Annual Report 2009

A platform for growth

Ziggo

Contents

Ziggo at a Glance

Ziggo is a leading provider of entertainment, information and communication through television, broadband internet and telephony services. The company serves approximately 3.2 million households, 1.5 million broadband internet customers, 1.6 million digital television customers and 1 million telephony customers.

Facts & Figures:

7,000,000
Users

Offering approximately 7 million individual customers a variety of products and services across our service area.

3,200,000
Households

Serving about 3.2 million households, Ziggo is one of the largest providers of media and communication services in the Netherlands.

1,600,000
Digital TV customers

With about 1.6 million digital TV customers, we are the largest digital television provider, offering the best digital TV quality, in Standard Definition, High Definition and On Demand.

1,500,000
Broadband internet customers

With close to 1.5 million broadband internet customers, Ziggo is the leading single branded high-speed internet operator.

1,000,000
Telephony customers

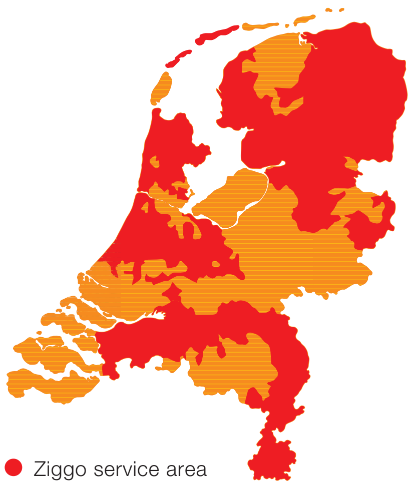
Over 1 million customers use Ziggo telephony services on a daily basis. Our next-generation network provides a solid platform for consumers and businesses to stay in contact with their friends, family or customers.

2,257
Employees

Our dedicated employees work day-in, day-out to meet our customers' demands.

97%
Fibre network

The Ziggo Network consists of 97% of fibre, extending to 300 metres on average from customer homes which are connected to a high-capacity coaxial cable with an everyday volume of 3-4 Gbps.



Product portfolio

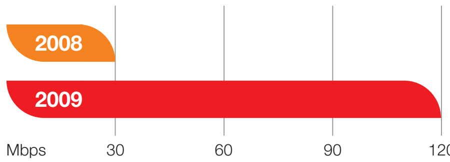
Consumer product portfolio

- Triple play bundles
- Television (analogue & digital)
- Radio (analogue & digital)
- Telephony
- Internet

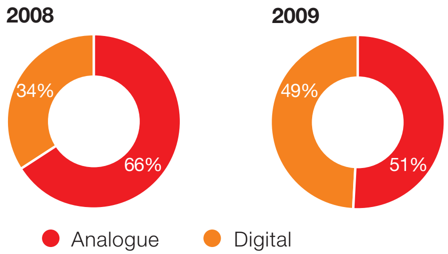
Business product portfolio

- Office Basis
- Internet Plus
- Data services
- Voice services
- Special Television packages

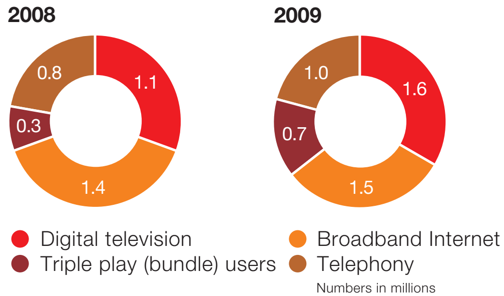
Maximum internet speed



Television connections



Customer overview



Highlights

Amounts in thousands of euros	2009	2008
Key financial figures		
Revenues	1,284.4	1,238.6
Recurring EBITDA [1]	695.8	677.0
EBITDA margin	54.2%	54.7%
Capex [2]	212.8	205.6
Capex margin	16.6%	16.6%
EBITDA-Capex	483.0	471.4
	37.6%	38.1%
Operational cash flow before interest	434.0	325.7
	30.6%	28.6%

[1] *EBITDA: Earnings before Interest, Tax, Depreciation and Amortisation and excluding integration expenses.*

[2] *Excluding Capex spend on integration.*

The accounting period under review is 1 January 2009 until 31 December 2009.

Amounts in thousands of euros	2009	2008
Personnel		
Personnel (FTE) end of year	2,257	1,916
Subscribers (x 1,000)		
Homes passed	4,075	4,038
Analogue Television	3,165	3,255
Digital Television	1,552	1,124
Broadband Internet	1,449	1,375
Telephony	999	809
Bundles	675	260
Total Revenue Generating Units	7,165	6,563

Company profile

Introduction

Ziggo is a leading provider of entertainment, information and communication through television, broadband internet and telephony services. The company serves approximately 3.2 million households, 1.5 million broadband internet customers, approximately 1.6 million digital television customers and 1 million telephony customers.

Business-to-business customers use services such as data communication, telephony, internet and television. The company owns a next-generation network capable of providing the bandwidth for all future services currently foreseen. The majority of the share capital of the company is held (through holding companies) by two private equity firms: Warburg Pincus and Cinven.

Warburg Pincus

Warburg Pincus has been a leading private equity investor since 1971. The firm has over 40 years of experience, and has invested more than US$ 35 billion in approximately 600 companies in more than 30 countries around the world. Its most recent fund is US$ 15 billion, raised in 2008. It invests in a range of sectors, including information and communication technology, media and business services, healthcare, financial services, energy, consumer and industrial.

Cinven

Cinven is a leading private equity provider for larger European buyouts, having led transactions totaling in excess of €60 billion. Since 1996, the Cinven team has completed 37 buyouts of more than €500 million in 8 countries across Europe. The most recent fund is €6.5 billion. Cinven acquires successful, high-quality companies, and works with them to help them grow and develop, using its proven value-creation strategies. Cinven has offices in London, Frankfurt, Milan, Paris and Hong Kong.

Our products

Analogue TV

Our standard package has approximately 3.2 million customers, which represents 80% penetration of homes passed in our service area. This standard package comprises 30 analogue and digital TV channels, an additional 30 digital TV channels, 4 HD channels and more than 60 radio channels. We also offer these services to hospitals, hotels and dormitories via contracts with the operators of these organizations.

Digital TV

We have approximately 1.6 million customers for digital television, which represents a 38% penetration in our service area. There is no additional charge for a customer for activating a digital smart card, which enables them to receive the standard package as well as additional digital content such as a number of premium TV subscriptions, additional SD and HD TV packages, premium TV packages (for example sports and movies) and Video on Demand (VoD) services. In 2009 we signed agreements with the major movie studios to enhance our VoD offering.

Internet

We have 1.5 million broadband internet customers, representing a 36% penetration in our service area. With the implementation of EuroDocsis 3.0 we have significantly increased our internet speeds to 120Mbps and beyond.

Telephony

During the year we were pleased to welcome our 1 millionth telephony customer, representing a 25% penetration in our service area. We offer three telephony packages: 1) Telephony Z1 basis offers high quality telephony at a fair price and half-price to other Ziggo customers, 2) Telephony Z1 Evening/Weekend offers free unlimited calls to Dutch landlines in the evenings and weekends, 3) Telephony Z1 Always offers free unlimited calls to Dutch landlines at all times.

Bundles ('Alles-in-1')

During 2008 we introduced several bundling options to allow our customers to receive television, broadband internet and telephony services within a single product package. We currently have 700,000 subscribers of our 'Alles-in-1' product, which represents a 17% penetration of our service area.

Ziggo Network

Ziggo owns and manages the largest state-of-the-art glass-fibre network in the Netherlands, which extends to 300 metre on average from our customers' premises. Our customers tap into the power of this network via a short (avg. 300 m) high capacity coaxial cable. This Hybrid Fibre Coax (HFC) network with an everyday volume of 3-4 Gbps, accounts for 97% of our total network and provides our customers with a variety of products and services such as high definition television, interactive television (Video On Demand), analogue television, digital radio, high-speed broadband internet, and telephony. The implementation of EuroDocsis 3.0 technology has enabled Ziggo to boost internet speeds up to 120 Mbps, thus becoming the largest provider of the next-generation broadband internet services in the Netherlands. This technology will allow us to increase internet speeds even further in the future – up to 400Mbps and potentially even up to 1 Gbps – making the network of today ready for the customer demands of tomorrow.

Chairman’s Statement

Delivering world-leading quality services to customers

Delivering world-leading quality services to customers is the objective in bringing together the three companies which are now Ziggo. The company made great progress in 2009 by introducing new market-leading high-speed internet services, surpassing the performance of alternative DSL services by a wide margin. It also gave customers better value and convenience by leading the market in the ‘triple play’ offering of broadband internet, TV and telephone in one combined package. Ziggo improved its market position and grew in the year by its superior broadband offering, attractive new digital TV services and the combined package service offerings. Most importantly, through all of this activity in creating the new Ziggo and offering new services to customers, the company was able to improve its customer service ratings. We remain on target to provide the best choice for these services for our customers.

Credit is due to the management and staff of Ziggo, who remained focused and dedicated to delivering customers the best choice. They executed and delivered to the plan as shown in the customer satisfaction and growth results.

The Supervisory Board also went through transitions in 2009. Wim Dik, our founding Chairman, stepped down in October. We thank him for building the foundation and for his stewardship and leadership in this critical phase for Ziggo. We have also been joined by two outstanding additions to the Supervisory Board, Anne Willem Kist and Dirk Jan van den Berg. We welcome the experience they bring to the group, (see page 26 for their backgrounds) and look forward to their contributions.

A special word of thanks should also be given to Walter Blom, who left as the company’s CFO in early 2010. He contributed greatly in his role, both with Ziggo and one of its predecessor companies. He has been replaced by Bert Groenewegen, who we welcome to the team.

Overall, we enter 2010 as a stronger company, as evidenced by higher revenues, operating cash flow and lower debt. Most importantly we have increased customer satisfaction while introducing world-leading services for our customers to enjoy. The company has settled well since combining from three to one. Significant investments made over the past few years are producing leading services now. Expectations are high for the future of Ziggo. We believe we are well positioned to continue delivering for our customers, staff and investors in 2010 and beyond.

Andy Sukawaty *Chairman*
March 2010

CEO Statement

A platform for growth

2009 was a busy year for Ziggo and one we can look back on with pride. Many of our key initiatives from previous years came to fruition and we were very successful in bringing a number of new developments to market.

In May 2009 we celebrated our first anniversary as Ziggo and also opened our new headquarters in Utrecht, the Netherlands, bringing together many of our key people in a single location. This move strongly enhanced our ability to manage the company and deliver its many ambitious projects.

Our most important priority in 2009 was to continue the strong focus on customer satisfaction. We saw improved levels of customer satisfaction throughout the year 2009, and we continue to work hard to deliver a high quality of service experience to our customers.

We further rolled out and accelerated our high-speed internet offerings to establish a clear leadership position in the market. The speeds available to customers from our advanced network surpassed all DSL and fibre to the home (FTTH) offerings available in the market. We believe Ziggo now offers the bandwidth necessary to meet all customer demands.

We enhanced our television service by expanding our portfolio of high definition (HD) television channels, introducing interactive television and being the first in the world to adopt the Common Interface Plus (CI+) standard. Owners of a CI+ certified television are able to watch Ziggo digital television merely by inserting their smartcard into the back of their television set, which eliminates the need for a set-top box or separate remote control. We believe CI+ will lower the threshold for switching to digital television and make it even easier for customers to add Ziggo digital services.

We accelerated our strategy of offering customers bundled services and enjoyed great success with our 'Alles-in-1' triple play product during 2009. 'Alles-in-1' provides customers with an excellent value proposition combining our leading television, internet and telephony offerings in an attractively priced bundle. Nearly 50% of our new customers and increasing numbers of our existing customers now choose 'Alles-in-1'. We believe this trend will continue and benefit Ziggo both in terms of driving revenue growth and increased customer retention.

As a result of these and other initiatives, Ziggo continues to show steady growth and a strong cash flow. The total number of subscriptions (RGUs) grew by over 9% to 7,165 million. Total revenues in 2009 reached €1,284.4 million, an increase of 3.7% compared with 2008, and our EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) grew by 2.8%. Operational cash flow, a key measure of financial performance, grew from €326 million to €434 million, an increase of 33%. By December 31, 2009, the Company has prepaid an amount of €218.8 million in addition to the scheduled redemptions of €77.0 million, underlining its strong performance in its ability to generate cash flows from operations.

