

# VERSATEL TELECOM INTERNATIONAL N.V.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

### ASSETS

	<u>December 31, 2003</u>	<u>December 31, 2004</u>
<b>Intangible fixed assets:</b>		
Goodwill	EUR 4,000	EUR 24,679
Licenses	800	688
Total intangible fixed assets	<u>4,800</u>	<u>25,367</u>
<b>Tangible fixed assets:</b>		
Property, plant and equipment, net	578,882	622,050
Construction in progress	<u>36,965</u>	<u>45,121</u>
Total tangible fixed assets	615,847	667,171
<b>Financial fixed assets:</b>		
Other non-current assets	<u>2,050</u>	<u>1,621</u>
Total financial fixed assets	2,050	1,621
<b>Current assets:</b>		
Inventories	499	133
Accounts receivables, net	54,799	69,618
Other current assets	30,940	59,524
Cash and cash equivalents	<u>158,900</u>	<u>269,477</u>
Total current assets	245,138	398,752
<b>Total assets</b>	<u>EUR 867,835</u>	<u>EUR 1,092,911</u>

### SHAREHOLDERS' EQUITY AND LIABILITIES

	<u>December 31, 2003</u>	<u>December 31, 2004</u>
<b>Shareholders' equity:</b>		
Common stock, euro 0.02 par value	EUR 9,293	EUR 10,366
Additional paid-in capital	2,255,432	2,365,633
Warrants	336	336
Accumulated deficit	<u>(1,780,554)</u>	<u>(1,804,968)</u>
Total shareholders' equity	<u>484,507</u>	<u>571,367</u>
Minority Interest	793	-
<b>Provisions:</b>		
Deferred income tax	123,651	115,735
<b>Long-term liabilities:</b>		
Long-term lease obligations	25,939	35,928
Long-term debt	2,977	2,977
Long term senior notes	<u>-</u>	<u>92,940</u>
Total long-term liabilities	28,916	131,845
<b>Short-term liabilities</b>		
Short-term portion of long-term lease obligations	3,977	5,842
Unearned revenue	58,681	70,416
Accounts payable	69,639	103,280
Accrued liabilities	<u>97,671</u>	<u>94,426</u>
Total short-term liabilities	229,968	273,964
<b>Total shareholders' equity and liabilities</b>	<u>EUR 867,835</u>	<u>EUR 1,092,911</u>

#### Notes:

1 All financial data presented is in accordance with Dutch GAAP.

## VERSATEL TELECOM INTERNATIONAL N.V.

### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (in thousands, except share data)

	Three months ended		Twelve months ended	
	December 31, 2003	December 31, 2004	December 31, 2003	December 31, 2004
<b>Revenues:</b>				
Voice services	EUR 72,356	EUR 90,610	EUR 249,606	EUR 315,755
Data services	28,944	45,657	101,949	150,849
Internet services	30,878	34,919	110,584	134,075
Total revenues	<u>132,178</u>	<u>171,186</u>	<u>462,139</u>	<u>600,679</u>
<b>Direct cost of revenue:</b>	61,520	78,914	214,761	282,383
<b>Gross margin</b>	70,658	92,272	247,378	318,296
<b>Operating expenses:</b>				
Selling general and administrative	45,698	57,069	166,610	200,243
Restructuring expense	-	-	5,652	-
Claim settlement	-	-	(14,930)	-
Depreciation/amortisation	33,413	40,933	134,804	141,550
Total operating expenses	<u>79,111</u>	<u>98,002</u>	<u>292,136</u>	<u>341,793</u>
<b>Operating loss</b>	(8,453)	(5,730)	(44,758)	(23,497)
<b>Interest- and other income</b>	793	1,788	5,638	3,986
<b>Interest expense</b>	1,216	3,373	4,407	6,137
<b>Currency exchange (gain)/loss</b>	1,038	1,680	1,307	1,448
<b>Loss before income taxes</b>	(9,914)	(8,995)	(44,834)	(27,096)
<b>Income tax credit/(charge)</b>	265	361	10,249	822
<b>Loss before minority interest</b>	(9,649)	(8,634)	(34,585)	(26,274)
<b>Minority interest</b>	(793)	-	1,707	1,860
<b>Net loss after income taxes</b>	<u>(10,442)</u>	<u>(8,634)</u>	<u>(32,878)</u>	<u>(24,414)</u>
<b>Other data:</b>				
<b>EBITDA</b>	EUR 24,960	EUR 35,203	EUR 90,046	EUR 118,053
<b>Net loss after income taxes per common share:</b>				
Basic	<u>EUR (0.02)</u>	<u>EUR (0.02)</u>	<u>EUR (0.07)</u>	<u>EUR (0.05)</u>
<b>Weighted average shares outstanding:</b>				
Basic	<u>464,301</u>	<u>516,211</u>	<u>460,705</u>	<u>481,483</u>
<b>Total shares outstanding</b>				
Basic	<u>464,626</u>	<u>518,300</u>	<u>464,626</u>	<u>518,300</u>

