swaps are considered to be highly effective hedges. As a result, the full amount of the fair value has been debited to equity.

### Effective Interest Rates And Repricing Analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

Interest rate		2006			
		Total	1 year or less	1 2 years	2 5 years
		£ '000	£ '000	£ '000	More than 5 years £ '000
Cash and cash equivalents	2.28%	4,516	4,516	-	-
Bank loan - CIT facility A & C - Euro	EURIBOR + 2.5%	(1,659)	(1,659)	-	-
Bank loan - CIT facility A & C - Sterling	LIBOR + 2.5%	(3,381)	(3,381)	-	-
Bank loan - CIT facility B - Euro	EURIBOR + 3.0%	(1,329)	(1,329)	-	-
Bank loan - CIT facility B - Sterling	LIBOR + 3.0%	(277)	(277)	-	-
Bank loan - CIT Euro fixed *	3.72%	(4,582)	-	-	(4,582)
Bank loan - CIT Sterling fixed *	5.18%	(5,800)	-	-	(5,800)
Finance lease liabilities*	7.87%	(1,830)	(624)	(351)	(737)
		(14,342)	(2,754)	(351)	(11,119)

\* These assets/liabilities bear interest at a fixed rate. Other assets and liabilities in the table above bear interest at a variable rate.

# Notes to the consolidated financial statements

## 22 Financial instruments (continued)

	Interest rate	2005				
		Total	1 year or less	1-2 years	2-5 years	More than 5 years
		£ '000	£ '000	£ '000	£ '000	£ '000
Cash and cash equivalents	2.10%	4,446	4,446			-
Bank loans - CIT senior term - Euro	EURIBOR + 3.5%	(3,985)	(3,985)		-	-
Bank loans - CIT senior term - Sterling	LIBOR + 3.5%	(4,250)	(4,250)	-		
Bank loans - CIT Bridge	EURIBOR + 3.5%	(4,810)	(4,810)			
Bank loans - CIT PIK	EURIBOR + 3.5%	(79)	(79)	-		
Shareholder loan*	20.00%	(5,556)	-	(5,556)	-	
Deep Discount Bonds*	20.00%	(1,766)	-	(1,766)	-	
Redeemable Preference Shares*	20.00%	(320)	(320)	-	-	-
Finance lease liabilities*	7.44%	(2,638)	(830)	(619)	(828)	(361)
		(18,958)	(9,828)	(7,941)	(828)	(361)

\* These assets/liabilities bear interest at a fixed rate. Other assets and liabilities in the table above bear interest at a variable rate.

### Fixed rate liabilities

	2006		2005	
	Weighted average interest rate	Weighted average period	Weighted average interest rate	Weighted average period
Finance leases	7.87%	4.27 years	7.44%	4.67 years
Bank loan - Euro	3.72%	2.67 years	-	
Bank loan - Sterling	5.18%	2.67 years	-	
Shareholder loan	-	-	20.00%	2 years
Deep Discount Bonds	-	-	20.00%	2 years
Redeemable Preference Shares	-	-	20.00%	*

\* The interest rate on redeemable Preference Shares was fixed until such time as they were redeemed in accordance with the terms of the instruments.

# Notes to the consolidated financial statements

## 22 Financial instruments (continued)

### Foreign Currency Risk

The Group is exposed to profit and loss foreign currency risk on sales, purchases and borrowings denominated in a currency other than the functional currency of the Group entity

The Group hedges some of its exposure to foreign currency risk by ensuring sales, purchases and borrowings are denominated in the currency appropriate to the related transaction. It is not Group policy to enter into hedging arrangements to mitigate foreign exchange risk.

The Group is exposed to foreign currency risk on the translation of overseas subsidiaries into Sterling.

The majority of borrowings are in the functional currency of the entity of which they are being used as funding.

Net assets by currency	Net Assets in local currency	
	2006 '000	2005 '000
Sterling	3,482	(2,839)
Euro	25,645	16,821
Swiss Franc	(1,031)	417
Swedish Kronor	-	64

### Liquidity Risk

The Group manages liquidity risk through an appropriate mix of funding sources.