I would like to thank all Ziggo employees for their strength and dedication throughout 2009 as we build a strong platform for continued growth. Having now substantially completed the challenging post-merger integration process out of which Ziggo has emerged as a new brand and company, we are now well placed to meet customer requirements for television content and ultra high broadband, and we offer compelling triple play bundles. We are confident that we can retain and extend our leading position in the market for information, communications and entertainment services in the Netherlands.

Bernard Dijkhuizen *CEO*
March 2010

Television products & services

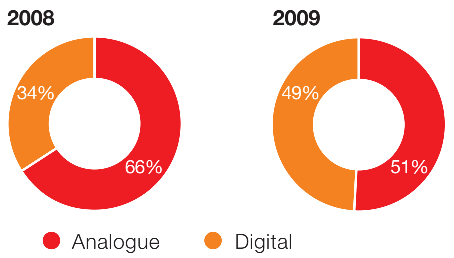
The market for digital television is growing rapidly. More than one in two households now has digital television, one in five households owns a High Definition TV receiver. Ziggo is at the forefront of bringing the most advanced and feature-rich high-quality television entertainment into the living room, offering 30 channels, both analogue and digital plus an additional 30 digital channels, an increasing number of channels in HD, many special-interest packages, and interactive television, including Video On Demand.

Total television subscriptions:

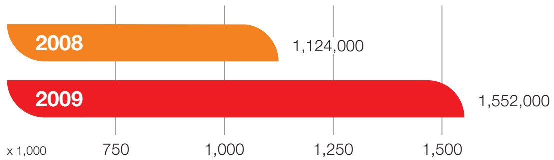
3.2 million

Digital television: 1.6 million customers, 60 channels

Television connections



Digital television customers



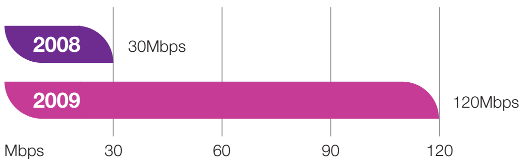
Internet products & services

Broadband internet

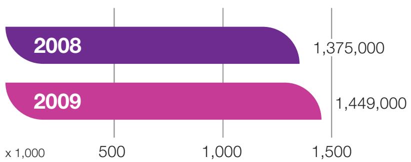
The demand for high-speed broadband internet is rising. Customers want to be able to download quickly and have the world available at a mouse-click. The implementation of the EuroDocsis 3.0 technology across its network footprint will enable Ziggo to offer high speeds of up to 120 Mbps in 2009 and 2010 and in the future even up to 400 Mbps and beyond.

97% fibre

Maximum internet speed

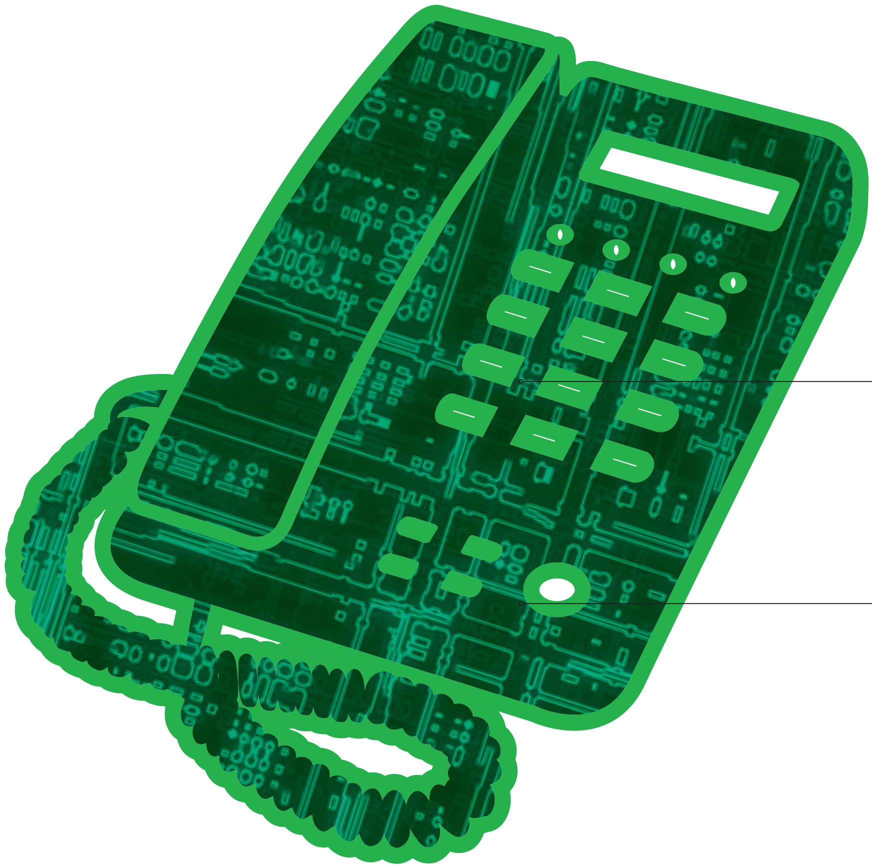


Subscription internet



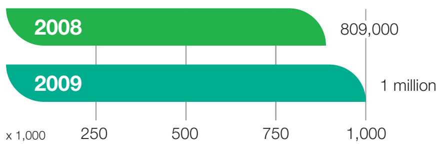
Telephony products & services

Over 1 million customers use Ziggo's leading edge voice-over-internet-protocol (VoiP) telephony services on a daily basis. Our next-generation network provides a solid platform for consumers (and businesses) to stay in contact with their friends, family (or customers).

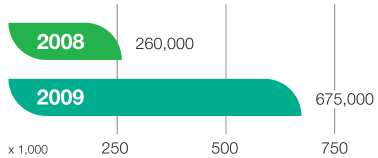


1 million
customers

Number of telephony subscribers



Subscription bundles



Business-to-Business products & services

Ziggo provides a wide range of products for a number of business demands. For small and medium enterprises we offer for example triple play bundles at a very good value for money. For bigger enterprises, ISDN bundles, leased lines, full data communication solutions or hosting services are offered.

VPN

Data services:
- IP-Virtual Private Network (IP VPN)
- Enhanced Virtual Private Network (EVPN)
- Wholesale Ethernet Access

Voice services:
- ISDN2
- ISDN 30
- Wholesale telephony

Special Television packages
(i.e. hospitals, Multiple Dwelling Units, etc.)

Management Board Review

Our Strategy

Ziggo has done an excellent job delivering on its stated strategic priorities for 2009. One of the highest priorities was strengthening the relationship with our customers.

This strong strategic focus paid off: customer satisfaction increased, due to a number of improvement programmes. Our ambitions go further however, and we believe there is still work to be done in maintaining and increasing our performance level and making our aspiration of becoming the most attractive provider of television, internet and telephony services become an everyday reality.

The strategic programmes aimed at enabling digital television in High Defenition, the implementation of EuroDocsis 3.0, the introduction of interactive television, increasing penetration of bundles and the launch of our new customer self-service portal resulted in higher sales and higher levels of customer satisfaction.

Looking forward, key components of our growth strategy are:

Opportunities to exploit the strength of our network

Ziggo's network is one of our core strengths. The network is the largest state-of-the-art glass-fibre network in the Netherlands. This Hybrid Fibre Coax Network (HFC) enables us to continue to increase the broadband internet speeds to consumers in 2010, leaving DSL offerings far behind. In addition, for business-to-business customers we believe that our network enables us to provide cost-effective voice and data services to meet the needs of small and medium enterprises, which currently primarily receive these from the incumbent telecom provider.

Differentiated Service offering

We have achieved significant growth in our digital television, broadband internet and telephony services and we plan to increase our market shares for these services further both by gaining new customers and by selling additional products to our existing customers. Increasing triple-play penetration among our customers will be an important future growth driver.

Stimulating customers to switch to digital TV

We plan to continue to promote the digitalization of our customer base, which is a prerequisite for growth in our higher margin digital television services. All our standard (analogue) TV customers can migrate to digital TV simply by purchasing a digital set-top box (or by buying a CI+ certified TV) and by activating a digital smart card, because we simulcast our analogue channels and our digital channels. We intend to continue to add additional content packages for digital television to stimulate their uptake, including interactive television and high definition programming. We will continue to focus on introducing innovative interactive television products, ensuring strict quality control to optimize the customer experience.

Retaining customers through operational excellence

We have streamlined our operations, automated and integrated various customer care and billing platforms and implemented earnings-based incentives to enhance customer satisfaction and reduce churn rates. We have also established key performance indicators, which we monitor continuously to assess our operational processes, sales and marketing efficiency and the reliability of our infrastructure. We have invested heavily in our customer care function in order to improve satisfaction and retention at all customer touch points, including customer service centres, Ziggo engineers, our online self-care portal, and mobile ‘Ziggo Helps’ centres. We plan to remain intensely focused on enhancing customer satisfaction further.

Cash flow growth

We are committed to exploiting the growth opportunities that we believe are available to our business and generating high incremental returns on our investments. We intend to leverage the scalability of our operations and our significant historical network investments to translate into growth of revenue and results. We also expect to improve our cash flow conversion and increase our cash flow as we benefit from operating and capital expenditure leverage as our business grows.

Operating Review

During 2009 we made significant strides in integrating both the network- and customer-facing aspects of the three predecessor companies into Ziggo. This also enabled us to focus increasingly on raising the quality of customer experience and satisfaction levels, where material progress has been made during the course of the year.

Integration projects in 2008-2009 largely focused on harmonisation of our products, services, processes and systems and on integration of three networks. The integration process is largely completed, with final projects being completed in 2010. No further integration projects are envisaged beyond 2010.

Ziggo products and services

In 2009 we introduced several new products and services to meet our customers' demand. In April we introduced interactive television (Video On Demand, or VOD) services and signed agreements with the major studios to enhance our VOD offering. This included interactive 'catch-up' services such as 'Net gemist' (recent broadcasts), 'Ooit gemist' (older broadcasts), 'Wedstrijd gemist' (Dutch Premier League matches) and the TV-theek (subscription-based content library).

The introduction of our quarterly customer magazine 'Zie' just before the summer was well received. With a print run of 3.3 million, it is one of the largest consumer magazines in the Netherlands and reaches approximately 7 million people. The 'Zie' magazine enriches the relationship with our customers and has raised customer satisfaction.

In June we started broadcasting Dutch public channels 1, 2 and 3 (part of our core set of channels) in High Definition (HD), strengthening our position as market leader in digital television.

As a company that always aims to provide the best quality digital television experience, we were the first worldwide to support the Common Interface Plus (CI+) module standard. This allows our customers to watch our digital television broadcasts without having to use a set-top box or extra remote control. Instead they insert the module with a Ziggo smartcard into the back of their television. This innovation was so well received by our customers that since its introduction in September they have bought well over 100,000 modules.

The implementation of EuroDocsis 3.0 across our entire service area enables us to increase internet speeds significantly. By the end of the year, all our internet subscribers received an increase of their internet speeds, up to 50 Mbps for our own highest bandwith subscribers. In several big cities we are already able to offer internet speeds of 120 Mbps.

Throughout the year, our triple play bundles (alles-in-één) were very popular. The number of bundle customers more than doubled from over 260,000 at the end of 2008 to 675,000 at the end of 2009.

Ziggo Network

Ziggo owns the largest state-of-the-art glass-fibre network in the Netherlands. Our customers tap into the power of this network via a short (avg. 300 m) high-capacity coaxial cable. This network provides our customers with a variety of products and services such as analogue television, high definition television, interactive television (Video On Demand), (digital) radio, broadband internet, and telephony.