Notes:

1 All financial data presented are in accordance with Dutch GAAP

**VERSATEL TELECOM INTERNATIONAL N.V.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	Three months ended		Twelve months ended	
	December 31, 2003	December 31, 2004	December 31, 2003	December 31, 2004
<b>cash flows from operating activities:</b>				
Net loss	EUR (10,442)	EUR (8,634)	EUR (32,878)	EUR (24,414)
Depreciation and amortization	33,413	40,933	134,804	141,550
Other non-cash from operating activities	521	437	(12,680)	(1,884)
Changes in working capital	14,328	(1,603)	(16,665)	(14,922)
Net cash provided by operating activities	<u>37,820</u>	<u>31,133</u>	<u>72,581</u>	<u>100,330</u>
<b>cash flows from investing activities:</b>				
Capital expenditures	(28,803)	(53,591)	(89,047)	(135,448)
Other investing activities	-	(1,233)	(14,620)	4,199
Net cash used in investing activities	<u>(28,803)</u>	<u>(54,824)</u>	<u>(103,667)</u>	<u>(131,249)</u>
<b>cash flows from financing activities:</b>				
Proceeds from (redemption of) loans	(751)	121,646	(1,582)	120,668
Proceeds from exercised options	142	93	537	133
Proceeds from exercised warrants	-	20,647	-	20,695
Net cash (used in)/provided by financing activities	<u>(609)</u>	<u>142,386</u>	<u>(1,045)</u>	<u>141,496</u>
Free cash flows (used)/provided	<u>EUR 8,408</u>	<u>EUR 118,695</u>	<u>EUR (32,131)</u>	<u>EUR 110,577</u>

Notes:

- 1 All financial data presented are in accordance with Dutch GAAP

## Versatel Telecom International

Operating Statistics: Q4 2004

(Euro 000s)