### Sensitivity Analysis

In managing interest rate and currency risks, the Group aims to reduce the impact of short term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings.

At 31 December 2006, it is estimated that a general increase of one percentage point in interest rates would decrease the Group's profit before tax by approximately £105k (2005: £586k).

It is estimated that a general increase of one percentage point in the value of the British Pound against other foreign currencies would decrease the Group's profit before tax by approximately £38k (2005: £537k).

### Fair Values

To the extent that financial instruments are not carried at fair value in the consolidated balance sheet, book value approximates to fair value at 31 December 2005 and 2006.

# Notes to the consolidated financial statements

## 23 Commitments

### Operating Leases

Future minimum lease payments under non-cancellable operating leases are as follows

	Land and buildings 2006	Other 2006	Land and buildings 2005	Other 2005
	£ '000	£ '000	£ '000	£ '000
Within one year	5,471	101	4,433	137
In two to five years	21,318	118	17,371	210
In more than five years	23,305	-	20,443	-
	50,094	219	42,247	347

At 31 December 2006, the Group had committed capital expenditures for the development of IXDatacentres™ of £2,866k (2005 £2,215k)

Future minimum lease receivables under non-cancellable operating leases are as follows

	Land and buildings 2006	Land and buildings 2005
	£ '000	£ '000
Within one year	186	139
In two to five years	256	331
	442	470

## 24 Pension Commitments

Certain Group companies participate in The Group Personal Pension Plan which is a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The pension charge represents contributions payable by the Group to the fund and amounted to £164k (2005 £174k). Contributions payable at the year end amounted to £18k (2005 £16k).

A Group company operates a post employment pension scheme for its employees of a defined benefit nature. A provision has been made of £37k in respect of the deficit arising on this scheme at 31 December 2006 (2005 £183k).

# Notes to the consolidated financial statements

---

## 25 Subsequent events

### Capital Increased

On 5th February 2007, IX Europe plc placed 8,600,000 new shares with institutional investors at a price of 59p per share

### Renegotiation Of Banking Facilities

On 28th February 2007, IX Europe plc renegotiated and increased its banking facilities to £40m

## 26 Related parties

### Identity Of Related Parties

The Group has a related party relationship with its subsidiaries (see note 29) and with its Directors and executive officers

### Director's Services

Milestone Capital Partners Limited, a major shareholder, were due £23k for the year (2005 £Nil)

### Transactions With Key Management Personnel

The interests of the Directors in the share capital of the Company are disclosed in the Directors' Report and the compensation of key management personnel is disclosed in Note 6. During the year a charge of £334k was recognised in the income statement relating to share options granted to Executive Directors in the year (2005 £Nil). There were no other key management personnel other than the Directors of the Company during the year.

### Loans

Shareholders have provided loans to the company of £Nil (2005 £7,321k). See note 16 for further details.

### Other

There were no other related party transactions at any time during the year.

# Notes to the consolidated financial statements

## 27 Group entities

### Control Of The Group

The Company believes there is no overall controlling party

### Significant Subsidiaries

	Country of Incorporation	Principal activity	Class of share held	Percentage held
Interconnect Exchange Europe Limited	England	Operation of IXDatacentres™	Ordinary shares	100% *
Interconnect Exchange Europe SAS	France	Operation of IXDatacentres™	Ordinary shares	100% *
IXEurope (Switzerland) AG	Switzerland	Operation of IXDatacentres™	Ordinary shares	100%
IXEurope GmbH	Germany	Operation of IXDatacentres™	Ordinary shares	100%
Interconnect Exchange Europe GmbH	Germany	Operation of IXDatacentres™	Ordinary shares	100% *
IntelSite BV	Netherlands	Holding company	Cumulative preferred shares & Ordinary shares	100% *
IX Services Limited	England	Management company	Ordinary shares	100% *
IX Corporation Limited	England	Holding company	Ordinary shares	100% *
IX Investments Limited	England	Holding company	Ordinary shares	100%
Interconnect Exchange Europe Srl	Italy	Dormant	Ordinary shares	100%
Interconnect Exchange Europe SL	Spain	Dormant	Ordinary shares	100%
IXEurope Real Estate GmbH	Germany	Property Management	Ordinary shares	100%