Customer Service Improvements

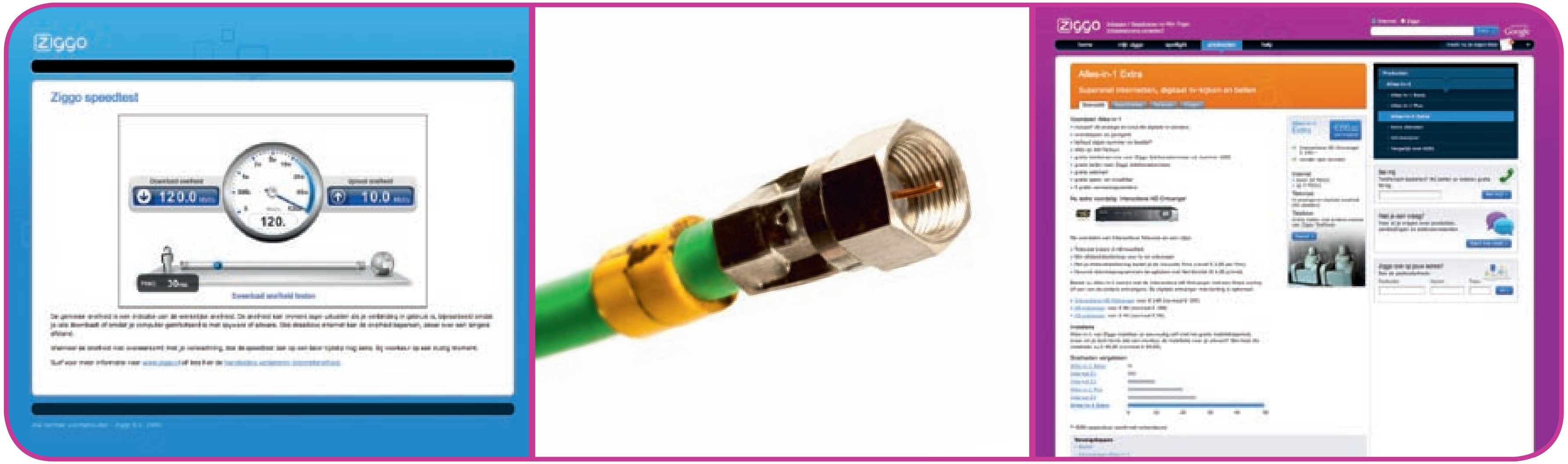
Customer satisfaction increased significantly through the course of the year, reflecting the company's consistent focus on improving service levels. Within the customer care area, a wide range of projects including first call fix and quality assurance measures for our agents began to bear fruit. The new Ziggo portal was introduced, enabling customer self-service. This and other ongoing initiatives will enable us to further improve our quality of service.

Network

In 2009 we continued to invest heavily in our network in order to increase availability and improve the quality of our product offering, such as launching high-speed internet access (EuroDocsis 3.0) and interactive digital television. As a direct result we were able to provide our customers with internet speeds of up to 120 Mbps and strengthen our position as market leader in digital television in the Netherlands.

Business market

Business market revenues were flat for the year. For 2010, churn protection programs, increased on-net sales, stronger focus on products based on our existing HFC network and the introduction of new products are aimed at resuming growth in this area.



Financial Review

Amounts in millions of euros	2009	2008
Consolidated financial statements		
Revenues	**1,284.4**	**1,238.6**
Cost of goods sold	255.5	236.1
Gross margin	**1,028.9**	**1,002.5**
	80.1%	80.9%
Operating expenses	333.1	325.5
Recurring EBITDA	**695.8**	**677.0**
EBITDA as a % of revenue	54.2%	54.7%
Integration costs	47.1	50.6
EBITDA including integration costs	**648.7**	**626.4**
Amortization and depreciation	491.1	478.4
Operating income	**157.6**	**148.0**
Capital expenditure	212.8	216.7
as a % of revenue	16.6%	17.5%
Capital expenditure on integration	42.3	66.0
Total capital expenditure	**255.1**	**282.7**
Cash flow before before financing activities	**434.0**	**325.6**
as a % of revenue	33.8%	26.3%

Revenues and Gross Margin

Total revenues in 2009 amount to €1,284.4 million, a growth of 3.7% compared to 2008. The main driver for this increase is the residential market, which represents 93.5% of total revenue. An increase in residential revenue was achieved of 4.1%, mainly as a result of an increased number of subscriptions and a change in product mix. Business revenue, which represents 6.5% of total revenue, showed a slight decrease of 1.9%.

Royalties, author rights, telephony interconnection costs and decoders are the main components for the cost of goods sold. These costs showed an increase of 8.2% mainly as a result of higher sales of decoders for DTV and higher signal and royalties costs for channels and content provided to our customers.

Gross margin as a percentage of sales remained fairly constant at 80.1% compared to 80.9% in the previous year.

Operating costs and expenses

The recurring operating costs and expenses amount to €333.1 million compared to €325.5 million in 2008, which is an increase of 2.3%. The main drivers for this minor change are an increase in contracted work compensated by decreases in office expenses and other operating expenses.

EBITDA

Recurring EBITDA of €695.8 million increased by 2.8% compared to previous year.

Capex

Capital expenditure amounts to €212.8 million and consists of replacement, expansion, integration, new build and acquisitions. In addition, an additional amount of €42.3 million is spend on integration of the three networks of the predecessors of Ziggo.

Financial policy

The company is financed through a combination of equity (consisting of common shares as well as subordinated shareholders' loans) and senior loans and mezzanine debt. The equity as per December 31, 2009 shows a negative balance of €668.9 million (2008 - €394.4 million).

The negative equity has no influence on the operational performance of the company and its ability to finance the operations. No changes were made in the objectives, policies or processes during the years ending 31 December 2009 and 31 December 2008. During the year the company made repayments on its loans of € 160 million. By December 31, 2009, the Company has prepaid an amount of € 218.8 million in addition to the scheduled redemptions of € 77.0 million, underlining its strong performance in its ability to generate cash flows from operations. The company is committed to further deleverage.

Corporate Responsibility

Ziggo delivers products and services to approximately seven million people on a daily basis. We take our responsibility as a provider of high-quality, reliable services very seriously. The products and services we deliver perform a very important role in people's lives and in society as a whole.

Of course, we aim to go beyond being a mere provider of essential services and on top of our products and services we currently discern two clusters:

- Our material and energy consumption;
- Our social behaviour, both towards our employees and to the community, both nationally, regionally and locally.

Material and energy consumption

Ziggo has processes and contracts in place to re-use, refurbish and recycle end-of-life modems. Defect routers are returned and refurbished.

New, more energy-efficient cooling equipment was installed in 2009 in our data centres. New power supply standards were used in new amplifiers, leading to significant power savings and increased reliability. For digital TV decoders we follow the recommendations of the Code of Conduct on Energy Efficiency of Digital TV Service Systems.

Social behavior

In 2009 we intensified our approach of providing a work environment that is both inspiring and safe. Each of our six locations in the Netherlands now has someone responsible both for local HSE (Health, Safety and Environment) matters and for ensuring that each location has a healthy social climate.

In the same year a new social framework for reorganisations was agreed with the unions, replacing the original Social Plan. We also conducted an Employee Survey which met with a very high response rate. Ziggo plays its role in supporting industry initiatives that are aimed at increasing the safety of using the internet, especially for children. In 2009 we also completed the second edition of the Ziggo High School Movie Awards, while sponsoring a number of other smaller initiatives. In some of the cities that were the first to get internet speeds of up to 120 Mbps we sponsored local good causes in cooperation with the local council.

On the occasion of the opening of our new headquarters in Utrecht (as well as our first anniversary) we sponsored the Dutch Game Garden, a local initiative to allow students to develop games using the very latest tools and equipment.

Corporate Governance

At the centre of Ziggo's Corporate Governance system is the three-member statutory Board of Management, appointed by the shareholders – the Chief Executive Officer, Chief Financial Officer and Chief Commercial Officer. The Board of Management manages the company and is responsible for its strategy and vision. The Board operates under the supervision of a Supervisory Board.

The members of the Supervisory Board are appointed by the shareholders on the nomination of the Supervisory Board itself, in accordance with the so-called Dutch 'structuurregime' which has been adopted by Ziggo on a voluntary basis. The Supervisory Board assists the Board of Management by giving advice, and supervises the conduct of the management of the company and the general course of affairs of the company. At the end of the Fiscal Year 2009, the Supervisory Board consisted of seven members, including the independent Chairman.

The Board of Management meets on a weekly basis with senior management. The Supervisory Board meets with the Board of Management on a monthly basis.

Board profiles

Supervisory Board

The Supervisory Board supervises the company's activities and reports to shareholders. The Supervisory Board appoints the Chairman and members of the Management Board and supervises executive management.

Andrew (Andy) Sukawaty *(Chairman)*

Andy Sukawaty (American nationality, 1955) is Chairman and CEO of the global mobile satellite communications service provider Inmarsat (LSE). He is also non-executive Chairman of Xyratex Ltd. (NASDAQ). Andy is a former Chairman of Telenet Communications NV (Belgium) and deputy chairman of O2 plc (LSE). Andy is best known for leading the fastest growing wireless provider in the US, Sprint PCS, between 1996 and 2000. Prior to Sprint PCS, Andy was CEO of NTL (UK) Limited. In the 1980s, Andy was involved in the business development of mobile telephony and paging industries globally, serving in various senior management positions with US West Inc and AT&T.

From left to right: Andrew Sukawaty, Caspar Berendsen, David Barker

Caspar Berendsen *(Cinven)*

Caspar (Dutch nationality, 1975) joined Cinven in 2003. Since then he has worked on a number of transactions including Partnership Assurance, Maxeda, Truvo and Ziggo. He is a member of the Financial Services sector team. Prior to this, Caspar worked at JP Morgan in London advising Dutch and Belgian clients in a variety of sectors.

David Barker *(Cinven)*

David Barker (British nationality, 1968) has been a member of the Technology, Media, and Telecommunications team since 1996. David has played a role at Cinven in a large number of transactions, including the buyouts of Eutelsat, Springer, Aprovia, MediMedia, IPC and Foseco. Prior to Cinven, David worked at both Morgan Crucible and at Arthur Andersen.

From left to right: Joe Schull, Paul Best, Dirk Jan van den Berg and Anne Willem Kist

Joe Schull *(Warburg Pincus)*

Joseph Schull (Canadian nationality, 1961) joined Warburg Pincus in 1998 and is responsible for the firm's European technology, media and telecommunications investments, as well as its investment activities in Eastern Europe. He is also a member of the firm's Executive Management Group, which coordinates the firm's activities on a worldwide basis. He is a director of Mach, a leading global provider of billing and settlement services to the mobile telecom industry.

Paul Best *(Warburg Pincus)*

Paul (British nationality, 1978), joined Warburg Pincus in 2002 and has been involved in a number of investments including Premier Foods plc, Clondalkin Group Holdings, Ideal Stelrad Group (formerly Caradon Plumbing), Synesis Life, IMB Group and the Ziggo predecessor companies. Prior to joining Warburg Pincus, Paul worked at Morgan Stanley in the Investment Banking and Fixed Income divisions.

Dirk Jan van den Berg

Dirk Jan van den Berg (Dutch nationality, 1953) was appointed as a member of the Supervisory Board in March 2009. He has been president of the executive board of Delft University of Technology since March 2008. In previous positions he acted as her Majesty's ambassador in China, Permanent Representative for the Netherlands to the United Nations in New York, Secretary General of the Ministry of Foreign Affairs and Deputy Director General at the Ministry of Economic Affairs.

Anne Willem Kist

Anne Willem Kist (Dutch nationality, 1945) joined the Supervisory Board in 2009. Mr. Kist regularly advises the Ministry of Economic Affairs, Transport and Public Works, and Social Affairs and Employment. Mr. Kist was the first Director-General of the Dutch Competition Authority. He served as a member of the Executive Council of Financial Markets Authority (FMA) and as Chairman of the Executive Board of Leiden University. Mr. Kist began his career as a lawyer, and was a partner at Loeff Claeys Verbeke and Pels Rijcken & Droogleever Fortuijn.

Board of Management

From left to right: Bernard Dijkhuizen, Bert Groenewegen and Marcel Nijhoff

Bernard Dijkhuizen

Chief Executive Officer (1949)

Bernard became Chief Executive Officer in February 2007, having served as CEO of Essent Kabelcom/@Home. Prior to October 2002, Bernard was Managing Director of Libertel Network (part of Vodafone). He has served as a Member of the Board of Management of Libertel with responsibility for Marketing, Strategy and Business Development. Bernard's early career was with Fokker in production, engineering and commerce. He served as a Member of the Board of Fokker Aircraft during the early '90s with responsibility for Marketing, Sales and Services. He then became CEO of Aircraft Services at Stork and later Managing Director of Philips Projects between 1998 and 2000.