	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2003 FY	2004 Q1	2004 Q2	2004 Q3	2004 Q4	2004 FY
<b>The Netherlands</b>										
Revenue	51,296	53,954	57,287	62,912	225,449	63,608	66,308	66,087	70,925	266,928
Gross Margin	30,133	34,674	35,581	38,032	138,420	38,999	39,234	37,965	40,894	157,092
GM%	58.7%	64.3%	62.1%	60.5%	61.4%	61.3%	59.2%	57.4%	57.7%	58.9%
EBITDA <sup>(1)</sup>	10,228	11,950	14,967	16,934	54,079	17,371	16,907	17,781	20,444	72,503
Capex	(12,005)	(11,478)	(13,448)	(15,391)	(52,322)	(17,678)	(13,398)	(13,317)	(19,445)	(63,838)
<b>Belgium</b>										
Revenue	12,430	12,352	10,692	11,583	47,057	13,360	14,797	15,289	16,565	60,011
Gross Margin	3,993	4,023	3,831	3,836	15,683	4,566	5,268	5,657	6,366	21,857
GM%	32.1%	32.6%	35.8%	33.1%	33.3%	34.2%	35.6%	37.0%	38.4%	36.4%
EBITDA <sup>(1)</sup>	487	810	(18)	(1,453)	(173)	(604)	164	1,675	790	2,025
Capex	(832)	(829)	(768)	(1,000)	(3,430)	(2,327)	(1,946)	(1,645)	(1,361)	(7,279)
<b>Germany</b>										
Revenue	23,337	53,725	54,888	57,683	189,633	58,511	62,935	68,598	83,696	273,740
Gross Margin	11,619	26,214	26,652	28,790	93,274	28,671	31,383	34,281	45,012	139,347
GM%	49.8%	48.8%	48.6%	49.9%	49.2%	49.0%	49.9%	50.0%	53.8%	50.9%
EBITDA <sup>(1)</sup>	2,422	4,955	5,506	8,280	21,163	8,626	10,219	10,711	13,969	43,525
Capex	(4,915)	(8,436)	(7,533)	(12,412)	(33,296)	(4,371)	(9,993)	(17,182)	(32,785)	(64,331)
Business <sup>(2)</sup>	54,698	74,608	76,106	79,513	284,925	76,855	79,424	80,659	93,401	330,339
Residential <sup>(2)</sup>	16,087	25,812	25,402	28,189	95,490	31,307	35,103	37,046	42,546	146,002
Carrier	16,278	19,611	21,359	24,475	81,723	27,317	29,513	32,269	35,239	124,338
Total Net Revenue	87,063	120,031	122,867	132,177	462,138	135,479	144,040	149,974	171,186	600,679
<b>The Netherlands</b>										
Revenue										
Business <sup>(2)</sup>	34,735	36,445	37,136	39,232	147,548	35,712	37,442	37,479	41,285	151,918
Residential <sup>(2)</sup>	8,977	10,474	11,235	12,596	43,282	16,417	15,655	14,713	15,473	62,258
Carrier	7,584	7,035	8,916	11,084	34,619	11,479	13,211	13,895	14,167	52,752
Total	51,296	53,954	57,287	62,912	225,449	63,608	66,308	66,087	70,925	266,928
<b>The Netherlands</b>										
Customers										
Business	39,603	42,655	43,829	44,631	44,631	46,975	47,728	48,639	51,781	51,781
Residential	712,263	781,076	776,388	800,467	800,467	825,267	812,487	806,871	816,213	816,213
Carrier	105	106	114	129	129	129	145	149	166	166
Total	751,971	823,837	820,331	845,227	845,227	872,371	860,360	855,659	868,160	868,160
<b>Belgium</b>										
Revenue										
Business	6,287	6,595	6,106	6,198	25,186	6,771	6,679	6,669	7,000	27,119
Residential	-	-	-	-	-	787	1,762	2,193	2,785	7,527
Carrier	6,143	5,757	4,586	5,385	21,871	5,802	6,356	6,427	6,780	25,365
Total	12,430	12,352	10,692	11,583	47,057	13,360	14,797	15,289	16,565	60,011
<b>Belgium</b>										
Customers										
Business	11,770	11,823	11,694	11,590	11,590	12,219	12,146	12,296	12,148	12,148
Residential	-	-	-	-	-	18,500	26,379	31,699	40,283	40,283
Carrier	29	36	37	40	40	45	47	51	88	88
Total	11,799	11,859	11,731	11,630	11,630	30,764	38,572	44,046	52,519	52,519
<b>Germany</b>										
Revenue										
Business	13,676	31,568	32,864	34,083	112,191	34,372	35,303	36,511	45,116	151,302
Residential	7,110	15,338	14,167	15,593	52,208	14,103	17,686	20,140	24,288	76,217
Carrier	2,551	6,819	7,857	8,006	25,233	10,036	9,946	11,947	14,292	46,221
Total	23,337	53,725	54,888	57,682	189,632	58,511	62,935	68,598	83,696	273,740
<b>Germany</b>										
Customers										
Business	22,574	63,815	64,920	59,399	59,399	59,691	49,338	59,268	59,538	59,538
Residential	73,237	140,737	142,802	157,186	157,186	177,244	165,280	211,228	240,170	240,170
Carrier	-	62	66	66	66	60	56	60	73	73
Total	95,811	204,614	207,788	216,651	216,651	236,995	214,674	270,556	299,781	299,781

(1) Versatel reported recurring EBITDA prior to Q1 2004. As of 2004, Versatel will report EBITDA

(2) In 2004 Versatel changed its policy on internal revenue sharing between business units in The Netherlands. For comparative purposes with Q4 2003, € 2.7 million would need to be re-classified from residential to business revenue in Q1 2004.