\* subsidiaries that are owned directly Interconnect Exchange Europe Srl is in liquidation

# Company balance sheet

for the year ended 31st December 2006

	Note	2006	2006	2005	2005
		£ '000	£ '000	£ '000	£ '000
<b>Fixed assets</b>					
Investments	2		50,510		6,126
<b>Current assets</b>					
Debtors	3	7,179		27,583	
Cash at bank and in hand		1,149		13	
		8,328		27,596	
<b>Creditors amounts falling due within one year</b>	4	(4,974)		(3,897)	
<b>Net current liabilities</b>			(2,502)		(3,473)
Debtors due after more than one year	3		5,856		27,173
			3,354		23,700
<b>Total assets less current liabilities</b>			53,864		29,826
<b>Creditors amounts falling due after more than one year</b>	5		(14)		(7,587)
<b>Net assets</b>			53,850		22,239
<b>Capital and reserves</b>					
Called up share capital	6		1,726		8,677
Share premium account	7		37,216		69,149
Capital redemption reserve	7		8,164		-
Share option reserve	7		489		
Compound instrument reserve	7		-		2,545
Profit and loss account	7		6,255		(58,132)
<b>Shareholders' funds</b>			53,850		22,239

The notes on pages 72 to 82 form part of these financial statements

These financial statements were approved by the Board of Directors and authorised for issue on 5 March 2007 and were signed on its behalf by



Karen Bach  
Director



# Notes to the company financial statements

---

## 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements

### Basis Of Preparation

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and under the historical cost convention. The accounts have been prepared on the going concern basis.

### Profit And Loss Account

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account. The loss for the year ended 31 December 2006 is disclosed in Note 7.

### Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at closing rates of exchange except where rates are fixed under contractual arrangements.

### Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19 Deferred Tax.

### Investments In Subsidiaries

Investments in subsidiaries are stated at cost less amounts provided for impairment.

### Other Financial Liabilities

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are recognised at amortised cost.
- Bank borrowings and certain Preference shares are initially recognised at the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method which ensures that any interest expense over the period to

repayment is at a constant rate on the balance of the liabilities carried in the balance sheet. Interest expense in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

### Convertible Debt

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include the right to convert. Subsequently the debt component is accounted for as a financial liability measured at amortised cost.

The difference between the debt proceeds of the convertible debt and the amount allocated to the debt component is credited directly to equity and is not subsequently re-measured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

### Share Option Schemes

FRS 20 "Share based payments" has been adopted by the Company in the year ended 31 December 2006. This standard is applicable for the beginning on or after 1 January 2006. The Company has not previously entered into share based payment arrangements within the scope of FRS 20, hence the adoption has had no impact on comparative figures. The share option arrangements entered into during the year have been accounted for in accordance with FRS 20 as described below.

Where share options are awarded to employees of a Group subsidiary, the fair value of the options at the date of grant is treated as a capital contribution in the subsidiary over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period. Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

# Notes to the company financial statements

## 2 Investments

Company	£ '000
<b>Cost</b>	
At the beginning of the year	6,126
Additions	50,000
Share options granted to employees of subsidiaries - Note 6	510
At end of year	56,636
<b>Impairment</b>	
At the beginning of the year	-
Charge for the year	6,126
At end of year	6,126
<b>Net Book Value</b>	
At 31 December 2006	50,510
At 31 December 2005	6,126

On 22nd March 2006 IX Investments Limited, a subsidiary of IX Europe plc, sold all its investments in non-dormant companies to IX Europe plc for consideration of £50,000,000 satisfied by cancellation of loans