Bert Groenewegen

Chief Financial Officer (1964)

Bert Groenewegen became CFO of Ziggo on March 1, 2010. Before joining Ziggo, Bert was chairman of PCM having previously been CFO. From 1993 till 2004 he was CFO of Exact Software (Euronext: EXACT). Prior to Exact he worked amongst others at General Atlantic Partners and Arthur Andersen.

Marcel Nijhoff

Chief Commercial Officer (1961)

Marcel became Chief Commercial Officer in February 2007, having previously been Chief Executive Officer at Multikabel. During (2003-2007). Between 1999 and 2001, Marcel worked for PrimaCom RegionMitte in Leipzig, Germany. During the late 1990s he was Vice President Marketing with A2000, the cable operator for the greater Amsterdam area at the time (now merged into UPC). In previous roles, Marcel gained extensive experience in the media and communications industries with publishing, printing and advertising companies.

Senior Management

From left to right: Paul Hendriks, Martine Ferment, Tom Verhulst

Paul Hendriks

Chief Technology Officer (1968)

From 1992, Paul managed a series of divisions at KPN including Design & Development, Operations South-East, and Business Lines (Telephony and Broadband). He also managed a series of major change programs (Voice over IP and All IP). During his time with KPN, Paul served as crisis manager and managed the relationship with OPTA. Change management has been a continuing theme throughout Paul's career. He has acted as consultant, project manager and architect for a series of restructurings, reorganizations and innovations.

Martine Ferment

Chief Service Officer ad interim (1963)

Martine Ferment is the founder and owner of Ferment Management, a leading firm in Europe for customer service, with a staff of 35 consultants. Martine has over 18 years CRM experience both as a customer service director and an executive management consultant. Ferment was formerly the Customer Service Director of Vodafone NL and Amazon.com. Her responsibilities included heading up the service operation including warehousing. As executive consultant, Martine was the ad interim director for Casema (2003) and @Home (2007). Prior to these roles, Ferment was the Netherlands' call centre practice senior manager for Ernst & Young.

Tom Verhulst

Chief Information Officer (1954)

Before starting in his present role in April 2007,Tom was Manager Operations of Fortis and prior to that, a Program Manager Outsourcing at Delta Lloyd. In 2003, Tom served as Vice President Infrastructure for Atos Origin, moving to the group from his role as Chief Information Officer at Nuon. Earlier in his career, Tom worked for BAC, Ernst & Young, Rabobank International, and Start.

From left to right: Dedi Veldhuis, Arent van der Feltz, John Burger, Hendrik de Groot

Dedi Veldhuis

Vice President Human Resources Management (1952)

Dedi took up responsibility for Human Resources Management at Essent Kabelcom/@Home in 1998. Through the 1980s and early 1990s Dedi worked in a broad variety of organisations and industries, including healthcare and telecoms, in different functions including board member, manager, development adviser, trainer and social worker.

Arent van der Feltz

Vice President Strategy, Legal & Regulatory Affairs/New business development (1960)

Arent was responsible for Marketing & Sales at @Home before the formation of Ziggo. He had previously spent nine years as Director of Strategy and Director of Marketing at Libertel/Vodafone. Between 1992 and 1996, Arent worked at UPC and Philips as Director of Business Development in the Communication Systems division, France and Belgium. During the mid- and late-80s he worked as a lawyer in The Hague, Paris, and Los Angeles.

John Burger

Director Corporate Communications (1961)

Before joining Ziggo, John had been Director Communication and Change with the Services unit of ABN AMRO from 2006 until 2008. In the years before, he was responsible for communication for a number of units of Akzo Nobel in Corporate, Chemicals, Pharma en Coatings. Originally a chemist and scientist, John built his communication experience since 1991. After a start in Public Relations and business-to-business Marketing Communication, he has come to specialise in reputation management, issue management, internal communication and change communication.

Hendrik de Groot

Managing director Business-to-Business (1965)

Before joining Ziggo, Hendrik was Group Director product policy and development of Telephony (Voice over IP) and Unified Communications at COLT Telecommunications in London from 2006 till 2009. Prior to this he was Head Global Accounts at Vodafone Group in Newbury in 2003. In that role he was responsible for the Sales and Services Operations for the large accounts. He also worked at MCI International (now Verizon Business International) as Vice President International Business Development, Corporate Accounts and Customer Services and as Managing Director for the Netherlands. Hendrik started his career at BT Europe Benelux in several Sales and Marketing positions after he graduated in business economics and economics at the Nyenrode University and at the Vrije Universiteit in Amsterdam.

Financial statements

Content financial statements

Consolidated income statement

For the year ended 31 December

Amounts in thousands of euro	Note	2009	2008
Total Revenues		**1,284,395**	**1,238,613**
Cost of goods sold		255,481	236,112
Personnel	5	175,868	156,447
Contracted work		80,980	57,933
Materials & logistics		11,166	10,999
Marketing & sales		36,944	46,674
Office expense		64,405	76,192
Other operating expenses		10,878	27,808
Depreciation		261,752	252,099
Amortisation		229,307	226,326
Total operating expenses		**1,126,781**	**1,090,590**
Operating income		**157,614**	**148,023**
Net financial income (expense)	4	**(489,655)**	**(622,129)**
Loss before income taxes		**(332,041)**	**(474,106)**
Income tax benefit (expense)	6	**84,670**	**120,897**
Net loss for the year		**(247,371)**	**(353,209)**
Net loss attributable to equity holders of the parent		**(247,371)**	**(353,209)**

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

Consolidated statement of comprehensive income

For the year ended 31 December

Amounts in thousands of euro	2009	2008
Net loss for the year	**(247,371)**	**(353,209)**
Cash flow hedges	**(27,149)**	–
Total comprehensive income for the year	**(274,520)**	**(353,209)**
Total comprehensive income attributable to equity holders of the parent	**(274,520)**	**(353,209)**

Consolidated balance sheet

As at 31 December, before appropriation of current year result

Amounts in thousands of euro	Note	2009	2008
Assets			
Property and equipment	7	1,549,664	1,646,419
Intangible assets	8	3,844,140	3,983,336
Financial assets	9	368	899
Deferred income tax asset	6	276,379	222,143
Total non-current assets		**5,670,551**	**5,852,797**
Inventories	10	25,542	13,978
Trade accounts receivable	11	43,592	48,719
Other current assets	12	27,201	30,105
Cash and cash equivalents	13	65,297	42,653
Total current assets		**161,632**	**135,455**
Total assets		**5,832,183**	**5,988,252**
Equity and liabilities			
Issued share capital		18	18
Share premium		255,439	255,439
Other reserves		(27,149)	–
Retained earnings		(649,837)	(296,628)
Net income (loss) for the period		(247,371)	(353,209)
Equity attributable to equity holders		**(668,900)**	**(394,380)**
Loans from financial institutions	15	3,712,042	3,801,283
Loans payable to related parties	16	1,869,979	1,693,370
Derivative financial instruments	22	102,261	73,935
Provisions	17	–	5,093
Deferred income tax liability	6	477,893	517,619
Total non-current liabilities		**6,162,175**	**6,091,300**
Trade accounts payable		102,951	60,242
Deferred revenue		106,247	97,407
Other current liabilities	18	129,710	133,683
Total current liabilities		**338,908**	**291,332**
Total equity and liabilities		**5,832,183**	**5,988,252**

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

Consolidated statement of changes in equity

Amounts in thousands of euro

	Issued capital	Share premium	Cash flow hedge reserve	Retained earnings	Net income (loss)	Total equity
Balance at 31 December 2007	**18**	**255,439**	**–**	**(31,780)**	**(264,848)**	**(41,171)**
Comprehensive income						
Net loss for the year 2008	–	–	–	–	(353,209)	(353,209)
Total comprehensive income	**–**	**–**	**–**	**–**	**(353,209)**	**(353,209)**
Transactions with owners						
Appropriation of net loss 2007	–	–	–	(264,848)	264,848	–
Total transactions with owners	**–**	**–**	**–**	**(264,848)**	**264,848**	**–**
Balance at 31 December 2008	**18**	**255,439**	**–**	**(296,628)**	**(353,209)**	**(394,380)**
Comprehensive income						
Net loss for the year 2009	–	–	–	–	(247,371)	(247,371)
Other comprehensive income:						
Cash flow hedges, net of tax	–	–	(27,149)	–	–	(27,149)
Total comprehensive income	**–**	**–**	**(27,149)**	**–**	**(247,371)**	**(274,520)**
Transactions with owners						
Appropriation of net loss 2008	–	–	–	(353,209)	353,209	–
Total transactions with owners	**–**	**–**	**–**	**(353,209)**	**353,209**	**–**
Balance at 31 December 2009	**18**	**255,439**	**(27,149)**	**(649,837)**	**(247,371)**	**(668,900)**

Consolidated cash flow statement

Amounts in thousands of euro	Note	2009	2008
Operating activities			
Operating income		157,614	148,023
Adjustments to reconcile operating profit to net cash flow			
Non Cash			
Depreciation		261,752	252,099
Amortisation		229,307	226,326
Movement in provisions	17	4,593	(10,607)
Gain on disposal of non-current assets		–	(917)
Working Capital adjustments			
(Increase)/Decrease in Current assets		(3,533)	(35,599)
Increase/(Decrease) in Current liabilities		37,890	24,309
Change in Working Capital		34,357	(11,290)
Net cash flow from operating activities		687,623	603,634
Investing activities			
Proceeds from divestments		–	1,892
Interest received		1,002	3,522
Purchase of property, plant and equipment	7	(178,602)	(249,291)
Purchase of intangible assets	8	(76,506)	(33,513)
Change in financial assets	9	531	(563)
Net cash flow used in investing activities		(253,575)	(277,953)
Financing activities			
Interest paid		(250,980)	(272,370)
Repayment loans	15	(160,000)	(128,900)
Repayment of financial lease liabilities		(424)	(431)
Net cash flow from financing activities		(411,404)	(401,701)
Net (decrease)/increase in cash and cash equivalents		22,644	(76,020)
Net cash and cash equivalents at 1 January		42,653	118,673
Net cash and cash equivalents at 31 December		65,297	42,653
Net cash and cash equivalents consist of:			
Cash and cash equivalents		65,297	42,653
Cash and cash equivalents at 31 December	13	65,297	42,653

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

Notes to the consolidated financial statements

Amounts in thousands of euro, except where otherwise noted.

1 General

Corporate information

The consolidated financial statements of Zesko Holding B.V. (the 'Company') for the year ended 31 December 2009 were authorised for issue in accordance with a resolution of the directors on 26 March 2010. The Company is a private limited company incorporated having its corporate seat in Amsterdam (Address: 9723 AB Groningen, Winschotendiep 60) The Netherlands. The Company is wholly owned by Even Investments 2 Sàrl whose ultimate shareholders are the private equity companies Cinven Limited and Warburg Pincus LLC.

The principal activities of the Company are to participate in, to finance or to have any other interest in, or to conduct the management of, other companies and enterprises. The Company is the owner and operator of a broadband cable network in The Netherlands. The main subsidiary Ziggo B.V. offers analogue and digital radio and television, broadband internet and telephony services in The Netherlands to 3.2 million households.

The consolidated financial statements of the Company include the subsidiaries mentioned in Note 23.

In accordance with section 2:402, of The Netherlands Civil Code, a simplified income statement of Zesko Holding B.V. is included in the Company financial statements.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of Euros (€) except when otherwise indicated.

Statement of compliance

The consolidated financial statements of the Company and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2009. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

Going Concern

The consolidated financial statements have been prepared by management on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. Accordingly, the financial statements do not include any adjustments to recorded asset values that might be necessary should the Company be unable to continue as a going concern. Total shareholder's equity is negative € 668,900 and it is expected that the Company will incur losses in the foreseeable future mainly due to high depreciation and amortisation amounts and interest expense in relation to the credit facility agreements.

The Company is however expected to be able to generate sufficient cash flows (after financing costs) in the coming years and most of the loans are repayable in 2014 at the earliest with no early repayments other than an excess cash clause, which makes a going concern approach valid.

2 Accounting policies

2.1 Changes in accounting policies, disclosures and reclassifications

The accounting policies adopted are consistent with those of the previous financial year except as follows:

IFRS 7 Financial Instruments – Disclosures

The amended IFRS 7 'Financial instruments – Disclosures' requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on the group or company's financial statements.

IAS 1 Presentation of Financial Statements

As of 2009, Ziggo applies the revised IAS 1 "Presentation of Financial Statements". The revised standard introduces requirements to present all changes in equity arising from transactions with owners in their capacity as owners separately from non-owner changes in equity and to disclose (i) income tax related to each component of other comprehensive income and (ii) reclassification adjustments relating to components of other comprehensive income. In addition, when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements, IAS 1 requires the presentation of a third balance sheet as of the beginning of the earliest comparative period. The adoption of the revised IAS 1 did not have an impact on the Company's financial results or position.

IAS 23 Borrowing Costs

The revision of IAS 23 'Borrowing Costs' requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets. Since Zesko Holding already capitalised borrowing costs the adoption did not have an impact on the Company's financial results or position.

IAS 39 Financial Instruments – application of hedge accounting

The Company started to apply hedge accounting in 2009, whereas previously all fair value changes were directly recognised in the income statement within 'other net financial income and expense'. Hedge accounting modifies the usual accounting treatment of a hedging instrument and/or a hedged item to enable gains and losses on the hedging instrument to be recognised in the income statement in the same period as offsetting losses and gains on the hedged item. In order to apply hedge accounting Management must identify, document and test the effectiveness of those transactions for which it wishes to use hedge accounting. As a consequence the change in accounting is applied prospectively by recognising the effect of the change as of 2009 instead of the policy had always been applied. For 2009 an amount of € 36,441 negative (€ 27,149 negative, net of tax) has been recognised within other comprehensive income, whereas previously this would have been recognised within 'other net financial income and expense'.

IFRIC 13 Customer Loyalty Program

This interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. This is then recognised as revenue over the period that the award credits are redeemed. Since the Company does not have a customer loyalty program the interpretation has no impact on its financial position.

Improvements to IFRSs 2008

In May 2008 the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the amendments resulted in changes to accounting policies but did not have any impact on the financial results or position of the Company.

Reclassifications

Other newly effective IFRS's and IFRIC interpretations did not have an impact on the financial statements of the Company.

The Company made the following reclassifications of the comparative 2008 financial position and result:

- Cost of goods sold was increased by € 35.3 million and materials and logistics reduced by the same amount to present set top boxes delivered to customers and materials used to connect customers as components of cost of goods sold;
- The amortisation of funding cost of € 17.3 million (see Note 15) is now included within net financial income and expense, whereas previously this was presented within depreciation and amortisation;
- Deferred tax assets were increased by € 18.9 million and deferred tax liabilities were increased by the same amount since the deferred tax on the interest rate swap became an asset during 2008. The company did provide for an additional statement of financial position as at the beginning of 2008, since this information is already presented in Note 6 income tax.

2.2 Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied through all years presented, unless otherwise stated.

Foreign Currency Translation

The consolidated financial statements are presented in Euros ("€"), which is the Company's functional and presentation currency.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. Monetary items denominated in foreign currencies are translated into the Company's functional currency spot rate of exchange ruling at the balance sheet date. Exchange differences arising on the settlement of monetary items and on the translation of monetary items, are included in net income for the period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported at the net amount in the consolidated balance sheet if, and only if, Zesko Holding B.V. has a legally enforceable right to set off the recognised amounts, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Business combinations and goodwill

Business combinations are accounted for using the acquisition accounting method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Company are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Company at which the goodwill is monitored for internal management purposes.

Where goodwill forms Part of a cash-generating unit (or group of cash-generating units) and Part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and unamortised goodwill is recognised in the income statement.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment, if any. The cost include direct costs (materials, replacing parts, direct labour and contracted work) and direct attributable overhead costs. Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as Part of the costs of the respective assets. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The interest percentage used reflects the weighted average interest expense of the Company.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, taking into account residual value. Borrowing cost are depreciated over the estimated useful life of the corresponding asset. Land is not depreciated.

An item of property and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is de-recognised.

The asset's residual values, useful lives and methods of depreciation are reviewed and adjusted if appropriate at each financial year end. Any change in accounting caused by this review is applied prospectively.

Repairs and maintenance are charged to expense during the financial period in which they incur.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditures are reflected in the income statement in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. Such a change in the useful life assessment is made on a prospective basis.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life of the asset remains indefinite. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the income statement when the asset is derecognised.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations recognised in the income statement will be recorded in a separate line-item in those expense categories consistent with the classification of the impaired asset

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. The recoverable amount is the higher of the cash generating units fair value less cost to sell and its value in use . The value in use of the cash generating unit is determined using the discounted cash flow method. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Company performs its annual impairment test of goodwill as at 31 December.

Investments in associates

The Company uses the equity method of accounting for investment in associates. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

After application of the equity method, the Company determines whether it is necessary to recognise an additional impairment loss of the Company's investment in its associates. Zesko Holding B.V. determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as being the difference between the fair value of the associate and the net equity value and recognises the amount in the income statement.

Inventories

Inventories are valued at cost or net realisable value, whichever is the lower. Cost consist of all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated marketing, distribution and selling expenses.

Most of the inventory is not sold to customers but used in the Company's network and capitalised once used. Sold inventory is included in the cost of goods sold.

Trade accounts receivable and other current assets

Trade accounts receivable and other current assets are initially accounted for at fair value with subsequent valuation at amortized cost, less impairment. An impairment is recorded in operating expenses when it is probable (based on objective evidence) that the Company will not be able to collect all amounts due under the original terms of the invoice. Impairments are calculated on an individual basis and on a portfolio basis for groups of receivables that are not individually identified as impaired. Impaired receivables are de-recognised when they are assessed as uncollectible.

Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. Bank overdrafts are repayable on demand and form an integral Part of the Company's cash management. For the purpose of the consolidated cash flow statement, bank overdrafts are included as a component of cash and cash equivalents.

All highly liquid investments purchased with an original maturity of three months or less are considered cash equivalents.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost. Transaction costs are deducted from the nominal amount of the loan and amortised over the lifetime of the corresponding loans. This amortisation is included in the income statement in 'Net financial income and expense'. Gains and losses are recognised in the income statement when the liabilities are de-recognised as well as through the amortisation process.

Any non-cash interest element is added to the loan and will be repaid upon maturity.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable a Part of a financial asset or Part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Provisions

Provisions are recognised when a legal or constructive obligation, which can be reliably estimated, exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement.

A provision for restructuring is recognised when management has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced to the parties concerned.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Pensions and other post employment benefits

The defined benefits plans of the Company relates to multi-employer defined benefit plans with publicly or privately administered pension insurance organisations (so called 'bedrijfstak-pensioenfonds'). These pension insurance organisations are not able to provide the Company with sufficient information in order to account for the plans as defined benefit. As a result the defined benefit pension plans are treated as if they are defined contribution plans.

The Company has no obligations for deficits other than higher future pension-insurance payments.

The Company pays contributions on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses in the income statement when they are due.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes or duty.

Rendered services

Revenue primarily comprise revenues earned from subscription fees and to a lesser extent charges for programming. Subscription revenues are recognised at the time services are provided to customers. Pre-invoiced revenues are deferred and allocated to the respective period they relate to. Any unearned revenue is recognised as a deferred revenue within current liabilities.

Other revenues

Other revenues comprise one-off connection fees, other initial fees and sale of goods (set-top boxes).

Cost of Goods Sold

Cost of goods sold include the costs for purchases of materials and services directly related to revenue, such as author rights, interconnection costs, signal delivery costs, royalties and internet service provider fees.

Income Tax

Current income tax is recognized in the consolidated income statement except to the extent that it relates to items recognized directly in equity. Current income tax benefit is based on the best estimate of taxable income for the year, using tax rates that have been enacted or substantively enacted at the balance sheet date, and adjustments for current taxes payable (receivable) for prior years.

Deferred income tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax basis used in the computation of taxable income.

Deferred income tax assets are generally recognised for all temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except to the extent that a deferred income tax asset arises from the initial recognition of goodwill.

Deferred income tax liabilities are generally recognised for all temporary differences.

Deferred income tax assets and liabilities are based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse or are substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred income tax assets and liabilities is recognised in the period that includes the enactment date. Deferred income tax assets are reduced by a valuation allowance when the Company cannot make the determination that it is more likely than not that some portion or all of the related tax assets will be realised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or Part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Derivative financial instruments and hedging

The Company entered into several interest rate swaps in order to mitigate its risks associated with interest rate fluctuations. These derivatives are recognised at fair value. The fair value of interest rate swaps is the estimated amount that would be received or paid to terminate the swap at balance sheet date, taking into account current interest rates and creditworthiness of the swap counter parties.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 22. Movements on the hedging reserve in shareholders' equity are shown in the consolidated statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to profit or loss over the period to maturity.

(b) Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other net financial income and expense'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'interest expense'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other net financial income and expense'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other net financial income and expense'.

Depending on their value, derivatives are either presented as an Other financial asset or as Derivative financial instruments within liabilities.

Cash Flow statement
The cash flow statement is prepared using the indirect method with a breakdown into cash flows from operating, investing and financing activities. Cash flows relating to interest and taxes on profits are included in the cash flow from operating activities.

The cash balances of purchased subsidiaries (cash acquired) are included in the consideration paid on acquisition (investing activities).

2.3 Standards issued but not yet effective
The following new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2009, and have not been applied in preparing these consolidated financial statements:
- IFRS 2 Share-based Payment (amendment)
- IFRS 3 Business Combinations (revised)
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (amendment)
- IFRS 9 Financial Instruments (new)
- IAS 24 Related Party Disclosures (revised)
- IAS 27 Consolidated and Separate Financial Statements (revised)
- IAS 32 Financial Instruments (revised)
- IAS 38 Intangible Assets (amendment)
- IAS 39 Financial instruments: Recognition and Measurement (amendment)

- IFRIC 9 Reassessment of Embedded Derivatives (amendment)
- IFRIC 14 IAS 19 – Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (amendment)
- IFRIC 17 Distribution of Non-cash Assets to Owners (new)
- IFRIC 18 Transfers of Assets from Customers (new)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (new)

- Improvements to IFRSs 2009

The Company will introduce the new standards, amendments to standards and interpretations on or after January 1, 2010. Adoption of these standards and interpretations is expected to have a limited impact on the consolidated financial statements of Zesko Holding.

3 Significant accounting judgements and estimates

Use of estimates

The preparation of financial statements requires management to make a number of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, of revenues and expenses and the disclosure of contingent assets and liabilities. All assumptions, expectations and forecasts used as a basis for certain estimates within these consolidated financial statements represent good-faith assessments of the Company's future performance for which management believes there is a reasonable basis. These estimates and assumptions represent the Company's view at the times they are made, and only then. They involve risks, uncertainties and other factors that could cause the Company's actual future results, performance and achievements to differ materially from those forecasted. The estimates, assumptions and judgments that management considers most critical relate to:

Purchase Price Allocation

Zesko Holding B.V. and its subsidiaries applied purchase price allocation in accordance with IFRS 3 Business Combinations in several past acquisitions. The fair values allocated to the individual identified assets are based on management's estimates of the replacement value of the assets. The intangibles are valued using management's estimates of future cash flows and operating results of the Company.

Impairment of Goodwill

The Company determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the 'value in use' of the cash-generating units to which the goodwill is allocated. Estimating a value in use requires management to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4 Net financial income and expense

	2009	2008
Interest expense		
Loans and overdrafts financial institutions	(299,023)	(323,955)
Loans related parties	(176,609)	(159,772)
Other interest expense	(2,215)	–
	(477,847)	**(483,727)**
Interest income	1,002	7,255
Other net financial income and expense		
Amortisation funding costs	(17,348)	(17,349)
Fair value gains (losses) on derivative financial instruments	8,115	(124,575)
Commitment fees	(3,577)	(3,733)
	(12,810)	**(145,657)**
Net financial income (expense)	**(489,655)**	**(622,129)**

Interest expense relates primarily to financial liabilities measured at amortized cost. Other interest income is mainly attributable to the interest on cash and cash equivalents.

Foreign exchange results arising from the purchase of goods for sale or goods and services consumed in the Company's operations are included in cost of sales or in the appropriate element of operating expenses.

5 Employee benefits expense

	2009	2008
Total employee benefits expenses		
Wages and salaries	109,180	89,510
Social security costs	13,420	10,249
Pension costs	11,976	10,427
Post-employment benefits other than pensions	–	146
Other	41,292	46,115
Net employee benefits expenses	**175,868**	**156,447**

Other employee benefits comprise of temporary external personnel for € 71.6 million (2008: € 48.2 million), other personnel expenses € 22.1 million (2008: € 12.4 million), less capitalised personnel expenses of €52.4 million (2008: € 14.5 million).