All investments are in companies which provide neutral datacentre and hosting services throughout Europe. The undertakings in which the Company's interest at 31 December 2006 is more than 20% either directly or indirectly are as follows

	Country of Incorporation	Principal activity	Class of share held	Percentage held
Interconnect Exchange Europe Limited	England	Operation of IXDatacentres™	Ordinary shares	100% *
Interconnect Exchange Europe SAS	France	Operation of IXDatacentres™	Ordinary shares	100% *
IXEurope (Switzerland) AG	Switzerland	Operation of IXDatacentres™	Ordinary shares	100%
IXEurope GmbH	Germany	Operation of IXDatacentres™	Ordinary shares	100%
Interconnect Exchange Europe GmbH	Germany	Operation of IXDatacentres™	Ordinary shares	100% *
IntelSite BV	Netherlands	Holding company	Cumulative preferred shares & Ordinary shares	100% *
IX Services Limited	England	Management company	Ordinary shares	100% *
IX Corporation Limited	England	Holding company	Ordinary shares	100% *
IX Investments Limited	England	Holding company	Ordinary shares	100%
Interconnect Exchange Europe Srl	Italy	Dormant	Ordinary shares	100%
Interconnect Exchange Europe SL	Spain	Dormant	Ordinary shares	100%
IXEurope Real Estate GmbH	Germany	Property Management	Ordinary shares	100%

\* subsidiaries that are directly held. Interconnect Exchange Europe Srl is in liquidation

# Notes to the company financial statements

## 3 Debtors

	2006	2005
	£ '000	£ '000
Amounts owed by Group undertakings	6,446	27,580
Other debtors	728	3
Prepayments and accrued income	5	-
	7,179	27,583

Included above are the following amounts due after one year

	2006	2005
	£ '000	£ '000
Amounts owed by Group undertakings	5,275	27,173
Other debtors	581	-
	5,856	27,583

## 4 Creditors: amounts falling due within one year

	2006	2005
	£ '000	£ '000
Trade creditors	209	-
Other taxation and social security	-	33
Amounts due to Group undertakings	4,612	3,378
Other creditors	2	3
Accruals and deferred income	151	163
Preference Shares	-	320
	4,974	3,897

## Notes to the company financial statements

### 5 Creditors: amounts falling due after more than one year

	2006	2005
	£ '000	£ '000
Shareholders' loan	-	5,556
Deep discount bonds	-	1,766
Amounts due to Group companies	-	265
Accruals and deferred income	14	-
	14	7,587

#### Maturity of borrowings

	2006	2005
	£ '000	£ '000
Debt can be analysed as falling due		
Between one and two years	-	7,322

## Notes to the company financial statements

### 6 Called up share capital

	2006	2005	2006	2005
<i>Authorised for issue</i>	No	No	£ '000	£ '000
Ordinary shares of £0 01 each				
Ordinary shares	250,000,000	11,559,881	2,500	116
B Ordinary shares	-	38,024,379	-	380
Deferred shares	-	819,872,408	-	8,199
	250,000,000	869,456,668	2,500	8,695
Shares of £0 01 each				
Priority Preference shares	-	15,390,779	-	154
	250,000,000	884,847,447	2,500	8,849

# Notes to the company financial statements

## 6 Called up share capital (continued)

	2006	Bonus Issue	Placing	Cancellation	Conversion	Conversion of Shareholder Loan	2005
Allotted, called up and fully paid	No	No	No	No	No	No	No
Ordinary shares of £0.01 each							
Ordinary shares	172,584,323	71,604,545	45,454,546		46,378,288		9,146,944
B Ordinary shares	-	-	-		(37,528,288)		37,528,288
Deferred shares	-	-		(816,372,408)	-		816,372,408
	172,584,323	71,604,545	45,454,546	(816,372,408)	8,850,000	-	863,047,640
Shares of £0.01 each							
Priority Preference shares	-	-	-		(8,850,000)	4,000,000	4,850,000
	172,584,323	71,604,545	45,454,546	(816,372,408)	-	4,000,000	867,897,640

	2005	Redesignation (total)	Deferral	2004
Allotted, called up and fully paid	No.	No	No	No
Ordinary shares of £0.01 each				
Ordinary shares	9,146,944	9,146,944	-	
B Ordinary shares	37,528,288	37,528,288	-	
Ordinary shares Class A	-	(200)	-	200
Ordinary shares Class B	-	(87,457)	-	87,457
Ordinary shares Class F	-	(45,760,051)	-	45,760,051
Ordinary shares Class G	-	(100)	-	100
Preferred Ordinary shares	-	(827,424)	-	827,424
Deferred shares	816,372,408	-	8,609,221	807,763,187
	863,047,640	-	8,609,221	854,438,419
Shares of £0.01 each				
Priority Preference shares	4,850,000	-	(8,609,221)	13,459,221
	867,897,640	-	-	867,897,640

# Notes to the company financial statements

## 6 Called up share capital (continued)

	Ordinary shares	B Ordinary shares	Deferred shares	Priority Preference Shares	TOTAL
Allotted, called up and fully paid	£ '000	£ '000	£ '000	£ '000	£ '000
Balance at 1 January 2006	91	375	8,164	47	8,677
Conversion to Ordinary Shares	375	(375)	-	-	-
Conversion of Shareholder Loan to Priority Preference Shares	-	-	-	40	40
Conversion of Priority Preference Shares to Ordinary Shares	87	-	-	(87)	-
Transfer of Liability Portion of Priority Preference Shares on Conversion to Ordinary Shares	2	-	-	-	2
Cancellation of Deferred Shares	-	-	(8,164)	-	(8,164)
Placing of New Ordinary Shares	455	-	-	-	455
Bonus Issue of Ordinary Shares	716	-	-	-	716
<b>Balance at 31 December 2006</b>	<b>1,726</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,726</b>

### Share issues

On 7th April 2006 the Company issued 45,454,546 Ordinary Shares with nominal value 1p for 22p per share which resulted in a premium of 21p per share or £9,545k

	Ordinary shares	B Ordinary shares	Ordinary shares Classes A, B, F and G	Preferred Ordinary shares	Deferred shares	Priority Preference shares	TOTAL
Allotted, called up and fully paid	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Balance at 1 January 2005	-	-	458	8	8,078	135	8,679
Opening balance adjustment - IFRS	-	-	-	-	-	(135)	(135)
Adjusted balance at 1 January 2005	-	-	458	8	8,078	-	8,544
Preference share liability transferred to deferred shares	91	375	(458)	(8)	86	-	86
Change in conditions of some Preference shares	-	-	-	-	-	47	47
<b>Balance at 31 December 2005</b>	<b>91</b>	<b>375</b>	<b>-</b>	<b>-</b>	<b>8,164</b>	<b>47</b>	<b>8,677</b>

# Notes to the company financial statements

## 6 Called up share capital (continued)

During the year, the Company restructured its equity. These changes are reflected in the tables above and described below.

Immediately prior to Admission on AIM, convertible shareholder loans of £4,000,000 were converted into 4,000,000 priority preference shares of £0.01 each in the share capital of the Company. These and the existing 4,850,000 priority preference shares were converted into 8,850,000 ordinary shares of £0.01 each in the share capital of the Company.

By resolutions passed on 22 March 2006, the following changes to the share capital of the Company were approved:

1. Following the cancellation of all the issued and unissued but authorised deferred shares of 1p each in nominal value, the authorised share capital of the Company was increased to £1,500,000 in nominal value comprising 150,000,000 Ordinary Shares of 1p each.
2. All 816,372,408 issued deferred shares of 1p each in nominal value were transferred to the company and were cancelled along with the 3,500,000 authorised but unissued deferred shares of 1p each and the share capital of the Company was reduced accordingly.
3. All 37,528,288 issued B Ordinary Shares of 1p each in the capital of the Company were converted into Ordinary Shares of 1p each in the capital of the Company.