The number of employees as per 31 December 2009 of the Company in full time equivalents was 2,257 (2008: 1,916).

6 Income taxes

The subsidiaries of the Company are incorporated in the fiscal unity of Zesko B.V. for corporate income tax purposes. Zesko Holding B.V. is taxable on its own. For financial reporting purposes, its consolidated subsidiaries calculate their respective tax assets, tax liabilities and tax benefits on a consolidated tax return basis.

	2009	2008
Deferred tax expense		
Deferred tax asset	44,944	75,775
Deferred tax liability	39,726	45,122
Total income tax	**84,670**	**120,897**

A reconciliation between the statutory tax rates of 25.5% and the Company's effective tax rate is as follows:

	2009		2008	
Loss for the period		(332,041)		(474,106)
Computed income tax at statutory rates	25.50%	84,670	25.50%	120,897
Income tax benefit	**25.50%**	**84,670**	**25.50%**	**120,897**

	2009			2008		
	Before tax	**Tax (expense) / benefit**	**Net of tax**	**Before tax**	**Tax (expense) / benefit**	**Net of tax**
Income tax recognised in other comprehensive income						
Cash flow hedges	(36,441)	9,292	(27,149)	–	–	–
	(36,441)	**9,292**	**(27,149)**	**–**	**–**	**–**

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of 31 December 2009 and 2008 are presented below:

Recognised deferred tax assets and liabilities and movements during the year

	1 January 2008	**Recognised in profit or loss**	**31 December 2008**	**Recognised in profit or loss**	**Recognised in other comprehensive income**	**31 December 2009**
Tax loss carry forwards	159,281	44,009	203,290	47,013	-	250,303
Derivative financial instruments	(12,913)	31,766	18,853	(2,069)	9,292	26,076
Deferred tax asset	**146,368**	**75,775**	**222,143**	**44,944**	**9,292**	**276,379**
Property and equipment	10,081	(5,687)	4,394	(8,803)	-	(4,409)
Intangible assets	(572,822)	50,809	(522,013)	48,529	-	(473,484)
Deferred tax liability	**(562,741)**	**45,122**	**(517,619)**	**39,726**	**-**	**(477,893)**
Net deferred tax asset (liability)	**(416,373)**	**120,897**	**(295,476)**	**84,670**	**9,292**	**(201,514)**

To calculate the deferred tax asset and liability a tax rate of 25.5% is used.

As of 31 December 2009, the fiscal unity Zesko B.V. had cumulative tax loss carry forwards of € 1,388.3 million (2008: €1,203.9 million). A deferred tax asset for the loss carry forwards is recognised of € 250.3 million (2008: € 203.3 million). Based on management's forecasts the Company will show that future profits will compensate these losses carried forward recognised on the balance sheet. Tax planning opportunities are available to realise the tax loss carry forward positions within the nine year carry forward period. Subsequently deferred tax assets have not been recognised for an amount of € 103.7 million (2008: € 103.7 million) because it is not likely that future taxable profit will be available before the tax losses can be utilised. The related tax loss carry forwards amount to € 406.7 million and mature in 2011.

7 Property and equipment

The components of property and equipment are as follows:

	Network	Land	Other	Assets under construction	Total
At 1 January 2008					
Cost	1,730,555	1,507	61,319	165,424	1,958,805
Accumulated depreciation	(289,092)	–	(20,486)	–	(309,578)
Net carrying amount	**1,441,463**	**1,507**	**40,833**	**165,424**	**1,649,227**
At year end 2008					
Additions	165,673	1,141	4,746	77,731	249,291
Depreciation charge for the year	(245,421)	–	(6,678)	–	(252,099)
Total changes 2008	**(79,748)**	**1,141**	**(1,932)**	**77,731**	**(2,808)**
At 31 December 2008					
Cost	1,896,228	2,648	66,065	243,155	2,208,096
Accumulated depreciation	(534,513)	–	(27,164)	–	(561,677)
Net carrying amount	**1,361,715**	**2,648**	**38,901**	**243,155**	**1,646,419**
Reclassification - cost	2,060,901	–	8,149	–	2,069,050
Reclassification - accumulated depreciation	(2,068,332)	–	(14,323)	–	(2,082,655)
Additions - net	172,298	–	18,279	(11,975)	178,602
Depreciation charge for the year	(251,160)	–	(10,592)	–	(261,752)
Total changes 2009	**(86,293)**	**–**	**1,513**	**(11,975)**	**(96,755)**
At 31 December 2009					
Cost	4,129,427	2,648	92,493	231,180	4,455,748
Accumulated depreciation	(2,854,005)	–	(52,079)	–	(2,906,084)
Net carrying amount	**1,275,422**	**2,648**	**40,414**	**231,180**	**1,549,664**

In both 2009 and 2008 the Company did not recognise impairment charges nor did it reverse impairment charges of assets previously impaired.

Assets under construction relates to the integration of the Company's business support system and operational support system and the integration and expansion of the Company's network and IT-infrastructure. Included in assets under construction is software, which is recognised as intangible asset once in use.

The additions to network include capitalised borrowing cost of € 3.4 million (2008: € 11.2 million). Generally, the capitalisation rate used to determine the amount of capitalised borrowing costs is a weighted average of the interest rate applicable. For 2009 an interest rate applied of 5.89% (2008: 8.86%).

Mortgages on all registered properties, related movable assets and the network related elements have been established under the senior credit facilities and the mezzanine credit facilities as explained in Note 15.

The useful life of the assets is as follows:

	Useful lives
Network active (headend, local network)	10 – 12 years
Network passive (backbone)	12 – 20 years
Network equipment (IP and datacom equipment)	5 years
Other	3 – 20 years

There are no contractual commitments for the acquisition of any property and equipment.

8 Intangible assets

	Goodwill	Customer lists	Trade names	Software	Total
At 1 January, 2008					
At cost	1,899,218	2,449,305	19,800	73,735	4,442,058
Accumulated depreciation	–	(212,041)	(10,461)	(42,431)	(264,933)
Net carrying amount	**1,899,218**	**2,237,264**	**9,339**	**31,304**	**4,177,125**
Additions	–	21,908	–	11,605	33,513
Disposals	–	(1,161)	–	–	(1,161)
Disposals – accumulated depreciation	–	185	–	–	185
Amortisation for the year	–	(188,588)	(9,339)	(28,399)	(226,326)
Total changes 2008	**–**	**(167,656)**	**(9,339)**	**(16,794)**	**(193,789)**
At 31 December, 2008					
At cost	1,899,218	2,470,052	19,800	85,340	4,474,410
Accumulated depreciation	–	(400,444)	(19,800)	(70,830)	(491,074)
Net carrying amount	**1,899,218**	**2,069,608**	**–**	**14,510**	**3,983,336**
Reclassification - cost	–	81,164	–	66,229	147,393
Reclassification - accumulated depreciation	–	(75,279)	–	(58,509)	(133,788)
Additions	–	1,445	–	75,061	76,506
Amortisation for the year	–	(194,631)	–	(34,676)	(229,307)
Total changes 2009	**–**	**(187,301)**	**–**	**48,105**	**(139,196)**
At 31 December, 2009					
At cost	1,899,218	2,552,661	19,800	226,630	4,698,309
Accumulated depreciation	–	(670,354)	(19,800)	(164,015)	(854,169)
Net carrying amount	**1,899,218**	**1,882,307**	**–**	**62,615**	**3,844,140**

In 2008 former operating companies Multikabel, Casema and @Home merged into Ziggo. As a result of the merger Ziggo integrated these businesses and consequently one cash generating unit remains. All goodwill acquired through business combinations has been allocated for impairment testing to the cash-generating unit at which management monitors the operating results.

Value in use calculations use cash flow projections covering a maximum period of five years that are based on three-year financial budgets approved by Company management. Cash flows beyond this three year period are extrapolated using estimated growth rates that do not exceed the long-term average growth rate and are consistent with forecasts included in industry reports. The value in use calculated in the goodwill impairment test exceeded the carrying amount of the cash generating unit Ziggo and consequently no impairment was recognised. The discount rate used for the 2009 assessment is 7.0%, whereas the discount rate for 2008 was 9.42%.

The calculation of the value in use is most sensitive to the key assumptions set out below.

Cash Flow – Main drivers within free cash flow are revenues, costs and capital expenditure levels. Estimates are made based on historic growth numbers and expected future growth and related costs and capital expenditures. These estimates are based on expected market penetration levels for revenues.

Discount rates – Discount rates reflect management's estimate of the specific risks. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In this estimate management also took into account the average cost of capital both from a bank facility and shareholder perspective.

Growth rate estimate – The growth rates applied are on a gross basis (not adjusted for inflation) and reflect historic growth numbers and current market developments. Years beyond the budgeted period are extrapolated using for conservative purposes a lower growth rate than the last budgeted year.

With regard to the assessment of value in use of goodwill, management believes that no reasonably possible change in any of the above key assumptions would cause a materially impact on the value in use calculation and a subsequent adjustment of the carrying amount of goodwill.

The customer lists are valued at cost and amortised in 12 - 14 years as far as they are related to residential customers and amortised in 13 years as far as they are related to business customers, using the straight line method over their economic useful lives. Software is amortised in 3 years using the straight line method over their economically useful lives.

9 Financial assets

Financial assets consist of loans to personnel of € 87 (2008: € 178) and long term prepaid expenses (related to information technology contracts) for €281 (2008: € 721).

10 Inventories

	31 December 2009	31 December 2008
Equipment and cables	8,027	6,196
Customer premises equipment	6,684	3,252
Set-top boxes	11,089	3,744
Other	–	786
Allowance for obsolete stock	(258)	–
Total Inventories	**25,542**	**13,978**

11 Trade accounts receivable

	31 December 2009	31 December 2008
Trade accounts receivable – gross	57,896	54,319
Allowance for doubtful accounts	(14,304)	(5,600)
Trade accounts receivable – net	**43,592**	**48,719**

Allowances are calculated on an individual basis, and on a portfolio basis for groups of receivables that are not individually identified as impaired. The allowance for doubtful accounts reflects management's best estimate of probable losses inherent in the account receivable balance, based on known troubled accounts, historical experience by kind of trade debtor and other currently available evidence.

The movements in the allowances for doubtful accounts during the year 2009 can be explained as follows:

	2009	2008
At 1 January	5,600	12,409
Additions	11,643	4,707
Used	(2,939)	(11,516)
At 31 December	**14,304**	**5,600**

A pledge has been given on all receivables as mentioned in Note 15.

Trade accounts receivables are non interest-bearing and are generally due on 30 days' terms.

12 Other current assets

	31 December 2009	31 December 2008
Costs paid in advance	13,470	10,786
Deposits	–	94
Credit notes to receive	–	61
Income to be invoiced	13,656	18,257
Other receivables	75	907
Total current assets	**27,201**	**30,105**

13 Cash and cash equivalents

	31 December 2009	31 December 2008
Bank accounts	65,297	42,648
Cash	–	5
Total cash and cash equivalents	**65,297**	**42,653**

All cash within the Company is held within bank accounts and earn interest at floating rates based on daily bank deposit rates.

A pledge has been given on the accounts of the Company as mentioned in Note 15.

14 Shareholder's equity

The Company is incorporated as a private limited liability Company under Dutch law. Its´ registered capital fully consist of ordinary shares. The authorised capital is 900 shares of € 100 per share.

Other reserves represents the cash flow hedge reserve, which is a legal reserve.

15 Loans from financial institutions

	31 December 2009	31 December 2008
Credit agreements (senior loan & mezzanine)	3,814,610	3,920,775
Funding costs	(102,568)	(119,916)
Total loans	**3,712,042**	**3,800,859**
Financial leases	–	424
	3,712,042	**3,801,283**

The average percentage of the total borrowings, is 4.783% above EURIBOR (2008: 4.655%). The average weighted EURIBOR for 2009 per month is 0.9885%. In 2008 this percentage was 4.268%. Funding costs are amortised over the lifetime of the underlying facility and are included in depreciation and amortisation in the income statement.