By resolution passed on 3 April 2006 it was resolved that at Admission the authorised share capital of the Company be increased to £2,500,000 in nominal value comprising 250,000,000 Ordinary Shares of 1p each.

During 2005 the Company restructured its equity and adopted new Articles of Association. These changes are reflected in the table above and are described below.

The resulting changes to equity occurred on 28th December 2005:

- Deferral of 63.965% of issued Priority Preference shares to Deferred shares. The authorised Super Priority Preference shares were also converted to Deferred shares.
- Redesignation I - conversion of Ordinary shares Classes A, C, D, E, G and 8,137 Preferred Ordinary shares to Ordinary shares.
- Redesignation II - conversion of Ordinary shares Classes B, F and remaining 819,287 Preferred Ordinary shares to B Ordinary shares.
- Redesignation III - conversion of 9,216,088 B Ordinary shares to Ordinary shares.

Under FRS 25 all Priority Preference shares were classed as a liability at 1 January 2005. The opening balance was adjusted to transfer the shares to liabilities. On 28th December 2005, Priority Preference shares were modified so they were only redeemable on liquidation of the Company or at the discretion of the Company. These shares were therefore classed as equity and not as a liability at 31 December 2005.

The deferral of Priority Preference shares causes the transfer of the liability attached to the Priority Preference to share capital and share premium.

In accordance with the terms of the Priority Preference shares the holders were entitled to a preferred return equal to 100% of the issue price of the Priority Preference shares.

Under the terms of the IXEurope Founders Share Option Scheme adopted on 30 June 2006, two Directors have been granted options to subscribe for Ordinary Shares of the Company as set out below:

	Maximum no of shares over which the Option is held	Options price per Ordinary share	Date of Grant of Option
Guy Willner	2,500,000	1p	30 June 2006
Christophe de Buchet	2,500,000	1p	30 June 2006
	5,000,000		



# Notes to the company financial statements

## 6 Called up share capital (continued)

The Options may be exercised

- i as to 50% of the Ordinary Shares subject to the Option provided that the market value of an Ordinary Share reaches 40p on or after 18 months have elapsed since the admission of the Ordinary Shares to trading on AIM (irrespective of the share price subsequently), and
- ii as to the remaining 50% of the Ordinary Shares subject to the Option provided that the market value of an Ordinary Share reaches 50p on or after 30 months have elapsed since the admission of the Ordinary Shares to trading on AIM (irrespective of the share price subsequently)

The Options will lapse, if not exercised, on the tenth anniversary of the date of grant

Under the terms of the Company's Unapproved Share Option Scheme adopted on 22 March 2006, Directors and certain senior employees have been awarded Options to subscribe for Ordinary Shares of the Company as set out in the table below

	Date of Grant	Options held at 1 January 2006	Options held at 31 December 2006	Market price at date of grant	Exercise price	Earliest exercise date	Expiry date
Guy Willner	07/04/06	-	1,258,427	30p	22p	07/04/09	06/04/16
Christophe de Buchet	07/04/06	-	1,258,427	30p	22p	07/04/09	06/04/16
Karen Bach	07/04/06	-	1,258,247	30p	22p	07/04/09	06/04/16
Senior Employees	07/04/06	-	3,415,732	30p	22p	07/04/09	06/04/16
			7,191,013				

The Options will vest in three equal portions upon the signing of the 2006, 2007 and 2008 statutory accounts based on performance criteria of EBITDA and space targets

EBITDA targets will govern 75% of the options available following each financial year. If the target is not reached in 2006, the awards will still vest if the combined EBITDA targets are met for 2006 and 2007. If the target is not reached in 2007, the awards will still vest if the combined EBITDA targets are met for 2007 and 2008.

Space targets will govern the vesting of 25% of the options available following each financial year. If the target is not reached in 2006 the awards will still vest if the target is met for 2007. If the target is not reached in 2007 the awards will still vest if the target is met for 2008.

Under the terms of the Company's Unapproved Share Option Scheme, awards were made to employees as detailed below

Date of Grant	Options held at 1 January 2006	Options held at 31 December 2006	Market price at date of grant	Exercise Price	Earliest exercise date	Expiry date
09/10/06	-	749,250	45p	43p	09/10/09	09/10/2016

# Notes to the company financial statements

## 6 Called up share capital (continued)

The following information is relevant in the determination of the fair value of options granted during the year. There were no share options granted in 2005.

	Unapproved Scheme	IX Europe Founders Share Option Scheme	Unapproved Scheme
Date of Grant	07/04/06	30/06/06	09/10/06
Option pricing model used	Binomial	Binomial	Binomial
Adjusted bid price at date of grant	20.75p	29.44p	44.00p
Exercise price	22p	1p	43p
Option life	10 years	10 years	10 years
Expected volatility	44%	44%	44%
Risk-free interest rate	4.39%	4.74%	4.80%

The volatility assumption is based on the annualised volatility of IX Europe plc and a weighted average of comparative companies.

The performance based measures on the Unapproved Scheme granted on 7 April 2006 are modelled using an estimate of the probability of the non market based performance criteria being met.

The equity settled element of the IXEurope Founders Share Option Scheme is modelled using the absolute values adjusted for the success probability derived for the required performance condition.

The cash settled element of the IXEurope Founders Share Option Scheme is modelled on the fair value of cash receivable based on estimates of the probability of the market conditions being met.

The Company suffers no charge under share options as they are all granted to employees of subsidiaries. The Company recognised the debit as a capital contribution in the subsidiary and therefore has increased the value of its investments (Note 2).

# Notes to the company financial statements

## 7 Share premium and reserves

	Share premium account	Profit and loss account	Other reserve
	£ '000	£ '000	£ '000
At beginning of year	69,149	(58,132)	2,545
Profit for the year	-	15,389	-
Share capital reduction	(45,000)	45,000	-
Conversion of shareholder loan	4,322	3,897	(2,444)
Conversion of priority preference shares	319	29	(29)
Repayment of deep discount bonds	-	72	(72)
Bonus issue	(716)	-	-
Cancellation of deferred shares	-	-	8,164
Share capital issued (net of costs)	9,142	-	-
Share option charge	-	-	489
At end of year	37,216	6,255	8,653

Included in the loss for the year is Auditors' remuneration of £24k in respect the audit fee and £216k for other services (2005 £5k for audit fee)

IX Europe plc has no employees

## 8 Subsequent events

### Capital Increased

On 5th February 2007, IX Europe plc placed 8,600,000 new shares with institutional investors at a price of 59p per share

### Renegotiation Of Banking Facilities

On 28th February 2007, IX Europe plc renegotiated and increased its banking facilities to £40m

# Company Information

---

## Legal Form

Public Limited Company

## Country of Incorporation

England

## Company Number

3796971

## Stock Market Quotation

AIM, London. IXE

## Registered Address

41 - 44 Great Queen Street

London

WC2B 5AD

## Bankers

CIT

Peninsular House

30 Monument Street

London

EC3R 8NB

## HSBC Bank plc

20 Eastcheap

London

EC3M 1ED

## Auditors

BDO Stoy Hayward LLP

Northside House

69 Tweedy Road

Bromley

BR1 3WA

## Solicitors

Simmons & Simmons

City Point

One Ropemaker Street

London EC2Y 9SS

## Nominated Advisor & Broker

Investec

2 Gresham Street

London

EC2V 7QP

This Annual Report is printed on recycled paper

**Head Office**  
+44 207 689 1400  
info@ixeuropa.com

**Investor Relations**  
investorrelations@ixeuropa.com

**France**  
+33 1 48 17 65 00  
france@ixeuropa.com

**Germany**  
+49 69 920 42-0  
germany@ixeuropa.com

**Switzerland**  
+41 44 355 6900  
switzerland@ixeuropa.com

**United Kingdom**  
+44 207 689 1400  
unitedkingdom@ixeuropa.com

[www.ixeuropa.com](http://www.ixeuropa.com)