The current credit agreement relates to both the acquisitions of Casema in 2006 and the acquisition of @Home in 2007. The total is divided in the following tranches and facilities:

	Interest rate	Maturity	Casema	@Home	31 December 2009	31 December 2008
Senior Loan						
Facility A	EURIBOR +2.00%	*)	90,725	114,525	205,250	365,250
Facility B	EURIBOR +2.50%	2014	625,000	475,000	1,100,000	1,100,000
Facility C	EURIBOR +3.00%	2015	625,000	475,000	1,100,000	1,100,000
Facility D	EURIBOR +4.25%	2016	150,000	100,000	250,000	250,000
Total Senior Loan			**1,490,725**	**1,164,525**	**2,655,250**	**2,815,250**
Mezzanine Facility						
Principal loan amount	EURIBOR +9.25%	2016	475,000	525,000	1,000,000	1,000,000
Capitalised interest			73,217	66,290	139,507	68,758
Accrued Interest			7,841	12,012	19,853	36,767
Total Mezzanine			**556,058**	**603,302**	**1,159,360**	**1,105,525**
Total loan			2,046,783	1,767,827	3,814,610	3,920,775
Funding costs			(52,978)	(49,590)	(102,568)	(119,916)
Total long term			**1,993,805**	**1,718,237**	**3,712,042**	**3,800,859**

**) For the repayment schedule of the Facility A: see the repayment schedule as set out below.*

The other facilities are repayable upon maturity.

Senior loan, Facility A

Under both the loan terms the Company is required to repay the Facility A loan in several instalments. The Company is allowed to prepay any future installments. In case prepayments are made, these will be deducted from any future repayments, thus reducing short term repayment obligations.

The Company has made repayments in 2009 for a total of € 160.000. The repayment has been distributed over both the Casema (€ 70,723) and Kabelcom loan (€ 89,277). The applicable repayment schedule after this repayment is set out below:

Repayment date	Percentage of initial amount	
	Casema Term A	Kabelcom Term A
31 March 2012	8%	6%
30 September 2012	7.87%	6%
31 March 2013	12.30%	14.72%
13 September 2013	12.30%	14.72%

Any amount of any A term loan still outstanding on the final maturity date must be repaid on that date.
Prepayment may occur voluntarily depending on available cash of the company.

Mezzanine facilities

The interest rate of both mezzanine facilities (EURIBOR+9.25%) consist of a cash interest and a non-cash interest component. The non-cash interest component (PIK-interest) of 4.75% is capitalised at the end of each six month period and added to the outstanding principal amount. From that date the non-cash interest component is treated as Part of the principal amount to be accrued to the loan and repaid in full upon maturity of the loan.

Prepayment

On certain occasions prepayment of Part or all of the drawn facilities is mandatory. For example the occurrence of a change in control or the sale of all or substantially all of the assets of the Company will lead to a cancellation of the facilities and all outstanding utilisations and ancillary outstandings, together with accrued interest shall become immediately due and payable.

Securitisation

The total credit facility (senior loan and mezzanine facility) is secured over the Company's tangible assets as follows:

- Mortgage on all registered properties, related movable assets, the network related elements, and the claims
- Pledges on all bank accounts, intellectual property rights, receivables and movable assets.

Funding costs

Costs associated with the drawing of the facilities are subtracted from the loan and amortised over the period of the different facilities. Given that no new facilities were drawn and no drawings were made under existing facilities in 2009 no funding costs apply for 2009 and 2008.

Revolving and capital expenditure restructuring facility

In addition to the senior and mezzanine loans the Company has a revolving facility of € 150.0 million and a capital expenditure restructuring facility of € 250.0 million. During the year 2009 there were no drawings under these facilities. The Company pays an annual fee for the availability of the facilities, which is recognised in financial income and expense.

Financial leases

The Company has no financial lease obligations at year-end 2009 (2008:424).

16 Loans payable to related parties

The Company has been granted loans from the parent company Even Investments 2 Sàrl, registered in Luxemburg. Loans in the amount of € 167.0 million are subject to 14.125% interest and loans in the amount of € 1703.0 million are subject to 10.08% interest. Any unpaid interest is added to the loan.

Loans are repayable in full including accrued interest at the end of 2015.

During the year 2009 interest has been charged to the income statement with respect these loans in the amount of € 176.6 million (2008: € 159.8 million).

17 Provisions

	Restructuring	Legal claims	Other	Total
At 31 December 2007	12,150	15,534	2,024	29,708
Arising during the year	9	1,139	–	1,148
Release during the year	–	(4,693)	–	(4,693)
Utilisation	(7,038)	–	(24)	(7,062)
At 31 December 2008	**5,121**	**11,980**	**2,000**	**19,101**
Current	28	11,980	2,000	14,008
Non-current	5,093	–	–	5,093
At 31 December 2008	**5,121**	**11,980**	**2,000**	**19,101**
Additions (including interest cost)	9,694	720	146	10,560
Usage	(3,258)	(408)	(541)	(4,207)
Released	(1,760)	–		(1,760)
At 31 December 2009	**9,797**	**12,292**	**1,605**	**23,694**
Current	9,797	12,292	1,605	23,694
Non-current	–	–	–	–
At 31 December 2009	**9,797**	**12,292**	**1,605**	**23,694**

Restructuring provision

In 2007, the Company entered into an agreement with the Works Council for a social plan with respect to the restructuring of the head-office organisation resulting in a reduction of workforces. Management approved a detailed and formal restructuring plan and the restructuring was announced to the parties concerned. The restructuring plan was executed in 2008 and 2009. Employees were able to apply for the social plan until the end of 2009. The number of employees that applied exceeded management's initial expectation and consequently the restructuring provision was increased in 2009.

Provision for legal claims

The Company has recognised a provision for disputes with a limited number of municipals on the exploitation of the network. Usage of the provision relates to the settlement in 2009 with one municipal. The addition to the legal claims is interest cost recognised as other interest expense within financial income and expense.

Other provisions

The other provision in the amount of € 1.0 million relates to a transfer tax claim of a predecessor of CAI Oosterhout B.V. (a subsidiary of former Casema B.V.) and € 0.6 million relates to legalisation of the network. Both matters are expected to be settled in 2010.

18 Other current liabilities

Other current liabilities comprise of the following:

	31 December 2009	31 December 2008
Accrued expenses	70,744	90,693
Taxes and Social Security	19,613	8,077
Provisions – current	23,694	14,008
Accrued interest	1,561	2,737
Holiday allowance	5,182	10,649
Bonuses to personnel	5,983	3,389
Pension contribution	838	426
Other	2,095	3,704
Total	**129,710**	**133,683**

Taxes and social security include wage tax and value added tax payable. For provisions reference is made to Note 17.

19 Commitments and contingencies

Lease commitments

The Company leases buildings, certain office equipment and vehicles and entered into various maintenance and support contracts for the support on mainly network equipment. Lease terms generally range from three to five years with the option to renew at varying terms. Lease commitments for the coming years are mentioned in the following schedule:

	Buildings	Other contracts	2009	2008
2009	–	–	–	14,514
2010	8,106	6,436	14,542	11,965
2011	8,002	4,951	12,953	12,864
2012	8,173	3,890	12,063	12,470
2013	8,311	2,702	11,013	12,350
2014	8,462	585	9,047	52
Total	**41,054**	**18,564**	**59,618**	**64,215**

Purchase commitments

The company enters into purchase commitments in the ordinary course of business, which however are not material.

Legal proceedings

The Company is involved in a number of legal proceedings. The legal proceedings may result in a liability material to the Company's financial condition, results of operations, or cash flows. The Company may enter into discussions regarding settlement of these proceedings, and may enter into settlement agreements, if it believes settlement is in the best interests of the Company. In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the Company has recognized provisions with respect to these proceedings, where appropriate, which are reflected in the consolidated balance sheet and note 17.

20 Related party disclosures

Identification of related parties

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party making financial or operational decisions. The related parties comprise associated companies, key-management personnel and close family members of related parties.

Transactions and positions
For details with respect to the received shareholders loans from Even Investments 2 Sàrl reference is made to Note 16.

Furthermore in total € 0.5 million (2008: € 0.5 million) of management fee has been charged by the ultimate shareholders to the Company.

In the normal course of business, Zesko Holding B.V. and its subsidiaries maintain various types of ordinary business with related parties (mainly as a provider of internet, television and telephony services). These transactions are not considered material to the Company, either individually or in the aggregate.

Remuneration of the Corporate Executive Board of the Company
The aggregated remuneration of the Corporate Executive Board members B.E. Dijkhuizen, W.R. Blom and M.J. Nijhoff can be specified as follows:

	2009	2008
Wages and salaries	1,090	935
Bonus payments	350	700
Social security costs	18	19
Pension costs	176	141
Total	**1,634**	**1,795**

Remuneration of the Supervisory Board of the Company
The Company was charged for the remuneration of four Supervisory Board members in the amount of € 122 (2008:€ 176).

21 Financial risks

The Company's principal financial instruments – other than derivatives – comprise bank loans and overdrafts, cash and short-term deposits and trade receivables.

Credit risk
The credit risk on trade accounts receivables by customer is considered to be low as a result of the large and diverse nature of the Company's customer base and the relatively small receivables as per customer.

The analyses of the ageing of the trade accounts receivables can be explained as follows:

		Not due	Past due, but not impaired				
	Total	<30 days	30-60 days	60-90 days	90-180 days	180-365 days	>365 days
2009	43,592	24,724	3,308	2,653	6,190	6,537	180
2008	48,719	24,481	4,713	4,753	7,954	5,351	1,467

The Company's maximum exposure to credit risk in the event the counterparty fails to perform their obligations in relation to each class of recognised financial asset, including derivatives, is the carrying amount of those assets in the balance sheet.

Liquidity risk
The Company manages its liquidity risk on a consolidated basis with cash provided from operating activities being a primary source of liquidity. The Company manages short-term liquidity based on projected cash flows over rolling periods of six months.

Based on the current operating performance and liquidity position, the Company believes that cash provided by operating activities and available cash balances will be sufficient for working capital, capital expenditures, interest payments, dividends and scheduled debt repayment requirements for the next 12 months and the foreseeable future.

The table below summarises the maturity profile of the Company's financial liabilities:

31 December 2009	Carrying amount	Contractual cash flows	January - March 2010	April - December 2010	2011	2012 - 2014	After 2014
Non - derivative financial liabilities							
Credit agreements	3,814,610	(5,155,266)	(35,584)	(109,791)	(148,204)	(1,749,101)	(3,112,586)
Loans from related parties	1,869,979	(3,399,080)	–	–	–	–	(3,399,080)
Trade accounts payable	102,951	(102,951)	(102,951)	–	–	–	–
Derivative financial liabilities							
Interest rate swaps used for hedging	102,261	(219,054)	(24,012)	(61,368)	(67,960)	(65,714)	–
Total	**5,889,801**	**(8,876,352)**	**(162,547)**	**(171,159)**	**(216,164)**	**(1,814,815)**	**(6,511,667)**

31 December 2008	Carrying amount	Contractual cash flows	January - March 2009	April - December 2009	2010	2011 – 2013	After 2013
Non - derivative financial liabilities	1,730,555	1,507	61,319	165,424	1,507	61,319	165,424
Credit agreements	3,920,775	(6,031,747)	(56,943)	(175,456)	(245,945)	(1,073,207)	(4,480,197)
Loans from related parties	1,693,370	(3,399,080)	–	–	–	–	(3,399,080)
Financial lease liabilities	424	(451)	(309)	(142)	–	–	–
Trade accounts payable	60,242	(60,242)	(60,242)	–	–	–	–
Derivative financial liabilities							
Interest rate swaps used for hedging	73,935	(131,993)	(12,037)	(61,247)	(24,178)	(32,816)	(1,715)
Total	**5,748,746**	**(9,623,513)**	**(129,531)**	**(236,845)**	**(270,122)**	**(1,106,022)**	**(7,880,992)**

Market risk

The Company is exposed to market risks, including interest rates and foreign currency exchange rate risks, associated with underlying assets, liabilities and anticipated transactions. Based on the analysis of these exposures, Zesko Holding B.V. selectively enters into derivatives to manage the related risk exposures.

Interest rate risk

Exposure to the risk of changes in the market interest rates relates primarily to the Company's long-term debt obligations with a (partly) floating interest rate. The Company manages its exposure to changes in interest rates and its overall cost of financing by using interest rate swap (IRS) agreements. They are used to transform the interest rate exposure on the underlying liability from a floating interest rate to a fixed interest rate. It is the Company's policy to keep at least 50% of its borrowings at fixed rates of interest.

The net interest rate risk can be explained as follows:

	31 December 2009	31 December 2008
Notional Amount Borrowing (floating)	(3,814,610)	(3,920,775)
Cash (floating) & Deposits (floating and/or fixed)	65,297	42,486
Notional Amount IRS (fixed)	2,838,000	2,961,750
Net Interest Rate Risk	**(911,313)**	**(916,539)**

At 31 December 2009, after taking into account the effect of interest rate swaps, approximately 74% of the Company's borrowings are at a fixed rate of interest (2008: 76%).

Sensitivity analyses interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's result before tax (through the impact on floating rate borrowings). There is no impact on the Company's equity.

	31 December 2009	31 December 2008
Increase / decrease in basis points		
+ 20bp	(1,823)	(1,795)
+ 10bp	(911)	(897)
- 10bp	911	897
- 20bp	1,823	1,795

Foreign currency risk

The Company also has transactional currency exposures arising from purchases in USD. Due to the limited exposure, there are no hedge contracts entered into to mitigate this risk.

The breakdown of the net foreign currency exposure of the USD amounts to € 10.4 million in (2008: € 0.6 million) and relates to the net amount of cash & cash equivalents and trade accounts payable.

Capital management

The financing of Multikabel, Casema and @Home were done through equity and debt syndication in the balance of about 30% to 70% respectively. The primary object of the Company's capital management is to ensure that the covenants agreed upon with the lenders of the credit agreement (senior loan & mezzanine) will be met and an optimal debt to equity ratio is reached taking into account the Company's liabilities. No changes were made in the objectives, policies or processes during the years ending 31 December 2009 and 31 December 2008.

The Company needs to comply on a quarterly basis with covenants set by the lenders of the senior and mezzanine loans. These covenants are the interest coverage ratio, net leverage ratio and the fixed charge coverage ratio. These financial covenants were all met during the years 2009 and 2008.

22 Financial instruments

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements.

	Carrying amount		Fair value	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Financial assets				
Cash & cash equivalents	65,297	42,486	65,297	42,486
Financial liabilities (- = credit amount)				
Interest rate swap	(102,261)	(73,935)	(102,261)	(73,935)
Interest bearing loans third party	(3,814,610)	(3,920,775)	(3,715,849)	(3,445,629)
Interest bearing loans related parties	(1,869,979)	(1,693,370)	(1,869,979)	(1,693,370)

Hedging activities

At 31 December 2009, the Company had interest rate swap (IRS) agreements with a total notional amount of € 2,838.0 million (2008: € 2,961.8 million) whereby it pays a fixed rate of interest (between 3.55% and 3.84%) and receives a variable rate equal to EURIBOR on the notional amount. These IRS agreements are being used to reduce the exposure to changes in the variable Euribor rates on the outstanding loan portfolio of € 3,815.6 million (2008: € 3,920.8 million). The notional amounts of the IRS contracts will be reduced in line with the repayment schedule on the loan portfolio (currently last IRS matures in 2014). In addition the Company entered into basis swaps agreements with a total notional amount of €1,398.8 million in order to match the Euribor in the facility agreement.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
31 December 2009				
Available for sale financial assets	–	–	–	–
Financial assets designated at fair value through profit or loss	–	–	–	–
Financial assets held for trading	–	–	–	–
Derivative financial assets	–	–	–	–
Derivative financial liabilities	–	102,261	–	102,261
	–	(102,261)	–	(102,261)
31 December 2008				
Available for sale financial assets	–	–	–	–
Financial assets designated at fair value through profit or loss	–	–	–	–
Financial assets held for trading	–	–	–	–
Derivative financial assets	–	–	–	–
Derivative financial liabilities	–	73,925	–	73,925
	–	(73,925)	–	(73,925)

The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade ratings. The calculation of the fair value for derivative instruments depends on the type of instrument. Derivative interest rate contracts (interest rate swaps) are estimated by discounting expected future cash flows using market interest rates and yield curve over the remaining term of the instrument.

During the years 2009 and 2008 there have been no changes in the valuation method of the financial instruments of the Company.

23 Group companies

Group companies of Zesko Holding B.V.

The following are Zesko Holding's significant subsidiaries as of December 31, 2009. Unless otherwise indicated, these are wholly owned subsidiaries. Subsidiaries not important to providing an insight into the group as required under Dutch law are omitted from this list.

With respect to the separate financial statements of a number of legal entities included in the consolidation, the Company availed itself of the exemption laid down in section 403, subsection 1 of Book 2 of the Netherlands Civil Code. Pursuant to this section, the Company has issued declarations of assumption of liability for its subsidiaries. These companies are marked with a * in the following table.

Zesko B.V., Amsterdam, The Netherlands
Plinius Investments B.V., Amsterdam, The Netherlands
Torenspits B.V., Amsterdam, The Netherlands
Amsterdamse Beheer- en Consultingmaatschappij B.V., Amsterdam, The Netherlands
Christina Beheer- en Adviesmaatschappij B.V., Amsterdam, The Netherlands *
Serpering Investments B.V., Amsterdam, The Netherlands *
Plinius Investments II B.V., Amsterdam, The Netherlands *
Torenspits II B.V., Amsterdam, The Netherlands *
Ziggo Holding B.V., Groningen, The Netherlands *
Ziggo B.V., Groningen, The Netherlands *
Ziggo Netwerk B.V., Groningen, The Netherlands *
Ziggo 4 B.V., Groningen, The Netherlands
TeleCai Den Haag B.V., Den Haag, The Netherlands *

24 Subsequent events

On 22 March, 2010 the Company announced that it may issue a bond to replace the current Mezzanine loan. The Company would expect to issue the bond at a lower interest rate compared to the interest charged for the Mezzanine loan. Issuance of the bond is planned to be completed during April 2010. Goldman Sachs and Credit Suisse have been mandated as joint book runners for the bond issue.

Parent company income statement

Amounts in thousands of euro	Note	2009	2008
Result investments	4	**(247,371)**	**(353,209)**
Net loss		**(247,371)**	**(353,209)**

Parent company balance sheet

As per 31December 2009, before appropriation of current year result.

Amounts in thousands of euro	Note	2009	2008
Assets			
Intangible assets		132,004	132,004
Total non-current assets		**132,004**	**132,004**
Other current assets		66	56
Cash and cash equivalents		–	10
Total current assets		**66**	**66**
Total assets		**132,070**	**132,070**
Equity and liabilities			
Issued share capital		18	18
Share premium		255,439	255,439
Other reserves		(27,149)	–
Retained earnings		(649,837)	(296,628)
Net income (loss) for the period		(247,371)	(353,209)
Equity attributable to equity holders	3	**(668,900)**	**(394,380)**
Provision for the net capital deficiency of investments	4	800,970	526,450
Total non-current liabilities		**800,970**	**526,450**
Total equity and liabilities		**132,070**	**132,070**

Notes to the parent company financial statements

Amounts in thousands of euro, except where otherwise noted.

1 Corporate information

Zesko Holding B.V. is the holding company of several entities in the Netherlands as mentioned in Note 23 of the consolidated financial statements. The principal activities of the Company are to participate in, to finance or to have any other interest in, or to conduct the management of, other companies and enterprises. The Company is the owner and operator of a broadband cable network in The Netherlands. The subsidiary Ziggo B.V. offers analogue and digital radio and television, broadband internet and telephony services in The Netherlands to 3.2 million households.

Zesko Holding B.V. is a private limited company having its corporate seat in Amsterdam, The Netherlands and is wholly owned by Even Investments 2 Sàrl, Luxemburg.

2 Significant accounting policies

Basis of preparation

The parent company financial statements of Zesko Holding B.V. have been prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code. In accordance with subsection 8 of section 362, Book 2 of the Netherlands Civil Code, the measurement principles applied in these parent company financial statements are the same as those applied in the consolidated financial statements (see Note 1 to the consolidated financial statements). This means that the principles for recognition and measurement of assets and liabilities and determination of the result of the Company are the same as those applied for the consolidated financial statements.

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) laid down by the International Accounting Standards Board and adopted by the European Union. The accounting policies applied in the parent company financial statements are the same as those applied in the consolidated financial statements. Reference is made to Note 2 of the consolidated financial statements for a description of these principles.

As the financial data of Zesko Holding B.V. (the parent company) are included in the consolidated financial statements, the income statement in the parent company financial statements is presented in condensed form (in accordance with section 402, Book 2 of the Netherlands Civil Code).

Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries are accounted for using the net equity value. Zesko Holding B.V. calculates the net equity value using the accounting policies as described in Note 2 to the consolidated financial statements. The net equity value of subsidiaries comprise the cost, excluding goodwill, of Zesko Holding B.V.'s share in the net assets of the subsidiary, plus the share in income or losses since acquisition, less dividends received. In case the net equity value is negative and the Company is liability for the deficit of the subsidiary the carrying amount is presented as 'Provision for the net capital deficiency of investments'.

3 Shareholder's equity

The Company is incorporated as a private limited liability company under Dutch law. Its´ registered capital fully consists of ordinary shares.

Amounts in thousands of euro	31 December 2009	31 December 2008
Authorised capital		
Ordinary shares (900 of €100 each)	90	90
Issued and fully paid (181 shares)	18	18
Share premium	255,439	255,440
Other reserves	(27,149)	–
Retained earnings	(649,837)	(296,628)
Net income (loss) for the period	(247,371)	(353,209)
Total	**(668,900)**	**(394,380)**

Other reserves represents the cash flow hedge reserve, which is a legal reserve.

4 Provision for the net capital deficiency of investments

Amounts in thousands of euro	31 December 2009	31 December 2008
Opening Balance at 1 January	526,450	173,241
Cashflow hedge reserve	27,149	–
Result investments	247,371	353,209
Closing Balance at 31 December	**800,970**	**526,450**

5 Related party disclosures

Identification of related parties

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party making financial or operational decisions. The related parties comprise associated companies, key-management personnel and close family members of related parties.

Transactions and positions

In the normal course of business, Zesko Holding BV maintains various types of ordinary business with related parties (mainly as a provider of internet, television and telephony services). These transactions are not considered material to Zesko Holding BV, either individually or in the aggregate.

Remuneration

For the remuneration of the Board members reference is made to Note 20 in the consolidated financial statements.

6 Subsequent events

On 22 March, 2010 the Company announced that it may issue a bond to replace the current Mezzanine loan. The Company would expect to issue the bond at a lower interest rate compared to the interest charged for the Mezzanine loan. Issuance of the bond is planned to be completed during April 2010. Goldman Sachs and Credit Suisse have been mandated as joint book runners for the bond issue.

7 Auditor fees

Expenses for services provided by the Company's independent auditor, Ernst & Young and its member firms and/or affiliates to Zesko Holding B.V. and its subsidiaries can be specified as follows:

Amounts in thousands of euro	2009	2008
Audit fees	300	260
Audit-related fees	125	173
Other non-audit fees	206	155
Total	**631**	**588**

Other information

Appropriation of result

The articles of association of the Company state that the distributable profits are at the disposal of the General Meeting of Shareholders for distribution of dividend or in order to be added to the reserves or for such other purposes within the Company's objects as the meeting shall decide.

It is proposed to add the result for the year 2009, which is a loss of € 247,371 to the retained earnings.

Auditor's report

To: the shareholders of Zesko Holding B.V.

Report on the financial statements

We have audited the accompanying financial statements 2009 of Zesko Holding B.V., Amsterdam. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at 31 December 2009, the company profit and loss account for the year then ended and the notes.

Management's responsibility

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

Auditor's responsibility

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

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

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Zesko Holding B.V. as at 31 December 2009, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Zesko Holding B.V. as at 31 December 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 Part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 26 March 2010

Ernst & Young Accountants LLP

Signed by F.J. Blenderman

Contact details and address

Bert Groenewegen, CFO

Ziggo
Postal address:
P.O. Box 43048
3540 AA Utrecht
The Netherlands

T. +31 (0) 88 717 0 717
E. corporatecommunications@office.ziggo.nl

www.ziggo.com

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This annual report and account contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of Zesko Holding B.V. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this annual report and accounts should be construed as a profit forecast. Financial statements have been audited by Ernst & Young Accountants.

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